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

Notice FLP-238

For: State and County Offices

Acceptable Scores for Credit and Financial Analysis (CFAT) and Farm Loan Programs (FLP) Training

Approved by: Acting Deputy Administrator, Farm Loan Programs

1 Overview

A Background

Section 361 of the Consolidated Farm and Rural Development Act requires the Secretary to provide adequate training to FLP employees in credit and financial analysis and farm management.

The testing requirements in this notice assist in identifying the employee's strengths and weaknesses. In addition to the testing process, actual knowledge shall be demonstrated through hands-on performance in analyzing and processing loan making and servicing actions.

State Offices need further guidance to uniformly handle individual situations if the minimum acceptable score of 80 percent is not achieved on any exam by employees who have FLP loan making and loan servicing responsibilities in their specific position descriptions or who are training to obtain those responsibilities and duties.

The hands-on case dockets for completing the FLP Training Program:

- typically will not be the same dockets used to obtain loan approval and/or servicing authority
- are about the following areas of training and would typically be limited to a specific area:
  - completing a chattel check
  - reconciling FSA 1962-1 with the security agreement

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Disposal Date	Distribution
January 1, 2003	State Offices; State Offices relay to County Offices

1 Overview (Continued)

A
Background

- processing a partial release
- developing FSA 431-2 for a subsequent loan
- analyzing subsequent years' advances made by a guaranteed lender for a line of credit
- note repayment scheduling.

Specific hands-on work assigned should be associated with the area needing improvement by the employee. The employee typically would not work up the entire docket but focus on the areas of weakness that have been identified. The intent of assigning hands-on work during training is to provide the employee with a wide variety of actions and situations that experience can be gained from.

After completing training the employee may focus on independently developing the complete dockets that will be used to obtain FLP loan approval authority.

B
Purpose

This notice:

- continues the existing policy established in previous FLP notices, which established:
  - minimum acceptable exam scores
  - procedures for employees who do not achieve the minimum acceptable score
  - procedures for employees who have not fulfilled the requirements of the FLP Training Program
- requires:
  - completing FSA-2130 (Exhibit 1) quarterly (Report FLP-4R)
  - exit conferences with all employees completing the comprehensive exam, Test 2, or Test 3 with the Farm Loan Chief (FLC) or designee proctoring the testing about topics the employee had problems with and/or topics that need clarification.

2 Action

A Minimum Acceptable Exam Scores

To ensure that an acceptable level of understanding of credit and financial analysis, program regulations, and implementation is met, and that the required dockets meet the established level of compliance, a minimum acceptable score of 80 percent is required on:

- CFAT exam
- each of the 4 program area exams
- each of the 5 program areas covered on the comprehensive exam
- each completed Test 2 or Test 3.

The comprehensive exam is divided into part A and part B that will provide the employee the opportunity to take this exam over a 2-day period by completing either part on day 1 and the remaining part on day 2. Once either part has been completed the employee must turn it in the day the exam is taken.

The results of the comprehensive exam, Test 2, or Test 3 returned to SED by the National Office will contain scores for each program area. Test results of 80 percent or better in a program area will provide specific program topics for questions not correctly answered for discussion with the employee to assist in further training, however, specific questions will not be released.

Test results of less than 80 percent in any program area will not contain any specific program topics not correctly answered and the employee will be expected to restudy the entire program area.

B Performance Rating System

Administrative Officer (AO) shall review the elements and standards established for FLP employees to determine whether each individual employee's responsibilities for loan making and servicing are adequately addressed.

All other actions, including timeframes, monitoring, additional training, and the completion of Test 2 and Test 3, if necessary, shall apply whether or not a State is operating under the 5-tier system or the pass/fail rating system.

Continued on the next page

2 Action (Continued)

C
Developing Individual Development Plans (IDP's)

AO in consultation with FLC and trainer will develop IDP's that clearly establish the training required to obtain:

- a working knowledge and understanding in credit and financial analysis, as well as program regulations and implementation
- loan approval authority according to subparagraph H.

