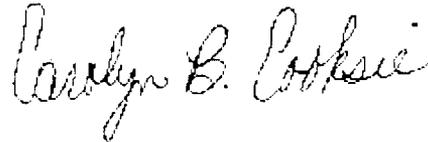


For: State and County Offices

Loan Processing When Civil Rights Complaint Has Been Filed

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

**A
Background**

The Civil Rights Action Team has identified situations of suspended application processing of loan applicants who have filed civil rights complaints while those complaints are pending.

**B
Purpose**

This notice clarifies the proper handling of loan requests when there is a civil rights complaint in process.

**C
Contacts**

State Offices shall direct questions regarding this notice to LMD through their Area Office.

Disposal Date

April 1, 1998

Distribution

State Offices; State Offices relay to County Offices.

2 Action

**A
Discussion**

The filing of a civil rights complaint does not stop loan processing activity. If a direct or guaranteed application has been filed for a loan, that request must be processed even though a civil rights complaint may be pending.

Because failure to advise an applicant of their ineligibility may be considered an adverse action in itself, the Agriculture Credit Manager (ACM) should timely process all applications in instances where a discrimination complaint is filed and notify the applicant of the decision. ACM's and other credit officials must fully explain to the applicant the basis for the unfavorable eligibility or feasibility decision according to FmHA Instruction 1910-A, sections 1910.6 (b) and 1910.7 (b) and (c), and FmHA Instruction 1980-B, sections 1980.114 (d) and 1980.115 (c).

**B
SED Action**

SED's shall:

- emphasize the importance of timely loan processing for all applicants
 - monitor application backlogs through the use of MRS or EIS reports to determine that loans are being processed according to Agency regulations
 - manage staff resources appropriately to minimize loan processing delays
 - identify cases in which the official responsible for processing the loan application is alleged to have discriminated against the applicant. In such cases, immediately assign a different FSA loan officer to process the application.
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**C
ACM Action**

ACM's and other credit officials must process applications according to FmHA Instructions regardless of the status of any pending civil rights complaint. Under no circumstances will there be any delay in processing loan applications pending the outcome of a filed complaint, or as a result of pre-approval or other special reviews being conducted for any other purpose.
