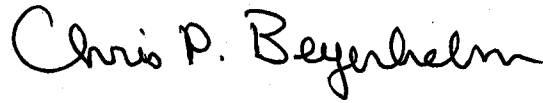


UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

| | |
|------------------------------------------------|---------------------|
| Regular Direct Loan Servicing 4-FLP | Amendment 14 |
|------------------------------------------------|---------------------|

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 64 C has been amended to provide State Offices with the option to send their own payment reminder letter to the borrower.

Exhibit 25.4 has been added to include a 60-Day Annual Installment and Payment Due Reminder Letter.

| Page Control Chart | | |
|---------------------------|-------------|--------------------|
| TC | Text | Exhibit |
| 1, 2 5 | 5-5, 5-6 | 25.4, page 1 (add) |

Table of Contents

Page No.

Part 1 Introduction and Purpose

| | | |
|------|------------------------------------------------------|-----|
| 1 | Purpose and Sources of Authority | 1-1 |
| 2 | Related References..... | 1-2 |
| 3 | FLP Forms | 1-4 |
| 4 | FSA Exception Authority..... | 1-7 |
| 5 | Introduction to Direct Loan Servicing (Regular)..... | 1-9 |
| 6-15 | (Reserved) | |

Part 2 (Reserved)

16-30 (Reserved)

Part 3 Limited Resource Loans

| | | |
|-------|------------------------------------------------|-----|
| 31 | Reviewing a Borrower's Account..... | 3-1 |
| 32 | Increasing and Decreasing Interest Rates | 3-2 |
| 33 | Borrower Notification..... | 3-4 |
| 34-45 | (Reserved) | |

Part 4 Borrower Graduation

| | | |
|-------|-------------------------------------------|-----|
| 46 | Graduation Requirements | 4-1 |
| 47 | Graduation Review Process | 4-2 |
| 48 | Borrower Noncompliance of Graduation..... | 4-6 |
| 49-60 | (Reserved) | |

Part 5 Borrower Payments

| | | |
|-------|-------------------------------------|-----|
| 61 | General..... | 5-1 |
| 62 | Regular Payments | 5-4 |
| 63 | Extra Payments | 5-5 |
| 64 | Distributing Payments to Loans..... | 5-6 |
| 65 | Final Payments..... | 5-7 |
| 66-95 | (Reserved) | |

Table of Contents (Continued)

Page No.

Part 6 Protecting FSA’s Security Interests

Section 1 General Security Preservation and Lien Protection

| | | |
|---------|--------------------------------------------------------------------|------|
| 96 | Servicing Policy | 6-1 |
| 97 | Maintaining Debt Instruments | 6-3 |
| 98 | Maintaining Security Instruments..... | 6-6 |
| 99 | Borrower Responsibilities for Complying With Loan Instruments..... | 6-9 |
| 100 | Borrower Noncompliance With Loan Agreements | 6-14 |
| 101 | Making Protective Advances | 6-15 |
| 102 | Notifying Potential Purchasers | 6-17 |
| 103 | FSA Responsibilities Under Third Party Actions..... | 6-18 |
| 104-115 | (Reserved) | |

Section 2 Subordinations

| | | |
|---------|--------------------------------------------------|------|
| 116 | Requesting Subordinations | 6-31 |
| 117 | Conditions for Real Estate Subordinations..... | 6-33 |
| 118 | Conditions for Chattel Subordinations..... | 6-35 |
| 119 | Appraisal Requirements..... | 6-36 |
| 120 | Approving or Denying Subordination Requests..... | 6-37 |
| 121-125 | (Reserved) | |

Section 3 Junior Liens

| | | |
|---------|------------------------------------------|------|
| 126 | General Conditions for Junior Liens..... | 6-47 |
| 127-135 | (Reserved) | |

Section 4 Severance Agreements

| | | |
|---------|------------------------------------------|------|
| 136 | Conditions for Severance Agreements..... | 6-61 |
| 137-145 | (Reserved) | |

Section 5 Release of Real Estate and Chattel Security Liens Without Monetary Consideration

| | | |
|---------|----------------------------------------------|------|
| 146 | Release Without Monetary Consideration | 6-71 |
| 147 | Releasing Valueless Liens | 6-72 |
| 148-160 | (Reserved) | |

Table of Contents (Continued)

Exhibits

| | |
|-------|--------------------------------------------------------------------------------------------------------------------|
| 1 | Reports, Forms, Abbreviations, and Redelegations of Authority |
| 2 | Definitions of Terms Used in This Handbook (7 CFR 761.2(b)) |
| 3 | (Reserved) |
| 4 | State Supplements |
| 5-19 | (Reserved) |
| 20 | Notice of Change in Interest Rate |
| 21 | Notice of Time Restrictions on Eligibility for OL and FO Programs and the Graduation to Private Credit Requirement |
| 22 | Lender Agricultural Loan Underwriting Standards |
| 23 | Request for Graduation Information |
| 24 | Borrower Prospectus |
| 25 | Notice to Borrower to Refinance FSA Indebtedness |
| 25.4 | Example of 60-Day Annual Installment and Payment Due Reminder Letter |
| 25.5 | IRS Forms, Corrections, and Reports |
| 26 | Notification of Payoff Amount |
| 27 | Notice of Termination of Security Interests in Farm Products |
| 28 | Request for Continuation Statement Filing Fee |
| 29 | Notification Letter to Potential Purchasers |
| 30 | Change in List of FSA Borrowers |
| 31 | Notification of Unauthorized Use of Proceeds |
| 32 | Initial Notification of Third-Party Purchaser |
| 33 | SED Notification of Third-Party Purchaser |
| 34 | Final Payoff Letter |
| 35-50 | (Reserved) |
| 51 | Denial of Non-Program Assistance |
| 52 | Borrowers Entering Active Duty |
| 53 | Borrowers Leaving Active Duty |

62 Regular Payments (Continued)**B Regular Payments From Real Estate Sale Security With SED Approval**

[7 CFR 765.152(c)] Notwithstanding any other provision of this section, payments derived from the sale of real estate security will be treated as regular payments at the Agency's discretion, if the FLP loans will be adequately secured after the transaction.

