



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

February 25, 1991

FmHA AN No. 2235 (1951)

SUBJECT: Servicing Farmer Programs Cases Where
Unauthorized Loan Servicing Was Granted

TO: State Directors, District Directors,
and County Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this AN is to clarify servicing procedures when unauthorized loan restructuring with writedown is discovered for those borrowers who were not eligible for the amount granted.

COMPARISON WITH PREVIOUS AN:

There are no previous AN's on this subject.

IMPLEMENTATION RESPONSIBILITIES:

When it is determined that a borrower received loan restructuring with writedown for which the borrower was not eligible, or for which there was no authorization, the servicing official must take action as provided in FmHA Instruction 1951-L. For the purposes of servicing these types of cases, the term "unauthorized assistance" will include unauthorized loan restructuring, with or without writedown.

For loans that were only reamortized, rescheduled, or consolidated with or without deferral, the policy of this Agency will be to continue with the borrower as per Section 1951.561(a)(1)(iii) of FmHA Instruction 1951-L, if all of the conditions in Section 1951.558(b) of FmHA Instruction 1951-L can be met. If the conditions of §1951.558(b) are not met, servicing must then proceed in accordance with §1951.558(c).

In all cases of unauthorized restructuring with or without writedown, Section 1951.561(a)(2) of FmHA Instruction 1951-L, which refers to a portion of the loan being unauthorized, does not apply. Also, paragraphs (i) and (ii) of Section 1951.561(a)(1) do not apply.

EXPIRATION DATE: December 31, 1991

FILING INSTRUCTION
Preceding FmHA
Instructions 1951-L



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Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

If you have any questions, you may contact Charles W. Thompson, Farmer Programs Loan Servicing and Property Management Division, at 475-4011.



LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 10:00 on 2/27/91 to
Districts at 12:00 on 2/27/91 and Counties at 2:00 on
2/27/91 by ASD.