

part 177 consistent with the Federal Procurement Regulations. See 19 CFR 177.21. In this regard, CBP recognizes that the Federal Procurement Regulations restrict the U.S. Government's purchase of products to U.S.-made or designated country end products for acquisitions subject to the TAA. See 48 CFR 25.403(c)(1). The Federal Procurement Regulations define "U.S.-made end product" as:

* * * an article that is mined, produced, or manufactured in the United States or that is substantially transformed in the United States into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed.

48 CFR 25.003

Therefore, the question presented in this final determination is whether, as a result of the operations performed in the United States, the flashlight and replacement part are substantially transformed into products of the United States.

In determining whether the combining of parts or materials constitutes a substantial transformation, the determinative issue is the extent of the operations performed and whether the parts lose their identity and become an integral part of the new article. *Belcrest Linens v. United States*, 6 Ct. Int'l Trade 204, 573 F. Supp. 1149 (1983), *aff'd*, 741 F.2d 1368 (Fed. Cir. 1984). If the manufacturing or combining process is a minor one that leaves the identity of the imported article intact, a substantial transformation has not occurred. *Uniroyal, Inc. v. United States*, 3 Ct. Int'l Trade 220, 542 F. Supp. 1026 (1982). Assembly operations that are minimal or simple, as opposed to complex or meaningful, generally will not result in a substantial transformation. See C.S.D. 80-111, C.S.D. 85-25, C.S.D. 89-110, C.S.D. 89-118, C.S.D. 90-51, and C.S.D. 90-97.

In order to determine whether a substantial transformation occurs when components of various origins are assembled to form completed articles, CBP considers the totality of the circumstances and makes such decisions on a case-by-case basis. The country of origin of the article's components, the extent of the processing that occurs within a given country, and whether such processing renders a product with a new name, character, and use are primary considerations in such cases. Additionally, facts such as resources expended on product design and development, the extent and nature of post-assembly inspection procedures, and the worker skill required during the

actual manufacturing process will be considered when analyzing whether a substantial transformation has occurred; however, no one such factor is determinative.

You assert that the U.S.-origin LED imparts the essential character to the flashlight and the replacement lens head subassembly. In addition to having a high monetary value relative to the other components, it generates the primary light in both products. The LED is manufactured to Energizer's specifications in order to provide certain desirable characteristics regarding the light's color, intensity, durability, coverage, and efficiency. You also note that the foreign-origin reflector is engineered to maximize these particular characteristics.

You claim that as a result of the manufacturing, assembly, and testing processes performed in the United States, the foreign-origin components undergo a substantial transformation such that both the flashlight and the replacement lens head subassembly become products of the United States for purposes of U.S. Government procurement.

In Headquarters Ruling Letter ("HRL") 563236, dated July 6, 2005, CBP examined whether multi-line telephone sets assembled in Mexico from parts of Mexican and foreign origin were products of Mexico for purposes of U.S. Government procurement. Among the foreign components imported into Mexico for the assembly of the telephone sets were printed circuit assemblies ("PCAs") from Malaysia. The handsets, liquid crystal displays, microphone assemblies, and stands incorporated into the telephones were of Mexican origin. In reaching a determination that the telephone sets were products of Mexico, CBP noted that the telephone sets were comprised of certain essential parts (such as the handsets) that were of Mexican origin. Moreover, many of the components lacked any functionality prior to their assembly within the telephone set.

In HRL 962528, dated February 18, 2000, CBP considered the eligibility of a rechargeable power failure light for duty free treatment under the Generalized System of Preferences. In that case, the power failure light was assembled in Thailand from various Thai and foreign origin components, including a PCB assembled in Thailand. CBP found that the process of assembling various components into a PCB resulted in a substantial transformation of the imported components. Moreover, CBP found that the assembly of the PCB with a bulb holder assembly, a plug blade assembly,

and the upper and lower housing assemblies to make the finished power failure light substantially transformed the PCB.

