

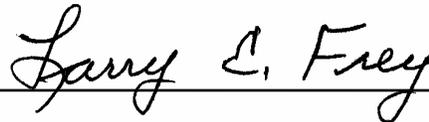
UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency Oregon State Office
7620 S.W. Mohawk Street
Tualatin, OR 97062-8121

For: County Offices

Processing Direct and Subordination Requests For Farm Loan Programs

Approved By: State Executive Director

LEF:LEV:rbp



1 Overview

A Background

Processing direct loan and subordination requests for Farm Loan Programs requires the submittal and completion of numerous forms, verifications, and other written documentation. The current checklists to Oregon Notice FLP-137 are obsolete.

B Purpose

This notice:

- provides and requires revised Direct Loan Processing Guide in Exhibit 1
- provides and requires revised Low-Documentation OL Loan Processing Guide in Exhibit 2
- provides and requires revised Subordination Processing Guide in Exhibit 3
- provides a worksheet for Direct Operating Loan lifetime eligibility in Exhibit 4
- provides a worksheet for Direct Farm Ownership Loan lifetime eligibility in Exhibit 5
- provides a sample attachment to Form FmHA 1940-22, "Environmental Checklist For Categorical Exclusions," to document environmental justice in Exhibit 6
- requires submittals for State Office approval through the District Director.

FILING: Preceding FmHA Instruction 1910-A

Disposal

Distribution

October 1, 2005
10-7-04

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

Page 1

Oregon Notice FLP-170

2 Action

A Use of Guides

Use Exhibits 1, 2, or 3 as the processing guides for direct Farm Loan Programs loan requests, Low-Documentation Operating loan requests, and subordination requests. During active processing, the guides shall be maintained as the most recently filed document in position three of the applicant's case file. Notation of the date as well as the employee's initials shall be entered on the guide as completed. Once the direct credit or subordination request has been fully concluded, the checklist shall remain a part of the case file.

Use Exhibit 4 to determine lifetime eligibility for direct Operating loan requests. Once completed, the worksheet shall be maintained in position three of the applicant's case file, below the processing guide.

Use Exhibit 5 to determine lifetime eligibility for direct Farm Ownership loan requests. Once completed, the worksheet shall be maintained in position three of the applicant's case file below the processing guide.

Exhibit 6 provides a sample attachment to Form FmHA 1940-22, "Environmental Checklist For Categorical Exclusions," to document compliance with environmental justice as required by Notice EQ-110 and Executive Order 12898.

B State Office Referrals

When direct and guaranteed loan and subordination requests must be forwarded to the State Office for approval, dockets shall be forwarded through the respective Farm Loan Manager to the District Director for review. Reviews shall be conducted, at a minimum, in accordance with the most current National Internal Review (NIR) guide and program requirements. Completed review sheets shall be filed in position three of the loan or subordination docket. Any questions or concerns regarding repayment capacity or collateral should be resolved before forwarding to the State Office for consideration.

C Contact

Direct questions regarding this notice to Peter Halvorson, Robert Perry, or Lynn Voigt in the State Office.

Direct Loan Processing Guide

NAME OF APPLICANT		TYPE OF OPERATION		
CASE NUMBER		REMAINING YRS OF ELIGIBILITY	PRIORITY CONSIDERATION <input type="checkbox"/> <input checked="" type="checkbox"/> If YES	
BEGINNING FARMER <input type="checkbox"/> Yes <input type="checkbox"/> No	SDA APPLICANT <input type="checkbox"/> SDA-Ethnic <input type="checkbox"/> SDA-Gender <input type="checkbox"/> No	ALSO INVOLVES <input type="checkbox"/> DALRS <input type="checkbox"/> Guarantee <input type="checkbox"/> Transfer <input type="checkbox"/> Subordination		
TOTAL LOANS REQUESTED \$ _____ OL \$ _____ Subordination \$ _____ FO \$ _____ EM				
LOAN SUMMARY				
LOAN TYPE	ASSISTANCE CODE	INITIAL OR SUBSEQUENT <input type="checkbox"/> <input type="checkbox"/>		LIMITED RESOURCE RATE <input type="checkbox"/> <input checked="" type="checkbox"/> If YES
LOAN AMOUNT	INTEREST RATE	TERMS IN YEARS	AMOUNT OF IMMEDIATE ADVANCE	DISBURSEMENT BY: <input type="checkbox"/> EFT <input type="checkbox"/> Check
PAYMENT SCHEDULED FOR PROPOSED LOAN				
\$ _____ on _____		\$ _____ on _____		
\$ _____ on _____		\$ _____ on _____		
\$ _____ on _____		\$ _____ on _____		
\$ _____ on _____		and \$ _____ Due _____ Thereafter		
APPROVAL AUTHORITY: FLO, CED, FLM, DD, SED (Circle One)		Unpaid Principal Balance: \$ _____ Amount of new Loan: \$ _____ Total: \$ _____		
LOAN SUMMARY - CONCURRENT LOAN				
LOAN TYPE	ASSISTANCE CODE	INITIAL OR SUBSEQUENT <input type="checkbox"/> <input type="checkbox"/>		LIMITED RESOURCE RATE <input type="checkbox"/> <input checked="" type="checkbox"/> If YES
LOAN AMOUNT	INTEREST RATE	TERMS IN YEARS	AMOUNT OF IMMEDIATE ADVANCE	
PAYMENT SCHEDULE FOR PROPOSED LOAN				
\$ _____ on _____		\$ _____ on _____		
\$ _____ on _____		\$ _____ on _____		
\$ _____ on _____		\$ _____ on _____		
\$ _____ on _____		and \$ _____ Due _____ Thereafter		
APPROVAL AUTHORITY: FLO, CED, FLM, DD, SED (Circle One)		Unpaid Principal Balance: \$ _____ Amount of new Loan: \$ _____ Total: \$ _____		
LOAN(S) PURPOSES _____				
TEST FOR OTHER CREDIT:		ADDRESSED IN (✓ BOXES):		
<input type="checkbox"/> ASSESSMENT <input type="checkbox"/> EXHIBIT A - 1951-F		<input type="checkbox"/> FORM FSA 1940-38 (EM) <input type="checkbox"/> REJECTION LETTERS		
FEASIBILITY TEST	LOAN TYPE <input type="checkbox"/> TERM LOAN(S)	TDCLCR _____ [Must be Positive (1.00 or greater)]	ENDING CASH _____ [Must be Positive]	
	<input type="checkbox"/> ANNUAL OL(S)	_____ [May be Positive or Negative]	_____ [Must be Positive]	

TYPE OF LIEN SEARCH TO BE DONE (i.e. UCC, EFS, ASL, County Records, Title Report, Business Registry Search, etc.): _____

SEARCHES TO BE DONE ON THE FOLLOWING NAMES (include individuals, assumed business names, corporation, partnership, LLC, Trust, etc.) _____

SECURITY CONSIDERATIONS

SECURITY TO BE TAKEN	LIEN POSITION	PRIMARY SECURITY	ADDITIONAL SECURITY
<input type="checkbox"/> Crops			
<input type="checkbox"/> Livestock			
<input type="checkbox"/> Equipment			
<input type="checkbox"/> Real Estate			
<input type="checkbox"/> Other:			

IS SECURITY ADEQUATE(?) YES NO

LOAN TO VALUE CALCULATIONS: $[\text{LOAN VALUE} \div (\text{TOTAL EXISTING DEBT} + \text{PROPOSED LOAN})] \times 100$
 OBTAIN THE VALUE FROM THE COLLATERAL ANALYSIS SECTION OF THE CREDIT PRESENTATION

150% RULE FOR D-OLs IS MET NOT MET

UCC/EFS: List Security that is to be excluded on UCC/EFS-1 or the Amendment from standard language:

