effect, as is, for 1995 and subsequent crop years.

In accordance with the Paperwork Reduction Act of 1988 (44 U.S.C. Chapter 35), information collection requirements that are contained in this rule have been previously approved by the Office of Management and Budget (OMB) and have been assigned OMB No. 0581–0067.

Based on the above, the Administrator of the AMS has determined that this final rule will not have a significant economic impact on a substantial number of small entities.

After consideration of all relevant matter presented, the information and recommendations submitted by the Committee, and other information, it is found that finalizing the interim final rule which was published in the July 14, 1995, issue of the **Federal Register** (60 FR 36205), with one correction adding paragraph (e) to amended § 998.300, will tend to effectuate the declared policy of the Act. That rule provided that interested persons could file comments through August 14, 1995. No comments were received.

It is further found that good cause exists for not postponing the effective date of this action until 30 days after publication in the **Federal Register** (5 U.S.C. 553) because: (1) This action continues in effect relaxed requirements for peanut handlers, who voluntarily signed the agreement; and (2) the interim final rule provided that interested persons could file comments through August 14, 1995. No comments were received and the Department is adopting as a final rule the provisions of the interim final rule, with one correction.

List of Subjects in 7 CFR Part 998

Marketing agreements, Peanuts, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 998 is amended as follows:

PART 998—MARKETING AGREEMENT REGULATING THE QUALITY OF DOMESTICALLY PRODUCED PEANUTS

1. The authority citation for 7 CFR part 998 continues to read as follows:

Authority: 7 U.S.C. 601–674.

2. Accordingly, the interim final rule amending 7 CFR part 998 which was published at 60 FR 36205 on July 14, 1995, is adopted as a final rule and corrected as follows:

In amendatory item 4, on page 36208, in the third column, the 4th line, a reference to ''(e)'', is added between the word ''paragraphs'' and the letter ''(h)''.

Dated: September 1, 1995.

Ronald Cioffi,

Acting Deputy Director, Fruit and Vegetable Division.

[FR Doc. 95–22283 Filed 9–7–95; 8:45 am]

BILLING CODE 3410–02–P

Rural Housing and Community Development Service

Rural Business and Cooperative Development Service

Rural Utilities Services

Consolidated Farm Service Agency

7 CFR Part 1951

RIN 0560–A

Disaster Set-Aside Program

AGENCY: Rural Housing and Community Development Service, Rural Business and Cooperative Development Service, Rural Utilities Service, and Consolidated Farm Service Agency, USDA.

ACTION: Final rule.

SUMMARY: The Consolidated Farm Service Agency (CFSA) is amending its regulations to implement the ''Disaster Set-Aside (DSA) Program.'' This rule makes the Disaster Set-Aside Program a permanent servicing option available to all CFSA Farm Credit Programs borrowers affected by a natural disaster. Under this program, the distressed borrower will have the opportunity to move the next scheduled annual installment to the end of the loan term. The intended effect is to service disaster victims in an efficient and timely manner while keeping them in business.

EFFECTIVE DATE: Final rule effective September 8, 1995.

FOR FURTHER INFORMATION CONTACT: Kimberly R. Laris, Loan Officer, Consolidated Farm Service Agency, USDA, Farm Credit Programs Loan Servicing and Property Management Division, Room 5449, 14th Street and Independence Avenue SW., Washington, DC 20250–0774, Telephone (202) 720–1659.

SUPPLEMENTARY INFORMATION:

Classification

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

Intergovernmental Consultation

For the reasons set forth in the final rule related to Notice 7 CFR, part 3015, subpart V (48 FR 29115, June 24, 1983), Emergency Loans, Farm Ownership Loans, and Farm Operating Loans are excluded, with the exception of nonfarm enterprise activity, from the scope of Executive Order 12372, which requires intergovernmental consultation with state and local officials. The Soil and Water Loan Program, however, is subject to and has complied with the provisions of Executive Order 12372.

