

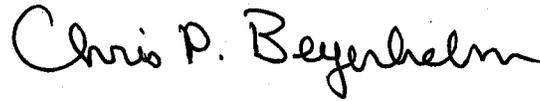
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Special Programs
6-FLP**

Amendment 14

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reason for Amendment

Subparagraph 37 E has been added to assure that borrowers requesting servicing are advised of all servicing options.

Exhibit 20 has been added to provide an example of the Indian Tribal Land Acquisition Loan Program (ITLAP) Restructuring Options Letter.

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--Section 3 Loan Servicing*37 General Servicing****A General**

[7 CFR 770.8(a)] Subject to section 770.5(d) (subparagraph 37 B) land acquired with loan funds, or other property serving as security for a loan under this part, may be leased, sold, exchanged, or subject to a subordination of the Agency's interests, provided:

- (1) the Agency provides prior written approval of the action;**
- (2) the Agency determines that the borrower's loan obligations to the Agency are adequately secured; and**
- (3) the borrower's ability to repay the loan is not impaired.**

[7 CFR 770.8(b)] Title to land acquired with a loan under this part may, with the approval of the Secretary of the Interior, be taken by the United States in trust for the tribe or tribal corporation.

B Selling Non-Renewable Assets

[7 CFR 770.5(d)] The sale of assets that are not renewable within the life of the loan will require a reduction in loan principal equal to the value of the asset sold.

Any sale of non-renewable assets must receive prior consent from the Agency. This may include the sale of timber, mineral, or other assets that generally will not be renewable within the term of the loan. The Agency will review the security for the loan or loans to determine whether after the sale of the asset, the Agency will remain well secured. If the Agency remains fully secured, the sale may be approved. All sales require prior approval of the Administrator.--*

37 General Servicing (Continued)

C Land Exchanges

[7 CFR 770.10(d)] In the cases where a borrower proposes to exchange any portion of land securing a loan for other land, title clearance and a new mortgage on the land received by the borrower in exchange, which adequately secures the unpaid principal balance of the loan, will be required unless the Agency determines any remaining land or other loan security is adequate security for the loan.

Title clearance can be accomplished through the BIA office serving that particular tribe or tribal corporation's reservation.

If an assignment of income is determined to be adequate security for the loan, see subparagraph 25 A for using income assignment. If the exchange is for land that is less valuable than the land securing the indebtedness, the Agency will approve this action if the total land base securing the loans or on which an assignment of income from land purchased with ITLAP funds has been used for repayment is greater than the amount presently owed to the Government.

To identify security for each loan, the tribe or tribal corporation must maintain a record of the tract or tracts purchased with loan funds and any transfers or exchanges that have been substituted for land originally purchased.

D Appraisals

[7 CFR 770.9(a)] The applicant or the borrower, as appropriate, will pay the cost of any appraisal required under this part.

[7 CFR 770.9(b)] Appraisals must be completed in accordance with section 761.7 of this chapter.

***--E Requests for Restructuring**

When borrowers contact FSA to inquire about or request loan servicing, they shall be advised of all of the following servicing options and sent Exhibit 20:

- loan reamortization, if the account is delinquent or the borrower is unable to make their loan payment (paragraph 38)
- interest rate reduction if a loan interest rate exceeds the current ITLAP interest rate (paragraph 39)
- deferral (paragraph 40)
- debt write-down under either the land value or rental value options (paragraph 41)
- release of reserve account funds to make the annual payment if the loan is not delinquent (paragraph 42).--*

***--Sample Indian Tribal Land Acquisition Loan Program (ITLAP) Restructuring Options Letter**

(Use agency letterhead format with local return address)

Indian Tribal Land Acquisition Loan Program (ITLAP) Restructuring Options

Dear

You have inquired about servicing for your Indian Tribal Land Acquisition Loan (ITLAP) with FSA. This letter is to inform you about other servicing options for which you may qualify subject to agency regulations at 7 CFR Part 770.

1. Reamortization if the account is delinquent or current but you are unable to make your loan payment because of circumstances beyond your control.
2. An interest rate reduction if the loan interest rate exceeds the current ITLAP interest rate, and the loan is over 5 years old, and the Department of Interior certifies your eligibility.
3. Loan deferral up to 5 years.
4. Debt write-down under either the land value or rental value options.
5. Release of reserve account funds to make the annual payment if the loan is not delinquent and is adequately secured.

Please do not hesitate to contact your local FSA office if you wish to further inquire about any of these servicing options.

Sincerely,

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