

**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 having worked on a farm with significant responsibility for the day-to-day decisions for the year’s complete production and marketing cycle, which may include selection of seed varieties, weed control programs, input suppliers, or livestock feeding programs or decisions to replace or repair equipment.

\* \* \* \* \*

■ 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 10 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 10 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 continues 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, remove the second sentence and revise the third sentence 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) \* \* \* Delinquent borrowers who have also violated their loan agreements with the agency will be handled in accordance with paragraph (d) of this section. \* \* \*

\* \* \* \* \*

(e) The Agency will notify delinquent NP borrowers who have only SA amortization agreements within 15 days of the missed payment of their rights with regard to the debt. All items in paragraph (f)(5) of this section, with the exception of Attachments 2 or 4 of exhibit A and information for conservation contracts or debt settlement, must be submitted within 60 days of such notice for the borrower to be considered for reamortization.

\* \* \* \* \*

■ 13. Amend § 1951.909 by adding a new paragraph (c)(6) and revising the heading of (e)(2) 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 requirements 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 are not eligible under this paragraph will be notified of the adverse decision. After review rights are provided in accordance with § 1951.454, the account will be liquidated in accordance with § 1951.468.

\* \* \* \* \*

(e) \* \* \*

(2) *Reamortization of FO, SW, RL, RHF, EE, or EM loans made for real estate purposes and SA amortization agreements.* \* \* \*

\* \* \* \* \*

■ 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 Non-program 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 Programs loan and becomes delinquent or financially distressed in accordance with § 1951.906 or if a borrower with an SA amortized payment has no outstanding Farm Loan Programs loan and becomes delinquent on the SA amortized payment, the SA payment agreement may be reamortized in accordance with § 1951.909.

\* \* \* \* \*

Dated: January 29, 2004.

**J.B. Penn,**

*Under Secretary for Farm and Foreign Agricultural Services.*

Dated: January 16, 2004.

**Gilbert Gonzalez,**

*Under Secretary for Rural Development.*  
[FR Doc. 04-1793 Filed 2-3-04; 8:45 am]

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**DEPARTMENT OF AGRICULTURE**

**Rural Business-Cooperative Service**

**Rural Housing Service**

**Rural Utilities Service**

**Farm Service Agency**

**7 CFR Part 1940**

**Methodology and Formulas for Allocation of Loan and Grant Program Funds**

**AGENCY:** Rural Business-Cooperative Service, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Rural Business-Cooperative Service (RBS) is amending the regulation to recognize a transition

formula that will be used for allocating funds to State Offices. This action is needed due to the significant impact the use of the new 2000 U.S. Census data versus the 1990 U.S. Census data, used in previous years, will have on certain States' allocations.

**EFFECTIVE DATE:** February 4, 2004.

**FOR FURTHER INFORMATION CONTACT:**

Sylvia Neal, Management Analyst, Business Program, U.S. Department of Agriculture, STOP 3221, 1400 Independence Avenue, SW., Washington, DC 20250-3221, telephone (202) 720-2811, or by sending an e-mail message to [sylvia.neal@usda.gov](mailto:sylvia.neal@usda.gov).

**SUPPLEMENTARY INFORMATION:**

**Classification**

This action is not subject to the provisions of Executive Order 12866 since it involves only internal Agency management. This action is not published for prior notice and comment under the Administrative Procedure Act since it involves only internal Agency management and publication for comment is unnecessary and contrary to the public interest.

**Programs Affected**

The Catalog of Federal Domestic Assistance numbers for the programs impacted by this action are as follows:

10.768—Business and Industry Loans, and

10.769—Rural Development Grants (RBEG) (TDG).

**Paperwork Reduction Act**

This final rule does not revise or impose any new information collection requirements from those previously approved by the Office of Management and Budget.

**Unfunded Mandates Reform Act**

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local and tribal governments, and the private sector. Under section 202 of the UMRA, the agency generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with "Final mandates" that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the agency to identify and consider a reasonable number of regulatory alternatives and adopt the least burdensome alternative that achieves the objective of the rule.

This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local and tribal governments, or the private sector. Thus, today's rule is not subject to the requirements of sections 202 and 205 of the UMRA.

**Environmental Impact Statement**

This action has been reviewed in accordance with 7 CFR part 1940, subpart G, "Environmental Program." The Agency has determined that this action does not constitute a major Federal action significantly affecting the quality of the human environment and in accordance with the National Environmental Policy Act of 1969, Public Law 91-190, an Environmental Impact Statement is not required.

**Discussion**

The Rural Business-Cooperative Service (RBS) is amending the regulation to recognize a transition formula that will be used for allocating funds to State Offices. The transition formula limits allocation shifts to any particular State in the event of changes from year to year of the basic formula, the basic criteria, or the weights given the criteria.

**List of Subjects in 7 CFR Part 1940**

Administrative practice and procedure, Agriculture, Allocations, Grant programs—Housing and community development, Loan programs—Agriculture, Rural areas.

■ Accordingly, Chapter XVIII, title 7, Code of Federal Regulations is amended as follows:

**PART 1940—GENERAL**

■ 1. The authority citation for part 1940 continues to read as follows:

**Authority:** 5 U.S.C.; 7 U.S.C.; 1989, and 42 U.S.C. 1480.

**Subpart L—Methodology and Formulas for Allocation of Loan and Grant Program Funds**

■ 2. Amend section 1940.589 by revising paragraph (d) to read as follows:

**§ 1940.589 Rural Business Enterprise Grants.**

\* \* \* \* \*

(d) Transition formula. See § 1940.552(d) of this subpart. The percentage range for the transition equals 30 percent (±15%).

\* \* \* \* \*

Dated: January 23, 2004.

**John Rosso,**

*Administrator, Rural Business-Cooperative Service.*

[FR Doc. 04-2265 Filed 2-3-04; 8:45 am]

**BILLING CODE 3410-XY-P**

**DEPARTMENT OF AGRICULTURE**

**Farm Service Agency**

**Rural Business-Cooperative Service**

**Rural Housing Service**

**Rural Utilities Service**

**7 CFR Parts 1951, 1962, 1965**

**RIN 0560-AG50**

**Farm Loan Programs Account Servicing Policies—Elimination of 30-Day Past-Due Period**

**AGENCY:** Farm Service Agency, USDA.

**ACTION:** Final rule.

**SUMMARY:** The Farm Service Agency (FSA) is amending its regulations to eliminate the 30-day past-due period prior to a determination that the borrower is delinquent and clarify the use of the terms "delinquent" and "past due" with regard to direct loan servicing and offset. Because the regulation only allows debt writedown after a borrower becomes delinquent, this change would allow Farm Loan Programs (FLP) borrowers to receive debt writedown on the day after a missed payment, assuming all other primary loan servicing criteria are met, instead of waiting 31 days.

**DATES:** Effective March 5, 2004.

**FOR FURTHER INFORMATION CONTACT:**

Michael Cumpton, Senior Loan Officer, USDA, FSA, Loan Servicing and Property Management Division, STOP 0523, 1400 Independence Avenue, SW., Washington, DC 20250-0523; telephone (202) 690-4014; e-mail:

[mike.cumpton@wdc.usda.gov](mailto:mike.cumpton@wdc.usda.gov). Persons with disabilities who require alternative means for communication (Braille, large print, audio tape, etc.) should contact the USDA Target Center at (202) 720-2600 (voice and TDD).

**SUPPLEMENTARY INFORMATION:**

**Executive Order 12866**

This rule has been determined to be not significant and has not been reviewed by the Office of Management and Budget under Executive Order 12866.