CROPS TO BE LISTED ON EFS: _____

COUNTIES TO BE LISTED ON EFS: _____

FARM BUSINESS PLAN REPORTS CONTAINED IN THE CASE FILE INCLUDING:

FARM ASSESSMENT B.S. TRENDS SIGNED INCOME EXPENSE TRENDS
 CREDIT PRESENTATION SIGNED B.S. SUMMARY PRODUCTION TRENDS
 OTHER: _____ B.S. SCHEDULES SIGNED PROJ. ANNUAL. OR MONTHLY CASHFLOW
 CHATTEL APPRAISAL (If Applicable) INC / EXP SCHEDULES

PROPOSED LOAN CLOSING REQUIREMENTS COMPLETED IN PART IV

RECOMMEND BY: _____ DATE: _____

APPROVAL OFFICIAL'S COMMENTS: _____

Approved Rejected Proposed closing requirements reviewed & completed in Part IV

APPROVAL OFFICIAL'S SIGNATURE: _____ DATE: _____

FARM LOAN PROGRAMS - DIRECT LOANS

APPLICANT'S NAME: _____

PART II ITEMS REQUIRED FROM APPLICANTS FOR A COMPLETE APPLICATION

Date By (Required for Chattel or Real Estate Loan, indicated by CH or R)
Received Whom

- _____ _____ CH,R (1) Written request for priority consideration from prevailing claimant under Consent Decree. (Date received).
- _____ _____ CH,R (2) Exhibit A to 1910-A, Letter requesting information needed for a complete Farm Loan Program application. (Date sent to applicant).
- _____ _____ CH,R (3) Form FSA 410-1, "Request For Direct Loan Assistance."
- _____ _____ CH,R (4) If the application is from an entity (corporation, cooperative, partnership, joint operation, LLC, or trust):
 - _____ _____ CH,R (A) Complete list of all entity members including all persons involved in the entity showing address and percentage of co-ownership or beneficial interest.
 - _____ _____ CH,R (B) A current personal financial statement from each person involved in the entity.
 - _____ _____ CH,R (C) Bylaws, Articles of Incorporation, Partnership Agreement, Joint Operating Agreement, Operating Agreement, Trust Agreement, or Certification of Trust.
 - _____ _____ CH,R (D) If a corporation, registered partnership, or LLC, "Certificate of Current Registration" (Goodstanding) with Secretary of State's Office or equivalent copy of an internet business registry search.
 - _____ _____ CH,R (E) A resolution adopted by the board of directors, members, or stockholders authorizing specific officers of the corporation, cooperative, partnership, joint operation, or LLC managers to apply for, obtain the desired loan, and execute the required debt, security and other instruments.
- _____ _____ CH,R (5) Form FSA 2037, "Farm Business Plan Worksheet – Balance Sheet."
- _____ _____ CH,R (6) Form FSA 2038, "Farm Business Plan Worksheet – Projected Income and Expense."
- _____ _____ CH,R (7) Evidence of inability to obtain conventional credit.
- _____ _____ CH,R (8) Copies of the last five year's income tax records from the applicant.
- _____ _____ CH,R (9) Copies of the last five year's financial statements.
- _____ _____ CH,R (10) Copies of the last five year's production information.

Oregon Notice FLP-170

Exhibit 1

- _____ CH,R (11) A brief narrative of the applicant's farm training and/or experience and background of the individual members, if an entity applicant. (NEW Applicants Only).
- _____ CH,R (12) A brief narrative describing the proposed operation, size, and financial needs of the proposed operation. (NEW Applicants Only)
- _____ CH,R (13) Form RD 1910-5, "Request for Verification of Employment," if applicant employed.
- _____ CH,R (14) Form FmHA 431-4, "Business Analysis NonAgricultural Enterprise," for nonfarm income.
- _____ CH,R (15) Monthly cash flow statement for annual operating loans and others as needed based on the current Farm Business Plan.
- _____ CH,R (16) Form FSA 440-32, "Verification of Debts and Assets," for all debt other than FSA. Forms must have complete addresses of creditors and be signed by the applicant. Applicant's account numbers should also be listed on the form. Required for all debts of more than \$1,000.
- _____ CH,R (17) Verification of receivables and crops on hand including warehouse receipts.
- _____ CH,R (18) If real estate is be taken as security, a copy of the deed(s) containing the legal description of real property.
- _____ CH,R (19) If leased land is part of the operation, a copy of all leases. If there is no lease available, the terms of the lease should be documented and signed by the borrower.
- _____ R (20) Earnest money agreement for proposed farm purchase.
- _____ CH,R (21) Form AD 1026A, attached to either Form AD 1026 or AD 1026-U and completed by FSA. Required only if changes have occurred on prior year's AD 1026 and 1026-U.
- _____ CH,R (22) Form SCS-CPA-26, "Highly Erodible Land and Wetland Conservation Determination," completed by NRCS for HEL and wetlands referrals required by Form AD 1026A.

Location of SCS-CPA026:_____ Borrower Case File:_____ Tract File:_____
- _____ CH,R (23) List of credit references with complete addresses and account numbers (required for New Applicants).
- _____ CH,R (24) "Authorization to Release Information," Exhibit 1 to Oregon Notice FLP-47, unless on file.
- _____ CH,R (25) Provide a credit report fee of \$_____ payable to FSA.
- _____ CH,R (26) Evidence of CAT insurance or waiver for insurable crops.

- _____ CH,R (26) Form FSA 1940-38, "Request For Lender's Verification of Loan Application," (EM ONLY).
- _____ CH,R (27) Form FSA 1945-22, "Certification of Disaster Loss." (EM ONLY).
- _____ CH,R (28) Evidence of at least minimum insurance coverage on property (not crops) when physical loss loans are sought (EM ONLY).
- _____ CH,R (29) Form RD 1924-1, "Development Plan," drawings, and specifications if development is proposed.
- _____ CH,R (30) Form FSA 1924-27, "Request For Waiver Of Borrower Training Requirements," (if waiver requested).
- _____ CH,R (31) Form SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form," voided check or SF-1199A, "Direct Deposit Sign-up Form," if already on file for electronic funds transfer disbursements.
- _____ CH,R (32) Form CCC-10 for everyone executing the promissory note and for those having an ownership interest in the chattel security that have not signed Form FSA 410-1 with a revision date of 9-14-01 or later.

After receipt of ALL completed forms and information required of the applicant, and when Forms FSA 440-32, "Statement of Debts and Collateral," are received from creditors and the credit report is received from the credit bureau, the application will be considered complete. The FSA approval or disapproval must be given within 60 days of this date.

PART III FSA ACTION AFTER RECEIPT OF FORM FSA 410-1

- | <u>Date</u> | <u>By Whom</u> | (Required for Chattel or Real Estate Loan, indicated by CH, or R.) |
|-------------|----------------|--|
| _____ | _____ | CH,R (1) When Form FSA 410-1 is received complete Item 31A on Form FSA 410-1 and enter in MAC. |
| _____ | _____ | CH,R (2) Immediately provide the applicant with Form FSA 2300, "Notice of Farm Loan Programs Application Received," if the application is hand delivered or mail to applicant within 2 business days of receipt. |
| _____ | _____ | CH,R (4) Review ADPS civil rights database for listing & entitlement when priority consideration requested. Place copy of screen in applicant's file, Position 3. |
| _____ | _____ | CH,R (5) Check Item 26 of Form FSA 410-1 for identified relationship or association with FSA employees. For those identified send Guide Letter 1900-D-2. |
| _____ | _____ | CH,R (6) Update SCIMS for the applicant, all co-applicants, and all members of an entity applicant (if applicable). Update name and address flag with a "Y" for FLP. |

Oregon Notice FLP-170

Exhibit 1

- _____ CH,R (15) Order credit report.
- _____ CH,R (16) Credit report received, if ordered.
- _____ CH,R (17) CAIVRS report received. Place report(s) in Position 3 of the case file.
- _____ CH,R (18) Input required information on the EFT database system for electronic disbursements unless waived by credit official. Post WLS 1007 to MAC.
- _____ CH,R (19) 14-day PreNote Status check for EFT disbursements.

