

borrower to enter into formal contractual arrangements whenever possible to do so.

(c) *Borrower does not retain ownership of the security.* The security may be transferred to another approved applicant or sold in accordance with applicable procedure.

(d) *Borrower abandons the security or fails to make satisfactory arrangements.* This paragraph does *not* apply to borrowers with FO, SW, RL, OL, EE, EM, SL, EO, ST and/or RHF loans. Those borrowers should be sent exhibit A and the appropriate attachments as outlined in subpart S of part 1951 of this chapter. When a borrower abandons the security or fails to make satisfactory arrangements for maintenance of the security and payment of taxes, insurance, and installments on the loan, the County Supervisor will send a complete report on the case to the State Director. The report will include all the information that can be obtained regarding the borrower's plans for the security and any evidence to indicate that abandonment has, in fact, taken place. In these instances, it must be recognized that the borrower may have entered into verbal arrangements for the care of the security without properly advising the County Supervisor. Whether such cases may be construed to be in violation of the provisions of the mortgage, so as to support foreclosure by order of the Court under the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940, will need to be determined on an individual case basis by the State Director and OGC. Clear-cut abandonment cases or instances in which the borrower fails to take action to transfer or sell the property, while evidencing no interest in it or desire to retain it, will be processed in accordance with applicable procedures.

(e) *Statement of account.* Borrowers entering the armed forces who retain ownership of the security will be requested to designate mailing addresses for the delivery of statements of account. Any changes in addresses will be processed on Form FmHA or its successor agency under Public Law 103-354 450-10 with appropriate explanations.

[45 FR 43152, June 26, 1980, as amended at 50 FR 45764, Nov. 1, 1985; 52 FR 26134, July 13, 1987; 55 FR 40646, Oct. 4, 1990]

§ 1950.105 Interest rate.

(a) The Soldiers and Sailors Relief Act requires that the effective interest rate charged a borrower who enters active military duty after a loan is closed will not exceed 6 percent. This applies only to full-time active military duty and does not include military reserve status or National Guard participation.

(b) As soon as the County Supervisor verifies that a borrower is on active duty, the County Supervisor will send the borrower a letter which states that the interest rate on the borrower's FmHA or its successor agency under Public Law 103-354 loans will not exceed 6 percent. At the same time, the County Supervisor will send the Finance Office a memorandum which states that the borrower is on active duty and that interest of not more than 6 percent should accrue on the borrower's loans, effective as of the date of the memorandum or as of the date of the last payment, whichever is later, until further notice. If a borrower's interest rate on any loan is less than 6 percent, the loan will continue to accrue interest at the lower rate. The assistance under this section may not be retroactively applied.

(c) As soon as the County Supervisor verifies that a borrower is no longer on active duty, the County Supervisor will send the Finance Office a memorandum advising them to terminate the 6 percent interest rate. The rate will revert to the note rate (or the payment assistance rate), effective with the next scheduled payment. The 6 percent interest rate will not be cancelled retroactively.

(d) Additional directions for handling Single Family Housing Loans are contained in subpart G of part 1951 of this chapter.

[52 FR 26134, July 13, 1987, as amended at 60 FR 55122, Oct. 27, 1995]

PART 1951—SERVICING AND COLLECTIONS

Subpart A—Account Servicing Policies

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1951.4—1951.5 [Reserved]

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- 1951.6 Handling payments.
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- 1951.8 Types of payments.
- 1951.9 Distribution of payments when a borrower owes more than one type of FmHA or its successor agency under Public Law 103-354 loan.
- 1951.10 Application of payments on production type loan accounts.
- 1951.11 Application of payments on real estate accounts.
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- 1951.16 Other servicing actions on real estate type loan accounts.
- 1951.17—1951.24 [Reserved]
- 1951.25 Review of limited resource FO, OL, and SW loans.
- 1951.26—1951.49 [Reserved]
- 1951.50 OMB control number.

EXHIBITS TO SUBPART A

EXHIBIT A—NOTICE TO FMHA OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103-354 BORROWERS

EXHIBIT B—NOTICE OF CHANGE IN INTEREST RATE

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- 1951.52—1951.53 [Reserved]
- 1951.54 Authority.
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- 1951.102 Standards and procedures for administrative offset requests received by FmHA or its successor agency under Public Law 103-354.
- 1951.103 Procedures for FmHA or its successor agency under Public Law 103-354-initiated administrative offset.
- 1951.104 Procedures for FmHA or its successor agency under Public Law 103-354-initiated offset.
- 1951.105 Procedures for taking funds by administrative offset.
- 1951.106—1951.110 [Reserved]
- 1951.111 Salary offset.
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- 1951.121 Internal Revenue Service (IRS) offset.
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- 1951.124 Notice to borrowers.
- 1951.125 Processing borrowers' requests not to exercise IRS offset.

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- 1951.127 Processing of amounts offset.
- 1951.128 Receipt of Finance Office/IRS offset reports and listings.
- 1951.129 Borrowers eligible for offset (prior to 60-day notice).
- 1951.130 Borrowers sent due process notices for IRS/Credit Bureau referrals.
- 1951.131 Form FmHA or its successor agency under Public Law 103-354 389-833, Borrower Accounts Submitted to IRS for Offset Report, RC 865.
- 1951.132 Form FmHA or its successor agency under Public Law 103-354 389-760, Annual Unprocessable Report IRS Offset, RC 822-C.
- 1951.133 Form FmHA or its successor agency under Public Law 103-354 389-761, Annual No Match Report IRS Offset, RC 822-D.
- 1951.134 Form FmHA or its successor agency under Public Law 103-354 389-764, Weekly Offset Report (Cash Collections) IRS Offset, RC 222-C.
- 1951.135 Form FmHA or its successor agency under Public Law 103-354 389-763, Weekly Claims Report IRS Offset, RC 222-D.
- 1951.136—1951.149 [Reserved]
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- 1951.225 Liquidation of security.
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- 1951.232 Water and waste disposal systems which have become part of an urban area.
- 1951.233—1951.239 [Reserved]
- 1951.240 State Director's additional authorizations and guidance.
- 1951.241 Special provision for interest rate change.
- 1951.242—1951.249 [Reserved]
- 1951.250 OMB control number.

