

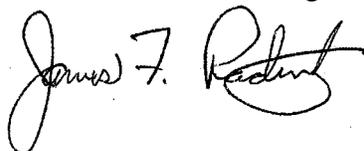
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Regular Direct Loan Servicing
4-FLP**

Amendment 25

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 2 A has been amended to add references to 1-DIS and 7-FLP.

Subparagraph 3 F has been amended to add a reference to 7-FLP.

Subparagraph 61 E has been amended to authorize SED to approve FSA-2425 for a nonresponsive borrower after all PLS options are exhausted.

Subparagraphs 61 E, 62 A, 64 B and C, 65 C, 97 B, 146 B, 282 A, 282 K and L, and 283 A and B have been amended to change FSC, FLOO to NFAOC, DLD.

Subparagraphs 65 D, 231 C, and 251 B have been amended to reference 7-FLP, Part 12.

Subparagraph 163 B has been amended to clarify when a new FBP is required to approve releases of normal income security.

Subparagraph 282 K has been amended to change FSA-1956-22's to FSA-2722's.

Exhibit 25.5 has been amended to change FLOO to NFAOC, PRD.

Exhibit 29 has been amended to remove a note.

Exhibits 52 and 53 have been amended to:

- change FLOO to NFAOC, DLD
- add the USDA Nondiscrimination Statement.

Amendment Transmittal (Continued)

Page Control Chart		
TC	Text	Exhibit
	1-1, 1-2	1, pages 1, 2
	1-5, 1-6	page 3
	5-3 through 5-8	25.5, pages 1, 2
	6-3 through 6-6	29, pages 1, 2
	6-71, 6-72	52, page 1
	7-7 through 7-10	page 2 (add)
	8-3	53, page 1
	9-13, 9-14	page 2 (add)
	11-1, 11-2	
	11-5, 11-6	
	11-7	

Part 1 Introduction and Purpose

1 Purpose and Sources of Authority

A Handbook Purpose

This handbook is designed to assist FSA in understanding:

- regulations governing direct loan regular or routine servicing
- roles and responsibilities in implementing regulations and other responsibilities in direct loan regular or routine servicing.

B Sources of Authority

The sources of authority for this handbook include:

- 7 CFR Part 765 and other regulations that may be referenced throughout this handbook
- various laws and statutes passed by Congress, including CONACT.

C Regulation References

Text in this handbook that is published in CFR is printed in **bold** text. CFR citation is printed in brackets in front of the text. The references and text:

- are intended to highlight the requirement spelled out in CFR
- may be used to support FSA adverse decisions.

Note: Cross-references printed in bold are citing a section of CFR. The handbook paragraph or subparagraph where the cross-referenced CFR text can be found is printed in non-bold text in parenthesis (within the bold text).

Example: Subparagraph 118 A provides “[7 CFR 765.205(c)] (1) For loans secured by **chattel, the subordination must meet conditions contained in paragraphs *(b)(3)(i) through (b)(3)(xiii) of this section** (subparagraph 117 A).”

The text “**paragraphs (b)(1)(i) through (b)(3)(xiii) of this section**” refers to 7 CFR 765.205 (b)(3). The nonbold reference indicates that 7 CFR 765.205(b) is included in subparagraph 117 A.--*

2 Related References

A Related FSA Handbooks

The following FSA handbooks concern FLP.

IF the area of concern is about...	THEN see...
appeals and mediation	1-APP.
civil rights compliance and administration for FSA programs	18-AO.
common management and operating provisions for program management activities, functions, and automated applications, such as forms that cannot be accepted by FAX	1-CM.
*--debt collection and resolution	7-FLP.
direct loan making	3-FLP.
direct loan special servicing and inventory property management	5-FLP.
disaster designations	1-DIS.--*
employee development and training	6-PM.
environmental requirements	1-EQ.
general and administrative regulations governing FLP, and implementing NAD final determinations	1-FLP.
guaranteed loan making and servicing	2-FLP.
the Emergency Loan Seed Producers Program, Horse Breeder Loan Program, Indian Tribal Land Acquisition Program, Special Apple Loan Program, Land Contract Guarantee Program, and servicing of minor loan programs	6-FLP.
personnel management, such as employee conflict of interest	3-PM.
policies and procedures for the acquisition of supplies, equipment, and services	27-AS.
procedures for collecting, maintaining, or disclosing data or information concerning an individual	3-INFO.
procedures for making records available to the public, other Federal agencies, and Congress	2-INFO.
processing collections and canceling loan checks and payments	3-FI.
State and county organization and administration policies, procedures, principles, and standards, such as work organization	16-AO.
State and county records management	25-AS.

Note: RD Instruction 1940-G must be used along with 1-EQ.

B Helpful Links

The Helpful Links web site at

--[https://amistad.sc.egov.usda.gov/flp/InformationalLinks?Action=Links&caller=index--](https://amistad.sc.egov.usda.gov/flp/InformationalLinks?Action=Links&caller=index--*) provides links to useful web sites.

3 FLP Forms (Continued)

B FSA-2029

All references to FSA-2029 within this handbook are intended as a reference to the applicable State-specific Mortgage or Deed of Trust. State-specific Mortgages or Deeds of Trust are available on the FFAS Employee Forms/Publications Online Website at [*--http://intranet.fsa.usda.gov/dam/ffasforms/forms.html](http://intranet.fsa.usda.gov/dam/ffasforms/forms.html) and are numbered FSA-2029--* "ST".

Notes: "ST" represents the appropriate State acronym.

SED is not required to issue a State supplement for the State-specific version of FSA-2029.

C Notary Acknowledgement

Forms do not include preprinted text for the Notary Acknowledgement because numerous States have State-specific laws establishing required text. Therefore, a fillable text area is provided under the "Acknowledgement" heading. SED's shall issue State supplements providing the appropriate Notary Acknowledgement text to be inserted.

D Applicant and Borrower Signatures

Forms completed by applicants or borrowers include a signature box to accommodate multiple signatures. Separate signature lines are not provided because the number of signatures required for an entity applicant or borrower cannot be determined in advance. Instructions for completing forms will provide guidance to applicants or borrowers on signature requirements.