IDP's shall be established for all employees, including DD's, **without** loan approval authority, but whose position description includes loan approval and servicing responsibilities, who have not met the requirements established to obtain such authorities or demonstrated a working knowledge and understanding of credit principles and loan program instructions by achieving the minimum acceptable score on required exams.

D
FSA-2130 (Report FLP-4R)

FSA-2130 will be completed and submitted quarterly for any employee who is required to complete the FLP Training Program including Farm Loan Officers (FLO's) and Farm Loan Officer Trainees (FLOT's). The training coordinator and FLC will be notified by e-mail 2 weeks before the end of each quarter for any employee in the State for whom a report is required. FSA-2130 will be due to the National Office no later than 10 calendar days after the quarter ends. All quarterly timelines will be established as of the date the employee attended the FLO orientation session.

FAX FSA-2130 to the National Office, PDEED, Attn: Gail Wargo at 202-720-8474.

Continued on the next page

2 Action (Continued)

E
Failure to Achieve Minimum Acceptable Score

When the minimum acceptable score of 80 percent on the required exams is not achieved, the:

- AO shall review performance elements for accuracy, ensuring that requirements for delegating and maintaining loan approval authority are reflected
- trainer will review and modify the existing IDP to address the areas of weakness in consultation with AO
- trainer will assign specific hands-on work in the areas of weakness from actual dockets
- trainee will acquire additional training by reviewing FLP training modules in the areas of weakness or CFAT training manual and/or a review of handbooks and instruction manuals in the program area
- trainee will complete the identified hands-on work in the area of weakness
- trainee will take either Test 2 CFAT exam or the Test 2 program area exam for the program area on the comprehensive exam that the trainee did not receive an acceptable score.

Note: The results of the exam may be used only as a basis for determining training needs or the need for a supervisory review and discussion of performance with the employee.

F
Developing Opportunity to Improve (OTI) or Performance Improvement Plan (PIP)

For any employee who currently has or is required to have loan making and servicing authority, who is failing in 1 or more critical performance elements, and whose performance elements are determined adequate by the supervisor, an OTI or PIP shall be developed by the supervisor with the guidance of the trainer and AO.

OTI or PIP will:

- address the employee's specific weaknesses demonstrated through failure to achieve acceptable work performance
- require new training, retraining, or a thorough review of training already received to identify and overcome impediments to acceptable work performance

Continued on the next page

2 Action (Continued)

F
Developing Opportunity to Improve (OTI) or Performance Improvement Plan (PIP) (Continued)

- require a review of work processes to demonstrate knowledge, skills, and abilities essential for acceptable work performance

  Note: Written tests may be used to determine the extent that employees need additional training or coaching to achieve acceptable work performance.

- include specific hands-on work in areas of weakness with specific timeframes for completing these assignments on a weekly basis

- include a review and further study of the specific training modules, handbooks, and instruction manuals relating to the areas of weakness to reinforce the specific hands-on work.

The trainer and supervisor shall meet with the employee as needed until acceptable work performance is demonstrated.

OTI or PIP can extend from 60 to 120 calendar days.

G
Personnel Action

At the end of OTI or PIP, if the supervisor determines that the employee is still not performing at an acceptable level, the supervisor, in consultation with AO and KCAO, Personnel Division, will propose appropriate personnel action.

Continued on the next page

2 Action (Continued)

H
Delegating Loan Approval Authority

Follow this table when an employee does not achieve an acceptable score on Test 3.

IF...	BUT...	THEN...
an employee who is required to have loan approval authority does not obtain an acceptable score after completing Test 3 in the program area	has demonstrated knowledge, skills, and abilities to interpret, analyze, and apply Agency procedures through docket reviews based upon the National Internal Review guidelines	SED will do either of the following: • decide if loan approval authority should be delegated to the employee • take any other action as deemed appropriate on a case-by-case-basis.

If loan approval authority is delegated to this employee as a minimum, all loans and servicing actions approved by this employee must be post-reviewed by FLC, or designee, for a period of 1 calendar year after loan approval authority is delegated.

