



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2667 (1910)

October 23, 1992

SUBJECT: Handling Direct Farmer Programs Inquiries and
Applications in Disaster Areas

TO: State Directors, District Directors, County Supervisors, FmHA;
and Regional Directors, RDA

ATTN: Farmer Programs Chiefs, FmHA; Business and Industry Chiefs,
Community and Business Programs Chiefs, Deputy Directors for
Programs, Loan Processing Chiefs, and Loan Servicing Chiefs,
RDA

PURPOSE/INTENDED OUTCOME:

The Rural Development Administration (RDA) and FmHA have overlapping authorities under the Supplemental Appropriations Act of 1992. This AN discusses the framework for RDA/FmHA cooperation in handling inquiries and applications in disaster areas. The intended outcome is to provide assistance to applicants in the most expeditious manner possible.

Also, FmHA received an additional \$162 million in EM funds, resulting in a total of \$277 million in Farmer Programs EM funds available for Fiscal Year 1993. This could impact the loan obligation process at some point during the year due to the mechanics of credit reform.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Until further notice, EM loans will continue to be processed as usual using ADPS. When the original Fiscal Year 1993 appropriation of \$115 million is exhausted, FmHA field offices will be advised of any changes to the EM loan obligation process.

The legislation expanded RDA's loan authorities to include loans to agricultural producers in disaster areas declared by the President. RDA is permitted to provide loan assistance to both family size and larger than family size agricultural operations. This results in some overlap

EXPIRATION DATE: September 30, 1993

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1910-A



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between the RDA and FmHA loan programs. The following section is intended to provide a general policy framework for handling both informal inquiries and formal applications from disaster victims.

FmHA/RDA Cooperation

Cooperation between RDA and FmHA must prevail in order for the programs of both agencies to be administered to meet the needs of the public. State Directors and RDA Regional Directors will appoint a key contact person to coordinate activities at application processing centers, when established, and at state and regional levels. They will also establish close levels of communication at the loan processing level to ensure that the public is served and applications are processed in a timely manner. FmHA and RDA loan officers will communicate as frequently as necessary to process applications with minimal passing of paper between agencies.

Because of FmHA's expertise in agricultural lending, FmHA field staff should provide assistance to RDA personnel and lenders in completing and analyzing plans for agricultural producers, if requested. Likewise, FmHA should utilize RDA's expertise when dealing with large complex operations.

Processing

As a general policy, FmHA will process loans to family size farmers, and RDA will handle those larger than family size in disaster areas declared by the President. Although the eligibility decision on family size is an FmHA County Committee function, it cannot be permitted to cause undue delays in loan processing, or result in applicants being referred back and forth between FmHA and RDA. **RDA GUARANTEES WILL NOT BE CONSIDERED AS PART OF THE TEST FOR CREDIT REQUIREMENT FOR FmHA ASSISTANCE.**

To expedite service, any apparently creditworthy applicant who inquires about obtaining a loan should be advised of RDA's loan guarantees and directed to contact their lender if that applicant (1) requests an amount greater than FmHA's farm program limits, or (2) seems to exceed a family size operation in the initial judgment of the County Supervisor.

However, if the applicant does not choose at that time to pursue an RDA guarantee, FmHA cannot refuse to accept a direct loan application and once accepted, the application must be processed expeditiously. All applications will be presented to the County Committee as soon as possible for a decision on the family size determination and other eligibility criteria.

If an applicant is determined ineligible by the County Committee in a Presidentially declared disaster area, solely because the operation is considered larger than family size, the denial letter must include a statement such as the following:

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"The Rural Development Administration (RDA) provides loan guarantee assistance for farmers suffering losses in certain disaster areas without regard to the farming operation being in excess of family size. This assistance may be available to you. If you would like to be considered for such a guarantee, you should apply through your regular lender. Applying for an RDA guarantee will have no effect on your rights to appeal as outlined in this letter. It will not change the deadlines to request an appeal and it will have no effect on the final outcome."

If it is determined that the farm plan is not feasible using all loan making and servicing authorities, the applicant will not be referred to RDA and the preceding statement will not be included in the denial letter. Applicants who can project a feasible plan, but their credit needs exceed FmHA maximum limits, will be referred to RDA.

In addition, while not required to go through a formal Operation Assist process, all family size EM loan applicants who appear to have the financial strength should be counselled on the availability and benefits of FmHA loan guarantees, particularly with the low commercial interest rates currently available.

If there are questions, State Office personnel may contact the Farmer Programs Loan Making Division, Direct Loans Branch at (202) 720-1638. County and District personnel should contact their State Office.



LA VERNE AUSMAN
Administrator
Farmers Home Administration



MARY ANN BARON
Administrator
Rural Development Administration

Sent by Time Delay Option to States on 10/23/92 at 4:30 p.m.; to Districts on 10/26/92 at 7:30 a.m.; and Counties on 10/26/92 at 9:30 a.m. by GSS.