UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice LP-2077

For: State and County Offices

Revised Loan Maturity Notification, Initial Notification, and Demand Letters to Include Appeal Language

Approved by: Deputy Administrator, Farm Programs

1 Overview

A Background

Preparing loan maturity notification letters was optional for County Offices according to 8-LP, Amendment 16. After further review and input from several State and County Offices, policy will be amended to **require** County Offices to send loan maturity letters.

Note: 8-LP will be amended to reflect this policy change.

As a result of the policy requiring County Offices to notify producers of the maturity date, PSD conducted a review of all notification and demand letters applicable to marketing assistance loans (MAL's) and LDP's. It was determined that the current notification and demand letters provided incorrect appeal rights language. The correct appeal rights language must be included, according to Notice APP-46, in the initial notification and demand letters.

Appeal rights apply to initial adverse decisions and actions that fall within the scope of 7 CFR Part 780 and 7 CFR Part 11.

B Purpose

This notice informs State and County Offices of the following:

- revised maturity notification and demand letters
- applicable appeal rights that should be provided to producers when sending revised maturity notification and demand letters about MAL's and LDP's.

Note: The updated loan maturity letters will be included in a future software release.

Disposal Date	Distribution
July 1, 2008	State Offices; State Offices relay to County Offices

2 Action

A State Office Action

State Offices shall ensure that County Offices are aware:

- of the contents of this notice
- that the mandated appeal rights language is used when notifying producers of adverse decisions or actions related to MAL's.

B County Office Action

County Offices shall:

- follow subparagraph 3 A for using the correct loan maturity notification letter or demand letter
- use the revised automated loan maturity notification letters, if they chose to notify the producer before maturity once the letters become available
- use the correct appeals language for all other notification and demand letters
- continue to follow the contents of this notice until 8-LP and other applicable Price Support handbooks are amended.

3 Notification and Demand Letter Mandatory Language and Contacts

A Notification and Demand Letters

See Exhibits 1-6 for example notification and demand letters for amounts due. Use the following to determine the applicable letter to be sent.

IF the type of letter is…	THEN…	When to Use	See Exhibit
a **loan maturity notification** (farm-stored, warehouse-stored, and distressed) **Note:** County Offices may process loan maturity letters using queries that select outstanding loans. Follow 12-PS, paragraph 1489.5.	do **not** provide the right to appeal to COC since there is **no** adverse decision or action being carried out.	Mail not earlier than 60 calendar days and no later than 45 calendar days from the maturity date.	1
an **initial notification** for an amount due, such as: • overpayment or over-disbursement • determination of a loan or LDP discrepancy • deficiency remaining after delivery • amount due for dishonored check • disposition of production evidence not provided • short disposition or production evidence	include revised language to appeal to COC.	Date of determination that an amount is due.	2
an **initial notification** for loan and LDP violations **Note:** Refer cases involving COC members to STC for a determination.	include revised language to appeal to COC.	Date of discovery.	3
a **demand** for a loan open after maturity	provide reconsideration rights to COC.	Day after the loan maturity date.	4
a **demand** for an amount past due **and** the: • initial notification letter included appeal rights • producer **did not** appeal the action	do **not** provide additional appeal rights.	Send demand letter the later of: • 31 calendar days after notification letter • next workday after the loan maturity date.	5
a **demand** for an amount past due **and** the: • initial notification letter included appeal rights • producer appealed the action	provide the right for, appeal to STC, Alternate Dispute Resolution, and appeal to NAD.		6

3 Notification and Demand Letter Mandatory Language and Contacts (Continued)

B Contacts

The following provides contacts if there are questions about this notice.

IF located in a…	THEN contact…
County Office	State Office

State Office	either of the following:
	
	• Kim Graham by:
	
	  • e-mail to **kimberly.graham@wdc.usda.gov**
	  • telephone at 202-720-9154
	
	• Kelly Hereth by:
	
	  • e-mail to **kelly.hereth@wdc.usda.gov**
	  • telephone at 202-720-0448.

Example Revised Loan Maturity Letters

A Example Farm-Stored Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

This is to notify you that your 2007 (**crop**) farm –stored loan (**loan number**) will mature (**maturity date**).

You may repay the loan on or before the maturity date.

After the maturity date, title to the unredeemed collateral shall be transferred to CCC upon demand and the commodity shall be delivered to CCC.

The principal and charges, plus interest, are due and payable on or before (**maturity date**). Interest will continue to accrue until the amount due is repaid. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the day after maturity if a reply is not received from you by (**maturity date**).

The following apply if the principal and charges, plus interest, are not repaid by (**maturity date**) or delivery of the loan collateral is not completed by the expiration date or extended expiration date of CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (**maturity date**).

