

§ 1941.4 Definitions.

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Entity. Cooperative, corporation, partnership, joint operation, trust, or limited liability company.

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Financially viable operation. * * *
This definition only applies when considering a term limit waiver under § 1941.12.

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19. Amend § 1941.6 by revising paragraph (c) to read as follows:

§ 1941.6 Credit elsewhere.

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(c) Property and interest in property owned and income received by an individual applicant, or an entity applicant and all of its members as individuals will be considered and used by an applicant in obtaining credit from other sources.

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20. Amend § 1941.12 by:

- a. Removing paragraphs (a)(4) and (5);
- b. Redesignating paragraphs (a)(6) through (11) as (a)(4) through (9) respectively;
- c. Revising the new paragraph (a)(6);
- d. Removing paragraphs (b)(5)(iii) and (iv);
- e. Redesignating paragraphs (b)(5)(v) and (vi) as (b)(5)(iii) and (iv) respectively;
- f. Revising paragraphs (b)(6)(i), (b)(7)(i), (b)(8)(iii) and (b)(9);

The revised text reads as follows:

§ 1941.12 Eligibility requirements.

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(a) * * *

(6)(i) Have not executed a promissory note for a direct OL loan in more than 6 different calendar years prior to the calendar year that the requested direct OL loan will close. This eligibility restriction applies to anyone who signs the promissory note. Youth loans are not counted as direct OL loans for the purpose of this paragraph. This limitation does not apply to farmers or ranchers when their land is subject to the jurisdiction of an Indian tribe, the loan is secured by one or more security instruments subject to the jurisdiction of Indian tribe, and the test for credit requirement in § 1941.6 is met. On a case-by-case basis, a one-time waiver to this eligibility restriction may also be granted for a period of two years if the following conditions are met:

(A) The applicant has a financially viable operation;

(B) The applicant applied for commercial credit from at least two commercial sources;

(C) The applicant was unable to obtain a commercial loan (including an Agency-guaranteed loan); and

(D) The applicant has successfully completed, or will complete within one year, borrower training.

(ii) This determination is not subject to administrative appeal.

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(b) * * *

(6) * * *

(i) The requirements of paragraphs (b)(5)(i), (ii) and (iv) of this section must be met.

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(7) * * *

(i) The requirements of paragraphs (b)(5)(i), (ii) and (iv) of this section must be met by the entity and all its members.

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(8) * * *

(iii) The majority interest holders of the entity meet the requirements of paragraphs (b)(5)(i), (ii) and (iv) of this section.

(9)(i) Have no member of the entity who has executed a promissory note for direct OL loans closed in more than 6 different calendar years prior to the calendar year that the requested direct OL loan will close. This eligibility restriction applies to anyone who signs the promissory note. Youth loans are not counted as direct OL loans for the purpose of this paragraph. This limitation does not apply to farmers or ranchers when their land is subject to the jurisdiction of an Indian tribe, the loan is secured by one or more security instruments subject to the jurisdiction of an Indian tribe, and the test for credit requirement in § 1941.6 is met. On a case-by-case basis, a one-time waiver to this eligibility restriction may also be granted for a period of two years if the following conditions are met:

(A) The applicant has a financially viable operation;

(B) The applicant applied for commercial credit from at least two commercial sources;

(C) The applicant was unable to obtain a commercial loan (including an Agency-guaranteed loan); and

(D) The applicant has successfully completed, or will complete within one year, borrower training.

(ii) This determination is not subject to administrative appeal.

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Subpart B—Closing Loans Secured by Chattels

21. Amend § 1941.54 by revising paragraph (b)(2) as follows and removing paragraph (b)(3):

§ 1941.54 Promissory note.

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(b) *Signatures.* * * *

(2) *Entities.* The promissory note(s) will be executed so as to evidence liability of the entity as well as individual liability of all members of the entity.

22. Amend § 1941.57 by revising paragraph (a) to read as follows:

§ 1941.57 Security instruments.

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(a) *Executing security instruments by borrowers.* State supplements will be issued, as necessary, to carry out the provisions of this paragraph. In order to close the loan and obtain the desired lien, security instruments will be executed by appropriate entity officials, on behalf of an entity borrower. Any other signatures needed to assure the required security will be obtained as provided in State supplements. A cosigner will be required only when it has been determined that the applicant cannot possibly meet the security requirements for the loan request.

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PART 1943—FARM OWNERSHIP, SOIL AND WATER AND RECREATION

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

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

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

24. In part 1943, subpart A, revise all references to “a cooperative, corporation, partnership, or joint operation” to read “an entity.” Similarly, revise all references to “cooperative(s), corporation(s), partnership(s) or joint operation(s)” to read “entities.”

25. In part 1943, subpart A, revise all references to “members, stockholders, partners, or joint operators” to read “members.” Also, revise all references to “member’s, partner’s, stockholder’s, or joint operator’s” to read “member’s.” And, revise all references to “member, stockholder, partner, or joint operator” to read “member.”

26. Amend § 1943.1 by removing the words “farm cooperatives, private domestic corporations, partnerships, and joint operations” and adding in their place the words “and entities.”

27. Amend § 1943.4 by removing the number “25” from the first sentence in paragraph (e) of the definition of “Beginning farmer or rancher” and adding in its place the number “30” and