

will allow interested persons additional time to prepare and submit comments.

*Accessing the Revised Risk Analysis on the Internet*

The Internet address for accessing the revised risk analysis is <http://www.aphis.usda.gov/vs/reg-request.html>. At the bottom of that Web site page, click on "Information previously submitted by Regions requesting export approval and their supporting documentation." At the next screen, click on the triangle beside "European Union/Not Specified/Classical Swine Fever," then on the triangle beside "Response by APHIS." A link will then appear for "Risk Analysis for Importation of Classical Swine Fever Virus in Swine and Swine Products from the European Union December 2000." Following that link will allow you to view the revised risk analysis.

**Authority:** 7 U.S.C. 450, 1622, 7711–7714, 7751, 7754, 8303, 8306, 8307, 8308, 8310, 8311, 8313, and 8315; 21 U.S.C. 136 and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332; 7 CFR 2.22, 2.80, and 371.4.

Done in Washington, DC, this 2nd day of July 2002.

**Bobby R. Acord,**

*Administrator, Animal and Plant Health Inspection Service.*

[FR Doc. 02–16992 Filed 7–3–02; 8:45 am]

**BILLING CODE 3410–34–P**

**DEPARTMENT OF AGRICULTURE**

**Farm Service Agency**

**Notice of Funds Availability (NOFA) Inviting Applications for the Horse Breeder Loan Program**

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

**ACTION:** Notice.

**SUMMARY:** This Notice announces the availability of funding to implement the Horse Breeder Loan Program as required by section 759 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (Act) (Pub. L. 107–76), which was enacted November 28, 2001. The Act directed the Secretary to implement a temporary low-interest loan program to assist horse breeders suffering economic loss as a result of mare reproductive loss syndrome (MRLS).

**DATES:** The Agency will begin accepting applications on July 1, 2002. The deadline for receipt of an application Form FSA 410–1 is September 30, 2002. The Agency will not consider any application received after the deadline. The application package must be

completed by June 30, 2003. Authority to make Horse Breeder loans terminates September 30, 2003. Comments on the information collection associated with this notice must be received on or before September 3, 2002, to be given full consideration.

**ADDRESSES:** General information and the application form FSA 410–1 may be obtained from the FSA Internet web site at: [www.fsa.usda.gov](http://www.fsa.usda.gov) or the USDA, Farm Service Agency listed in your local telephone directory.

**FOR FURTHER INFORMATION CONTACT:** Cathy Quayle, Senior Loan Officer or Patrick Spalding, Senior Loan Officer, USDA/FSA/DAFLP/STOP 0522, 1400 Independence Avenue, SW, Washington, DC 20250–0522; telephone (202) 720–1472; facsimile (202) 720–6797; electronic mail: [Cathy\\_Quayle@wdc.usda.gov](mailto:Cathy_Quayle@wdc.usda.gov) or [Patrick\\_Spalding@wdc.usda.gov](mailto:Patrick_Spalding@wdc.usda.gov).

**SUPPLEMENTARY INFORMATION:**

**Executive Order 12372**

This program is not subject to the provisions of Executive Order 12372, which requires consultation with State and local officials.

During the 2001 horse breeding season, horse breeders suffered from an overwhelming number of early and late term fetal losses. Even with possible improvement in the coming breeding seasons, the economic impact on breeders will present financial difficulties over an extended period. The Agency is required by section 759(c) of the Act to make loans available to eligible horse breeders who have suffered a qualifying loss as a result of MRLS. Researchers have not pinpointed the exact cause of MRLS; however, as a result of extensive studies, common factors that are believed to have been the cause have been identified. The Agency is adopting the definition of MRLS developed by experts from the equine industry that is recognized and accepted by veterinarians.

