

<County Office Name>
<Address Line 1>
<Address Line 2>
<City>, <State> <Zip Code>

<FLP Code>

<Borrower Name>
<Address Line 1>
<Address Line 2>
<City>, <State> <Zip Code>

INFLATION REDUCTION ACT SECTION 22006 EXTRAORDINARY MEASURES ASSISTANCE

Dear Borrower,

May 19, 2023

This letter is to inform you that the Farm Service Agency (FSA) is announcing a 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. This assistance is part of USDA's continuing efforts to assist borrowers through implementation of Section 22006 of the Inflation Reduction Act (IRA), which provided \$3.1 billion for USDA to provide relief for distressed borrowers with certain FSA direct and/or guaranteed loans and whose agricultural operations are at financial risk.

A brief description of extraordinary measures assistance is provided below. Additional information is included in the enclosed Appendix.

Extraordinary Measures Definition:

Extraordinary measures are actions taken to remain current on Farm Loan Program (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.

Extraordinary Measures Assistance Eligibility:

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.

Extraordinary measures can include actions such as taking on more debt, selling property, or cashing out retirement accounts. To see the full list of eligibility criteria for this assistance, **see page 3 of the Appendix.**

More information on how extraordinary measures assistance will be calculated is available **on page 5 of the Appendix.**

How to Request Assistance:

You can submit requests for extraordinary measure assistance in two ways: send in a direct request at **farmers.gov/ira22006request**, or submit a request in person at your local FSA office.

For more information on what to include in your request and what documentation is required to successfully receive assistance, **see page 5 of the Appendix.**

Additional IRA Section 22006 Assistance:

If you don't qualify for a payment under the extraordinary measures criteria, you may qualify for other assistance available to distressed borrowers under IRA Section 22006. For more information, **see page 6 of the Appendix.**

Tax Information:

Any IRA payments provided directly to borrowers and payments to be applied to FSA farm loan accounts must be reported to the Internal Revenue Service (IRS). Borrowers receiving this assistance will receive a 1099 form from FSA. **See page 7 of the Appendix** for more information.

Sincerely,

A handwritten signature in black ink that reads "Zach Ducheneaux". The signature is written in a cursive, flowing style.

Zach Ducheneaux
Administrator

Appendix: Extraordinary Measures Assistance

Extraordinary Measures Program Eligibility Criteria:

You may be eligible for this assistance if you:

- Are a current FSA direct loan borrower;
- Took any of the qualifying extraordinary measures below between February 28, 2020 through October 18, 2022 to pay an installment on your qualifying direct FLP loan; **and**
- Can provide required supporting documentation to FSA.

Please be aware that FSA farm loan accounts that have been paid in full are not eligible for IRA Section 22006 payment assistance. Qualifying direct FLP loan types are: Farm Ownership, Operating (including Youth and Microloans), Emergency, Conservation, and Soil and Water loans.

Qualifying extraordinary measures for FSA IRA Section 22006 payment assistance are:

- Deferral of a loan that is not an FSA loan;
- Obtaining additional debt* not ordinarily taken on in the normal course of business through resources outside of FSA and/or formal or informal loans from family members or individuals to make your FSA farm loan payments;
- Delinquency as of May 19, 2023 on essential family living and farm operating expenses** in order to make your FSA farm loan payment, provided the outstanding expenses are from the period between February 28, 2020 and October 18, 2022;
- Early withdrawal of non-liquid assets such as retirement funds, college funds or long-term investments with related fees or penalties for early withdrawal; and
- The sale of essential assets that are required to maintain the current operation level of your farm and household.

*Credit card debt will only be considered if it can be documented that it was accrued to pay essential family living and farm operating expenses** and if it is debt the borrower was unable to pay off in the same production cycle as the FSA installment payment on qualifying direct FLP loans.

**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.

How to Request Extraordinary Measures Assistance:

1. You can submit requests for extraordinary measures assistance through one of the following channels:
 - You can request assistance directly using the Farmers.gov 22006 assistance request portal: **farmers.gov/ira22006request**, **or**
 - In person at your local FSA office.

If you are requesting extraordinary measures assistance directly using the Farmers.gov 22006 assistance request portal:

- Please visit the Farmers.gov 22006 assistance request portal: **farmers.gov/ira22006request**
- Input necessary information into the required fields
- Securely upload the supporting documentation listed below under the Required Information and Documentation section
- Submit your request for assistance

If you are requesting extraordinary measures assistance in person with your local office:

- Please bring the information and documentation listed below under the Required Information and Documentation section to your local FSA office.
- FSA will collect your information and documentation, upload it to the Farmers.gov 22006 assistance request portal, and provide a receipt for service.

All requests for assistance must be received by December 31, 2023. Assistance is subject to funding availability.

2. After submitting your request, you will receive an acknowledgment letter in the mail from FSA that your request was received and is being processed. If additional information is needed to complete the processing of your request, you will receive a Request for Additional Information Letter. If the requested information is not received within a specified timeframe, FSA will send the borrower a Reinstatement Request Letter informing the borrower that FSA cannot process the borrower's request until additional information is provided.
3. Your request will be reviewed by a Response Team at the FSA National Office, and you will receive an eligibility determination letter by mail.

Regardless of whether you submit your request directly via email or in person at your local FSA office, the request will be processed and reviewed by a Response Team within the National Office. While the local office may assist with collecting your

documentation if you choose to submit your request in person, the Response Team will be reviewing your request and making a determination. Appeal regulations in 7 CFR parts 11 and 780 apply to determinations under extraordinary measures assistance.

