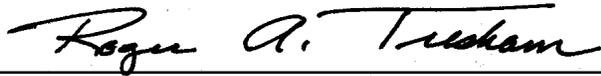


For: County Offices

Farm Loan Programs (FLP) Docket Reviews

Approved By: Acting State Executive Director

RAT:LEV:lv



1 Overview

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Background

The FLP Internal Control Process was formerly described in FmHA Instruction 2006-M, and was discussed in then now expired Notice FLP-107.

The FY 2001 National Internal Review (NIR) Guide has been issued for use in completing FLP docket reviews. Reviews of at least 30 randomly selected files, (or all files if less than 30), are required from the following categories:

- direct loan making
- guaranteed loan making
- direct loan servicing
- guaranteed loan servicing
- collection and resolution of direct FLP program debts
- guaranteed loan loss claims
- farm inventory properties

It also requires a State Office Management review, and Service Center FLP Management reviews in one-third of Oregon's Service Center Offices, on each of the following categories:

- direct loans
- guaranteed loans
- civil rights

The docket review process set forth in the NIR Guide will also be used:

- to monitor the level of performance for all credit officials who have been delegated loan approval authority, and assure that their level of performance is maintained at an acceptable level
- as one of the criteria to be met in order to demonstrate the proficiency necessary for credit officials to be delegated loan approval authority.

Continued on the next page

Disposal

Distribution

October 1, 2001

STO, DD, COR, COC, COF - Including Farm Loan Programs

Oregon Notice FLP-66

1 Overview, *Continued*

B

Purpose

The purpose of this Oregon Notice is to:

- supplement the contents of Notice FLP-180 and the annual NIR Notice, and implement their requirements
 - provide instructions for the completion of the FY 2001 farm loan reviews
 - assign responsibility for doing Service Center FLP Management Reviews
 - establish the method for calculating proficiency post review compliance scores under Notice FLP-180, Paragraph 244 of FSA Handbook 2-FLP, and Attachment 1 of Exhibit C of FmHA Instruction 1901-A
 - provide instructions for submitting review sheets to the STO as completed.
-

2 Reviews

A

General

The FY 2001 NIR review will be completed through regular DD "peer reviews, State Evaluation Reviews (SERs), Service Center FLP Management Reviews, proficiency post reviews conducted to demonstrate proficiency prior to receipt of loan approval authority, and other special reviews as needed.

After completing a docket review, the following items of information are to be ***checked for accuracy*** and forwarded to the STO for entry in the automated "CARsummary" software and subsequent transmittal to the National Office:

- docket review Questionnaire (review sheet) noting the reviewer's responses (Yes, No, or N/A where appropriate)
 - Summary of Deficiencies sheet recording and explaining the deficiencies which resulted in any "No" response
 - Financial Data Input Form (for use with Direct Loan Making and Guaranteed Loan Making docket reviews only)
 - Worksheet for Adjustment of Summary of Year's Business (for use if needed to respond to cash flow questions in Direct Loan Making, Guaranteed Loan Making, and Direct Loan Servicing docket reviews).
 - Service Center FLP Management Questionnaire (review sheet for Direct loans, Guaranteed loans, and Civil Rights) identifying the records reviewed and the deficiencies which resulted in any "No" response .
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Continued on the next page

2 Reviews, *Continued*

B

NIR "Peer Reviews"

District Directors shall schedule and conduct quarterly "peer reviews" for the purpose of performing farm loan docket reviews on files selected randomly from the following populations in their Districts:

- direct loan making - loans closed during FY 2001
- guaranteed loan making - loans closed during FY 2001
- direct loan servicing - borrowers receiving loan servicing during FY 2001
- guaranteed loan servicing - loans closed during FY 99 and FY 00
- farm inventory properties - properties in inventory during FY 2001.

Sufficient reviews must be conducted to meet the 100 percent sample or 30 case sample size for the State in the appropriate categories.

The FLP staff in the STO will conduct the docket reviews for the Direct Loan Debt Settlement and Guaranteed Loan Loss Claims categories. These reviews will be conducted in the course of processing debt settlements and loss claims.

C

SER Reviews

The FLP staff will schedule and complete SERs in at least one County Office per District during FY 2001. The review sheets and related financial data for the Direct Loan Making, Guaranteed Loan Making, Direct Loan Servicing, and Guaranteed Loan Servicing, and Farm Inventory Property categories will be added to the FY 2001 review sample.

D

Proficiency Post Reviews

Proficiency post reviews are conducted to confirm a credit officer's proficiency in *independently* making prudent credit decisions and analyzing an applicant or borrower's operation prior to receipt of loan approval authority.

Proficiency post reviews should be initiated by submitting the direct loan making, direct loan servicing, and guaranteed loan making dockets directly to the FLP section in the STO for review. A few proficiency post reviews may also be performed by qualified personnel during District Director quarterly NIR "peer reviews."

Credit Officials performing proficiency post reviews must have loan approval authority, and possess a strong background in loan making and servicing. Proficiency post reviews will be performed by the Farm Loan Chief (FLC) and Farm Loan Specialists (FLSs). Farm Loan Managers (FLMs) may also perform proficiency post reviews during NIR "peer review" meetings when requested by the FLC or an FLS, or the FLC or an FLS are unable to attend.

Continued on the next page

Oregon Notice FLP-66

2 Reviews, *Continued*

E

Service Center FLP Management Reviews

District Directors shall schedule and conduct Service Center FLP Management Reviews in one-third of the Type 1 and Type 2 County Offices in their Districts each year. DDs should consider completing their Service Center FLP Management Reviews at the same time as they are completing their District Director Oversight Reports required by FSA Handbook 1-FLP.

Review sheets for conducting the Direct Loan, Guaranteed Loan, and Civil Rights portions of the Service Center FLP Management Reviews are located on Pages 73-80 of the FY 2001 NIR Review Guide. The guidelines contained in Exhibit 1 of this Oregon Notice provide assistance, guidance, and instructions for answering most questions on the review sheets. Please review the question as stated in Exhibit 1 before attempting to complete the appropriate review sheet. County Statistical Information for use in completing the Service Center FLP Civil Rights Work Sheet is shown in Exhibit 2.

When a Service Center FLP Management Review has been completed, and the reviewer has completed all of the review sheets as required, the review sheets for that Service Center should be forwarded to the FLP Section in the STO. All are needed by no later than COB on Friday, **September 7, 2001**.

3 Standards

A

Review Standards

The review standards that apply to NIR internal "peer reviews," SERs, and proficiency post reviews conducted under Notice FLP-180 or Attachment 1 of Exhibit C of FmHA Instruction 1901-E, are those set forth in the FY 2001 NIR Guide and this Oregon Notice.

B

Compliance Score Standards

The standard for acceptable compliance scores is set forth in Paragraph 2 D of Notice FLP-180. ***An acceptable level of performance is a compliance score of at least 90 percent*** based on the applicable NIR questions and the additional questions shown in the review Questionnaires distributed in Oregon.

Note: The compliance score for any review category is calculated by dividing the number of "Yes" responses on the applicable review Questionnaire by the number of "applicable" responses. (The number of "applicable" responses is the total number of questions on the applicable review Questionnaire, less the number of responses marked "N/A").

Continued on the next page

Oregon Notice FLP-66

3 Standards, *Continued*

C

Obtaining Approval Authority

Notice FLP-180 requires proficiency post reviews to be conducted on a specified number and type of loan docket and servicing actions in order to confirm a credit officer's demonstrated ability to make prudent credit decisions, and accurately analyze an applicant or borrower's operation, prior to receipt of approval authority for loan making or servicing actions.

For these proficiency post reviews, an acceptable compliance score of at least 90 percent must be achieved. For the purposes of proficiency post reviews conducted in Oregon, this means that if 5 independently prepared dockets are called for, 5 out of the last 6 dockets prepared and submitted for review must score 90 percent or more. Likewise, if 3 independently prepared dockets are called for, 3 out of the last 4 dockets prepared and submitted for review must score 90 percent.

