

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 27

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 44 A has been amended to update the information to be recorded in DLS to track DSA requests.

Exhibit 15, paragraph 5 has been amended to:

- remove outdated information
- update the schedule for the TOP selection process.

Exhibit 16, subparagraph 3 B has been amended to clarify cancellation of debt returned from cross-servicing.

Page Control Chart		
TC	Text	Exhibit
	2-3, 2-4	15, pages 13, 14 16, pages 9, 10

43 DSA Applications

A Requests for DSA

[7 CFR 766.54(a)] (1) A borrower must submit a request for DSA in writing within eight months from the date the natural disaster was designated.

(2) All borrowers must sign the DSA request.

(3) All FLP loans must be current or less than 90 days past due at the time the application for DSA is complete.

B Required Financial Information

[7 CFR 766.54(b)] (1) The borrower must submit actual production, income, and expense records for the production cycle in which the disaster occurred unless the Agency already has this information.

(2) The Agency may request other information needed to make an eligibility determination.

The borrower must also provide any documentation required to support the farm operating plan as required in paragraph 45, such as 3 years of production, income and expense records.

44 Application Tracking

A Tracking DSA Requests

The authorized agency official must date stamp the borrower's DSA request on the date FSA received it. The application will be inputted and tracked through to completion in DLS under Security Instruments Other Workflows.

The authorized agency official **must**, at a minimum, record the following in DLS:

- *--purpose type
- request date
- final disposition
- final disposition date
- disaster designation code
- set-aside addendum date
- installment date
- disaster set-aside amount
- amount approved.--*

Quarterly Screening Process for TOP (Continued)

5 Timeframe for Quarterly Referrals to TOP

The following is a timeframe for quarterly referrals to TOP.

* * *

Process	Date(s)
FY 2013 1st Quarter TOP Referral	
New Selection <u>1/</u>	September 15, 2012 <u>3/</u>
Critical pre-letter screening	September 18 to September 28, 2012
FLOO mails 60-day due process letters	October 2, 2012
Pre-certification screening	October 2 to December 7, 2012
Certification <u>2/</u>	December 8, 2012 <u>4/</u>
FY 2013 2nd Quarter TOP Referral	
New Selection <u>1/</u>	December 8, 2012 <u>4/</u>
Critical pre-letter screening	December 11, 2012, to January 6, 2013
FLOO mails 60-day due process letters	January 10, 2013
Pre-certification screening	January 10 to March 16, 2013
Certification <u>2/</u>	March 17, 2013
FY 2013 3rd Quarter TOP Referral	
New Selection <u>1/</u>	March 24, 2013
Critical pre-letter screening	March 27 to April 6, 2013
FLOO mails 60-day due process letters	April 10, 2013
Pre-certification screening	April 10 to June 15, 2013
Certification <u>2/</u>	June 16, 2013

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

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

3/ The FY 2012 4th Quarter Certification is run on the same day as the FY 2013 1st Quarter Selection.

4/ The FY 2013 1st Quarter Certification is run on the same day as the FY 2013 2nd Quarter Selection.

Quarterly Screening Process for TOP (Continued)

5 Timeframe for Quarterly Referrals to TOP (Continued)

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Process	Date(s)
FY 2013 4th Quarter TOP Referral	
New Selection <u>1/</u>	June 22, 2013
Critical pre-letter screening	June 25 to July 5, 2013
FO mails 60-day due process letters	July 9, 2013
Pre-certification screening	July 9 to September 13, 2013
Certification <u>2/</u>	September 14, 2013 <u>3/</u>
FY 2014 1st Quarter TOP Referral	
New Selection <u>1/</u>	September 14, 2013 <u>3/</u>
Critical pre-letter screening	September 17 to September 27, 2013
FO mails 60-day due process letters	October 1, 2013
Pre-certification screening	October 1 to December 6, 2013
Certification <u>2/</u>	December 7, 2013 <u>4/</u>
FY 2014 2nd Quarter TOP Referral	
New Selection <u>1/</u>	December 7, 2013 <u>4/</u>
Critical pre-letter screening	December 10, 2013, to January 3, 2014
FO mails 60-day due process letters	January 7, 2014
Pre-certification screening	January 7 to March 14, 2014
Certification <u>2/</u>	March 15, 2014
FY 2014 3rd Quarter TOP Referral	
New Selection <u>1/</u>	March 22, 2014
Critical pre-letter screening	March 25 to April 4, 2014
FO mails 60-day due process letters	April 8, 2014
Pre-certification screening	April 8 to June 13, 2014
Certification <u>2/</u>	June 14, 2014
FY 2014 4th Quarter TOP Referral	
New Selection <u>1/</u>	June 21, 2014
Critical pre-letter screening	June 24 to July 12, 2014
FO mails 60-day due process letters	July 15, 2014
Pre-certification screening	July 15 to September 19, 2014
Certification <u>2/</u>	September 20, 2014

