



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 910 (1951)

October 3, 1983

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SUBJECT: Rescheduling of Annual Production Loans

TO: All State Directors, Farmer Program Chiefs,  
District Directors and County Supervisors

NOTICE: This AN revises, updates and replaces AN No. 795 (1951) which expired July 31, 1983.

Authorities in FmHA Instruction 1951-A will permit the rescheduling of annual operating notes falling due January 1, 1984, by revising the 1983 plan of operation and permitting borrowers to use all or a part of the proceeds from 1983 production for 1984 operating expenses. These actions may become necessary in some cases as the only way a borrower can continue in farming when statutory loan ceilings are reached, loan funds are exhausted, or discontinued loan authorities prevent further FmHA credit availability. Rescheduling of an annual operating note in order for a borrower to be able to continue farming operations is permitted when it is determined that the borrower is unable to obtain essential credit for annual production purposes either with or without a subordination and that such servicing action is necessary to protect the interests of the borrower and the Government.

Section 1951.33(b) of FmHA Instruction 1951-A sets forth general requirements for rescheduling and provides authority to the County Supervisor to take such action. Items 5 and 6 of this part of the instruction sets forth what we feel are basic requirements. These requirements are as follows:

"The county supervisor determines that the borrower is making satisfactory progress or will make satisfactory progress with revised repayment terms." We interpret this to mean that FmHA must determine that we would make an annual production loan if funds or authority were available and that the borrower is unable to obtain essential funds by a subordination or other means to continue the farming operation. Also, if FmHA is unable to provide all of the credit needed, the County Supervisor must obtain written verification that adequate credit is available through vendors or other sources to assure that the borrower can produce and harvest the crop.

"The borrower is cooperating in servicing the account and is maintaining security." This implies that security must be available and when only crops are available for security, the loan should be rescheduled for only one year. In order to maintain security servicing and assure funds are used as intended, a supervised bank account must be used. Each State Director must be sure State procedure is established to assure that the FmHA lien will carry over to any new crop being produced. The 1984 plan of operations must show planned use of funds and that all payments coming due can be paid.

EXPIRATION DATE: September 30, 1984

FILING INSTRUCTIONS: File  
Preceding FmHA Instruction 1951-A



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