

TO	U.S. DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY 7620 S.W. Mohawk Street Tualatin, Oregon 97062-8121	MANUAL WSC	ISSUE NO. 26
		DATE June 17, 2004	
		DISTRIBUTION CODE	
		"W"	NATIONAL OFFICE
		"S"	STATE OFFICE
		"D"	DISTRICT OFFICES
		"C"	COUNTY OFFICES
		STATE PROCEDURE NOTICE	

OREGON MANUAL CHANGES

**INSERT OR INSTRUCTION 1941-A
(SDC)**

**OPERATING LOAN POLICIES,
PROCEDURES, AND AUTHORIZATIONS -**

This Oregon Instruction is being issued to redelegate authority, specify information needed from trust applicants before making eligibility determinations or approving loans, clarify when persons do not possess legal capacity, provide guidance on financing sprinkler irrigation systems and other items that may become fixtures to real estate, require OGC assistance when taking security interests in grazing permits and property owned by trusts, and provide updated figures from the 2002 Census of Agriculture showing 30 percent of the average farm size for each County in Oregon. This revised acreage information is necessary for County officials to use in determining whether applicants meet the eligibility requirements for being a beginning farmer or rancher.

REMOVE
OR Instruction 1941-A (if filed)
All Exhibits (if any)

INSERT
Pages 1 through 4 dated 06-17-04;
Exhibit A dated 06-17-04.

**INSERT OR INSTRUCTION 1943-A
(SDC)**

**DIRECT FARM OWNERSHIP LOAN
POLICIES, PROCEDURES, AND
AUTHORIZATIONS - This Oregon**

Instruction is being issued to redelegate authority, specify information needed from trust applicants before making eligibility determinations or approving loans, clarify when persons do not possess legal capacity, incorporate the provisions of previous Oregon Notices implementing the FSA FO Loan Outreach Program and Socially Disadvantaged Outreach Program, provide guidance on financing sprinkler irrigation systems and other items that may become fixtures to real estate, provide guidance when considering taking a lien on anything less than all farm real estate owned by an applicant, provide general information concerning water and water rights, require OGC assistance when taking security interests in grazing permits and property owned by trusts, require State Office assistance when considering requests for loans to be secured by land held in trust or restricted status for American Indians, and provide updated figures from the 2002 Census of Agriculture showing 30 percent of the average farm size for each County in Oregon.

REMOVE
OR Instruction 1943-A (if filed)
All Exhibits (if any)

INSERT
Pages 1 through 5 dated 06-17-04;
Exhibits A and B dated 06-17-04.

(OVER)

INSERT OR INSTRUCTION 1955-C
(SDC)

include updated figures from the 2002 Census of Agriculture showing 30 percent of the average farm size for each County in Oregon. This revised acreage information is necessary for County officials to use in determining whether applicants meet the eligibility requirements for being a beginning farmer or rancher.

REMOVE

Page 1 dated 04-30-03.
Exhibit A dated 04-30-03.

DISPOSAL OF INVENTORY PROPERTY -

This Oregon Instruction has been revised to update the redelegation of authority and

INSERT

Pages 1 and 2 dated 06-17-04.
Exhibit A dated 06-17-04.

NOTICE
(SDC)

margin of each paragraph of the National Instruction that has been supplemented by any Oregon Instruction on this State Procedure Notice.

PARAGRAPH NOTATIONS ON
NATIONAL PROCEDURES. The notation
"State Supplement" will be made on the

PART 1941 – OPERATING LOANS

Subpart A – Operating Loan Policies, Procedures, and Authorizations

Section 1941.1 Introduction.

This OR Instruction supplements FmHA Instruction 1941-A, redelegates program authority, and prescribes the procedures for making initial and subsequent direct Operating (OL) and Youth (OL-Y) loans in Oregon. Unless otherwise prohibited, authority delegated to the State Executive Director by FmHA Instruction 1941-A is hereby redelegated to the following State Office employees:

- (a) Farm Loan Chief
- (b) Farm Loan Specialists
- (c) Farm Loan Program Reviewer, except in those cases where the Farm Loan Program Reviewer has performed duties as the State-Designated Appraiser/Reviewer by completing an appraisal or by assisting in the completion of an appraisal as an Appraisal Assistant.

Section 1941.4 Definitions.

Beginning farmer or rancher. Subparagraph (e) of the definition of a beginning farmer or rancher contained in Section 1941.4 indicates that an applicant will not be considered a beginning farmer or rancher if the applicant owns, either directly or indirectly through interests in family farm entities, real farm or ranch property, the aggregate acreage of which exceeds 30 percent of the average farm or ranch acreage of the farms or ranches in the County where the property is located. The average farm or ranch acreage for each of Oregon's 36 Counties, based on the most recent Census of Agriculture, is shown as Exhibit A of this OR Instruction.

OR Instruction 1941-A
Section 1941.4 (Con.)

Entity. Trusts are included in the definition of an entity contained in Section 1941.4. Not all trusts, however, are eligible. Any applicant that represents itself to be a trust will not be determined eligible, and will not be approved for a loan, without the prior review of the following documents by the Farm Loan Chief or a Farm Loan Specialist, and OGC:

- (a) A complete copy of the Trust Agreement and all amendments.
- (b) A Certification of Trust prepared pursuant to ORS 128.234 and ORS 128.236 and executed by the trustee (or all of the currently acting trustees if there is more than one trustee), which establishes the existence and terms of the trust, and confirms the following:
 - (1) The existence of the trust and the date of execution of the trust.
 - (2) The identity of the trustor or trustors, the beneficiary or beneficiaries, and the currently acting trustee or trustees of the trust.
 - (3) The trust powers, or in lieu of a verbatim recitation of the trust powers, a statement that the trust powers include at least all those trust powers contained in the Uniform Trustees' Powers Act set forth in ORS 128.003 to 128.045.
 - (4) The mailing address or addresses for the currently acting trustee or trustees.
 - (5) The revocability or irrevocability of the trust and the identity of the person or persons holding any power to revoke the trust.
 - (6) Whether the trust can be modified or amended, and the identity of the person or persons holding any power to modify or amend the trust.
 - (7) Where there are multiple currently acting trustees, whether all or a specified number fewer than all of the currently acting trustees are required to sign in order to exercise trust powers.
 - (8) The trust taxpayer identification number, whether a trustor Social Security number or an employer identification number.
 - (9) The manner in which title to trust assets should be taken.
 - (10) A statement that the trust has not been revoked, modified or amended in any manner that would cause the representations contained in the certification to be incorrect.

