



FmHA AN No. 1694 (1955)
December 11, 1987

SUBJECT: Classification of Farm Inventory Farms

TO: Assistant Administrator, Finance Office, All State
Directors, State Directors-at-Large, Farmer
Programs Chiefs, District Directors, and County
Supervisors, FmHA

Purpose/Intended Outcome:

This Administrative Notice (AN) is issued to provide guidance on the proper classification of inventory farms.

Comparison with Previous AN:

No previous AN has been issued on this subject.

Implementation Responsibilities:

It is very important that all FmHA employees properly classify inventory as "suitable" or "surplus." All personnel should be using the same criteria in making the classification determination. FmHA Instruction 1943-A, Section 1943.24, provides guidance on the relevant information that must be considered before a loan can be made on a farm. In order for a farm to be classified as suitable, it must meet this same criteria. If the farm does not meet these requirements, it is not suitable for an FmHA loan and will be classified as surplus. Inventory farms cannot be classified based on the people who express an interest in the property rather than based on its characteristics. Property is either suitable or it is not; if it is not, then it cannot be classified as suitable just because someone who might be eligible for an FmHA loan expresses an interest in the property.

If a farm has been classified as suitable for 3 years from the date FmHA acquired the property it must be classified as surplus. You may refer to the inventory property tracking system to determine if any suitable farms has been in inventory beyond 36 months.

VANCE L. CLARK
Administrator

EXPIRATION DATE: September 30, 1988

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1955-C