Programs Affected

These changes affect the following credit programs as listed in the Catalog of Federal Domestic Assistance:

10.404—Emergency Loans
10.406—Farm Operating Loans
10.407—Farm Ownership Loans
10.410—Low Income Housing Loans
10.418—Soil and Water Loans

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, subpart G, ''Environmental Program.'' The issuing agency has determined that this action does not significantly affect the quality of the human environment, and in accordance with the National Environmental Policy Act of 1969, an Environmental Impact Statement is not required.

Civil Justice Reform

This final rule has been reviewed under Executive Order 12778, Civil Justice Reform. In accordance with this rule: (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 the regulations of the agency at 7 CFR subpart B of part 1900 and any additional regulations to be published by the Department of Agriculture to implement the provisions of the National Appeals Division as mandated by the Department of Agriculture Reorganization Act of 1994 must be exhausted before bringing suit in court challenging action taken under this rule unless those regulations specifically allow bringing suit at an earlier time.

Paperwork Reduction Act

The information collection requirements contained in these regulations have been previously approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35 and have been assigned OMB control number 0575–

0163 in accordance with the Paperwork Reduction Act of 1980 (44 U.S.C. 3507). This final rule does not revise or impose any new information collection or recordkeeping requirements from those approved by OMB.

Discussion of Final Rule

The DSA Program was made available to CFSA Farm Credit (FC) Programs borrowers through an interim rule published in the **Federal Register** (59 FR 53079) October 21, 1994, with a 30 day comment period ending November 21, 1994. The program was designed to assist CFSA FC borrowers who were financially distressed because of a natural disaster that hit their area in 1993. The financial distress was nationwide due to heavy flooding in the Midwest and extreme drought in the South. The Agency estimated that considerably more borrowers were affected by disasters in 1993 than in any of the previous five years. In order to assist farmers suffering from delinquencies and possible farm failures, the Agency developed this servicing tool, DSA, that could provide immediate financial assistance without a massive amount of paperwork and restrictive requirements.

Under the DSA program, distressed borrowers may be permitted to move their next scheduled FC annual installment to the end of the loan term to be paid with the final installment. In order to be determined distressed, the borrower's net income must have been reduced as a result of the disaster causing insufficient income to be available to pay all family living and operating expenses, debts to other creditors, and CFSA FC payments. As of June 30, 1995, 6,800 borrowers affected by a 1993 disaster received DSA assistance.

Because of the overall success of the program and the many favorable comments received from borrowers, farm advocacy groups and others, the Agency has amended the regulation to allow DSA to be a permanent servicing tool available to all CFSA FC borrowers affected by a natural disaster.

Discussion of Revisions and Comments

In response to the interim rule, five respondents provided twenty-one comments, two respondents being from farm advocacy groups and three from employees within the Agency. Revisions were made for clarification in answer to comments. The regulations have also been revised to remove administrative procedures. These procedures will instead be available in the agency's internal instructions. Forms and exhibits are available in any CFSA local or state office.

Five comments were received in regard to extending the DSA program to assist borrowers affected by disasters after 1993. Three of the respondents recommended the program be available as a permanent servicing option following all natural disasters while one respondent recommended only extending the program to include 1994 disasters. Only one respondent recommended the program end after assisting farmers affected by the 1993 disasters. After careful consideration and favorable public response from farm advocacy groups and borrowers, the Agency has decided to make the DSA program available as a permanent servicing option to all borrowers affected by a disaster. By making this program available, the Agency believes that borrowers who would not be able to obtain emergency loans under subpart D of part 1945 of this chapter because of percent of loss or lack of collateral, or who cannot receive servicing under subpart S of part 1951, may be able to defer their FC payments in order to stay in business and avoid liquidation. It is also feasible to conclude that if the FC installments are set-aside, any Emergency loan the borrower is eligible for and still needs could be used to pay other creditors or provide for annual operating expenses. The Agency believes that borrowers eligible for this program will receive immediate financial relief from their FC payment obligations in a more expedient manner than under subpart S of part 1951. For example, the application process is simple and easy, unlike the primary loan servicing application under subpart S of part 1951 which requires extensive documentation by both the borrower and the servicing official. There are no additional security requirements to deter the borrower from requesting DSA and the Agency's position is more secure as no debt is written off. Also, based on the actual number of borrowers who received set-aside, the Agency was able to provide financial assistance within a few days whereas under subpart S of part 1951, it takes an average of 90 days to process an application and restructure a loan.

