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

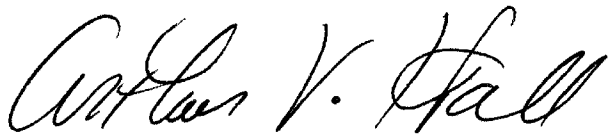
**Notice FLP-121**

1951-S

**For:** State and County Offices

**Servicing Delinquent Accounts for Claimants Notified of the Adjudicator's Decision in the *Pigford v. Glickman* Class Action**

**Approved by:** Acting Deputy Administrator, Farm Loan Programs



## 1 Overview

### A Background

Claimants under the *Pigford v. Glickman* class action are now being notified by letter of the adjudicator's decision about their individual claims. In some cases, only part of the claimant's debt has been forgiven and outstanding loans may remain delinquent. Claimants that may have been delinquent or in foreclosure before filing their claim may now have loans written off and may now have also received $50,000 cash payment. With this new financial information, it may be possible to successfully restructure the account.

### B Purpose

This notice provides direction to State and County Offices about servicing direct FLP loans to:

- claimants that prevailed and remain delinquent
- claimants that were denied and are delinquent.

### C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Veldon Hall, Director, LSPMD at 202-720-4572 or Polly Koehn at 202-720-2558.

| Disposal Date | Distribution |
|---|---|
| April 1, 2001 | State Offices; State Offices relay to County Offices |

## 2 Action

### A Servicing Delinquent Accounts of Claimants That Prevailed

State and County Offices may begin servicing outstanding loan accounts of claimants that prevailed and have outstanding debt that is delinquent. Servicing of these accounts will be handled as follows.

| IF... | THEN... |
|---|---|
| loans that are identified by adjudicator and written off as part of claimant's relief **were current** at the time of the adjudicator's decision, but outstanding debt remains and is now delinquent | resume servicing of any outstanding debt according to existing regulations at the point servicing was stopped. These claimants will not receive new FmHA Instruction 1951-S servicing notices. |
| loans that are identified by adjudicator and written off as part of claimant's relief **were delinquent** at the time of the adjudicator's decision, but outstanding debt remains and is now delinquent | start over and re-notify the borrower of FmHA Instruction 1951-S servicing with Attachments 1 and 2 of Exhibit A by certified mail. See Exhibit 1 for guide letter. |
| **no loans** were identified by adjudicator to be written off, but adjudicator found discrimination in servicing | start over and re-notify the borrower of FmHA Instruction 1951-S servicing with Attachments 1 and 2 of Exhibit A by certified mail. See Exhibit 1 for guide letter. |

**Notes:** See subparagraph C 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

**2 Action (Continued)**

**B**
**Servicing Delinquent Accounts of Denied Claimants**

State and County Offices may begin servicing outstanding loan accounts of claimants whose claims were denied and have outstanding debt that is delinquent. Servicing of these accounts will be handled in the following manner:

- Resume servicing of any outstanding debt according to existing regulations at the point servicing was stopped.
- These claimants will not receive new FmHA Instruction 1951-S servicing notices.

See subparagraph C for further guidance on acceleration and foreclosure.

**C**
**Acceleration and Foreclosure**

In all cases, servicing may continue up to the point of acceleration but **do not** take acceleration or foreclosure action on the account until further notice. To provide claimants an ample opportunity to seek monitor review of the adjudicators' decisions, we have agreed to freeze acceleration and foreclosure actions against all class members for a period of 90 calendar days from the date of this notice, or 90 calendar days from the date the claimant's decision is issued, whichever is later.

The National Office will track claimant requests for monitor review. When a claimant requests monitor review, State and County Offices will be notified and the freeze on accelerations and foreclosures will extend until the monitor review is final, or the adjudicator's reexamination of the claim is completed. If after the 90 calendar day time period, a class member has not made a request for monitor review, State and County Offices will be notified and should proceed with acceleration and foreclosure actions according to existing regulations.

**Guide Letter for Borrowers In *Pigford v. Glickman* 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. Glickman* class action has notified the Farm Service Agency (FSA) that your claim under Track A of the Consent Decree was approved. According to 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. As a result, your remaining loans are delinquent. Because debt may have been written off and a cash settlement received, your financial circumstances may have changed.

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 days of your receipt of the enclosed 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

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**Note to Servicing Official:** This guide letter will be sent to all borrowers who prevailed in the *Pigford v. Glickman* class action, but remain delinquent. FSA will begin FmHA Instruction 1951-S servicing again according to this notice.