

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Oregon State Office  
7620 S.W. Mohawk Street  
Tualatin, OR 97062-8121

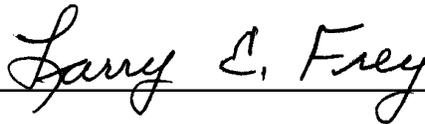
**Oregon Notice  
FLP-135**

**For:** County Offices

**Borrower Training Program and Program Requirements**

**Approved By:** State Executive Director

LEF:LEV:lv



**1 Overview**

**A Background**

Regulations implementing the borrower training program became effective February 28, 1994. The regulations implemented the requirements of Section 1818 of the Food, Agriculture, Conservation, and Trade (FACT) Act for FLP borrowers to attend training in farm production and financial management concepts, unless a waiver is granted. These requirements affect the following:

- all applicants receiving FLP direct loan assistance
- all FLP direct loan borrowers receiving primary loan servicing.

Borrower training requirements *do not apply* to or affect the following:

- borrowers requesting subordinations
- applicants for direct OL Youth Loans
- borrowers offered current market value buyouts
- borrowers offered preservation loan servicing.

**FILING: Preceding FmHA Instructions 1924-B and 1951-S**

**Disposal**

**Distribution**

September 1, 2004

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

08-15-03

## Oregon Notice FLP-135

### 1 Overview (Continued)

#### B Statutory Requirements

Current statutes, and the regulations that implement them, require direct loan borrowers to comply with either of the following:

- sign Form FmHA 1924-23 at or before loan closing, or before primary loan servicing action is offered, agreeing to complete the required training program

**Note:** Direct loan borrowers are permitted 2 years from the date of the Form FmHA 1924-23 to *complete* (not enroll in or start) the required training program.

- be granted a waiver from borrower training if the borrower qualifies under the provisions of Section 1924.74 (b)(2) of FmHA Instruction 1924-B.

#### C Purpose

The purpose of this Oregon Notice is to:

- supplement the contents of Notice FLP-278
- clarify the conditions under which a waiver of borrower training for direct loan borrowers can be granted
- provide guidance on handling requests from direct loan applicants who previously agreed to complete borrower training as a condition of receiving assistance, but have not done so
- provide guidance and specify procedures on granting extension of time for direct loan borrowers to complete required borrower training
- emphasize the need to enter and maintain accurate information in the ADPS system for each direct loan borrower's status in fulfilling their borrower training requirement
- provide a list of approved borrower training vendors in Oregon as required by Section 1924.74 (d)(4) of FmHA Instruction 1924-B.

**2 Determinations**

**A Required Borrower Training Program Determinations**

Borrower training program determinations are required for all direct loan applicants and primary loan servicing applicants for which an eligibility determination has been made since February 28, 1994.

In making borrower training determinations, please remember that all applicants must meet all borrower training requirements for both production and financial management unless one of the following conditions are met:

- the applicant has successfully completed training in both production and financial management conducted by an approved FSA borrower training vendor
- the applicant has requested a waiver of the requirement for enhanced training in either production and/or financial management concepts on Form FmHA 1924-27, "Request for Waiver of Borrower Training Requirements," and the requested waiver has been granted by the Agency.

**B Eligibility and Borrower Training Determinations**

After the Agency has determined that the applicant meets all eligibility criteria for the type of assistance requested, then the Agency will consider the Applicant's need for enhanced training in production and financial management concepts. After the eligibility determination is made, then applications for direct loans and primary loan servicing actions must be reviewed to determine whether or not the applicant is required to receive training in either financial and/or production management concepts.

Waivers of borrower training requirements can not be granted unless requested on Form FmHA 1924-27, and supported with the documentation required in Section 1924.74 (b)(2)(i) or (ii) of FmHA Instruction 1924-B.

FSA credit officials with loan approval authority who process loan or primary loan servicing requests from direct loan borrowers shall document the borrower training requirement or waiver in item 4 C 1 or 2 of Form FmHA 440-2. If the FSA credit official does not possess delegated loan approval authority, the determination will be made and documented by the FSA approval official.

### 3 Waivers

#### A Borrower Training Waiver Requests

FSA possesses no authority to waive the statutory requirement for borrower training without a waiver request from the direct loan or loan servicing applicant, together with the required supporting documentation.

