



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN. No. 2490 (1962)  
March 12, 1992

**SUBJECT:** Requirements for Signing the Commodity Credit Corporation Lien Waiver, Form CCC-679 for Farmer Program Borrowers

**TO:** State Directors, District Directors,  
and County Supervisors

**ATTN:** Farmer Programs Chiefs

**PURPOSE/INTENDED OUTCOME:**

The purpose of this Administrative Notice (AN) is to replace FmHA AN No. 2479 (1962), "Requirements for Signing the Commodity Credit Corporation (CCC) Lien Waiver Form," dated February 28, 1992. Effective January 31, 1992, the Agriculture Stabilization and Conservation Service (ASCS) cancelled the Memorandums of Understanding (MOU), Exhibits B and C of FmHA Instruction 1962-A. ASCS regulation now requires that FmHA sign a COMMODITY CREDIT CORPORATION Lien Waiver, Form CCC-679, before a commodity loan is disbursed to a borrower. The intended outcome is to provide guidance on items to review when determining if the Lien Waiver should be signed when CCC funds are involved.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces AN 2479 dated February 28, 1992, requiring fewer restrictions for executing Form CCC-679.

**IMPLEMENTATION RESPONSIBILITIES:**

Section 1962.30(e)(1) of FmHA Instruction 1962-A prohibits FmHA from executing a Lien Waiver Form for the purpose of CCC loan funds. The above MOU's were used to present a substitute method for executing CCC Lien Waivers. Since the MOU's are no longer in effect, and until this section of the regulation is revised, you should comply with the steps listed in this AN on a case by case basis when reviewing a request to sign Form CCC-679.

**EXPIRATION DATE:** March 31, 1993

**FILING INSTRUCTIONS:**  
Preceding FmHA  
Instruction 1962-A



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

1. When a borrower requests the execution of Form CCC-679, you should immediately contact the ASCS office to verify if the borrower has any unsettled claims that ASCS would offset from the loan proceeds. If not, you should mark block 2 of Form CCC-679 and immediately execute the form. (An analysis of the farmer's financial position is not necessary in this case.)

2. If ASCS shows that the borrower does have ACTIVE CLAIMS that have not been settled, you must conduct an analysis to determine if the borrower has adequate income to pay ALL ASCS unsettled claims and FmHA's installments after consideration has been given to the agreed upon releases per Form FmHA 1962-1 "Agreement for the USE of Proceeds/Release of Chattel Security". The release of CCC loan funds to pay ASCS unsettled claims must be authorized on Form FmHA 1962-1. A revision to Form FmHA 1962-1 may be necessary to show that FmHA installments WILL BE PAID from available income. This requirement will be based on ALL income, which includes, farm income, non-farm income and the proposed CCC loan funds. If it is determined that adequate income is available to meet these requirements, you should check block 3 of Form CCC-679, and immediately execute the form. THE ABOVE REQUIREMENTS FOR DETERMINING REPAYMENT ABILITY ONLY APPLY WHEN DECIDING WHETHER TO EXECUTE FORM CCC-679 AND SHOULD NOT BE USED WHEN DETERMINING REPAYMENT ABILITY FOR LOAN MAKING AND SERVICING.

3. If adequate income, including the CCC loan funds, is not available to meet the requirements in item 2, the borrower's request will be denied. The borrower should be advised to contact the local ASCS office and try to work out a solution with the unsettled claims.

It has also come to our attention that Form CCC-679 is interpreted by some in the field as a total "lien waiver" by which FmHA releases its lien on all crops placed in the CCC loan program and no longer has any interest in such crops. We have discussed this issue with the Office of the General Counsel (OGC) at the National Office and wish to clear up this misinterpretation. When a County Supervisor executes Form CCC-679, we are waiving our interest in the crops in favor of CCC ONLY. Insofar as parties other than CCC are concerned, we still have a valid lien on the crops and their proceeds.

The above guidance should not be confused with AN No. 2454 (1945) and AN No. 2455 (1980) concerning ASCS disaster payments. Each FmHA County Office should notify its respective ASCS Office of the method FmHA will be using to determine justification for executing the Lien Waiver.

Revised regulations covering the subject matter of this AN should be published in the field offices within the next 6 months. Questions concerning this AN should be directed to Johnny Toles, Farmer Programs Inventory Property Unit, at 690-4014.

ANY REVISIONS OR MODIFICATIONS TO THIS AN THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR OF FARMER PROGRAMS BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH STATE LAW.



LA VERNE AUSMAN  
Administrator

Sent by Time Delay Option to States on 3/12/92 at 4:00 ; to Districts on 3/13/92 at 8:00 ; and to Counties on 3/13/92 at 10:00 by GSS.