

marketing cycles; (2) have been employed as a farm manager or farm management consultant for at least three years worth of complete production and marketing cycles; or (3) participated in the operation of a farm or ranch by being raised or working on a farm or ranch and having had significant responsibility for the day-to-day decision-making for at least three years' worth of complete production and marketing cycles meet the participation requirement. This rule proposes to amend FO regulations accordingly and to limit the three years of participation to the five years prior to the date the loan application is submitted. Only the last five years should be considered because this is consistent with OL eligibility requirements, which specify that applicants must have sufficient applicable educational and/or on-the-job training or farming experience in managing and operating a farm or ranch (one year's complete production and marketing cycle within the last five years). Recent farming experience is a better indicator of future success.

Section 5314 of the 2002 Act authorizes FSA to consider reamortization of amortized SAA recapture debt for up to 25 years from the date of the original amortization agreement when the borrower becomes delinquent on this non-program debt. To be eligible for this reamortization, the default must be due to circumstances beyond the borrower's control, and the borrower must have acted in good faith in attempting to repay the recapture amount. As this reamortization can be considered even when a borrower has no outstanding FLP loans, or when the SAA was triggered by all FSA loans being paid in full, FSA is proposing to amend 7 CFR 1951.901, 1951.907, 1951.909, and 1951.914 to comply with this requirement.

List of Subjects

7 CFR Part 762

General—Agriculture, Loan programs—Agriculture.

7 CFR Part 1941

Crops, Livestock, Loan programs—Agriculture, Rural areas, Youth.

7 CFR Part 1943

Crops, Loan programs—Agriculture, Recreation, Water resources.

7 CFR Part 1951

Account servicing, Credit, Debt restructuring, Loan programs—Agriculture, Loan Programs—Housing and community development.

Accordingly, 7 CFR is revised as follows:

PART 762—GUARANTEED FARM LOANS

1. The authority citation for part 762 continues to read as follows:

Authority: 5 U.S.C. 301, 7 U.S.C. 1989.

2. Amend § 762.102(b) by adding a definition of "Presidentially-designated emergency" to read as follows:

§ 762.102 Abbreviations and definitions.

* * * * *

(b) Definitions.

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Presidentially-designated emergency.

A major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*)

3. Amend § 762.120 by revising paragraph (a) to read as follows:

§ 762.120 Loan applicant eligibility.

* * * * *

(a) *Agency loss.* (1) Except as provided in paragraph (a)(2) of this section, the loan applicant, and anyone who will execute the promissory note, has not caused the Agency a loss by receiving debt forgiveness on all or a portion of any direct or guaranteed loan made under the authority of the CONACT by debt write-down or write-off; compromise, adjustment, reduction, or charge-off under the provisions of section 331 of the CONACT; discharge in bankruptcy; or through payment of a guaranteed loss claim on:

(i) More than three occasions on or prior to April 4, 1996; or

(ii) Any occasion after April 4, 1996.

(2) The applicant may receive a guaranteed OL to pay annual farm and ranch operating and family living expenses, provided the applicant meets all other requirements for the loan, if the applicant and anyone who will execute the promissory note:

(i) Received a write-down under section 353 of the CONACT;

(ii) Is current on payments under a confirmed bankruptcy plan; or

(iii) Received debt forgiveness on not more than one occasion after April 4, 1996, resulting directly and primarily from a Presidentialy-designated emergency for the county in which the applicant operates. Only applicants who were current on all existing direct and guaranteed FSA loans prior to the onset of a Presidentialy-designated emergency and received debt forgiveness on that debt within three

years after the onset of such emergency meet this exception.

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PART 1941—OPERATING LOANS

4. The authority citation for part 1941 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989.

Subpart A—Operating Loan Policies, Procedures and Authorizations

5. Amend § 1941.4 by adding a definition of "Presidentially-designated emergency" to read as follows:

§ 1941.4 Definitions.

* * * * *

Presidentially-designated emergency.

A major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*)

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6. Amend § 1941.12 by revising paragraphs (a)(8) and (b)(11) to read as follows:

§ 1941.12 Eligibility requirements.

* * * * *

(a) * * *

(8) *Agency loss.* (i) Except as provided in paragraph (a)(8)(ii) of this section, the loan applicant, and anyone who will execute the promissory note, has not caused the Agency a loss by receiving debt forgiveness on all or a portion of any direct or guaranteed loan made under the authority of the CONACT by debt write-down or write-off; compromise, adjustment, reduction, or charge-off under the provisions of section 331 of the CONACT; discharge in bankruptcy; or through payment of a guaranteed loss claim.

(ii) The applicant may receive a direct OL loan to pay annual farm and ranch operating and family living expenses, provided the applicant meets all other requirements for the loan, if the applicant and anyone who will execute the promissory note:

(A) Received a write-down under section 353 of the CONACT;

(B) Is current on payments under a confirmed bankruptcy plan; or

(C) Received debt forgiveness on not more than one occasion after April 4, 1996, resulting directly and primarily from a Presidentialy-designated emergency for the county in which the applicant operates. Only applicants who were current on all existing direct and guaranteed FSA loans prior to the onset of a Presidentialy-designated emergency and received debt forgiveness on that debt within three