

(c) * * *
(2) * * *

(iv) The market administrator may increase or decrease the milk production standard specified in paragraph (c)(2)(ii) of this section if the market administrator finds that such revision is necessary to assure orderly marketing and efficient handling of milk in the marketing area. Before making such a finding, the market administrator shall investigate the need for the revision either on the market administrator's own initiative or at the request of interested persons. If the investigation shows that a revision might be appropriate, the market administrator shall issue a notice stating that the revision is being considered and inviting written data, views, and arguments. Any decision to revise an applicable percentage must be issued in writing at least one day before the effective date.

* * * * *

Dated: October 7, 2005.

Lloyd C. Day,

Administrator, Agricultural Marketing Service.

[FR Doc. 05-20525 Filed 10-7-05; 12:57 pm]

BILLING CODE 3410-02-P

DEPARTMENT OF AGRICULTURE

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

Farm Service Agency

7 CFR Part 1902

Disbursement of Funds

AGENCIES: Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, and Farm Service Agency, USDA.

ACTION: Final rule.

SUMMARY: The Agencies are revising their disbursement of funds regulations. This action is necessary since existing regulations do not accurately reflect the current disbursement methodologies employed by the Agencies. The intended effect is to simplify and update the regulations; to eliminate reference to the obsolete Loan Disbursement System; clarify Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) insurance coverage; and eliminate reference to the now defunct Federal Savings and Loan Insurance Corporation (FSLIC). These amended regulations are

to ensure the Agencies' field offices have current guidance on the disbursement methods available and supervised bank accounts.

EFFECTIVE DATE: October 12, 2005.

FOR FURTHER INFORMATION CONTACT:

Ronald Gianella, Staff Accountant, Office of the Deputy Chief Financial Officer, Policy and Internal Review Division, U.S. Department of Agriculture, STOP 33, P.O. Box 200011, St. Louis, Missouri 63120, telephone: (314) 457-4298.

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 programs impacted by this action are as follows:

- 10.353—National Rural Development Partnership
- 10.405—Farm Labor Housing Loans and Grants
- 10.410—Very Low to Moderate Income Housing Loans
- 10.411—Rural Housing Site Loans and Self-Help Housing Land Development Loans
- 10.415—Rural Rental Housing Loans
- 10.417—Very Low-Income Housing Repair Loans and Grants
- 10.420—Rural Self-Help Housing Technical Assistance
- 10.421—Indian Tribes and Tribal Corporation Loans
- 10.427—Rural Rental Assistance Payments
- 10.433—Rural Housing Preservation Grants
- 10.438—Section 538 Rural Rental Housing Guaranteed Loans
- 10.441—Technical and Supervisory Assistance Grants
- 10.442—Housing Application Packaging Grants
- 10.444—Direct Housing Natural Disaster Loans and Grants
- 10.445—Direct Housing Natural Disaster
- 10.446—Rural Community Development Initiative
- 10.760—Water and Waste Disposal Systems for Rural Communities
- 10.761—Technical Assistance and Training Grants
- 10.762—Solid Waste Management Grants

10.763—Emergency Community Water Assistance Grants

10.766—Community Facilities Loans and Grants

10.767—Intermediary Relending Program

10.768—Business and Industry Loans

10.769—Rural Business Enterprise Grants

10.770—Water and Waste Disposal Loans and Grants (Section 306C)

10.771—Rural Cooperative Development Grants

10.772—Empowerment Zones Program

10.773—Rural Business Opportunity Grants

10.775—Renewable Energy Systems and Energy Efficiency Improvements Program

10.854—Rural Economic Development Loans and Grants

Intergovernmental Consultation

Programs with Catalog of Federal Domestic Assistance numbers 10.353, 10.405, 10.411, 10.415, 10.420, 10.421, 10.427, 10.433, 10.760, 10.763, 10.766, 10.767, 10.768, 10.769, 10.770, 10.771, 10.773, and 10.854 are subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials.

