

**Exhibit 16**  
IRA Letter to Financially Distressed Borrowers



Farm  
Production  
and  
Conservation

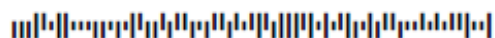
Farm  
Service  
Agency

Farm Loan Programs  
Mail Stop 0520  
1400 Independence Avenue, SW  
Washington, DC 20250-0520

01305

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February 16, 2023



SAMPLE A SAMPLE  
1234 SAMPLE STREET  
ANYWHERE USA 12345

**NOT ENOUGH CASHFLOW TO MAKE YOUR NEXT DIRECT LOAN PAYMENT?  
NEW TOOL ALLOWS EARLIER INTERVENTION BEFORE DELINQUENCY**

Dear Borrower,

On October 18, 2022, the U.S. Department of Agriculture (USDA) announced that distressed borrowers with qualifying USDA farm loans had already received nearly \$800 million in assistance, as part of the \$3.1 billion in assistance for distressed farm loan borrowers provided through Section 22006 of the Inflation Reduction Act (IRA). The IRA directed USDA to expedite assistance to distressed borrowers with direct or guaranteed loans administered by USDA's Farm Service Agency (FSA) whose operations face financial risk.

These initial steps were focused on approximately 11,000 delinquent direct and guaranteed borrowers and approximately 2,100 borrowers who had their farms foreclosed on and still had remaining debt. These borrowers have either had their accounts brought current or they have had their debts resolved. For delinquent direct loan borrowers, USDA also paid their next scheduled annual installment to give them peace of mind in the near term. About 1,600 complex cases, including the cases of borrowers in foreclosure or bankruptcy, are being assessed on a case-by-case basis; borrowers in these situations will be receiving a separate letter describing their IRA payment assistance.

The October 2022 announcement kicked off a process to provide assistance to distressed farm loan borrowers using several complementary approaches, with the goal of keeping you farming and improving the way that USDA approaches borrowing and servicing. Through this assistance, USDA is focused on generating long-term stability and success for distressed borrowers.

Now, with many of these initial payments made or in progress, USDA is announcing details on 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 have recently become delinquent. The new process will add an option to use the existing direct loan servicing criteria to review, upon request, a borrower's cashflow to determine eligibility for assistance to pay the next installment or a recently missed installment.

## Exhibit 16 (Continued)

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Specifically, FSA is now offering new assistance to Farm Loan Program (FLP) direct loan borrowers with certain FLP loans who can demonstrate they are (or were) unable to develop a feasible plan for the current production cycle. These borrowers, known as “financially distressed borrowers” under existing FSA regulations, lack sufficient cashflow in their operating plans to make their most recently due or next loan installment payment when considering all operating costs, family living expenses, and debt repayments for the current production cycle.

If you are a direct borrower of a qualifying loan within 60 days of your due date or have already missed a recent installment payment due since August 1, 2022, you can request a cashflow analysis from FSA. If FSA determines that you qualify for assistance as a financially distressed borrower, FSA will make a one-time payment covering your installment and any additional interest or other costs necessary to make the loan current, using assistance provided under Section 22006 of the IRA. While this new tool may be extended in some form, it is currently limited to installments due August 1, 2022, through September 30, 2023, and should be requested by December 31, 2023. The cash flow analysis will consider the borrower’s financial status as of the date the installment was due regardless of when the application is received. Qualifying loan types are: Farm Ownership, Operating (including Youth and Microloans), Emergency, Conservation, and Soil and Water loans.

If you are interested in this new tool, you should contact your local farm loan officer or the FSA call center and make a request for a review of your cashflow when you are within 60 days of the installment due date (or missed a recent installment/payment) if you believe you may qualify for assistance. FSA will use its existing procedures to review your current financial statement and farm operating plan, including the projected cash flow budget reflecting production, income, expenses, and payment plan for non-FLP debt, to determine if you qualify as financially distressed. Depending on what documents are already on file with FSA, FSA may need to request additional documents or information from you that are necessary to conduct a cash flow review under FSA’s existing procedures. The requested documents must be provided to FSA in order for FSA to determine if you qualify for assistance. You may also contact the FSA call center at 877-508-8364 between 8 a.m. and 7 p.m. Eastern for general questions, for assistance in contacting your local FSA office or to request an alternative accommodation.

Similar to other USDA assistance, these payments will be reported as income and borrowers are encouraged to consult their tax advisors. USDA also has resources and partnerships with cooperators who can provide additional assistance and help borrowers navigate the process. USDA has tax-related resources available at [farmers.gov/taxes](https://www.farmers.gov/taxes).

The announcements in October 2022 and this new tool are only the first steps in USDA’s 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