

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

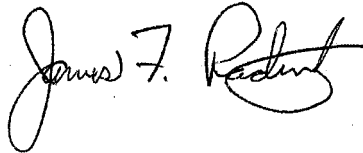
Notice FLP-718

1-FLP

For: State and County Offices

**Direct Loan Servicing Requirements for Hispanic and Women Farmers and Ranchers (HWFR)
Claimants in Conjunction With USDA's Initiative to Settle Outstanding Group Actions**

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

In 2009, the Secretary provided a comprehensive plan to address civil rights issues at USDA. On February 25, 2011, the Secretary announced a unified claims process for HWFR who allege they were discriminated against when they applied, or were discouraged from applying for direct farm loans or direct farm loan servicing. The claims period ran from September 24, 2012, through May 1, 2013.

In an e-mail memorandum from DAFO on behalf of DAFLP, dated January 7, 2015, State Offices were notified of all approved and denied Tier 1b and 2 claimants. Debt relief instructions were provided and debt relief was processed for all applicable loans. The claims administrator has now provided the names of all Tier 1a prevailing and denied claimants.

DAFLP provided a spreadsheet to all SED's that includes all Tier 1a prevailing claimants with debt relief and all other prevailing and nonprevailing Tier 1a claimants on June 6, 2015.

B Purpose

This notice provides:

- debt relief processing instructions for prevailing claimant loans
- guidance on servicing prevailing claimants
- guidance on servicing nonprevailing claimant loans.

Disposal Date	Distribution
June 1, 2016 6-25-15	State Offices; State Offices relay to County Offices

2 Servicing Actions

A Tier 1b and 2 Claimants

State Offices were notified on January 7, 2015, of all Tier 1b and 2 prevailing claimants. All debt relief has been processed. Claimants with debt relief with remaining loans may now be serviced according to 1-FLP, Exhibit 13.5.

Note: Borrowers whose loans have been previously accelerated will be sent the letter in Exhibit 1 before proceeding with servicing.

The nonprevailing claimants were released for servicing according to 1-FLP, Exhibit 1 on January 7, 2015.

B Prevailing Tier 1a Claimants

Prevailing claimant's loans that are to receive debt relief were provided by DAFLP in a spreadsheet on June 6, 2015, in a DAFO memorandum. If the claimant with debt relief is a primary borrower, co-borrower, cosigner, or entity member, full debt relief will be provided for all eligible loans (identified on the spreadsheet) to the primary borrowers or entity and all liable parties will be released of liability for the loans whether or not they were prevailing or nonprevailing claimants.

The National Financial Accounting and Operations Center (NFAOC):

- shall process the debt relief with an effective date of February 26, 2015
- intends to complete the "3K ADPS" transaction on or before June 29, 2015.

Note: NFAOC will refund any payments received after February 26, 2015.

Prevailing claimants without debt relief or without full debt relief will be serviced according to 1-FLP, Exhibit 13.5. Borrowers whose loans have been previously accelerated will be sent the letter in Exhibit 1 before proceeding with servicing.

C Nonprevailing Tier 1a Claimants

All nonprevailing claimants have been notified of their claim status by the Claims Administrator. These borrowers can now be serviced according to 1-FLP, Exhibit 13.5.

Note: Borrowers whose loans have previously been accelerated will be sent the letter in Exhibit 1 before proceeding with servicing.

2 **Servicing Actions (Continued)**

D State Office Action

State Offices shall:

- review the prevailing and nonprevailing claimants and notify County Offices of the claimants for their service area to notify DOJ of prevailing claimants who shall receive debt relief for the Assistant United States Attorney (AUSA) to file a satisfaction of deficiency judgment or modify the deficiency judgment
- notify DOJ of prevailing claimants who shall receive debt relief that have open bankruptcy cases for the AUSA to file a revised Proof of Claim
- notify DOJ of prevailing claimants who shall receive debt relief that have pending third party foreclosure actions pending for the AUSA to modify the Government's security interest.