D

Maintaining Approval Authority

In order to maintain delegated loan approval authority, Notices FC-131, FC-146, FC-178, FLP-52, FLP-131 and FLP-180 require ongoing post reviews to assure that loan approval officials continue to meet loan approval standards.

In general, credit officials who first received delegated loan approval authority after October 2, 1995 must maintain an average NIR "peer review" compliance score of 90 percent in order to maintain their loan approval and servicing authority.

4 Action

A

STO Action

The STO will distribute or electronically transmit the following, and provide sufficient copies so that the COR; each DD, CED, FLM, FLO, and FLOT; and the PT assigned FLP as a program responsibility in each County Office, can establish their own personal FY 2001 "peer review" guide in a 3-ring binder:

- an extra copy of this Oregon Notice and the annual NIR Notice
 - a Fiscal Year 2001 National Internal Review (NIR) Guide
 - a copy of Oregon Notice FLP-59 containing the FY 2001 State Price List
 - a master set of review questionnaires, deficiency summary sheets, financial data input sheets, and adjustment worksheets for use in locally reproducing the required sheets for the 5 major docket review categories.
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Continued on the next page

Oregon Notice FLP-66

4 Action, *Continued*

B

DD Action

DDs shall schedule quarterly meetings with FLMs, FLOs, FLOTs, CEDs, and at the DD's discretion, PTs with FLP responsibilities, for the purpose of conducting NIR "peer reviews" in their Districts. DDs shall coordinate with the FLP section so that the FLC or an FLS can make arrangements to attend.

"Peer reviews" need to include dockets randomly selected from all the NIR review categories and the populations specified in Paragraph 2 B. Any post review conducted for the purpose of demonstrating proficiency prior to receipt of loan approval authority must be conducted by an FLS or the FLC in attendance at the quarterly "peer review," or in their absence, by an FLM. The quarterly NIR "peer reviews" need to be conducted, and the review sheets, deficiency sheets, and financial data input sheets submitted to the FLP Staff in the STO as completed. All "peer reviews" need to be completed, and review results submitted to the STO, prior to COB on Friday, **September 7, 2001**. If requested by the STO, DDs will also need to follow-up with their FLMs and CEDs to complete any additional docket reviews necessary to assure at least 30 case files are reviewed Statewide in each appropriate category.

DDs also need to schedule and complete Servicing Office FLP Management Reviews as specified in Paragraph 2 E of this Oregon Notice. DDs should consider completing the FLP Management Reviews at the same time that District Director Oversight Reviews are completed. The completed Servicing Office FLP Management Review sheets and the results of the reviews need to be submitted to the STO prior to COB on Friday, **September 7, 2001**.

C

FLM Action

FLMs shall:

- assist their respective DDs in planning and preparing for the quarterly District meetings, and conducting the quarterly docket NIR "peer reviews"
 - arrange with CEDs as necessary to assure that *all inventory files* and all *randomly selected case files from the review categories and sample populations* identified in Paragraph 2 B of this Oregon Notice are brought to the District Meeting with relevant information for review
 - participate in the NIR "peer review," and in the absence of the FLC or an FLS at the District Meeting, *represent the Agency's official position* on issues and act as the subject matter expert for the review
 - when requested by their DD and in coordination with the appropriate CEDs, review any additional files needed to reach the required 30 case sample size Statewide in each appropriate review category
 - assist their DD by *reviewing the completed review sheets, deficiency sheets, and financial data input sheets for accuracy*, and then sending them to the STO as they are completed, but in any event, by no later than COB on Friday, **September 7, 2001**.
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Continued on the next page

4 Action, Continued

D

CED Action

CEDs shall:

- consult and arrange with FLMs as necessary to assure that *all inventory property files* and randomly selected case files are brought to the District NIR "peer review" meetings with relevant information for review
 - attend and actively participate in the Farm Loan Programs "peer reviews"
 - when requested by their DD and in coordination with the appropriate FLM, review any additional files needed to reach the required 30 case sample size Statewide in each appropriate review category
 - retain a copy of the Direct Loan Making, Guaranteed Loan Making, and Direct Loan Servicing review sheets for loans and servicing actions they have been responsible for processing up to approval. Even if the docket review is not a proficiency post review conducted for the purpose of demonstrating proficiency prior to receipt of loan approval authority, we hope the review sheets will help document both the training and experience required for eventual approval authority.
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E

COR, FLO, FLOT, and PT Action

The COR shall make arrangements with one or more of the DDs to attend and participate in a Farm Loan Program NIR "peer review." Likewise, FLOs, FLOTs, and at the discretion of the DDs, PTs, shall also attend the District meeting and participate in the District's farm loan review.

FLOs and FLOTs shall retain a copy of the Direct Loan Making, Guaranteed Loan Making, and Direct Loan Servicing review sheets for loans and servicing actions they have been responsible for processing up to approval and through closing. The review sheets are part of the proficiency post review process, and will help document both training and the proficiency required to obtain or maintain loan approval authority as specified Notice FLP-180 and Attachment 1 of Exhibit C of FmHA Instruction 1901-A.

Note: Any proficiency post review conducted during a quarterly District NIR "peer review" meeting for the purpose of demonstrating proficiency prior to receipt of loan approval authority must be performed by an FLS or the FLC in attendance at the quarterly "peer review," or in their absence, by an FLM.

5 Performing Reviews

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Review Sheets

The review sheets contained within the Fiscal Year 2001 National Internal Review Guide have been reformatted and distributed for use. A review sheet will be completed for each loan or inventory file reviewed in accordance with the following table:

Category	Name of Required Review Sheets					
Direct Loan Making	Direct Loan Making Questionnaire (Pg. 15) ¹	Summary of Deficiencies - Direct Loan Making (Pg 17) ²	Worksheet for Adjustment of Summary of Year's Business (Pg. 87) ³	Data Input Form for Direct Loans (Pg. 81) ¹		
Guaranteed Loan Making	Guaranteed Loan Making Questionnaire (Pg. 24) ¹	Summary of Deficiencies - Guaranteed Loan Making (Pg 26) ²	Worksheet for Adjustment of Summary of Year's Business (Pg. 87) ⁴	Oregon Data Input Form for Guaranteed Loans (Pg. 83) ⁶	Term Debt & Capital Lease Coverage Worksheet (Pg. 85) ¹	Adjustment Worksheet for Guaranteed Loans (Pg. 84) ⁷
Direct Loan Servicing	Direct Loan Servicing Questionnaire (Pg. 36) ¹	Summary of Deficiencies - Direct Loan Servicing (Pg 38) ²	Worksheet for Adjustment of Summary of Year's Business (Pg. 87) ⁵			
Guaranteed Loan Servicing	Guaranteed Loan Servicing Questionnaire (Pg. 45) ¹	Summary of Deficiencies - Guaranteed Loan Servicing (Pg 47) ²				
Farm Inventory Property	Farm Inventory Property Questionnaire (Pg. 66) ¹	Summary of Deficiencies - Farm Inventory Property Review (Pg. 68) ²				

¹ Completed for each file reviewed.

² Completed for each file reviewed. If any question is answered "No," show the question number and provide an explanation of the deficiency noted. If all answers are "Yes" and no other comments are needed, show "No Deficiencies Noted."

³ Completed and used to answer question 15 if any of the answers to questions 8 through 14 are "No."

⁴ Completed together with a Term Debt and Capital Lease Coverage Ratio Worksheet as needed to answer questions relating to positive cash flow.

⁵ Completed and used to answer question 9 if any of the answers to questions 2 through 8 are "No."

