



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

January 12, 1983

■

SUBJECT: Changing Limited Resource Interest Rates When  
the Borrower Ceases to Farm

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

It has been brought to our attention that County Supervisors are aware of our policy for reviewing limited resource FO and OL loans and adjusting the interest rates when justified by the borrower's financial situation. However, some County Supervisors are not aware that FmHA Instruction 1951-A §1951.25 (b) (3) requires either graduation or an increase in the limited resource interest rate when a borrower ceases to farm. County Supervisors should review this requirement and either graduate the borrower or increase the limited resource interest rate promptly to the current regular rate when a borrower ceases to farm. When the current regular interest rate is less than the limited resource interest rate being paid by the borrower, the rate being paid by the borrower will remain the same; however, the borrower will be required to graduate.

A handwritten signature in black ink, appearing to read "Charles W. Shuman".

CHARLES W. SHUMAN  
Administrator

EXPIRATION DATE: September 30, 1983

FILING INSTRUCTIONS: FILE  
Preceding FmHA Instruction 1951-A