PART IV FSA ACTIONS AFTER RECEIPT OF COMPLETED APPLICATION

After receipt of **ALL** completed forms and information required of the applicant and when Forms FmHA 440-32, "Statement of Debts and Collateral," are received from creditors and the credit report is received from the credit bureau, the application will be considered complete. FSA approval or disapproval must be given within 60 days of this date.

By _____ (Required for Chattel or Real Estate Loan, indicated by CH, or R)
Date Whom _____

- _____ CH,R (1) Document here the date of complete application, post this date into MAC, and complete Item 31B of Form FSA 410-1. This is the date the last required document is received including the verification of all debts.

DATE OF COMPLETE APPLICATION: _____

- _____ CH,R (2) Notify the applicant that a complete application has been received by sending FmHA Guide Letter 1910-A-3.
- _____ CH,R (3) Credit official to complete eligibility certification and borrower training requirements on the Credit Presentation of the Farm Business Plan system within 30 days of a complete application.
- _____ CH,R (4) Within 5 days after the eligibility determination, notify the applicant of the eligibility determination and training requirements.
- _____ CH,R (5) Schedule a meeting with the applicant prior to issuing a rejection letter based on credit worthiness, pursuant to FmHA Instruction 1910-A, Section 1910.6(b)(4).
- _____ CH,R (6) Form FSA 1945-26, "Calculations of Actual Losses," (**EM ONLY**).
- _____ CH (7) Date of Last Field Visit (one must have been done within the last year): _____
- _____ CH (8) For Chattel loans: If debts are to be refinanced or if an initial applicant or if existing appraisal exceeds 2 years, prepare Form FSA 440-21, "Appraisal of Chattel Security."
 _____ Post WLS 4061 for contracted chattel appraisal to MAC.
 _____ Post WLS 4060 for appraisal completed by FSA to MAC.

Oregon Notice FLP-170

Exhibit 1

- _____ CH,R (9) Input 5-year history in the Farm Business Plan system including balance sheets, income and expenses, and production data, if available.
- _____ R (10) For real estate secured loans with real estate as primary security, order a real estate appraisal.
- _____ R (11) Real estate appraisal report received.
_____ Post WLS 5002 for contracted RE appraisal to MAC.
_____ Post WLS 4062 for appraisal completed by FSA to MAC.
- _____ CH,R (12) Review and revise Forms FSA 2037 and 2038 and other components in the Farm Business Plan, as needed, with the Applicant. Ensure that all reports are complete, dated, and signed as applicable.
- _____ CH,R (13) Obtain signatures and funds for lien filings and official searches (State/County) if approval appears likely.
- _____ CH,R (14) Document the availability of other credit through the use of Exhibit A to FmHA Instruction 1951-F.
- _____ CH,R (15) Complete the record-keeping checklist (Exhibit 1 to Oregon Notice FC-16). If previously completed, update only needed in the assessment & credit action.
- _____ CH,R (16) Complete Form FSA 1962-1, "Agreement For the Use of Proceeds/Release of Chattel Security." The period covered by the 1962-1 must match the planned period of the projected Income/Expense Summary and must be in ink.
- _____ CH,R (17) Prepare Form FmHA 1940-22, "Environmental Checklist for Categorical Exclusions." Complete Form FmHA 1940-21, "Environmental Assessment for Class 1 Action," or a Class II Assessment, if appropriate.
_____ Post WLS 7000 to MAC.
- _____ CH,R (18) Complete Environmental Justice review as required by Notice EQ-110 by including an attachment to Form FmHA 1940-22 with the following statement if no adverse effect was found, "In completing the Environmental Justice compliance review for the proposed project, it was determined that there is no disproportionate high and adverse human health or environmental effects, including social and economic, of programs, policies, or activities on minority populations and low income populations including American Indian tribal populations."
- _____ CH,R (19) Prepare FEMA Form 81-93, Standard Flood Hazard Determination, for loans where real estate is taken as security (maybe attached to RE appraisal report).
- _____ CH,R (20) Prepare and complete Form FSA 851, "Environmental Risk Survey Form," when real estate is taken as security.
_____ Post WLS 7001 to MAC.
- _____ CH,R (21) Notify applicant of approval by sending Form FmHA 1940-1, "Request for Obligation of Funds." If disapproved, prepare letter with appeal rights. List security requirements and loan purpose on the back of Form RD 1940-1.

Oregon Notice FLP-170

Exhibit 1

- _____ CH,R (22) Review with the applicant the 14 items of understanding as required by FmHA Instruction 1910-A, Section 1910.8(c).
- _____ CH,R (23) Update Form FSA 410-1 (if necessary) to match the amount of the approved loan and obtain the applicant's initials.
- _____ CH,R (24) If loan is approved, send Exhibit C of 1910-A, "Farmer Program Borrower Responsibilities."
- _____ CH,R (25) If highly erodible lands and wetlands are present, send Guide Letter 1940-G-1 to applicant with Form FmHA 1940-1.
- _____ CH,R (26) If loan funds are not available within 15 days of loan approval, write a letter to the applicant explaining the situation, advising that the application will be held until the funds are available. This letter must be sent by certified mail, return receipt.
- _____ CH,R (27) Complete Form FSA 1924-23, "Agreement To Complete Training," if form not previously completed or waiver granted.
- _____ CH,R (28) Complete Form FSA 580, "Primary Loan Servicing Checklist," if primary loan servicing is involved.

OTHER FORMS THAT MAY BE REQUIRED

- _____ () Form RD 440-9, "Supplementary Payment Agreement"
- _____ () Form FSA 440-26, "Consent and Subordination Agreement"
- _____ () Form FSA 440-34, "Option to Purchase Real Property"
- _____ () Form FSA 440-35, "Acceptance of Option"
- _____ () Form RD 440-58, "Estimate of Settlement Costs"
- _____ () Form FSA 441-10, "Nondisturbance Agreement"
- _____ () Form FSA 441-13, "Division of Income and Nondisturbance Agreement"
- _____ () Form FSA 441-17, "Certification of Obligation to Landlord"
- _____ () Form FSA 441-18 "Consent to Payment of Proceeds from Sale of Agricultural Products"
- _____ () Form RD 443-16, "Assignment of Income from Real Estate Security"
- _____ () Form FmHA 443-17, "Agreement to Sell Nonessential Real Estate"
- _____ () Form RD 1924-2, "Description of Materials"
- _____ () Form RD 1924-3, "Service Building Specifications"
- _____ () Form RD 1940-21, "Environmental Assessment for Class I Action"
- _____ () Form FSA 1940-51, "Crop-Share-Cash-Farm Lease"
- _____ () Form FSA 1940-53, "Cash Farm Lease"
- _____ () Form FSA 1940-55, "Livestock-Share Farm Lease"
- _____ () Form FSA 1940-56, "Annual Supplement to Farm Lease"
- _____ () Form RD 1940-59, "Settlement Statement"
- _____ () _____
- _____ () _____
- _____ () _____

