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| **Type**: | FCA Regulation |
| **Part:** | PART 617 - BORROWER RIGHTS |
| **Subpart:** | Subpart E - Distressed Loan Restructuring; State Agricultural Loan Mediation Programs |
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**§ 617.7400 What protections exist for borrowers who meet all loan obligations?**

**(a)**  A qualified lender may not foreclose on a loan because the borrower failed to post additional collateral when the borrower has made all accrued payments of principal, interest, and penalties on the loan.

**(b)** A qualified lender may not require a borrower to reduce the outstanding principal balance of a loan by any amount that exceeds the regularly scheduled principal installment when due and payable, unless:

**(1)** The borrower sells or otherwise disposes of part, or all, of the collateral without the prior approval of the qualified lender and the proceeds from the sale or disposition are not applied to the loan; or

**(2)** The parties agree otherwise in writing.

**(c)** After a borrower has made all accrued payments of principal, interest, and penalties on a loan, the qualified lender may not enforce acceleration of the borrower’s repayment schedule due to the borrower’s untimely payment of those principal, interest, or penalty payments.

**(d)** If a qualified lender places a loan in non-interest-earning status and this results in an adverse action being taken against the borrower, such as revoking any undisbursed loan commitment, the lender must document the change of status and promptly notify the borrower in writing of the action and the reasons for taking it. If the borrower was not delinquent on any principal, interest, or penalty payment at the time of such action and the borrower’s request to have the loan placed back into accrual status is denied, the borrower may obtain a review of the denial before the CRC pursuant to [§ 617.7310](http://ww3.fca.gov/readingrm/handbook/FCA%20Regulation/617.7310.docx) of this part. The borrower must request this review within 30 days after receiving the lender’s notice.

[[69 FR 10909, Mar. 9, 2004](http://ww3.fca.gov/readingrm/fedreg/Federal%20Register%20Documents/69%20FR%2010901.docx)]