Required Information and Documentation:

- Name of the entity or individual by which the FSA installment was paid, including the state in which the operation does business
- Last 4 digits of the SSN or EIN related to the FSA loan account
- Contact Information: address of headquarters of operations and phone number
- Borrower's bank account number and routing number
- Payment request information:
 - The dollar amount of the extraordinary measure(s) used to pay FSA loan installments
 - Number of installments paid using extraordinary measure(s)
 - Amount of each installment paid using extraordinary measure(s)
 - Corresponding FSA loan number(s) for loan installment(s) paid using extraordinary measure(s)
- A copy of supporting documentation that demonstrates your extraordinary measure(s) taken. Examples of documentation include, but are not limited to the following:
 - **For deferral of a loan that is not an FSA loan:**
 - Documentation from the lender demonstrating the loan deferral and the amount deferred
 - **For additional debt obtained through resources outside of FSA and/or formal or informal loans from family members or individuals unrelated to the normal course of business to make your farm loan payments:**
 - Formal loan documentation demonstrating loan approval; or
 - A letter from family member(s) documenting that funding was a loan, and bank statement(s) showing the transfer of funds
 - **For delinquency on essential family living and farm operating expenses:**
 - Copy of delinquent bill(s) or statement(s) demonstrating delinquency
 - **For withdrawal of non-liquid assets such as retirement funds, college funds or long-term investments with related fees or penalties for early withdrawal:**
 - Retirement account or other long-term investment account statements reflecting the amount withdrawn and any related fees or penalties
 - **For sale of assets:**
 - Bills of sale reflecting the date sold, asset sold, and amount received

How Extraordinary Measures Assistance Will Be Calculated:

Extraordinary measures assistance will equal the total payment amount(s) FSA received on qualifying direct FSA loans as a result of the extraordinary measure(s) the borrower took between February 28, 2020 through October 18, 2022 to avoid delinquency on their qualifying direct FSA loan(s). Multiple extraordinary measures can be eligible for assistance,

but only for loan payments made within the same production year in which the extraordinary measure was taken.

Extraordinary measures payments will equal only the amount of funds obtained through the extraordinary measure(s) that were used to make the payment(s) to FSA, with a maximum payment being the full amount of the installment paid. For instance, if a borrower obtained an additional, non-FSA loan of \$60,000 and in the same production cycle used \$30,000 of it to make their \$30,000 FSA installment payment, they could be eligible for \$30,000 in assistance. If the borrower took out a \$40,000 non-FSA loan and in the same production cycle used the full amount to cover half of a \$80,000 installment, they could be eligible for \$40,000 in assistance.

These payments will be made directly to the borrower via direct deposit. For borrowers who withdrew non-liquid assets early, such as retirement funds, college funds, or long-term investments, these payments will also cover any fees or penalties incurred as a result of the early withdrawal. Extraordinary measures direct payments must be reinvested in the farming operation or used to address the consequences of the extraordinary measures that were taken, such as repayment of farm debt, repurchase of an asset, or reinvestment into retirement funds, college savings, or other long-term investment funds. A borrower's request for this assistance will serve as that borrower's certification that they agree to the terms of this payment, including that they will only use the funds in this manner.

In addition to the direct payment outlined above, borrowers may also be eligible to receive a payment covering their next loan installment due on all FLP direct loans if they have not received prior IRA Section 22006 assistance that covered a forward installment (e.g. if a borrower previously received an IRA Section 22006 automatic payment that included a payment on their next installment). These installment payments will be applied directly to borrowers' FSA loan account(s). Eligible borrowers also have the option to decline this additional payment and may do so when they submit their request for an extraordinary measures payment.

Additional FSA IRA Section 22006 Assistance:

On February 16, 2023, USDA announced an additional tool to provide assistance to distressed direct farm loan borrowers that will enable FSA to intervene more quickly and provide a one-time installment payment to direct loan borrowers before they become delinquent or to those direct loan borrowers who have recently become delinquent. If you have not received prior IRA automatic payment assistance and you are within 60 days of your payment due date or have already missed a recent installment payment and lack sufficient cashflow to make that installment, you may qualify for this assistance. Read USDA's February announcement and find more information on this assistance at farmers.gov/loans/inflation-reduction-investments/assistance.

This assistance is currently limited to installments due August 1, 2022, through September 30, 2023, and should be requested by December 31, 2023. To request assistance, you will need to submit a current year cash flow projection for FSA to conduct a cash flow analysis

and determine if you qualify as a financially distressed borrower. Additional information on a new tool that borrowers can use to submit requests for assistance under this category is forthcoming. In the meantime, borrowers can express interest in this assistance with their local FSA office or the FSA Call Center at 1-877-508-8364.

Important Tax Information:

Similar to other USDA IRA assistance, payments provided directly to borrowers and payments to be applied to FSA farm loan accounts will be reported to the Internal Revenue Service (IRS). Borrowers receiving this assistance will receive a 1099 form from FSA. Please note that payments over \$600 are subject to Federal and State Income Taxes and will be reflected on your annual 1099 form. Borrowers are encouraged to consult a tax professional with all tax-related questions regarding any IRA assistance received. USDA also has tax-related resources at **farmers.gov/taxes**.

FSA IRA Assistance for borrowers is a continuation of USDA's efforts to keep farmers on their land and part of USDA's broader efforts to make its full suite of loan options more accessible to all producers, while also adding additional tools and flexibilities to improve loan servicing. Additional announcements and investments in assistance will be made by USDA in the coming months.

If you have questions about either of the IRA debt relief assistance tools previously mentioned above, please contact your local FSA office. You may also contact the FSA Call Center at 877-508-8364 between 8:00 am and 7:00 pm Eastern time for general questions, alternative accommodations, or for assistance in contacting your local FSA office.