FSA
HANDBOOK

General Program Administration

To access the transmittal page click on the short reference.

For State and County Offices

SHORT REFERENCE

1-FLP (Revision 1)

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

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

General Program Administration 1-FLP (Revision 1)	Amendment 101

Approved by: Deputy Administrator, Farm Loan Programs

Chris P. Beyerhelm

Amendment Transmittal

A Reasons for Amendment

Subparagraphs 4 D and E have been amended to update FLP contacts.

Exhibit 15 has been amended as follows:

- subparagraph B 4 has been amended to provide instructions for the "Report Packages" enhancement
- subparagraph F 4 has been added to provide instructions for the "Enterprise Analysis" enhancement.

Page Control Chart		
TC	**Text**	**Exhibit**
	1-9 through 1-12	15, pages 3, 4 pages 34.5-34.10 pages 34.10.5-34.10.14 (add) pages 35, 36 pages 36.5, 36.6 pages 66.15, 66.16 pages 66.17-66.22 (add) pages 67-72

Table of Contents

Page No.

Part 1 Introduction and Purpose

1	Purpose and Sources of Authority	1-1
2	Related References	1-2
3	FLP Forms	1-4
4	FLP Organizational Structure	1-7
5	FLOO Contacts	1-11
6-20	(Reserved)	

Part 2 FLP Authorities

21	Overview	2-1
22	General Delegation Requirements	2-2
23	State Office and Service Center Authorities	2-4
24	Delegating Appraisal Authority	2-7
25	Delegating Loan Approval Authority	2-8
26	Delegating Loan Servicing Authority	2-11
27	Maintaining Approval Authority	2-12
28	Establishing Credit Quality Standards	2-14
29	Maximum Loan Authorities	2-15
30-40	(Reserved)	

Part 3 Miscellaneous Procedures and Systems

41	Nondiscrimination in FLP	3-1
42	Appeals	3-6.8
43	Debarment and Suspension	3-10.5
44	Collecting and Coding Ethnicity, Race, and Gender Information	3-12
45	Allocating Loan Program Funds	3-14
46	Maintaining Borrower Address	3-19
47	Ensuring Borrower Compliance with Restrictions on Lobbying	3-20.5
48	Credit Reports	3-24
49	DLS	3-27
50	GLS	3-29
51	FOCUS	3-31
52	ADPS	3-32
53	CAIVRS	3-40.5
54	Hyperion Data Mart	3-42
55	Type of Assistance and Fund Codes	3-42
56-59	(Reserved)	
60	Interest Rates	3-53
61-100	(Reserved)	

Table of Contents (Continued)

Page No.

Part 4 Supervised Bank Accounts

101 Overview 4-1
102 Establishing a Supervised Bank Account 4-3
103 Supervised Bank Account Transactions and Monitoring 4-5
104 Closing Accounts 4-8
105-120 (Reserved)

Part 5 Planning and Performing Construction and Other Development

121 Overview 5-1
122 Borrower Requirements for Preparing a Construction and Development Plan 5-2
123 Review of Proposed Construction and Development Plan 5-7
124 Inspections 5-9
125 Changing the Planned Development 5-11
126 Surety Bonds 5-12
127-140 (Reserved)

Part 6 Appraisals

141 General Appraisal Requirements 6-1
142 Appraisal Reports 6-5
143 FSA Review of Appraisal Reports 6-8
144 Appeals of Decisions Based on Appraisals 6-13
145 Appraiser Qualifications 6-17
146 Appraiser Training Requirements 6-18
147 Training Requirements for Performing Administrative Appraisal Reviews 6-22
148-160 (Reserved)

Part 7 PLCE's

161 Overview 7-1
162 Understanding PLCE 7-2
163 Allocating PLCE Funds 7-5
164 Program Authority Codes 7-8
165 Using PLCE for Procurement Items 7-11
166 FMMI 7-12
167 Using FMMI for PLCE Cost Items 7-17
168 Modification or Cancellation of Obligation 7-20
169 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments 7-22
170-200 (Reserved)

Page No.

Part 8 Supervised Credit

Section 1 Introduction

201 Overview 8-1
202 Borrower Responsibilities 8-3
203-220 (Reserved)

Section 2 Farm Assessment

221 Overview 8-41
222 Elements of an Initial Assessment 8-42
223 Annual Review and Assessment Update 8-51
224-240 (Reserved)

Section 3 Farm Operating Plan

241 Overview 8-85
242 Developing Farm Operating Plans 8-85
243 Revising Farm Operating Plans 8-92
244-246 (Withdrawn--Amend. 67)
247-250 (Reserved)

Section 4 Borrower Account Classification

251 Overview 8-101
252 Borrower Account Classification System 8-103
253-260 (Reserved)

Section 5 Year-End Analysis

261 Overview 8-121
262 Preparing for the Year-End Analysis 8-122
263 Minimum Requirements of the Analysis 8-123
264-400 (Reserved)

Page No.

Part 9 Internal Controls

Section 1 FLPRA

401 Overview 9-1
402 FLPRA Review Process 9-3
403 State Office Reporting Requirements 9-4
404 National Office Reporting Requirements 9-5
405-440 (Reserved)

Section 2 DD FLP Oversight

441 General Provisions 9-77
442 DDORS 9-77
443 Responsibilities 9-84
444 DDORS Organization Updates 9-86

Exhibits

1 Reports, Forms, Abbreviations, and Redelegations of Authority
2 Definitions of Terms Used in This Handbook
3 Menu and Screen Index
4 State Supplements
5 Forms List
6 (Reserved)
7 Delegating FLP Authority
8-11 (Reserved)
12 Discrimination Complaint E-mail Clearance System
13 Instructions for E-Mail to the National Office for Discrimination Complaint Status
13.5 Servicing Settlement Claimants and National Office FLP Programmatic Review
14 SCIMS–PLAS ORACLE Hyperion Reports
15 Farm Business Plan - FSA User Handbook
16 Type of Assistance, Fund, and Kind Codes
17 FLP Rates
18-24 (Reserved)
25 Program Authority for PLCE Goods and Services and Recoverability of PLCE's After September 30, 2010
26 Program Authority to Request Contract Services and Make Noncontractual Payments – Recoverability of PLCE's - Before October 1, 2010
27-34 (Reserved)
35 (Withdrawn--Amend. 94)
36 DD FLP Oversight Review User Guide

Part 1 Introduction and Purpose

1 Purpose and Sources of Authority

A Handbook Purpose

[7 CFR 761.1(d)] This part describes the Agency's general and administrative policies for its guaranteed and direct Farm Loan Programs. In general, this part addresses issues that affect both guaranteed and direct loan programs.

This handbook is designed to assist FSA in understanding:

- general and administrative regulations governing FLP's
- roles and responsibilities in implementing those regulations and other general and administrative responsibilities.

B Sources of Authority

The sources of authority for this handbook include:

- 7 CFR Part 761 and other regulations that may be referenced throughout this handbook
- the various laws and statutes passed by Congress, including CONACT.

C Regulation References

Text in this handbook that is published in the CFR is printed in **bold** text. The CFR citation is printed in brackets in front of the text. The references and text:

- are intended to highlight the requirement spelled out in CFR
- may be used to support FSA adverse decisions.

*--D FLP Objectives

7 CFR Parts 761 through 767 set forth FSA's regulations for FLP's. **The objective of these programs is to provide supervised credit and management assistance to eligible farmers to become owners or operators, or both, of family farms, to continue such operations when credit is not available elsewhere, or to return to normal farming operations after sustaining substantial losses as a result of a designated or declared disaster. These regulations apply to loan applicants, borrowers, lenders, holders, Agency personnel, and other parties involved in making, guaranteeing, holding, servicing, or liquidating such loans. The programs are designed to allow those who participate to transition to private commercial credit or other sources of credit in the shortest period of time practicable through the use of supervised credit, including farm assessments, borrower training, market placement, and borrower graduation requirements.--***

2 Related References

A Related FSA Handbooks

The following FSA handbooks concern FLP.

IF the area of concern is about…	THEN see…
State and county organization and administration policies, procedures, principles, and standards, such as work organization	16-AO.
civil rights compliance and administration for FSA programs	18-AO.
appeals and mediation	1-APP.
State and county records management	25-AS.
policies and procedures for the acquisition of supplies, equipment, and services	42-AS.
common management and operating provisions for program management activities, functions, and automated applications, such as forms that cannot be accepted by FAX	1-CM.
environmental requirements	1-EQ.
processing collections and canceling loan checks and payments	3-FI.
guaranteed loanmaking and loan servicing	2-FLP.
direct loanmaking	3-FLP.
direct loan regular or routine servicing	4-FLP.
direct loan special servicing and inventory property management	5-FLP.
--**the Emergency Loan Seed Producers Program, Horse Breeder Loan Program, ITLAP, SALP, Land Contract Guarantee Program, and servicing of minor loan**-- programs	6-FLP.
procedures for making records available to the public, other Federal agencies, and Congress	2-INFO.
procedures for collecting, maintaining, or disclosing data or information about an individual	3-INFO.
personnel management, such as employee conflict of interest	3-PM.
employee development and training	6-PM.

Notes: RD Instruction 1940-G must be used along with 1-EQ.

For information on:

- administrative offset, see RD Instruction 1951-C
- debt settlements, see RD Instruction 1956-B.

B Helpful Links

The Helpful Links web site at
https://arcticocean.sc.egov.usda.gov/flp/InformationalLinks?Action=HelpfulLinks&caller=index
provides links to useful web sites.

For FLP-related historical directives, including notices and Administrative Notices, click **http://www.fsa.usda.gov/FSA/flpNotices?area=newsroom&subject=landing&topic=foi-er-flp**.

2 Related References (Continued)

C State Supplements

See Exhibit 4 for State supplements required by this handbook. SED's are authorized to issue State supplements to this handbook in addition to State supplements listed in Exhibit 4.

Note: Additional State supplements may:

- **not** be issued to simply state verbatim, policies already established in the national handbook
- be issued:
  - when the national handbook does not provide complete guidance
  - to provide additional guidance for employees with limited experience
  - when State law requirements are not specifically addressed in the national handbook.

SED's shall:

- issue required supplements, and any additional supplements, according to 1-AS, paragraph 216
- obtain approval of State supplements according to 1-AS, paragraph 220
- ***--**submit for prior approval State supplements requiring the use of State-modified national forms and State-created forms

  Exception: State-specific FSA-2029's do not require issuance of State supplement.

- follow guidance in subparagraph 3 H for clearance of State modified national forms and State-created forms.**--***

3 FLP Forms

A Form References

--**Except as provided in this paragraph, this handbook references forms according to the forms numbering system that became effective December 31, 2007. Forms executed before**-- December 31, 2007, may have a number different from that referenced. See Exhibit 5 for a comparison of form numbers before and after December 31, 2007.

Note: See Exhibit 1 for titles of forms referenced in this handbook.

With the exception of FSA-2510, FSA-2512, and FSA-2514, form numbers are not referenced in CFR (**bold**) text. CFR refers to forms by either:

- the common name of the form

  Example: CFR may state "a promissory note" instead of stating "FSA-2026".

- purpose or the information collected.

  Example: CFR may state "a conservation contract" instead of stating "FSA-2535".

This handbook may refer to the following forms by title and/or form number.

Form Number	Form Title
FSA-2026	Promissory Note
FSA-2543	Shared Appreciation Agreement

B FSA-2029

All references to FSA-2029 within this handbook are intended as a reference to the applicable State-specific Mortgage or Deed of Trust. State-specific Mortgages or Deeds of Trust are available on the FFAS Employee Forms/Publications Online Website at **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html** and are numbered FSA-2029 "ST".

Notes: "ST" represents the appropriate State acronym.

SED is not required to issue a State supplement for the State-specific version of FSA-2029.

C Notary Acknowledgement

Forms do not include preprinted text for the Notary Acknowledgement because numerous States have State-specific laws establishing required text. Therefore, a fillable text area is provided under the "Acknowledgement" heading. SED's shall issue State supplements providing the appropriate Notary Acknowledgement text to be inserted.

3 FLP Forms (Continued)

D Applicant and Borrower Signatures

Forms completed by applicants or borrowers include a signature box to accommodate multiple signatures. Separate signature lines are not provided because the number of signatures required for an entity applicant or borrower cannot be determined in advance. Instructions for completing forms will provide guidance to applicants or borrowers on signature requirements.

Forms prepared by FSA for the applicant or borrower's signature include a fillable area instead of preprinted signature lines. County Offices shall insert a signature line and the name of each applicant, borrower, entity member, or other individual required to sign the form.

SED's shall issue a State supplement addressing State-specific signature requirements.

*--E State-Modified National Forms

State and County Offices shall use national forms unless their use is prohibited by State law. In such cases, the State Office may modify the national form. Follow guidance in subparagraph H for obtaining clearance for State-modified national forms.

Note: State-modified national forms based on national forms will be made available on**--*** the FFAS Employee Forms/Publications Online Website at **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html** with the same form number as the national form, followed by the State acronym.

3 FLP Forms (Continued)

F State-Created Forms

State Offices may create forms, as necessary, when a national form is not available. State-created forms shall be assigned a 5-digit number establishing linkage to the appropriate FLP handbook, followed by the State acronym, according to the following.

IF the form pertains to…	THEN the form number shall be…
more than one FLP handbook	FSA-2000-1 ST, FSA-2000-2 ST, FSA-2000-3 ST, etc.
1-FLP	FSA-2100-1 ST, FSA-2100-2 ST, FSA-2100-3 ST, etc.
2-FLP	FSA-2200-1 ST, FSA-2200-2 ST, FSA-2200-3 ST, etc.
3-FLP	FSA-2300-1 ST, FSA-2300-2 ST, FSA-2300-3 ST, etc.
4-FLP	FSA-2400-1 ST, FSA-2400-2 ST, FSA-2400-3 ST, etc.
5-FLP	FSA-2500-1 ST, FSA-2500-2 ST, FSA-2500-3 ST, etc.
6-FLP	FSA-2600-1 ST, FSA-2600-2 ST, FSA-2600-3 ST, etc.

Notes: "ST" represents the appropriate State acronym.

--**Before using State-created forms imposing information collections on 10 or more**-- persons per year, State Offices shall work with the National Office to obtain OMB approval.

--**State-created forms will be made available on the FFAS Employee Forms/Publications Online Website at **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html**.**--

*** * ***

G Other Sources of Forms

FSA does not provide forms that establish an agreement or contract between applicants/borrowers and third parties only, such as leases. Advise applicants/borrowers to obtain such forms from other sources, such as Extension Service, on-line services, attorney, etc.

3 FLP Forms (Continued)

*--H Clearance of State-Modified National Forms and State-Created Forms

The following provides guidance on obtaining approval of State-modified and State-created forms.

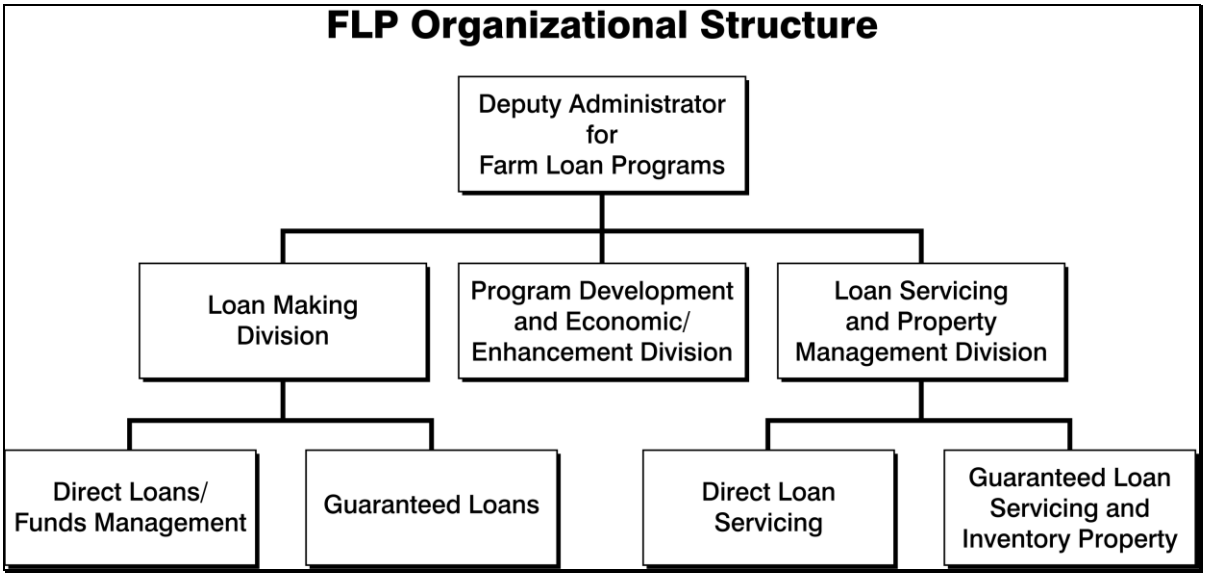
Instrument	State Office Action	National Office Action
New State-modified and State-created forms.	In SDMS, submit the following for prior approval: • State supplement that requires using the form **Note:** Submit separately all the State supplements for forms in the 2000 series. • electronic or scanned copy of National or State-created form, providing modifications needed • revised instructions for completion for National form, if applicable; or instructions for completion for State-created form. **Notes:** Include margins, font size, and any other specific requirements for forms that will be filed. State-obtained OGC approval of form may be requested during National Office review.	• Coordinate the development of the form with the appropriate National Office area. • Review and ensure nondiscrimination, privacy act, and public burden statements are included, as needed. • Send proposal to State for approval. • Coordinate uploading form and instructions for completion to **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html** when state supplement is approved.
Existing State-modified and State-created forms	In SDMS, submit the following for prior approval: • electronic or scanned copy of form indicating needed changes • electronic or scanned copy of instructions for completion, as needed • State supplement that requires using the form, **only** if changes are needed.	• Review and ensure that current nondiscrimination, privacy act, and public burden statements are included, as needed. • Send proposal to State for approval. • Coordinate uploading form and instructions for completion to **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html**.

--*

4 FLP Organizational Structure

A National Office FLP Organizational Structure

The following is the National Office FLP organizational structure.



B Contacts for the Office of the Deputy Administrator

The following provides the address for the Office of the Deputy Administrator.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP STOP 0520 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520	USDA FSA DAFLP ROOM 3605 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520

Note: County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

The following provides names, titles, and telephone and FAX numbers for the Office of the Deputy Administrator.

Office of the Deputy Administrator FAX Number 202-690-3573		
Name	**Title**	**Phone Number**
Chris Beyerhelm	Deputy Administrator	202-720-4671
James F. Radintz	Assistant Deputy Administrator	202-720-4671
* * *	* * *	* * *
Lisa Slade	Secretary to the Deputy Administrator	202-720-4671
* * *	* * *	* * *

4 FLP Organizational Structure (Continued)

C LMD Contacts

The following provides names, address, and telephone and FAX numbers for LMD.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LMD STOP 0522 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0522	USDA FSA DAFLP LMD ROOM 3629 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0522

Note: County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

LMD FAX Number 202-720-6797		
Office of the Director		
Name	**Title**	**Phone Number**
* * *	* * *	* * *
Kenneth Hill	Assistant to the Director	202-720-5199
Shanita Staten	Program Assistant	202-720-3889
Direct Loans/Funds Management Branch		
Connie Holman	Branch Chief	202-690-0756
Sandra Hammond	Senior Loan Officer	202-720-1647
Dan Jackson	Senior Loan Officer	202-720-0588
Joseph Marcoccia	Senior Loan Officer	202-401-0087
Mike Moore	Senior Loan Officer	202-690-0651
Jerry Moseman	Senior Loan Officer	202-690-4006
Carrie Novak	Senior Loan Officer	202-720-1643
Ann Smith	Senior Loan Officer	202-720-1656
Anne Steppe	Senior Loan Officer	202-690-4017
Guaranteed Loans Branch		
Randi Sheffer	Branch Chief	202-205-0682
Steve Ford	Senior Loan Officer	202-304-7932
Brad Johnson	Senior Loan Officer	202-720-5847
Tracy Jones	Senior Loan Officer	202-720-6771
Trent Rogers	Senior Loan Officer	202-720-1657

4 FLP Organizational Structure (Continued)

D PDEED Contacts

The following provides names, address, and telephone and FAX numbers for PDEED.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP PDEED STOP 0521 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0521	USDA FSA DAFLP PDEED ROOM 3622 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0521

Note: County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

PDEED FAX Number 202-690-3573		
Name	**Title**	**Phone Number**
Courtney Dixon	Director	202-720-1360
William Cobb	Deputy Director	202-720-1059
Thomas Dobbin	Chief Appraiser	208-378-5671
Linda Baldwin	Document Control Technician	202-720-5489
Lorraine Campbell	Senior Writer/Editor	202-690-2850
Niki Chavez	Senior Loan Officer	202-690-6129
Gene Christie	Senior Loan Officer	202-690-2517
***--**Robert Fleming	Lead Review Appraiser-Southeast	803-435-2201, Ex. 103
Pixie Greer	Senior Loan Officer	202-720-1652
Jennifer Haley	Program Analyst	202-720-9898
Donald Howard	Lead Review Appraiser-West	503-692-1973, Ex. 238
Mike Ittel	Lead Review Appraiser-Midwest	320-251-7800, Ext. 117
Teresa Martin	Program Analyst	202-690-0431
Dirk Nysveen	Senior Loan Officer	701-893-2239
Sheila Oellrich	Program Analyst	202-720-2990
Marquita Peoples	Program Analyst	202-720-8320
Chris Tarr	Lead Review Appraiser-Northeast	315-568-6124, Ext. 104**--***

4 FLP Organizational Structure (Continued)

E LSPMD Contacts

The following provides names, address, and telephone and FAX numbers for LSPMD.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LSPMD STOP 0523 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523	USDA FSA DAFLP LSPMD ROOM 3627 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523

Note: County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

Office of the Director FAX Number 202-720-5804		
Name	**Title**	**Phone Number**
Michael R. Hinton	Director	202-720-1984
Craig Nehls	Deputy Director	202-720-1984
Michael Cumpton	Assistant to the Director	202-690-4014
Vera Harris	Division Secretary	202-720-1984
Brenda McNeill	Program and Management Assistant	202-720-4572
Direct Loan Servicing Branch FAX Number 202-720-5804		
Bruce Mair	Branch Chief	202-720-1645
Jacqueline King	Program Analyst	202-720-2820
Jenny Breece	Senior Loan Officer	202-690-4011
Rebecca Deaton	Senior Loan Officer	202-690-2854
Richard Cardona-Diaz	Senior Loan Officer	202-720-0078
Mary Durkin	Senior Loan Officer	202-720-1658
Sharilyn Hashimoto	Senior Loan Officer	202-720-2743
Jonathan (Lee) Nault	Senior Loan Officer	202-720-6834
Rick Stewart	***--**Senior Loan Officer**--***	202-720-1654
Gary Wheeler	Senior Loan Officer	202-690-4021
Tamara Wilson	Senior Loan Officer	202-690-4012

4 FLP Organizational Structure (Continued)

E LSPMD Contacts (Continued)

Guaranteed Loan Servicing and Inventory Property Management Branch FAX Number 202-720-5804		
Name	**Title**	**Phone Number**
Jeff King	Branch Chief	202-720-1651
Polly Anderson	Senior Loan Officer	202-720-2558
Patricia Elzinga	Senior Loan Officer	202-690-1729
Sharon Harris	Senior Loan Officer	202-401-0191
Marilyn Meese	Senior Loan Officer	202-690-4002
Theresa Null	Senior Loan Officer	202-720-7862
--**Cynthia Van Nostrand**--	Loan Officer	202-720-0900

5 FLOO Contacts

A FLOO Contact List

The following provides the address for FLOO.