FOLLOW UP AFTER CLOSING

Date	By	
<u>Completed</u>	<u>Whom</u>	
_____	_____	Post to Applicant Card (Closed) & Management System Card
_____	_____	Post and update MAC workload scheduling including follow-ups for analysis, LR reviews, UCC/EFS continuations, field visits, etc.
_____	_____	Post to MAC from the Key Management Goals section of the Farm Assessment & and the Running Record
_____	_____	Post Installment Information to MAC & management system card
_____	_____	Post to MAC for appraisals and reviews completed
_____	_____	Follow up to obtain copies of termination statements
_____	_____	Follow up of Return of Vehicle Titles from DMV or Lienholders
_____	_____	Post MAC with 10 month follow up for new 1962-1 & management system card
_____	_____	Input 8M ADPS transaction (Limited Resource Review)
_____	_____	Complete the Borrower Classification & input 8N ADPS transaction; post WLS 4001 to MAC
_____	_____	Post Borrower Training Tally Card & MAC
_____	_____	Post Assessment Tally Card & MAC
_____	_____	Post Record Keeping Tally Card
_____	_____	Update civil rights database (State Office only)
_____	_____	_____
_____	_____	_____

Low Documentation (Lo-Doc) OL Loan Processing Guide

NAME OF APPLICANT		TYPE OF OPERATION	
CASE NUMBER		REMAINGING YEARS OF ELGIBILITY	PRIORITY CONSIDERATION <input type="checkbox"/> <input checked="" type="checkbox"/> If YES
BEGINNING FARMER <input type="checkbox"/> Yes <input type="checkbox"/> No	SDA APPLICANT <input type="checkbox"/> SDA-Ethnic <input type="checkbox"/> SDA-Gender <input type="checkbox"/> No	ALSO INVOLVES <input type="checkbox"/> DALRS <input type="checkbox"/> Guarantee <input type="checkbox"/> Transfer <input type="checkbox"/> Subordination	
TOTAL LOANS REQUESTED \$ _____ OL \$ _____ Subordination \$ _____ FO \$ _____ EM			
LO-DOC TEST			
Yes	No	The applicant must:	
<input type="checkbox"/>	<input type="radio"/>	Be applying for an OL loan.	
<input type="checkbox"/>	<input type="radio"/>	Be current on all payments to all creditors including FSA.	
<input type="checkbox"/>	<input type="radio"/>	Have not received primary loan servicing or disaster set-aside on FSA debt within the past five years.	
<input type="checkbox"/>	<input type="radio"/>	Meet one of the following: (check appropriate box) <input type="checkbox"/> The requested loan is \$50,000 or less and the total OL indebtedness at the time of closing will be less than \$100,000 or <input type="checkbox"/> The loan requested is used to pay annual operating expenses and the applicant is an existing FSA borrower who received and repaid on schedule at least 2 annual OLs.	
⇒ IF ANY ITEMS ABOVE ARE MARKED "NO", LOAN REQUEST CANNOT BE PROCESSED AS A LO-DOC LOAN ⇐			
LOAN SUMMARY			
LOAN TYPE	ASSISTANCE CODE	INITIAL OR SUBSEQUENT <input type="checkbox"/> <input type="checkbox"/>	LIMITED RESOURCE RATE <input type="checkbox"/> <input checked="" type="checkbox"/> If YES
LOAN AMOUNT	INTEREST RATE	TERMS IN YEARS	DISBURSEMENT BY: <input type="checkbox"/> EFT <input type="checkbox"/> Check
PAYMENT SCHEDULED FOR PROPOSED LOAN			
\$ _____ on _____		\$ _____ on _____	
\$ _____ on _____		\$ _____ on _____	
\$ _____ on _____		\$ _____ on _____	
\$ _____ on _____		and \$ _____ Due _____ Thereafter	
APPROVAL AUTHORITY: FLO, CED, FLM, DD, SED (Circle One)		Unpaid Principal Balance: \$ _____ Amount of new Loan: \$ _____ Total: \$ _____	
LOAN(S) PURPOSES: _____			
TEST FOR OTHER CREDIT: <input type="checkbox"/> ASSESSMENT <input type="checkbox"/> EXHIBIT A - 1951-F <input type="checkbox"/> FORM FSA 1940-38 (EM) <input type="checkbox"/> REJECTION LETTERS			
FEASIBILITY TEST	LOAN TYPE <input type="checkbox"/> TERM LOAN(S)	TDCLCR _____ [Must be Positive (1.00 or greater)]	ENDING CASH _____ [Must be Positive]
	<input type="checkbox"/> ANNUAL OL(S)	_____ [May be Positive or Negative]	_____ [Must be Positive]

TYPE OF LIEN SEARCH TO BE DONE (i.e. UCC, EFS, ASL, County Records, Title Report, Business Registry Search, etc.): _____

SEARCHES TO BE DONE ON THE FOLLOWING NAMES (include individuals, assumed business names, corporation, partnership, LLC, etc.) _____

SECURITY CONSIDERATIONS

SECURITY TO BE TAKEN	LIEN POSITION	PRIMARY SECURITY	ADDITIONAL SECURITY
<input type="checkbox"/> Crops			
<input type="checkbox"/> Livestock			
<input type="checkbox"/> Equipment			
<input type="checkbox"/> Real Estate			
<input type="checkbox"/> Other:			

SECURITY IS ADEQUATE(?) YES NO

LOAN TO VALUE CALCULATIONS: $[\text{LOAN VALUE} \div (\text{TOTAL EXISTING DEBT} + \text{PROPOSED LOAN})] \times 100$
OBTAIN THE VALUE FROM THE COLLATERAL ANALYSIS SECTION OF THE CREDIT PRESENTATION

150% RULE FOR D-OLs IS MET NOT MET

UCC/EFS: List Security that is to be excluded on UCC/EFS-1 or the Amendment from standard language:

CROPS TO BE LISTED ON EFS: _____

COUNTIES TO BE LISTED ON EFS: _____

FARM BUSINESS PLAN REPORTS CONTAINED IN THE CASE FILE INCLUDING:

<input type="checkbox"/> FARM ASSESSMENT	<input type="checkbox"/> B.S. TRENDS	<input type="checkbox"/> SIGNED INCOME EXPENSE TRENDS
<input type="checkbox"/> CREDIT PRESENTATION	<input type="checkbox"/> SIGNED B.S. SUMMARY	<input type="checkbox"/> PRODUCTION TRENDS
<input type="checkbox"/> OTHER: _____	<input type="checkbox"/> B.S. SCHEDULES	<input type="checkbox"/> SIGNED PROJ. ANNUAL. OR MONTHLY CASHFLOW
<input type="checkbox"/> CHATTEL APPRAISAL (If Applicable)		<input type="checkbox"/> INC / EXP SCHEDULES

