

**For:** State and County Offices

**Guidance for Resuming FLP Activities After the Lapse in Funding**

**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

Because of a lapse in funding, the Federal government was partially shut down from December 22, 2018, through January 25, 2019. Certain FLP offices opened on January 17 to January 22, 2019, and on January 24, 2019, all FSA offices opened. During that time, however, only limited FLP activities could be conducted.

**B Purpose**

This notice provides guidance on:

- timeframes to complete processing loan making and primary loan servicing applications that were pending during the lapse in funding
- processing loan making and loan servicing applications received during the lapse in funding
- FLP oversight activities
- FLOT training.

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2019 2-1-19	State Offices; State Offices relay to County Offices

## Notice FLP-795

### 1 Overview (Continued)

#### C Contact

County Offices shall contact the State Office. State Offices shall contact the National Office as follows.

For...	THEN contact...
loan making	<ul style="list-style-type: none"><li>• Randi Sheffer at 202-205-0682 or randi.sheffer@wdc.usda.gov</li><li>• John Tamashiro at 202-720-5199 or john.tamashiro@wdc.usda.gov</li><li>• Russ Clanton at 202-690-0214 or russ.clanton@wdc.usda.gov</li><li>• Michael Moore at 202-690-0651 or michael.moore@wdc.usda.gov.</li></ul>
loan servicing and property management	<ul style="list-style-type: none"><li>• Craig Nehls at 202-720-0628 or craig.nehls@wdc.usda.gov</li><li>• Bruce Mair at 202-690-0651 or bruce.mair@wdc.usda.gov</li><li>• Jeffrey King at 202-720-1651 or jeffrey.king@wdc.usda.gov.</li></ul>
program operations and appraisals	<ul style="list-style-type: none"><li>• Courtney Dixon at 202-720-1360 or courtney.dixon@wdc.usda.gov</li><li>• Niki Chavez at 202-690-6129 or niki.chavez@wdc.usda.gov</li><li>• Thomas Dobbin at 208-378-5671 or thomas.dobbin@wdc.usda.gov.</li></ul>

### 2 Loan Making

#### A Loan Making Applications

Process all new applications received after December 22, 2018, using the date they were postmarked or the date they were hand delivered to the office as the receipt date.

#### B Extension of Application Timeframes

No applicant shall be penalized because of the government shutdown.

If an applicant/lender submitted the information required for a complete application in response to a 20- or 10-day incomplete letter during the lapse in funding, the application will be processed based on the date of postmark or receipt, if hand-delivered.

Applicants/lenders who did not respond or did not submit all required information in response to a 10- or 20-day letter and the timeframe expired during the lapse in funding, will be sent a new letter giving them an additional 10 or 20 days (as applicable) from the date the new letter is sent to provide the information needed. See Exhibits 1 through 4.

**Note:** Offices with a large number of applications on hand may prioritize the mailing of the applicable exhibit based on the date the application was received; however, all letters should be mailed within 10 workdays of this notice.

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### 2 Loan Making (Continued)

#### C Term Limits

Term limits **cannot** be extended for any reason. If a loan could not be closed in 2018 and closing the loan in 2019 will put the applicant over a term limit, the applicant is not eligible to receive the loan even if it was approved and obligated in 2018.

#### D Guaranteed Lender's Agreements

CLP and PLP lender agreements that expired during the lapse in funding, shall be extended for 60 calendar days from the date of expiration.

#### E Loan Limits

The 2018 Farm Bill was signed by the President on December 20, 2018. Sections 5103 and 5201 increased the direct and guaranteed loan limits as follows:

- Direct Farm Ownership - \$600,000
- Direct Operating - \$400,000
- Direct Farm Ownership Microloan - \$50,000
- Direct Operating Microloan -\$50,000
- Guaranteed Farm Ownership
- Guaranteed Operating - \$1,750,000.

Guaranteed applications at the new loan limits can be approved, obligated and closed. Direct loan applications may be accepted; guidance on processing loans at the increased loan limits will be forthcoming.

### 3 Loan Servicing

#### A Authorized Activities

All loan servicing activities may resume.

#### B Direct Loan Delinquency

Borrowers whose payment due date occurred during the period the offices were closed, and who have not made payment to bring the account current are delinquent as of January 24, 2019. Borrowers who had payments due between December 22, 2018, and January 23, 2019, will be considered 90 calendar days past due on Tuesday, April 23, 2019, and the appropriate notices will be sent at that time.