For USPS delivery	For FedEx or UPS delivery
USDA FARM SERVICE AGENCY FARM LOAN OPERATIONS OFFICE BLDG 103 PO BOX 200003 SAINT LOUIS MO 63120-0003	USDA, Farm Service Agency Farm Loan Operations Office 4300 Goodfellow Blvd, Bldg 103, 2nd Floor St. Louis, MO 63120-1703

The following provides names, titles, and telephone numbers for FLOO.

Name	Title	Phone Number
Main Line		314-679-6800
Mark McKinley	FLOO Chief	314-679-6810
Sharon Sachs	Accountant	314-679-6804

Subparagraphs B through D provide contact information for employees within the Program Reporting Group, Loan Servicing Group 1, and Loan Servicing Group 2.

5 FLOO Contacts (Continued)

B Program Reporting Group

The following provides names, titles, and telephone and FAX numbers for the Program Reporting Group.

Program Reporting Group - ECM FAX Number 314-457-4478		
Name	**Title**	**Phone Number**
Karen Campbell	Group Chief	314-679-6861
Mariella Harstick	Accountant	314-679-6863
Wyvone Haymon	Accountant	314-679-6864
Katina Mims	Accountant	314-679-6833
Karen Johnisee	Financial Specialist	314-679-6865
Deborah Marcano	Financial Specialist	314-679-6866
Charles Spencer	Accountant	314-679-6868
Borrower Inquiry Line		800-428-9643

C Loan Servicing Group 1

The following provides names, titles, telephone and FAX numbers, and State assignments for Loan Servicing Group 1.

Loan Servicing Group 1 - ECM FAX Number 314-457-4539			
Name	**Title**	**Phone Number**	**State Assignments**
Germaine Jones	Group Chief	314-679-6820	
Keith Davis	Accountant	314-679-6825	
* * *	* * *	* * *	
Paul Quante	Accountant	314-679-6836	
Marquettia Young	Accountant	314-679-6827	
Carrie Jackson	Lead Accounting Technician	314-679-6830	All States
Jeanette Broeckling	Accounting Technician	314-679-6823	AR, AZ, LA, MS, NE
Yvonne Collins-Myers	Accounting Technician	314-679-6824	CT, FL, ID, KY, UT
Kathleen Farid	Accounting Technician	314-679-6826	DE, IN, ME, OR, WY
Mary Jordan	Accounting Technician	314-679-6831	CO, GA, IL, MA, MI
Lawrence Mullen	Accounting Technician	314-679-6834	IA, KS, MO, SC, WDC
Susan Pennock	Accounting Technician	314-679-6835	AL, CA, MD, MN, MT

5 FLOO Contacts (Continued)

D Loan Servicing Group 2

The following provides names, titles, telephone and FAX numbers, and State assignments for Loan Servicing Group 2.

Loan Servicing Group 2 – ECM FAX Number 314-457-4539			
Name	**Title**	**Phone Number**	**State Assignments**
Stokes, Deborah	Group Chief	314-679-6840	
* * *	* * *	* * *	
Nunnery, Betty	Accountant	314-679-6850	
Randolph, Lisa	Accountant	314-679-6851	
White, Kathryn	Accountant	314-679-6837	
Bennett, Randall	Lead Accounting Technician	314-679-6842	All States
Harris, Timothy	Accounting Technician	314-679-6843	AK, HI, ND, TX, WP, VI
Lee, Barbara	Accounting Technician	314-679-6846	NM, PR, SD
Logan, Kyle	Accounting Technician	314-679-6847	OK, PA, VA, WV
Luster, Byron	Accounting Technician	314-679-6848	NV, NJ, NY, NC, OH, RI, WA
Willman, Linda	Accounting Technician	314-679-6853	NH, TN, VT, WI

6-20 (Reserved)

Part 2 FLP Authorities

21 Overview

A Purpose

This Part provides information and guidance on:

- FSA's authority to administer FLP
- delegating loan approval, loan servicing, and appraisal authorities
- redelegating SED authority
- maximum loan approval authority by grade and position
- maximum loan limits.

B Program Authority

CONACT, Section 339 provides the Secretary of Agriculture authority to issue regulations and make delegations of authority as necessary to administer FLP. The Secretary delegated FLP authorities to the Under Secretary for FFAS in 7 CFR 2.16. The Under Secretary further delegated these authorities to the FSA Administrator in 7 CFR 2.42. The Administrator delegates authorities to SED's, as applicable.

[7 CFR 761.1] (a) The Administrator delegates the responsibility to administer Farm Loan Programs of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) to the Deputy Administrator for Farm Loan Programs subject to any limitations established in 7 CFR 2.16 (a) (2) and 7 CFR 2.42.
(b) The Deputy Administrator may:
(1) Redelegate authorities received under subparagraph (a); and
(2) Establish procedures for further redelegation of authority.

CONACT, Section 376 provides the Secretary of Agriculture authority to use CED's to make and service FLP loans to the extent CED's have been trained to do so.

22 General Delegation Requirements

A General Provisions

The following general provisions apply to FLP delegations of authority.

- SED shall consult with FLC before issuing, revising, or revoking delegations of authority.

- Authority should be delegated to the lowest level possible, consistent with employee training and experience, program requirements, and available resources.

- All delegations of authority must be in writing; the format provided in subparagraph B may be used.

  Note: When a delegation is made to a specific individual, a specific memorandum must be sent to that person, with copies maintained in the appropriate files. However, if SED delegates a position, such as "All District Directors" or "All FLP Specialists", then a State Supplement to the handbook should be issued establishing the delegation. Only positions should be used and not individual names.

- An employee who has been delegated an authority listed in Exhibit 7, may not redelegate their authority to another employee.

  Note: This does not apply when designating acting officials.

- Once authority is delegated, it is retained until revised or revoked according to subparagraph C.

  Notes: See subparagraph 27 A for information about the impact of a change in grade or position on loan approval authority.

  --**A new delegation of authority is not required when SED, FLC, or FLM who issued the original delegation changes. The new SED, FLC, or FLM may**-- modify delegations according to subparagraph C.

22 General Delegation Requirements (Continued)

B Sample Delegation Letter

The following letter may serve as a template for delegating authority.

To: Name
Title

Subject: Delegation of Authority

In my authority as **(Title of Delegator)**, I hereby delegate to you the following authority(ies):

- _____
- _____
- _____.

This/these delegation(s) will continue until revoked or revised in writing.

(Signature)

(Title)

(Date)

cc: State Office (2 copies)

C Revising and Revoking Delegated Authority

--**SED, FLC, or FLM may revise or revoke any authority they have delegated to an employee as justified by the employee's performance and need for the authority. FLM or FLC may**-- not revise or revoke any authority delegated by SED. Any revision or revocation of authority must be in writing. When an individual's authority is reduced or revoked, the employee must be given specific reasons for the action.

23 State Office and Service Center Authorities

A Overview

FSA's decisions to approve or reject a loan or servicing request have broad implications for the applicant or borrower and FSA. These decisions affect the applicants' lives, the achievement of program objectives, and FSA's risk exposure. Therefore, it is imperative that certain authorities be limited to those employees who have met the training and experience requirements and have been formally delegated authority.

B State Office Employees

FLP authorities, except those in Exhibit 7, subparagraph A, are inherent to the position for *****--FLC, FLS, and DD. FLC may delegate authorities in Exhibit 7, subparagraph B to AS, LOA, or LRS, who have demonstrated experience and have received adequate training.

C Service Center Employees

FLP authorities, except those in Exhibit 7, subparagraph A, are inherent to the positions of FLM and SFLO. FLM and SFLO may delegate authorities in Exhibit 7, subparagraph B to FLO, LOA, or PT.--*****

Authorities listed in Exhibit 7, subparagraph B may be delegated to other Service Center employees, if necessary, based on the State organizational structure, as follows:

- FLM, in consultation with CED, may delegate authorities to CO PT's

- SED, in consultation with FLC, may delegate authorities to CED's who are deemed by them to have demonstrated experience and have received adequate training.

23 State Office and Service Center Authorities (Continued)

D Acting Officials

Acting officials, other than SED, have the inherent authorities of their regular position and the inherent authorities of the acting position, unless otherwise restricted on the designation document. An acting designation does not increase an employee's loan approval authority.

***--**However, SED may increase the loan approval authority of FLO-GS-11 who is acting FLM for an extended period of time, because of a vacancy or illness, to that of FLM-GS-11 or FLM-GS-12 level, if justified by the employee's performance and FSA's need.

The loan approval authority for employees temporarily promoted, according to 3-PM, paragraph 47, will increase for the duration of the temporary promotion.**--***

Acting SED is authorized to approve:

- loans up to the maximum limits established in subparagraph 29 D
- actions which will result in a loss to the Government.

Note: The acting FLM will be designated according to 16-AO, subparagraph 287 E.

The following letter may serve as a template for designating acting officials.

To: Name
Title

Subject: Delegation of Authority

You are hereby designated to serve as Acting (**Title of Delegator**), from (**Starting Date**) to (**Ending Date**). I hereby delegate to you all rights, privileges, and powers of the position (except the following:

- _____
- _____
- _____.)

(Signature)

(Title)

(Date)

cc: State Office (2 copies)

23 State Office and Service Center Authorities (Continued)

E Limitations on Inherent Authorities

SED must:

- provide a State Office employee, FLM, or SFLO written notification of any limitations on inherent authorities
- limit inherent authorities of employees selected as DD, FLS, FLM, or SFLO who have not completed required training.

F Redelegating SED Authorities

***--**SED's may redelegate their:

- loan approval authority to FLC, FLS, or DD
- authority to allow the use of a restricted appraisal report to the designated State staff appraiser
- authority to approve subordinations, or release of refinancing lien instruments instead of subordinations, to FLC, FLS, or DD
- authority to approve surface leases for farm property no longer in use (such as old barns) or for nonfarm purposes (such as wind turbines, communication towers, or other similar installations) to FLC, FLS, or DD.

SED's may **not** redelegate their authority to:

- approve any action that will result in a loss to the Government
- approve subordination of real estate security for operating-type loan purposes
- approve release of chattel or real estate security with no compensation
- request an Administrator's exception.**--***

24 Delegating Appraisal Authority

A General Requirements

Only SED's may delegate appraisal authority according to Exhibit 7, subparagraph A. SED's may delegate appraisal authority to FSA employees who have completed the required training and have the necessary experience.

B Chattel Appraisals

SED may delegate chattel appraisal authority to employees who have completed the training requirements in subparagraph 145 A.

C Real Estate Appraisals Involving Transactions of $100,000 or Less

SED may delegate authority to prepare real estate appraisals when the total credit transaction is less than $100,000 to employees who have completed the training requirements in subparagraph 146 C.

D Administrative Appraisal Reviews

SED may delegate authority to complete administrative appraisal reviews to employees who have completed the training requirements in subparagraph 143 B.

25 Delegating Loan Approval Authority

A Receiving Approval Authority

*****--Loan approval authority must be obtained by:

- employees hired as FLO's
- employees who have not been previously delegated loan approval authority and are selected for a DD or FLS position
- CED's designated to obtain loan approval authority according to subparagraph C.

To obtain loan approval authority, employees must:

- complete Phase 1 of the FLOT program according to 6-PM, Part 13
- complete Phase 2 of the FLOT program by submitting the following number of independently prepared files that meet the State-established credit quality standards.
  - FLM's, SFLO's, FLO's, and CED's must meet the State credit quality standards on a minimum of 5 files, but not more than 7 files, submitted to meet this requirement, of which at least 2 files must be term loans.
  - FLOT's and CED's working toward obtaining loan approval authority shall:
    - be required to submit additional loan files meeting the State credit quality standards, until the trainee demonstrates the ability to make good credit decisions and analyze the operation proficiently

      Note: The trainer, DD, and FLC will establish the number of files required.

    - be placed on OTI or PIP, as appropriate, if the trainee fails to pass 3 of the maximum 7 independently prepared loan files

      Note: If the trainee is placed on OTI or PIP because of failure to pass the independently prepared loan files, this action must be documented in the "Comments" section of FLOTRACK.

    - submit, at the end of OTI or PIP, a new set of loan files that meet the State credit quality standards.

      Note: If the trainee again fails to pass 3 of the maximum 7 independently prepared loan files, follow 6-PM, subparagraph 198 D to determine the next action.**--***

25 Delegating Loan Approval Authority (Continued)

A Receiving Approval Authority (Continued)

- DD's and FLS's must meet the State credit quality standards on a minimum of 3 files of which at least 1 must be a term loan. Not more than 4 files may be submitted to meet this requirement. In addition, DD's and FLS's must submit a minimum of 4 acceptable file reviews. Not more than 6 file reviews may be submitted to meet this requirement.

***--Note:** When recording trainee file reviews in FLOTRACK Docket information, note "File Review" in the "Comments" line.

- The files submitted for review must be of sufficient complexity to reflect the ability to make good credit decisions and analyze an applicant's or borrower's operation. The files submitted must include all of the following types of loans:**--***

  - direct loans

    Note: Do not submit youth loans.

  - guaranteed loan applications from SEL only

  - PLS applications.

    Notes: In cases where SEL and PLS applications are not available, FLC may substitute direct loans, excluding youth loans, to meet this requirement.

    --**Document file substitutions for trainees in the "Comments" section of FLOTRACK.**--

    Files submitted for review may include credit actions recommended for approval or rejection.

- DD's without existing FLP approval authority have 1 calendar year from assuming the position of DD to complete the required training and all testing and an additional ***--**6 months to be delegated loan approval authority.

  Note: For guidance on requesting an extension of time to complete Phase 1 or Phase 2, see 6-PM, subparagraph 198 B.

B Failure to Receive Loan Approval Authority

Follow 6-PM, subparagraph 198 D if an employee whose position description requires the employee to obtain loan approval authority, does not successfully meet the criteria in subparagraph A.**--***

25 Delegating Loan Approval Authority (Continued)

C CED Loan Approval Authority

SED's, in consultation with FLC and the appropriate DD, may designate CED's to obtain loan approval authority if CED:

- agrees to maintain competency with ongoing FLP activity

- ***--**while completing the FLOT program and working toward obtaining loan approval authority, agrees to have added to the performance plan under Program Management, Execution of Duties, or similar element the following standard, "Successfully completes assigned training and training activities within established timeframes"**--***

- is able to perform the duties according to 27-PM, Exhibit 4.4

  Note: 27-PM, Exhibit 4.4 will be attached to the CED's position description when loan approval authority has been delegated.

- completes the formal FLOT program

- meets the requirements established in subparagraph A.

***--**CED's, who held FLP loan approval authority **within** the previous 12 months immediately before the SED designation, may submit a statement requesting waiver of additional training. SED, in consultation with FLC and DD, shall determine any training required before CED is delegated loan approval authority.

CED's, who held FLP loan approval authority but **not** within the previous 12 months immediately before the SED designation, must submit the number of independently prepared files required under subparagraph A. SED, in consultation with FLC and DD, shall evaluate the CED's knowledge of **current** FLP loan requirements, financial analysis, and FBP to determine required training before CED is delegated loan approval authority.**--***

D Circumstances for Designating CED's

SED's, in conjunction with FLC, should identify areas of their State that could justify and benefit from CED having loan approval and servicing authority.

The office or area where CED would be designated by SED to obtain loanmaking and loan servicing approval authority must meet both of the following conditions.

- Direct and/or guaranteed caseload in the office or area is high, complex, or geographically challenging and FLM, SFLO, or FLP team servicing the office or area needs additional help.

  Notes: The requirement established in subparagraph 27 D shall be considered when evaluating this condition.

25 Delegating Loan Approval Authority (Continued)

D Circumstances for Designating CED's (Continued)

--**FLM or SFLO is responsible for managing loanmaking and loan servicing activity in Service Centers considered to be Type 1 offices when CED with loan approval authority is headquartered in the office.**--

- CED has sufficient time for additional responsibilities required to obtain and maintain loanmaking and loan servicing authority without negatively impacting CED's current farm program obligations.

E COC Concurrence

COC will be required to concur in writing:

- with the additional FLP responsibilities that CED will be incurring

- ***--**that while CED is completing the FLOT program and working toward obtaining loan approval authority, has added to the performance plan under Program Management, Execution of Duties, or similar element the following standard, "Successfully completes assigned training and training activities within established timeframes".

F National Office Approval for CED's Receiving Loan Approval Authority

SED's shall submit FSA-2127 to the National Office to request approval for all CED's designated to obtain loanmaking and loan servicing authority by e-mailing the completed FSA-2127 to Teresa Martin, National Office FLOT Coordinator, at **teresa.martin@wdc.usda.gov**.

The National Office FLOT Coordinator will notify SED when DAFO and DAFLP approval has been granted.**--***

26 Delegating Loan Servicing Authority

A Delegations to FLO

FLM or SFLO may delegate loan servicing authorities to FLO according to Exhibit 7, subparagraph B. Loan servicing authorities shall not be delegated until FLO has successfully completed the FLO training program.

B Delegations to PT

FLM or SFLO may delegate loan servicing authorities to PT, who has the appropriate training and experience, according to Exhibit 7, subparagraph B.

26 Delegating Loan Servicing Authority (Continued)

C Delegations to CED

See 27-PM, Exhibit 4.4 for FLP responsibilities that may be performed by CED's designated by SED to obtain loan servicing authority.

*--D Delegations to AS, LOA, and LRS

FLC, FLM, or SFLO may delegate loan servicing authorities to AS, LOA, or LRS who has the appropriate training and experience, according to Exhibit 7, subparagraph B.--*

27 Maintaining Approval Authority

A Employee Who Accepts New FLP Position Within the State

When an FLP employee with loan approval and servicing authority accepts a new FLP position within the State, a new delegation of authority is not required.

Loan approval authority is automatically increased when the employee's grade increases, unless:

- SED issues a new delegation of authority limiting the authority
- the original delegation of authority established limitations on approval authority.

B Hires With Prior Loan Approval Authority in Another State

Employees who held FLP loan approval authority for at least 1 year immediately before the selection to the new position, may submit a copy of the previous delegation letter, and a statement from the previous FLC, reflecting the quality of docket reviews based upon credit quality review guidelines.

This information shall be used to establish the following:

- necessary actions for obtaining FLP loan approval in the new State

- number of dockets to be submitted in the new State to determine whether approval authority should be delegated to the employee.

New employees who did not hold FLP loan approval authority for at least 1 year immediately before the selection to the position, must submit the number of independently prepared files required under subparagraph 25 A. SED, in consultation with FLC, shall determine any training required for the employee to be delegated approval authority.

27 Maintaining Approval Authority (Continued)

C FLM's, SFLO's, FLO's, and CED's Maintaining Loan Approval Authority

After loan approval and servicing authority is granted, FLC's will continue to monitor the loan making and servicing activities of employees to ensure that loan making and servicing actions meet the established State credit quality standards.

This will require that FLM's, SFLO's, FLO's, and CED's submit files that meet the credit quality standard established by SED and FLC in subparagraph 28 A, on a sufficient number of independently prepared files to show continued proficiency. Each State will set a minimum number, no less than 3, of files that must meet the standard. The files submitted for review must be of sufficient complexity to reflect the ability to make good credit decisions and analyze an applicant's or borrower's operation. Files submitted must meet the requirements in subparagraph 25 A.

D CED's Maintaining Responsibility for FLP Activities

SED, in conjunction with FLC, must determine whether circumstances warranting the granting of loan approval to CED continue to exist according to subparagraph 25 D. If the circumstances warranting the granting of loan approval authority no longer exist, CED should be advised their loan approval authority will be suspended. Suspension of loan approval authority based on these circumstances will not be considered as a performance issue.

CED's, with only loan servicing responsibilities, will be required at a minimum to service 10 case files according to their servicing authorities each year.

To meet the minimum number of files required each year, CED may be required to process cases outside of their immediate County Office area.

Note: Actions that may be counted include, but are not limited to the following:

- PLS
- disaster set-aside
- subordinations
- partial releases.

***--**DD will be responsible for tracking the number of case files on which CED completed loan servicing actions.

E Failure to Maintain Loan Approval Authority

Follow appropriate PM directives for guidance if an employee, whose position description requires the employee to maintain loan approval authority, does not successfully meet the criteria in subparagraphs C and D.**--***

28 Establishing Credit Quality Standards

A Credit Quality Reviews

SED, after consulting with FLC, shall issue a State supplement establishing the method and standards, including what constitutes an acceptable score, for monitoring and evaluating the State's credit quality standards. The supplement must identify the minimum and maximum number of files that will be reviewed, as well as the frequency of credit quality reviews to obtain and maintain loan approval and servicing authority. These credit quality reviews will determine whether an employee's loan approval and/or servicing authority will be granted, revised, limited, or revoked.

Note: The State supplement must specify that if the office being reviewed made any loans using ARRA funds, a minimum of 1 file that used ARRA funds must be included in credit quality reviews.

In developing credit quality standards and completing reviews, States may use FSA-2103, ***--**FSA-2104, FSA-2119, FSA-2129, or any other alternative evaluation guide provided, and,**--*** at a minimum, must include the critical items from each of the following:

- FSA-2103, items 2M, 2Q, 2S, and 2U
- FSA-2104, items 2A, 2H, and 2I
- FSA-2119, items 2A, 2B, 2H, 2J, and 2M.
- ***--**FSA-2129, items 2M, 2Q, and 2S.**--***

Each quarter FLC will review at least 2 restructured accounts, if available, to ensure that they are processed correctly. These reviews will be completed in conjunction with or in addition to reviews completed under subparagraph 27 C.

--Notes:** All completed FSA-2103's, FSA-2104's, FSA-2119's, FSA-2129's, and/or**-- alternative evaluations must be filed in operational file FLP 1-4. No original or copy will be filed in the borrower case file.

SED should take into consideration available staff and resources when developing the credit quality review process. SED and FLC may:

- consider establishing a credit quality team in the State Office or using existing FLP underwriting staff with loan approval and servicing authority, if resources are available

- want to consider establishing the process on a district or FLP team basis.

All employees completing credit quality reviews must have approval authority and a good background in loan making and servicing.

28 Establishing Credit Quality Standards (Continued)

B Continuing Education Requirements

Beginning in FY 2014, FLP continuing education shall become mandatory annual training for all employees with loan approval authority. SED shall:

- add the requirement for completing continuing education to the State supplement that addresses the State's credit quality standards

- ***--**monitor AgLearn to ensure that required continuing education released the previous FY was completed by employees with loan approval or servicing authority at the time credit quality reviews are conducted.**--***

  Note: Failure to complete the required continuing education courses will result in a failed credit quality review.

29 Maximum Loan Authorities

A OL, FO, CL, and EM Program Loan Limitations

Limitations on maximum loan amounts for OL, FO, and EM are established in CONACT. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 (Pub. L. 105-277), amended the limitations applicable to guaranteed OL and FO by providing for an annual adjustment based on the rate of inflation applicable to FY.

[7 CFR 761.8 (a)] The outstanding principal balances for a farm loan applicant or anyone who will sign the promissory note cannot exceed any of the following at the time of loan closing or assumption of indebtedness. If the outstanding principal balance exceeds any of the limits at the time of approval, the farm operating plan must reflect that funds will be available to reduce the indebtedness prior to loan closing or assumption of indebtedness.

(1) Farm Ownership, Down payment loans, Conservation loans, and Soil and Water loans:

(i) Direct--$300,000;

(ii) Guaranteed--$700,000 (for fiscal year 2000 and increased at the beginning of each fiscal year in accordance with paragraph (b) of this section) (subparagraph B)**;**

Notes: FY 2014 loan limit is $1,355,000.

This limit includes land contract guarantees.

29 Maximum Loan Authorities (Continued)

A OL, FO, CL, and EM Program Loan Limitations (Continued)

(iii) Any combination of a direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, and guaranteed Soil and Water loan-$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B)**;**

Notes: FY 2014 loan limit is $1,355,000.

This limit includes land contract guarantees.

(2) Operating loans:

(i) Direct--$300,000;

(ii) Guaranteed--$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B)**;**

Note: FY 2014 loan limit is $1,355,000.

