

## 13. Settlement of Claim.

(a) We will determine your loss on a unit basis. In the event you are unable to provide acceptable production records:

(1) For any optional unit, we will combine all optional units for which such production records were not provided; or

(2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.

(b) In the event of loss or damage covered by this policy, we will settle your claim by:

(1) Multiplying the insured acreage by its respective production guarantee, by type if applicable;

(2) Multiplying each result of section 13(b)(1) by the respective price election, by type if applicable;

(3) Totaling the results of section 13(b)(2);

(4) Multiplying the total production to be counted of each type, if applicable, (see subsection 13(c)) by the respective price election;

(5) Totaling the results of section 13(b)(4);

(6) Subtracting the result of section 13(b)(5) from the result in section 13(b)(3); and

(7) Multiplying the result of section 13(b)(6) by your share.

(c) The total production to count (in pounds) from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee for acreage:

(A) That is abandoned;

(B) Put to another use without our consent;

(C) Damaged solely by uninsured causes; or

(D) For which you fail to provide

production records;

(ii) Production lost due to uninsured causes;

(iii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with section 13(d));

(iv) Potential production on insured acreage that you intend to put to another use or abandon if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

(A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us, (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count); or

(B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and

(2) All harvested production from the insurable acreage.

(3) Any production from yellow or white dent corn will be counted as popcorn on a weight basis and any production harvested from plants growing in the insured crop may be counted as popcorn production on a weight basis.

(4) Any ear production for which we cannot determine a shelling factor will be considered to have an 80 percent (80%) shelling factor.

(d) Mature popcorn may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable, it will be made prior to any adjustment for quality.

(1) Production will be reduced by 0.12 percent for each 0.1 percentage point for moisture in excess of 15 percent (15%). We may obtain samples of the production to determine the moisture content.

(2) Popcorn production will be eligible for quality adjustment if, due to an insurable cause of loss that occurs within the insurance period, it is not merchantable popcorn and is rejected by the processor. The production will be adjusted by:

(i) Dividing the value per pound of the damaged popcorn by the base contract price per pound for undamaged popcorn; and

(ii) Multiplying the result by the number of pounds of such popcorn.

## 14. Written Agreements.

Designated terms of this policy may be altered by written agreement in accordance with the following:

(a) You must apply in writing for each written agreement no later than the sales closing date, except as provided in section 14(e);

(b) The application for a written agreement must contain all variable terms of the contract between you and us that will be in effect if the written agreement is not approved;

(c) If approved, the written agreement will include all variable terms of the contract, including, but not limited to, crop type or variety, the guarantee, premium rate, and price election;

(d) Each written agreement will only be valid for one year (If the written agreement is not specifically renewed the following year, insurance coverage for subsequent crop years will be in accordance with the printed policy); and

(e) An application for a written agreement submitted after the sales closing date may be approved if, after a physical inspection of the acreage, it is determined that no loss has occurred and the crop is insurable in accordance with the policy and written agreement provisions.

Signed in Washington, D.C., on April 2, 1997.

**Kenneth D. Ackerman,**

*Manager, Federal Crop Insurance Corporation.*

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## DEPARTMENT OF AGRICULTURE

## Rural Business-Cooperative Service

## 7 CFR Parts 4279 and 4287

RIN 0570-AA25

## Rural Venture Capital Demonstration Program

**AGENCY:** Rural Business-Cooperative Service (RBS), USDA.

**ACTION:** Advanced notice of proposed rulemaking.

**SUMMARY:** Section 761 of the Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127) adds section 381O to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*) which authorizes a demonstration program using Federal loan guarantees to attract venture capital funds to rural areas. RBS is preparing to develop regulations to implement this program.

In order to afford the public the maximum opportunity to contribute to the development of this new program and to enable the Agency to consider as many options as possible, RBS is requesting comments to assist in drafting the proposed rule.

**DATES:** The advance notice of proposed rulemaking is subject to written comments received on or before May 9, 1997.

The Agency is limiting the comment period on this advanced notice to 30 days in order to expedite the rulemaking process. The proposed rule will have a longer comment period.

**ADDRESSES:** Submit written comments in duplicate to the Chief, Regulations and Paperwork Management Division, Rural Development, U.S. Department of Agriculture, Stop Box 0743, 1400 Independence Avenue SW., Washington, DC 20250-0743. All written comments will be available for public inspection during regular work hours at the above address. Comments may be submitted via the internet by addressing them to "comments@rus.usda.gov" and must contain "venture" in the subject.

**FOR FURTHER INFORMATION CONTACT:** Rick Bonnet, Senior Commercial Loan Specialist, RBS, U.S. Department of Agriculture, Stop 3221, 1400 Independence Avenue SW., Washington, DC 20250-3221, Telephone (202) 720-1804.

## SUPPLEMENTARY INFORMATION:

## Classification

This rule will be determined to be "significant" and will be reviewed by OMB under Executive Order 12866.

The statute calls for the Secretary of Agriculture to designate for each fiscal year up to 10 community development venture organizations to demonstrate the utility of guarantees to attract increased private investment in rural private business enterprises.

