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## [USDA Announces Additional \\$250 Million in Automatic Assistance for Distressed Farm Loan Borrowers](#)

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The U.S. Department of Agriculture (USDA) announced an additional \$250 million in automatic payments for distressed direct and guaranteed farm loan borrowers under Section 22006 of the Inflation Reduction Act. This significant step continues USDA's commitment to keeping farmers and ranchers financially viable and support for agricultural communities.

Over the past two years, USDA acted swiftly to assist borrowers in retaining their land and continuing their agricultural operations. Since President Biden signed the Inflation Reduction Act into law in August 2022, the USDA has provided approximately \$2.4 billion in assistance to more than 43,900 distressed borrowers.

Building on this momentum, USDA is announcing an estimated additional \$250 million in assistance to approximately 4,650 distressed direct and guaranteed farm loan borrowers. This includes approximately \$235 million in assistance for an estimated 4,485 delinquent direct and guaranteed borrowers who have not received prior IRA 22006 assistance, and approximately \$15 million in assistance for an estimated 165 direct and guaranteed borrowers with Shared Appreciation Agreements.

Distressed FSA borrowers with loans secured by real estate must sign a Shared Appreciation Agreement when they accept loan servicing actions that write down a portion of their direct or guaranteed debt. FSA is required to recapture a portion of that write-down if the property value of the real estate security increases when the agreement matures. Borrowers are required to either repay this amount or have it converted into an interest-accruing repayment agreement. As loan servicing actions that were paused due to the COVID-19 pandemic resume, such as Shared Appreciation Agreement recaptures, this added debt burden could severely impact borrowers who are already struggling.

### **How Payments Will Be Made**

For direct borrower delinquency assistance, FSA will make an automatic payment in the amount of any outstanding delinquencies, as of Sept. 30, 2024, on qualifying direct borrower loans that are one or more days delinquent, as of that date, provided those borrowers have not received prior Section 22006 assistance that was applied to reduce a direct FSA loan balance (excluding assistance for Disaster Set-Asides and Emergency Loans).

For guaranteed borrower delinquency payments, FSA will mail via check an automatic payment in the amount of any outstanding delinquencies, as of Sept. 30, 2024, on qualifying guaranteed loans that are 30 or more days delinquent, as of that date, provided those borrowers have not received prior Section 22006 guaranteed loan assistance. Guaranteed loan borrowers are not considered to be in monetary default until 30 days past due. This assistance will be in the form of a United States Department of the Treasury check that is jointly payable to the borrower and the lender.

For borrowers receiving assistance on their Shared Appreciation Agreements, a payment will be made to resolve outstanding amortized repayment agreements and recapture amounts owed to FSA which have matured as of Sept. 30, 2024. Borrowers whose Shared Appreciation Agreements have not matured as of Sept. 30, 2024, will be contacted by FSA and provided an opportunity to request that FSA calculate a partial recapture and Shared Appreciation Agreement assistance offer.

Shared Appreciation Agreement assistance amounts will be calculated as follows:

- For borrowers whose Shared Appreciation Agreement had previously matured and the receivable owed was converted into a Shared Appreciation Payment Agreement prior to Sept. 30, 2024, Shared Appreciation Agreement assistance will be equal to the total amount of outstanding principal and interest owed on the payment agreement of Sept. 30, 2024.
- For Shared Appreciation Agreements that have reached their maturity date, but FSA has not yet calculated recapture due, FSA will complete required appraisals and calculate the recapture due as of the date of the Shared Appreciation Agreement maturity. Shared Appreciation Agreement assistance will be equal to the amount of calculated recapture.
- For Shared Appreciation Agreements that have not yet matured, FSA will be in contact with borrowers and will provide the option to request Shared Appreciation Agreement payment assistance. Borrowers must consent to FSA completing an appraisal on real estate security prior to March 31, 2025. FSA will calculate the amount of recapture that would be due as if the Shared Appreciation Agreement matured as of Sept. 30, 2024, and the borrower may accept that payment as a partial payment towards the receivable due at final maturity. Borrowers may still owe additional recapture at final Shared Appreciation Agreement maturity.

As with previous rounds of Section 22006 of the Inflation Reduction Act assistance, direct and guaranteed borrowers receiving assistance under any category above will receive a letter from FSA explaining the payment they received. Guaranteed borrowers will receive instructions to make an appointment with their lender to process the payment and apply it to their qualifying guaranteed loan accounts. FSA will provide a letter to guaranteed lenders with instructions for providing updated status reports.

Any distressed direct and guaranteed borrowers who qualify for these forms of assistance and are currently in bankruptcy will be addressed using the same case-by-case review process [announced in October 2022](#) for complex cases.

### **Impact of Section 22006 of the Inflation Reduction Act Assistance**

USDA conducted an [Economic Impact Analysis](#) on the \$2.2 billion in payments previously provided to distressed Farm Loan Program borrowers through Section 22006 of the Inflation Reduction Act. Key findings show these payments will:

- Generate or support nearly 49,000 jobs.
- Increase household income by \$2.471 billion.
- Contribute \$3.556 billion to the United States gross domestic product.
- Increase gross revenues from total sales of final goods and services by \$5.663 billion. ??

While the economic impacts of these payments will diminish over time as the economy returns to a steady state, the one-time payments are expected to strengthen local economies and potentially improve resilience and growth prospects. View the additional estimated economic impacts in this fact sheet.

Since fiscal year 2021, USDA foreclosures have significantly decreased, with only 12 farm foreclosures initiated directly by FSA, compared to a 10-year average of 51 annually. Chapter 12 farm bankruptcies have dropped from an average of 493 annually to 139 in 2023. Inflation Reduction Act assistance has brought 1,904 farmers facing foreclosure current and prevented the initiation of foreclosures for 3,970 farmers. Around 82% of direct loan borrowers who received assistance remain current on their loans.

### **Additional Farm Loan Programs Improvements???**

FSA recently announced significant changes to Farm Loan Programs through the [Enhancing Program Access and Delivery for Farm Loans rule](#). These policy changes are designed to expand opportunities for borrowers to increase profitability and be better prepared to make strategic investments in the

enhancement or expansion of their agricultural operations.??

FSA also has a significant initiative underway to streamline and automate the Farm Loan Program customer-facing business process. FSA has made several impactful improvements including:???

- The [Loan Assistance Tool](#) that provides customers with an interactive online, step-by-step guide to identifying the direct loan products that may be a fit for their business needs and to understanding the application process.?
- The [Online Loan Application](#), an interactive, guided application that is paperless and provides helpful features including an electronic signature option, the ability to attach supporting documents such as tax returns, complete a balance sheet and build a farm operating plan.??
- An [online direct loan repayment feature](#) that relieves borrowers from the necessity of calling, mailing, or visiting a local USDA Service Center to pay a loan installment.??
- A [simplified direct loan paper application](#), reduced from 29 pages to 13 pages.??
- A new [educational hub](#) with farm loan resources and videos.???
- The [Distressed Borrowers Assistance Network](#), a national initiative aimed at providing personalized support to financially distressed farmers and ranchers. The network connects borrowers with individualized assistance to help them regain financial stability.?

USDA encourages producers to reach out to their local FSA farm loan staff to ensure they fully understand the wide range of loan and servicing options available to assist with starting, expanding, or maintaining their agricultural operation. To conduct business with FSA, producers should contact their local [USDA Service Center](#).??

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