⁶ Completed for each non-PLP file reviewed. Prepare a Term Debt and Capital Lease Coverage Ratio Worksheet from the guaranteed lender's monthly cash flow statement, & enter information on this form. (Also see No. 7).

⁷ Completed and used with a Term Debt and Capital Lease Coverage Ratio Worksheet to calculate amounts shown on Lines 13 and 14 of the Financial Data Input Form for Guaranteed Loans.

Continued on the next page

5 Performing Reviews, *Continued*

B

Conducting the Review

The guidelines for reviewing loan dockets relating to direct loan making, guaranteed loan making, direct loan servicing, guaranteed loan servicing, and inventory property management are located in the FY2001 NIR Review Guide. These guidelines provide assistance, guidance, and instructions for answering most questions on the review sheets. Please ***review the question as stated in the Guide before attempting to complete the review sheet.***

The top of each review sheet must be completed **legibly** in its entirety. All information is necessary. The Reviewer's answers (Yes, No, or N/A) must be recorded on the appropriate scoring sheet. Any "No" response found in the County Office docket will be entered on the "Summary of Deficiencies" sheet.

In order to provide required statistical information to the National Office, the appropriate "Financial Data Input Form" must also be **accurately** completed for each loan making case reviewed. This includes the **accurate** calculation of **Current Assets and Current Liabilities**, and the **accurate** calculation of **interest on all debt**, not just interest accruing on the loan being made. Information for the appropriate Financial Data Input Form must be taken from the financial information used to support the loan or loan guarantee request selected in the sample. If requested in the direct loan servicing sample, it will be taken from the financial information used to support the loan servicing action in the sample, or the latest information available.

If the selected file is a Youth Loan, Emergency Seed Loan, or Special Apple Loan, or the servicing action taken is the result of litigation or some other atypical action, it may be excluded from the review. Likewise, it is not necessary to complete Data Input Forms for Youth Loans or PLP guarantees.

When a review has been completed, and the Reviewer has completed all of the review sheets as required for that case as shown in the table in Paragraph 5 A above, the review sheets for that case should be stapled together.

C

Forwarding Completed Review Sheets

Upon completion of each farm loan docket review, the DD or other review official needs to accomplish the following:

- with the assistance of the FLMs, ***check the completed review sheets*** for completeness and accuracy, and ***provide any incomplete information***
 - assemble the completed review sheets by category (i.e. direct loan making in one group, guaranteed loan making in a second group, etc.)
 - promptly mail the completed review sheets to the FLP Staff in the STO. All are needed by no later than COB on Friday, **September 7, 2001.**
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6 Contacts

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Contact Persons

Direct questions about this Oregon Notice to Lynn Voigt, Peter Halvorson, or Bob Perry in the STO.

SERVICE CENTER FLP MANAGEMENT

Direct Loans

*Guide for Reviewing Direct Loans***(1) Were lenders contacted to obtain current lending criteria and policies for use in considering borrowers for graduation?**

Section 1951.261 of RD Instruction 1951-F states Agency officials should solicit lender underwriting criteria and explain graduation requirements during routine lender contacts and meetings. Information gathered from these contacts is to be summarized on Exhibit A of RD Instruction 1951-F, and placed with the graduation review list (Report Code 736) in the Servicing Office FLP 16-4, "Graduation," Operational File maintained on other credit. (Also see the FLP-21-1, "Agricultural Lender Contacts," Operational File).

The reviewer will pull the Service Center's FLP 16-4 and FLP-21-1 Operational Files and review their contents. If the FLP 16-4 Operational File contains meaningfully completed copies of Exhibit A of RD Instruction 1951-F not older than 18 months old documenting lender contacts, lender criteria, and lender policies, the reviewer will answer **YES**. If there is no documented evidence of lender contact, or the FLP 16-4 Operational File does not contain a meaningfully completed Exhibit A completed within the last 18 months, the reviewer will answer **NO**.

(2) Was the FmHA Instruction 2006-W classification report (Report Code 736) used for the initial screening of borrowers to be considered for graduation?

The Finance Office issues a loan classification report (Report Code 736) to each Servicing Office by January of each year, identifying the classification codes of direct borrowers. The graduation review period starts with the issuance of this report. It should be completed by July 1.

If there is an obvious reason that a borrower listed on the classification report will not be able to graduate, Section 1951.262 (d) of RD Instruction 1951-F requires the reason to be documented in the borrower's case file and in the margin of the classification report. Section 1951.262 (d) also requires that the "marked up" copy of the classification report be retained as part of the Servicing Office's FLP 16-4 Operational File for graduations.

If the Service Center's FLP 16-4 Operational File contains a copy of the current year's classification report with entries in the margin reflecting its use to conduct and record the initial screening of borrowers, the reviewer will answer **YES**. If the FLP 16-4 Operational File contains a copy of the current year's classification report without entries in the margin, the reviewer will pull the case files of several borrowers that obviously can not graduate, search their running records, and answer **YES** if entries are there recording the results of the initial screening. If the current year's classification report is not in the Operational File, or it is not completed showing the results of the initial review and there are no entries in the case files of borrowers that obviously can not graduate, the reviewer will answer **NO**.

(3) **Did borrowers who were requested to graduate obtain other financing or provide adequate documentation that financing could not be obtained?**

Section 1951.262 (e) of RD Instruction 1951-F says that borrowers who are classified "commercial" or "standard" are considered graduation candidates after screening out the borrowers that obviously can not graduate. This Section and Section 1924.55 (d) of FmHA Instruction 1924-G also require borrowers to provide certain financial information to FSA every two years to enable the Agency to reclassify their loans and determine their ability to graduate.

Through the initial screening process, some "commercial" or "standard" borrowers will be screened out of the graduation process. Section 1951.262 (f) requires the distribution of a prospectus to local lenders for each of the remaining borrowers for possible refinancing when the borrower's financial condition and projected repayment capacity suggest that commercial credit may be available, with or without a guarantee. If a lender expresses an interest in refinancing the borrower's FLP debt, FmHA Guide Letter 1951-F-3 is sent to the borrower requesting the borrower to contact the lender and refinance within 30 days.

If a borrower fails to cooperate by providing financial information for classification and graduation purposes when requested, the borrower is to be notified of the Agency's intent to accelerate the account and to foreclose in accordance with Section 1951.264 (b) of RD Instruction 1951-F. If the borrower does not cooperate with the graduation requirements by providing the requested financial information, contacting lenders for refinancing purposes, or refinancing, the case file is prepared for legal action within 30 days.

If no lender expresses an interest in refinancing the borrower from the prospectus information provided by FSA, or from an actual and reasonable loan application submitted by the borrower, the graduation review for the borrower will be concluded for that year. Section 1951.262 (f)(4) of RD Instruction 1951-F, however, states that the lender's reasons for declining to refinance the borrower's FSA indebtedness will be noted in the margin of the classification report, and the "marked up" report will be maintained in the Service Center's FLP 16-4 Operational File. Section 1951.262 (f)(4) also requires that documentation be placed in the borrower's case file.

The reviewer will pull the Service Center's FLP 16-4 Operational File and pull the case files for a sample borrowers requested to refinance, noting the names of the borrowers in the sample on the Review Sheet. If the FLP 16-4 Operational File contains the classification report, *and* (a) the requested borrowers either refinanced *OR* (b) the classification report shows reasonable and realistic reasons in the margin why borrowers could not refinance when requested and that conclusion is supported by written evidence in the sampled borrowers' case files, then the reviewer should answer **YES**. Otherwise, the reviewer should answer **NO**.

(4) **Were limited resource reviews completed for each limited resource borrower during the annual analysis (YEA) process?**

Section 1951.25 (a) of FmHA Instruction 1951-A requires that limited resource loans be reviewed each year at the time a year end analysis (YEA) is conducted in accordance with FmHA Instruction 1924-B, and any time a primary loan servicing action is taken. Section 1924.55 (d) of FmHA Instruction 1924-B requires a YEA for all borrowers who are receiving limited resource interest rates, and requires the YEA to be performed to coincide with the borrower's farm budget planning period. Essentially then, a limited resource review is required any time a Farm and Home Plan is required of a limited resource borrower.

