

§§ 765.407–765.450 [Reserved]

Subpart J—Deceased Borrowers

§ 765.451 Continuation of FLP debt and transfer of security.

(a) *Individuals who are liable.* Following the death of a borrower, the Agency will continue the loan with any individual who is liable for the indebtedness provided that the individual complies with the obligations of the loan and security instruments.

(b) *Individuals who are not liable.* The Agency will continue the loan with a person who is not liable for the indebtedness in accordance with subpart I of this part.

§ 765.452 Borrowers with Non-program loans.

(a) *Loan continuation.* (1) The Agency will continue the loan with a jointly liable borrower if the remaining borrower continues to pay the deceased borrower’s loan in accordance with the loan and security instruments.

(2) The Agency may continue the loan with an individual who inherits title to the property and is not liable for the indebtedness provided the individual makes payments as scheduled and fulfills all other responsibilities of the borrower according to the loan and security instruments.

(b) *Loan assumption.* A deceased borrower’s loan may be assumed by an individual not liable for the indebtedness in accordance with subpart I of this part.

(c) *Loan discontinuation.* (1) The Agency will not continue a loan for any subsequent transfer of title by the heirs, or sale of interests between heirs to consolidate title; and

(2) The Agency treats any subsequent transfer of title as a sale subject to requirements listed in subpart I of this part.

§§ 765.453–765.500 [Reserved]

Subpart K—Exception Authority

§ 765.501 Agency exception authority.

On an individual case basis, the Agency may consider granting an exception to any regulatory requirement or policy of this part if:

(a) The exception is not inconsistent with the authorizing statute or other applicable law; and

(b) The Agency’s financial interest would be adversely affected by acting in accordance with published regulations or policies and granting the exception would resolve or eliminate the adverse effect upon the Agency’s financial interest.

PART 766—DIRECT LOAN SERVICING—SPECIAL

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APPENDIX A TO SUBPART C OF PART 766

Farm Service Agency, USDA

§ 766.51

APPENDIX B TO SUBPART C OF PART 766—
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Subpart I—Exception Authority

766.401 Agency exception authority.

AUTHORITY: 5 U.S.C. 301 and 7 U.S.C. 1981d
and 1989.

SOURCE: 72 FR 63316, Nov. 8, 2007, unless
otherwise noted.

Subpart A—Overview

§ 766.1 Introduction.

(a) This part describes the Agency's
servicing policies for direct loan bor-
rowers who:

- (1) Are financially distressed;
- (2) Are delinquent in paying direct
loans or otherwise in default;
- (3) Have received unauthorized assist-
ance;

(4) Have filed bankruptcy or are in-
volved in other civil or criminal cases
affecting the Agency; or

(5) Have loan security being liq-
uidated voluntarily or involuntarily.

(b) The Agency services direct FLP
loans under the policies contained in
this part.

(1) Youth loans:

(i) May not receive Disaster Set-
Aside under subpart B of this part;

(ii) Will only be considered for re-
scheduling according to § 766.107 and de-
ferred according to § 766.109.

(2) The Agency does not service Non-
program loans under this part except
where noted.

(c) The Agency requires the borrower
to make every reasonable attempt to
make payments and comply with loan
agreements before the Agency con-
siders special servicing.

§ 766.2 Abbreviations and definitions.

Abbreviations and definitions for
terms used in this part are provided in
§ 761.2 of this chapter.

§§ 766.3-766.50 [Reserved]

Subpart B—Disaster Set-Aside

§ 766.51 General.

(a) DSA is available to borrowers
with program loans who suffered losses
as a result of a natural disaster.

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