Applicants interested in receiving a waiver of the formal financial management training requirements, or the production management training requirements, may request a waiver by submitting a completed Form FmHA 1924-27, together with the necessary supporting documentation required by Section 1924.74 (b)(2)(i) or (ii) of FmHA Instruction 1924-B.

#### B Production Management Training Waivers

Unless a waiver is granted, direct loan and primary loan servicing applicants must complete course work covering production management in crop or livestock enterprises which are new enterprises, or constitute 20 percent of the projected cash farm income for the coming production cycle.

The criteria for granting waivers of training in crop or livestock production is contained in Section 1924.74 (b)(2)(i) and (ii) of FmHA Instruction 1924-B. It provides that waivers may be granted if the applicant provides:

- written evidence of the successful completion of an equivalent production management training course
- a written explanation describing how their experience or training demonstrates the abilities necessary for successful and efficient production, and how the past 5 years production records demonstrate this.

**Note:** An "experience" waiver requires the submission of a written explanation and the submission of the borrower's production records for the past 5 years for FSA's inspection and verification.

**3 Waivers (Continued)**

**C Financial Management Training Waivers**

Unless a waiver is granted, direct loan and primary loan servicing applicants must complete training in financial management concepts.

The criteria for granting waivers of financial management training is contained in Section 1924.74 (b)(2)(i) of FmHA Instruction 1924-B. It provides that waivers may be granted only if the applicant provides:

- written evidence of the successful completion of an equivalent financial management training course.

**Note:** The "experience" waiver of Section 1924.74 (b)(2)(ii) applies only to production management training. *There is no authority to waive financial management training based on "experience."*

**4 Agreement to Complete Required Training**

**A Form FmHA 1924-23, "Agreement to Complete Training"**

Unless waived, direct loan applicants and applicants for primary loan servicing must agree to *complete* (not enroll in or start) required borrower training in production or financial management concepts within 2 years in order to be eligible to receive FLP assistance. The agreement is on Form FmHA 1924-23, "Agreement to Complete Training," and must be executed in consideration for the loan or loan servicing request being granted.

Unless a waiver has been granted, the applicant or borrower must sign Form FmHA 1924-23 at or prior to closing the direct loan or primary loan servicing action. This agreement is filed in Position 2 or 3 of the borrower's case file.

**B Borrowers Who Have Not Executed Form FmHA 1924-23**

Between February 28, 1994 and June 12, 1998, applicants for direct loans and primary loan servicing actions were not asked to sign Form FmHA 1924-23 until a borrower training vendor was available in the COF's service area. Instead, the direct loan or primary loan servicing action was approved subject to later execution of Form FmHA 1924-23 when a vendor became available.

FSA approved vendors providing enhanced training in financial management concepts are available in all COF service areas, and have been for some time. Any remaining direct loan borrower or applicant for primary loan servicing that previously received direct loan or primary loan servicing assistance subject to signing a Form FmHA 1924-23 later must be notified of the availability of FSA approved financial management courses, and be requested to sign the Form FmHA 1924-23. They must successfully complete an approved course within 2 years of the date of the notice (regardless of whether they sign Form FmHA 1924-23) in order to preserve their eligibility for direct loan and primary loan servicing assistance.

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### 5 Notification of Required Borrower Training

#### A Form of Notice

Direct loan applicants required to complete borrower training will be notified of this requirement in their letter of eligibility as specified in Section 1910.6 of FmHA Instruction 1910-A. Applicants for primary loan servicing will be notified in the content of Exhibit B or Exhibit F of FmHA Instruction 1951-S, as appropriate.

#### B Notification Content

The notification to the direct loan or primary loan servicing applicant informing them of the requirement to complete any required borrower training must include:

- the specific type of training required, (i.e. crop production management, livestock production management, or financial management).
- a statement indicating that the applicant must successfully *complete* (not enroll in or start) the required training within 2 years unless an extension to this timeframe is granted due to extenuating circumstances
- an explanation of the scoring system described in Section 1924.74 (c)(2) of FmHA Instruction 1924-B which will be used to determine if the applicant has successfully met the training requirements
- the names, addresses and telephone numbers of approved vendors in or near the COF service area for the type of training required.

**Note:** Approved vendors for enhanced training in financial management are available in or near every COF service area in the State. It should only be a very rare and extenuating circumstance where a borrower's MAC records are flagged to process an extension following the procedure specified in Paragraph 3 of Notice FLP-278, unless it is for required training in production management.