EXHIBITS TO SUBPART E

- EXHIBIT A—REPORT ON SERVICING ACTION
- EXHIBIT B—AGREEMENT FOR NEW MEMBER (WITH OR WITHOUT WITHDRAWING MEMBER)
- EXHIBIT C—AGREEMENT FOR WITHDRAWAL OF MEMBER (WITHOUT NEW MEMBER)
- EXHIBIT D—ITEMS TO BE INCLUDED IN TRANSFER AND ASSUMPTION DOCKETS (IF APPLICABLE)
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- 1951.256—1951.261 [Reserved]
- 1951.262 Farm Credit Programs—graduation of borrowers.
- 1951.263 Graduation on non-Farm Credit programs borrowers.
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- 1951.266 Special requirements for MFH borrowers.
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- 1951.300 OMB control number.

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- EXHIBIT A—[RESERVED]
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- 1951.454 Review of adverse decisions.
- 1951.455 NP loan making for Single Family Housing (SFH) and farm property (real and chattel).
- 1951.456 [Reserved]
- 1951.457 Payments.
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- 1951.460 Release of security property or sale or lease of related property rights.
- 1951.461 Release of valueless FmHA or its successor agency under Public Law 103-354 lien without monetary consideration.
- 1951.462 Deceased borrower.
- 1951.463 Transfer of security and assumption of indebtedness.
- 1951.464—1951.467 [Reserved]
- 1951.468 Liquidation.
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- 1951.479 Pilot projects.
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- 1951.515 Promissory notes for borrowers who convert to PASS.
- 1951.516 [Reserved]
- 1951.517 Conversion from DIAS to PASS.

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- 1951.518 Determining current loan balances for transfer.
- 1951.519—1951.547 [Reserved]
- 1951.548 Exception authority.
- 1951.549 [Reserved]
- 1951.550 OMB control number.

EXHIBITS TO SUBPART K

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- 1951.556 Initial determination that unauthorized assistance was received.
- 1951.557 Notification to borrower.
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- 1951.700 OMB control number.

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- 1951.853 Loan purposes for undisbursed RDLF loan funds from HHS.
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- 1951.855—1951.858 [Reserved]
- 1951.859 Terms of loans.
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- 1951.886—1951.888 [Reserved]
- 1951.889 Transfer and assumption.
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- 1951.891 Liquidation; default.
- 1951.892—1951.893 [Reserved]
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- 1951.900 OMB control number.

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- 1951.904–1951.905 [Reserved]
- 1951.906 Definitions.
- 1951.907 Notice of Loan Service Programs.
- 1951.908 Servicing financially distressed current borrowers.
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- 1951.913 Servicing Net Recovery Buyout Recapture Agreements.
- 1951.914 Servicing of accounts restructured under Primary Loan Service Programs.
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- 1951.916 Exception authority.
- 1951.917 FmHA or its successor agency under Public Law 103-354 Debt Restructuring Support Teams (DRST).
- 1951.918 FmHA or its successor agency under Public Law 103-354 Debt Restructuring Assessment Teams (DRAT).
- 1951.919–1951.949 [Reserved]
- 1951.950 OMB control number.

EXHIBITS TO SUBPART S

- EXHIBIT A—NOTICE OF THE AVAILABILITY OF LOAN SERVICE PROGRAMS AND DEBT SETTLEMENT PROGRAMS FOR DELINQUENT FARM BORROWERS
- EXHIBIT B—NOTIFICATION OF OFFER TO RESTRUCTURE DEBT FOR FINANCIALLY DISTRESSED BORROWERS CURRENT ON THEIR LOAN PAYMENTS
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- EXHIBIT L—HOMESTEAD PROTECTION PROGRAM AGREEMENT
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- 1951.959 Exception authority.
- 1951.960–1951.999 [Reserved]
- 1951.1000 OMB control number.

AUTHORITY: 5 U.S.C. 301; 42 U.S.C. 1480.

EDITORIAL NOTE: Some of the exhibits referenced in this part 1951 are not published in the Code of Federal Regulations. Exhibits are available in any FmHA or its successor agency under Public Law 103-354 office.

Subpart A—Account Servicing Policies

SOURCE: 50 FR 45764, Nov. 1, 1985, unless otherwise noted.

§ 1951.1 Purpose.

This subpart sets forth the policies and procedures to use in servicing Farmer Program loans (FP) which include Softwood Timber (ST), Operating Loan (OL), Farm Ownership (FO), Soil and Water (SW), Recreation Loan (RL), Emergency Loan (EM), Economic Emergency Loan (EE), Special Livestock Loan (SL), Economic Opportunity Loan (EO), and Rural Housing Loan for farm service buildings (RHF) accounts. This subpart also applies to Rural Rental Housing Loan (RRH), Rural Cooperative Housing Loan (RCH), Labor Housing Loan (LH), Rural Housing Site Loan (RHS), and Site Option Loan (SO) accounts not covered under the Predetermined Amortization Schedule System (PASS). Loans on PASS will be administered under subpart K of part 1951 of this chapter. Cases involving unauthorized