

For: State and County Offices, including Ag Credit Team

Restrictions on Farm Credit Program Loans

Approved by: Deputy Administrator, Farm Credit Programs

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1 Overview

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Background

In the past, certain restrictions were placed on the ability of FmHA employees to receive farm credit loan assistance. Employees of the former ASCS and FCIC have been permitted to receive farm credit loan assistance without considering their employment by USDA.

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Purpose

This notice advises State and County Offices of restrictions on farm credit assistance to USDA employees.

Disposal

March 1, 1996

Distribution

State Offices; State Offices relay to County Offices and Ag Credit Teams

Notice FC-2

? Action

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SED Action

SED's shall survey all employees under their supervision to determine whether any have either of the following:

- farm credit loans
- pending applications for assistance.

Action shall be taken according to the guidelines in paragraph 3 for:

- servicing existing loans
 - providing additional assistance.
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3 Making and Servicing Loans to CFSA Employees

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CFSA Employees With Existing Loans

CFSA employees, who currently have farm credit loans, may continue with these loans. All servicing and loanmaking activity must be handled by employees outside the office or Ag Credit Team jurisdiction in which the borrower works. Each SED will decide whether these loans will be serviced by the State Office, adjoining County/Ag Credit Team Office, or a combination of the two.

- Additionally, an annual graduation review is required for each
- employee, who has existing loans, to determine the need for continued assistance. Graduation will be required if the review determines the action is appropriate.
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3 Making and Servicing Loans to CFSA Employees, *Continued*

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**New Loans to
CFSA Employees
With Existing
Loans**

Additional direct loan assistance to employees with existing loans will be available only:

- in the form of annual operating loans (1 year)
- for a period not to exceed 3 years.

Employees must meet all normal eligibility and feasibility requirements, including an inability to obtain credit from other sources, and must have a good repayment history with the Agency. Loans to employees may be approved only by SED and will be serviced in accordance with subparagraph A.

After the end of the 3-year transition period, no additional farm credit direct assistance will be made available to CFSA employees. CFSA employees may apply for and receive loan guarantees under the provisions of subparagraph C.

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**New Loans to
CFSA Employees
Not Indebted to
the Agency**

CFSA employees, who are not currently indebted to the Agency, may not receive direct loan assistance. However, they may receive loan guarantees if they meet normal criteria. Assistance may be approved only by SED and will be serviced according to subparagraph A.

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**Eligibility of COC
Members for
Loans**

Because COC members are not full-time permanent employees of USDA and must depend on their farming operations for their livelihood, they shall remain eligible for both direct and guaranteed farm credit assistance. Each SED will determine whether applications and servicing actions will be taken by the State Office or adjoining County/Ag Credit Team Office. No COC member will receive loans or servicing from the county in which he or she is a committee member.

4 Contact

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**National Office
Contact**

Direct questions about this notice to DAFCP, through the Area Office.