If the borrower's Farm and Home Plan projections for the coming year show that the "balance available to pay debts" exceeds the amount needed to pay debts by 10 percent or more, then Section 1951.25 (b)(3) of FmHA Instruction 1951-A requires that the borrower's interest rate be increased in increments of whole numbers to the current regular interest rate.

Section 1924.55 (d) requires the reasons for performing a YEA (i.e. limited resource review), be documented in the borrower's case file. Section 1924.56 (b) also requires the basis for the Farm and Home Plan and any resulting decisions (i.e. the decision to continue or discontinue limited resource interest rates) to be documented in the borrower's case file. Once the limited resource review is completed and documented to the borrower's case file, the ADPS manual requires the processing of an ADPS transaction. Transaction Code 8M is processed to reflect date of the limited resource review when there is no interest rate change, or a Transaction Code 8R is processed to reflect the interest rate change and the date of the review.

The reviewer should obtain the most recent Finance Office generated Limited Resource Loan Review Report (Report Code 660) and a MAC Workload Scheduling Report for WLS Code 4000 from the Service Center. The reviewer should pull a random sample of the borrowers listed in the reports as having completed limited resource reviews, those as having past due limited resource reviews, and those accounts where discrepancies exist between Report Code 660 and the MAC WLS report for WLS Code 4000. The names of these borrowers should be included on the Review Sheet. If the reviews are being completed in a reasonably timely manner, the decision resulting from the review is well documented and well founded, and the required ADPS Transaction Code 8M or 8R has been processed, the reviewer will answer **YES**. If the accounts of limited resource borrowers are not being reviewed annually for continued need of limited resource interest rates, limited resource interest rates are being continued for unauthorized reasons, the reviews are not being processed in ADPS, or MAC WLS Codes 4000 are not being updated, the reviewer will answer **NO**. If there are no loans with limited resource interest rates, the reviewer will answer **NA**.

(5) **Were limited resource reviews completed for those limited resource borrowers being considered for primary loan servicing?**

Section 1951.25 (a) of FmHA Instruction 1951-A requires that limited resource loans be reviewed any time a primary loan servicing action is taken. Section 1924.55 (d) of FmHA Instruction 1924-B requires a YEA for all borrowers who are receiving limited resource interest rates, and requires the YEA to be performed to coincide with the borrower's farm budget planning period. Essentially then, a limited resource review is required any time a Farm and Home Plan is required of a limited resource borrower.

If the borrower's Farm and Home Plan projections for the coming year show that the "balance available to pay debts" exceeds the amount needed to pay debts by 10 percent or more, then Section 1951.25 (b)(3) of FmHA Instruction 1951-A requires that the borrower's interest rate be increased in increments of whole numbers to the current regular interest rate.

Section 1924.56 (b) FmHA Instruction 1924-B requires the basis for the Farm and Home Plan and any resulting decisions (i.e. the decision to continue or discontinue limited resource interest rates as part of the primary loan servicing process) to be documented in the borrower's case file. Once the limited resource review is completed and documented to the borrower's case file, the ADPS manual requires the processing of an ADPS transaction. Transaction Code 8M is processed to reflect date of the limited resource review when there is no interest rate change, or a Transaction Code 8R is processed to reflect the interest rate change and the date of the review.

The reviewer should obtain the most recent Finance Office generated Limited Resource Loan Review Report (Report Code 660), the most recent Report Code 540, and a MAC Workload Scheduling Report for WLS Code 4000 from the Service Center. The reviewer should pull a random sample of the borrowers listed Report Code 540 as having both a LR interest rate loans and a 1M Transaction processed during the previous 12 months. The names of these borrowers should be included on the Review Sheet. The reviewer should compare the documentation in the case files with the information in Report Code 660 and the MAC WLS report for WLS Code 4000. If the limited resource reviews are being completed and documented as part of the primary loan servicing process, and the required ADPS Transaction Code 8M or 8R has been processed, the reviewer will answer **YES**. If the need and justification for limited resource interest rates is not documented for borrowers who received limited resource interest rates as part of primary loan servicing, the reviews are not being processed in ADPS, or MAC WLS Codes 4000 are not being updated, the reviewer will answer **NO**. If there are no limited resource borrowers that had a 1M Transaction processed during the previous 12 months, the reviewer will answer **NA**.

(6) **Are ADPS transactions processed in accordance with the time frames established in FSA Handbook 1-FLP, Paragraph 52 G?**

ADPS transactions must be processed within 10 calendar days of the effective date. If a discrepancy occurs, Paragraph 52 G of FSA Handbook 2-FLP requires correction within 5 calendar days of the initial rejection date. An additional 15 calendar days are allowed for correcting discrepancies with a suspend code on the borrower's account.

An exception to this standard is allowed for Transaction Code 8M. Limited resource reviews performed during the month must be processed by the 5th calendar day of the following month to be considered timely.

The reviewer should obtain a copy of the Finance Office generated Report Form 389-535A reflecting ADPS discrepancies. The reviewer should also make a random selection of borrowers that have had check requests, classifications, limited resource reviews, and primary loan servicing actions processed in the previous 12 months to verify ADPS processing and discrepancy processing timeframes. The names of selected borrowers should be made part of the Review Sheet, and the reviewer should review the ADPS transaction records (screen printouts) maintained in position 2 of the files. If the ADPS discrepancies shown on Form 389-535A are not excessive, and the ADPS processing timeframes in the borrower case files are generally within the time frames listed above, the reviewer will answer **YES**. If they are not, the reviewer will answer **NO**.

(7) **Are borrowers, for which a subordination was approved, monitored to ensure that the loan for which the subordination was granted is repaid?**

Sections 1962.30 (a) and (b) of FmHA Instruction 1962-A and Section 1965.12 (a) of FmHA Instruction 1965-A permit Agency liens to be subordinated to permit another creditor to refinance a debt or lend for an authorized direct loan purpose, but only if the borrower can document the ability to repay the total amount due under the subordination, and pay all other debt payments scheduled for the operating cycle.

Farm Assessments must be complete and in place for all direct FLP borrowers according to Section 1924.55 of FmHA Instruction 1924-B. Section 1955.55 (e) also requires at least semi-annual reviews to monitor progress, and requires documentation in the case file concerning any difficulties the borrower is facing in meeting goals and agreements. In addition, Section 1924.55 (d) of FmHA Instruction 1924-B requires a YEA for all borrowers the first year after a chattel subordination is received, and requires the YEA to be performed to coincide with the borrower's farm budget planning period.

The reviewer should identify from the MAC Application Processing reports all borrowers for which subordinations have been approved. In addition, the reviewer should obtain MAC Workload Scheduling Reports for WLS Codes 4055 and 4030 from the Service Center. The reviewer should make a random selection of borrowers that have outstanding subordinations from these reports, and document the names of the selected cases to the Review Sheet. The reviewer should compare the documentation in the case files with the information in the MAC WLS reports for WLS Codes 4055 and 4030. If documentation in the case files reflect that borrowers are being monitored to assure that subordinations are being repaid, the reviewer will answer **YES**. If the case files do not reflect at least semi-annual contact for monitoring purposes, or MAC WLS Codes 4055 and 4030 are not being updated, the reviewer will answer **NO**. If there are no direct loan borrowers with subordinations, the reviewer will answer **NA**.

