

TABLE II.—AQL'S AND TOLERANCES (TOL.) FOR DEFECTS IN NUGGETS OR SMALL CLUSTERS STYLE BASED ON 100 GRAMS OF PRODUCT FOR 13 SAMPLE UNITS, 100×13=1300 UNITS—Continued

Total Blemished (Major & Minor)	13.0	15.0	18	48	91	189	298	407
Fuzzy Character	6.4	8.0	10	26	48	98	153	208
Ricey Character	13.0	15.0	18	48	91	189	298	407
Soft Character	2.9	4.0	6	13	24	48	74	99
Major Color Defect	6.4	8.0	10	26	48	98	153	208
Total Color Defect (Major & Minor)	13.8	16.0	19	51	96	200	316	430
Core Material	2.17	3.0	4	11	19	37	56	76
Fragments	3.8	5.0	7	17	31	61	94	127
Mechanical Damage	17.6	20.0	24	63	121	251	398	544
Loose Leaves (each piece)	6.4	8.0	10	26	48	98	153	208

§ 52.728 Sample size.

The sample size used to determine whether the requirements of these standards are met shall be as specified in the sampling plans and procedures in the "Regulations Governing Inspection and Certification of Processed Fruits and Vegetables, Processed Products Thereof, and Certain Other Processed Products" (7 CFR 52.1 through 52.83).

§ 52.729 Acceptance criteria.

(a) *Style*. A lot of frozen cauliflower, is considered as meeting the requirements for style if the requirements in § 52.723, as applicable, are not exceeded.

(b) *Quality Factors*. A lot of frozen cauliflower is considered as meeting the requirements for quality if:

(1) The prerequisites specified in § 52.726 are met; and

(2) The Acceptance Numbers in Table I or II in § 52.727, as applicable, are not exceeded.

(c) *Single Sample Unit*. Each unofficial sample unit submitted for quality evaluation will be treated individually and is considered as meeting requirements for quality and style if:

(1) The prerequisites specified in § 52.726 are met; and

(2) The Acceptable Quality Levels (AQL's) in Tables I & II in § 52.723 and § 52.727, as applicable, are not exceeded.

Dated: November 20, 1995.

Lon Hatamiya,
Administrator.

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FARM CREDIT ADMINISTRATION

12 CFR Part 614

RIN 3052-AB52

Loan Policies and Operations

AGENCY: Farm Credit Administration.

ACTION: Proposed rule.

SUMMARY: The Farm Credit Administration (FCA), by the Farm Credit Administration Board (Board), proposes to amend the regulations governing disclosure of loan information. The FCA proposes to remove the requirement that Farm Credit institutions give borrowers 10 days prior notification of a change in the interest rate on their variable rate loans and replace it with a 10-day post notification. This action would reduce the burden on institutions of a delay in interest rate changes while still providing borrowers with timely notice of a change. The proposed regulation would also make a technical amendment regarding eligible borrower stock.

DATES: Comments should be received on or before December 26, 1995.

ADDRESSES: Comments may be mailed or delivered to Patricia W. DiMuzio, Associate Director, Regulation Development, Office of Examination, Farm Credit Administration, McLean, Virginia 22102-5090. Copies of all communications received will be available for examination by interested parties in the Office of Examination, Farm Credit Administration, McLean, Virginia.

FOR FURTHER INFORMATION CONTACT:

Robert Child, Policy Analyst, Regulation Development, Office of Examination, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4498, TDD (703) 883-4444,

or

Joy E. Strickland, Senior Attorney, Regulatory Operations Division, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4019, TDD (703) 883-4444.

SUPPLEMENTARY INFORMATION: Section 614.4367(c)(3) requires qualified lenders¹ to provide written notification

¹ A qualified lender is: (1) A Farm Credit institution that makes loans as defined by § 614.4366(e), except a bank for cooperatives; and

to borrowers of a change in the interest rates on their adjustable rate loans. For decreases in rates, the notification must be provided not later than the effective date of the decrease. For increases in rates, the notice must be provided not later than 10 days before the effective date of the increase in the rate.

On June 23, 1993, the FCA Board published a "Statement on Regulatory Burden" (58 FR 34003) that requested comments regarding how the FCA could lessen the regulatory burden on Farm Credit institutions. In response, three institutions commented that the 10-day prior notification requirement was a burden that should be addressed by the Agency. One institution commented that the prior notification was a burden for variable rate loans that are tied to an external index, such as the prime rate, because borrowers have ready access to timely information about changes in such indexes. The other two commenters objected to the requirement for advance notification of borrowers for all variable rate loans, including those not tied to an external index.

The FCA is cognizant that delaying an adjustment in a variable interest rate can result in losses to an institution in situations in which an index increases or funding costs increase, but the institution is prohibited from increasing the interest rate charged to borrowers until a waiting period expires. In addition, the FCA recognizes that there are costs associated with mailing written notification of changes in interest rates. There may also be an unnecessary burden associated with the prior notice requirement where increases and decreases in loan rates are tied to indexes that are readily available in financial publications. The FCA considered these factors in attempting to balance the need of borrowers for timely information and the burden on Farm Credit institutions.

(2) each other entity described in section 1.7(b)(1)(B) of the Farm Credit Act of 1971, as amended (Pub. L. 92-171), but only with respect to loans discounted or pledged under section 1.7(b)(1) of the Act. See, Act, § 614.4366(g).