**Note:** If a "W" training code was previously entered when borrower training was required and an approved vendor was not available in the COF area, it must be removed. If this has been done, a 5M transaction must be completed in the ADPS system to correct the borrower's training status following the procedure specified in Paragraph 3 B of Notice FLP-278.

#### C Timeframe for Successful Completion

Borrowers have 2 years from the date Form FmHA 1924-23 is executed to *successfully complete* (not enroll in or start) the required training to maintain their eligibility for future FSA assistance. This requirement exists whether or not an approved vendor is available in the COF service area.

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### 5 Notification of Required Borrower Training (Continued)

#### D COF Monitoring

Required borrower training will be shown in both the borrower's MAC records and in Table C of the borrower's Farm and Home Plan until it is successfully completed.

FSA personnel will monitor the borrower's progress in completing the required training during monitoring visits or contacts with the approved borrower training vendor, and during farm visits and analyses with the borrower. Follow-up must be made on any unsatisfactory progress reports.

### 6 Timeframe Extensions

#### A Mandatory Completion Period

Borrowers have 2 years from the date Form FmHA 1924-23 is executed to ***successfully complete*** (not enroll in and start) the required training to maintain their eligibility for future FSA assistance. ***This requirement exists whether or not an approved vendor is available in the COF service area.***

ADPS transactions and status screens require the entry of borrower training information and the 2-year training expiration date for various transactions to process. Further information on the ADPS transactions related to borrower training is contained in Paragraph 3 of Notice FLP-278.

#### B FLM Timeframe Extension Authority

When a borrower is unable to complete the required training within the mandatory 2 year period *because of circumstances beyond the borrower's control*, Paragraph 3 B of Notice FLP-278 provides the FLM with authority to grant up to a 1-year extension of time for the borrower to complete the required training.

Anytime a timeframe extension is granted by the FLM, it must be entered in the ADPS system through a 5M transaction to extend the training expiration date.

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### 6 Timeframe Extensions (Continued)

#### C STO Timeframe Extension Authority

When a borrower is unable to complete their required training within the mandatory 2 year period *because of circumstances beyond the borrower's control*, **and** an extension of time in excess of 1-year is warranted, the COF must submit a written extension request to the STO requesting approval for an adjustment extending the borrower training expiration date beyond one year.

The request must be in the form of a brief memorandum, and must:

- identify the borrower(s)
- explain the reason for the change
- state the number of years to extend the training expiration date.

**Note:** When the same reason for extension applies to more than one borrower, (*such as no approved production management borrower training vendor* for the COF area), more than one borrower can be included in a single memorandum request.

In addition to the FLC, Farm Loan Specialists (FLS') in the STO are hereby authorized to approve and disapprove borrower training extension requests in excess of 1 year.

The 5M transaction will be used to enter all training timeframe extensions in the ADPS system. Only the year can be changed; the month and day will stay the same. After the 5M transaction is completed, 1A, 1B, 4A and 1M transactions can then be processed for the borrower.

#### D Borrower Eligibility

Borrowers who are required to complete borrower training, and do not successfully complete (not enroll in or start) the training within the 2-year period or any authorized extension thereof, are ineligible for additional direct loan making or primary loan servicing assistance except as noted in the table in Paragraph 2 A of Notice FLP-278.

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### 7 Additional Assistance Eligibility

#### A Assistance Previously Approved Subject to Later Execution of Form FmHA 1924-23

Borrower training in enhanced financial management concepts has been available in either a classroom setting or a video and correspondence course basis throughout Oregon for some time now. As a result, that small group of borrowers that were permitted to obtain FSA assistance between February 28, 1994 and June 12, 1998 without executing a Form FmHA 1924-23 should have all received notification concerning the availability of approved financial management training as indicated in Subparagraph 4 B of this Oregon Notice. It should therefore be extremely rare to have any direct FLP borrower in Oregon falling into the category covered by this Subparagraph.

Any borrower that does fall into this category, however, is **ineligible** for direct loan and primary loan servicing assistance if all of the following conditions exist:

- direct loan or primary loan servicing assistance was previously approved for the borrower subject to the borrower's execution of Form FmHA 1923-23 when an approved vendor became available
- the borrower was later notified of the availability of an approved borrower training vendor, and failed to enroll in and successfully complete the training within the two year period following the date of the notification

**Note:** A borrower's refusal or failure to actually sign a Form FmHA 1924-23 after notification of vendor availability does not postpone the tolling of the mandatory 2-year training period.