Section 1941.12 (a)(2) – Eligibility requirements. In Oregon, persons possess legal capacity to incur the obligations of the loan unless they lack legal capacity by reason of age, mental competence, or imprisonment as explained below:

- (i) Age. Persons under 18 years of age have not reached the age of legal majority in Oregon, and thus lack legal capacity to enter into a contract in Oregon unless they are legally married.
- (ii) Mental Competence. In general, persons that do not possess sufficient mind or reason to enable them to comprehend the nature, term and effect of a contract in question, lack mentally competence. The lack of mental competence can arise by virtue of insanity, intoxication, diminished mental capacity or other disabling factors. For example, if a person is insane, or if a person has had a guardian appointed for them, the person is not competent. Diminished mental capacity and intoxication, likewise, are factors to be considered in determining whether or not a person is mentally competent to enter into a contract.
- (iii) Imprisonment. If a person has been sentenced to imprisonment in the penitentiary, and is not on parole or probation, the person lacks legal capacity to enter into a contract.

Section 1941.16 (b) – Loan Purposes. OL loan funds may be used to purchase or refinance sprinkler irrigation systems, including those portions of “portable” sprinkler irrigation systems attached directly to real estate (such as permanently mounted pumps, electrical panels, and motors) which have been or will become fixtures, provided:

- (1) It is not practical to meet the credit needs of the applicant with a direct or guaranteed Farm Ownership (FO) loan,
- (2) The requirements of Section 1941.19 (h) of FSA Instruction 1941-A are met, and
- (3) The owners and prior lien holders of any real estate which the irrigation system has been or will become attached to, execute a Form FSA 440-26, “Consent and Subordination Agreement,” or other form of severance agreement that has been reviewed and approved for use by OGC.

OR Instruction 1941-A

Section 1941.19 – Security.

A pledge of security owned by a third party that is a trust will not be relied upon for security purposes without OGC first determining that the trust has the authority to encumber trust property for the benefit of the applicant. To make this determination, the third party trust must provide the Agency with a complete copy of the Trust Agreement and all amendments, and a Certification of Trust for review as prescribed in the definition of an entity in Section 1941.4 of this OR Instruction.

Section 1941.19 (a)(3) – 150 percent security requirement. No security value will be attributed to a titled motor vehicle, trailer, mobile home, airplane, boat, or documented vessel unless the Agency’s name is or will be placed on the title as a secured party. If the Agency is the senior lien holder, the Agency must have the title or the executed application for title showing the Agency as a secured party in it’s possession at or prior to the disbursement of loan funds if value is to be attributed to the titled property. If the Agency is not the senior lien holder, the Agency must have a copy of the title or a copy of the executed application for title showing the Agency as a secured party *and* evidence of it’s submission to the appropriate issuing agency in it’s possession at or prior to the disbursement of loan funds if value is to be attributed to the titled property.

Section 1941.19 (h) – Fixtures. Form FSA 440-26, or other form of severance agreement reviewed and approved for use by OGC, will be obtained from and executed by owners and prior lien holders when loan funds are used to purchase or refinance items that will become or are affixed to real estate. This includes, but is not limited to milk tanks, milking equipment, sprinkler irrigation systems, electrical panels, seed cleaners, and feed grinders.

Section 1941.19 (i) – Milkbase and grazing permits. OL loan funds may be used to purchase grazing permits only with the consent and prior authorization of the State Executive Director, and prior OGC review of the security instruments to be used to perfect a security interest. The complete loan docket is to be submitted to the State Office for consideration prior to approval.

Section 1941.19 (j) – Stock in cooperative associations. To help assure that FSA always acquires a lien on the applicant’s interests in general intangibles, contract rights, and stock and retains in cooperative associations, the following language will always be inserted in Item 4 of Section II of Form FSA 440-4A, “Security Agreement:”

All accounts, general intangibles, gross receipts, including co-op retains, equities and revolving funds derived from or related to the debtor's farmland or farming activities additionally including but not limited to cooperative stock or certificates, base acres, accounts receivable, contract rights and proceeds therefrom, and proceeds from Farm Service Agency (FSA) and Commodity Credit Corporation (CCC) programs.

AVERAGE COUNTY FARM ACREAGE

The average farm or ranch size, and the maximum number of acres that would qualify as being within 30 percent of the average farm size, is shown below for each County in Oregon. This information has been obtained and developed from Table 8, "Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2002 and 1997," contained in Volume 1, Geographic Area Series, of Part 37, Oregon State and County Data, of the 2002 Census of Agriculture. This information is for use in determining whether an applicant meets the definition of a beginning farmer or rancher as set forth in Section 1941.4 of FmHA Instruction 1941-A.

