

(2) An annuitant or compensation... who elects to continue Basic insurance and chooses either the reduction election of 50 percent or the no reduction after age 65, under § 870.702(a)(3) or § 870.702(a)(4), pays an additional premium for the 50 percent or no reduction election. This additional premium is withheld for each \$1,000 of the BIA. At age 65, the Basic premium will stop, but the annuitant or compensation... must continue to pay the additional premium for either the 50 percent or the no reduction election.

\* \* \* \* \*

3. Revise § 870.402 to read as follows:

§ 870.402 Withholdings for Optional insurance.

(a)(1) The insured individual pays the full cost of all Optional insurance. There is no Government contribution toward the cost of any Optional insurance.

(2) Optional insurance premiums are based on 5-year age bands beginning at age 35. The last age band for Option A is age 60+. The last age band for Options B and C is 80+. For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach the next age band the 1st day of the pay period following the pay period in which his/her birthday occurs.

(3) When OPM makes any adjustment to the Optional life insurance premiums, we will issue a public notice in the Federal Register.

(b) During each pay period in any part of which an insured employee is in pay status, the employing agency must withhold the full cost of Optional insurance from his/her pay.

(c)(1) Subject to the provisions for reemployed annuitants in § 870.707, the full cost of Optional insurance must be withheld from the annuity of an annuitant and the compensation of a compensation...er.

(2) The withholdings for Option A stop the month after the month in which an annuitant or compensation...er reaches age 65.

(3) For an annuitant or compensation...er who elects Full Reduction for any Option B or Option C multiples, the withholdings for those multiples stop the month after the month in which he/she reaches age 65.

(4) For an annuitant or compensation...er who elects No Reduction for any Option B or Option C multiples, the withholdings for those multiples continue, as long as he/she remains insured.

(d)(1) For Option A and Option C, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(2) For Option B, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of 1 cent.

(e) If an employee's annual pay is paid during a period shorter than 52 work weeks, the employing office must determine the amount to withhold. To do this, it converts the biweekly cost to an annual cost and prorates it over the number of installments of pay regularly paid during the year.

(f) When an agency withholds less than or none of the proper amount of Optional life insurance deductions from an individual's pay, annuity or compensation, the agency must submit an amount equal to the uncollected deductions required under 5 U.S.C. 8714a, 8714b, 8714c to OPM for deposit in the Employees' Life Insurance Fund.

4. In § 870.404, paragraph (d) is revised to read as follows:

§ 870.404 Withholdings and contributions provisions that apply to both Basic and Optional insurance.

\* \* \* \* \*

(d) The deposit described in §§ 870.401(f) and 870.402(f) must be made no later than 60 calendar days after the date the employing office determines the amount of the underdeduction that has occurred, regardless of whether or when the underdeduction is recovered by the agency. The agency must determine whether to waive collection of the overpayment of pay, in accordance with 5 U.S.C. 5584, as implemented by 4 CFR chapter I, subchapter G. However, if the agency involved is excluded from the provisions of 5 U.S.C. 5584, it may use any applicable authority to waive the collection.

\* \* \* \* \*

5. In § 870.801, paragraph (e) is revised to read as follows:

§ 870.801 Order of precedence and payment of benefits.

\* \* \* \* \*

(e) Upon the death of an insured family member, Option C benefits are paid to the employee, annuitant or compensation...er responsible for withholdings under § 870.402(a), except as provided in paragraph (f) of this section.

\* \* \* \* \*

[FR Doc. 03-8610 Filed 4-8-03; 8:45 am]

BILLING CODE 6325-50-P

DEPARTMENT OF AGRICULTURE

Farm Service Agency

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

7 CFR Parts 762, 1941, 1943 and 1951

RIN 0560-AG81

2002 Farm Bill Regulations—Loan Eligibility Provisions

AGENCY: Farm Service Agency, USDA.

ACTION: Proposed rule.

SUMMARY: The Farm Service Agency (FSA) proposes to amend the regulations for direct and guaranteed farm operating loans (OL) to implement the provision of the Farm Security and Rural Investment Act of 2002 (2002 Act) relating to loan eligibility for applicants with prior debt forgiveness resulting from a disaster or emergency designated by the President. FSA is proposing that borrowers who are current on an FSA loan at the onset of a Presidentially-declared disaster or emergency, but who receive debt forgiveness on that loan following the disaster, would be eligible for OL loan assistance if all other regulatory requirements were met. FSA is also proposing to amend the regulations for direct farm ownership (FO) loans to comply with the 2002 Act. FSA is proposing that applicants may qualify for a loan if they participated in the business operations of a farm or ranch for at least three of the past five years, rather than having operated a farm or ranch for that length of time. This portion of the rule is intended to make more borrowers eligible for FSA farm loan assistance. Finally, FSA is proposing to amend regulations concerning reamortization of amortized Shared Appreciation Agreement (SAA) recapture debt.

