

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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**Direct Loan Servicing – Special  
and Inventory Property Management  
5-FLP**

**Amendment 11**

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

*Chris P. Beyershelm*

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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraphs 46 B, 46 G, 48 A, 131 A, and 131 B have been amended to update the reference from installment set-aside to ISA.

Subparagraphs 46 G, 48 B, 197 C, 341 A, 387 D, 404 B, 406 A, 421 D, 433 A, 536 C, 537 F, 568 B, 568 C, 742 D, 742 E, 743 B, 904 B, 905 A, and 905 B, and Exhibits 15, 16, and 80, have been amended to update the reference from FSC, FLOO to FLOO.

Subparagraphs 67 B and 404 B have been amended to update Ag Credit references to DLS Special Servicing.

Subparagraphs 102 E, 103 A, 104 A, 132 D, 146 D, 159 A, 160 B, 194 B, 194 C, 194 D, 195 G, 195 H, 249 B, 321 B, 901 B, and 901 C have been amended to update the reference from DALR\$ to eDALR\$.

Subparagraphs 248 B and C have been amended to clarify the process of adding and removing “DEF” flags on borrower accounts.

Subparagraphs 322 A and C have been amended to clarify the eDALR\$ report that will be sent to borrowers and to provide details for processing a buyout payment.

Subparagraph 421 D has been amended to clarify when to remove a “CAP” flag from a borrower’s account.

Exhibit 11 has been amended to:

- clarify process for establishing and removing account flags
- remove “DSA” flags from the display priority table.

**Amendment Transmittal (Continued)**

Exhibit 17 has been amended to:

- update administrative constants calculation data
- add information for determining Legal Liquidation Costs
- change the due date of State supplements for updating eDALR\$ constants
- update Property Management Cost example.

Exhibits 38 and 39 have been amended to remove the USDA nondiscrimination statement because the letters are not adverse decisions.

Exhibits 40 and 41 have been amended to include the USDA nondiscrimination statement.

<b>Page Control Chart</b>		
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45 DSA Eligibility and Limitations (Continued)

**E Limitations**

**[7 CFR 766.53(a)] The DSA amount is limited to the lesser of:**

**(1) The first or second scheduled annual installment on the Agency loans due after the disaster occurred; or**

**(2) The amount the borrower is unable to pay the Agency due to the disaster. Borrowers are required to pay any portion of an installment they are able to pay.**

**[7 CFR 766.53(b)] The amount set-aside will be the unpaid balance remaining on the installment at the time the DSA is complete. This amount will include the unpaid interest and any principal that would be credited to the account as if the installment were paid on the due date, taking into consideration any payments applied to principal and interest since the due date.**

**[7 CFR 766.53(c)] Recoverable cost items may not be set aside.**

**46 DSA Approval****A Eligibility Determination**

**[7 CFR 766.55] Within 30 days of a complete DSA application, the Agency will determine if the borrower meets the eligibility requirements for DSA.**

The authorized agency official will notify the borrower as soon as possible after making the determination.

**B Borrower Acceptance of DSA**

**[7 CFR 766.57] The borrower must execute the appropriate Agency documents within 45 days after the borrower receives notification of Agency approval of DSA.**

Subject to the 165-calendar-day limitation in subparagraph 45 A, the borrower must sign FSA-2501 within 45 calendar days (48 calendar days if the letter is sent by mail to allow \*--3 calendar days for delivery) of the date of FSA's approval letter for each loan ISA. Any--\* exception must be requested according to paragraph 4.

**C Required Forms**

In closing a borrower's approved DSA request, the authorized agency official will:

- prepare an original and 2 copies of FSA-2501
- staple the signed original on top of the original promissory note or assumption agreement filed in the fire-proof safe
- staple 1 of the 2 copies of FSA-2501 to the copy of the promissory note or assumption agreement filed in position 2 of the borrower's case file
- give the second copy of FSA-2501 to the borrower.

**D Modifying FSA-2501**

FSA-2501 may need to be modified and issued as a State form to comply with individual State laws. If SED, with OGC concurrence, modifies the form, it must still contain the date of the set-aside and the original date of the installment.

**46 DSA Approval (Continued)****E Installments To Be Set-Aside**

**[7 CFR 766.58] (a) The Agency will set-aside the first installment due immediately after the disaster occurred.**

**(b) If the borrower has already paid the installment due immediately after the disaster occurred, the Agency will set aside the next annual installment.**

**F Interest Accrual**

**[7 CFR 766.59(a)] (1) Interest will accrue on any principal portion of the set-aside installment at the same rate charged on the balance of the loan.**

**(2) If the borrower's set-aside installment is for a loan with a limited resource rate and the Agency modifies that limited resource rate, the interest rate on the set-aside portion will be modified concurrently.**

**[7 CFR 766.59(b)] The amount set-aside, including interest accrued on the principal portion of the set-aside, is due on or before the final due date of the loan.**

**G Recording DSA**

The authorized agency official will use FSA-2501 as the source document to process DSA \*--with a 5S ADPS transaction to record ISA. FLOO borrower account status reports and inquiry screens will reflect the amounts set-aside for each loan. An ISA identifier will be displayed on RC 540 for loans with DSA. The authorized agency official updates DLS accordingly.--\*

**H Security Requirements**

**[7 CFR 766.56] If the borrower is not current on all FLP loans prior to the borrower executing the appropriate DSA Agency documents, the borrower, and all obligors in the case of an entity, must execute and provide to the Agency a best lien obtainable on all their assets except those listed under section 766.112(b) (paragraph 211).**

**47 Adverse Determinations****A Notifying Borrowers of Adverse Determinations**

DSA applications that do not meet all DSA requirements will be rejected and the borrower will be notified of the decision and provided appeal rights according to 1-APP.

## 48 Canceling and Reversing DSA

### A Canceling DSA

**[7 CFR 766.60] The Agency will cancel a DSA if:**

**[7 CFR 766.60(a)] The Agency takes any primary loan servicing action on the loan;**

If FSA later restructures the borrower's loan, the authorized agency official must cancel \*--DSA with a 5T Reverse/Cancel ISA transaction when processing the restructuring through--\* ADPS.

**[7 CFR 766.60(b)] The borrower pays the current market value buyout in accordance with § 766.113; or**

**[7 CFR 766.60(c)] The borrower pays the set-aside installment.**

### B Reversing DSA

**[7 CFR 766.61] If the Agency determines that the borrower received an unauthorized DSA, the Agency will reverse the DSA after all appeals are concluded.**

If FSA determines that the borrower received unauthorized DSA assistance, the borrower will be notified and meetings scheduled according to Part 10.

If FSA still believes DSA was unauthorized after the meetings and once any borrower appeals have been exhausted in FSA's favor, FSA will reverse the set-aside by reinstating the borrower's original payment terms as if FSA had never granted DSA to the borrower. In reversing DSA, the authorized agency official must:

- notify \* \* \* FLOO in writing to reverse DSA
- attach this notification to FSA-2501, which should remain stapled to the promissory note or assumption agreement.

If a borrower becomes financially distressed or delinquent after FSA reverses DSA, the authorized agency official services the borrower's account according to Parts 3 and 4.

## 67 Providing Loan Servicing Notification Package

**A Methods of Notification**

**[7 CFR 766.101(b)] The Agency will notify borrowers of the availability of primary loan servicing programs, conservation contract, current market value buyout, debt settlement programs and homestead protection as follows:**

**[7 CFR 766.101(b)] (1) A borrower who is financially distressed, or current and requesting servicing will be provided FSA-2512 (Appendix A to this subpart)** (appendix only in CFR);

**[7 CFR 766.101(b)] (2) A borrower who is 90 days past due will be sent FSA-2510 (Appendix B to this subpart)** (appendix only in CFR);

**[7 CFR 766.101(b)] (3) A borrower who is in non-monetary or both monetary and non-monetary default will receive FSA-2514 (Appendix C to this subpart)** (appendix only in CFR);

The authorized agency official must send the appropriate loan servicing notification within 15 calendar days of the determination of distress or default service-triggering event. Notification will be sent by certified mail, return receipt requested for borrowers over 90 calendar days past due or in nonmonetary default. The account will be flagged “51-S” (Exhibit 11), using FSA-2562, until the primary loan servicing process has been completed, the problem resolved, or the account accelerated.

**[7 CFR 766.101(b)] (4) A borrower who has only delinquent SA will be notified of available loan servicing;**

The borrower will be sent FSA-2547 within 15 calendar days of the missed payment. The borrower must submit the items specified in subparagraphs 81 C through I within 60 calendar days of the date on the notice. If a complete application has not been received within 30 calendar days FSA-2548 will be sent.

**[7 CFR 766.101(b)] (5) Notification to a borrower who files bankruptcy will be provided in accordance with subpart G (Part 11) of this part.**

**Note:** Part 11 only addresses who would be sent notification. The appropriate form used for notification is established by this subparagraph based on the borrower’s status as current, financially distressed, 90 calendar days past due, or nonmonetary default.

**\*--B Using DLS Special Servicing**

The authorized agency official must track all notification and servicing activity through DLS Special Servicing and FSA-2580.--\*

**67 Providing Loan Servicing Notification Package (Continued)****C Notifying Borrowers When Certified Mail Is Not Accepted**

**[7 CFR 766.101(c)] Notices to delinquent borrowers or borrowers in non-monetary default will be sent by certified mail to the last known address of the borrower. If the certified mail is not accepted, the notice will be sent immediately by first class mail to the last known address. The appropriate response time will begin 3 days following the date of the first class mailing. For all other borrowers requesting the notices, the notices will be sent by regular mail or hand delivered.**

If the notification package is returned “address unknown”, the authorized agency official will verify the borrower’s current postal address using FSA-137 according to 5-AS, paragraph 77. If no new address can be obtained, the authorized agency official will continue to use the last known address.

Once the address verification process is completed, the authorized agency official will:

- record the date the original package was returned and the date the contents are re-mailed on the original envelope and file the original envelope in position 4 of the case file
- re-send the contents of the loan servicing notification package in a new sealed envelope.

The timeframe for a complete application will be determined according to subparagraph 83 B.

**D Requests for Copies of Regulations**

A borrower may request copies of regulations at any time. When asked, the authorized agency official must provide a borrower 1 free copy of a regulation within 10 workdays of the request. See 2-INFO for further guidance.

**102 Eligibility (Continued)**

**E NRV of Nonessential Assets**

**[7 CFR 766.104(a)(2)] The borrower does not have non-essential assets for which the net recovery value is sufficient to resolve the financial distress or pay the delinquent portion of the loan.**

**\*--eDALR\$ calculates NRV of a borrower's nonessential assets.--\***

**F Borrower in Nonmonetary Default**

**[7 CFR 766.104(a)(3)] If the borrower is in non-monetary default, the borrower will resolve the non-monetary default prior to closing the servicing action.**

**G Financially Distressed Borrower**

**[7 CFR 766.104(a)(5)] Financially distressed or current borrowers requesting servicing must pay a portion of the interest due on the loans.**

A borrower who received FSA-2512 and is not delinquent must pay as much interest as feasible.

**H Federal Crop Insurance Violation**

**[7 CFR 766.104(a)(6)] The borrower must not be ineligible due to disqualification resulting from Federal Crop Insurance violation according to 7 CFR part 718 (1-CM).**

**I Debtors With SA Only**

**[7 CFR 766.104(b)] Debtors with SA only must:**

- (1) Be delinquent due to circumstances beyond their control;**
- (2) Have acted in good faith.**

**103 Consideration of Servicing****A General Policy**

\*--The authorized agency official uses eDALR\$ to determine which loan servicing authority or combination of authorities may be available to the borrower. For additional information on eDALR\$ functions, see Exhibit 17.--\*

**B Order in Which FSA Considers Servicing Options**

**[7 CFR 766.105(a)] The Agency will consider loan servicing options and combinations of options to maximize loan repayment and minimize losses to the Agency. The Agency will consider loan servicing options in the following order for each eligible borrower who requests servicing:**

- (1) Conservation Contract, if requested;**
- (2) Consolidation and rescheduling or reamortization;**
- (3) Deferral;**
- (4) Writedown; and**
- (5) Current market value buyout.**

**C Debt Service Margin**

**[7 CFR 766.105(b)] (1) The Agency will attempt to achieve a 110 percent debt service margin for the servicing options listed in paragraphs (a)(2) through (4) (subparagraph B) of this section.**

**(2) If the borrower cannot develop a feasible plan with the 110 percent debt service margin, the Agency will reduce the debt service margin by one percent and reconsider all available servicing authorities. This process will be repeated until a feasible plan has been developed or it has been determined that a feasible plan is not possible with a 100 percent margin.**

**(3) The borrower must be able to develop a feasible plan with at least a 100 percent debt service margin to be considered for the servicing options listed in paragraphs (a)(1) through (4) (subparagraph B) of this section.**

**104 Appraisals****A Current Appraisals**

**[7 CFR 766.105(c)] The Agency will obtain an appraisal on:**

**[7 CFR 766.105(c)(1)] All Agency security, non-essential assets, and real property unencumbered by the Agency that does not meet the criteria established in § 766.112(b) (subparagraph 211 C), when:**

**(i) A writedown is required to develop a feasible plan;**

**(ii) The borrower will be offered current market value buyout.**

**[7 CFR 766.105(c)(2)] The borrower's non-essential assets when their net recovery value may be adequate to bring the delinquent loans current.**

\*--If preliminary eDALR\$ calculations, with no security entered, show that a write-down or current market value buyout may be required:

- all security will need to be appraised for write-down or current market value calculations
- nonessential assets will need to be appraised as their value is required for eDALR\$ calculations
- if FSA has real estate as security and the preliminary eDALR\$ report shows a--\* possible write-down, real estate security projected to be obtained as a best lien obtainable will need to be appraised as the value is required for shared appreciation agreement calculations.

To save appraisal funds, SED may issue a State supplement on obtaining appraisals in stages, such as waiting on the appraisal of essential, unencumbered real estate to determine whether a write-down and FSA-2543 will actually be required.

See 1-FLP, Part 6 for additional information on appraisals.

**105-115 (Reserved)**



**Part 4 Primary Loan Servicing Programs****Section 1 Consolidation and Rescheduling****131 Eligibility and Loan Terms****A Loans Eligible for Consolidation**

**[7 CFR 766.107(a)] The Agency may consolidate OL loans if:**

- (1) The borrower meets loan servicing eligibility requirements in § 766.104 (paragraph 102);**
- (2) The Agency determines that consolidation will assist the borrower to repay the loans;**
- (3) Consolidating the loans will bring the borrower's account current or prevent the borrower from becoming delinquent;**
- (4) The Agency has not referred the borrower's account to OGC or the U.S. Attorney, and the Agency does not plan to refer the account to either of these two offices in the near future;**
- (5) The borrower is in compliance with the Highly Erodible Land and Wetland Conservation requirements of 7 CFR Part 12, if applicable (see 6-CP);**
- (6) The loans are not secured by real estate;**
- (7) The Agency holds the same lien position on each loan;**
- (8) The Agency has not serviced the loans for unauthorized assistance under subpart F (Part 10) of this part; and**
- (9) The loan is not currently deferred, as described in § 766.109 (Section 3), or set-aside, as described in subpart B (Part 2) of this part. The Agency may consolidate loans upon cancellation of the deferral or DSA.**

eDALR\$ will be used to determine whether consolidation will be used and if a repayment plan can be developed.

\*--When processing a restructure, the ADPS transaction codes 5T, Reverse/Cancel ISA, and--\* 5Y, Record Loan Deferral Expiration/Cancellation, must be sequenced to process before the 1M, New Rates and Terms - Real Estate/Operating Loan.

## 131 Eligibility and Loan Terms (Continued)

**B Loans Eligible for Rescheduling**

**[7 CFR 766.107(b)] The Agency may reschedule loans made for chattel purposes, including OL, CL, SW, RL, EE, or EM if:**

- (1) The borrower meets loan servicing eligibility requirements in §766.104 (paragraph 102);**
- (2) Rescheduling the loans will bring the borrower's account current or prevent the borrower from becoming delinquent;**
- (3) The Agency determines that rescheduling will assist the borrower to repay the loans;**
- (4) The Agency has not referred the borrower's account to OGC or the U.S. Attorney, and the Agency does not plan to refer the account to either of these two offices in the near future;**
- (5) The borrower is in compliance with the Highly Erodible Land and Wetland Conservation requirements of 7 CFR part 12, if applicable; and**
- (6) The loan is not currently deferred, as described in § 766.109 (Section 3), or set-aside, as described in subpart B (Part 2) of this part. The Agency may reschedule loans upon cancellation of the deferral or DSA.**

eDALR\$ will be used to determine whether a repayment plan can be developed.

FSA processes cancellation of deferral or DSA with a 5Y Record Loan Deferral Expiration/Cancellation ADPS transaction or cancellation of DSA with a 5T Reverse/Cancel \*--ISA ADPS transaction before the closing of the restructure.--\*

**C Loan Terms**

- [7 CFR 766.107(c)] (1) The Agency determines the repayment schedule for consolidated and rescheduled loans according to the borrower's repayment ability.**
- (2) Except for CL and RL loans, the repayment period cannot exceed 15 years from the date of the consolidation and rescheduling.**
  - (3) The repayment schedule for RL loans may not exceed 7 years from the date of rescheduling.**
  - (4) The repayment schedule for CL loans may not exceed 20 years from the date of the original note or assumption agreement.**

**132 Interest Rates****A Consolidated and Rescheduled Loan Interest Rate**

**[7 CFR 766.107(d)] The interest rate of consolidated and rescheduled loans will be as follows:**

**(1) The interest rate for loans made at the regular interest rate will be the lesser of:**

**(i) The lowest interest rate for that type of loan on the date a complete servicing application was received;**

**(ii) The lowest interest rate for that type of loan on the date of restructure; or**

**(iii) The lowest original loan note rate on any of the original notes being consolidated and rescheduled.**

**(2) The interest rate for loans made at the limited resource interest rate will be the lesser of:**

**(i) The limited resource interest rate for that type of loan on the date a complete servicing application was received;**

**(ii) The limited resource interest rate for that type of loan on the date of restructure; or**

**(iii) The lowest original loan note rate on any of the original notes being consolidated and rescheduled.**

**(3) At the time of consolidation and rescheduling, the Agency may reduce the interest rate to a limited resource rate, if available, if:**

**(i) The borrower meets the requirements for the limited resource interest rate, and**

**(ii) A feasible plan cannot be developed at the regular interest rate and maximum terms permitted in this section.**

**(4) Loans consolidated and rescheduled at the limited resource interest rate will be subject to annual limited resource review in accordance with § 765.51 (4-FLP, subparagraph 31 B) of this chapter.**

**132 Interest Rates (Continued)****A Consolidated and Rescheduled Loan Interest Rate (Continued)**

To obtain the original loan note interest rates, the authorized agency official will refer to the borrower's original promissory notes or, for accounts that have been reorganized in bankruptcy, the confirmed plan. See 1-FLP, Exhibit 17 for the current loan program interest rates.