<u>County</u>	<u>Average Farm Size (Acres)</u>	<u>30% of Average Farm Size (Acres)</u>	<u>County</u>	<u>Average Farm Size (Acres)</u>	<u>30% of Average Farm Size (Acres)</u>
Baker	1,237	371	Lake	1,619	486
Benton	143	43	Lane	91	27
Clackamas	46	14	Lincoln	88	26
Clatsop	90	27	Linn	164	49
Columbia	51	15	Malheur	924	277
Coos	193	58	Marion	106	32
Crook	1,396	419	Morrow	2,999	900
Curry	340	102	Multnomah	48	14
Deschutes	85	26	Polk	128	38
Douglas	185	56	Sherman	2,418	725
Gilliam	4,122	1,237	Tillamook	119	36
Grant	2,265	680	Umatilla	808	242
Harney	3,006	902	Union	482	145
Hood River	52	16	Wallowa	1,030	309
Jackson	129	39	Wasco	2,020	606
Jefferson	1,639	492	Washington	69	21
Josephine	44	13	Wheeler	4,501	1,350
Klamath	572	172	Yamhill	84	25

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PART 1943 – FARM OWNERSHIP, SOIL AND WATER, AND RECREATION

Subpart A – Direct Farm Ownership Loan Policies, Procedures, and Authorizations

Section 1943.1 Introduction.

This OR Instruction supplements FmHA Instruction 1943-A, redelegates program authority, and prescribes the procedures for making initial and subsequent direct Farm Ownership (FO) loans in Oregon. Unless otherwise prohibited, authority delegated to the State Executive Director by FmHA Instruction 1943-A is hereby redelegated to the following State Office employees:

- (a) Farm Loan Chief
- (b) Farm Loan Specialists
- (c) Farm Loan Program Reviewer, except in those cases where the Farm Loan Program Reviewer has performed duties as the State-Designated Appraiser/Reviewer by completing an appraisal or by assisting in the completion of an appraisal as an Appraisal Assistant.

Section 1943.4 Definitions.

Beginning farmer or rancher. Subparagraph (e) of the definition of a beginning farmer or rancher contained in Section 1943.4 indicates that an applicant will not be considered a beginning farmer or rancher if the applicant owns, either directly or indirectly through interests in family farm entities, real farm or ranch property, the aggregate acreage of which exceeds 30 percent of the average farm or ranch acreage of the farms or ranches in the County where the property is located. The average farm or ranch acreage for each of Oregon's 36 Counties, based on the most recent Census of Agriculture, is shown as Exhibit A of this OR Instruction.

DISTRIBUTION: SDC

Loan and Grant Making
Farm Ownership, Soil
& Water, and Recreation

OR Instruction 1943-A
Section 1943.4 (Con.)

Entity. Trusts are included in the definition of an entity contained in Section 1943.4. Not all trusts, however, are eligible. Any applicant that represents itself to be a trust will not be determined eligible, and will not be approved for a loan, without the prior review of the following documents by the Farm Loan Chief or a Farm Loan Specialist, and OGC:

- (a) A complete copy of the Trust Agreement and all amendments.

- (c) A Certification of Trust prepared pursuant to ORS 128.234 and ORS 128.236 and executed by the trustee (or all of the currently acting trustees if there is more than one trustee), which establishes the existence and terms of the trust, and confirms the following:
 - (1) The existence of the trust and the date of execution of the trust.
 - (2) The identity of the trustor or trustors, the beneficiary or beneficiaries, and the currently acting trustee or trustees of the trust.
 - (3) The trust powers, or in lieu of a verbatim recitation of the trust powers, a statement that the trust powers include at least all those trust powers contained in the Uniform Trustees' Powers Act set forth in ORS 128.003 to 128.045.
 - (4) The mailing address or addresses for the currently acting trustee or trustees.
 - (5) The revocability or irrevocability of the trust and the identity of the person or persons holding any power to revoke the trust.
 - (6) Whether the trust can be modified or amended, and the identity of the person or persons holding any power to modify or amend the trust.
 - (7) Where there are multiple currently acting trustees, whether all or a specified number fewer than all of the currently acting trustees are required to sign in order to exercise trust powers.
 - (8) The trust taxpayer identification number, whether a trustor Social Security number or an employer identification number.
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Section 1943.12 (a)(2) – Eligibility requirements. In Oregon, persons possess legal capacity to incur the obligations of the loan unless they lack legal capacity by reason of age, mental competence, or imprisonment as explained below:

- (i) Age. Persons under 18 years of age have not reached the age of legal majority in Oregon, and thus lack legal capacity to enter into a contract in Oregon unless they are legally married.
- (ii) Mental Competence. In general, persons that do not possess sufficient mind or reason to enable them to comprehend the nature, term and effect of a contract in question, lack mentally competence. The lack of mental competence can arise by virtue of insanity, intoxication, diminished mental capacity or other disabling factors. For example, if a person is insane, or if a person has had a guardian appointed for them, the person is not competent. Diminished mental capacity and intoxication, likewise, are factors to be considered in determining whether or not a person is mentally competent to enter into a contract.
- (iii) Imprisonment. If a person has been sentenced to imprisonment in the penitentiary, and is not on parole or probation, the person lacks legal capacity to enter into a contract.

Section 1943.13 – Outreach program for applicants/borrowers who are members of socially disadvantaged groups.

- (a) Policy. State and County target participation rates under the FSA FO Loan Outreach Program, as well as other matters concerning the targeting of direct FO loan funds to members of socially disadvantaged groups, are contained in Exhibit B of this OR Instruction.
- (b) Field action. State Office, District Director, and County Office responsibilities relating to the FSA FO Loan Outreach Program, and special media outreach activities directed toward members of socially disadvantaged groups, are contained in Exhibit B of this OR Instruction.
- (c) Reports. County Office reporting responsibilities concerning the FSA FO Loan Outreach Program, and special media outreach activities directed toward members of socially disadvantaged groups, are contained in Exhibit B of this OR Instruction.

OR Instruction 1943-A

Section 1943.19 – Security.

Each FO loan will be secured by real estate. When the real estate that will serve as security is or will be irrigated by means of a sprinkler system, as a matter of practicality, the best chattel lien obtainable will be taken on the entire irrigation system used on the real estate, regardless of whether it results in the total security value exceeding 150 percent of the loan amount. The irrigation system and all of its components will also be specifically described on the Agency's real estate security instrument.

