

Replaced after expiration by FmHA AN No. 2671 (1902)
dated 10-22-92



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2072 (1902)

March 27, 1990

SUBJECT: Reducing the Use of Supervised Bank Accounts for
Farmer Program Borrowers

TO: State Directors

ATTN: Farmer Program Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to emphasize the need to monitor the use of Supervised Bank Accounts (SBAs). It has been brought to our attention, through an Office of the Inspector General Audit and a review of Farm and Housing Activity Reports, that in spite of the decreasing number of SBAs since 1985, large amounts of money continue to be carried in SBAs. The intended outcome is to reduce the use of SBAs and to ensure that SBAs are being used only as set forth in Farmers Home Administration (FmHA) Instructions.

COMPARISON WITH PREVIOUS AN:

No previous ANs have been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The multiple advance feature of the Loan Disbursement System should be utilized whenever possible to request loan checks. As discussed in FmHA Instruction 1902-A, Section 1902.2, SBAs should be used only in those instances when necessary to provide adequate borrower supervision and to protect the interests of the Government. Occasionally, when a borrower clearly demonstrates an inability to control his/her income, the SBA may be used until the borrower learns how to properly manage his/her financial affairs. If a borrower is delinquent, income from the sale of security should be paid on the delinquency and not deposited in an SBA. Supervised Bank Accounts should only be used over a

EXPIRATION DATE: January 31, 1991

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1902-A



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Secretary of Agriculture, Washington, D.C. 20250

short period of time, and then be closed quickly in accordance with FmHA Instruction 1902-A, Section 1902.15. The use of SBAs must be kept to a minimum because they:

1. Are a non-productive use of a borrower's financial resources,
2. Consume large amounts of FmHA administrative time,
3. Become counterproductive as a supervisory tool after prolonged use.

State Directors should ensure that SBAs are being properly utilized by monitoring SBAs monthly. Such monitoring can be done by requesting an Ad Hoc Report from the Field Office Operating Reporting System (FOORS), and sharing such reports with the Farmer Programs Staff, District Directors (DD), and Program Review Assistants. Any questions or problems on FOORS should be addressed to the Statistics and Report Branch (Barbara Anderson or Carol-Ann Jones on FTS 447-9296). Program Review Assistants and DDs should review SBAs during routine visits, and determine if they are being used at a minimum and according to regulations.



LA VERNE AUSMAN
Administrator

Sent by Electronic Mail on 3/28 at 3:45 by ASD. The State Director should advise other personnel as appropriate.