These loans will mitigate the income loss and reduction in credit availability faced by horse breeders. Assistance is limited to only those horse breeders who have suffered losses as a result of MRLS, cannot obtain sufficient credit elsewhere and meet all other requirements established in this notice. To assure that the recipients of these loans are those most impacted by the effects of MRLS, eligibility requirements are restrictive. As required by the Act, the horse breeder must derive more than 70 percent of their income from breeding, boarding, raising, training, or selling horses. The losses must have resulted from MRLS, and at least 30

percent of the mares owned, or boarded on a farm owned, operated, or leased by the breeder must have failed to conceive, miscarried, aborted or otherwise failed to produce a live, healthy foal.

All persons approved for loan assistance must execute loan instruments and legal documents to secure the loan. For entity applicants, the loan instruments and legal documents must be executed in the name of the entity and all officers or partners and any board members. Horse Breeder loans are not made under the authority of the Consolidated Farm and Rural Development Act (CONACT), (7 U.S.C. 1961 *et seq.*); therefore, the Agency will service Horse Breeder loans in accordance with existing non-program Agency regulations in 7 CFR part 1951, subpart J, or its successor regulation. The Agency will not provide direct farm loan program loan servicing benefits to Horse Breeder Loan Program borrowers.

**Environmental Compliance**

The environmental impacts of the loan program to be implemented by this NOFA have been considered in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA, 42 U.S.C. 4321, *et seq.*) Based on the nature and scope of this notice, FSA has concluded that the notice will not have any significant impacts upon the human environment as documented through the completion of an environmental assessment. A copy of the environmental assessment is available for inspection and review upon request. Therefore, FSA has developed a Finding of No Significant Impact (FONSI) pursuant to NEPA, the regulations of the Council on Environmental Quality (40 CFR parts 1500–1508), and FSA's regulations for compliance with NEPA, 7 CFR part 1940, subpart G.

**Paperwork Reduction Act**

A request for emergency clearance of the information collections associated with this notice has been submitted to the Office of Management and Budget (OMB) under 5 CFR 1320.13(a)(2)(iii).

In accordance with the Paperwork Burden Reduction Act of 1995, FSA will provide a regular submission of the information collection package to OMB at the end of the comment period for the following notice.

**Title:** Horse Breeder Loans.

**OMB Control Number:** 0560–NEW.

**Type of request:** Request for review and extension.

**Abstract:** The collection of the information required by this notice is

required in order to certify that applicants for loans are eligible to receive benefits. The information will be collected from applicants in paper form by Agency loan approval officials in the county office that serves the applicant's geographic area. The information will be used and evaluated by the loan approval official to determine if the applicant meets the criteria established by the Agency. The information may be viewed, used and monitored by other Agency or USDA officials, and may be released in accordance with the Privacy Act or Freedom of Information Act. The information will be collected on an as needed basis. Failure to collect this information may result in persons receiving benefits other than intended program beneficiaries.

*Estimate of Burden:* Public reporting for this collection of information is estimated to average .63 hours per response.

*Respondents:* Farms, individuals and businesses.

*Estimated number of respondents:* 800.

*Estimated number of responses per respondent:* 1.

*Estimated total annual burden on respondents:* 1258 hours.

Comments are invited on (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of burden; (c) ways to enhance the quality, utility and clarity of the information to be collected; (d) ways to minimize the burden collection on those who are to respond, including through use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. These comments should be addressed to Cathy Quayle, Senior Loan Officer, USDA, Farm Loan Programs, STOP 0522, 1400 Independence Avenue, SW, Washington DC 20250-0522. Comments are assured of having effect if received within 60 days of this notice. Comments received after that date will be considered to the extent practicable. All comments received in response to this notice, including names and addresses, will be a matter of public record. Copies of the submission may be obtained from Cathy Quayle by calling (202) 690-4018.

## I. Definitions Applicable to Horse Breeder Loans

*Additional security* is property that provides security in excess of the amount of security value equal to the loan amount.

*Adequate security* is property that provides a security value at least equal to the amount of the loan.

*Agency* is the Farm Service Agency, its employees, and any successor agency.

*Applicant* is the individual or business entity applying for the loan.

*Approval official* is an Agency official who has been delegated approval authorities within applicable loan programs.

*Bred* is the attempt to produce offspring by sexual union or artificial insemination.

