

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 19

Approved by: Deputy Administrator, Farm Loan Programs

Chris P. Beyerhelm

Amendment Transmittal

A Reasons for Amendment

Paragraph 67 has been amended to clarify the forms and methods of notifying borrowers of loan servicing.

Subparagraph 68 B has been amended to provide that the administrative offset notice may be sent in the same envelope as the applicable primary loan servicing notice.

Subparagraph 83 B has been amended to clarify borrower response timeframes.

Subparagraph 322 A has been amended to remove the return receipt requirement.

Subparagraph 387 D has been amended to provide that a new FSA-2026 will not be required when unauthorized assistance is converted to a nonprogram loan.

Subparagraph 401 C has been amended to clarify notification requirements.

Subparagraph 444 B has been amended to clarify the mailing method for Exhibit 40 or 41.

Subparagraph 534 D has been amended to remove the return receipt requirement for Exhibits 49, 50, and 51.

Paragraph 537 has been amended to provide mailing methods for Exhibit 52 and to update mailing addresses.

Subparagraph 706 C has been amended to remove the requirement that Exhibit 65 be certified mail, return receipt requested.

Subparagraph 776 A has been amended to provide guidance on selling inventory property that was previously owned by a Pigford claimant.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 782 L has been amended to remove the requirement that bids from unsuccessful bidders will be returned by certified mail.

Exhibit 2 has been amended to update the certified mail definition.

Exhibits 40, 41, 49, 50, 51, and 52 have been amended to remove the return receipt requirement.

Exhibit 69 has been amended to clarify the calculations needed to be performed for FSA to determine the bid amount.

Exhibits 74 and 75 have been amended to remove the nondiscrimination statement.

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67 Providing Loan Servicing Notification Package

--A Forms for Notifying Borrowers--

[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 non-monetary or both monetary and nonmonetary default will receive FSA-2514 (Appendix C to this subpart) (appendix only in CFR);**

The authorized agency official must provide the appropriate loan servicing notification according to subparagraph C, within 15 calendar days of the determination of the distress--* or default service-triggering event. * * * The account will be flagged "51-S" (Exhibit 11), using FSA-2562, until the primary loan servicing process has been completed, the problem solved, 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 Methods of Notifying Borrowers--***

[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
- resend 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.

68 Other Loan Servicing Notification Requirements

A Notifying All Parties on a Note of Loan Servicing

For Primary Loan Servicing purposes, all parties who signed the promissory note are considered borrowers and are liable for all the debt.

When a borrower subject to loan servicing notification is:

- an entity comprised of 2 or more individuals, the authorized agency official will provide a loan servicing notification package to the entity and each party who signed the promissory note or pledged security for the loan
- a married couple at the same address, the authorized agency official will provide them 1 loan servicing notification package that is addressed to both parties
- a married or divorced couple at different addresses, the authorized agency official will provide a loan servicing notification package to each person at their own address.

Note: A divorced spouse who has left an operation may seek a release of liability. See paragraph 84 for more information on releasing divorced spouses from liability.

All required subsequent notifications are sent in the same manner.

Third parties who pledged property as security or borrowers with YL's will receive Exhibit 13 or 14, as appropriate, with the notification to explain why they are being notified and their servicing options.

Note: Exhibits 13 and 14 are both available electronically on the FFAS Employee Forms/Publications Online Website located at <http://165.221.16.90/dam/ffasforms/forms.html>. Select Find Current Forms Using Our Form Number Search and enter "5-FLP Exhibit 13" or "5-FLP Exhibit 14" in the "Form Number" search field. CLICK "Submit".

B Internal Administrative Offset Notification

According to RD Instruction 1951-C, Sections 1951.103, and 1951.104, the authorized agency official will send an offset notification to a borrower who is 90 calendar days past due *--if the account is eligible for offset. The offset notice will be sent certified mail, in the same envelope with the loan servicing notification package. The notices will be placed back to back with a blank sheet of bold colored paper in between.--*

C TOP Referral

Delinquent loans will be referred to TOP according to Exhibit 15.

69-80 (Reserved)

83 Borrower Response Timeframes (Continued)**B When Loan Servicing Application Timeframes Begin**

--If the loan servicing notification package is sent by certified mail, the timeframes begin the day the certified mail is delivered.--

If the loan servicing notification package is sent by first class mail, the timeframes begin 3 calendar days after the mailing date.

If the borrower is an entity or 2 or more individuals not at the same address, the timeframes * * * begin the day the last borrower received the loan servicing notification package * * * .

C Incomplete Applications

Borrowers who are notified with FSA-2510 or FSA-2514 and do not submit all required information will be sent FSA-2516 in approximately 30 calendar days to remind them of the final day to submit a complete application and all items still required. No further contact regarding incomplete applications or timeframes is required.

D SED Extension Authority

SED has the authority to extend the deadline only for the submission of a complete application. This must be based only upon extraordinary circumstances that are beyond the borrower's control, such as serious illness. The authorized agency official must recommend this extension in writing to SED and include specific details of the circumstances. Such extensions normally will not exceed 30 calendar days.

84 Releasing Divorced Spouses of Liability

A General

This paragraph applies only when a borrower requests, with a loan servicing request, a release from liability because of divorce. There is no authority to release individual members of an entity under this part.

FSA will consider releases of liability for borrowers who are current on all payments under 4-FLP.

A divorce does not release an FSA obligor from liability. The authorized agency official will provide a loan servicing notification package to divorced spouses who have not been released of liability according to paragraph 68.

A borrower is responsible for informing FSA of a divorce action and providing FSA with copies of divorce decrees, court sanctioned settlement agreements, and updated contact information, such as a new mailing address and telephone number.

B Release of Liability Requirements

[7 CFR 766.102 (f)] When jointly liable borrowers have been divorced and one has withdrawn from the farming operation, the Agency may release the withdrawing individual from liability, provided:

- (1) The remaining individual submits a complete application in accordance with this section;**
- (2) Both parties have agreed in a divorce decree or property settlement that only the remaining individual will be responsible for all Agency loan payments;**
- (3) The withdrawing individual has conveyed all ownership interest in the security to the remaining individual; and**
- (4) The withdrawing individual does not have repayment ability and does not own any non-essential assets.**

--The borrowers will submit any information required by the authorized agency official to-- address the items in this subparagraph. Common items required include a Divorce Decree, Property Settlement Agreements, Deeds, Bills of Sale, and financial information.

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 * * * .

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)

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.

--A new FSA-2026 will not be taken. Instead 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 of affected loan 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)

Part 11 Bankruptcies, Civil and Criminal Cases, and Judgments

Section 1 Bankruptcy

401 FSA Actions When Borrower Files for Bankruptcy

A Suspending Loan Servicing

If a borrower files bankruptcy, the authorized agency official will suspend all pending special servicing and collection actions, but will continue to monitor the account and conduct regular servicing to protect the interests of the Government.

B Flagging the Account

Upon notification that the borrower has filed bankruptcy, the authorized agency official will flag the account as “BA” by using FSA-2562 and processing a 5G transaction. The “BAP” flag will remain on the account until the 1 of the following occurs:

- bankruptcy is dismissed
- borrower is discharged, no longer under court jurisdiction, and FSA has no remaining loan collateral from which collection can be made
- the case has been closed.

Note: The “51-S” flag must be removed with a 5H transaction before a “BAP” flag can be established (Exhibit 11).