Programs with Catalog of Federal Domestic Assistance numbers 10.410, 10.417, 10.438, 10.441, 10.442, 10.444, 10.445, 10.446, 10.761, 10.762, 10.772, 10.775 are excluded from the scope of Executive Order 12372.

Civil Justice Reform

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. In accordance with this rule: (1) Unless otherwise specifically provided, 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 except as specifically prescribed in the rule; and (3) administrative proceedings of the National Appeals Division (7 CFR part 11) must be exhausted before litigation against the Department is instituted.

Paperwork Reduction Act

The information collection requirements contained in this rule have been approved by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. Chapter 35 and were assigned OMB control number 0575-0184 in accordance with the Paperwork Reduction Act of 1995. No person is required to respond to a collection of information unless it displays a valid OMB control number. This rule does not impose any new

information collection requirements from those approved by OMB.

GPEA Statement

The Agencies are committed to compliance with GPEA, which requires Government agencies, in general, to provide the public the option of submitting information or transacting business electronically to the maximum extent possible.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Pub. L. 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 Agencies generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal 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 1 year. When such a statement is needed for a rule, Section 205 of the UMRA generally requires the agencies to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective, or least burdensome alternative that achieves the objectives 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, the rule is not subject to the requirements of Sections 202 and 205 of the UMRA.

Environmental Impact Statement

This document has been reviewed in accordance with 7 CFR part 1940, Subpart G, "Environmental Program." The Agencies have determined that this final action does not constitute a major Federal action significantly affecting the quality of human environment, and in accordance with the National Environmental Policy Act of 1969, 42 U.S.C. 4321 *et seq.*, an Environmental Impact Statement is not required.

Executive Order 13132, Federalism

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. In addition, this rule does not impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

Discussion of Final Rule

7 CFR 1902, subpart A, is being revised to eliminate procedures servicing officials should follow in ordering loan and grant disbursements. These procedures are in 7 CFR 2018, subpart D. 7 CFR 1902, subpart A, is being revised to clarify FDIC and NCUA insurance coverage and eliminate reference to the now defunct FSLIC. The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 abolished the insolvent FSLIC. The FDIC insures deposits in banks and savings associations and insures each person's share in all joint accounts at an institution up to \$100,000. The NCUA insures deposits in Federal credit unions and insures each person's share in all joint accounts at an institution up to \$100,000.

The Farm Service Agency (FSA) disbursement policies are established in internal agency handbooks. While disbursements under some FSA programs were processed according to 7 CFR 1902, subpart A, prior to the USDA Reorganization Act, FSA no longer utilizes this subpart.

List of Subjects in 7 CFR Part 1902

Accounting, banks, banking, grant programs—housing and community development, loan programs—agriculture, loan programs—housing and community development.

■ For reasons set forth in the preamble, Chapter XVIII, title 7, Code of Federal Regulations is amended as follows:

PART 1902—SUPERVISED BANK ACCOUNTS

■ 1. The authority citation for part 1902 is revised to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1989; 7 U.S.C. 6991, *et seq.*; 42 U.S.C. 1480; Reorganization Plan No. 2 of 1953 (5 U.S.C. App.).

Subpart A—Supervised Bank Accounts of Loan, Grant, and Other Funds

■ 2. The title of subpart A is revised to read as set forth above.

■ 3. Section 1902.1 is revised to read as follows:

§ 1902.1 General.

This subpart prescribes the policies and procedures in establishing and using supervised bank accounts, and in placing Multi-Family Housing (MFH) reserve accounts in supervised bank accounts. 7 CFR part 2018, subpart D, provides the procedures Servicing Officials should follow in ordering loan and grant disbursements.

(a) Borrowers referred to in this subpart include both loan and grant recipients. They are referred to as "depositors" in the deposit agreements hereinafter described. References herein and in deposit agreements to "other lenders" include lenders and grantors other than Rural Development.

