



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

89 JUN 19 AM 8:35

FmHA AN No. 1937 (1951)

June 9, 1989

SUBJECT: Requesting an Opinion from the Office of the  
General Counsel to Support FmHA's Findings of  
Lack of Good Faith

TO: State Directors, District Directors and County  
Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify FmHA Instruction 1951-S, Section 1951.909 (c)(2), as to when the Farmers Home Administration (FmHA) should request an opinion from the Office of the General Counsel (OGC) to support denials of Primary Loan Servicing based on the borrower's lack of good faith. The intended outcome is to assure that the request for an opinion from OGC substantiating an administrative finding of the borrower's lack of good faith is carried out as required.

COMPARISON WITH PREVIOUS ANs:

No previous ANs have been written on this subject.

IMPLEMENTATION RESPONSIBILITIES:

When requesting an opinion from OGC on lack of good faith, FmHA should comply with the requirements of this AN. OGC opinions are required to substantiate denials of Primary Servicing only when the denials are based on allegations of fraud, waste, and/or conversion. Denials based on a lack of good faith in meeting FmHA Form 1962-1 "Agreement for the use of Proceeds/Release of Chattel Security" or any other agreements made with FmHA need NOT be accompanied by an OGC opinion.

EXPIRATION DATE: June 30, 1990

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1951-S



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

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However, if failure to follow FmHA Form 1962-1 was classified as conversion for FmHA Instruction 1962-A, then an OGC opinion would be required. It is recommended, however, that FmHA list all reasons for a servicing denial due to a lack of good faith.

If you should have questions regarding the above, please contact Johnny Toles at FTS-447-6293.



NEAL SOX JOHNSON  
Acting Administrator

Sent by Time Delay Option to States at 10:00A on 6/12; to Districts at 12:00P on 6/12; and Counties at 2:00P on 6/12 by ASD.