



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1891 (1962)

March 29, 1989

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SUBJECT: Release of Basic Security for Essential Family Living
and Farm Operating Expenses

TO: State Directors, District Directors and County
Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to clarify that Farmers Home Administration (FmHA) does not release proceeds from the sale of "Basic" security for essential family living and farm operating expenses. The outcome is to set forth the correct policy in regard to release of proceeds from the sale of FmHA security property.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Section 1962.17 of FmHA Instruction 1962-A, explains how the County Supervisor is to handle the disposal of chattel security and the use of proceeds therefrom. By its wording, "proceeds from the sale of crops, livestock, and livestock products planned to be marketed in the regular course of business," Section 1962.17(b)(2)(i) requires that the proceeds from the sale of security planned to be marketed in the regular course of business will be used to pay for essential family living and farm operating expenses. Security marketed in the regular course of business is normal income security.

Section 1962.17(b)(5) further emphasizes this point by requiring approval of changes related to releasing proceeds from disposed normal income security when necessary for the borrower to meet essential family living and farm operating expenses.

EXPIRATION DATE: March 31, 1990

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1962-A



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

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FmHA will not release proceeds from the sale of basic security as defined in Section 1962.4 to meet essential family living and farm operating expenses. Pursuant to FmHA Instruction 1962.17(a)(2), if a borrower's request for release is denied, the borrower must be given FmHA Instruction 1951-S, Exhibit A, Attachment 1, a written explanation for the denial, and appeal rights under FmHA Instruction 1900-B. Section.



NEAL SOX JOHNSON
Acting Administrator

Sent by ASD 11:00 Am to States; 1:00 Pm to Districts; 3:00 Pm
to Counties; April 4, 1989 by time option telemail.