

For: State and County Offices and LSA's

**Applicability of the Soldiers' and Sailors' Civil
Relief Act of 1940 (the Act) to CCC Loan Programs**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The Act, 50 U.S.C. app. Section 501 et seq., was enacted to provide financial relief for civilians and reservists who enter active military service. The Act is substantially a reenactment of the Soldiers' and Sailors' Civil Relief Act of 1918, enacted during World War I. The current version, the Act, was promulgated during World War II and has been amended several times since. The Act is not intended to discharge civil liabilities of military personnel, but rather temporarily suspend their enforcement. In general, the Act provides protection to the following persons on active duty with the following service branches:

- U.S. Army
- U.S. Navy
- U.S. Marine Corps
- U.S. Air Force
- U.S. Coast Guard
- officers of the Public Health Service detailed by proper authority for duty with the U.S. Army or the U.S. Navy
- those in Federal service in the referenced branches in training or education under the supervision of the U.S. preliminary to military services.

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1 Overview (Continued)

A Background (Continued)

Although the Act is applicable at any time, Operation Iraqi Freedom has required the activation of many Reserve and National Guard units, whose members may be CCC borrowers/producers. FSA is committed to providing relief afforded by the Act to employees and producers who may have entered into CCC loans before entering active military service.

B Purpose

This notice provides State and County Offices and LSA's with policy on administering applicable portions of the Act.

C Contact

State Offices shall direct questions about this notice for:

- Marketing Assistance Loans (MAL's) to Kimberly Graham by:
 - telephone at 202-720-9154
 - e-mail to **KGraham@wdc.fsa.usda.gov**
- Farm Storage Facility Loans (FSFL's) to Chris Kyer by:
 - telephone at 202-720-7935
 - e-mail at **chris_kyer@wdc.fsa.usda.gov**.

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2 Servicing CCC Loans for Producers/Borrowers on Active Duty

A Applicable Producers/Borrowers

Applicable producers/borrowers are persons, who are:

- on active duty anywhere in the world and are active duty members of the:
 - U.S. Army
 - U.S. Navy
 - U.S. Marine Corps
 - U.S. Air Force
 - U.S. Coast Guard
- officers of the Public Health Service detailed by proper authority for duty with the U.S. Army or the U.S. Navy.

Notes: Active duty members include members of Reserve or National Guard units who have been called to active duty status.

Additionally, active duty includes those members of the referenced branches in training or education under U.S. supervision preliminary to induction into the military service. The term “active duty” also includes the period during which a person in military service is absent from duty because of sickness, wounds, leave, or other lawful cause.

B Applicable CCC Loan Programs

CCC loans, secured with personal or real property, affected by the Act are:

- CCC marketing assistance loans (warehouse and farm-stored) for:
 - grains, soybeans, minor oilseeds, and rice
 - dry peas, chickpeas, and lentils
 - upland and ELS cotton
 - peanuts
 - wool, mohair, and honey
- FSFL’s
- Sugar Storage Facility Loans.

Note: Other CCC-funded programs, such as loans to apple growers, will be serviced by FLP.

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2 Servicing CCC Loans for Producers/Borrowers on Active Duty (Continued)

C Types of Relief Available

For applicable CCC loans entered into **before** the producer/borrower entered active military service, the types of relief available are as follows:

- relief from foreclosure, sale, or seizure of property for nonpayment of a loan obligation, during the period of active military service or within 3 months thereafter, unless done according to an agreement with CCC or through a court order

Examples: Grain under loan may be voluntarily forfeited at loan maturity to settle an outstanding loan. However, if the producer does not settle the loan, either by cash repayment or forfeiture, CCC may **not** take foreclosure action to acquire the grain to settle a loan.

For borrowers who fail to pay installment payments, according to 1-FSFL, paragraph 150.5, County Offices shall **not**:

- continue with collection actions, including calling FSFL
- sell the collateral that was used to secure the loan, unless the borrower desires to voluntarily convey the collateral on CCC-400 to satisfy the outstanding loan.
- Treasury and internal administrative offsets will be discontinued once a producer 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
- interest rates for applicable loans may not exceed 6 percent during the period of active military service.

Note: The interest rate reduction is automatic. However, at this time, there is no way to modify the interest rate for FSFL. Software to write off interest or to perform a correction will be developed.

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3 Action

A County Office and LSA Action

County Offices and LSA's shall:

- publicize the contents of this notice as soon as possible by all available means advising producers/borrowers to:
 - notify the County Office if they are full-time members of the military or have been called to active duty status whether or not their financial situation has been adversely affected
 - use properly executed powers of attorney to designate persons to perform CCC transactions on their behalf
- request minimal documentation to support a request for relief from affected producers/borrowers, such as a copy of orders calling them to active service
- accept and process requests for financial relief according to failure to fully comply policy in 7-CP

Note: However, forward all requests applicable to this notice to DAFP for final consideration and approval.

- cease any ongoing foreclosure actions against applicable producers/borrowers
- within 30 calendar days of the date of this notice, notify PSD, through the State Office, of potentially affected producers/borrowers by providing the applicable:
 - loan type, such as MAL or FSFL
 - commodity, if applicable
 - interest rate
 - outstanding loan amount
 - maturity date
- await further instructions and guidance about interest rate reductions.