Forms prepared by FSA for the applicant or borrower's signature include a fillable area instead of preprinted signature lines. County Offices shall insert a signature line and the name of each applicant, borrower, entity member, or other individual required to sign the form.

SED's shall issue a State supplement addressing State-specific signature requirements.

3 FLP Forms (Continued)

E State-Modified National Forms

State and County Offices shall use national forms unless their use is prohibited by State law. In such cases, the State Office may modify the national form. Follow guidance in 1-FLP, subparagraph 3 H for obtaining clearance for State-modified national forms.

Note: State-modified national forms based on national forms will be made available on the FFAS Employee Forms/Publications Online Website at

--<http://intranet.fsa.usda.gov/dam/ffasforms/forms.html> with the same form-- number as the national form, followed by the State acronym.

F State-Created Forms

State Offices may create forms, as necessary, when a national form is not available. State-created forms shall be assigned a 5-digit number establishing linkage to the appropriate FLP handbook, followed by the State acronym, according to the following.

IF the form pertains to...	THEN the form number shall be...
more than one FLP handbook	FSA-2000-1 ST, FSA-2000-2 ST, FSA-2000-3 ST, etc.
1-FLP	FSA-2100-1 ST, FSA-2100-2 ST, FSA-2100-3 ST, etc.
2-FLP	FSA-2200-1 ST, FSA-2200-2 ST, FSA-2200-3 ST, etc.
3-FLP	FSA-2300-1 ST, FSA-2300-2 ST, FSA-2300-3 ST, etc.
4-FLP	FSA-2400-1 ST, FSA-2400-2 ST, FSA-2400-3 ST, etc.
5-FLP	FSA-2500-1 ST, FSA-2500-2 ST, FSA-2500-3 ST, etc.
6-FLP	FSA-2600-1 ST, FSA-2600-2 ST, FSA-2600-3 ST, etc.
--7-FLP	FSA-2700-1 ST, FSA-2700-2 ST, FSA-2700-3 ST, etc.--

Notes: “ST” represents the appropriate State acronym.

Before using State-created forms imposing information collections on 10 or more persons per year, State Offices shall work with the National Office to obtain OMB approval.

State-created forms will be made available on the FFAS Employee Forms/Publications Online Website at <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>.

G Other Sources of Forms

FSA does **not** provide forms that establish an agreement or contract between applicants/borrowers and third parties only, such as leases. Advise applicants/borrowers to obtain these *--forms from other sources, such as State Extension Service, on-line services, attorney, etc.--*

61 General (Continued)**E Canceling Undisbursed Loan Funds**

After a loan has been closed, FSA-2425 will be used to cancel the obligation of funds that will not be used by the borrower. No interest accrues, since the funds were obligated, but not advanced.

*--FSA-2072 must also be prepared and submitted with a copy of FSA-2425 to NFAOC, DLD at the following address:

USDA, NFAOC, DLD, FC-533--*
PO BOX 200003
ST LOUIS MO 63120-0003.

The original FSA-2425 with the borrower's signature will be stapled to the original promissory note in the locking-type, fire-resistant file cabinet. A copy of FSA-2425 will be placed in the borrower's file in position 2 with the note and an ADPS Unclosed (UN) Screen *--screen-print, after completion of the deobligation by NFAOC, DLD.

If it is clear that the unused funds will not be used, but the borrowers will not sign FSA-2425, SED's are authorized to approve cancellation of undisbursed loan funds after all PLS options have been exhausted. This authority may not be redelegated. If PLS has not been exhausted, States Offices shall contact LSPMD for directions.

NFAOC, DLD's record of the loan will indicate the loan amount was reduced after--* deobligation. Keeping FSA-2425 with the promissory note (both original and copy) is the paper trail evidence that the loan amount was reduced after closing and the borrower consented.

DLS will be updated as required.

62 Regular Payments**A Applying Regular Payments**

[7 CFR 765.153(a)] A regular payment is credited to a scheduled installment on FLP direct loans and Non-program loans. Regular payments are applied to loans in the following order:

- (1) Annual operating loan;**
- (2) Delinquent FLP installments, paying least secured loans first;**
- (3) Non-delinquent FLP installments due in the current production cycle in order of security priority, paying least secured loans first;**
- (4) Any future installments due.**

--Regular payments received will be credited by NFAOC, DLD to loans in the order-- provided in subparagraph 64 A, beginning first with administrative costs and protective advances plus interest. Administrative costs and protective advances will only add on to FO's, SW's, and CL's. For other loan types, a new loan account is established. The loan number for these loans is generally between 75 and 99. Any protective advance or administrative cost charged back to a borrower's account is immediately due and payable.

62 Regular Payments (Continued)**B Regular Payments From Real Estate Sale Security With SED Approval**

[7 CFR 765.152(c)] Notwithstanding any other provision of this section, payments derived from the sale of real estate security will be treated as regular payments at the Agency's discretion, if the FLP loans will be adequately secured after the transaction.

When FSA becomes aware that the borrower is selling all or a portion of the real estate security, FSA-2060 should be requested from the borrower. When FSA receives the payment from the sale of real estate security, the authorized agency official must consult FSA-2060 to determine the loan to which the payment should be applied, generally in the order of lien priority.

Note: If the borrower requests that payments resulting from the sale or exchange of real estate security be applied to current, delinquent, or unmatured loan installments; the borrower, with the assistance of the authorized agency official, must complete and submit FSA-2060. Only SED's may approve this application of funds. The authorized agency official will forward the completed FSA-2060 and any other materials required to SED for review. The authorized agency official will inform the borrower of the decision and provide appeal rights according to 1-APP, if FSA-2060 is not approved.

63 Extra Payments**A Applying Extra Payments**

[7 CFR 765.153(b)] An extra payment is not credited to a scheduled installment and does not relieve the borrower's responsibility to make scheduled loan installments, but will reduce the borrower's FLP indebtedness. Extra payments are applied to FLP loans in order of lien priority except for refunds of unused loan funds, which shall be applied to the loan for which the funds were advanced.

64 **Distributing Payments to Loans**

A Order

[7 CFR 765.154] The Agency applies both regular and extra payments to each loan in the following order, as applicable:

- (a) Administrative costs and protective advances plus interest;
- (b) Deferred non-capitalized interest;
- (c) Accrued deferred interest;
- (d) Interest accrued to date of payment; and
- (e) Loan principal.