Section 1943.19 (a)(1) – Additional real estate security. When taking a lien on additional real estate needed to meet the security requirements of Section 1941.19, consideration must be given to whether taking a lien on anything less than all the remaining real estate will potentially result in the Agency's security property lacking either a legal means of ingress and egress, or lacking access to the source of irrigation water or point of diversion for the security property's irrigation system. If either condition may result, as a matter of practicality, a lien on the applicant's entire additional contiguous real estate is required regardless of whether it results in the total security value exceeding 150 percent of the loan amount.

Section 1943.19 (a)(2) – Other items considered part of the farm. ORS 537.110 provides that all water within the State from all sources of supply belong to the public. Subject to existing rights, and except as otherwise provided in ORS chapter 538, all waters within the State except those withdrawn by State authority may be appropriated for beneficial use, as provided in the Water Rights Act and not otherwise. Nothing contained in the Water Rights Act, however, may be so construed in Oregon as to take away or impair the vested right of any person to any water or to the use of any water.

(i) A legal right for any surface water appropriation can be established only through application of water to beneficial use under the terms of a water right permit issued by the State Water Resources Department.

(ii) A legal right for any ground water appropriation can be established only through beneficial use under the terms of a water right permit issued by the State Water Resources Department, except that in general, a permit is not necessary for reasonable stock watering purposes.

Section 1943.19 (a)(2) (Con.)

(iii) In any instance when water will be used in such a manner as to require a permit from the State Water Resources Department, said permit will be made a part of the loan docket, or the facts including dates, permit number and amount of water, acreages involved, etc., will be documented in the case record as a part of the loan docket.

Section 1943.19 (b)(1) – Chattel security interests in fixtures. When a security interest is taken in fixtures, Form FSA 440-26, or other form of severance agreement reviewed and approved for use by OGC, will be obtained from and executed by owners and prior lien holders when loan funds are used to purchase or refinance items that will become or are affixed to real estate. This includes, but is not limited to milk tanks, milking equipment, sprinkler irrigation systems, electrical panels, seed cleaners, and feed grinders.

Section 1943.19 (c)(1) – Other security pledged by third parties. A pledge of security owned by a third party that is a trust will not be relied upon for security purposes without OGC first determining that the trust has the authority to encumber trust property for the benefit of the applicant. To make this determination, the third party trust must provide the Agency with a complete copy of the Trust Agreement and all amendments, and a Certification of Trust for review as prescribed in the definition of an entity in Section 1943.4 of this OR Instruction.

Section 1943.19 (c)(2) – Other property to be taken as security. Federal and State issued grazing permits may be taken as security only with the consent and prior authorization of the State Executive Director, and prior OGC review of the security instruments to be used to perfect a security interest. The complete loan docket is to be submitted to the State Office for consideration prior to approval.

Section 1943.19 (e) – State supplements. In any case where title to the real estate security for a proposed loan is held in trust or restricted status for American Indians, the FLP Section in the State Office needs to be promptly informed so that FSA and the Bureau of Indian Affairs (BIA) develop procedures to be followed in acquiring the required security.

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AVERAGE COUNTY FARM ACREAGE

The average farm or ranch size, and the maximum number of acres that would qualify as being within 30 percent of the average farm size, is shown below for each County in Oregon. This information has been obtained and developed from Table 8, "Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2002 and 1997," contained in Volume 1, Geographic Area Series, of Part 37, Oregon State and County Data, of the 2002 Census of Agriculture. This information is for use in determining whether an applicant meets the definition of a beginning farmer or rancher as set forth in Section 1943.4 of FmHA Instruction 1943-A.

<u>County</u>	<u>Average Farm Size (Acres)</u>	<u>30% of Average Farm Size (Acres)</u>	<u>County</u>	<u>Average Farm Size (Acres)</u>	<u>30% of Average Farm Size (Acres)</u>
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Josephine	44	13	Wheeler	4,501	1,350
Klamath	572	172	Yamhill	84	25

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FSA FO LOAN OUTREACH PROGRAM

The Provisions of the 1987 Agricultural Credit Act and the 1990 Food, Agriculture, Conservation, and Trade Act require that FSA ensure that members of socially disadvantaged groups have an opportunity to own and operate farms and ranches, and to participate in agricultural programs including the Agency's Farm Loan Programs (FLP). Socially disadvantaged groups are those whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. For the purposes of FSA's FO Loan Outreach Program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, and Asian Americans and Pacific Islanders. This definition is found in Section 1943.4 of FmHA Instruction 1943-A.

I. Background.

- A. The purpose of these special efforts and outreach activities is to assure that members of socially disadvantaged groups are provided access to, and information about the availability of, targeted and non-targeted direct FO loan funds. Over the years, these efforts have been administratively expanded to include guaranteed FO loan funds as well as direct and guaranteed Operating Loan (OL) loan funds.
- B. The purpose of this Exhibit to OR Instruction 1943-A is to:
 - 1. Address the designation of target participation areas for special efforts to assist Socially Disadvantaged Applicants (SDAs).
 - 2. Provide guidelines for carrying out the FSA's FO Loan Outreach Program through the Socially Disadvantaged Outreach Program.
 - 3. Help assure that press releases regarding the SDA loan program are issued, reported, and properly filed for documentation purposes.
 - 4. Establish a reporting system to collect information required by the National Office.

