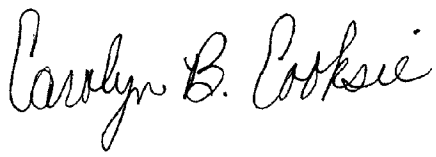
UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-132

For: State and County Offices

Acceptable Scores for Credit and Financial Analysis and FLP Training

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

The Consolidated Farm and Rural Development Act, Section 361 requires the Secretary to ensure proper supervision of FLP loans and adequate training of FSA credit employees in credit and financial analysis and farm management.

The testing requirements in Notice FLP-131 were established to 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 for employees who have FLP loan making and loan servicing in their specific position descriptions or who are training to obtain those responsibilities and duties.

The hands-on files for completing the FLP training program:

- typically will not be the same files used to obtain FLP loan approval authority
- relate to 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

Continued on the next page

Disposal Date	Distribution
February 1, 2001	State Offices; State Offices relay to County Offices

1 Overview (Continued)

A Background

- processing a partial release
- developing a farm and home plan for a subsequent loan
- analyzing subsequent years' advances made by a guaranteed lender for a line of credit
- note repayment scheduling.

When specific hands-on work is assigned, it should be work 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 the course of FLP training is to provide the employee with a wide variety of actions and situations from which they can gain experience.

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

B Purpose

This notice:

- establishes minimum acceptable exam scores
- establishes procedures for employees who do not achieve the minimum acceptable score
- establishes procedures for employees who have not fulfilled the requirements of Notices FLP-131 and AO-1202, and obsolete Notice AO-1164
- obsoletes Notice FLP-98.

2 Action

A Minimum Acceptable Exam Scores

To ensure that an acceptable level of understanding of credit and financial analysis and 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:

- credit and financial analysis training (CFAT) exam
- each of the 4 program area exams
- each of the 5 program areas covered on the comprehensive exam.

B Implementing the Performance Rating System

The January 14, 1999, letter from EDSO to SED's sets forth required elements in the pass/fail rating system. In States with recognized unions, appropriate bargaining must take place before implementing the new pass or fail performance management system. If the new performance management system cannot be implemented until bargaining has been completed, then the **current** performance management system will remain.

AO's shall review the elements and standards to determine whether the employee's responsibilities for FLP 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-level system or the pass/fail rating system.

C Developing Individual Development Plans (IDP's)

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; and to achieve delegation of loan approval authority in accordance with subparagraph G.

IDP's shall be established for:

- employees who received loan approval and servicing authority between October 1, 1995, and September 23, 1997, which was suspended and has not been reinstated according to Notice FLP-131

- 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 of Notice FLP-131 or demonstrated a working knowledge and understanding of credit principles and loan program instructions by achieving the minimum acceptable score on required exams.

Continued on the next page

2 Action (Continued)

D
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 delegation and maintenance of loan approval authority are reflected
- trainer will review and modify existing IDP to address the areas of weakness in consultation with AO and HRD
- trainer will assign specific hands-on work in the areas of weakness from actual dockets
- trainee will acquire additional training by reviewing training modules in the areas of weakness or CFAT training manual and/or acquire additional understanding by 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 Test 2 CFAT exam or Test 2 program area exam for the program area on the comprehensive exam for which the trainee did not receive an acceptable score.

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

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

Any employee who currently has or is required to have FLP loan making and servicing authorities, 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.

Continued on the next page

2 Action (Continued)

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

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 accomplished to identify and overcome impediments to acceptable work performance
- 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 to which employees need additional training or coaching to achieve acceptable work performance.

- include assigned specific hands-on casework in areas of weakness with established 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 as they relate to the areas of weakness to reinforce the specific hands-on casework.

.

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.

Continued on the next page

2 Action (Continued)

F
Personnel Action

At the end of OTI or PIP, if the supervisor determines that the employee is still failing a critical performance element, the supervisor, in conjunction with AO and KCAO, PD, will propose appropriate personnel action.

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

If FLP loan approval authority is delegated to this employee as a minimum, all loans and servicing actions approved by this employee will be required to be post-reviewed by the State Office for a period of 1 calendar year.

G
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 FLP authorities by June 25, 1999, according to obsolete Notice AO-1164. 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 individual ample hands-on experience in the areas where weaknesses are identified by the person's inability to pass all categories of the exam.

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

Employees who became DD's or FLM's **after** June 25, 1998, have 1 calendar year from assuming the position of DD or FLM to complete the required training and receive delegated FLP loan making and servicing authorities.

Continued on the next page

2 Action (Continued)

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

Employees unable to successfully complete the actions identified in subparagraph C will be permitted to complete Test 3 provided they do so within the 1-year anniversary of their assuming the position.

Farm Loan Officers (FLO's) must complete the required training program according to Notice FLP-131. Employees in the Farm Loan Officer Trainee (FLOT) positions have 1 year from attending orientation to complete the required Farm Loan Training Program and complete the comprehensive test. FLOT's may be permitted additional time to complete Test 2 and/or 3, if needed, provided actions identified in subparagraph D are taken.

FLOT's may or may not receive delegated FLP 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 training program that will enable the employee to gain valuable experience.

H
Contact

Employees shall use the following table to obtain the appropriate contact.

IF questions about...	THEN contact...
testing	Chris Greenwalt at 202-690-0431.
personnel actions	• Chuck Berge at 202-720-6942 • Star Bryant at 202-720-0183.