Because this program is promulgated pursuant to section 331A of the Consolidated Farm and Rural Development Act (CONACT) (see discussion in the interim rule at 59 Fed. Reg. 53080, October 21, 1994), the Agency does not consider the program to be a primary loan service program as defined in section 343(b)(3) of the CONACT, which would require the program to be part of the 1951–S process. This would be counterproductive to the purpose of the DSA program which is intended to provide immediate financial relief for one installment only. Moreover, this rule, like the interim rule in section 1951.957, states that borrowers cannot receive both 1951–T and 1951–S servicing when applications for both programs are pending. If DSA is granted, the one delinquent installment eligible for set-aside is serviced and the borrower is no longer delinquent. If 1951–S primary loan servicing is provided, the delinquency is cured by restructuring with or without debt writedown. At any event, as stated in section 1951.957(a)(2), borrowers may resubmit an application in accordance with 1951–S of this part for additional servicing after DSA has been received.

Since the DSA program will be made available to cover future disasters, the Agency has imposed a limitation that restricts future set-aside on a loan if there is already a payment still set-aside. If the borrower received set-aside on three of four loans and later requests set-aside because of another disaster, the borrower may only receive set-aside on the loan that does not already have a payment set-aside. If the set-aside is paid in full, or the loan with set-aside is later restructured under subpart S of part 1951, the set-aside will no longer exist and therefore the loan could again be considered for DSA under future disasters. This limitation was imposed to restrict a continual build up of payments being set-aside to the end of the loan when restructuring the debt under subpart S of part 1951 would have been the most effective servicing action.

One respondent recommended that attorneys for borrowers in bankruptcy be notified of the DSA program with a copy to the borrower. The Agency did not adopt this comment. The letter sent to the borrower is for information only. It is not specifically addressed to the borrower nor does it require the borrower to do anything that if not done, will cause the Agency to liquidate. Furthermore, borrowers in bankruptcy are not serviced under this subpart while under court jurisdiction. Agency regulations for servicing borrowers who have filed bankruptcy petitions are found in subpart A of part 1962.

One respondent suggested that the regulation and the informational letter be clarified to state that if a determination cannot be made based on the borrower's actual records, the borrower may have to provide evidence that all expenses and/or debts could not

be paid as projected. The same respondent suggested that for borrowers whose crop is not harvested until the following year, that actual records for both the disaster year and the year in which the income is received be submitted to the Agency. The Agency adopted the first comment by adding a statement that other information may be requested by the servicing official when needed to make an eligibility determination. Instances when other information may be needed are when the borrower did not have a plan already prepared for the disaster year or the disaster affected the following year's production in which a plan or actual records for that year may be needed. No changes were made as a result of the second comment since the regulation already requires the borrower to provide actual records for the production/marketing period in which the disaster occurred. This requirement should cover those commodities produced in one year and marketed the next. The Agency has also clarified in the eligibility requirements that consideration may be given to loss of income in the following year as a result of the disaster causing insufficient income to pay all expenses and debts for that year. An example may be that the borrower's feed was destroyed causing the borrower to purchase poorer quality feed which in turn caused a decrease in milk production.

