



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

5 MAY 1986

SUBJECT: Discontinuation of Farm Disaster Loans by SBA

TO: All State Directors, State Directors-at-Large,
Farmer Programs Chiefs, District Directors, and
County Supervisors, FmHA

PURPOSE/INTENDED OUTCOME

The purpose of this Administrative Notice (AN) is to notify FmHA personnel that the authority of the Small Business Administration (SBA) to make disaster loans to agricultural enterprises has been discontinued for all disasters declared/designated on or after October 1, 1985.

COMPARISON WITH PREVIOUS AN

This AN replaces AN 1282(1945) and attachments that were issued on August 27, 1985. AN 1282(1945) and attachments should be removed.

IMPLEMENTATION RESPONSIBILITIES

The Budget Reconciliation Act of 1985 (Public Law 99-272) was signed by the President on April 7, 1986. Provisions of this Act make agricultural enterprises ineligible for SBA physical and economic injury disaster loans. This is effective for disasters declared or designated on or after October 1, 1985.

The SBA will no longer accept applications for disaster loan assistance for losses suffered by agricultural enterprises based on disasters declared/designated after September 30, 1985. Any such loan applications not approved by April 7, 1986, will be returned to the applicants with the suggestion they may wish to seek assistance from FmHA.

The SBA will continue to accept disaster loan (both physical and economic injury) applications from agriculturally related small businesses, e.g., feed dealers; farm implement dealers; seed, fertilizer and agricultural chemical suppliers, etc.

Also, the SBA will continue to accept physical disaster loan applications for losses to dwellings and/or personal household contents, regardless of whether the dwelling is located on a farm or nonfarm tract.

EXPIRATION DATE: December 31, 1986

FILING INSTRUCTION: Preceding
FmHA Instruction 1945-D



Notwithstanding the provisions of Exhibit B and Exhibit B-1 of FmHA Instruction 1945-D (Memoranda of Understanding), no referrals should be made by FmHA to SBA for disaster assistance for agricultural enterprise losses; but EM applications received by FmHA for losses to dwelling and/or household contents only, from farm operators, should be referred to SBA.

To prevent a duplication of disaster benefits, FmHA and SBA will continue to coordinate their respective EM and disaster loan program activities in accordance with the provisions of Exhibit B of FmHA Instruction 1945-D; i.e., FmHA County Offices will continue to notify the appropriate SBA Disaster Area Office of all EM loan applications received each day for dwelling and/or household content losses; and the County Offices will send a copy of each action taken to the appropriate SBA Disaster Area Office.

A farm applicant may still elect to obtain SBA financing to cover physical damage to the dwelling and household contents, and financing from FmHA to cover damages or losses to the farming operations. Accordingly, applicants who elect to receive SBA physical disaster loans for dwelling and/or household content losses may also file for FmHA EM loan assistance. In such cases, FmHA will either reject the loan request; reduce the loan request by the amount of the SBA loan, which may require SBA to subordinate its lien position(s); or refinance the SBA loan(s) with EM loan funds. An EM loan will not be approved until it is determined the requirements of Section 1945.163(d) of FmHA Instruction 1945-D will be met. When an EM loan is approved, the FmHA County Office will notify the SBA Disaster Area Office, pursuant to paragraph (a)(4)(ii) of Section 1945.183.

All SBA disaster loan applications are processed through that agency's four area offices' Disaster Loan Processing Centers (see attachment). Telephone calls and written reports required to be exchanged will be made/sent directly to the appropriate SBA Area Disaster Loan Processing Center by the FmHA County Office. Copies of all written communications from FmHA County Offices to the SBA Area Offices will be sent to the State Director, Attention: Chief, Farmer Programs; and the District Director.

This AN supplements and does not replace Exhibits B or B-1 of FmHA Instruction 1945-D. Those exhibits should be retained until they are replaced with an updated Memorandum of Understanding between FmHA and SBA.



VANCE L. CLARK
Administrator

Attachment

Attachment to FmHA AN No. 1406 (1945)**DISASTER AREA OFFICES**DAO-1
(Regions I & II)CARL J. JORDAN, ~~ASSISTANT~~ DIRECTOR
Disaster Area 1 Office
Small Business Administration
15-01 Broadway
Fair Lawn, NJ 07410

INTERSTATE: 800-221-2093

Connecticut, Maine, Massachusetts,
New Hampshire, New York, Puerto
Rico, Rhode Island, Vermont and
Virgin Islands and New JerseyFTS: 8/348-0011
COMML: 201/794-8195

IN NEW JERSEY: 800-221-2091

DAO-2
(Regions III, IV & V)RICHARD J. NASH, DIRECTOR
Disaster Area 2 Office
Small Business Administration
Richard B. Russell Federal Bldg.
75 Spring Street, S.W. Suite 822
Atlanta, GA 30303

INTERSTATE: 1-800-334-0309/10

Alabama, Delaware, District of
Columbia, Florida, Illinois,
Indiana, Kentucky, Maryland,
Michigan, Minnesota, Mississippi,
North Carolina, Ohio, Pennsylvania,
South Carolina, Tennessee, Virginia,
West Virginia and Wisconsin and GeorgiaFTS: 8/242-5822
COMML: 404/331-5822

IN GEORGIA: 1-800-241-5625

DAO-3
(Regions VI & VII)GEORGE L. DARBY, DIRECTOR
Disaster Area 3 Office
Small Business Administration
2306 Oak Lane Suite 110
Grand Prairie, TX 75051

INTERSTATE: 800-527-7735

Arkansas, Iowa, Kansas, Louisiana,
Missouri, Nebraska, New Mexico and
Oklahoma and TexasFTS: 8/729-7571
COMML: 214/767-7571

IN TEXAS: 800-442-7206

DAO-4
(Regions VIII, IX & X)ROBERT L. BELLONI, DIRECTOR
Disaster Area 4 Office
Small Business Administration
77 Cadillac Drive Suite 158
Sacramento, CA 95825

INTERSTATE: 800-468-1710

Alaska, Arizona, Colorado, Hawaii,
Idaho, Montana, Nevada, North
Dakota, Oregon, South Dakota, Utah,
Washington and Wyoming and California
and GuamFTS: 8-460-4571
COMML: 916/978-4578

IN CALIFORNIA: 1-800-468-1713