C Notifying the Borrower’s Attorney of Loan Servicing Options if Borrower Was Not Previously Notified

[7 CFR 766.301] If a borrower files for bankruptcy, the Agency will provide written notification to the borrower’s attorney with a copy to the borrower as follows:

(a) The Agency will provide notice of all loan servicing options available under Subpart C (Part 3) of this part, if the borrower has not been previously notified of these options.

Within 15 calendar days of receiving a notice of bankruptcy, the authorized agency official will send all borrowers and the borrowers’ attorney Exhibit 34, the appropriate notice, and *--the response form according to subparagraph 67 A. If the borrower does **not** have an--* attorney, the borrower only will receive the FSA forms.

401 FSA Actions When Borrower Files for Bankruptcy (Continued)**D Notifying the Borrower's Attorney of Servicing Options if the Borrower Was Previously Notified**

[7 CFR 766.301(b)] If the borrower received notice of all loan servicing options available under Subpart C (Part 3) of this part prior to the time of bankruptcy filing but all loan servicing was not completed, the Agency will provide notice of any remaining loan servicing options available.

If FSA notified the borrower of primary loan servicing before the borrower filed for bankruptcy and some servicing options are still available, the authorized agency official will send Exhibit 34 and the appropriate servicing forms along with any required application *--forms to all borrowers and the borrowers' attorney (if the borrowers have no attorney, then all notifications and timeframes will apply to the borrowers only) explaining what options--* remain. Servicing and servicing timeframes suspended on the date the borrower files for bankruptcy resume on the date the attorney receives Exhibit 34. If no servicing options remain, send Exhibit 34 to inform the borrower and attorney that no primary loan servicing options remain.

If the borrower or borrower's attorney does not request any remaining servicing options, the authorized agency official will not take any further action to liquidate the account until the stay is lifted and they are notified by the State Office.

E Referring a Bankruptcy to the State Office

The authorized agency official will inform the State Office of any developments in the borrower's bankruptcy case, but will take no action against the security unless directed by SED.

SED should issue a State supplement describing what information is to be forwarded to the State Office in the event of a borrower filing bankruptcy. SED may issue additional State supplements as required to comply with State laws with regional OGC guidance/advice.

444 General Issues (Continued)

B NP Borrowers

[7 CFR 766.351(c)] If a borrower has both Program and Non-program loans, the borrower's account will be handled in accordance with paragraph (b) (subparagraph 442 B) of this section. If a borrower with only Non-program loans is in default, the borrower may liquidate voluntarily, subject to the following:

- (1) The Agency may delay involuntary liquidation actions when in the Agency's financial interest for a period not to exceed 60 days.**
- (2) The borrower must obtain the Agency's consent prior to the sale of the property.**
- (3) If the borrower will not pay the Agency in full, the minimum sales price must be the market value of the property as determined by the Agency.**
- (4) The Agency will accept a conveyance offer only when it is in the Agency's financial interest.**

Exhibit 37 will be used to help determine whether an offer of voluntary conveyance is in FSA's best interest.

- (5) If a Non-program borrower does not cure the default, or cannot or will not voluntarily liquidate, the Agency will accelerate the loan.**

Exhibit 38 will be used to notify NP borrowers of the default 10 calendar days after a payment is missed. At 30 calendar days past due, NP borrowers will then be informed by Exhibit 39 that the account must be brought current or a liquidation plan submitted and that no further notice will be given before acceleration. FSA will begin servicing toward *--acceleration at 60 calendar days, according to paragraph 533. DD will send Exhibit 40 or 41 (for NP borrower who were discharged in bankruptcy) as soon as possible after the account is 90 calendar days past due by certified and regular mail on the same day.--*

444 General Issues (Continued)

C Multiple Loans and Multiple Types of Security

When a borrower has more than one FSA loan, FSA will involuntarily liquidate real estate and chattel security for all the borrower's loans within a similar time period according to Part 16.

When a borrower liquidates both real property and chattel security, the borrower must follow the applicable procedures for liquidating each type of security. If a borrower intends to liquidate chattel security that may be considered a fixture on real property, the authorized agency official will determine whether the borrower may liquidate the chattel as part of the real property. This approach may be appropriate for irrigation equipment or other fixtures that serve as security for FO or other FSA loans. If the equipment or fixture does not contribute to the value of the real property or it is otherwise in FSA's best interest, FSA may require the borrower to sell the equipment or fixture as chattel.

445-460 (Reserved)

499 Processing the Borrower's Conveyance Offer (Continued)**C Prior and Junior Liens (Continued)**

If the borrower does not satisfy all junior liens, the loan approval official may contact junior lienholders to negotiate the most favorable settlement possible and determine whether it is in FSA's best interest to settle the lien.

SED must approve all junior lien settlements.

The authorized agency official will charge any payments on junior liens to the borrower's account.

D Rejecting the Conveyance

If the approval official determines that FSA should not accept the conveyance, the authorized agency official will deny the conveyance, clearly stating the reasons for the rejection, offering appeal rights under 1-APP, and returning the original FSA-2570 and the warranty deed to the borrower. A copy of FSA-2570 and warranty deed will be retained in the case file.

E Accepting the Conveyance

If the approval official determines that FSA should accept the conveyance, FSA-2570 will be executed.

***--F Accepting the Conveyance and Rejecting the Debt Settlement Application**

In cases where FSA accepts the conveyance offer and denies the debt settlement application, the authorized agency official will encourage the borrower to negotiate an acceptable debt settlement offer.

The authorized agency official will advise the borrower that:

- after all debt settlement appeal rights have been concluded, and the conveyance has been completed, the borrower will be notified of any remaining account balance
- if the borrower does not pay the remaining account balance, any administrative offset (including IRS tax refunds, Federal salaries, Federal contractor/vendor payments, Federal benefit payments such as Social Security, and State income tax refunds for States participating in centralized offset through TOP) will continue
- the debt may also be referred to Treasury's cross-servicing program where Treasury may pursue collection by garnishing the borrower's wages. Treasury adds a collection fee for all monies it collects.

Negotiating an acceptable debt settlement with FSA should be strongly encouraged to avoid collection actions on the remaining balance and additional collection fees by Treasury.--*

500 Closing the Real Property Conveyance**A Recording the Deed**

The authorized agency official will forward the deed and release of lien to the closing agent with instructions for closing the conveyance, recording the deed, and releasing the lien provided no new liens have been recorded since the title search.

The closing agent will provide a certification of title to FSA after recording the deed. The title must have no other liens or encumbrances except for those previously approved by FSA.

B Junior or Unauthorized Liens

If the closing agent discovers junior or other unauthorized liens, the closing agent provides the authorized agency official with the lienholder's name, amount of lien, date recorded, and the recording information. The closing agent will return the unrecorded deed to the authorized agency official and await further instructions.

The authorized agency official will notify the borrower of the lien, inform them that they are responsible for resolving the situation, and establish a 30-calendar-day deadline for the resolution or the voluntary conveyance will be denied. The conveyance will not be closed unless the unauthorized liens are removed. In the meantime, FSA will proceed with required servicing actions with no delay.

C Charging the Borrower's Account

[7 CFR 766.353(d)(1)] The Agency will charge the borrower's account for all recoverable costs incurred in connection with a conveyance in accordance with § 765.203 (4-FLP, Part 6) of this chapter.

The authorized agency official will charge the borrower's account for all recoverable costs *--and expenses in connection with the conveyance according to 1-FLP, Exhibit 25. These--* costs may include taxes and assessments, other liens, closing agent fees, and any other authorized costs.