If FSA reschedules a loan at the LR rate, the resulting FSA-2026 will be marked accordingly, and will be subject to annual LR review according to 4-FLP, Part 3.

YL's are **not** eligible for the LR interest rate.

**B Capitalizing Accrued Interest and Adding Protective Advances to the Loan Principal**

**[7 CFR 766.107(e)] (1) The Agency capitalizes the amount of outstanding accrued interest on the loan at the time of consolidation and rescheduling.**

**(2) The Agency adds protective advances for the payment of real estate taxes to the principal balance at the time of consolidation and rescheduling.**

**(3) The borrower must resolve all other protective advances not capitalized prior to closing the servicing actions.**

**C Installments**

**[7 CFR 766.107(f)] If there are no deferred installments, the first installment payment under the consolidation and rescheduling will be at least equal to the interest amount which will accrue on the new principal between the date the promissory note is executed and the next installment due date.**

**D Preparing and Disposing of Promissory Notes**

**\*--The new FSA-2026 amounts and installments will match the eDALR\$ output report. The--\*** existing promissory note will be marked rescheduled and stapled to the new FSA-2026 that will be filed in the fireproof safe. A copy of the new FSA-2026 will be placed in the case file and attached to the copy of the existing promissory note and another given to the borrower.

**133-144 (Reserved)**

## 146 Interest Rates

**A Reamortized Loan Interest Rate**

**[7 CFR 766.108(c)] The interest rate will be as follows:**

**[7 CFR 766.108(c)] (1) The interest rate for loans made at the regular interest rate will be the lesser of:**

- (i) The lowest interest rate for that type of loan on the date a complete servicing application was received;**
- (ii) The lowest interest rate for that type of loan on the date of restructure; or**
- (iii) The original loan note rate of the note being reamortized.**

**[7 CFR 766.108(c)] (2) The interest rate for loans made at the limited resource interest rate will be the lesser of:**

- (i) The limited resource interest rate for that type of loan on the date a complete servicing application was received;**
- (ii) The limited resource interest rate for that type of loan on the date of restructure; or**
- (iii) The original loan note rate of the note being reamortized.**

**[7 CFR 766.108(c)] (3) At the time of reamortization, the Agency may reduce the interest rate to a limited resource rate, if available, if:**

- (i) The borrower meets the requirements for the limited resource interest rate; and**
- (ii) A feasible plan cannot be developed at the regular interest rate and maximum terms permitted in this section.**

**[7 CFR 766.108(c)] (4) Loans reamortized at the limited resource interest rate will be subject to annual limited resource review in accordance with 765.51 of this chapter.**

To obtain the original loan note interest rates, the authorized agency official will refer to the borrower's original promissory notes or, for accounts that have been reorganized in bankruptcy, the confirmed plan. See 1-FLP, Exhibit 17 for the current loan program interest rates.

If FSA reschedules a loan at the LR rate, the resulting FSA-2026 will be marked accordingly, and will be subject to annual LR reviews according to 4-FLP, Part 3.

**[7 CFR 766.108(c)] (5) SA payment agreements will be reamortized at the current SA amortization rate in effect on the date of approval or the rate on the original payment agreement, whichever is less.**

**146 Interest Rates (Continued)****B Capitalizing Accrued Interest and Adding Protective Advances to the Loan Principal**

**[7 CFR 766.108(d)] (1) The Agency capitalizes the amount of outstanding accrued interest on the loan at the time of reamortization.**

**(2) The Agency adds protective advances for the payment of real estate taxes to the principal balance at the time of reamortization.**

**(3) The borrower must resolve all other protective advances not capitalized prior to closing the reamortization.**

**C Installments**

**[7 CFR 766.108(e)] If there are no deferred installments, the first installment payment under the reamortization will be at least equal to the interest amount which will accrue on the new principal between the date the promissory note is executed and the next installment due date.**

**D Preparing FSA-2026's**

**\*--The new FSA-2026 amounts and installments will match the eDALR\$ output report. The--\* existing promissory note will be marked reamortized and stapled to the new FSA-2026 that will be filed in the fireproof safe. A copy of the new FSA-2026 will be placed in the case file and attached to the copy of the existing promissory note and another given to the borrower.**

**147-158 (Reserved)**

## Section 3 Deferrals

**159 Conditions and Operating Plans****A Conditions for approving Deferrals**

**[7 CFR 766.109(a)] The Agency will only consider deferral of loan payments if:**

- (1) The borrower meets the loan servicing eligibility requirements of §766.104 (paragraph 102);**
  - (2) Rescheduling, consolidation, and reamortization of all the borrower's loans, will not result in a feasible plan with 110 percent debt service margin;**
  - (3) The need for deferral is temporary; and**
  - (4) The borrower develops feasible first-year deferral and post-deferral farm operating plans subject to the following:**
    - (i) The deferral will not create excessive net cash reserves beyond that necessary to develop a feasible plan.**
- FSA does not allow net cash reserves for capital purchases beyond those required to develop a feasible plan, as such purchases are not considered operating expenses.
- (ii) The Agency will consider a partial deferral if deferral of the total Agency payment would result in the borrower developing more cash availability than necessary to meet debt repayment obligations.**

**\*--eDALR\$ will be used to determine whether a repayment plan can be developed.--\***

**B First Year Plan**

The plan developed according to subparagraph 81 H is the first year plan of the deferral.

**C Post-Deferral Plan**

A post-deferral plan is developed to project the borrower's operations for the year following the deferral period according to subparagraph 160 A.

**160 Deferral Period and Associated Restructuring****A Deferral period**

**[7 CFR 766.109(b)] (1) The deferral term will not exceed 5 years and will be determined based on the post- deferral plan that results in the:**

**(i) Greatest improvement over the first year cash available to service FLP debt;**

**(ii) The shortest possible deferral period.**

**(2) The Agency will distribute interest accrued on the deferred principal portion of the loan equally to payments over the remaining loan term after the deferral period ends.**

Deferrals are beneficial only if the cash available to service the borrower's FSA debt increases in the year after the deferral period ends.

In some cases, such as in a major reorganization of the operation, debt structure, or essential development, it may be necessary to develop and consider plans for multiple years.

**B Associated Loan Servicing**

**[7 CFR 766.109(d)] (1) The Agency must cancel an existing deferral if the Agency approves any new primary loan servicing action.**

**(2) Loans deferred will also be serviced in accordance with §§ 766.107, 766.108 and 766.111 (paragraphs 131, 145, and 172), as appropriate.**

FSA-2026 rescheduled, reamortized or consolidated for the deferral will show "zero" as the installment due during the period of the deferral if the whole note is deferred. The authorized agency official will determine the amount of interest that will accrue during the \*--deferral period and the installments using eDALR\$ and calculations provided in--\* FSA-2026 instructions.

**193 Amount of Debt Canceled by Conservation Contract (Continued)**

**C Debt Forgiveness**

The debt reduced through FSA-2535 is not considered debt forgiveness under CONACT.

**194 Processing Conservation Contract Request**

**A Applying for Conservation Contract**

A borrower who is delinquent, financially distressed, or in nonmonetary default and is interested in receiving loan servicing, including a conservation contract, must submit:

- a loan servicing application package according to paragraphs 81 and 82
- an aerial photo or map of the borrower's land that delineates the proposed conservation area according to subparagraph 82 B.

A current borrower who is not financially distressed may request a conservation contract by submitting:

- all the information and documentation required to develop feasible plan according to 1-FLP, Part 8
- an aerial photo or map that delineates the proposed conservation area according to subparagraph 82 B.

## 194 Processing Conservation Contract Request (Continued)

### B Processing a Delinquent or Financially Distressed Borrower's Request

- \*--If the borrower is eligible for loan servicing, the authorized agency official uses eDALR\$--\* to determine which loan servicing program or combination of programs may enable the borrower to develop a feasible plan.
- \*--When using eDALR\$ to process a loan servicing application that includes a request for a conservation contract, the authorized agency official shall input into eDALR\$ the--\* contract term and conservation acreage.
  - The authorized agency official should determine the financial effect of the different \*--contract lengths by running the 3 contract term scenarios on eDALR\$, such as 10-, 30-, and 50-year contract terms. By varying the contract term and holding all other eDALR\$ input parameters constant, the authorized agency official and borrower may compare--\* the magnitude of debt cancellation across contract terms.
  - The authorized agency official also should vary the conservation acreage to determine the effect of changing the size of the proposed conservation contract area. The authorized agency official extrapolates the size of the proposed conservation area from the area marked on the borrower's aerial photo or map. For each contract term that enables a borrower to develop a feasible plan, the authorized agency official should record the minimum conservation acreage that is needed to create a feasible plan.

**Example:** A delinquent borrower applies for loan servicing and indicates an interest in FSA-2535. The aerial photo the borrower submits indicates the proposed \*--conservation area is 1,000 acres. Using eDALR\$, the authorized agency official determines that the borrower can develop a feasible plan if the borrower accepts FSA-2535 for 30 or 50 years. eDALR\$ indicates that a 50-year contract reduces the borrower's debt by \$20,000, while a 30-year contract reduces the borrower's debt by \$12,000. By adjusting the number of acres inputted into eDALR\$, the--\* authorized agency official determines that at a minimum, the borrower has to place 700 acres of land into a conservation easement under a 30-year contract or 500 acres of land into a conservation easement under a 50-year contract to develop a feasible plan.

**194 Processing Conservation Contract Request (Continued)****C Processing a Current Borrower's Request**

Once the authorized agency official receives all necessary information and documentation required to apply for a conservation contract from a current borrower who is not financially distressed, the authorized agency official:

- \*--may use eDALR\$ to determine the amount of debt to be canceled--\*
- must verify that the farm operation would remain feasible after the proposed conservation easement is implemented.

\*--The authorized agency official may use eDALR\$ to determine what effect varying--\* contract terms and conservation contract area has on the debt cancellation amount when processing the borrower's conservation contract request.

**D Preliminary Approval of Conservation Contract for a Delinquent or Distressed Borrower**

\*--If eDALR\$ determines that a conservation contract, alone or in combination with other--\* loan servicing programs, could enable a delinquent or financially distressed borrower to develop a feasible plan, the authorized agency official informs the borrower of the:

- potential contract terms
- amount of real estate debt that could be canceled by setting aside the area indicated on the aerial photo or map under each eligible contract term
- minimum amount of acres that must be set aside under each contract term
- amount of real estate debt that is canceled if the minimum number of acres under each contract term is set aside
- other loan servicing programs, if any, that must be implemented along with FSA-2535.

**194 Processing Conservation Contract Request (Continued)****D Preliminary Approval of Conservation Contract for a Delinquent or Distressed Borrower (Continued)**

If the borrower wants to pursue a contract with a term and acreage that enables the borrower to develop a feasible plan, the authorized agency official must explain to the borrower that:

- FSA will establish a conservation contract review team
- conservation contract review team may survey the entirety of the borrower's land so that all sensitive areas may be included for consideration, not just the area marked on the photo or map submitted by the borrower, and delineate conservation contract eligible areas
- issuing FSA-2535 depends on conservation contract review team approval
- conservation contract plan must be adhered to for the term of the contract.

**E Preliminary Approval of Conservation Contract for a Current Borrower That Is Not Financially Distressed**

If the farm operation will remain feasible after a current borrower who is not distressed implements FSA-2535, the authorized agency official will notify the borrower of preliminary approval. The authorized agency official should indicate the amount of real estate debt canceled by setting aside the area indicated on the aerial photo or map under each contract term.

The authorized agency official must explain to the borrower that has been tentatively approved and wants to pursue a contract, that:

- conservation contract review team will be established

**Note:** See paragraph 195 for more information on conservation contract review teams.

- conservation contract review team may survey the entirety of the borrower's land so that all sensitive areas may be included for consideration, not just the area marked on the photo or map submitted by the borrower, and delineate conservation contract eligible areas
- issuing FSA-2535 depends on conservation contract review team approval.

**195 Conservation Contract Review Team (Continued)****E Conservation Management Plan**

**[7 CFR 766.110(e)] The Agency, through the recommendations of the Conservation Contract review team, is responsible for approving a conservation management plan.**

Within 30 calendar days of visiting a farm, the conservation contract review team should submit a report to FSA indicating whether a conservation contract is appropriate given the nature of the land. The report must address:

- how many conservation eligible tracts could be established on the farm
- each tract's approximate boundaries, which may extend beyond wetland, highly erodible land, upland, and wildlife habitat if necessary for either the establishment of identifiable contract boundaries or for the efficient management of the tract
- each tract's land type
- the eligible conservation purposes that could be established on the tract.

The report must indicate any special terms or conditions that FSA would need to place on FSA-2535 because of unique or important features that would not be adequately addressed by the standard contract terms and conditions.

The conservation contract review team must develop a management plan for each conservation eligible tract. The management plans should:

- include detailed instructions on establishing and maintaining the conservation easement
- estimate the costs to the borrower involved in establishing and maintaining the conservation easement.

The management plan should specifically recommend whether public recreational use and public hunting should be allowed and justify these recommendations.

\*--Each conservation contract review team member must sign the report. Any dissenting--\* opinions should be included in the report.

**F FSA's Review of Conservation Contract Review Team's Report**

The conservation contract review team sends the finished report to the authorized agency official servicing the borrower's account. The authorized agency official must review the report for consistency with FSA requirements and goals. See subparagraphs 195 G and H for more information on processing FSA-2535 after reviewing the conservation contract review team's report.

**195 Conservation Contract Review Team (Continued)****G Actions After Reviewing Conservation Contract Review Team Report**

The authorized agency official reviews the completed conservation contract review team report. If the report recommends a conservation contract, the authorized agency official determines the boundaries for each contract eligible area by the most appropriate method including, but not limited to, rectangular surveys, aerial photographs, or GPS waypoints. FSA does not require a professional survey of the contract area, but one can be used where FSA determines one is needed.

The authorized agency official must determine the costs that the borrower will incur to create and maintain each contract eligible conservation area. Before signing FSA-2535, FSA must ensure that a borrower has sufficient funds to create and maintain a conservation area.

For a delinquent or distressed borrower, the authorized agency official must determine which areas recommended in the report enable the borrower to develop a feasible plan. The authorized agency official should have determined through earlier financial analysis the contract term and minimum number of acres that must be set aside to enable the borrower to \*--develop a feasible plan. The authorized agency official must rerun eDALR\$ to verify that each contract eligible area enables the borrower to develop a feasible plan.

For a current borrower who is not financially distressed, the farm operation must remain--\* feasible after FSA-2535 is implemented.

**195 Conservation Contract Review Team (Continued)****G Actions After Reviewing Conservation Contract Review Team Report (Continued)**

If the contract review team has recommended a conservation contract and the authorized agency official determines that the report identifies at least 1 contract eligible area that produces or maintains a feasible plan, the authorized agency official must notify the borrower of the available contract options.

To notify a borrower who is delinquent or financially distressed, the authorized agency official sends the appropriate offer of loan servicing according to Part 3 and a copy of the contract review team's report to the borrower. To notify a current borrower of the borrower's servicing options, the authorized agency official must send the borrower a memo on FSA letterhead and include a copy of the contract review team's report.

The notification for both delinquent and current borrowers must identify the:

- tracts on the borrower's land that are eligible for a conservation contract
- amount of debt canceled by each contract term on each eligible tract
- tracts that would provide the most benefit for conservation
- costs the borrower will incur to create and maintain a conservation contract
- requirements of FSA-2535
- \*--corrective action required by FSA-851 which must be completed by the borrower before FSA approval of the conservation contract.--\*

The notification for a delinquent or financially distressed borrower also should include contract terms for each eligible tract that produces a feasible plan.

Final approval authority for a conservation contract will be SED.

## 195 Conservation Contract Review Team (Continued)

### H Adverse Decision on Conservation Contract Request

\*--The authorized agency official sends a borrower that is delinquent or financially distressed a notice of mediation and appeal rights according to Part 6 when either:

- FSA finds the borrower to be ineligible for loan servicing, including a conservation contract
- eDALR\$ determines that loan servicing, including a conservation contract, does not enable the borrower to develop a feasible plan
- the authorized agency official determines that the borrower does not possess contract eligible land that enables the borrower to develop a feasible plan.

The authorized agency official sends a current borrower who is not financially distressed a--\* letter of denial with mediation and appeal rights according to 1-APP when either:

- the authorized agency official determines that the farm operation will not remain feasible after the borrower implements FSA-2535
- the contract review team determines that the borrower's land does not possess a conservation eligible tract.

The authorized agency official sends the borrower a copy of the contract review team's report with the adverse decision notice.

**[7 CFR 766.110(l)] Borrower appeals of the Natural Resources Conservation Service's (NRCS) technical decisions made in connection with a Conservation Contract will be handled in accordance with applicable NRCS regulations. Other aspects of the denial of a Conservation Contract may be appealed in accordance with 7 CFR parts 11 and 780.**

### I Timeframe for Processing Conservation Contract Request

See Part 3 for more information on loan servicing application processing timeframes.

The authorized agency official should process the request for a conservation contract by a current borrower who is not financially distressed in a timely manner.

**197 Handling Noncash Credit (Continued)****C Processing Noncash Credit for a Delinquent Borrower**

\*\*\* FLOO credits the borrower's account if the borrower who signs FSA-2535 is delinquent. \*\*\* FLOO uses FSA-2597 to credit the borrower's account with a 3H transaction in ADPS.

Before \*\*\* FLOO can process the 3H transaction in ADPS, the authorized agency official must process a 1M transaction in ADPS to reamortize or reschedule the loan with the same effective date as FSA-2535.