*Business entity* is a corporation, partnership, joint operation, trust, limited liability company, or cooperative.

*Cash flow budget* is a projection listing all anticipated cash inflows (including all farm income, non-farm income and all loan advances) and all cash outflows (including all farm and non-farm debt service and other expenses) to be incurred by the borrower during the period of the budget. A cash flow budget may be completed either for a 12-month period, a typical production cycle, or the life of the loan, as appropriate.

*False information* is information provided by an applicant, borrower, or other source to the Agency which is known by the provider to be incorrect, and was provided to the Agency in order to obtain benefits for which the applicant or borrower would not otherwise have been eligible.

*Feasible plan* is a plan that demonstrates that the loan will be repaid as agreed, as determined by the Agency. The plan must demonstrate that the applicant will meet all other credit needs and obligations, including judgments, for which the applicant is legally responsible.

*Financial needs* are ordinary and necessary expenses, and financial obligations which are incurred, in connection with the horse breeder business.

*Financial obligations* are the debts owed by the horse breeder that are directly related to the horse breeder business.

*Horse* is any mammal in the genus Equus, to include but not limited to ass, mule and donkey.

*Horse breeder* is an individual or business entity who as of November 28, 2001, derives more than 70 percent of their gross income from the horse breeding business during the shorter of:

1. The 5-year period ending on January 1, 2001; or

2. the period the individual or business entity has been engaged in the horse breeder business.

*Horse breeder business* is the business of breeding, boarding, raising, training, or selling horses.

*Losses* are the verifiable damages of the interrupted horse reproductive process resulting from MRLS.

*Mare Reproductive Loss Syndrome (MRLS)* is, during the period beginning April 24, 2001, and ending June 30, 2001, the occurrence of any of the following equine medical conditions:

1. Early- and late-term equine fetal losses;
2. Pericarditis;
3. Epicarditis;
4. Unilateral endophthalmitis; or
5. Panophthalmitis.

*Ordinary and necessary expenses* are the operating expenses directly related to the horse breeder business, including, but not limited to: taxes, feed, veterinary expenses, fixtures and farm maintenance.

*Readily available* is when the insurance is sold by insurance agents in the applicant's normal trade area.

*Security* is property or right of any kind that is subject to a real or personal property lien. Any reference to "collateral" or "security property" will be considered a reference to the term "security."

*States or United States* is the United States itself, any of the fifty States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

*United States non-citizen national* is a person born in an outlying possession of the United States (American Samoa or Swain's Island) on or after the date the U.S. acquired the possession, or a person whose parents are U.S. non-citizen nationals (subject to certain residency requirements).

## II. Appeals

An applicant or borrower may request an appeal or review of an adverse decision made by the Agency in accordance with 7 CFR parts 11 and 780 or its successor regulation.

## III. Eligibility Requirements

Applicants must meet all of the following requirements to be eligible for a Horse Breeder loan:

1. *Timely application.* The applicant must submit a signed form FSA 410-1 completed to the best of the applicant's ability to the Agency no later than September 30, 2002.

2. *Horse breeder.* The applicant must be a horse breeder as defined by this notice.

3. *Qualifying loss.* During the period beginning January 1 and ending October

1 of any calendar year 2000, 2001 or 2002:

(a) 30 percent or more of the mares owned by the applicant failed to conceive, miscarried, aborted or otherwise failed to produce a live healthy foal; or

(b) 30 percent or more of mares boarded on a farm owned, operated or leased by the applicant failed to conceive, miscarried, aborted or otherwise failed to produce a live healthy foal.

4. *Financial need.* The applicant is be unable to meet financial obligations, or pay ordinary and necessary expenses incurred in connection with the horse breeder business.

5. *Test for credit.* The applicant must be unable to obtain sufficient credit elsewhere at reasonable rates and terms.

(a) To establish this, the applicant must obtain written denials of credit from legally organized commercial lending institutions within reasonable proximity of the applicant that specify the reasons for the denial as follows:

(1) In the case of a loan request of \$300,000 or more, two written denials of credit are required.

