



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

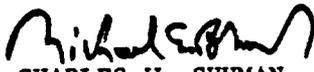
February 22, 1984

SUBJECT: SBA and FmHA Agreement for Administering Agricultural
Disaster Loan Programs as Dictated by Public Law 98-166

TO: All State Directors

The attached agreement was entered into by the Small Business Administration (SBA) and the Farmers Home Administration (FmHA) on February 8, 1984. The terms of this agreement are dictated by the expiration on September 30, 1983, of provisions of Public Law 96-302; and enactment of Public Law 98-166 on November 28, 1983, amendments to the SBA Act.

Coordinated administrative measures are being worked out with SBA to minimize the occurrence of duplication of disaster benefits by either of the two agencies. An Administrative Notice (AN) will be distributed soon setting forth each agencies' responsibilities.

for 
CHARLES W. SHUMAN
Administrator

Attachment

Sent by Electronic Mail on February 23, 1984 at 9:52 a.m. by DASD(IMP).

Please distribute promptly to all County Supervisors and District Directors.

EXPIRATION DATE: December 31, 1984

FILING INSTRUCTIONS:

Preceding FmHA Instruction 1945-D



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

February 8, 1984

SBA and FmHA Agreement for Administering Agricultural
Disaster Loan Programs as Dictated by Public Law 98-166

The Administration's position in this matter has not changed, i.e., farm disaster assistance should be the function of the U.S. Department of Agriculture (USDA) and not that of the Small Business Administration (SBA). Since July 2, 1980, date of enactment of Public Law (P.L.) 96-302, SBA has, in fact, been authorized to provide disaster financial assistance only to a limited group of farmers who were ineligible to receive emergency (EM) loans from the Farmers Home Administration (FmHA). Unfortunately, this limited exemption expired by law, effective October 1, 1983. Thus, for all disasters occurring after October 1, 1983, all farmers who have suffered disaster losses in a declared/designated county may be eligible to receive disaster financial assistance from either FmHA or SBA. Therefore, for disasters occurring on or after October 1, 1983, no decline or referral by FmHA is required in order for SBA to accept a disaster loan application for farm losses.

Additionally, in P.L. 98-166, enacted November 28, 1983, the Congress provided that the limited group of farmers who were ineligible to receive EM loans from FmHA, based on disasters determined by the Secretary of Agriculture which occurred between January 1, 1983, and October 1, 1983, could now apply for SBA physical loss disaster assistance without the disaster being declared by the Administrator of SBA. For disasters occurring in that timeframe, the Memorandum of Understanding (MOU) between FmHA and SBA, dated September 1980, is still in effect; and decline/referral letters from FmHA to SBA are still required to determine eligibility for SBA assistance.

In summary, for disasters which occurred between January 1, 1983, and October 1, 1983, whether a designation or declaration was made by the Secretary of Agriculture or the Administrator of SBA, SBA is required to make financial assistance available to the limited groups of SBA qualified farmers who are ineligible for FmHA EM loan assistance. This assistance requires a written decline/referral from FmHA to SBA, pursuant to the 1980 MOU. For disasters occurring on or after October 1, 1983, all farmers are eligible to apply for assistance from either FmHA or SBA. No decline/referral letter from FmHA is required; and the 1980 MOU is inoperative for these disasters.

Both Agencies strongly believe that assistance to farmers should be solely within the jurisdiction of the USDA-FmHA because of that agency's expertise, familiarity with the unique financial needs of farmers, and because FmHA programs are tailored to the needs of the farm community. Providing farmers with a choice between the FmHA and the SBA not only requires both agencies to be prepared to handle a very sizable workload, but also risks possible duplication of benefits to farmers. We do not believe this is an appropriate use of limited Government resources. While the limited exemption for SBA to make disaster farm loans has expired, there are bills in the Congress which will once again give the primary responsibility to FmHA. The Administration strongly supports this legislation and we anticipate its enactment in the near future.

/s/

CHARLES W. SHUMAN
Administrator
Farmers Home Administration

/s/

JAMES C. SANDERS
Administrator
Small Business Administration