B Distribution

Distribute payments according to the following.

IF the loan...	THEN...
number is identified correctly on the payment information	*--NFAOC, DLD will automatically distribute the--* payment to borrower debt according to subparagraph A.
costs are separate from their parent loan (usually identified by loan numbers between 75 and 99)	the payment needs to be specifically identified to be applied to those loan cost accounts and then to the original loan.

C Notification of Account Activity and Status

--NFAOC, DLD will normally send the borrower and the local FSA office the following:--

- “Reminder of Payments To Be Made” 60 calendar days before the installment due date, which shows the borrower the installments due on each loan

--Notes: State Offices that have elected to discontinue the NFAOC, DLD notification-- will send a payment reminder letter similar to Exhibit 25.4 to the borrower. A report is under development to assist in accessing the needed data.

The “Reminder of Payments To Be Made” or payment reminder letter sent by the State Office will always provide the VRU telephone number (1-888-518-4983). VRU is a secure, automated system that requires a PIN number, and guides borrowers in obtaining the status of their loans at any time. If further loan information is needed, such as a payoff amount, borrowers are directed to call the FSA office.

- FSA-2065 annually, which shows the loan status, all transactions completed during the calendar year, and VRU telephone number.

Note: See Exhibit 25.5 for an explanation of IRS forms sent to borrowers annually.

65 Final Payments

A Calculating the Final Payment

When FSA is notified of the date the borrower will make the final payment, the authorized agency official calculates the final payoff amount by checking the “TPOF” field of the ADPS AI and PF Status Screens.

The authorized agency official shall verify that no other accounting transactions are pending that would affect the payoff amount. This may include, but is not limited to, payments that may not yet have been applied, loan costs that may not be posted on the account yet, interest rate changes, accounting corrections, and shared appreciation recapture.

Final payoffs shall be verified by 2 agency officials to lessen the possibility of an incorrect payoff amount being provided. Both officials will initial the AI and PF Status Screens and any other documentation to certify the amount. Exhibit 26 will be sent to the borrower only if the request for payoff is made before the day of payment in full.

B Supervised Bank Accounts and Undisbursed Loan Funds

If a borrower has a supervised bank account, the authorized agency official may apply any remaining funds in the account to the final payoff, or release the remaining funds in the supervised bank account to the borrower after they have paid the account in full.

See 1-FLP, Part 4 for more information on supervised bank accounts.

If a borrower has undisbursed loan funds, they must be canceled according to subparagraph 61 E before the account is paid off.

C Overpayment

[7 CFR 765.155(c)] If an Agency miscalculation of a final payment results in an overpayment by the borrower of less than \$10, the borrower must request a refund from the Agency in writing. Overpayments of \$10 or more automatically will be refunded by the Agency.

The authorized agency official sends any borrower requests for refund of overpayments to *--NFAOC, DLD and forwards refunds issued by NFAOC, DLD to the borrower.--*

65 Final Payments (Continued)

D Underpayment

[7 CFR 765.155(d)] If an Agency miscalculation of a final payment amount results in an underpayment, the Agency may collect all account balances resulting from its error. If the Agency cannot collect an underpayment from the borrower, the Agency will attempt *--to settle the debt in accordance with subpart B of 7 CFR part 1956. (7-FLP, Part 12)--*

If the authorized agency official discovers that the borrower underpaid FSA in an amount that exceeds \$10, the account will be serviced according to 5-FLP, Part 10.

If the promissory notes or security instruments have been released, the authorized agency official will immediately request guidance from the State Office, who will consult OGC.

If voluntary payment is not made to pay the debt in full, if a compromise offer is not made or accepted, or if court action is not initiated to collect the debt, the account will be referred for collection under TOP and cross-servicing after appropriate notice, if the remaining debt exceeds \$100.

Debt cancellations over \$10 will only be processed after all other attempts to collect the debt have been exhausted.

--97 Maintaining Debt Instruments--**A Identifying Debt Instruments**

Debt instruments are documents that show a debt owing with the terms of the debt amount, interest rate, years, etc. These instruments can include any of the following:

- accelerated repayment agreements
- approved debt settlement applications
- assumption agreements
- bankruptcy plans and/or stipulations accompanied by the confirmation order showing approval by the court and, when appropriate, discharge orders
- charged-off notes
- cost voucher documents
- court ordered or debt settlement documents
- promissory notes
- NRBRA's
- FSA-2543's
- suspension agreements.

***--Note:** Many of these documents are considered essential FLP records that require maximum protection and must be filed in locking-type, fire-resistant file cabinets, according to 25-AS, subparagraph 82 E.--*

97 Maintaining Debt Instruments (Continued)**B Conducting Yearly Debt Instrument Inventory**

--In March of each year, NFAOC, DLD provides County Offices with RC 830A listing all-- borrowers who should have debt instruments maintained in the County Office.

RC 830A includes the following for each borrower:

- name and case number
- fund code and loan numbers
- date of loan
- interest rate
- amount of noncapitalized interest, if applicable
- principal loan amount
- account flag.

When RC 830A is received, County Offices shall:

- verify that the debt instruments exist

Notes: Debt instruments such as bankruptcy plans and discharge orders should be attached to the instruments which they amend.

Shared appreciation payment agreements are not currently reflected on RC 830A, but should be noted and checked for accuracy.

- compare the information provided on RC 830A to the related debt instrument to identify any discrepancies

Note: Review findings shall be documented on RC 830A.

97 Maintaining Debt Instruments (Continued)

B Conducting Yearly Debt Instrument Inventory (Continued)

- take necessary corrective action when the:
 - difference in the principal loan amount or noncapitalized interest amount is more than \$100
 - interest rate must be corrected

Note: Attach a copy of the letter changing the interest rate to the promissory note (it is **not** necessary to correct promissory notes when the rate on the promissory note does not match RC 830A as a result of the interest rate being modified based on a limited resource review).

