United States Department of Agriculture

Farmers Home Administration

Washington D.C. 20250

April 18, 1984

SUBJECT: Limited Resource Farm Ownership and Operating Loans - FY 1984

TO: State Directors, District Directors, County Supervisors and Assistant Administrator Accounting and Director Finance Office

The Emergency Agricultural Credit Act of 1984, signed by the President on April 10, 1984, requires that not less than 20 percent of the Farm Ownership (FO) and Operating (OL) loan funds used in fiscal year 1984 be for loans to limited resource farmers. Through April 3, 1984, national obligations for limited resource FO loans were 32.7 percent. Limited resource obligations for OL loans were 18.6 percent.

Additional effort is needed, especially in some States, to assure meeting the needs of limited resource farm operators. All Farmer Programs applicants and borrowers will be notified by writing by a letter similar to the FmHA Guide Letter No. 1924-B-1 as indicated in FmHA Instruction 1910-A or 1924-B of the availability of limited resource loans. The requirement for meeting the 20 percent level will be controlled through the Finance Office obligating process. The Finance Office will only obligate up to 80 percent of a State's allocation for OL and FO regular loans unless written approval is given by the National Office. State Directors will request exceptions to this requirement from the Director, Farm Real Estate and Production Division. If the exception is approved, the Finance Office will be notified by the National Office.

The revised regulations referred to above will follow soon.

CHARLES W. SHUMAN
Administrator

EXPIRATION DATE: SEPTEMBER 30, 1984

FILING INSTRUCTIONS: Preceding FmHA Instruction 1940-I

Sent by electronic mail on April 18, 1984 at 1:43 p.m. to State Directors and Finance Office. State Directors will make distribution to District Directors and County Supervisors.

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

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18. Increase the disaster year income by the fixed and variable costs not incurred, when a crop cannot be harvested.

19. Calculate production losses to livestock based either on loss of production in feedcrops to be fed to applicant's own livestock and pasture to be grazed by that livestock, or on loss of weight gain of the livestock, or livestock product produced, but not both methods.

20. Utilize a separate column with figures showing the total of the full 12 month plan of operation when using the Coordinated Financial Statements (CFS) to evaluate the Cash Flow Statement on Form FmHA 1930-2. This must be done in all cases.

21. Complete item 58 of Form FmHA 1930-2 "Cash Flow Statement" before approving a loan when using the CFS to reflect the plan of operation. This must be done in all cases.

22. Assure that the total column for schedule C. l. b. under the heading "Debt Repayment-Amount Due This Year (Principal and Interest)" on Form FmHA 1930-2, is completed before approving a loan, when using the CFS to reflect the plan of operation. This must be done in all cases.

23. Summarize the amount and use of FmHA assistance being provided in the blank areas on Form FmHA 1930-2, when using the CFS to reflect the plan of operation.

24. Review and adhere to the reverification requirements (See section 1945.183 on pages 61-64 of FmHA Instruction 1945-D), especially in those cases requiring contact with ASCS, the Federal Crop Insurance Corporation and the Small Business Administration.

25. Insert the loan approval requirements in item 40 of Form FmHA 1940-1 "Request for Obligation of Funds," attaching another page when needed. The security requirements and/or the reference "see attachment" must always be recorded in item 41.

26. Identify specific facts to back up any denial by a County Committee which cites failure to evidence appropriate character, industry training or ability, etc. necessary to carry on a successful farming operation. Repeating the wording contained on the County Committee certification may be appropriate, but if it is not, we can expect an angry reaction from a farmer who may have unintentionally been cited as having inadequate qualifications.

We know how busy and overworked everyone is, particularly at this time of the year; and we appreciate the effort everyone is putting forth. However, each employee is expected to take the action(s) necessary to prevent the reoccurrence of the cited deficiencies/discrepancies, and correct those discovered through routine post reviews by FmHA personnel or by OIG in audit findings.

Charles W. Shuman

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Administrator