This process does not apply, however, to loans receiving both a conservation contract and a write-down with the shared appreciation agreement. If any loan receives both conservation contract and a write-down with the shared appreciation agreement, the authorized agency official must process a 1M transaction \*\*\*, a 3H transaction, and then a 3R transaction in ADPS, using the same effective date.

The authorized agency official must submit a copy of the eDALR\$ report, FSA-2597, and copies of all rescheduled or reamortized notes to \*\*\* FLOO to credit a borrower's account.

**D Processing Noncash Credit for a Current Borrower**

The authorized agency official will complete FSA-2597 to credit the borrower's account with a 3H transaction in ADPS.

**198 Rights and Responsibilities Under Conservation Contract****A Borrower's Rights Under Conservation Contract**

Unless explicitly prohibited by FSA-2535 or a conservation contract management plan, the borrower has the right to:

- prevent trespassing by the general public and control public access to the conservation contract property
- use the conservation contract property for recreational purposes, including hunting and fishing

**198 Rights and Responsibilities Under Conservation Contract (Continued)****A Borrower's Rights Under Conservation Contract (Continued)**

- receive economic gain from the leasing of the conservation contract property for recreational use, including hunting and fishing, pursuant to applicable State and Federal hunting and fishing regulations
- retain oil, gas, minerals, and geothermal resources beneath the conservation contract property, provided that the extracting activities are established outside the conservation contract's boundaries and do not adversely affect the conservation contract property
- record title, along with the right to convey and transfer title.

**B Borrower's Request for Government Authorization Under FSA-2535**

If the borrower wants to pursue any action on the land covered by a conservation contract not explicitly allowed by the terms and conditions of FSA-2535, the borrower must obtain the Government's written authorization in advance. The borrower must make the request for authorization in writing.

To provide the borrower authorization, the authorized agency official must:

- determine that the proposed action does not violate a conservation contract's terms and conditions
- receive the written concurrence of the conservation contract management authority if the authority is outside FSA
- develop and approve a revised conservation contract management plan with the participation of the conservation contract review team.

The authorized agency official consults with SED and OGC as necessary.

**C Responsibilities and Enforcement Under FSA-2535**

Borrower responsibilities, FSA's rights, and contract enforcement will be according to the provisions of FSA-2535.

**199-210 (Reserved)**

**248 Closing Deferred Loans****A Introduction to Deferrals**

FSA will also reschedule or reamortize, as applicable, all loans deferred through primary loan servicing.

FSA may defer all or part of a loan according to eDALR\$.

**B Closing Deferrals**

The authorized agency official will:

- ensure that the payments on FSA-2026's match the final eDALR\$ report
- complete the addendum to FSA-2026 addressing repayment of deferred interest according to FSA-2026 instructions
- mark the existing promissory note or assumption agreement "rescheduled/reamortized with full/partial deferral," as appropriate, and attach it to the new FSA-2026
- file the new deferred FSA-2026 according to 25-AS
- file a copy of the new note with the copy of the existing promissory note or assumption agreement in position 2 of the borrower's case file
- provide a copy of the new deferred FSA-2026 to the borrower at closing
- file the original eDALR\$ report in position 3.

\*--A 1M and 5W ADPS transaction will be processed to record the "DEF" flag on the account. These transactions need to be sequenced correctly in ADPS and the DLS PLAS Transaction Manager Screen.--\*

248 Closing Deferred Loans (Continued)

**C Ongoing Servicing of Deferrals**

Review the \*\*\* FLOO quarterly status report to determine borrowers who have deferrals expiring.

Review the borrower's financial progress during the annual analysis according to paragraph 161.

Send the borrower a letter 6 months before the expiration of the deferral stating the amount and due date of the first payment.

\*--After all deferrals on a borrower's account have expired, the "DEF" flag (Exhibit 11) will be converted to a "DEF3" flag by FLOO. This flag is not required to be removed and is used to indicate which accounts have previously been serviced with deferral servicing actions. If all deferrals on an account must be canceled before their expiration, the "DEF" flag must be--\* removed from the account by completing FSA-2562 and processing a 5H transaction.

**249 Closing Write-Downs****A Introduction**

FLP loans can be fully or partially written down.

Loans that are partially written down must be fully restructured. FSA will also reschedule, reamortize, or defer, as applicable, all loans written down through primary loan servicing according to paragraphs 247, 248, and/or this paragraph.

**B Closing Write-Down**

The authorized agency official will:

- \*--ensure that the payments on FSA-2026's match the final eDALR\$ report--\*
- mark the existing promissory note or assumption agreement "Satisfied by Approved Debt Writedown" if the loan is completely written down or "Restructured with Partial Debt Writedown" if the loan is partially written down, and attach it to the new FSA-2026
- attach the promissory note, if required, to the new FSA-2026
- file FSA-2026 according to 25-AS
- provide a copy of the new FSA-2026 to the borrower at closing
- \*--file the original eDALR\$ report in Position 3.--\*

**249 Closing Write-Downs (Continued)**

**C Shared Appreciation Agreement Required**

[7 CFR 766.201] (a) **The Agency requires a borrower to enter into a SAA with the Agency covering all real estate security when the borrower:**

- (1) Owns any real estate that serves or will serve as loan security; and**
- (2) Accepts a writedown in accordance with section 766.111 (paragraph 172).**

FSA requires FSA-2543 when debt is written down on a loan secured by real estate.

See Part 9, Section 1 for details on servicing shared appreciation agreements.

A borrower will execute FSA-2543 and it will remain attached to the new FSA-2026. Copies of FSA-2543 will be attached to all copies of FSA-2026.

**D Processing Write-Down**

The authorized agency official will process a 3R ADPS transaction to record the write-down and to establish an equity record for the debt written down. The equity record will establish an account for the amount of the shared appreciation agreement recapture that may come due.

**E Additional Security Required**

The borrower must agree to additional liens on available security according to paragraph 211.

FSA's real estate and chattel liens will be maintained by cross collateralization even if all real estate or chattel type loans are written off.

**250-280 (Reserved)**

**Part 8 Current Market Value Buyout****321 Buyout at Current Market Value****A Introduction**

If a feasible plan cannot be developed through primary loan servicing, FSA will offer the borrower current market value buyout if they are determined eligible according to subparagraph B.

Current market value allows the borrower to pay FSA the current market value of the security less any prior liens. FSA will release all of the borrower's debt and security instruments when current market value is paid in full within the required timeframes. If the total FLP debt is less than current market value, FSA will accept payment in full at any time.

**B Borrower Eligibility**

**[7 CFR 766.113 (a)] A delinquent borrower may buy out the borrower's Agency loans at the current market value of the loan security, including security not in the borrower's possession, and all non-essential assets if:**

- (1) The borrower has not previously received debt forgiveness on any other FLP direct loan;**
- (2) The borrower has acted in good faith;**
- (3) The borrower does not have non-essential assets for which the net recovery value is sufficient to pay the account current;**
- (4) The borrower is unable to develop a feasible plan through primary loan servicing programs or a Conservation Contract, if requested;**
- (5) The present value of the restructured loans is less than the net recovery value of Agency security;**
- (6) The borrower pays the amount required in a lump sum without guaranteed or direct credit from the Agency; and**
- (7) The amount of debt forgiveness does not exceed \$300,000.**

**321 Buyout at Current Market Value (Continued)**

**B Borrower Eligibility (Continued)**

Debt reduction from FSA-2535's is not included in the \$300,000 limit described in this subparagraph.

\*--If eDALR\$ shows that FSA would write off more than \$300,000 of the borrower's debt in--\* restructuring the debt or accepting the current market value, the borrower is not eligible for primary loan servicing or current market value buyout. The borrower may be considered for debt settlement according to RD Instruction 1956-B.

**C Approval of Buyout**

SED must approve all current market value buyouts unless the account is paid in full.

**D Recapture Agreements**

FSA borrowers who received approval of buyout at NRV before July 3, 1996, entered into NRBRA with FSA. FSA services NRBRA according to Part 9, Section 2.

Borrowers who received approval to buyout their loans after July 3, 1996, must pay current market value. FSA does not require these borrowers to enter into NRBRA.

**322 Processing a Buyout at Current Market Value****A Notifying Borrower of Buyout**

The authorized agency official will notify the borrower of the opportunity to buyout the FSA \*--loans at current market value by sending the borrower a copy of the signed eDALR\$ Report, along with FSA-2521 and FSA-2522 or FSA-2523 and FSA-2524 showing the buyout amount by certified mail, return receipt requested.--\*

**B Timeframe for Borrower to Pay Buyout Amount**

**[7 CFR 766.113(b)] After the Agency offers current market value buyout of the loan, the borrower has 90 days from the date of Agency notification to pay that amount.**

If the borrower exercises the right to an independent appraisal, negotiation of appraisal, reconsideration, mediation, or appeal, the 90-calendar-day time limit will start on the day the borrower receives the final Agency and/or NAD decision.

**C Processing Buyout Payment**

If the borrower accepts FSA's buyout offer, the borrower must pay the entire buyout amount \*--according to 4-FLP, subparagraph 65 F. The buyout amount will be established by processing a 3Q transaction in ADPS after the payment has been processed. The payment will be submitted as "other collection" according to 3-FI. The borrower's security--\* instruments will be released according to 4-FLP, subparagraph 65 F. The borrower's original promissory notes will be marked "satisfied at current market value" and returned to the borrower.

**D Borrower Nonresponse or Inability to Pay Current Market Value**

If the borrower does not accept FSA's buyout offer and FSA has a lien on the home of the borrower or any person that pledged their home as collateral, homestead protection will continue to be processed according to Part 7. If the borrower does not elect or is not eligible for homestead protection or does not pay the FLP account current, FSA will, after conclusion of all appeals, accelerate the borrower's account according to Part 15.

The borrower can also still apply for debt settlement according to RD Instruction 1956-B.

**323-340 (Reserved)**



**Part 9 Servicing Shared Appreciation Agreements and NRBRA's**

**Section 1 Servicing Shared Appreciation Agreements**

**341 Monitoring Shared Appreciation Agreements**

**A \* \* \* FLOO Reports**

\* \* \* FLOO sends a monthly report to the County Office listing:

- shared appreciation agreements that will soon be maturing
- past due amounts owed by borrowers on shared appreciation agreements that have been triggered or have matured.

**B Borrower Reminder of Shared Appreciation Agreement**

The authorized agency official will send Exhibit 25 to all borrowers who executed a shared appreciation agreement as a reminder of shared appreciation agreement requirements. This letter will be sent in the fourth quarter of every FY during the term of the shared appreciation agreement, starting 1 year after the shared appreciation agreement is signed.

**342 Triggering Shared Appreciation Agreements**

**A When Shared Appreciation Agreement Is Due**

**[7 CFR 766.201(b)] The borrower must repay the calculated amount of shared appreciation after a term of 5 years from the date of the writedown, or earlier if:**

Shared appreciation agreements signed before August 18, 2000, continue to mature after 10 years.

**[7 CFR 766.201(b)] (1) The borrower sells or conveys all or a portion of the Agency's real estate security, unless real estate is conveyed upon the death of a borrower to a spouse who will continue farming;**

**[7 CFR 766.201(b)] (2) The borrower repays or satisfies all FLP loans;**

**[7 CFR 766.201(b)] (3) The borrower ceases farming; or**

**[7 CFR 766.201(b)] (4) The Agency accelerates the borrower's loans.**

**387 Recovering Unauthorized Assistance (Continued)****C Unauthorized Assistance Remittance in a Lump Sum**

**[7 CFR 766.253(a)(1)] The borrower may repay the amount of the unauthorized assistance in a lump sum within 90 days of Agency notice.**

The authorized agency official must make every reasonable attempt to collect the amount of the unauthorized assistance calculated in paragraph 385 from the borrower in a lump sum. If the borrower agrees to remit the unauthorized assistance in a lump sum, the borrower must remit the unauthorized assistance within 90 calendar days of receipt of Exhibit 31.

FSA can make the borrower a new loan or a subordination to refinance the unauthorized loan as long as the new action meets all requirements for the type of new loan or subordination.

**D Other Unauthorized Assistance Remittance Options**

**[7 CFR 766.253(a)] (2) If the borrower is unable to repay the entire amount in a lump sum, the Agency will accept partial repayment of the unauthorized assistance within 90 days of Agency notice to the extent of the borrower's ability to repay.**

**(3) If the borrower is unable to repay all or part of the unauthorized amount, the loan will be converted to a Non-program loan under the following conditions:**

**(i) The borrower did not provide false information;**

**(ii) It is in the interest of the Agency;**

**(iii) The debt will be subject to the interest rate for Non-program loans;**

The borrower must develop a feasible plan which includes the unauthorized assistance amount at NP rates and terms.

**(iv) The debt will be serviced as a Non-program loan;**

**(v) The term of the Non-program loan will be as short as feasible, but in no case will exceed:**

**(A) The remaining term of the FLP loan;**

**(B) Twenty-five (25) years for real estate loans; or**

**(C) The life of the security for chattel loans.**

\* \* \* FLOO will be informed of the change by memorandum identifying the loan to be affected, noting the new rates and terms, and referring to the authority in the regulation in this subparagraph. Copies of the memorandum will be attached to FSA-2026 and all copies.

**387 Recovering Unauthorized Assistance (Continued)****E Borrower Refusal to Pay**

**[7 CFR 766.254(b)] If the borrower is able to pay the unauthorized assistance amount but refuses to do so, the Agency will notify the borrower of the availability of loan servicing in accordance with subpart C (Part 3) of this part.**

Borrowers who can pay but refuse are in nonmonetary default.

**F When FSA Pursues Legal Action to Collect Unauthorized Assistance**

The authorized agency official will move toward liquidation by notification of the borrower according to Part 3 if:

- the borrower fails to attend the scheduled meeting
- the borrower fails to respond to FSA within 30 calendar days of the date of receipt of Exhibit 31
- the borrower has not completed the corrective action within 90 calendar days of the date of receipt of Exhibit 31.

If OIG determines that unauthorized assistance was caused by incomplete or false information, the authorized agency official services the borrower's account and recovers unauthorized assistance according to OIG instructions.

**G Processing Any Account Adjustments**

The authorized agency official will process any payment made to resolve the unauthorized assistance case as an extra payment according to 4-FLP, subparagraph 63 A.

**388-400 (Reserved)**

**403 Filing Proof of Claim****A Role of the State Office**

In a bankruptcy case, the State Office will determine whether FSA has security for the debt and whether the debtor has other assets from which FSA could make a substantial collection. In making this determination, the State Office should request additional information as needed from the authorized agency official.

**B Actions for Borrower Under Chapter 7 With No Loan Security or Other Assets**

Unless otherwise advised by OGC, if FSA cannot make a substantial recovery from the security and other assets, the State Office will return the file and related material to the authorized agency official. The State Office will provide the authorized agency official with a memorandum indicating SED's determination and advising that FSA will not file a proof of claim unless the authorized agency official learns that the debtor has assets not previously identified.

The deadline for filing claims in a bankruptcy proceeding is 90 calendar days from the first date set for the meeting of creditors, except governmental units, such as FSA, shall be timely filed if the Proof of Claim is filed 180 calendar days after the date of the order of relief. If FSA learns before the deadline that the borrower has previously unreported assets, the authorized agency official will resubmit the case to the State Office.

**C Actions for Borrower Under Chapters 7, 11, 12, or 13 With Potential for Substantial Recovery**

When working with a borrower under Chapter 7, 11, 12, or 13 and there is potential for substantial recovery, the State Office will prepare Proof of Claim (B10) found at <http://www.uscourts.gov/bkforms/index.html>, Part 1, or other form approved by OGC to submit a proof of claim. The proof of claim covers all of the borrower's indebtedness to FSA and any shared appreciation agreements.

The identification of FSA security and Proof of Claim will be submitted to OGC and the U.S. Attorney. Central Intake Facilities will be used if required.

If the proof of claim is submitted to OGC, SED will identify in a memo the security that FSA took for each FLP loan.

If SED knows that the U.S. Attorney has obtained a judgment against the borrower, SED will notify OGC even though the debt has been charged off.

SED, on OGC's advice, will instruct the authorized agency official about actions to take with respect to meetings of creditors.

SED will take no other actions without OGC's or DOJ's approval.

**404 Adjustment of Debts When Borrowers Are in Bankruptcy**

**A Referral and Recommendation to SED**

The authorized agency official will send to SED any plans submitted by debtors. SED will refer the plans to the U.S. Attorney through OGC.

SED will provide OGC with a recommendation to accept or reject any debtor's plan that calls for adjustment of FSA debt.

**B FSA Actions After Court Confirms Plan**

Upon receiving notification of the bankruptcy reorganization plan confirmation, SED will notify \* \* \* FLOO of the terms and conditions of the plan including any adjustment of the FSA debt, using FSA-2574. SED should attach to FSA-2574 a copy of the reorganization plan, signed order of confirmation, and discharge order if applicable.

\* \* \* FLOO will establish the borrower's account according to the reorganization plan and flag the account "SAA" (Exhibit 11) when it is applicable. The "SAA" flag will remain on the account until either the bankruptcy plan is completed and the case is closed, or the bankruptcy is dismissed.

The authorized agency official will file a copy of the plan, order of confirmation, and the original promissory notes according to 25-AS.

The authorized agency official must indicate that the borrower is paying under a \*--reorganization plan in the borrower's case file and in DLS Special Servicing.--\*

**406 Servicing Chapter 11, 12, and 13 Cases After the Bankruptcy Case Is Closed****A Removing the “SAA” Flag and Writing Off Discharged Debt**

Upon receipt of the discharge order from the Bankruptcy Court, the authorized agency official will review the borrower records to determine whether FSA will cancel any discharged debt.

If all liable parties are discharged and the bankruptcy is closed, the authorized agency official will debt settle the remaining discharged debt according to RD Instruction 1956-B, section 1956.70(b)(3).

The State Office will forward the approved RD 1956-1, with a copy of the discharge, to \* \* \* FLOO for process the debt cancellation.

\* \* \* FLOO will remove the “SAA” flag and process the necessary transactions to write off any portion of the debt.

If some, but not all liable parties were discharged of the debt, the account cannot be debt settled and SED should be consulted before initiating servicing options. The account will be classified as “CO” (Exhibit 11) with an ADPS transaction 5A, if no security remains. The State Office will seek the advice of the regional OGC to pursue separate collection actions against nondischarged liable parties and any remaining security.