- obtain guidance from the OGC regional attorney, through the State Office, about any necessary corrections to promissory notes, NRBRA's, or shared appreciation agreements
- ensure that copies of all instruments are filed in case files
- submit cases requiring corrections to the State Office coordinator on FSA-2446 and State *--Office coordinator's will send completed FSA-2446's to NFAOC, DLD by:--*
 - FAX to:
 - 314-679-6815 for States 01 through 32
 - 314-679-6816 for States 33 through 64

- mail to:

--USDA-FSA-NFAOC-DLD--
 PO Box 200003
 St. Louis, MO 63120

- Note:** State Office coordinators should track and monitor the submission and resolution of account corrections using FSA-2445.
- obtain guidance from OGC regional attorney, through the State Office, about the need to replace lost or missing debt instruments
 - advise SED of the review results by July 31 of each year and retain RC 830A as a subdivided file under FLP 4-1, "Reports" according to 25-AS until the next year's report has been received and reviewed.

98 Maintaining Security Instruments**A Maintaining Security Documents**

Each County Office must maintain security instruments according to 25-AS.

B Maintaining Current Information

FSA must review or renew financing statements, security agreements, and other documents *--for each borrower periodically. County Offices shall use DLS to identify and track--* security instruments that need to be continued or updated. The authorized agency official will notify the borrower of any required information and documents. Notification, if not made in writing, should be documented in the running case record.

C Obtaining New FSA-2028's

FSA obtains new FSA-2028's when:

- a security interest is taken in crops
- FSA obtains additional security
- modifications to the security listed on the working copy of current FSA-2028's have been made
- deemed necessary to protect FSA's security interests.

SED will issue a State supplement to specify when to obtain a new FSA-2028 based on State law.

Section 5 Release of Real Estate and Chattel Security Liens Without Monetary Consideration

146 Release Without Monetary Consideration

A Release Because of Mutual Mistakes

SED's can authorize a release because of mutual mistakes only when they do all of the following:

- determine that a mutual error existed when the security was included in FSA's mortgage or lien
- obtain OGC's advice on whether a mutual mistake was made
- substantiate that the mistake was made
- document the findings in the borrower's case file.

B Release Because of No Evidence of Indebtedness

The authorized agency official may release a borrower's mortgage or lien, if the records of *--State and County Offices and NFAOC, DLD contain no evidence of an existing--* indebtedness secured by the mortgage or lien.

Note: The authorized agency official should verify that the borrower has no outstanding debt with the Rural Housing and Rural Development Finance Offices.

C Borrower Requested Chattel Security Release

[7 CFR 765.305(c)] The Agency will release its lien on chattel security without compensation, upon borrower request provided:

- (1) The borrower has not received primary loan servicing or Disaster Set-Aside within the last 3 years;**
- (2) The borrower will retain the security and use it as collateral for other credit, including partial graduation as specified in § 765.101 (Part 4);**
- (3) The security margin on each FLP direct loan will be 150 percent or more after the release. The value of the retained and released security will normally be based on appraisals obtained as specified in § 761.7 of this chapter (1-FLP, Part 6); however, well documented recent sales of similar properties can be used if the Agency determines a supportable decision can be made without current appraisals;**

146 Release Without Monetary Consideration (Continued)

***--C Borrower Requested Chattel Security Release (Continued)**

(4) The release is approved by the FSA State Executive Director; and

(5) Except for CL, the borrower is unable to fully graduate as specified in § 765.101 (Part 4).

The authorized agency official will prepare a narrative explaining how each of the applicable conditions above are met and submit the narrative along with supporting documentation to the State Office for review and concurrence. Supporting documentation will include all calculations and copies of any well-documented recent sales, such as real estate comparables, recent auctions, or other transactions in the area. State Office officials will review the request and if they concur, submit the request to the SED for approval.

D Borrower Requested Real Estate Security Release

[765.351(f)] Real estate security may be released by FSA without compensation when the requirements of paragraph (a) of this section (subparagraph 196 B), except paragraph (a)(3) of this section (subparagraph 196 B), are met, and:

(1) The borrower has not received primary loan servicing or Disaster Set-Aside within the last 3 years;

(2) The security is:

(i) To be retained by the borrower and used as collateral for other credit, including partial graduation as specified in § 765.101 (Part 4); or

(ii) No more than 10 acres, or the minimum size that meets all State and local requirements for a division into a separate legal lot, whichever is greater, and is transferred without compensation to a person who is related to the borrower by blood or marriage.

(3) The property released will not interfere with access to or operation of the remaining farm;

(4) Essential buildings and facilities will not be released if they reduce the utility or marketability of the remaining property;

(5) Any issues arising due to legal descriptions, surveys, environmental concerns, utilities are the borrower's responsibility and no costs or fees will be paid by FSA;--*

163 Using Proceeds From Chattel Security

A General Requirements

[7 CFR 765.303(a)] (1) Proceeds from the sale of basic security and normal income security must be remitted to lienholders in order of lien priority.

(2) Proceeds remitted to the Agency may be used as follows:

(i) Applied to the Agency debt;

(ii) Pay customary costs appropriate to the transaction.

(3) With the concurrence of all lienholders, proceeds may be used to preserve the security because of a natural disaster or other severe catastrophe, when funds cannot be obtained by other means in time to prevent the borrower and the Agency from suffering a substantial loss.

(4) Security may be consumed as follows:

(i) Livestock may be used by the borrower's family for subsistence;

(ii) If crops serve as security and usually would be marketed, the Agency may allow such crops to be fed to the borrower's livestock, if this is preferable to marketing, provided the Agency obtains a lien or assignment on the livestock, and livestock products, at least equal to the lien on the crops.

163 Using Proceeds From Chattel Security (Continued)**B Releasing Normal Income Security for Essential Family Living and Farm Operating Expenses**

[7 CFR 765.303(b)] In addition to the uses specified in paragraph (a) of this section, the agreement for the use of proceeds will allow for release of proceeds from the sale of normal income security to be used to pay essential family living and farm operating expenses. Such releases will be terminated when an account is accelerated.

See Exhibit 2 for the definition of essential family living and farm operating expenses. FSA may not consider all of the examples included in the definition as essential for every family and farming operation. The authorized agency official must consider all of the following:

- the individual borrower's operation
- what is typical for that type of operation in that area
- what is an efficient method of production considering the borrower's resources.