In consideration of the competing aims of reducing burden and providing timely information to borrowers, the FCA proposes to modify the notification requirements in § 614.4367. The proposed amendment would require written notification to be provided to borrowers with adjustable rate loans not later than 10 days after a change in the interest rate on the loans. Thus, for decreases in rates, the proposal would change the notification from not later than the effective date of the change, to not later than 10 days after the decrease. More significantly, the proposal would change the notification requirements for increases in interest rates from 10 days advance notification to 10 days after the change in rates. The FCA is proposing to change the time period applicable to both notices of increases and decreases in order to have a single notification, and thus simplify the requirement for all changes in adjustable interest rates.

The FCA believes that a 10-day post notification will provide borrowers with timely information on rate changes and will significantly reduce the burden on institutions, including the costs associated with delaying interest rate changes. Savings to lenders ultimately may be passed on to borrowers in the form of lower interest rates; however, the absence of a prior notice is a disadvantage to individual borrowers because they will not be in a position to react as quickly to refinancing opportunities. The disadvantage should be minimal, however, because borrowers have ready access to changes in financial markets and trends in interest rates through the news media and other sources. Administered rate loans have historically followed changes in the prime rate because the costs of funds to the associations generally follow shifts in market rates. Borrowers who follow the interest rate market would seldom be surprised by a change in interest rates charged by associations.

Although the FCA believes that the proposal is an appropriate balance between the needs of the institutions and borrowers, the FCA seeks comment on several issues. First, the FCA seeks comment on whether notices of rate changes tied to publicly available external indexes should be required within 30 days, rather than 10 days as proposed. Specifically, would permitting a longer time for such notices accrue additional cost-savings to System lenders that would exceed the potential cost to borrowers of added delay in receiving notice of the rate increase? Such cost savings may occur, for example, if lenders regularly send monthly statements to a significant number of borrowers having variable

rate loans tied to an external index. In these situations, the notification of rate increase could be incorporated in the monthly statement, thereby eliminating the need for a separate notice. Second, is a notice necessary for decreases in interest rates, and if so, is 10 days or 30 days a more appropriate time limit?

The FCA is also proposing a technical amendment to § 614.4367(a)(4) which addresses disclosures to purchasers of protected eligible borrower stock. Because only stock in existence at the time of enactment of the Agricultural Credit Act of 1987 (Pub. L. 100-233, Jan. 6, 1988) or stock issued within 9 months of enactment meets the definition of eligible borrower stock in section 4.9A of the Act, no further eligible borrower stock may be issued. Thus, all stock issued by Farm Credit institutions since 1988 is at risk. The proposal would delete the reference to eligible borrower stock in § 614.4367(a)(4) as unnecessary.

List of Subjects in 12 CFR Part 614

Agriculture, Banks, banking, Foreign trade, Reporting and recordkeeping requirements, Rural areas.

For the reasons stated in the preamble, part 614 of chapter VI, title 12 of the Code of Federal Regulations is proposed to be amended to read as follows:

PART 614—LOAN POLICIES AND OPERATIONS

1. The authority citation for part 614 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4014a, 4104b, 4106, and 4128; Secs. 1.3, 1.5, 1.6, 1.7, 1.9., 1.10, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.19, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.7, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2096, 2121, 2122, 2123, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2199, 2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2207, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a-2, 2279b, 2279b-1, 2279b-2, 2279f, 2279f-1, 2279aa, 2279aa-5); sec. 413 of Pub. L. 100-233, 101 Stat. 1568, 1639.

Subpart K—Disclosure of Loan Information

§ 614.4367 [Amended]

2. Section 614.4367 is amended by removing the words "Except with respect to eligible borrower stock under section 4.9A of the Act," and capitalizing the word "a" in paragraph (a)(4); and by removing the words "the effective date of a decrease in the interest rate and not later than 10 days before the effective date of an increase"

and adding in its place the words "10 days after the effective date of a change" in the second sentence of paragraph (c)(3).

Dated: November 17, 1995.

Floyd Fithian,

Secretary, Farm Credit Administration Board.
[FR Doc. 95-28586 Filed 11-22-95; 8:45 am]

BILLING CODE 6705-01-P

12 CFR Part 615

RIN 3052-AB68

Funding and Fiscal Affairs, Loan Policies and Operations, Funding Operations; Foreign Denominated Debt

AGENCY: Farm Credit Administration.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Farm Credit Administration (FCA) requests public comment through an Advance Notice of Proposed Rulemaking (ANPRM) regarding the issuance of debt securities of the Farm Credit System (System) denominated in foreign currencies. The Federal Farm Credit Banks Funding Corporation (Funding Corporation), on behalf of the Farm Credit banks (banks), is considering offering Federal Farm Credit Banks Consolidated Systemwide debt securities (Systemwide debt securities) outside of the United States under a proposed Global Debt Program (Program). Under the Program, Systemwide debt issuances could be denominated in foreign currencies. The FCA specifically requests public comment regarding any safety and soundness risks that may be posed by the issuance of foreign denominated Systemwide debt securities.

DATES: Written comments must be received on or before January 31, 1996.

ADDRESSES: Comments may be mailed or delivered to Patricia W. DiMuzio, Associate Director, Regulation Development, Office of Examination, Farm Credit Administration, McLean, VA 22102-5090. Copies of all communications received will be available for examination by interested parties in the Office of Examination, Farm Credit Administration.

FOR FURTHER INFORMATION CONTACT:

Michael J. LaVerghetta, Senior Financial Analyst, Office of Examination, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4498,

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