UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-190

1910-A

For: State and County Offices

Creditworthiness Determinations

Approved by: Deputy Administrator, Farm Loan Programs

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1 Overview

A Background

FSA loan approval officials evaluate loan applications to determine applicant's credit history and creditworthiness according to FmHA Instruction 1910-A, section 1910.5.

B Purpose

This notice:

- provides additional guidance for determining creditworthiness for direct loan applicants
- clarifies that the credit history for all members of an entity must be considered when evaluating loan applications
- obsoletes Notice FLP-143.

C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Orlando Kilcrease, Loan Making Division at 202-720-1472.

Disposal Date	Distribution
August 1, 2002	State Offices; State Offices relay to County Offices

2 Action

A Determining Creditworthiness

FmHA Instruction 1910-A, section 1910.5(c), provides guidance about determining creditworthiness for direct loan applicants.

In addition to the requirements contained in FmHA Instruction 1910-A, section 1910.5(c), applicants will be determined **not** creditworthy if they:

- deliberately falsify information, including past dealings with the Agency

  Note: Individuals who deliberately falsify information may also be subject to criminal prosecution and should be referred to the Office of the Inspector General.

- intentionally omit information relevant to the loan decision

- have **not** made every reasonable effort to meet the conditions and terms of any previous loan.

In the case of an entity applicant, the loan approval official will consider the creditworthiness of the entity as well as the individual entity members.

B Approving Official

If the applicant has an unacceptable credit history, the loan approval official shall:

- deny the loan on the basis of a lack of creditworthiness (7 CFR 1910.5)

- provide the applicant with appeal rights

- thoroughly document the rationale for the decision in the file

- include specific reasons for the adverse decision in the following:

  - FmHA 440-2
  - Notification of Eligibility/Ineligibility letter sent to the applicant.