(b) Banks and savings associations referred to in this subpart are those in which deposits are insured by the FDIC.

(c) Credit unions referred to in this subpart are those in which deposits are insured by the NCUA.

(d) Financial institutions as referred to in this subpart include banks, savings associations, and credit unions which are covered by the proper insurance coverage cited in paragraphs (b) and (c) of this section.

(e) Supervised bank accounts referred to in this subpart are bank, savings association, or credit union accounts established through deposit agreements entered into between the borrower, the United States of America acting through Rural Development, and the Financial Institution on Form RD 402-1, "Deposit Agreement".

(f) Form RD 402-1 provides for the deposit of funds in a supervised bank account to ensure the performance of the borrower's obligation to Rural Development in connection with a loan and/or grant.

(g) "Interest-Bearing Deposit Agreement" (Exhibit B of this subpart), provides for the deposit of loan or grant funds that are not required for immediate disbursement in specified interest-bearing deposits, and it is executed in conjunction with Form RD 402-1.

(h) Servicing officials referred to in this instruction include county supervisors, district directors, local supervisors, area supervisors, and National Office grant program managers.

(i) Automated systems referred to in this instruction refers to the loan accounting systems; e.g., Program Loan Accounting System, Automated Multi-Housing Accounting System, and Dedicated Loan Origination System, from which loan and grant disbursements are ordered.

(j) This subpart includes the National Office directly servicing a grant recipient or recipient of cooperative agreement funds.

■ 4. Section 1902.2 is revised to read as follows:

§ 1902.2 Policies concerning disbursement of funds.

(a) Generally, loan and grant disbursements may be requested on an as needed basis, thereby reducing the need for supervised bank accounts. For

all construction loans and those loans using multiple advances, only the actual amount to be disbursed at loan closing will be requested through the automated systems. Subsequent disbursements will be ordered as needed. However, supervised bank accounts may be used in certain circumstances. For example:

(1) When a construction loan is made and the construction is substantially completed, but a small amount is being withheld pending completion of landscaping or some similar item. In this case, funds not disbursed may be placed in a supervised bank account for future disbursement as appropriate.

(2) When a large number of checks will be issued in the construction of a dwelling or other development. In such cases, loan and grant disbursements will be requested in accordance with 7 CFR part 2018, subpart D as necessary, deposited in a supervised bank account, and disbursed as necessary to suppliers, sub-contractors, etc.

(3) Association loan and grant funds made on a multiple advance basis may be deposited in a supervised bank account when required by State statutes or when determined necessary by the loan approval official.

(4) Supervised bank accounts may be used when needed as defined in paragraph (a)(5) of this section to ensure the correct expenditures of all or a part of loan and grant funds, borrower contributions, and borrower income. Such accounts will be limited in amount and duration to the extent feasible through the prudent disbursement of funds and the prompt termination of the interests of Rural Development and other lenders when the accounts are no longer required.

(5) When it is determined by the Servicing Official that special supervision is needed in the management of the borrower's finances, funds may be deposited in a supervised bank account. This supervisory technique will be used for a temporary period to help the borrower learn to properly manage his/her finances. Such a period will not exceed 1 year unless extended by the Servicing Official.

(b) Program instructions provide information as to the type of note to be utilized and the method of handling advances and the interest accrued.

(c) The debt instruments executed at the time of loan closing constitute an obligation on the part of the Government to disburse all funds at one time or in multiple advances, provided the funds are for purposes authorized by the Government at the time of loan closing. This obligatory commitment takes priority over any intervening liens or advances by other creditors,

regardless of the provisions of the State laws involved.

■ 5. Section 1902.3, is amended by revising paragraphs (a), (b) introductory text, and (c) to read as follows:

§ 1902.3 Procedures to follow in fund disbursement.

