



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN NO 2793 (1951)

May 7, 1993

SUBJECT: Review of Limited Resource Loans

TO: State Directors, District Directors, and County
Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of the Administrative Notice (AN) is to clarify when a limited resource loan will be recorded as a regular loan. The intended effect is to insure that such loans will be uniformly processed and properly coded.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Due to recent reductions in interest rates, some older limited resource interest rate loans now may have a higher interest rate than the current interest rates for regular loans.

When FmHA Instructions 1951-A, Section 1951.25(b)(3) was written, it was not anticipated that current interest rates for regular loans would drop below previously established limited resource interest rates. Paragraph 1951.25(b)(3) provides that when the balance available to pay debts exceeds the amount needed to pay debts by at least 10 percent, the limited resource interest rate will be increased. Also, when the limited resource interest rate is increased to the regular interest rate for Operating or Farm Ownership loans, the limited resource loan will be recorded as a regular loan. It has been determined that subject to the conditions set forth in Section 1951.25 of FmHA Instruction 1951-A, the interest rates of limited resource loans whose interest rates are higher than the current, regular loan interest rates can be reduced to the lower rates, and the case recorded as a regular loan without executing a new promissory note. The

EXPIRATION DATE: March 31, 1994

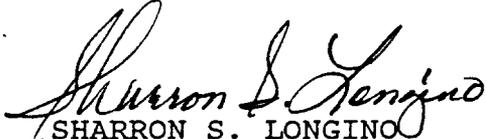
FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-A



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Secretary of Agriculture, Washington, D.C. 20250

transaction used to process the interest rate change is the 8R code (see page 2-868 of the ADPS manual).

Borrowers will continue to be notified of any change in interest rate in accordance with FmHA Instruction 1951-A, Paragraph 1951.25(c).


SHARRON S. LONGINO
Acting Administrator

Sent by Electronic Mail on 5/12 at 2:36 by GSS. The State Director should advise other personnel at appropriate.