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Sec. Vilsack suspends Farm Loan Programs (FLP) foreclosures

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Due to “economic challenges facing farmers,” Agriculture Secretary Tom Vilsack has suspended all Farm Loan Programs (FLP) foreclosures “for approximately 90 calendar days, effective May 1, 2009.”

USDA’s May 1st announcement of the temporary suspension notes that “These 90 calendar days will afford USDA the opportunity to review loans to ensure that FSA borrowers have been provided with all civil rights appropriate servicing options under law.”

The suspension applies to any loan that is listed as “Foreclosure Action Pending” any time from now until June 24th. None of these loans will be foreclosed by USDA’s Farm Service Agency (FSA) until a review is completed and approved unless a foreclosure is ordered by the Justice Department. Despite this foreclosure suspension, FSA will continue to pursue all loan servicing actions short of foreclosure. As well, interest accrual and offset will be temporarily suspended on all FLP loans under foreclosure in cases where a civil rights discrimination claim has been filed with USDA. However, USDA points out that it “was not given the authority by the 2008 Act to suspend interest accrual or offset on other types of loans or non-program loans.”

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