



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1577 (1955)
April 9, 1987

SUBJECT: Inventory Farm Property Management

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

PURPOSE/INTENDED OUTCOME

The purpose of this Administrative Notice (AN) is to clarify several issues regarding the subject matter. These issues consist of appraisal reviews prior to acquisition of inventory farms, clarification of the definition of suitable farm and when such farms can be reclassified as surplus, and classification of farms larger than family-size which cannot logically be subdivided.

COMPARISON WITH PREVIOUS AN

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES

1. Effective immediately, District Directors (DD), Assistant District Directors (ADD), District Loan Specialists (DLS), or Farmer Program Specialists (FPS) must review all appraisals related to the acquisition of inventory farms to ensure the appraisals do not overvalue the property, and they are current and accurate prior to the property being taken into inventory. Appraisals will be based on market value of the property in its existing condition.
2. Farm inventory property, upon acquisition, can be classified as either suitable or surplus. A suitable farm property is one which can be used to carry out the objectives of an FmHA farm program. Conversely, a surplus farm is a property which could not be used to fulfill an FmHA farm program, or a property which was originally classified as suitable but has not been sold due to lack of family farm applicants or changes in economic conditions that render the farm unsuitable. Suitable property may be reclassified as surplus because of physical damage which occurs or changes in economic conditions affect its suitability for program purposes, i.e., property does not have productive capacity to service debt, operate the farm and pay family living expenses. Presently, the only requirement involved in changing the suitability determination, is documentation in the case docket stating why the suitability of the property was changed.

EXPIRATION DATE: March 31, 1988

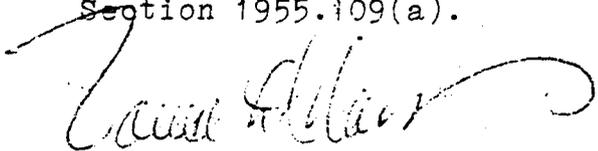
FILING INSTRUCTIONS:
PRECEEDING FmHA
INSTRUCTION 1955-A

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3. Surplus farm property which is larger than a family-size farm and cannot be logically subdivided into one or more suitable tracts, will be sold as surplus.

Inventory property should be maintained in good repair as necessary to preserve, protect, and enhance its future sale. Such property should be kept clear of weeds and undesirable plants around buildings, roadsides, and on crop and pasture lands.

Inventory property should be sold as rapidly as conditions will permit in accordance with FmHA Instruction 1955-C, Section 1955.109(a).



VANCE L. CLARK
Administrator