- One of these lenders must be the applicant's normal lender.
- Both lenders must typically make horse breeder business loans.

(2) In the case of a loan request of less than \$300,000, one written denial of credit is required.

• The applicant's normal lender will be contacted unless the lender has already denied a request to continue with the applicant or extend additional credit.

• The applicant may contact another lender that makes horse breeder business loans.

(3) In the case of a loan request of \$100,000 or less, the Agency may waive the requirement for obtaining a written denial of credit if the Agency determines that requiring a written denial would pose an undue burden on the applicant and based on the applicant's circumstances credit is not likely to be available.

(b) Notwithstanding the applicant's submission of the required written denial of credit, the Agency may contact other commercial lending institutions within reasonable proximity of the applicant and make an independent determination of the applicant's ability to obtain credit elsewhere.

(c) When the applicant is an entity, all individuals, members, stockholders, and partners must meet test for credit requirements.

6. *Citizenship.* The applicant must be a citizen of the United States, United States non-citizen national, or a

qualified alien under applicable Federal immigration laws. For an entity applicant, the majority of the entity must be owned by members meeting the citizenship test or other entities that are domestically owned.

7. *Legal capacity.* The loan applicant must be of legal age, mental capacity, and have the authority to enter into a legally binding agreement. An entity applicant, and all entity members who will execute the promissory note, must meet this requirement.

8. *Federal debt.* At loan closing, the applicant and anyone who will execute the promissory note must not be delinquent on any Federal debt, other than a debt under the Internal Revenue Code of 1986, nor be a federal judgment debtor on a non-tax debt.

9. *Unpaid judgement.* At loan closing the applicant and anyone who will execute the promissory note must not have any outstanding unpaid judgements obtained by the United States in any court.

10. *False information.* The applicant, in past or present dealings with the Agency, must not have knowingly provided the Agency with false information.

11. *Credit history.* The individual or business entity applicant and all entity members must have acceptable credit history demonstrated by debt repayment. A history of failure to repay past debts as they came due (including debts to the Internal Revenue Service) when the ability to repay was within their control will demonstrate unacceptable credit history.

12. *Repayment.* The applicant must submit a feasible plan as defined in this notice.

#### IV. Loan Uses

Loan funds only may be used to:

1. Pay ordinary and necessary expenses for the horse breeding business.
2. Replace mares and foals lost or disabled due to MRLS.
3. Purchase or lease additional existing pasture to replace pasture where a veterinarian or other recognized expert has determined the potential for MRLS exists.
4. Pay or refinance financial obligations as defined by this notice, provided the applicant can demonstrate a need to do so.
5. Pay loan closing costs.

#### V. Limitations

1. The maximum cumulative loan amount any individual or business entity may receive under this notice is limited to \$500,000.

2. The amount of the loan is further limited to the lesser of; (a) the financial

needs of the applicant; or (b) the amount of loss suffered by the applicant as measured by Section XI of this notice.

3. Outstanding loan balances from Agency Farm Loan Programs, direct or guaranteed, will not affect the amount an applicant is eligible to receive under this section.

#### VI. Prohibited Use of Loan Funds

1. Loan funds may not be used to pay expenses incurred for lobbying or related activities.

2. Loan funds may not be used for any purpose which contributes to excessive erosion of highly-erodible land or to the conversion of wetlands to produce an agricultural commodity.

3. Loan funds may not be used to refinance consumer debt, such as home equity loans, automobile loans, or credit card debt unless such debt is directly attributable to the horse breeder business operation.

4. Loan funds may not be used to pay Federal judgments.

#### VII. Loans to Agency Employees

Loans may be made to Agency employees otherwise qualified for the loans.

#### VIII. Federal Equal Credit Opportunity Act (ECOA)

The Agency must comply with the provisions of ECOA and the implementing regulations of the Federal Reserve System published in 12 CFR part 202.

#### IX. Environmental Compliance

1. The environmental and historic preservation requirements contained in 7 CFR part 1940, subpart G or its successor regulation must be met prior to approval of any loan.

