



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

April 2, 1984

SUBJECT: Avoidance of Duplication of FmHA/SBA
Disaster Loan Program Benefits

TO: All State Directors

All disaster benefits, e.g., reduced yield payments, certain preventive planting and insurance indemnity payments, loans and grants, received as the result of natural disaster losses must be considered as compensation for those losses. All such compensatory benefits must be taken into consideration when determining the eligibility of an emergency (EM) loan applicant and the maximum amount of actual loss loan an applicant can receive.

Public Law 98-166 requires the Small Business Administration (SBA) to accept disaster loan applications from farmers who suffer disaster losses in areas designated by the Secretary of Agriculture, whether or not the area is declared by the SBA Administrator. This is retroactive for disasters which occurred between January 1, 1983 and October 1, 1983. Therefore, for disasters occurring between those dates, the Memorandum of Understanding (MOU) between FmHA and SBA, Exhibit B of FmHA Instruction 1945-D, is still applicable; but SBA will now accept applications from farmers who were declined EM loan assistance by FmHA in counties where SBA did not have a disaster declaration during that timeframe. However, such applicants will be required to have a letter of referral from FmHA stating the reason(s) for FmHA's declination as enumerated in the MOU.

In order to comply with PL 98-166, all County Offices will review their file of rejected EM loan applicants whose loan requests were based on a disaster(s) occurring between January 1 and October 1, 1983. Those applicants who were denied FmHA EM loan assistance for a reason(s) stipulated in the MOU, and were not referred to SBA because SBA had not declared the county for disaster loans, will now be sent letters of referral to SBA with notification that they may now submit an application to the SBA. A copy of each such referral letter will be sent to the appropriate SBA Disaster Area Office.

For disasters commencing on or after October 1, 1983, the MOU is not applicable, and farmers suffering losses from those disasters may seek disaster loan assistance from either FmHA or SBA or from both agencies.

EXPIRATION DATE: December 31, 1984

FILING INSTRUCTIONS:
Preceding FmHA Instruction 1945-D



Under these circumstances, additional administrative precautionary measures must be taken to avoid duplication of benefits being granted to applicants/borrowers. To prevent duplication of benefits, FmHA and SBA have agreed to coordinate their respective EM and disaster loan program activities as follows:

1. The FmHA County Offices will notify the appropriate SBA Disaster Area Office (see attachment) of all EM loan applications received each day. Notice will be made by forwarding to SBA a photocopy of the applicant's completed Form FmHA 410-1, "Application for FmHA Services." Block 22 of the FmHA 410-1 should indicate the purpose of the loan request and whether the request is for production and/or physical losses.

2. FmHA County Offices will send a copy of each action taken with EM loan applicants to the appropriate SBA Disaster Area Office. Those actions include: letter confirming county committee eligibility determination; loan approval, Form FmHA 1940-1; notification of application withdrawal; notification of loan denial; confirmation of request for reconsideration or appeal of loan denial; and final determination on an appeal.

3. Applicants may receive an SBA loan and then file for an FmHA loan. In those cases, FmHA will either (a) reject the application, (b) reduce the FmHA EM loan by the amount of the SBA loan, which may require SBA to subordinate its lien position(s), or (c) refinance the SBA loan by using EM loan funds to pay SBA directly.

All SBA disaster loan applications are processed through the Agency's four area offices' Disaster Loan Processing Centers (see attached list). Telephone calls and written reports required to be exchanged will be made/sent directly to the appropriate SBA Area Disaster Loan Processing Center by the FmHA County Offices. Copies of all written communications from FmHA County Offices to the SBA Area Offices will be sent to the State Director, Attention: Chief, Farmer Programs; and the District Director.

Also attached are copies of SBA's instructions to their applicants. They are self explanatory and are for your reference.


for CHARLES W. SHUMAN
Administrator

Attachment

Sent by Electronic Mail on April 2, 1984 at 1:05 p.m. by DASD(IMPS).

Please distribute this message immediately to all County Supervisors and District Directors.

SBA DISASTER AREA OFFICES

Disaster Area 1 Office (Covers Federal Regions I and II)
15-01 Broadway States
Fair Lawn, New Jersey 07410 Region I: MA, ME, NH, CT, VT, RI
Working Hours: 8:00-6:00 EST Region II: NY, PR, VI, NJ
*FTS Number: 8-348-0011
**(201)794-8195
Telecopier: 201-794-8848

Area Director, Carl Jordan, (Acting).....(201)794-8195

Disaster Area 2 Office (Covers Federal Regions III, IV
and V)
Richard B. Russell Federal Bldg. States
75 Spring Street, SW., Suite 822 Region III: PA, DE, MD, WV, VA,
Atlanta, Georgia 30303 Wash., D.C.
Working Hours: 8:00-6:00 EST Region IV: GA, AL, NC, SC, MS,
FL, KY, TN
*FTS Number: 8-242-5822 Region V: IL, OH, MI, IN, WI,
MN
**(404)221-5822
Telecopier: 8-242-6355

