This Article shall indefinitely succeed the term of this Arrangement.

Article IX—Errors and Omissions

The parties shall not be liable to each other for damages caused by inadvertent delay, error, or omission made in connection with any transaction under this Arrangement. In the event of such actions, the responsible party must attempt to rectify that error as soon as possible after discovery of the error and act to mitigate any costs incurred due to that error. In the event that steps are not taken to rectify the situation and such action leads to claims against the company, the NFIP, or other related entities, the responsible party shall bear all liability attached to that delay, error or omission to the extent permissible by law.

However, in the event that the Company has made a claim payment to an insured without including a mortgagee (or trustee) of which the Company had actual notice prior to making payment, and subsequently determines that the mortgagee (or trustee) is also entitled to any part of said claim payment, any additional payment shall not be paid by the Company from any portion of the premium and any funds derived from any Federal Letter of Credit deposited in the bank account described in Article II, section E. In addition, the Company agrees to hold the Federal Government harmless against any claim asserted against the Federal Government by any such mortgagee (or Trustee), as described in the preceding sentence, by reason of any claim payment made to any insured under the circumstances described above.

Article X—Officials Not To Benefit

No Member or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this Arrangement, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Arrangement if made with a corporation for its general benefit.

Article XI—Offset

At the settlement of accounts the Company and the FIA shall have, and may exercise, the right to offset any balance or balances, whether on account of premiums, commissions, losses, loss adjustment expenses, salvage, or otherwise due one party to the other, its successors or assigns, hereunder or under any other Arrangements heretofore or hereafter entered into between the Company and the FlA. This right of offset shall not be affected or diminished because of insolvency of the Company.

All debts or credits of the same class, whether liquidated or unliquidated, in favor of or against either party to this Arrangement on the date of entry, or any order of conservation, receivership, or liquidation, shall be deemed to be mutual debts and credits and shall be offset with the balance only to be allowed or paid. No offset shall be allowed where a conservator, receiver, or liquidator has been appointed and where an obligation was purchased by or transferred to a party hereunder to be used as an offset.

Although a claim on the part of either party against the other may be unliquidated or undetermined in amount on the date of the entry of the order, such claim will be regarded as being in existence as of the date of such order and any credits or claims of the same class then in existence and held by the other party may be offset against it.

Article XII—Equal Opportunity

The Company shall not discriminate against any applicant for insurance because of race, color, religion, sex, age, handicap, marital status, or national origin.

Article XIII—Restriction on Other Flood Insurance

As a condition of entering into this Arrangement, the Company agrees that in any area in which the Administrator authorizes the purchase of flood insurance pursuant to the Program, all flood insurance offered and sold by the Company to persons eligible to buy pursuant to the Program for coverages available under the Program Shall be written pursuant to this Arrangement.

However, this restriction applies solely to policies providing only flood insurance. It does not apply to policies provided by the Company of which flood is one of the several perils covered, or where the flood insurance coverage amount is over and above the limits of liability available to the insured under the Program

Article XIV—Access to Books and Records

The FIA and the Comptroller; General of The United States, or their duly authorized representatives, for the purpose of investigation, audit, and examination shall have access to any books, documents, papers and records of the Company that are pertinent to this Arrangement. The Company shall keep records that fully disclose all matters pertinent to this Arrangement, including premiums and claims paid or payable under policies issued pursuant to this Arrangement. Records of accounts and records relating to financial assistance shall be retained and available for three (3) years after final settlement of accounts, and to financial assistance, three (3) years after final adjustment of such claims. The FIA shall have access to policyholder and claim records at all times for purposes of the review, defense, examination, adjustment, or investigation of any claim under a flood insurance policy subject to this Arrangement.