--The borrower must contact FSA for approval if the borrower wants to use proceeds to pay for farm operating expenses for future operations not included in the current FBP, so that FSA may work with the borrower to develop a feasible FBP. When the borrower and FSA-- cannot agree on security releases for essential family living and operating expenses, the borrower must request the release in writing. If rejected, the authorized agency official will notify the borrower, in writing, why the requested release was denied, including why the expenses requested for release are not basic, crucial, or indispensable to the family, the farming operation, or both. Appeal rights will be included with the notification. See 1-APP for appeal procedures.

C Basic Security

[7 CFR 765.303] (c) In addition to the uses specified in paragraph (a) of this section:

- (1) Proceeds from the sale of basic security may not be used for any family living and farm operating expenses.**
- (2) Security may be exchanged for chattel property better suited to the borrower's needs if the Agency will acquire a lien on the new property at least equal in value to the lien held on the property exchanged.**
- (3) Proceeds may be used to purchase chattel property better suited to the borrower's needs if the Agency will acquire a lien on the purchased property. The value of the purchased property, together with any proceeds applied to the Agency debt, must at least equal the value of the Agency lien on the old security.**

164, 165 (Reserved)

231 Withdrawal Requirements (Continued)

C Approval Authority

When FSA's debt plus prior liens, less the market value, is \$1 million or more (including principal, interest, and other charges), FSA-2080's must be approved by the Administrator or designee. FLM's or SFLO's may approve FSA-2080's when all FLP security is transferred and the total outstanding FLP debt is assumed; otherwise, SED's must approve FSA-2080's.

All cases requiring FSA-2080's from SED's will be submitted for review or debt settlement

--under 7-FLP, Part 12.--

If the borrower is delinquent, FSA will consider FSA-2080's according to 5-FLP, subparagraph 84 D.

232-245 (Reserved)

250 Closing the Transfer**A Basic Policy**

[7 CFR 765.405] The transferor and transferee are responsible for paying transfer costs such as real estate taxes, title examination, attorney's fees, surveys, and title insurance. When the transferor is unable to pay its portion of the transfer costs, the transferee, with Agency approval, may pay these costs provided:

- (a) Any cash equity due the transferor is applied first to payment of costs and the transferor does not receive any cash payment above these costs;**
- (b) The transferee's payoff of any junior liens does not exceed \$5,000;**
- (c) Fees are customary and reasonable;**
- (d) The transferee can verify that personal funds are available to pay transferor and transferee fees; and**
- (e) Any equity due the transferor is held in escrow by an Agency designated closing agent and is disbursed at closing.**

The authorized agency official will prepare closing documents according to 3-FLP, Part 16 and State and local requirements. Closing documents will be filed according to State law and as described in the State supplement.

B Final Processing

--The authorized agency official will complete a "1M", "4A", or "4D" transaction in DLS, as applicable, to record the transfer and assumption of the loan(s).--

The signed documents in the transfer docket will be placed in the transferee's case file and the transferor's file shall be maintained according to 25-AS.

251 Determining Transferor Liability After Closing**A Full and Complete Transfer**

[7 CFR 765.406(b)(1)] The Agency may release the transferor from liability when all of the security is transferred and the total outstanding debt is assumed.

B Transfer and Assumption of a Portion of the Indebtedness

[7 CFR 765.406(a)] Agency approval of an assumption does not automatically release the transferor from liability.

[7 CFR 765.406(b)(2)] If an outstanding debt balance will remain and only part of the transferor's Agency security is transferred, the written request for release of liability will not be approved, unless the deficiency is otherwise resolved to the Agency's satisfaction.

[7 CFR 765.406(b)(3)] If an outstanding balance will remain and all of the transferor's security has been transferred, the transferor may pay the remaining balance or request *--debt settlement in accordance with subpart B of 7 CFR part 1956. (7-FLP, Part 12)--*

If all security has been transferred, the remaining debt will be considered for debt settlement instead of release of liability under this Section.

In partial debt and partial security transfer cases, the transferee may pay any sale price or security shortfalls to resolve deficiencies as approved by the authorized agency official by any of the following:

- cash contribution
- participation credit
- subsequent FSA loans.

If only a portion of the indebtedness is to be assumed by the transferee, the authorized agency official must recommend and SED must approve or deny settlement of the remaining indebtedness.

Part 11 Borrowers Entering the Armed Forces

281 General

A Act Impact

The Servicemembers Civil Relief Act of 2003 and the Ronald W. Reagan National Defense Authorization Act for Fiscal Year (FY) 2005 both affect FSA loan servicing. The Servicemembers Civil Relief Act of 2003 authorization affects FLP borrowers on active duty at all times whereas the requirements of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year (FY) 2005 are only implemented during a time of a war or national emergency as declared by the President or Congress.

282 Servicemembers Civil Relief Act of 2003**A Interest Rate**

Subject to paragraph 283, FSA may not charge interest exceeding 6 percent on existing FLP debt if the borrower enters full-time active military duty.

Upon learning that a borrower enters active duty, the authorized agency official shall send a notification letter to the borrower stating that the interest rate on their FSA loans will not exceed 6 percent while the borrower is on active military duty. The borrower shall submit written notice and a copy of the military orders calling the service member to military service and any orders further extending military service. The interest rate change will be effective with the date the military service started (as verified in the military orders submitted by the borrower).

If the borrower's interest rate is already lower than the 6 percent rate, the borrower will be notified that FSA will not increase the borrower's interest rate.

--Adjustments to the interest rate based on military service must be processed by NFAOC, DLD only; therefore, the authorized agency official should send a memorandum to NFAOC, DLD that confirms the military service of the borrower and the effective date of that-- service.

In addition, the authorized agency official shall process applicable changes to SCIMS to change the borrower's address to the address at which FSA may contact the borrower while on active military duty or the address of a designated power of attorney.

B Penalty for Violations

Violations of the Servicemembers Civil Relief Act of 2003 are misdemeanors. Knowingly violating the provisions of the Servicemembers Civil Relief Act of 2003 is punishable by fines, imprisonment for not more than 1 year, or both.