**B Returning to Regular Servicing**

After the bankruptcy case is closed, the authorized agency official will service bankruptcy loans according to 4-FLP, subject to the confirmed reorganization plan.

**C Servicing if the Borrower Defaults on the Confirmed Reorganization Plan**

If a borrower becomes 90 calendar days past due or is in nonmonetary default after the court issued a discharge order and after the case is closed under Chapter 11, 12, or 13 of the Bankruptcy Code, the authorized agency official will notify the borrower of loan servicing options according to Part 3, unless servicing actions would be inconsistent with the confirmed bankruptcy plan or the Bankruptcy Code or FSA has referred the account to DOJ.

If the account is in nonmonetary default, OGC concurrence will be obtained before acceleration.

**407 Liquidation During Bankruptcy****A Automatic Stay Requirements**

FSA must receive relief from the automatic stay from the Court before liquidating the borrower’s security. If the Court allows, and all servicing requirements are met, FSA may liquidate the security before the discharge of debt or as otherwise addressed by OGC.

**407 Liquidation During Bankruptcy (Continued)****B Chapter 7 Cases After Discharge**

In Chapter 7 cases after discharge, FSA will liquidate the account as authorized by OGC if both of the following are true:

- the borrower has not reaffirmed the debt
- an Abandonment Order for the FSA security has been issued by the court or the bankruptcy case is closed.

In cases when 1 or more borrowers have received a discharge, but at least 1 borrower remains liable:

- DLS must be updated with either a 4A or 4D transaction to list the account in the name of any remaining liable debtors
- related entity status of the discharged individuals or entities should be updated in the \*--DLS Customer Profile Related Entity function to reflect they are no longer a--\* co-borrower/co-signer/guarantor
- the Chapter 7 discharge order must be maintained in the casefile
- in community property States, the State Office will seek the advice of the regional OGC to pursue separate collection action against nondischarged borrowers who are the spouse of a discharged borrower.

**Note:** If the debt is not paid in full and RD-1956-1 is needed, only the individual or entity receiving the Chapter 7 discharge will be listed on RD-1956-1. Notate “Chapter 7 Discharge” after their name and attach a copy of the discharge order.

**C Canceling the Debt When All Liable Parties Are Discharged**

If all liable parties are discharged and the FSA security is liquidated, FSA may cancel the debt according to RD Instruction 1956-B.

**D Notifying Borrower if Servicing Options Are Remaining**

If the authorized agency official did not previously notify the borrower’s attorney or borrower of any servicing options before or during the course of the bankruptcy proceedings, FSA will send the notices according to subparagraph 401 C before liquidating any security property.

**E When FSA Previously Notified the Borrower of Servicing Options**

If the authorized agency official previously notified the borrower’s attorney or borrower of the remaining servicing options and none remain, FSA will accelerate the account and liquidate according to Part 16 and any instructions from OGC.

**Note:** The borrower may **not** appeal the acceleration.

## Section 2 Civil and Criminal Cases

## 421 Handling Civil and Criminal Cases

## A Criteria for Pursuing Civil Cases

FSA will pursue a civil court action against a borrower or third party when:

- the borrower fails to make required payments or to cure nonmonetary default
- all administrative authorities to protect FSA's interests have been exhausted.

## B Pursuing Criminal Cases

If it appears that an applicant, borrower, or third party committed a criminal violation in any manner, SED will refer the case to the appropriate authorities for investigation and possible prosecution.

If it appears that an applicant, borrower, or third party committed a criminal violation related to the loan, SED will notify OIG for possible criminal investigation according to 9-AO, paragraph 53. SED must also send a copy of this notification to OGC. If OIG decides to investigate, SED will consult with OIG before taking any action against the borrower.

## C Collection of Information and Referral to State Office

The authorized agency official will refer civil and criminal cases to the State Office using FSA-2550, FSA-2551, if applicable, a Claims Collection Litigation Report, and/or any relevant information as required by SED.

## D Role of State Office

SED will review the required forms and information submitted and refer the case to OGC, if required. SED should consult with OGC and the U.S. Attorney and issue a State supplement if any additional information is required. The State Office will flag the account "CAP" upon \*--referral to OGC. If a judgment is:

- obtained against a borrower, the account must be set up with judgment coding using a 3B transaction and FSA-2576, and the "CAP" flag should be removed from the borrower's account
- obtained against a third party, the State Office will complete and send FSA-2562 to FLOO attached to the 5G transmittal letter to be flagged "TPJ" (Exhibit 11), and the "CAP" flag should be removed
- to be reversed, the State Office must send FSA-2562 to FLOO attached to a 5H transmittal letter.

**Note:** Only FLOO can assign or reverse a "TPJ" flag.--\*

**\*--421 Handling Civil and Criminal Cases (Continued)--\***

**E Notification to Third Party Purchasers When a Borrower Has Not Properly Accounted for Proceeds**

When a borrower has not properly accounted for the proceeds of the sale of security, FSA will first look to the borrower for restitution. If FSA is in liquidation, FSA will usually attempt to liquidate remaining chattel security on which FSA holds a first lien before making demand or taking civil action against third party purchasers. However, FSA will, with SED concurrence, notify a third party purchaser according to 4-FLP, paragraph 181 when it is necessary to protect the interest of the Government.

**F Notification When a Borrower Has Not Properly Accounted for Proceeds**

When a borrower has not properly accounted for the proceeds of the sale of security, FSA will service the account according to 4-FLP, Part 7.

**422-430 (Reserved)**

433 Servicing Judgment Debts Returned by DOJ

A Servicing Accounts Returned by DOJ

Service accounts returned by DOJ according to the following table.

IF the judgment has...	THEN...
<p><b>not</b> expired</p>	<ul style="list-style-type: none"> <li>• pursue internal administrative offset according to RD Instruction 1951-C, if collection of farm program payments is possible</li> <li>• refer the account to Treasury for TOP offset according to Exhibit 15 and/or cross-servicing, appropriate; State Offices shall:                             <ul style="list-style-type: none"> <li>• classify the account as CNC by processing transaction code “3K” with a class of writeoff code “5”, except for employee defalcations and third party judgments</li> </ul> </li> <li>•*--submit FSA-1956-21 to FLOO, PRG by FAX at 314-457-4539.--*</li> </ul> <p><b>Notes:</b> In cases where an acceptable debt settlement offer is received from the debtor before referral to cross-servicing, the State Office may process it according to Exhibit 16 and RD Instruction 1956-B and applicable FLP notices.</p> <p>Referral of the debt to cross-servicing is required unless any of the exceptions under 31 CFR 285.12 apply or if the borrower is no longer eligible for cross-servicing.</p>
<p>expired (20 years from the date of judgment, unless renewed)</p> <p><b>Note:</b> If the U.S. Attorney states the judgment expired after 10 years, then consult the Regional Attorney to determine if the judgment can be revived.</p>	<p>cancel the debt according to Exhibit 16 and RD Instruction 1956-B and applicable FLP notices.</p>

**\*--434 Debt Settlement of Judgment Debts****A RD Instruction 1956-B**

Currently, RD Instruction 1956-B does **not** address canceling, compromising, or adjusting judgment debts. New regulations are being developed to provide guidance on debt settling judgment debts. Before publication of the regulation, judgment debts shall be canceled, compromised, or adjusted similarly to Exhibit 16 and RD Instruction 1956-B, Sections 1956.66, 1956.67, 1956.68, 1956.70, or Exhibit B that authorizes canceling, compromising, and adjusting nonjudgment debts.

**B RD 1956-1 Documentation**

Insert any of the following that apply in RD 1956-1, Part VIII, the:

- U.S. Attorney's file is closed
- judgment has expired 20 years after the judgment date, and the judgment is not renewed

**Note:** If the U.S. Attorney states that the judgment expired after 10 years, consult the regional OGC to determine if the judgment can be revived.

- debt was returned from cross-servicing as uncollectible
- debt settlement amount offered by the debtor is acceptable based on the verified assets, debts, income, and expenses
- debtor is unable to pay any part of the debt and has no reasonable prospect of being able to pay any part of the debt.

**C Releasing Judgment Lien by the Department of Justice**

The State Office shall send notice to the U.S. Attorney's Office that it has canceled the debt that is the subject of a judgment lien. The notice should request that this judgment lien be released.--\*

**435-440 (Reserved)**

**535 Payments After Acceleration****A Time Limitations**

**[7 CFR 766.355(b)] The borrower has 30 days from the date of the Agency acceleration notice to pay the Agency in full.**

**B Payment Methods**

**[7 CFR 766.355(c)] The borrower may:**

**[7 CFR 766.355(c)(1)] Pay cash;**

Acceptable forms of payment and processing payments are described in 4-FLP, Part 5.

**[7 CFR 766.355(c)(2)] Transfer the security to a third party in accordance with Part 765, subpart I (4-FLP, Part 9) of this chapter;**

**[7 CFR 766.355(c)(3)] Sell the security property in accordance with §766.352 (Part 13);**  
**or**

**[7 CFR 766.355(c)(4)] Voluntarily convey the security to the Agency in accordance with §§ 766.353 and 766.354 (Part 14), as appropriate.**

**C Partial Payments**

**[7 CFR 766.355(d)] The Agency may accept a payment that does not cover the unpaid balance of the accelerated loan if the borrower is in the process of selling security, unless acceptance of the payment would reverse the acceleration.**

SED, in consultation with OGC, will issue a State supplement providing guidance on each State's policy and procedures for accepting partial payments.

**D Borrower Files for Bankruptcy**

If the borrower files for bankruptcy after FSA accelerates the account, FSA will suspend foreclosure and proceed according to Part 11.

**536 Proceeding After Acceleration Deadlines**

**A Failure to Satisfy the Debt**

**[7 CFR 766.355(e)] The Agency will liquidate the borrower's account in accordance with § 766.357 (Part 16) if the borrower does not pay the account in full within the time period specified in the acceleration notice.**

**B Forwarding the Case File**

DD will forward the case file with all relevant information and documentation to SED.

**C Account Information**

In judicial foreclosure States, SED will request FSA-2560 be prepared by \* \* \* FLOO if required by the U.S. Attorney. \* \* \* FLOO will respond with FSA-2561. In nonjudicial foreclosure States, the account balance and recapture information may be obtained from Field Office files and \* \* \* FLOO ADPS systems.

537 Acceleration of Loans to American Indians With Real Estate Security on an Indian Reservation (Continued)

\*--E Authorized Agency Official Responsibilities (Continued)

The authorized agency official shall notify the borrower:--\*

- that the request has been forwarded
- of the Tribe or Secretary of the Interior’s decision as follows.

IF the...	THEN...
decision of the Tribe or the Secretary of Interior is to accept the borrower’s loan assignment request	*--the authorized agency official shall notify the borrower--* using Exhibit 56.
Secretary of Interior has accepted the assignment	borrower’s loan will be assigned to the Secretary of Interior pursuant to National Office instructions.
Tribe has indicated that it will accept an assignment of the loan and will seek to pay for the transaction over a period of time	*--the authorized agency official shall send the Tribe, for--* the Tribe to execute within 90 calendar days, FSA-2026 payable to FSA in exchange for the assignment of the loan, as well as any other loan documents required by FSA to finance this debt under rates and terms similar to an ITLAP loan, including an assignment of Tribal income as security for the Tribe’s loan. FSA-2026 shall be prepared with the consideration amount as determined under this paragraph and with rates and terms similar to an ITLAP loan.  <b>Note:</b> All ITLAP servicing options may be applied to these loans, except any write down servicing options.
Tribe has timely executed and returned the documents described in this paragraph	*--the authorized agency official shall send to the Tribe all--* original borrower promissory notes and mortgages being assigned, along with any other relevant security instruments. Agency documents provided to the Tribe shall be prepared, endorsed, processed, and delivered pursuant to guidance from the regional OGC.
decision of the Tribe or the Secretary of Interior is not to accept the assignment of the loan	*--the authorized agency official shall:--*  <ul style="list-style-type: none"> <li>• notify the borrower using Exhibit 57</li> <li>• proceed with foreclosure action according to Part 16.</li> </ul> <b>Note:</b> Failure of the Tribe to respond to a request that the Tribe accepts an assignment of the loan, or to finalize the loan assignment transaction within the time provided in this paragraph, shall be treated as a denial of the request.

\*--The authorized agency official shall keep copies of all letters or documents sent or--\* received in the borrower’s loan file.

**537 Acceleration of Loans to American Indians With Real Estate Security on an Indian Reservation (Continued)****F Authorized Agency Official or \* \* \* FLOO Responsibilities**

The authorized agency official or \* \* \* FLOO shall do the following.

- \* \* \* FLOO shall process all transactions related to the assignment of an American Indian account to a Tribe or the Secretary of Interior upon receipt of a transmittal letter from the servicing office accompanied by copies of the assignment agreement and promissory notes that are assigned.
- The servicing office transmittal letter must provide to \* \* \* FLOO the market value of the security assigned, number of acres under FSA security instruments, and amount of the annual installments to be paid by the Tribe under any ITLAP rate and term financing provided. If the Tribe pays the full assignment consideration price in cash (up front) as opposed to ITLAP rate and term financing, the servicing office transmittal letter will notify \* \* \* FLOO accordingly, including the information from the payment transmittal record.
- \* \* \* FLOO will close out the American Indian borrower's FSA loan account and no further FSA servicing action will be required in cases where the Secretary of Interior accepts the assignment.
- If the Tribe has accepted the assignment of the borrower's loan and has given FSA a new FSA-2026 for the purchase of the loan, payments received by FSA on a new Tribal loan taken to pay the assignment will follow the same guidelines currently used for regular ITLAP payment processing.

**538-550 (Reserved)**

**567 Foreclosure Sale (Continued)****E Reporting on the Foreclosure Sale**

After the foreclosure sale, the authorized agency official writes a report on the sale for SED. The report should contain, at a minimum:

- name of the successful bidder
- amount of the successful bid
- recommendation on any further actions required of FSA after the sale.

SED will forward this report to OGC and/or the U.S. Attorney, as appropriate.

**568 FSA Actions After Foreclosure****A When FSA Acquires the Property**

Within 10 workdays of the date FSA acquires the property, the authorized agency official will send, by certified mail, FSA-2540 to inform the borrower of homestead protection rights if a residence is on the property. The acquisition date for real estate is the date FSA records the deed. For chattels, the date of acquisition is the date the Bill of Sale or title is executed transferring ownership to FSA.

If FSA acquires the property at the foreclosure sale, the authorized agency official completes FSA-2587 and FSA-2588 and records the information in ADPS by completing a 3E transaction for acquired property and a 5L transaction for acquired property maintenance. For property subject to redemption rights, the authorized agency official waits until the redemption period expires to record the deed and complete the ADPS transaction. The authorized agency official prepares an inventory file according to paragraph 721 when FSA records the deed. State supplements may be issued as required to comply with State law.

**B Establishing an Inventory Account**

\* \* \* FLOO will establish an inventory account for all acquired property under the assigned property identification number. The value of the property is the market value of the property on the date of the foreclosure sale.

**568 FSA Actions After Foreclosure (Continued)****C Existing Leases**

If FSA's foreclosure effort did not extinguish existing leases and if FSA acquires property while under lease, the authorized agency official:

- obtains and places a copy of the lease in the case file
- attempts to convert existing oral leases to writing on FSA-2591
- establishes a lease account in \* \* \* FLOO with a 1S transaction in ADPS
- notifies the lessee in writing that the Government has acquired the property and where the lessee must send lease payments
- applies payments received by FSA that were due and payable before the date of FSA acquisition to any unsatisfied balance, and returns any surplus to the former borrower
- applies payments that are due and payable after the acquisition date to the lease account.

FSA does not extend the lease term and prefers not to sell property subject to a lease. FSA may discuss with the lessee the possibility of shortening or canceling the lease.

**D Crediting the Borrower's Account**

**[7 CFR 766.357(b)(2)] If the Agency acquires the foreclosed property, the Agency will credit the borrower's account in the amount of the Agency's bid except when incremental bidding was used, in which case the amount of credit will be the maximum bid that was authorized. If the Agency does not acquire the foreclosed property, the Agency will credit the borrower's account in accordance with State law and guidance from the Regional OGC.**

Accounts with real property security located within a federally recognized Indian Reservation will be credited according to paragraph 569.

**707 Disposal of Personal Property From Inventory Real Property (Continued)**

**C Applying Proceeds From Sale of Personal Property**

**[7 CFR 767.52(c)] Proceeds from the public sale of personal property will be distributed as follows:**

- (1) To lienholders in order of lien priority less a pro rata share of the sale expenses;**
- (2) To the inventory account up to the amount of expenses incurred by the Agency in connection with the sale of personal property;**
- (3) To the outstanding balance on the Agency loan; and**
- (4) To the borrower, if the borrower's whereabouts are known.**

**D Personal Property Remaining After Public Sale**

If personal property is not sold, FSA may pay a mover or hauler to dispose of the items. The authorized agency official will contact the State Contracting Officer for guidance on hiring a mover or hauler.

**E Reclaiming Personal Property**

**[7 CFR 767. 52(b)] The owner or lienholder may reclaim personal property at any time prior to the property's sale or disposal by paying all expenses incurred by the Agency in connection with the personal property.**

**F Removing Abandoned Motor Vehicles From Inventory Property**

The authorized agency official will comply with applicable State laws concerning the removal of abandoned motor vehicles from inventory property. SED will, upon advice from OGC, issue a State supplement outlining the method FSA will follow.

**708 Reporting Acquisition or Abandonment of Secured Property to IRS****A Overview**

Federal law requires that acquired and abandoned property, as described in subparagraph C, be reported to IRS. IRS will use this information to determine whether a tax liability has been created for the borrower through abandonment or acquisition of the property.

**B Reporting Requirements**

The authorized agency official shall complete FSA-2585 within 10 calendar days of the date of acquisition or the date the property was determined to be abandoned, unless liquidation will be initiated by FSA or another lender within 3 months. In that case, no report is required until liquidation is completed. The original (Copy A) will be sent to \* \* \* FLOO . Copy B and Exhibit 66 will be sent to the borrower when Copy A is sent to \* \* \* FLOO and Copy C will be retained in the borrower's file. \* \* \* FLOO will use information supplied to notify IRS.

