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

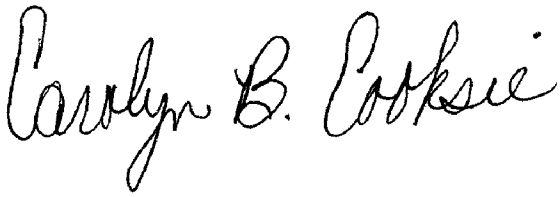
Notice FLP-153

1951-S, 1955-C

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: 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 on 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 have also received $50,000 cash payment. With this new financial information, it may be possible to restructure the account.

Part of the Consent Decree mandated the appointment of a Monitor. On January 18, 2000, the Monitor was appointed for a five-year term. The appointment ends on January 17, 2005. One of the Monitor's responsibilities will be to review claimants' requests for review of the adjudicator's decision. All claimants will have the opportunity to request a review of their claim by the Monitor.

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Disposal Date	Distribution
July 1, 2001	State Offices; State Offices relay to County Offices

1 Overview (Continued)

B
Purpose

This notice:

- obsoletes Notice FLP-121
- establishes the Monitor's review process
- provides clarification and direction to State and County Offices about:
  - servicing direct FLP loans for claimants that prevailed and remain delinquent
  - servicing direct FLP loans for claimants that were denied and are delinquent
  - selling inventory property that was previously owned by a black farmer.

C
Contact

If there are questions about this notice:

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

2 Action

A Servicing Delinquent Accounts of Claimants That Prevailed

State and County Offices may service 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...
Group 1	
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 delinquent	if the claimant had been previously sent a 1951-S servicing package, resume servicing of any outstanding debt according to existing regulations from the point servicing was stopped. These claimants **will not** receive new FmHA Instruction 1951-S servicing notices. However, if the claimant has not previously been notified of their servicing options, is delinquent, send FmHA Instruction 1951-S, Exhibit A, **Attachments 1 and 2, by certified mail.**
Group II	
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 delinquent	start over and re-notify the borrower by sending FmHA Instruction 1951-S, Exhibit A, Attachments 1 and 2 along with the guide letter (Exhibit 1 of this notice). Send all by certified mail. In some situations, the claimant's loan account may have been delinquent and the account was brought current because of an administrative offset. Now, as part of the claimant's relief, the administrative offset has been refunded and the loan account may now again be delinquent. Notify the claimant of their servicing options by sending FmHA Instruction 1951-S, Exhibit A, Attachments 1 and 2, by certified mail.

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2 Action (Continued)

A Servicing Delinquent Accounts of Claimants That Prevailed (Continued)

IF...	THEN...
Group III	
no loans were identified by adjudicator to be written off, but adjudicator found discrimination in servicing	start over and re-notify the borrower by sending FmHA Instruction 1951-S, Exhibit A, Attachments 1 and 2, along with the guide letter (Exhibit 1 of this notice). Send all by certified mail.

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 (MAC), if applicable, and initialize the new servicing action.

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 from the point servicing was stopped.
- These claimants will not receive new FmHA Instruction 1951-S servicing notices.

Note: See subparagraph C for further guidance on acceleration and foreclosure.

Continued on the next page

2 Action (Continued)

C
Acceleration and Foreclosure

In a June 2, 2000, letter, the Monitor notified all claimants of their right to submit a Petition for Monitor Review of the decision. The National Office has agreed to give all claimants who submit their Petitions for Monitor Review by a certain date the protection of a "freeze" on certain loan actions. To be covered by the "freeze", a claimant's petition must be postmarked by either 90 calendar days after June 2, 2000 (by August 31, 2000) or by 90 calendar days from the date of the adjudicator's decision, whichever is later.

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. The National Office will notify State and County Offices when any claimant files a Petition for Monitor Review. The "freeze" will remain in effect until the Monitor's review of the petition is complete and the adjudicator's reexamination, if any, is complete. Once a final decision by the Monitor has been issued, or adjudicator reexamination is complete, the National Office will notify State and County Offices that servicing may continue. For those claimants who do not submit a Petition for Monitor Review within the 90-calendar-day time period described in this subparagraph, the National Office will notify State and County Offices when acceleration or foreclosure actions may proceed.

D
Inventory Property

In addition to the freeze on certain loan actions in subparagraph C, the National Office has agreed to a "freeze" on the sale of inventory property formerly owned by any black farmer. To be covered by the freeze, the claimant's Petition for Monitor Review must be postmarked by either 90 calendar days after June 2, 2000 (by August 31, 2000), or by 90 calendar days from date of the adjudicator's decision, whichever is later. SED's shall ensure that they receive National Office approval on a case-by-case basis before advertising and again before selling inventory property previously owned by any black farmer.

SED's request for sale approval shall include the name and address of the previous owner of the inventory property involved. The National Office will verify the information to determine whether the former owner is a claimant who is covered by the freeze.

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2 Action (Continued)

E
Appeal Hearing Pending

In some offices, a claimant may have an appeal hearing in suspension pending the adjudication of their claim. When FSA is notified that the claim has been adjudicated, the office should then notify the Appeal Hearing Officer of the decision. FSA will provide the hearing officer with the name of the claimant and whether the claimant prevailed or was denied. If the claimant prevailed, FSA will provide the type of benefit (that is, offset, loan written off, etc.) and the amount of the benefit.

Continue to service the claimants outstanding loan account or accounts according to subparagraph A or B pending a decision of the appeal.

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 were not affected. As a result, one or more of your remaining loans are delinquent. Because debt may have been written off and a cash settlement received, your financial circumstances may have changed and may allow FSA to restructure your loans.

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 calendar days of your receipt of the enclosed notice if you wish to apply for loan servicing, or the other benefits listed in the 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

Note to Servicing Official: Borrowers identified in the Groups II and III of FLP Notice-153 will be sent this guide letter. These borrowers prevailed in the *Pigford v. Glickman* class action, but remain delinquent. FSA will begin FmHA Instruction 1951-S servicing again according to this notice.