(iii) Any combination of a direct Operating loan and guaranteed Operating loan--$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B)**;**

Note: FY 2014 loan limit is $1,355,000.

(3) Any combination of guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, and guaranteed Operating loan--$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B)**;**

Notes: FY 2014 loan limit is $1,355,000.

This limit includes land contract guarantees.

(4) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, and guaranteed Operating loan--the amount in paragraph (a)(1)(ii) of this section plus $300,000;

Notes: FY 2014 loan limit is $1,655,000.

This limit includes land contract guarantees.

(5) Emergency loans--$500,000;

29 Maximum Loan Authorities (Continued)

(6) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan--the amount in paragraph (a)(1)(ii) of this section plus $800,000.

Notes: FY 2014 loan limit is $2,155,000.

This limit includes land contract guarantees.

B Adjustment for Guaranteed Loans

[7 CFR 761.8 (b)] The dollar limits of guaranteed loans will be increased each fiscal year based on the percentage change in the Prices Paid by Farmers Index as compiled by the National Agricultural Statistics Service, USDA. The maximum loan limits for the current fiscal year are available in any FSA office and on the FSA website at http://www.fsa.usda.gov.

C Line of Credit Advances

[7 CFR 761.8 (c)] The total dollar amount of guaranteed line of credit advances and income releases cannot exceed the total estimated expenses, less interest expense, as indicated on the borrower's cash flow budget, unless the cash flow budget is revised and continues to reflect a feasible plan.

A Standard Eligible Lender must obtain Agency approval before issuing future year's funds according to 2-FLP, subparagraph 265 C. Approval may be provided by any Agency official with loan approval authority, and is not subject to the maximum loan limits established in subparagraph D.

Note: PLP and CLP lenders may provide future years' funds without prior FSA approval.

D Official Loan Approval Limitations for OL, FO, CL, and EM

The following identifies the maximum loan approval authority for OL, FO, CL, and EM by grade and title of approval officials at the time of loan closing. All loan approval limitations include the loan being made plus any outstanding principal balances owed by anyone who will sign the promissory note. For LOC's, the maximum amount of the LOC ceiling will be considered the outstanding principal balance. An approval official cannot approve or reject a loan request that will exceed the official's approval authority at the time of loan closing. The official must forward the loan and recommendations to the appropriate approval official for action.

CO County Office employees who have loan approval authority may not exceed the authority of the equivalent grade FLO or FLM.

29 Maximum Loan Authorities (Continued)

D Official Loan Approval Limitations for OL, FO, CL, and EM (Continued)

Type of Loan	FLO			FLM, DD, FLS, FLC, or Senior FLO	SED
	GS-7	GS-9	GS-11	GS-11/12/13	
Maximum approval by assistance type – limitation I					
Guaranteed OL	$100,000	$200,000	$400,000	$700,000	*--$1,355,000
Direct OL	$50,000	$100,000	$175,000	$225,000	$300,000
Guaranteed FO+SW+CL	$0	$175,000	$400,000	$700,000	$1,355,000
Land Contract Guarantee	$0	$125,000	$150,000	$225,000	$500,000
Direct FO+SW+CL	$0	$125,000	$150,000	$225,000	$300,000
Direct EM	$50,000	$100,000	$150,000	$300,000	$500,000
Maximum approval for combined assistance types – Limitation II					
OL Total Direct & Guaranteed	$100,000	$200,000	$400,000	$700,000	$1,355,000
FO+CL+SW+ Land Contract Total Direct & Guaranteed	$0	$200,000	$400,000	$700,000	$1,355,000
Total approval for multiple assistance types – Limitation III					
OL+FO+CL+SW+ Land Contract Total Direct and Guaranteed	$0	$400,000	$550,000	$850,000	$1,655,000
Total Guaranteed	$100,000	$400,000	$550,000	$850,000	$1,355,000
Total approval for FO, CL, OL, EM and Land Contract – Limitation IV					
OL+FO+CL+SW+EM+ Land Contract Total Direct and Guaranteed	$0	$400,000	$550,000	$850,000	$2,155,000--*

SED, in consultation with FLC, may raise the loan approval authority limits for FLM's and senior FLO's who routinely show a higher than average loanmaking proficiency by the following:

- direct loanmaking, increase up to an additional $50,000
- guaranteed or a combination of direct and guaranteed loanmaking, increase up to an additional $200,000.

SED, after consulting with FLC, shall issue a State supplement establishing the method and standards, including what constitutes higher than average proficiency, for monitoring and evaluating the basis for raising loan approval authorities. This State supplement must be submitted for preapproval.

Note: Loans to employees in a County Office must be approved by the State Office. Loans to State Office employees must be approved by the National Office.

29 Maximum Loan Authorities (Continued)

D Official Loan Approval Limitations for OL, FO, CL, and EM (Continued)

Four loan approval criteria need to be considered when determining whether a loan is within an approval official's authority. Each loan approval decision must meet all applicable criteria. Approval limitation I establishes the maximum by assistance type. Approval limitation II establishes the maximum for combinations of direct and guaranteed by assistance type. Approval limitation III establishes the maximum for combinations of all direct and guaranteed assistance types, except EM. In addition, it provides total guaranteed assistance limits. Approval limitation IV establishes the maximum for combinations of all direct and guaranteed assistance types.

A loan official can determine an applicant eligible when the loan request exceeds the official's loan approval authority at the time eligibility is determined. This decision of eligibility will be reviewed by the approval official at the time of approval. However, a loan official cannot determine an applicant ineligible if the loan request exceeds their approval level at the time the decision is made. They can recommend that the applicant be determined ineligible, but since this determination will result in a loan being rejected it can only be made by an approval official whose approval authority level would allow them to approve the loan.

E Official Loan Approval Limitations for SALP and Emergency Loans for Seed Producers

The following identifies the maximum loan approval authority for SALP and Emergency Loans for Seed Producers by grade and title of approval officials.

	FLO			FLM, DD, FLS, *--SFLO, or--* FLC	
Type of Loan	**GS-7**	**GS-9**	**GS-11**	**GS-11/12/13**	**SED**
Special Apple Loan	$50,000	$100,000	$150,000	$200,000	$200,000
Emergency Loan for Seed Producers	$50,000	$100,000	$150,000	$200,000	Over $200,000

29 Maximum Loan Authorities (Continued)

E Official Loan Approval Limitations for SALP and Emergency Loans for Seed Producers (Continued)

Outstanding loan balances from other direct or guaranteed FLP loans will not affect the amount an applicant is eligible to receive under these programs or the amount an approval official is authorized to approve. Any outstanding SALP or Emergency Loan for Seed Producers loan balances will not affect the amount an applicant is eligible to receive under any other FLP loan program.

F Official Loan Approval Limitations for Nonprogram Loans

The following table identifies the maximum loan approval authority for nonprogram loans by grade and title of approval officials.

Type of Loan	*--FLM, SFLO--* GS-11/12	DD, FLS, or FLC	SED
Real Estate	$400,000	$500,000	Any amount
Chattels	$200,000	$300,000	Any amount
Recreation Loans to Individuals	$175,000	$300,000	Any amount

Note: Approval authority for recreation loans to individuals applies only to property that secured a recreation loan to an individual or farming corporation, not a recreation association.

Outstanding loan balances from other direct or guaranteed FLP loans will not affect the amount an applicant is eligible to receive under nonprogram loans. Any outstanding nonprogram loan balances will not affect the amount an applicant is eligible to receive under any other FLP.

29 Maximum Loan Authorities (Continued)

G Limitations for Loan Servicing Actions

In general, approval authority for loan servicing actions, such as subordinations, and transfer and assumptions, is limited to the approval official's maximum loan approval authority. However, the approval official shall review the appropriate FLP handbook for the specific transaction for further guidance.

Exceptions include the following.

- SED may approve subordinations of any amount unless the total EM indebtedness exceeds $1 million.

- All PLS may be approved by any authorized agency official, except SED must approve PLS if any debt is forgiven.

- Any authorized agency official may approve all Disaster Set-Aside actions.

- For action on debt settlement applications that exceed the approval official's authority, see RD Instruction 1956-B, Exhibit A.

An approval official cannot approve or reject a servicing request that exceeds the official's approval authority. The official must forward the servicing action and recommendations to the appropriate servicing official for action. Approval officials who have not been delegated loan approval authority may not approve these loan servicing actions.

30-40 (Reserved)

Part 3 Miscellaneous Procedures and Systems

41 Nondiscrimination in FLP

A Federal ECOA

FLP must comply with the provisions of ECOA and the implementing regulations of the *--Federal Reserve System published in 12 CFR Part 202, which requires in part, the following notice be included on all adverse decisions.--*

[12 CFR 202.9(b)(1)] The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

B USDA Nondiscrimination Policy

[7 CFR 15d.2(a)] No Agency, officer, or employee of the United States Department of Agriculture shall, on the ground of race, color, religion, sex, age, national origin, marital status, familial status, sexual orientation, or disability, or because all or part of an individual's income is derived from any public assistance program, exclude from participation in, deny the benefits of, or subject to discrimination any person in the United States under any program or activity conducted by the United States Department of Agriculture.

[7 CFR 15d.2(b)] No person shall be subjected to reprisal for opposing any practice prohibited by this part or for filing a complaint or participating in any manner in a proceeding under this part.

41 Nondiscrimination in FLP (Continued)

C ECOA Notice and USDA Nondiscrimination Statement on Adverse Decisions

Include the following combined ECOA notice and USDA nondiscrimination statement on all adverse decision letters.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

--The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)*

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at program.intake@usda.gov.

*Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish). Persons with disabilities, who wish to file a program complaint, please see information above on how to contact us by mail directly or by email. If you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).***--***

41 Nondiscrimination in FLP (Continued)

D Nondiscrimination Statement on Advertisement of Sale for Inventory Property

Include the following nondiscrimination statement on advertisements announcing the sale of inventory property.

--The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)*

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at program.intake@usda.gov.

*Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish). Persons with disabilities, who wish to file a program complaint, please see information above on how to contact us by mail directly or by email. If you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).--******

If the material is too small to permit the full statement to be included, the material will at a minimum include the statement in print no smaller than the text.

"The USDA is an equal opportunity provider and employer."

41 Nondiscrimination in FLP (Continued)

E Nondiscrimination Statement on Materials for Public Information, Public Education or Distribution

Departmental Regulation 4300-3, Equal Opportunity Public Notification Policy, requires that the following nondiscrimination statement be included on all materials produced for public information, public education, or public distribution, such as program fact sheets, brochures, and press releases. The statement shall be in English and languages appropriate to the local population.

--The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.)*

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or e-mail at program.intake@usda.gov.

*Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish). Persons with disabilities, who wish to file a program complaint, please see information above on how to contact us by mail directly or by email. If you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).***--***

If the material is too small to permit the full statement to be included, the material will at a minimum include the statement in print no smaller than the text.

"The USDA is an equal opportunity provider and employer."

41 Nondiscrimination in FLP (Continued)

F Discrimination Complaints

[7 CFR 15d.4(a)] Any person who believes that he or she (or any specific class of individuals) has been, or is being, subjected to practices prohibited by this part may file on his or her own, or through an authorized representative, a written complaint alleging such discrimination. No particular form of complaint is required. The written complaint must be filed within 180 days from the date the person knew or reasonably should have known of the alleged discrimination, unless the time is extended for good cause by the Director of the Office of Civil Rights or his or her designee. Any person who complains of discrimination under this part in any fashion shall be advised of his or her right to file a complaint as herein provided.

[7 CFR 15d. 4(b)] All complaints under this part should be filed with the Director of the Office of Civil Rights, United States Department of Agriculture, Washington, D.C. 20250, who will investigate the complaints. The Director of the Office of Civil Rights will make final determinations as to the merits of the complaints under this part and as to the corrective actions required to resolve program complaints. The complainant will be notified of the final determination on his or her complaint.

Note: If the borrower files a civil rights complaint with FLP personnel, FLP personnel will immediately submit it to CR.

[7 CFR 15d.4(c)] Any complaint filed under this part alleging discrimination on the basis of disability will be processed under 7 CFR Part 15e.

G Processing Loan and Servicing Applications When an Applicant Files a Discrimination Complaint

Under no circumstances will FSA:

- delay the processing of a loan or servicing application pending the outcome of a filed discrimination complaint
- deny a loan or servicing request because a discrimination complaint has been filed
- accelerate or foreclose a loan before a discrimination complaint is closed.

Note: See subparagraph H for guidance on determining if a discrimination complaint has been filed.

41 Nondiscrimination in FLP (Continued)

G Processing Loan and Servicing Applications When an Applicant Files a Discrimination Complaint (Continued)

If an applicant or borrower files, or has filed, a discrimination complaint against the agency official responsible for processing the loan or servicing application, DD or SED will assign a different official to process the request. Processing responsibility may be reassigned to:

- an authorized agency official from either of the following:
  - same district, but a different county
  - another district
- DD.

Note: Reassignment of processing loan or servicing applications is temporary. When the investigation is closed, and if it is determined that discrimination did not occur, the loan or servicing application will be returned to the appropriate office.

H Determining if a Discrimination Complaint Has Been Filed at CR

FLC or designee will contact the National Office by e-mail to ensure that a discrimination complaint has not been filed before borrower account acceleration, again before borrower account foreclosure, and if needed, just before reclassifying debt as CNC. Before:

- acceleration, State Office must contact the National Office for civil rights filing clearance after conclusion of all primary and preservation loan servicing and related appeal rights
- foreclosure, States with:
  - judicial foreclosure, FLC must contact the National Office after account acceleration and before referring the account to OGC for liquidation action

    Note: If a discrimination complaint is filed after referral to DOJ, then DOJ will decide if the foreclosure shall proceed.

  - nonjudicial foreclosure, FLC must contact the National Office after the account has been accelerated and before the collateral is advertised for foreclosure sale
  - reclassifying an account as CNC, State Offices must contact the National Office for civil rights filing clearance.

Note: See Exhibit 12 for *** * *** the process used to determine if a discrimination complaint has been filed and is open at CR.

*** * ***

41 Nondiscrimination in FLP (Continued)

H Determining if a Discrimination Complaint Has Been Filed at CR (Continued)

See Exhibit:

- 13 for information to be included in e-mail to the National Office for civil rights clearance

- 13.5 for instructions on servicing settlement claimants and National Office FLP programmatic reviews.

Discrimination complaints will be processed according to 18-AO, Part 7.

I 2008 Farm Bill Acceleration and Foreclosure Moratorium

[7 CFR 766.358(a)] Notwithstanding any other provisions of this subpart, borrowers who file or have filed a program discrimination complaint that is accepted by USDA Office of Adjudication or successor office (USDA), and have been serviced to the point of acceleration or foreclosure on or after May 22, 2008, will not have their account accelerated or liquidated until such complaint has been resolved by USDA or closed by a court of competent jurisdiction. This moratorium applies only to program loans made under subtitle A, B, or C of the Act (for example, CL, FO, OL, EM, SW, or RL). Interest will not accrue and no offsets will be taken on these loans during the moratorium. Interest accrual and offsets will continue on all other loans, including, but not limited to, non-program loans.

Under the 2008 Farm Bill, there is a moratorium on the acceleration or foreclosure for certain borrowers who have a pending program discrimination complaint, or file a program discrimination complaint that is accepted as valid by OA.

When the State Office is notified by OCR or LSPMD that the borrower has an accepted complaint, it will process DLS Transaction "5G", *** * *** using Descriptive Code "7" to establish the indicator for accounts that may be eligible for a moratorium. The effective date of the "5G" transaction will be the date the complaint was accepted by OA.

Note: State Offices will monitor all accounts flagged "OAC1". The State Office will process DLS Transaction "5H", *** * *** using Descriptive Code "7" at the conclusion of the moratorium.

If the borrower has an accepted complaint at OA and the account is at the point of acceleration or in foreclosure, interest will not accrue and no offsets will be taken on any CL's, FO's, SW's, RL's, OL's, and EM's and any recoverable costs associated with these loans.

The moratorium will end on the date the claim is resolved.

If any requests for debt settlement or payoff during the moratorium are received, contact LSPMD.

41 Nondiscrimination in FLP (Continued)

***--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)**

For the purpose of the 2008 Farm Bill noted in this subparagraph:

- FSA was not directed to suspend interest or offsets on any loans other than CL's, FO's, SW's, RL's, OL's, and EM's
- interest accrual and offsets will continue to be taken on other loans, including NP loans
- accounts that have no security remaining that have been accelerated or where all loans are mature, such as those classified as CNC, also will continue to accrue interest and be subject to offset.

Note: Other moratoriums as directed by the Secretary of Agriculture or the Administrator will be followed on their own terms and in some cases will interact with accounts affected by the 2008 Farm Bill.

[7 CFR 766.358(a)(1)] If the Agency prevails on the program discrimination complaint, the interest that would have accrued during the moratorium will be reinstated on the account when the moratorium terminates, and all offsets and servicing actions will resume.

[7 CFR 766.358(a)(2)] If the borrower prevails on the program discrimination complaint, the interest that would have accrued during the moratorium will not be reinstated on the account, unless specifically required by the settlement agreement or court order.

[7 CFR 766.358(b)] The moratorium will begin on:

(1) May 22, 2008, if the borrower had a pending program discrimination claim that was accepted by USDA as valid and the account was at the point of acceleration or foreclosure on or before that date or

(2) The date after May 22, 2008, when the borrower has a program discrimination claim accepted by USDA as valid and the borrower's account is at the point of acceleration or foreclosure.--*

41 Nondiscrimination in FLP (Continued)

***--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)**

For borrowers who:

- had a pending program discrimination claim **and** were at the point of acceleration or foreclosure as of May 22, 2008, the moratorium was effective as of May 22, 2008
- have a program discrimination claim accepted by OA after the effective date of the 2008 Farm Bill (May 22, 2008) **and** later reach the point of acceleration or foreclosure, the moratorium will begin at the point of acceleration or foreclosure
- are at the point of acceleration or foreclosure **and** then have a program discrimination claim accepted by OA after the effective date of the 2008 Farm Bill (May 22, 2008), the moratorium will begin on the date the claim is accepted by OA.

[7 CFR 766.358(c)] The point of acceleration under this section is the earliest of the following:

(1) The day after all rights offered on the Agency notice of intent to accelerate expire if the borrower does not appeal;

(2) The day after all appeals resulting from an Agency notice of intent to accelerate are concluded if the borrower appeals and the Agency prevails on the appeal;

(3) The day after all appeal rights have been concluded relating to a failure to graduate and the Agency prevails on any appeal;

(4) Any other time when, because of litigation, third party action, or other unforeseen circumstance, acceleration is the next step for the Agency in servicing and liquidating the account.

The point of acceleration is the **earliest** of the following:

- the day after all rights offered on FSA-2521 or FSA-2525 have expired, if the borrower does **not** appeal
- the day after all appeals resulting from FSA-2521 or FSA-2525 are concluded, if the borrower did appeal and FSA prevailed on the appeal
- the day after any appeal rights have concluded relating to the failure to graduate under 4-FLP, paragraph 48
- any other time when, because of litigation, third party action, or other unforeseen circumstance, acceleration is the next step for FSA in liquidating the account.**--***

41 Nondiscrimination in FLP (Continued)

***--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)**

[7 CFR 766.358(d)] A borrower is considered to be in foreclosure status under this section anytime after acceleration of the account.

A borrower is considered to be at the point of foreclosure anytime **after** acceleration.

The borrower will be notified of the temporary moratorium of interest accrual and offset by SED, or State Office designee, using FSA-2120 with a courtesy copy FAXed to FLOO, Loan Servicing Group according to paragraph 5.

Note: The offset is **not** canceled, but only temporarily suspended until the claim is resolved.

FLOO will update the borrower's account to suspend interest accrual and offset activity.

[7 CFR 766.358(e)] The moratorium will end on the earlier of:

(1) The date the program discrimination claim is resolved by USDA or

(2) The date that a court of competent jurisdiction renders a final decision on the program discrimination claim if the borrower appeals the decision of USDA.

FSA-2121 will be used by SED, or State Office designee, to inform the borrower that the moratorium has ended. FLOO, Loan Servicing Group will be FAXed a courtesy copy and notified by separate correspondence of the requirements of any Settlement Agreement about interest accrual and offsets.

If FSA prevails, the suspended interest will be reinstated and interest accrual and offsets will immediately resume.**--***

42 Appeals

A General Requirements

FLP applicants and borrowers have the right to request reconsideration, file appeals, and enter into ADR about adverse decisions according to 7 CFR Part 780 and 7 CFR Part 11. See 1-APP for FSA's appeal procedure.

Exceptions: For adverse decisions on:

- loan servicing requests under 5-FLP, use the appropriate forms and exhibits to notify borrowers

  Note: Appraisals used for homestead protection, including appraisals used in exercising the option to purchase homestead property, or used to determine the amount due under shared appreciation agreements under 5-FLP, may be appealed according to paragraph 144 and 1-APP.

- nonprogram loan borrowers, see 4-FLP, paragraph 248.

Note: Regulations published in 7 CFR are available on the GPO web site at **http://www.gpoaccess.gov/cfr/index.html**.

B Mandatory Language for Adverse Decision Letters

See 1-APP for mandatory language about reconsideration, appeal, and ADR, to be included in adverse decision letters. Additional guidance may be issued under the APP notice series.

42 Appeals (Continued)

C Adverse Decisions Involving Appraisals

Text on appraisal reviews provided in subparagraphs D and E will be added to the reconsideration language provided in 1-APP or APP notices, as applicable, when an adverse decision is based on real estate or chattel appraisal, except when either of the following applies:

- the appraisal is for PLS or preservation servicing and 5-FLP requires using a specific form or exhibit

- the appraisal in question was associated with or connected to, an FSA decision wherein appeal rights were previously offered and concluded.

Notes: Appraisals may only be reconsidered or appealed. Mediation is not available on real estate or chattel appraisals.

See subparagraph 144:

- D for additional guidance about handling real estate independent technical appraisal reviews received from an applicant or borrower

- E for additional guidance about handling chattel independent appraisal reviews received from an applicant or borrower

- G for additional guidance when an applicant or borrower identifies errors in an appraisal.

42 Appeals (Continued)

D Real Estate Appraisals

The following text shall be added to the reconsideration paragraph in adverse decision letters involving a real estate appraisal.

You may request a copy of the real estate appraisal used in our decision. We will provide you with a copy within five days of your request. If you would like to discuss the appraisal, or you believe there are errors, including mathematical or property description errors in the appraisal, you should request reconsideration.

Independent Technical Appraisal Review

If you believe the real estate appraisal FSA obtained is incorrect for reasons other than those stated above, you may obtain an independent technical appraisal review. The issue under reconsideration will be whether FSA's real estate appraisal is consistent with the Uniform Standards of Professional Appraisal Practice. If you want this option, you must include a copy of the independent technical appraisal review, or notify this office of your intent to obtain an independent technical appraisal review, in your request for reconsideration. This review must be provided to this office at the time of or before the reconsideration meeting. You must pay to obtain a current independent technical ***--***appraisal review from a State-certified general appraiser. The appraiser and the***--*** *independent technical appraisal review must meet the standards contained in FSA regulations. You may request a copy of the regulations from this office. If you cannot find a qualified appraiser to conduct the independent technical appraisal review, a list of qualified appraisers is available in this office.*

If you do not submit an independent technical appraisal review at the time of or before the reconsideration meeting, you waive your right to have us reconsider the appraisal. If you submit an independent technical appraisal review, we will determine whether the appraiser and the independent technical appraisal review meet FSA requirements. If the independent technical appraisal review meets FSA requirements, we will consider all comments contained in the independent technical appraisal review and determine if the appraisal obtained by FSA should be revised.

42 Appeals (Continued)

E Chattel Appraisals

The following text shall be added to the reconsideration paragraph in adverse decision letters involving a chattel appraisal.

