



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN NO. 2381 (1951)
October 15, 1991

SUBJECT: Consolidating, Rescheduling and Reamortizing
Payments Made By FmHA to Other Lienholders

TO: State Directors, District Directors, and County
Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administration Notice (AN) is to clarify whether or not the payments made by FmHA to other lienholders for the protection of its security interests under §1965.11 (c) in FmHA Instruction 1965-A can be consolidated, rescheduled or reamortized. The intended outcome is to insure that payments to other lienholders by FmHA are not consolidated, rescheduled or reamortized.

COMPARISON WITH PREVIOUS AN:

No previous AN's have been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

There has been some confusion regarding whether or not the phrases "any outstanding credit advances" and "any advances" (hereinafter referred to as "credit advances") found in §§1951.909 (e)(1)(xv), (e)(2)(viii)(C) and (e)(3)(vii)(A) of FmHA Instruction 1951-S include payments made by FmHA to other lienholders for the protection of its security interests under FmHA Instruction §1965.11 (c). Credit advances do not include such payments made by FmHA to other lienholders.

A credit advance is a protective advance as defined in §1965.11(b) of FmHA Instruction 1965-A and may be consolidated, rescheduled, and reamortized in accordance with FmHA Instruction 1951-S. A payment made to another lienholder by FmHA to protect its security interest under FmHA Instruction §1965.11 (c) is not a credit advance and cannot be consolidated, reschedule or reamortized. In fact, §1965.11(c)(2)(i)(B) of FmHA Instruction 1965-A requires, without exception, that a borrower's account be liquidated whenever a prior lienholder contemplating foreclosure is paid by FmHA and following the completion of any appeals in FmHA's favor.

EXPIRATION DATE: August 31, 1992

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-S



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

You may contact Johnny Toles in the Farmer Programs Loan Servicing and Property Management Division at FTS 475-4014, if you have questions.



LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 12:00 on 10/17/91; to Districts at 2:00 on 10/17/91; and Counties at 4:00 on 10/17/91 by GSS.