



PUBLIC NOTICE

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REMINDER TO LICENSES WITH INSTALLMENT PAYMENT PLANS: AVAILABILITY OF GRACE PERIODS

The Wireless Telecommunications Bureau ("Bureau") has received recent inquiries seeking clarification of the operation of the Commission's grace period rules and this Public Notice also responds to those inquiries. This Public Notice serves as a reminder to licensees using the FCC's installment payment program that the Commission's rules provide for "grace periods" regarding delinquent installment payments.

Under 47 C.F.R. § 1.2110(e)(4), auctionable licenses for which licensees are paying through installment plans are granted "conditioned upon the full and timely performance of the licensee's payment obligations under the installment payment plan." Each of these licensees was provided with a payment schedule from the Office of the Managing Director or the Treasury Department with a schedule of specific payment due dates. For example, according to the payment schedules issued in conjunction with IVDS licenses, an installment payment is due on March 31, 1997.

Under the Commission's rules at 47 C.F.R. § 1.2110(e)(4)(i), "[i]f an eligible entity making installment payments is more than ninety (90) days delinquent in any payment, it shall be in default." In other words, the Commission's rules provide that a licensee making installment payments is not deemed to be in default until it is more than ninety days delinquent in making a payment to the government ("ninety-day non-default period").

Furthermore, 47 C.F.R. § 1.2110(e)(4)(ii) states that:

Upon default or in anticipation of default of one or more installment payments, a licensee may request that the Commission permit a three to six month grace period, during which no installment payments need be made. In considering whether to grant a request for a grace period, the Commission may consider, among other things, the licensee's payment history, including whether the licensee has defaulted before, how far into the license term the default occurs, the reasons for default, whether the licensee

has met construction build-out requirements, the licensee's financial condition, and whether the licensee is seeking a buyer under an authorized distress sale policy. If the Commission grants a request for a grace period, or otherwise approves a restructured payment schedule, interest will continue to accrue and will be amortized over the remaining term of the license.

This rule effectively provides licensees who cannot make their regularly scheduled payment within ninety (90) days of the payment due date with an opportunity to request additional time to make the payment. To request a "grace period", licensees must submit a written request to the Commission setting forth the basis for the request and addressing applicable considerations as outlined in the rule set forth above.

Accordingly, under the Commission's rules, licensees who have a payment due date of March 31, 1997 and make such payment on or before Monday, June 30, 1997 (the last day of the ninety-day non-default period) will not be deemed to be in default. Further, licensees who do not make their March 31, 1997 payment by June 30, 1997 will not be deemed to be in default provided they file a grace period request on or before June 30, 1997.

Licensees interested in filing grace period requests should send them to: Federal Communications Commission, Wireless Telecommunications Bureau, Auctions Division, 2025 M Street, Room 5322, Washington, D.C. 20554, Attention: A. Jerome Fowlkes.

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