



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN. No. 1971 (1951)

August 17, 1989

SUBJECT: Notification to Farmer Programs Borrowers Who Have Requested to be Considered For Preservation Loan Service Programs

TO: State Directors, District Directors and County Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide a letter to be sent to Farmer Programs borrowers who failed to apply for primary loan service programs, but have requested preservation loan service programs by returning either Attachment 8 or 10 of Exhibit A. The present Exhibit K of 1951-S Instructions does not fit this situation. The intended outcome is to notify applicants of the information needed for a completed application for preservation loan servicing and encourage the processing of a leaseback/buyback agreement or homestead protection agreement, prior to FmHA acquisition of any real estate security.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 1952(1951) issued on July 17, 1989. The AN is identical to AN No. 1952(1951) except reference to Attachment 4 of Exhibit A is deleted from the front page.

IMPLEMENTATION RESPONSIBILITIES:

All FmHA Farmer Programs borrowers whose accounts were delinquent 180 days or more were sent Exhibit A with Attachments 1 and 2 to FmHA Instruction 1951-S. Those FmHA borrowers, who had been previously accelerated and fail to return Attachment 2 of Exhibit A, will be sent Attachments 7 and 8 of Exhibit A. If the borrower was not previously accelerated, Attachments 9 and 10 will be sent. Those borrowers, who did not return Attachment 2, are no longer eligible to apply for Primary Loan Servicing Programs.

EXPIRATION DATE: December 31, 1989

FILING INSTRUCTION:
Preceding FmHA
Instruction 1951-S

1971(1951)

If the borrower returns either Attachment 8 or 10 of Exhibit A and requests to be considered for preservation loan service programs, a letter similar to the attachment will be sent to the borrower. The attached letter advises the borrower of the required information that FmHA will need to process the preservation loan servicing request.

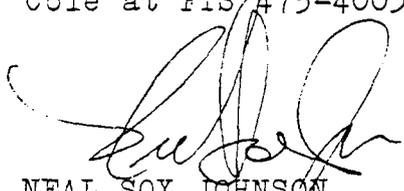
The sending of this attached letter will be handled within SENT in the following manner:

1. If the borrower has returned Attachment 8, the tracking sequence of SENT at this point will take you to CDW002. The outcome choice 5 "borrower requests preservation" on this activity screen will then take you to the hold screen for preservation PPX001. When you are at PPX001, the supporting activities should be accessed and the following information inserted: "send attachment to AN No. " along with the date the attachment was sent to the borrower.

2. If the borrower has returned Attachment 10 within the SENT program, you should be at activity screen CDW002. When you choose outcome 7, "request preservation servicing" then the next activity screen will be PPX001. The following information should be entered under the supporting activities of screen PPX001 "send attachment to AN No. ." A completion date for when the Attachment was sent to the borrower should also be entered for this supporting activity.

The present Exhibit K of FmHA Instruction 1951-S will still be used, but will apply only to those Farmer Programs borrowers, who have returned either Attachment 2 or 4 of Exhibit A, and who have applied for primary loan servicing but FmHA was not able to restructure the debt, and/or the borrower fails to buyout at Net Recovery Value.

This suggested letter will be incorporated into the final 1951-S regulations to be published later this year. If you have any questions, please contact Ann Eggleston at FTS 475-4009 or Dee Cole at FTS 475-4003.



NEAL SOX JOHNSON
Acting Administrator

Attachment: Preservation Letter

Sent by Time Delay Option to States at 10:30 am on 8/18 ; to Districts at 12:30 pm on 8/18 ; and Counties at 2:30 pm on 8/18 by ASD.

1971(1951)

Attachment to FmHA AN No. (1951)

Notification of Consideration for
Preservation Loan Service Programs

Dear (Borrower's Name)

This notice is to inform you that you are being considered for Preservation Loan Service Programs (Homestead Protection and Leaseback/Buyback). When you returned either Attachment 8 or 10 to Exhibit A of FmHA Instruction 1951-S, you requested to be considered for the above Loan Servicing Programs. We will, however, need the following additional information to complete our processing of your request:

- 1.
- 2.
- 3.

Please provide the above information within 15 days from the date of this letter. If we do not receive the above requested information within 15 days, we will reject your request for Preservation Loan Servicing Programs, and you will be notified of your right to appeal FmHA's decision.

[FOR INDIVIDUAL BORROWERS ONLY - INSERT EQUAL CREDIT OPPORTUNITY PARAGRAPH]

Sincerely,

County Supervisor
Farmers Home Administration
United States Department of Agriculture