

matured and which is presented for any transaction when the books for that certificate are closed will be paid by check drawn to the order of the registered owner of record. On receipt of notice of the death or incompetency of an individual named as registered owner, a change in the name or in the status of a partnership, corporation, or unincorporated association, the removal, resignation, succession, or death of a fiduciary or trustee, delivery of interest checks will be withheld pending receipt and approval of evidence showing who is entitled to receive the interest checks. If the inscriptions on certificates do not clearly identify the owners, delivery of interest checks may be withheld pending reissue of the certificates in the correct registration, except as provided in this section. The final installment of interest will be paid by check drawn to the order of the registered owner of record on presentation and surrender of the certificate for redemption. To assure timely delivery of interest checks, owners should promptly notify FmHA or its successor agency under Public Law 103-354 of any change of address.

(e) *Assignments.* Assignments of certificates should be executed by the owner or the owner's authorized representative in the presence of an officer authorized to certify assignments. Assignments shall be made on the back of the certificate. Registered certificates may be assigned to a specified transferee or to FmHA or its successor agency under Public Law 103-354 for redemption or for exchange for other certificates offered at maturity. Assignments to "United States, Farmers Home Administration or its successor agency under Public Law 103-354," "Farmers Home Administration or its successor agency under Public Law 103-354 for Transfer," or "Farmers Home Administration or its successor agency under Public Law 103-354 for Exchange" will not be accepted unless supplemented by specific instructions by or in behalf of the owner. If an alteration or erasure has been made in an assignment, a new assignment from the assignor should be obtained. Otherwise, an affidavit or explanation by the person responsible for the alteration or

erasure should be submitted for consideration.

(f) *Death of certificate holder.* The Finance Office should be notified of the death of the registered owner of a certificate. The following documents should be forwarded with the notice if available.

(1) A certified copy of the death certificate.

(2) A certified copy of the court order appointing the Administrator or Executor (include the mailing address of the Administrator or Executor). The Finance Office will notify the person submitting such notice and/or documentation if any other records or documents are needed. Legal opinions and advice will be obtained by the Finance Office as needed from the Regional Attorney. After all legal requirements are met, the certificate should be reissued in the name of the current owner.

(g) *Replacement.* Lost, stolen, destroyed, or mutilated certificates will be replaced by the Finance Office on the registered owner's compliance with the requirements of § 1901.509.

**§ 1901.508 Servicing of insured notes outstanding with investors.**

The Director, or the insured loan officer of the Finance Office, is authorized in connection with the sale of any insured note to execute required documents on behalf of FmHA or its successor agency under Public Law 103-354 and to take other appropriate action, including, but not limited to, acknowledging notice of sale of an insured note, or requiring an insured holder to sell an insured note to FmHA or its successor agency under Public Law 103-354 in connection with any voluntary conveyance or foreclosure, or transfer related to liquidation of the borrower's account or any other servicing action so related. Upon recommendation by the State Director that purchase of an insured note is necessary for any servicing action not related to liquidation of the borrower's account, authorization may be given by the National Office to request the Director, Finance Office, to require a holder to sell an insured note to FmHA or its successor agency under Public Law 103-354.

(a) *Assignments*—(1) *Effective date of assignment.* When an insured note is

sold by a private holder to a private buyer, notice of such sale executed by the seller must be given to and acknowledged by FmHA or its successor agency under Public Law 103-354 in order for the sale to be binding on FmHA or its successor agency under Public Law 103-354, as to FmHA or its successor agency under Public Law 103-354, the effective date of the sale will be the acknowledgment date specified in the acknowledgement of notice executed by FmHA or its successor agency under Public Law 103-354.

(2) *Assignment to FmHA or its successor agency under Public Law 103-354 at request of FmHA or its successor agency under Public Law 103-354.* At any time FmHA or its successor agency under Public Law 103-354 considers it necessary for proper servicing of the loan, FmHA or its successor agency under Public Law 103-354 may require, in writing, a private holder to sell an insured note to FmHA or its successor agency under Public Law 103-354.

(3) *Assignment to FmHA or its successor agency under Public Law 103-354 at option of holder.* A private holder at any time during the option period may require, in writing, FmHA or its successor agency under Public Law 103-354 to purchase an insured note.

(4) *Price.* If FmHA or its successor agency under Public Law 103-354 is the buyer of an insured note, the price will be the par value as of the effective date of the sale. In other cases, the price will be determined by an agreement between the parties.

(b) *Sale of insured notes by private holders to private buyers.* (1) On receipt of notice from a private holder of intention to assign an insured note, the Director, Finance Office, will send the holder:

(i) Form FmHA or its successor agency under Public Law 103-354 471-7 "Notice and Acknowledgment of Sale of Insured or Guaranteed Loan."

(ii) A statement of the unpaid principal. If requested the Director, Finance Office, will furnish a statement of account instead of or in addition to a statement of the unpaid principal.

(iii) Appropriate information on how to complete the assignment.