PROPOSED LOAN CLOSING REQUIREMENTS COMPLETED IN PART IV

RECOMMEND BY: _____ DATE: _____

APPROVAL OFFICIAL'S COMMENTS: _____

Approved Rejected Proposed closing requirements reviewed & completed in Part IV

APPROVAL OFFICIAL'S SIGNATURE: _____ DATE: _____

FARM LOAN PROGRAMS - LO-DOC OL DIRECT LOANS

APPLICANT'S NAME: _____

PART II ITEMS REQUIRED FROM APPLICANTS FOR A COMPLETE APPLICATION

Date Received	By Whom	(Required for Lo-Doc OL Loan)
_____	_____	(1) Written request for priority consideration from prevailing claimant under Consent Decree. (Date received)
_____	_____	(2) Exhibit A to 1910-A, Letter requesting information needed for a complete Farm Loan Program application. (Date sent to applicant)
_____	_____	(3) Form FSA 410-1, "Request For Direct Loan Assistance."
_____	_____	(4) If the application is from an entity (corporation, cooperative, partnership, joint operation, LLC, or trust):
_____	_____	(A) Complete list of all entity members including all persons involved in the entity showing address and percentage of co-ownership or beneficial interest.
_____	_____	(B) A current personal financial statement from each person involved in the entity.
_____	_____	(C) Bylaws, Articles of Incorporation, Partnership Agreement, Joint Operating Agreement, Articles of Incorporation, Operating Agreement, Trust Agreement, or Certification of Trust.
_____	_____	(D) If a corporation, registered partnership, or LLC, "Certificate of Current Registration" (Goodstanding) with Secretary of State's Office or equivalent copy of an internet business registry search.
_____	_____	(E) A resolution adopted by the board of directors, members, or stockholders authorizing specific officers of the corporation, cooperative, partnership, joint operation, or LLC managers to apply for and obtain the desired loan, and execute the required debt, security and other instruments.
_____	_____	(5) Form FSA 2037, "Farm Business Plan Worksheet – Balance Sheet."
_____	_____	(6) Form FSA 2038, "Farm Business Plan Worksheet – Projected Income and Expense."
_____	_____	(7) Form AD 1026A, attached to either Form AD 1026 or AD 1026-U and completed by FSA. Required only if changes have occurred on prior year's AD 1026 and 1026-U.
_____	_____	(8) Form SCS-CPA-26, "Highly Erodible Land and Wetland Conservation Determination," completed by NRCS for HEL and wetlands referrals required by Form AD 1026A. Location of SCS-CPA026:_____ Borrower Case File:_____ Tract File:_____
_____	_____	(9) "Authorization to Release Information," Exhibit 1 to Oregon Notice FLP-47, unless on file.
_____	_____	(10) Provide a credit report fee of \$_____ payable to FSA.
_____	_____	(11) Form SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form," voided check or SF-1199A, "Direct Deposit Sign-up Form," if already on file for electronic funds transfer disbursements.

- _____ (12) Form CCC-10 for everyone executing the promissory note and for those having an ownership interest in the chattel security that have not signed Form FSA 410-1 with a revision date of 9-14-01 or later.

ADDITIONAL ITEMS THAT MAY BE REQUIRED BY THE CREDIT OFFICIAL

- _____ (13) _____
- _____ (14) _____
- _____ (15) _____
- _____ (16) _____

After receipt of ALL completed forms and information required of the applicant and the credit report is received from the credit bureau, the application will be considered complete. The FSA approval or disapproval must be given within 60 days of this date.

PART III FSA ACTION AFTER RECEIPT OF FORM FSA 410-1

Date Received	By Whom	(Required for Lo-Doc OL Loan)
_____	_____	(1) When Form FSA 410-1 is received, complete Item 28 A of Form FSA 410-1 and enter in MAC.
_____	_____	(2) Immediately provide the applicant with Form FSA 2300, "Notice of Farm Loan Programs Application Received," if the application is hand delivered or mail to applicant within 2 business days of receipt.
_____	_____	(3) Review ADPS civil rights database for listing & entitlement when priority consideration requested. Place copy of screen in applicant's file, Position 3.
_____	_____	(4) Check Item 26 of Form FSA 410-1 for identified relationship or association with FSA employees. For those identified sent Guide Letter 1900-D-2.
_____	_____	(5) Update SCIMS for the applicant, all co-applicants, and all members of an entity applicant (if applicable). Update name and address flag with a "Y" for FLP.
_____	_____	(6) Review the FSA computer databases to determine any previous debt forgiveness, past FSA loan history, and credit worthiness. Place copies of screens in applicant's file, Position 3. (Required for new applicants). Include the following: _____ Current/past debt inquiry system _____ Borrowers cross-reference inquiry system _____ Farm Programs claims report
_____	_____	(6) Cross-check FSA records to verify DCP, LDP, MILC, and other FSA payments.
_____	_____	(7) CAIVRS report order for applicant(s) and all individual members of entities.
_____	_____	(8) If all of the required application forms have NOT been received, send FmHA Guide Letter 1910-A-1 (20 day letter) to the applicant and request forms and information needed within 10 days after receipt of an application.

- _____ (9) If the necessary information is not received from the applicant within 20 calendar days after the date of the first notification of an incomplete application, send FmHA Guide Letter 1910-A-2 (10 day letter) (copy to DD) requesting the needed information for a complete application.
 - _____ If no response, withdraw application & indicate in MAC
 - _____ If only a portion of the information provided, withdraw application & send the applicant a letter confirming application was withdrawn with the EOCA statement and post to MAC.
- _____ (10) Obtain unofficial lien search on applicant, assumed business names, etc.
- _____ (11) Obtain unofficial business registry search on assumed business names, entities, etc.
- _____ (12) Order credit report.
- _____ (13) Credit report received, if ordered.
- _____ (14) CAIVRS report received. Place report(s) in Position 3 of the case file.
- _____ (15) Input required information on the EFT database system for electronic disbursements unless waived by credit official.
- _____ (16) 14-day PreNote Status check for EFT disbursements.

ADDITIONAL ITEMS THAT MAY BE REQUIRED BY THE CREDIT OFFICIAL

- _____ (17) Mail Form FSA 440-32, "Verification of Debts and Assets," to other creditors. Form FSA 440-32 is not required to be sent to a creditor when FSA has verified the debt and collateral by telephone and the phone call is documented on Form FSA 440-32. Nor are they required when the applicant provides a copy of the latest monthly statement from the creditor and all necessary information is on that statement.

(Optional Tracking)
Creditor Name

Date Form FSA 440-32 Returned

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

PART IV FSA ACTIONS AFTER RECEIPT OF COMPLETED APPLICATION

After receipt of **ALL** completed forms and information required of the applicant and if the credit report is received from the credit bureau, the application will be considered complete. FSA approval or disapproval must be given within 60 days of this date.

Date Received	By Whom	(Required for Lo-Doc OL Loan)
_____	_____	(1) Document here the date of complete application, post this date in MAC, and complete Item 31 B of Form FSA 410-1. <u>This is the date the last required document is received</u> including the verification of all debts.
		DATE OF COMPLETE APPLICATION: _____
_____	_____	(2) Notify the applicant that a complete application has been received by sending FmHA Guide Letter 1910-A-3.
_____	_____	(3) Credit official to complete eligibility certification and borrower training requirements on the Credit Presentation of the Farm Business Plan system within 30 days of a complete application.
_____	_____	(4) Within 5 days after the eligibility determination, notify the applicant of the eligibility determination and training requirements.
_____	_____	(5) Date of Last Field Visit (one must have been done within the last year): _____
_____	_____	(6) For chattel loans: If debts are to be refinanced or if an initial applicant or if existing appraisal exceeds 2 years, prepare Form FSA 440-21, "Chattel Appraisal Property." _____ Post WLS 4061 to MAC for contracted chattel appraisal. _____ Post WLS 4060 to MAC for appraisal completed by FSA.
_____	_____	(7) Complete 5 year history in the Farm Business Plan system including balance sheets, income and expenses, and production data, if available. (Optional)
_____	_____	(8) For real estate secured loans with real estate as primary security, order a real estate appraisal.
_____	_____	(9) Real estate appraisal report received. _____ Post WLS 5002 to MAC for contracted RE appraisal. _____ Post WLS 4062 to MAC for appraisal completed by FSA.
_____	_____	(10) Review and revise Forms FSA 2037 and 2038 and other components in the Farm Business Plan as needed with the Applicant. Ensure that all reports are complete, dated, and signed as applicable.
_____	_____	(11) Obtain signatures and funds for lien filings and official searches (State/County) if approval appears likely.
_____	_____	(12) Complete written analysis of the feasibility of the operation by use of attached farm assessment including yields and prices.
_____	_____	(13) Document the availability of other credit through the use of Exhibit A to FmHA Instruction 1951-F.
_____	_____	(14) Complete record-keeping checklist (Exhibit 1 to Oregon Notice FC-16).