Two respondents recommended the regulation be clarified to state that the borrower must have been a borrower at the time of the disaster and continued to be a borrower to the present time. Another respondent recommended that set-aside only be granted on loans outstanding at the time of the disaster. The Agency has adopted these suggestions by requiring that the borrower must have been a borrower and the loan being set-aside must have been outstanding at the time of the disaster. This clarification further enforces the intent of the program to assist borrowers who were affected by a disaster and were unable to make their payments; or if they were able to make their FC payments, they could not pay all their other creditors. If a borrower was not a borrower at the time of the disaster, then there were no payments to the Agency that could not be paid as a result of the disaster. If the Agency made a loan to the borrower after the disaster, a feasible farm and home plan would have been developed in order for the Agency to approve a loan and the affects of the disaster should have already been taken into consideration when the plan was developed. It is not the Agency's intent to make a loan to a borrower and then turn around and set-aside the first installment unless the loan was made prior to the disaster. The Agency has also clarified that borrowers paying under a debt settlement adjustment in accordance with subpart B of part 1956 are not eligible for DSA as these such borrowers are liquidating their debt, not continuing with it.

One respondent recommended that the regulation clarify that borrowers in bankruptcy who are still under court jurisdiction are considered in non-monetary default and are not eligible for the DSA program. The Agency has adopted this recommendation by clarifying that borrowers in bankruptcy or under court jurisdiction are considered in nonmonetary default. Borrowers under a confirmed plan who are still under court jurisdiction may obtain similar type servicing with a modification of their bankruptcy plan through the bankruptcy court as set forth in subpart A of part 1962. The Agency chose to exclude borrowers in bankruptcy from this subpart's servicing because the intent of the program was to expedite the servicing process to resolve the borrower's immediate financial distress. If the borrower is in bankruptcy, court approval is needed, thereby causing additional delays in servicing the borrower.

One respondent recommended an exception to allow borrowers who were restructured after the disaster to receive DSA if the restructure did not take into account the impact of the reduction in income or increase in expenses caused by the disaster. In other words, the impact was not known until harvest season and therefore the restructure did not cure the borrower's financial distress caused by the disaster. While this comment may be well taken since the DSA program was not available until October 21, 1994, these borrowers situations should have already been resolved through the exception authority or considered for 1951–S servicing. Therefore, the Agency did not revise its regulations to incorporate this specific exception. Because the Agency believes that there will be few of these cases in the future, it prefers to rely on its general exception authority contained in section 1951.959 for those few cases which may arise.

One respondent recommended that borrowers who received a confirmed bankruptcy plan after the disaster and are no longer under court jurisdiction should not be eligible for DSA as this is similar to a borrower being restructured under subpart S of part 1951. The Agency did not adopt this comment because generally speaking it has been the Agency's policy to recognize that the Bankruptcy Code provides entirely different relief than the Agency's regulations. For example, section 1951.909(e)(4)(vi) states that a writedown received in bankruptcy will not count toward a borrower's lifetime limit of one writedown nor will it count in the $300,000 per borrower limit.

Three respondents recommended the Agency allow up to the third annual installment to be set-aside in the event the borrower has already paid the installment due after the disaster and the very next installment. The Agency understands the concerns of the respondents. The regulation was published in late October 1994 with borrowers being notified soon thereafter. By this date, many borrowers who were affected by the disaster had already paid their installment due after the 1993 disaster, such as their January 1, 1994 installment, and because they were on an assignment to pay periodic payments throughout the year such as from milk production or hog sales, their January 1, 1995 installment was paid or almost paid by the time the regulation was issued. The same is true for borrowers not on an assignment who paid early in the year from production sales. It is understandable that even though the FC payments were paid, they still may not have been able to pay their other creditors because of the loss they suffered from the 1993 disaster. Borrowers not on an assignment or who did not pay early received full benefit of the DSA program because the income they received was paid to other creditors instead of paying their FC payments. Therefore, in order to provide all borrowers recovering from a disaster with the same opportunity to apply and receive DSA, the Agency has revised the regulations to allow borrowers who were affected by a disaster in 1994 to set-aside the next installment due, up to the third installment due after the disaster occurred. For all disasters thereafter, only the installment due immediately after the disaster or the very next one after that will be set-aside.