Area Director, Richard J. Nash.....242-5822
Area Disaster Loan Processing Center.....242-5354

Disaster Area 3 Office (Covers Federal Regions VI and
VII)
2306 Oak Lane, Suite 110 States
Grand Prairie, Texas 75051 Region VI: TX, NM, AR, LA, OK
Working Hours: 8:00-6:00 CST Region VII: MO, IA, NE, KS
*FTS Number: 8-729-7571
**(214)767-7571
Telecopier: 8-729-7571

Area Director, George L. Darby.....729-7571
Area Disaster Loan Processing Center.....729-7571
or.....(214)263-9924

1002(1945)

Disaster Area 4 Office
77 Cadillac Drive, Suite 158
Sacramento, California 95825

Working Hours: 8:00-6:00 PDT

*FTS Number: 8-448-3651/3653

** (916) 440-3651/3653

Telecopier: 8-448-3649

(Covers Federal Regions VIII, IX
and X)

States

Region VIII: CO, WY, ND, MT, UT,
SD

Region IX: CA, NV, HI, GU, AZ

Region X: WA, AK, ID, OR

Area Director, Robert L. Belloni.....448-3651

Area Disaster Loan Processing Center.....468-4461

*FTS-U.S. Government

**Commercial

1002(1945)

(Date)

RE: Disaster Loan Application

Dear _____:

SBA must insure that its disaster loans do not duplicate any other assistance, including Farmers Home Administration (FmHA) EM loans, for the same loss. Accordingly, SBA will not accept and/or process a disaster loan application if an EM loan application has been filed with FmHA covering the same loss.

Our records indicate that you filed an EM loan application with FmHA on _____ for the same loss shown on your disaster loan application with SBA. Therefore we are (returning)(withdrawing and returning) your disaster loan application at this time. If FmHA declines your EM loan application and you do not ask FmHA for reconsideration or your reconsideration is declined, you can resubmit your SBA disaster loan application, provided the following procedures are followed:

1. The resubmission is made within 30 days of date on the FmHA decline letter, or the reconsideration decline.
2. The resubmitted application is accompanied by a copy of the FmHA decline letter and current financial data for the business.

If you appeal an FmHA decline decision, SBA cannot accept your application until the FmHA reconsideration process has been completed. Furthermore, SBA will not accept and/or process a disaster loan application if your FmHA EM loan application is either withdrawn or approved.

Yours truly,

(signature)
name and title

1002(1945)

MM
3/12/84

DATE: FEB 15 1984

TO: All Area Directors, # 24-14

FROM: Bernard Kulik, Deputy Associate Administrator
for Disaster Assistance

SUBJECT: Disaster Lending for Farms

Attached is a letter which should be used when returning or withdrawing and returning an SBA disaster loan application when it has been determined that the applicant has filed an EM loan application covering the same losses with the Farmers Home Administration (FmHA). Also attached is a NOTICE TO SBA DISASTER LOAN APPLICANTS REGARDING FmHA EM LOANS. This notice is to be included in all SBA disaster loan packages given to farm loan applicants.

Please use these two (2) attachments as given, for the sake of uniformity in our disaster loan program.

If you have any questions do not hesitate to contact this office.

(signed) Bernard Kulik
Bernard Kulik
Deputy Associate Administrator
for Disaster Assistance

Attachments

cc: Morris Monesson

NOTICE TO SBA DISASTER LOAN APPLICANTS REGARDING FmHA EM LOANS

Many farmers may be eligible for and may request disaster loan assistance from two Federal agencies for the same disaster loss. Such farmers have three choices:

1. Farmers can request emergency (EM) loans from Farmers Home Administration (FmHA) only. FmHA programs are specifically directed at meeting agricultural and farming needs.
2. Farmers can request physical loss and/or economic injury disaster loans from the Small Business Administration (SBA) only. As with all business applicants, farmers must file SBA disaster applications within the SBA filing deadline as stated on the application.
3. If a farmer elects to request assistance from both FmHA and SBA, the following procedures apply:
 - A. Farmers must file SBA applications by the SBA filing deadline as stated on the application.
 - B. To prevent possible duplication of benefits, FmHA and SBA will not process applications at the same time. If a farmer elects to request assistance from both agencies, FmHA will process its application. SBA will not process

its application until FmHA processing is completed. If FmHA declines an EM loan application, SBA will accept a resubmitted disaster loan application provided:

- (1) The farmer filed with SBA within the filing deadline as stated on the application.
 - (2) Resubmission is made within 30 days of the date on the FmHA decline letter, or the reconsideration decline letter, and
 - (3) The resubmitted application is accompanied by a copy of the decline letter, and current financial data.
- C. SBA will not consider a disaster loan application if a FmHA EM loan application covering the same disaster loss is withdrawn or approved.