534 Accelerating a Borrower's Loans

A Approving Acceleration

DD will review the problem case file and if the account meets the acceleration criteria according to paragraphs 532 and 533, the account will be accelerated.

B Returning the File

If DD does not concur with acceleration or the file is not complete, the file will be returned to the authorized agency official with a request for additional information or instructions for additional servicing actions.

C Proceeding With Acceleration

[7 CFR 766.355(a)(2)] The Agency accelerates all of the borrower's loans at the same time, regardless of whether each individual loan is delinquent or not.

DD accelerates all the borrower's loans and any shared appreciation agreements, unless the borrower meets either of the following conditions:

- if the borrower is in default because of a failure to graduate, DD will send the file through the State Office to obtain OGC's concurrence before acceleration
- if the borrower is in military service, DD will confer with SED for review and instructions.

D Mailing the Acceleration Notice

DD will send Exhibit 49, 50, or 51, as appropriate according to State instructions, to the borrower by certified * * * and regular mail on the same day. Exhibit 49, 50, or 51 will be sent to the last known address of the entity and each obligor who signed any promissory notes. For American Indian borrowers whose real estate security is located within Federally recognized reservation boundaries, see subparagraph 537 C for letters when accelerating a loan and notifying the borrower's Tribe.

DD will:

- send the authorized agency official a copy of Exhibit 49, 50, or 51 sent to the borrower
- submit FSA-2562 to the State Office to flag the account "ACL".

Note: The ACL flag (Exhibit 11) will be removed when the account is paid in full, debt settled, or decelerated for any reason.

534 Accelerating a Borrower's Loans (Continued)**E Contacting Prior Lienholders**

After FSA accelerates the loans, the authorized agency official may contact any prior lienholders. In general, contacting prior lienholders may be most appropriate, although not required, in nonjudicial foreclosure States. In judicial foreclosure States, lienholders are contacted as part of the legal process. State supplements may be issued for additional guidance on the notification of prior lienholders.

FSA may:

- give the prior lienholder the opportunity to foreclose
- join in the action if the lienholder wants to foreclose
- foreclose and handle the prior liens by either:
 - settling the prior liens before foreclosing
 - foreclosing subject to the prior liens.

The authorized agency official will consult the State Office to seek guidance and recommend the option that results in the greatest net recovery to FSA.

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

Exhibit 52 shall be used to accelerate all loans of American Indian borrowers that are secured *--by land located within a reservation, and to notify those borrowers of their rights. DD will send Exhibit 52 by certified and regular mail on the same day.--*

Exhibit 53 shall be used to notify the Tribe of available options.

Exhibit 54 provides additional/detailed information on borrower rights under existing law and FSA regulation and must be attached to each Exhibit 52.

D Responsibilities

The authorized agency official responsible for servicing the American Indian borrower's account must do the following:

- ensure that all loan servicing actions and any appeals have been concluded or exhausted before sending Exhibit 52
- notify the borrower by sending Exhibit 52 and Exhibit 54

Notes: DD must sign Exhibit 52.

SED must have approved the foreclosure before Exhibits 52 and 54 are sent.

- notify the Tribe by sending Exhibit 53, of any Exhibit 52 sent to a borrower who has pledged as collateral reservation land within such Tribe's jurisdiction.

SED must not permit acceleration on or foreclosure of any direct FLP loans held by American Indian borrowers, unless authority is granted by the National Office on a case-by-case basis. This restriction is based on the unresolved "Class Action Complaint" filed in U.S. District Court for the District of Columbia alleging acts of discrimination against American Indian farmers by FSA.

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

E Authorized Agency Official Responsibilities

Authorized agency officials shall, upon receipt of a request from an American Indian borrower, do the following.

- If the borrower requests that the Tribe be assigned the loan, the authorized agency official shall notify the Tribe of the borrower’s request using Exhibit 55.

Notes: The Tribe must notify FSA within 30 calendar days of its intention to accept or deny the borrower’s request.

The notification to the Tribe shall include a copy of the following:

- current appraisal of the real estate and valuations of all chattel security
- borrower’s promissory notes to be assigned
- security instruments
- amount the Tribe would be required to pay FSA for assignment of the loan or loans

Note: This amount shall equal the lesser of the market value of all loan security or the principal and interest outstanding on the loan.

- a statement that the Tribe may pay for the assignment transaction over a period of time under terms and conditions similar to ITLAP.
- If the borrower requests that the Secretary of Interior be assigned the loan, the authorized agency official shall refer the request, along with a copy of each of the following, through SED, to the National Office:

- current appraisal of remaining FSA security
- borrower’s promissory notes
- all security instruments.

Notes: The authorized agency official shall forward the request and documentation to either of the following.

*..

For USPS Delivery	For FedEx or UPS Delivery
USDA, FSA, DAFLP, LSPMD STOP 0523 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523	USDA, FSA, DAFLP, LSPMD ROOM 3627 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523

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The National Office will work with the National Office of BIA to determine whether the Secretary of Interior will accept the assignment of the loan.

706 Preparing to Remove and Dispose of Personal Property From Inventory Real Property**A Preparing to Dispose of Personal Property**

[7 CFR 767.52(a)] **If, at the time of acquisition, personal property has been left on the inventory real property, the Agency will notify the former real estate owner and any known lienholders that the Agency will dispose of the personal property. Property of value may be sold at a public sale.**

B Checking for Liens on Nonsecurity Personal Property

If the former borrower has left items of value on the inventory real property that do not customarily pass with the title to real estate and which may reasonably be expected to be under lien, the authorized agency official will check public records to identify any liens on the personal property.

C Notifying Lienholder and/or Former Borrower of Property Disposal

If there is a lien of record, the authorized agency official will notify the lienholder and the former borrower that FSA will dispose of personal property remaining on the premises unless it is removed within 7 calendar days from the date of the letter.

If there are no liens of record, the authorized agency official will notify the former borrower that FSA will dispose of all personal property remaining on the premises unless it is removed within 7 calendar days from the date of the letter.

FSA will notify any lienholders and the former borrower with Exhibit 65 * * * . If the borrower's whereabouts are unknown, FSA will post a copy of the letter on the abandoned property.

D Documenting the Borrower's Case File

The authorized agency official will document the contacts made and actions taken in the borrower's case file.

707 Disposal of Personal Property From Inventory Real Property

A Photographing and Documenting Items Deemed to Have No Value Before Disposal

If nonsecurity personal property is not removed by the former borrower or a lienholder after FSA provides notification as outlined in paragraph 706, the authorized agency official will:

- compile a list of the items
- clearly describe and/or photograph each item
- estimate the value of each item
- indicate which items, if any, are covered by a lien.

The authorized agency official will submit the list to SED with a request for authorization to remove and dispose of the items. Upon advice from OGC, SED will provide authorization and instructions for removal and disposal of the personal property.

B Selling Personal Property at Public Sale When Net Recovery Is Likely

The authorized agency official may sell personal property at a public sale if FSA can make a net recovery.

Part 19 Management of Inventory Real Property**721 Preparing the Inventory Property File****A Documenting the Borrower's File and Creating the Inventory Property File**

--When FSA acquires real property, the authorized agency official will determine, according to 25-AS, paragraph 88, if the direct loan borrower's file should be closed. If the file is eligible to be closed, the file will be labeled, maintained, and disposed of according to 25-AS, paragraph 89 and applicable notices. Once FSA acquires title to the property as evidenced-- by a recorded deed, the authorized agency official creates an inventory property file.

722 Securing and Repairing Inventory Real Property**A General Policy**

When FSA acquires inventory real property, the authorized agency official secures the property, takes steps to prevent public trespassing, and attempts to preserve the value of the property.

