UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-102

1902-A

For: State and County Offices

Supervised Bank Accounts (SBA's)

Approved by: Deputy Administrator, Farm Loan Programs

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1 Overview

A Background

The Civil Rights Action Team recommended an independent review body be appointed to conduct a review of County Offices to determine whether nepotism, conflict of interest, and/or discrimination in program delivery exists.

A National Independent Review Committee was established to conduct this review. One of their concerns was that SBA's were being used for minority borrowers without justification.

SBA's are a useful tool in providing borrowers with assistance in their financial management affairs when it is determined special supervision is necessary.

B Purpose

This notice:

- provides guidelines to ensure that SBA's are needed and properly used
- establishes review requirements for SBA's by DD's or State Offices.

Disposal Date	Distribution
October 1, 2000	State Offices; State Offices relay to County Offices

2 Action

A County Office Action

County Offices shall:

- document, in writing, the borrower's concurrence to use SBA
- ensure that all SBA's are being established according to RD Instruction 1902-A
- document in the case file running record the reason SBA was established and the benefits to the borrower of establishing SBA.

B DD and State Office Action

DD's or State Offices must review case files of borrowers with SBA's during County Office reviews to:

- verify that documentation is in place
- indicate concurrence that the account is needed.

If the review determines that SBA is not needed, DD or State Office must:

- document the results of the review in the case file
- do both of the following:
  - instruct the Authorized Agency Official to close SBA
  - release loan funds immediately.

C Contact

State Offices may direct questions about this notice to LMD at 202-720-1472.