

applied only at the time of loan disbursements. Note that future notifications may provide for a combination of upfront and periodic fees for loan guarantee commitments awarded in future fiscal years but, if so, will provide the public an opportunity to comment if appropriate under 24 CFR 570.712(b)(2).

The expected cost of a Section 108 loan guarantee is difficult to estimate using historical program data because there have been no defaults in the history of the program that required HUD to invoke its full faith and credit guarantee or use the credit subsidy reserved each year for future losses.<sup>3</sup> This is due to a variety of factors, including the availability of Community Development Block Grant (CDBG) funds as security for HUD's guarantee as provided in 24 CFR 570.705(b). As authorized by Section 108 of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5308), borrowers may make payments on Section 108 loans using CDBG grant funds. Borrowers may also make Section 108 loan payments from other anticipated sources but continue to have CDBG funds available should they encounter shortfalls in the anticipated repayment source. Despite the program's history of no defaults, Federal credit budgeting principles require that the availability of CDBG funds to repay the guaranteed loans cannot be assumed in the development of the credit subsidy cost estimate (see 80 FR 67629, November 3, 2015). Thus, the estimate must incorporate the risk that alternative sources are used to repay the guaranteed loan in lieu of CDBG funds, and that those sources may be insufficient. Based on the rate that CDBG funds are used annually for repayment of loan guarantees, HUD's calculation of the credit subsidy cost must acknowledge the possibility of future defaults if those CDBG funds were not available. The fee of 2.00 percent of the principal amount of the loan will offset the expected cost to the Federal Government due to default, financing costs, and other relevant factors. To arrive at this measure, HUD analyzed data on comparable municipal debt over an extended period. The estimated rate is based on the default and recovery rates for general purpose municipal debt and industrial development bonds. The cumulative default rates on industrial development

bonds were higher than the default rates on general purpose municipal debt during the period from which the data were taken. These two subsectors of municipal debt were chosen because their purposes and loan terms most closely resemble those of Section 108 guaranteed loans.

In this regard, Section 108 guaranteed loans can be broken down into two categories: (1) Loans that finance public infrastructure and activities to support subsidized housing (other than financing new construction) and (2) other development projects (e.g., retail, commercial, industrial). The 2.00 percent fee was derived by weighting the default and recovery data for general purpose municipal debt and the data for industrial development bonds according to the expected composition of the Section 108 portfolio by corresponding project type. Based on the dollar amount of Section 108 loan guarantee commitments awarded from FY 2016 through FY 2020, HUD expects that 47 percent of the Section 108 portfolio will be similar to general purpose municipal debt and 53 percent of the portfolio will be similar to industrial development bonds. In setting the fee at 2.00 percent of the principal amount of the guaranteed loan, HUD expects that the amount generated will fully offset the cost to the Federal Government associated with making guarantee commitments awarded in FY 2022. Note that the FY 2022 fee represents a 0.15 percent decrease from the FY 2021 fee of 2.15 percent.

This document establishes a rate that does not constitute a development decision that affects the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this document is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

**James Arthur Jemison, II,**

*Principal Deputy, Assistant Secretary for Community Planning and Development.*

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## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Parts 1 and 175

#### 46 CFR Part 25

[Docket No. USCG-2018-0099]

RIN 1625-AC41

### Fire Protection for Recreational Vessels

**AGENCY:** Coast Guard, Department of Homeland Security.

**ACTION:** Final rule; correction.

**SUMMARY:** The Coast Guard is correcting a final rule that appeared in the **Federal Register** on October 22, 2021. The document issued a final rule that amended fire extinguishing equipment regulations for recreational vessels that are propelled or controlled by propulsion machinery.

**DATES:** Effective April 20, 2022.

**FOR FURTHER INFORMATION CONTACT:** For information about this document, call or email Jeffrey Decker, Office of Auxiliary and Boating Safety, Boating Safety Division (CG-BSX-2), Coast Guard; telephone 202-372-1507, email [RBSinfo@uscg.mil](mailto:RBSinfo@uscg.mil).

**SUPPLEMENTARY INFORMATION:** In FR Doc. 2021-22578 appearing on pages 58560-58573 in the **Federal Register** of Friday, October 22, 2021, the following correction is made:

#### 33 CFR 175.320 [Corrected]

■ 1. On page 58573, in the first column, in table 3 to § 175.320(a)(2), the header for the second column is corrected to read "Conditions that do not in themselves require fire extinguishers".

**Michael Cunningham,**

*Chief, Office of Regulations and Administrative Law, U.S. Coast Guard.*

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<sup>3</sup> U.S. Department of Housing and Urban Development, *Study of HUD's Section 108 Loan Guarantee Program*, (prepared by Econometrica, Inc. and The Urban Institute), September 2012, at pp. 73-74. This fact has not changed since the issuance of this report.