2. In order to minimize the financial risk associated with contamination of real property from hazardous waste and other environmental concerns, the Agency will complete an environmental risk evaluation.

(a) The Agency will not accept as security any real estate which has significant environmental risks, such as, but not limited to the presence of known or suspected underground storage tanks or hazardous waste.

(b) If the real estate offered as security contains significant environmental risks, the Agency will provide the applicant with the option of properly correcting or removing the risk, at the applicant's expense or offering other non-contaminated property as security for the loan.

## X. Other Federal, State, and Local Requirements

Horse Breeder loan borrowers are required to comply with all applicable:

1. Federal, State, or local laws;
2. Regulatory commission rules; and
3. Regulations which are presently in existence, or which may be later adopted including, but not limited to, those governing the following:

- (a) Borrowing money, pledging security, and raising revenues for repayment of debt;
- (b) Accounting and financial reporting; and
- (c) Protection of the environment.
4. Any construction financed by the Agency must comply with applicable Federal, State, local, and industry building standards.

## XI. Loss Calculations

1. (a) The applicant's Federal income tax and business records will be the primary source of financial information for the loss calculation. Sales, receipts, invoices, or other official sale records will document the sales price of individual animals as referenced in paragraph (2) of this section.

(b) If the applicant does not have 3 complete years of business records, the Agency will obtain the most reliable and reasonable information available from sources such as the Cooperative Extension Service, universities, and breed associations to document production and expenses for those years for which the applicant does not have a complete year of business records. To the extent such additional information is unavailable, the Agency will use the applicant's available business records to make realistic income and expense calculations.

2. To determine the value of foals lost or disabled as a result of MRLS:

(a) The average sales price of horses sold by the applicant will be determined by adding the total proceeds from the sales of horses including only: weanlings, yearlings and 2-year old offspring for the previous 3 non-loss years, and dividing by the number of horses sold during those 3 years.

(b) The average sales price will be multiplied by the number of mares shown on the veterinarian certification that failed to conceive or produce a live healthy foal due to MRLS.

3. To determine the value of all other losses:

(a) Calculate the average annual net income for the horse breeder business for the previous 3 non-loss years, and subtract the horse breeder business net income for the loss year.

(b) The annual net income for the horse breeder business will be

determined by subtracting all cash business expenses and proceeds from sales of weanlings, yearlings, and 2 year old offspring, from all business income reported on Schedule F and other related schedules of the applicant's Federal income tax return. Any depreciation shown on Schedule F is not a cash expense and must not be included as an expense in loss calculations.

(c) The average annual net income for the horse breeder business shall be calculated by adding the applicant's horse breeder business annual net income from the previous 3 non-loss years and dividing by 3.

4. The results of the calculations from paragraphs 2 and 3 of this section shall be added together to determine the total amount of loss the applicant has suffered as a result of MRLS.

## XII. Complete Loan Application

An Agency application Form FSA 410-1, completed to the best of the applicant's ability and submitted on or before September 30, 2002, will meet the application deadline. However, a loan decision will not be made until a complete application is received in accordance with this section. All forms listed are available at any Agency office. The Agency will not consider any application that is not complete as of June 30, 2003. A complete loan application includes all of the following items:

1. A completed form FSA 410-1.
2. If the applicant is a business entity, all legal documents evidencing the organization and any state recognition of the entity such as articles of incorporation or partnership agreements. The application must include the following information for each entity member:

- (a) Name.
- (b) Address.
- (c) Social Security number, or IRS tax ID number for a member that is a business entity.

- (d) Percent ownership interest in the entity.

- (e) In the case of a member that is itself a business entity, legal documents evidencing the organization and any State recognition of the entity.

3. Verification that the applicant or individual members of an entity applicant cannot obtain credit elsewhere including a loan guarantee by a State or other Federal agency.

4. Income tax and business records for the lesser of the previous 3 years or the number of years in business.

5. A current balance sheet that was prepared within 90 days of the date of application.

6. Projected production, income and expenses, and loan repayment plan, which may be submitted on Form FSA 431-2 or other similar plan of operation acceptable to the Agency.