II. Target Participation Rates.

A. County Target Participation Rates.

1. Target participation rates are established to assure members of socially disadvantaged groups are provided access to appropriated loan funds. Participation rates are based on the proportion of minority rural population to the total rural population, as reported in the 1990 Census.
2. Oregon's target participation rate is 7 percent, and is shown in Exhibit B of FmHA Instruction 1943-A and Attachment 1 of this Exhibit. Target participation rates for each County are also shown in Attachment 1 of this Exhibit.
3. The 2002 Census of Agriculture provides statistical information for farm operators in Oregon that is broken down by race, ethnicity, and gender. This information for all farms, displayed on a county-by-county basis for Oregon, is shown in Attachment 2.
4. Success in reaching members of socially disadvantaged groups will be measured in part by whether FSA's loan portfolio in each County substantially mirrors the race, ethnicity, and gender characteristics of the farm operators in the County it represents.

B. County Designations.

1. Paragraph III of Exhibit B of FmHA Instruction 1943-A requires that every effort be made to provide a greater amount of direct FO funds targeted for SDAs to counties having larger socially disadvantaged populations. To facilitate this, and do so without limiting access to available targeted direct FO funds by SDAs from other areas of the State, direct FO applications from SDA applicants for the purchase of farms or ranches in the Counties shown in the following table will be given priority in funding, *if* two or more obligating documents are received in the State Office for funding the same day having the same date of application.

<u>County</u>	<u>SDA Population</u>	<u>Target Participation Rate</u>
Umatilla	7,340	13 %
Malheur	6,269	24 %
Marion	5,996	9 %
Clackamas	5,698	5 %
Klamath	5,690	10 %
Douglas	4,465	5 %

2. The above table lists Oregon Counties with the 6 largest socially disadvantaged populations according to the 1990 Census, representing 41.90 % of Oregon's total SDA population by race.

C. Suballocation of Funds for SDAs.

1. Because of Oregon's relatively small proportion of the total amount of direct and guaranteed FO funds available Nationally (1.19086 percent), and Oregon's relatively small rural minority population, (7 percent of the total rural population), Oregon's allocation of direct FO funds targeted for SDAs is very small. The same is true of Oregon's allocation targeted for SDAs in other direct and guaranteed FLP program areas.
2. Suballocation of these limited amounts to be held for exclusive use by SDAs from specifically designated Counties in descending order of target participation rates will further divide and reduce the dollar amount of funds available in any one County to the point where meaningful assistance can not be provided to any SDA in the State with the limited funds available. Insured and guaranteed funds targeted for SDAs in Oregon will therefore be held as a State allocation, and will not be suballocated into County allocations.
3. Targeted funds from the State's allocation will be obligated for SDAs on a first come, first served basis, with competing SDA applications funded based on their date of application and the priority process described in Subparagraph II B above.

III. Socially Disadvantaged Outreach Program.

A. State Office Action.

1. The Farm Loan Chief, with assistance from the Farm Loan Programs staff, will:
 - a. Publicize the availability of targeted and non-targeted direct and guaranteed FO and OL loan funds in newspapers most used by members of socially disadvantaged groups. SDA news releases will be prepared for issuance by the SED by no later than the end of January and July of each year.
 - b. Assist the State Outreach Coordinator in drafting fill-in-the blanks news releases for issuance to County Offices as provided in the State Outreach Plan.

- c. Assist the State Outreach Coordinator in drafting fill-in-the blanks news releases for issuance to County Offices as provided in the State Outreach Plan.
 - d. Manage and monitor the use of targeted SDA loan funds to assure that they are properly held for, and exclusively used by, members of socially disadvantaged groups.
 - e. Assist FLMs and CEDs as needed in providing training and assistance to members of socially disadvantaged groups and other interested parties in the packaging of applications and the distribution of materials for use with the Agency's program.
 - f. Assist FLMs and CEDs as needed in providing application processing assistance to members of socially disadvantaged groups to assure that the application process is expedient and complete.
2. The State Outreach Coordinator, will:
- a. Publicize the availability of targeted and non-targeted direct and guaranteed FO and OL loan funds in newspapers most used by members of socially disadvantaged groups. SDA news releases will be prepared for issuance by the SED by no later than the end of January and July of each year.
 - b. Assist the FLP section in drafting, preparing, and distributing State-wide newspaper articles, radio announcements, and other media activities publicizing the Agency's programs of assistance for SDAs and the funds targeted for them in the media most used by members of socially disadvantaged groups.
 - c. Assist CEDs and FLMs by drafting, preparing, and distributing fill-in-the-blank news releases and radio spots that can be used to locally publicize the Agency's programs of assistance for SDA applicants and availability of targeted SDA funds.
3. The State Civil Rights Coordinator will act as a resource person for the State's overall Socially Disadvantaged Outreach Program.

B. County Office Action.

1. For outreach to be truly effective, it is critical that outreach activities be conducted at the local level. This fact is clearly recognized in the assignment of outreach responsibilities in Subparagraphs 305 A and F of FSA Handbook 16-AO.
2. FLMs and CEDs are responsible for working together and assisting each other in conducting the following public outreach activities:
 - a. Sending information, maintaining close liaison, and attending meetings of civic organizations, community and farm oriented organizations, organizations serving socially disadvantaged groups, and other organizations serving the agricultural community.
 - b. Providing pamphlets and publications of the programs available, including the direct and guaranteed FO and OL programs, to interested groups and individuals.
 - c. Providing training and assistance to members of socially disadvantaged groups and other interested parties in the packaging of applications and the distribution of materials for use with the Agency's programs.
 - d. Providing application processing assistance to members of socially disadvantaged groups to assure that the application process is expedient and complete.
 - e. Initiating special media outreach activities, issuing news releases, and providing information concerning the availability of FSA's programs of assistance for minorities and women to community and farm oriented organizations, agricultural and community colleges, other USDA agencies, and community leaders in the local area.
 - f. Including information about SDA targeted funding and the SDA outreach program in Service Center newsletters, in other similar publications, and on Service Center websites. At a minimum, it is recommended SDA articles be included in newsletters and that press releases be issued in the local media in April and October of each year to help assure at least quarterly coverage.

