

August 30, 2023

**Reminder of Inflation Reduction Act Assistance for Qualifying Direct Farm Loan Programs Borrowers and Modification of Cash Flow-Based and Extraordinary Measures Assistance**

Dear Borrower,

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law. Section 22006 of the IRA provides \$3.1 billion for USDA to provide relief to distressed borrowers with certain Farm Service Agency (FSA) direct and/or guaranteed loans and to expedite assistance for those whose agricultural operations are at financial risk. USDA continues to implement this provision with the goals of keeping farmers farming, removing obstacles that currently prevent many borrowers from returning to their land, and improving the FSA's approach to loan servicing in the long-term. For many distressed borrowers, including those who have been hard hit by pandemic-induced market disruptions that have only been exacerbated by more frequent and intense natural disasters, this assistance is vital if they are to continue producing the food, fiber, and fuel that are essential to the well-being of not only our rural communities but our Nation as a whole.

**This letter is being sent to remind you of some tools available to distressed FSA Farm Loan Programs (FLP) borrowers who may need assistance, and to provide notification and clarification of certain assistance criteria. For further information on cash flow-based assistance and extraordinary measures assistance, please see the following pages.**

USDA continues to implement efforts to provide assistance to distressed farm loan borrowers and improve the loan servicing efforts at USDA by adding more tools and flexibilities. Additional announcements and investments in assistance will be made as USDA institutes these additional changes and improvements.

Sincerely,



Zach Ducheneaux  
Administrator

## **Cash Flow-Based Assistance**

On February 16, 2023, FSA sent a letter to all FSA direct loan borrowers announcing the availability of a new tool to enable FSA to intervene more quickly and provide one-time financial assistance to borrowers *before* they become delinquent, or to those borrowers who had recently become delinquent.

FSA direct loan borrowers with qualifying FLP loans who anticipate being unable to pay their upcoming installment or have already missed a recent installment payment due since August 1, 2022, can request a cash flow analysis from FSA to determine that they are financially distressed due to a lack of sufficient cash flow in their operating plans to make their most recently due or next loan installment payment. If FSA determines that the borrower qualifies for cash flow-based assistance, FSA will make a one-time credit to the borrower's account in the amount of the missed or upcoming direct loan installment(s).

This letter also serves as notification of the following amendments and clarifications to this assistance:

- (1) For the purposes of this assistance only, to determine financial distress FSA will exclude non-farm income from the cash flow analysis, allowing FSA to expeditiously provide targeted, one-time financial assistance to currently distressed borrowers whose farm operating income is insufficient to pay their FLP direct loan installment(s);
- (2) Cash flow-based assistance eligibility is extended to include qualifying installments due through January 15, 2024;
- (3) The cash flow analysis will consider the borrower's financial status for the current production cycle;
- (4) Consistent with other Section 22006 assistance provided to FSA direct loan borrowers, borrowers qualifying for cash flow-based assistance will receive a credit in the amount of their next loan installment due on all FLP direct loans;
- (5) Cash flow-based assistance is only available to borrowers who have not received prior IRA Section 22006 assistance that covered a forward direct loan installment; and
- (6) Requests for cash flow-based assistance no longer need to be submitted within 60 days of the due date of the upcoming installment, as it is expected that FSA offices will have an increased ability to process assistance requests and a request submitted between now and December 31, 2023 is anticipated to still be representative of the financial state of the borrower during the current operating cycle.

Borrowers can submit requests for cash flow-based assistance in person at their local FSA office or by sending in a direct request using the online request portal at [farmers.gov/ira22006cashflow](https://farmers.gov/ira22006cashflow). All requests for cash flow-based assistance must be received by December 31, 2023. Assistance is subject to funding availability.

Additional details about requesting a cash flow analysis and processing details, to the extent not amended by this notice, can be found in the February 16, 2023 letter mailed to FSA direct loan borrowers, available online at [farmers.gov/loans/inflation-reduction-investments/assistance](https://farmers.gov/loans/inflation-reduction-investments/assistance), or by contacting your local.

### **Cash Flow-Based Assistance Frequently Asked Questions (FAQ)**

1. **Q.** How can I submit a request for cash flow-based assistance on my next installment due on my direct loan, and what information do I need to provide?  
**A.** Borrowers may submit their requests electronically through [farmers.gov/ira22006cashflow](https://farmers.gov/ira22006cashflow) and provide a current balance sheet and cash flow projections for the current operating year. The balance sheet must be less than 90 days old to be considered current. Borrowers may also hand-deliver or mail this financial information directly to their local FSA office. All requests for assistance must be received by December 31, 2023. Assistance is subject to funding availability.

2. **Q.** Who may be eligible for the cash flow-based assistance?  
**A.** FSA direct loan borrowers with qualifying FLP loans who are unable to pay their upcoming installment or have already missed a recent installment payment due between August 1, 2022 and January 15, 2024, and can demonstrate they are (or were) unable to develop a feasible plan for the current production cycle. Qualifying direct loan types are: Farm Ownership, Operating (including Youth and Microloans), Emergency, Conservation, and Soil and Water loans.
3. **Q.** Who will review my request for the cash flow-based assistance?  
**A.** Loan approval officials in your local FSA office will provide an initial assessment. Any requests that are not approved at the local office will be secondarily reviewed by the National Office Response Team prior to issuing a final determination.
4. **Q.** What if I prefer that someone else process my cash flow-based assistance request?  
**A.** Borrowers may request alternative accommodations by contacting the FSA call center at 877-508-8364.
5. **Q.** How long will it take before I know if my request is approved?  
**A.** Cash flow-based assistance requests will be processed by your local FSA office in the order in which they are submitted to the local FSA office. The borrower will receive a letter from the reviewer either requesting additional information, if needed, or a letter informing them that their request was received complete and will be processed as quickly as possible, which is not a guarantee of approval. Both letters will also provide acknowledgement to the borrower of the date that their request was received.