Sincerely,

Harvey Lee
County Executive Director

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Example Revised Loan Maturity Letters (Continued)

B Example Warehouse-Stored Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

This is to notify you that your 2007 (**crop**) warehouse –stored loan (**loan number**) will mature (**maturity date**).

You may repay the loan on or before the maturity date.

The only option available after the maturity date is to forfeit the warehouse receipts for the commodity to CCC.

The principal and charges, plus interest, are due and payable on or before (**maturity date**). Interest will continue to accrue until the amount due is repaid. Delivery instructions on CCC-691, Commodity Delivery Notice, will be issued on the day after maturity if a reply is not received from you by (**maturity date**).

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (**maturity date**).

Sincerely,

Harvey Lee
County Executive Director

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Example Revised Loan Maturity Letters (Continued)

C Example Distress Loan Maturity Letter

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

This is to notify you that your 2007 (**crop**) distress crop loan (**loan number**) will mature (**maturity date**).

You must repay the loan on or before the maturity date.

Distressed loans that are repaid before the maturity date may be repledged for a 9-month recourse or non-recourse loan. If the collateral for the distress loan will be repledged, you must repay the distress loan by one of the following methods:

- with cash at principal plus interest
- authorize offset for the amount needed to repay the distress loan from the proceeds of the repledged loan

The following options are available after the maturity date:

- a claim will be established, and
- local sales proceeding may begin.

Please indicate your intentions on the enclosed sheet, and sign, date, and return to the address shown above on or before (**maturity date**).

The principal and charges, plus interest, are due and payable on or before (**maturity date**). Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges, plus interest, are not repaid by (**maturity date**):

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

Harvey Lee
County Executive Director

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Example Loan and LDP Overpayments, Over-disbursements, and Amounts Due Letter

County Offices shall send the following letter to notify producer when a determination has been made that an amount is due CCC.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

This is to notify you that the Farm Service Agency has determined that you have a debt arising from:

(**Insert explanation and pertinent facts.**)

The amount you owe consists of:

Principal	Interest	Other Charges	Total

Interest will continue to accrue at a rate of **_____%** until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (**Insert COC address.**)

You may contact the County Office to receive a copy of the documents related to this determination.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

Harvey Lee
County Executive Director

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Example Loan and LDP Violations Letter

County Office shall send the following letter to notify producers of potential loan violations.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

This is to notify you that the Farm Service Agency has determined that you have a debt arising from:

(**Insert explanation and pertinent facts.**)

The amount you owe consists of:

Principal	Interest	Other Charges	Total

Interest will continue to accrue at a rate of **_____%** until the total amount due is repaid. The amount shown above has been recorded for offset from any FSA, CCC or other Federal Agency payment, which may be due you.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (**Insert COC address.**)

You may contact the County Office to receive a copy of the documents related to this determination.

If you should need further assistance, please feel free to contact the FSA Service Center.

Sincerely,

Harvey Lee
County Executive Director

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Example Demand Letter

County Office shall send the following demand letter for loans open after maturity.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

You were notified on (**date of loan maturity notification letter**) that your (**year**)-crop (**commodity type**) loan (**number**) was due and payable on or before (**maturity date**). The loan has matured and the debt has not been repaid. CCC-691, Commodity Delivery Notice, which includes delivery instructions, is enclosed. Delivery of the commodity must be completed by the final date to deliver shown on CCC-691. Contact this office if the delivery will be delayed. In limited circumstances, an extension of time may be approved. Interest will continue to accrue until the amount due is repaid.

The following apply if the principal and charges plus interest, **$_____** as of the date of this letter, are not repaid or delivery of the loan collateral is not completed on or before the 30th calendar day after the expiration or extended expiration date of CCC-691:

- foreclosure proceedings will begin
- the amount due will be recorded for offset from any FSA or CCC payment due you
- a claim will be established.

If value of the commodity delivered does not liquidate the outstanding balance, you will be expected to remit the deficiency promptly upon notification by CCC.

After the claim is established:

- the claim may be reported to other Federal Agencies for offset from any amounts that may be due you
- late payment interest, based on the rate established by the Department of the Treasury, will be applied to your debt on a daily basis from the date the claim is established until the debt is paid in full.

An additional 3 percent interest shall be assessed on the unpaid balance of the debt retroactively from the date the claim is established, if payment in full is not made within 60 calendar days after the date the claim is established.

We want to work with you to resolve this matter. Depending upon your situation, there is the possibility of paying this debt in installments. If you have any questions regarding this matter, please do not hesitate to contact us.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or National Appeals Division (NAD). To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous. (**Insert COC address.**)

You may contact the County Office to receive a copy of the documents related to this determination.