282 Servicemembers Civil Relief Act of 2003 (Continued)

J Treasury and Internal Administrative Offsets

Treasury and internal administrative offsets will be discontinued once a borrower is ordered to report for induction or military service, and any payments received as a result of offset after the date the borrower was called to active duty will be refunded. Treasury offsets shall be suspended by State Offices by deleting affected loans each quarter on the Borrowers Eligible for TOP Offset Certified Screen or the Borrowers Eligible for TOP Offset Screen. Co-borrowers associated with this debt must also be deleted in an effort to reduce hardship on the family. See applicable FI directives for further information. The suspension will begin when the borrower is ordered to report for induction or military service and continues during the period of active duty and 3 months thereafter.

Note: Use delete code "07", "Borrower was indebted to FSA before entering full time active duty military service and the account is being serviced according to the National Defense Act."

K Treasury Cross-Servicing

Borrowers and co-borrowers called to active military duty similarly shall not be referred for cross-servicing.

Note: If the borrower has been referred to Treasury for cross-servicing, State Offices must *--FAX FSA-2722's with code "07" in item 14A to NFAOC, DLD at 314-457-4539.--*

L Canceling the 6 Percent Interest Rate

If FSA decreased the borrower's interest rate, as soon as the authorized agency official verifies that a borrower is no longer on active duty, the authorized agency official shall send a *--letter to NFAOC, DLD. This letter instructs NFAOC, DLD to terminate the 6 percent--* interest rate and revert to the rate in existence before the assignment of the 6 percent rate.

283 Ronald W. Reagan National Defense Authorization Act for Fiscal Year (FY) 2005

A Suspension of Interest Accrual and Payments

During a time of war or national emergency as declared by the President or Congress, the existing FLP payments of borrowers on active duty (National Guard members must be on duty at least 30 calendar days to be considered on active duty) will be deferred and interest will not accrue beginning on October 28, 2004, or the date in which they enter active duty, whichever is later. If any regular payments have been made since the date noted, October 28, 2004, the borrower should be contacted and the payment will be refunded at their request. The due dates of all payments due during and after such active duty will be deferred for a period of time equal to the time the borrower is on active duty during war or a national emergency.

Example: A borrower with an OL (matures January 15, 2009, annual payment on January 1) and a FO (matures February 15, 2030, annual payment on January 1) enters active duty on October 1, 2006, and is discharged on April 1, 2007 (182 days).

- Interest will not accrue from October 1, 2006, to April 1, 2007.
- The payments on both loans will be due on September 30 each year (April 1, 2007 + 182 days = September 30).

Note: Funds from the sale of basic security must be applied as an extra payment according to subparagraph 63 A.

When information is received by the County Office that a borrower has entered or is entering active duty, the County Office will send:

- the borrower Exhibit 52, informing them that payments will be deferred and interest will not accrue during time of active duty
- *--NFAOC, DLD a courtesy copy by FAX to:--*
 - 314-679-6815 for State coded 01 through 32
 - 314-679-6816 for State coded 33 through 64.

**283 Ronald W. Reagan National Defense Authorization Act for Fiscal Year (FY) 2005
(Continued)****B Reinstating Annual Payments and Interest Accrual**

The payment deferral and interest nonaccrual status will end on the earlier of the date the:

- war or national emergency is over
- borrower is released from active duty.

When information is received that the war or national emergency is over, or the borrower has been released from active duty, the County Office shall send:

- the borrower Exhibit 53, informing them that suspension and nonaccrual status has ended
- *--NFAOC, DLD a courtesy copy by FAX to:--*
 - 314-679-6815 for State coded 01 through 32
 - 314-679-6816 for State coded 33 through 64.

C Acceleration or Foreclosure

FSA will not accelerate or foreclose on the property of a borrower in the armed forces during the borrower's tenure of service and for 3 months, thereafter.

Note: If the account has been referred to DOJ, notify DOJ that the borrower is entitled to relief under the Servicemembers Civil Relief Act of 2003 and the Ronald W. Reagan National Defense Authorization Act for Fiscal Year (FY) 2005 (subparagraph 281 A).

284-290 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

Form Number	Title	Display Reference	Paragraph Reference
AD-1026	Highly Erodible Land Conservation and Wetland Conservation Certification		116
CCC-679	Lien Waiver		118
FSA-2001	Request for Direct Loan Assistance		116, 126
FSA-2025	Notification of Approval Terms and Conditions and Borrower Responsibilities		247-249
FSA-2026	Promissory Note		3, 247, Ex. 2, 20
FSA-2028	Security Agreement		Text, Ex. 2, 4
FSA-2029	Mortgage/Deed of Trust		3
FSA-2037	Farm Business Plan – Balance Sheet		116
FSA-2038	Farm Business Plan – Income and Expenses		116
FSA-2040	Agreement for the Use of Proceeds and Security		61, 162, 181, 212
FSA-2044	Assignment of Income		281
FSA-2045	Record of the Disposition of FSA Security/Release of Proceeds		162, 166, 181
FSA-2060	Application for Partial Release, Subordination, or Consent		Text
FSA-2065	Annual Statement of Loan Account		64, Ex. 25.5
FSA-2072	Cancellation of U.S. Treasury Check and/or Obligation		61
FSA-2080	Release From Personal Liability		231, 247, 251

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Form Number	Title	Display Reference	Paragraph Reference
FSA-2425	Request to Cancel Undisbursed Loan Funds		61
FSA-2429	Request for Change in Application		61
FSA-2433	Satisfaction of Lien		65
FSA-2434	Consent and Release of Interest of United States		65
FSA-2445	Control Log PLAS/GLAS Account Corrections		97
FSA-2446	PLAS/GLAS Account Correction		97
FSA-2450	Temporary Amendment of Consent to Payment of Proceeds From Sale of Farm Proceeds		162
FSA-2455	Subordination by the Government		120
FSA-2465	Assignment, Acceptance, and Release (Wool and Mohair)		166
FSA-2470	Partial Release		166, 212
FSA-2476	Transfer of Real Estate Security		247
FSA-2489	Assumption Agreement		247
FSA-2490	Deceased Borrower Report		266
FSA-2495	Application to Move Security Property		291
FSA-2543	Shared Appreciation Agreement		3, 97, 267
FSA-2551	Request for Nonmonetary Default Determination		100, 181
FSA-2585	Acquisition or Abandonment of Secured Property		Ex. 25.5
FSA-2722	Update to TOP and Cross-Servicing Information		282
IRS 1098	Mortgage Interest Statement		Ex. 25.5
IRS 1099-A	Acquisition or Abandonment of Secured Property		Ex. 25.5
IRS 1099-C	Cancellation of Debt		Ex. 25.5
IRS 1099-G	Certain Government Payments		Ex. 25.5
IRS 1099-INT	Interest Income		Ex. 25.5
IRS 1099-MISC	Miscellaneous Income		Ex. 25.5
UCC1	National Financing Statement		247, 291, Ex. 2