DATES: Comments on the rule must be received on or before June 9, 2003, to be assured of consideration.

ADDRESSES: Submit written comments to the Director, Loan Making Division, Farm Loan Programs, Farm Service Agency, United States Department of Agriculture, STOP 0522, 1400 Independence Avenue, SW., Washington, DC 20250-0522.

FOR FURTHER INFORMATION CONTACT: Kathy Zeidler, Senior Loan Officer, USDA, FSA, Farm Loan Programs, Loan Making Division, STOP 0522, 1400 Independence Avenue, SW., Washington, DC 20250-0522; telephone

(202) 720-5199; or e-mail [kathy\\_zeidler@wdc.usda.gov](mailto:kathy_zeidler@wdc.usda.gov). Comments on the rule may be inspected by contacting Ms. Zeidler for arrangements during normal business hours. 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).

#### Notice and Comment

This rule is issued as a proposed rule. Upon completion of the public comment period and consideration of the comments received, FSA will issue a final rule addressing the comments, announcing the final determination, and making the provisions effective.

#### Executive Order 12866

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

#### Federal Assistance Programs

The title and number of the Federal assistance programs, as found in the Catalog of Federal Domestic Assistance, to which the rule applies are:

- 10.406—Farm Operating Loans.
- 10.407—Farm Ownership Loans.

#### Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act (5 U.S.C. 601-602), the undersigned has determined and certified by signature of this document that this rule will not have a significant economic impact on a substantial number of small entities. New provisions included in this rule will not impact a substantial number of small entities to a greater extent than large entities. Therefore, a regulatory flexibility analysis was not performed.

#### Unfunded Mandates

This rule contains no Federal mandates under Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

#### Executive Order 12988

This rule has been reviewed in accordance with Executive Order 12988. This rule preempts State laws that are inconsistent with it. This rule is not retroactive. Before judicial action may be brought concerning this rule, administrative remedies must be exhausted.

#### Environmental Assessment

The environmental impacts of this rule have been considered in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321 *et seq.*, the regulations of the Council on Environmental Quality (40 CFR parts 1500-1508), and the FSA regulations for compliance with NEPA, 7 CFR parts 799, and 1940, subpart G. FSA has completed an environmental evaluation and concluded that the rule requires no further environmental review. No extraordinary circumstances or other unforeseeable factors exist which would require preparation of an environmental assessment or environmental impact statement. A copy of the environmental evaluation is available for inspection and review upon request.

#### Executive Order 12372

This rule is not subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. *See* the notice related to 7 CFR part 3015 subpart V published at 48 FR 29115 (June 24, 1983).

#### Executive Order 13132

The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

#### Paperwork Reduction Act

The Agency's information collection requirements, currently approved under OMB control numbers 0560-0155, 0560-0157, and 0560-0167 are not affected by the proposed rule.

#### Government Paperwork Elimination Act

FSA is committed to compliance with the Government Paperwork Elimination Act and the Freedom to E-File Act, which require Government agencies in general and FSA in particular to provide the option of submitting information or transacting business electronically to the maximum extent possible. The forms and other information collection activities required for participation in the program are not yet fully implemented for the public to conduct business with FSA electronically. However, loan application forms are available electronically for downloading

through the USDA eForms Web site at <http://www.sc.egov.usda.gov>.

#### Background

Section 5319 of the 2002 Act provides another exception to the general rule prohibiting farm loans to borrowers who have received prior debt forgiveness. Under this provision, FSA farm loan borrowers who received debt forgiveness on not more than one occasion resulting directly and primarily from a major disaster or emergency designated by the President on or after April 4, 1996, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*), may be eligible for direct or guaranteed farm operating loans to pay annual farm or ranch operating expenses. Note that while FSA makes emergency loans also when emergencies are designated by the USDA Secretary or FSA Administrator (physical loss loans only), only Presidentially-designated emergencies trigger this exception. In developing the proposed rule, FSA reasoned that if a borrower is operating in an area where a disaster or emergency is designated by the President, and the borrower is current on their FSA loan obligations prior to the designation, any subsequent debt forgiveness can be "directly and primarily" attributed to the major disaster or emergency. Therefore, the Agency is proposing that borrowers who are current on FSA loans at the onset of a Presidentially-declared disaster or emergency, but receive debt forgiveness on the loans within three years following the disaster, fall within the legislative exception and, therefore, would be eligible for OL loan assistance for paying annual farm operating expenses if all other loan requirements were met. The Agency specifically seeks comments on this issue.

