



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2119 (1944)

July 26, 1990

SUBJECT: Evaluating Repayment Ability
Using Family Budgets

TO: State Directors, District Directors, and County Supervisors

Purpose/Intended Outcome:

The purpose of this AN is to clarify the processing of Form FmHA 1944-3, "Budget and/or Financial Statement."

Comparison With Previous AN:

There is no previous AN on this subject.

Implementation Responsibilities:

FmHA Instruction 1944-A and other FmHA Instructions call for the use of Form FmHA 1944-3, "Budget and/or Financial Statement," to document repayment ability. The budget must be prepared on an individual basis and is intended to be a reflection of the applicant's/borrower's income and expenses. The budget form should be prepared jointly and/or reviewed in detail with the applicant at the interview. The discussion should lead to a consensus on what the applicant/borrower is spending. If there is a question or disagreement on certain expense items, a thorough discussion and negotiation should occur. If an agreement cannot be reached, the County Supervisor should thoroughly document the reasons by line item. The applicant should also be requested to provide written documentation to justify the expense in question.

LA VERNE AUSMAN
Administrator

EXPIRATION DATE: June 30, 1991

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1944-A