

Form RD 1951-37
(Rev. 5-97)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL HOUSING SERVICE

FORM APPROVED
OMB NO. 0575-0172

DELINQUENCY WORKOUT AGREEMENT

State	1(a)	County	1(a)
Case No.	1(a)		
Fund Code	1(b)		
Loan No.	1(b)		

Being indebted to the Rural Housing Service (RHS) for one or more Rural Housing loan(s) described below, and having defaulted on payments on the loans(s), I/we agree beginning with the payment due _____ (2) to pay \$ _____ (3) in addition to my/our regular monthly installment of \$ _____ (4) for a total monthly payment of \$ _____ (5). If payments are made as agreed, the \$ _____ (6) past due balance will be current in _____ (7) months.

It is further understood/agreed that:

- A. The amount of the regular monthly payment may be adjusted from time to time by RHS in accordance with payment subsidy agreements or to recover advances made on my/our loan account(s).
- B. A new agreement will be required to reflect changes in my/our repayment ability.
- C. RHS will not initiate liquidation due to prior payment default as long as I/we remain current under the terms of this agreement.
- D. Other than the payment schedule shown in the note(s), all terms and conditions of my/our note(s) and security instrument(s) will be the same.
- E. If any payment under this agreement is 30 days or more past due, this agreement will be cancelled automatically and RHS may require voluntary liquidation or foreclose without further servicing.
- F. If my/our loan was closed with an annual payment note, I/we agree to hereafter adhere to a monthly payment schedule.

(8)

(Date Signed)

(9)

(Borrower)

(Co-Borrower)

Make check or money order payable to RHS and mail the payment directly to the address shown on your payment coupon.

Date of Note(s)	(11)
Date Processed/Initials	(12)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Position 2

Used by Field Offices to establish repayment plans with delinquent SFH borrowers. Also may be used for data entry via the field office terminal system.

(see reverse)

PROCEDURE FOR PREPARATION

: HB-2-3550.

PREPARED BY

: Community Development Manager or Centralized Servicing Center (CSC)

NUMBER OF COPIES

: Original and one copy.

SIGNATURES REQUIRED

: Original by same person(s) who signed promissory note or assumption agreement.

DISTRIBUTION OF COPIES

: Original retained in Field Office. Copy to borrower.

GENERAL

- (a) One Form RD 1951-37 "Delinquency Workout Agreement" (DWA) will be prepared to prorate the agreement among all delinquent RH loans.
- (b) RH loans with annual payments must be converted to monthly payments by use of Form RD 1951-34, "Direct Payment Plan Change" in order for Form RD 1951-37 to be processed.
- (c) Cancellation of DWA: When the Community Development Manager or CSC determines an DWA is to be cancelled, the additional payment amount (from item 3) is keyed as a negative through the terminal. An DWA cancels automatically when the account becomes current.
- (d) Change in DWA amount: When the borrower has executed a new DWA to change the additional amount, processing the new form overrides any processed previously.

INSTRUCTIONS FOR PREPARATION

- (1) Insert (a) Borrower's complete case number including the state and county code. Enter RH for the fund code in item 1(b) when the borrower(s) has multiple loans. Enter the numeric fund code and loan number in item 1(b) only when the borrower(s) has one loan.
- (2) Insert the date the first DWA amount is due, based on the scheduled monthly due date established for the loan. The agreement should be processed at least 15 days before the first DWA due date.
- (3) Insert the additional payment amount which will bring the account current in the shortest period of time possible based on the borrower's repayment ability.
- (4) Insert the regular monthly payment (to include advances made on the account).
- (5) Insert the total monthly payment (regular payment plus amount from 3 above).
- (6) Insert the amount of the delinquency as of the date the agreement is made.
- (7) Insert the number of months agreement is to be in effect.
- (8) Insert the date the form is executed.
- (9) and (10) Type name(s) beneath the signature line exactly as types on the note or other debt instrument. Signature(s) will be the same as typed name(s).
- (11) Insert the date of the original note(s) except for new-terms assumption, insert the date of the Assumption Agreement.
- (12) Insert the date the agreement is processed and the processor's initials.

Enter type of payment code 1 or 3 for states on direct payment plan (except for state and county code 61-09 and states 62-00 and 63-00). Type of payment codes 1 through 4 apply to state and county code 61-09, and state codes 62-00 and 63-00.

Borrowers must sign acknowledgment statement if the account has been converted from the annual payment plan to a monthly payment plan.

(H) (11) Complete only when converting an annual loan to monthly payment or when correcting the due date. Type of action must be 4 or 5. Enter due date 01 when converting an annual loan to monthly payment plan. Enter due date 01 thru 28 when correcting the due date for monthly payment borrowers.

(I), (J) and (K) Self explanatory. No instructions for completion.