

years after the onset of such emergency meet this exception.

* * * * *

(b) * * *

(11) *Agency loss.* (i) Except as provided in paragraph (b)(11)(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 guaranteed OL loan to pay annual farm and ranch and 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 Presidentially-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 Presidentially-designated emergency and received debt forgiveness on that debt within three years after the onset of such emergency meet this exception.

* * * * *

PART 1943—FARM OWNERSHIP, SOIL AND WATER AND RECREATION

7. The authority citation for part 1943 continues to read as follows:

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

Subpart A—Direct Farm Ownership Loan Policies, Procedures, and Authorizations

8. Amend § 1943.4 by adding a definition of “participated in the business operations of a farm or ranch” to read as follows:

§ 1943.4 Definitions.

* * * * *

Participated in the business operations of a farm or ranch. An applicant has participated in the business operations of a farm or ranch if the applicant has:

(1) Been the owner, manager or operator of a farm business for the year’s

complete production and marketing cycle as evidenced by tax returns, FSA farm records or similar documentation;

(2) Been employed as a farm manager or farm management consultant for the year’s complete production and marketing cycle; or

(3) Participated in the operation of a farm by virtue of being raised on a farm or worked on farm with significant responsibility for the day-to-day decisions for the year’s complete production and marketing cycle.

* * * * *

9. Amend § 1943.12 by revising the introductory text in paragraphs (a)(6) and (b)(8) to read as follows:

§ 1943.12 Farm ownership loan eligibility requirements.

(a) * * *

(6) Have participated in the business operations of a farm or ranch for at least 3 years out of the 5 years prior to the date the application is submitted and satisfy at least one of the following conditions:

* * * * *

(b) * * *

(8) Have one or more members, constituting a majority interest in the business entity, who have participated in the business operations of a farm or ranch for at least 3 years out of the 5 years prior to the date the application is submitted and satisfy at least one of the following conditions:

* * * * *

PART 1951—SERVICING AND COLLECTIONS

10. The authority citation for part 1951 is revised to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1932 Note; 7 U.S.C. 1989; 31 U.S.C. 3716; 42 U.S.C. 1480.

Subpart S—Farm Loan Programs Account Servicing Policies

11. Amend § 1951.901 by revising the third sentence to read as follows:

§ 1951.901 Purpose.

* * * Shared Appreciation amortized payments (SA) may be reamortized in accordance with §§ 1951.907(e), 1951.909(c)(6) and 1951.909(e)(2).

* * * * *

12. In § 1951.907, revise the second and third sentences of paragraph (c), introductory text, redesignate paragraph (e) as (f) and add a new paragraph (e) to read as follows:

§ 1951.907 Notice of loan service programs.

* * * * *

(c) * * * If the borrower submits an incomplete application, see paragraph (f) of this section for procedures on requesting additional information. Delinquent borrowers who have also violated their loan agreements with the agency will be handled in accordance with paragraph (f) of this section. * * *

* * * * *

(e) The Agency will notify delinquent NP borrowers who have only SA amortization agreements that all items in paragraph (f)(5) of this section, with the exception of Attachment 2 or 4 of exhibit A and information for conservation contracts or debt settlement, must be submitted within 60 days or the account will be accelerated. If a complete application has not been submitted within 30 days, one additional notice will be sent to the NP borrower indicating the remaining information needed and the last day which it can be submitted.

* * * * *

13. Amend § 1951.909 by adding a new paragraph (c)(6) to read as follows:

§ 1951.909 Processing primary loan service program requests.

* * * * *

(c) * * *

(6) Non-Program borrowers who have only SA amortization agreements must meet the eligibility requirement in paragraph (c)(1) of this section, have acted in good faith in attempting to repay the recapture amount, and develop a feasible plan. Borrowers who do not meet the eligibility or feasibility requirements of this section will be notified of the adverse decision, and the account will be liquidated according to subpart J of this part.

* * * * *

14. Amend § 1951.914 by revising paragraphs (e), introductory text, and (e)(11) to read as follows:

§ 1951.914 Servicing shared appreciation agreements.

* * * * *

(e) *Shared appreciation amortization.* Shared appreciation due under this section may be amortized to a nonprogram amortized payment unless the amount is due because of acceleration or the borrower ceases farming. The amount due may be amortized as an SA amortized payment under the following conditions:

* * * * *

(11) If a borrower with an SA amortized payment also has outstanding Farm Loan Program loan(s) and becomes delinquent or financially distressed in accordance with § 1951.906 or if a borrower with an SA amortized