- an approvable extension of the two year training timeframe was not granted within the two years following the date of notification.

Any borrower that does fall into this category is **eligible** for direct loan and primary loan servicing assistance if all of the following conditions exist:

- direct loan or primary loan servicing assistance was previously approved for the borrower subject to the borrower's execution of Form FmHA 1923-23 when an approved vendor became available
- an approved borrower training vendor for the type of borrower training required is still not available in or near the COF service area
- the borrower has not attended an equivalent training program for which a waiver under Section 1924.74 (b)(2)(i) of FmHA Instruction 1924-B could now be approved
- the borrower executes a Form FmHA 1924-23 prior to closing the proposed additional direct loan or primary loan servicing assistance.

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### 7 Additional Assistance Eligibility (Continued)

#### B Other Requests for Additional Assistance

Eligibility for additional assistance for borrowers who have executed Form FmHA 1924-23 will be considered in accordance with the criteria established in Paragraph 2 A of Notice FLP-278.

### 8 Borrower Training Vendors

#### A Types of Borrower Training Instructional Delivery

There are two training delivery methods used by vendors offering FSA approved borrower training courses in Oregon. They are:

- “primary” classroom-style course training where participants and the vendor have an opportunity to interact on a face-to-face basis
- “supplemental” video and correspondence course training for those FSA borrowers who live in:
  - remote areas of the State that do not have reasonable access to an FSA approved classroom course
  - those Counties in the State where FSA approved classroom courses are not available.

“Primary” classroom-style course training has proven to be the most effective, and it is FSA’s preferred method of training. Whenever required borrower training is available through an FSA approved classroom course, and borrowers have reasonable access to it, then “supplemental” video and correspondence course training is *not* authorized.

Before FSA borrowers enroll in any “supplemental” video and correspondence course, the appropriate FLM must determine and *document to the borrower’s case* file that at least one of the prerequisite conditions for enrollment in an FSA approved “supplemental” video and correspondence course exists, and provide the borrower with written concurrence and a referral to the approved “supplemental” borrower training vendors. Concurrence and referral by the FLM will be made on a case-by-case basis.

#### B Approved Borrower Training Vendors

Exhibit A of this Oregon Notice lists vendors who have executed a Form FmHA 1924-14 agreeing to provide either “primary” or “supplemental” borrower training under approved courses for a designated 3-year agreement period.

With the assistance of CEDs, FLMs and FLOs must develop a list of approved borrower training vendors for each County Office service area, and maintain it in the FLP 3-2 Operational File for each County Office.

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### 8 Borrower Training Vendors (Continued)

#### C Agreement to Conduct Training and Course Descriptions

A description of each of the approved borrower training courses has been distributed with each respective vendor's memorandum announcing their approval as an FSA approved borrower training vendor.

This information and a copy of the executed Form FSA 1924-24, as well as all course evaluations and FLM monitoring reports, are to be maintained in a separate FLP 3-3 Operational File specifically set up for each approved borrower training vendor in each County Office.

#### D Small Group Training in a Classroom Setting

Applicants, borrowers, and FSA personnel in some cases, have rationalized that some areas of the State can not be reasonably served by either a “primary” or “supplemental” borrower training vendor, and that repeated borrower training extensions are therefore called for. In some cases, this has resulted in more than 5 borrowers in the same or nearby communities being able to successfully forestall FSA's enforcement of the borrower training eligibility requirement by simply "waiting" for FSA to exercise initiative in either arranging for an approved “primary” borrower training course, or referring borrowers to an approved “supplemental” borrower training vendor.

This is a reminder that at least one of FSA's approved “primary” borrower training vendors for enhanced training in financial management is willing and able to conduct a classroom session on financial management at any location in the State where it is reasonable for at least 5 to 8 borrowers to gather. If for some reason FLMs and FLOs are not able to reasonably arrange for a group 5 to 8 borrowers to gather for a “primary” classroom-style course in financial management concepts, several “supplemental” borrower training vendors are available to immediately provide the required training.

Given these circumstances, it should be a very rare and extremely unusual circumstance where FSA is unable to help an Oregon applicant or borrower fulfill their requirement to complete training in financial management.