Two respondents recommended that the regulation be clarified to limit the amount set-aside to the amount the borrower cannot pay or by how much the borrower needs set-aside to develop a feasible cash flow for the next year. This is consistent with subpart B of part 1924 in which the borrower must pay the FC payments if able to do so, and subpart A of part 1962 for required use of security proceeds. The Agency has adopted this comment by limiting the amount to be set-aside by the lesser of the amount the borrower was unable to pay CFSA during the production/

marketing period in which the disaster occurred, or the amount the borrower was unable to pay other creditors and/or expenses, rounded up to the nearest whole installment. Expenses which the borrower is unable to pay may include the following year's operating and family living expenses if the income or commodities lost from the disaster year would have been used for these purposes, or if normal income security from the disaster year is approved for release under subpart A of part 1962 or otherwise authorized under subpart B of part 1924 for these purposes. Under no circumstances will a portion of the installment be set-aside leaving a balance still due. The portion not set-aside must be paid by the borrower on or before the date exhibit A to FmHA Instruction 1951–T (available in any CFSA local or state office) is signed.

One respondent recommended that the regulation be revised to allow for at least 30 days for the borrower to sign the addendum instead of up to 30 days. This would allow the Agency some flexibility in cases where the Agency's approval is contingent upon the borrower doing something to be eligible, such as paying a portion of the FC payments from proceeds that may not be available until after the 30 day period expires. The Agency has adopted this comment by revising the regulation to allow the County Supervisor to provide for a longer period of time to sign the addendum not to exceed 90 days under extenuating circumstances.

Two comments were received from one respondent to revise the addendum to only state the total amount set-aside on the loan since the Agency's accounting system does not allow the servicing official to calculate the amount of principal and interest that can be set-aside, and to state that if the borrower receives set-aside, the borrower's primary and preservation loan servicing application will be withdrawn, instead of just the primary loan servicing application. The Agency has adopted these comments.

The Agency also added another condition for cancelling and reversing DSA. The interim rule required cancellation when the borrower is later restructured with primary loan servicing. It also allowed for reversal of the DSA prior to the first scheduled annual installment coming due after the DSA is granted when a writedown, buyout, or operating loan assistance is needed. This rule requires cancellation when it is determined that the DSA was unauthorized because it was not provided in accordance with these regulations. If the Agency cancels DSA because the assistance was unauthorized, borrowers will be notified of the reasons for the decision, and provided with an opportunity to appeal. By reserving the authority to cancel DSA when it is unauthorized, the Agency is clarifying inherent Government authority to reverse transactions which are not in accordance with existing law. The Agency has discovered several instances of unauthorized assistance under the interim rule. It is in the public interest to correct these errors.

The Agency has also removed all reference to the 1993 disaster year from this rule since the time period for borrowers affected by a 1993 disaster has passed. (The interim rule allowed until July 1, 1995 to apply). Borrowers affected by a 1994 disaster through the date the final rule is published will have 8 months from the date they are notified of DSA to apply. For all future disasters, borrowers will have 8 months from the date the county is designated a disaster area, which is consistent with the time period to apply for an Emergency Loan in accordance with subpart A of part 1945.

List of Subjects in 7 CFR Part 1951

Account servicing, Credit, Loan programs—Agriculture, Loan programs—Housing and community development, Low and moderate income housing loans—Servicing, Debt restructuring.

Accordingly, part 1951, Chapter XVIII, title 7, Code of Federal Regulations is amended as follows:

PART 1951—SERVICING AND COLLECTIONS

1. The authority citation for part 1951 is revised to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

2. Subpart T, §§ 1951.951 through 1951.1000, is revised to read as follows:

PART 1951—SERVICING AND COLLECTIONS

Subpart T—Disaster Set-Aside Program

Sec.

1951.951 Purpose.
1951.952 General.
1951.953 Notification and request for DSA.
1951.954 Eligibility and loan limitation requirements.
1951.955 – 1951.956 [Reserved]
1951.957 Eligibility determination and processing.
1951.958 Cancellation and reversal of DSA.
1951.959 Exception authority.
1951.960 – 1951.999 [Reserved]
1951.1000 OMB control number.

Subpart T—Disaster Set-Aside Program

§ 1951.951 Purpose.

