

(2) An annuitant or compensationoner who elects to continue Basic insurance and chooses either the reduction election of 50 percent or the no reduction after age 65, under § 870.702(a)(3) or § 870.702(a)(4), pays an additional premium for the 50 percent or no reduction election. This additional premium is withheld for each \$1,000 of the BIA. At age 65, the Basic premium will stop, but the annuitant or compensationoner must continue to pay the additional premium for either the 50 percent or the no reduction election.

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3. Revise § 870.402 to read as follows:

§ 870.402 Withholdings for Optional insurance.

(a)(1) The insured individual pays the full cost of all Optional insurance. There is no Government contribution toward the cost of any Optional insurance.

(2) Optional insurance premiums are based on 5-year age bands beginning at age 35. The last age band for Option A is age 60+. The last age band for Options B and C is 80+. For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach the next age band the 1st day of the pay period following the pay period in which his/her birthday occurs.

(3) When OPM makes any adjustment to the Optional life insurance premiums, we will issue a public notice in the **Federal Register**.

(b) During each pay period in any part of which an insured employee is in pay status, the employing agency must withhold the full cost of Optional insurance from his/her pay.

(c)(1) Subject to the provisions for reemployed annuitants in § 870.707, the full cost of Optional insurance must be withheld from the annuity of an annuitant and the compensation of a compensationoner.

(2) The withholdings for Option A stop the month after the month in which an annuitant or compensationoner reaches age 65.

(3) For an annuitant or compensationoner who elects Full Reduction for any Option B or Option C multiples, the withholdings for those multiples stop the month after the month in which he/she reaches age 65.

(4) For an annuitant or compensationoner who elects No Reduction for any Option B or Option C multiples, the withholdings for those multiples continue, as long as he/she remains insured.

(d)(1) For Option A and Option C, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(2) For Option B, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of 1 cent.

(e) If an employee's annual pay is paid during a period shorter than 52 work weeks, the employing office must determine the amount to withhold. To do this, it converts the biweekly cost to an annual cost and prorates it over the number of installments of pay regularly paid during the year.

(f) When an agency withholds less than or none of the proper amount of Optional life insurance deductions from an individual's pay, annuity or compensation, the agency must submit an amount equal to the uncollected deductions required under 5 U.S.C. 8714a, 8714b, 8714c to OPM for deposit in the Employees' Life Insurance Fund.

4. In § 870.404, paragraph (d) is revised to read as follows:

§ 870.404 Withholdings and contributions provisions that apply to both Basic and Optional insurance.

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(d) The deposit described in §§ 870.401(f) and 870.402(f) must be made no later than 60 calendar days after the date the employing office determines the amount of the underdeduction that has occurred, regardless of whether or when the underdeduction is recovered by the agency. The agency must determine whether to waive collection of the overpayment of pay, in accordance with 5 U.S.C. 5584, as implemented by 4 CFR chapter I, subchapter G. However, if the agency involved is excluded from the provisions of 5 U.S.C. 5584, it may use any applicable authority to waive the collection.

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5. In § 870.801, paragraph (e) is revised to read as follows:

§ 870.801 Order of precedence and payment of benefits.

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(e) Upon the death of an insured family member, Option C benefits are paid to the employee, annuitant or compensationoner responsible for withholdings under § 870.402(a), except as provided in paragraph (f) of this section.

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DEPARTMENT OF AGRICULTURE

Farm Service Agency

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

7 CFR Parts 762, 1941, 1943 and 1951

RIN 0560-AG81

2002 Farm Bill Regulations—Loan Eligibility Provisions

AGENCY: Farm Service Agency, USDA.

ACTION: Proposed rule.

SUMMARY: The Farm Service Agency (FSA) proposes to amend the regulations for direct and guaranteed farm operating loans (OL) to implement the provision of the Farm Security and Rural Investment Act of 2002 (2002 Act) relating to loan eligibility for applicants with prior debt forgiveness resulting from a disaster or emergency designated by the President. FSA is proposing that borrowers who are current on an FSA loan at the onset of a Presidentially-declared disaster or emergency, but who receive debt forgiveness on that loan following the disaster, would be eligible for OL loan assistance if all other regulatory requirements were met. FSA is also proposing to amend the regulations for direct farm ownership (FO) loans to comply with the 2002 Act. FSA is proposing that applicants may qualify for a loan if they participated in the business operations of a farm or ranch for at least three of the past five years, rather than having operated a farm or ranch for that length of time. This portion of the rule is intended to make more borrowers eligible for FSA farm loan assistance. Finally, FSA is proposing to amend regulations concerning reamortization of amortized Shared Appreciation Agreement (SAA) recapture debt.

DATES: Comments on the rule must be received on or before June 9, 2003, to be assured of consideration.

ADDRESSES: Submit written comments to the Director, Loan Making Division, Farm Loan Programs, Farm Service Agency, United States Department of Agriculture, STOP 0522, 1400 Independence Avenue, SW., Washington, DC 20250-0522.

FOR FURTHER INFORMATION CONTACT: Kathy Zeidler, Senior Loan Officer, USDA, FSA, Farm Loan Programs, Loan Making Division, STOP 0522, 1400 Independence Avenue, SW., Washington, DC 20250-0522; telephone