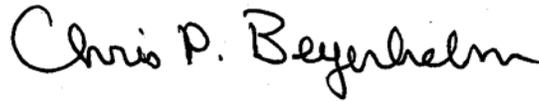


For: FSA Offices

**Sale of Inventory Property**

Approved by: Acting Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

RD Instruction 1955-C, Section 1955.107 explains the process for advertising and selling inventory property. All inventory property must be advertised for sale to beginning farmers or ranchers **before** it is available to the general public according to FSA’s enabling statute.

The Consent Decree in Civil Action No. 97-1978, *Pigford v. Johanns*, mandates priority consideration for claimants who prevailed on their claim and, therefore, requires certain changes in disposing of inventory property.

**B Purpose**

This notice:

- clarifies the process for advertising and selling inventory properties to beginning farmers or ranchers and prevailing claimants
- continues policies established in Notice FLP-394.

**C Contact**

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Marcus D. Graham, LSPMD at 202-720-3103.

Disposal Date	Distribution
August 1, 2007	All FSA Offices; State Office relay to County Offices

## 2 Advertising and Selling Inventory Property

### A Implementation for Beginning Farmers

All inventory property shall continue to be advertised for sale to beginning farmers or ranchers unless it meets the criteria identified in subparagraph B. However, any prevailing claimant in the civil action *Pigford v. Johanns* may exercise their priority consideration in response to the advertisement.

The initial paragraph in the advertisement must be modified to state the following.

“The property is being offered for sale to those individuals Farm Service Agency (FSA) considers to be qualified beginning farmers or ranchers, and all prevailing claimants in the civil action *Pigford vs. Johanns*. Qualified beginning farmers or ranchers who are prevailing claimants will be given first priority consideration in the purchase of this property. If more than one beginning farmer or rancher who is a prevailing claimant submits an application, priority within this group shall be determined by lottery. Qualified beginning farmers or ranchers must be in need of FSA credit assistance either in the form of direct FSA financing or an FSA guaranteed loan. For other requirements and information on how to qualify as a beginning farmer or rancher, you may contact your local FSA office.”

If applications are received from beginning farmers or ranchers who are **not** prevailing claimants, and prevailed claimants who are not beginning farmers or ranchers, priority remains with the beginning farmers or ranchers.

If, in response to the above advertisement, an application is received only from a prevailing claimant who is **not** a beginning farmer or rancher, the property shall be offered to the applicant at market value.

### B. Implementation for All Others

Real property shall be advertised for sale to the general public according to RD Instruction 1955-C, Section 1955.107(b) if the property meets 1 of the following criteria:

- is **not** sold in response to the advertisement to a beginning farmer, or rancher, or prevailing claimant
- **cannot** be used for agricultural purposes
- **cannot** be used to carry out the objectives of financing available through the applicable loan program.

Prevailing claimants may exercise their right to priority consideration to purchase inventory property under the Consent Decree between the time of the advertisement and COB on the last workday **before** the scheduled public auction, if they notify FSA, in writing, of their intent.