



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2277 (1951)

April 26, 1991

**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:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The current Farmer Programs loan servicing instructions, FmHA Instruction 1951-S, and the December 18, 1990, unnumbered letter, "Actions to be Continued on Servicing 1951-S Cases and on Inventory Properties," authorizes debt write down for eligible borrowers who received previous write downs if these applications were submitted on or before November 28, 1990. The regulations require Farmer Programs borrowers to enter into a subsequent Shared Appreciation Agreement. This AN will provide guidance on the proper completion of a subsequent agreement.

Existing Shared Appreciation Agreements:

If the Farmer Programs borrower has an existing Shared Appreciation Agreement, and is delinquent on the restructured notes, and has applied for subsequent loan servicing actions on or before November 28, 1990, no

**EXPIRATION DATE:** March 31, 1992

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



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appreciation will be calculated on the existing Shared Appreciation Agreement. The "Farm and Home Plan," Form FmHA 431-2 will be developed and DALR\$ will be run as instructed in FmHA Instruction 1951-S.

- A. If the subsequent loan servicing actions result in additional debt write down, a new Shared Appreciation Agreement, new restructured note(s), and mortgage(s) will be obtained. The original note(s) and the mortgage(s), listing the original Shared Appreciation Agreement, will not be released. The expiration date on the new Shared Appreciation Agreement will be 10 years from the date of the subsequent agreement. The market value of the property will be the market value at the time of the subsequent agreement. The amount of debt write down will be the accumulative amount of debt write down for the original and subsequent agreement.

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

- B. If the loan servicing action results in a net recovery buyout, the original Shared Appreciation Agreement is no longer applicable and will be released after the execution of the Net Recovery Buyout Agreement. The Net Recovery Buyout Agreement will be based on the market value and loan amount at the time of the Net Recovery Buyout Agreement.

National Office guidance will be obtained in the case of an approved partial sale in conjunction with an existing Shared Appreciation Agreement, prior to executing the Net Recovery Buyout Agreement.

No changes will need to be made to Shared Appreciation Agreements or Net Recovery Buyout Agreements processed prior to the issuance of this AN.

If you have any questions, contact Ann Eggleston of Farmer Programs Loan Servicing and Property Management Division, at 475-4009.

A handwritten signature in cursive script, appearing to read "La Verne Ausman".

LA VERNE AUSMAN  
Administrator