B Determining Necessary Services

When FSA acquires property, the authorized agency official inspects the property to determine whether services are necessary to secure the property, maintain the property's value, and place the property in marketable condition. FSA makes repairs according to the following conditions.

- FSA may repair essential farm service buildings and facilities to make the property marketable.
- FSA may repair inventory properties to remove health and safety hazards if such repairs are in FSA's best interest.
- FSA may make repairs to properties that are listed on or are eligible for listing on the National Register of Historic Places as necessary to protect the properties' historic integrity. FSA consults with the appropriate State Historic Preservation Officer or Tribal Historic Preservation Officer to determine whether repairs are necessary.
- On inventory real property located in a floodplain or other hazardous area, FSA may take steps as necessary to prevent:
 - loss of life
 - imminent damage to the property
 - disruption of utility service.

722 Securing and Repairing Inventory Real Property (Continued)**C Developing Repair Specifications and Completing Repairs**

The authorized agency official submits repair specifications to the State Contracting Officer along with justification for all repairs deemed necessary. FSA may contract with a vendor to prepare repair specifications for larger or more complex repairs.

D Determining Necessity of Management Services

The authorized agency official, with the assistance of DD and State Office program staff as necessary, selects the methods for managing inventory property.

The appropriate management methods and requirements depend on the number of properties involved, density of their location, market conditions, and other applicable factors.

FSA management tools include, but are not limited to:

- individual management contracts to secure an individual property, cut the grass, winterize a dwelling, or provide a similar service for a specific property
- simple management contracts to provide maintenance and other services for a group of properties
- blanket-purchase arrangement contracts to obtain a variety of services for any or all FSA inventory properties.

E Arranging Management Contracts

FSA may contract for services according to the Federal Acquisition Regulations. The authority to obtain management services is addressed in 1-FLP, paragraph 161 and 1-FLP, *--Exhibit 25. The authorized agency official contacts the State Contracting Officer to--* arrange for management contracts.

F Charging Expenses to the Inventory Account

FSA charges expenses associated with managing inventory property to the inventory account according to 1-FLP, Part 7.

Part 21 Disposal of Inventory Property

776 General Policies

A Initiating the Sale of Property to Beginning Farmers or Socially Disadvantaged Farmers

--On a case-by-case basis, SED will request and receive National Office concurrence before advertising and selling inventory property previously owned by a Pigford claimant whose claim is closed. If concurrence is granted, SED may proceed to sell the property.--

[7 CFR 767.151] Subject to § 767.152 (paragraph 777), the Agency will attempt to sell its inventory property as follows:

(a) The Agency will combine or divide inventory property, as appropriate, to maximize the opportunity for beginning farmers or socially disadvantaged farmers to purchase real property.

(b) The Agency will advertise all inventory real property that can be used for any authorized FO loan purpose for sale to beginning farmers or socially disadvantaged farmers no later than 15 days after the Agency obtains title to the property.

When FSA acquires inventory real property and the authorized agency official confirms that the property satisfies the applicable general policies in this paragraph, the authorized agency official initiates the sale of the property. For most inventory property, the authorized agency official must begin advertising the property for sale within 15 calendar days of title acquisition.

FSA offers inventory property to beginning farmers or socially disadvantaged farmers before considering sale of the property to the general public. Therefore, FSA directs its initial sale efforts toward eligible beginning farmers or socially disadvantaged farmers. FSA must complete the process of selling inventory property to a beginning farmer or socially disadvantaged farmer within 135 calendar days from the acquisition date of the inventory property.

Real property shall be advertised for sale to the general public according to subparagraph 776 D, if the property meets 1 of the following criteria:

- is not sold in response to the advertisement to a beginning farmer, socially disadvantaged farmer, or prevailing claimant
- cannot be used for agricultural purposes
- cannot be used to carry out the objectives of financing available through the applicable loan program.

The authorized agency official begins sale procedures by advertising the farm property for sale according to paragraph 781.

776 General Policies (Continued)

B Determining Beginning Farmer or Socially Disadvantaged Farmer Eligibility

When the authorized agency official receives applications to purchase the inventory property, the authorized agency official reviews each application to determine whether the applicant meets the beginning farmer or socially disadvantaged farmer eligibility requirements according to 3-FLP, Part 4.

If the authorized agency official determines that an applicant is not eligible, the applicant is notified of the determination and that the applicant may request an expedited review of this determination by SED. This request for review must be made within 15 calendar days of the determination of eligibility.

SED's review must take place within 30 calendar days of the ineligibility determination. SED's review decision is final and is not administratively appealable.

C Selection of Purchasers Among Eligible Beginning Farmers and Socially Disadvantaged Farmers

[7 CFR 767.151(c)] If more than one eligible beginning farmer or socially disadvantaged farmer applies, the Agency will select a purchaser by a random selection process open to the public.

(1) All applicants will be advised of the time and place of the selection.

(2) All drawn offers will be numbered.

(3) Offers drawn after the first will be held in suspense pending sale to the successful applicant.

(4) Random selection shall be final and not subject to administrative appeal.

If more than 1 eligible beginning farmer or socially disadvantaged farmer applies to purchase the inventory property, the authorized agency official randomly selects the purchaser. The random selection must be held in public.

The authorized agency official informs all eligible applicants of the time and place of the selection. The authorized agency official must document that FSA contacted each applicant before the selection.

782 Sealed Bid Sales (Continued)**J Handling Equal Bids**

If there are equal bids, the authorized agency officials determine the successful bidder by random selection. The random selection is held in public and is not appealable.

K Credit Bids Exceeding Market Value

If FSA receives a bid requesting credit that exceeds the market value of the property or exceeds acceptable FSA terms, the authorized agency official gives the bidder the opportunity to:

- make a cash down payment
- reduce the credit request with no accompanying change in the offer price
- reduce the terms with no accompanying change in the offer price.

L Handling Bid Deposits

The authorized agency official returns the deposits of all unsuccessful bidders * * * . If there are no acceptable bids, the authorized agency official returns all deposits and informs the bidders of any anticipated negotiations for the sale of the property. The authorized agency official deposits the successful bidder's deposit according to 3-FI.

M Disqualifying Bids

The authorized agency official disqualifies any bids that do not comply with the terms of the FSA notice. The authorized agency official may waive minor deviations and defects in an offer.

N Failing to Close the Sale

If a successful bidder fails to close the sale under the terms of the offer, FSA retains the entire deposit. However, if the failure to close is FSA's fault or FSA rejects the credit application, the authorized agency official returns the entire deposit according to 3-FI. When the authorized agency official determines that the successful bidder will not close, SED will authorize another sealed bid sale, auction, or direct negotiations with the next highest bidder, all unsuccessful bidders, or other interested parties.

783 Auctions

A General Policy

FSA sells chattel and real property “as is” and does not guarantee its condition.

SED may determine the minimum acceptable sale price. However, in most cases, determining a minimum bid is not necessary with a public auction. If SED sets a minimum bid, FSA should not publicize the minimum bid amount.

B Auction of Chattel

FSA acts to protect its interests if it suspects collusion or efforts to undermine the open, fair, and competitive nature of a chattel auction. The authorized agency official must work closely with the auctioneer, as necessary, to ensure that property sells for the highest obtainable price.

The successful bidder for chattel must make full cash payment at the auction to complete the sale.

Sold chattel property remains subject to FSA’s lien until FSA receives the sale proceeds.