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AI	account information	65
APCD	type of applicant code	Ex. 25.5
CFS	Central Filing System	102
CL	conservation loan	Text, Ex. 2
CNC	currently not collectible	Ex. 25.5
CONACT	Consolidated Farm and Rural Development Act	1, Ex. 2
GL	guide letter	2
NFAOC, DLD	National Financial and Accounting Operations Center, Direct Loan Division	61, 62, 64, 65, 97, 146, 282, 283, Ex. 52, 53
NFAOC, PRD	National Financial and Accounting Operations Center, Program Reporting Division	Ex. 25.5
NP	nonprogram loan	16, 46, 62, 266, 248
NRBRA	Net Recovery Buyout Recapture Agreement	97
PF	Payoff Balance	65
PIN	personal ID number	63
PLS	primary loan servicing	61
RC	report code	Text, Ex. 25.5
SAA	Shared Appreciation Agreement	117, Ex. 2
ST	softwood timber loan	16, 196, 246
TDCLCR	Term Debt and Capital Lease Coverage Ratio	32
VRU	Voice Response System	63

Re delegations of Authority

SED’s may redelegate their authority to approve subordinations or releasing and refiling lien instruments instead of subordination to FLC, FLS, or DD.

IRS Forms, Corrections, and Reports

A IRS Forms

County Offices receive reports for the year ending December 31 of FLP borrowers reported on IRS 1099-A, IRS 1099-C, IRS 1099-G, and copies of IRS 1099-INT and IRS 1099-MISC along with the letter mailed to the borrower, as applicable.

***--Note:** NFAOC, PRD reports this information to IRS and the borrower.--*

The following forms are mailed out by **COB January 31** of each year.

IRS Form	Explanation
1098	<p>IRS 1098:</p> <ul style="list-style-type: none"> • is attached to FSA-2065 for the annual yearend reporting • applies only to loans secured by real estate only or secured by real estate and chattel.
1099-A	<p>IRS 1099-A is sent to IRS and the affected FLP borrowers:</p> <ul style="list-style-type: none"> • whose security property was acquired as a full or partial satisfaction of their debt during the calendar year • reported on FSA-2585 during the calendar year. <p>Note: Use FSA-2585 as a substitute for IRS 1099-A when State and County Offices become aware of an abandonment and the acquisition will not be processed within 6 months. The borrower *--receives 1 copy and NFAOC, PRD receives the other copy no later than the first workday in January. The information on the NFAOC, PRD copy is data converted and merged with the *--IRS 1099-A acquisition data reported to IRS in February. It is critical that all spaces on FSA-2585 be completed.</p> <p>County Offices receive RC 960 that identifies each borrower, the unpaid principal, and market value of the acquired or abandoned property reported to IRS and the borrower.</p>

IRS Forms, Corrections, and Reports (Continued)

A IRS Forms (Continued)

IRS Form	Explanation
1099-C	<p>IRS 1099-C is provided to each borrower with a direct loan that had debt discharged through a writeoff, shared appreciation write-down, net recovery buyout, or writeoff of a lease account during the calendar year. Writeoffs processed with a class of writeoff code “5”, which are CNC (borrower is not released from liability), and equity receivable writeoffs are not reported to IRS. The total amount of debt canceled with an effective date in the calendar year will be reported on IRS 1099-C. The amount includes the following:</p> <ul style="list-style-type: none"> • deferred interest • deferred noncapitalized interest • interest discharged from the note and advance • noncapitalized interest • principal discharged from the note and advance. <p>County Offices receive RC 970 that identifies each borrower and the amount of discharged debt reported to IRS and the borrower.</p>
1099-G	<p>IRS 1099-G will be provided to all recipients of grant funds during the calendar year. Grant disbursements with current year check dates will be reported.</p> <p>IRS 1099-G generated with invalid addresses will be mailed to the appropriate State Office to distribute immediately to the grant recipients. Servicing offices will receive RC 980 that identifies each grant recipient and the disbursed amount reported to IRS and the borrower.</p>
1099-INT	<p>IRS 1099-INT is provided to IRS for direct loan borrowers who received interest income (interest paid) on refunds made under the Internal Administrative Offset Program.</p> <p>*--Note: NFAOC, PRD mails a copy to the borrower and the County Office.--*</p> <p>IRS 1099-INT is sent to borrowers who must have APCD on the ADPS MI Status Screen of “1”, “Individual”, or “2”, “Partnership”, and interest paid of \$10.01 or more. These forms are prepared manually.</p>
1099-MISC	<p>IRS 1099-MISC is provided to IRS for individuals who received payments from FSA for a nonclass action, discrimination claim settlement. A copy is mailed to the individual and the County Office. These forms are prepared manually.</p>

Notification Letter to Potential Purchasers

A Example of Notification Letter

In States without CFS, FSA follows the filing requirements specified for perfecting a lien on a borrower's chattel security under State law. FSA will distribute the list of chattel and crop borrowers to sale barns, warehouses, and other businesses listed by the borrower on FSA-2040 that buy or sell chattels or crops. The notification to potential purchasers will be mailed using the following letter. Go to <http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html>, CLICK "Find Current Forms Using Our Form Number Search", in the "Form Number" block, type, "4-FLP Exhibit 29", and CLICK "Submit".

*--

4-FLP, Exhibit 29

(Use Agency Letterhead format with local return address.)

