UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-251

1951-S, 1955-C

For: State and County Offices

Servicing Delinquent Accounts for Claimants of the *Pigford v. Veneman* Class Action Lawsuit

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksie

1 Overview

A Background

Claimants under the *Pigford v. Veneman* class action continue to receive decisions from the adjudicator on their individual claims.

The Monitor continues to process requests for review of the adjudicator's decisions from the claimants and USDA. The Monitor determines which cases are referred back to the adjudicator for reconsideration. At this time, FSA has not received final decisions following reconsideration by the adjudicator.

In addition, there are currently a large number of late claim affidavits pending with the Arbitrator. The Arbitrator will determine which individuals submitting late claim affidavits will be allowed the opportunity to submit complete claim packages under the Consent Decree.

Until final decisions are received by the individual claimants in the court-ordered Consent Decree process, the policy of not accelerating or foreclosing against claimants remains in effect. Further guidance will be provided when accelerations and foreclosures may resume.

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Disposal Date	Distribution
October 1, 2003	State Offices; State Offices relay to County Offices

1 Overview (Continued)

B
Purpose

This notice provides clarification and direction to State and County Offices about:

- servicing direct FLP loans for claimants that prevailed and remain delinquent
- selling inventory property that was previously owned by a claimant.

C
Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact either of the following:
  - Veldon Hall, Director, LSPMD at 202-720-4572
  - Mary Durkin at 202-720-1658.

2 Action

A Servicing Delinquent Accounts of Claimants That Prevailed

State and County Offices may service outstanding loan accounts of claimants that prevailed and have outstanding debt that is delinquent as follows.

IF...	THEN...
Group I	
loans that were discharged under the Consent Decree and **were current** at the time of the adjudicator's decision, but outstanding debt on other loans or loans of a different FLP loan type remains delinquent	if the claimant had been previously sent a 1951-S servicing package, resume servicing of any outstanding debt according to existing regulations from the point servicing was stopped. These claimants **will not** receive new FmHA Instruction 1951-S servicing notices. However, if the claimant has not previously been notified of their servicing options and is now delinquent, send FmHA Instruction 1951-S, Exhibit A, **Attachments 1 and 2 by certified mail.**
Group II	
loans that were discharged under the Consent Decree and **were delinquent** at the time of the adjudicator's decision, but outstanding debt on other loans or loans of a different FLP loan type remains delinquent	start over and re-notify the borrower by sending FmHA Instruction 1951-S, Exhibit A, Attachments 1 and 2 along with Exhibit 1 of this notice by certified mail. In some situations, the claimant's loan account may have been delinquent and the account was brought current because of an administrative offset. Now, as part of the claimant's relief, the administrative offset has been refunded and the loan account may now again be delinquent. Notify the claimant of their servicing options by sending FmHA Instruction 1951-S, Exhibit A, Attachments 1 and 2 by certified mail.
Group III	
no loans were discharged under the Consent Degree, but adjudicator found discrimination in servicing	start over and re-notify the borrower by sending FmHA Instruction 1951-S, Exhibit A, Attachments 1 and 2 along with Exhibit 1 of this notice by certified mail.

Notes: See subparagraph B for further guidance on acceleration and foreclosure.

In cases where FmHA Instruction 1951-S servicing will start over, close out existing servicing action in Management of Agricultural Credit, if applicable, and initialize the new servicing action.

Continued on the next page

Action (Continued)

B
Acceleration and Foreclosure

Until final decisions are received for individual cases through the court-ordered Consent Decree process, the policy of not accelerating or foreclosing against claimants remains in effect. Loan servicing must continue to the point of acceleration but **do not** take acceleration or foreclosure action. Further guidance will be provided when accelerations and foreclosures may resume.

SED's must receive National Office concurrence on a case-by-case basis **before** accelerating loans and again before foreclosing on security that belongs to African American farmers who are not currently claimants under the Consent Decree but may have a late claim affidavit pending with the Arbitrator. Loan servicing must continue to the point of acceleration but **do not** take acceleration or foreclosure action until concurrence is obtained. Further guidance will be provided when accelerations and foreclosures may resume without National Office concurrence.

Note: In all cases where there is potential fraud in borrowers' loan relationships with FSA; i.e., conversion, the cases would generally be referred to the Office of Inspector General (OIG) with copies to OGC. In cases where the borrowers are claimants, continue to refer the particulars of the situations to OIG with copies to OGC. When cases are referred, include any applicable information concerning the claimants' status under the Consent Decree.

Continued on the next page

2 Action (Continued)

C
Inventory Property

The policy of not selling inventory property formerly owned by claimants that were acquired through foreclosure remains in effect. In cases where the property was not acquired through foreclosure, SED's shall ensure that they receive National Office concurrence on a case-by-case basis before advertising and again before selling inventory property previously owned by a claimant.

Further guidance will be provided when concurrence is no longer necessary for the sale of inventory property.

D
Appeal Hearing Pending

In some offices a claimant may have an appeal hearing in suspension pending the adjudication of their claim. When FSA is notified that the claim has been adjudicated, the office should then notify the Appeal Hearing Officer of the name of the claimant, and whether the claimant prevailed or was denied. For prevailing claimants, also provide the type of relief awarded by the adjudicator (such as cash, return of offset, loan cancellation, etc.) and the amount of the relief.

Continue to service the claimants outstanding loan account(s) according to subparagraph 2 A or B of this notice pending a decision of the appeal.

Guide Letter for Borrowers in *Pigford v. Veneman* Class Action

[Claimant Name]
[Claimant Address]
[SS#]
Claim #: [Claim #]
Adjudicator's Decision Date: [Adjudicator's Decision Date]

Dear [Claimant]:

The adjudicator in the *Pigford v. Veneman* class action has notified the Farm Service Agency (FSA) that your claim under Track A of the Consent Decree was approved. Under the Consent Decree, the adjudicator determined that you are to receive a cash payment, discharge of debt, or both. However, the outstanding balance on any other loans with you was not affected. One or more of your remaining loans are delinquent. Because debt may have been written off and a cash settlement received, your financial circumstances may have changed and may allow FSA to restructure your loans.

Attached is the "Notice of the Availability of Loan Servicing and Debt Settlement Programs for Delinquent Farm Borrowers" along with attachments. Please review and complete the enclosed forms within 60 calendar days of your receipt of the enclosed notice if you wish to apply for loan servicing, or the other benefits listed in the notice. If you need assistance in completing any of the forms, you may request the servicing official to assist you. If you have any questions, please contact our office at (telephone number).

Sincerely,

Farm Loan Manager

cc: Carolyn B. Cooksie
Deputy Administrator for
Farm Loan Programs