(2) If the Director, Finance Office, is informed that an insured note has been

assigned and FmHA or its successor agency under Public Law 103-354 is requested to recognize the assignment, the Director, Finance Office, will send the assignor Form FmHA or its successor agency under Public Law 103-354 471-7, with directions for its execution.

(3) On receipt of Form FmHA or its successor agency under Public Law 103-354 471-7 properly executed by the assignor, the Director, Finance Office, will complete and execute the acknowledgment section of the form. The Director, Finance Office, will retain the original of the form, have two facsimile copies made and send one to the assignor, and one to the assignee. For any correction or other change to be made in the record of the name or address of a private holder, or of a designated agent of a private holder, a request will be made to FmHA or its successor agency under Public Law 103-354 in writing.

(4) As of the date of the acknowledgment, executed by the Director, Finance Office, on Form FmHA or its successor agency under Public Law 103-354 471-7 the Director, Finance Office, will transfer the insured note from the assignor to the assignee as the insured holder on the records of FmHA or its successor agency under Public Law 103-354. The name and address of the assignee will be recorded by FmHA or its successor agency under Public Law 103-354 exactly as they appear on Form FmHA or its successor agency under Public Law 103-354 471-7.

(5) Payments transmitted by FmHA or its successor agency under Public Law 103-354 on or after the acknowledgment date shown on Form FmHA or its successor agency under Public Law 103-354 471-7 will be transmitted to the assignee. The Director, Finance Office, will give notice to the assignor and the assignee of any payments transmitted by FmHA or its successor agency under Public Law 103-354 to the assignor before the acknowledgment date and after either the date of sale, or the date of the statement of account, whichever is earlier. However, FmHA or its successor agency under Public Law 103-354 will not be liable for any failure to give such notice.

(c) *Assignment of insured notes to FmHA or its successor agency under Public Law 103-354*—(1) *Assignment at the request of the holder.* For assignment of an insured note to FmHA or its successor agency under Public Law 103-354 during the option period at the request of the holder, the following procedure will apply:

(i) The holder will endorse the insured note as follows: “Pay to the order of the United States of America. Without recourse.” The holder will then deliver the endorsed note, together with the insurance agreement, to the Director, Finance Office.

(ii) On receipt of the endorsed note with the accompanying insurance agreement, the Director, Finance Office, will acknowledge receipt of the note and process payment to the assignor of the par value of the note as of the date of the Treasury check.

(2) *Assignment at the request of FmHA or its successor agency under Public Law 103-354.* The procedure for assigning an insured note at the request of FmHA or its successor agency under Public Law 103-354 will be the same as that prescribed in paragraph (c)(1) of this section, except that the Director, Finance Office, will send a written request to the holder requiring that the insured note be assigned to FmHA or its successor agency under Public Law 103-354 and delivered to the Director, Finance Office, with the accompanying insurance agreement. The Director, Finance Office, will explain that the assignment is necessary to enable FmHA or its successor agency under Public Law 103-354 to service the account properly and will give the holder all necessary information as to the manner of making the assignment and the amount to be paid by FmHA or its successor agency under Public Law 103-354.

(d) *Replacement of called or fully paid notes.* Certain insurance endorsements contain a clause or rider providing for a replacement note when the original note is paid in full, or is called by FmHA or its successor agency under Public Law 103-354. This provision applies to loans sold for a fixed period of 10 years or longer for loans sold on or after December 1, 1969, and a fixed period of 15 years or longer for loans sold before December 1, 1969. If a note is

paid in full or called by the Government and the lender is entitled to a replacement note, the lender may obtain a certificate of beneficial ownership in lieu of the replacement note. The certificate will carry the rates and terms applicable to the replacement note.

(e) *Death of a noteholder.* The Finance Office should be notified of the death of a holder of an insured note. The following documents should be forwarded with the notice if available:

(1) A certified copy of the death certificate.

(2) A certified copy of the court order appointing the Administrator or Executor (include the mailing address of the Administrator or Executor). The Finance Office will notify the person submitting the notice and/or documentation if any other records or documents are needed, and will provide any additional instructions that are needed. Legal opinions and advice will be obtained by the Finance Office as needed from the Regional Attorney.

**§ 1901.509 Loss, theft, destruction, mutilation, or defacement of insured notes, insurance contracts, and certificates of beneficial ownership.**

(a) *Block sale insurance contracts.* The Associate Administrator is authorized in connection with block sale insurance contracts to authorize the FmHA or its successor agency under Public Law 103-354's fiscal agent to establish requirements for issuance of a replacement insurance contract when the original issued by the Federal Reserve Bank of New York (FmHA or its successor agency under Public Law 103-354's fiscal agent) is lost, stolen, destroyed, mutilated, or defaced. When a block sale insurance contract is lost, stolen, or destroyed, a duplicate may be issued to the registered holder upon receipt of an acceptable certificate of loss and an indemnity bond without surety. The certificate of loss should include the legal name and present address of the owner and address when issued, if different from the present address; the capacity of person certifying, if other than owner; the identity of the insurance contract, including series number, contract number, denomination, issue date, and form of inscription of registry, and the full statement of