Corrections of transactions occurring in the previous calendar year should be aggregated and filed as soon as possible but no later than October 1 of the filing year. For example, if an error was made in reporting a transaction that occurred in 2007 and was reported in February 2008, the correction must be submitted not later than October 1, 2008. The year entered on the form must be the calendar year of the abandonment or acquisition.

**C Transactions That Must Be Reported**

The following transactions must be reported:

- real property acquired by FSA by any means
- abandoned property when liquidation action will not be initiated within 3 months
- real property that was security for a FSA loan but was purchased by a third party at a foreclosure sale initiated by FSA or another lender
- sale or transfer of real security property.

**D Redemption Rights**

Any property required to be reported to IRS that is subject to redemption rights or dwelling redemption rights of the former borrower will not be reported until the end of the redemption period. This is the year that will be entered on FSA-2585.

## 742 Entering Into the Lease Agreement (Continued)

**B Lease Terms (Continued)**

**\*--[7 CFR 767.101(c)] (2) A maximum of 18 months to a beginning farmer or socially disadvantaged farmer the Agency selected as purchaser when no Agency loan funds--\* are available; or**

The following language will be inserted into the special stipulation section of the lease agreement for all leases under this heading:

“This lease will expire 18 months from the date of the inception of the lease or sooner should Farm Ownership funds become available before expiration of the lease. As soon as funds are available, the tenant will be expected to immediately furnish updated financial information if requested by the Agency. The sale will be expected to close within 30 calendar days of the date funds become available unless extended in writing by the Agency upon mutual agreement of both parties. The purchase price will be the price agreed to in the purchase agreement dated MM-DD-YYYY. In the case of the tenant being determined ineligible for Agency financing or being unable to present a feasible plan of operation at the time the funds become available, this lease agreement will be null and void. Any growing crops will be allowed to be removed at the normal harvest time. Any lease installments remaining to be paid for that crop year will need to be paid in full before removal of any crop. The tenant is required, as part of the lease agreement, to provide a first lien position on all crops growing or to be grown on this land equal to the amount of the rent due for the term of the lease.”

**[7 CFR 767.101(c)] (3) The shortest possible duration for all other cases subject to the following:**

**(i) The maximum lease term for such a lease is 12 months.**

**(ii) The lease is not subject to renewal or extension.**

FSA may not lease inventory property because of lengthy litigation and appeals for more than 12 months. These leases are not subject to renewal and extension. The authorized agency official must re-advertise property for lease to the general public because of lengthy litigations and appeals when a lease term ends.

**\*--When a lease term ends for a beginning farmer or socially disadvantaged farmer, the--\* authorized agency official must proceed according to Part 21.**

**742 Entering Into the Lease Agreement (Continued)****C Purchase Options**

**[7 CFR 767.101(g)] Only leases to a beginning farmer or socially disadvantaged famer or Homestead Protection Program participant will contain an option to purchase the property.**

FSA does not extend purchase options to a lessee who is not a beginning farmer, socially disadvantaged famer, or a Homestead Protection Program participant.

Terms of this option are included in the special stipulation section of the lease. The lease payments are not applied toward the purchase price. The purchase price is the advertised sales price as determined by an appraisal.

When a lease with an option to purchase is signed, FSA advises the lessee in writing that FSA may not be in a position to finance the purchase of the property because of lack of funding.

**D Security Deposit**

**[7 CFR 767.101(f)] The Agency may require the lessee to provide a security deposit.**

The amount of any security deposit will be determined by considering only the improvements or facilities that might be subject to misuse or abuse during the term of the lease. The amount of any required security deposit will be included in any advertisement of the property for lease.

Security deposits will be remitted according to 3-FI and held by \* \* \* FLOO until the authorized agency official makes the determination to return or otherwise dispose of the security deposit.

The \* \* \* FLOO Property Accounting Unit will be requested by memorandum to return the deposit to the servicing office for delivery to the lessee; or, if the deposit is to be retained by FSA, to apply it to the borrower's account (for custodial property) or to the inventory account, as appropriate after all appeal rights are exhausted.

**742 Entering Into the Lease Agreement (Continued)****E Lease Termination**

The lease may be terminated by either party upon 30 calendar days written notice to the other party at that party's address set forth in the lease. If the property is sold subject to the lease, the new owner may terminate the lease by giving 30 calendar days notice to the lessee in the same manner, but in any event, the lessee shall retain the right to harvest any existing crops.

When a lease is terminated or when the property is sold before the expiration of the lease term, the authorized agency official notifies \* \* \* FLOO of the termination and the effective date of the termination.

The lessee may appeal this termination according to 1-APP. During the period of any appeal, the tenant will still be responsible for payment of any accumulating lease payments according to the terms of the lease that was in force before the termination.

**F Acceptable Forms of Lease Payment**

**[7 CFR 767.101(d)] The lessee may pay:**

**(1) A lump sum;**

**(2) On an annual installment basis; or**

**(3) On a crop-share basis, if the lessee is a beginning farmer or socially disadvantaged farmer under paragraph (a) of this section.**

FSA prefers lump-sum or annual installment payment methods, but may approve a farm lease on a crop-share basis for a beginning farmer or socially disadvantaged farmer if it is the customary practice in the area.

For a crop-share lease, FSA must stipulate the lease amount and terms in the special stipulations section of the lease. In this case, the lessee markets the crops, provides FSA with documented evidence of crop income, and pays FSA the pro-rata share of the income. The authorized agency official is responsible for ensuring that FSA properly accounts for crops and for collecting the lease payments.

FSA applies the proceeds from inventory property leases to the lease account.

**743 FSA Procedures for Leasing Inventory Real Property****A Preparing the Lease Agreement**

The authorized agency official uses FSA-2591 or another form approved by OGC to lease property.

**B Establishing a Lease Account**

On receipt of an inventory property lease, \* \* \* FLOO establishes a lease account in the lessee's name. In servicing the lease account, the authorized agency official may establish or remove a suspend code from a lease record by completing FSA-2587 according to the instructions.

**C Management of Leased Inventory Property**

**[7 CFR 767.103] (a) The Agency will pay for repairs to leased real estate inventory property only when necessary to protect the Agency's interest.**

**(b) If the lessee purchases the real estate inventory property, the Agency will not credit lease payments to the purchase price of the property.**

Generally, FSA pays only for repairs, such as replacing broken fixtures or repairing a leaking roof. FSA does not pay operating costs associated with leased inventory property.

When necessary, FSA may use management services, in addition to a lease to fully protect FSA's interest in a property. In all cases, the authorized agency official makes a determination of what types of services are needed and obtains prior written approval from SED.

**744 Leasing Other Types of Properties****A Lease of Inventory Nonreal Estate Property**

**[7 CFR 767.102] The Agency does not lease non-real estate property unless it is attached as a fixture to inventory real property that is being leased and it is essential to the farming operation.**

**B Lease of Custodial Property**

If FSA cannot acquire title to custodial property in a timely manner, the authorized agency official may lease the property upon concurrence from the National Office.

**745-775 (Reserved)**

## 901 Servicing Delinquent and Financially Distressed Accounts (Continued)

**B Loans Are Cross-Collateralized and FSA and RD Loans Are Described on Same Security Instruments (Continued)**

The following apply in all instances:

- each agency will keep the other up-to-date on the status of the default and the servicing progress
- if it is determined necessary to bring the RD loan current or find a feasible farm plan, the RD loan may be reamortized by RD when the FSA loans are restructured

**Note:** Reamortization of the RD loan must be closed before or simultaneously with the restructuring of the FSA loans. Any new security instruments taken will be separate for each agency's loans.

- RD will accelerate the account when notified by FSA that the borrower has been sent FSA-2521 or FSA-2525

**Note:** Caution should be given to accepting an offer by the borrower that would deaccelerate the account as this could affect liquidation by the other agency.

- each agency shall send the other a copy of their acceleration notice
  - any appeals will be held separately since they are 2 separate adverse actions. FSA will not accelerate the borrower's loans until all administrative appeals for FSA servicing actions are concluded
  - RD will continue to flag the account for foreclosure action pending, when the RD account is accelerated, so that payments will not be credited to the RD account
  - if payments are received on the FLP account before FLP loans are accelerated, County Offices should indicate in the System 36 banking screen "Free Form Special Data" field, that the payment should be applied since only the RD account is accelerated (see 3-FI, paragraph 68)
  - FSA will flag the account as provided in paragraphs 67, 401, 421, 534, and 567
  - if the borrower is offered a current market value buyout under Part 8, and the RD loan is delinquent, the RD loan must be paid off at the same time the buyout is completed.
- \*--Note:** The eDALR\$ report must be modified to identify the RD debt to be paid. If the--\* RD loan is not paid in full, the security instrument cannot be released. See 4-FLP, subparagraph 301 D on how to handle releases of joint security instruments.

**\*--901 Servicing Delinquent and Financially Distressed Accounts (Continued)**

**C Special Instructions for eDALR\$**

RD loans will not be entered in the eDALR\$ Existing Loan Screen when the RD loan has the same filing date as an FSA loan secured by the same property; the RD loan is entered as a prior lien. Therefore, enter the required information on the Prior Lien(s) – Create Screen that is accessible from the Net Recovery Property (ies) Screen according to the following table.

Step	Action
1	Navigate to the Net Recovery Property (ies) Screen; under Liens, click the hyperlink to access the Prior Lien(s) – Create Screen.
2	<p>On the Prior Lien(s)-Create Screen:</p> <ul style="list-style-type: none"> <li>• for creditor name, ENTER “<b>RD</b>”</li> <li>• enter total amount of debt that is outstanding on the RD loan</li> <li>• for lien relationship code, ENTER “<b>R</b>” to indicate that the prior lien holder is RD and has the same filing date as another FSA loan</li> <li>• enter date the lien was filed.</li> </ul> <p><b>Important:</b> The date the lien was filed must match at least 1 of the filing dates of an FSA loan secured by the same property.</p>

The FSA Loans Screen provides a list of FSA loans secured by the property and the filing dates of FSA security instruments.

The RD loan is entered as just a prior lien holder if the RD loan:

- is junior to at least 1 FSA loan
- does not have the same filing date as any of the FSA loans
- is before at least 1 FSA loan
- is secured by the same property.

There can be multiple RD loans entered on the Prior Lien(s)-Create Screen.

**Note:** Each RD loan is entered individually.--\*

**901 Servicing Delinquent and Financially Distressed Accounts (Continued)**

**C Special Instructions for eDALR\$ (Continued)**

From the Net Recovery Property Screen, CLICK “Next Page” to run the HML calculations. The HML Calculation Option will calculate the amount of RD debt as follows:

- proportionate debt amount of the RD loan, if it is secured by the same property with the same filing date as an FSA loan
- amount of the RD debt deducted from net recovery properties, if the RD loan is junior to any of the FSA loans and before other FSA loans.

**\*--Note:** Information on the proportionate share of the RD debt is provided in the eDALR\$ Analysis Report.

<b>IF the RD loan ...</b>	<b>THEN...</b>
will be reamortized	enter the reamortized RD payment in FBP.
is to be paid in full at the time of buyout according to subparagraph 301 B	add the following statement to the eDALR\$ report below the--* certification and authorization section:  “If you choose to buyout your FLP loans, you must also pay off your RD loan(s). The unpaid balance of the RD loan(s) as of _____ is \$_____.”

**D Bankruptcy Filings Involving Joint Security Instruments**

FSA and RD will handle bankruptcies separately according to their regulations. FSA handles bankruptcies under Part 11, Section 1. Any necessary legal coordination will be handled by OGC.

**\*--902 Handling Voluntary Conveyances and Foreclosures Against Joint Security for Loans on Separate Security Instruments**

**A Loans Described on Separate Security Instruments**

The procedures in this paragraph will be followed for voluntary conveyances, foreclosures by FSA and RD, and third party foreclosures of cross-collateralized security property when FSA and RD loans are described on separate security instruments.

If the security is the same for both the FSA and Labor Housing loans, and the loans are described on separate security instruments, liquidation will be handled according to this paragraph.

**B Voluntary Conveyance**

If 1 agency is proposing to accept a voluntary conveyance (deed instead of foreclosure), the initiating agency shall do the following:

- obtain a current appraisal
- obtain a title opinion indicating lien position
- send copies of the appraisal and title opinion to the other agency with a request for release.

FSA will handle voluntary conveyances under Part 14.

<b>IF the...</b>	<b>THEN...</b>
lien is valueless	that agency will prepare and send the initiating agency a release. FSA may release valueless liens under 4-FLP, paragraph 147.
other agency holds a prior lien	initiating agency will pay off that agency's lien before accepting the conveyance. FSA may issue protective advances according to 4-FLP, paragraph 101.
other agency holds a junior lien	initiating agency will pay that agency's lien up to the market value of the security property, less prior liens, including the initiating agency's prior lien. FSA may issue protective advances according to 4-FLP, paragraph 101.

--\*

**904 Property ID Numbers**

**A Assigning Property ID Numbers**

Inventory property ID numbers cannot be duplicated. FSA should use the State and county codes along with 5 additional digits. The last 5 digits must be consecutively numbered within the range of 00001-00499.

Since the property ID numbers include the State and county codes, the same last 5 digits in the number can be used by all counties within the State.

**B FIPS Code Clarification**

The State and county codes are the non-FIPS numbers used for all \* \* \* FLOO purposes, not the FIPS State and county codes used in former ASCS coding.

**905 ADPS 3E Transactions****A Processing ADPS 3E Transaction for Acquisitions**

The ADPS 3E transaction for acquiring property is a combined transaction that affects both a borrower's FSA and RD account. Therefore, anytime property is acquired by FSA or RD from a borrower that has an FSA and RD loan, \* \* \* FLOO must process the ADPS 3E transaction. This is the case even if the property is not cross-collateralized. Under no circumstances can a property be acquired jointly.

**B Acquiring Agency Action**

When property is acquired by FSA or RD from a borrower who has both an FSA and RD loan, the acquiring agency shall:

- determine agencies' proportionate share using Exhibit 79 only if the 2 agencies share the lien position

**Note:** The lien position is shared by both FSA and RD when the FSA and RD loans were made at the same time, or the security was taken at the same time, and included on the same mortgage or deed of trust.

- complete Exhibit 80
- FAX a copy of Exhibit 79, if applicable, and Exhibit 80 to \* \* \* FLOO at 314-457-4539.

**Note:** If the security is cross-collateralized, a copy of Exhibits 79 and 80 shall also be sent to the nonacquiring agency.

## 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
51-S	5-FLP Special Loan Servicing Pending	67, 401, Ex. 11
ACL	Accelerated	534, Ex. 11
BAP	Bankruptcy Action Pending	401, Ex. 11, 15
CAP	Court Action Pending	421, Ex. 11, 15
CL	conservation loan	41, 131, 145, Ex. 2, 17
CO	Collection Only	406, Ex. 11
CNC	currently not collectible	126, 433, Ex. 16
CONACT	Consolidated Farm and Rural Development Act	1, 193, 537, Ex. 2
DEF	Deferral	248, Ex. 11
DMS	Debt Management Services	Ex. 16
eDALR\$	electronic Debt and Loan Restructuring System	Text, Ex. 17
FAP	Foreclosure Action Pending	567, Ex. 11, 15
FLMAC	Farm Land Market Advisory Committee	Ex. 17
HML	high, medium, low	901
ISA	installment Set-Aside	46, 48, 131
ITLAP	Indian Tribal Land Acquisition Program	2, 537
LR	limited resource	132, 146
NP	nonprogram loan	Text
NRBRA	Net Recovery Buyout Recapture Agreement	321, 361, 363, 365
NRV	net recovery value	102, 321
OAC	Office of Adjudication and Compliance	Ex. 15, 16
PCA	private collection agency	Ex. 16
PRG	Program Reporting Group	433, Ex. 15, 16
RH	rural housing	Ex. 79
SA	shared appreciation loan	66, 67, 102, 145, 146, 191, 346
SAA	subject to approved adjustment	172, 249, 343, 404, 406, Ex. 11, 15
SCRRG	State Civil Rights Review Group	533
SEC	State Environmental Coordinator	802, 821, 837, 839
SOL	Statute of Limitations	126, 127
ST	softwood timber loan	41
TIN	taxpayer identification number	Ex. 16
TPJ	third party judgment	421, Ex. 11, 15
YL	youth loan	41, 42, 68, 132

## Re delegations of Authority

None.



**Account Description Flag and Code Reference**

**A General Information**

This exhibit provides guidance on using account description flags and paragraph references for each flag.

**B Agency Official Responsibilities**

Agency officials shall review the RC 540 Report monthly to determine if a servicing action is needed and if accounts are appropriately flagged or coded. Particular attention should be given to flagged accounts since the payment status cannot always be reported correctly for reasons such as payments being held in suspense or transactions not being processed.

**C Establishing and Removing Flags**

\*--To establish an account flag, FSA-2562 will be completed and a 5G transaction will be processed in DLS through the Manage Flags function under Customer Management. To remove an account flag, FSA-2562 will be completed and a 5H transaction will be processed in DLS.--\*

**D Flag Priority and Reference Table**

A maximum of 4 flags can be recorded in the accounting system for each borrower subject to certain limitations. However, only 3 flags will be reported on the RC 540 Report. Flags will be reported based on priority as indicated in this table.

<b>Display Priority</b>	<b>Code</b>	<b>Description</b>	<b>Reference</b>
1	CAP	Court Action Pending	Paragraph 421
2	TPJ	Third Party Judgment	Paragraph 421
3	BAP	Bankruptcy Action Pending	Paragraph 401
4	51-S	5-FLP Special Loan Servicing Pending	Paragraph 67
***	***	***	***
5	DEF	Deferral	Paragraph 248
6	FAP	Foreclosure Action Pending	Paragraph 567
7	SAA	Subject to Approved Adjustment	Paragraph 404
8	ACL	Accelerated	Paragraph 534

**Note:** An account may be classified as “CO” according to subparagraph E. “CO” is not a flag; “CO” is a classification code that has display priority over all flags when displayed on the RC-540 Report.

**Account Description Flag and Code Reference (Continued)**

**E Special Classification Code “CO”**

The purpose of special classification code “CO” is to ensure that farm program payments to discharged borrowers are not offset. County Offices may assign or remove “CO” classification codes according to paragraph 406. To:

- establish the “CO” classification code through ADPS, a 5B transaction will be processed
- remove the “CO” classification code through ADPS, a 5A transaction will be processed.

