



APR 30 1992

FmHA AN No. 2527 (1951)

**SUBJECT: Notices to Farmer Program Borrowers Who
Are Delinquent or Financially Distressed**

**TO: State Directors, District Directors and
County Supervisors**

PURPOSE/INTENDED OUTCOME:

The purpose of the Administrative Notice (AN) is to inform County Supervisors of the material that will be included in the notice to the above subject borrowers. The intended outcome is to assure that such borrowers are provided with the forms needed to file an application for primary and preservation loan servicing or debt settlement.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The borrower notification packages and mailing labels will be received in the County Office in a few days. These packages are to be mailed to borrowers, certified mail, return receipt requested. These notification packages will be plastic wrapped and contain the forms necessary for a borrower to file an application for primary and preservation loan servicing or debt settlement. It will not be necessary for the County Office to open the plastic wrapped package. However, it will be necessary to include a signed Exhibit A of FmHA Instruction 1951-S for those borrowers that are delinquent and to those delinquent borrowers in non-monetary default. Attachments 3 and 4 will also be included for those borrowers in non-monetary default. A copy of the current commodity price list must be added to the notice package by the County Supervisor. Do not send Exhibit A to borrowers who are in non-monetary default but are not yet delinquent. Do not send Exhibit A to borrowers that are not yet delinquent but are financially distressed as defined in §1951.906 of FmHA Instruction 1951-S.

EXPIRATION DATE: March 31, 1993

**FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-S**



County Supervisors must notify all FmHA Farmer Programs (FP) borrowers, including all parties liable for the debt, when they become delinquent (30 days or more past due on making their FmHA payment) on their FmHA loans, in accordance with FmHA Instructions 1951-S. The current Report Code 540, "Status Report of Farmer Accounts," must be used to identify borrowers that are delinquent. The current Report Code 580, "Rural Housing Monthly Payment Delinquency Report," must be used for Farmer Programs borrowers that have delinquent Rural Housing loans for farm service buildings.

As noted above the revised FmHA Instruction 1951-S requires FmHA to send the notices to borrowers that are 30 days past due on making their FmHA installment payment. Previously, these borrowers were referred to as borrowers less than 180 days delinquent. See §1951.907 of FmHA Instruction 1951-S for further details. These borrowers do not have to respond to the notice. If they do not respond, they will be renotified if they become 180 days delinquent.

Borrowers that are financially distressed do not have to respond to the notice. If they do not respond, they will be renotified if they become delinquent.

If a borrower has filed bankruptcy on or after November 28, 1990, and does not have a confirmed bankruptcy plan, you must send the borrower's attorney Exhibit D to FmHA Instruction 1962-A with the appropriate attachments as required. Chapter 7 borrowers who filed bankruptcy on or after November 28, 1990, and have received a bankruptcy discharge should be notified in accordance with §1962.47 (c)(5) of FmHA Instruction 1962-A before liquidation occurs. Notification to borrowers who file bankruptcy after April 30, 1992, will be handled in accordance with §1962.47 (a)(3) of FmHA Instruction 1962-A.

Applications will be reviewed immediately after they are received. If additional information is needed, contact the borrower immediately after receipt of the application and request the additional information necessary to process the request. Also, inform the borrower of the remaining timeframe for submitting the additional information. Also, document in the file the contact and list the information needed. The "rule of reason" no longer applies.

If additional copies of the packages are needed, please call the FmHA Supply Center at FTS 262-2101 or 1-800-336-3604 or submit Form FmHA 2024-4, "Request for Forms, Supplies/Pamphlets Listed in FmHA Supply Catalog," to St. Louis, FC-311D. When ordering use item number 436, "Borrower Notice Packet." This item replaces item 435. Do not send out item 435 as a notice package.

County Offices with a low volume of borrowers, who need to receive a notice package, should contact their State Office and send their surplus of notice packages to other offices as needed.

The revised regulations have added the requirement of submitting income tax returns with a completed application, but the original income tax return must be returned to the applicant. A copy of the return will be stamped "Confidential" and retained in the County Office file.

Therefore, State, District and County Offices will be receiving a rubber ink stamp, stock #995 for stamping income tax returns with the words "Confidential Information." Income tax returns information cannot be released to unauthorized persons. The unauthorized release of such information may result in the imposing of severe penalties. The stamp on these documents should be a reminder that they are not to be released to unauthorized persons. When a replacement stamp is required, order stock #995 using the procedure outlined above regarding the Borrower Notice Packet.

ANY REVISIONS OR MODIFICATIONS TO THIS AND THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR FARMER PROGRAMS BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH STATE LAW.


LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 12:34 p.m. on 4/30/92, to
Districts at 2:30 p.m. on 4/30/92 and Counties at 4:30 p.m. on
4/30/92 by GSS.