

## Federal Transit Admin., DOT

## § 639.7

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AUTHORITY: 49 U.S.C. 5302; 49 CFR 1.51.

SOURCE: 56 FR 51794, Oct. 15, 1991, unless otherwise noted.

## Subpart A—General

### § 639.1 General overview of this part.

This part contains the requirements to qualify for capital assistance when leasing facilities or equipment under the Federal transit laws. This part is set out in four subparts, with subpart A containing general information on scope and definitions. Subpart B contains the principal requirements of this part, including eligibility requirements, the self-certification system used, and identification of the various forms of leases and grants that are eligible under the program. Subpart B also contains a section on other Federal requirements that may apply. Subpart C includes the actual calculations that each recipient should undertake before certifying that a lease is cost-effective. Finally, subpart D contains requirements on early lease termination and project management in general.

[63 FR 68366, Dec. 10, 1998]

### § 639.3 Purpose of this part.

This rule implements section 3003 of the Transportation Equity Act for the 21st Century (Pub. L. 105-178). Section 3003 amended section 5302 of Chapter 53 of Title 49 of the United States Code to allow a recipient to use capital funds to finance the leasing of facilities and

equipment on the condition that the leasing arrangements are more cost effective than purchase or construction.

[63 FR 68367, Dec. 10, 1998]

### § 639.5 Scope of this part.

This part applies to all requests for capital assistance under Chapter 53 of Title 49 of the United States Code where the proposed method of obtaining a capital asset is by lease rather than purchase or construction.

[63 FR 68367, Dec. 10, 1998]

### § 639.7 Definitions.

In this part:

*Applicant* is included in the term “recipient”.

*Capital asset* means facilities or equipment with a useful life of at least one year, which are eligible for capital assistance.

*Capital assistance* means Federal financial assistance for capital projects under section 9 of the FT Act.

*Capital lease* means any transaction whereby the recipient acquires the right to use a capital asset without obtaining full ownership regardless of the tax status of the transaction.

*Equipment* means non-expendable personal property.

*Facilities* means real property, including land, improvements and fixtures.

*Interest rate* means the most advantageous interest rate actually available to the recipient in the market.

*Present value* means the value at the time of calculation of a future payment, or series of future payments discounted by the time value of money as represented by an interest rate or similar cost of funds.

*Recipient* means an entity that receives Federal financial assistance from FTA, including an entity that receives Federal financial assistance from FTA through a State or other public body. In this part, a recipient includes an applicant for Federal financial assistance.

*FT Act* means the Federal Mass Transit Act of 1964, as amended, 49 U.S.C. 1601 *et seq.*

*FTA* means the Federal Transit Administration.