(8) **For subordination cases, is Form RD 460-2 marked "Paid in Full" and returned to FSA upon satisfaction of the lender's debt?**

Section 1962.30 (b) of FmHA Instruction 1962-A and Section 1965.12 (a) of FmHA Instruction 1965-A permit only one subordination to be outstanding to one lender at any one time in connection with the same security. The text referenced by the asterisk (*) behind the subordination limitation blank on Form RD 460-2, "Subordination by the Government," requires the lender to mark the subordination Paid In Full and return it to the servicing office when the lender's indebtedness secured by the subordinated lien has been satisfied.

The reviewer should identify from the MAC Application Processing reports all borrowers for which subordinations have been approved in the previous 24 months. In addition, the reviewer should obtain MAC Workload Scheduling Reports for WLS Codes 4055 and 4030 from the Service Center. The reviewer should make a random selection of borrowers that received and have since paid their subordinations, and document the names of the selected cases to the Review Sheet. The reviewer should search and review Positions 1 and 5 for the original Form RD 460-2 marked "Paid in Full." If the original Forms RD 460-2 are found in the borrower's case file marked "Paid in Full" by the lender, the reviewer will answer **YES**. If the case files of borrowers who have paid their subordinations do not contain the original Forms RD 460-2 marked "Paid in Full," the reviewer will answer **NO**. If there are no direct loan borrowers that have paid their subordinations in full in the previous 24 months, the reviewer will answer **NA**.

(9) **Is the Credit Officer completing a review of Courthouse records 6 months prior to the expiration of Shared Appreciation Agreements to determine if the borrower has sold any real estate?**

Section 1951.914 (a)(2) of FmHA Instruction 1951-S states that six months prior to the maturity of the shared appreciation agreement, the court house records will be reviewed to assure that the borrower has not sold the real estate property covered by the Shared Appreciation Agreement (SAA), or transferred title to the property without FSA's knowledge. It also requires that the results of the review be recorded in the borrower's case file.

The reviewer should obtain the most recent Finance Office generated Shared Appreciation Agreement Report (Report Code 655-G), the most recent Report Code 540, and a MAC Workload Scheduling Report for WLS Code 4052 from the Service Center. The reviewer should pull a random sample of the borrowers listed Report Code 540 as having 3R Transactions processed 9½ or more years, (or 4½ or more years, as appropriate) prior to the review, which resulted in their SAAs maturing during 24 months prior to the review. The names of these borrowers should be included on the Review Sheet. The reviewer should compare the documentation in the case files with the information in the MAC WLS report for WLS Code 4052.

If the 6-month SAA reviews are being completed and documented as part of the SAA servicing process, and the required MAC WLS Code entries have been made, the reviewer will answer **YES**. If the completion of the 6-month reviews are not documented to the case files or the reviews are not being updated in the MAC WLS Codes, the reviewer will answer **NO**. If there are no borrowers with SAAs that have matured in the previous 24 months, the reviewer will answer **NA**.

- (10) **Has the Credit Officer established a 24-month follow-up system to review the County real estate records to determine if the borrower has sold or conveyed the real estate property covered in the Net Recovery Buyout Agreements? If so, are the reviews being conducted and documented in the file?**

Section 1951.913 (c) of FmHA Instruction 1951-S requires that court house records be reviewed every 24 months starting from the date of the borrower's Net Recovery Buyout (NRB) Recapture Agreement to determine if the borrower has sold or conveyed the real estate property covered by the NRB Agreement. It also requires that the results of the review be recorded in the borrower's case file.

The reviewer should obtain the most recent Finance Office generated NRB Agreement Report (Report Code 655-A) and a MAC Workload Scheduling Report for WLS Code 4052 from the Service Center. The reviewer should pull a random sample of the borrowers listed Report Code 655-A as outstanding NRB Agreements. The names of these borrowers should be included on the Review Sheet. The reviewer should compare the documentation in the case files with the information in the MAC WLS report for WLS Code 4050.

If the 24-month NRB reviews are being completed and documented as part of the NRB servicing process, and the required MAC WLS Code entries have been made, the reviewer will answer **YES**. If the completion of the 24-month reviews are not documented to the case files or the reviews are not being updated in the MAC WLS Codes, the reviewer will answer **NO**. If there are no borrowers with unmatured NRB Agreements, the reviewer will answer **NA**.

SERVICE CENTER FLP MANAGEMENT

Guaranteed Loans

Guide for Reviewing Guaranteed Loans

- (1) **Has the Credit Officer reviewed at least 20 percent of CLP outstanding guaranteed loans over the course of a year according to priorities established in FSA Handbook 2-FLP, Paragraph 267 B?**

FSA must annually review 20 percent of each Certified Lender Program (CLP) lender's outstanding guaranteed loans, according to Paragraph 267 B of FSA Handbook 2-FLP. Loans are to be selected for review according to the priorities listed in the Handbook, and Form FSA 1980-3, "Annual File Review Checklist for SEL and CLP Lenders," is to be used to complete and document the lender file reviews.

The reviewer should obtain the most recent copy of the Status of Active Guaranteed Loans report (Report Code 4105) showing all of the guaranteed loan borrowers and their lenders in the Service Center area. The reviewer should also obtain a MAC Workload Scheduling Report for WLS Code 3003 from the Service Center showing all CLP guaranteed loans scheduled for an annual review. The reviewer should compare the two lists to assure that 20 percent of each CLP lender's files have been reviewed, and pull a random sample of the borrowers shown on listed MAC Workload Scheduling Report for WLS Code 3003 as having annual reviews completed to verify completion and documentation on Form FSA 1980-3. The names of these borrowers should be included on the Review Sheet.

If the annual reviews are being completed and documented on Form FSA 1980-3 for 20 percent of each CLP lender's outstanding guaranteed loans in the Service Center, and the required MAC WLS Code 3003 entries have been made, the reviewer will answer **YES**. If the completion of the annual reviews are not documented to the case files of 20 percent of each CLP lender's case files, or the reviews are not being updated in the MAC WLS Codes, the reviewer will answer **NO**. If there are no CLP lenders with outstanding guaranteed loans in the Service Center area, the reviewer will answer **NA**.

- (2) **Has the Credit Officer reviewed at least 40 percent of SEL outstanding guaranteed loans over the course of a year according to priorities established in FSA Handbook 2-FLP, Paragraph 267 B?**

FSA must annually review 40 percent of each Standard Eligible Lender's (SEL's) outstanding guaranteed loans, according to Paragraph 267 B of FSA Handbook 2-FLP. Loans are to be selected for review according to the priorities listed in the Handbook, and Form FSA 1980-3, "Annual File Review Checklist for SEL and CLP Lenders," is to be used to complete and document the lender file reviews.

The reviewer should obtain the most recent copy of the Status of Active Guaranteed Loans report (Report Code 4105) showing all of the guaranteed loan borrowers and their lenders in the Service Center area. The reviewer should also obtain a MAC Workload Scheduling Report for WLS Code 3004 from the Service Center showing all CLP guaranteed loans scheduled for an annual review. The reviewer should compare the two lists to assure that 40 percent of each SEL lender's files have been reviewed, and pull a random sample of the borrowers shown on listed MAC Workload Scheduling Report for WLS Code 3004 as having annual reviews completed to verify completion and documentation on Form FSA 1980-3. The names of these borrowers should be included on the Review Sheet.

If the annual reviews are being completed and documented on Form FSA 1980-3 for 40 percent of each SEL lender's outstanding guaranteed loans in the Service Center, and the required MAC WLS Code 3004 entries have been made, the reviewer will answer **YES**. If the completion of the annual reviews are not documented to the case files of 40 percent of each SEL lender's case files, or the reviews are not being updated in the MAC WLS Codes, the reviewer will answer **NO**. If there are no SEL lenders with outstanding guaranteed loans in the Service Center area, the reviewer will answer **NA**.