Article XV—Compliance with Act and Regulations

This Arrangement and all policies of insurance issued pursuant thereto shall be subject to the provisions of the National Flood Insurance Act of 1968, as amended, the Flood Disaster Protection Act of 1973, as amended, the National Flood Insurance Reform Act of 1994, and Regulations issued pursuant thereto and all Regulations affecting the work that are issued pursuant thereto, during the term hereof.

Article XVI—Relationship Between the Parties (Federal Government and Company) and the Insured

Inasmuch as the Federal Government is a guarantor hereunder, the primary relationship between the Company and the Federal Government is one of a fiduciary nature, i.e., to assure that any taxpayer funds are accounted for and appropriately expended.

The Company is not the agent of the Federal Government. The Company is solely responsible for its obligations to its insured under any flood policy issued pursuant hereto.

(Catalog of Federal Domestic Assistance No. 83.100, ''Flood Insurance'')

Dated: April 24, 1997.

Roland E. Holland,

Acting Executive Administrator, Federal Insurance Administration.

[FR Doc. 97–11318 Filed 4–30–97; 8:45 am]

BILLING CODE 6718–03–P

DEPARTMENT OF DEFENSE

48 CFR Parts 32 and 52

Federal Acquisition Regulation; Progress Payments

AGENCY: Department of Defense.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: Comments are solicited from both government and industry personnel on how Federal Acquisition Regulation (FAR) Subpart 32.5, Progress Payments Based on Costs, the clause at FAR 52.232–16, Progress Payments, and Standard Form 1443, Contractor's Request For Progress Payment, can be revised to result in a simplified and streamlined process of applying for and administering progress payments. The Director of Defense Procurement is sponsoring an initiative to review existing forms, procedures, and provisions related to progress payments. Regulatory requirements pertaining to progress payments that are not required by statute, required to ensure adequately standardized government business practices, or required to protect the public interest will be considered for revision or elimination. Innovative means of simplifying the process of contractor requests for progress payments and the subsequent government administration of progress payments will be considered for incorporation into the regulation.

Comments may be submitted in two formats: (1) By letter to the address below, or (2) by electronic response on the Director of Defense Procurement Office of Cost, Pricing, and Finance Internet Home Page: http://www.acq.osd.mil/dp/cpf. Comments should include (1) An identification of the existing regulation, form, or procedure, (2) a proposed revision thereto, and (3) a supporting rationale for the proposed revision.

DATES: Comments are due on or before May 30, 1997.

ADDRESSES: Send comments to the Chair, Progress Payments Rewrite Team, Mr. Richard Brown, PDUSD(A&T)DP/CPF, Room 3C800, Defense Pentagon, Washington, DC 20301–3060.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Brown, by telephone at (703) 695–7197, by FAX at (703) 693–9616, or by e-mail at brownrg@acq.osd.mil.

Background

The Director of Defense Procurement, Department of Defense, has established a special interagency team, with participants from the Office of the Under Secretary of Defense (Comptroller), the Military Departments, the Defense Logistics Agency, the Defense Contract Audit Agency, the Defense Finance and Accounting Service, the Department of Energy, and the National Aeronautics and Space Administration, that will review and rewrite FAR Part 32 and Part 52 provisions regarding Progress Payments to make them easier to understand and to minimize the burdens imposed on contractors and contracting officers. The Director of Defense Procurement will provide a forum for an exchange of ideas and information with government and industry personnel by holding at least one public meeting, soliciting public comments, and publishing notices of public meetings in the **Federal Register**. Discussion will focus on draft revisions of FAR Part 32, Subpart 32.5, Progress Payments Based on Costs, and associated contract clauses and forms. In addition to the overall simplification of the progress payments process, the rewrite team will also consider changes needed in the progress payments provisions to address the inclusion of performance-based payments and commercial financing payments to subcontractors as part of a contractor's request for progress payments. The rewrite team will also address whether indirect costs for supplies and services purchased by the contractor are eligible for progress payment reimbursement before the contractor has paid the direct costs that are burdened by those indirect costs and included the direct costs in progress payment requests.

