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| **Type**: | Statute |
| **Statute:** | 1971 ACT AS AMENDED |
| **Title:** | Title IV Provisions Applicable to Two or More Classes of Institutions of the System |
| **Part:** | Part C Rights of Borrowers; Loan Restructuring |
| **Subtitle:** | [Subtitle] |
| **Chapter Name:** | [Chapter Name] |
| **U.S. Code Citation** | 12 U.S.C. 2202d |
| **Date Created**: | 12/17/2012 |
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12 U.S.C. 2202d **SEC 4.14D. PROTECTION OF BORROWERS WHO MEET ALL LOAN OBLIGATIONS.**

**(a)** FORECLOSURE PROHIBITED. A qualified lender may not foreclose on any loan because of the failure of the borrower thereof to post additional collateral, if the borrower has made all accrued payments of principal, interest, and penalties with respect to the loan.

**(b)** PROHIBITION AGAINST REQUIRED PRINCIPAL REDUCTION. A qualified lender may not require any borrower to reduce the outstanding principal balance of any loan made to the borrower by any amount that exceeds the regularly scheduled principal installment payment (when due and payable), unless**—**

**(1)** the borrower sells or otherwise disposes of part or all of the collateral; or

**(2)** the parties agree otherwise in a written agreement entered into by the parties.

**(c)** NONENFORCEMENT. After a borrower has made all accrued payments of principal, interest, and penalties with respect to a loan made by a qualified lender, the lender shall not enforce acceleration of the borrower's repayment schedule due to the borrower having not timely made one or more principal or interest payments.

**(d)** PLACING LOANS IN NONACCRUAL STATUS.

**(1)** NOTIFICATION. If a qualified lender places any loan in nonaccrual status, the lender shall document such change of status and promptly notify the borrower thereof in writing of such action and the reasons therefor.

**(2)** REVIEW OF DENIAL. If the borrower was not delinquent in any principal or interest payment under the loan 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 such denial before the appropriate credit review committee under section [4.14](http://ww3.fca.gov/readingrm/handbook/Statutes/SEC.%204.14.docx).

**(3)** APPLICATION. This subsection shall only apply if a loan being placed in nonaccrual status results in an adverse action being taken against the borrower.