(3) **If a loss was incurred on a guaranteed loan, has the file been properly labeled for retention?**

Paragraphs 86 E and F of FSA Handbook 25-AS require the Agency to retain the entire case file of any borrower involved in a case resulting in a financial loss to the Government. Paragraph 86 G (and alternatively Paragraph 89 A) further requires that the borrower's case files be labeled with "LOSS TO THE GOVERNMENT - Date _____ and Disposition Date _____" with the appropriate date of loss and authorized disposition date entered in the blank spaces. Closed case files of borrowers that resulted in a loss to the government are retained for 10 fiscal years after the end of the fiscal year in which the case was closed, as specified in Paragraph 90 A.

The reviewer should obtain the most recent copy of the Guaranteed Loans Detail Loss Listing report (Report Code 4130) showing all of the guaranteed loan losses have been paid in the Service Center area. The reviewer should also obtain a MAC Workload Scheduling Report for WLS Code 4037 from the Service Center showing all guaranteed loans that a follow-up for future recovery was scheduled on. The reviewer should pull a random sample of the guaranteed borrowers shown on the reports that had losses paid within the previous 10 years, and verify the proper and accurate labeling of the files for the proper retention period. The names of these borrowers should be included on the Review Sheet.

If the files are properly labeled and the retention period is accurately calculated, the reviewer will answer **YES**. If the files have been destroyed, are not available, do not have the proper label, or the retention time has been improperly calculated, the reviewer will answer **NO**. If there are no guaranteed loan losses that have been paid in the last 10 years in the Service Center area, the reviewer will answer **NA**.

(4) **Does the Credit Officer notify lender of changes in guaranteed loan procedure that may affect the lender?**

CEDs, FLOs, and FLMs serve as the primary contact points and decision makers for the guaranteed loan program, and Paragraph 20 A of FSA Handbook 2-FLP holds them responsible for providing training and education to lenders and prospective lenders. In order to assist lenders in staying abreast of the program, CEDs, FLOs, and FLMs must notify their guaranteed lenders of changes in the guaranteed loan program. Evidence of keeping lenders in the Service Center area informed about changes in the guaranteed loan program should be documented in the Service Center's FLP 21 Guaranteed Loan Program, FLP 21-1 Agriculture Lender Contacts, or FLP 21-2 Individual Guaranteed Lender Files Operational Files.

The reviewer will pull the Service Center's FLP 21, FLP 21-1, and FLP 21-2 Operational Files and search for evidence of Agency contact with guaranteed lenders for the purpose of providing training, providing information, or keeping them informed of changes that have occurred in the guaranteed loan program. If the Operational Files contain such evidence or documentation, then the reviewer should answer **YES**. If the Operational Files do not contain such evidence or documentation, then the reviewer should answer **NO**. If there are no lenders participating in the guaranteed loan program in the Service Center area, the reviewer should answer **NA**.

SERVICE CENTER FLP MANAGEMENT

Civil Rights

Guide for Reviewing Civil Rights

- (1) **For the total loan making applications received during the 12 calendar months preceding the date of this review, are loan making applications being processed for minorities in an equal manner as compared to non-minorities?**

The reviewer should obtain a MAC Detailed Application Report from the Service Center showing all direct and guaranteed applications received in the past 12 months. The reviewer should also obtain a GLS Guaranteed Farm Loan Application Detail report from the Service Center showing all guaranteed applications received in the past 12 months. These reports should be used to view the application information and processing time frames of applications received from minorities in comparison to applications received from non-minorities. Both the number of days "received to complete" and the number of days "complete to final disposition" should be reviewed.

If the MAC and GLS data reflect that the comparative application processing time frames for applications from minorities is roughly equal to or less than applications from non-minorities, the reviewer will answer **YES**. If the data reflect that the comparative application processing time frames for applications from minorities is greater than applications from non-minorities, the reviewer will answer **NO**. If there were no applications from minorities, the reviewer will answer **NA**.

- (2) **For the total loan making applications received during the 12 calendar months preceding the date of this review, are loan making applications being processed for females in an equal manner as compared to males or family units?**

The reviewer should obtain a MAC Detailed Application Report from the Service Center showing all direct and guaranteed applications received in the past 12 months. The reviewer should also obtain a GLS Guaranteed Farm Loan Application Detail report from the Service Center showing all guaranteed applications received in the past 12 months. These reports should be used to view the application information and processing time frames of applications received from females in comparison to applications received from males and family units. Both the number of days "received to complete" and the number of days "complete to final disposition" should be reviewed.

If the MAC and GLS data reflect that the comparative application processing time frames for applications from females is roughly equal to or less than applications from males and family units, the reviewer will answer **YES**. If the data reflect that the comparative application processing time frames for applications from females is greater than applications from males and family units, the reviewer will answer **NO**. If there were no applications from females, the reviewer will answer **NA**.

- (3) **For the total loan servicing applications received during the 12 calendar months preceding the date of this review, are loan servicing applications being processed for minorities in an equal manner as compared to non-minorities?**

The reviewer should obtain a MAC Workload Scheduling Report for WLS Code 4100 from the Service Center showing all primary loan servicing applications received. The reviewer should also obtain a copy of the Service Center's most recent Report Code 540. From these reports, the reviewer should identify all servicing applications received during the previous 12 months. File reviews, MAC Borrower information screens, and MAC Servicing Compact Borrower History Reports should be used to determine the application information and processing time frames of applications received from minorities in comparison to applications received from non-minorities.

If the data reflect that the comparative application processing time frames for applications from minorities is roughly equal to or less than applications from non-minorities, the reviewer will answer **YES**. If the data reflect that the comparative application processing time frames for applications from minorities is greater than applications from non-minorities, the reviewer will answer **NO**. If there were no applications from minorities, the reviewer will answer **NA**.

- (4) **For the total loan servicing applications received during the 12 calendar months preceding the date of this review, are loan servicing applications being processed for females in an equal manner as compared to males or family units?**

The reviewer should obtain a MAC Workload Scheduling Report for WLS Code 4100 from the Service Center showing all primary loan servicing applications received. The reviewer should also obtain a copy of the Service Center's most recent Report Code 540. From these reports, the reviewer should identify all servicing applications received during the previous 12 months. File reviews, MAC Borrower information screens, and MAC Servicing Compact Borrower History Reports should be used to determine the application information and processing time frames of applications received from minorities in comparison to applications received from non-minorities.

If the data reflect that the comparative application processing time frames for applications from females is roughly equal to or less than applications from males and family units, the reviewer will answer **YES**. If the data reflect that the comparative application processing time frames for applications from females is greater than applications from males and family units, the reviewer will answer **NO**. If there were no applications from females, the reviewer will answer **NA**.

(5) **Are loans being made to minorities in the same or in greater proportion than to non-minorities as evidenced by the population percentages from the census data?**

The reviewer should obtain a copy of the Service Center's most recent Report Code 540. The reviewer should also obtain the most recent copy of the Status of Active Guaranteed Loans report (Report Code 4105) showing all of the guaranteed loan borrowers in the Service Center area. From these reports, the reviewer should identify all the Service Center's entire loan and loan guarantee portfolio. File reviews, and MAC Borrower information screens should be used to determine the comparative number of minority borrowers and non-minority borrowers on a percentage basis in relation to the census data reflected in Exhibit 2 of this Oregon Notice.

If the data reflects that the comparative number of minority borrowers in relation to non-minority borrowers is roughly equal to or greater on a percentage basis than is reflected in the Service Center's census data for the farm population, the reviewer will answer **YES**. If the data reflects that the comparative number of minority borrowers in relation to non-minority borrowers is less than is reflected in the Service Center's census data on a percentage basis, the reviewer will answer **NO**. If there are no minorities shown in the Service Center's census data shown in Exhibit 2 of this Oregon Notice, the reviewer will answer **NA**.