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### 3 Loan Servicing (Continued)

#### C Primary Loan Servicing (PLS)

Any deadlines, including but not limited to deadlines for filing requests, exercising options, past due dates, will be considered tolled (that is, stopped) during the partial government shutdown that occurred from December 22, 2018, through January 23, 2019.

Borrowers who had loans that were current and had been approved for PLS on or before December 22, 2018, but became past due during the lapse in funding, will continue to be considered as a current servicing restructuring and will not require a lien on all assets because of the past due status.

PLS applications on hand that had not been approved before the lapse in funding that became past due during the lapse in funding will be considered as current for 35 calendar days from the original past due date, and will not require a lien on all assets because of the past due status, provided PLS can be approved and closed within the remaining timeframe.

PLS applications received between December 22, 2018, and January 23, 2019, that became 90 calendar days past due during the lapse in funding will now be notified of PLS by certified mail.

Borrowers who were 90 calendar days past due and had been sent PLS notices before the lapse in funding and who have not responded, will be notified by regular mail using Exhibit 5 that their response time is extended 35 calendar days from the date of the mailing. In addition to the written notification, in all cases where responses have not been received, County Offices will attempt to contact the borrower by telephone or other means to remind them that a response is needed.

Borrowers who were 90 calendar days past due and whom had been sent certified mail PLS notices before the lapse in funding and whose packages were returned unclaimed, will now be notified by regular mail.

All borrowers who have any PLS-related response deadlines that expired during the lapse in funding will be notified by sending Exhibit 5 by regular mail that the deadline is extended 35 calendar days from the date of the exhibit.

Borrowers who were 90 calendar days past due before the lapse in funding and who had not been notified of PLS and remain delinquent, will now be notified of PLS by certified mail.

Borrowers who become 90 calendar days delinquent on or after January 24, 2019, will be notified of PLS by certified mail.

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### 3 Loan Servicing (Continued)

#### D DSA

If a DSA request was approved but not processed for a loan that was less than 90 calendar days delinquent on or before December 22, 2018, and became 90 calendar days delinquent during the lapse in funding, the borrower will remain eligible and processing can be completed.

DSA applications not approved before the lapse in funding and which became 90 calendar days delinquent during the lapse in funding, will be eligible if they are less than 125 calendar days past due (extending 35 calendar days beyond the 90-calendar-day requirement).

FSA's response to a DSA application received before the lapse in funding is extended by 35 calendar days from the original response due date.

DSA closing for applications received before the lapse in funding can be completed if the loan is less than 200 calendar days past due (35 calendar days beyond the 165-calendar-day requirement).

**Note:** DLS will not allow the processing of DSA transactions that are beyond the 165-calendar-day requirement. States will work with the appropriate NFAOC contact to process these transactions.

DSA applications received during the lapse in funding can now be processed; however, the 8-month disaster designation date expiration for eligibility will be based upon the date received in the office or the postmark date if the office was closed. DSA applications received beginning January 24, 2019, will be processed under existing procedures.

#### E DLS Special Servicing (SS)

Do not make changes in DLS SS to initialization dates, default dates, or prior activity completion dates based on activities completed or not completed during the lapse in funding. All due dates extended because of the lapse in funding will be recorded as of the date they were completed; notes will be included to indicate that the activity was completed under an extended deadline and provide the updated due date for the activity.

**Example:** A borrower accepted a 90 Day Past Due notice on November 15, 2018. DLS indicates that the borrower must provide a complete loan servicing application by January 14, 2019. The borrower is notified by regular mail dated February 5, 2019, that because of the lapse in funding the borrower has until March 12, 2019, (35 calendar days) to provide a complete application. When updating DLS SS and FBP after the borrower provides a complete application, the user will input comments similar to the following: "Original due date of 1/14/2019 extended 35 days from regular mail notification due to lapse in funding for new due date of 3/12/2019."

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### 3 Loan Servicing (Continued)

#### F Regular Servicing

Any filing deadlines will be considered tolled (that is, stopped) during the partial government shutdown that occurred from December 22, 2018, through January 23, 2019. In all cases where borrowers have response deadlines that became due during the lapse in funding, the borrower will be notified by regular mail that they have 35 calendar days from the date of Exhibit 5 to respond.

#### G Guaranteed Loan Servicing Activities

All guaranteed loan servicing activities may resume.

