

§ 1965.15

103-354 office) of this subpart, “Memorandum of Understanding between Bureau of Sport Fisheries and Wildlife (now the U.S. Fish and Wildlife Service) and the Farmers Home Administration or its successor agency under Public Law 103-354,” outlines the procedure to follow in processing a subordination of an FmHA or its successor agency under Public Law 103-354 mortgage on wetlands on which the Bureau of Sport Fisheries and Wildlife requests an easement for waterfowl habitats. The County Supervisor will handle the request in accordance with the steps outlined in Exhibit A and applicable processing portions of §1965.12 of this subpart.

§1965.15 Subordination of FmHA or its successor agency under Public Law 103-354's lien to the Commodity Credit Corporation's (CCC) security interest taken for loans made for farm storage and drying equipment.

The CCC makes loans under its Farm Storage and Drying Equipment Loan Program for the purchase, construction, erection, remodeling, or installation of either farm storage or drying equipment or both and requires that any loan at the discretion of the approving committee, be secured by a lien on the real estate. When the CCC proposes to make a loan to an FmHA or its successor agency under Public Law 103-354 borrower and requests a subordination of the FmHA or its successor agency under Public Law 103-354 real estate lien, the request will be handled on an individual case basis under §1965.12 of this subpart. A borrower's request for the FmHA or its successor agency under Public Law 103-354's consent to a severance agreement or other similar instrument for an item or items to be acquired with a CCC loan will be handled under §1965.19 of this subpart.

§ 1965.16 Consent to junior liens.

As a general policy, FmHA or its successor agency under Public Law 103-354 borrowers will be discouraged from giving other creditors junior liens on real estate securing an FmHA or its successor agency under Public Law 103-354 loan. (For Sections 502 and 504 loans,

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see §1965.111 of Subpart C of Part 1965 of this chapter).

(a) *Processing request.* When consent to a junior lien is requested by a borrower, the County Supervisor may consent by executing Form FmHA or its successor agency under Public Law 103-354 465-1 or other form approved by OGC for use in the state provided:

(1) The terms of the junior lien debt are such that repayment is not likely to jeopardize payment of the FmHA or its successor agency under Public Law 103-354 loan;

(2) Operating plans made with the junior lienholder are consistent with plans made with FmHA or its successor agency under Public Law 103-354;

(3) Total debt against the security will not exceed its market value; and

(4) The junior lienholder agrees in writing not to foreclose the mortgage before a discussion with the County Supervisor and after giving a reasonable specified period of written notice to FmHA or its successor agency under Public Law 103-354.

(b) *Consent not requested or granted.* When a junior lien is placed on any property without FmHA or its successor agency under Public Law 103-354 consent and consent cannot be granted under this section, FmHA or its successor agency under Public Law 103-354 may continue with the loan as long as the borrower pays FmHA or its successor agency under Public Law 103-354 loans as agreed, maintains the security, and meets all other conditions of the loan. The existence of a junior lien cannot be treated as a default. The County Supervisor will continue to service the loan to protect the Government's security interest.

§ 1965.17 Lease of security.

(a) *General provisions.* When the County Supervisor learns that a borrower is leasing or intends to lease all or a portion of the security, the County Supervisor will ask the borrower for a copy of the lease, if it is written. If the borrower leases or proposes to lease the real estate security for a term of more