(6) **Are loans being made to females in the same or in greater proportion than to males or family units as evidenced by the population percentages from the census data?**

The reviewer should obtain a copy of the Service Center's most recent Report Code 540. The reviewer should also obtain the most recent copy of the Status of Active Guaranteed Loans report (Report Code 4105) showing all of the guaranteed loan borrowers in the Service Center area. From these reports, the reviewer should identify all the Service Center's entire loan and loan guarantee portfolio. File reviews, and MAC Borrower information screens should be used to determine the number of female borrowers in relation to male and family unit borrowers on a percentage basis, and compare it to the census data reflected in Exhibit 2 of this Oregon Notice.

If the data reflects that the comparative number of female borrowers in relation to male and family unit borrowers is roughly equal to or greater on a percentage basis than is reflected in the Service Center's census data for the farm population, the reviewer will answer **YES**. If the data reflects that the comparative number of female borrowers in relation to male and family unit borrowers is less than is reflected in the Service Center's census data on a percentage basis, the reviewer will answer **NO**. If there are no females shown in the Service Center's census data shown in Exhibit 2 of this Oregon Notice, the reviewer will answer **NA**.

(7) **Is the Equal Credit Opportunity Notice included in all rejection letters to applicants?**

The reviewer should obtain a MAC Detailed Application Report from the Service Center showing all direct applications received in the past 12 months. From this report, the reviewer should identify all applications with an eligibility determination of "R" or a final disposition code of "R". The reviewer should make a random selection of applications with these rejection codes, and document the names of the selected cases to the Review Sheet. The reviewer should review the rejection letters in the case files for inclusion of the ECOA statement.

If the rejection letters contain the ECOA statement, the reviewer will answer **YES**. If the rejection letters do not contain the ECOA statement, the reviewer will answer **NO**. If there are no applications that were rejected, the reviewer will answer **NA**.

(8) **Is there evidence that minorities are receiving their appeal rights and are not being encouraged to withdraw their applications?**

The reviewer should obtain a MAC Detailed Application Report from the Service Center showing all direct applications received in the past 12 months. From this report the reviewer should identify all applications with a final disposition code of "W", and then determine from file reviews and MAC Borrower information screens the number of applications from minorities that have been withdrawn. The names of each of these withdrawn minority applicants should be entered on the Review Sheet. The reviewer should review the withdrawn applicant's case file for any indication that the applicant has been encouraged to withdraw their application by FSA rather than having their application considered in following Agency regulations.

If the review of the case files reflect no evidence or indication of encouragement to withdraw rather than having the application being considered based on it's merits, the reviewer will answer **YES**. If the case files reflect no evidence or indication of encouragement to withdraw rather than having the application considered on it's merits, the reviewer will answer **NO**. If there are no applications from minorities that were withdrawn, the reviewer will answer **NA**.

(9) **Is there evidence that females are receiving their appeal rights and are not being encouraged to withdraw their applications?**

The reviewer should obtain a MAC Detailed Application Report from the Service Center showing all direct applications received in the past 12 months. From this report the reviewer should identify all applications with a final disposition code of "W", and then determine from file reviews and MAC Borrower information screens the number of applications from females that have been withdrawn. The names of each of these withdrawn female applicants should be entered on the Review Sheet. The reviewer should review the withdrawn applicant's case file for any indication that the applicant has been encouraged to withdraw their application by FSA rather than having their application considered following Agency regulations.

If the review of the case files reflect no evidence or indication of encouragement to withdraw rather than having the application being considered based on it's merits, the reviewer will answer **YES**. If the case files reflect no evidence or indication of encouragement to withdraw rather than having the application considered on it's merits, the reviewer will answer **NO**. If there are no applications from females that were withdrawn, the reviewer will answer **NA**.

(10) **Is there evidence that the Credit Officer is following the State Outreach Plan?**

The Oregon State Office develops and distributes an State Outreach Plan annually. It contains elements addressing outreach efforts to assure that minorities, women, and underrepresented groups are aware of, and have access to, the Agency's FLP program benefits.

The reviewer should search the Service Center's Operational Files for a copy of the State Outreach Plan. The reviewer consider looking in the INFO Informational Services, INFO 1 Reports, INFO 7 Other State Office or STC Publications, INFO 9 County Office Newsletters, INFO 12 Public Notification Files, CR 1 Reports and Statistics, and CR 6 Civil Rights Implementation Plan Operational Files for this information. While making this search, the reviewer should also search for any evidence of Agency action to implement or scheduled action steps to implement portions of the State Outreach Plan.

If the Operational Files contain a copy of the State Outreach Plan and evidence of implementation is contained in them, then the reviewer should answer **YES**. If the Operational Files do not contain a copy of the State Outreach Plan, or do not contain evidence or documentation of implementation, then the reviewer should answer **NO**.

(11) **Is there evidence that any attempts have been made by the Credit Officer to attract female farmers to the SDA program?**

The Agency has loan programs specifically intended to assist women and minorities become owner-operators and tenant-operators of family sized farming operations. In addition, loan funds are targeted and appropriated by Congress specifically for women and minority applicants so that they do not need to compete with other loan applicants for available funds. FSA has an affirmative responsibility to assure that minorities, women, and underrepresented groups are aware of, and have access to, these and other FLP program benefits.

The reviewer should search the Service Center's Operational Files for evidence and documentation of specific activities scheduled or undertaken to attract female farmers to the SDA program. The reviewer consider looking in the INFO Informational Services, INFO 1 Reports, INFO 7 Other State Office or STC Publications, INFO 9 County Office Newsletters, INFO 12 Public Notification Files, CR 1 Reports and Statistics, and CR 6 Civil Rights Implementation Plan Operational Files for this information.

If the Operational Files contain evidence and documentation of specific activities scheduled or undertaken to attract female farmers to the SDA program, then the reviewer should answer **YES**. If the Operational Files do not contain meaningful evidence and documentation of specific activities scheduled or undertaken to attract female farmers to the SDA program, then the reviewer should answer **NO**.

(12) **Is there evidence that any attempts have been made by the Credit Officer to attract minority farmers to the SDA program?**

The Agency has loan programs specifically intended to assist women and minorities become owner-operators and tenant-operators of family sized farming operations. In addition, loan funds are targeted and appropriated by Congress specifically for women and minority applicants so that they do not need to compete with other loan applicants for available funds. FSA has an affirmative responsibility to assure that minorities, women, and underrepresented groups are aware of, and have access to, these and other FLP program benefits.

The reviewer should search the Service Center's Operational Files for evidence and documentation of specific activities scheduled or undertaken to attract minority farmers to the SDA program. The reviewer consider looking in the INFO Informational Services, INFO 1 Reports, INFO 7 Other State Office or STC Publications, INFO 9 County Office Newsletters, INFO 12 Public Notification Files, CR 1 Reports and Statistics, and CR 6 Civil Rights Implementation Plan Operational Files for this information.

If the Operational Files contain evidence and documentation of specific activities scheduled or undertaken to attract minority farmers to the SDA program, then the reviewer should answer **YES**. If the Operational Files do not contain meaningful evidence and documentation of specific activities scheduled or undertaken to attract minority farmers to the SDA program, then the reviewer should answer **NO**.

(13) **Is there evidence that the Credit Officer is reviewing pending acceleration and foreclosure cases as required to ensure that no evidence of inconsistencies, inequitable treatment, or complaints of discrimination, written or oral, exist?**

Before referring a defaulted loan account for acceleration according to Section 1955.15 (b) and (c) of RD Instruction 1955-A, the Credit Officer must complete Form FSA-580 and RD-1955-2 as required by Section 1951.907 (e)(8) of FmHA Instruction 1951-S. While completing the review required under Section 1955.15 (c) of RD Instruction 1955-A, case files and records must be searched for any evidence of procedural inconsistencies, inequitable treatment, or complaints of discrimination, written or oral. In addition, the Credit Officer should determine whether any identified inconsistencies, discrimination, or inequitable treatment contributed to the failure of the farming operation.