Section 5001 of the 2002 Act revised an eligibility requirement for FSA's direct FO loan program. Applicants may now be eligible for this program if they participated in the business operations of a farm or ranch for at least three years, rather than having operated a farm or ranch for that length of time. FSA has in place a policy in its direct OL program defining farm participation with regard to acceptable farm experience and on-the-job training. Because this policy was already in effect, it was expanded to cover the new participation requirement for direct FO loans through administrative notice. The policy notice issued to field offices clarified the participation requirement by stating that applicants who: (1) Owned, managed, or operated a farm or ranch business for at least three years worth of complete production and

marketing cycles; (2) have been employed as a farm manager or farm management consultant for at least three years worth of complete production and marketing cycles; or (3) participated in the operation of a farm or ranch by being raised or working on a farm or ranch and having had significant responsibility for the day-to-day decision-making for at least three years' worth of complete production and marketing cycles meet the participation requirement. This rule proposes to amend FO regulations accordingly and to limit the three years of participation to the five years prior to the date the loan application is submitted. Only the last five years should be considered because this is consistent with OL eligibility requirements, which specify that applicants must have sufficient applicable educational and/or on-the-job training or farming experience in managing and operating a farm or ranch (one year's complete production and marketing cycle within the last five years). Recent farming experience is a better indicator of future success.

Section 5314 of the 2002 Act authorizes FSA to consider reamortization of amortized SAA recapture debt for up to 25 years from the date of the original amortization agreement when the borrower becomes delinquent on this non-program debt. To be eligible for this reamortization, the default must be due to circumstances beyond the borrower's control, and the borrower must have acted in good faith in attempting to repay the recapture amount. As this reamortization can be considered even when a borrower has no outstanding FLP loans, or when the SAA was triggered by all FSA loans being paid in full, FSA is proposing to amend 7 CFR 1951.901, 1951.907, 1951.909, and 1951.914 to comply with this requirement.

List of Subjects

7 CFR Part 762

General—Agriculture, Loan programs—Agriculture.

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.

Accordingly, 7 CFR is revised 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 adding a definition of "Presidentially-designated emergency" to read as follows:

§ 762.102 Abbreviations and definitions.

\* \* \* \* \*

(b) Definitions.

\* \* \* \* \*

Presidentially-designated emergency.

A major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)

3. Amend § 762.120 by revising paragraph (a) to read as follows:

§ 762.120 Loan applicant eligibility.

\* \* \* \* \*

(a) Agency loss. (1) Except as provided in paragraph (a)(2) 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 on:

(i) More than three occasions on or prior to April 4, 1996; or

(ii) Any occasion after April 4, 1996.

(2) The applicant may receive a guaranteed OL to pay annual farm and ranch 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:

(i) Received a write-down under section 353 of the CONACT;

(ii) Is current on payments under a confirmed bankruptcy plan; or

(iii) Received debt forgiveness on not more than one occasion after April 4, 1996, resulting directly and primarily from a Presidentialy-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 Presidentialy-designated emergency and received debt forgiveness on that debt within three

years after the onset of such emergency meet this exception.

\* \* \* \* \*

PART 1941—OPERATING LOANS

4. The authority citation for part 1941 continues to read as follows:

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

Subpart A—Operating Loan Policies, Procedures and Authorizations

5. Amend § 1941.4 by adding a definition of "Presidentially-designated emergency" to read as follows:

§ 1941.4 Definitions.

\* \* \* \* \*

Presidentially-designated emergency.

A major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

\* \* \* \* \*

6. Amend § 1941.12 by revising paragraphs (a)(8) and (b)(11) to read as follows:

§ 1941.12 Eligibility requirements.

\* \* \* \* \*

(a) \* \* \*

(8) Agency loss. (i) Except as provided in paragraph (a)(8)(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 OL loan to pay annual farm and ranch 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 Presidentialy-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 Presidentialy-designated emergency and received debt forgiveness on that debt within three

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

payment has no outstanding Farm Loan Program loans and becomes delinquent on the SA amortized payment, the SA payment agreement may be reamortized in accordance with § 1951.909.

\* \* \* \* \*

Dated: March 24, 2003.

**J.B. Penn,**

*Under Secretary for Farm and Foreign Agricultural Services.*

Dated: April 1, 2003.

