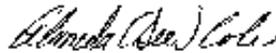


For: FSA Offices

**Providing Farm Loan Programs Borrowers With Servicing Assistance
Under the Soldiers' and Sailors' Civil Relief Act of 1940**

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

FSA is committed to providing compassionate service above and beyond the normal scope of daily servicing to assist FLP customers impacted by the recent events overseas. The President has authorized the call to active military duty of thousands of National Guard, Reservists, and other military personnel. These individuals may be entitled to relief under the Soldiers' and Sailors' Civil Relief Act of 1940 (the Act) or to other FSA assistance. In brief, the Act provides for the reduction in the interest rate to 6 percent on the loans to persons called to active duty. In addition, FSA may be able to provide other servicing assistance to its direct customers.

B Purpose

This notice:

- requires that FmHA Instruction 1950-C be followed when servicing the accounts of borrowers entering the armed forces, except as provided in this notice.
- provides benefits in addition to those discussed in FmHA Instruction 1950-C.

C Contact

County Offices shall contact the State Office with any questions. State Offices shall contact LSPMD at 202-720-4572.

Disposal Date	Distribution
October 1, 2003	All FSA Offices; State Offices relay to County Offices

Notice FLP-302

2 Servicing Loans to Borrowers Entering Active Duty in the Armed Forces

A FmHA Instruction 1950-C

FSA will adhere to the guidance provided in FmHA Instruction 1950-C, except as provided in this notice, when servicing the accounts of borrowers entering the armed forces or called to active duty. This instruction prescribes the authorities and policies for servicing such cases in addition to those contained in other FSA handbooks or instructions. Notwithstanding any provision of this instruction, these benefits begin when a borrower is ordered to report for induction or military service.

Note that while section 1950.102 of this instruction provides that FSA will not renew, postpone, or modify annual installments solely because of the borrower's entry into the armed services, such loan servicing certainly may be available according to FmHA Instruction 1951-S procedures as discussed in subparagraph F of this notice.

B Interest Rate Selection

The interest rate on existing FLP loans may not exceed 6 percent beginning when the borrower is ordered to report for induction or military service and continuing during the borrowers active service.

C Acceleration or Foreclosure

FSA generally cannot foreclose on the property of a borrower in the armed forces during the borrower's tenure of service and for 3 months thereafter. No FLP account of a borrower on active duty will be accelerated or foreclosed.

Note: If the account has been referred to DOJ, notify DOJ that the borrower is entitled to relief under the Act.

D Treasury and Internal Administrative Offsets

Treasury and internal administrative offsets will be discontinued once a borrower is ordered to report for induction or military service, and any payments received as a result of offset after the date the borrower was called to active duty will be refunded. Treasury offsets shall be suspended by the State Offices by deleting affected loans each quarter on the "Borrowers Eligible for TOP Offset Certified" screens or the "Borrowers Eligible for TOP Offset" screens. Use delete code 07, "Borrower was indebted to FSA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C." Co-borrowers associated with this debt must also be deleted in an effort to reduce hardship and assist impacted customers. See Notice FI-2579 for further information. This suspension begins when the borrower is ordered to report for induction or military service and continues during the period of active duty and 3 months thereafter.

Notice FLP-302

2 Servicing Loans to Borrowers Entering Active Duty in the Armed Forces (Continued)

E Treasury Cross Servicing

Borrowers called to active military duty similarly shall not be referred for cross servicing. If the borrower has been referred to Treasury for cross servicing, State Offices must initiate a recall by FAXing FSA-1956-22 and a memo stating the debt must be recalled because of provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 to LOD, PRB at 314-539-6266.

F Servicing Under FmHA Instruction 1951-S

Borrowers will continue to be notified according to FmHA Instruction 1951-S, section 1951.907. FSA will promptly provide loan servicing application forms and all assistance necessary in completing and processing those forms. Third parties with appropriate powers of attorney may request servicing on behalf of the borrower in military service. SED's will make full use of the exception authority granted in FmHA Instruction 951-S, section 1951.916(b) when additional time is needed by the borrower for submission of a complete application.