Accounts with the “CO” classification must be monitored for proper coding and servicing.

## Quarterly Screening Process for TOP (Continued)

### 4 State Office Responsibilities (Continued)

#### A Screening (Continued)

Judgment loans must be carefully reviewed before determining TOP eligibility. DOJ is responsible for referring debts to TOP when DOJ has jurisdiction. In some cases, DOJ may request that FSA refer debts on DOJ's behalf. Do **not** refer a judgment under DOJ jurisdiction **without** contacting LSPMD at 202-720-1658. If the loan needs to be deleted, use delete code "05."

"CAP" and "FAP" flagged loans are included on the TOP Offset Online Screens. The presence of 1 of these flags on the account is **not** a determining factor for whether a debtor should be deleted. Review the debtor file to determine eligibility as follows:

- "CAP" flagged accounts should be deleted with code "03" **only** if the debt is being handled by OGC
- "FAP" flagged accounts should be deleted with code "01" **only** if offset could jeopardize litigation under State law.

CNC loans **must** be carefully reviewed **before** determining TOP eligibility.

If any nonjudgment loan becomes ineligible, input the proper delete code and notify FLOO, \*--PRG immediately by FAXing FSA-1956-22 to 314-457-4539.--\*

#### B Accessing Debtor/Co-debtor Accounts

State Offices:

- will have online capability to delete loans serviced by their County Offices
- may access the TOP Offset Online Screens as described in paragraph 8.

**\*--Quarterly Screening Process for TOP (Continued)**

**4 State Office Responsibilities (Continued)**

**C Deleting Debtors/Co-Debtors**

After accessing debtors through the Borrowers Selection Menu, options “1”, “2”, “3”, or “4”, delete a loan and any cost item related to the loan according to the following table, if ineligible for offset.

<b>Step</b>	<b>Action</b>
1	<p>On the Borrowers Selection Menu, for options:</p> <ul style="list-style-type: none"> <li>• “1” and “2”, input all delete codes needed for all borrower/co-borrower loans displayed on the page before pressing “Enter”</li> </ul> <p style="text-align: center;"><b>Note:</b> Borrowers and co-borrowers are not necessarily eligible for deletion for the same reason or at the same time. <b>Discretion is advised.</b></p> <ul style="list-style-type: none"> <li>• “3” and “4”, input the applicable delete code from paragraph 7 in the DLT CDE field on the line for the loan number to be deleted.</li> </ul> <p style="text-align: center;"><b>Note:</b> If <b>all</b> of a borrower’s/co-borrower’s loans are to be deleted, input a delete code for <b>each</b> loan.</p>
2	<p>PRESS “Enter”.</p> <p><b>Note:</b> Users <b>must</b> press “Enter” for <b>each</b> page, if a delete code has been entered. If users press “PF8” or “PF7” without pressing “Enter” first, the delete code will <b>not</b> be processed.</p> <p>Once users press “Enter”, “Borrower(s) Processed” will be displayed on the bottom-left of the screen. The current date will be displayed in the “Delete Date” column in the center of the screen. To verify the delete codes have processed, ENTER “5” to return to the Subsystem Selection Menu, and PRESS “Enter” again. The delete codes will be displayed in the loan line under the “Delete Code” column, on the left.</p>
3	<p>Continue this process for <b>all</b> pages displayed for the requested State or County Office or for the requested debtor.</p>

--\*

## Quarterly Screening Process for TOP (Continued)

### 2 TOP Screens and Process (Continued)

#### G TOP Refunds

\*--FAX FSA-1956-22's to FLOO, PRG at 314-457-4539 **only** if a refund is needed, or the--\*  
loan needs to be recalled from cross-servicing.

**Note:** FSA-1956-22 is only to be used for TOP and cross-servicing refunds and cross-servicing recalls. If FSA-1956-22 is used for an internal administrative offset or regular payment refund request, processing of the refund may be delayed.

Refunds **must** be made to the specific person who was offset. FLOO, PRG will determine whether the refund will be manual or programmatic. The refund will be programmatic if the person receiving the refund is in ADPS and no other name will be on the check. Full refunds will include the TOP fee amount. Partial refunds will not include the TOP fee amount.

The following information **must** be provided on FSA-1956-22, item 16B, if a check must be sent to other than the County Offices:

- name of the person or persons to whom the check should be made payable
- address where the check should be mailed

**Note:** Manual refunds may be sent directly to the borrower/co-borrower's address; however, this is discouraged because the County Office then has no confirmation the refund was received. **It is critical to specify where the check must be sent.**

- effective date the borrower/co-borrower was no longer eligible for offset (the date of bankruptcy filing, date paid current, repayment agreement date, etc.) and which person was involved.

**Note:** To ensure timely and accurate processing of refund requests, all FSA-1956-22 refund  
\*--requests **must** be **FAXed to FLOO, PRG** only at **314-457-4539, not to FLOO--\***  
**Loan Servicing Groups.** PRG monitors and tracks all refunds.

**\*--Quarterly Screening Process for TOP (Continued)**

**2 TOP Screens and Process (Continued)**

**G TOP Refunds (Continued)**

When completing FSA-1956-22 for a borrower/co-borrower that has a monthly offset occurring or the amount of the offset is unknown and the offset needs to be refunded, enter the following:

- in item **16B**, the date specified should be the date the loan was no longer eligible for offset, such as the bankruptcy filing date, date SED signed the settlement agreement, etc.
- in item **13**, the amount of the offset in ADPS Online History, which is the amount of the offset taken by Treasury minus any TOP and/or salary offset fees.

**Note:** It is **not** necessary to wait to FAX FSA-1956-22 until the offset appears on ADPS. However, FSA-1956-22's will be held by FLOO, PRG until the payment arrives and is applied to the loan. **This usually takes 2-3 weeks from the date of offset.**

**H Effects of Moratorium**

There is a moratorium on acceleration and foreclosure when an account has a program discrimination complaint that is accepted by OAC. Until the final rule implementing the 2008 Farm Bill provision is published, refer to applicable FLP notices. Under the provision, if a moratorium case is at the point of acceleration or is in foreclosure and interest accrual and offset has been suspended, use delete code "11" to remove it from the TOP Offset List. However, accounts that have no security remaining which have been accelerated or where all loans are mature, such as those classified as CNC, will continue to accrue interest and be subject to offset.--\*

**Quarterly Screening Process for TOP (Continued)**

**5 Timeframe for Quarterly Referrals to TOP**

The following is a timeframe for quarterly referrals to TOP.

<b>Process</b>	<b>Date(s)</b>
<b>FY 2010 1st Quarter TOP Referral</b>	
New Selection <u>1/</u>	September 19, 2009
<b>Critical</b> pre-letter screening	<b>September 22 to October 2, 2009</b>
* * * FLOO mails 60-calendar-day due process letters	October 6, 2009
Pre-certification screening	October 6 to December 11, 2009
Certification <u>2/</u>	December 12, 2009 <u>3/</u>
<b>FY 2010 2nd Quarter TOP Referral</b>	
New Selection <u>1/</u>	December 12, 2009 <u>3/</u>
<b>Critical</b> pre-letter screening	<b>December 15, 2009, to January 8, 2010</b>
* * * FLOO mails 60-calendar-day due process letters	January 12, 2010
Pre-certification screening	January 12 to March 19, 2010
Certification <u>2/</u>	March 20, 2010
<b>FY 2010 3rd Quarter TOP Referral</b>	
New Selection <u>1/</u>	March 27, 2010
<b>Critical</b> pre-letter screening	<b>March 30 to April 9, 2010</b>
* * * FLOO mails 60-calendar-day due process letters	April 13, 2010
Pre-certification screening	April 13 to June 18, 2010
Certification <u>2/</u>	June 19, 2010
<b>FY 2010 4th Quarter TOP Referral</b>	
New Selection <u>1/</u>	June 26, 2010
<b>Critical</b> pre-letter screening	<b>June 29 to July 09, 2010</b>
* * * FLOO mails 60-calendar-day due process letters	July 13, 2010
Pre-certification screening	July 13 to September 17, 2010
Certification <u>2/</u>	September 18, 2010 <u>4/</u>

1/ This includes all debts that appear eligible on ADPS, even if deleted in prior quarterly process.

2/ Loans with no delete code are moved from the “Borrower Eligible (N)” Screens to the “Certified (Y)” Screens.

3/ The FY 2010 1st Quarter Certification is run on the same day as the FY 2010 2nd Quarter Selection.

4/ The FY 2010 4th Quarter Certification is run on the same day as the FY 2011 1st Quarter Selection.

Quarterly Screening Process for TOP (Continued)

**5 Timeframe for Quarterly Referrals to TOP (Continued)**

Process	Date(s)
<b>FY 2011 1<sup>st</sup> Quarter TOP Referral</b>	
New Selection <u>1/</u>	September 18, 2010 <u>4/</u>
<b>Critical</b> pre-letter screening	<b>September 21 to October 1, 2010</b>
* * * FLOO mails 60-calendar-day due process letters	October 5, 2010
Pre-certification screening	October 5 to December 10, 2010
Certification <u>2/</u>	December 11, 2010
<b>FY 2011 2<sup>nd</sup> Quarter TOP Referral</b>	
New Selection <u>1/</u>	December 11, 2010
<b>Critical</b> pre-letter screening	<b>December 12, 2010, to January 7, 2011</b>
* * * FLOO mails 60-calendar-day due process letters	January 8, 2011
Pre-certification screening	January 8 to March 18, 2011
Certification <u>2/</u>	March 19, 2011
<b>FY 2011 3<sup>rd</sup> Quarter TOP Referral</b>	
New Selection <u>1/</u>	March 26, 2011
<b>Critical</b> pre-letter screening	<b>March 29 to April 8, 2011</b>
* * * FLOO mails 60-calendar-day due process letters	April 9, 2011
Pre-certification screening	April 9 to June 17, 2011
Certification <u>2/</u>	June 18, 2011
<b>FY 2011 4<sup>th</sup> Quarter TOP Referral</b>	
New Selection <u>1/</u>	June 25, 2011
<b>Critical</b> pre-letter screening	<b>June 28 to July 8, 2011</b>
* * * FLOO mails 60-calendar-day due process letters	July 9, 2011
Pre-certification screening	July 9 to September 16, 2011
Certification <u>2/</u>	September 17, 2011

1/ This includes all debts that appear eligible on ADPS, even if deleted in prior quarterly process.

2/ Loans with no delete code are moved from the “Borrower Eligible (N)” Screens to the “Certified (Y)” Screens.

4/ The FY 2010 4th Quarter Certification is run on the same day as the FY 2011 1st Quarter Selection.

**Quarterly Screening Process for TOP (Continued)**

**5 Timeframe for Quarterly Referrals to TOP (Continued)**

Process	Date(s)
<b>FY 2012 1<sup>st</sup> Quarter TOP Referral</b>	
New Selection <u>1/</u>	September 24, 2011
<b>Critical</b> pre-letter screening	<b>September 27 to October 7, 2011</b>
* * * FLOO mails 60-calendar due process letters	October 8, 2011
Pre-certification screening	October 8 to December 16, 2011
Certification <u>2/</u>	December 17, 2011 <u>3/</u>
<b>FY 2012 2<sup>nd</sup> Quarter TOP Referral</b>	
New Selection <u>1/</u>	December 17, 2011 <u>3/</u>
<b>Critical</b> pre-letter screening	<b>December 20 , 2011, to January 6, 2012</b>
* * * FLOO mails 60-calendar due process letters	January 7, 2012
Pre-certification screening	January 7 to March 16, 2012
Certification <u>2/</u>	March 17, 2012

1/ This includes all debts that appear eligible on ADPS, even if deleted in prior quarterly process.

2/ Loans with no delete code are moved from the “Borrower Eligible (N)” Screens to the “Certified (Y)” Screens.

3/ The FY 2012 1st Quarter Certification is run on the same day as the FY 2012 2nd Quarter Selection.

**\*--Quarterly Screening Process for TOP (Continued)**

**6 TOP Offset Programmatic Delete Codes**

The following are delete codes that will be programmatically generated based on ADPS status of the debtor's account.

<b>Code</b>	<b>Description</b>
02	Account has a "BAP" or "SAA" flag.
13	<ul style="list-style-type: none"><li>• A cost item reversal put a "Z99" paid code on the account.</li><li>• Transaction code "4A" or "4D" put a "Z97" paid code on the account.</li><li>• Equity Receivable record suspended or amortized.</li></ul>
17	Loan is current or paid in full by cash payment.
19	<ul style="list-style-type: none"><li>• Loan is satisfied by other than those reasons in codes "13", "17", and "38".</li><li>• No address or invalid address.</li><li>• Suspension loan amortized.</li></ul>
38	Account has been written off with a class of writeoff code other than "5".

**Notes:** If the account status in ADPS generates a delete code, both the borrower and co-borrower loans will be programmatically deleted using the same delete code.

**A suspend code (ZSPC on AI Status Screen) prevents a programmatic delete.--\***

## Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)

**2 Cross-Servicing (Continued)****C Judgment Debt**

The 20-year SOL for judgment debt still applies.

**D Actions Required for Referring and Servicing CNC Debt**

The State Office shall:

- process transaction code “3K” on ADPS with a class of write off code “5” for all debt types except leases, third party judgments, and equity receivables
- refer debts for cross-servicing by completing and submitting FSA-1956-21 to \* \* \* FLOO, PRG by FAX at 314-457-4539

**Note:** Borrowers and co-borrowers (including liable spouses) shall be listed on FSA-1956-21 with their TIN’s and must be referred at the same time. If no TIN can be identified, in FSA-1956-21, item 3A, ENTER “TIN unknown”, and provide the debtor’s last known address. Such debt will be referred to cross-servicing manually. Debts without TIN cannot be referred to TOP.

- respond to each dispute on the debt

**Note:** Multiple disputes on the same debt may be received because Treasury and 2 different PCA’s to collect the debt. If Treasury does not receive FSA’s dispute response within 60 calendar days, the debt will be returned as uncollectible.

- recall debts from cross-servicing when they no longer meet CNC requirements, such as bankruptcy protection or 20-year SOL expiration for judgment debts, by completing and \*--FAXing FSA-1956-22, with supporting documentation, to FLOO, PRG at 314-457-4539.--\*

**Note:** These debts should be deleted immediately on the TOP screens, if applicable.

**Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)****2 Cross-Servicing (Continued)****D Actions Required for Referring and Servicing CNC Debt (Continued)**

\* \* \* FLOO, PRG shall:

- refer debt listed on FSA-1956-21 to Treasury for cross-servicing on a monthly basis
- provide State Offices a report of all loans submitted with each referral to Treasury
- recall CNC debt from cross-servicing as needed
- notify State Offices when the following occur:
  - debts are disputed
  - compromises are offered
  - initial cross-servicing payments are received
  - debts are returned from cross-servicing
  - debt has been resubmitted per State Office request.

**E FSA Collection Activity**

Treasury regulations require that FSA stop all collection activity on debts referred for cross-servicing, except TOP offsets, Federal salary offsets, and internal administrative offsets.

Debtors referred to cross-servicing are provided with payment instructions from Treasury and/or PCA's. Debtors must make their payments to Treasury or PCA because there is a significant Treasury/PCA fee debtors must pay.

When a voluntary payment is received from CNC borrowers, the:

- County Office shall call the State Office
- State Office shall check the borrower's current cross-servicing status on FedDebt.

**Note:** If needed, call \* \* \* FLOO, PRG at 314-539-2494 for assistance.

**\*--Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)**

**2 Cross-Servicing (Continued)**

**E FSA Collection Activity (Continued)**

If the account has been referred to cross-servicing, the State Office shall notify the County Office to:

- prepare a memorandum to \* \* \* FLOO, PRG stating the following:
  - payment should have been sent to cross-servicing
  - amount of the check
  - debtor's name
  - TIN
  - relationship to the borrower's or co-borrower's loan
  - case number and loan number
- mail the check and memorandum to the following address:

Farm Service Agency  
 Farm Loan Operations Office, FC-533  
 \* \* \*  
 P.O. Box 200003  
 St. Louis, MO 63120-0003.

Borrowers referred for cross-servicing will continue to have FSA-2065 and, if applicable, IRS Form 1098 generated at calendar year-end if the account had activity. County Offices shall forward FSA-2065 to the borrower and a copy to the State Office.

**F Discrimination Complaints at Cross-Servicing**

CNC accounts involved in an accepted discrimination complaint are **not** eligible for cross-servicing; however, these accounts will remain on the TOP screen for offset.

If a debtor files a program discrimination complaint and USDA's OAC accepts the complaint as valid, immediately FAX FSA-1956-22 and supporting documentation to \* \* \* FLOO, \*--PRG at 314-457-4539 to recall the debt from cross-servicing.--\*

Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)

2 Cross-Servicing (Continued)

G Debt Settlement Offers

CNC debt may be settled by FSA upon application by the borrower, **if the debt has not been referred to Treasury for cross-servicing, or if all of the borrower’s loans have been returned from cross-servicing.** If a CNC borrower submits or inquires about a debt settlement application, the State Office shall access the FedDebt system to determine whether the account has been referred for cross-servicing.

IF the account has...	THEN inform the borrower that...
been referred for cross-servicing and at least 1 loan still at cross-servicing	the debt is now at Treasury and negotiations need to be with Treasury. Borrowers: <ul style="list-style-type: none"> <li>• may contact Treasury at 1-888-826-3127</li> <li>• have no appeal rights for settlements rejected by Treasury and returned to FSA.</li> </ul>
either of the following: <ul style="list-style-type: none"> <li>• not been referred for cross-servicing (and such referral is not required)</li> <li>• all of the borrower’s/co-borrower’s loans have been returned from cross-servicing</li> </ul>	a debt settlement offer may be considered. See RD Instruction 1956-B for processing debt settlements.

If a debt settlement offer is received after the State Office has submitted the debt for cross-servicing referral on FSA-1956-21 but the debt has not yet been referred, the State Office should notify FLOO, PRG immediately by FAX at 314-457-4539. Include the terms of the debt settlement offer and request a delay in referring the debt for cross-servicing until a decision is made. Notify FLOO, PRG immediately when a decision is made. If the offer is rejected, the debt will be sent to Treasury for cross-servicing in the next referral.

**Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)****3 Account Resolution After Referral to Cross-Servicing****A Process**

Treasury will notify FSA and request concurrence for some repayment agreements and compromises. This notification is done on a loan-by-loan basis, not by account. In cases where a debtor has more than one FSA loan referred to cross-servicing and FSA is advised of an agreement to compromise or adjust 1 loan or several loans, but not all of the debt, SED may approve the settlement agreements on a loan-by-loan basis.

Cancellation of any loan balances remaining on the compromised or adjusted loans will **not** be processed until all:

- payments have been received as agreed
- loans eligible for referral to the cross-servicing program for that debtor have been returned, with or without payment agreements, to FSA
- co-borrower issues are resolved, including recall and returns.

By the second week of each month, \* \* \* FLOO, PRG may access Treasury's FedDebt system and run the Creditor Agency's Return to Agency Report for the prior month. This report reflects all FSA debts that were returned to FSA in the requested month and the reason the debt was returned.

Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)

3 Account Resolution After Referral to Cross-Servicing (Continued)

B Action

Debts shall be resolved according to the following.

Step	Office	Action
1	State Office	<p>State Offices shall:</p> <ul style="list-style-type: none"> <li>• receive Treasury’s DMS action form or concurrence request from * * * FLOO, PRG about a repayment agreement/adjustment offer or compromise offer</li> <li>• receive a list of all debts Treasury has returned from cross-servicing for the month from * * * FLOO, PRG</li> <li>• based upon the information in the case file, determine whether the debt is eligible for settlement through the proposed repayment/adjustment offer, compromise offer, or if the debt may be canceled.</li> </ul> <p style="text-align: center;"><b>Repayment/Adjustment Offers and Compromise Offers</b></p> <p>SED shall:</p> <ul style="list-style-type: none"> <li>• obtain concurrence from the U.S. Attorney or FSA FLP National Office, if necessary</li> <li>• sign the DMS action form</li> <li>• ENTER “Y” or “N” in the “Approved” column, as applicable</li> <li>•*--FAX to FLOO, PRG at 314-457-4539.--*</li> </ul> <p><b>Note:</b> If an offer is <b>not</b> approved, include supporting documentation to substantiate why greater repayment is warranted. Approved agreements must <b>not</b> exceed 5 years according to RD Instruction 1956-B.</p>

\*--Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)

3 Account Resolution After Referral to Cross-Servicing (Continued)

B Action (Continued)

Step	Office	Action
1 (Continued)	State Office (Continued)	<p style="text-align: center;"><b>Cancellation</b></p> <p>The account balance may be considered for cancellation when all:</p> <ul style="list-style-type: none"> <li>• of the loans eligible for referral to the cross-servicing program have been referred but returned for the debtor and any co-debtors</li> <li>• payments have been received from any compromise or adjustment offers negotiated by Treasury.</li> </ul> <p>The account balance will be canceled if there are no known collections that FSA will receive through TOP or FSA's internal administrative offset process. Known collections are from payments that FSA is certain it will receive from offsets in the near future, such as Social Security benefits, Federal salary, farm program payments, etc., for an amount sufficient to reduce the overall balance of the debt.</p> <p>Canceling a debtor's account balance will be completed according to RD Instruction 1956-B or RD Instruction 1956-B, Exhibit B, as appropriate. If 1 or more of a debtor's loans have been canceled using the debt cancellation authority under the Federal Claims Collection Standards, the remaining account balance may be canceled under RD Instruction 1956-B. If a debtor has received debt forgiveness under the CONACT authorities, such as a write-down through primary loan servicing, the remaining account balance may be canceled according to RD Instruction 1956-B, Exhibit B.</p>

--\*

Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)

3 Account Resolution After Referral to Cross-Servicing (Continued)

B Action (Continued)

Step	Office	Action
1 (Continued)	State Office (Continued)	<p style="text-align: center;"><b>Cancellation</b></p> <p>SED's shall:</p> <ul style="list-style-type: none"> <li>• process the loan cancellation as appropriate using RD 1956-1</li> <li>• prepare a memorandum advising * * * FLOO, PRG of the cancellation</li> <li>• FAX the signed memorandum to * * * FLOO, PRG.</li> </ul> <p><b>Note:</b> The State Office shall obtain any necessary concurrence before canceling the debt.</p> <p>When canceling remaining loan balances owed on debts compromised by Treasury:</p> <ul style="list-style-type: none"> <li>• document the information about the compromise on RD 1956-1</li> <li>• process transaction code "3K" using class of write off code "1" for the compromised debt</li> <li>• process transaction code "3K" using class of write off code "4" for the balance of the debt returned as uncollectible</li> <li>• the effective date for all 3K transactions shall be the date SED or DAFLP signed RD 1956-1.</li> </ul>

Collection Through Cross-Servicing and Debt Settlement of Uncollectible Debt (Continued)

3 Account Resolution After Referral to Cross-Servicing (Continued)

B Action (Continued)

Step	Office	Action
2	*** FLOO, PRG	<p style="text-align: center;"><b>Repayment/Adjustment Offers and Compromise Offers</b></p> <p>FAX the signed DMS action form to Treasury. Once the full amount of the repayment/adjustment or compromise is received and applied, FAX a memorandum to the State Office notifying the State that the full amount of the repayment/adjustment or compromise has been collected and applied to the debt.</p> <hr/> <p style="text-align: center;"><b>Approved Cancellations</b></p> <p>When cancellations cannot be processed by the State Office, *** FLOO, PRG shall:</p> <ul style="list-style-type: none"> <li>• request RD 1956-1 for authorization of cancellation</li> <li>• notify the appropriate loan servicing team to process cancellations approved by SED</li> <li>• FAX a memorandum to the State Office once the cancellation has been completed.</li> </ul>
3	State Office	<p>Attach *** FLOO, PRG memorandums, State Office memorandums, and any applicable forms to the State Office copy of FSA-1956-20 or FSA-1956-10, if CNC was before September 11, 2000.</p> <p>Forward a copy of the *** FLOO, PRG memorandum and any applicable forms to the Farm Loan Manager.</p>
4	County Office	<p>File *** FLOO, PRG memorandums, State Office memorandums, and any applicable forms in the case file.</p> <p>After all payments have been processed, stamp the promissory notes “Satisfied by Completed Adjustment Offer”, “Satisfied by Approved Compromise”, or “Satisfied by Approved Cancellation”, as applicable, and return the satisfied notes to the borrower.</p> <p>In cases where the debt is returned as uncollectible, but cannot be canceled, continue monitoring the account until it is eligible for cancellation, then process the cancellation according to RD Instruction 1956-B or Exhibit B, as applicable.</p>



**\*--Instructions for Using eDALR\$ (Continued)**

**2 eDALR\$ User Guide**

**A Entering Data**

Two categories of information are entered into eDALR\$. First, the authorized agency official enters some information into eDALR\$ on a periodic basis. This information is critical to ensure that eDALR\$ applies the correct interest rate to the borrower's account and that the net recovery value calculation is accurate. Each Field Office must have a system for promptly entering this information into eDALR\$ as the Field Office receives notification of data changes from the State or National Office. Second, the authorized agency official must enter borrower-specific data each time eDALR\$ runs a report. The key sources for this information are the borrower's current or updated FBP, ADPS DL screens that contain borrower loan information, and the borrower's case file.

The eDALR\$ reports are accurate and useful only if the information entered into eDALR\$ is accurate and complete. A significant percentage of errors or complications with using eDALR\$ result from poor data collection or entry errors. The authorized agency official is responsible for the accuracy of inputted data and should be diligent in ensuring that the borrower's FBP is complete and appropriate. See 1-FLP, Part 9, Section 3 for a detailed discussion on developing FBP.

**B Periodic Data**

FSA periodically publishes updated data that the Field Office enters into eDALR\$. The--\* State Office also issues State supplements with updated data based on Statewide or local conditions. When published, the authorized agency official enters net recovery constants. Current periodic data for administrative liquidation costs, chattel costs, real estate costs, and property management costs is found in paragraph 5 of this exhibit.

**Instructions for Using eDALR\$ (Continued)**

**2 eDALR\$ User Guide (Continued)**

**C Borrower Data**

The following table explains the main categories of borrower-specific information the authorized agency official enters into eDALR\$. The table lists specific items from the borrower case file and supporting automated FSA systems for entry into eDALR\$.

<b>Category</b>	<b>eDALR\$ Screen</b>	<b>Explanation</b>
1. Borrower Case Number	Enter or Select Borrower	Either an Entity or Individual Borrower Case Number.
2. Borrower Name	Enter or Select Borrower	Either an Entity or Individual Borrower Name.
3. Date Servicing Actions Requested	Basic Borrower Information	Date of completed application requesting primary loan servicing.
4. Proposed Restructure Date	Basic Borrower Information	Date on which servicing actions should be effective.
5. Has the Borrower Had Previous Debt Forgiveness?	Basic Borrower Information	Determine whether the borrower has received prior debt forgiveness, not including debt reduction from CC's or easements.
6. Period of Deferral	Basic Borrower Information	eDALR\$ allows a maximum deferral period of 5 years. Enter a shorter period based on the plans developed in FBP.
7. Adjusted Balance Available	Basic Borrower Information	System calculated from the data entered.
8. Farm Operating Expense, Farm Operating Interest Expense, Owner Withdrawals Expense, Balance Available, Non Agency Debt Repayment and Taxes Expenses	Basic Borrower Information	*--From FBP eDALR\$ Input Report, enter--* the corresponding information:  <ul style="list-style-type: none"> <li>• Farm Operating Expense</li> <li>• Farm Operating Interest Expense</li> <li>• Owner Withdrawals Expense</li> <li>• Balance Available</li> <li>• Non-Agency Debt Repayment and Taxes.</li> </ul>

**\*--Instructions for Using eDALR\$ (Continued)**

**2 eDALR\$ User Guide (Continued)**

**C Borrower Data (Continued)**

<b>Category</b>	<b>eDALR\$ Screen</b>	<b>Explanation</b>
12. Net Recovery Value Data (Continued)	Net Recovery Property	<p>Additionally, eDALR\$ calculates the FSA loan priority related to FSA's security interests in the assets. The calculated loan priority will minimize the amount of the unsecured debt owed to FSA. Loan priority is used to select the appropriate FSA loans to be considered during the writedown servicing process.</p> <p>eDALR\$ uses the net recovery value only if the borrower will receive a writedown according to Part 4. The authorized agency official does not need to enter net recovery value data unless the borrower will receive a writedown.</p>
13. Security Priority	Loan Security	<p>Enter information on the loan priority for each FSA loan secured by an asset. The market value of the security, equity, the remaining debt, and property types associated with each FSA loan can be viewed. The eDALR\$ calculations to determine the security priority for each loan will be illustrated. The 3 priorities are as follows.</p> <ul style="list-style-type: none"> <li>• Low - These loans are unsecured. If FSA liquidated loan security, the proceeds would not be sufficient to result in any payment on the loan.</li> <li>• Medium - These loans are under secured. If FSA liquidated security, the proceeds would be sufficient to result in a partial payment on the loan.</li> <li>• High - These loans are fully secured. If FSA liquidated security, the proceeds would be sufficient to pay the loan in full.</li> </ul> <p>The user may manually enter the security priority, if necessary.</p>

--\*

**Instructions for Using eDALR\$ (Continued)**

**2 eDALR\$ User Guide (Continued)**

**C Borrower Data (Continued)**

<b>Category</b>	<b>eDALR\$ Screen</b>	<b>Explanation</b>
14. Conservation Contract Data	Basic Borrower Information	If the borrower requested a CC, enter the CC acreage. eDALR\$ calculates the total acreage of the farm, unpaid program debt secured by the farm, and the current market value of the farm.

**D Staff Responsibilities**

The authorized agency official has primary responsibility to ensure that the proper information is entered into eDALR\$ and to review the outputs. The borrower is responsible \*--for developing a feasible operating plan acceptable to FSA. The authorized agency official--\* is not responsible for developing but may assist the borrower to develop feasible first year and post-deferral plans.

For troubleshooting or questions about eDALR\$, the authorized agency official should first use the eDALR\$ help system built into the program before contacting the eDALR\$ Coordinator in the State Office. The State Office contacts the National Office with any questions or problems, if necessary.

**E eDALR\$ Calculations**

After the authorized agency official inputs all the necessary information into the system, eDALR\$ performs a series of calculations. These calculations search for a feasible plan while considering the net recovery value of FSA security or nonessential assets, FSA's policy concerning the priority order of servicing, conditions for each action, and all applicable financial limitations or requirements. eDALR\$ considers the programs, actions, and calculations listed in subparagraph F. eDALR\$ does not necessarily make all these calculations for each servicing action, but considers only those necessary to develop a feasible plan.

**\*--Instructions for Using eDALR\$ (Continued)**

**2 eDALR\$ User Guide (Continued)**

**H eDALR\$ Outputs (Continued)**

<b>Conditions</b>	<b>Outcome Code</b>	<b>Outcome Description</b>	<b>Offer to Borrower</b>
<p>Feasible plan found for first year with other primary loan servicing options and CC debt cancellation; and</p> <p>Feasible plan found for post-deferral year, if applicable; and</p> <p>Borrower has failed to act in good faith.</p>	<b>10a</b>	<p>Feasible plan found in conjunction with CC debt cancellation and other primary loan servicing options; and</p> <p>Borrower has failed to act in good faith.</p>	FSA offers the borrower debt settlement.
<p>Net recovery value of nonessential assets, real estate, and chattel is greater than the sum of delinquent amount of FSA loan payments; and</p> <p>CC debt cancellation may occur only when eDALR\$ restructures delinquent loans without restructuring any other existing FSA loans or writes down all existing delinquent FSA loans.</p>	<b>11</b>	Borrower can pay current based on net recovery value of nonessential assets.	FSA offers the borrower a meeting with an authorized agency official on eligibility criteria.
Feasible plan could be found but a recoverable cost item (RCI) loan with type 5 purpose for the RCI loan is not paid-in-full before the proposed loan servicing date.	<b>12</b>	Type 5 recoverable cost item (RCI) loan, unauthorized advance on program loan, not paid-in-full before the proposed loan servicing date.	FSA offers the borrower debt settlement.
<p>Feasible plan found for first year with a CC; and</p> <p>User requests “balance available greater than first year payments” as the priority.</p>	<b>13</b>	Balance available is greater than first year payments, CC requested.	FSA offers to restructure the borrower’s loan with CC debt cancellation only. No further restructuring options are considered.

--\*

**Instructions for Using eDALR\$ (Continued)**

**2 eDALR\$ User Guide (Continued)**

**H eDALR\$ Outputs (Continued)**

<b>Conditions</b>	<b>Outcome Code</b>	<b>Outcome Description</b>	<b>Offer to Borrower</b>
Feasible plan is not possible without writedown; and  No existing program loans are delinquent; and  FSA calculates the cash improvement as if there will not be a writedown.	<b>14</b>	Feasible plan found only with writedown. Borrower is not eligible for writedown as no loans are delinquent.	FSA offers the borrower a meeting with an authorized agency official on eligibility criteria.

**I Mailing the eDALR\$ Report**

The authorized agency official is responsible for reviewing the eDALR\$ printout. If eDALR\$ produces a feasible plan, but the authorized agency official determines that a change in specific data, such as loan terms, would result in a more appropriate plan, the authorized agency official may make these adjustments. When the authorized agency official obtains an acceptable printout, the authorized agency official mails a copy of a **detailed** report with the **\*--appropriate forms to the borrower and puts the original in the borrower's case file.--\***

**\*--Instructions for Using eDALR\$ (Continued)**

**4 eDALR\$ Formulas (Continued)**

**J Debt Writedown and Buyout Limitation**

eDALR\$ attempts to develop a feasible plan with a 10 percent debt service margin. All program loan servicing, excluding writedown, is considered before reducing the debt service margin. eDALR\$ will consider writedown only if all of the following conditions are met.

- The borrowers have not received the lifetime limitation for writedown or writeoff with buyout.
- At least 1 program loan is delinquent.
- The debt service margin is at zero percent.

If a feasible plan is found with writedown, eDALR\$ determines the amount of writedown necessary for the borrower to have a positive cash flow.

- If the amount of the writedown is less than or equal to \$300,000, a feasible plan has been found.
- If the amount of writedown is greater than \$300,000 and the debt service margin equals 1.00, or a feasible plan cannot be developed, eDALR\$ determines the amount of--\* writeoff, with buyout at the current market value.
- If the amount of writeoff, with buyout at the current market value, is less than or equal to \$300,000, the borrower is offered buyout.
- If the amount of writeoff, with buyout at the current market value, is greater than \$300,000, the borrower is not eligible for loan servicing or buyout and the borrower is offered debt settlement.

**Instructions for Using eDALR\$ (Continued)**

**5 Periodic Data**

**A Administrative Liquidation Costs**

The administrative liquidation costs for each loan type are provided in the following table.

\*--

Loan Type	Calculation	Cost
OL	$(3063 \div 60 = 51.05) \times \$24.10 =$	\$1,231
FO/SW/CL	$(3063 \div 60 = 51.05) \times \$24.10 =$	\$1,231
EM/EE	$(3063 \div 60 = 51.05) \times \$24.10 =$	\$1,231
RH (Used for RHF loans only.)	$(3063 \div 60 = 51.05) \times \$24.10 =$	\$1,231

**Note:** Costs were calculated using the most recently available Delphi study for the average number of hours spent on a liquidation activity by FSA employees, and used the 2010 GS-11/1 hourly pay rate. The Delphi study is a nationwide survey and forecasting tool that records averages of times and actions on FSA accounts.

**B Legal Liquidation Costs**

Legal liquidation costs will be determined for real estate and chattel foreclosures, as well as chattel-only foreclosures. These costs estimate liquidation costs for Government attorney time for foreclosure cases in both judicial and nonjudicial foreclosure States and will vary by State. Legal liquidation cost estimates should be determined based on the costs that have been incurred during past liquidations in that State. U.S. Attorney Office costs should only be included in States where judicial foreclosures are required.--\*

**C Determining Chattel Costs**

Chattel costs are determined based on the following:

- “Months Held in Inventory” - FSA rarely acquires chattel property because it can be sold much more quickly and easily than real estate. Therefore, the average holding period for chattel property will be zero, unless the Administrator approves chattel acquisitions and determines that chattels do have a holding period.

