

For: State and County Offices

Servicing Delinquent Youth Loans

Approved by: Deputy Administrator, Farm Loan Programs



1 Servicing Youth Loans

A Background

FSA Youth Loans are made according to the provisions of the Consolidated Farm and Rural Development Act (CONACT). CONACT, Section 311 (b)(4) states that youth enterprises shall not be considered farming or ranching enterprises. Therefore, only some loan servicing benefits are available for this type of loan.

B Purpose

This notice:

- outlines limitations on the servicing of Youth Loans
- gives guidance on required servicing actions, such as FmHA Instruction 1951-S and referral to the Department of Treasury (Treasury).

C Contact

State Offices shall direct questions about this notice to David Spillman, LSPMD, at 202-720-0900.

Disposal Date	Distribution
September 1, 2004	State Offices; State Offices relay to County Offices

Notice FLP-312

1 Servicing Youth Loans (Continued)

D State and County Office Action

A borrower delinquent on a Youth Loan shall be notified of loan service programs according to FmHA Instruction 1951-S, Section 1951.907. Exhibit 1 of this notice shall be included with the 1951-S notification. Those who submit a complete application within the required timeframe may be considered for debt restructure or deferral according to FmHA Instruction 1951-S. However, CONACT **does not** permit limited resource rates, writedowns, or buyouts for this type of loan.

If a feasible plan cannot be developed with the above options, then liquidation and collection through administrative offset and referral to Treasury for TOP offset and cross-servicing must be pursued, including offset against any adult cosigner when Social Security numbers of cosigners can be obtained. Every effort should be made to obtain the cosigner's Social Security number for offset purposes. Cosigner information should be entered into MAC. Any debts remaining after liquidation may be debt settled according to RD Instruction 1956-B or referred to Treasury for TOP and cross-servicing according to Notice FLP-266.

Notification to Borrowers With Youth Loans

Notification to Borrowers With Youth Loans

This additional notification is to advise you that Youth Loans are not eligible for writedown, buyout, or limited resource interest rates, but can be restructured or deferred. This has no effect on any other loans you may have with the Agency.