



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2649 (1955)  
September 17, 1992

SUBJECT: Account Description Flags and Reclassification  
of Accounts from Active to Collection-Only for  
Farmer Programs Borrowers

TO: State Directors, District Directors, and  
County Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of the Administrative Notice (AN) is to designate the approval official for Form FmHA 1951-6, "Borrower Account Description Flag," and Form FmHA 404-1, "Case Reclassification," for Farmer Programs borrowers. The intended outcome is to assure proper and consistent use of the forms by field offices.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Effective immediately, the reclassification of Farmer Programs accounts from active to Collection-Only and the establishment of descriptive flags for Court Action Pending (CAP), Foreclosure Action Pending (FAP), and Bankruptcy Action Pending (BAP) will be approved and processed by the State Director. County Offices will continue to approve and process the descriptive flag for deferral (DFRL).

Form FmHA 404-1, "Case Reclassification," is used to reclassify an account from active to Collection-Only. Form FmHA 1951-6, "Borrower Account Description Flag," is used to establish or remove a descriptive flag. Established flags and Collection-Only classifications will be reflected on the 540/580 Report Code Series as well as on the borrower's status screens.

Guidance for the proper use of Form FmHA 404-1 and Form FmHA 1951-6 for Farmer Programs borrowers is provided on the Forms Manual Inserts, and in FmHA Instructions 404.1, 1955-A and 1962-A. Effective immediately, the forms will be used with Farmer Programs borrowers' accounts as follows:

EXPIRATION DATE: June 30, 1993

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1955-A



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

1. Farmer Programs borrowers can be reclassified from active to Collection-Only when the requirements of Section II B of FmHA Instruction 404.1 have been met. Section III B of FmHA Instruction 404.1 describes reclassification processing. State Directors must approve Form FmHA 404-1.
2. Court Action Pending (CAP) - Section 1962.49(d) of FmHA Instruction 1962-A states that "When a civil case is referred to OGC, the State Director will . . . prepare and distribute Form FmHA 1951-6 according to the FMI," advising the Finance Office to flag the account indicating that court action is pending (CAP). The notification to the Finance Office will be accomplished by completion of the associated 5G ADPS transaction.
3. Foreclosure Action Pending (FAP) - Section 1955.15(e)(2) of FmHA Instruction 1955-A requires that a State Supplement be issued with the assistance and guidance of the Office of the General Counsel (OGC) „outlining the step-by-step procedures for the foreclosure process. "At the time indicated by OGC in the foreclosure instructions, Form FmHA 1951-6, 'Borrower Account Description Flag,' will be processed in accordance with the FMI." The State Director should approve Form FmHA 1951-6 and the processing of the associated 5G ADPS transaction.
4. Bankruptcy Action Pending (BAP) - Section 1962.47(a)(1) of FmHA Instruction 1962-A provides that upon receipt of notification that the borrower has filed bankruptcy, State Directors are responsible for preparing Form FmHA 1951-6 in accordance with the FMI, and processing the associated 5G ADPS transaction.
5. Third Party Judgement (TPJ) and Subject To Approved Adjustment (SAA) - Field offices do not have the authority to process the 5G ADPS transaction to establish these codes on a borrower's account. State Directors must approve and mail Form FmHA 1951-6 to the Finance Office in accordance with the instructions provided in the ADPS manual for the 5G transaction.
6. Deferral (DFRL) - The ADPS Manuals require that Form FmHA 1951-6, "Borrower Account Description Flag," be prepared by the County Supervisor and that the associated 5G transaction be sequenced and processed with the 1M, 3R, and 5W transactions, as applicable in accordance with the instructions provided in the ADPS manual. Use of Form FmHA 1951-6 in conjunction with deferrals is not addressed in FmHA's regulations. These transactions will continue to be processed at the county level.

7. Special Debt Set-Aside (DSA) - There are three types of DSA flags. DSA1 reflects that a debt set-aside is pending. DSA2 represents an established debt set-aside. DSA3 reflects that the debt set-aside has been cancelled or has expired. The debt set-aside program is not available under existing FmHA regulations. All existing debt set-aside agreements should be expired. Therefore, the DSA1 and DSA2 flags should not be reflected on any accounts.

8. Automation of FmHA Instruction 1951-S Requirements Pending (51-S) - Since all the ADPS transactions associated with 1951-S servicing have now been developed, the use of the 51-S flag is no longer necessary. Transaction code 5-H should be processed on all accounts currently flagged 51-S to remove the flag. Should the use of the 51-S flag become necessary in the future, notification will be provided.

If you have any questions, please contact Bill Cobb, Farmer Programs Loan Servicing and Property Management Division, at FTS (202) 690-0431.

ANY REVISIONS OR MODIFICATIONS TO THIS AN THAT YOU WISH TO PUBLISH AS A STATE DIRECTIVE MUST BE SUBMITTED AND APPROVED BY THE ASSISTANT ADMINISTRATOR OF FARMER PROGRAMS BEFORE IT IS RELEASED FOR IMPLEMENTATION IN YOUR STATE. THE ONLY EXCEPTION TO THIS REQUIREMENT IS WHEN THE REVISION OR MODIFICATION IS NECESSARY FOR COMPLIANCE WITH STATE LAW.

  
LA VERNE AUSMAN  
Administrator

Sent by Time Delay Option to States at 9:00 am on 9/23/92,  
to Districts at 11:00 am on 9/23/92, and to Counties at  
1:00 pm on 9/23/92 by GSS.