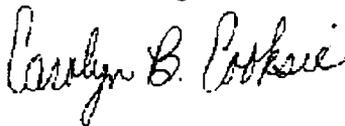


For: State and County Offices

Loan Processing When a Civil Rights Complaint Has Been Filed

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

**A
Background**

Situations have been identified in which loan processing has been suspended for loan applicants who have filed civil rights complaints with the Department's Office of Civil Rights 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
Contact**

State Offices shall direct questions about this notice to LMD.

Disposal Date

March 1, 1999

3-27-98

Distribution

State Offices; State Offices relay to County Offices

Notice FC-174

2 Action

A Discussion

The filing of a civil rights complaint does not stop loan processing activity. See FmHA Instruction 2012.57(c). If a direct or guaranteed application has been filed for a loan, that request must be processed according to Agency Instructions.

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 those instances where a discrimination complaint is filed and notify the applicant of the decision. ACM 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 these cases, immediately assign a different FSA loan officer to process the application.
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C ACM Action

ACM and other credit officials must process applications according to Agency 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.

D Obsolete Material

Notice FC-112 is obsolete.
