



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 787 (1962)

December 14, 1982

SUBJECT: Handling ASCS Advance Payments

TO: FmHA State Directors

Many questions have been raised concerning the handling of Agricultural Stabilization and Conservation Service (ASCS) advance payments for the 1983 crop year.

It is our understanding that the sign up period began October 1, 1982, and will run through March 31, 1983. Farmers are now signing up for programs involving feed grains, wheat, upland cotton and, within the near future, will be able to sign up for rice. Advance payments are being made to the farmer at sign up.

You should immediately inform your ASC State Committees of the counties in which FmHA desires to obtain assignments and/or set offs. FmHA Instruction 1962-A, §1962.6 (c) sets out the procedure which must be followed in obtaining assignments on such payments. Subsection 1962.6 (c) (1) (iii) provides that assignments may be obtained only for the crop year for which FmHA operating-type loans are made. FmHA Instruction 1962-A, §1962.48 sets out the procedures which must be followed when asking ASCS for "set offs." This section states that, "Generally, FmHA will request set offs only when all security has been liquidated" In the case of delinquent and problem case borrowers, you will proceed immediately to get set offs from ASCS for all or that part of any advance payments to be made by ASCS. Proceeds from such set offs will be used as necessary to remove or reduce the borrowers' delinquent indebtedness to FmHA. This action will be taken without prior liquidation of assets in order to assure that FmHA gets the ASCS advance payments.

In order to meet the foregoing requirements related to assignments, FmHA must have approved a loan for the 1983 crop year (Signing of Form FmHA 1940-1, "Request for Obligation of Funds," is considered to be approval), revealing the amount of the planned FmHA annual operating credit to be advanced to produce the 1983 crop. We recommend that any proceeds from ASCS assignments be placed in an FmHA interest bearing supervised bank account and used to finance the 1983 crop.

EXPIRATION DATE: September 30, 1983

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1962-A



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In the event an FmHA borrower decides to discontinue the farming operation or not farm in the 1983 crop year, it is imperative that the county supervisor notify the local ASCS official immediately, since ASCS will look to the farmer for repayment of the advance.

When FmHA issues a subordination to another creditor to permit that creditor to lend money for the production of a FmHA borrower's 1983 crop, the FmHA cannot obtain an assignment.



CHARLES W. SHUMAN
Administrator

Sent via electronic mail December 14, 1982 at 4:31 p.m. by MISD(IMPS).