### **Extraordinary Measures Assistance**

On May 19, 2023, FSA sent a letter to all FSA direct loan borrowers detailing a new financial assistance option for FSA direct loan borrowers who took extraordinary measures to keep their loan accounts current between February 28, 2020 through October 18, 2022.

Extraordinary measures are actions taken to remain current on FLP payments by monetizing long term or essential assets, incurring additional non-FSA debt, or deferring other essential payments, resulting in reduced farm and household viability. If you are a current FSA loan borrower who took certain extraordinary measures to pay an installment on your qualifying direct FLP loan and can provide the proper documentation to FSA, you may be eligible for this assistance.

The May 19, 2023 letter stated that the extraordinary measure and the payment made to FSA as result of the extraordinary measure must have been within the same production year. To account for the variety of operations' production cycles, this letter clarifies that the installment payment(s) made to FSA must come within the same 12-month period in which the extraordinary measure was taken, but not before February 28, 2020. The installment payment(s) can precede or follow the extraordinary measure, as long as all other eligibility criteria are met.

As stated in the May 19, 2023 notice, only current FLP direct loan borrowers can request extraordinary measures assistance. Borrowers can submit requests for extraordinary measures assistance in person at their local FSA office or by sending in a direct request using the online request portal at [farmers.gov/ira22006request](https://farmers.gov/ira22006request). All requests for extraordinary measures assistance must be received by December 31, 2023. Assistance is subject to funding availability.

Additional details about requesting extraordinary measures assistance, to the extent not amended by this

notice, can be found in the May 19, 2023 letter mailed to FSA direct loan borrowers, available online at [farmers.gov/loans/inflation-reduction-investments/assistance](https://farmers.gov/loans/inflation-reduction-investments/assistance), or by contacting your local FSA service center.

### **Extraordinary Measures Assistance Frequently Asked Questions (FAQs)**

1. **Q.** What qualifies as an extraordinary measure, and what documentation should I submit with my request for extraordinary measures assistance?  
**A.** The full list of qualifying extraordinary measures and required documentation can be found in the Extraordinary Measures Assistance letter mailed to all FLP direct loan borrowers in May 2023, also available online at [farmers.gov/sites/default/files/documents/farmersgov-ira22006-letter.pdf](https://farmers.gov/sites/default/files/documents/farmersgov-ira22006-letter.pdf) . A copy of this letter can also be provided at your local FSA office.
  
2. **Q.** If I became delinquent on my mortgage payments, feed bill, or medical bills in order to pay my FSA installment, would that qualify as an extraordinary measure?  
**A.** Yes. Delinquency as of May 19, 2023 on essential family living and farm operating expenses\* in order to make your FSA farm loan payment can qualify as an extraordinary measure, provided the outstanding expenses are from the period between February 28, 2020 and October 18, 2022.
  
3. **Q.** If I sold my tractor or personal vehicle in order to pay my FSA installment, would that qualify as an extraordinary measure?  
**A.** Yes. The sale of essential assets required to maintain the current operation level of your farm and household in order to pay an FSA loan installment can qualify as an extraordinary measure.
  
4. **Q.** Where do I submit my assistance request and upload documentation?  
**A.** You can submit requests for extraordinary measure assistance in two ways: send in a direct request at [farmers.gov/ira22006request](https://farmers.gov/ira22006request), or submit a request in person at your local FSA office. A response team at the National Office reviews all requests and makes eligibility determinations. All requests for assistance must be received by December 31, 2023. Assistance is subject to funding availability.
  
5. **Q.** Once I submit my request, when will I receive a status update?  
**A.** Extraordinary measures requests will be processed in the order in which they are submitted. All borrowers who submit requests will receive a phone call from a member of the Response Team. The borrower will also receive a letter from the reviewer either requesting additional information, if needed, or a letter informing them that their request was received complete and will be processed as quickly as possible, which is not a guarantee of approval. Both letters will also provide an acknowledgement to the borrower of the date that their request was received.

\*Under 7 C.F.R. 671.2(b) Essential family living and farm operating expenses are those that are: (1) basic, crucial or indispensable, and (2) are determined by FSA based on the specific borrower's operation, what is typical for that type of operation in the area, and what is an efficient method of production considering the borrower's resources. For the purposes of extraordinary measures assistance, essential family living and farm operating expenses include but are not limited to essential: health and medical expenses, hired labor; machinery repair; farm building and fence repair; interest on loans and credit or purchase agreement; rent on equipment, land, and buildings; feed for animals; seed, fertilizer, pesticides, herbicides, spray materials and other necessary farm supplies; livestock expenses, including medical supplies, artificial insemination, and veterinarian bills; machinery hire; fuel and oil; taxes; water charges; personal, property and crop insurance; auto and truck expenses; and utility payments. Expenses ineligible for extraordinary measures assistance include, but are not limited to, the following: household operating expenses, food, clothing and personal care, house repair and sanitation, school and religious expenses, and transportation.