

information is considered. Also, the previous regulation described many actions involving debt settlement processing and COC recommendation which are internal and have been removed. This rule amends 7 CFR parts 1951, 1955, 1956, 1962, and 1965 accordingly to remove references to COC recommendations.

Interest Rate Options for Loans in Servicing

Section 5305 of the 2002 Act amended the CONACT by requiring FSA to use the lowest of the interest rate in effect at the time the borrower applies for Primary Loan Servicing (PLS), the original interest rate on the loan, or the interest rate being charged for the loan type at the time of deferral, consolidation, rescheduling, or reamortization. Prior to this statutory change, only the latter two options were specified. For the first new option, the time of PLS application will be the time the complete application is received by FSA. This method will be used on program loans with regular or limited resource interest rates. This rule, therefore, revises 7 CFR 1951.909 and Exhibit A of Attachment 1 of part 1951, subpart S accordingly.

Inventory Property

Section 5308 of the Act increases the time that the Agency is allowed to sell real estate inventory property to beginning farmers and ranchers from 75 days to 135 days. Section 5308 further emphasizes the need to maximize opportunities for beginning farmers by combining or subdividing inventory property. This rule amends 7 CFR 1955.63 and 1955.107 accordingly to comply with these requirements. In addition, Exhibits G and G-1 of 7 CFR part 1955, subpart A are removed as they contain only administrative provisions which do not impact the public.

Annual Review of Borrowers

Section 5318 of the Act requires that FSA conduct annual loan assessments of direct loan borrowers. As this review was previously required twice per year, 7 CFR 1924.55 is amended to comply with this requirement.

List of Subjects

7 CFR Part 762

Agriculture, Loan programs—agriculture.

7 CFR Part 764

Agriculture, Disaster assistance, Loan programs—agriculture.

7 CFR Part 774

Agriculture, Disaster, Loan programs—agriculture.

7 CFR Part 1910

Agriculture, Credit, Loan programs—housing and community development, Low and moderate income housing, Sex discrimination.

7 CFR Part 1924

Construction, Repair, Planning, Management advice, Loan programs—agriculture, Loan programs—housing and community development.

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.

7 CFR Part 1955

Foreclosure, Government acquired property, Government property management.

7 CFR Part 1956

Account servicing, Accounting, Credit, Loan programs—agriculture, Loan programs—housing and community development, Rural areas.

7 CFR Part 1962

Crops, Government property, Livestock, Loan programs—agriculture, Loan programs—housing and community development, Rural areas.

7 CFR Part 1965

Foreclosure, Credit, Loan programs—agriculture, Loan programs—housing and community development, Rural areas.

Accordingly, 7 CFR Chapters VII and XVIII are amended 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 revising the definitions of “Entity,” “Joint operation,” the first sentence in subparagraph (5) of the “Beginning farmer or rancher” definition, and the second sentence of the “Cash flow budget” definition to read as follows:

§ 762.102 Abbreviations and definitions.

* * * * *

(b) * * *

Beginning farmer or rancher. * * *

(5) Does not own real farm or ranch property or who, directly or through interests in family farm entities, owns real farm or ranch property, the aggregate acreage of which does not exceed 30 percent of the average farm or ranch acreage of the farms or ranches in the county where the property is located. * * *

* * * * *

Cash flow budget. * * * Cash flow budgets for loans under \$125,000 do not require income and expenses itemized by categories. * * *

* * * * *

Entity. Cooperatives, corporations, partnerships, joint operations, trusts, or limited liability companies.

* * * * *

Joint operation. Individuals that have agreed to operate a farm or farms together as a business unit. The real and personal property may be owned separately or jointly by the individuals.

* * * * *

3. Amend § 762.110 in paragraphs (a) introductory text, (a)(1), (a)(3), and (b) introductory text by removing “\$50,000” everywhere it appears and adding in its place “\$125,000.”

4. Amend § 762.129 by revising paragraph (b)(2) and the last sentence of paragraph (b)(3) and adding paragraph (b)(4) to read as follows:

§ 762.129 Percent of guarantee and maximum loss.

* * * * *

(b) * * *

(2) When the purpose of an FO guarantee is to participate in the downpayment loan program;

(3) * * * The guaranteed OL must be made during the period that a borrower has the down payment loan outstanding; or

(4) When a guaranteed OL is made to a farmer or rancher whose farm or ranch land is subject to the jurisdiction of an Indian tribe and whose loan is secured by one or more security instruments that are subject to the jurisdiction of an Indian tribe.

* * * * *

PART 764—EMERGENCY FARM LOANS

5. The authority citation for part 764 continues to read as follows:

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

6. Amend § 764.2 by revising the definitions of “Disaster” and “Entity”