This subpart sets forth the policies and procedures for the Disaster Set-Aside (DSA) Program. The DSA program is available to Farm Credit (FC) Programs borrowers, as defined in subpart S of this part, who suffered losses as a result of a natural disaster. FC loans that may be serviced under this subpart include Farm Ownership (FO), Operating (OL), Soil and Water (SW), Emergency (EM), Economic Emergency (EE), Special Livestock (SL), Economic Opportunity (EO), Softwood Timber (ST), Recreation (RL), and Rural Housing loans for farm service buildings (RHF). Nonprogram (NP) farm type loans may be serviced under this subpart for borrowers who also have FC loans.

§ 1951.952 General.

DSA is a program whereby borrowers who are current or not more than one installment behind on any and all FC loans may be permitted to move one scheduled annual installment for each eligible FC loan to the end of the loan term. The intent of this program is to relieve some of the borrower's immediate financial stress caused by the disaster and avoid foreclosure by the Government. DSA is not intended to circumvent the servicing available under subpart S of this part.

§ 1951.953 Notification and request for DSA.

(a) *Notification*. The Consolidated Farm Service Agency (CFSA) servicing office will notify FC borrowers of the availability of DSA and how to apply within 30 days from the date the servicing office is notified of the disaster designation as determined in accordance with subpart A of part 1945. Only FC borrowers who were borrowers at the time of the disaster and operated a farm or ranch in a county designated a disaster area or contiguous county will be notified. Those borrowers whose FC loan has been accelerated, restructured after the disaster, or who only have NP loans will not be notified. Notification of the DSA program will not affect the notification requirements contained in subpart S of this part.

(b) *Deadline to apply*. All FC borrowers liable for the debt must request DSA within 8 months from the date the disaster was designated, except borrowers affected by a disaster occurring in years 1994 and 1995 where counties or contiguous counties were designated prior to the date of this subpart will have 8 months from the

date of DSA notification. Borrowers may only be considered for DSA one time for each disaster.

(c) *Information needed to apply.*

(1) A written request for DSA signed by all parties liable for the debt; and

(2) Actual production, income, and expense records for the production and marketing period in which the disaster occurred. Other information may be requested by the servicing official when needed to make an eligibility determination.

§ 1951.954 Eligibility and loan limitation requirements.

(a) *Eligibility requirements.* The following requirements must be met to be eligible for DSA:

(1) The borrower must have operated a farm or ranch in a county designated a disaster area or a county contiguous to such an area. The borrower must have been a borrower and operated the farm or ranch at the time of the disaster.

(2) The borrower must have acted in good faith as defined in § 1951.906 of subpart S of this part.

(3) All nonmonetary defaults must have been resolved. This means that even though the borrower has acted in good faith, the borrower may still be in default for reasons, such as, but not limited to: no longer farming, prior lienholder foreclosure, bankruptcy or under court jurisdiction, not properly maintaining chattel and real estate security, not properly accounting for the sale of security, or not carrying out any other agreement made with the Agency.

(4) The borrower must be current or not more than one installment behind on any and all FC loans at the time the scheduled installment will be set-aside. Borrowers paying under a debt settlement adjustment agreement in accordance with subpart B of part 1956 are not eligible.

(5) As a direct result of the disaster, sufficient income was not available to pay all family living and operating expenses, debts to other creditors, and CFSA. This determination will be based on the borrower's actual production and income and expense records for the disaster year and any other records required by the servicing official. Compensation received for losses shall be considered as well as increased expenses incurred because of the disaster. Consideration will also be given to insufficient income for the next production and marketing period following the disaster if the borrower establishes that production will be reduced or expenses increased as a result of the disaster.

(6) After the scheduled installments are set-aside, all FC and NP farm type loans must be current.

(7) The borrower's FC loan has not been accelerated nor has the borrower's debt been restructured under subpart S of this part since the disaster occurred.

(b) *Loan limitation requirements.*

(1) The loan must have been outstanding at the time of the disaster.