- _____ (15) Complete Form FSA 1962-1, "Agreement For the Use of Proceeds/Release of Chattel Security." The period covered by the 1962-1 must match the planned period of the projected Income/Expense Summary and must be in ink.
- _____ (16) Prepare Form FmHA 1940-22, "Environmental Checklist for Categorical Exclusions." Complete Form FmHA 1940-21, "Environmental Assessment for Class 1 Action," or a Class II Assessment, if appropriate.
- _____ (17) Complete Environmental Justice review as required by Notice EQ-110 by including an attachment to Form FmHA 1940-22, with the following statement if no adverse effect was found, "In completing the Environmental Justice compliance review for the proposed project, it was determined that there is no disproportionate high and adverse human health or environmental effects, including social and economic, of programs, policies, or activities on minority populations and low income populations including American Indian tribal populations."
- _____ (18) Prepare FEMA Form 81-93, Standard Flood Hazard Determination, for loans where real estate is taken as security (may be attached to RE appraisal report.)
- _____ (19) Prepare and complete Form FSA 851, "Environmental Risk Survey Form," when real estate is taken as security. Post WLS 7000 to MAC.
- _____ (20) Notify applicant of approval by sending Form FmHA 1940-1, "Request for Obligation of Funds." If disapproved, prepare letter with appeal rights. List security requirements and loan purpose on the back of Form FmHA 1940-1.
- _____ (21) Review with the applicant the 14 items of understanding as required by FmHA Instruction 1910-A, Section 1910.8(c).
- _____ (22) Update Form FSA 410-1 (if necessary) to match the amount of the approved loan and obtain the applicant's initials.
- _____ (23) If loan is approved, send Exhibit C of 1910-A, "Farmer Program Borrower Responsibilities."
- _____ (24) If highly erodible lands and wetlands are present, send Guide Letter 1940-G-1 to applicant with Form FmHA 1940-1.
- _____ (25) If loan funds are not available within 15 days of loan approval, write a letter to the applicant explaining the situation, advising that the application will be held until the funds are available. This letter must be sent by certified mail, return receipt.
- _____ (26) Complete Form FSA 1924-23, "Agreement To Complete Training," if form not previously completed or waiver granted.
- _____ (27) Complete proforma classification and print summary page for case file.
- _____ (28) If loan is made to an existing borrower, include a recent copy of the 540 Report (redacting all other borrowers' information) reflecting no PLS or DSA for last 5 years.

CLOSING REQUIREMENTS

- | Date
<u>Obtained</u> | Check if
<u>Required</u> |
|-------------------------|---|
| _____ | <input type="checkbox"/> UCC-1 and EFS-1 (Secretary of State) |
| _____ | <input type="checkbox"/> Financing Statement (fixtures) UCC-1 (County) |
| _____ | <input type="checkbox"/> Financing Statement (fixtures) UCC-1 (Secretary of State) |
| _____ | <input type="checkbox"/> UCC and EFS Lien Search (Secretary of State) required if a lien search is not currently in the file, or any time that crops are added. |
| _____ | <input type="checkbox"/> Amend or Continue Financing Statement (Secretary of State) |
| _____ | <input type="checkbox"/> Amend or Continue Financing Statement (County) |
| _____ | <input type="checkbox"/> Crop Insurance/Assignment of Indemnity |
| _____ | <input type="checkbox"/> Update EFT database for electronic funds transfer |
| _____ | <input type="checkbox"/> Supervised Bank Account: Form RD 402-1, "Deposit Agreement," Signature Card, Blank Check Booklet, Deposit Slip and Check, RD FmHA 402-2, "Supervised Bank Account Sheet" (1902- A). Name of Bank _____ |
| _____ | <input type="checkbox"/> Obtain Title to Vehicles, Trailers Specify: _____ |
| _____ | <input type="checkbox"/> FSA Assignment Specify: ___DCP___CRP___MILC___LDP___Other;
Post to MAC (WLS 4083) |
| _____ | <input type="checkbox"/> Obtain Brand Card for File |
| _____ | <input type="checkbox"/> Brand Certificate, Bill of Sale |
| _____ | <input type="checkbox"/> Machinery Bill of Sale |
| _____ | <input type="checkbox"/> Restructuring, Reamortization and Extension Agreement |
| _____ | <input type="checkbox"/> Preliminary Title Report |
| _____ | <input type="checkbox"/> Insurance: Fire and extended coverage () Flood () Chattels () Other () |
| _____ | <input type="checkbox"/> Title Insurance (mortgagees policy) |
| _____ | <input type="checkbox"/> Form RD 426-2, "Property Insurance Mortgage Clause," or equivalent loss clause |
| _____ | <input type="checkbox"/> Form FSA 440-13, "Report of Lien Search" (County) |
| _____ | <input type="checkbox"/> Form FSA 440-4A, "Security Agreement" |
| _____ | <input type="checkbox"/> Form RD 440-15, "Security Agreement" (if no crops or livestock) |
| _____ | <input type="checkbox"/> Form FSA 441-5, "Subordination Agreement" if required from other lienholders to FSA |
| _____ | <input type="checkbox"/> Form FSA 441-8, "Assignment of Proceeds from the Sale of Agricultural Products" |
| _____ | <input type="checkbox"/> Form FSA 441-10, "Nondisturbance Agreement" |
| _____ | <input type="checkbox"/> Form FmHA 441-12, "Agreement for Disposition of Jointly Owned Property" |
| _____ | <input type="checkbox"/> Form FSA 441-18, "Consent to Payment of Proceeds from Sale of Agricultural Products" |
| _____ | <input type="checkbox"/> Form FSA 441-25, "Assignment of Proceeds from the Sale of Dairy Products and Release of Security Interest"
Who Assignment to: _____
Amount of Assignment: \$ _____ |
| _____ | <input type="checkbox"/> Form FmHA 1927-1 OR, "Real Estate Mortgage" (on <u>all</u> real property and fixtures) |
| _____ | <input type="checkbox"/> Form RD 1927-4, "Transmittal of Title Information" |
| _____ | <input type="checkbox"/> Form FSA-OR 1927-5, "Subordination Agreement in Favor of the Government" |
| _____ | <input type="checkbox"/> Form FSA-OR 1927-8, "Contract Modification" |
| _____ | <input type="checkbox"/> Form RD 1927-15, "Loan Closing Instructions/Loan Closing Statement" |
| _____ | <input type="checkbox"/> Form FSA 1940-17, "Promissory Note" |
| _____ | <input type="checkbox"/> Form FS 220-13, "Escrow Waiver of Term Grazing Privileges" (Forest Service permits) |
| _____ | <input type="checkbox"/> BLM Notice of Lienholders Interest (BLM permit) |

OTHER FORMS THAT MAY BE REQUIRED

- _____ () Form RD 440-9, "Supplementary Payment Agreement"
- _____ () Form FSA 440-26, "Consent and Subordination Agreement"
- _____ () Form FSA 440-34, "Option to Purchase Real Property"
- _____ () Form FSA 440-35, "Acceptance of Option"
- _____ () Form RD 440-58, "Estimate of Settlement Costs"
- _____ () Form FSA 441-10, "Nondisturbance Agreement"
- _____ () Form FSA 441-13, "Division of Income and Nondisturbance Agreement"
- _____ () Form FSA 441-17, "Certification of Obligation to Landlord"
- _____ () Form FSA 441-18 "Consent to Payment of Proceeds from Sale of Agricultural Products"
- _____ () Form RD 443-16, "Assignment of Income from Real Estate Security"
- _____ () Form FmHA 443-17, "Agreement to Sell Nonessential Real Estate"
- _____ () Form RD 1940-20, "Request for Environmental Information"
- _____ () Form RD 1940-21, "Environmental Assessment for Class I Action"
- _____ () Form FSA 1940-38, "Request for Lender's Verification of Loan Application"
- _____ () Form FSA 1940-51, "Crop-Share-Cash-Farm Lease"
- _____ () Form FSA 1940-53, "Cash Farm Lease"
- _____ () Form FSA 1940-55, "Livestock-Share Farm Lease"
- _____ () Form FSA 1940-56, "Annual Supplement to Farm Lease"
- _____ () Form RD 1940-59, "Settlement Statement"
- _____ () _____
- _____ () _____
- _____ () _____

