

**Paperwork Reduction Act**

The amendments to 7 CFR part 1951 contained in this rule require no revisions to the information collection requirements that were previously approved by OMB under control numbers 0575–0119 and 0560–0161 according to the provisions of 44 U.S.C. chapter 35. The information collections currently approved by OMB under control number 0560–0171 include the amendment to 7 CFR part 1962 contained in this rule. The amendment to 7 CFR part 1965 contained in this rule requires no revision to the information collection requirements that were previously approved by OMB and assigned control number 0560–0158.

**Federal Assistance Programs**

These changes affect the following FSA programs as listed in the Catalog of Federal Domestic Assistance:

- 10.404—Emergency Loans
- 10.406—Farm Operating Loans
- 10.407—Farm Ownership Loans

**Discussion of the Proposed Rule**

Currently, borrowers are considered “past-due” for 30 days after a scheduled FLP payment is not made, after which they are considered “delinquent”. This is not consistent with the terminology used by FSA Farm Programs (FP) where no “past-due” period exists prior to delinquency. For consistency, FSA proposes to amend 7 CFR part 1951, subparts C and S, 7 CFR part 1962, subpart A, and 7 CFR part 1965, subpart A to eliminate the 30-day “past-due” period prior to a borrower becoming delinquent. Because 7 CFR part 1951, subpart S only allows debt writedown after a borrower becomes delinquent, this change would allow FLP borrowers to receive debt writedown on the day after a missed payment, assuming all other primary loan servicing criteria are met, instead of waiting 31 days. This will allow servicing to be completed earlier with no additional loss to the government, as the additional accrued interest during the 30 day period is often simply added to the writedown which would have been calculated on the first day the account was “past-due”. This proposal also will change the definition of the word “delinquent” with regard to all servicing and offsets. The rule will not affect the “90 days past due” criteria that is currently used to determine initial notice of primary loan servicing under 7 CFR part 1951 subpart S, as this requirement is statutory (7 U.S.C. 1981d).

**List of Subjects****7 CFR Part 1951**

Account servicing, Credit, Debt restructuring, Loan programs—agriculture, Loan programs—housing and community development.

**7 CFR Part 1962**

Agriculture, Bankruptcy, Loan programs—agriculture, Loan programs—housing and community development.

**7 CFR Part 1965**

Loan programs—agriculture, Loan programs—housing and community development, Low and moderate income housing.

Accordingly, 7 CFR chapter XVIII is amended as follows:

**PART 1951—SERVICING AND COLLECTIONS**

1. The authority citation for part 1951 continues to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989; 31 U.S.C. 3716; 42 U.S.C. 1480.

**Subpart C—Offsets of Federal Payments to USDA Agency Borrowers**

2. Amend § 1951.102 to:
  - a. Revise paragraph (b)(6)
  - b. Revise the third sentence of paragraph (b)(13), to read as follows:

**§ 1951.102 Administrative Offset.**

\* \* \* \* \*

(b) \* \* \*

(6) *Delinquent or past-due* means a payment that was not made by the due date.

\* \* \* \* \*

(13) \* \* \* To be feasible the debt must exist and be 90 days past due or the borrower must be in default of other obligations to the Agency, which can be cured by the payment.

\* \* \* \* \*

**Subpart S—Farm Loan Programs Account Servicing Policies**

3. Amend § 1951.906 by removing the definition of “Delinquent borrower” and adding in its place the definition of “Delinquent or past-due borrower”.

**§ 1951.906 Definitions.**

\* \* \* \* \*

*Delinquent or past-due borrower:* A borrower who has failed to make all or part of a payment by the due date.

\* \* \* \* \*

4. Amend the second sentence of § 1951.907 paragraph (c) to read as follows:

**§ 1951.907 Notice of loan service programs.**

\* \* \* \* \*

(c) \* \* \* FLP borrowers who are at least 90 days past due will be sent exhibit A of this subpart with Attachments 1 and 2 by certified mail, return receipt requested.\* \* \*

\* \* \* \* \*

**PART 1962—PERSONAL PROPERTY**

5. The authority citation for part 1962 continues to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

**Subpart A—Servicing and Liquidation of Chattel Security**

6. Amend § 1962.40 to revise the first sentence of paragraph (b)(2) to read as follows:

**§ 1962.40 Liquidation.**

\* \* \* \* \*

(b) \* \* \*

(2) In Farm Loan Programs loan cases, borrowers who are 90 days past due on their payments must receive exhibit A with attachments 1 and 2 or attachments 1, 3, and 4 of exhibit A of subpart S of part 1951 of this chapter in cases involving nonmonetary default.

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**PART 1965—REAL PROPERTY**

7. The authority citation for part 1965 continues to read as follows:

**Authority:** 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

**Subpart A—Servicing of Real Estate Security for Farm Loan Programs Loans and Certain Note-Only Cases**

8. Amend § 1965.26 to revise the first sentence of paragraph (b)(2) to read as follows:

**§ 1965.26 Liquidation action.**

\* \* \* \* \*

(b) \* \* \*

(2) In Farm Loan Programs loan cases, borrowers who are 90 days past due on their payments, must receive Exhibit A with attachments 1 and 2, or attachments 1, 3, and 4 of exhibit A of subpart S of part 1951 of this chapter in cases involving nonmonetary default.

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