(2) Only one unpaid installment for each FC loan may be set-aside. If there is an installment still set-aside from a previous disaster, the loan is not eligible for DSA. If the set-aside is later paid in full, or cancelled through restructuring under subpart S of part 1951, the set-aside will no longer exist and therefore the loan may be considered for DSA under future disasters.

(3) The term remaining on the loan receiving DSA equals or exceeds 2 years from the due date of the installment being set-aside.

(4) The amount set-aside shall be limited to the lesser of the amount the borrower is unable to pay CFSA from the production and marketing period in which the disaster occurred, or the amount the borrower is unable to pay other creditors and/or expenses rounded up to the nearest whole installment. Expenses which the borrower is unable to pay may include the following year's operating and family living expenses if the income or commodities lost from the disaster year would have been used for these purposes, or if normal income security from the disaster year is approved for release under subpart A of 7 CFR part 1962 or otherwise authorized under subpart B of 7 CFR part 1924 for these purposes. Under no circumstances will a portion of the installment be set-aside leaving a balance still due. The portion not set-aside must be paid by the borrower on or before the date exhibit A of FmHA Instruction 1951–T (available in any CFSA office) is signed.

(5) The installment that may be set-aside is limited to the first scheduled annual installment due immediately after the disaster occurred, unless that installment is paid, then the next scheduled annual installment after that may be set-aside. For borrowers affected by a 1994 disaster who already paid both of these installments, the third scheduled installment to come due after the disaster may be set-aside.

(6) The amount set-aside will be the unpaid balance remaining on the installment at the time the borrower signs exhibit A of FmHA Instruction 1951–T (available in any CFSA office.) This amount will include the unpaid interest and any principal that would be credited to the account as if the installment were paid on the due date taking into consideration any payments applied to principal and interest since the due date. Recoverable cost items charged to FO, SW, and RHF loans may be set-aside with the annual installment. Cost items identified with a loan number different from the parent loan cannot be set-aside.

§§ 1951.955–1951.956 [Reserved]

§ 1951.957 Eligibility determination and processing.

(a) *Eligibility determination.* Upon receipt of a DSA request, the County Supervisor will determine whether the borrower meets the requirements set forth in 1951.954. Approval shall be contingent upon the borrower's continuing eligibility through the signing of Exhibit A.

(1) The borrower has up to 30 days to sign exhibit A of FmHA Instruction 1951–T (available in any CFSA office), for each loan installment set-aside. The County Supervisor may provide for a longer period of time not to exceed 90 days under extenuating circumstances, including but not limited to situations where the Agency's approval is contingent upon the borrower doing something to be eligible, such as paying a portion of the FC payments from proceeds that may not be available until after the 30 day period.

(2) Pending requests for primary loan servicing will continue to be considered in accordance with subpart S of this part. However, borrowers are not eligible for servicing under both programs. The application for the program not received will automatically be withdrawn at the time the installment is set-aside or the loan restructured, whichever is applicable. The automatic withdrawal is not appealable because the borrower is no longer delinquent. If the borrower again becomes delinquent or in financial distress, or requests primary loan servicing, the borrower will be notified or the request processed in accordance with subpart S of this part.

(b) *Processing.*

(1) [Reserved.]

(2) Interest will accrue on any principal amount set-aside at the same rate charged the non-set-aside portion. Interest will not accrue on the interest portion set-aside. Limited resource interest rate changes will affect the principal set-aside.

(3) The amount set-aside, including interest accrual on any principal set-aside, will be due on or before the final due date of the loan.

(4) There are no additional security requirements attached to the DSA program. All existing security instruments will remain in effect.

(5) [Reserved.]

(6) [Reserved.]

(7) Payments applied to the amount set-aside will be applied first to interest and then principal.

(c) *Adverse determination.* If the borrower becomes more than one installment behind on any FC loan while processing the DSA request, or while an appeal is being considered, and the second installment cannot be paid current prior to exhibit A of FmHA Instruction 1951–T (available in any CFSA office) being signed, the DSA request will be denied.