C Auction of Real Property

Details of the terms and conditions of the sale of real property are included in the contract with the auctioneer and the sales contract.

When possible, FSA should auction a group of properties. FSA may subdivide properties to promote a sale when necessary.

Definitions of Terms Used in This Handbook (Continued)

Certified Mail

Certified mail is a delivery service offered by USPS that allows the sender proof of mailing, as well as proof of delivery. * * *

*--Notes: Certified mail service provides the following:

- electronic verification that an article was delivered or delivery attempt was made

Note: If the item was delivered, the electronic verification provides the date, time, and location of delivery.

- proof of delivery record (copy of the recipient's signature) that is kept at the post office for 2 years after mailing. If needed, the signature proof can be requested after mailing by purchasing the "Return Receipt After Mailing" service.

"Return Receipt" is an additional feature that may be purchased but is **not** required.--*

Chapter 7

A Chapter 7 bankruptcy involves liquidation of the debtor's assets. The proceeds from liquidation are applied to the court-allowed debt.

Chapter 11

A Chapter 11 bankruptcy is a business reorganization form of bankruptcy. The debtor has an exclusive right to file a reorganization plan within 120 calendar days after filing for bankruptcy. After the 120-calendar-day period, the debtor loses the exclusive right to file a reorganization plan, and others may file a plan. This chapter is generally discharged at closing. The plan does not have to be concluded within a specific timeframe.

Chapter 12

A Chapter 12 bankruptcy provides special debt repayment relief for family farmers and family fishermen. This chapter is targeted to family farmers with 50 percent of gross income from farming. The farmer's debt must not exceed \$3.237 million and 80 percent of the farmer's debts must originate from farming. The debtor must file a plan within 90 calendar days after the First Meeting of Creditors. The court determines the point of discharge (usually at the end of the third or fifth year). The reorganization plans must be paid out in 5 years.

Chapter 13

A Chapter 13 bankruptcy involves reorganization for wage-earners. The debtor must have regular income. A portion of that income will be set aside for distribution to creditors by the Trustee. The plan is generally filed at time of petition and must be paid out in 5 years. The court determines the point of discharge, which is usually at the end of the third or fifth year.

Definitions of Terms Used in This Handbook (Continued)

Chattel Security

Chattel security is property that may consist of, but is not limited to: crops; livestock; aquaculture species; farm equipment; inventory; accounts; contract rights; general intangibles; and supplies that are covered by financing statements and security agreements, chattel mortgages, and other security instruments.

Civil Action

Civil action is a court proceeding to protect the Agency's financial interests. A civil action does not include bankruptcy and similar proceedings to impound and distribute the bankrupt's assets to creditors, or probate or similar proceedings to settle and distribute estates of incompetents or decedents, and pay claims of creditors.

Civil action may include obtaining possession of property from borrowers or third parties, judgments on indebtedness evidenced by notes or other contracts or judgments for the value of converted property, or judicial foreclosure.

Closed

Closed usually refers to when the bankruptcy plan has been paid in full, the security has been fully accounted for or remanded back to the creditor and proceeds distributed according to the bankruptcy. However, the bankruptcy is not closed until the bankruptcy judge closes the case with an order. Normally, collection activities or attempts to sell or gain possession of security cannot resume until the bankruptcy is closed.

Closing Agent

Closing agent is the attorney or title insurance company selected by the applicant and approved by the Agency to provide closing services for the proposed loan or servicing action. Unless a title insurance company provides loan closing services, the term "title company" does not include "title insurance company."

Coastal Barrier

Coastal barrier is an area of land identified as part of the national Coastal Barrier Resources System under the Coastal Barrier Resources Act of 1980.

Collateral

Collateral (or security) is property pledged as security for a loan to ensure repayment of an obligation.

Compromise

Compromise is the settlement of an Agency debt or claim by a lump-sum payment of less than the total amount owed in satisfaction of the debt or claim.

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 E 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.

**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
(Name and Address)

(Use Agency Letterhead format with local return address.)

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:

Date of Instrument

Amount

The promissory notes and assumption agreements are secured by Real Estate Mortgages, Deeds of Trust, Security Agreements, Financing Statements, etc. described as follows:

Date of Instrument

Place of Recordation (Filing)

Recorded In: Book No. Page No.

This acceleration of your indebtedness is made in accordance with the authority granted in the above-described instruments.

--*

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

*--

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.

--*

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

*--

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

--*

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

*--

5-FLP, Exhibit 41

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

CERTIFIED MAIL
(Name and Address)

(Use Agency Letterhead format with local return address.)

Date:

(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:

<u>Date of Instrument</u>	<u>Amount</u>
---------------------------	---------------

The security instruments referred to above are described as follows:

<u>Date of Instrument</u>	<u>Place of Recordation (Filing)</u>	<u>Recorded In: Book No. Page No.</u>
---------------------------	--------------------------------------	---------------------------------------

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.

--*

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

*--

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.

--*

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

*--

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

--*

Notice of Acceleration of Farm Loan Programs Accounts Secured by Real Estate and/or Chattels in Cases Not Involving Bankruptcy

*--

5-FLP, Exhibit 49

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

(Use Agency Letterhead format with local return address.)

NOTICE OF ACCELERATION OF FARM LOAN PROGRAMS ACCOUNTS SECURED BY REAL ESTATE AND/OR CHATTELS IN CASES NOT INVOLVING BANKRUPTCY

CERTIFIED MAIL

[Date]

(Borrower)
(Co-Borrower)
(Address)
City, State Zip code

Subject: **NOTICE OF ACCELERATION OF YOUR DEBT TO THE FARM SERVICE AGENCY AND DEMAND FOR PAYMENT OF THAT DEBT**

Dear :

PLEASE NOTE that the entire indebtedness due on the promissory notes and/or assumption agreements which evidence the loans received by you from the United States of America, acting through the Farm Service Agency, United States Department of Agriculture is now declared immediately due and payable. They are described as follows:

Debt Instrument	Date of Instrument	Original Amount
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The promissory notes or assumption agreements are secured by real estate mortgages, deeds of trust, security agreement, and financing statements, etc., described and perfected as follows:

Security Instrument	Date	Recording Office	Recording Information
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--*

Notice of Acceleration of Farm Loan Programs Accounts Secured by Real Estate and/or Chattels in Cases Not Involving Bankruptcy (Continued)

*--

5-FLP, Exhibit 49

This acceleration of your indebtedness is made in accordance with the authority granted in the above-described instruments.

The reasons for the acceleration of your indebtedness are as follows:

The indebtedness due is \$ ____ unpaid principal, and \$ ____ unpaid interest, as of ____, 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 and any shared appreciation. Unless full payment of your indebtedness is received made by one of the methods described below within 30 days from the date of this letter, the United States will foreclose the above described security instruments and pursue any other available remedies.

Full payment may be made in any of the following ways:

A) CASH

Payment should be made by cashier's check, certified check, or postal money order payable to the Farm Service Agency and delivered to the Farm Loan Manager of the Farm Service Agency at _____. If you submit to the United States any payment insufficient to pay the account in full or insufficient to comply with any arrangements agreed to between the Farm Service Agency and yourself, that payment WILL NOT CANCEL the effect of this notice. If such 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 the Farm Service Agency may proceed as though no such payment had been made.

B) TRANSFER AND ASSUMPTION

You may transfer the collateral for your loans to someone who is willing and able to assume the debt. Contact the Farm Loan Manager immediately if you are interested in this.