(a) The Servicing Official will determine during loan approval the amount(s) of loan or grant disbursement(s)—full or partial—and will process the request to the appropriate automated system in accordance with 7 CFR part 2018, subpart D.

(b) When Treasury check(s) are delivered to the Servicing Official, the Servicing Official will make sure that the name of the borrower and the amount(s) of check(s) coincide with the request on file. The Servicing Official should be sure that the check is properly endorsed to ensure payment to the intended recipient. Examples of such restrictive endorsements are:

* * * * *

(c) When necessary, and only under the circumstances listed in § 1902.2, the Servicing Official will establish, or cause to be established, a supervised bank account. Funds deposited in a supervised bank account are to be recorded and accounted for on Form RD 402-2, "Statement of Deposits and Withdrawals".

■ 6. Section 1902.4 is amended by revising paragraphs (a)(3), (a)(5), and (b)(1) to read as follows:

§ 1902.4 Establishing MFH reserve accounts in a supervised bank account.

(a) * * *

(3) *Interest bearing.* The reserve account funds are encouraged to be maintained in an interest-bearing account. The "Interest-Bearing Deposit Agreement" set out in Exhibit B of this subpart is not required to be used for reserve accounts.

* * * * *

(5) *Financial institutions.* The reserve account must be maintained in authorized financial institutions set out in subpart C of part 1930 of this chapter; e.g., banks, savings associations, credit unions, brokerage firms, mutual funds. Generally, any financial institution may be used provided invested or deposited funds are insured to protect against theft and dishonesty. The reserve account funds need not be Federally insured, but must be otherwise covered by non-Federal insurance against theft and dishonesty.

* * * * *

(b) * * *

(1) *Deposits.* Generally, Rural Development will not require the review

or approval of deposits or the use of Form RD 402-1 or 402-2.

* * * * *

7. Section 1902.6, is amended by revising paragraphs (a), (b)(3), (c), (d), (e), and (f) to read as follows:

§ 1902.6 Establishing supervised bank accounts.

(a) Each borrower will be given an opportunity to choose the financial institution in which the supervised bank account will be established, provided the financial institution is a member of the FDIC or NCUA, as applicable.

(b) * * *

(3) An agreement is reached with the financial institution regarding the place where the counter-signature will be on the checks.

(c) When possible, Servicing Officials will make arrangements with financial institutions to waive service charges in connection with supervised bank accounts. However, there is no objection to the payment by the borrower of a reasonable charge for such service.

(d) For each borrower, if the amount of any loan and grant funds, plus any borrower contributions and funds from other sources to be deposited in the supervised bank account will exceed \$100,000, the financial institution will be required to pledge collateral for the excess over \$100,000 before the deposit is made (see § 1902.7 of this subpart). If the supervised bank account is a joint account, any amount over the FDIC- or NCUA-insured limit must be collateralized.

(e) Only one supervised bank account will be established for any borrower regardless of the amount or source of funds, except for *Rural Rental Housing* loans where separate accounts will be established for each project.

(f) When a supervised bank account is established, an original and two copies of the applicable Deposit Agreement and the Interest-Bearing Deposit Agreement (Exhibit B of this subpart), when applicable, will be executed by the borrower, the financial institution, and a Servicing Office employee. The original will be retained in the borrower's case file, one executed copy will be delivered to the financial institution and one executed copy to the borrower. An extra copy of the Interest-Bearing Deposit Agreement, when applicable, will be prepared and attached to the certificate, passbook, or other evidence of deposit representing the interest-bearing deposit.

* * * * *

■ 8. Section 1902.7, is amended by revising paragraphs (a), (b) introductory

text, (b)(1), (b)(2), (c), (d), (e), and (f) to read as follows:

§ 1902.7 Pledging collateral for deposit of funds in supervised bank accounts.

(a) Funds in excess of \$100,000 per financial institution, deposited for borrowers in supervised bank accounts, must be secured by pledging acceptable collateral with the Federal Reserve Bank (FRB) in an amount not less than the excess. If the supervised bank account is a joint account, any amount over the FDIC- or NCUA-insured limit must be collateralized.