Interest accrual questions on lender claims impacted by the lapse in funding will be directed on a case by case basis to Jeffrey King at 202-720-1651 or [Jeffrey.king@wdc.usda.gov](mailto:Jeffrey.king@wdc.usda.gov), Guaranteed Loan Servicing and Inventory Property Branch.

#### H Inventory Property

FLC's will direct questions on the selling of property impacted by the lapse in funding to Jeffrey King at 202-720-1651 or [Jeffrey.king@wdc.usda.gov](mailto:Jeffrey.king@wdc.usda.gov), Guaranteed Loan Servicing and Inventory Property Branch.

### 4 FLP Oversight Activities

#### A District Director Oversight Report System (DDORS) 1<sup>st</sup> Quarter Report

Because of the lapse in funding, 1<sup>st</sup> Quarter DDORS reporting that was due by January 31, 2019, was not realistic. As time does not allow for system updates to extend the due date, 1<sup>st</sup> quarter reporting has been waived. However, DD's will be required to document in their County Offices' operational file (FLPF-1-f) the reason FY 2019 1st quarter reporting was not completed.

#### B Credit Quality Reviews

Credit quality reviews may resume according to existing State supplements.

#### C FLP Risk Assessment Reviews (FLPRA)

The FLPRA website has been updated with FY 2018 data.

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### **5 FLOT Training**

#### **A FLOT Modules**

FLOT's may resume their Module training as well as completing PAT and comprehensive tests within FLOTRACK.

FLOT trainers may resume documenting FLOT's progress within FLOTRACK.

#### **B CFAT**

The National Office FLOT Coordinator will be contacting FLOT's to attend CFAT webclass. No further action is required by FLOT's or trainers.

**Notice of Incomplete Application Extension**

This exhibit is to be used when applicant previously received FSA-2304.

**Note:** Exhibit 1 is available in a fillable format at <https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp>, in the “Forms Number” block type “Notice FLP-795 Exhibit 1” and CLICK “Submit”.

<b>Notice of Incomplete Application Extension</b>	
	<b>[Date]</b>
<b>[Borrower Name]</b>	
<b>[Borrower Name/Address]</b>	
<b>[Borrower Address]</b>	
<b>[City, State, Zip Code]</b>	
<p>FSA notified you on <b>[Date of Original FSA-2304]</b> that your application received on <b>[Date Application received]</b> was incomplete. Due to the lapse in funding that caused the Government shutdown, we are extending the timeframe for submission of the missing information by 20 days from the date of this letter. We must receive the following information by <b>[Add 20 Calendar Days from the Date of This Letter]</b> so that we can continue processing your request for assistance.</p>	
<b>[Insert Information Needed or Attach Copy of Original FSA-2304]</b>	
<p>We hope this additional time will give you the opportunity to provide the information needed. If you have any questions, please contact this office at <b>[office phone number]</b> for further guidance.</p>	
Sincerely,	
<b>[Authorized Agency Official Name]</b>	
<b>[Title]</b>	

**Notice of Incomplete Application Extension**

This exhibit is to be used when applicant previously received FSA-2305.

**Note:** Exhibit 2 is available in a fillable format at <https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp>, in the “Forms Number” block type “Notice FLP-795 Exhibit 2” and CLICK “Submit”.

<p><b>Notice of Incomplete Application Extension</b></p>
<p><b>[Date]</b></p>
<p><b>[Borrower Name]</b>  <b>[Borrower Name/Address]</b>  <b>[Borrower Address]</b>  <b>[City, State, Zip Code]</b></p>
<p>FSA notified you on <b>[Date of Original FSA-2305]</b> that your application received on <b>[Date Application received]</b> was still incomplete. Due to the lapse in funding that caused the Government shutdown, we are extending the timeframe for submission of the missing information by 10 days from the date of this letter. We must receive the following information by <b>[Add 10 Calendar Days from the Date of This Letter]</b> so that we can continue processing your request for assistance.</p>
<p><b>[Insert Information Needed or Attach Copy of Original FSA-2305]</b></p>
<p>If you do not submit this information by <b>[Add 10 Calendar Days from Date of This Letter]</b> your application will be withdrawn. No review, mediation, or appeal rights will be provided.</p>
<p>The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant’s income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.</p>
<p>We hope this additional time will give you the opportunity to provide the information needed. If you have any questions, please contact this office at <b>[office phone number]</b> for further guidance.</p>
<p>Sincerely,</p>
<p><b>[Authorized Agency Official Name]</b>  <b>[Title]</b></p>

**Notice of Incomplete Application Extension**

This exhibit is to be used when lender previously received first notification letter.

