
USDA Temporarily Suspends Debt Collections, Foreclosures and Other Activities on Farm Loans for Several Thousand Distressed Borrowers Due to Coronavirus

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GAINESVILLE, Fla., Jan. 27, 2021 – Due to the national public health emergency caused by coronavirus disease 2019 (COVID-19), the U.S. Department of Agriculture today announced the temporary suspension of past-due debt collections and foreclosures for distressed borrowers under the Farm Storage Facility Loan and the Direct Farm Loan programs administered by the Farm Service Agency (FSA). USDA will temporarily suspend non-judicial foreclosures, debt offsets or wage garnishments, and referring foreclosures to the Department of Justice. USDA will work with the U.S. Attorney’s Office to stop judicial foreclosures and evictions on accounts that were previously referred to the Department of Justice. Additionally, USDA has extended deadlines for producers to respond to loan servicing actions, including loan deferral consideration for financially distressed and delinquent borrowers. In addition, for the Guaranteed Loan program, flexibilities have been made available to lenders to assist in servicing their customers.

Today’s announcement by USDA expands previous actions undertaken by the Department to lessen financial hardship. According to USDA data, more than 12,000 borrowers—approximately 10% of all borrowers—are eligible for the relief announced today. Overall, FSA lends to more than 129,000 farmers, ranchers and producers.

“USDA and the Biden Administration are committed to bringing relief and support to farmers, ranchers and producers of all backgrounds and financial status, including by ensuring producers have access to temporary debt relief,” said Robert Bonnie, Deputy Chief of Staff, Office of the Secretary. “Not only is USDA suspending the pipeline of adverse actions that can lead to foreclosure and debt collection, we are also working with the Departments of Justice and Treasury to suspend any actions already referred to the applicable Agency. Additionally, we are evaluating ways to improve and address farm related debt with the intent to keep farmers on their farms earning living expenses, providing for emergency needs, and maintaining cash flow.”

The temporary suspension is in place until further notice and is expected to continue while the national COVID-19 disaster declaration is in place.

USDA's Farm Service Agency provides several different loans for producers, which fall under two main categories:

- Guaranteed loans are made and serviced by commercial lenders, such as banks, the Farm Credit System, credit unions and other non-traditional lenders. FSA guarantees the lender's loan against loss, up to 95%.
- Direct loans are made and serviced by FSA using funds from the federal government.

The most common loan types are Farm Ownership, Farm Operating and Farm Storage Facility Loans, with Microloans for each:

- Farm Ownership: Helps producers purchase or enlarge a farm or ranch, construct a new or improve an existing farm or ranch building, pay closing costs and pay for soil and water conservation and protection.
- Farm Operating: Helps producers purchase livestock and equipment and pay for minor real estate repairs and annual operating expenses.
- Farm Storage Facility Loans are made directly to producers for the construction of cold or dry storage and includes handling equipment and mobile storage such as refrigerated trucks.
- Microloans: Direct Farm Ownership, Operating Loans and Farm Storage Facility Loans have a shortened application process and reduced paperwork designed to meet the needs of smaller, non-traditional and niche-type operations.

Contact FSA

FSA encourages producers to contact their county office to discuss these programs and temporary changes to farm loan deadlines and the loan servicing options available. For Service Center contact information, visit farmers.gov/coronavirus. For servicing information, access farmers.gov.

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