

### 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 assistance will be serviced under Subparts L and N of this part. Cases involving graduation of borrowers to other sources of credit will be serviced under Subpart F of this part.

[52 FR 26134, July 13, 1987]

#### § 1951.2 Policy.

Borrowers are expected to pay their debts to the Farmers Home Administration or its successor agency under Public Law 103-354 (FmHA or its successor agency under Public Law 103-354) in accordance with their agreements and ability to pay. They will be encouraged to pay ahead of schedule, consistent with sound financial management. When borrowers have acted in good faith and have exercised due diligence in an effort to pay their indebtedness but cannot pay on schedule because of circumstances beyond their control, servicing actions will be consistent with the best interests of the borrower and the Government. It is the policy of this agency to service borrower loan account without regard to race, color, religion, sex, marital status, national origin, age, physical or

mental handicap (borrower must possess the capacity to enter into a legal contract for services).

#### § 1951.3 Authorities and responsibilities.

County Supervisors and District Directors are responsible for servicing all FmHA or its successor agency under Public Law 103-354 accounts serviced by the County and District Offices as prescribed by this subpart under the general guidance and supervision of District Directors and State Office personnel. Full use will be made of the County Office Management System in account servicing. For the purposes of this Subpart, all references to "County Supervisor" shall be construed to mean "District Director" for all loans serviced by the District Office.

#### §§ 1951.4-1951.5 [Reserved]

#### § 1951.6 Handling payments.

(a) *Payments on Rural Housing (RH) loans.* Payments on RH loans will be handled in accordance with subparts B and G of this part.

(b) *Payments for other than RH, FO and SW loans.* These payments will be handled in accordance with part 1951, subpart B.

(c) *Payments for FO and SW loans.* (1) Payments made through the County Office without direct payment coupons for FO and SW loans will be handled in accordance with part 1951, subpart B.

(2) Payments for FO and SW individual loans made through the County Office with Form FmHA or its successor agency under Public Law 103-354 370-46A, Expanded Direct Payment Coupon, will be handled as follows:

(i) County Supervisors may put FO and SW individual borrowers on the Expanded Direct Payment Coupon system if the borrower only needs limited credit counseling or only makes one annual installment payment per year on the loan.

(ii) For new loans, the County Supervisor will indicate by checking the appropriate block on Form FmHA or its successor agency under Public Law 103-354 1940-1, "Request For Obligation of Funds," that for selected borrowers Expanded Direct Payment Coupons are to be mailed to the County Office.