FOLLOW UP AFTER CLOSING

Date	By	
<u>Completed</u>	<u>Whom</u>	

- | | | |
|-------|-------|--|
| _____ | _____ | Post to Applicant Card (Closed) |
| _____ | _____ | Post and update MAC workload scheduling including follow-ups for analysis, LR reviews, UCC/EFS continuations, field visits, etc. |
| _____ | _____ | Post to MAC from the Key Management Goals section of the Farm Assessment and the Running Record |
| _____ | _____ | Post Installment Information to MAC & management system card |
| _____ | _____ | Follow up to obtain copies of termination statements |
| _____ | _____ | Follow up of Return of Vehicle Titles from DMV or Lienholders |
| _____ | _____ | Post MAC with 10 month follow up for new 1962-1 & management system card |
| _____ | _____ | Input 8M ADPS transaction (Limited Resource Review) |
| _____ | _____ | Complete the Borrower Classification & input 8N ADPS transaction; post WLS 4001 to MAC |
| _____ | _____ | Post Borrower Training Tally Card & MAC |
| _____ | _____ | Post Assessment Tally Card & MAC |
| _____ | _____ | Post Record Keeping Tally Card |
| _____ | _____ | Update civil rights database (State Office only) |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

o O o

Subordination Processing Guide

NAME OF APPLICANT	TYPE OF OPERATION	
CASE NUMBER	ALSO INVOLVES <input type="checkbox"/> Direct Loan <input type="checkbox"/> Guarantee <input type="checkbox"/> DALRS <input type="checkbox"/> Transfer	
LENDER	SUBORDINATION AMOUNT	PROPOSED MATURITY DATE

APPROVAL SUMMARY

APPROVAL AUTHORITY: Existing Subordination Principal Balance: \$ _____
 FLO, CED, FLM, DD, SED (Circle One) Amount of New Subordination: \$ _____
 (Cannot exceed direct loan approval authority) Total: \$ _____

SUBORDINATION PURPOSES: _____

SECURITY CONSIDERATIONS

SECURITY TO BE SUBORDINATED	APPRAISAL DATE	SECURITY VALUE	PRIOR DEBTS	PROPOSED SUBORDINATION	FSA DEBT	EQUITY
<input type="checkbox"/> Crops						
<input type="checkbox"/> Livestock						
<input type="checkbox"/> Equipment						
<input type="checkbox"/> Real Estate						
<input type="checkbox"/> Other:						
TOTAL						

ARE THE AGENCY LOANS ADEQUATELY SECURED AFTER THE SUBORDINATION OR IS THE VALUE OF THE LOAN SECURITY INCREASED BY THE AMOUNT OF THE SUBORDINATION? YES NO

SUBORDINATION CONDITIONS

FOR SUBORDINATIONS OF CHATTEL SECURITY
 Are the seven conditions required by FmHA Instruction 1962-A, Section 1962.30(b) met, including limiting the amount subordinated of basic security, subordination limited to a specific amount with a specific maturity date, only one subordination issued at one time with the same security, no controlled substance conviction, meets HEL and wetland provisions, ability to repay the subordination (current Farm Business Plan or similar acceptable plan), and is the Agency adequately secured after the subordination or is the value of the loan security increased by the amount of the subordination. Discuss the seven conditions under the Collateral, Capacity, Capital, and Conditions (4 C's) sections of the Credit Presentation of the Farm Business Plan.

FOR SUBORDINATIONS OF REAL ESTATE SECURITY
 Are the eleven conditions required by FmHA Instruction 1965-A, Section 1965.12(a) met, including the purpose of the subordination for an authorized direct loan purpose or to refinance debt, Agency debt cannot be refinanced, documented ability to repay (current FHP), development meets Agency objectives, are funds controlled when used to develop or acquire land, Agency lien obtained if land purchased or exchanged, no controlled substance conviction, is the Agency adequately secured after the subordination or is the value of the loan security increased by the amount of the subordination, subordination limited to a specific amount with a specific maturity date, and only one subordination issued at one time with the same creditor on the same security. Discuss the seven conditions under the Collateral, Capacity, Capital, and Conditions (4 C's) sections of the Credit Presentation of the Farm Business Plan.

LOAN ASSESSMENT UPDATED

RECOMMENDED BY: _____ DATE: _____

APPROVAL OFFICIAL'S COMMENTS: _____

<input type="checkbox"/> Approved <input type="checkbox"/> Rejected	APPROVAL OFFICIAL'S SIGNATURE: _____	DATE: _____
--	--------------------------------------	-------------

FARM LOAN PROGRAMS - SUBORDINATIONS

APPLICANT'S NAME: _____

PART II ITEMS REQUIRED FROM APPLICANTS FOR A COMPLETE APPLICATION

Date Received	By Whom	(Required for Subordinations)
_____	_____	(1) Form FSA 410-1, "Request For Direct Loan Assistance." (Items 1, 10, 27A, 27B, 41A, 41B, 42A, and 42B to be completed for subordination requests.)
_____	_____	(2) Form RD 465-1, "Application For Partial Release, Subordination, Or Consent." For real estate only.
_____	_____	(3) Letter from lender requesting the subordination with the specific amount, maturity date, and security to be subordinated identified.
_____	_____	(4) Completed Form FSA 2037, "Farm Business Plan – Balance Sheet," (Recommended) or equivalent balance sheet.
_____	_____	(4) Form FSA 2038, "Farm Business Plan Worksheet – Projected Income and Expenses," (Recommended) or equivalent projection of income, expenses, and debt repayment.
_____	_____	(5) Monthly cashflow statement for annual operating loans and others as needed.
_____	_____	(6) If the lender's financial statement or cash flow budget are being utilized, obtain the borrower's signatures on all forms.
_____	_____	(7) Form AD 1026A, attached to either Form AD 1026 or AD 1026-U and completed by FSA. Required only if changes have occurred on prior year's AD 1026 and 1026-U.
_____	_____	(8) Form SCS-CPA-26, "Highly Erodible Land and Wetland Conservation Determination," completed by NRCS for HEL and wetlands referrals required by Form AD 1026A.

PART III FSA ACTION AFTER RECEIPT OF FORM FSA 410-1

Date Received	By Whom	(Required for Subordination Requests)
_____	_____	(1) When Form FSA 410-1 is received, complete Item 31A Form FSA 410-1 and enter in MAC.
_____	_____	(2) Check Item 26 of Form FSA 410-1 for identified relationship or association with FSA employees. For those identified sent Guide Letter 1900-D-2.
_____	_____	(3) If all of the required application forms <u>have NOT been received</u> , send a letter similar to FmHA Guide Letter 1910-A-1 (20 day letter) (copy to DD) to the applicant and request forms and information needed within 10 days after receipt of an application.

PART IV FSA ACTIONS AFTER RECEIPT OF COMPLETED APPLICATION

After receipt of **ALL** completed forms and information required of the applicant are received application will be considered complete. FSA approval or disapproval should be given within 60 days of this date.