You may request a copy of the chattel appraisal used in our decision. We will provide you with a copy within five days of your request. If you would like to discuss the appraisal, or you believe there are errors, including mathematical or property description errors in the appraisal, you should request reconsideration.

Independent Appraisal Review

If you believe the chattel appraisal FSA obtained is incorrect for reasons other than those stated above, you may obtain an independent appraisal review. The issue under reconsideration will be whether FSA's chattel appraisal is consistent with the present market value of like items in your area. If you want this option, you must include a copy of the independent appraisal review, or notify this office of your intent to obtain an independent appraisal review, in your request for reconsideration. You must pay to obtain a current independent appraisal review from a qualified appraiser. This review must be provided to this office at the time of or before the reconsideration meeting. The appraiser and the appraisal review must meet standards contained in FSA regulations. You may request a copy of the regulations from this office. If you cannot find a qualified appraiser to conduct the independent appraisal review, a list of qualified appraisers is available in this office.

If you do not submit an independent appraisal review at the time of or before the reconsideration meeting, you waive your right to have us reconsider the appraisal. If you submit an independent appraisal review, we will determine whether the appraiser and the appraisal review meet FSA requirements. If the independent appraisal review meets FSA requirements, we will consider all comments contained in the independent appraisal review and determine if the appraisal obtained by FSA should be revised.

F Nondiscrimination Statement

The nondiscrimination statement in subparagraph 41 C must be included in all adverse decision letters.

42 Appeals (Continued)

***--G Actions When Loan Servicing Denial Is Overturned in NAD Final Determination**

1-APP, subparagraph 135 A requires that FSA implement a final determination not later than 30 calendar days after the effective date of the notice of final determination. An appeal determination is administratively final when the provisions of 1-APP, subparagraph 135 B have been met.

The authorized agency official will advise the borrower of the next steps to be taken in the loan servicing request within 5 workdays of the date the appeal decision becomes administratively final, or the date FSA determines that it will not pursue a further review of the hearing officer's decision, whichever comes first. The contact will be by telephone or in person, with a written followup.

1-APP, subparagraph 135 D provides that, according to FSA regulations, FSA may consider changes in the borrower's condition in implementing NAD's final determination. If there have been significant changes to the borrower's financial or farming situation since the date of the original FSA decision, only the information that has changed needs to be submitted or revised. Any revised or new documents must be initialed or signed, as appropriate, by both the borrower and the authorized agency official.

Note: A significant change is a change that would materially affect the feasibility of, or eligibility for, the proposed loan servicing action.

FSA may request updated financial or production information as the borrower's circumstances may have changed during the pendency of the appeal that may adversely affect the borrower's farming operation.

Note: Adversely affect means that a change unrelated to the issue resolved through the appeal will result in the borrower no longer being eligible for the loan servicing action requested, or the previously developed FBP not being feasible.

After completing the review and evaluation of all necessary revisions, the authorized agency official will approve or deny the loan servicing request according to the applicable FLP handbook. Any loan servicing denial will be handled according to 1-APP, subparagraph 135 E.

The State appeals coordinator will monitor receipt and implementation of final NAD determinations to ensure that they are properly and timely implemented.**--***

43 Debarment and Suspension

A Purpose

Individuals and entities, other than loan recipients, who have been debarred or suspended from Government procurement or nonprocurement programs cannot participate in transactions with FSA. See 2 CFR 180.115 and 417.10.

Note: This does not apply to individuals and entities entering into transactions with applicants and borrowers without FSA involvement.

Obtain current copy of 2 CFR Parts 180 and 417 from the Internet at **http://ecfr.gpoaccess.gov**.

B Direct Loanmaking

Loan approval officials shall check the debarment and suspension list before providing FSA-2341 or FSA-2342, as appropriate, to attorneys, title companies, title insurance companies, or closing agents conducting loan closing activities.

Notes: Loan approval officials may obtain reports containing debarment and suspension lists ***--**from the Internet at **https://www.sam.gov/portal/public/SAM**. It is not necessary to create an account to search the Excluded Parties List System database. On the SAM Home Page, CLICK "Search Records". On the Search Records Screen, enter the name or DUNS number of the person or entity being checked for exclusion. SAM does not have DUNS or Cage Code identifiers for every record.

When matches are found, there may be instances where an individual or entity has the same or similar name as the search request but is actually a different party. Therefore, it is important to verify the intended search to the returned results. If the attorney, title company, title insurance company, or closing agent selected is debarred or suspended, the applicant must make a new selection.

A copy of the returned search record will be filed in the applicant's case file.**--***

43 Debarment and Suspension (Continued)

C Guaranteed Loanmaking

SED shall review CLP and PLP lenders and their officers and agents for debarment or suspension as follows:

- before submitting to DAFLP for approval to obtain status
- during the annual review of lender's status according to 2-FLP, paragraph 267.

Loan approval officials shall review SEL's and their officers and agents before issuing FSA-2232.

D Causes for Debarment or Suspension

The causes for initiating and the actions required to initiate:

- ***--**debarment are in 2 CFR Part 180, Subparts F and H, and 2 CFR Part 417, Subpart H
- suspension are in 2 CFR Part 180, Subparts F and G, and 2 CFR Part 417, Subpart G.**--***

E Exceptions

The Secretary of Agriculture or designee may grant a written exception permitting a debarred or suspended person or entity to participate in a covered transaction according to ***--**2 CFR 180.135.**--***

44 Collecting and Coding Ethnicity, Race, and Gender Information

A Purpose

FSA collects ethnicity, race, and gender information for reporting purposes and to ensure that targeted funds are made available to SDA's and monitor SDA participation rates in FLP.

B Procedure for Collecting and Coding Ethnicity, Race, and Gender Information

--**FSA-2001, FSA-2211, FSA-2212, FSA-2301, FSA-2330, and FSA-2683 are used to**-- request ethnicity, race, and gender information of the applicant. This information may be requested only on an FSA approved form. An applicant's response to this request is optional. However, the authorized agency official must inform all applicants that for an applicant to be eligible for socially disadvantaged funds, FSA will need his or her ethnicity, race, and gender information.

When FSA receives a loan application, FSA will enter the ethnicity, race, and gender information into SCIMS so that the information can be downloaded to DLS and GLS.

44 Collecting and Coding Ethnicity, Race, and Gender Information (Continued)

C Ethnicity, Race, and Gender Classifications

An applicant, including individual entity members, may identify:

- his or her ethnicity as either of the following:
  - Hispanic or Latino - a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish Culture or origin, regardless of race
  - not Hispanic or Latino
- himself or herself as a member of 1 or more of the following races:
  - Asian - a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam
  - American Indian or Alaskan Native - a person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment
  - Black or African American – a person having origins in any of the black racial groups of Africa
  - Native Hawaiian or other Pacific Islander - a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands
  - White - a person having origins in any of the original peoples of Europe, North Africa, or the Middle East
- his or her gender as male or female.

45 Allocating Loan Program Funds

A General

[7 CFR 761.201(a)] This subpart addresses:

--(1) The allocation of funds for direct and guaranteed FO, CL, and OL loans:--

(2) The establishment of socially disadvantaged target participation rates; and

(3) The reservation of loan funds for beginning farmers.

[7 CFR 761.201(b)] The Agency does not allocate EM loan funds to State Offices but makes funds available following a designated or declared disaster. EM loan funds are available on a first-come first-served basis.

*--B Timing of the Allocation of FO, CL, and OL Funds

[7 CFR 761.202] The Agency's National Office allocates funds for FO, CL, and OL--* loans to the State Offices on a fiscal year basis, as made available by the Office of Management and Budget. However, the National Office will retain control over the funds when funding or administrative constraints make allocation to State Offices impractical.

[7 CFR 761.201(c)] State funding information is available for review in any State Office.

C National Reserves for FO and OL Funds

[7 CFR 761.203(a)] At the start of each fiscal year, the National Office reserves a portion of the funds available for each direct and guaranteed loan program. These reserves enable the Agency to meet unexpected or justifiable program needs during the fiscal year.

[7 CFR 761.203(b)] The National Office distributes funds from the reserve to one or more State Offices to meet a program need or Agency objective.

45 Allocating Loan Program Funds (Continued)

D Methods of Allocating Funds to State Offices

***--[7 CFR 761.204] FO, CL, and OL loan funds are allocated to State Offices using one--* or more of the following allocation methods:**

[7 CFR 761.204(a)] Formula allocation, if data, as specified in § 761.205 (subparagraph 45 E)**, is available to use the formula for the State.**

[7 CFR 761.204(b)] Administrative allocation, if the Agency cannot adequately meet program objectives with a formula allocation. The National Office determines the amount of an administrative allocation on a case-by-case basis.

[7 CFR 761.204(c)] Base allocation, to ensure funding for at least one loan in each State, District, or County Office. In making a base allocation, the National Office may use criteria other than those used in the formula allocation, such as historical Agency funding information.

E Computing a Formula Allocation

--[7 CFR 761.205(a)] The formula allocation for FO, CL, or OL loan funds is equal to:--

(1) The amount available for allocation by the Agency minus the amounts held in the National Office reserve and distributed by base and administrative allocation, multiplied by:

formula allocation = (amount available for allocation - national reserve - base allocation - administrative allocation) x State Factor

(2) The State Factor, which represents the percentage of the total amount of the funds for a loan program that the National Office allocates to a State Office.

[7 CFR 761.205(b)] To calculate the State Factor, the Agency:

(1) Uses the following criteria, data sources, and weights:

45 Allocating Loan Program Funds (Continued)

E Computing a Formula Allocation (Continued)

CRITERIA	LOAN TYPE CRITERION IS USED FOR	DATA SOURCE	WEIGHT FOR *--FO AND CL (percent)	WEIGHT FOR OL LOANS--* (percent)
Farm operators with sales of $2,500-$39,999 and less than 200 days work off the farm	*--FO, CL, and OL loans	U.S. Census of Agriculture	15	15
Farm operators with sales of $40,000 or more and less than 200 days work off farm	FO, CL, and OL loans	U.S. Census of Agriculture	35	35
Tenant farm operators	FO, CL, and OL loans	U.S. Census of Agriculture	25	20
Three-year average net farm income	FO, CL, and OL loans	USDA Economic Research Service	15	15
Value of farm real estate assets	FO and CL--*	USDA Economic Research Service	10	N/A
Value of farm non-real estate assets	OL loans	USDA Economic Research Service	N/A	15

(2) Determines each State's percentage of the national total for each criterion;

(3) Multiplies the percentage for each State determined in paragraph (b)(2) of this section by the applicable weight for that criterion;

(4) Sums the weighted criteria for each State to obtain the State factor.

F Pooling of Unobligated Funds Allocated to State Offices

***--[7 CFR 761.206] The Agency periodically pools unobligated FO, CL, and OL loan--* funds that have been allocated to State Offices. When pooling these funds, the Agency places all unobligated funds in the appropriate National Office reserve. The pooled funds may be retained in the national reserve or be reallocated to the States.**

A FLP notice will be issued before pooling of funds occurs.

45 Allocating Loan Program Funds (Continued)

G Distribution of Farm Loan Funds by State Offices

[7 CFR 761.207] A State Office may distribute its allocation of loan funds to District or County level using the same allocation methods that are available to the National Office. State Offices may reserve a portion of the funds to meet unexpected or justifiable program needs during the fiscal year.

H Target Participation Rates for Socially Disadvantaged Target Groups

[7 CFR 761.208(a)] (1) The Agency establishes target participation rates for providing *--FO, CL, and OL loans to members of socially disadvantaged groups.--*

(2) The Agency sets the target participation rates for State and County levels annually.

(3) When distributing loan funds in counties within Indian reservations, the Agency will allocate the funds on a reservation-wide basis.

(4) The Agency reserves and allocates sufficient loan funds to achieve these target participation rates. The Agency may also use funds that are not reserved and allocated for socially disadvantaged groups to make or guarantee loans to members of socially disadvantaged groups.

***--I FO and CL's Based on Ethnicity or Race**

[7 CFR 761.208(b)] The FO and CL loan target participation rate based on ethnicity--* or race in each:

(1) State is equal to the percent of the total rural population in the State who are members of such socially disadvantaged groups.

(2) County is equal to the percent of rural population in the county who are members of such socially disadvantaged groups.

J OL Based on Ethnicity or Race

[7 CFR 761.208(c)] The OL loan target participation rate based on ethnicity or race in each:

(1) State is equal to the percent of the total number of farmers in the State who are members of such socially disadvantaged groups.

(2) County is equal to the percent of the total number of farmers in the county who are members of socially disadvantaged ethnic groups.

45 Allocating Loan Program Funds (Continued)

K Target Participation Rate for Women Farmers

[7 CFR 761.208(d)] (1) The target participation rate for women farmers in each:

(i) State is equal to the percent of farmers in the State who are women.

(ii) County is equal to the percent of farmers in the county who are women.

(2) In developing target participation rates for women, the Agency will consider the number of women who are current farmers and potential farmers.

L Loan Funds for Beginning Farmers

[7 CFR 761.209] Each fiscal year, the Agency reserves a portion of direct and guaranteed FO and OL loan funds for beginning farmers in accordance with section 346(b)(2) of the Act.

Direct FO and OL funds are reserved until September 1 of each FY. Beginning farmer downpayment funds are reserved until April 1 of each FY.

Note: Between April 1 and September 1 of each FY, beginning farmer downpayment funds may be used by any eligible beginning farmer.

Guaranteed FO and OL funds are reserved until April 1 of each FY.

Note: An FLP notice will be issued before the lifting of targets.

***--M CL Funds**

[7 CFR 761.210(a)] The following applicants and conservation projects will receive priority for CL funding:

(1) Beginning farmer or socially disadvantaged farmer;

(2) An applicant who will use the loan funds to convert to sustainable or organic agriculture production system as evidenced by one of the following:

(i) A conservation plan that states the applicant is moving toward a sustainable or organic production system, or

(ii) An organic plan, approved by a certified agent and the State organic certification program, or

(iii)A grant awarded by the Sustainable Agriculture Research and Education (SARE) program of the National Institute of Food and Agriculture, USDA.--*

45 Allocating Loan Program Funds (Continued)

M CL Funds (Continued)

(3) An applicant who will use the loan funds to build conservation structures or establish conservation practices to comply with 16 U.S.C. 3812 (section 1212 of the Food Security Act of 1985) for highly erodible land.

N Transfer of Funds

[7 CFR 761.211] If sufficient unsubsidized guaranteed OL funds are available, then beginning on:

(a) August 1 of each fiscal year, the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers and socially disadvantaged farmers under the Downpayment loan program; and

(b) September 1 of each fiscal year the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers.

46 Maintaining Borrower Addresses and Service Center Office Codes

A Changing Borrower Address Records

An authorized agency official must maintain correct addresses for all direct and guaranteed loan borrowers within the authorized agency official's jurisdiction and caseload.

--**An authorized agency official should make borrower address changes for borrowers with**-- the following:

- direct loans only, by updating SCIMS
- both direct and guaranteed loans, by updating SCIMS and by processing a PLAS TC 4C in GLS
- guaranteed loans only, by updating SCIMS and processing a PLAS TC 4C in GLS.

Note: Name and address data entered in GLS for a customer should exactly match SCIMS data for the same customer.

See 1-CM, paragraph 198 for documenting customer data changes in SCIMS.

Forms for requesting updated addresses include FSA-470, which FSA mails to the borrower's last known address, and FSA-137, which requests address information from USPS.

46 Maintaining Borrower Addresses and Service Center Office Codes (Continued)

*--B Maintaining the Accuracy of Name and Address Information in SCIMS

SCIMS information is matched nightly against PLAS information to detect variances. Any variances between SCIMS and PLAS systematically generate TC 4C to update PLAS.

County Offices shall view the following reports, available through the FSA Data Marts, using the Oracle EPM 11 Data Mart, at least monthly to ensure name and address information in SCIMS is accurate.

- SCIMS-PLAS Exception
- SCIMS-PLAS Update
- SCIMS-PLAS Discrepancy

Any necessary corrections to SCIMS or PLAS must be made immediately. See Exhibit 14 for guidance on accessing and using the reports, and correcting data.

Notes: County Offices shall contact State Offices regarding questions about how to process corrections. State Offices shall contact FLOO, Loan Servicing Group according to paragraph 5.

SCIMS is a multi-agency database shared by FSA, NRCS, and RD. Consult CED and other agency representatives, as applicable, before making changes/corrections in SCIMS.--*

C Related Instructions

See 4-FLP, Part 12 for transferring servicing responsibilities when an existing borrower moves to an area serviced by a different County Office.

D Changing Servicing Office Codes

FSA-2125 will be used by State Offices to change servicing office codes and mail codes when all files for 1 or more County Office are moved.

47 Ensuring Borrower Compliance with Restrictions on Lobbying

A Overview

[7 CFR 761.5] A person who applies for or receives a loan made or guaranteed by the Agency must comply with the restrictions on lobbying in 7 CFR Part 3018.

USDA regulations about restrictions on lobbying are published in 7 CFR Part 3018. This paragraph provides guidance for implementing 7 CFR Part 3018 for FLP loan applicants and borrowers.

Note: CFR citations refer to Departmental regulations.

B Applicant and Lender Certification

Any applicant for a direct or guaranteed loan exceeding $150,000 must certify compliance with lobbying activities requirements. The certification is obtained from all loan applicants *****--on FSA-2001, FSA-2211, FSA-2212, FSA-2301, and FSA-2683.--*****

Lenders applying for a loan guarantee exceeding $150,000 must certify compliance with lobbying activities requirements. The certification is obtained from all lenders on FSA-2201.

Additional information on certification requirements is available in 7 CFR 3018.110, which is included in subparagraph D.

47 Ensuring Borrower Compliance with Restrictions on Lobbying (Continued)

C Disclosure of Lobbying Activities

Any person or entity that is required to certify compliance with lobbying activities requirements may have to complete SF-LLL. In particular, any person or entity must complete SF-LLL if they have made or have agreed to make any payment using funds other than appropriated funds to influence a decision in connection with the loan or loan guarantee. This requirement also applies to any person who requests or receives a contract or subcontract of at least $100,000 under a loan or loan guarantee exceeding $150,000.

SF-LLL must be submitted at the time of loan or guarantee application and in each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraphs (a) or (b) of 7 CFR 3018.110 (see subparagraph D). An event that materially affects the accuracy of the information reported includes 1 or more of the following.

- A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action.

- A change in the persons or individuals influencing or attempting to influence a covered Federal action.

- A change in the officers, employees, or members contacted to influence or attempt to influence a covered Federal action.

A new SF-LLL must be submitted if and when a borrower changes contractors or subcontractors.

All involved contractors, subcontractors, and grantees must collect disclosures from lower tiers and submit them to higher tiers. The borrower or lender must submit all the disclosures to FSA.

The authorized agency official must file all original disclosures and immediately send copies to the following:

- SED

- USDA OFFICE OF OPERATIONS
  PROCUREMENT DIVISION
  STOP 9850
  1400 INDEPENDENCE AVE SW
  WASHINGTON DC 20250

47 Ensuring Borrower Compliance with Restrictions on Lobbying (Continued)

D USDA Certification and Disclosure Requirements

7 CFR 3018.110 Certification and Disclosure*

(a) Each person shall file a certification, and a disclosure form, if required, with each submission that initiates Agency consideration of such person for:

(1) Award of a Federal contract, grant, or cooperative agreement exceeding $100,000; or

(2) An award of a Federal loan or a commitment providing for the United States to insure or guarantee a loan exceeding $150,000.

(b) Each person shall file a certification, and a disclosure form, if required, upon receipt by such person of:

(1) A federal contract, grant, or cooperative agreement exceeding $100,000; or

(2) A Federal loan or commitment providing for the United States to insure or guarantee a loan exceeding $150,000,

Unless such person previously filed a certification, and a disclosure form, if required, under paragraph (a) of this section.

(c) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraphs (a) or (b) of this section. An event that materially affects the accuracy of the information reported includes:

(1) A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

(2) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

(3) A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

(d) Any person who requests or receives from a person referred to in paragraphs (a) or (b) of this section:

(1) A subcontract exceeding $100,000 at any tier under a Federal contract;

(2) A subgrant, contract, or subcontract exceeding $100,000 at any tier under a Federal grant;

(3) A contract or subcontract exceeding $100,000 at any tier under a Federal loan exceeding $150,000; or

(4) A contract or subcontract exceeding $100,000 at any tier under a Federal cooperative agreement,

Shall file a certification, and a disclosure form, if required, to the next tier above.

47 Ensuring Borrower Compliance with Restrictions on Lobbying (Continued)

D USDA Certification and Disclosure Requirements (Continued)

7 CFR 3018.110 Certification and Disclosure (Continued)

(e) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraphs (a) and (b) of this section. That person shall forward all disclosure forms to the Agency.

(f) Any certification or disclosure form filed under paragraph (e) of this section shall be treated as a material representation of the fact upon which all receiving tiers shall rely. All liability arising from an erroneous representation shall be borne solely by the tier filing that representation and shall not be shared by any tier to which the erroneous representation is forwarded. Submitting an erroneous certification or disclosure constitutes a failure to file the required certification or disclosure, respectively. If a person fails to file a required certification or disclosure, the United States may pursue all available remedies, including those authorized by section 1352, title 31, U.S. Code.

(g) For awards and commitments in process prior to December 23, 1989, but not made before that date, certifications shall be required at award or commitment, covering activities occurring between December 23, 1989, and the date of award or commitment. However, for awards and commitments in process prior to the December 23, 1989 effective date of these provisions, but not made before December 23, 1989, disclosure forms shall not be required at time of award or commitment but shall be filed within 30 days.

(h) No reporting is required for an activity paid for with appropriated funds if that activity is allowable under either Subpart B or C [of 7 CFR Part 3018].

48 Credit Reports

A Overview

FSA uses credit reports to assist in determining:

- eligibility of applicants and borrowers requesting FSA loans and loan servicing options
- feasibility of the applicant's farming operation
- debt settlement eligibility and feasibility.

See 3-FLP for direct loanmaking and 4-FLP and 5-FLP for direct loan servicing to specify when credit reports are required.

B Confidentiality

The information in a credit report is confidential and is used only as an aid in conducting FSA business. FSA must make credit reports available to the subject of the report in response to a request made under the Privacy Act of 1974. See 3-INFO.

C Mortgage Credit Reports

The following are the 2 types of mortgage credit reports:

- an individual report provides information on 1 person only
- a joint report provides information on a married couple.

FSA will order a mortgage credit report to obtain all credit and public record information available for at least the previous 2 years.

D Commercial Credit Report

A commercial credit report provides information on an entity. A commercial credit report is available only for a separate legal entity. Thus, FSA will order a mortgage credit report rather than a commercial credit report when the applicant is an informal partnership. FSA also may order an individual mortgage credit report on the majority owners (principal members) of an entity.

A commercial credit report normally consists of BIR. BIR is a component of a commercial credit report that includes the following:

- summary section that highlights important data elements
- historical background on the business entity's principals and the entity itself
- review of the entity's financial condition and trend of sales and earnings
- payment record reported by suppliers
- brief description of related entities
- public filings
- special events
- description of the entity's operation.

48 Credit Reports (Continued)

E Ordering Mortgage Credit Report

Authorized agency officials who have access to FBP will access Equifax, Experian, and Trans Union data through the FBP "General" menu screen.

See Exhibit 15 for ordering credit reports through FBP.

F Ordering Credit Reports for Nonapplicants

There may be instances when FSA must order a joint credit report in which the spouse is required to sign the promissory note for repayment purposes, but the spouse may not have to sign the application as a co-applicant. The credit report will be ordered in the same manner that all other joint credit reports are ordered. The County Office must however, have the nonapplicant spouse sign FSA-2007 before the credit report is ordered.

G When Mortgage and Commercial Credit Reports Are Not Acceptable

If a County Office has problems with a credit report or credit reporting agency (e.g. data on the report is incomplete or the contractor is not complying with contract terms), then the County Office will contact the State Office for assistance.