(b) As soon as it is determined that the loan will be approved and the applicant has selected or tentatively selected a financial institution for the supervised bank account, the Servicing Official will contact the financial institution to determine:

(1) That the financial institution selected is insured by the FDIC (banks and savings associations) or NCUA (credit unions).

(2) Whether the financial institution is willing to pledge collateral with the FRB under 31 CFR part 202 (Treasury Circular 176) to the extent necessary to secure the amount of funds being deposited in excess of the FDIC or NCUA insurance limit.

* * * * *

(c) If the financial institution agrees to pledge collateral, the Servicing Official should complete RD Form Letter 1902-A-2, "Designated Financial Institution—Collateral Pledge", in an original and two copies: The original for the National Office, Policy and Analysis Division; the first copy for the State Office; and the second copy for the Servicing Official. The Rural Development Form Letter 1902-A-2 should be forwarded to the National Office, Policy and Analysis Division, at least 30 days before the date of loan closing.

(d) The National Office, Policy and Analysis Division, will arrange for the financial institution under its designation as a depository and financial agent of the U.S. Government to pledge the requested collateral.

(e) If, two days before loan closing, the local Rural Development office which requested the collateral has not received notification from the National Office, Policy and Analysis Division, that collateral has been pledged, contact should be made with the financial institution to ascertain whether they have pledged collateral with their local FRB under 31 CFR part 202 (Treasury Circular 176). If the financial institution has pledged collateral, the local Rural Development office should contact the National Office, Policy and Analysis

Division, who will follow-up with the local FRB concerning the collateral.

(f) When the amount of deposit in the supervised bank account has been reduced to a point where the financial institution desires part or all of the collateral released, it should contact the National Office, Policy and Analysis Division. The local Rural Development office will be contacted for release authorization. The authorization release will be made through the local FRB, with notification to the financial institution. The local Rural Development office may also request release through the National Office, Policy and Analysis Division.

■ 9. Section 1902.8, is added to read as follows:

§ 1902.8 Authority to establish and administer supervised bank accounts.

Servicing Officials are authorized to establish supervised bank accounts, deposit loan checks and other funds, countersign checks, close accounts, and execute all forms in connection with supervised bank account transactions and redelegate this authority to a person under their supervision who is considered capable of exercising such authority. State Directors will make written demand upon the bank for withdrawals outlined in § 1902.16.

■ 10. Section 1902.9, is amended by revising paragraphs (a)(1), (a)(2), (a)(3), (a)(5), (b) introductory text, and (b)(2) to read as follows:

§ 1902.9 Deposits.

(a) * * *

(1) Checks made payable solely to the Federal Government or any Agency thereof, and a joint check when the Treasurer of the United States is a joint payee, may not be deposited in a supervised bank account.

(2) Rural Development personnel will accept funds for deposit in a borrower's supervised bank account ONLY in the form of: A check or money order endorsed by the borrower "For Deposit Only;" a check drawn to the order of the financial institution in which the funds are to be deposited; a loan check drawn on the U.S. Treasury; or a Rural Development electronic funds transfer disbursement.

(i) A joint check that is payable to the borrower and Rural Development will be endorsed by the Servicing Official as provided in 7 CFR part 1951, subpart B, Exhibit B, section 4.

(ii) Ordinarily, when deposits are made from funds which are received as the result of consent or subordination agreements or assignments of income, the check should be drawn to the order of the financial institution in which the

supervised bank account is established or jointly to the order of the borrower and Rural Development. All such checks should be delivered or mailed to the Servicing Office.

(3) If direct or insured loan funds or borrower contributions are to be deposited in a supervised bank account, such funds will be deposited on the date of loan closing after it has been determined that the loan can be closed. However, if it is impossible to deposit the funds on the day the loan is closed due to reasons such as distance from the financial institution or banking hours, the funds will be deposited on the first banking day following the date of loan closing.