7. Verification of off-farm employment, and other non-farm income, if any. This will be required only when the applicant is relying on off-farm income for a feasible plan.

8. A legal description of farm, real estate property securing the loan and a copy of any lease, contract, option or agreement, or a written statement setting forth terms or conditions of any agreement entered into by the applicant which may be pertinent to consideration of the application.

9. A written certification from a licensed veterinarian, see Exhibit 1 sample, stating the number of mares:

- (a) Owned or boarded that were bred.
- (b) That failed to conceive or otherwise produce a live healthy foal.

10. A credit report fee of \$28.00 for individual applicants, \$34.00 for joint applicants and \$40.00 for commercial business applicants.

11. Any other documents requested by the Agency and needed to process the application.

## XIII. Interest Rate

Loans closed in accordance with this notice will be charged interest at the rate established for Emergency loans in 7 CFR part 764. Current rates are available at any Agency office.

## XIV. Terms

1. *Repayment period.* The Agency schedules repayment of Horse Breeder loans based on the useful life of the loan security and the applicant's repayment ability, but not to exceed 20 years.

Loans secured only by collateral other than real estate shall not exceed 7 years. If necessary to improve the repayment ability of the borrower and real estate security is available, the term of the loan may be extended up to a total length not to exceed 20 years from the date of the promissory note. Balloon installments are prohibited. Balloon installments are final installments that exceed twice the amount of the regular amortized installment.

2. *Minimum payment requirement.* The repayment schedule must include at least one payment every year. Payments must be no less than the interest accrued on the principal balance at the time the installment is to be paid and may not result in a prohibited balloon installment.

## XV. Security Requirements

1. The applicant shall have sufficient equity to provide adequate security for

the loan. In addition, the applicant shall provide additional security, if available, not to exceed 150 percent of the loan amount.

2. Loans shall be secured by collateral that can be adequately described in security instruments.

3. The Agency will take the best lien obtainable on the following security, if available, as necessary to protect the Government's interest. The security will be taken in the order of priority as follows:

(a) *Real Estate.* A survey is not required if the property is adequately described. The applicant is responsible for obtaining and paying any costs for documentation necessary to properly identify the security property.

(b) *Chattels and crops, other than horses.* Chattels consist of equipment or livestock, other than horses. Equipment must be identified by manufacturer, model, year, and serial number, where available.

(c) *Other assets owned by the applicant.* Other assets owned by the applicant such as certificates of deposit may be taken as security. The applicant shall provide satisfactory documentation as to the value of the assets and their availability for Agency lien perfection.

(d) *Third party pledges of property not owned by the applicant.* Interests in property not owned by the applicant (such as, but not limited to: real estate, leases that provide a mortgageable value, water rights, easements, mineral rights, and royalties) can be offered as security for the loan.

(e) *Horses.* Horses must be identified by color, sex, and distinguishing marks (i.e., socks, blaze, registration numbers).

(f) *Repayment ability.* The applicant's repayment ability may be accepted as adequate security provided that the applicant can meet all of the following requirements.

(1) The applicant has pledged as security for the loan all available personal and business collateral.

(2) The feasible plan, approved by the Agency, indicates the loan will be repaid based upon the applicant's production and income history and addresses applicable income risks to the extent practicable through the use of breeder's insurance, mortality insurance, or similar risk management practices.

(3) The applicant has had positive net income from the horse breeder business in at least 3 of the past 5 years. If the applicant has been in the horse breeder business for fewer than 5 years, the applicant must have had positive net income from the horse breeder business in at least 50 percent of the years the

applicant has been in the horse breeder business.

(4) The applicant has given the Agency an assignment on any USDA program payments, unencumbered installment sales proceeds, or other contractually based income.

## XVI. Appraisals and Valuation Requirements

Appraisals generally are required for real estate and chattel property used to secure a Horse Breeder loan. Real estate appraisals, however, are not required when the amount of the loan does not exceed \$50,000 and the loan approval official clearly documents that the estimated value of security, less existing liens, exceeds the loan amount. Real estate and chattel appraisals shall be completed in accordance with 7 CFR 761.7.

