



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1881 (1956)

March 16, 1989

SUBJECT: Debt Settlement

TO: All State Directors and District Directors

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is intended to provide guidance on Farmers Home Administration (FmHA) Instruction 1956-B, Section 1956.66(a).

COMPARISON WITH PREVIOUS AN:

This AN replaces AN 1696 (1956) dated December 14, 1987, which expired September 30, 1988.

IMPLEMENTATION RESPONSIBILITIES:

FmHA Instruction 1956-B, Section 1956.66(a), permits borrowers to keep their security under certain circumstances. These circumstances require cash offers by the borrowers of an amount equal to the current fair market value of the security. Any remaining unsecured debt may be debt settled. Such settlement may include a compromise or adjustment offer. The offer to settle the unsecured debt must be based on the borrower's repayment ability as outlined in Section 1956.66(a)(2) of FmHA Instruction 1956-B.

NEAL SOX JOHNSON
Acting Administrator

EXPIRATION DATE: February 28, 1990

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1956-B



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