**Note:** If significant acquisitions occur and a chattel holding period becomes necessary, States will contact the National Office for guidance and provide detailed information about the acquisition and planned disposal of the chattel property.

- “Sales Commission Rate” - Authorized agency official will conduct a survey of auctioneers to determine the average commission rate for chattel sales in the area.
- “Other Sales Costs” - These are miscellaneous costs typically incurred when selling acquired chattels. County Offices should request State Office guidance in unusual cases.
- “Rate of Change in Value” - This is a yearly percentage decrease or increase in the value of the property. The normal rate of change in value for chattels will be zero as FSA rarely acquires chattel property.

## Instructions for Using eDALR\$ (Continued)

### 5 Periodic Data (Continued)

#### D Real Estate Costs

The analysis for liquidation and disposition costs should, as a minimum, address the following items and considerations.

- “Months Held in Inventory” - The average holding period will be 5.5 months (165 days). National Office guidance and an Administrator’s exception will be required if a longer holding period is considered.
- “Sales Commission Rate” - A study will be conducted to determine the typical method for disposition of FSA inventory farms in the state. The findings will be used to determine whether FSA normally disposes of inventory farms without the assistance of brokers or auctioneers. If a County Office is covered by an exclusive listing agreement or contract for auctioneering services, commissions will always be included at the rate specified on the listing agreements or contracts in effect for the County Office.
- “Cost Per Advertisement” - Authorized agency official will contact at least one local newspaper to obtain a cost for advertising inventory farms in accordance with paragraph 781.
- “Rate of Change in Value” - Yearly percentage decrease or increase in value is the rate of change in value. To provide a fair assessment of projected trends in farm land values, SED will utilize FLMAC.

**Note:** See subparagraph D for FLMAC composition and purpose.

- “Management Charges” - In situations where state or district-wide contracts for management of inventory farms are in effect, the SED will specify those rates to be used in management cost calculations. Generally, those costs should be specified on an annual per-acre basis or annual income percentage basis. If there are no area-wide contract rates for some or all counties, State Office guidance should be given on how to calculate rates based upon local costs. Such guidance should include customary management activities and their frequency to promote a consistent approach.

## **Instructions for Using eDALR\$ (Continued)**

### **5 Periodic Data (Continued)**

#### **E FLMAC**

FLMAC will consist of the following members or representatives:

- FSA, SED
- NRCS, State Conservationist
- Extension Specialist from a land grant university, if available, or the National Institute for Food and Agriculture employee with knowledge of the farm real estate market.

Data obtained from EIP-51R and FSA-326 may be useful to FLMAC in determining the annual percentage of decrease or increase in land values.

FLMAC will meet at least annually, and will consider the following information:

- The actual change in farm land values in the state during the previous year, as indicated in the most recent “Agricultural Land Values and Market Situation Outlook Report” issued by the USDA Economic Research Service.
- Current conditions in the state and national agricultural economics.
- Availability and cost of credit to purchase farm land.
- The amount of repossessed farm land held by FSA, the Farm Credit System, and other private sector lenders.
- Any special conditions which would affect farm land values in the state.
- Any studies or research conducted by the state agricultural university or similar scholarly source.

If the state has agricultural regions with discernable differences, FLMAC should, if possible, determine anticipated value changes on a regional basis. FLMAC’s meetings and decisions, including the basis for those decisions, will be documented, retained in the State Office as part of the State supplement file and provided to interested parties upon request. Prior to providing the FLMAC determinations to FSA field offices, SED will contact SED’s in surrounding states to determine if FLMAC’s findings are fairly consistent with those of surrounding states. If there are significant differences, SED may reconvene FLMAC to reconsider its findings.

## Instructions for Using eDALR\$ (Continued)

### 5 Periodic Data (Continued)

#### F State Supplement

SED's will issue a state supplement to:

- address the estimated costs and average holding period to be used in making calculations of net recovery value
- provide the factors to use in adjusting market value.

**Note:** The State supplement shall be issued after completing the cost analysis, but no  
\*--later than 60 calendar days after the updates to administrative liquidation costs  
have been issued.--\*

**Instructions for Using eDALR\$ (Continued)**

**5 Periodic Data (Continued)**

**G Determining Property Management Costs**

\*--Property Management Cost is the administrative cost of managing a property while the property is being held in FSA inventory. The cost will be deducted in cases involving real property. The following worksheet is used to calculate the property management costs.--\* Delphi data standards are used and average actions per month per the national average from the Delphi Study for required actions per property are also put into the formula. Complete the worksheet by using the average holding period of inventory property determined according to subparagraph C. An example has been completed based on national average data with an average holding period of 5.5 months.

**Determining Property Management Costs**

Step	Action
1	( <u>      .215      </u> X <u>      5.5      </u> = <u>      1.1825      </u> ) Average Actions Per Property/Month      Average Holding Period
2	( <u>      180      </u> ÷ <u>      60      </u> = <u>      3      </u> ) Delphi Data for Real Estate Loans
3	*--( <u>      1.1825      </u> X <u>      3      </u> X <u>      24.10      </u> = <u>      85.49      </u> ) Amount from Step 1      Amount from Step 2      2010 GS 11/1--* Hourly Pay
4	( <u>      648      </u> ÷ <u>      60      </u> = <u>      10.8      </u> ) Delphi Data for Inventory Actions
5	*--( <u>      10.8      </u> X <u>      24.10      </u> = <u>      260.28      </u> ) Amount from Step 4      2010 GS 11/1 Hourly Pay
6	( <u>      85.49      </u> + <u>      260.28      </u> = <u>      346.00      </u> )--* Amount from Step 3      Amount From Step 5      Administrative Costs for Inventory Property (Rounded to nearest \$)

**\*--10-Day Notice of Non-Program Loan Delinquency**

**Note:** Exhibit 38 is available in a fillable format at <http://intranet.fsa.usda.gov>. CLICK “**FFAS Employee Forms/Publications Site**” and CLICK “**Find Current Forms Using Our Form Number Search**”. For “Form Number”, ENTER “**5-FLP Exhibit 38**”.

**5-FLP, Exhibit 38**

This Exhibit may only be revised by SED.

*(Use Agency Letterhead format with local return address.)*

**10-DAY NOTICE OF NON-PROGRAM LOAN DELINQUENCY**

Dear *(Borrower's Name)*:

This is a notification that you are over 10 days delinquent on your payment to the Farm Service Agency (FSA):

Loan	Due Date	Amount Past Due
------	----------	-----------------

The security for these loans is:

\_\_\_\_\_.

As these loans are non-program, payment must be made within 20 calendar days of the date of this letter or FSA will begin servicing actions on your account. It is important that you take these actions as soon as possible because FSA cannot delay further servicing actions which could require acceleration or offset of Government payments.

For more information, please contact this office.

\_\_\_\_\_  
Title  
Office Address  
Telephone number

--\*



**\*--30-Calendar-Day Reminder of Non-Program Loan Delinquency**

**Note:** Exhibit 39 is available in a fillable format at <http://intranet.fsa.usda.gov>. CLICK “FFAS Employee Forms/Publications Site” and CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “5-FLP Exhibit 39”.

5-FLP, Exhibit 39

This Exhibit may only be revised by SED.

*(Use Agency Letterhead format with local return address.)*

**30-DAY REMINDER OF NON-PROGRAM LOAN DELINQUENCY**

Dear *(Borrower's Name)*:

This is a notification that you are over 30 days delinquent on your payment to the Farm Service Agency (FSA):

Loan	Due Date	Amount Past Due
------	----------	-----------------

The security for these loans is:

\_\_\_\_\_.

As these loans are non-program, payment must be made within 60 calendar days of the due date of your loan or FSA will begin the process of accelerating your account and liquidating the security for the loan(s). FSA will accelerate your account and begin offsetting Government payments you receive if the loans become 90 days past due.

If you are unable to make the required payment, you may submit a plan to the FSA to sell the security and pay the proceeds on your debt. It is important that you take these actions as soon as possible because FSA cannot delay acceleration or offset of Government payments.

This is your second notice that your loans are past due and is **the last reminder you will receive**. If you need any further information or need a copy of the original notice, please do not hesitate to call your local office at the number below.

For more information, please contact this office.

\_\_\_\_\_  
Title  
Office Address  
Telephone number

--\*



**Notice of Acceleration of Your Debt (Non-Program) to the Farm Service Agency (FSA) and Demand for Payment of That Debt**

\*--

5-FLP, Exhibit 40

This Exhibit may only be revised by SED with concurrence of OGC.  
Certified Mail  
Return Receipt Requested (*Name and Address*)

*(Use Agency Letterhead format with local return address.)*

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

Date

**SUBJECT: NOTICE OF ACCELERATION OF YOUR DEBT (NON-PROGRAM) TO THE FARM SERVICE AGENCY (FSA) AND DEMAND FOR PAYMENT OF THAT DEBT**

Dear (*Borrower's Name*):

PLEASE TAKE NOTE that the entire indebtedness due on the promissory note(s) and/or assumption agreement(s) which evidence the loan(s) received by you from the United States of America, acting through the Farm Service Agency (FSA), United States Department of Agriculture is now declared immediately due and payable. They are described as follows:

<u>Date of Instrument</u>	<u>Amount</u>
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The promissory notes and assumption agreements are secured by Real Estate Mortgages, Deeds of Trust, Security Agreements, Financing Statements, etc. described as follows:

<u>Date of Instrument</u>	<u>Place of Recordation (Filing)</u>	<u>Recorded In: Book No. Page No.</u>
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This acceleration of your indebtedness is made in accordance with the authority granted in the above-described instruments.

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Notice of Acceleration of Your Debt (Non-Program) to the Farm Service Agency (FSA) and  
Demand for Payment of That Debt (Continued)

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5-FLP, Exhibit 40

The reason(s) for this acceleration of your indebtedness is (are) as follows:

The indebtedness due is \$           unpaid principal, and \$           unpaid interest, as of 20\_\_ , plus additional interest accruing at the rate of \$       per day thereafter, plus any advances made by the United States for the protection of its security and interest accruing on any such advances. Unless full payment of your indebtedness is received within 30 days from the date of this letter, the United States will take action to foreclose the above-described security instruments and to pursue any other available remedies.

Payment should be made by cashier's check, certified check, or postal money order payable to the Farm Service Agency and delivered to FSA at (*street address or P.O. Box*). (*city*). (*ZIP Code*). If you submit to the United States any payment insufficient to pay the entire indebtedness or insufficient to comply with any arrangements agreed to between FSA and yourself, that payment **WILL NOT CANCEL** the effect of this notice. If insufficient payments are received and credited to your account, no waiver or prejudice of any rights which the United States may have for breach of any promissory note or covenant in the security instrument(s) will result and FSA may proceed as though no such payment had been made.

[THE ABOVE-DESCRIBED SECURITY INSTRUMENTS PROVIDE THAT THE UNITED STATES MAY FORECLOSE WITHOUT COURT ACTION BY SELLING THE PROPERTY AT PUBLIC SALE AFTER           . THE GOVERNMENT INTENDS TO SELL THE PROPERTY IN THIS MANNER. NO FURTHER NOTICE IS REQUIRED TO BE GIVEN YOU CONCERNING THIS FORECLOSURE.] (*This paragraph will be omitted in States with judicial foreclosure or where it conflicts with State laws.*)

If you think FSA is in error in accelerating your account and proceeding with foreclosure, you may submit evidence within 15 calendar days to the undersigned documenting why your account is not in default. Your request will be forwarded to the next level of authority within FSA for consideration. This review will be based solely upon the record including your case file. Applicable statutes and regulations and the documentation you submit to support your position will be considered by the next level of authority.

You may apply for debt settlement and retain the property if you pay the current market value along with an additional amount you are able to pay.

You have the option of selling your property. This will provide you with an opportunity to recover any equity you may have in the property. NOTE: FSA regulations allow you to sell your property at its current market value regardless of the debt. The buyer may be able to obtain FSA financing on program or non-program terms.

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**Notice of Acceleration of Your Debt (Non-Program) to the Farm Service Agency (FSA) and  
Demand for Payment of That Debt (Continued)**

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**5-FLP, Exhibit 40**

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, handicap, or age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with the law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

“The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.”

United States of America by

*(District Director or State Approval Official)*  
Farm Service Agency, United States Department of Agriculture

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Notice of Acceleration of Your Farm Service Agency (FSA) Account (Non-Program)

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5-FLP, Exhibit 41

This Exhibit may only be revised by SED with concurrence of OGC.

Certified Mail

Return Receipt Requested (Name and Address)

(Use Agency Letterhead format with local return address.)

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

Date:

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

(Name and Address)

**SUBJECT: NOTICE OF ACCELERATION OF YOUR  
FARM SERVICE AGENCY (FSA) ACCOUNT (NON-PROGRAM)**

Dear (Borrower's Name):

PLEASE TAKE NOTE that the Farm Service Agency (FSA) intends to enforce its Real Estate Mortgages, Deeds of Trust, Security Agreements, Financing Statements, etc. given or assumed by you as security for the following-described promissory notes and assumption agreements and declares the indebtedness immediately due and payable:

Date of Instrument Amount

The security instruments referred to above are described as follows:

Date of Instrument Place of Recordation (Filing) Recorded In: Book No. Page No.

The decision to foreclose is made in accordance with the authority granted in the above-described security instruments for the following reasons:

The balance of the account is \$ \_\_\_\_\_ unpaid principal, and \$ \_\_\_\_\_ unpaid interest, as of \_\_\_\_\_, 20\_\_\_\_, plus additional interest accruing at the rate of \$ \_\_\_\_\_ per day thereafter, plus any advances to be made by the United States for the protection of its security, and the interest accruing on any such advances. Pursuant to the terms of the loan instruments FSA is now exercising its option to declare this debt immediately due and payable, although FSA has no intention of seeking to recover any part of this debt from assets you have other than the property which is security for the debt.

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Notice of Acceleration of Your Farm Service Agency (FSA) Account (Non-Program) (Continued)

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5-FLP, Exhibit 41

The security instruments executed by you in favor of FSA are not affected by a discharge in bankruptcy and the security can still be foreclosed upon or liquidated to satisfy the secured debt, although a discharge under the Bankruptcy Code does render any debt discharged unenforceable as your personal obligation. In other words, if FSA proceeds with foreclosure or liquidation, all property which is security would be sold. If the proceeds from that sale are not sufficient to payoff the debt, FSA cannot seek a personal judgment against you for any deficiency. This letter is not intended as an act to collect or recover any debt from you for which your personal obligation has been discharged pursuant to 11 U.S.C. §524 but rather it is intended to collect or recover any such debt from the property which is security for the loans made to you.

Unless full payment of the secured debt is received within 30 days from the date of this letter, the United States will take action to foreclose/liquidate under the authority granted in the above-described instruments. Payment should be made by cashier's check, certified check, or postal money order payable to the Farm Service Agency and delivered to FSA at *(street address or P.O. Box) (city), (ZIP Code)*. If there is submitted to the United States any payment insufficient to pay the account in full or insufficient to comply with any arrangements agreed to between FSA and yourself, that payment WILL NOT CANCEL the effect of this notice. If insufficient payments are received and credited to your account, no waiver or prejudice of any rights which the United States may have for breach of any promissory note or covenant in the security instruments will result and FSA may proceed as though no such payments had been made.

[THE ABOVE-DESCRIBED SECURITY INSTRUMENTS PROVIDE THAT THE UNITED STATES MAY FORECLOSE WITHOUT COURT ACTION BY SELLING THE PROPERTY AT PUBLIC SALE AFTER . THE GOVERNMENT INTENDS TO SELL THE PROPERTY IN THIS MANNER. NO FURTHER NOTICE IS REQUIRED TO BE GIVEN YOU CONCERNING THIS FORECLOSURE.] *(This paragraph will be omitted in States with judicial foreclosure or where it conflicts with State law.)*

If you think FSA is in error in accelerating the account and proceeding with foreclosure, you may submit evidence within 15 calendar days to the undersigned documenting why the account is not in default. Your request be forwarded to the next level of authority within FSA for consideration. This review will be based solely upon the record including your case file. Applicable statutes and regulations and the documentation you submit to support your position will be considered by the next level of authority.

You have the option of selling your property. This will provide you with an opportunity to recover any equity you may have in the property.

NOTE: FSA regulations allow you to sell your property at its current market value regardless of the debt. The buyer may be able to obtain FSA financing on program or non-program terms.

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**Notice of Acceleration of Your Farm Service Agency (FSA) Account (Non-Program) (Continued)**

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**5-FLP, Exhibit 41**

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, handicap, or age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with the law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

“The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual’s income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.”

United States of America by

*(District Director or State Approval Official)*  
Farm Service Agency, United States Department of Agriculture

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**ADPS 3E Transaction Guide**

Complete the following for all acquisitions when the borrower has both an FSA and RD loan. Do **not** process an ADPS 3E transaction. Complete 1 for each property acquired.

To:	ATTENTION: _____ * * * FLOO, FAX: 314-457-4539
From:	_____ Name of Preparer, Agency, and Telephone Number
Subject:	Acquisition – Borrower with FSA and RD Loans
1.	Acquiring Agency Name (FSA or RD): _____
2.	Case Number: _____
3.	Name of Borrower: _____
4.	OK Code: <u>(Leave Blank)</u>
5.	Date Acquired: _____
6.	Most Secured FLP Loan: _____
7.	Most Secured RD Loan: _____
8.	Property ID of Acquiring Agency: _____
9.	Property Description Code: _____
10.	Property Suitability Code: _____
11.	Taxpayer ID: _____
12.	Property Address: (Leave blank if acquired property is chattels.) _____ _____ Street City, State, ZIP
13.	Acres Acquired: Cropland _____ Pasture _____ Woodland _____ Other _____
14.	Market Value – Acquisition: \$ _____
15.	Date Last Appraisal: _____
16.	Amount Credited – FSA \$ _____ RD \$ _____ Total \$ _____
17.	Date Submitted: _____
18.	Business Code: _____
19.	How Acquired: _____
20.	Farm Code: _____
21.	Card Code: <u>(Leave Blank)</u>
22.	Loans to Acquire: (Enter Fund Code and Loan Number. Leave blank if all FSA and RD loans are to be acquired.) FSA _____ RD _____