## XVII. Taking Indian Trust Lands as Security

The Agency may take a lien on Indian Trust lands as security provided that the requirements of 7 CFR part 1943, subpart A or its successor regulations are satisfied.

## XVIII. Insurance for Loan Security

An applicant must obtain insurance, consistent with this section, equal to the lesser of the value of the security at the time of loan closing, or the principal of the loan.

1. *Hazard insurance.* All security (except growing crops) must be covered by hazard insurance if it is readily available and economically feasible.

2. *Flood or mudslide insurance.* Real estate security located in a special Flood Hazard Area as determined by the Federal Emergency Management Agency, must be covered by flood or mudslide insurance.

3. *Crop insurance.* Growing crops used to provide adequate security must be covered by crop insurance if such insurance is readily available and economically feasible.

4. *Mortality insurance.* All horses used as security for the loan must be covered by mortality insurance if it is readily available and economically feasible.

5. *Indemnities.* An applicant must:

(a) List the Agency as loss payee for the insurance indemnity payment or as a beneficiary of a mortgagee loss payable clause; and

(b) In the case of crop and mortality insurance, execute an assignment of indemnity in favor of the Agency.

## XIX. Funding Applications

Loan requests will be funded based on the date the Agency receives the

complete application. Loan approval is subject to the availability of Emergency loan funds.

## XX. Loan Closing

The loan approval official, or designee, shall close the loan according to the following.

1. The applicant must meet all conditions specified in this notice prior to loan closing.

2. There must have been no significant changes in the plan of operation or the applicant's financial condition since the loan was approved and less than 90 days has passed since financial information has been updated.

3. The applicant shall execute all loan instruments and legal documents required by the Agency to evidence the debt, perfect the required security position in property, and protect the Government's interests in accordance with applicable State and Federal laws.

4. Horse Breeder loans with security other than real estate shall be closed in accordance with 7 CFR part 1941, subpart B, or its successor regulation.

5. Horse Breeder loans secured by real estate shall be closed in accordance with 7 CFR part 1927, subpart B, or its successor regulation. Loans with real estate security will be closed by a closing agent, selected by and paid for by the applicant.

(a) For loans over \$25,000, title clearance is required when real estate is taken as security.

(b) For loans of \$25,000 or less, when real estate is taken as security, a certification of ownership in real estate is required. Certification of ownership may be in the form of an affidavit which is signed by the applicant, naming the record owner of the real estate in question and listing the balances due on all known debts against the real estate. Whenever the loan approval official is uncertain of the record owner or debts against the real estate security, a title search is required.

## XXI. Fees

The applicant will pay all loan closing fees including but not limited to fees for title clearance, recording any legal instruments determined to be necessary, and all notary, lien search, attorney fees and similar fees incident to loan transactions. No fees will be assessed for work performed by Agency employees.

## XXII. Reporting

The borrower must notify the Agency of any adverse actions related to the loan, including but not limited to, anticipated default on the loan.

**XXIII. Loan Servicing**

If any installment is not paid according to the terms of the loan agreement, the loan is not fully satisfied at expiration of the loan agreement, or the borrower is in default on any term of the loan agreement or security instruments, the loan will be serviced in accordance with 7 CFR 1951.468 or its successor regulation, during the term of the loan.

Signed at Washington, DC, on June 28, 2002.

**James R. Little,**

*Administrator, Farm Service Agency.*

**Exhibit 1.—Sample Veterinary Certification**

**Woodside Veterinary Clinic, P.O. Box 29, Alexandria, Virginia 45207**

William A. Doctor, D.V.M.

Tanya J. Thoms, D.V.M.

Equine and Companion Animals  
Medicine and Surgery  
Telephone: 303-233-4455  
FAX 303-233-4456

*Name of Client:* Circle K Farms.

*Address of Client:* 123 Shade Tree Lane, Alexandria, Virginia 45207.