C. District Director Action.

1. District Directors must monitor and review each County Office's SDA outreach activities to assure that the availability of targeted and non-targeted loan funds is widely publicized in newspapers, on radio stations, and in periodicals most used by members of socially disadvantaged groups, and is published in Agency newsletters.
2. District Directors must monitor and review each County Office's SDA outreach activities to assure that the availability of targeted and non-targeted loan funds is published in Agency newsletters.

IV. Documenting and Reporting SDA Outreach Activities.

A. Documentation and Filing.

1. Copies of news releases and radio announcements, clippings from local newspapers, notes of meetings attended concerning SDA assistance, personal contacts concerning the SDA program, and other similar outreach activities need to be documented or filed in the County Office Operational Files, as appropriate.
2. The following County Office Operational Files are recommended for filing:
 - a. INFO – Informational Services.
 - b. INFO 1 – Reports.
 - c. INFO 7 – Other State Office or STC Publications.
 - d. INFO 9 – County Office Newsletters.
 - e. INFO 12 – Public Notification Files.
 - f. CR 1 – Reports and Statistics.
 - g. CR 6 – Civil Rights Implementation Plan.

B. Reporting.

1. In order to effectively monitor, acknowledge, and recognize efforts put forth in outreach activities for SDAs, and to meet the reporting requirements of Section 1943.13 (c) of FmHA Instruction 1943-A, CEDs, FLOs, and PTs will need to assist FLMs in completing and submitting Attachment 3 of this Exhibit on a semi-annual basis, summarizing their combined SDA outreach efforts for the jurisdictional areas they serve. Attachment 3 should be completed and submitted semiannually to the FLP section in the State Office by April 15 and September 15 each fiscal year. The second report each fiscal year should be cumulative
2. As news articles, news releases, and radio spots are issued and appear, please submit copies to the Farm Loan Programs section in the State Office

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**TARGET PARTICIPATION RATES
FOR SOCIALLY DISADVANTAGED GROUPS**

County Name	Rural Population	Socially Disadvantaged Population	Socially Disadvantaged Percent	Target Participation Rate
Baker	15,000	422	2.8 %	3 %
Benton	25,930	954	3.7 %	4 %
Clackamas	119,368	5,698	4.8 %	5 %
Clatsop	32,493	1,434	4.4 %	4 %
Columbia	35,155	1,532	4.4 %	4 %
Coos	59,125	3,645	6.2 %	6 %
Crook	13,966	627	4.5 %	4 %
Curry	19,202	987	5.1 %	5 %
Deschutes	74,242	2,865	3.9 %	4 %
Douglas	93,190	4,465	4.8 %	5 %
Gilliam	1,717	61	3.6 %	4 %
Grant	7,747	273	3.5 %	4 %
Harney	6,997	506	7.2 %	7 %
Hood River	16,621	3,164	19.0 %	19 %
Jackson	61,828	3,772	6.1 %	6 %
Jefferson	13,498	3,972	29.4 %	29 %
Josephine	61,676	3,074	5.0 %	5 %
Klamath	56,659	5,690	10.0 %	10 %
Lake	7,116	420	5.9 %	6 %
Lane	92,901	3,669	3.9 %	4 %
Lincoln	38,523	1,991	5.2 %	5 %
Linn	61,452	2,500	4.1 %	4 %
Malheur	25,735	6,269	24.4 %	24 %
Marion	69,726	5,996	8.6 %	9 %
Morrow	7,591	957	12.6 %	13 %
Multnomah	11,075	579	5.2 %	5 %
Polk	34,864	3,110	8.9 %	9 %
Sherman	1,918	48	2.5 %	3 %
Tillamook	21,138	738	3.5 %	3 %
Umatilla	57,256	7,340	12.8 %	13 %
Union	23,016	939	4.1 %	4 %
Wallowa	6,852	161	2.3 %	2 %
Wasco	21,409	2,164	10.1 %	10 %
Washington	36,933	2,048	5.5 %	6 %
Wheeler	1,390	24	1.7 %	2 %
Yamhill	33,128	2,532	7.6 %	8 %
State Total	1,266,437	84,626	6.7 %	7 %