### 9 Contacts

#### A Contact Persons

If questions arise concerning borrower training, waivers of borrower training, extensions of time to successfully complete required borrower training, or additional assistance for borrowers previously required to complete borrower training, please contact a Farm Loan Specialist, or the Farm Loan Chief, in the STO.



## Approved Borrower Training Vendors in Oregon

Vendor Name & Address	Area Served	Training Provided	Expiration Date
<p>Blue Mountain Community College 2411 NW Karden Post Office Box 100 Pendleton, OR 97801</p> <p>Contact: Jon Farquharson Farm Management Instructor Tel: (541) 276-5845 Fax: (541) 278-5177</p>	<p>Umatilla, Morrow, Baker, Gilliam, Wheeler, Wallowa, Grant, and Union Counties</p>	<p>“Primary” Financial Management Crop Production Management Livestock Production Management</p>	<p>August 15, 2006</p>
<p>John E. Caster Farm Business Services 10500 Westland Lane Dayton, OR 97114</p> <p>Contact: John Caster Farm Management Instructor Tel: (503) 868-7229 e-mail: johncast@gte.net</p>	<p>All Counties and any location having a group of 5 to 8 participants in need of training</p>	<p>“Primary” Financial Management</p>	<p>January 21, 2006</p>
<p>Chemeketa Community College 4000 Lancaster Drive, NE Post Office Box 14007 Salem, OR 97309-7070</p> <p>Contact: Phil LaVine David Sunderland Farm Business Mgmt Instructors Tel: (503) 399-5089 (503) 589-7759 Fax: (503) 399-6979 e-mail: lavp@chemeketa.edu dsunder1@chemeketa.edu</p>	<p>Marion, Polk, Yamhill, and portions of Linn, Benton, Clackamas, Multnomah, and Washington Counties</p>	<p>“Primary” Financial Management Crop Production Management Livestock Production Management</p>	<p>December 19, 2005</p>
<p>Farm and Agriculture Collaborative Training Systems (FACTS) 2230 Lassen Place Davis, CA 95616</p> <p>Contact: David Visher Marcie Rosenzweig Tel: (530) 758-2429 e-mail: visher@yolo.com fullcircle@jps.net</p>	<p>Klamath, Lake, and Jackson Counties</p>	<p>“Primary” Financial Management</p>	<p>December 17, 2005</p>

Vendor Name & Address	Area Served	Training Provided	Expiration Date
<p>Dr. Gregory D. Hanson Penn State University Dr. Robert L. Parsons University of Vermont Dept. of Ag Econ &amp; Rural Soc 201 Armsby Building Penn State University University Park, PA 16802</p> <p>Contact: Greg Hanson, Professor Tel: (814) 865-7656 (814) 865-6362 Fax: (814) 865-3746 e-mail: gdh3@psu.edu bob.parsons@uvm.edu</p>	<p>Remote areas of the State that the FLM determines do not have reasonable access to an FSA approved "primary" classroom course in Financial Management, and those Counties in the State where the FLM concludes that FSA approved classroom courses in Financial Management are not available</p>	<p>"Supplemental" Financial Mgmt</p>	<p>August 5, 2006</p>
<p>Media Integrated Training Services (MITS) 2380 Wycliff, Suite 200 St. Paul, MN 55114</p> <p>Contact: Tom Powell Wayne Carlson Farm Management Instructors Tel: (651) 642-1151 Fax: (651) 641-0028 e-mail: mits4@uswest.net waynecarlson5@attbi.com</p>	<p>Remote areas of the State that the FLM determines do not have reasonable access to an FSA approved "primary" classroom course in Financial Management, and those Counties in the State where the FLM concludes that FSA approved classroom courses in Financial Management are not available</p>	<p>"Supplemental" Financial Mgmt</p>	<p>December 19, 2005</p>
<p>Rural Services of Indiana, Inc. (RSI, Inc.) 5540 25<sup>th</sup> Street Columbus, IN 47203</p> <p>Contact: Kristie Barker Jamie White Rural Education Coordinators Tel: (800) 298-1612 (812) 372-0560 (765) 762-3083 Fax: (812) 372-0859 e-mail: Fcpattica@aol.com</p>	<p>Remote areas of the State that the FLM determines do not have reasonable access to an FSA approved "primary" classroom course in Financial Management, and those Counties in the State where the FLM concludes that FSA approved classroom courses in Financial Management are not available</p>	<p>"Supplemental" Financial Mgmt</p>	<p>July 25, 2006</p>