Based on the totality of the circumstances and consistent with the CBP rulings cited above, we find that the various imported components (individual parts and subassemblies) are substantially transformed as a result of the operations performed in the United States to produce both the replacement lens head subassembly and the finished flashlight. Under each manufacturing scenario, the imported components lose their individual identities and become an integral part of a new article possessing a new name, character, and use. In support of this conclusion, we agree that the U.S.-origin LED imparts the essential character to both the replacement part and the finished product, as it generates the primary light of both products. We also recognize that Energizer has expended significant resources in connection with the design and development of the subject flashlight in the United States. Moreover, the U.S.-origin LED and the labor performed in the United States during the assembly and testing operations represent a majority of the costs associated with the production of both the replacement lens head subassembly and the finished flashlight.

Holding

Based upon the specific facts of this case, we find that the imported components of the flashlight and replacement lens head subassembly are substantially transformed as a result of the described manufacturing operations performed in the United States. The country of origin of the flashlight and the replacement lens head subassembly is the United States.

Sincerely,

Myles B. Harmon,

Acting Executive Director, Office of Regulations and Rulings, Office of International Trade.

[FR Doc. E8-2429 Filed 2-8-08; 8:45 am]

BILLING CODE 9111-14-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5202-N-01]

Mortgage and Loan Insurance Programs Under the National Housing Act—Debenture Interest Rates

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: This notice announces changes in the interest rates to be paid on debentures issued with respect to a loan or mortgage insured by the Federal Housing Administration under the provisions of the National Housing Act (the Act). The interest rate for debentures issued under section 221(g)(4) of the Act during the 6-month period beginning January 1, 2008, is 4 1/8 percent. The interest rate for debentures issued under any other provision of the Act is the rate in effect on the date that the commitment to insure the loan or mortgage was issued, or the date that the loan or mortgage was endorsed (or initially endorsed if there are two or more endorsements) for insurance, whichever rate is higher. The interest rate for debentures issued under these other provisions with respect to a loan or mortgage committed or endorsed during the 6-month period beginning January 1, 2008, is 4 1/2 percent. However, as a result of an amendment to section 224 of the Act, if an insurance claim relating to a mortgage insured under sections 203 or 234 of the Act and endorsed for insurance after January 23, 2004, is paid in cash, the debenture interest rate for purposes of calculating a claim shall be the monthly average yield, for the month in which the default on the mortgage occurred, on

United States Treasury Securities adjusted to a constant maturity of 10 years.

FOR FURTHER INFORMATION CONTACT: Yong Sun, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 5148, Washington, DC 20410-8000; telephone (202) 402-4778 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION: Section 224 of the National Housing Act (12 U.S.C. 1715o) provides that debentures issued under the Act with respect to an insured loan or mortgage (except for debentures issued pursuant to section 221(g)(4) of the Act) will bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed (or initially endorsed if there are two or more endorsements) for insurance, whichever rate is higher. This provision is implemented in HUD's regulations at 24 CFR 203.405, 203.479, 207.259(e)(6), and 220.830. These regulatory provisions state that the applicable rates of interest will be published twice each year as a notice in the **Federal Register**.

Section 224 further provides that the interest rate on these debentures will be set from time to time by the Secretary of HUD, with the approval of the Secretary of the Treasury, in an amount not in excess of the annual interest rate determined by the Secretary of the Treasury pursuant to a statutory formula based on the average yield of all outstanding marketable Treasury obligations of maturities of 15 or more years.

The Secretary of the Treasury (1) has determined, in accordance with the provisions of section 224, that the statutory maximum interest rate for the period beginning January 1, 2008, is 4 1/2 percent; and (2) has approved the establishment of the debenture interest rate by the Secretary of HUD at 4 1/2 percent for the 6-month period beginning January 1, 2008. This interest rate will be the rate borne by debentures issued with respect to any insured loan or mortgage (except for debentures issued pursuant to section 221(g)(4)) with insurance commitment or endorsement date (as applicable) within the first 6 months of 2008.