C) SALE

You may sell the collateral for your loans for its market value and send the proceeds to FSA or to other creditors with liens prior to FSA's lien. Contact the Farm Loan Manager immediately if you are interested in this.

*D) VOLUNTARY CONVEYANCE

You may convey all of your collateral to the Government. Contact the Farm Loan Manager immediately if you are interested in this.

--*

**Notice of Acceleration of Farm Loan Programs Accounts Secured by Real Estate and/or
Chattels in Cases Not Involving Bankruptcy (Continued)**

*--

5-FLP, Exhibit 49

** 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.

*** If you have not been advised of your rights to request deferral of payments or other servicing options you should contact the Farm Loan Manager at the above mentioned address within 15 days of the receipt of this notice.

If you fail to comply with the requirements outlined in this notice within the next 30 days, the United States plans to proceed with foreclosure/liquidation.

YOU DO NOT HAVE ANY RIGHT TO APPEAL THIS DECISION TO ACCELERATE YOUR FSA DEBTS.

UNITED STATES OF AMERICA

BY: _____
District Director
Farm Service Agency
United States Department of Agriculture

*This will be included as an option only if it would be in the Government's financial interest to accept a voluntary conveyance offer.

**This paragraph will be omitted in States with judicial foreclosure or if it conflicts with State law.

*** This paragraph will be omitted when accelerating accounts for failure to graduate or accelerating accounts of Non-Program Loan debtors.

--*

Notice of Intent to Foreclose on Your Property Serving as Security for the United States of America and Acceleration of Your Loan Accounts

*--

5-FLP, Exhibit 50

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

(Use Agency Letterhead format with local return address.)

CERTIFIED MAIL

[Date]

(Borrower)
(Co-Borrower)
(Address)
City, State Zip code

NOTICE OF INTENT TO FORECLOSE ON YOUR PROPERTY SERVING AS SECURITY FOR THE UNITED STATES OF AMERICA AND ACCELERATION OF YOUR LOAN ACCOUNTS

Dear (Borrower):

The United States of America intends to enforce its (real estate mortgages, deeds of trust, security agreements, etc.) given or assumed by you as security for your loans. The security instruments referred to above as described below were perfected as follows:

Security Instrument	Date	Recording Office	Recording Information

The security instruments executed by you in favor of the United States 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. If the proceeds from the sale are not sufficient to pay off the debt, the United States will not 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, but rather is intended to inform you that the United States intends to collect as much of the secured debt as possible from the property which serves as security for the loans made to you. In order to do so, it is necessary for your loans to be accelerated. Therefore, pursuant to the terms of the debt instruments, the United States is now exercising its option to declare your entire debt immediately due and payable. **Any Farm Loan Programs family living and farm operating expenses which you may be receiving are hereby terminated.**

The reasons for taking this action are as follows:

[If the loan account is in monetary default, list this as one reason for accelerating. If the loan account is not in monetary default, OGC must advise.]

--*

Notice of Intent to Foreclose on Your Property Serving as Security for the United States of America and Acceleration of Your Loan Accounts (Continued)

*--

5-FLP, Exhibit 50

The debt instruments are described as follows:

Debt Instrument	Date of Instrument	Original Amount

The United States will not file its foreclosure action or liquidate its security, under the authority granted in the above-described instruments, for 30 days. During that period you may purchase the property for the market value, which the Farm Service Agency has appraised to be \$____. Payment should be made by cashier's check, certified check, or postal money order payable to the Farm Service Agency and delivered to the county official at ____.

*You may not stop the foreclosure by paying an amount less than the market value.

** 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.

YOU DO NOT HAVE ANY RIGHT TO APPEAL THIS DECISION TO ACCELERATE YOUR FSA DEBTS.

UNITED STATES OF AMERICA

BY: _____
District Director
Farm Service Agency
United States Department of Agriculture

*This sentence can only be used with the approval of the Regional OGC.

**This paragraph will be omitted in States with judicial foreclosure or if it conflicts with State law.

---*

**Notice of Acceleration of Your Debt to the Farm Service Agency Based on Confirmed
Bankruptcy Plan With Discharge and Demand for Payment of That Debt**

*--

5-FLP, Exhibit 51

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

(Use Agency Letterhead format with local return address.)

CERTIFIED MAIL

[Date]

(Borrower)
(Co-Borrower)
(Address)
City, State Zip code

**NOTICE OF ACCELERATION OF YOUR DEBT TO THE FARM SERVICE
AGENCY BASED ON CONFIRMED BANKRUPTCY PLAN WITH DISCHARGE
AND DEMAND FOR PAYMENT OF THAT DEBT**

Dear

PLEASE TAKE NOTE that the entire indebtedness due under the Chapter ____ Plan confirmed on ____ in Bankruptcy Case No. ____ which evidences 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. The obligation set out in the confirmed Chapter ____ Plan is described as follows:

Date of Bankruptcy Plan Confirmation Order	Amount
---	--------

The amount(s) set out in the confirmed Chapter ____ Plan is/are secured by real estate mortgage(s), deed(s) of trust, security agreements(s), financing statement(s), etc. described (perfected) as follows:

Security Instrument	Date	Recording Office	Recording Information
------------------------	------	------------------	--------------------------

The acceleration of your indebtedness is made in accordance with the authority granted in the above-described instrument(s). Although, this is not an acceleration of your debt owed to the FSA prior to confirmation of the Chapter ____ Plan, it is fully effective to accelerate the debt as set out in the Chapter ____ Plan.

--*

**Notice of Acceleration of Your Debt to the Farm Service Agency Based on Confirmed
Bankruptcy Plan With Discharge and Demand for Payment of That Debt (Continued)**

*--

5-FLP, Exhibit 51

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

[If debt under the confirmed Chapter ____ Plan is in monetary default, list this as one of the reasons. If the debt is not in monetary default, obtain concurrence of OGC before acceleration.]

The indebtedness due as a result of your Chapter ____ Plan is \$ ____ unpaid principal, and \$ ____ unpaid interest, as of ____ 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, made by one of the methods described below, within 30 days from the date of this letter, the United States will foreclose the above described security instrument(s) and pursue any other available remedies.

Full payment may be made in any of the following ways:

(A) CASH

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 _____. If you submit 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 such insufficient payments are received and credited to your account, no waiver of prejudice of any rights which the United States may have for breach of any promissory note or debt evidenced by your confirmed Chapter ____ Plan or covenant in the security instrument(s) will result and FSA may proceed as though no such payment had been made.

(B) TRANSFER AND ASSUMPTION

Subject to FSA approval, you may transfer the collateral for your debt to someone who is eligible for FSA assistance and is willing and able to assume the debt. Contact FSA at _____ immediately if you are interested in this.

(C) SALE

You may sell the collateral for your loan(s) for its market value and send the proceeds to FSA to or other creditors with liens prior to FSA's lien. Contact FSA immediately if you are interested in this.

--*

**Notice of Acceleration of Your Debt to the Farm Service Agency Based on Confirmed
Bankruptcy Plan With Discharge and Demand for Payment of That Debt (Continued)**

*--

5-FLP, Exhibit 51

*(D) VOLUNTARY CONVEYANCE

You may convey all of your collateral to the Government. Contact FSA at _____ immediately if you are interested in this.

**(The above-described security instrument(s) provide(s) 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.

***If you have not been advised of your rights to request deferral of payments or other servicing options you should contact FSA at the above-mentioned address within 15 days of the receipt of this notice.

If you fail to comply with the requirements outlined in this notice within the next 30 days, the United States plans to proceed with foreclosure/liquidation.

