

10.421—Indian Tribes and Tribal Corporation Loans.

Discussion of the Proposed Rule

This proposed rule revises and clarifies the write-down servicing policies of the Farm Service Agency's Indian Tribal Land Acquisition Loan Program. The first proposed change is to clarify "rental value". Applicants and borrowers have misunderstood this term. Therefore, a definition is added in the proposed rule at § 770.2(b). A second revision changes the current appraisal needed to apply for a rental value write-down. An appraisal provides a substantial amount of information at the borrower's expense that is not necessary for calculating rental value write-downs. The information FSA needs can be provided by a rental value market study report prepared by a certified general appraiser. This change will dramatically reduce the borrower's costs. Also, since it requires less work for the appraiser, it reduces the appraiser's delay in completing the report, thus reducing FSA's processing time.

A third change is proposed in the eligibility requirements for both ITLAP land value and rental value write-downs. The eligibility requirements currently in the reamortization paragraph at § 770.10(a)(1) are being proposed for the write-down sections as well in §§ 770.10(e)(3)(v) and (e)(4)(v). These standards would require borrowers to submit complete application forms and establish that the delinquency is beyond the borrowers' control which cannot be brought current within one year and borrowers cannot meet the annual loan payments. These eligibility requirements will help assure that write-downs will be provided only to those financially distressed borrowers who are faced with circumstances outside their control. Several FSA loan servicing programs contain similar eligibility requirements. See 7 CFR 1951.909(c).

For *rental value write-downs*, the current rule at § 770.10(e)(4)(iv) prevents additional write-downs only when the specific ITLAP loan has received a rental value write-down previously and the specific loan has received a land value write-down within the last 5 years. The proposed rule would modify this paragraph to preclude an additional rental value write-down when *any loan* has ever received a rental value write-down or any loan has received a land value write-down within the last 5 years. The proposed revisions will limit FSA's losses when it provides rental value write-downs.

Similarly, the proposed rule seeks to add an additional loan eligibility requirement to § 770.3. Since write-downs are the consequence of a borrower's seriously deteriorating financial condition, the proposed rule adds a requirement for additional ITLAP loan eligibility requiring that borrowers must not have received an ITLAP rental value or land value write-down within the last five years. The additional eligibility requirement will enable FSA to make more creditworthy loans and decrease the possibility of further Agency losses.

The proposed rule will result in better service and substantial monetary and time savings for borrowers who apply for a write-down based on rental value. In addition, it will increase the protection of the taxpayers from potential loss and reduce the agency official's burden in administering the servicing of the Indian Tribal Land Acquisition Program Loans.

List of Subjects in 7 CFR Part 770

Agriculture, Credit, Indians, Rural areas, Loan Programs.

Accordingly, for the reasons stated in the preamble, 7 CFR part 770 is proposed to be amended as follows:

PART 770—INDIAN TRIBAL LAND ACQUISITION LOANS

1. The authority citation for part 770 continues to read as follows:

Authority: 5 U.S.C. 301, 25 U.S.C. 490.

2. Amend § 770.2 by adding an abbreviation in paragraph (a) and a definition in paragraph (b) to read as follows:

§ 770.2 Abbreviations and definitions.

(a) *Abbreviations.*

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USPAP: Uniform Standards of Professional Appraisal Practice.

(b) *Definitions.*

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Rental Value is the potential annual rental income of a parcel of real estate as determined by a market analysis of annual rental incomes of like real estate in the subject property area.

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3. Amend § 770.3 by adding paragraph (h) to read as follows:

§ 770.3 Eligibility requirements.

* * * * *

(h) Have not received a write-down as provided in § 770.10(e) within the preceding 5 years.

4. Amend § 770.10 by adding paragraph (e)(3)(v), revising paragraphs (e)(4)(iii) and (e)(4)(iv) and adding paragraph (e)(4)(v) to read as follows:

§ 770.10 Servicing.

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(e) *Debt Write-down.*

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(3) Land Value Write-down.

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(v) The borrower must meet the eligibility requirements of paragraphs (a)(1)(ii), or (iii) of this section.

(4) Rental Value Write-down.

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(iii) The borrower provides a current market value rent study report for the land for the preceding 5 years, which identifies the average rental value. The report must be prepared by a Certified General Appraiser and meet the requirements of USPAP.

(iv) The borrower has not previously received a write-down under this paragraph on any loan and has not had a loan written down within the last 5 years under paragraph (e)(3) of this section.

(v) The borrower must meet the eligibility requirements of paragraph (a)(1)(ii), or (iii) of this section.

Signed in Washington, DC, on February 26, 2003.

James R. Little,

Administrator, Farm Service Agency.

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DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 1205

[Doc. No. CN-03-002]

Cotton Board Rules and Regulations: Adjusting Supplemental Assessment on Imports, (2003 Amendments)

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Proposed rule.

SUMMARY: The Agricultural Marketing Service (AMS) is proposing to amend the Cotton Board Rules and Regulations by lowering the value assigned to imported cotton for the purpose of calculating supplemental assessments collected for use by the Cotton Research and Promotion Program. An adjustment is required on an annual basis to ensure that the assessments collected on imported cotton and the cotton content of imported products remain similar to those paid on domestically produced cotton.

DATES: Comments must be received on or before April 14, 2003.

ADDRESSES: Interested persons are invited to submit written comments