



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

*Supplemental to FmHA No. 2445 (1945)  
March 13-12-92  
Replaced with FmHA No. 2454 (1992)  
1-31-92*

FmHA AN No. 2454 (1945)  
January 31, 1992

SUBJECT: Agricultural Stabilization and Conservation Service (ASCS)  
Disaster Payments

TO: State Directors, District Directors, and County Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is issued to notify FmHA personnel of the method to be used in making insured operating (OL) and emergency (EM) loans when the applicant is also eligible for ASCS disaster payments in 1992. The intended outcome is to ensure timely and consistent processing of loans.

COMPARISON WITH PREVIOUS AN:

No previous ANs have been issued on this subject. This AN is being issued because of ASCS disaster payments made available in recent legislation.

IMPLEMENTATION RESPONSIBILITIES:

Appropriations for ASCS Disaster Payments

- \* \$995 million has been appropriated for ASCS disaster payments for 1991 and 1992 crop year losses.
- \* Applicants may receive ASCS disaster payments for losses which occurred in crop years 1990 or 1991 on a farm-by-farm basis.
- \* EXAMPLE: If funds appropriated represent 60 percent of total claims filed, each farmer will receive 60 percent of the payment for which he/she is entitled.

EXPIRATION DATE: December 31, 1992

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1945-D



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

- \* Maximum entitlement for each farmer will be calculated by ASCS during signup.
- \* Exact payment each farmer will receive will not be known until after signup period ends. Signup period begins February 3 and closes March 13, 1992.

Affect on FmHA Applicants

- \* OL/EM loan applicants who are also eligible for ASCS disaster payments may either request FmHA to proceed with processing of their EM and/or OL application based on the maximum ASCS entitlement or wait for final determination of ASCS benefits.

\* IF THE APPLICANT CHOOSES TO PROCEED:

- Cash flow will be developed assuming farmer will receive 100 percent of the ASCS disaster payment entitlement (from 1990 or 1991 losses).
- FmHA EM loan eligibility and maximum EM loan amount will be calculated using 100 percent of ASCS disaster entitlement on 1991 losses only.
- It will be FmHA policy to provide all credit needs to the applicant by the use of EM and/or OL loans. The following example assumes \$100,000 in credit needed and maximum EM loan amount of \$60,000 (after deducting 100 percent ASCS disaster entitlement).

\$100,000 -- credit needs  
 \$ 60,000 -- EM loan  
 \$ 40,000 -- OL loan to meet full credit needs

IN THESE SITUATIONS, FmHA WILL REQUIRE AS A LOAN CONDITION THAT THE ASCS DISASTER PAYMENT BE ASSIGNED TO FmHA AND APPLIED AS PAYMENT ON THE FmHA LOAN AS PROVIDED IN SECTION 1951.10 OF FmHA INSTRUCTION 1951-A.

- For those cases in which a feasible plan can be developed without consideration of the disaster payments, loan conditions will require those payments to be made jointly to FmHA and the applicant, rather than assigned to FmHA.
- \* IF THE APPLICANT DECIDES TO WAIT FOR A FINAL DETERMINATION BY ASCS:
- Applicant should file application. County Supervisors will advise applicants to file applications if the 8-month time limit to apply is due to expire.
  - FmHA will hold EM and/or OL loan application as incomplete until actual amount of applicant's disaster payment is determined by ASCS.

- If applicant does not have 30 percent loss to qualify for EM loan based on 100 percent disaster payment, but might qualify if disaster payments are less than 100 percent, the application will be held as incomplete until disaster payment is determined by ASCS.
- If application is held as incomplete, the applicant will be notified as required in Section 1910.4(c) of FmHA Instruction 1910-A.
- Applicants cannot be asked to waive ASCS benefits.
- \* If the terms of the EM and/or OL loan(s) exceed one year, a typical year Farm and Home Plan must be developed which shows cash flow without the ASCS disaster payment.

Distribution of ASCS Disaster Payments

- \* ALL assignments must be requested on Form CCC-36, "Assignment of Payment," which is available in the ASCS County Office.
- \* Joint payments must be requested on Form CCC-37, "Joint Payment Authorization," which is available at the ASCS County Office.

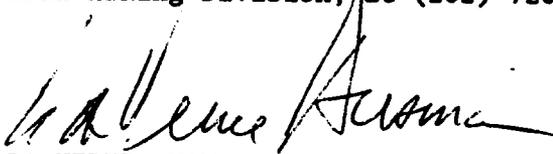
Summary

It is imperative that the processing of EM and OL loan applications for farmers who are also eligible for ASCS disaster benefits continue without delay.

Cash flow budgets, EM loan eligibility, and maximum EM loan entitlement will be developed assuming the applicant will receive 100 percent of the ASCS entitlement.

If applicant chooses to proceed with loan processing based on maximum ASCS entitlement, FmHA will require AS A LOAN CONDITION that disaster payments paid by ASCS be assigned to FmHA, or, if the payment is not necessary for a feasible plan, made jointly payable to FmHA.

Questions regarding this AN should be directed to David Smith, Farmer Programs Loan Making Division, at (202) 720-1645 or FTS 720-1645.



LA VERNE AUSMAN  
Administrator

Sent by Time Delay Option to States at 12:00 on 2/3/92 ; to Districts at 2:00 on 2/3/92 ; and to Counties at 4:00 on 2/3/92 by GSS.