OPTIONAL LENDER LIQUIDATION CHECKLISTS

BORROWER: _____ DATE: _____

Within 150 days after the payment due date (or date of non-monetary default), all lenders will prepare a Liquidation Plan. SEL and CLP lenders will submit the Liquidation Plan to FSA for Agency review. The Agency review should be completed within 20 days.

PART A – LIQUIDATION PLAN

See Paragraph 358 (or other listed 2-FLP Paragraphs) for more details:

- ☐ A current balance sheet or best available similar information and/or bankruptcy schedules.
- ☐ The proposed method for maximizing collection from remaining security.
- ☐ The proposed method for maximizing collection on the debt from non-security items and judgment possibilities.
- ☐ If the borrower converted security, will litigation be cost effective? Will civil or criminal action be pursued? If no action is being taken, why not?
- ☐ A recommendation regarding release of liability for the borrower.
- ☐ A current independent appraisal(s) of all remaining security. If an appraisal is ordered but not yet received, state so and estimate the security value. If FSA concurs an appraisal is not needed, submit a list of security yet to be sold.
- ☐ A time schedule for liquidation of all security.
- ☐ An estimated loss claim if the liquidation period is expected to exceed 90 days. If this is not submitted, then submit an estimate of reasonable liquidation expenses.
- ☐ A Guaranteed Farm Loan Default Status Report, Form FSA-2248, if not submitted within the previous 60 days.
- ☐ If still sold on the secondary market, the lender's plan to repurchase (Par. 374).
- ☐ A copy of the acceleration letter (Par. 357C).
- ☐ An estimate of any expected protective advances not yet incurred (Par. 359E).

PART B –ESTIMATED LOSS CLAIMS

An Estimated Loss Claim should be submitted by the lender no later than 150 days after the missed payment due date unless the account has been completely liquidated. Delays beyond 150 days will generally result in less interest accrual coverage by FSA than a claim timely submitted. For bankruptcy cases see 2-FLP Paragraph 342.

See Paragraph 359 (or other listed 2-FLP Paragraphs) for more details.

- ☐ An Estimated Loss Claim, Form FSA-2254 should be submitted no later than 150 days after the due date unless complete liquidation will be done by then.
- ☐ A current net recovery calculation worksheet showing liquidation expenses (see Exhibit 10).
- ☐ A ledger documenting all loan and protective advance amounts & purposes, interest accrual (separate for any protective advance), payments and interest rate changes including identifying the current rate (see Instructions to Form FSA-2254 & Par. 360C).
- ☐ If the note has Interest Assistance (IA), submit a final IA claim, Form FSA-2222 (Par. 228C).
- ☐ A list of security disposed of by the borrower with documentation as to what happened to the proceeds (Par. 264A & 360C). Include all mortgaged land and all chattels on hand at or acquired since the last complete security reconciliation occurred.
- ☐ Updated Electronic Funds Transfer account information (Par. 360C).
- ☐ The name, address and Social Security Number of any co-borrower, guarantor, or co-signer if the loan was made using an application form with a revision date July 20, 2001 or later.

For loans made before July 10, 2008, the Liquidation Decision Date: _____ (Normally the *earliest* of the following events):

- ☐ The date the borrower clearly agreed to liquidate, or
- ☐ The date the borrower's mediation rights ended, or
- ☐ The date the borrower filed bankruptcy, or
- ☐ 120 days past due.

Tips for properly preparing Estimated Loss Claims:

For Principal Balance amount, use the amount owed when the account became past due. If collections have been made since then show the amounts and all liquidation expenses in the loss claim form.

For loans dated July 10, 2008 or later, loss claims should show accrued interest of no more than 150 days after the first missed payment due date. For loans dated before July 10, 2008, FSA's responsibility to pay accrued interest usually stops 210 days from the first missed payment due date, but no more than 90 days after the Liquidation Decision Date.

Default interest, late charges and packager or outside consultant fees for loan servicing are not payable by FSA. If they are included in the lender's records, for loss claim purposes the account must be re-calculated without them.