E County Office Action

County Offices shall:

- discontinue processing primary loan servicing for prevailing claimants whose loans are all eligible for debt relief
- Note:** All other prevailing and nonprevailing claimants will be serviced according to subparagraphs 2 A and B and 1-FLP, Exhibit 13.5.
- discontinue accepting loan payments for prevailing claimants that shall receive debt relief
 - release supervised bank accounts for prevailing claimants on loans that shall receive debt relief
 - release security checks that require countersignatures and any assignments for prevailing claimants on loans that shall receive debt relief
 - return promissory notes for the loans that shall receive debt relief and record the lien instruments releases that are associated with the debt relief

Note: County Offices will mark the debt relief loans, "Satisfied through HWFR". The lien instrument releases shall be vouchered as "noncontractual and nonrecoverable" (F2N5) as outlined in 1-FLP, Part 7 and Exhibit 26.

2 Servicing Actions (Continued)

E County Office Action (Continued)

- continue to process loan applications or subordination applications for prevailing claimants with or without debt relief.

Note: For prevailing claimants that receive debt relief, the financials and cash flow will **exclude** FSA loans that received debt relief. The servicing official will make a note on the financials and cash flow of this action.

3 Contacts

A State and County Offices

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact either of the following:
 - Craig Nehls by e-mail to **craig.nehls@wdc.usda.gov**
 - Jenny Breece by e-mail to **jenny.breece@wdc.usda.gov**.

B Individuals, Media, or Denied Claimants

Individuals, media, or denied claimants that contact FSA personnel for information about the framework and the unified claims process should be advised using the following language.

“Thank you for your inquiry [*Mr./Mrs./Miss*_____].

It appears your inquiry pertains to the Hispanic and Women Farmers and Ranchers Unified Claims Process.

It would be inappropriate for USDA to provide any assistance, advice, or counsel to persons regarding the litigation framework. If you have questions about the framework or payment under the framework, we recommend that you contact the Claims Administrator by using the following:

- telephone at 888-508-4429 (toll free phone number)
- web site at **www.farmerclaims.gov**
- e-mail to **claims@hwfr.org**.

Copies of the framework may be obtained at **<https://www.farmerclaims.gov/Documents.aspx>**.”

Notification to HWFR Claimants Previously Accelerated

This letter shall be mailed to all HWFR claimants with remaining debt whose loans were previously accelerated. Current letterhead shall be used.

Note: Exhibit 1 is available in a fillable format at <http://intranet.fsa.usda.gov>. CLICK “FFAS Employee Forms/Publications Site” and CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “Notice FLP-718”.

Notice FLP-718, Exhibit 1

[Use Agency Letterhead format with local return address]

RE: Notification to HWFR Claimants Previously Accelerated

Date

Borrower's Name

Borrower's Address

Borrower's Town, State and ZIP Code

Dear Borrower's Name:

The Farm Service Agency (FSA) was informed that your claim under the Hispanic and Women Farmers and Ranchers (HWFR) Framework has received a final determination from the neutral Claims Adjudicator. Your claim in the process did not cure your FSA indebtedness. As a result of the closed claim, FSA's temporary suspension to foreclose or collect through offset has ended.

FSA will immediately reinstate collection of the delinquent indebtedness through the administrative and treasury offset with no further notice. FSA will begin to take any future payments that you are to receive through any eligible Federal programs or contracts. *(use this paragraph if borrower is subject to offset).*

On *(insert date of acceleration letter)*, the FSA sent you a “Notice of Acceleration of Farm Loan Programs Secured by Real Estate/or Chattels” by certified mail.

However, before FSA proceeds to take any further action to foreclose on your account we wanted to provide you with an opportunity to pay the loan(s) current or make other arrangements to settle the indebtedness.

FSA will provide you an opportunity to pay the loan(s) current or settle the indebtedness in some manner for a period of 30 calendar days from the date of this letter. If we have not heard from you within the 30 calendar days from the date of this letter, FSA will continue with the servicing of the indebtedness.

Please contact our office at _____ to discuss what action is needed to bring the loan(s) current or debt settlement options to resolve the indebtedness and to answer any questions you might have about the indebtedness.

Sincerely,

Name of Authorized Agency Official
Title