* * * * *

(5) When funds from any source in the form of cash, check, or money order are deposited by Rural Development personnel in a supervised bank account, a deposit slip will be prepared in an original and two copies with distribution as follows: Original to the financial institution, one copy to the borrower, and one copy for the borrower's case folder. The name of the borrower, the sources of funds, "Subject to Rural Development Countersignature" and, if applicable, the account number, will be entered on each deposit slip.

* * * * *

(b) *Deposits by borrowers.* Funds in the form of cash, check, or money order may be deposited in the supervised bank account by the borrower if authorized by Rural Development, provided the financial institution has agreed that when a deposit is made to the account by other than Rural Development personnel, the financial institution will promptly deliver or mail a copy of the deposit slip to the Rural Development Servicing Office.

* * * * *

(2) Funds other than loan or grant funds may be deposited by the borrower in those exceptional instances where an agreement is reached between the Servicing Official and the borrower, whereby the borrower will make deposits of income from any source directly into the supervised bank account. In such instances the borrower will be instructed to prepare the deposit slip in the manner described in § 1902.9 (a)(5) of this subpart.

■ 11. Section 1902.10, is amended by revising paragraph (a), revising paragraphs (d)(2) through (d)(5), and removing paragraph (d)(6) to read as follows:

§ 1902.10 Withdrawals.

(a) The Servicing Official will not countersign checks on the supervised bank account for the use of funds unless the funds deposited by the borrower from other sources were cash deposits, checks which the Servicing Official knows to be good, or deposited checks which have cleared.

* * * * *

(d) * * *

(2) Ordinarily, a check will be countersigned before it is delivered to the payee. However, in justifiable circumstances, such as when excessive travel on the part of the borrower or Servicing Official would be involved, or purchase would be prevented, and the borrower can be relied upon to select goods and services in accordance with the plans, a check may be delivered to the payee by the borrower before being countersigned.

(i) When a check is to be delivered to the payee before being countersigned, the Servicing Official must make it clear to the borrower and to the payee, if possible, that the check will be countersigned only if the quantity and quality of items purchased are in accordance with approved plans.

(ii) Checks delivered to the payee before counter-signature will bear the following legend in addition to the legend for countersignature: Valid only upon countersignature of Rural Development."

(iii) The check must be presented by the payee or a representative to the Rural Development Servicing Office for the required countersignature.

(iv) Such check must be accompanied by a bill of sale, invoice, or receipt signed by the borrower identifying the nature and cost of goods or services purchased, or similar information must be indicated on the check.

(3) For real estate loans or grants, whether the check is delivered to the payee before or after countersignature, the number and date of the check will be inserted on all bills of sale, invoices, receipts, and itemized statements for materials, equipment, and services.

(4) Bills of sale, invoices, receipts, or itemized statements may be returned to the borrower with the canceled check for the payment of the bill.

(5) Checks to be drawn on a supervised bank account will bear the legend:

- "Countersigned," not as co-maker or endorser.

■ 12. Section 1902.11 is revised to read as follows:

§ 1902.11 Servicing Office records.

A record of funds deposited in a supervised bank account will be maintained on Form RD 402-2 in accordance with the Forms Manual Insert. The record of funds provided for operating purposes by another creditor or grantor will be on a separate Form RD 402-2 so that they can be clearly identified.

■ 13. Section 1902.14 is revised to read as follows:

§ 1902.14 Reconciliation of accounts.

(a) A checking account statement will be obtained periodically in accordance with established practices in the area. If the checking statement does not include sufficient information to reconcile the account (the name of the payee or the check number and the amount of each check; *i.e.*, a negotiable demand draft drawn on a financial institution), the original cancelled check or either a copy or other reasonable facsimile of the cancelled check must be provided to the Servicing Office with the statement. Checking account statements will be reconciled promptly with Servicing Office records. The person making the reconciliation will initial the record and indicate the date of the action.