YOU DO NOT HAVE ANY RIGHT TO APPEAL THIS DECISION TO ACCELERATE YOUR FSA DEBT(S) TO ANY OFFICIAL OF THE FARM SERVICE AGENCY.

UNITED STATES OF AMERICA

[name]
[title]
Farm Service Agency
United States Department of Agriculture

CC: FSA State Executive Director,
FSA Farm Loan Programs Division,
FSA Farm Loan Manager

*This will be included as an option only if it would be in the Government's financial interest to accept a voluntary conveyance offer.

**This paragraph will be omitted in States with judicial foreclosure or if it conflicts with State law.

***This paragraph will be omitted when accelerating accounts for failure to graduate or accelerating accounts of non-program loan debtors.

--*

Notice of Acceleration for FLP Accounts Held by American Indian Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights

*--

5-FLP, Exhibit 52

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

(Use Agency Letterhead format with local return address.)

CERTIFIED MAIL

[Date]

**NOTICE OF ACCELERATION FOR FLP ACCOUNTS HELD BY AMERICAN INDIAN
BORROWERS AND SECURED BY REAL ESTATE LOCATED WITHIN A RECOGNIZED
RESERVATION AND BORROWER RIGHTS**

Borrower
Co-Borrower
Address of Borrower
City, State, Zip

Subject: NOTICE OF ACCELERATION OF YOUR DEBT TO THE FARM SERVICE
AGENCY, DEMAND FOR PAYMENT, AND NOTICE OF ADDITIONAL RIGHTS
PRIOR TO FORECLOSURE

Dear (Borrower):

The entire indebtedness you owe to Farm Service Agency (FSA) evidenced by the promissory notes and assumption agreements described below is now declared immediately fully due and payable. Such promissory notes and assumption agreements are described as follows:

<u>Type of Instrument</u>	<u>Date of Instrument</u>	<u>Amount</u>
---------------------------	---------------------------	---------------

These promissory notes and assumption agreements are secured by real estate mortgages, deeds of trust, financing statements, security agreements, etc. described as follows:

<u>Type of Instrument</u>	<u>Date of Instrument</u>	<u>Place of Recordation (Filing)</u>
---------------------------	---------------------------	--------------------------------------

<u>Recorded In:</u>	<u>Book No.</u>	<u>Record under Document No.</u>
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This acceleration of your indebtedness is made in accordance with the authority granted in the above-described instruments.

--*

Notice of Acceleration for FLP Accounts Held by American Indian Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights (Continued)

*--

5-FLP, Exhibit 52

The reason for the acceleration of your indebtedness is as follows:
(If the borrower is in monetary default, list this as one reason for accelerating. If the borrower is not in monetary default, obtain concurrence of OGC before acceleration.)

The indebtedness due is \$ _____ unpaid principal, and \$ _____ unpaid interest, as of _____, plus additional interest accruing at the rate of \$ _____ per day thereafter, plus any advances made by FSA for the protection of its security and interest accruing on any such advances. Unless full repayment of your indebtedness is received through one, or a combination, of the methods described below within 60 calendar days from the date of this letter, FSA will foreclose the above described security instruments and pursue any other available legal means to resolve your remaining indebtedness.

Under section 335(e) of the Consolidated Farm and Rural Development Act (CONACT) (7 U.S.C. 1985(e)), you are entitled to receive notification from FSA of additional rights available to you for liquidation or settlement of your FSA loan account prior to United States Government completion of a legal foreclosure sale of your FSA-secured real estate. This letter lists those additional CONACT rights. This letter also lists other alternatives you may wish to utilize to resolve your indebtedness to FSA.

If you wish to pursue an alternative to legal foreclosure, you must inform this office in writing within 60 calendar days of this letter specifying which of the following settlement or liquidation alternative, or combination of alternatives, you wish to pursue:

Alternative A: You may request the Tribe, having jurisdiction over the reservation in which the real property is located, be assigned the loan from FSA. FSA will forward your assignment request along with all other applicable loan information for Tribal consideration and determination.

If the Tribe agrees to accept the assignment within 30 calendar days after FSA notifies the Tribe of your request, the following will occur:

1. FSA will not foreclose the loan because of any default that occurred before the date of assignment.
2. The Tribe will pay FSA the lesser of the amount owed on the debt or the market value of the real estate that secures the loan in exchange for the assignment of your loan to the Tribe. The Tribe may pay for the purchase of the loan assignment over time under terms and conditions similar to an Indian Tribal Land Acquisition Program (ITLAP) loan. Note that ITLAP servicing options may be available except that ITLAP write down servicing options are not available for this loan.
3. If the Tribe agrees to accept the assignment of your loan, your loan will be assigned to the Tribe. Your future payments will be made to the Tribe and future servicing will be done by the Tribe. FSA will no longer be responsible for the collection or servicing of your loan. The Tribe does not have to agree to the assignment.

--*

Notice of Acceleration for FLP Accounts Held by American Indian Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights (Continued)

*--

5-FLP, Exhibit 52

Alternative B: You may request that your loan be assigned to the Secretary of Interior. If you request this option, FSA will send your loan information to the Secretary of Interior for review. If the Secretary of Interior agrees to accept the assignment of your loan, your loan will be assigned to the Secretary of Interior, and FSA will no longer be responsible for the collection or servicing of your loan. The Secretary of Interior does not have to accept your request for the assignment of your loan.

Alternative C: You may voluntarily convey the security to FSA. Subject to acceptable environmental review, you can deed your property to FSA and FSA will credit your account with the market value of the property or the total debt, whichever is greater. Under this alternative, you will lose your property but will no longer owe a debt to FSA.

Additional Alternatives

Alternative D: You may sell the property to a buyer of your choice.

1. You still retain the right to sell your property to a buyer of your choice for cash, as long as the price you receive for such sale is not less than the market value.
2. Your chosen property buyer must have the financial ability to buy the property within a reasonable period of time. In most cases, the sale of your property should be completed within 90 calendar days of your notification to FSA of your selection of this option.
3. You can sell the property to a buyer of your choice by transferring your ownership of your property and transferring the obligation of your FSA indebtedness, if your chosen buyer qualifies for loan transfer under FSA regulations, and if the property is sold for a price that is not less than its market value. This process is referred to as “transfer and assumption”.

Alternative E: You may pay your FSA indebtedness in full. All FSA borrowers are entitled to fully repay the entire indebtedness they owe to FSA at any time, unless a legal action has occurred that prevents or supersedes FSA enforcement of its loan instruments.

WARNING: If you wish to pursue settlement or liquidation of your FSA indebtedness through one, or a combination, of the alternatives presented in this letter, your written request, including which alternatives you want, must be received by FSA within **60** calendar days of this letter. If you do not respond to this letter within 60 calendar days, FSA will continue to foreclose on your property. While FSA will not delay the actions necessary to initiate and process a legal foreclosure proceeding beyond the 60 calendar days offered in this letter, FSA will consider your requested account resolution alternatives as authorized, if they can be completed BEFORE a scheduled foreclosure sale.

--*

Notice of Acceleration for FLP Accounts Held by American Indian Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights (Continued)

*--

5-FLP, Exhibit 52

If you have not been advised of your rights to request deferral of payments or other servicing options, you should contact the Farm Loan Manager at the above mentioned address within 15 calendar days of the receipt of this letter. (**Note: Omit this paragraph when accelerating accounts for failure to graduate or accelerating accounts of Non-Program Loan debtors.)

YOU DO NOT HAVE ANY RIGHT TO APPEAL THIS DECISION TO ACCELERATE YOUR FSA DEBT.