**Note:** Exhibit 3 is available in a fillable format at <https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp>, in the “Forms Number” block type “Notice FLP-795 Exhibit 3” and CLICK “Submit”.

<b>Notice of Incomplete Application Extension</b>	
	<b>[Date]</b>
<b>[Lender Name]</b>	
<b>[Lender Institution Name]</b>	
<b>[Lender Institution Address]</b>	
<b>[City, State, Zip Code]</b>	
<p>Farm Service Agency notified you on <b>[Date of Original First Notification Letter]</b> that your application on behalf of <b>[Applicant Name]</b> for FSA loan guarantee assistance received on <b>[Date Application received]</b> was incomplete. Due to the lapse in funding that caused the Government shutdown, we are extending the timeframe for submission of the missing information by 20 days from the date of this letter. We must receive the following information by <b>[Add 20 Calendar Days from the Date of This Letter]</b> so that we can continue processing your request for assistance.</p>	
<b>[Insert Information Needed or Attach Copy of Original First Notification Letter]</b>	
<p>We hope this additional time will give you the opportunity to provide the information needed. If you have any questions, please contact this office at <b>[office phone number]</b> for further guidance.</p>	
Sincerely,	
<b>[Authorized Agency Official Name]</b>	
<b>[Title]</b>	

**Notice of Incomplete Application Extension**

This exhibit is to be used when lender previously received second notification letter.

**Note:** Exhibit 4 is available in a fillable format at <https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp>, in the “Forms Number” block type “Notice FLP-795 Exhibit 4” and CLICK “Submit”.

<p><b>Notice of Incomplete Application Extension</b></p>
<p><b>[Date]</b></p>
<p><b>[Lender Name]</b>  <b>[Lender Institution Name]</b>  <b>[Lender Institution Address]</b>  <b>[City, State, Zip Code]</b></p>
<p>FSA notified you on <b>[Date of Original Notification Letter]</b> that your application received on behalf of <b>[Applicant Name]</b> for FSA loan guarantee assistance received on <b>[Date Application received]</b> was still incomplete. Due to the lapse in funding that caused the Government shutdown, we are extending the timeframe for submission of the missing information by 10 days from the date of this letter. We must receive the following information by <b>[Add 10 Calendar Days from the Date of This Letter]</b> so that we can continue processing your request for assistance.</p>
<p><b>[Insert Information Needed or Attach Original Second Notification Letter]</b></p>
<p>If you do not submit this information or contact this office by <b>[Add 10 Calendar Days from Date of This Letter]</b> your application will be withdrawn without further notice.</p>
<p>The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant’s income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.</p>
<p>We hope this additional time will give you the opportunity to provide the information needed. If you have any questions, please contact this office at <b>[office phone number]</b> for further guidance.</p>
<p>Sincerely,</p>
<p><b>[Authorized Agency Official Name]</b>  <b>[Title]</b></p>

Notice of 35-Day Extension

This exhibit is to be used for loan servicing activities.

Note: Exhibit 5 is available in a fillable format at <https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp>, in the "Forms Number" block type "Notice FLP-795 Exhibit 5" and CLICK "Submit".

**Notice of 35-Day Extension**

**[Date]**

**[Borrower's Name]**  
**[Borrower Name/Address]**  
**[Borrower Address]**  
**[City, State, Zip Code]**

Dear **[Borrower's Name]**

Due to the lapse in funding that resulted in the Federal government being shut down from December 23, 2018 to January 25, 2019, Farm Service Agency Offices were closed for the majority of this time period. As a result of the shutdown, FSA is extending timeframes for you to apply for loan servicing, respond to a notification, or to submit additional documentation. Therefore, you have an additional 35 days from the date of this letter to submit the required documents.

Based upon FSA's records **[FSA Loan Official will describe any additional items needed]**

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If you need any further information or need a copy of the original notice, please do not hesitate to contact our office.

We are attempting to process all of the requests that were received prior to, during, and after the shutdown as quickly as possible.

Failure to provide the requested information may result in the denial of your request or loss of eligibility for loan servicing. Therefore, if you need more information or have any questions, please contact **[Office or the specific office name]** at **[County Office Address]** or telephone **[phone number]**.

Sincerely,

FSA Official  
Cc: