Farm Business Plan System

with Web Equity Manager

A component of *eLoans*

FSA User Handbook

USDA… electronically available any place, any time.

Farm Service Agency

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Overview

Farm Business Planning

FSA is using the Farm Business Plan (FBP) system to perform financial planning, analysis, loan origination and servicing functions, and manage the FLP loan portfolio. This will allow FSA to:

- assist customers in planning their business operations, either on-line or through traditional business methods;
- improve the timeliness and quality of service;
- thoroughly analyze Credit Actions with an improved, yet consistent process;
- ultimately use accrual analysis, when appropriate, in analyzing credits decisions and preparing plans;
- improve loan documentation and compliance with audits; and
- empower states to proactively manage their loan portfolio by providing access to a data mart of financial information.

Because the FBP is flexible, there are many ways to deal with different circumstances. This handbook is designed as a starting point to provide overall FSA policy in farm planning and analysis, and discuss policies and business practices FSA has implemented in the usage of FBP. Additional information about actual software usage is available in two forms, the on-line eHelp or the Web Equity Manager (WEM) user guide. The information in both sources of help is the same. Web Equity Manager is the software used to create the FBP.

The term "FBP" is used in two contexts:

- The **collection of documents** that compose the "Farm Business Plan".
- The **system** used to create the document "Farm Business Plan".

System Access & Security

FSA users access the system through the FSA intranet at http://intranet.fsa.usda.gov/.

- Select the **Farm Loan Program Systems** link.
- Select **Log on**.
- Enter your **eAuthentication** credentials.
- Select **Farm Business Plan** menu option.

The authentication and authorization of users is made using USDA's eAuthentication engine. To use the FBP system, users must have:

- Valid eAuthentication ID and password.
- Access authorized by the national systems administrator.

NOTE: For problems logging in, see "Getting Help".

All data communications between the client web browser and server, including user IDs, passwords, and all financial information, is protected by industry standard 128-bit secure socket layer (SSL) encryption. For more information on eSignatures, see "Electronic File Maintenance, Reports and Signatures."

FSA Employees Obtaining Access to FBP System

New FSA users should contact their State FBP Coordinator with their eAuthentication ID so that they may obtain account authorization.

Customers Obtaining Access to FBP System

Customer access to the system is not currently available.

Defaults

Most system defaults are controlled at either the national or state level. The defaults listed below are relevant to field office users.

Creditors

A default list of commonly used creditors has been established nationally. Users should always use a default creditor from the drop-down list if the creditor appears there.

Service centers can also add frequently used creditors. To add default creditors for a service center:

- Locate the **Defaults** menu option. This option is only available after logging into FBP, but before selecting a customer file.
- Select **Defaults → Creditors** from the menu.
- Enter in applicable creditor information either at the summary or detail level. Address and phone number entries are optional, although it is preferred as future business processes may utilize this information.

Crop and Livestock NAICS Codes

Commonly used crop and livestock categories have been established and will appear as defaults on income/expense drop-down lists. At this time, users cannot add additional crop or livestock categories to the commonly used list for a **service center or state**. However, users can add additional crop and livestock defaults for **individual customers**. Additional categories can be added when actual or projected income/expenses are entered on the crop or livestock schedules or when inventories are entered on balance sheet schedules.

Reports Setup

Reports → Reports Setup contains many options to control the appearance of reports and what records are included in generated analysis. Options selected affect each customer only. Up to 6 balance sheets and 6 projections/actuals can be included in reports.

> **CAUTION:** The options in the **Reports → Reports Setup** block titled "Analysis Based On" should not be changed. FSA has established these defaults on the national level and has established that "Value of Farm Production" will be used in all ratios.

Adding a New Customer

New customers must first be entered into the SCIMS database before being added to the FBP system, if they don't already exist in SCIMS. If the customer is an entity, all entity members must also be in SCIMS. Ensure that the customer record is not duplicated in SCIMS.

New customer files can be added after logging into the FBP system from the **Locator** screen, but before another customer's file is selected. Use the **File → Add New Customer** option.

Enter the tax ID number of the customer as it is entered into SCIMS. This tax ID number must match what is entered into SCIMS. For FLP, it will usually be described as either:

- "Social Security Number" for individuals
- "Employer Identification Number" for entities

The service center location and servicing loan official will default to the information relating to the user adding the new customer. If the location or FSA lender is incorrect, it must be changed by clicking on the corresponding link and selecting the correct location or FSA lender from the pop-up box.

The following models must also be selected from the drop-down menus for a new customer:

- General Information
- Balance Sheet
  - Market Value – Used in most circumstances when the balance sheet is based upon market values.
  - Costs Basis – Used typically for entities who keep records on a cost basis.
  - Personal – Used for collecting personal financial statements from entity members.
- Income/Expense

The remaining General Information fields will be populated from the SCIMS database and will be read-only.

> **NOTE:** If the customer profile information is incorrect, i.e. address, phone number, etc., the customer profile record must be updated in SCIMS.

> **NOTE:** If the FBP system uses the incorrect SCIMS record due to duplicate records, a different SCIMS record may be associated with the customer by using the "Change SCIMS Customer" link at the bottom of the **General → General Information** page.

Importing/Exporting Data

Financial information can be imported from other sources that use WEM, in addition to being exported in a form that other lenders using WEM can use. The data file is created in XML format and is contained within a ZIP file. As a security precaution, the system will ensure that only recognized data files are accepted; all other files will be rejected.

Importing Files

To import customer data, the customer's file must be open within the FBP system. New customers must first be added to FBP. See "Adding a New Customer".

- With the customer's file open, select **File → Import Selected Data.**
- The "Select Customer File to Import" dialogue box appears. Locate the customer data file on the local computer or network using the "Browse" button.
- Use the checkboxes to select the financial data to be imported.
- The file name will have the following format: **LastName,FirstName.ZIP**.

Exporting Files

To export customer data, the customer's file must be open within FBP.

- With the customer's file open, select **File → Export Selected Data.**
- Use the checkboxes to select the financial data to be exported.
- The file name will have the following format: **LastName,FirstName.ZIP**.
- This file can be imported by another lender using WEM.

Exporting Reports

Reports can also be exported into multiple formats for further analysis and use. They can be exported into the following formats:

- Crystal Reports
- Microsoft Excel (formatted or data only)
- Microsoft Word
- Rich Text Format (RTF)
- Adobe Acrobat (PDF)

See "Electronic File Maintenance, Reports & Signatures" for more information on how to export reports.

Calculators

Several loan and amortization table calculators are available on-line by using the **Calculators** link in the upper right hand corner of the window.

The results of the calculations, i.e. amortization table, can be printed by RIGHT clicking anywhere within the pop-up calculator window and selecting "Print" from the menu.

Worksheets

Customers have two types of FBP worksheets available to complete:

- Blank "Farm Business Plan Worksheet". The blank worksheets are useful to provide to new customers where existing financial information in FBP is not available, and to place in application packages. Blank worksheets can be printed from the **File → Blank Worksheets** menu.
- Existing Customer Worksheets. Printing worksheets from the Reports menu for existing customers to complete is an easy way for them to supply information needed to complete the FBP. These worksheets allow customers to make manual entries and compare them to what was entered in the previous year. Existing customer worksheets can be printed from the **Reports → Customer Worksheets** menu.

  NOTE: Customers may also provide signed balance sheets, actuals, and projections, in alternative formats, provided it contains substantially similar information as the worksheets.

Conversion of Data from FHP to FBP System

Historical and projected financial data residing in the AS/400 Farm & Home Plan (FHP) was converted into the FBP system. The following issues were identified with the conversion:

- Certain current, intermediate, and long-term asset descriptions were converted to summary dollar amounts and have no description, or are considered "other" in the FBP NAICS codes.
- Projected and actual interest was converted to "term interest".
- Livestock without a "current" or "intermediate" asset flag were converted as "current assets".

Most FHP data elements were mapped to relevant fields of the FBP. However, some data elements could not be matched. A table listing the converted data elements is available from the FBP systems administrator.

There are also some fields that must be updated either because the information was not available or did not transfer during data conversion. The following tables summarize what information needs to be updated, and when.

Updates needed the first time an existing customer is accessed with converted AS/400 FHP data:

Item	Located In	What to Change
Case #	**General → General Information**	Enter the PLAS case number without any hyphens, i.e. 580220309876543
Type of Operation – Primary	**General → General Information**	Select the predominant enterprise for the customer. See "General Information".
Borrower Type	**General → General Information**	Select the radio button to indicate whether the customer's involvement with FLP.
Related Entities	**General → General Information**	Add related entities, i.e. spouses, entity members, co-applicants, co-signors, etc. See "General Information".
Lender Staff	**General → General Information**	The primary loan official who services the account should be added to the Lender Staff. See "General Information".

NOTE: If the FBP system uses the incorrect SCIMS record due to duplicate records, a different SCIMS record may be associated with the customer by using the "Change SCIMS Customer" link at the bottom of the **General → General Information** page.

Updates needed when a new Credit Presentation is completed for an existing customer with converted AS/400 FHP data:

Item	Located In	What to Change
Borrower Training Information	**General → General Information**	Add dates when training is required, completed, or waived.
Employment Information	**General → General Information**	Add employment information of the customer and related entities.
Farm Assessment	**General → General Information**	Cut and paste existing Farm Assessment information, if available in electronic format.
Beginning and Ending Balance Sheet	**Inc/Exp → Actual Inc/Exp [Active Year] → Add/Modify/Delete**	Actuals converted from the AS/400 FHP are not automatically associated with beginning and ending balance sheets. Beginning and ending balance sheets should be associated with actual records appearing in the Credit Presentation so that certain ratios are calculated.

Electronic File Maintenance, Reports & Signatures

Customer File & Running Record

All electronic information stored within the FBP system is considered part of the customer file and record.

The **Notes → Running Record** feature of the system may be used to record entries that would have traditionally been written in the file. Some examples of entries made in the "Notes" section may include an annual year-end analysis summary, farm visit notes, and comments on conversations.

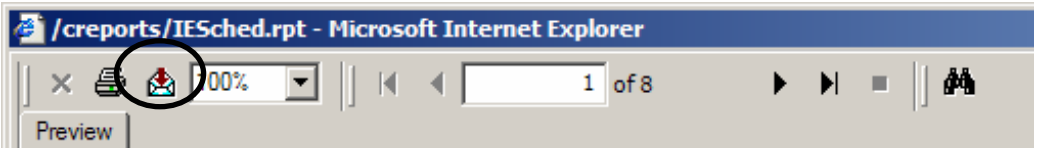
> **NOTE:** The Credit Presentation is designed to encompass the entire loan narrative and analysis documentation of loan making or servicing actions. Therefore, it is not expected that the Notes section should be used to store narrative comments relating to a loan making or servicing action when a Credit Presentation is prepared.

Reports & Forms – Signature and Filing Requirements

General

Reports are generated using a Crystal Reports ActiveX component. When selecting a report from the **Reports** menu, a new browser window will open to display the report. The report can be printed using the printer icon or can be exported into multiple formats by clicking on the envelope icon.

Reports can be exported into various other file format types for further analysis and use. While the report is open, click on the envelope icon button and select the export format.



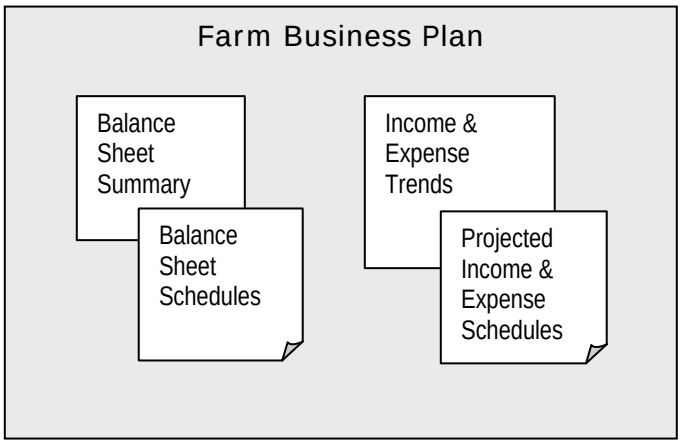
Exporting Reports to Different Formats

Reports can be exported into the following programs or formats:

- Crystal Reports
- Microsoft Excel (formatted or data only)
- Microsoft Word
- Rich Text Format (RTF)
- Adobe Acrobat (PDF)

The Farm Business Plan Document

At a minimum, the Farm Business Plan (FBP) document consists of the balance sheet and support schedules, if any, and income & expense trends and projection schedules, if any.



Reports and Signatures

The following table details which reports or forms must be generated and signature requirements.

Report or Form Name	Customer Signature* Required	FSA Signature* Required	Printed Report Required
Farm Business Plan			
• Balance Sheet Summary	Yes	No	Yes
• Balance Sheet Schedules	No	No	Yes
• Income & Expense Trends	Yes	No	Yes
• Projected Income & Expense Schedules	No	No	Yes
Farm Assessment	Assessments should be acknowledged by the customer in a manner determined by the loan official.	Assessments should be acknowledged by the customer in a manner determined by the loan official.	Optional
Credit Presentation	No	eSigned	Optional
DALR$ Input Report	No	eSigned	Optional
Security Agreement	Yes	No	Yes
Chattel Appraisal	No	Yes or notation made in the Credit Presentation. See "Credit Actions".	Optional
Analysis Reports	No	No	Optional

*The term "Signature" includes "eSignature", if available.

NOTE: Customers may also provide signed balance sheets, actuals, and projections, in alternative formats, provided it contains substantially similar information as the FBP components.

eSignatures

The FBP system uses electronic signatures (eSignatures) for some documents that comply with the federal ESIGN act. An eSignature involves electronically authenticating the user, and using an unalterable signature that contains a date and time stamp. FSA considers a locked eSignature within FBP to be the equivalent of a written signature.

IMPORTANT: NEVER SHARE YOUR eAUTHENTICATION USER ID AND PASSWORD COMBINATION WITH ANYONE. The eAuthentication user ID and password combination represents an eSignature, which is equivalent to a written signature. Sharing your password has the same effect as authorizing someone else to sign your name. Users are responsible for maintaining the authenticity of their own credentials.

See "Overview" for more information on system access and security.

Archiving Customer Records - Recycle Bin

Deleting an Entire Customer Record

When a customer record is no longer needed to be maintained, i.e. they no longer have a credit relationship with FSA, have paid-off their loans, etc., the customer's file should be deleted by selecting and deleting the customer from the customer **Locator** screen.

Deleting a customer record simply moves the customer's entire record, including all financials and Credit Actions, from the active database to a "recycle bin" that the WebFarm will maintain and archive according to national directions.

Only State FBP Coordinators have access to the recycle bin. To retrieve a deleted record, see "Getting Help".

Deleting Data & Forms within a Customer

FSA users can delete individual balance sheets, income and expense projections, and actuals within an active customer record. However, none of these records should be deleted unless a paper-copy is maintained.

Credit Actions and forms within them cannot be deleted after they are created. This is to ensure the integrity of the eSignature system.

General Information

General Information includes basic information about the customer, borrower training, employment, associated person(s) or entities, and Farm Assessment details.

Some of this information is populated from SCIMS. Examples of data populated from SCIMS:

- Entity type
- Name, Address, City, State, Zip+4, County
- Tax ID
- Email, Phone Number, Fax, Date of Birth

Data that is populated from SCIMS cannot be changed within FBP. Each time a customer record is selected, the relevant SCIMS data is transferred to General Information. Any changes to this data must be made in SCIMS, not in FBP.

Note the following about certain fields in General Information:

- The "Case #" text box should be entered with the PLAS case number. Enter it without hyphens, i.e. 580220309876543.
- By default, there is not a "Type of Operation – Primary" designated for each customer. The initial time a new or existing customer record is accessed, the "Type of Operation – Primary" must be designated. Select the customer's predominant enterprise from the pop-up list or customer NAICS codes.
- The "Borrower Type" must be selected using the radio buttons. Select "Direct", "Guaranteed", or "Both" to designate the customer's FLP involvement.

Borrower Training

When a new Credit Presentation is prepared for existing customers, the dates when borrower training was required, completed, and/or waived should be entered.

> **CAUTION:** Borrower training dates should always be entered into General Information. The Credit Presentation is updated from General Information; changing the dates in other parts of FBP will not change the information in General Information.

For new customers, enter the applicable dates when known. At this time, these dates are informational only.

Employment Information

In addition to basic customer information, the outside employment of each customer and a related person and/or entity can be entered. This information should be entered when a Credit Presentation is prepared. It will also be used in future loan origination and servicing functions.

Related Entities

Related entities include spouses, co-applicants, co-owners of the business, co-signors, and other entities that the customer is a member or owner of. All related entities should be associated with each customer record.

If the customer is an entity itself, it is important that the members of the entity be shown in this section. The persons(s) or related entities placed in this section must be in SCIMS before they can be entered as a related entity. Associating related entities will allow the consolidation of financial data of the members and the entity.

Lender Information

Lender Staff

Each customer should have one or more FSA loan official(s) designated as the customer's lender. This item is informational and will assist in preparing reports and future loan servicing functions. It will usually be the primary loan official who services the account, i.e. FLM, FLO, or both. There is no limit to number of lenders identified with each account.

- **New Customers**. The user adding a new customer will automatically appear as the lender staff. It can be changed by selecting the FSA lender's name on the **General → General Information** page by selecting the "Lender Staff" link.
- **Existing Customers**. Customers with data converted from FHP to FBP will not have a FSA loan official designated as a customer's lender. Therefore, the first time a converted customer is accessed, the FSA lender should be designated on the **General → General Information** page by selecting the "Lender Staff" link.

Location/Department

The Location/Department is the service center where the customer currently receives FLP services.

- For existing customers, this is pre-defined and should not initially need to be changed.
- The customer's service center can be changed by selecting the new service center from the pop-up list. The lender location should only be changed when the account is transferred to another location or is an employee only/restricted account. See "Getting Help".
- The service center location is not required to be selected when a new customer is added as it will default to the location of the user adding the customer. The service center can be changed by selecting a new service center from the pop-up list.

Farm Assessment Information

Initial Farm Assessments and updates must always be entered in **General → General Information**. Use the WordPad below each topic of the assessment to enter the information and make changes.

Existing Customers

If the existing assessment is available in an electronic format, i.e. Microsoft Word (MS Word), the text can be cut and pasted from that document into General Information.

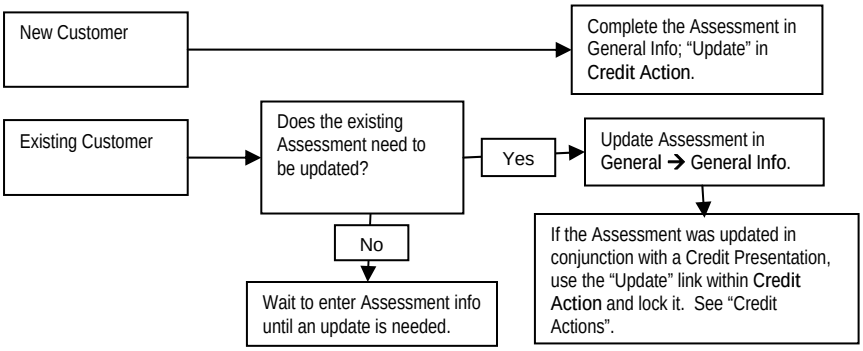
> **NOTE:** To copy and paste from MS Word, strip away the special formatting that MS Word applies to many documents so that the text appears correctly. To do that:
> 1. Highlight desired text in MS Word. Select **Edit → Copy** to copy the text to the clipboard.
> 2. Open notepad by **Start → All Programs → Accessories → Notepad**.
> 3. In Notepad, select **Edit → Paste**. Reselect the text in Notepad and select **Edit → Copy**.
> 4. In the appropriate WordPad block of General Information, click on the paste icon (clipboard).

Additional changes can then be made in the corresponding WordPad block of General Information. Many of the historical financials and projected cash flow components of the Farm Assessment do not need to be updated in the assessment, because they are addressed in the Credit Presentation when a Credit Action is made. Assessment updates should be acknowledged by the customer in a manner determined by the loan official.

New Customers

Enter the Farm Assessment information in the appropriate WordPad areas of General Information. Many of the historical financials and projected cash flow components of the Farm Assessment don't need to be duplicated in the assessment as they are addressed in the Credit Presentation when a Credit Action is made. Assessments should be acknowledged by the customer in a manner determined by the loan official.

See "Credit Actions" for information on printing, locking, and associating a Farm Assessment update with a Credit Presentation. Example of Farm Assessment workflow:



Balance Sheet

Balance sheets can be created either for a current date, future date, or for previous dates in order to reconstruct a customer's historical financial position. In most cases, obtaining balance sheets as of the end of each business year is preferable, if possible.

Balance Sheet Descriptions

A meaningful description should be used when a balance sheet is created, especially for years in which multiple balance sheets, post-close or pro-forma balance sheets are created. For example, "FYE 12/31/04" is a useful description.

Number of Balance Sheets

There is no limit to the number of balance sheets that can be created or maintained. However, old balance sheets that lack any expected usefulness may be deleted from FBP. See "Electronic File Maintenance, Reports and Signatures" section for more information on file maintenance.

Footnotes

Footnotes are narrative comments to balance sheets that can be added in the WordPad block of the balance sheet summary below the "Personal" categories. Footnotes can include assumptions in the balance sheet, any contingent liabilities, or capture other information not noted elsewhere. The footnotes can appear on the printed balance sheet report if that option is selected in **Reports → Reports Setup**.

When Customer and FSA Balance Sheet Values/Amounts Differ

Balance sheets are sometimes submitted with values that FSA may disagree with. This situation can be handled in several different ways in the FBP:

- **Revise the balance sheet** the customer submitted when entering the data into the FBP.
- **Enter one balance sheet into the FBP using the secondary column**. This option will allow dual values to be entered on one balance sheet; the borrower's value, and an adjusted value. The value and adjusted values can be entered as summary input or on each schedule for each item.

  IMPORTANT: When using the secondary column with adjusted values, ensure that the "Adjusted Values" option is **always** selected as the "Primary" column in **Reports → Reports Setup**. This will ensure that the correct values are transferred to the Credit Presentation, collateral analysis, and chattel appraisal.

  NOTE: In the future, when customers have on-line access to FBP, using the "secondary column" method may be preferable.

Whatever method is selected, care must be taken to ensure the balance sheet with FSA's accepted values is selected to flow into the collateral analysis and Credit Presentation for loan making and servicing decisions.

Forward Looking Balance Sheet

Post-Close Balance Sheet. A balance sheet prepared assuming that the planned loan making or servicing action has just taken place. A post-close balance sheet is commonly prepared after a loan is closed in order to classify the account, or after a special loan servicing action has taken place to reflect the new debt structure.

> **NOTE:** FSA no longer requires a Post-Close Balance Sheet to be completed to classify an account.

Pro-Forma Balance Sheet. A balance sheet prepared assuming that the projected income and expenses have occurred during the plan period. A pro-forma balance sheet can be prepared to analyze what a customer's financial position would be in the future, i.e. after a 1 year period.

Assets

The asset accounts used on the balance sheet have been standardized and are similar to the categories that most lenders use. However, for each asset grouping there is always the option of adding "other" assets.

Asset values can be entered on the balance sheet as a summary dollar value for each asset type, or on detailed schedules where the calculated total transfers to the balance sheet. Frequently, a mix of summary and scheduled input is appropriate.

> **NOTE:** Breeding livestock is categorized as either "raised" or "purchased". For existing customers, AS/400 FHP data will be converted as raised breeding livestock. However, future balance sheets should separate livestock by category, if possible. FBP makes this distinction for future accrual analysis; changes in raised breeding livestock will affect accrual-adjusted income, while purchased livestock will not.

Debts

All debts are categorized as either Farm or Personal.

Debt Arising From Unpaid and/or Accrued Expenses

Unpaid or accrued farm expenses are expenses incurred by the farm business, but have not yet been paid. These expenses will be entered on the balance sheet as accounts payable; however, they should not be transferred to the projected loan schedules.

> **CAUTION:** Do not include any unpaid or accrued expenses in the loan schedules, as that will distort the capacity analysis and feasibility determination.

Loans and Notes

Farm related loans and notes should be input into the "Loan Schedule" so that the proper accounting and calculation of interest, principal reduction, and capacity and feasibility analysis can occur.

Personal Debts

Personal debts should be entered on the balance sheet, however, payments are considered to be included in Owner Withdrawals.

> **CAUTION:** Do not include personal debt payments in the Loan Schedules, as that will distort the capacity analysis and feasibility determination.
>
> **CAUTION:** Do not include FSA debt under the personal debts section.

See "Income/Expense - Projected" for more information on how debt repayment is handled in the FBP and if certain debt payments should be designated to appear in the projection.

Additional Information about Debts

Type of Debt	Includes	Additional Details
Farm Business or Ag Debts		
Accounts Payable	Unpaid expenses, payables, bills, accrued leases, etc.	• Use summary input or scheduled input, depending upon the number of debts in each category or if more detail is needed. • Do not include loans or notes in any of these categories.
Income Taxes Payable	Accrued or owing federal and state income tax, FICA tax, employment taxes, etc.	
Real Estate Taxes Payable	Accrued or billed real estate taxes	
Other Current Liabilities	Judgments, liens, etc.	

Continued on the next page

Continuation

Type of Debt	Includes	Additional Details
FSA Direct Loans	Principal and accrued interest, including the principal portion of Disaster Set-Aside (also called Installment Set-Aside or "ISA")	• Should use the "Loan Schedule" **detail** input option, if necessary • Add any principal ISA to the principal balance of the loan. Enter the resulting total as the principal balance for that loan. • Interest rate drop-down box: o Limited Resource loans should be designated as "Variable" o Regular Rate and all other loans should be designated as "Fixed" Enter either LR or REG or similar identifier in the text box to the right of the interest rate drop-down box. • Select the "Pmt. Method" • "Purpose of Loan" may be completed including relevant information, i.e. purchase tractor, refinance, chattel loan, reamortized, rescheduled, deferred, etc. • The "To Credit Relationship" check-box is checked by default for FSA loans. • Enter as much other additional information as necessary. • For past due loan payments, see "All Loans" in this table.
	Recoverable Cost Items (RCI) not already rolled into FSA loan balances	• Should use the "Loan Schedule" **detail** input option, if necessary • The "Loan Type" should be "Cur." • Interest rate drop-down box: o Limited Resource loans should be designated as "Variable" o Regular Rate and all other loans should be designated as "Fixed" Enter either LR or REG or similar identifier in the text box to the right of the interest rate drop-down box. • The "Pmt. Method" should be "Non Rev". • The payment amount should include the entire principal and interest balance, as the RCI is immediately due. • "Purpose of Loan" may be used to indicate that it is an RCI, i.e. "41-99 RCI". • The "To Credit Relationship" check-box is checked by default for FSA loans. • Enter as much other additional information as necessary.

Continued on the next page

Continuation

Type of Debt	Includes	Additional Details
FSA Direct Loans (*continued*)	FSA deferred interest, non-cap interest, deferred non-cap interest, interest on ISA	• Should use the "Loan Schedule" **detail** input option, if necessary • Add all of these types of interest for each loan, and list the resulting total as a principal balance on a separate FSA loan • The interest rate is 0%. • Interest Rate designation: Fixed • "Purpose of Loan" may be left blank. • Enter in the "Loan #" a description of what it includes, i.e. "41-07 ISA". • Do not check the sent to I/E box. • The "To Credit Relationship" check-box is checked by default for FSA loans. • Enter as much other additional information as necessary.
Other Loans	Other notes, intermediate and long-term financing.	• Use the "Loan Schedule" summary or detail input option • Enter as much information as necessary.
All Loans		**CAUTION:** The "past-due" box is informational only and is not added to any payment amount. Add past due loan payments to the normal payments for the year, and enter the total as the payment due for the year.
Personal Debts		
All personal debts	Credit cards, personal vehicle loans, home loans, student loans, personal loans, etc.	• Do not use the loan schedule. • Enter principal balances under the categories "Personal Current Liabilities" if the debt is short-term, or "Personal Non-Current Liabilities" if it is intermediate or long-term. • Do not select the option to have the payments appear on the "Proj I/E"; personal debt payments are considered to be included in total owner withdrawals.

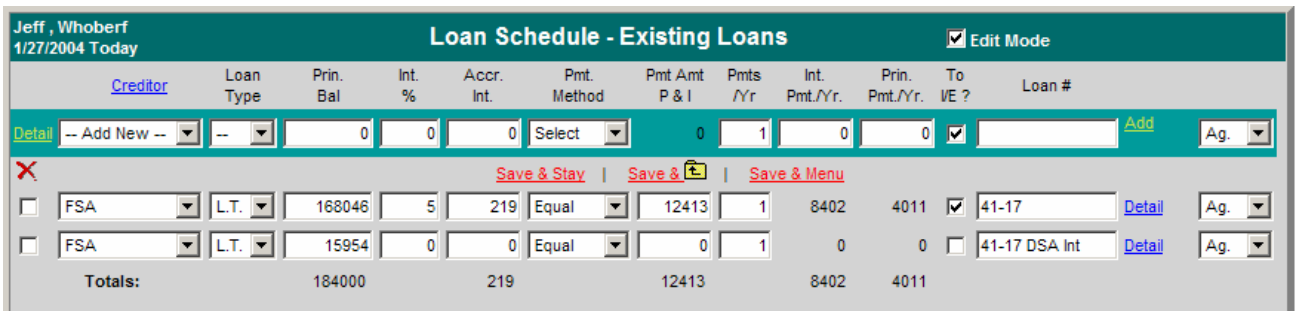
Example of Loan with Disaster Set-Aside

The following is an example of how an FSA loan with Disaster Set-Aside (also called Installment Set-Aside or "ISA" in FSA accounting transactions and records) would be entered. The same concept applies to loans with deferred, deferred non-cap, and non-cap interest.

Example FSA loan information:

		Interest	Principal	Scheduled Annual Installment
0101	41 17	219	162,987	12,413
ISA	41 17	15,954	5,059	
	Total	16,173	168,046	

How FSA loan information would appear after entered into the FBP system:



Reports

The following balance sheet reports are available:

- Balance Sheet Trends
- Trends – Common Size
- Balance Sheet Summary
- Balance Sheet Schedules
- Machinery & Equipment Only
- Collateral Only
- Balance Sheet - $ Value Only
- Schedules - $ Value Only
- Collateral Analysis
- Earned Equity Statement (phase 2)
- Earned Equity Reconciliation (phase 2)

Analysis reports related to capital:

- Ratios & Indicators
- Statement of Owner Equity (phase 2)

Income/Expenses

Income/Expense Record Description

A meaningful description should be entered in the "Description" text box when a projected or actual income/expense record is created. This description will appear on reports. For example, "FYE-Act 12/31/03" or "FYE-Proj 12/31/04" are useful descriptions.

Associating Projections or Actuals with Balance Sheets

When a projection or actual record is created, a beginning and ending balance sheet should be associated with it, if possible, so that certain ratios are correctly calculated.

> **CAUTION:** Converted AS/400 FHP actual records will not automatically be associated with beginning and ending balance sheets. See "Overview" for more information on how to associate them.

Number of Projections or Actuals

There is no limit to the number of projected or actual income/expense records that can be created or maintained for each customer. However, old projections or actuals that lack any expected usefulness may be deleted from FBP. See "Electronic File Maintenance, Reports and Signatures" for more information on file maintenance.

Footnotes

Footnotes are narrative comments that can be added in the WordPad block of either the actual or projected income/expense summary.

Actuals. Footnotes can include additional information about the income/expenses that are not indicated in the summary or scheduled information.

Projections. Agreements reached with borrowers, like the source of funds for certain debt payments, can be entered into the footnotes block, although use of the notes for these purposes are not required. Footnotes can also include additional information about the projection that is not indicated in the summary or scheduled information. The footnotes will appear on the printed income/expense trends report if the footnotes option is selected in **Reports → Reports Setup**.

> **NOTE:** If a Credit Presentation is being prepared in conjunction with a projection, ensure all plan assumptions are placed in the Credit Presentation, not the footnotes, because the Credit Presentation represents the decision making document.

Copy Average

The "Copy avg" feature will copy the average of the previously selected years to the projected summary input column. Using this feature can be a time-saving tool for preparing a projection. It should not be used when creating actual records.

In order to select which years will be included in the average, go to **Reports → Reports Setup** and check the boxes of the years to be included in the average.

> **CAUTION:** Be careful when selecting the years to be included so that atypical years or years that include different enterprises compared to the projection are not included.

Using Income/Expense Categories

The income/expense categories have been standardized and are similar to the categories that most commercial lenders use and similar to schedule F of the federal income tax return. However, for each income or expense grouping, other categories can be added to fit the needs of the situation by using the schedule under "Other income" or "Other expenses".

Projected and actual categories can be entered as a summary dollar value or on detailed schedules where the calculated total transfers to the income/expense summary. Sometimes a mix of summary and scheduled input is appropriate. Scheduled information is especially appropriate when tracking projected or actual production and yields.

The projection and actuals are categorized into four parts:

- Operating income/expenses
- Non-operating, i.e. owner withdrawals, taxes, non-farm income and expenses
- Financing, i.e. term and operating advances and repayments
- Capital Sales and Expenditures.

Income/Expenses - Actuals

General

Actual income and expenses, together with production information ("actuals") contain important information with which future plans can be developed. Suggestions for handling categories of actual income/expenses:

Category	What to Do
Operating	
Crop / Livestock Production and Sales	**Crop/livestock sales** can be entered as a summary dollar amount when the production details are not known, or on schedules to record the production and the details of each crop/livestock production category and its sale. **Yield and production can be recorded even if dollar sales for each scheduled item are not broken down.** If the total crop or livestock production does not correspond to the dollar sales shown on income tax returns or farm records, users can still preserve the actual production on a per-crop level. Enter the crop production information on the schedule, but uncheck the "To I/E" check box. Then enter the total dollar sales for all crops on the actual summary page. This will preserve production on a scheduled per-crop level, but not require a break down of income on a per-crop level.
Crop production	**Crop Production/Yields can be tracked on a Per-Farm Basis.** To do so, enter the farm name or FSA farm number under the "Type" text box each year. FBP will combine the yields and production in the production trends report for each like-identified farm. The "Type" text box is name and case sensitive, so it should be the same each year to take advantage of that option.
Purchases for Resale (i.e. market livestock, poultry)	Enter detailed purchases for resale within the "Livestock & Poultry Sales" schedule. If no detail of purchases is needed, a summary dollar amount of purchases can be entered on the summary page.
Operating Expenses (except depreciation and interest)	Enter operating expenses as summary amounts for each expense category, or as details for separate enterprises in the schedules. Summary input is recommended.
Depreciation	Enter actual depreciation from the income tax return, if known, or estimate if it is unknown. **CAUTION:** Do not ignore depreciation, as it will be used in the accrual adjusted income statement later. It does not affect Margin After Debt Service (MADS), ending cash, or loan feasibility.
Interest	See Financing, below.
Non-Operating	
Owner Withdrawals	Include living expenses and personal debt payments, i.e. credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc, in this category. Entries can be made on the schedules or as one summary entry, at their discretion. No breakdown is required. **CAUTION:** Owner withdrawal expenses in historical data converted from the AS/400 FHP system does not include non-farm debt payments.
Income Taxes	Enter actual income and social security taxes paid during the year, unless net wages after taxes are entered in non-farm income.

Continued on next page

Continuation

Category	What to Do
Non-farm Income and Expense	Include gross wages (or net wages if no income taxes are entered), net business income, other non-farm income or expense. Enter either as summary amounts or enter the details of the source or use of each type of funds in the schedule. Do not enter personal debt payments here. Generally, the non-farm expense category will not be used.
Financing	
Loan Advances, Repayments, Interest Expense – Operating and Term	Loan advances, repayments, and interest payments can either be entered as summary amounts or as details in the "Loan Payments" schedule. Interest Expense: ▪ If the breakdown between operating and term interest is known, enter both in their respective expense category. This is the preferred method. ▪ If the breakdown is not known, enter the estimate of operating interest. Deduct the estimate from the total actual interest and enter the balance as term interest. ▪ If the breakdown is not known and can't be estimated, enter all actual interest as term interest. This will allow a conservative analysis of Margin After Debt Service. **CAUTION:** It is *never* recommended to enter all actual interest as operating interest, unless it actually is.
Capital	
Capital Expenditures & Sales	Enter as summary amounts or as details in the schedule. If entered on the schedule, ensure that the correct asset description is used. **CAUTION:** If collateral was sold or purchased, using the actual capital expenditure or sales schedules it will not automatically add or subtract those items from the balance sheet schedules, appraisals, or Security Agreements.
Capital Gains & Losses	FSA will implement using these categories when accrual analysis is implemented. At this time, no entries are necessary.

Income/Expenses - Projected

The projected farm income and expenses, non-operating income and expenses, financing, and capital plans for a future period are the components of the Farm Business Plan (FBP) that determine feasibility.

Feasibility

The way feasibility is determined depends upon the needs of the projection. FSA uses short-run or annual projections when making or servicing loans that match that time period. However, long-run feasibility in a typical year is required for loan making or regular servicing decisions for a longer time period.

- For **term loans**, feasibility is a long-run concern. On-going farm business operations and reliable non-farm income must be sufficient to pay for on-going farm and non-farm expenses, and term debts. It is not acceptable to use the liquidation of inventory, other assets, cash reserves or atypical income sources to demonstrate long-run feasibility.
- For **annual operating loans**, feasibility is a short-run concern. FSA must ensure that the annual loan can be repaid during the annual period, irrespective of future years.
- For decisions involving **both term and annual loans**, each loan must be considered individually. For example, FSA could approve an annual crop input loan for the upcoming year provided that loan can be repaid that year (*positive* **ending cash**), even though a loan for a tractor purchase that has a 5 year term might not be approved because the on-going ability of the customer to service this debt cannot be shown (*negative* **margin after debt service**).

A **feasible plan or projection**, for all **loan making, regular, and special loan servicing actions, except for primary & preservation loan servicing**, is demonstrated by:

Loan or Projection Type	Margin After Debt Service (MADS)*	Ending Cash
Term loan or typical plan	Must be positive	Must be positive
Annual operating loan or annual plan	May be positive or negative	Must be positive

** A positive (zero or greater) MADS is equivalent to a Term Debt and Capital Lease Coverage Ratio (TDCLCR) of 1.00 or greater. The terms can be used interchangeably.*

Feasibility for **primary & preservation loan servicing actions** is defined by the Debt and Loan Restructuring System (DALR$). See "Credit Actions – DALR$ Input Report" for more information.

Projected Income/Expense Categories

Projections can be entered using summary dollar values for each category or on schedules where the calculated total transfers to the income/expense summary. Sometimes a mix of summary and scheduled input is appropriate. Scheduled information is especially appropriate when planning with production and yields.

The income/expense projection is categorized into four parts:

- **Operating income and expenses**
- **Non-operating, i.e. owner withdrawals, income taxes, non-farm income and expenses**

  CAUTION: Projected owner withdrawals must include living expenses and personal debt payments, i.e. credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc. The amount can be entered on the schedules or in the summary. No breakdown is required. Owner withdrawal expenses in historical data converted from the AS/400 FHP system do not include non-farm debt payments. Projected owner withdrawals must be increased to account for this, as appropriate.

- **Financing, i.e. term and operating advances and operating principal repayments**
- **Capital expenditures and sales**

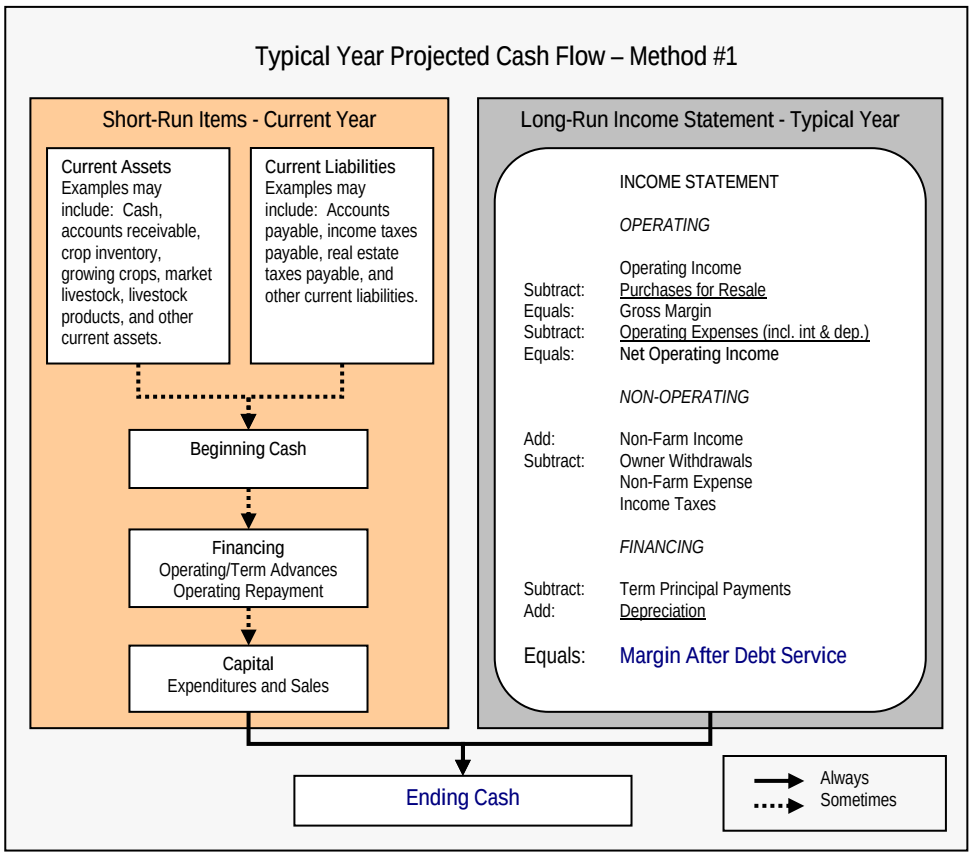
Current assets and current liabilities can generally be handled in three (3) ways, depending upon the needs of the plan and at the discretion of the loan official:

- Do not send to the projection
- Send to or include in the Beg. Cash on Hand schedule of the projection
- Send to the income and expense part of the projection

Typical Projections

A **typical projection** can be created for both short and long-run feasibility decisions. There are generally two ways of creating a projection for a typical year.

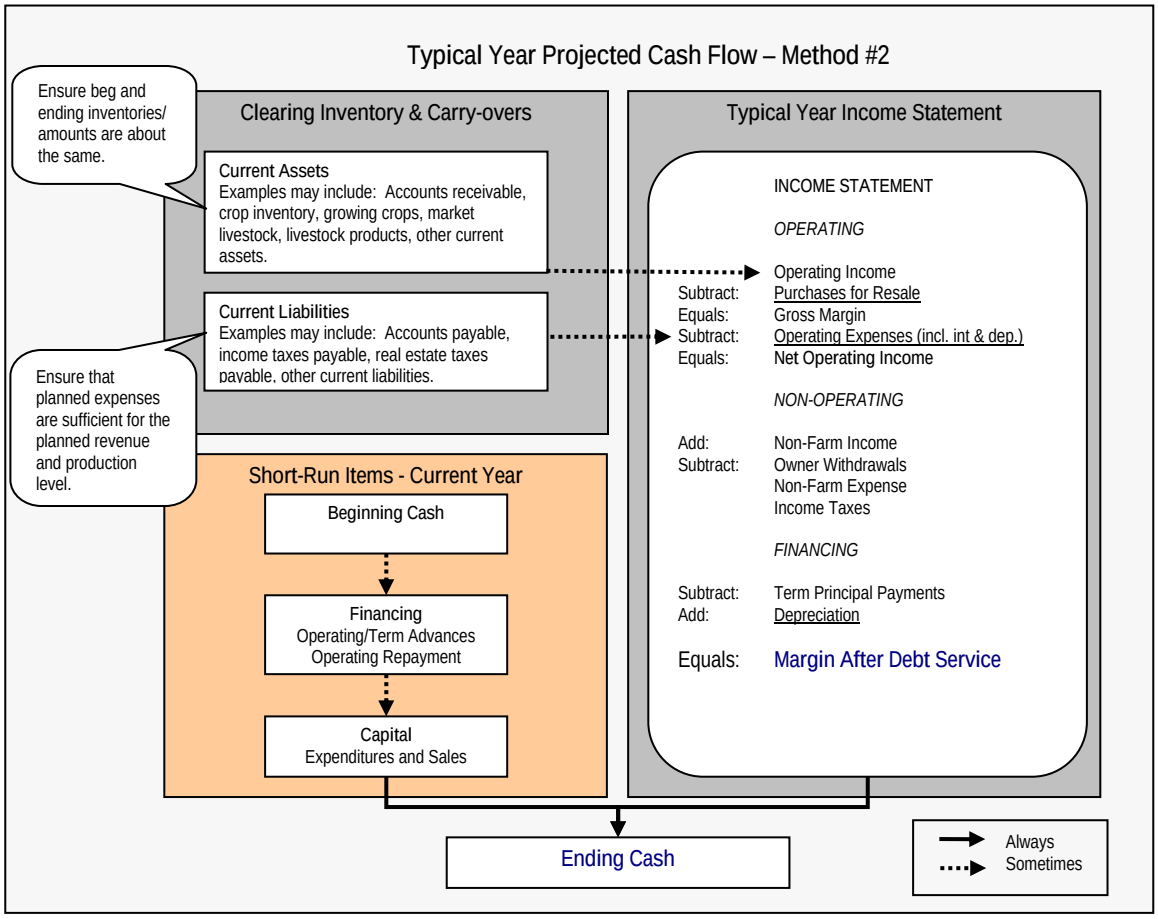
Method #1 - Separate Short-Run Items from Typical Year



This method has the following features:

- The cash flow categories included in the **Margin After Debt Service** (**MADS)** are derived from long-run operations and/or a typical year. If a projection is developed with the income and expenses representing a typical year, a positive MADS means feasibility has been demonstrated in a typical year. In order for the business to be viable in the long-run, it must have a positive MADS.
- The categories contributing to **Ending Cash** may include current assets and inventories, current liabilities and unpaid expenses, current year financing activity, and any net residual from MADS. A positive ending cash position means that the projection is feasible in the current year as well.
- Using this method would eliminate the need for separate typical and annual plans unless entries into the income statement portion of the cash flow are atypical. When including sales of inventory in beginning cash, ensure that those sales are not double counted in operating income.

Method #2 - Transfer Current Assets & Payables into Operating

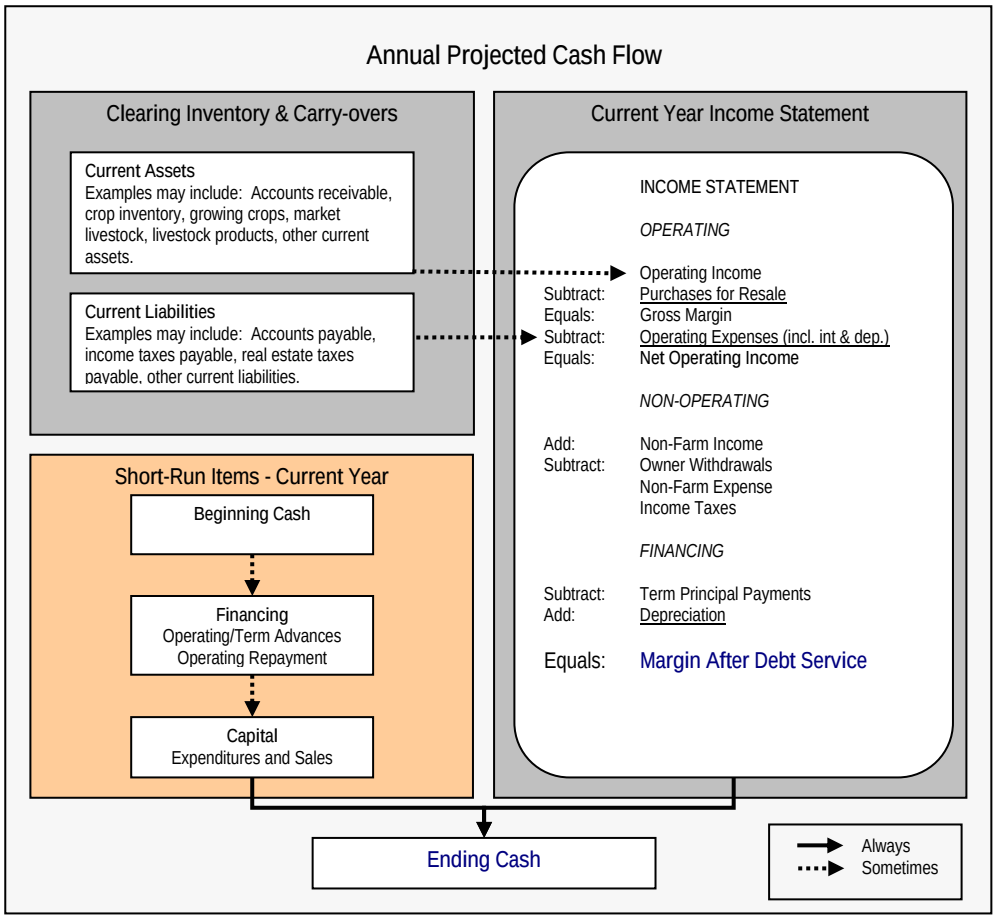


This method has the following features:

- Current asset inventories may be sent to the projected operating income. However, because this is a typical year projection, ensure that the beginning and ending inventories/amounts are about the same.
- Accounts payable, income taxes payable, real estate taxes payable, and other current liabilities may be included in operating expenses. However, ensure that planned expenses are sufficient for the planned revenue and production level.
- Like method #1, a positive **MADS** means feasibility has been demonstrated in a typical year because the projection was developed with the income and expense levels representing a typical year. In addition, a positive **ending cash** position means that the projection is feasible in the current year as well.

Annual Projections

An **annual projection** can be created in circumstances where the only concern is short-run feasibility.



An annual plan is used to determine short-run feasibility. A positive **ending cash** position means that the projection is feasible in the current year only.

Monthly Cash Flow

Monthly cash flows are sometimes completed to assist in determining the annual operating credit needs from FSA, or revolving line of credit needs from another lender. The Projected Annual Cash Flow and Projected Monthly Cash Flow reports help the user determine the amount of borrowing needs in these circumstances. These reports, by themselves, are not intended to be used to determine feasibility. The use of monthly cash flows is optional.

Setting-up Monthly Projections

When a projection is added or duplicated, the user must designate in the "Monthly CF Setup" drop-down box how many months the projection will cover. Options include a 12, 18, or 24 month projection.

Once the projection is created, enter the projection using either the summary method or the schedule method. However, note the following:

- Summary Method. If an inflow or outflow category is entered using the summary method, the total for that category will appear in the last month of the projection and in the total for the period covered by the projection.
- Schedule Method. To plan a cash inflow or outflow category to appear in particular month(s) in addition to the overall total:
    - The amount must be entered at the **schedule** level.
    - Once the entire amount planned for the period is entered on the schedule, add that entry to the schedule using the "Add" link.
    - Depending on the type of category, either 1) the total amount for that entry will either appear as a blue link on the schedule or, 2) a blue link with the abbreviation "Mth" will appear.
    - Click on the either the blue dollar amount link or blue "Mth" to select which method is used to divide that amount between the projection months.

      NOTE: Pre-defined ways of dividing amounts between the months are available in addition to custom entries.
    - To plan loan payments and advances, use the blue "detail" link on the Balance Sheet Loan Schedule. Payments are auto-calculated based upon the frequency of payment and next payment due date entered into the loan schedule. These values can be over-ridden using the blue "Mth" link in the loan detail screen.

Reports

See "Electronic File Maintenance, Reports and Signatures" for more information on what reports require signatures or need to be printed.

Income/Expense Reports:

- Trends – Inc/Exp.
- Inc/Exp Common-Size
- Income Statement
- Production Trends.
- Projected Annual Cash Flow
- Projected Monthly Cash Flow
- Inc/Exp Schedules
- Enterprise Analysis
- Actual Inc/Exp Schedules

Analysis Reports related to capacity:

- Ratios & Indicators
- Repayment Capacity/Sensitivity
- Statement of Cash Flows (phase 2)

Collateral Analysis/Chattel Appraisals

Collateral analysis involves assessing the adequacy of collateral pledged for a loan. It is usually done when a loan making or servicing action is completed. Collateral analysis must be completed whenever a Credit Presentation is prepared.

In addition to populating the Credit Presentation, a separate collateral analysis report can be printed that shows the calculations involved in the analysis.

For all direct FSA loans, the default collateral discount factor is **100%**. This must not be changed.

Describing the Collateral Position

The collateral position is usually described in two ways:

- **Margin of Collateral to Loan**. This is calculated by:
  (Amount of collateral - Prior liens) ÷ Total FSA loans
- **Percent Loan to Collateral**. This is calculated by:
  (Total FSA loans ÷ (Amount of collateral - Prior liens)) x 100

For new chattel loans, use the **Margin of Collateral to Loan** to determine if the 150% (1.50) security requirement is met.

Origin of Collateral Values/Chattel Appraisal

The values in the collateral analysis are derived from the associated balance sheet summary and schedules. The descriptions and values in the chattel appraisal are derived from the balance sheet schedules.

When a chattel appraisal is completed, enter the appraised values in the balance sheet schedules. For more information on what to do when appraised values are different than those shown on the balance sheet, see "Balance Sheet - When Customer and FSA Balance Sheet Values/Amounts Differ".

The chattel appraisal can be printed and signed. In the alternative, if the chattel appraisal is completed by the same official recommending/approving the Credit Presentation, the appraisal form does not need to be printed or signed if the "Collateral" section of the Credit Presentation contains a notation that it was appraised, date of appraisal, and that the eSignature stamp of the recommending or approving official represents the person who appraised it. In all adverse actions, the chattel appraisal must be printed and signed. To generate the printed chattel appraisal:

- Enter the values of the chattel property on the corresponding balance sheet schedules.
- Update the chattel appraisal information on **Balance Sheet → Chattel Appraisal**.
- Print the chattel appraisal from the **Reports → Balance Sheet → Chattel Appraisal** menu, if it is required to be printed and signed.

Building the Collateral Analysis

Loans can be grouped together by creditor and what collateral secures their loans. There can be a loan group for each prior lien holder or for all prior lien holders. When FSA loans are cross-collateralized, all FSA loans will be grouped together. Separate FSA loan groups may be necessary when different collateral secures different FSA loans. A description for each loan group is helpful, i.e. "FSA Loans" or "JD Prior Lien".

Loans are added to loan groups by selecting "Add From Loan Schedule". Ensure that proposed loans are included in the appropriate loan group. Do not include loans to be paid off with proposed loans. Any loans marked "refi" in the Loan Schedule are also not included in the collateral analysis.

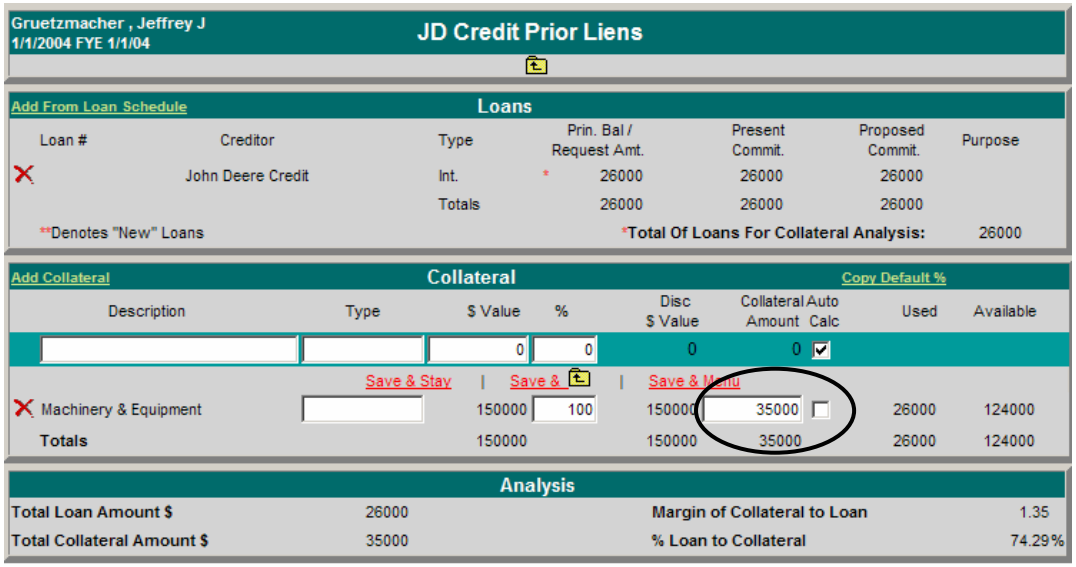
The scoring and rating checkbox is checked by default. It should remain checked so that the collateral analysis results populate the Credit Presentation.

Other Creditors' Prior Liens

If there are other creditors who have prior liens to FSA, the prior lien loan group must be added before the FSA loan group. One or more prior lien groups can be added, at the user's discretion.

Example: Assume that John Deere Credit is owed $26,000 secured by a tractor worth $35,000, and that FSA has a lien on all equipment. All equipment, including that tractor, is worth $150,000.

Step 1: Add the JD Credit Prior Lien group



Step 1: JD Credit Prior Lien Loan Group

Note that in order to enter the collateral amount belonging to JD Credit, the user must uncheck the "Auto Calc" box and enter the **value of the asset securing that loan**. Even if there is equity left in that asset available to FSA for collateral, enter the value of the asset securing that prior lien in the Collateral Amount box.

Step 2: Add the FSA loan group by adding the FSA loan from the loan schedule. Then add the collateral securing those loans. In this example, even though all equipment is securing the FSA loan, there is only $124,000 of collateral available for FSA (value of all equipment of $150,000 – JD Prior Lien of $26,000 = $124,000). This amount is calculated automatically and captures any remaining equity in the tractor.

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FSA Loans

Add From Loan Schedule — **Loans**

Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose
	FSA	Int.	90000*	90000	90000	Equipment
		Totals	90000	90000	90000	

**Denotes "New" Loans — *Total Of Loans For Collateral Analysis: 90000

Add Collateral — **Collateral** — Copy Default %

Description	Type	$ Value	%	Disc $ Value	Collateral Amount	Auto Calc	Used	Available
		0	0	0	0	☑		Add
Save & Stay | Save & | Save & Menu								
Machinery & Equipment		150000	100	150000	124000	☑	116000	34000
Totals		150000		150000	124000		116000	34000

Analysis

Total Loan Amount $	90000	Margin of Collateral to Loan	1.38
Total Collateral Amount $	124000	% Loan to Collateral	72.58%

Step 2: FSA Loan Group

Step 3: Verify that the collateral analysis summary page correctly shows the margin of collateral to loan from **Balance Sheet → Collateral Analysis → Add/Modify/Delete**.

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Collateral Analysis

Loan(s) Description		Lien?	Scoring & Rating	$ Amt to Use	# Of Loans	Amt	Collateral Value	Margin Ln / Coll	% Loan to Coll.
		Select	☐	Select					Add
Save & Stay | Save & | Save & Menu									
FSA Loans	Detail	Ours	☑	As Marked On Schedule	1	90000	124000	1.38	72.58%
				Total Scoring & Rating	**1**	**90000**	**124000**	**1.38**	**72.58%**
				Total	**1**	**90000**	**124000**	**1.38**	**72.58%**
JD Prior Liens	Detail	Prior		As Marked On Schedule	1	26000	35000	1.35	74.29%

Step 3: Verify collateral analysis summary page

Credit Actions

In the FBP system, a Credit Action generates forms and other documentation containing the information necessary to support a loan making or servicing decision.

There are currently 5 Credit Actions that can be completed:

Credit Action Type	Used For	Type of Forms			
		Farm Assessment	DALR$ Input Report	Credit Presentation	Security Agreement
D-Loan Making*	Origination of direct loans	Available	N/A	Cred. Pres / Borr. Class.	Available
D-Loan/Sec. Agr. Only	Only a Security Agreement needs to be generated	N/A	N/A	N/A	Available
D-Loan/Classify Only	Account classification outside of the Credit Presentation	Available	N/A	Borrower Classification	Available
D-Loan/Special Serv.*	Special loan servicing actions, i.e. primary & preservation loan servicing, DSA	Available	Available	Cred. Pres / Borr. Class.	Available
D-Loan/Regular Serv.*	Partial releases of real estate, approval of subordinations, transfer & assumption	Available	N/A	Cred. Pres / Borr. Class.	Available

* **NOTE**: In cases where a loan is being made in conjunction with a special servicing request (primary and preservation loan servicing, and DSA), use the D-Loan/Special Serv. Credit Action. In cases where a loan is being made in conjunction with a regular servicing request, use the D-Loan/Regular Serv. Credit Action.

When a Credit Action is created, a description must be entered. Enter a meaningful description of the action, i.e. “Class. 2/04,” “2005 OL loan-tractor,” “8/04 Rescheduling,” etc.

When a Credit Presentation is acted upon, the status of the Credit Action will automatically be updated to indicate it was:

- Approved
- Declined
- Pending
- Withdrawn

IMPORTANT: After a Credit Action form has been eSigned, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → [Form Name].**

Farm Assessment

Initial Farm Assessments and updates must always be entered in General Information. However, because the Farm Assessment is a living document that will change over time, it is important that changes and updates get "frozen" in time when a Credit Action is completed. This serves two important purposes:

- A snap-shot of the Farm Assessment is taken, recorded, and can't be changed when locked.
- The Farm Assessment will be associated with the Credit Action that was completed at that point in time.

  CAUTION: Do not make changes to the Farm Assessment from within the Credit Action. All changes and updates must be made within **General → General Information**. Making updates and changes within the Credit Action itself will not transfer the changes in General Information.

To associate the updated Farm Assessment within a Credit Action and lock it:

- Open the Farm Assessment by **Credit Action → [Credit Action Name] → Farm Assmt**.
- Click the "update" link.
- In the pop-up box, check the box to copy from General Information and select the update link.
- Lock the Farm Assessment by **Credit Action → [Credit Action Name] → Lock Forms → Farm Assmt**.

The Farm Assessment can be printed by **Reports → Credit Action**.

IMPORTANT: After a Farm Assessment Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Farm Assmt.**

Assessments should be acknowledged by the customer in a manner determined by the loan official.

See "General Information" and "Electronic File Maintenance, Reports and Signatures" for more information on when a Farm Assessment needs to be printed and/or signed.

DALR$ Input Report

A DALR$ Input Report can be prepared that calculates the financial categories needed to be input into the DALR$ program for special servicing actions. Once the DALR$ Input Report is selected from the Credit Presentation menu:

- Select the "Update" link. An Update dialogue box will appear. Check the following boxes and when done, click the update link:
  - Ultra Financials
  - General Information

  CAUTION: Do not check the "Farm Assmt" check box.

- All calculations will automatically flow from the selected balance sheets and income/expense projections to the report. The **Reports → Reports Setup** menu controls which balance sheets and projections appear in the report. The following dates must be input into the DALR$ Input Report Credit Action:
  - Proposed Loan Servicing Date
  - Plan Approval Date. This is the date the Credit Presentation was approved.

- The "Completed By" link must be selected to input the user's name.

  NOTE: When projections are initially added, a description like "2004-First Year Proj" or "2009-Aft Defrl" will be helpful when selecting them in **Reports → Reports Setup**.

  IMPORTANT: After a DALR$ Input Report Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → DALR$ Input Rpt.**

See "Electronic File Maintenance, Reports and Signatures" for more information on when a DALR$ Input Report needs to be printed and/or signed.

Credit Presentation & Classification

A Credit Presentation is prepared to communicate and document a loan making or servicing decision. It encompasses the various aspects of analyzing the financial information, collateral position, eligibility, classification, and the loan narrative. The Credit Presentation should be viewed as the primary loan decision document that contains all relevant information involved in a loan decision.

A Credit Presentation is required to be prepared and eSigned in the following circumstances where assistance is either approved or denied:

- Origination of all direct loans
- Special loan servicing actions:
    - Primary & preservation loan servicing
    - Disaster Set-Aside
- Regular loan servicing actions:
    - Partial releases of real estate
    - Subordinations
    - Transfer & Assumption

Completing the Credit Presentation eliminates the need for:

- Form FSA 440-2 "Eligibility"
- Loan narrative
- Collateral analysis
- Form FSA 2006-20 "Classification"

Eventually, the Credit Presentation will also obsolete Form RD 1940-1.

Preparing the Credit Presentation

When a blank Credit Presentation is created, it must be "updated" with certain information from other parts of the FBP system. An "Update" dialogue box will appear and the user must check the following boxes:

- Ultra Financials
- Collateral Analysis [Select the Balance Sheet from which the collateral analysis will be calculated]
- Credit Relationship [Select the Balance Sheet from which the credit relationship information will come from]
- General Information

CAUTION: Do not check the "Farm Assmt" box

Components of the Credit Presentation

Component	Details
General Information	• Most of this information will be pre-filled and not need further completion. • Select the radio button to designate whether the Farm Assessment was complete/updated or no update is required.

Credit Relationship	• Loan Amount Requested For Approval. For new loans, indicate the total amount of new loans being requested. For subordinations, indicate the total amount of subordination being requested. For all other purposes, leave blank.
	• Ensure that the credit relationship information transferred in is correct.
	• In the text box:
	  o Indicate loan purposes, if a new loan or subordination
	  o Any other information relevant to FSA's credit relationship with the customer.

Collateral Analysis	• Ensure that the collateral and loan information transferred into this section is correct.
Employment Information, Related Entities, Balance Sheet, Income Statement, Repayment Capacity	• Ensure that the correct information was transferred into these sections. • Use the **Reports → Reports Setup** menu to select which balance sheets and income/expense statements appear in the Credit Presentation. • **Primary and Preservation Loan Servicing Credit Presentations**. Up to two (2) projections can be selected to appear in the Credit Presentation. Select the projections that represent the current year plan and the after deferral plan, if applicable.

Classification	• Click on "Score Now" to calculate the classification score. An "Update" pop-up box will appear. The user must select the balance sheet and income/expense projection from which the classification score will be calculated.
	  o Select the current balance sheet. A classification does <u>not</u> need be based upon a post-close balance sheet.
	  o Select the current year income/expense projection.
	
	  CAUTION: Do <u>not</u> mark update from loan assessment check box.
	• The user's name and the date/time stamp will appear as the classifier.
	• All ratios used will either have a pass or review. If a ratio is noted with a "review" criteria, the user should review that area to see if all handbook requirements have been met. The user can address any "review" criteria in the text box below the classification.
	• Do <u>not</u> complete Form FSA 2006-20.
	• If any of the customer's loans are on or proposed to be on limited resource rates, use the "Term Debt Coverage Ratio" (the same as TDCLCR) to determine if limited resource rates are justified.

Eligibility	• Answer the applicable eligibility questions with the radio buttons. • Address any additional eligibility issues in the WordPad, if needed. • Do <u>not</u> complete Form FSA 440-2.
Credit Worthiness	• Answer the question with the radio button. • Address any additional credit worthiness issues in the text box.

Continued on the next page

Continuation

Component	Details
Collateral	• In the WordPad, describe the adequacy of the collateral. • If the chattel was appraised by the same official recommending/approving the Credit Presentation, the appraisal form does not need to be printed or signed if the "Collateral" section of the Credit Presentation contains a notation that it was appraised, date of appraisal, and that the eSignature stamp of the recommending or approving official represents the person who appraised it. • Answer the security question with the radio button.
Capacity	• In the WordPad, discuss the repayment capacity of the borrower, and any assumptions used in the income/expense projection.
Capital	• In the WordPad, discuss the customer's capital position.
Conditions	• Enter the approval conditions into the WordPad; the radio buttons and date fields can be answered to include additional conditions relating to borrower training, SBA accounts, and hazard insurance. **NOTE:** The borrower training dates will be populated from **General → General Information**.

Approving or Declining a Credit Presentation

See "Electronic File Maintenance, Reports and Signatures" for more information on eSigning and printing reports.

When the recommending and approving official are the same:

- The loan official will use the "Plan Approval" link to approve or decline the plan or credit decision. The user's eSignature and the date/time stamp will appear on the Credit Presentation. Use the drop-down box to indicate the action taken.
- The approving official must lock the Credit Presentation by **Credit Action → [Name of Credit Action] → Lock Forms → Credit Presentation.**

When the recommending official is different than the approval official:

- The recommending official will use the "Plan Approval" link to recommend approval or denial of the plan or credit decision. The user's eSignature and the date/time stamp will appear on the Credit Presentation. Use the drop-down box to indicate the recommended action.
- The recommending official will notify the approval official to review the Credit Presentation.
- The approving official will review the Credit Presentation on-line and indicate the approval or denial decision, using the "Plan Approval" link, including any additional approval requirements in the text box. Use the drop-down box to indicate the action taken.
- The approving official must lock the Credit Presentation by **Credit Action → [Name of Credit Action] → Lock Forms → Credit Presentation.**

When a Credit Presentation is acted upon, the status of the Credit Action will automatically be updated to indicate it was:

- Approved
- Declined
- Pending
- Withdrawn

See "Electronic File Maintenance, Reports and Signatures" for more information on when a Credit Presentation needs to be printed and/or signed.

Credit Presentations for Youth & Lo-Doc Loans

The documentation requirements for youth and lo-doc loans are very low. Therefore, minimal completion of the Credit Presentation is expected according to FSA handbooks.

Classification Only

A subcategory of a Credit Presentation is the classification only model. The classification can be completed within the Credit Presentation or as a separate Credit Action outside the Credit Presentation.

- Click on "Score Now" to calculate the classification score.
- An "Update" pop-up box will appear. Select the balance sheet and income/expense projection from which the classification score will be calculated.
    - Select the current balance sheet. A classification does not need to be based upon a post-close balance sheet.
    - Select the current year income/expense projection.
- The user's name and the date/time stamp will appear on the classification.
- The comments text box can be used for assumptions, if completing this classification without a Credit Presentation. This text box may be used to summarize the year-end analysis.
- Do not complete Form FSA 2006-20.

IMPORTANT: After a Classification Only Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Credit Presentation – Borrower Classification.**

See "Electronic File Maintenance, Reports and Signatures" for more information on when a Classification needs to be printed and/or signed.

Limited Resource Rates

If any of the customer's loans are on or proposed to be on limited resource rates, use the "Term Debt Coverage Ratio" (the same as TDCLCR) to determine if limited resource rates are justified.

Security Agreement

A new Security Agreement can be generated from within any Credit Action model. In addition, a separate Credit Action called "D-Loan/Sec Agr. Only" can be added when only a Security Agreement is desired and no other Credit Action is required.

In the "Update From" dialogue box, select the following sources of data information:

- The current income/expense projection.

  NOTE: Chattel information from the balance sheet that has been previously associated with the selected income/expense projection will also be transferred to the Security Agreement. It is important that a beginning balance sheet be associated with an income/expense projection.

- General Information

  CAUTION: Do not check the "Farm Assmt" box

Once the Security Agreement page is displayed, click on the "Update" link to transfer in the source information.

> **NOTE**: By default, all real estate descriptions on the security agreement will be populated from the **Balance Sheet → Assets → Real Estate-Land** and the **Inc/Exp → Expense Sch. → Rent–Land/Animals** schedules. The "To SA" checkbox in those schedules may be unchecked to stop the transfer of real estate descriptions to the security agreement.

The table below outlines additional information to be entered into the Security Agreement page.

Field	Details
Security Agreement Date	Effective date of the Security Agreement.
Equipment States and Livestock States	Enter the name of the state(s) where the applicable chattel property is located. For example: Wisconsin, Illinois, and Iowa.
Fixtures	Enter a description of fixtures, etc. taken as collateral, if any.
Accounts, deposit agreements, general intangibles, etc.	Enter additional information about specific accounts, contract rights, general intangibles, etc., as required by state handbooks, if any.

See "Electronic File Maintenance, Reports and Signatures" for more information on when a Security Agreement needs to be printed and/or signed.

Getting Help

For help using the FBP software, select the "eHelp" option from the upper right hand menu of the FBP screen or consult the software user guide. For questions about issues not available on-line or in the user guide, field office employees should first contact either their Field FBP Coordinator or State FBP Coordinator.

Hardware, network, and CCE software issues are routed through the National FSA Help Desk. FBP software issues are routed to ECI. Policy issues are handled by the State FBP Coordinator.

Examples of who to contact:

Type of Issue or Question	Field Offices Should Contact	Second Level of Support
Hardware/Network/CCE Software		
eAuthentication or user ID problems; add users; password problems or expired passwords; security levels	State FBP Coordinator	• FSA Help Desk 800-255-2434 – Option 5 for security. • FBP systems administrator for granting access.
Network or connection problems; can't connect; system performance	State FBP Coordinator	If isolated to one site, contact state IT staff .
		If affecting multiple sites, contact FSA Help Desk 800-255-2434 – Option 3, then 4
Java or Crystal Reports applet installations	State FBP Coordinator	State IT Staff
Web Equity Manager Software or Farm Business Planning Policies		
Overall usage of FBP; menu structure; printing reports; setting-up customers	Field FBP Coordinator	• State FBP Coordinator • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
"How to" questions	Field FBP Coordinator	• State FBP Coordinator • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Importing/exporting data	Field FBP Coordinator	• State FBP Coordinator • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Moving service centers in the location hierarchy, redistricting, etc.	State FBP Coordinator	• FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Setting-up access to employee-only & restricted accounts	State FBP Coordinator	• FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
"Checking-in" a customer record that has been checked-out by another user	State FBP Coordinator	• FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5

Continued on the next page

Continuation

Type of Issue or Question	Field Offices Should Contact	Second Level of Support
"Unlocking" a customer record	State FBP Coordinator	• FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Retrieving deleted customer records from the recycle bin	State FBP Coordinator	• FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
State FBP Coordinators system administration & defaults	FSA Help Desk 800-255-2434 - option 3 then 4	ECI 800-264-0787 ext. 5
State FBP Coordinators usage of Data Mart	FSA Help Desk 800-255-2434 – option 3 then 4	ECI 800-264-0787 ext. 5

FBP Forum

In addition to live support, users also have access to a FBP forum. A national FSA forum is available, in addition to a forum for each state to use. The FBP coordinator in each state is a forum moderator. The forum is located at http://fbpforum.onlinequity.com.

E-Mail Help

E-mail help is also available by e-mailing the parties above. Help for unresolved issues is available from ECI at support@eci-equity.com. In the e-mail, please include:

- Specific question or problem
- Your Name
- Your Location
- Your Phone Number and extension

NetMeeting

NetMeeting is a powerful instructional and troubleshooting tool that FBP Coordinators can use to provide field users with technical support and training. NetMeeting is a core component of the Windows XP operating system.

NetMeeting allows you to place "calls" using a directory and conferencing server. For the FBP system, it allows users to work easily with other meeting participants by allowing them to view and share programs such as your web browser window running on your PC.

- Meeting attendees can view the host's desktop or browser window during a demonstration.
- Meeting attendees can take control of the host's desktop or browser window to "try-it themselves".
- Hosts can take control of meeting attendee's desktop or browser window to troubleshoot problems or issues that the attendee is encountering.

Using NetMeeting together with a telephone conference is a powerful tool.

Setting-up NetMeeting - The Very First Time

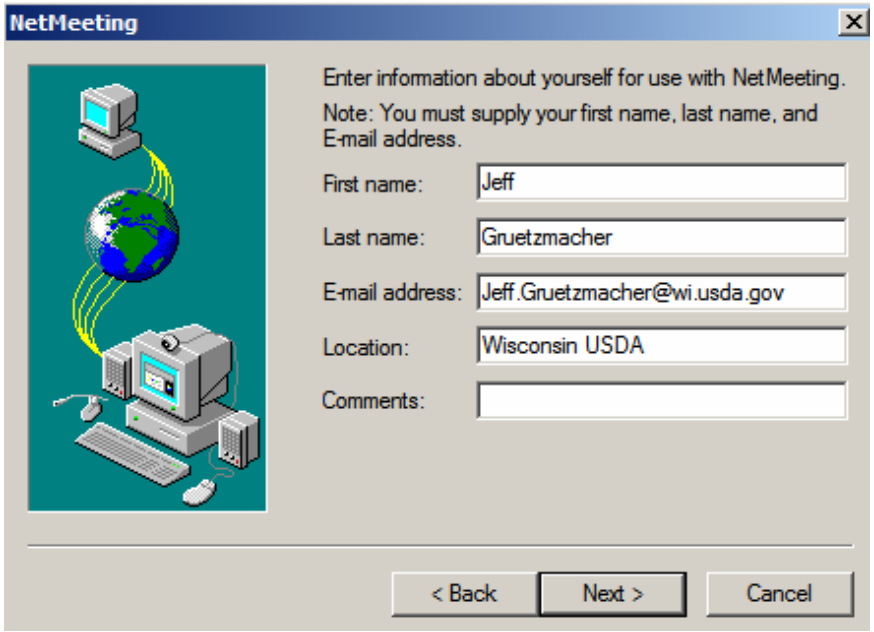
All meeting attendees and the host must set-up NetMeeting the very first time it is used. If NetMeeting has already been set-up, skip to **Attending a NetMeeting**.

1. Start NetMeeting by going **Start → All Programs → Accessories → Communications → NetMeeting.** (NetMeeting can also be started from the **Start → Run** menu and entering **conf** in the dialogue box.)

2. If NetMeeting is already set-up on your computer, skip to the **Attending a NetMeeting**. On the first screen click **Next**.

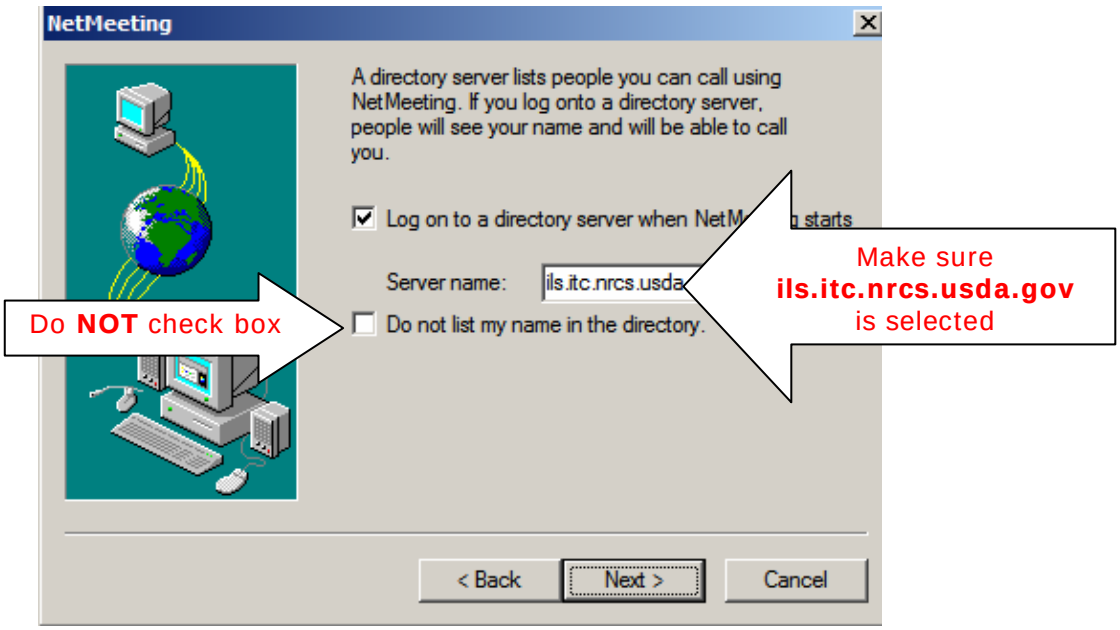
Step 2 - Click Next

3. Your information must be entered. Enter **your** first and last name, and email address. Location and comments are optional. Select **Next** when you are finished.



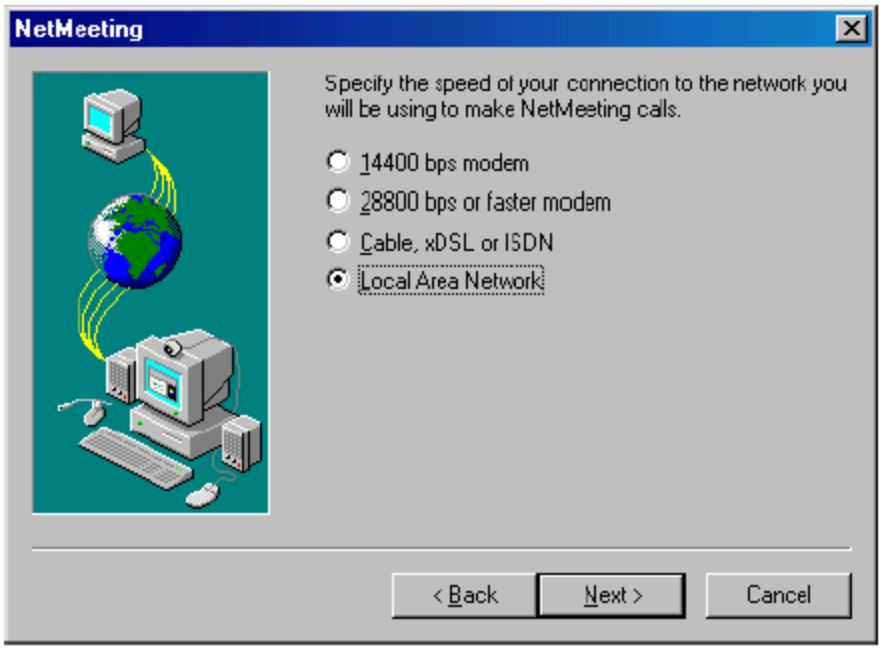
Step 3 - Enter Info; Click Next

4. The Server name must be selected. Select **ils.itc.nrcs.usda.gov** from the dropdown menu.



Step 4

5. Select the connection. Check **Local Area Network**. Sometimes this will be set automatically, so this box will not appear.

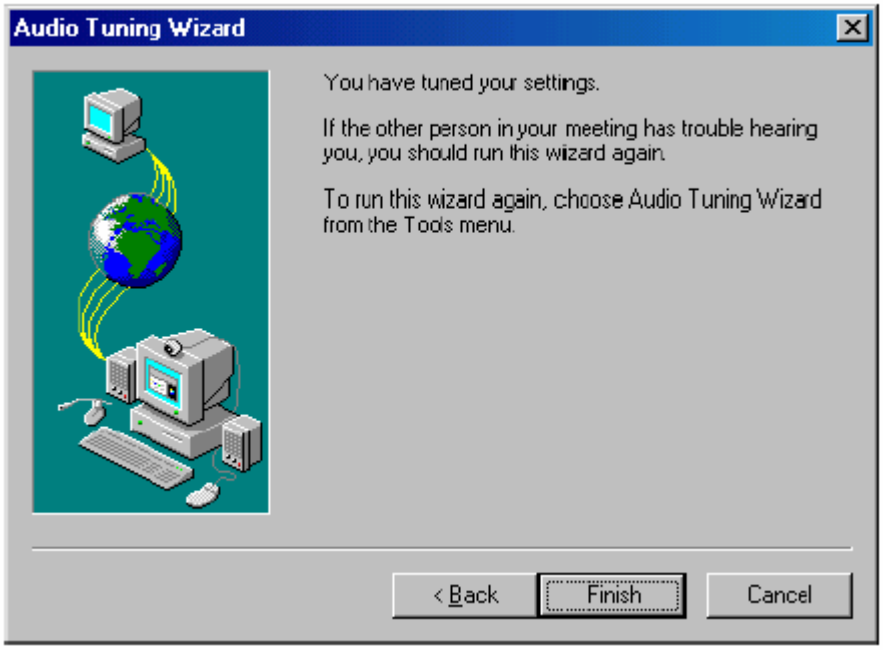


Step 5

6. We recommend leaving both options checked in the shortcuts dialogue box to avoid needing to start NetMeeting from the Start menu. This is at the user's preference.

Step 6

7. Click **Next** through the next **four** screens related to the Audio Tuning Wizard. Since you will be using the telephone for audio, you do not need to worry about these settings. Select **Finish** on the last screen.

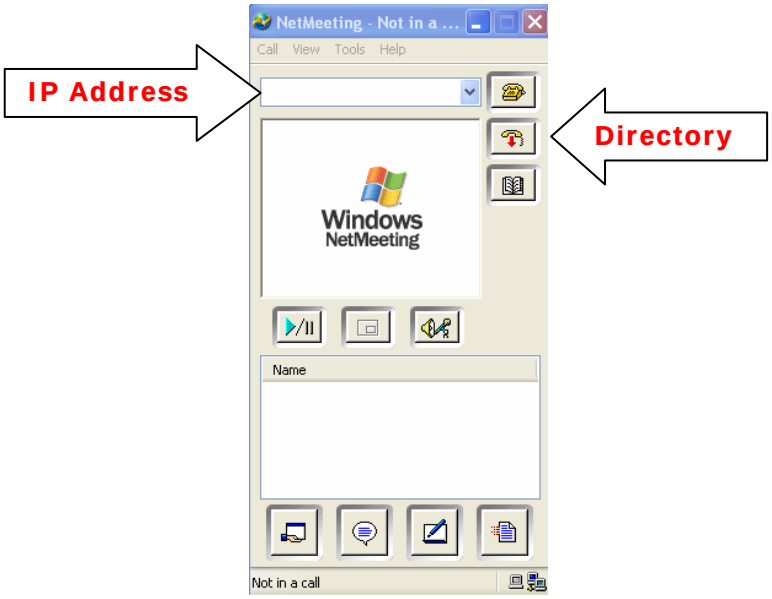


Step 7

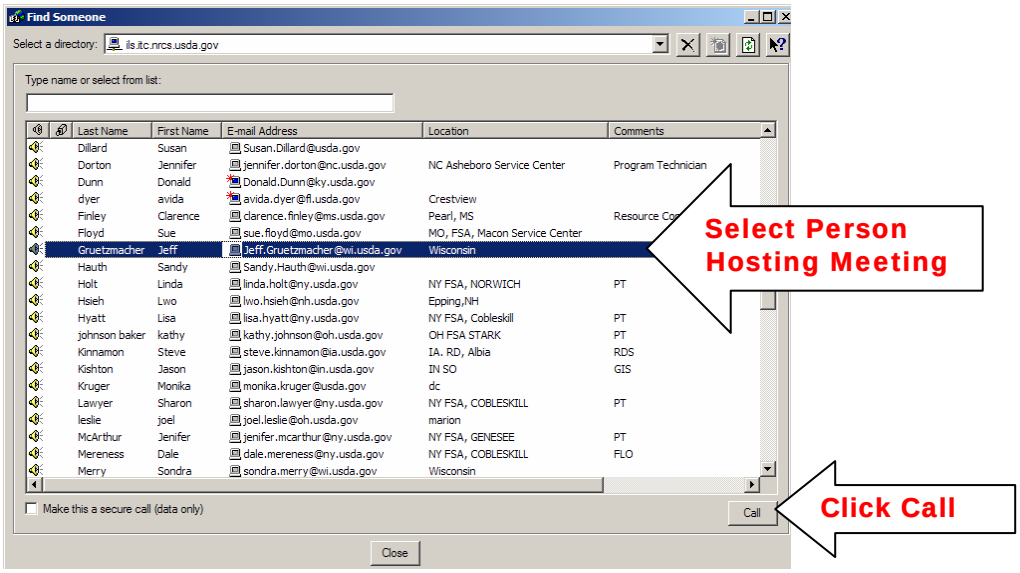
Attending a NetMeeting

1. Start NetMeeting (if not already started) by starting it from your desktop icon or by **Start → All Programs → Accessories → Communications → NetMeeting.** (NetMeeting can also be started from the **Start → Run** menu and entering **conf** in the dialogue box.)

2. Net Meeting Opens. The person entering the meeting can now call the host. Look-up the meeting host by either 1) clicking on the directory button, or by 2) entering in the IP address provided by the host and pressing enter.



3. If looking the host up in the directory, select the host from the list and click **Call**. The host will accept the call and start the meeting.



Glossary of Terms

Term	Definition
Ag or Farm Debt	Any debt incurred for which the majority was for farm or ag related purposes.
Ending Cash	MADS + beginning cash + operating and term loan advances – operating principal repayment – capital expenditures + capital sales
eAuthentication	The system used to authenticate and authorize users of USDA web-based applications. Previously referred to as "WebCAAF".
eSignature	An electronic signature that conforms to the ESIGN act. An eSignature requires electronically authenticating the user, and using an unalterable signature that contains a date and time stamp.
FBP	Farm Business Plan. The FBP document, at a minimum consists of a balance sheet with schedules, and income/expense trends with projected cash flow schedules.
Loan Group	A term used in collateral analysis. A group of loans grouped together by creditor and the collateral that secures those loans.
Margin After Debt Service (MADS)	Operating income – purchases for resale – operating expenses including interest and depreciation + non-farm income – owner withdrawals – non-farm expense – income taxes – term principal payments + depreciation
NAICS	North American Industry Classification System. Most government and commercial businesses have moved toward NAICS as a way of classifying U.S. and Canadian businesses based upon a standardized coding system.
Personal or Non-Farm Debt	Any debt incurred for which the majority was for non-farm purposes.
PLAS	Program Loan Accounting System
Post Close Balance Sheet	A balance sheet prepared assuming that the planned loan making or servicing transaction has just taken place.
Pro-Forma Balance Sheet	A balance sheet prepared assuming that the projected plan year has taken place and all assumptions in that plan occurred.
Regular Loan Servicing	Loan servicing actions including subordinations, partial releases of real estate, transfer and assumptions, etc.
Scheduled Input	A method of inputting data into FBP where details are entered and the total of the details are transferred to the summary.
SIC	Standard Industry Classification. This classification system is being phased out in favor of NAICS.
Special Loan Servicing	Loan servicing actions that are identified as 1951-S primary and preservation loan servicing, and Disaster Set-Aside.
Summary Input	A method of inputting data into FBP where detailed information is not used.
Term Debt and Capital Lease Coverage Ratio (TDCLCR)	(Net farm income from operations + non-farm income + depreciation + interest on term debt – income taxes – owner withdrawals – non-farm expense) ÷ Total principal and interest on term debts. TDCLCR is sometimes referred to as "Capital Debt Repayment Capacity" or "CDRC" by other lenders.
WEM	Web Equity Manager, the software used to generate the FBP.