Note: Agency officials will not intervene on behalf of the applicant/borrower in matters about disputed information, balances, or credit scores or ratings. These disputes will be handled according to subparagraph H.

If the issue is significant and the State Office needs assistance in resolving, the State Office *****--shall contact DAFLP according to subparagraph 4 D.--*****

*** * ***

48 Credit Reports (Continued)

H When the Applicant Disputes Information on the Credit Report

If the applicant/borrower disagrees with or disputes information reflected on the credit report, refer the applicant/borrower to the company or companies issuing the credit report at the following phone numbers:

- Trans Union at 312-258-1717 to obtain a copy of their credit report or 800-916-8800 for customer service
- Experian at 888-397-3742 to obtain a copy of their credit report or 800-831-5614, extension 3 for customer service
- Equifax at 800-685-1111 to obtain a copy of their credit report or 800-685-5000, extension 2 for customer service.

Note: Agency officials will not intervene on behalf of the applicant/borrower in matters concerning disputed information, balances, credit scores, or ratings.

I Credit Report Fees - Cost to the Applicant

Applicants will be charged for reports according to the following.

Applicant	Cost
Individual	$13.50
Joint	$20.25
Entity	$75.00

Notes: A husband and wife, who are members of an entity, **will** be charged a joint credit report fee. Individual credit reports will then be obtained for each.

No fee will be collected for servicing only applications according to 4-FLP, subparagraph 116 A or 5-FLP, subparagraph 81 C.

J Recording Fees

The appropriate fee for credit reports collected will be recorded on FSA-2001, FSA-2301, *****--FSA-2314, FSA-2330, and FSA-2683.--*****

K Processing Credit Report Fees

See 3-FI to process credit report fees.

L Payment of Invoices for Credit Reports

The National Office will:

- receive monthly invoices showing State usage
- submit payment to the vendor for credit reports generated through FBP.

49 DLS

--A DLS Uses--

DLS is the required system for loanmaking and *** * *** loan servicing information and activities.

DLS:

- tracks each loan request in an application package from receipt to final disposition
- obligates loans through its interaction with PLAS
- submits check/EFT requests through PLAS
- submits loan closings to PLAS
- provides an interactive tasks checklist
- monitors the disbursement of loan funds
- provides reports of loanmaking activities and processing timeframes
- tracks routine loan servicing activities, and timeframes
- has automated follow-up reminders to assist County Office employees in meeting deadlines for routine loan servicing activities
- provides loan account information, such as principal and interest amounts, and account flags
- provides the ability to manage case numbers and mail codes for customer accounts
- warehouses information for reporting purposes
- has automated reporting capabilities.

The National Office uses DLS data in reports to Congress, CR, and FSA senior management. In addition, the data is used to determine whether FSA loan servicing goals are being/have been met.

49 DLS (Continued)

B User Assistance

The DLS Loanmaking and Loan Servicing User's Guides can be referenced for any specific questions. They may be obtained by accessing the FLP web site's manuals page located ***--**at **https://amistad.sc.egov.usda.gov/flp/IndexServlet** and then selecting manuals on the**--*** left navigation bar.

C Maintaining and Updating DLS

FCAO is responsible for computer implementation and upgrades. The National Office is responsible for user requirements, updates to accommodate regulatory and statutory changes, and other revisions as needed. State and County Office employees are responsible for data entry of customer and loan information as it is received.

D Security

To obtain an ID and password, users must submit requests according to appropriate IRM directives.

***--E Important Calendar Year 2013 Year-End Dates**

Various transactions are suspended or disabled as needed to perform calendar year-end activities. The following dates are applicable to the availability of DLS.

Action	Date	
Loan Activity Cutoff – the last day that loan activity dated in calendar year 2013 can be processed to be reflected on FSA-2065 for 2013 and related IRS forms	Wednesday, January 8, 2014	
Transactions, Suspension, and Enabled Dates		
Transactions	**Suspension Date**	**Enabled Date**
• TC 4A • TC 4D • SCIMS to PLAS data upload to create TC 4C **Notes:** SCIMS data **must** be entered by December 26, 2013, to generate TC 4C on December 27, 2013. Until TC 4A and TC 4D are enabled, do **not** use the following DLS sections: • Transfer and Assumption • Manage case number under Customer Management.	December 27, 2013	January 10, 2014

--*

50 GLS

A Purpose and Overview

GLS was designed to account for all loanmaking and loan servicing activity for guaranteed loans. GLS is used to:

- track the processing of guaranteed loan applications, including obligation and loan closing
- process all loan servicing transactions, including interest assistance claims, transfers and assumptions, repurchases, reamortizations, and loss claims
- record guaranteed loan status and default status reports
- maintain lender information, including lender status
- obtain reports for monitoring the guaranteed loan portfolio.

The data entered into GLS is used to monitor individual loan accounts, as well as to provide reports to Congress, CR, Executive Branch, FSA senior management, and parties making FOIA requests. It is FSA's accounting tool for the Guaranteed Loan Program.

B GLS User Assistance

***--**For specific guidance, the GLS User Guide can be found by doing either of the following:

- logging in the GLS web site using required eAuthentication permissions and selecting "Help"
- selecting the GLS User Guide from the Farm Loan Programs Home Page.**--***

50 GLS (Continued)

C Responsibility for Maintaining and Updating GLS

FLOO is responsible for system upgrades. The National Office is responsible for user requirements, updates to accommodate regulatory and statutory changes, and other revisions as needed. County Office and FLOO employees are responsible for data entry of customer and loan information.

D Security

To obtain a GLS ID and password, users must submit requests according to appropriate IRM directives.

***--E Important Calendar 2013 Year-End Dates**

Various transactions are suspended or disabled as needed to perform calendar year-end activities. The following dates are applicable to the availability of GLS.

Action	Date	
Loan Activity Cutoff – the last day that loan activity dated in calendar year 2013 can be processed to be reflected on 2013 IRS forms.	Friday, December 27, 2013	
Transactions, Suspension, and Enabled Dates		
Transactions	**Suspension Date**	**Enabled Date**
• TC 4A • TC 4C • TC 4D **Note:** Transactions for Debt Offset Collection, Refund, and Write-off maintenance **cannot** be processed during this period.	December 27, 2013	January 10, 2014

--*

51 FOCUS

A Purpose and Overview

FOCUS is an ad-hoc reporting system used by the National and State Offices for monitoring purposes. Users may choose to use "canned" reports or may prepare specific reports, as needed, using:

- direct loan data entered through ADPS
- application data entered in DLS.

B User Assistance

Refer to the USDA FOCUS Ad Hoc Reporting System Manual – Field Office User's Manual for guidance. The User's Manual may be obtained by ordering Item 257 from the Kansas City Warehouse.

C Training

State Office employees shall submit requests for training, through SED, to either of the following:

- USDA FSA DAFLP
  STOP 0520
  1400 INDEPENDENCE AVE SW
  WASHINGTON DC 20250-0520

- FAX: 202-690-3573

D Security

To obtain an ID and password, users must submit requests according to appropriate IRM directives.

52 ADPS

A Purpose

ADPS is a terminal application system that allows users to process FLP accounting transactions and view borrower or acquired property information. ADPS connects users ***--**located at State and County Offices to FLOO and PLAS. Authorized users shall enter and**--*** use information in ADPS for both loanmaking and loan servicing purposes.

B Overview

ADPS is used to:

- ***--**manuscript select transactions and analyze and correct those transactions if rejected from PLAS (discrepancies)**--***

- view a borrower's loan status information, which lists the following:

  - unpaid balances of existing direct loans along with basic information about each loan
  - cross-reference data from throughout the nation
  - detailed history of transactions

- ***--**route selected ADPS-manuscripted or discrepancy transactions that are only processed**--*** by *** * *** FLOO using special routing codes

*** * ***

- view received, processed, and corrected payment activity

- view acquired property information and detailed history of transactions processed for an acquired property.

52 ADPS (Continued)

C ADPS Assistance

ADPS Online Help is:

- a computer-based system that provides ADPS processing information in the form of online reference material (Reference) and pop-up windows
- accessed from the terminal screen.

The online material reference provides general information about ADPS transactions, definitions, and code values for all short descriptions and mnemonics on transaction detail screens and status screens, discrepancy code definitions, and corrective actions. Pop-up windows provide information for pre-manuscripting validations and manuscript transactions.

For information on ADPS, contact the State Office Automation Coordinator or, if authorized, the Help Desk at 1-800-457-3642. The Help Desk will provide information, guidance, and technical assistance in resolving problems about ADPS operations.

D Requesting Changes to the User Documentation

To initiate a change to the user documentation, submit FmHA 2006-21 to the following.

USDA RURAL DEVELOPMENT
USER DOCUMENTATION STAFF
MAIL CODE 421
***--**430 GOODFELLOW BOULEVARD
ST LOUIS MO 63120**--***

52 ADPS (Continued)

E Maintaining Program Records

--**When submitting transaction information through ECM to FLOO, the authorized agency**-- official must retain the original documents, screen printouts, and transmittal letters. These will be filed in the case folder after verifying that the transaction has been processed.

ADPS screen printouts must be retained in position 2 of the case folder according to 25-AS retention requirements for the folder and its entire contents.

When applicable, users must access ADPS to determine that the selected transactions have been processed or rejected. Users must file processed transaction screens, correct discrepancies, and annotate the related source/input document with the corrected information. Users must generate screen printouts of all corrections and file them with the original input document.

F Using "OK to Apply Codes"

"OK to Apply Codes" are used to process a transaction or correct a discrepancy as required by the online assistance for processing transactions. The user shall file a copy of the screen printout to verify the use of an "OK to Apply Code". Screen printouts will be retained in the case folder according to 25-AS retention requirements for the folder and its entire contents.

G Processing Schedule

Users must process transactions within 10 calendar days of the effective date. If a discrepancy occurs, the transaction must be corrected within 5 calendar days of the initial rejection date. An additional 15 calendar days are allowed for correcting discrepancies with a suspend code on the borrower account.

52 ADPS (Continued)

H State Office Action

SED shall ensure timely automation processing and that a County Office is at an acceptable level by:

- training at least 2 employees to process transactions
- processing ADPS transactions as of the effective date or the next workday thereafter
- using "Action Pending Codes" from Online Help when necessary to delay initial processing or make discrepancy corrections.

***--I ADPS and DLS TC's and Titles**

The following provides ADPS TC's and titles.

TC	Title
1A **2/**	Direct or Guaranteed Loan - Obligation Only
1C **2/**	Check Request
1D **2/**	Cancellation of Loan/Grant - Obligation Only
1E **1/**	Check Cancellation - Obligation Retained

1/ Transactions processed by FLOO only.
2/ Transactions processed through DLS to PLAS.--*****

52 ADPS (Continued)

*--I ADPS and DLS TC's and Titles (Continued)

TC	Title
1F **2/**	Loan Closing
1G	Credit Sale
1H	Cash Sale/Transfer - Acquired Property
1I	Judgment Cost
1J **1/**	Cancellation of Loan and/or Check
1K **1/**	Nonrecoverable Cost
1L/L1	Recoverable Loan Cost
1M **2/**	Assumption
1M **2/**	Consolidation
1M **2/**	Reamortization
1M **2/**	Reschedule
1O **1/**	Natural Resource Conservation Service Advance
1P **1/**	Insurance Charge
1R **1/**	Default Charge
1S	Lease of Real Property
1T	Correction of Statistical Information
1W **1/**	Loan Charge Adjustment
1X	Acquired Property Cost
1Y **1/**	Loan/Grant Cancellation - Obligation and Check
2A **1/**	Field Office Cash Collection - Initial Update
2B **1/**	Field Office Cash Collection - Subsequent Update
2C **1/**	Cash Uncollectible - Field Office Payment
2E **1/**	Cash Collection - Acquired Property or Lease Payment
2F **1/**	Reversal and Reapplication of Payment - Same Borrower
2R **1/**	Cash Collection Refund
2U **1/**	Reversal and Reapplication of Payment - Different Borrower
2W **1/**	Cash Uncollectible - Direct Payment
2X **1/**	Direct Payment Cash Collection - Initial Update
2Y **1/**	Direct Payment Cash Collection - Subsequent Update
2Z **1/**	Reapplication - Correct Payment Type
3B	Notice of Judgment
3C **1/**	Default Credit

1/ Transactions processed by FLOO only.
2/ Transactions processed through DLS to PLAS.--*

52 ADPS (Continued)

*--I ADPS and DLS TC's and Titles (Continued)

TC	Title
3E	Acquisition - Property
3F **1/**	Employee Defalcation
3G **1/**	Noncash Credit - Administrative Adjustment
3H **2/**	Conservation Contract
3K	Debt Settlement
3L	Writeoff Lease Account
3N **1/**	Noncash Application - Assumption Agreement
3O **1/**	Equity Receivable Amortization - Shared Appreciation Loan
3P **1/**	Noncash Credit - 3rd Party Judgment
3Q	Net Recovery Buyout/SFH Equity Recapture
3Q **2/**	Market Value Buyout
3R	Shared Appreciation Writedown
3T	Notice of 3rd Party Judgment
3V **2/**	Equity Receivable - Full Sale
3V **2/**	Equity Receivable - Maturity
3V **2/**	Equity Receivable - Maturity With Partial Sale
3V **2/**	Equity Receivable - Partial Sale
3Y	Acquired Property - Conservation Easement
4A **2/**	Loan Transfer
4A **2/**	Manage Case Number - Loan
4C **1/**	Change in Name and Address
4D **2/**	Customer Transfer
4D **2/**	Manage Case Number - Customer
4E **1/**	Replacement of Interim Instruments - Amortized/Bond Accounts
4F **1/**	Change in Loan Number
4G **1/**	Assumption Agreement - Same Rates and Terms
4J **1/**	Focal Interest Adjustment
4K **1/**	Reopen Closed Property/Lease Account
4K/K4	Reopen Closed Borrower/Holder/Equity Account - Establish Settlement Code
4L **1/**	Correction of Annual Installments
4M **1/**	Maturing of Account
4N **1/**	Acceleration of a Borrower Account
4O **1/**	Deceleration of a Borrower Account

1/ Transactions processed by FLOO only.
2/ Transactions processed through DLS to PLAS.--*****

52 ADPS (Continued)

*--I ADPS and DLS TC's and Titles (Continued)

TC	Title
4P **1/**	Schedule Status Adjustment
4Q **1/**	Loan Bond Installments
4R **1/**	Adjustment of Bond Installments
4S **1/**	Miscellaneous Adjustments
4U **1/**	Reestablish Loan Account - Name and Address
5A	Case Reclassification - Collection Only to Active
5B	Case Reclassification - Active to Collection Only
5C **1/**	Change in Kind Code
5D	Change in Veteran Status - to Veteran
5E **1/**	Establish Suspend Code
5F **2/**	Remove Suspend Code
5G **2/**	Add Customer Flag
5H **2/**	Remove Customer Flag
5J **1/**	Change Purchase Code
5K	Change in Veteran Status - to Nonveteran
5L	Acquired Property Maintenance
5M	Change in Race/Type of Applicant/Collateral/Acceleration Date/Training Code and Dates
5N	Change in Statistical Codes
5Q **1/**	Correction of Association/Bond/Document/Payment Code
5R **1/**	File Adjustment

1/ Transactions processed by FLOO only.
2/ Transactions processed through DLS to PLAS.--*

52 ADPS (Continued)

*--I ADPS and DLS TC's and Titles (Continued)

TC	Title
5S **1/**	Record Debt Set-Aside
5S **2/**	Record Disaster Set-Aside
5T **1/**	Reverse Debt Set-Aside
5T **2/**	Cancel Disaster Set-Aside
5W **2/**	Record Loan Deferral
5X **1/**	Reverse Loan Deferral Expiration/Cancellation
5Y **2/**	Cancel Loan Deferral
8H **1/**	Split/Combine Loans - Account Status
8M	Limited Resource Loan Review
8N	Record Borrower/Loan Classification Data
8P	Acquired Property - Subdivision
8R **2/**	Interest Rate Adjustment
9E	Suspend Code - Acquired Property
9G **2/**	Change in Borrower/Property Mail Code
GA(4030)	Guaranteed Loan Closing Report
GB(4031)	Request Interest Assistance Payment
HA(4930) **1/**	Reverse a Guaranteed Loan Closing Report
HB(4931) **1/**	Reverse/Adjust a Subsidy Payment

1/ Transactions processed by FLOO only.
2/ Transactions processed through DLS to PLAS.--*

52 ADPS (Continued)

***--J Important Calendar 2013 Year-End Dates**

Various transactions are suspended or disabled as needed to perform calendar year-end activities. The following dates are applicable to the availability of ADPS.

Action	Date	
Loan Activity Cutoff – the last day that loan activity dated in calendar year 2013 can be processed to be reflected on FSA-2065 for 2013 and related IRS forms	Wednesday, January 8, 2014	
Availability of ADPS Terminals		
Holiday Schedule: Terminals available until 3 p.m. c.t. because of the holiday	Tuesday, December 24, 2013 (no update) Tuesday, December 31, 2013	
Transaction Processing: Terminals will be available to provide additional time for initial transaction entry and discrepancy correction before preparing the Annual Statements.	Saturday, January 4, 2013 Terminals available from 6 a.m. to 3 p.m. c.t.	
Loan Activity Cutoff: Transactions recorded through the terminals after the Loan Activity Cutoff, will be scheduled for update on the evening of January 8, 2014.	Wednesday, January 8, 2014 Terminals available from 6 a.m. to 7 p.m. c.t.	
Transaction suspension/Enabled Dates		
Transactions	**Suspension Date**	**Enabled Date**
TC 4A TC 4C TC 4D TC 4F TC 4G TC K4	December 27, 2013	January 10, 2014

--*

53 CAIVRS

A Requesting CAIVRS ID and Password

Employees who perform CAIVRS checks shall request a CAIVRS ID and password according to the following.

Step	Action
1	***--**Access the CAIVRS web site at **https://entp.hud.gov/caivrs/public/home.html.--***
2	CLICK "Using CAIVRS".
3	Under "Government Agencies", CLICK "Registration for Government User ID".
4	Follow the instructions to obtain a government user ID. For "Select Agency/Program", CLICK "USDA/Farm Service" and continue entering the required information.
5	CLICK "Send Application" and the request for a government user ID will be processed.

Once the CAIVRS ID and password request has been completed, users must:

- complete FSA-13-A, items 1 through 13 and item 37
- forward the completed FSA-13-A to the State SLR.

The State SLR must enter FSA-13-A information into ERSR before a CAIVRS ID and password can be issued.

Upon receiving ERSR from the State SLR, the FSA CAIVRS administrator will provide by e-mail, a CAIVRS ID and password to the requesting employee within 3 working days.

Note: CAIVRS passwords are valid for 21 calendar days and must be reset before expiring.
--**Passwords must be exactly 8 characters, are case sensitive, and must contain at least 1 letter, 1 number, and 1 special character. For forgotten or expired password**-- assistance, contact the Security Operations Help Desk at 800-255-2434, option 2.

53 CAIVRS (Continued)

B Using CAIVRS

Perform a CAIVRS inquiry according to the following.

Step	Action
1	Access the CAIVRS web site at **https://entp.hud.gov/caivrs/public/home.html**.
2	CLICK "Government User Menu".
3	Enter CAIVRS ID and password.
4	Select the function to perform when prescreening an applicant, such as "CAIVRS Authorization".
5	Select the agency or program that is prescreening the applicant from the agency list.
6	Enter the applicant's Social Security number or EIN and select the appropriate Social Security number or EIN indicator.
7	CLICK "Submit".
8	Print the "CAIVRS Authorization Results" and place in case file.

Note: If there are no claims, defaults, or foreclosures reported to CAIVRS, then CAIVRS will respond that there are no cases and provide a confirmation number.

54 Hyperion Data Mart

A Purpose and Overview

The Hyperion Data Mart is an ad-hoc reporting system used by the National Office and State Offices for monitoring purposes. FLP users who request and are granted access to the Hyperion Data mart will be given access to the FLP Data Mart folder within the Hyperion Data Mart. A user with access to the FLP Data Mart folder can pull direct loan making and loan servicing data as entered through DLS. Reports can be downloaded to Hyperion, Excel, or PDF format.

B User Assistance

The Hyperion Data Mart may be accessed on the FSA Data Warehouse Home Page at **https://fsadwhouse.sc.egov.usda.gov/FSA-DataMarts/FSAdataMartsHomePage.htm** by clicking "Hyperion Data Marts".

The Hyperion Reports User Guide for FLP Data Mart may be accessed on the FSA - Farm Loan Programs Systems Manual web site at **https://arcticocean.sc.egov.usda.gov/flp/InformationalLinks?Action=Manuals&caller=index** by clicking "Hyperion Reports User Guide".

C Security

Authorized users may access the Hyperion Data Mart reporting system using their eAuthentication ID. New users can be requested by completing and submitting FSA-13-A according to appropriate IRM directives.

55 Type of Assistance and Fund Codes

A Fund Codes

Fund codes are used to identify a type of loan. For example, Fund Code 44 indicates OL.

Obsolete fund codes are not used for new loans; however, obsolete fund codes will be reassigned if the loan is assumed.

See Exhibit 16 for a list of fund codes.

B Type of Assistance Codes

Type of assistance codes identify the specific type of loan for DLS obligation purposes. For example, a Type of Assistance Code 152 is a 1-year Rural Youth loan for an SDA applicant.

See Exhibit 16 for a list of types of assistance codes.

56-59 (Reserved)

60 Interest Rates

A Interest Rates for Direct Loans

[7 CFR 761.9] Interest rates for all direct loans are set in accordance with the Act. A copy of the current interest rates may be obtained in any Agency Office.

Note: See Exhibit 17 for current interest rates.

*** * ***

61-100 (Reserved)

Part 4 Supervised Bank Accounts

101 Overview

A Supervised Bank Account

A supervised bank account is an account with a financial institution established through a deposit agreement entered into between the borrower, FSA, and the financial institution.

B Establishing a Supervised Bank Account

[7 CFR 761.51 (a)] Supervised bank accounts will be used to:

(1) Assure correct use of funds planned for capital purchases or debt refinancing and perfection of the Agency's security interest in the assets purchased or refinanced when electronic funds transfer or treasury check processes are not practicable;

(2) Protect the Agency's security interest in insurance indemnities or other loss compensation resulting from loss or damage to loan security; or

(3) Assist borrowers with limited financial skills with cash management, subject to the following conditions:

(i) Use of the supervised bank account for this purpose will be temporary and infrequent;

(ii) The need for a supervised bank account in this situation will be determined on a case-by-case basis; and

(iii) The borrower agrees to the use of a supervised bank account for this purpose by executing the deposit agreement.

FSA-2140 will be signed by all borrowers.

A supervised bank account will be used only when necessary to ensure that loan or security proceeds are used according to the farm operating plan, agreement to use proceeds, or other agreement with FSA.

Note: Supervised bank accounts must not be used in place of EFT or multiple advances.

101 Introduction (Continued)

C Justification for Using a Supervised Bank Account

County Offices must:

- ensure that a supervised bank account is established according to this Part

- ***--**document in FBP Credit Presentation the reason a supervised bank account was established.

  Note: For servicing actions that do not require a Credit Presentation be completed, justification will be documented in the running record.**--***

See 3-FLP, 4-FLP, and 5-FLP for specific loanmaking and loan servicing situations where a supervised bank account is needed.

DD's and State Offices must review case files of borrowers with supervised bank accounts during County Office reviews to:

- verify that documentation is in place

- ***--**document in the running record their concurrence that the supervised bank account is**--*** needed.

If the review determines that the supervised bank account is not needed, DD or State Office must:

- ***--**document the results of the review in the running record**--***
- instruct the authorized agency official to close the supervised bank account.

