



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2123 (1962)

July 27, 1990

**SUBJECT:** Release of Basic Security for Essential Family Living  
and Farm Operating Expenses

**TO:** State Directors, District Directors and County  
Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify that Farmers Home Administration (FmHA) does not release proceeds from the sale of "Basic" security for essential family living and farm operating expenses. The outcome is to set forth the correct policy regarding the release of proceeds from the sale of FmHA security property.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 1891 which has expired.

IMPLEMENTATION RESPONSIBILITIES:

Section 1962.17 of FmHA Instruction 1962-A, explains how the County Supervisor will handle the disposal of chattel security and the use of proceeds therefrom. By its wording, "proceeds from the sale of crops, livestock, and livestock products planned to be marketed in the regular course of business," Section 1962.17(b)(2)(i) requires that the proceeds from the sale of security planned to be marketed in the regular course of business will be used, if needed, to pay for essential family living and farm operating expenses. Security marketed in the regular course of business only includes normal income security.

Section 1962.17(b)(5) further emphasizes this point by requiring approval of changes related to releasing proceeds from disposed, normal income security when necessary for the borrower to meet essential family living and farm operating expenses. The approval of such changes must be noted on a current FmHA Form 1962-1 and should be noted to update the Farm and Home Plan.

**EXPIRATION DATE:** July 31, 1991

**FILING INSTRUCTIONS:**  
Preceding FmHA  
Instruction 1962-A



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

FmHA will not release proceeds from the sale of basic security as defined in Section 1962.4 to meet essential family living and farm operating expenses. Pursuant to FmHA Instruction 1962.17(a)(2), if a borrower's request for the release of normal income security is denied, the borrower must be given Attachment 1 of Exhibit A of FmHA Instruction 1951-S, a written explanation for the denial and appeal rights under FmHA Instruction 1900-B.



LA VERNE AUSMAN  
Administrator

Sent by Time Delay Option to States at 7/30/90 on 4:00 p.m.; to  
Districts at 7/31/90 on 9:00; and Counties at 7/31/90 on  
11:00 by ASD.