Michele P. Peterson,

Executive Editor, Defense Acquisition Regulations Council.

[FR Doc. 97–11296 Filed 4–30–97; 8:45 am]

BILLING CODE 5000–04–M

DEPARTMENT OF DEFENSE

48 CFR Part 252

[DFARS Case 97–D007]

Specialty Metals; Agreements with Qualifying Countries

AGENCY: Department of Defense (DoD).

ACTION: Proposed rule with request for comments.

SUMMARY: The Director of Defense Procurement is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to revise the Preference for Domestic Speciality Metals clause for consistency with the provisions of the Berry Amendment.

DATES: Comments on the proposed rule should be submitted in writing to the address shown below on or before June 30, 1997.

ADDRESSES: Interested parties should submit written comments to: Defense Acquisition Regulations Council, ATTN: Ms. Amy Williams, PDUSD(A&T)DP(DAR), 3062 Defense Pentagon, Washington, DC 20301–3062. Telefax number (703) 602–0305. Please cite DFARS Case 97–D007 in all correspondence related to this issue.

FOR FURTHER INFORMATION CONTACT: Ms. Amy Williams, (703) 602–0131.

SUPPLEMENTARY INFORMATION:

A. Background

This proposed rule amends the contract clause at DFARS 252.225–7014, Preference for Domestic Specialty Metals. The clause requires that, with certain exceptions, any specialty metals incorporated in articles delivered under the contract will be melted in the United States, its possessions, or Puerto Rico. Paragraph(c)(2) of the clause presently provides for an exception to this requirement when the acquisition is for an end product of a qualifying country listed in DFARS 225.872–1. This proposed rule revises paragraph (c)(2) of the clause to provide an exception for speciality metals melted in a qualifying country or incorporated in an article manufactured in a qualifying country, rather than only providing an exception for the acquisition of end products of a qualifying country. This proposed revision is consistent with the Berry Amendment (10 U.S.C. 2241 note) (as implemented at DFARS 225.7002–2(i)), which provides an exception from domestic source restrictions for the procurement of specialty metals where such procurement is necessary in furtherance of agreements with foreign governments in which both governments agree to remove barriers to purchase of supplies produced in the other country.

B. Regulatory Flexibility Act

The proposed rule may have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq., because the rule increases the opportunity for foreign competition by firms providing speciality metals melted in qualifying countries or qualifying country components containing specialty metals. An Initial Regulatory Flexibility Analysis (IRFA) has, therefore, been performed, and is summarized as follows: This proposed rule amends the clause at DFARS 252.225–7014 to make the exception in the clause consistent with the Berry Amendment (10 U.S.C. 2241 note) and with the existing DFARS text at 225.7002–2(i). The clause at DFARS 252.225–7014 is prescribed for use in all solicitations and contracts over the simplified acquisition threshold that require delivery of an article containing specialty metals. The clause is prescribed for use with its Alternate I if the article containing specialty metals is for one of certain major programs. The basic clause only restricts the direct acquisition of specialty metals by the prime contractor, whereas Alternate I flows down the restriction to subcontractors at any tier. The proposed rule does not affect the already unrestricted sources of speciality metals when acquiring qualifying country end products or when acquiring components including speciality metals for use in an end product for other than a major program. The proposed rule does loosen the restriction on domestic specialty metals for prime contractors providing domestic nonqualifying country end products, permitting them to incorporate speciality metals melted in a qualifying country (for both major and non-major programs), or qualifying country components containing specialty metals of unrestricted source for use in end products for major programs. Because the components subject to increased foreign competition are at a subcontract level, it is not possible to more specifically identify the items or whether they are produced by small business firms. The proposed rule does not require any new reporting or recordkeeping, and does not duplicate, overlap, or conflict with other relevant Federal rules. An alternative approach would be to require that the specialty metals incorporated in articles manufactured in a qualifying country also be melted in a qualifying country.