(b) All checking account statements and, if necessary, original cancelled checks or either a copy or other reasonable facsimile of the cancelled checks will be forwarded immediately to the borrower when bank statements and Servicing Office records are in agreement. If a transmittal is used, Form RD 140-4, "Transmittal of Documents", is prescribed for that purpose.

(c) If the financial institution did not return the original cancelled check(s) to the Agency with the statements, and Rural Development has a need for the original cancelled check(s), the financial institution, upon request by the Agency, will furnish to the Agency the requested original cancelled check(s) or a certified copy or other reasonable certified facsimile of the cancelled check(s) and will provide this service to Rural Development with no fees being assessed the Agency or the Depositor's account for the service.

■ 14. Section 1902.15 is amended by revising paragraph (b), removing paragraph (c), redesignating paragraph (d) as paragraph (c) and revising newly designated paragraphs (c)(1)(i) introductory text, (c)(2) introductory text, (c)(2)(iii), and (c)(4) to read as follows:

§ 1902.15 Closing accounts.

* * * * *

(b) For all loan accounts, after completion of authorized loan funds expenditures, and after promptly refunding any remaining unexpended loan funds on the borrower's loan account with Rural Development or another lender, as appropriate.

(c) * * *

(1) * * *

(i) Ordinarily, upon notice of the death of a borrower, the Servicing Official will request the State Director to make demand upon the bank for the balance on deposit and apply all the balance after payment of any bank charges to the borrower's Rural Development indebtedness. When the State Director approves continuation with a survivor, the supervised bank account of a deceased borrower may be continued with a remaining joint debtor who is liable for the loan and agrees to use the unexpended funds as planned, provided:

* * * * *

(2) *Borrowers in default.* Whenever it is impossible or impractical to obtain a signed check from a borrower whose supervised bank account is to be closed, the Servicing Official will request the State Director to make demand upon the financial institution for the balance on deposit in the borrower's supervised bank account for application as appropriate:

* * * * *

(iii) For the return of Rural Development grant funds in accordance with 7 CFR part 1951, subpart B or

* * * * *

(4) *Paid up borrowers.* A paid-up borrower is one who has a balance remaining in the supervised bank account and has repaid the entire indebtedness to Rural Development and has properly expended all funds advanced by other lenders. In such cases the Servicing Official will:

(i) Notify the borrower in writing that the interests in the account of Rural Development have been terminated, and

(ii) Inform the borrower of the balance remaining in the supervised bank account.

■ 15. Section 1902.50 is revised to read as follows:

§ 1902.50 OMB control number.

The reporting and recordkeeping requirements contained in this regulation have been approved by the OMB and have been assigned OMB Control Number 0575-0158.

■ 16. Exhibit B of this subpart is amended by revising the prefix for the

date from “19” to be “20” every place it is mentioned.

Dated: September 16, 2005.

Russell T. Davis,

Administrator, Rural Housing Service.

[FR Doc. 05–20357 Filed 10–11–05; 8:45 am]

BILLING CODE 3410–XV–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2005–22626; Directorate Identifier 2002–NM–295–AD; Amendment 39–14332; AD 2005–20–35]

RIN 2120–AA64

Airworthiness Directives; Airbus Model A320–111 Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule; request for comments.

SUMMARY: The FAA is superseding an existing airworthiness directive (AD), which applies to certain Airbus Model A320–111 airplanes. The existing AD currently requires repetitive inspections for cracking in the front and rear faces and at the crown fittings of the upper stringers of the center wing box and applicable repairs. This new AD requires continuing the repetitive inspections at revised thresholds and intervals, and applicable repairs. This AD results from a manufacturer survey of airplanes affected by the existing inspection program that led to the consequent revision of the thresholds and intervals of the repetitive inspections. We are issuing this AD to detect and correct fatigue cracking of the upper stringers of the center wing box, which could lead to loss of structural integrity of the wing.

