

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency

P.O. Box 2415

Washington, DC 20013-2415

Notice FC-38

For: State and County Offices

**OIG Audit No. 50401-406-FM Shared Appreciation  
and Net Recovery Buyout Recapture Agreement Reviews**

Approved by: Deputy Administrator, Farm Credit Programs

*SauAnne Kling*

**1 Overview**

**A**

**Background**

During August 1995, OIG found that regulatory reviews, as required by FmHA Instruction 1951-S, paragraph (c) in section 1951.913 and paragraph (a)(4) in section 1951.914, were not being made. Reviews of county real estate records were not being done every 2 years to determine whether the real estate securing Farm Credit Program borrowers' Net Recovery Buyout Recapture Agreements and Shared Appreciation Agreements had been sold or transferred without the knowledge and approval of FSA.

**B**

**Purpose**

This notice directs SED's and all employees responsible for Agriculture Credit programs in the States to ensure that FSA's internal controls are corrected to reduce losses of amounts due when borrowers or former borrowers make agreements with FSA.

<p><b>Disposal Date</b></p> <p>May 1, 1997</p>	<p><b>Distribution</b></p> <p>State Offices; State Offices relay to County Offices and Ag Credit Teams</p>
--	--

**Notice FC-38**

**2 Action**

---

**A  
County Office  
Action**

Agriculture Credit Managers shall:

- review the county real estate records every 24 months to determine whether borrowers or former borrowers who have Net Recovery Buyout Recapture Agreements and Shared Appreciation Agreements have sold or conveyed any real estate property covered by the agreements without the knowledge and approval of FSA
  - record the results of the review in the borrower's County Office case file.
- 

**B  
State Office  
Action**

SED's, Agriculture Credit Directors, and DD's shall:

- improve and strengthen monitoring techniques of the 2-year regulatory reviews
  - follow up servicing performed by the County Office Agriculture Credit staffs during visits to Field Offices.
- 

**C  
Contact**

If there are any questions about this review function, contact the Area Office.

---