



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1886 (1951)

March 20, 1989

SUBJECT: Clarification of When State Directors Review  
Calculations for Buy Out At Net Recovery Value Of  
Farmer Program Loans

TO: State Directors, District Directors and County  
Supervisors

ATTN: Farmer Program Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide clarification on when Farmers Home Administration State Directors review calculations for buy out at net recovery value when mediation or a voluntary meeting of creditors is involved. FmHA Instruction 1951-S does not clearly address this situation and clarification is needed to assure nationwide uniformity.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Feasible Plan Cannot be developed after Mediation. If the Debt and Loan Restructuring System (DALR\$) calculations indicate that a feasible plan cannot be developed, and the borrower has creditors other than FmHA, a printout of DALR\$ will be attached to Exhibit E, "Notification of Request For Mediation or Meeting of Creditors", and sent to the borrower by certified mail return receipt requested. The attachment to this AN should be attached to the DALR\$ printout provided with Exhibit E when a feasible plan of operation cannot be developed without mediation or a voluntary meeting of creditors. The FmHA State Director WILL NOT be sent the DALR\$ printout until Mediation or a Voluntary Meeting of Creditors has been concluded or; the borrower does not respond to Exhibit E within 30-days or; the borrower fails to participate in State Certified Mediation.

EXPIRATION DATE: January 31, 1990

Filing Instructions:  
Preceding FmHA  
Instruction 1951-S



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Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

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If mediation or the voluntary meeting of creditors is not successful, the county supervisor will forward the borrower's Farm and Home Plan and the original printout of the DALR\$ calculations to the FmHA State Director for review of the calculations before recovery buy out offer is made to the borrower. Attachments 5 and 6 of Exhibit A, and the printout of DALR\$ will not be sent to the borrower until the State Director has concurred in the buyout calculations.

Please call Chester Bailey at commercial (202) 382-1471 or FTS 382-1471, if you have any questions.



NEAL SOX JOHNSON  
Acting Administrator

Attachment

Sent by ASD 12:17 Pm to States; 2:30 Pm to Districts; 4:30 Pm to Counties; March 22, 1989 by time option telemail. State Directors will immediately distribute to Farm Programs Chiefs and other appropriate personnel.

Use as an attachment to the "Debt and Loan Restructuring System" (DALR\$) printout attached to Exhibit E, "Notification of Request for Mediation on Meeting of Creditors".

The "Debt and Loan Restructuring System" (DALR\$) printout attached is a preliminary determination that a feasible plan of operation cannot be developed after considering primary loan service, Softwood Timber and Farm Debt Restructure and Conservation Set-Aside Easement Programs. FmHA is requesting that you consider mediation or a meeting with your undersecured creditors, including FmHA, holding a substantial portion of your debt in an effort to obtain a debt adjustment agreement with such creditors which may permit the development of a feasible plan of operation.