102 Establishing a Supervised Bank Account

A Selecting a Financial Institution

[7 CFR 761.51(b)] The borrower may select the financial institution in which the account will be established, provided the institution is Federally insured. If the borrower does not select an institution, the Agency will choose one.

[7 CFR 761.51(c)] Only one supervised bank account will be established for any borrower.

[7 CFR 761.51(d)] If both spouses sign an FLP note and security agreement, the supervised bank account will be established as a joint tenancy account with right of survivorship from which either borrower can withdraw funds.

B Opening a Supervised Bank Account

The authorized agency official must provide the financial institution with FSA-2140, which addresses:

- services to be provided
- frequency and method of transmission for account statements
- countersignature requirements
- waiving of service charges whenever possible.

The authorized agency official, the financial institution, and any borrower authorized to write checks must sign FSA-2140. File the original in the borrower's case file and provide 1 copy to the borrower and 1 copy to the financial institution.

The authorized agency official is not required to provide his or her SSN to the financial institution. Government agencies are exempt from the requirements of the Customer Identification Program. FSA-2139 will be sent to financial institutions that require documentation of the exempt status of Government agencies on this issue.

C Type of Account

[7 CFR 761.53(a)] A supervised bank account, if possible, will be established as an interest bearing deposit account provided that funds will not be immediately disbursed, and the account is held jointly by the borrower and the Agency if this arrangement will benefit the borrower.

The authorized agency official, the borrower, and the financial institution must complete FSA-2141 when an interest bearing account is used.

102 Establishing a Supervised Bank Account (Continued)

D Account Balance Exceeding the Maximum Amount Insured by the Government

[7 CFR 761.51(e)] If the funds to be deposited into the account cause the balance to *--exceed the maximum amount insurable by the Federal Government, the financial--* institution must agree to pledge acceptable collateral with the Federal Reserve Bank for the excess over the insured amount, before the deposit is made.

*** * ***

Agency officials should use EFT or multiple advances when possible to minimize instances where the balance in supervised bank accounts will exceed the maximum insurable amount.

If an account balance will exceed $250,000, County Offices must complete FSA-2144 and forward it to the State Office. The State Office shall submit FSA-2144 to:

- FMD FINANCIAL SYSTEMS AND PROCEDURES BRANCH
  STOP 0581
  1400 INDEPENDENCE AVE SW
  WASHINGTON DC 20250-0581

- FAX: 703-305-1144.

FMD will coordinate the collateralization with the financial institution.

[7 CFR 761.51(e)] (1) If the financial institution is not a member of the Federal Reserve System, the institution must pledge acceptable collateral with a correspondent bank that is a member of the Federal Reserve System. The correspondent bank must inform the Federal Reserve Bank that it is holding securities pledged for the supervised bank account in accordance with 31 CFR Part 202 (Treasury Circular 176).

(2) When the balance in the account has been reduced, the financial institution may request a release of part or all of the collateral, as applicable, from the Agency.

Requests for release of collateral will be forwarded to FMD, Financial Systems and Procedures Branch.

103 Supervised Bank Account Transactions and Monitoring

A Deposits

[7 CFR 761.52(a)] Checks or money orders may be deposited into a supervised bank account provided they are not payable:

(1) Solely to the Federal Government or any agency thereof; or

(2) To the Treasury of the United States as joint payee.

The authorized agency official must prepare the deposit slip and deliver the deposit to the financial institution. Copies are distributed to the borrower and the borrower's case file.

FSA must maintain a record of all deposits, including funds from other sources, on FSA-2142.

B EFT Transactions

[7 CFR 761.52(b)] Loan proceeds may be deposited electronically.

The authorized agency official should use EFT to deposit loan funds to a supervised bank account.

The authorized agency official will make the initial deposit to the supervised bank account with a paper check only when required by the financial institution or if an EFT waiver is on file. FSA may then make subsequent advances by initiating EFT transactions.

103 Supervised Bank Account Transactions and Monitoring (Continued)

C Withdrawals from a supervised bank account

[7 CFR 761.54(a)] The Agency will authorize a withdrawal from the supervised bank account for an approved purpose after ensuring that:

(1) Sufficient funds in the supervised bank account are available;

(2) No loan proceeds are disbursed prior to confirmation of proper lien position, except to pay for any lien search if needed;

(3) No checks are issued to "cash"; and

(4) The use of funds is consistent with the current farm operating plan or other agreement with the Agency.

[7 CFR 761.54(b)] A check must be signed by the borrower with countersignature of the Agency, except as provided in Paragraph (c) of this section (subparagraph 103 D)**. All checks must bear the legend "countersigned, not as co-maker or endorser."**

D Withdrawal Without Borrower Signature

[7 CFR 761.54(c)] The Agency will withdraw funds from a supervised bank account without borrower counter signature only for the following purposes:

(1) For application on Agency indebtedness;

(2) To refund Agency loan funds;

(3) To protect the Agency's lien or security;

(4) To accomplish a purpose for which such advance was made; or

(5) In the case of a deceased borrower, to continue to pay necessary farm expenses to protect Agency security in conjunction with the borrower's estate.

The authorized agency official must submit recommendations for withdrawal to SED, in writing. SED may withdraw funds from a supervised bank account using FSA-2145.

103 Supervised Bank Account Transactions and Monitoring (Continued)

E Documentation

The authorized agency official may retain copies of invoices, receipts, or other documentation, as necessary, to support withdrawals from the supervised bank account.

F Interest

[7 CFR 761.53(b)] Interest earned on a supervised bank account will be treated as normal income security.

See 4-FLP for further information on normal income security.

G Reconciliation

The authorized agency official must reconcile the supervised bank account statement with FSA-2142. Items to be reconciled are the payee, amount of each check, and the balance in the account. Deposits and withdrawals verified during the reconciliation will be initialed and dated. Any discrepancies must be resolved.

The authorized agency official must return the statement and canceled checks to the borrower after the reconciliation has been completed.

104 Closing Accounts

A Account No Longer Needed

[7 CFR 761.55(a)] If the supervised bank account is no longer needed and the loan account is not paid in full, the Agency will determine the source of the remaining funds in the supervised bank account. If the funds are determined to be:

(1) Loan funds:

(i) From any loan type, except Youth loan, and the balance is less than $1000, the Agency will provide the balance to the borrower to use for authorized loan purposes;

(ii) From a Youth loan, and the balance is less than $100, the Agency will provide the balance to the borrower to use for authorized loan purposes;

(2) Loan funds:

(i) From any loan type, except Youth loan, and the balance is $1000 or greater, the Agency will apply the balance to the FLP loan;

(ii) From a Youth loan, and the balance is $100 or greater, the Agency will apply the balance to the FLP loan;

(3) Normal income funds, the Agency will apply the balance to the remaining current year's scheduled payments and pay any remaining balance to the borrower; and

(4) Basic security funds, the Agency will apply the balance to the FLP loan as an extra payment or the borrower may apply the balance toward the purchase of basic security, provided the Agency obtains a lien on such security and its security position is not diminished.

B Uncooperative Borrowers

[7 CFR 761.55(b)] If the borrower is uncooperative in closing a supervised bank account, the Agency will make written demand to the financial institution for the balance and apply it in accordance with paragraph (a) (subparagraph 104A) **of this section.**

Written demand will be made by SED according to subparagraph 103 D.

104 Closing Accounts (Continued)

C Death of Borrower

[7 CFR 761.55(c)] In the event of a borrower's death, the Agency may:

(1) Apply the balance to the borrower's FLP loan;

(2) Continue with a remaining borrower, provided the supervised bank account was established as a joint tenancy with right of survivorship account;

(3) Refund unobligated balances from other creditors in the supervised bank account for specific operating purposes in accordance with any prior written agreement between the Agency and the deceased borrower; or

(4) Continue to pay expenses from the supervised bank account in conjunction with the borrower's estate.

Deceased borrower's supervised bank accounts will be handled according to 4-FLP. SED may withdraw funds according to subparagraph 103 D after obtaining approval from OGC.

105-120 (Reserved)

--

Part 5 Planning and Performing Construction and Other Development

121 Overview

A Purpose

[7 CFR 761.10(a)] This section describes Agency policies regarding the planning and performing of construction and other development work performed with:

(1) Direct FLP loan funds; or

(2) Insurance or other proceeds resulting from damage or loss to direct loan security.

122 Borrower Requirements for Preparing a Construction and Development Plan

A Applicability

An applicant for an FLP loan for construction or repair of farm dwellings, service buildings, *--or land development must submit a construction and development plan to FSA before loan approval.--*

A borrower using insurance or other proceeds resulting from the damage or loss of loan security for construction, repair, or land development must submit a construction and development plan to FSA before the release of any proceeds.

B Funds for Development Work

[7 CFR 761.10(b)] The applicant or borrower:

(1) Must provide the Agency with an estimate of the total cash cost of all planned development prior to loan approval.

Note: Estimates must be provided from the supplier or contractor who will provide services or perform the repair.

(2) Must show proof of sufficient funds to pay for the total cash cost of all planned development at or before loan closing.

(3) Must not incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from Agency funds.

Acceptable sources of funds to pay for the planned development include loan proceeds, any cash furnished by the borrower, proceeds from cost sharing programs, or proceeds from the sale of property.

122 Borrower Requirements for Preparing a Construction and Development Plan (Continued)

C Scheduling, Planning, and Completing Development Work

[7 CFR 761.10(c)] The applicant or borrower:

(1) Is responsible for scheduling and planning development work in a manner acceptable to the Agency and must furnish the Agency information fully describing the planned development, the proposed schedule and the manner in which it will be accomplished.

Construction and development work may be performed either by the contract method or the borrower method.

Under the contract method, construction and development contractors perform work according to a written contract with the applicant or borrower. Under the borrower method, the applicant or borrower will perform the construction and development work.

The borrower method may only be used when the authorized agency official determines, based on information from the applicant, that both of the following conditions apply.

- The applicant possesses or arranges to obtain the necessary skill and managerial ability to complete the work satisfactorily
- Such work will not interfere with the applicant's farming operation or work schedule.

An applicant or borrower must submit FSA-2150 along with the following information:

- cost estimates that fully describe the materials to be used and the work to be performed according to subparagraph B
- certified drawings, specifications, or contract documents that completely describe the work, including all landscaping, repairs, and site development
- technical data, tests, or engineering evaluations, if requested by FSA.

--**The applicant or borrower must identify and inform FSA of the authorities or professionals who will perform inspections before initiating conservation or development projects.**--

D Qualified Technical Services

The applicant or borrower:

[7 CFR 761.10(c)(5)] Is responsible for obtaining any required technical services from qualified technicians, trades-people, and contractors.

The applicant should be advised to review copies of license, liability insurance, and bond coverage; however, copies are not required for the borrower's file.

122 Borrower Requirements for Preparing a Construction and Development Plan (Continued)

E Construction and Repair Standards

[7 CFR 761.10(d)] (1) The construction of a new building and the alteration or repair of an existing building must conform with industry-acceptable construction practices and standards.

(2) All improvements to a property must conform to applicable laws, ordinances, codes, and regulations.

(3) The applicant or borrower is responsible for selecting a design standard that meets all applicable local and state laws, ordinances, codes, and regulations, including building, plumbing, mechanical, electrical, water, and waste management.

(4) The Agency will require drawings, specifications, and estimates to fully describe the work as necessary to protect the Agency's financial interests. The drawings and specifications must identify any specific development standards being used. Such information must be sufficiently complete to avoid any misunderstanding as to the extent, kind, and quality of work to be performed.

(5) The Agency will require technical data, tests, or engineering evaluations to support the design of the development as necessary to protect its financial interests.

(6) The Agency will require the applicant or borrower to provide written certification that final drawings and specifications conform with the applicable development standard as necessary to protect its financial interests. Certification must be obtained from individuals or organizations trained and experienced in the compliance, interpretation, or enforcement of the applicable development standards, such as licensed architects, professional engineers, persons certified by a relevant national model code organization, authorized local building officials, and national code organizations.

***--**Certification required may vary based on type of construction and amount needed and may include, but not be limited to:

- permits issued by local building authorities, based on review of detailed plans and specifications
- licensed general contractor
- local building company.**--***

122 Borrower Requirements for Preparing a Construction and Development Plan (Continued)

F Scheduling Construction

The applicant or borrower:

[7 CFR 761.10(c)(4)] Must schedule development work to start as soon as feasible after the loan is closed and be completed as quickly as practicable.

Development work should be completed no later than 12 months from the date of loan closing. The authorized agency official must document any extension beyond 12 months in the case file.

G Approvals and Permits

The applicant or borrower:

[7 CFR 761.10(c)(2)] Is responsible for obtaining all necessary State and local construction approvals and permits prior to loan closing.

All necessary State and local construction approvals and permits should be obtained before loan closing. Failure to obtain such approvals and permits in a timely manner may delay the project and increase costs. In some cases, all approvals and permits may not be available until after construction.

122 Borrower Requirements for Preparing a Construction and Development Plan (Continued)

H Environmental Review

The applicant or borrower:

[7 CFR 761.10(c)(3)] Must ensure that all development work meets the environmental requirements established in subpart G of 7 CFR part 1940.

See 1-EQ and the State Natural Resources Guide for additional guidance.

I Warranty and Lien Waivers

[7 CFR 761.10(f)] The applicant or borrower must obtain and submit all lien waivers on any construction before the Agency will issue final payment.

The borrower must submit a completed FSA-2153 and FSA-2154 or other documentation acceptable to FSA before FSA will issue final payment. The authorized agency official must place the completed FSA-2153 or other acceptable documentation in the borrower's case file.

The borrower should obtain warranties as applicable.

123 Review of Proposed Construction and Development Plans

A Review Process and Criteria

FSA will review the proposed method of doing the work and determine whether the work can be performed satisfactorily under the proposed method. To facilitate its review, FSA will visit the farm or site of the proposed construction or development.

In this review, the authorized agency official must:

- review the cost estimate for reasonableness
- analyze the adequacy of the planned construction or development in achieving applicant goals according to the farm assessment, as outlined in Part 8, Section 2
- determine that the applicant has adequate funds to complete the project according to subparagraph 122 B
- determine whether the contractor will be able to obtain surety according to paragraph 126
- determine whether the applicant will be able to obtain a warranty and a lien waiver according to subparagraph 122 I
- determine that the location is appropriate and adequate for the proposed development
- examine the project for compliance with environmental (e.g., lead paint, water, waste disposal), and cultural protection requirements, consistent with 1-EQ
- determine that the proposed schedule is realistic and results in completion as quickly as practicable and within no more than 12 months according to subparagraph 122 F
- if required, determine that the applicant has obtained a written certification from a State-licensed engineer or architect that final drawings and specifications meet appropriate development standards according to subparagraph 122 E.

123 Review of Proposed Construction and Development Plans (Continued)

B Security Considerations

The authorized agency official should ensure that the Government's security interest in the development is adequately protected by completing inspections and monitoring progress, as appropriate. Examples of potential lending risks include the following:

- incomplete construction caused by undisclosed or undiscovered site characteristics, structural problems arising from inadequate or incompetent engineering or design, local opposition to the project, or environmental problems

- cost overruns resulting from delays, changes in building materials or labor markets, changes in cost or failure to estimate properly, unexpected increases in financing costs

- financial failure because of unfavorable market conditions or inability of the borrower to complete the project.

124 Inspections

A Applicant/Borrower Inspections

[7 CFR 761.10(e)(1)] The applicant or borrower is responsible for inspecting development work as necessary to protect their interest.

The borrower's inspection ascertains that the actual construction and development work conforms with all plans, applicable design standards, and local, State, and Federal laws and regulations. In addition, an inspection helps to ensure that contractors and subcontractors comply with the contract terms and that structures are in livable and operable condition before final payment.

The authorized agency official will evaluate the following in determining if FSA inspections are needed:

- total cost of construction
- complexity of project
- whether State or local Government inspections address the full scope of design or performance issues of concern to FSA
- cost of obtaining inspections and availability of professional inspection services.

***--[7 CFR 761.10(e)(2)] The applicant or borrower must provide the Agency written--* certification that the development conforms to the plans and good construction practices, and complies with applicable laws, ordinances, codes and regulations.**

Where required by applicable State or local laws, ordinances, codes, and regulations, the borrower must have inspections performed by responsible State or other Government authorities. The borrower must provide a copy of the written certification obtained from the State or local authorities as appropriate.

*** * ***

Complex projects may require several inspections. For example, inspections may be appropriate for major building components (e.g., wiring) that would not be visible when construction is complete. At a minimum, inspections of most new construction should include mechanical, plumbing, electrical, and all applicable requirements about water and sewage disposal. Inspections for repairs and some types of new construction (e.g., service buildings without utilities) are more limited in scope.

124 Inspections (Continued)

B Other Inspections

[7 CFR 761.10(e)(3)] The Agency will require the applicant or borrower to obtain professional inspection services during construction as necessary to protect its financial interests.

(4) Agency inspections do not create or imply any duty or obligation of the Government to the applicant or borrower.

When performed, FSA inspections are for FSA's benefit, not to assure the borrower that the construction is according to plans and specifications. The purpose of an inspection is to determine that FSA has adequate security for its loan and loan funds or security proceeds are used as planned.

Inspections by FSA staff are not mandatory. However, to protect the interest of the Government, an authorized agency official should participate in final inspections, accompanied by the borrower if practicable. FSA inspections will be to certify that funds were used for authorized purposes and not to guarantee workmanship or construction soundness.

Inspections will be documented in the borrower case file.

C Correction of Deficiencies

The borrower is responsible for following up on the correction of deficiencies noted in any inspection and must provide FSA with documentation of follow-up and correction of deficiencies.

If the borrower or the contractor refuses to correct the deficiencies, the authorized agency official will contact the State Office for guidance.

D Reviewing Incomplete Developments

If the borrower has not completed development work within a reasonable time after the date of loan closing or receipt of security proceeds and the authorized agency official has determined that the borrower cannot or will not complete the development, the authorized agency official must contact the State Office for guidance.

Note: Any funds remaining in the supervised bank account should be handled according to subparagraph 103 D.

125 Changing the Planned Development

A Permissible Changes

[7 CFR 761.10(h)] An applicant or borrower must request, in writing, Agency approval for any change to a planned development. The Agency will approve a change if all of the following are met:

(1) It will not reduce the value of the Agency's security;

(2) It will not adversely affect the soundness of the farming operation;

(3) It complies with all applicable laws and regulations;

(4) It is for an authorized purpose;

(5) It is within the scope of the original loan proposal;

(6) If required, documentation that sufficient funding for the full amount of the planned development is approved and available;

(7) If required, surety to cover the full revised development amount has been provided; and,

(8) The modification is certified in accordance with paragraph (d)(6) (subparagraph 122 E) of this section.

B Change Orders Procedures

When a borrower completing construction or development under the borrower method requests FSA approval of changes, the authorized agency official and the borrower will revise, date, and initial FSA-2150. Revised plans and specifications will be obtained as appropriate when a borrower completing construction or development under the contract method requests FSA approval of changes.

The borrower will submit revised contract documents, plans, and specifications, as appropriate.

The borrower and the borrower's contractors and subcontractors may not proceed with a proposed change and may not reflect the change in payment requests until FSA approves the requested change.

126 Surety Bonds

A Surety

[7 CFR 761.10(g)] The Agency will require surety to guarantee both payment and performance for construction contracts as necessary to protect its financial interests.

An applicant for a direct loan to finance a construction project must obtain from a construction contractor a surety bond that guarantees both payment and performance in the amount of the construction contract when 1 or more of the following conditions exist:

- contract exceeds $100,000
- authorized agency official determines that a surety bond appears advisable to protect the borrower against default of the contractor
- contract provides for partial payments in excess of the amount of 60 percent of the value of the work in place.

When the surety is required, the applicant's contract with the contractor must indicate that the contractor will furnish a properly executed surety bond before starting any work.

FSA will incur no liability to a surety bond issued in connection with a construction contract. The contractors must name FSA as a co-beneficiary in all surety bonds unless prohibited by State law.

B Sources of Surety

A contractor must obtain the surety bonds from a corporate bonding company listed on the current Department of Treasury Circular 570.

Note: The Treasury Department publishes this circular in the Federal Register annually. A current copy may be obtained from **http://www.fms.treas.gov/c570/index.html**.

The contractor may use a corporate bonding company not listed on Department of Treasury Circular 570 with SED approval. In no case may the applicant or any person or organization with an interest in the applicant's operation provide the required surety bond.

126 Surety Bonds (Continued)

C Exceptions to Surety Requirements

If the contractor is unable to obtain a surety bond meeting the requirements in subparagraphs A and B, the applicant may submit a written request for an exception from SED. The request must specifically state why the contractor is unable to obtain an acceptable surety bond and why it is financially advantageous for the applicant to proceed with the proposed contractor without such a bond.

SED may grant an exception if the proposed contractor is reliable and experienced in the construction of projects of similar size, design, scope, and complexity and has financial assurance comparable to being bonded.

127-140 (Reserved)

--

Part 6 Appraisals

141 General Appraisal Requirements

A General

[7 CFR 761.7(a)] This section describes the requirements for:

(1) Real estate and chattel appraisals made in connection with the making and servicing of direct FLP loans and Nonprogram loans

(2) appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans.

B Purpose

FSA uses appraisals to determine the value of real and personal property or other security pledged or to be pledged to support direct loans and loan servicing actions. FSA requires a lender to obtain an appraisal in certain guaranteed loan making and servicing cases.

--**Appraisals are an integral part of determining whether there is adequate security to support**-- a loan or servicing action.

C USPAP Compliance

[7 CFR 761.7(b)(1)] Real estate appraisals, technical appraisal reviews and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific FLP activity involved. Applicable procedures and regulations are available for review in each Agency State Office.

To comply with OMB Circular No. A-129, the employee making a real estate appraisal may not approve any action in which the real estate appraisal was used, including loan approval or any servicing action.

141 General Appraisal Requirements (Continued)

D Appraisal Costs

*****--Responsibility for payment of appraisal costs is as follows:

- FSA, for cost of obtaining an appraisal associated with direct loan making and loan servicing activities

  Note: See Part 7 for information on FSA appraisal costs and payments.

- the applicant or borrower for costs associated with appealing or negotiating FSA--***** appraisals.

  Note: See paragraph 144 for information on appraisal appeals.

E Obtaining Appraisals

A chattel appraisal may be conducted by either an FSA employee who has been delegated chattel appraisal authority from SED or a contract appraiser.

*****--For direct credit transactions, a real estate appraisal is obtained according to the following table.

IF credit transaction amount is…	**AND type of property is…**	**THEN appraisal can be completed by…**
less than $100,000	residential, small agricultural property, or bare land	State-certified residential, State-certified general contract appraiser, FSA full-time or part-time designated appraiser/reviewer, or FSA limited authority appraiser.
	property **other** than residential, small agricultural property, or bare land	State-certified general contract appraiser or FSA full-time or part-time appraiser/reviewer.
$100,00 or more	residential, small agricultural property, or bare land	State-certified residential, if within the scope of the appraiser's State appraisal license, State-certified general contract appraiser, or FSA full-time or part-time designated appraiser/reviewer.
	property **other** than residential, small agricultural property, or bare land	State-certified general contract appraiser or FSA full-time or part-time appraiser/reviewer.

--*

Notes: A credit transaction includes any action or existing debt secured by real estate and any proposed loans, subordinations, prior liens, or guarantees.

141 General Appraisal Requirements (Continued)

E Obtaining Appraisals (Continued)

--**A State-certified residential appraiser can appraise residential properties, including 1 to 4 single family units, and small agricultural properties or bare land. The property must be determined to be within the scope of the State license authority in which the subject property is located. Any other properties usually will be beyond the scope of a State-certified residential appraiser. If there are concerns whether the property under consideration may be appraised by a State-certified residential appraiser, consult an FSA staff appraiser.**--

SED shall issue a State supplement providing guidance on the process to request:

- a chattel appraisal from a contract appraiser
- a real estate appraisal.

