



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2458 (1956)  
January 30, 1992

**SUBJECT:** Credit Reports For Farmer Program  
Debt Settlements

**TO:** State Directors, District Directors,  
and County Supervisors

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is to state our policy for obtaining credit reports for Farmer Programs (FP) debt settlements. States have been informed at various training meetings and teleconferences of this requirement.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Farmers Home Administration (FmHA) is revising FmHA Instruction 1956-B to comply with the Office of Management and Budget (OMB), which requires that credit reports be obtained on borrowers for debt settlement and FP servicing. Although credit reports are not specifically required by regulations, FmHA Instruction 1956-B, Section 1956.57(c) does require considering such factors as the present and future repayment ability of the debtor and any other pertinent information to determine whether debt settlement is appropriate. Credit reports are useful in furnishing the type of information needed to make this determination. Therefore, until the regulations are revised to specifically require use of credit reports by this AN, we are requiring credit reports on all debt settlements, except bankruptcy cases or cases legally without merit. Credit reports should also be obtained on entities and the individuals of the entity. The credit report will be obtained without a charge to the borrowers. The County Supervisor will order a credit report through the credit report contractor. The contractor will collect their fee for the credit report from the Finance Office when they submit their monthly bill. Credit reports are obtained to ensure that the debt settlement approval official has as much current financial information as possible to determine repayment ability of the borrowers who are requesting debt settlement.

**EXPIRATION DATE:** November 30, 1992

**FILING INSTRUCTIONS:**  
Preceding FmHA  
Instruction 1956-B



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

If you have any questions, contact Larry Purnell of the Farmer Programs Loan Servicing and Property Management Division, at 720-1654.



LA VERNE AUSMAN  
Administrator

Sent Time Delay Option to States at 2:00 pm on 2/3/92 to  
Districts at 4:00 pm on 2/3/92 and Counties at 8:00 am on  
2/3/92 by ASD.