In accordance with the requirements of section 335(e) of the CONACT (7 U.S.C. 1985(e)), a copy of this letter and FSA's determination of the value of the real estate security is being provided to the Tribe that has jurisdiction over the Reservation in which the real estate security is located.

We are also enclosing, with this letter, a more detailed explanation of the additional CONACT rights that are available to you.

Sincerely,

District Director

Attachment
cc: Tribe
Area Office, BIA
SED/FLC
DD
FLM

--*

Conservation Easement for Wetlands

[Attached to Deed of Trust] [Use this exhibit to establish easements on wetlands with full restrictive conditions (including adjacent nonwetland buffers).]

CONSERVATION EASEMENT RESERVATIONS IN THE UNITED STATES

By this instrument there is reserved in the UNITED STATES OF AMERICA, its successors and assigns, a perpetual conservation easement on the property conveyed by this deed.

This easement is under the authority and in furtherance of the provisions of federal law, including sections 331 and 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 and 1985) as amended. The restrictions and covenants contained in this easement constitute a perpetual servitude on and run with the property. The Grantee and all successors and assigns (“landowner”) under this deed covenant with the United States to do or refrain from doing, severally and collectively, the various acts mentioned later in this easement. The United States has reserved the rights enumerated in this easement for itself and its successors, agents and assigns.

I. DESCRIPTION OF THE EASEMENT AREA.

The area subject to this Conservation Easement, referred to herein as the “easement area” is described as follows:

[legal description, or reference to appended plat. In certain cases, a specific route on and across the easement area for landowner access to other portions of the property for farming or other uses may be designated if such access is not reasonably available from other routes outside the easement area.]

Without limiting the general and specific rights of access in paragraph III-A, for access to the easement area, a right of way for an [existing] [road, trail, etc.] over the property conveyed by this deed as follows:

[legal description – center line survey, P-line survey or reference to other location of the road or path, or reference to appended plat or drawing].

The above right of way shall be sufficiently wide (not to exceed ___feet) to accommodate access by vehicles and equipment deemed necessary or desirable by the easement manager for easement management. [Any costs associated with road construction and maintenance shall be shared by the landowner and, subject to the availability of funds, the easement manager commensurate with their respective levels of use.]^{1/} In the event that the location of a road or trail becomes impractical due to erosion, Acts of God, or other cause said location can be reasonably adjusted to accommodate access in accordance with the rights of paragraph III-A herein.

^{1/} Use when access to the easement area is over road or roadway that will be constructed or require maintenance.

* * *

Conservation Easement for Wetlands (Continued)

II. COVENANTS BY THE LANDOWNER.

- A. No dwellings, barns, outbuildings or other structures shall be built within the easement area.
- B. the vegetation or hydrology of the described easement area will not be altered in any way or by any means or activity on the property conveyed by this deed, or property owned by or under the control of the landowner including: (1) cutting or mowing; (2) cultivation; [(3) grazing;] (4) harvesting wood products; (5) burning; (6) placing of refuse, wastes, sewage, or other debris; (7) draining, dredging, channeling, filling, dicing, pumping, diking, impounding and related activities; or (8) diverting the natural flow of surface or the underground waters into, within, or out of the easement area.
- C. Notwithstanding the provisions of paragraph II-B above, the landowner shall be responsible for compliance with all Federal, state and local laws for the control of noxious or other undesirable plants on the easement area. The responsibility for such plant control may be assumed in writing by the easement manager where the control or manipulation of such plants is deemed by the easement manager to affect easement management programs or policies.
- [D. Cattle or other stock shall not be permitted on the easement area, except that the easement manager shall permit access to and use of waters within the area necessary for stock watering under such terms and conditions as the easement manager deems necessary to protect and further the purposed of this easement, provided:
 - (1) The easement manager bears the costs of building and maintaining fencing or other facilities necessary to preclude stock from entering the easement area;
 - (2) the easement manager shall consult with the landowner to determine the need for and the scope of fencing; and access for stock watering need not be permitted where other waters are reasonably available from other sources outside the easement area.]^{2/}

^{2/} Use only when paragraph III-F is used.

Conservation Easement for Floodplains

[Attached to Deed of Trust] [Use only for floodplains (no wetlands)]

CONSERVATION EASEMENT RESERVATIONS IN THE UNITED STATES

By this instrument there is reserved in the UNITED STATES OF AMERICA, its successors and assigns, a perpetual conservation easement on the property conveyed by this deed.

This easement is under the authority and in furtherance of the provisions of federal law, including sections 331 and 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 and 1985) as amended and Executive Order 11988 providing for the protection of floodplains. The restrictions and covenants contained in this easement constitute a perpetual servitude on and run with the property. The Grantee and all successors and assigns (“landowner”) under this deed covenant with the United States to do or refrain from doing, severally and collectively, the various acts mentioned later in this easement. The United States has reserved the rights enumerated in this easement for itself and its successors, agents and assigns.

I. DESCRIPTION OF THE EASEMENT AREA AND ACCESS THERETO

The area subject to this Conservation Easement, referred to herein as the “easement area” is described as follows:

[legal description or reference to appended plat.]

Without limiting the general and specific rights of access in paragraph III-A, for access to the easement area, a right of way for an [existing] [road, rail, etc.] over the property conveyed by this deed as follows:

[legal description – center line survey, P-line survey or reference to other location of the road or path, or reference to appended plat or drawing].

The above right of way shall be sufficiently wide (not to exceed ___feet) to accommodate access by vehicles and equipment deemed necessary or desirable by the easement manager for easement management. [Any costs associated with road construction and maintenance shall be shared by the landowner and, subject to the availability of funds, the easement manager commensurate with their respective levels of use.] In the event that the location of a road or trail becomes impractical due to erosion, acts of God, or other cause said location can be reasonably adjusted to accommodate access in accordance with the rights of paragraph III-A herein.

* * *

Conservation Easement for Floodplains (Continued)

II. COVENANTS BY THE LANDOWNER

- A. No dwellings, barns, outbuildings or other structures shall be built within the easement area when the easement manager determines, in consultation with the landowner, that a practicable alternative location outside the easement area is available to the landowner. Also, no dwellings, barns, outbuildings, or other structures shall be built within the easement area unless the construction conforms, at minimum, to the requirements of the National Flood Insurance Program (NFIP). Repairs to existing structures within the easement area may be made subject to the NFIP. The construction of fences needed for the purpose of livestock retention will be permitted within the easement area provided they do not impede the flow of water.

- B. The vegetation or hydrology of the described easement area will not be altered in any way or by any means or activity on the property conveyed by this deed, or property owned by or under the control of the landowner including: (1) placing earthen or other material fill on the easement area, or (2) placing of refuse, wastes, sewage, or other debris. This restriction does not apply to application of agricultural chemicals in accordance with Environmental Protection Agency Use Restrictions, except that application of agricultural chemicals within 100 feet of a stream or river is prohibited. The landowner shall have the right to carry on farming practices such as grazing, hay cutting, plowing, working and cropping the easement area without further degradation of floodplain values.

- C. Notwithstanding the provisions of paragraph II-B above, the landowner shall be responsible for compliance with all Federal, state and local laws for the control of noxious or other undesirable plants on the easement area.

- D. Notwithstanding the provisions of paragraph II-B above, the landowner may establish or repair stream-bank riprap if such actions are necessary to protect the integrity of fields or buildings and provided such riprap is performed in consultation with the easement manager and under the direction of appropriate Federal, State, and local authorities.