



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1873 (1943)

March 1, 1989

SUBJECT: Targeting of Farm Ownership (FO) Insured Loan  
Funds and Inventory Farm Property for Socially  
Disadvantaged Applicants (SDAs)

TO: State Directors and District Directors, FmHA

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify the process of targeting insured FO loan funds and inventory farms for leasing and credit sale to socially disadvantaged applicants (SDAs).

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The process for targeting insured FO loan funds and inventory farm property is prescribed in FmHA Instruction 1943-A, Exhibit B. This regulation does not set forth the method for determining which county(ies) will be designated to use insured FO loans and inventory farm property for SDAs.

The States have previously been provided the target participation rate for each county. The State Director will designate the counties which will participate in the SDA program. These designations will be based on the county target participation rates, and one or more counties in each State will be designated for both use of insured FO loan funds and sale of inventory property.

EXPIRATION DATE: October 31, 1989

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1943-A



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

If practicable, the targeted FO funds in the State should be allocated to the designated counties with the county with the highest target participation rate receiving the highest allocation and so on in descending order. If it is not practicable to allocate the FO funds in such a manner, then the State Director may allocate the funds to the designated counties as a group and provide that the funds will be used on a first come, first serve basis in those designated counties only.

The State Director will choose certain inventory farms to be part of the SDA program. The number of inventory farms so chosen will reflect the target participation rate for that State, and these farms should be in or near the counties designated to participate in the SDA program. These farms can either be leased or sold to SDAs. Once these farms are chosen and if they are to be sold, they will be advertised for sale (and the advertisement will reflect the availability to SDAs) in both the county in which the particular farm is located and the designated counties.

State Directors need to make sure that everything possible has been done to see that SDA targeted assistance is obligated in their States prior to the end of this fiscal year. Any unobligated FO funds for SDAs are tentatively scheduled to be pooled by the National Office on July 28, 1989, and reallocated to other States. The Administrator may pool otherwise if determined necessary.

The targeted FO funds will be used only to purchase farm land for SDAs. However, non-targeted FO funds may be used, if available, for farm improvements and other authorized purposes to supplement the targeted loan funds. Also, subordinations and/or participation credit are authorized for SDAs.

EXAMPLE:

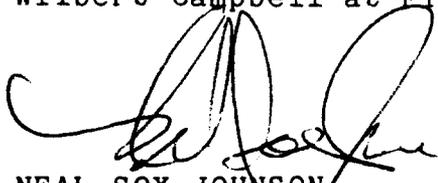
1. \$100,000	=	Amount of targeted FO loan funds advanced to buy farm land.
50,000	=	Amount of non-targeted FO loan funds available for farm improvements (buildings, terraces, etc).
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\$150,000	=	Amount of combined targeted and non-targeted FO loans made to an SDA.

2. \$100,000 = Amount of targeted FO loan funds advanced to buy farm land.
- 50,000 = Amount of subordination or participation credit from another lender for farm improvements (buildings, terraces, etc).
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- \$150,000 = Amount of combined FO targeted loan funds and subordination or participation credit from another lender advanced to an SDA.

In States with Indian Reservations, the farms taken in inventory by FmHA which were not owned by members of the Tribe and are on the Reservation will be targeted once leaseback/buyback rights have expired for purchase by SDAs.

State Directors may exceed their State target participation rate, where necessary, to meet the requests of SDAs.

If you have any questions on the above, please contact Wilbert Campbell at ETS 382-1650.



NEAL SOX JOHNSON  
Acting Administrator

Sent by electronic message on 3/2/89 at 2:54 Pm by ASD.  
The State Director should promptly notify the Farmer Programs Staff and County Supervisors.