Source: FmHA An No. 2880 (1943-A) dated October 4, 1993 and 1990 Census

OREGON RACE, ETHNICITY, AND GENDER DATA

County	Race*										Ethnicity**						Gender**											
	Black/Afr Am		Am Indian/AN		Hawaiian/PI		Asian		> One Race		Total Minority		White		Total All		Hispanic		Not Hispanic		Total All		Male		Female		Total All	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Baker	6	0.85					1	0.14	4	0.56	11	1.55	699	98.45	710	100.00	27	3.80	683	96.20	710	100.00	575	81.79	128	18.21	703	100.00
Benton	5	0.54	12	1.30	4	0.43					25	2.71	899	97.29	924	100.00	32	3.46	892	96.54	924	100.00	707	77.52	205	22.48	912	100.00
Clackamas	9	0.19	50	1.05	9	0.19	53	1.11	48	1.01	169	3.55	4,592	96.45	4,761	100.00	144	3.03	4,617	96.98	4,761	100.00	3,722	79.60	954	20.40	4,676	100.00
Clatsop			2	0.79					2	0.79	4	1.59	248	98.41	252	100.00	6	2.38	246	97.62	252	100.00	182	73.39	66	26.61	248	100.00
Columbia	1	0.11	21	2.31	5	0.55			13	1.43	40	4.41	868	95.60	908	100.00	25	2.75	883	97.25	908	100.00	725	80.57	153	17.43	878	100.00
Coos			30	3.89	1	0.13	3	0.39	19	2.46	53	6.87	718	93.13	771	100.00	18	2.34	753	97.67	771	100.00	604	80.75	144	19.25	748	100.00
Crook			9	1.29			5	0.72			14	2.01	684	97.99	698	100.00	16	2.29	682	97.71	698	100.00	591	86.28	94	13.72	685	100.00
Curry			8	3.67	2	0.92			3	1.38	13	5.96	205	94.04	218	100.00	7	3.21	211	96.79	218	100.00	166	80.19	41	19.81	207	100.00
Deschutes	4	0.24	16	0.97	2	0.12	3	0.18	33	1.99	58	3.50	1,600	96.50	1,658	100.00	38	2.29	1,620	97.71	1,658	100.00	1,272	77.94	380	22.06	1,652	100.00
Douglas	2	0.09	51	2.34	3	0.14	5	0.23	37	1.70	98	4.50	2,079	95.50	2,177	100.00	84	3.86	2,093	96.14	2,177	100.00	1,735	82.23	375	17.77	2,110	100.00
Gilliam			5	3.15							5	3.15	154	96.86	159	100.00	7	4.40	152	95.60	159	100.00	131	83.97	25	16.03	156	100.00
Grant	1	0.25	5	1.25					1	0.25	7	1.75	394	98.25	401	100.00	14	3.49	387	96.51	401	100.00	338	85.79	56	14.21	394	100.00
Harney			3	0.57							3	0.57	522	99.43	525	100.00	18	3.43	507	96.57	525	100.00	449	85.69	75	14.31	524	100.00
Hood River							63	10.64	7	1.18	77	13.01	515	86.99	592	100.00	47	7.94	545	92.06	592	100.00	487	86.86	75	13.35	562	100.00
Jackson			29	1.46	1	0.05	2	0.10	27	1.36	59	2.97	1,930	97.03	1,989	100.00	70	3.52	1,919	96.48	1,989	100.00	1,529	78.29	424	21.71	1,953	100.00
Jefferson			20	4.55	1	0.23	6	1.36			27	6.14	413	93.86	440	100.00	13	2.96	427	97.05	440	100.00	374	87.38	54	12.62	428	100.00
Josephine			9	1.21	9	1.21	4	0.54	2	0.27	24	3.23	720	96.77	744	100.00	28	3.76	716	96.24	744	100.00	521	71.57	207	28.43	728	100.00
Klamath	3	0.24	27	2.14			7	0.56	14	1.11	51	4.04	1,211	95.96	1,262	100.00	64	5.07	1,198	94.93	1,262	100.00	1,016	82.74	212	17.26	1,228	100.00
Lake	2	0.42	16	3.39					1	0.21	19	4.03	453	95.98	472	100.00	15	3.18	457	96.82	472	100.00	397	85.93	65	14.07	462	100.00
Lane	8	0.30	36	1.36	3	0.11	17	0.64	36	1.36	100	3.78	2,548	96.22	2,648	100.00	58	2.19	2,590	97.81	2,648	100.00	1,972	76.52	605	23.48	2,577	100.00
Lincoln			11	2.87					7	1.83	19	4.96	364	95.04	383	100.00	5	1.31	378	96.70	383	100.00	297	79.41	77	20.59	374	100.00
Linn			38	1.58	10	0.42	13	0.54	24	1.00	85	3.54	2,318	96.46	2,403	100.00	68	2.83	2,335	97.17	2,403	100.00	1,992	84.91	354	15.09	2,346	100.00
Malheur			10	0.77			88	4.48	10	0.77	78	6.02	1,218	93.98	1,296	100.00	68	5.25	1,228	94.75	1,296	100.00	1,166	91.67	106	8.33	1,272	100.00
Marion	2	0.06	38	1.17			39	1.20	28	0.86	107	3.28	3,156	96.72	3,263	100.00	139	4.26	3,124	95.74	3,263	100.00	2,732	85.30	471	14.71	3,203	100.00
Morrow			6	1.58					1	0.26	7	1.85	372	98.15	379	100.00	10	2.64	369	97.36	379	100.00	326	86.93	49	13.07	375	100.00
Multnomah	3	0.41	17	2.32	5	0.68	16	2.19	7	0.96	48	6.56	684	93.44	732	100.00	40	5.46	692	94.54	732	100.00	560	78.87	150	21.13	710	100.00
Polk	2	0.15	17	1.27			2	0.15	15	1.12	36	2.68	1,308	97.32	1,344	100.00	61	4.54	1,283	95.46	1,344	100.00	1,101	83.16	223	16.84	1,324	100.00
Sherman			1	0.47							2	0.94	210	99.06	212	100.00	1	0.47	211	99.53	212	100.00	191	90.95	19	9.05	210	100.00
Tillamook			2	0.59			3	0.88	2	0.59	7	2.06	333	97.94	340	100.00	8	2.35	332	97.65	340	100.00	288	86.49	45	13.51	333	100.00
Umatilla			24	1.43	1	0.06	1	0.06	10	0.60	36	2.15	1,638	97.95	1,674	100.00	60	3.58	1,614	96.42	1,674	100.00	1,435	87.08	213	12.93	1,648	100.00
Union			12	1.20			4	0.40	9	0.90	25	2.50	977	97.51	1,002	100.00	23	2.30	979	97.71	1,002	100.00	874	88.02	119	11.98	993	100.00
Wallowa			3	0.59	3	0.59	2	0.39	4	0.78	12	2.34	501	97.66	513	100.00	15	2.92	498	97.08	513	100.00	422	83.90	81	16.10	503	100.00
Wasco	1	0.18	12	2.20	2	0.37	1	0.18	1	0.18	17	3.11	529	96.89	546	100.00	6	1.10	540	99.90	546	100.00	478	88.85	60	11.15	538	100.00
Washington	1	0.05	16	0.83			27	1.40	13	0.67	57	2.95	1,876	97.05	1,933	100.00	71	3.67	1,862	96.33	1,933	100.00	1,546	81.37	354	18.63	1,900	100.00
Wheeler													164	100.00	164	100.00	4	2.44	160	97.56	164	100.00	142	86.59	22	13.42	164	100.00
Yamhill	2	0.08	10	0.42	10	0.42	21	0.89	24	1.01	67	2.83	2,301	97.17	2,368	100.00	82	3.46	2,286	96.54	2,368	100.00	1,898	81.49	431	18.51	2,329	100.00
Total	46	0.11	579	1.42	71	0.17	362	0.89	402	0.98	1,460	3.57	39,401	96.43	40,861	100.00	1,392	3.41	39,469	96.59	40,861	100.00	32,941	82.29	7,092	17.72	40,033	100.00

* All Farms in 2002 - Tables 41-46, 2002 Census of Agriculture AC-02-A-37.