NOTIFICATION LETTER TO POTENTIAL PURCHASERS

To : _____ Date: _____

Dear Buyer,

The United States of America, through the Farm Service Agency, has made loans to borrowers living in your vicinity to enable them to carry on their farming operations. As security for such loans, the borrowers have executed in favor of the United States, (1) mortgages on crops, livestock, and farm equipment in chattel mortgage states, or (2) financing statements and security agreements on crops, livestock, supplies, other farm products, farm equipment and inventory and on the proceeds and products thereof in Uniform Commercial Code States. The appropriate instruments are filed or recorded in the place and manner prescribed by law. As you are a buyer of certain types of property on which the Farm Service Agency takes liens, we are attaching a list of the names and addresses of some of the borrowers, residing in the County indicated on the list, who have executed security instruments on such property in favor of the United States.

This list is sent to you to comply with the notification requirements under 7 U.S.C. 1631 (protection for purchasers of farm products). It does not relieve you of any responsibility you may have of keeping informed of recorded lien instruments covering the property you purchase. It should be treated as confidential.

If you have questions concerning any particular transaction involving any of the property on which the Farm Service Agency holds a lien, please contact _____.

Sincerely,

[Authorized Agency Official's Title]

Attachment

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited basis will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotope, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

Page 1

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Notification Letter to Potential Purchasers (Continued)

B List of FSA Borrowers

Complete the following list and attach to the Notification Letter to Potential Purchasers.

* * *

4-FLP, Exhibit 29		
LIST OF FARM SERVICE AGENCY BORROWERS		
1. Name and Address of Person Indebted to Secured Party	2. Debtor's Tax I.D. or Social Security Number (9 Digits)	
3A. Description of Farm Product(s)		
3B. Approximate Quantity	3C. Crop Year	3D. County Where Located
4. Checks Jointly Payable Any check you may draw in payment for the farm products described in this notice must be made payable both to: FARM SERVICE AGENCY (FSA) AND _____		
5. Any Other Payment Obligations		
1. Name and Address of Person Indebted to Secured Party	2. Debtor's Tax I.D. or Social Security Number (9 Digits)	
3A. Description of Farm Product(s)		
3B. Approximate Quantity	3C. Crop Year	3D. County Where Located
4. Checks Jointly Payable Any check you may draw in payment for the farm products described in this notice must be made payable both to: FARM SERVICE AGENCY (FSA) AND _____		
5. Any Other Payment Obligations		
1. Name and Address of Person Indebted to Secured Party	2. Debtor's Tax I.D. or Social Security Number (9 Digits)	
3A. Description of Farm Product(s)		
3B. Approximate Quantity	3C. Crop Year	3D. County Where Located
4. Checks Jointly Payable Any check you may draw in payment for the farm products described in this notice must be made payable both to: FARM SERVICE AGENCY (FSA) AND _____		
5. Any Other Payment Obligations		
<p><i>The information on the list of Farm Service Agency borrowers contains personally identifiable information (PII) that is protected from unauthorized use and/or unauthorized disclosure by Federal statutes to include the Privacy Act of 1974 (5 U.S.C. § 552a - As Amended). Unauthorized use and/or unauthorized disclosure of protected data may result in civil or criminal penalties for failure to comply with Federal statutory requirements and/or for wrongful use/disclosure of confidential information.</i></p>		
Page 2		

Borrowers Entering Active Duty

When information is received by the County Office that a borrower has entered or is entering active duty, the County Office will send:

- the borrower the following, informing them that payments will be deferred and interest will not accrue during time of active duty

- *--NFAOC, DLD a courtesy copy by FAX to:--*
 - 314-679-6815 for State Offices coded 01 through 32
 - 314-679-6816 for State Offices coded 33 through 64.

Note: This exhibit may only be revised by SED.

Borrowers Entering Active Duty (Continued)

*--Go to <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>, CLICK "Find Current Forms Using Our Form Number Search", in Form Number block, type, "4-FLP Exhibit 52", and CLICK "Submit".

4-FLP, Exhibit 52

(Use Agency Letterhead format with local return address.)

BORROWERS ENTERING ACTIVE DUTY

Dear:

On October 28, 2004, the President signed into law the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (the Act). As per the Act, while you are on active duty, interest will not accrue and annual payments will not be required (will be deferred) on your Farm Service Agency (FSA) Farm Loan Program (FLP) loans while the United States is at war or during a national emergency as declared by the President or Congress. Payments due during or after active duty will be deferred for the length of time you are on active duty.

The beginning date of the deferred and non-accrual status is _____. The deferral and non-accrual status will end on the earlier of when your active duty ends or the war or national emergency is concluded.

FSA is committed to providing service to assist our borrowers who are impacted by military deployment. Please continue to keep this office apprised of your current duty status so your account can be updated in a timely manner once you are relieved from active duty (with a copy of your release orders) or the national emergency has ended.

Please do not hesitate to contact this office if any further information is required.

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

--*

Borrowers Leaving Active Duty

When information is received that the war or national emergency is over, or the borrower has been released from active duty, the County Office shall send:

- the borrower the following, informing them that suspension and nonaccrual status has ended
- *--NFAOC, DLD a courtesy copy by FAX to:--*
 - 314-679-6815 for State Offices coded 01 through 32
 - 314-679-6816 for State Offices coded 33 through 64.

Note: This exhibit may only be revised by SED.

Borrowers Leaving Active Duty (Continued)

*--Go to <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>, CLICK "Find Current Forms Using Our Form Number Search", in Form Number block, type, "4-FLP Exhibit 53", and CLICK "Submit".

4-FLP, Exhibit 53

(Use Agency Letterhead format with local return address.)

BORROWERS LEAVING ACTIVE DUTY

Dear:

On October 28, 2004, the President signed into law the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (the Act). As per this Act, interest did not accrue and annual payments were deferred on your Farm Service Agency (FSA) Farm Loan Program (FLP) loans when the United States was at war or during a national emergency and you were on active duty. As we understand these conditions no longer exist, interest is now accruing on your FLP loans and annual payments must resume. Your payments are deferred for a period of time equal to the time of your active duty. The period of time has, therefore, been added to the term of your FLP loans.

The beginning date of the deferred and non-accrual status was _____. The ending date of the deferral and non-accrual status was _____. The time period for your active duty; therefore, was _____.

Within the next 12 months, the following payments are due on your FLP loans:

Loan Number	Date Due	Amount
-------------	----------	--------

Please do not hesitate to contact this office if any further information is required.

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

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--*