FSA offices shall release information requested by the appraiser to complete real estate appraisals.

F Using an Existing Appraisal

[7 CFR 761.7(c)] Except where specified elsewhere, when a real estate appraisal is required, the Agency will use an existing real estate appraisal to reach loan making or servicing decisions under either of the following conditions:

(1) The appraisal was completed within the previous 12 months and the Agency determines that:

(i) The appraisal meets provisions of this section and applicable Agency loan making and servicing requirements, and

(ii) Market values have remained stable since the appraisal was completed; or

(2) the appraisal was not completed in the previous 12 months, but has been updated by the appraiser or appraisal firm that completed the appraisal and both the update and original appraisal were completed in accordance with USPAP.

Note: Current USPAP requirements provide that an update of an appraisal is a new appraisal assignment. The appraiser may provide a new report:

- without incorporating the prior report
- by incorporating the prior report by attachments
- by incorporating the prior report by reference only if the original appraiser's firm and original intended users agree.

141 General Appraisal Requirements (Continued)

F Using an Existing Appraisal (Continued)

An existing chattel appraisal may be used if it was completed within the previous 24 months and:

- FSA determines that the appraisal meets the loan making and/or servicing requirements
- market values have remained stable since the appraisal was completed.

G Using Third Party Appraisals

FSA may use an appraisal that has been completed by a third party for any direct or guaranteed loan making or servicing action, provided the appraisal meets all of the following:

- appraisal was completed within the previous 12 months
- appraisal was signed by a State-certified general appraiser licensed in the State where the property is located
- intended use stated in the report is consistent with FSA's need.

Notes: FSA does not need to be listed as an intended user in a third party appraisal report for any direct or guaranteed loan making or servicing action; however, FSA must verify that the appraisal was ordered by and prepared for a financial institution or land trust. Borrower-ordered appraisals are not acceptable for loan making or servicing actions except as provided in 5-FLP for special servicing actions.

If the administrative review concludes the appraisal is **not** acceptable for FSA use, a technical review should **not** be completed, nor should the report be used.

H Contracts for Appraisal Services

Contracts for obtaining real estate appraisals and technical reviews or chattel appraisals shall be established according to Part 7.

Contract appraisers must remain independent from other FSA processes that are not appraisal-related.

Note: FSA processes that are not appraisal-related include completion of environmental screening questionnaires or forms.

142 Appraisal Reports

A Chattel Appraisals

[7 CFR 761.7(b)(2)] When a chattel appraisal is required it must be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

FSA may use FSA-2160. If FSA-2160 is not used, the chattel appraisal, as a minimum, will identify all chattel items appraised, including the following details:

- the quantity, kind, sex, breed, color, weight or average weight, brands or other identification, and value of livestock

  Note: Weight is not required for breeding stock.

- the quantity, kind, manufacturer, size and type, condition, year of manufacture, serial or motor number, and value of machinery and other equipment.

The appraised value of chattel property will be based on public sales of the same or similar property in the market area. In the absence of public sale data, reputable publications may be used to establish market value. *** * ***

142 Appraisal Reports (Continued)

B Real Estate Appraisals

A real estate appraisal, as a minimum, will be an appraisal report as defined by USPAP. Any exception to allow the use of a restricted report requires prior written approval by SED. SED may redelegate this authority to the designated State staff appraiser. Approval of restricted reports will only be granted under extraordinary circumstances, limited to situations where there will be only a single user of the report.

Real estate appraisals must include as a minimum, the following details:

- documentation of the physical onsite inspection of the subject and comparable properties by the appraiser

  Note: Physical inspections are required for the appraisal unless an exception in writing is provided by an FSA appraiser.

- documentation of the results of the following 3 approaches to estimating value, as determined to be applicable and necessary, except as provided in the scope of work in USPAP:

  - sales comparison approach
  - cost approach
  - income approach

- if adjustments are made, the basis for these adjustments as recognized by the market and supported by adequate documentation in the appraisal

- at least a 3-year sales history of the property

- the comparable sales used, including a breakdown of land and improvement features and photographs of improvements and land.

  Note: Using the subject property's pending sale as a comparable is prohibited.

*** * ***

142 Appraisal Reports (Continued)

B Real Estate Appraisals (Continued)

***--**Before the passage of the Agricultural Act of 2014 (Pub. L. 113-79) on February 7, 2014, CONACT provided for direct FO loans secured by real estate after December 23, 1985, the appraisal must consider the value of oil, gas, and other minerals for FSA to perfect its lien on the minerals. FSA is no longer required to include the value, even if nominal, of oil, gas, and other minerals to perfect its lien.

When the value of mineral rights is needed to adequately collateralize the loan, FSA-2164,**--*** Part D or other formats that provide the same information, will be included in the appraisal report to support the market value arrived at by the appraiser.

*** * ***

C Approved Appraisal Formats

Any appraisal format that meets USPAP requirements is acceptable.

FSA has the following available formats that may be used along with additional documentation to meet USPAP requirements:

- FSA-2161
- FSA-2162
- FSA-2163
- FSA-2164.

D Real Estate Appraisal Software

FSA has appraisal software available for full-time and part-time staff appraisers/reviewers. To obtain a copy of the software, or if there are questions about the software, contact Thomas Dobbin, Chief Appraiser, by either of the following:

- e-mail at **thomas.dobbin@wdc.usda.gov**
- telephone at 208-378-5671.

143 FSA Review of Appraisal Reports

A Overview

[7 CFR 761.7(d)(1)] With respect to a real estate appraisal, the Agency may conduct a technical appraisal review or an administrative appraisal review, or both.

[7 CFR 761.7(d)(2)] With respect to a chattel appraisal, the Agency may conduct an administrative appraisal review.

Real estate appraisals used for any direct or guaranteed loan making or servicing purpose are subject to a technical appraisal review or an administrative appraisal review by FSA for compliance with applicable FSA regulations and procedures.

--**Chattel appraisal administrative reviews will be completed on FSA-2167.**--

B Administrative Appraisal Reviews

Administrative appraisal reviews are conducted by FSA employees, other than an FSA full-time or part-time State-designated appraiser/reviewer, delegated the responsibility by SED. Employees must have completed training on conducting appraisal reviews, according to paragraph 147, before receiving this delegation.

An administrative appraisal review is performed as a due diligence function in the context of a loan making or servicing decision and to ensure compliance with organizational requirements. After the administrative appraisal review, the appraisal user will be in a position to understand the strengths and weaknesses of the information in the report. An administrative appraisal review is completed to verify that the:

- correct property was appraised
- math is correct
- appraisal is logical and understandable
- appraisal complies with FSA contracting requirements.

Note: An administrative appraisal review does not include a determination of compliance with USPAP.

The administrative reviewer will refer to the designated State staff appraiser any areas of concern or problems detected. An administrative reviewer may not express a different opinion of value and may not certify to the type and extent of review.

The administrative appraisal review is completed for farm properties on FSA-2165 and for residential properties on RD 1922-15, or in any other format containing, at a minimum, the same information.

143 FSA Review of Appraisal Reports (Continued)

*--C Conducting Administrative Appraisal Reviews

FSA will complete an administrative appraisal review:--*

- within 7 workdays of receiving a contracted appraisal obtained for any direct loan purpose
- on 20 percent of appraisals obtained during each FY by CLP and PLP lenders for any guaranteed loan purpose
- on all appraisals obtained during each FY by SEL's for any guaranteed loan purpose
- of chattel and real estate appraisals completed by FSA employees, as determined by SED
- on all third party appraisals.

143 FSA Review of Appraisal Reports (Continued)

D Technical Appraisal Reviews Overview

A technical appraisal review will be in writing to address all requirements of USPAP, Standard 3. Under the scope of the technical appraisal review, the appraiser/reviewer forms an opinion as to:

- the adequacy and relevance of the data used
- the propriety of any adjustments to the data
- the appropriateness of the appraisal methods and techniques used
- whether the analysis and conclusion of the appraisal under review is credible, and if not, the reason for expressing different opinion of value.

Unless written authority is granted by DAFLP, a technical appraisal review must be ***--**completed by a State-certified general appraiser, whose services are obtained under a contract, or FSA full-time or part-time State-designated appraiser/reviewer who will**--*** determine whether the appraisal is in compliance with USPAP Standards. The appraiser/reviewer must certify as to the type and extent of the review process. A technical appraisal review may include a desk review and/or a field review. The appraiser/reviewer may express a different opinion of value from the appraiser, only after complying with USPAP Standards 1 and 2.

The technical appraisal review is completed for agriculture properties on FSA-2166, or any other format containing, at minimum, the same information and complies with USPAP standards.

A technical desk review:

- is an analysis of the material presented in the appraisal report as to the adequacy of the documentation of the final value estimate
- may reveal concerns, such as math errors, discrepancies of legal descriptions, comparable sales used that are not recent or similar to the subject property, failure to give value consideration to all items located on the subject property, and failure to address the condition of the subject and comparable sales.

A technical field review involves an examination of all aspects of making the appraisal. All information contained in the appraisal report is verified, inspected, and researched. Other information, such as other comparable sales, not included in the report may be addressed.

Problems or areas of concern detected during the technical appraisal review will be referred to the appraiser who conducted the appraisal.

143 FSA Review of Appraisal Reports (Continued)

E Conducting Technical Appraisal Reviews

FSA will complete a technical appraisal review of the following:

- first direct loan appraisal completed by a contract appraiser and then 1 every 2 FY's thereafter

- first third party appraisal used for direct loan appraisals completed by an appraiser with whom FSA has had no appraisal experience and then 1 appraisal every 2 FY's thereafter

*** * ***

Note: If an appraisal has been technically reviewed under any of the previous bullets, it is **not** necessary to conduct another review of another appraisal completed by the same appraiser on a different category, such as appraisal reviewed with a ***--**direct loan and the same appraiser subsequently completes another assignment**--*** that is submitted to FSA as a third party appraisal. A review would **not** be necessary.

- 1 appraisal (or technical review when an appraisal has not been completed during the cycle) completed by FSA staff appraisers every 2 FY's

  Note: The National Office will coordinate peer desk type reviews and monitor completion and results. Peer reviewers and appraisal/technical reviews selected for review will be on a random basis.

- direct or guaranteed loan appraisals when an administrative review detects serious problems

- all appraisals completed by limited authority appraisers

- of appraisals conducted by contractors and FSA employees in a random spot check method that is established by SED

  Note: Each year, SED will vary the method used to select appraisals for review to ensure that adequate internal controls are established.

- on a more frequent basis, if problems have been detected in the scheduled spot check review

- upon request of the loan approval official anytime before loan approval.

143 FSA Review of Appraisal Reports (Continued)

F Recordkeeping and Internal Management Controls

Each State must maintain a recordkeeping system and internal management controls to ***--**ensure that all administrative, technical (desk and field) reviews, and compliance activities**--*** are accomplished according to 25-AS, Exhibit 40.5.

G USPAP Records Retention

USPAP requires that appraisers retain documentation about appraisal reviews and technical appraisal reviews they conduct for whichever of the following is longer:

- 5 years from date of completion
- 2 years from the date all appeals and litigation about the appraisal are concluded.

SED's shall provide adequate storage space to staff appraisers for the duration of the required documentation retention period.

H FLP Appraisal Work Files

Appraisal work files **must**:

- **not** be destroyed or otherwise removed from FSA when USPAP retention requirements expire

- be relinquished when appraisers leave FSA employment positions.

Note: Appraisers may make copies of their work files at no cost before departing. Appraisers will be provided access to their work files on an as-needed basis to address State board concerns.

144 Appeals of Decisions Based on Appraisals

A Scope

This paragraph provides general information on appealing a direct loan making or loan servicing decision based on an appraisal. See 1-APP and paragraph 42 for additional information on appeals.

B When a Decision Based on an Appraisal May Be Challenged

An applicant or borrower may request reconsideration or appeal of any adverse decision based on an FSA appraisal. However, when the appraisal was obtained in connection with a request for PLS and negotiation of the appraisal has been completed according to 5-FLP, paragraph 230, the negotiated value is not appealable.

C Reconsideration of Real Estate Appraisals

An applicant or borrower may request reconsideration of an adverse decision based on a real estate appraisal and provide an independent technical appraisal review, completed by a State-certified general appraiser.

The independent technical appraisal review:

- is performed to determine whether the analysis, opinions, and conclusions in the appraisal report obtained by FSA are appropriate and reasonable

- may include either a desk review and/or a field review.

  Note: The appraiser conducting the technical appraisal review must certify as to the type and extent of the review process.

At the applicant's or borrower's request, the agency official shall provide a list of State-certified general appraisers. The applicant or borrower may select an appraiser from the list or retain any other State-certified general appraiser to conduct the independent technical appraisal review according to USPAP Standard 3. The applicant or borrower must pay the cost of the independent technical appraisal review.

FSA will review the independent technical appraisal review, as well as the appraisal used to ***--**make the decision, and determine the final appraisal report to be used. The authorized**--*** agency official will notify the applicant or borrower of the outcome of reconsideration according to 1-APP.

144 Appeals of Decisions Based on Appraisals (Continued)

D Reconsideration of Chattel Appraisals

An independent appraisal review is performed to determine whether the analysis, opinions, and conclusions in the appraisal report obtained by FSA are appropriate and reasonable.

FSA will review the chattel independent appraisal received from the applicant or borrower, along with a copy of the appraisal, and decide the chattel's final appraised value. The authorized agency official will notify the applicant or borrower of the outcome of reconsideration according to 1-APP.

E Real Estate and Chattel Appraisal Appeals

[7 CFR 761.7(e)] Challenges to an appraisal used by the Agency are limited as follows:

(1) When an applicant or borrower challenges a real estate appraisal used by the Agency for any loan making or loan servicing decision, except primary loan servicing decisions as specified in § 766.115 of this chapter (5-FLP, paragraph 230)**, the issue for review is limited to whether the appraisal used by the Agency complies with USPAP. The applicant or borrower must submit a technical appraisal review prepared by a State Certified General Appraiser that will be used to determine whether the Agency's appraisal complies with USPAP. The applicant or borrower is responsible for obtaining and paying for the technical appraisal review.**

Note: The applicant or borrower does **not** have the right to provide a second independent appraisal for consideration.

(2) When an applicant or borrower challenges a chattel appraisal used by the Agency for any loan making or loan servicing decision, except for primary loan servicing decisions as specified in § 766.115 of this chapter (5-FLP, paragraph 230)**, the issue for review is limited to whether the appraisal used by the Agency is consistent with present market values of similar items in the area. The applicant or borrower must *--submit an independent appraisal** review **that will be used to determine whether the appraisal is consistent with present market values of similar items in the area. The applicant or borrower is responsible for obtaining and paying for the independent appraisal** review**.**

Note: Applicants or borrowers challenging a chattel appraisal must submit an independent chattel appraisal review. This CFR text will be amended in a forthcoming rule to correctly reflect this requirement.**--***

144 Appeals of Decisions Based on Appraisals (Continued)

*--E Real Estate and Chattel Appraisal Appeals (Continued)

If the borrower:

- is being considered for PLS under 5-FLP, the appeal challenging FSA's appraisal may include the borrower's independent appraisal according to 5-FLP, paragraph 230

  Note: In Homestead Protection under 5-FLP, Part 7, the borrower has the right to select an independent appraiser from a list of appraisers provided by the authorized agency official. The issue on appeal will be whether FSA's appraisal is consistent with USPAP and the borrower may only provide an independent technical appraisal review of FSA's appraisal. The borrower does **not** have the right to provide a second independent appraisal for consideration or negotiation of the appraisal.

- disagrees with the appraised value used to determine the amount due under a shared appreciation agreement or net recovery buyout recapture agreement, the issue on appeal will be whether FSA's appraisal is consistent with USPAP, and the borrower may only provide an independent technical appraisal review of FSA's appraisal.

  Note: Subparagraphs 42 D and E provide text to be added to the reconsideration paragraph in adverse decision letters involving appraisals.--*

144 Appeals of Decisions Based on Appraisals (Continued)

F Releasing FSA Appraisal Reviews

***--**Administrative appraisal reviews performed by an FSA employee:

- before an initial decision are part of the FSA record and must be submitted to NAD as part of the appeal process
- after an initial decision are not part of the FSA record and would not be releasable except under a subpoena from NAD according to 7 CFR 11.8(a), and only after any information prohibited from disclosure is deleted.

Technical appraisal reviews performed before or after an initial decision are part of the FSA record and must be submitted to NAD as part of the appeal process.**--***

G Errors Identified in an Appraisal

If either the authorized agency official or borrower discovers any mathematical or property description errors in the appraisal, the discrepancies must be reported to SED or designated State staff appraiser. The designated State staff appraiser shall review the nature of the discrepancy and make a determination to:

- contact the appraiser to correct the appraisal
- determine whether the discrepancies are material to the final value determined in the appraisal report.

The appraiser may make corrections to the appraisal up until the time the appeal hearing begins or as a result of the appeal hearing.

145 Appraiser Qualifications

A Chattel Appraisals

An FSA employee delegated chattel appraisal authority from SED, or a contractor hired to complete chattel appraisals, must:

- possess sufficient experience or training to establish market value of chattel property based on public sales of the same or similar property in the market area
- demonstrate, to SED's or designee's satisfaction, sufficient experience and training to establish market values of chattel property.

Note: A contract appraiser's qualifications shall be documented by the appraiser and maintained in the contract file.

B Real Estate Contract Appraisers

Real estate contract appraisers must be State-certified general appraisers in the State in which the property to be appraised is located.

C Full-Time and Part-Time FSA Real Estate Appraisers/Reviewers

A full-time appraiser/reviewer is an FSA employee who is responsible only for real estate appraisals and technical real estate appraisal reviews, and who has or is fulfilling the training requirements in paragraph 146.

A part-time appraiser/reviewer is an FSA employee who has significant responsibilities for real estate appraisal and technical real estate appraisal reviews, but has other FSA program responsibilities as well, and who has or is fulfilling the training requirements in paragraph 146.

Both full-time and part-time appraisers/reviewers must be a State-certified general appraiser or obtain State-certified general appraiser status within *** * *** 5 years of being designated as an appraiser/reviewer.

D FSA Limited Authority Real Estate Appraisers

An FSA limited authority appraiser is an employee who is primarily responsible for the administration of FSA programs, but has been delegated limited authority to perform real estate appraisals when the total credit transaction is less than $100,000, as described in subparagraph 141 E.

FSA limited authority appraisers are not:

- required to obtain State-certified general appraiser status
- authorized to complete technical real estate appraisal reviews.

146 Appraiser Training Requirements

A Obtaining State-Certified General Appraiser Status

Both full-time and part-time FSA appraisers/reviewers must acquire State-certified general appraiser status within 5 years from being designated as an appraiser/reviewer. To acquire this status, the appraiser/reviewer must meet their respective State licensing requirements and complete the following categories, at a minimum.

Category	Description
1	220 hours of appraisal training, of which a majority must concentrate in farm real estate-related courses, in: • sales comparison approach • cost approach • income approach.
2	16 hours of training in USPAP.
3	24 hours of training in narrative report writing.
4	A minimum of 40 hours of technical appraisal review.

Required courses may be taken from approved institutions, such as:

- colleges or universities
- community or junior colleges
- real estate appraisal or real estate-related organizations
- State or Federal agencies or commissions
- proprietary schools
- other providers approved by the State certification-licensing agency.

The appraiser/reviewer, with supervisor approval, should select courses accredited by the State Appraisal Board and meet required general course guidelines and directions.

In addition, the appraiser/reviewer must meet State experience requirements for obtaining a State-certified general license.

If a designated appraiser/reviewer cannot acquire State-certified general appraiser status within 5 years because of State requirements, SED or FLC must request an extension from the National Office for the appraiser/reviewer to complete the requirements. The request ***--**should be e-mailed to Thomas Dobbin, Chief Appraiser, at **thomas.dobbin@wdc.usda.gov**.**--***

146 Appraiser Training Requirements (Continued)

B Maintaining State-Certified General Appraiser Status

Full-time and part-time appraisers/reviewers are required to maintain their State-certified general appraiser status by completing continuing education courses according to the standards established by the State Appraisal Board.

These courses must be:

- taken from approved institutions
- accredited by the State Appraisal Board.

The appraiser/reviewer, with supervisor approval, should select the continuing education course topics.

C Training Requirements for FSA Limited Authority Appraisers

SED or full-time appraisers/reviewers shall establish the minimum training needs for FSA-limited authority appraisers.

The training must ensure satisfaction of the following:

- ethics
- competency
- scope of work
- jurisdictional exception rule
- USPAP Standards 1 and 2
- appropriate FSA appraisal requirements.

Full-time or part-time appraisers/reviewers shall provide in-house or on-the-job training to FSA-limited authority appraisers.

146 Appraiser Training Requirements (Continued)

D Payment of Training Fees

By August 1 of each FY, each SED must request, in writing, from the National Office appraisal training funds for the following FY for both basic and continuing education costs.

For staff appraiser/reviewers who are:

- not State-certified or have not completed FSA's basic education, request shall include the following:
  - name of individual to receive training
  - date hired into position
  - dates and courses to be taken in the coming FY
  - category in which course applies
  - course hours accredited by the State Appraisal Board for each course
  - cost of tuition, books, site fee, travel, and per diem

- State-certified and are fulfilling continuing education requirements, requests shall include the following:
  - name of individual to receive training
  - dates and courses to be taken in the coming FY
  - course hours accredited by the State Appraisal Board for each course
  - cost of tuition, books, site fee, travel and per diem.
  - ***--**number of hours required by State for continuing education per license cycle
  - number of hours of continuing education completed for the current license cycle.

  Note: Training fee requests should only be courses in aggregate that provide the minimum hours necessary to meet basic qualification or continuing education requirements. Requests in excess of basic qualification or continuing education requirements will be denied.

The travel and per diem costs requested will be added to the State's normal allotment of travel funds by BUD. It is the appraisers/reviewers and their supervisor's responsibility to**--*** communicate to the State administrative section of the travel funds requested for appraisal training and to establish a basis to use those funds for the intended purpose.

146 Appraiser Training Requirements (Continued)

D Payment of Training Fees (Continued)

SED must mail the request for training funds to the following.

APPRAISAL TRAINING AND FUNDING
USDA FSA DAFLP PDEED
STOP 0521
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0521

FSA shall reimburse all full-time and part-time appraisers/reviewers for the ongoing dues and fees associated with obtaining and maintaining State-certified general appraiser status.

When claiming reimbursement of dues and fees, appraisers/reviewers must complete SF-1164 together with proof of payment and submit it to the following address unless otherwise directed in the annual notice, "Reimbursement of Dues and Fees for State Certified General Appraisers and *** * *** Training Program Expense Authorization".

FINANCIAL ACCOUNTING DIVISION
USDA FSA
PO BOX 419205
KANSAS CITY MO 64141-6205

FSA-limited authority appraisers do not incur any training costs because they are trained in-house or on-the-job by full-time or part-time appraisers/reviewers and are not State-certified.

E Maintaining Appraisal Skills

Appraisers are required to maintain their appraisal skills by remaining actively engaged in all areas of real estate appraisal work. To maintain skills, appraisers holding an active certified general appraiser credential in any State or Territory must schedule work with their supervisor in a manner so as to complete a minimum of 10 appraisal work credits each FY. Work credits may be earned at the following rate:

- 2 credits for completing each agricultural property appraisal
- 1 credit for completing each agricultural property desk or field technical review.

Notes: Appraiser may earn the minimum credits from any mixture of real estate appraisal work (that is, completion of 3 appraisals (6 credits) and 4 technical reviews (4 credits) would satisfy the annual requirement).

This requirement does not pertain to appraiser trainees.

*--147 Training Requirements for Performing Administrative Appraisal Reviews

A State Responsibility

State Offices are responsible for developing and delivering a training program to an adequate number of employees to perform administrative appraisal reviews.

