



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

September 29, 1983

SUBJECT: Interest Rate Change for EM Actual Loss
Loans Closed after September 27, 1983

TO: State Directors and
Director Finance Office

President Reagan announced, on September 28, 1983, that the first \$100,000 of disaster emergency (EM) actual loss loans made to farmers who are unable to obtain their credit elsewhere, will be made at 5 percent interest. This 3 percent reduction in interest rate is applicable to all EM actual loss loans closed after September 27, 1983.

Farmers unable to obtain their credit elsewhere, and who qualify for EM actual loss loans in excess of \$100,000, will pay 8 percent interest on any amount over \$100,000.

Farmers able to obtain their credit elsewhere, who choose to obtain an EM actual loss loan, will continue to pay the current market rate of interest (13.75 percent as of September 29, 1983).

In those cases where actual loss loans are made at both the 5 percent and 8 percent rates, it will be necessary to prepare two Forms FmHA 1940-1, "Request for Obligation," and two promissory notes, one for \$100,000 at 5 percent and the excess amount at 8 percent.

The Finance Office has agreed to contact county offices by telephone to confirm the changes; and then make the necessary changes on the Finance Office copies of Form FmHA 1940-1 they now have in their possession, which have not yet been processed, and also those which are now enroute to the Finance Office.

County offices will:

1. Make the appropriate changes on their copies of all Forms FmHA 1940-1 that have been mailed to the Finance Office.
2. For those cases involving actual loss loans in excess of \$100,000, duplicate their copies of Form FmHA 440-57, "Acknowledgement of Obligated Funds/Check Request," and insert the appropriate interest rate changes and amount of loan on the new copies.

Expiration Date: September 30, 1984

Filing Instructions Preceding
FmHA Instruction 1945-D



3. Staple together all copies of forms for the same borrower going to the Finance Office and transmit.
4. Make remaining distribution of these two corrected forms as prescribed in the Forms Manual Inserts (FMIs).

For loans that have been closed after September 27, 1983, and the loan closing has been processed on a terminal, or Form FmHA 440-57 has been placed in the mail to the Finance Office, the County Office will call the Finance Office on FTS 297-4424 for instructions on how to correct the interest rate.

If you have any questions on this interest rate change, you should come prepared to raise those questions at the State Directors and Farmer Programs Chiefs meeting in Washington, D.C., on October 4, 1983.



CHARLES W. SHUMAN
Administrator

Sent via electronic mail on September 30, 1983, at 8:41 a.m. by DASD(IMPS).
This message should be promptly distributed to all County Supervisors
and District Directors.