*Period covered by this Certification:* 2000 and 2001 Breeding and Foal Seasons.

The number of mares owned that were bred \_\_\_\_\_

The number of mares boarded that were bred \_\_\_\_\_

As a result of MRLS:

The number of mares that failed to conceive or produce a live healthy foal. \_\_\_\_\_

Signature of Veterinarian

[FR Doc. 02-16827 Filed 7-3-02; 8:45 am]

**BILLING CODE 3410-05-P**

**DEPARTMENT OF AGRICULTURE****Food and Nutrition Service****Child and Adult Care Food Program: National Average Payment Rates, Day Care Home Food Service Payment Rates, and Administrative****Reimbursement Rates for Sponsoring Organizations of Day Care Homes for the Period July 1, 2002–June 30, 2003**

**AGENCY:** Food and Nutrition Service, USDA.

**ACTION:** Notice.

**SUMMARY:** This notice announces the annual adjustments to: The national average payment rates for meals and supplements served in child care centers, outside-school-hours care centers, at-risk afterschool care centers, and adult day care centers; the food service payment rates for meals and supplements served in day care homes; and the administrative reimbursement rates for sponsoring organizations of day care homes, to reflect changes in the Consumer Price Index. Further adjustments are made to these rates to reflect the higher costs of providing meals in the States of Alaska and Hawaii. The adjustments contained in this notice are made on an annual basis each July, as required by the statutes and regulations governing the Child and Adult Care Food Program (CACFP).

**EFFECTIVE DATE:** July 1, 2002.

**FOR FURTHER INFORMATION CONTACT:**

Melissa Rothstein, Section Chief, Child and Adult Care and Summer Programs Section, Policy and Program

Development Branch, Child Nutrition Division, Food and Nutrition Service, USDA, Alexandria, Virginia, 22302, (703) 305-2620.

**SUPPLEMENTARY INFORMATION:****Definitions**

The terms used in this notice shall have the meanings ascribed to them in the regulations governing the CACFP (7 CFR part 226).

**Background**

Pursuant to sections 4, 11 and 17 of the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1753, 1759a and 1766), section 4 of the Child Nutrition Act of 1966 (CNA) (42 U.S.C. 1773) and §§ 226.4, 226.12 and 226.13 of the regulations governing the CACFP (7 CFR part 226), notice is hereby given of the new payment rates for institutions participating in CACFP. These rates shall be in effect during the period July 1, 2002 through June 30, 2003. As provided for under the NSLA and the CNA, all rates in the CACFP must be revised annually on July 1 to reflect changes in the Consumer Price Index (CPI) for the most recent 12-month period. In accordance with this mandate, the Department last published the adjusted national average payment rates for centers, the food service payment rates for day care homes, and the administrative reimbursement rates for sponsors of day care homes on June 27, 2001, at 66 FR 34144 (for the period July 1, 2001–June 30, 2002).

**CHILD AND ADULT CARE FOOD PROGRAM (CACFP)**

[Per meal rates in whole or fractions of U.S. dollars]

[Effective from July 1, 2002–June 30, 2003]

	Centers	Breakfast	Lunch and supper <sup>1</sup>	Supplement
Contiguous States:				
Paid .....		.22	.20	.05
Reduced price .....		.87	1.74	.29
Free .....		1.17	2.14	.58
Alaska:				
Paid .....		.32	.33	.08
Reduced price .....		1.57	3.07	.47
Free .....		1.87	3.47	.95
Hawaii:				
Paid .....		.24	.24	.06
Reduced price .....		1.07	2.10	.34
Free .....		1.37	2.50	.68

<sup>1</sup> These rates do not include the value of commodities (or cash-in-lieu of commodities) which institutions receive as additional assistance for each lunch or supper served to participants under the program. A notice announcing the value of commodities and cash-in-lieu of commodities is published separately in the **Federal Register**.

Day care homes	Breakfast		Lunch and supper		Supplement	
	Tier I	Tier II	Tier I	Tier II	Tier I	Tier II
Contiguous States .....	.98	.37	1.80	1.09	.53	.14