

For: County Offices

Borrower Training Requirements

Approved By: State Executive Director

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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 borrowers receiving direct FLP loan assistance
- recipients of primary loan servicing actions.

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.

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

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|-------------|---|
| Disposal | Distribution |
| May 1, 2002 | STO, DD, COR, COC, COF - Including Farm Loan Programs |

Oregon Notice FLP-82

1 Overview, *Continued*

C

Purpose

The purpose of this Oregon Notice is to:

- supplement the contents of Notices FLP-199
 - 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.
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2 Determinations

A

Required 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.

B

Authority

Authority and responsibility for making direct loan borrower training determinations, and granting waivers, has now been delegated directly from the Administrator to all FSA credit officials with loan approval authority. The delegation was contained in Paragraph 2 A of Notice FLP-37.

C

Documentation

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 on the reverse 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 either of the following methods:

- submit a completed Form FmHA 1924-27, "Request for Waiver of Borrower Training Requirements," together with the necessary supporting documentation.
- submit a narrative request, including the necessary justification and supporting documentation.

Note: Whenever Form FmHA 1924-27 is not used, applicants must first be provided with a copy of the waiver provisions contained in Section 1924.74 (b)(2) of FmHA Instruction 1924-B to guide them in drafting their request. An entry will also need to be made in the running record to document compliance with these guidelines.

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 the 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.

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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 Training

A

Form FmHA 1924-23

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 regardless of whether a borrower training vendor is available in the COF service area.

Unless a waiver has been granted, the applicant or borrower must sign Form FmHA 1924-23 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

Until 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 serving action was approved subject to later execution of Form FmHA 1924-23 when a vendor became available.

Any direct loan borrower or applicant for primary loan servicing who previously received direct loan or primary loan servicing assistance subject to later execution of Form FmHA 1924-23 must now sign the form to be eligible for any type of subsequent FLP direct loan or primary loan servicing assistance. It must be signed regardless of whether an approved vendor is available.

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. 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: If approved vendors for the training required are not currently available in or near the COF service area, the applicant's notification will indicate such. The COF must then flag the borrower's MAC records to process an extension following the procedure specified in Paragraph 3 of Notice FLP-199, and notify the borrower when an approved vendor becomes available.

Note: A "W" training code **will not** be entered when borrower training is required and an approved vendor is not available in the COF area. If this has been done, a 5M transaction must be completed to correct the borrower's training status following the procedure specified in Paragraph 3 of Notice FLP-199.

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5 Notification of Required Borrower Training, *Continued*

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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.

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-199.

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-199 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 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. 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-199.

7 Additional Assistance Eligibility

A

Assistance Previously Approved Subject to Borrower's Later Execution of Form FmHA 1924-23

Borrowers are **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 borrowers 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.

Borrowers are **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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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-199

8 Borrower Training Vendors

A

Approved Borrower Training Vendors

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

B

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, as well as course evaluations and FLM monitoring reports, should be maintained in a separate FLP 9-2 Operational File maintained for each vendor.

C

Small Group Training

Applicants, borrowers, and FSA personnel in some cases, continue to express their conclusion that some areas of the State can not be served by approved borrower training vendors, and that repeated borrower training extensions will be needed. 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 arranging for an approved borrower training course.

This is a reminder that one of FSA's approved borrower training vendors 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. It should be a rare instance where FSA is unable to help an Oregon applicant or borrower fulfill their requirement to complete training in financial management.

9 Contacts

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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.

Approved Borrower Training Vendors in Oregon

| Vendor Name and Address | Instructor(s) and Contact Information | Counties Served | Training Provided | Annual Cost | Approval Date | Expiration Date |
|--|--|---|---|---|---------------|-----------------|
| Blue Mountain Community College 2411 NW Karden Post Office Box 100 Pendleton, OR 97801 | Jon Farquharson Farm Management Instructor Tel: (541) 276-1260 (541) 276-5845 | Umatilla, Morrow, Baker, Gilliam, Wheeler, Wallowa, Grant, and Union | Financial Management Crop Production Mgmt Livestock Production Mgmt | \$285.00 | 4-5-1999 | 4-4-2002 |
| John Castor Farm Business Services 2450 NW Anthony Court McMinnville, OR 97128 | John E. Castor Farm Management Instructor Tel: (503) 472-6695 Fax: (425) 952-8103 e-mail: johncast@gte.net | All Counties and any location having a group of 5 to 8 participants in need of training | Financial Management | \$425.00 | 1-20-2000 | 1-19-2003 |
| Chemeketa Community College 4000 Lancaster Dreive, NE Post Office Box 14007 Salem, OR 97309-7070 | Phil LaVine Traci Schoessler Farm Management Instructors Tel: (503) 399-5089 or (503) 589-7759 Fax: (503) 399-6879 e-mail: lvp@exchange.chemeketa.edu tschoessler@exchange.chemeketa.edu | Manon, Polk, Yamhill, and portions of Linn, Benton, Clackamas, Multnomah, and Washington Counties | Financial Management Crop Production Mgmt Livestock Production Mgmt | \$425.00 | 12-15-1998 | 12-14-2001 |
| Columbia Gorge Community College 400 East Scenic Drive The Dalles, OR 97058 | Garth Davis Farm Management Instructor Tel: (541) 298-3142 Fax: (541) 298-3104 email: gdavis@cgcc.cc.or.us | Wasco, Hood River, Sherman, Gilliam, and Wheeler Counties, as well as participants from any other location willing to travel to the training site | Financial Management Crop Production Mgmt Livestock Production Mgmt | \$375.00 Wasco County \$425.00 Outside | 10-20-1999 | 10-19-2002 |
| Klamath Community College 241 Williams Avenue Klamath Falls, OR 97601 | Bill Brown Director of Community and Contract Education Jim Ellings - (Managing Your Records) Dawrin House - (Optional Quick Books Course) Tel: (541) 882-3521 Fax: (541) 885-7758 email: brownb@kcc.cc.or.us | Klamath County, as well as participants from Lake, Jackson, and Josephine Counties willing to travel to the training site | Financial Management | \$95.00 Plus \$80.00 for Optional Quick Books Course | 2-9-2000 | 2-8-2003 |
| Oregon State University OSU Cooperative Extensin Service Ag and Resource Economics Dept. Ballard Extension Hall, Room 213 Corvallis, OR 97331-3601 | Bart Eleveid - Associate Professor John Caster - Farm Management Instructor Eugene Panasuk - Farm Management Instructor Tel: (541) 737-1409 - (Eleveid) (503) 472-6695 - (Caster) (509) 738-2454 - (Panasuk) Fax: (541) 737-2563 - (Eleveid) email: bart.eleveid@orst.edu johncast@gte.net epanasuk@theoffice.net.com | Tillamook, Coos, Curry, Douglas, Jefferson, Crook, Deschutes, Union, Wallowa, Baker, and Malheur Counties, as well participants from Clatsop, Lincoln, Jackson, Josephine, Lane, Lake, Wheeler, Grant, and Harney Counties willing to travel to the training sites | Financial Management | \$475.00 | 10-28-1999 | 10-27-2002 |
| Treasure Valley Community College 650 College Boulevard Ontario, OR 97914 | Roger Findley Farm Management Instructor Tel: (541) 889-6493, Ext. 307 Fax: (541) 889-2679 email: Roger_Findley@tvcc.cc.or.us | Malheur, Baker, and Harney Counties | Financial Management Crop Production Mgmt Livestock Production Mgmt | \$402.00 | 1-7-1999 | 1-6-2002 |