



*Updated: May 11, 2021*

## **The American Rescue Plan**

### **Frequently Asked Questions: The Socially Disadvantaged Farmers Loan Forgiveness Program**

On March 11, President Biden signed into law the American Rescue Plan (ARP), a sweeping relief package to combat the COVID pandemic and provide economic stability for workers and families. I proudly voted in favor of this bill which supports socially disadvantaged farmers by providing debt relief through the Socially Disadvantaged Farmers Loan Forgiveness Program. Information regarding eligibility and participation can be found below.

#### **Eligible Producers**

##### **Question 1: How does USDA define a socially disadvantaged producer?**

- The American Rescue Plan Act uses Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 as the definition of socially disadvantaged farmers and ranchers, which includes those who are one or more of the following: Black, American Indian/Alaska Native, Hispanic, Asian, and Hawaiian/Pacific Islander. Section 2501 does not include gender. While some women may be eligible due to their race or ethnicity, gender is not an eligible criterion in and of itself, based on the law enacted by Congress.

##### **Question 2: Are co-borrowers and entity members eligible?**

- Yes, if multiple individuals are liable for the debt on eligible loans, and at least one of those individuals (the primary borrower, co-borrower, or an entity member with personal liability) is eligible based on the definition outlined in Section 2501.

##### **Question 3: I was a successful claimant in a class action settlement (e.g., Pigford, Keepseagle), and received debt forgiveness. I have secured one of the eligible loans, do I still qualify?**

- Yes, if you have eligible indebtedness as of January 1, 2021. (See "Eligible Loans" below.)

##### **Question 4: I had a direct or guaranteed farm loan in the past but lost the farm and do not have current debt. Am I eligible for relief?**

- If you do not have a current farm loan, you are not eligible for debt relief under Section 1005, however you may be eligible to benefit from assistance provided in Section 1006 of the American Rescue Plan. USDA is actively working to establish a process for providing assistance to former borrowers that are socially disadvantaged based on race and ethnicity. Details will be shared as soon as a process is established.

## **Eligible Loans**

### **Question 5: What loans are eligible for payments under the American Rescue Plan?**

- Eligible loans include:
  1. Direct loans by FSA, including Farm Storage Facility Loans, Direct Farm Ownership Loans, Farm Operating Loans (this includes Microloans and Youth Loans), Emergency Loans, Conservation Loans, and Soil and Water Loans; and
  2. 2. Guaranteed loans by FSA and made by an approved lender, including Farm Ownership Loans, Farm Operating Loans, and Conservation Loans.
- Both delinquent and current loans are eligible. Debts associated with these types of loans that have been referred for offset or collection are also eligible.

### **Question 6: Are all USDA direct and guaranteed loans and debts eligible?**

- No. Rural Development loans, FSA Marketing Assistance Loans and debts associated with other USDA programs or other non-USDA federal debts are not eligible.

### **Question 7: Is my farm-related loan from a Farm Credit institution or a local bank eligible?**

- No. Loans from commercial lenders such as banks, credit unions or Farm Credit institutions that do not include a FSA guarantee are not eligible.

### **Question 8: Are my FSA Direct, Guaranteed, or Farm Storage Facility Loans obtained after January 1, 2021, eligible?**

- No. Only loans made and advanced as of January 1, 2021 are eligible.

## **Debt Payments**

### **Question 9: Do I need to apply or take any action to receive a debt payment?**

- No action on your part is needed right now. If you're uncertain of your demographic designation on file at FSA, you may call your local service center to verify your classification on record. If an update or correction is needed, you may either fill out an AD-2047 form or contact your local service center to update your record, including race and ethnicity.

**Question 10: What is the amount of the debt payment I will receive?**

- Congress authorized up to 120% of the amount of indebtedness of eligible loans. The amount is based on what is owed as of January 1, 2021. Loan payments received from borrowers after January 1, 2021 will not reduce the amount of the American Rescue Plan debt payment from FSA. Details of the process and your debt payment will be reviewed with you prior to final processing.

**Question 11: What if I have multiple loans?**

- For eligible borrowers, the up to 120% amount is tied to the borrower's total indebtedness across all eligible loans.

**Question 12: When will debt payments be made?**

- FSA is currently compiling and analyzing balances for all types of loans and is determining the quickest and most efficient way to make payments. Once the payment process has been finalized, all direct and guaranteed borrowers will receive a written notification from FSA explaining the payment process. You are also encouraged to check our website regularly at [farmers.gov/AmericanRescuePlan](https://farmers.gov/AmericanRescuePlan) for updates.

**Other Questions**

**Question 13: Is there a fee charged by USDA to participate and do I need a third party to help me access this loan assistance?**

- There is no fee to participate. FSA employees will assist borrowers with their questions free of charge and will help producers complete any required documents. You do not need a third party to access this assistance and can work directly with USDA. USDA plans to collaborate with community-based organizations and universities on outreach, technical assistance, and providing borrowers with access to financial, legal, and tax planning services using the resources provided in Section 1006 of ARP. USDA will compensate these official partners, but borrowers should NOT pay a fee. If you are approached by someone seeking a payment or if it seems like a scam, please share this information with USDA to investigate.

**Question 14: I'm a socially disadvantaged producer with loans that qualify but I have not designated my race or ethnicity to my local office, what should I do?**

- You have several options, which right now all include the USDA Form AD-2047:
  - Call your local USDA service center and inform them that you'd like to fill out the form over the phone.

- Download and print form AD-2047, sign it and mail or deliver it to your local USDA Service Center.

**Question 15: Are there any similar programs for borrowers who are not socially disadvantaged based on race and ethnicity?**

- This American Rescue Plan program is for socially disadvantaged borrowers, as outlined in Question 1. FSA offers a range of other support programs available, including assistance provided in response to the pandemic, Disaster Set-Aside and Primary Loan Servicing. If you are facing an economic hardship, we encourage you to contact your local USDA service center.

**Question 16: I have loan payments that are coming due. What should I do?**

- For FSA Direct Loans, USDA is not taking any adverse actions on any eligible borrower who does not make payments.
- For Farm Storage Facility Loans, USDA is not taking any adverse actions on any eligible borrower who does not make payments.
- For FSA Guaranteed Loans, borrowers should make all regularly scheduled payments as agreed to with your lender.
- Your debt relief payment will be calculated based on the amount you owed on January 1, 2021. Borrowers will be reimbursed for any payments made after January 1, 2021. USDA is encouraging lenders to be flexible and has issued guidance, as of January 26, 2021, to help lenders understand available flexibilities.

**Question 17: My loan is delinquent, and I was notified that foreclosure or liquidation proceeding were starting. What do I need to do to prevent foreclosure?**

- FSA has suspended all foreclosure, debt collection and other adverse actions for direct loans during the pandemic and has encouraged lenders with guaranteed loans to follow suit. FSA is in the process of gathering information on all such loans from lenders. If you have a guaranteed loan and a lender has indicated plans to continue with foreclosure or liquidation, contact your local USDA service center so that FSA is made aware and may intervene.

**Question 18: Will USDA require that I prove my U.S. citizenship?**

- No additional information will be required with regards to U.S. citizenship or immigration status. FSA loans are available to U.S. citizens and certain legal residents according to federal law. This information was verified when the loan was originally made and does not need to be repeated.