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AUTHORITY: Sec. 1, 58 Stat. 836; 12 U.S.C. 1150.

SOURCE: 10 FR 807, Jan. 23, 1945, unless otherwise noted. Redesignated at 13 FR 6903, Nov. 24, 1948.

**§ 3.1 Purposes of the act and regulations.**

The principal purposes of the act and of the regulations in this part are to provide means of:

- (a) Settling, by compromise, adjustment or cancellation relatively small

debts long past due and owing to the Government arising from loans or payments made under farm programs administered by the Department;

(b) recovering by the Department of substantial sums which are found uncollectible when the indebtednesses are treated as full obligations, and which otherwise would probably never be collected;

(c) clearing the accounts of balances so small as not to warrant continued efforts of collection; and

(d) the clearing of the accounts of the records of indebtedness made uncollectible by reason of the death or disappearance of the debtors.

The existence of the act will neither serve as grounds for any relaxation in the general collection policy of the Department nor should it serve as grounds for any lessening of the efforts of farmers to pay their indebtedness.

**§ 3.2 Definitions.**

(a) *Department* means Department of Agriculture.

(b) *Indebtedness* with respect to any person, means a debt to the Government under each of the acts and programs listed in § 3.10.

(c) *Compromise* means final liquidation of the indebtedness through the immediate payment of a portion thereof, and acceptance by the United States of such payment in full satisfaction of the indebtedness.

(d) *Adjustment* means the scaling down of the amount of the indebtedness including interest, conditioned upon the payment of the adjusted amount at some specified future time or times; such adjustment is not to be considered as effective as a settlement under this act until the provisions of the adjustment arrangement have been carried out.

(e) *Cancellation* means the complete discharge, without payment, of the indebtedness and the debtor.

[10 FR 807, Jan. 23, 1945, as amended at 11 FR 11984, Oct. 15, 1946. Redesignated at 13 FR 6903, Nov. 24, 1948; 55 FR 38662, Sept. 20, 1990]

**§ 3.3 Settlement of indebtedness.**

(a) Indebtedness will be compromised, adjusted, or canceled, upon applicability by the debtor except in those cases where it is found that it is