When FSA becomes aware that the borrower is selling all or a portion of the real estate security, FSA-2060 should be requested from the borrower. When FSA receives the payment from the sale of real estate security, the authorized agency official must consult FSA-2060 to determine the loan to which the payment should be applied, generally in the order of lien priority.

Note: If the borrower requests that payments resulting from the sale or exchange of real estate security be applied to current, delinquent, or unmatured loan installments; the borrower, with the assistance of the authorized agency official, must complete and submit FSA-2060. Only SED's may approve this application of funds. The authorized agency official will forward the completed FSA-2060 and any other materials required to SED for review. The authorized agency official will inform the borrower of the decision and provide appeal rights according to 1-APP, if FSA-2060 is not approved.

63 Extra Payments**A Applying Extra Payments**

[7 CFR 765.153(b)] An extra payment is not credited to a scheduled installment and does not relieve the borrower's responsibility to make scheduled loan installments, but will reduce the borrower's FLP indebtedness. Extra payments are applied to FLP loans in order of lien priority except for refunds of unused loan funds, which shall be applied to the loan for which the funds were advanced.

64 **Distributing Payments to Loans**

A Order

[7 CFR 765.154] The Agency applies both regular and extra payments to each loan in the following order, as applicable:

- (a) Administrative costs and protective advances plus interest;
- (b) Deferred non-capitalized interest;
- (c) Accrued deferred interest;
- (d) Interest accrued to date of payment; and
- (e) Loan principal.

B Distribution

Distribute payments according to the following.

| IF the loan... | THEN... |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| number is identified correctly on the payment information | FSC, FLOO will automatically distribute the payment to borrower debt according to subparagraph A. |
| costs are separate from their parent loan (usually identified by loan numbers between 75 and 99) | the payment needs to be specifically identified to be applied to those loan cost accounts and then to the original loan. |

C Notification of Account Activity and Status

*--FSC, FLOO will normally send the borrower and the local FSA office the following:

- “Reminder of Payments To Be Made” 60 calendar days before the installment due date, which shows the borrower the installments due on each loan

Notes: State Offices that have elected to discontinue the FSC, FLOO notification will send a payment reminder letter similar to Exhibit 25.4 to the borrower. A report is under development to assist in accessing the needed data.

The “Reminder of Payments To Be Made” or payment reminder letter sent by the State Office will always provide the VRU telephone number (1-888-518-4983).--* VRU is a secure, automated system that requires a PIN number, and guides borrowers in obtaining the status of their loans at any time. If further loan information is needed, such as a payoff amount, borrowers are directed to call the FSA office.

- FSA-2065 annually, which shows the loan status, all transactions completed during the calendar year, and VRU telephone number.

Note: See Exhibit 25.5 for an explanation of IRS forms sent to borrowers annually.

***--60-Day Annual Installment and Payment Due Reminder Letter**

The following is the 60-Day Annual Installment and Payment Due Reminder Letter. To obtain an electronic copy, go to <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>, CLICK "Find Current Forms Using Our Form Number Search", type "4-FLP Exhibit 25.4" in the "Form Number" block, and CLICK "Submit".

4-FLP, Exhibit 25.4

(Use Agency Letterhead with local return address)

**60-DAY ANNUAL INSTALLMENT AND
PAYMENT DUE REMINDER LETTER**

Borrower Name
Borrower Name Cont./Borrower Address
Borrower Address Cont.
City, State, Zip

According to Farm Service Agency (FSA) records, you have agreed to make annual installments on your loans. This is a reminder that you have loans with payments due within 60 days. If you have other loans with annual installments due on other dates, you will be notified by another letter as they come due.

The following loans have payments coming due:

| 1. Loan Number | 2. Loan Date | 3. Amount of Loan | 4. Installment Due Date | 5. Installment Amount | 6. Payment Due |
|-------------------|-----------------|----------------------|-------------------------------|-----------------------------|-------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

NOTE: This reminder does not include any cost items that may have been incurred on your loans. Cost items are immediately due and payable.

Please continue to submit payments through your local FSA office. If your payment due has already been submitted through a payment or assignment, please disregard this notice. You may call 1-888-518-4983 in order to check the current status of your account. For more information or if you have any questions, please contact (this office or specific office name) at (County office address) or telephone (telephone number).

| | | |
|-------------------------------------|---------------|-----------|
| 7A. Authorized Agency Official Name | 7B. Signature | 7C. Title |
|-------------------------------------|---------------|-----------|

Notice to Customers Presenting Checks

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. For inquiries, please contact your local office.

Privacy Act – A privacy Act statement required by 5 U.S.C. §552a(e)(3) stating our authority for soliciting and collecting the information from your check, and explaining the purposes and routine uses which will be made of your check information, is available from our internet site at (<http://www.fms.treas.gov/otcnet/index/html>), or call toll free at (1-866-945-7920) to obtain a copy by mail. Furnishing the check information is voluntary, but a decision not to do so may require you to make payment by some other method.

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