

341 Lenders Responsibilities in Bankruptcy Proceedings

**A
Lender
Responsibilities
in Bankruptcy
Cases**

Upon knowledge that a guaranteed borrower has filed bankruptcy, the Farm Loan Manager will immediately contact the lender, review the provisions of Paragraphs 340-344 of 2-FLP Handbook. This meeting will be documented in the running case record..

For re-organization bankruptcy the Farm Loan Manager will also inform the lender in writing of the following:

- Non-guaranteed debts of the lender can not be added to the guaranteed loan(s).
- If there is more than one guaranteed note, the notes must be kept and addressed separately in the bankruptcy plan. They should not be consolidated.
- Interest may be capitalized but not in an amount greater than allowed by statute.
- The lender must keep FSA advised of all bankruptcy proceedings and when possible obtain FSA consent before entering into any agreements or stipulations

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