The reviewer should obtain a copy of the Service Center's most recent Report Code 540, and identify those chronically delinquent borrowers in the > 90 days past due category where all primary loan servicing has been concluded, but the loan accounts have not been accelerated. The names of these cases should be recorded on the Review Sheet, and the case files of these borrowers reviewed for evidence that the required file review is being completed.

If the borrower case files contain evidence and documentation of the required inequitable and disparate treatment reviews, then the reviewer should answer **YES**. If the case files do not contain meaningful evidence and documentation of the required inequitable and disparate treatment reviews, then the reviewer should answer **NO**. If there are no chronically delinquent borrowers in the > 90 days past due category where all primary loan servicing has been concluded, but the loan accounts have not been accelerated, the reviewer will answer **NA**.

(14) Does the documentation in the case file support the answers on the Form FSA 580, "Primary Loan Servicing Checklist"?

Before referring a defaulted loan account for acceleration according to Section 1955.15 (b) and (c) of RD Instruction 1955-A, the Credit Officer must complete Form FSA-580 and RD-1955-2 as required by Section 1951.907 (e)(8) of FmHA Instruction 1951-S. While completing the review required under Section 1955.15 (c) of RD Instruction 1955-A, case files and records must be searched for any evidence of procedural inconsistencies, inequitable treatment, or complaints of discrimination, written or oral. In addition, the Credit Officer should determine whether any identified inconsistencies, discrimination, or inequitable treatment contributed to the failure of the farming operation.

The reviewer should obtain a copy of the Service Center's most recent Report Code 540, and identify those chronically delinquent borrowers in the > 90 days past due category where all primary loan servicing has been concluded, and a Form FSA 580 has been completed. This may include accounts that have had a Form FSA 581 completed by the State Independent Review Group and those that have been accelerated by the District Director. The names of these cases should be recorded on the Review Sheet, and the case files of these borrowers reviewed for evidence that the required file review is being completed.

If the borrower case files contain evidence and documentation supporting the answers on Form FSA 580, then the reviewer should answer **YES**. If the case files do not contain meaningful evidence and documentation which supports the answers on Form FSA 580, then the reviewer should answer **NO**. If there are no chronically delinquent borrowers in the > 90 days past due category where all primary loan servicing has been concluded, and a Form FSA 580 has been completed, the reviewer will answer **NA**.

OREGON RACE AND GENDER DATA

County	Race*										Gender**													
	Black		Am Indian/AN		Asian/PI		Hispanic		Other		Total Minority		White		Total All		Male		Female		Total All			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
Baker							4	1.01				4	1.01	393	98.99	397	100.00	618	87.78	86	12.22	704	100.00	
Benton							6	2.62	1	0.44		8	3.49	221	96.51	229	100.00	609	83.88	117	16.12	726	100.00	
Clackamas	1	0.09	2	0.17	12	1.02	21	1.79	7	0.60		43	3.66	1,132	96.34	1,175	100.00	3,101	82.80	644	17.20	3,745	100.00	
Clatsop											0	0.00	57	100.00			57	100.00	183	79.91	46	20.09	229	100.00
Columbia							1	0.97				1	0.97	102	99.03	103	100.00	592	86.30	94	13.70	686	100.00	
Coos	1	0.35					5	1.74			6	2.08	282	97.92	288	100.00	548	81.19	127	18.82	675	100.00		
Crook							3	1.36			6	2.72	215	97.29	221	100.00	462	88.68	59	11.32	521	100.00		
Curry	1	1.39									1	1.39	71	98.61	72	100.00	135	80.36	33	19.64	168	100.00		
Deschutes	3	1.09	1	0.36			2	0.73			6	2.18	269	97.82	275	100.00	1,006	81.46	229	18.54	1,235	100.00		
Douglas	2	0.39					6	1.17	1	0.19	9	1.75	506	98.25	515	100.00	1,623	85.06	285	14.94	1,908	100.00		
Gilliam							1	0.80			2	1.60	123	98.40	125	100.00	148	89.16	18	10.84	166	100.00		
Grant							1	0.49			1	0.49	204	99.51	205	100.00	347	85.26	60	14.74	407	100.00		
Harney	1	0.33					4	1.33			5	1.66	296	98.34	301	100.00	443	87.90	61	12.10	504	100.00		
Hood River							33	10.68			46	14.89	263	85.11	309	100.00	468	87.15	69	12.85	537	100.00		
Jackson							1	0.28			11	3.06	348	96.94	359	100.00	1,327	81.76	296	18.24	1,623	100.00		
Jefferson	2	0.87	1	0.43			5	2.17	2	0.87	10	4.33	221	95.67	231	100.00	369	92.48	30	7.52	399	100.00		
Josephine							1	0.81			2	1.61	122	98.39	124	100.00	474	76.95	142	23.05	616	100.00		
Klamath	6	1.04	2	0.35			5	0.87	2	0.35	15	2.60	561	97.40	576	100.00	941	88.27	125	11.73	1,066	100.00		
Lake							1	0.37			5	1.85	265	98.15	270	100.00	371	88.76	47	11.24	418	100.00		
Lane							1	0.20			15	2.94	496	97.07	511	100.00	1,736	82.51	368	17.49	2,104	100.00		
Lincoln											1	1.64	60	98.36	61	100.00	249	81.37	57	18.63	306	100.00		
Linn	2	0.30	1	0.15			8	1.18	2	0.30	13	1.92	664	98.08	677	100.00	1,747	86.96	262	13.04	2,009	100.00		
Malheur							55	6.78			28	3.45	14	1.73	98	12.08	811	100.00	1,108	91.80	99	8.20	1,207	100.00
Marion	1	0.09	3	0.26			20	1.74	5	0.43	30	2.60	1,123	97.40	1,153	100.00	2,247	88.26	299	11.74	2,546	100.00		
Morrow							3	1.19	1	0.40	7	2.77	237	93.68	253	100.00	382	90.95	38	9.05	420	100.00		
Multnomah	1	0.54	4	2.17			4	2.17			9	4.89	175	95.11	184	100.00	479	83.02	98	16.98	577	100.00		
Polk							3	0.82			8	2.18	1	0.27	12	3.27	355	96.73	1,016	88.58	131	11.42	1,147	100.00
Sherman											0	0.00	120	100.00	120	100.00	154	91.67	14	8.33	168	100.00		
Tillamook											0	0.00	169	100.00	169	100.00	281	89.78	32	10.22	313	100.00		
Umatilla	6	0.65	6	0.85			11	1.55	1	0.14	24	3.39	684	96.61	708	100.00	1,322	88.84	166	11.16	1,488	100.00		
Union							1	0.28			1	0.28	356	99.72	357	100.00	758	91.11	74	8.89	832	100.00		
Wallowa							1	0.39			1	0.39	256	99.61	257	100.00	393	85.62	66	14.38	459	100.00		
Wasco							2	0.79			8	3.18	244	96.83	252	100.00	436	92.77	34	7.23	470	100.00		
Washington	1	0.16	2	0.32			15	2.40			25	4.00	600	96.00	625	100.00	1,438	85.54	243	14.46	1,681	100.00		
Wheeler							3	3.53			3	3.53	82	96.47	85	100.00	134	85.35	23	14.65	157	100.00		
Yamhill							6	1.02			19	3.23	570	96.77	589	100.00	1,585	87.42	228	12.58	1,813	100.00		
Total	5	0.04	44	0.34	139	1.07	220	1.69	48	0.37	456	3.51	12,555	96.50	13,011	100.00	29,230	85.90	4,800	14.11	34,030	100.00		

* Farms With Sales of \$10,000 or More in 1997 - Tables 35-37, 1997 Census of Agriculture AC97-A-37
 ** All Farms in 1997 - Table 11, 1997 Census of Agriculture AC97-A-37