**Thomas C. Dorr,**

*Under Secretary for Rural Development.*

[FR Doc. 03-8646 Filed 4-8-03; 8:45 am]

BILLING CODE 3410-05-P

## DEPARTMENT OF AGRICULTURE

### Farm Service Agency

### Rural Housing Service

### Rural Business-Cooperative Service

### Rural Utilities Service

### 7 CFR Parts 772, 1901, and 1951

RIN 0560-AG67

### Servicing Minor Program Loans

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

**ACTION:** Proposed rule.

**SUMMARY:** This rule proposes to consolidate, clarify and revise the servicing regulations for the Minor Programs currently administered by the Farm Service Agency, Farm Loan Programs (FSA). Minor Program loans involve existing loans only since there is no longer funding for new loans in these programs. FSA Minor Programs consist of the following loan types: Grazing Association loans and Irrigation and Drainage Association loans previously administered by the U.S. Department of Agriculture's Rural Development (RD) mission area, and Non-Farm enterprise and Recreation Loans made to individuals which have previously been administered by FSA. Recreation loans to associations will continue to be serviced by RD.

**DATES:** Comments on the proposed rule must be received on or before June 9, 2003 to be assured of consideration.

**ADDRESSES:** Mail comments on the proposed rule to: Veldon Hall, Director, Farm Loan Programs, Loan Servicing and Property Management Division, Farm Service Agency, USDA, 1400 Independence Avenue, SW, Stop 0523, Washington, DC 20250-0523, or hand deliver to Suite 500, 1250 Maryland Avenue, SW., Washington, DC 20024 during normal business hours.

Comments and supporting documents may be viewed by contacting the information contact listed below. All comments, including names and addresses, will become part of the public record. Comments on the paperwork burden of this proposed rule must be sent to the addresses listed in the Paperwork Reduction Act section of this Rule.

**FOR FURTHER INFORMATION CONTACT:** Mel Thompson, Senior Loan Officer, Farm Service Agency; telephone: 202-720-7862; Facsimile: 202-690-1196; e-mail: [mel\\_thompson@wdc.fsa.usda.gov](mailto:mel_thompson@wdc.fsa.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 was determined to be not significant under Executive Order 12866 and was not reviewed by the Office of Management and Budget.

##### Regulatory Flexibility Act

The Agency certifies that this rule will not have a significant economic effect on a substantial number of small entities, because it does not require any action by the borrower who may be a small entity. The Agency, therefore, is not required to perform a Regulatory Flexibility Analysis as required by the Regulatory Flexibility Act, Pub. L. 96-534, as amended (5 U.S.C. 601). This rule does not impact small entities to a greater extent than large entities.

##### Environmental Evaluation

The environmental impacts of this proposed rule have been considered in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321 *et seq.*, the regulations of the Council on Environmental Quality (40 CFR parts 1500-1508), and the FSA regulations for compliance with NEPA, 7 CFR parts 799, and 1940, subpart G. FSA completed an environmental evaluation and concluded that this proposed rule, if enacted, requires no further environmental review because no new loans are authorized. Servicing existing loans in accordance with previously published rules containing environmental requirements is not a major Federal action significantly affecting the quality of the human environment. No extraordinary circumstances or other unforeseeable factors exist which would require preparation of an environmental assessment or environmental impact statement. A copy of the environmental

evaluation is available for inspection and review upon request.

##### Executive Order 12988

This rule has been reviewed in accordance with E.O. 12988, Civil Justice Reform. In accordance with that Executive Order: (1) All State and local laws and regulations that are in conflict with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings in accordance with 7 CFR parts 11 and 780 must be exhausted before requesting judicial review.

##### Executive Order 12372

As stated in the Notice related to 7 CFR part 3015, subpart V (48 FR 29115, June 24, 1983) the programs and activities within this rule do not require consultation with state and local officials under the scope of Executive Order 12372.

##### Unfunded Mandates Reform Act

This rule contains no Federal mandates as defined in Title II of the Unfunded Mandates Reform Act of 1995 (UMRA). Thus, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

##### Executive Order 13132

The policies contained in this rule do not have any substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose any new significant loan servicing criteria on state and local governments. The proposed rule revises the citation references and consolidates the servicing regulations to streamline loan servicing criteria applicable to Minor Programs. Therefore, consultation with the states is not required.

##### Paperwork Reduction Act

The amendments to 7 CFR parts 772, 1901, subpart E, and 1951, subparts E and F, contained in this rule only delete requirements and propose no new collections nor do they significantly affect the aggregate information collection burden of the Agencies. Certain forms and information collection are included and approved in the Information Collection Package for OMB control number 0560-0158 and are not impacted by this collection. Still, this rule transfers some of the information collections assigned OMB control numbers 0575-0118, 0575-0093, and 0575-0066, to the proposed part 772. This will result in certain burden that is currently assigned by OMB to the