- 1/ This includes all debts that appear eligible on ADPS, even if deleted in prior quarterly process.
- 2/ Loans with no delete code are moved from the “Borrower Eligible (N)” Screens to the “Certified (Y)” Screens.
- 3/ The FY 2013 4th Quarter Certification is run on the same day as the FY 2014 1st Quarter Selection.
- 4/ The FY 2014 1st Quarter Certification is run on the same day as the FY 2014 2nd Quarter Selection.--*

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

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

B Action (Continued)

Step	Office	Action
1 (Cntd)	State Office (Cntd)	<p style="text-align: center;">Cancellation</p> <p>The account balance may be considered for cancellation when all:</p> <ul style="list-style-type: none"> • of the loans eligible for referral to the cross-servicing program have been referred but returned for the debtor and any co-debtors • payments have been received from any compromise or adjustment offers negotiated by Treasury. <p>The account balance will be canceled if there are no known collections that FSA will receive through AWG, TOP (including Federal salary offset), or FSA’s internal administrative offset process. Known collections are from payments that FSA is certain it will receive from AWG or from offsets in the near future, such as Social Security benefits, Federal salary, farm program payments, etc., for an amount sufficient to reduce the overall balance of the debt.</p> <p>In some cases, a partial cancellation according to paragraph 956 may be in the Government’s best interest.</p> <p>Canceling a debtor’s account balance will be completed under the *--authorities set forth in RD Instruction 1956-B, section 1956.70, as well as section 1956.84(a) or RD Instruction 1956-B, Exhibit B, as appropriate. Treasury’s return of an account from cross-servicing as uncollectable will serve as documentation that the requirements of section 1956.70 have been met. Neither a credit report nor further contact with the borrower is needed. If 1 or more of a debtor’s--* loans have been canceled using the debt cancellation authority under the Federal Claims Collection Standards, the remaining account balance may be canceled under RD Instruction 1956-B. If a debtor has received debt forgiveness under CONACT authorities, such as a write-down through primary loan servicing, the remaining account balance may be canceled according to RD Instruction 1956-B, Exhibit B.</p>

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

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

B Action (Continued)

Step	Office	Action
1 (Cntd)	State Office (Cntd)	<p style="text-align: center;">Cancellation</p> <p>SED's shall:</p> <ul style="list-style-type: none"> • process the loan cancellation as appropriate using RD 1956-1 <p>*--Note: Documentation that all debt has been returned from cross-servicing as uncollectible will be attached to RD 1956-1.</p> <ul style="list-style-type: none"> • ensure that FSA 1956-20 was completed before CNC and is included with the settlement documentation <p>Note: No FSA 1956-10 is needed.--*</p> <ul style="list-style-type: none"> • prepare a memorandum advising FLOO, PRG of the cancellation • FAX the signed memorandum to FLOO, PRG. <p>Note: The State Office shall obtain any necessary concurrence before canceling the debt.</p> <p>When canceling remaining loan balances owed on debts compromised by Treasury:</p> <ul style="list-style-type: none"> • document the information about the compromise on RD 1956-1 • process transaction code "3K" using class of write off code "1" for the compromised debt • process transaction code "3K" using class of write off code "4" for the balance of the debt returned as uncollectible • the effective date for all 3K transactions shall be the date SED or DAFLP signed RD 1956-1.