I
Timeframe for Completing Training and Receiving FLP Authorities

Employees who were in the position of DD or Farm Loan Manager (FLM) **before** June 25, 1998, were required to successfully complete the established training and receive delegated loan making and/or servicing authority by June 25, 1999, according to 16-AO, Part 6. If employees did not complete those requirements by that date, employees should have been placed on OTI or PIP because of inability to perform a critical performance element. However, specific assignments will be identified for completion, giving the employee ample hands-on experience in the areas where weaknesses are identified by the employee's inability to pass all categories of the exam.

Note: No critical performance element may be established requiring an employee to pass a test.

Continued on the next page

2 Actions (Continued)

I Timeframe for Completing Training and Receiving FLP Authorities (Continued)

Employees who became DD's or FLM's **after**:

- June 25, 1998, and before January 1, 2000, have 1 calendar year from assuming the position of DD or FLM to complete the required training and testing and receive delegated loan making and servicing authority

- January 1, 2000, have 1 calendar year from assuming the position of DD or FLM to complete the required training and all testing and an additional 6 months to obtain and receive delegated loan making and servicing authority.

FLO's and FLOT's have 1 year from attending the FLO orientation session to complete the required FLP Training Program and take the comprehensive exam. FLOT's may be permitted additional time to complete Test 2 and/or Test 3, if needed, provided OTI or PIP, as appropriate, is developed according to subparagraph F.

FLOT's may or may not receive delegated loan approval authorities during the training period. FLO's and FLOT's will not be considered performing at the fully successful level, for the grade level of GS-11, until they can independently complete loan approval and servicing within their delegated authority. Normally FLO's and FLOT's would not receive loan approval authority for 1 to 2 years after completing the FLP Training Program to enable the employee to gain valuable experience.

I Contact

If there are questions about this notice, State Offices shall follow this table for the appropriate contact.

IF questions about...	THEN contact either...
testing	• Chris Greenwalt at 202-690-0431 • Gail Wargo at 202-690-4003.
personnel actions	John W. Chott, Jr. at 202-690-2807.

FSA-2130, Farm Loan Programs Training Report

REPRODUCE LOCALLY. *Include form number and date on all reproductions.*

FSA-2130 (01-17-02)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

FARM LOAN PROGRAMS TRAINING REPORT

Report Control No. (FLP-4R)

PART A - GENERAL INFORMATION

1. State Office Name

2. Report Due:
MARCH 31 ☐ JUNE 30 ☐
SEPT. 30 ☐ DEC. 31 ☐

3. Name of Trainee	4. Position Title	5. Training Start Date

PART B - COMPLETION DATES FOR MODULES AND EXAMS

6. Dates Modules Completed *(enter all dates that apply)*:

MOD 1		MOD 10		MOD 19		MOD 28	
MOD 2		MOD 11		MOD 20		MOD 29	
MOD 3		MOD 12		MOD 21		MOD 30	
MOD 4		MOD 13		MOD 22		MOD 31	
MOD 5		MOD 14		MOD 23		MOD 32	
MOD 6		MOD 15		MOD 24		MOD 33	
MOD 7		MOD 16		MOD 25		MOD 34	
MOD 8		MOD 17		MOD 26			
MOD 9		MOD 18		MOD 27			

7. **Program Area Exam Date and Score:**

	A. Date of Exam	B. Score
Direct Loan Making		
Direct Loan Servicing		
Guaranteed Loan Making		
Guaranteed Loan Servicing		

8. **Credit and Financial Analysis Course:**

	A. Date	B. Pass/Fail	C. Test 2 Date	D. Test 2 Score	E. Test 3 Date	F. Test 3 Score

9. **Comprehensive Exam:**

	A. Date	B. Score	C. Test 2 Date	D. Test 2 Score	E. Test 3 Date	F. Test 3 Score
General and Inventory						
Direct Loan Making						
Direct Loan Servicing						
Guaranteed Loan Making						
Guaranteed Loan Servicing						

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FSA-2130, Farm Loan Programs Training Report (Continued)

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PART C - COMMENTS

10. Comments by the trainee:

11. Comments by the trainer:

PART D - SIGNATURES

12A. Trainee	12B. Date
13A. Trainer	13B. Date
14A. District Director	14B. Date
15A. Farm Loan Chief	15B. Date

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