- | Date
Received | By
Whom | (Required for Subordination Requests) |
|------------------|------------|---|
| _____ | _____ | (1) Document here the date of complete application and post this date into MAC and complete Item 31B of FSA 410-1. <u>This is the date the last required document is received.</u>

DATE OF COMPLETE APPLICATION: _____ |
| _____ | _____ | (2) For Subordination of Chattel Security: If an existing appraisal exceeds 2 years or major changes have occurred, prepare Form FSA 440-21, "Appraisal of Chattel Property."

_____ Post WLS 4061 to MAC for contracted RE appraisal
_____ Post WLS 4060 to MAC for RE appraisal completed by FSA |
| _____ | _____ | (3) For real estate subordinations, order a real estate appraisal or obtain one prepared for the lender if it complies with the requirements of the 1-FLP Handbook. |
| _____ | _____ | (4) Review and revise Forms FSA 2037 and 2038 and other components of the Farm Business Plan as needed with the Applicant. Make sure it is complete, dated, and signed and must be consistent with historical performance. |
| _____ | _____ | (5) Complete Form FSA 1962-1, "Agreement For the Use of Proceeds/Release of Chattel Security." The period covered by the 1962-1 must match the period of the projected Income and Expenses," and must be in ink. (For chattel loans only) |
| _____ | _____ | (6) Real estate appraisal report received.

_____ Post WLS 5002 to MAC for contracted RE appraisal
_____ Post WLS 4062 to MAC for RE appraisal completed by FSA |
| _____ | _____ | (7) Update the Farm Assessment and Credit Presentation of the Farm Business Plan. |
| _____ | _____ | (8) Include the suggested language immediately after numbered paragraph 3 on page 2 of Form FSA 460-2, "Subordination By The Government," (Rev. 03-19-03), "and in any event, is subject to a maximum limitation not to exceed \$ _____."

EXAMPLE: principal sum of the subordination = \$100,000, 6 months interest accrual at 6% = \$3,000, foreclosure costs = \$5,000; maximum limitation = \$108,000. Added language: "and in any event, is subject to a total limitation not to exceed \$108,000." |
| _____ | _____ | (9) Previously issued Form FSA 460-2, "Subordination By The Government," must be returned and marked paid in full. |

CLOSING REQUIREMENTS

<u>Date</u> <u>Obtained</u>	<u>Check if</u> <u>Required</u>	
_____	()	Amend or Continue Financing Statement (Secretary of State)
_____	()	Amend or Continue Financing Statement (County)
_____	()	UCC and EFS Lien Search (Secretary of State) required if a lien search is not currently in the file, or any time that crops are added.
_____	()	Brand Certificate, Bill of Sale
_____	()	Machinery Bill of Sale
_____	()	Preliminary Title Report
_____	()	Title Insurance (mortgagees policy)
_____	()	Insurance: Fire and extended coverage () Flood () Chattels () Other ()
_____	()	Form RD 426-2, "Property Insurance Mortgage Clause," or equivalent loss clause
_____	()	Form FSA 441-5, "Subordination Agreement" if required from other lienholders to FSA
_____	()	Form FmHA 441-10, "Nondisturbance Agreement"
_____	()	Form FSA 460-2, "Subordination By The Government"
_____	()	Form FSA 1927-1 OR, "Real Estate Mortgage" (on <u>all</u> real property and fixtures)
_____	()	Form RD 1927-4, "Transmittal of Title Information"
_____	()	Form RD 1927-5, "Affidavit Regarding Work of Improvement"
_____	()	Form FSA-OR 1927-5, "Subordination Agreement in Favor of the Government"
_____	()	Form RD 1927-15, "Loan Closing Instructions/Loan Closing Statement"
_____	()	Form RD 1924-2, "Description of Materials"
_____	()	Form RD 1924-3, "Service Building Specifications"
_____	()	Other: _____
_____	()	Other: _____
_____	()	Other: _____

FOLLOW UP AFTER ISSUANCE OF THE SUBORDINATION

_____	_____	Post to Management System Application Processing Card.
_____	_____	Post and update MAC including follow-ups date for return of issued subordinations.
_____	_____	_____
_____	_____	_____

**DIRECT OPERATING LOANS (D-OLs)
Lifetime Loan Limitation Worksheet**

Eligibility is based on the years the direct (OLs) were closed. Multiple loans closed in the same calendar year are counted as one. Youth loans are not counted. All parties executing the promissory note for the proposed loan will be counted. Complete the chart below.

Year D-OL Closed																	
------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

IF...	THEN...
1. Applicant had D-OLs closed in 4 or more separate years prior to 4-4-96.	Eligible for 3 more years after 4-4-96. 3 years less $\frac{\text{_____}}{\text{\# years used after 4-4-96}}$ = $\frac{\text{_____}}{\text{\# of years eligibility remaining}}$
2. Applicant had D-OLs closed in less than 4 separate years prior to 4-4-96.	Eligible for a total of 7 years 7 years less $\frac{\text{_____}}{\text{\# years used}}$ = $\frac{\text{_____}}{\text{\# of years eligibility remaining}}$
3. D-OLs closed in more than 6 years prior to the calendar year that the requested D-OL will be closed.	Not eligible.

Ending date of direct OL term limits: _____

Date review completed: _____ Completed by: _____

Date updated review completed: _____ Completed by: _____

Consideration for granting a 1-time, 2-year extension of direct OL loan term limits:

Note: Direct OL loans made during the suspension timeframe of June 20, 2000, through December 31, 2002, count toward the terms limits. Please refer to Notice FLP-288 for further guidance.

The borrower must meet all the following conditions:

- Be unable to obtain credit elsewhere by applying for credit to 2 commercial lenders and unable to get credit with or without a guarantee.
- Complete (or have completed) borrower training within the first year of the direct OL term limit extension.
- Have a viable operation as defined in Section 1924.54 of FmHA Instruction 1924-B.

Extension ending date: _____ Date granted: _____ Completed by: _____

**DIRECT FARM OWNERSHIP LOANS (D-FOs)
Lifetime Loan Limitation Worksheet**

Eligibility based on the years D-FO(s) outstanding. All parties executing the promissory note for the proposed loan will be counted. Indicate years D-FOs outstanding:

- | | |
|----------------------------|-------------------------------|
| ___ 1991 | ___ 1996 (On Or After 4/4/96) |
| ___ 1992 | ___ 1997 |
| ___ 1993 | ___ 1998 |
| ___ 1994 | ___ 1999 |
| ___ 1995 | ___ 2000 |
| ___ 1996 (Prior to 4/4/96) | ___ 2001 |
| | ___ 2002 |
| | ___ 2003 |
| | ___ 2004 |
| | ___ 2005 |
| | ___ 2006 |

IF...	THEN...
1. D-FO outstanding prior to 4/4/96 and D-FOs outstanding 5 or more years prior to 4/4/96.	Eligible for D-FO through 4/4/2001.
2. D-FO outstanding on 4/4/96 and D-FOs outstanding less than 5 years.	Eligible through 4/4/2006.
3. No outstanding D-FO loans prior to 4/4/96.	Eligibility limited to 10 years. 10 years less _____ = _____ # years # years used remaining

Date review completed: _____

Completed By: _____

Date Update Completed: _____

Completed By: _____

Date Update Completed: _____

Completed By: _____

**ENVIRONMENTAL JUSTICE COMPLIANCE REVIEW
ATTACHMENT TO FORM FmHA 1940-22**

In completing the Environmental Justice compliance review for the proposed project, it was determined that there is no disproportionate high and adverse human health or environmental effects, including social and economic, of programs, policies, or activities on minority populations and low income populations including American Indian tribal populations.

Signature of Reviewer

Date

Printed Name and Title of Reviewer