§ 1951.958 Cancellation and reversal of DSA.

(a) *Reasons for cancellation.* The set-aside may be reversed and exhibit A of FmHA Instruction 1951–T cancelled under the following described situations:

(1) The loan is later restructured with primary loan servicing, (the total unpaid balance must be restructured);

(2) If prior to the first scheduled installment due date after set-aside, the servicing official determines that the current borrower, if delinquent, would qualify for a writedown or net recovery buyout in accordance with subpart S of part 1951, or operating loan assistance in accordance with § 1941.14 of subpart A of 7 CFR part 1941; or

(3) When it has been determined that the borrower was provided unauthorized DSA assistance. (The set-aside will be cancelled after all appeal rights are exhausted. The set-aside will be removed from the account and the payment terms of the original promissory note will be retained as if DSA was never granted. Borrowers financially distressed or delinquent after reversal of the set-aside will be serviced in accordance with subpart S of this part).

(b) Reserved.

§ 1951.959 Exception authority.

The Administrator may, in individual cases, make an exception to any requirement or provision of this subpart which is not inconsistent with the authorizing statute or other applicable law if it is determined that application of the requirement or provision would adversely affect the Government's interest. The Administrator will exercise this authority upon the request of the State Director with the recommendation of the Deputy Administrator for Farm Credit Programs, or upon request initiated by the Deputy Administrator for Farm Credit Programs.

§§ 1951.960–1951.999 [Reserved]

§ 1951.1000 OMB control number.

The collection of information requirements in this regulation have been approved by the Office of Management and Budget and assigned OMB control number 0575–0163. Public reporting burden for this collection of information is estimated to be 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Office OIRM, Room 404–W, Washington DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB# 0575–0163), Washington, DC 20503.

Dated: August 31, 1995.

Eugene Moos,

Under Secretary, Farm and Foreign Agricultural Services.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 95–ANE–10; Amendment 39–9346; AD 95–17–15]

Airworthiness Directives; General Electric Company CF6 Series Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to General Electric Company (GE) CF6–45/-50 series turbofan engines, that requires an initial and repetitive on-wing visual inspection of the side links of the five-link forward mount assembly for cracks, and replacement of the side links and pylon attachment bolts, and inspection of the fail-safe bolt and platform lug, if the side links are found cracked. This AD also requires a shop-level refurbishment of the side links as a terminating action to the on-wing inspection program. This amendment is prompted by four reports of cracked side links detected during routine engine shop visits. The actions specified by this AD are intended to prevent a side link fracture, which could result in the failure of the second side link, or the forward engine mount pylon attachment bolts, and possible separation of the engine from the aircraft.

DATES: Effective October 10, 1995.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of October 10, 1995.

ADDRESSES: The service information referenced in this AD may be obtained from General Electric Aircraft Engines, CF6 Distribution Clerk, Room 132, 111 Merchant Street, Cincinnati, OH 45246. This information may be examined at the Federal Aviation Administration (FAA), New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Richard Woldan, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803–5299; telephone (617) 238–7136; fax (617) 238–7199.

SUPPLEMENTARY INFORMATION: A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD) that is applicable to General Electric Company (GE) CF6–45/-50 series turbofan engines was published in the **Federal Register** on April 6, 1995 (60 FR 17487). That action proposed to require an initial and repetitive on-wing visual inspection of the side links of the five-link forward mount assembly for cracks, and replacement of the side links and pylon attachment bolts, and inspection of the fail-safe bolt and platform lug, if side links are found cracked. That proposal also would require a shop-level refurbishment of the side links as a terminating action to the on-wing inspection program. The actions would be required to be accomplished in accordance with GE Aircraft Engines CF6–50 Service Bulletin No. 72–1092, dated November 18, 1994.

Interested persons have been afforded an opportunity to participate in the making of this amendment. Due consideration has been given to the comment received.

The one commenter states that the requirement to refurbish the side link at the next engine shop visit after effective date of the AD identified in paragraph (b) should be extended so that their current maintenance program is not disrupted.