For convenience of reference, HUD is publishing the following chart of debenture interest rates applicable to mortgages committed or endorsed since January 1, 1980:

Effective interest rate	on or after	prior to
9 1/2	Jan. 1, 1980	July 1, 1980
9 7/8	July 1, 1980	Jan. 1, 1981
11 3/4	Jan. 1, 1981	July 1, 1981
12 7/8	July 1, 1981	Jan. 1, 1982
12 3/4	Jan. 1, 1982	Jan. 1, 1983
10 1/4	Jan. 1, 1983	July 1, 1983
10 3/8	July 1, 1983	Jan. 1, 1984
11 1/2	Jan. 1, 1984	July 1, 1984
13 3/8	July 1, 1984	Jan. 1, 1985
11 5/8	Jan. 1, 1985	July 1, 1985
11 1/8	July 1, 1985	Jan. 1, 1986
10 1/4	Jan. 1, 1986	July 1, 1986
8 1/4	July 1, 1986	Jan. 1, 1987
8	Jan. 1, 1987	July 1, 1987
9	July 1, 1987	Jan. 1, 1988
9 1/8	Jan. 1, 1988	July 1, 1988
9 3/8	July 1, 1988	Jan. 1, 1989
9 1/4	Jan. 1, 1989	July 1, 1989
9	July 1, 1989	Jan. 1, 1990
8 1/8	Jan. 1, 1990	July 1, 1990
9	July 1, 1990	Jan. 1, 1991
8 3/4	Jan. 1, 1991	July 1, 1991
8 1/2	July 1, 1991	Jan. 1, 1992
8	Jan. 1, 1992	July 1, 1992
8	July 1, 1992	Jan. 1, 1993
7 3/4	Jan. 1, 1993	July 1, 1993
7	July 1, 1993	Jan. 1, 1994
6 5/8	Jan. 1, 1994	July 1, 1994
7 3/4	July 1, 1994	Jan. 1, 1995
8 3/8	Jan. 1, 1995	July 1, 1995
7 1/4	July 1, 1995	Jan. 1, 1996
6 1/2	Jan. 1, 1996	July 1, 1996
7 1/4	July 1, 1996	Jan. 1, 1997
6 3/4	Jan. 1, 1997	July 1, 1997
7 1/8	July 1, 1997	Jan. 1, 1998

Effective interest rate	on or after	prior to
6 ³ / ₈	Jan. 1, 1998	July 1, 1998
6 ¹ / ₈	July 1, 1998	Jan. 1, 1999
5 ¹ / ₂	Jan. 1, 1999	July 1, 1999
6 ¹ / ₈	July 1, 1999	Jan. 1, 2000
6 ¹ / ₂	Jan. 1, 2000	July 1, 2000
6 ¹ / ₂	July 1, 2000	Jan. 1, 2001
6	Jan. 1, 2001	July 1, 2001
5 ⁷ / ₈	July 1, 2001	Jan. 1, 2002
5 ¹ / ₄	Jan. 1, 2002	July 1, 2002
5 ³ / ₄	July 1, 2002	Jan. 1, 2003
5	Jan. 1, 2003	July 1, 2003
4 ¹ / ₂	July 1, 2003	Jan. 1, 2004
5 ¹ / ₈	Jan. 1, 2004	July 1, 2004
5 ¹ / ₂	July 1, 2004	Jan. 1, 2005
4 ⁷ / ₈	Jan. 1, 2005	July 1, 2005
4 ¹ / ₂	July 1, 2005	Jan. 1, 2006
4 ⁷ / ₈	Jan. 1, 2006	July 1, 2006
5 ³ / ₈	July 1, 2006	Jan. 1, 2007
4 ³ / ₄	Jan. 1, 2007	July 1, 2007
5	July 1, 2007	Jan. 1, 2008
4 ¹ / ₂	Jan. 1, 2008	July 1, 2008

