United States Department of Agriculture
Farmers Home Administration
Washington D.C. 20250

FmHA AN No. 2555 (1941)
June 15, 1992

SUBJECT: Exclusion of Certain Assets from Lien on All Assets Requirement

TO: State Directors, District Directors, and County Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to implement a revised policy for soil and water (SW), operating (OL), farm ownership (FO) and emergency (EM) loans, which removes the requirement to obtain liens on certain assets. The intended outcome of this AN is to relieve the administrative burden in processing SW, OL, FO and EM loans.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The requirement for borrowers to pledge all assets as collateral for insured Farmer Programs loans became effective April 30, 1992 by a Special PN. Concerns on implementing the requirement as a result of the revised regulation change have been raised by many States.

To reduce delays in approving and closing SW, OL, FO and EM loans, the requirement to take liquid assets as security is hereby waived. However, the County Supervisor will be required to determine the market value of liquid assets that would be considered cash or near cash and incorporate this amount into the Farm and Home Plan. The County Supervisor should account for the amount by either deducting it from the amount of assistance needed or by reducing the debt. The County Supervisor should also make this a condition of loan closing on Form FmHA 1940-1 as provided in FmHA Instructions 1941-A, paragraph 1941.33(b)(2), 1943-A, paragraph 1943.33(b)(2). The applicant should be made aware of this requirement at the time Form FmHA 1940-1 is signed. Examples of liquid assets include, but are not limited to, the following: cash, stocks, bonds, certificates of deposit, and cash value

EXPIRATION DATE: June 30, 1993

FILING INSTRUCTIONS: Preceding FmHA Instruction 1941-A

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Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

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of life insurance. IRAs are not included as liquid assets and should be handled in accordance with FmHA Instruction 1941.19(b)(4).

Questions also have been raised concerning certain tangible personal property of the borrower on which it is difficult, if not impossible, to perfect a lien and to place a value. FmHA Instruction 1941.19(b)(4) provides that a lien will not be taken on "household goods." "Household goods" include gun collections, stamp collections, antiques, family heirlooms, and other similar tangible assets primarily used for personal, family, or domestic purposes.

The County Supervisor should document the file when such property is available but is not taken as security for the FmHA loan.

FmHA County and District personnel should contact their State Farmer Programs Staff if there are questions. State Office personnel may contact Farmer Programs Loan Making Division at FTS 8-202-720-1638 or commercial (202) 720-1638.

This AN may not be revised and reissued by State Directors without prior approval by the Assistant Administrator, Farmer Programs, unless modification is necessary to comply with State law.

LA VERNE AUSMAN
Administrator

Sent by Time Delay option to States at 7:17am on 6/16/92 to Districts at 10:00am on 6/16/92 and to Counties at 12:00pm on 6/16/92 by GSS.