

FLP
NOTICES
1, 4, 6, 31

NOT INCLUDED IN THE ELECTRONIC FILE

For: State and County Offices

Suspension of Appraisal Requirements for Emergency Loans (EM)

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

**A
Background**

FmHA Instruction 1945-D, section 1945.175 (c) requires that appraisals be completed when real estate is taken as primary security or chattels are taken as security for EM loans.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999, Section 802 states that FSA shall not deny EM loan assistance to an applicant who does not have adequate chattel or real estate security for the loan if the loan approval official is reasonably certain that the applicant will be able to repay the loan. As a result, FSA is changing its policy on all appraisals for certain EM loans.

**B
Purpose**

This notice:

- suspends all appraisal requirements on EM loans
- establishes guidelines for documentation of security values.

Note: However, the loan approval official must still reasonably determine that the applicant will be able to repay the loan in accordance with Notice FC-210, regardless of the amount of security.

Disposal Date

March 1, 2000

Distribution

State Offices; State Offices relay to County Offices

2 Action

**A
SED Action**

SED's shall:

- inform County Offices of the requirements in this notice
 - consult with their contracting officer to determine whether task orders requesting appraisals can be canceled.
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**B
Loan Approval
Official Action**

Loan approval officials shall:

- fully document, in the case file, their best estimate of value for all real estate and chattels owned by the applicant

Note: The FSA staff appraiser may assist with benchmarks, value trends, and evaluations.

- once values are established, continue to secure loans according to FmHA Instruction 1945-D, section 1945.169.
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**C
Contact**

State Offices with questions about this notice may contact either of the following:

- Mike Hinton at 202-720-1764
 - Chuck Ropp at 202-690-4017.
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