Sincerely,

Harvey Lee
County Executive Director

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Example Demand Letter (No Appeal)

County Office shall send the following demand letter for an amount past due when no appeal or reconsideration of the debt has been requested.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

You were notified on (**date of initial notification letter**) that FSA had determined that you owe **$_____**, plus interest as applicable. See the attached Statement of Outstanding Debt. You did not request reconsideration of the debt determination. The debt is past-due. Late payment interest will accrue on your debt at the rate of **___%** per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved.

Please pay your debt now. Make your check payable to "Commodity Credit Corporation" and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury. The Department of Treasury will collect the debt by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refund, you may present within 60 days from the date of this letter, evidence that all or part of the debt is not past-due or legally enforceable. To do so, submit to this office a written explanation of your position that the debt or part of the debt is not past-due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CCC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Please contact this office at (**insert phone number**) if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Management Office will take additional collection action.

Please disregard this letter if you have already paid this debt.

Sincerely,

Harvey Lee
County Executive Director

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Example Demand Letter (Appeal)

County Office shall send the following demand letter for an amount past due on the 31st calendar day after the initial notification letter if the producer has responded and requests an appeal or reconsideration of the debt.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
LYON COUNTY FSA OFFICE
PO BOX 389
ROCK RAPIDS IA 51246-0389

October 15, 2007

Thomas Smith
1000 Main Ave
Springfield IA 51241-7522

Dear Thomas Smith:

You were notified on (**date of initial notification letter**) that the County Committee determined that you owe **$_____**, plus interest as applicable. See the attached Statement of Outstanding Debt. You did request an informal review and reconsideration of the debt. The County Committee has reconfirmed the debt determination. The debt is now past-due. Late payment interest will accrue on your debt at the rate of **____%** per annum starting on the 31st day from the date of this letter until the debt is paid or otherwise resolved.

Please pay your debt now. Make your check payable to "Commodity Credit Corporation" and send it to this office at the above address. If you are unable to pay the debt in full now, you may arrange to establish a mutually acceptable repayment agreement and pay in installments. If payment in full or arrangements to pay the debt in full are not made within 60 days from the date of this letter, the debt will be sent to the Kansas City Management Office for referral to the Department of Treasury. The Department of Treasury will collect the debt by offset of qualified disbursements and refunds, including any federal income tax refund to which you may be entitled.

Because this debt may be collected by offset of your federal income tax refund, you may present within 60 days from the date of this letter, evidence that all or part of the debt is not past-due or legally enforceable. To do so, submit to this office a written explanation of your position that the debt or part of the debt is not past-due or legally enforceable, and include documentation to support your position.

Under Federal law and regulations, the following additional actions may be taken by USDA and the Department of Treasury to collect delinquent debts:

- Assessment of interest, administrative costs, and penalties
- Administrative garnishment of wages
- Offset of CCC and FSA payments
- Reporting the debt to consumer and commercial credit bureaus
- Referral of the debt to private collection agencies and Treasury-designated collection centers
- Referral of the debt to Agency counsel or the Department of Justice for litigation
- Reporting the debt to the Internal Revenue Service if the debt, or any portion of the debt, is discharged.

Our records do not indicate that you have filed for bankruptcy protection under Title 11 of the United States Code. If you have filed for bankruptcy, please notify your local USDA Service Center as soon as possible so that we may update our records to reflect the bankruptcy, and proceed to resolve this debt in accordance with bankruptcy procedures.

Example Demand Letter (Appeal) (Continued)

You may appeal the County Committee's determination to the State Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you appeal to the State Committee, you have the right to an information hearing which you or your representative may attend either personally or by telephone. If you choose to appeal to the State Committee, you may later appeal the determination of the State Committee to National Appeals Division (NAD). If you appeal an initial decision of a County Committee to the State Committee, you waive your right to reconsideration by the County Committee of that decision. To appeal, write to the State Committee at the following address and explain why you believe this determination is wrong. (**Insert STC address**.)

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation, you must submit your written request no later than 30 calendar days after you receive this notice. (**States without a certified mediation program shall use the following)** To request mediation, write to the FSA State Executive Director at the following address. (**Insert SED address**.)

(**States with a certified mediation program shall use the following as the last line in the paragraph above)** To request mediation, write to the (**insert State name**) State mediation program at the following address and provide a copy of your request for mediation to FSA. (**Insert mediation program address or other address as agreed upon by State certified mediation program and State FSA Office.**)

In the alternative, you may seek another form of Alternate Dispute Resolution.

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter. (**Insert NAD address.**)

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with the regulations at 7 CFR Part 780 and 7 CFR Part 11.

Please contact this office at (**insert phone number**) if you have any questions. We want to work with you to resolve this debt and to discuss repayment options, if necessary. If this debt is not resolved within 60 days from the date of this letter, the Kansas City Management Office will take additional collection action.

Please disregard this letter if you have already paid this debt.

Sincerely,

Harvey Lee
County Executive Director

USDA is an Equal Opportunity Employer