



Farm  
Production and  
Conservation

Farm  
Service  
Agency

Farm Loan  
Programs

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April 6, 2020

Dear Lender:

This letter is to remind you of the loan servicing options that are available for your Farm Service Agency (FSA) guaranteed loan customers. The following are some of the servicing tools that you may use every day in the management of your guaranteed loan portfolio:

- Deferral
- Restructuring
- Interest rate changes
- Subordination
- Emergency advances
- Release of normal income security for essential family living and farm operating
- Writedown

The FSA guarantee provides you with more flexible loan servicing options than you would have without the guarantee. FSA will consider your requests for servicing on a case-by-case basis, including those where the borrower's operation is negatively affected by the COVID-19 pandemic. As a reminder, a guaranteed loan does not need to be in default to be considered for deferral or restructuring.

Ordinarily, documents are submitted according to the lender status requirements of FSA Handbook 2-FLP. However, due to the ongoing pandemic, special consideration is being given in the following servicing actions:

- Annual Analysis of Line of Credit – If you are a Standard Eligible Lender (SEL) you may certify in writing that the borrower has a cash flow projecting a feasible plan, is in compliance with the provisions of the line of credit agreement, and that the previous year's income, loan funds and security proceeds have been accounted for. Written concurrence from FSA will not be required, however, supporting documentation must be in your files.
- Emergency Advances on Lines of Credit – If you are a Certified Lender (CLP) or SEL, you may make emergency advances without prior approval after certifying to FSA in writing that all other requirements of FSA Handbook 2-FLP, Subparagraph 283 have been met.

- Additional Loans and Advances – If you are a CLP or SEL, you may make non-guaranteed loans to guaranteed borrowers without prior approval after certifying to FSA in writing that a cash flow projecting a feasible plan has been developed.
- Liquidation and Loss Claims – All lenders are encouraged to adhere to the existing timeframes established for liquidation and the submission of loss claims. When you, regardless of your lender status, anticipate that delays may occur due to the ongoing pandemic, you should, as much as reasonably possible, remain in contact with your local FSA office to provide detailed up-to-date information. FSA will not reduce or deny a loss claim request when you can demonstrate that delays in liquidation and filing a loss claim was caused by the pandemic.

We know that many of your loans may have been sold on the secondary market. Many of your borrowers with these loans are asking, or will be asking, you to provide lower interest rates. FSA Handbook 2-FLP, subparagraph 284 B, authorizes you to reduce interest rates for loans sold on the secondary market without FSA approval if you obtain the holder's concurrence. You must then subsequently notify FSA of the rate change. If you wish to repurchase the loan for loan restructuring purposes, as always, you must comply with the requirements of FSA Handbook 2 FLP, subparagraph 375 B, and obtain FSA approval. We emphasize and encourage you to first contact the secondary market holder when considering an interest rate reduction or loan restructuring.

During the ongoing crisis, access to local FSA offices will be limited. You should submit requests and documentation electronically via email. If you have any questions about a specific FSA guaranteed account and potential servicing options including short-term payment deferral or an account forbearance action or other requirements, please contact your local FSA office by email or telephone.

Sincerely,



William D. Cobb  
Deputy Administrator for  
Farm Loan Programs