

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Oregon State Office  
7620 S.W. Mohawk Street  
Tualatin, OR 97062-8121

**For:** County Offices

**Limited Resource Reviews**

**Approved By:** Acting State Executive Director

*by Ly E Joif*

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**1 Overview**

**A Background**

Results of Oregon's Fiscal Year 2003 National Internal Review (NIR) Summary Report indicated that reviewers were unable to locate documentation reflecting that Limited Resource (LR) reviews had been completed during the required year end analysis.

As a result, this Notice is being issued to remind loan officials of the procedural requirements in completing limited resource reviews during the annual analysis process.

**B Purpose**

FmHA Instruction 1951-A, Section 1951.25, Review of Limited Resource Farm Ownership (FO) and Operating Loans (OL), requires annual reviews of FO and OL loans that are on limited resource rates.

**C Contact**

Please direct questions concerning this Notice to Peter Halvorson at (503) 692-3688, ext. 255.

**FILING: Preceding FmHA Instruction 1951-A**

**Disposal Date**

April 2, 2005

04-2-04

**Distribution**

STO, DD, COR, COC, COF - Including Farm Loan Programs

## Oregon Notice FLP-154

### 2 Action

#### A Implementation Responsibilities

The County Office is responsible for scheduling and completing the Limited Resource Reviews. Section 1951.25(a) of FmHA Instruction 1951-A requires that limited resource loans be reviewed each year at the time a year end analysis (YEA) is conducted in accordance with FmHA Instruction 1924-B and any time a primary loan servicing action is taken.

Section 1924.55(d) of FmHA Instruction 1924-B requires a YEA for all borrowers who are receiving limited resource interest rates, and requires the YEA to be performed to coincide with the borrower's farm budget planning period.

FmHA Instruction 1951-A, Section 1951.25 (b) states that when reviewing limited resource loans for potential increases in interest rates that each loan will be considered on its own merit.

If the borrower's Farm and Home Plan projections for the coming year shows that the balance available to pay debts exceeds the amount needed to pay debts by 10 percent or more, then Section 1951.25 (b)(3) of FmHA 1951-A requires that the borrower's interest rate be increased in increments of whole numbers to the current regular interest rate.

Section 1924.55 (d) specifies the reasons for performing a YEA (i.e. limited resource review) be documented in the borrower's case file. In addition Section 1924.56(b) also requires the basis for the Farm and Home Plan and any resulting decisions to be documented in the borrower's case file. The loan assessment would be a good place to document that the Limited Resource Review had taken place.

Once the limited resource review is completed and documented to the borrower's case file, then the ADPS manual requires processing of an 8M or 8R transaction. The Transaction Code 8M is processed to reflect date of the limited resource review when there is no change to the interest rate. The Transaction Code 8R is processed to reflect the interest rate change and the date of the review.

All limited resource loans must be reviewed annually and the date of the review must be inputted into ADPS. To assist field offices when reviewing limited resource FO and OL loans Finance Office generates Report Code 660. This report should be reviewed by servicing officials to determine which borrowers need a Limited Resource Review.

Limited Resource Reviews should be completed in a reasonably timely manner and the decision resulting from the review should be well documented in the case file and the required Transaction Code 8M or 8R should be processed.