** All Farms in 2002 - Table 50, 2002 Census of Agriculture AC-02-A-37.

*** Total Farms in 2002 - Tables 40, 47 & 49, 2002 Census of Agriculture AC-02-A-37.

SDA OUTREACH PROGRAM ACTIVITIES

Completed By: _____ Date: _____

Counties Covered: _____ Reporting Period: Thru April 15
 Thru September 15

Announcements Placed In:

	<u>No.</u>	<u>Program(s) Reviewed</u>	<u>Name(s) of Media</u>
Local Newspapers	_____	_____	_____
Radio Spots	_____	_____	_____
Other (<i>explain</i>)	_____	_____	_____

Meetings Attended:

	<u>Group Name</u>	<u>FSA Program(s) Reviewed</u>	<u>FSA Attendee</u>	<u>Date of Meeting</u>
Community Groups	_____	_____	_____	_____
SDA Groups	_____	_____	_____	_____
Ag Colleges	_____	_____	_____	_____
Agencies	_____	_____	_____	_____
Other (<i>explain</i>)	_____	_____	_____	_____

Personal Contacts:

<u>Name</u>	<u>Member of</u>	<u>Program(s) Reviewed</u>	<u>FSA Employee</u>	<u>Date of Meeting</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Other Activities: (*Please Specify*)

Please attach any narrative information and copies of news releases, news articles, etc.

Inventory Property:

	<u>Amount</u>	<u>Application Date</u>	<u>Approval Date</u>
Applications From SDAs Responding to Beginning Farmer Advertisements	_____	_____	_____
	_____	_____	_____
Applications From SDAs Responding to Auction Sale Advertisements	_____	_____	_____
	_____	_____	_____

PART 1955 – PROPERTY MANAGEMENT

Subpart C – Disposal of Inventory Property

Section 1955.101 – Purpose.

This OR Instruction supplements RD Instruction 1955-C, redelegates program authority, and prescribes procedures for the sale of inventory property (including real estate, related real estate rights, and chattels) acquired by the Farm Service Agency (FSA) in Oregon.

Section 1955.101 – Definitions.

Beginning farmer or rancher. Subparagraph (5) of the definition of a beginning farmer or rancher contained in Section 1955.103 indicates that an applicant will not be considered a beginning farmer or rancher if the applicant owns, either directly or indirectly through interests in family farm entities, real farm or ranch property, the aggregate acreage of which exceeds 30 percent of the average farm or ranch acreage of the farms or ranches in the County where the property is located. The average farm or ranch acreage for each of Oregon's 36 Counties, based on the most recent Census of Agriculture, is shown as Exhibit A of this OR Instruction.

Section 1955.104 (a)(2) – Redelegation of authority. Unless otherwise prohibited, authority delegated to the State Executive Director by RD Instruction 1955-C is hereby redelegated to the following State Office employees:

- (i) Farm Loan Chief
- (ii) Farm Loan Specialists
- (iii) Farm Loan Program Reviewer, except in those cases where the Farm Loan Program Reviewer has performed duties as the State-Designated Appraiser/Reviewer by completing an appraisal or by assisting in the completion of an appraisal as an Appraisal Assistant.

DISTRIBUTION: SDC

Account Servicing
Property Management

OR Instruction 1955-C

Section 1955.107 (a)(2) – Selection of purchaser. The County Official’s determination of whether an applicant is a beginning farmer or rancher will be based on the definition set forth in Section 1955.103 of RD Instruction 1955-C and the county average farm or ranch size contained in Exhibit A of this OR Instruction.

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AVERAGE COUNTY FARM ACREAGE

The average farm or ranch size, and the maximum number of acres that would qualify as being within 30 percent of the average farm size, is shown below for each County in Oregon. This information has been obtained and developed from Table 8, "Farms, Land in Farms, Value of Land and Buildings, and Land Use: 2002 and 1997," contained in Volume 1, Geographic Area Series, of Part 37, Oregon State and County Data, of the 2002 Census of Agriculture. This information is for use in determining whether an applicant meets the definition of a beginning farmer or rancher as set forth in Section 1955.103 of RD Instruction 1955-C.

<u>County</u>	<u>Average Farm Size (Acres)</u>	<u>30% of Average Farm Size (Acres)</u>	<u>County</u>	<u>Average Farm Size (Acres)</u>	<u>30% of Average Farm Size (Acres)</u>
Baker	1,237	371	Lake	1,619	486
Benton	143	43	Lane	91	27
Clackamas	46	14	Lincoln	88	26
Clatsop	90	27	Linn	164	49
Columbia	51	15	Malheur	924	277
Coos	193	58	Marion	106	32
Crook	1,396	419	Morrow	2,999	900
Curry	340	102	Multnomah	48	14
Deschutes	85	26	Polk	128	38
Douglas	185	56	Sherman	2,418	725
Gilliam	4,122	1,237	Tillamook	119	36
Grant	2,265	680	Umatilla	808	242
Harney	3,006	902	Union	482	145
Hood River	52	16	Wallowa	1,030	309
Jackson	129	39	Wasco	2,020	606
Jefferson	1,639	492	Washington	69	21
Josephine	44	13	Wheeler	4,501	1,350
Klamath	572	172	Yamhill	84	25

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