Section 215 of Division G, Title II of Pub. L. 108–199, enacted January 23, 2004 (HUD’s 2004 Appropriations Act) amended section 224 of the Act, to change the debenture interest rate for purposes of calculating certain insurance claim payments made in cash. Therefore, for all claims paid in cash on mortgages insured under section 203 or 234 of the National Housing Act and endorsed for insurance after January 23, 2004, the debenture interest rate will be the monthly average yield, for the month in which the default on the mortgage occurred, on United States Treasury Securities adjusted to a constant maturity of 10 years, as found in Federal Reserve Statistical Release H–15. The Federal Housing Administration has codified this provision in HUD regulations at 24 CFR 203.405(b) and 24 CFR 203.479(b).

Section 221(g)(4) of the Act provides that debentures issued pursuant to that paragraph (with respect to the assignment of an insured mortgage to the Secretary) will bear interest at the “going Federal rate” in effect at the time the debentures are issued. The term “going Federal rate” is defined to mean the interest rate that the Secretary of the Treasury determines, pursuant to a statutory formula based on the average yield on all outstanding marketable Treasury obligations of 8-to 12-year maturities, for the 6-month periods of January through June and July through December of each year. Section 221(g)(4) is implemented in the HUD regulations at 24 CFR 221.255 and 24 CFR 221.790.

The Secretary of the Treasury has determined that the interest rate to be borne by debentures issued pursuant to section 221(g)(4) during the 6-month

period beginning January 1, 2008, is 4¹/₈ percent.

HUD expects to publish its next notice of change in debenture interest rates in July 2008.

The subject matter of this notice falls within the categorical exemption from HUD’s environmental clearance procedures set forth in 24 CFR 50.19(c)(6). For that reason, no environmental finding has been prepared for this notice.

(Authority: Sections 211, 221, 224, National Housing Act, 12 U.S.C. 1715b, 1715l, 1715o; Section 7(d), Department of HUD Act, 42 U.S.C. 3535(d).)

Dated: February 1, 2008.

Brian D. Montgomery,
Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. E8–2514 Filed 2–8–08; 8:45 am]

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–5159–C–01]

Notice of Funding Availability for the Fiscal Year 2007 Public Housing Neighborhood Networks Program; Technical Correction

AGENCY: Office of the Public and Indian Housing, HUD.

ACTION: Technical Corrections to Fiscal Year 2007 NOFA for the Public Housing Neighborhood Networks Program.

SUMMARY: On December 11, 2007, HUD published its Fiscal Year (FY) 2007 Notice of Funding Availability (NOFA) for the Public Housing Neighborhood Networks Program. In today’s **Federal Register** notice, HUD announces that it

has removed the Adobe application from Grants.gov for this NOFA, extended the deadline date for submission of applications, and clarifies why the Adobe package has been removed.

DATES: The application deadline date for the Public Housing Neighborhood Networks Program NOFA has been extended to March 14, 2008.

FOR FURTHER INFORMATION CONTACT: Questions regarding this Technical Correction should be directed to the Office of Departmental Grants Management and Oversight, Office of Administration, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 3156, Washington, DC 20410–5000; telephone number (202) 708–0667. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at (800) 877–8339.

SUPPLEMENTARY INFORMATION:

I. Submission or Resubmission of Applications with PureEdge

On December 11, 2007 (72 FR 70458), HUD published its FY2007 NOFA for the Public Housing Neighborhood Networks Program and posted it to *Grants.gov*, making applications available in both PureEdge and Adobe 8.1.1 formats. HUD has recently determined that applications submitted using the Adobe Application Package posted to *Grants.gov* will cause problems during submission if any individuals working on the application have not used Adobe 8.1.1 to complete the application. Specifically, if any individual working on the application does not use Adobe 8.1.1, the application becomes corrupt and not