



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2614 (1951)  
August 5, 1992

**\*SUBJECT:** Processing of Subsequent Shared Appreciation  
Agreements for Farmer Programs Borrowers

**TO:** State Directors, District Directors, and County  
Supervisors

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) provides guidance to the field offices on processing subsequent loan servicing actions for delinquent Farmer Programs borrowers. The intended outcome is to ensure that Farmer Programs loan servicing actions are consistent and processed properly.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces AN No. 2277(1951) dated April 26, 1991.

**IMPLEMENTATION RESPONSIBILITIES:**

The current Farmer Programs loan servicing instructions provide that a borrower who submits a "New Application" (an application submitted on or after November 28, 1990) has a lifetime limit of one writedown. However, Section 1951.909(e)(4) of FmHA Instruction 1951-S authorizes subsequent debt writedowns for eligible borrowers who received their previous writedown from an application that was submitted before November 28, 1990. In such cases, the regulations require Farmer Programs borrowers to enter into subsequent Shared Appreciation Agreements. This AN will provide guidance on the proper completion of a subsequent Shared Appreciation Agreement (SAA).

No appreciation will be calculated on the existing SAA at this time as nothing has happened to cause any shared appreciation to be due. The farm plan will be developed and DALR\$ will be run as instructed in FmHA Instruction 1951-S.

If the loan servicing actions result in a subsequent debt writedown, a new SAA, new note(s), and new mortgage(s) will be obtained if the Regional Attorney advises that the existing

**EXPIRATION DATE:** June 30, 1993

**FILING INSTRUCTION:**  
Preceding FmHA  
Instruction 1951-S



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mortgage will not cover the new SAA. The original SAA will not be released. The expiration date on the new SAA will be 10 years from the date of the new agreement. The market value of the property will be the market value at the time of the new agreement. The amount of writedown entered into the Automated Discrepancy Processing System will be the amount of the subsequent SAA.

Example 1: The first SAA is dated February 1, 1989, and the second SAA is dated July 1, 1992. The borrower sells the property February 1, 1994. The shared appreciation is calculated from February 1, 1989 to February 1, 1994. This is the cumulative appreciation.

Example 2: The first SAA is dated February 1, 1989, and the second SAA is dated July 1, 1992. The borrower continues to farm. On February 1, 1999, the 10-year period is up and the shared appreciation is due and is calculated for the 10-year period from February 1, 1989 to February 1, 1999. On July 1, 2002, the second SAA is due and the appreciation is calculated from February 1, 1999 to July 1, 2002.

The National Office guidance will be obtained for the correct processing of accounts where a partial sale has previously been approved in conjunction with a SAA. This guidance will be obtained after DALR\$ is completed.

If the loan servicing action results in a net recovery buyout, the original SAA is no longer applicable and will be released after the execution of the Net Recovery Buyout Agreement (NRBA).

The National Office guidance will be obtained in the case of an approved partial sale in conjunction with an existing SAA, prior to executing the NRBA.

No changes will need to be made to SAA's or NRBA's processed prior to the issuance of this AN.

If you have any questions, please contact Ed Yaxley, Farmer Programs Loan Servicing and Property Management Division, at 690-4021.