DATES: Effective October 27, 2005.

The Director of the **Federal Register** approved the incorporation by reference of a certain publication listed in the AD as of October 27, 2005.

We must receive comments on this AD by December 12, 2005.

ADDRESSES: Use one of the following addresses to submit comments on this AD.

- DOT Docket Web site: Go to <http://dms.dot.gov> and follow the instructions for sending your comments electronically.

- Government-wide rulemaking Web site: Go to <http://www.regulations.gov> and follow the instructions for sending your comments electronically.

- Mail: Docket Management Facility; U.S. Department of Transportation, 400 Seventh Street SW., Nassif Building, Room PL–401, Washington, DC 20590.

- Fax: (202) 493–2251.

- Hand Delivery: Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. Contact Airbus, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France, for service information identified in this AD.

FOR FURTHER INFORMATION CONTACT: Dan Rodina, Aerospace Engineer, International Branch, ANM–116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; telephone (425) 227–2125; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION:

Discussion

On October 13, 1993, the FAA issued AD 93–16–10, amendment 39–8667 (58 FR 47825, September 13, 1993). That AD applies to certain Airbus Model A320 airplanes. That AD requires repetitive inspections for cracking in the front and rear faces and at the crown fittings of the upper stringers of the center wing box and applicable repairs, if necessary. We issued that AD to detect fatigue cracking in the upper stringer, which could lead to loss of structural integrity.

Actions Since Existing AD Was Issued

Since we issued AD 93–16–10, Airbus conducted a survey of the upper stringers of the center wing boxes of airplanes affected by the existing inspection program. The results of the survey demonstrated that it was necessary to decrease the thresholds and intervals of the repetitive inspections, due to an adjustment of the A320 family reference fatigue mission.

Relevant Service Information

Airbus has issued Service Bulletin A320–57–1030, Revision 03, dated August 28, 2002. The service bulletin describes procedures for performing repetitive inspections—at thresholds and intervals which have been revised from those specified in Service Bulletin A320–57–1030, dated August 12, 1991, which is the service information referenced in AD 93–16–10—for cracking in the front and rear faces and at the crown fittings of the upper stringers of the center wing box between frame (FR) 36 and FR42. The Direction Générale de l’Aviation Civile (DGAC), which is the airworthiness authority for France, mandated the service information and issued French

airworthiness directive 2002–341(B), dated June 26, 2002, to ensure the continued airworthiness of these airplanes in France.

FAA’s Determination and Requirements of This AD

This airplane model is manufactured in France and is type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the DGAC has kept the FAA informed of the situation described above. We have examined the DGAC’s findings, evaluated all pertinent information, and determined that we need to issue an AD for products of this type design that are certificated for operation in the United States.

Therefore, we are issuing this AD to supersede AD 93–16–10. This new AD continues to require repetitive inspections with revised inspection thresholds and intervals, applicable repairs; as specified in the service information described previously, except as discussed under “Differences Between the AD and Service Information.”

Differences Between the AD and Service Information

Where the service bulletin describes procedures to contact the manufacturer for repair methods, this AD requires operators to use a repair method that we or the DGAC (or its delegated agent) approve.

Clarification of Inspection Terminology

In this AD, the “detailed visual inspection” specified in the service bulletin is referred to as a “detailed inspection.” We have included the definition for a detailed inspection in Note 1 of this AD.

Explanation of Change to Applicability

We have revised the applicability of the existing AD to identify model designations as published in the most recent type certificate data sheet for the affected models.

Costs of Compliance

None of the airplanes affected by this action are on the U.S. Register. All airplanes affected by this AD are currently operated by non-U.S. operators under foreign registry; therefore, they are not directly affected by this AD action. However, we consider this AD necessary to ensure that the unsafe condition is addressed if