

Procedure Reference: FmHA Instruction 1951-F

Purpose: To notify a borrower to refinance the FmHA indebtedness.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
(Location)

Dear _____:

The financial progress you have made since receiving your Farmers Home Administration (FmHA) loan(s) has been reviewed. You should take pride in the progress you have made. We share that pride with you and are pleased that we may have been of service.

Your FmHA security instruments require you to refinance the unpaid balance of your loan(s). This is to be done when you have progressed to the extent that you can obtain credit from responsible cooperative or private lenders.

Lenders have been contacted to determine their requirements and the availability of credit to new customers. We have evaluated your financial progress, together with the lender requirements, and find you should now be able to secure satisfactory credit to pay your FmHA loan(s). Therefore, we request that you refinance your _____ loan(s) in full.

The approximate balance is _____
(Type of loan)
1/_____.

Option A. We suggest you contact lenders that can make _____
type loan

Option B. We suggest you contact the following lenders within 30 days:

2/
If you are unable to graduate your loan(s) in full, you will need to provide this office within _____* days with written evidence showing that you made an earnest effort to seek other credit. Such evidence should include:

- (1) the name(s) of other lender(s) contacted,
- (2) the amount of loan requested by you and the amount, if any, offered by the lender(s),
- (3) the rates and terms offered by the lender(s) or the specific reasons(s) why other credit is not available, and,
- (4) the purpose of the loan request.

If you wish, an appointment will be arranged to discuss questions you may have. Our telephone number is _____.

Sincerely,

*30 days for Farmer Program and Rural Housing borrowers
90 days for group type borrowers

- 1/ Insert a recent known unpaid principal and interest figure and, if applicable, the estimated amount of 502 RH interest subsidy to be recaptured. The servicing official will, based on the best information available, estimate the amount of recapture due. The total of these figures will be the approximate pay off. Exact figures will be required only when pay off is requested in connection with a borrower accepting other credit.
- 2/ The servicing official will utilize Option B to list those lenders who, through initial referral, have expressed an interest in a particular borrower. However, the list of lenders need not be restricted to those participating in the trial referral system.