To be eligible to participate in the demonstration program, an organization shall establish a rural business private investment pool (referred to as a 'pool') for the purpose of making equity investment in rural private business enterprises.

From amounts in the national reserve account of the Trust Fund authorized under Subtitle E—Rural Community Advancement Program, section 381E, the Secretary shall guarantee the funds in a pool against loss, except that the guarantee shall not exceed an amount equal to 30 percent of the total funds in the pool. The Secretary shall issue guarantees covering not more than \$15,000,000 of contingent liabilities for each of fiscal years 1996 through 2002. The term of a guarantee shall not exceed 10 years.

To be eligible to participate in the demonstration program, an organization shall submit a plan that describes potential sources and uses of the pool to be established by the organization; the utility of the guarantee authority in attracting capital for the pool; and, on selection, mechanisms for notifying State, local, and private nonprofit business development organizations and business of the existing pool.

The Secretary shall conduct a competition for the designation and establishment of pools. In conducting the competition, the Secretary shall give priority to organizations that have a demonstrated record of performance or have a board and executive director with experience in venture capital, small business equity investment, or community development finance; propose to serve low-income communities; propose to maintain an average investment of not more than \$500,000 from the pool of the organization; invest funds statewide or in a multicounty region; and propose to target job opportunities resulting from the investments primarily to economically disadvantaged individuals, as determined by the Secretary. To the extent practicable, the Secretary shall designate organizations in diverse geographic areas.

#### Programs Affected

No program in the Catalog of Federal Domestic Assistance is impacted by this action.

#### Intergovernmental Review

As set forth in the final rule and related Notice to 7 CFR part 3015, subpart V, 48 FR 29112, June 24, 1983, Rural Venture Capital Demonstration Program investments are subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with state and local officials. RBS conducts intergovernmental consultation in the manner delineated in RD Instruction 1940-J, "Intergovernmental Review of Farmers Home Administration Programs and Activities."

#### Comments Invited

Interested parties are invited to participate in the making of the proposed rule by submitting such written data, views, arguments, or proposal as they may desire. Comments and proposals may include illustrations or references to forms and procedures utilized in other program areas in the industry.

Comments are specifically solicited concerning the choice and relative importance of selection criteria, structuring of the guarantee, when and under what circumstances the Agency will make payment under the guarantee, requirements of the community development venture organization's proposed workplan, rights and restrictions of investors in the rural business private investment pools, requirements for the organizational structure of the community development venture organizations, Agency oversight responsibilities, investment pool management, and any other comments concerning this issue.

Dated: April 1, 1997.

**Inga Smulkstys,**

*Acting Under Secretary for Rural Development.*

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## FEDERAL HOUSING FINANCE BOARD

### 12 CFR Chapter IX

[No. 97-35]

#### Mission Achievement by the Federal Home Loan Banks

**AGENCY:** Federal Housing Finance Board.

**ACTION:** Advance notice of proposed rulemaking (ANPRM).

**SUMMARY:** The Federal Housing Finance Board (Finance Board) is requesting public comment on ways in which the Federal Home Loan Banks (Banks) can

further achieve their statutory mission to support housing finance and community investment and ways in which the Finance Board, as regulator of the Federal Home Loan Bank System (Bank System), could measure and ensure that the Banks achieve their mission.

**DATES:** Comments must be received in writing on or before May 9, 1997.

**ADDRESSES:** Comments should be mailed to: Elaine L. Baker, Secretary to the Board, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006. Comments will be available for public inspection at this address.

**FOR FURTHER INFORMATION CONTACT:** Jonathan Curtis, Senior Financial Analyst, Office of Policy, (202) 408-2866, or Brandon B. Straus, Attorney-Advisor, (202) 408-2589, Office of General Counsel, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

#### SUPPLEMENTARY INFORMATION:

##### I. Background and General Issues

###### A. Introduction

The Finance Board has a statutory mandate to supervise the Banks in order to ensure that they carry out their housing finance mission. See 12 U.S.C. 1422a(a)(3). The Federal Home Loan Bank Act (Bank Act) authorizes, and in some instances requires, the Banks to make advances and other credit products available to member and nonmember borrowers to support both housing finance and community investment. See *id.* sections 1430, 1430b. For instance, section 10(a) of the Bank Act authorizes the Banks to make advances to provide members with a source of funding to support housing finance. See *id.* section 1430(a). Sections 10(i) and 10(j) of the Bank Act require the Banks to establish two specific advances programs, an Affordable Housing Program (AHP) and a Community Investment Program (CIP), to promote affordable housing and community investment finance. See *id.* section 1430(j), (i). Section 10(j)(10) of the Bank Act authorizes the Banks to establish community investment cash advance programs in addition to the AHP and CIP. See *id.* section 1430(j)(10). In sum, the Finance Board believes it is clear from the Bank Act that the mission of the Banks is to support and promote housing finance and community investment.

The Finance Board is in the process of devolving to the Banks functions currently performed by the Finance Board in a number of areas that are more appropriately viewed as Bank