USDA

United States Department of Agriculture

Farm Service Agency

Fact Sheet May 2021

AMERICAN RESCUE PLAN

Debt Payments for Socially Disadvantaged Producers

The American Rescue Plan Act Section 1005 includes provisions for USDA to pay up to 120% of loan balances, as of January 1, 2021, for Farm Service Agency (FSA) Direct and Guaranteed Farm Loans and Farm Storage Facility Loans to any Socially Disadvantaged producer who has a qualifying loan with FSA. This includes producers who are one or more of the following: Black/African American, American Indian, Alaskan Native, Hispanic/Latino, Asian American, or Pacific Islander. 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.

The 120% payment represents the full cost of the loan to include 100% toward loan balances as of January 1, 2021, and the 20% portion is available for tax liabilities and other fees associated with payment of the debt. Any payments by borrowers made since January 1 will be reimbursed in full.

How to Participate

Eligible Direct Loan borrowers will begin receiving debt relief letters from FSA in the mail on a rolling basis, beginning the week of May 24. Information for Guaranteed Loan borrowers will be available within 120 days. After reviewing closely, eligible borrowers should sign the letter when they receive it and return to FSA. FSA employees will assist borrowers with their questions free of charge and will help producers complete any required documents. USDA will collaborate with community-based organizations and universities on outreach, technical assistance, and providing borrowers with access to financial, legal, and tax planning services. Details about how to request a meeting with FSA are in each letter.

If you're uncertain of your demographic designation on file at FSA, you can contact your local service center to verify your classification on record. If an update or correction is needed, you may either fill out **USDA Form AD-2047** or work with your **local service center** to update your record, including race and ethnicity.





American Rescue Plan DEBT PAYMENTS

Now

If you are uncertain of your demographic designation on file at FSA, you can contact your local service center to verify your classification on record. If an update or correction is needed, you may either complete a USDA Form AD-2047 or work with your local service center to update your record, including race and ethnicity. You should also review your loan documents and payment history, and then compare your records to those that will be described in a letter you will receive from FSA.

Week of May 24 through June

Most eligible Direct Loan borrowers will receive a letter from FSA outlining the FSA loan balances that will be paid and the payment amount the borrower will receive, that they will need to sign and return. Information for Guaranteed Loan borrowers will be available within 120 days.

Ongoing

If you agree with the letter, you should sign and return it to FSA at the address provided. The signed letter can also be hand delivered to your local FSA service center. Eligible Direct Loan borrowers can contact their local FSA service center if they have questions or need assistance reviewing the letter.

June

FSA begins to process signed letters for payments. About three weeks after a signed letter is received, eligible Direct Loan borrowers who qualify will have their eligible loan balances paid and will receive a payment of 20% of their total qualified debt by direct deposit, which may be used for tax liabilities and other fees associated with payment of the debt.

Mid-July

If an eligible Direct Loan borrower has not received a letter, or more than three weeks have passed since you mailed FSA the signed letter, contact your local FSA service center.

Farmers.gov/AmericanRescuePlan

Eligible Loans

Eligible loans are those:

- Made directly by FSA, including Farm Storage Facility Loans, Direct Farm Ownership Loans, Farm Operating Loans, including Microloans and Youth Loans, Emergency Loans, Conservation Loans, and Soil and Water Loans; and
- Guaranteed 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.

Certain USDA loans are not eligible, including Marketing Assistance Loans and Rural Development loans. Also, loans from commercial lenders such as banks, credit unions or Farm Credit institutions that do not include a FSA guarantee are not eligible.

Learn More

The American Rescue Plan Act seeks to address the cumulative effects of discrimination among socially disadvantaged producers with a program of debt relief and long-term racial equity work.

More information and resources, including frequently asked questions are available at: Farmers.gov/AmericanRescuePlan.

If you need additional assistance, our Call Center is available at 877-508-8364