B Available National Training

An online course has been developed to supplement State-developed training. The online course is optional and can be accessed as follows:

- log into AgLearn at **http://www.aglearn.usda.gov**
- enter user ID and password
- CLICK "**Catalog**" tab
- CLICK "**Browse Catalog**"
- on left side of the page under Subject Area Menu, CLICK "+" next to **AgLearn Original Courseware Structure**
- on left side of the page, CLICK "+" next to **Farm Service Agency**
- navigate to and select "**Farm Loan**"
- on right side locate **Administrative Appraisal Review**, select "**To Do**" list, and take later or select "**Launch Content**" to begin training course.**--***

148-160 (Reserved)

Part 7 PLCE's

161 Overview

A Purpose

This part describes procedures for obligating, paying, and reporting PLCE costs and special *****--handling processes. See 42-AS for procedure for purchasing and reporting procured goods--***** and services.

B Program Authority

Program authorities to request goods and services by contract or BPA and process financial transactions are in Exhibit 25. Employees with program authority may redelegate their authority to any qualified employee.

If additional program authority is needed above the levels granted in Exhibit 25, SED must forward a written request to the Director, LMD by FAX at 202-720-6797 or mail to:

DIRECTOR
USDA FSA DAFLP LMD
STOP 0522
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0522.

162 Understanding PLCE

A PLCE Spending Chain

The components of the PLCE spending chain are defined as follows.

Component	Action
1	Allocation is funds that are apportioned to the agency and subsequently allocated to each State in 4 separate funds. Allocation to the State level is required before spending can occur. **Note:** See paragraph 163 for funds explanation.
2	Budget Pre-approval means authorized agency officials contact the State PLCE Monitor to certify availability of funds **before** incurring an expense on behalf of the agency or a borrower. **Note:** This step is by-passed when a delinquent real estate tax notice or delinquent personal property tax notice is received in the County Office.
3	Obligation means once an order is placed, the agency has a legal responsibility or obligation to pay for the ordered goods or services. A purchasing document is used to purchase goods and services or pay for costs associated with servicing a farm loan and preservation of the agency's security according to the signed loan documents. Obligations draw down available funds in the associated account in FMMI.
4	Invoice is an accounts payable document that is used to pay for goods and services received and the disbursement of funds. Depending upon the type of expenditure, disbursements may occur after or simultaneously with the obligation document. Invoices reference and liquidate documents in the PLCE spending chain.
5	Disbursement is handled by the National Finance Center. This step is driven by the vendor record and invoice document.

B Elements of PLCE

PLCE expenses are financial transactions and procurement items.

PLCE items are considered **financial transactions** when the:

- expenditure is related to the collection of the Promissory Note, to preserve or protect any security for the loan, or is in compliance with the terms of any security agreement or other security instrument executed in connection with the loan, that does not result in the purchase of a supply or service

- ***--**item is below the $3,000 micro-purchase threshold--*****

- transaction is not anticipated to be a repetitive need for services.

162 Understanding PLCE (Continued)

B Elements of PLCE (Continued)

Examples of financial transactions include:

- paying for interpreter services
- obtaining a title opinion or updating an abstract
- securing an inventory property to prevent vandalism.

Procurement items are PLCE activities associated with the purchase of goods or services which are:

- related to goods or services obtained through BPA or similar contractual obligation
- obtained repetitively throughout the FY
- ***--**goods or services that cost in excess of $3,000.**--***

Note: Transactions listed in Exhibit 25 under "Loan Account Maintenance" are exempt from FAR and Agriculture Acquisition Regulation provisions and not subject to the micro-purchase threshold. These transactions will always be processed as financial transactions using FSA-2126.

Examples of procurement items include:

- real estate and chattel appraisals
- using a third party for handling legal document processing
- hiring a third party to conduct year-end analyses or make field visits.

All PLCE obligations and disbursements must occur on a "requirement and consideration" basis, meaning there must be a specific need for a specific applicant or borrower. Obligating lump sum amounts or "banking" PLCE funds for a specific vendor is prohibited and a violation of the Anti-Deficiency Act. The obligation of PLCE funds in one FY for use in another FY without a specific requirement also violates the Anti-Deficiency Act and is not permitted.

***--162 Understanding PLCE (Continued)**

C Using PLCE's

Examples of permissible and not permissible uses are as follows:

- **Permissible:** On September 25, 2010, the County Office requests a title opinion in preparation for an upcoming foreclosure sale for a particular borrower. The PLCE commitment is created the same day; however, it is not until November 1, 2010, that the vendor delivers the title opinion and requests payment.

- **Not Permissible:** On September 25, 2010, the State Office decides to set aside $xxx for real estate appraisals needed in the next FY. There is no immediate need for the obligation; however, the State wants to "use up" the remaining FY 2010 "L" allocation and draw-down funds from the obligation on an as-needed basis in FY 2011.

Note: For electronic UCC filings with the Secretary of State's office, see subparagraph 164 G.

D State Office Responsibilities

SED must issue a State supplement that:

- covers the proper handling of requests for PLCE activity involving using a Federal contract, BPA, or other type of Federal acquisition method

- establishes and identifies methods of certifying fund availability

- identifies the PLCE Monitor responsible for overseeing PLCE activity, including certifying fund availability.**--***

***--162 Understanding PLCE (Continued)**

E PLCE Monitor Responsibilities

The PLCE Monitor is not required to be a State Office FLP employee; however, the PLCE Monitor must be familiar with FLP loan making and loan servicing functions. The PLCE Monitor is responsible for the following:

- certifying funds availability
- overseeing the obligations and disbursements of PLCE-allocated monies by account to avoid violating the Anti-Deficiency Act
- working with FLC in determining and documenting how these monies will best be used to meet program goals and objectives
- the proper use of these monies, i.e., no unauthorized use or unauthorized commitment
- providing guidance to Field Offices about using correct funding, PAC codes, etc.
- creating and modifying non-CCR vendor records in FMMI
- processing purchase orders, invoices, and modifications in FMMI
- post-payment adjustments
- answering vendor inquiries.**--***

163 Allocating PLCE Funds

A National Office Allocation of PLCE Funds to States

The National Office allocates PLCE funds to each State or group of States that has FLC.

--**PLCE funds are not suballocated to the County Office level. The most recent allocations and balances are available in FMMI using the Availability of Funds Control Report which may be accessed according to the following FMMI pathway: **Funds Management > Reports > Budget Preparation and Planning > Budget Availability Control**.**--

163 Allocating PLCE Funds (Continued)

A National Office Allocation of PLCE Funds to States (Continued)

***--**The National Office divides each State allocation into 4 accounts that correspond to their respective Treasury symbols. Each account has its own purpose and designated loan cohort.

- ACIF Program Account (nonrecoverable). This "A" account is used to pay PLCE's that are not chargeable to a borrower or inventory property account. The "A" account fund code is identified as "**FA00B1140D**" in the FMMI environment.**--***

- ACIF Direct Loan Financing Account (recoverable). This "R" account is used to pay PLCE's that are chargeable to a borrower or inventory property account in which the loan was obligated in FY 1992 or subsequent years. The "R" account fund code is identified ***--**as "**FA00B4212D**" in the FMMI environment.**--***

- ACIF Liquidating Account (recoverable). This "L" account is used to pay PLCE's that are chargeable to a borrower or inventory property account in which the loan was ***--**obligated before FY 1992. The primary "L" account fund code is identified as "**FA00B4140D**" in the FMMI environment.

  There are 2 different appropriated line items for "L" funds, each with their own functional area:

  - FA02**FL204**0000000: Loan Servicing "L" account
  - FA02**FL214**0000000: Inventory Property "L" account.

  Both line items use the same fund identifier of FA00B4140D. Only the loan servicing "L" funds are allocated to the State level. The inventory property "L" funds are maintained at the National Office level. The PLCE Monitor will contact LMD when "L" funds are needed for servicing inventory property.**--***

- Recovery Act - Direct Financing Account - Capital Investment (recoverable). This "S" account is used to pay PLCE's that are chargeable to a borrower or inventory property account in which the loan was obligated using ARRA ("Stimulus") identified ***--**loan funds. "S" loans are identified with Type of Assistance codes 564 through 583. The "S" account fund code is identified as "**FA00B4284D**" in the FMMI environment.**--***

163 Allocating PLCE Funds (Continued)

A National Office Allocation of PLCE Funds to States (Continued)

There is anticipated high demand for limited "A" account funds each FY. State Offices Should spend "A" account funds only for services that cannot be performed internally by FSA.

A State Office cannot shift funds among the "A", "L", "R", and "S" accounts. State Offices must keep fund purposes and amounts in mind when planning the timing of obligations and disbursements.

Note: Using purchase cards for a PLCE activity for an FLP applicant, borrower, or inventory property is not authorized.

If additional funds are required, SED must submit a written request to the Director, LMD by ***--**FAX at 202-720-6797 or mail to:**--***

DIRECTOR
USDA FSA DAFLP LMD
STOP 0522
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0522

The National Office does not allocate funds from the Guaranteed Account (recoverable) to State Offices. Requests for funds to pay PLCE's chargeable to a guaranteed loan or property account obligated in FY 1992 and subsequent years must be submitted to LMD.

B State Office Allocation of PLCE's

Before incurring a PLCE expense on behalf of the Government, the PLCE Monitor must certify fund availability and ensure the State budget reflects that potential commitment. PLCE obligations should be entered into FMMI **before** the goods and services are received.

Note: Notices about delinquent real estate taxes and property taxes are exempt from funds certification. It is not possible to know when a borrower will not pay their taxes in a timely manner. Other items found under Loan Account Maintenance in Exhibit 25 require priorbudget approval from the PLCE Monitor before committing the Agency. Reimbursement for an unapproved cost item is not guaranteed.

164 Program Authority Codes

A Purpose

To obligate and control funds, track expenses, and determine program authority, each type of expense must be identified by a unique 3-alphanumeric-character PAC that is found in Exhibit 25.

***--**Exhibit 25 is used to determine:

- if a particular expense can be authorized
- who can authorize it
- whether it must be obtained as a procurement item or is a financial transaction**--***
- whether the expense is recoverable or nonrecoverable.

B PAC Authorities

PAC's with "SC" authority:

- may be acquired at the County Office level after receiving budget approval from the PLCE Monitor
- may not require a contracting officer, depending upon the type of cost item
- will be obtained equitably from available qualified sources whenever possible.

PAC's with "S" authority only:

- must be processed at the State Office level
- may require a contracting officer
- require budget approval from the PLCE Monitor before commitment.

PAC's with "A" authority:

- must be submitted to the Director, DAFLP, LMD
- may be used only after approval by the Administrator and/or designee.

164 Program Authority Codes (Continued)

*--C PAC Categories

PAC's are based upon whether the cost is related to loan making, loan servicing, or inventory property. All transactions fall under 1 of 3 categories.

- **Loan Making PAC's** are applicable during the loan application process only. Once a loan is closed, it becomes a loan servicing action.

- **Loan Servicing PAC's** are applicable from the point of loan closing through final disposition of the loan.

- **Inventory Property PAC's** are applicable only **after** FSA has taken the property into inventory, not during the acquisition process.

If a "Note" is annotated for the selected PAC, County Offices and PLCE Monitors should review the Exhibit 25 "Note" section for usage clarification or application.

D Expense Types

There are 2 types of PLCE's:

- recoverable PLCE's are chargeable to either a borrower or property account
- nonrecoverable PLCE's are **not** chargeable to a borrower or property account.

See Exhibit 25 for recoverable or nonrecoverable PLCE activity.

E Recoverable Cost Items

FSA charges recoverable PLCE's to specific loans, except ARRA ("Stimulus") loans.

Note: Only "S" account funds will be used to obligate and pay PLCE expenses for ARRA ("Stimulus") loans. The use of "L" or "R" funds for ARRA ("Stimulus") loans is not authorized.

When a specific recoverable PLCE applies to more than 1 loan, the oldest outstanding loan, which is the loan with the earliest obligation date, for which the security associated with the charge is attached, will determine which recoverable account ("L" or "R") will be charged. For a rescheduled or reamortized loan, always use the **original loan obligation date** to determine if the "R" or "L" account is used.

Note: Interest accrues at the same interest rate as the loan associated with the charge.**--***

164 Program Authority Codes (Continued)

*--F ADPS Transactions for Recoverable Cost Items

When a recoverable cost item is charged back to a direct OL or EM loan, a new "loan" is created on the borrower's account with a loan number between 75 and 99, starting backwards from 99. The ADPS TC 1L is associated with this charge.

When a recoverable costs item is charged back to a direct FO loan, the PLCE charge is reflected as an advance on the loan and is identified by ADPS TC 1L in the borrower's online history.

When a PLCE charge falls under Inventory Property, ADPS TC 1X reflects this charge.

PLCE charges on Judgment accounts are reflected as a 1I transaction.

G Guidance for Electronic UCC Activity

State Offices may establish accounts with the Secretary of State's office using a draw-down process to meet UCC electronic or central filing requirements. This account will be established using "R" funds.

When "L", "R", or "S" funds are used to renew a UCC filing for an account in foreclosure, a paper check will be obtained for that specific UCC filing. Each UCC filing that requires using recoverable PLCE funds will be processed on an individual, as needed basis; that is, 1 obligation document to each borrower.

State Offices with Secretary of State UCC accounts must establish a tracking system to monitor accurate billing and ensure that FLP UCC activity is not commingled with CCC or farm program filings. PLCE funds may be used only for FLP loan applicants and borrowers.

Note: When the borrower remits payment for an electronic UCC filing which is remitted to the Finance Office with a miscellaneous collection code of 36 or 38, use PAC code **1NE** or **2NE.** If there is **no** collection of UCC fees and/or the cost will be charged against the borrower's account, use PAC code **2N5**.

H Historical PAC Reference

Exhibit 26 was rendered obsolete effective October 1, 2010, and replaced by Exhibit 25. For loan servicing purposes, Exhibit 26 is retained for historical reference only. The PAC codes reflected in Exhibit 26 are **not active** for use in FMMI.**--***

*--165 Using PLCE for Procurement Items

A Procuring Goods and Services

FSA uses FAR (48 CFR Part 1), Agriculture Acquisition Regulation (48 CFR Parts 401-453), USDA DR's and notices, and FSA notices to manage acquisitions.

Program authority to handle PLCE activity does not allow an FSA employee to award a contract. Only a duly authorized Contracting Officer may award a contract or BPA. As specified by FAR 1.602-1(b), only the Contracting Officer has the authority to enter into an agreement with a vendor for contractual supplies or services. All documents signed by the Contracting Officer must be within the limits of the Contracting Officer's warrant authority.

Approved contractual documents will be processed in FMMI by an employee with delegated authority and the required security login and passwords. **A contracting warrant is not required for inputting or approving FMMI transactions.**

Either OF-347 or SF-1449 shall be used for PLCE contractual supplies and services. These forms are available on the GSA web site at **http://www.gsa.gov/portal/forms/type/TOP**.

Using AD-838 is **not** authorized for PLCE activity.**--***

***--166 FMMI**

A Background

FMMI is a commercial off-the-shelf web-based financial management system that provides online, real-time transaction and on-demand query capabilities. FMMI is a comprehensive system for all of USDA's financial and accounting functions.

PLCE data recorded in FMMI includes:

- State allocations in 4 PLCE funding accounts
- purchase order obligations
- invoices
- disbursements
- accounting adjustments made through purchase order or invoice modifications
- penalty interest
- manual disbursements
- post payment adjustments
- canceled checks
- vendor records
- FSA client records.

Borrower and property loan information is validated and stored in the BOPR table in FMMI to ensure that applicable customer data is accurate at obligation and back-fed correctly to PLAS.

SED shall ensure that an adequate number of employees are trained, delegated authority, and have the proper security clearance, user ID, and password to input and approve transactions using FMMI, which requires 2 employees to successfully process all transactions. Any FLP employee, as identified by FLC, may be selected and trained as a FMMI user. A contracting warrant is not needed for FMMI access or to process any PLCE transaction in FMMI.

B User Assistance

The FMMI User's Guide can be referenced for any specific questions. It may be obtained by accessing the FLP web site at **https://arcticocean.sc.egov.usda.gov/flp/IndexServlet**. CLICK "Manuals" located on the left navigation bar.**--***

***--166 FMMI (Continued)**

C Requesting FMMI Access

Access to FMMI is obtained by the following steps.

Step	Action
1	Employee shall login to AgLearn and complete the following self-paced courses: • FMMI 101: "Introduction to FMMI" • FMMI 201: "Integrated Process Overview" • FMMI 207: "Purchasing Overview" • FMMI 208: "Accounts Payable Overview" • FMMI 301: "FMMI Portal and SAP Navigation"
2	Employee shall access the FMMI Program Loan Cost Expense training materials located at **http://fsaintranet.sc.egov/fcad/Manuals/FMMI_ProgramLoanCostExpense/FMMI_PLCE.htm**.
3	Login into the FMMI portal and complete the self-certification.
4	Using secure e-mail procedures, submit the following documents: • screen print of AgLearn history showing completion of all required FMMI self-paced courses • self-certification that the online training guides have been reviewed • completed and signed FSA 13-A • completed and signed FSA-FM1. **Note:** Access FSA FM1 from the Information Security Office Home Page at **https://fsa.sc.egov.usda.gov/mgr/iso/public/Wiki%20Pages/Forms.aspx**. CLICK "**View and Download Current Security Forms**" in the left navigation pane. The Forms Page will be displayed with a list of available options. CLICK "**FSA-FM1**" link located under Form Number at the bottom of the page. The documents shall be submitted to either of the following: • Anne Steppe at **anne.steppe@wdc.usda.gov** • Ann Smith at **ann.smith@wdc.udsa.gov**.
5	Upon receipt of the required documents, the National Office will process a user access request through the FMMI portal.
6	NFC completes the user access request and notifies employee.

--*

***--166 FMMI (Continued)**

D FMMI Vendor Identification Number

All vendors must have a FMMI vendor identification number assigned before processing FMMI obligations and disbursements. The FMMI vendor identification number is a FMMI-generated unique number used to identify vendors, organizations, and persons to whom USDA makes payments or from whom USDA collects receivables.

Vendors who have entered into BPA's or contracted to provide PLCE services must register in SAM. Use the FMMI-generated vendor ID number associated with the SAM record containing the vendor's remittance information.

Note: The State Office will not create another vendor record using the Pre-Approval Vendor process for a SAM-registered vendor.

Additional information about SAM registration may be found at **https://www.sam.gov/portal/public/SAM/**.

State Offices shall access the FMMI vendor table using the FMMI View Vendor Master Data function found in FMMI at:

- **Purchasing**
- **Commercial Vendor and Customer Master Data Evaluation**
- **Vendor/Customer Master Data** > **View Vendor Master Data**.

A search may be conducted on the vendor's Social Security number, TIN, vendor's name, city and State of vendor location, or a combination of these identifiers. When searching by name, an asterisk (*) may be used as a wild card in the search string.

If the vendor is not located in FMMI, the vendor shall complete FSA-2173. Enter vendor requests into FMMI using the Vendor and Customer Master Data Request Screen. Concerns about FMMI vendor identification numbers can be addressed with LMD.**--***

166 FMMI (Continued)

E Using EFT

DCIA of 1996 mandates using EFT as the payment method for Government disbursements. EFT enables FSA to pay for goods and services electronically by direct deposit.

FAR and Treasury regulations at 31 CFR Part 208 allow the following exemptions to the EFT requirement:

- Federal, State and local Government vendors
- Federal employees
- nonemployee travelers
- foreign vendors not operating on U.S. soil
- individuals that do not have an account at a financial institution
- operational hardship.

Note: Operational hardship applies if the vendor's regular business process will be severely hindered by receiving payment through EFT.

F SAM Exemptions

Prospective vendors must be registered in SAM **before** the award of a contract, basicagreement, basic ordering agreement, or BPA.

There are certain exemptions to this requirement for PLCE transactions, as follows:

- PLCE non-contractual vendor
- foreign vendors doing work outside the U.S.
- Federal employees
- nonemployee travelers
- vendors paid for micro-purchases that do not use EFT.

Note: A micro-purchase is defined as the acquisition of supplies or services, the ***--**aggregate of which does not exceed $3,000.**--***

***--166 FMMI (Continued)**

G Employees as Vendors

Employees are permitted to incur costs on behalf of FSA to obtain copies of courthouse documents provided **before budget approval is obtained** from the PLCE Monitor. If preapproval of the expenditure is not received from the PLCE Monitor, the cost may not be reimbursable.

FLC or designee will sign FSA-2126 for all employee reimbursement requests.

Employees will **not**:

- act as a vendor for "convenience" of the office, applicant, or borrower
- act as a vendor whenever "L", "R", or "S" funds are used
- be asked or required to use personal funds for miscellaneous expenses with repayment through PLCE funding at a later time
- be a vendor when an expense can be handled through normal PLCE processes, i.e., ordering a Treasury check
- file for reimbursement of any PLCE on a travel voucher, SF-1164, or by any other means other than FSA-2126.

Note: FSA employees are already established as vendors in FMMI. **Do not** create a new vendor record.**--***

167 Using FMMI for PLCE Cost Items

A Obligating Funds

Obligate funds for PLCE cost items according to the following.

Step	Action
1	County Offices shall: • See Exhibit 25 to verify authority for cost item being incurred; if the item is not found in Exhibit 25, County Offices shall contact the PLCE Monitor • contact the PLCE Monitor to obtain PLCE budget approval, as applicable • FAX or transmit, by a secured e-mail, a completed FSA-2126 signed by the authorized agency official • maintain a copy of all obligating documents in the operational file, protecting PII • ensure that the copy of the obligating document is placed in the borrower's case file or inventory property file, if a recoverable cost item • submit all FSA 2126 requests in a timely manner. **Note:** For expenditures such as delinquent tax notice or UCC filing for which the borrower is expected to remit payment and does not, County Offices shall process FSA-2126 allowing sufficient processing time so that an emergency check request is not necessary.
2	State Offices shall: • certify PLCE fund availability and track prior-approval "commitments," as appropriate • check Exhibit 25 for proper PAC, fund, and authority to complete the request • review and approve using funds by signing and dating FSA-2126 • establish new vendors, as necessary, using FSA-2173 and vendor process, *****--according to paragraph 166--***** • enter the information into FMMI for obligation (ZMY); enter the ZMY document number on FSA-2126; and maintain a copy of the posted ZMY document • return a copy of the posted ZMY document and annotated FSA-2126 to the initiating office; file the original documents appropriately.

***--167 Using FMMI for PLCE Cost Items (Continued)**

A Obligating Funds (Continued)

For some PLCE financial transactions, such as paying delinquent real estate taxes, the cost item will be submitted for obligation and payment at the same time. In these instances, County Offices will submit one FSA-2126 with both the obligation and certification of services parts completed. Submit the invoice simultaneously with the obligating FSA-2126.

Note: Entering purchasing documents should **not** be delayed until an invoice is received. When FSA 2126 is received by the State Office and confirmed as budget approved, the ZMY transaction should be entered into FMMI.**--***

***--167 Using FMMI for PLCE Cost Items (Continued)**

B Making Vendor Payments

Make payments for PLCE cost items according to the following.

Note: No action is required if the invoice and supporting documentation are submitted with the initial obligation and FSA-2126, item 15 is checked.

Step	Action
1	The County Office shall: • receive or obtain a proper invoice from the vendor or prepare FSA-2171 with supporting documentation, if not available • check (✓) FSA-2126, item 15 and complete items 16, 17, 18A and 18B on the copy of the initially approved FSA-2126 which was received back from the State Office after obligation • FAX or securely e-mail the vendor invoice and any supporting documentation with the copy of FSA-2126, to the State Office, to certify services received and request payment to the vendor through FMMI • follow Agency guidelines for protecting PII and file a copy of all FSA-2126 payment requests in the operational file and all pertinent documents, including a copy of the disbursing document, in the borrower case file, if a recoverable cost item.
2	The State Office shall: • verify that invoice information corresponds with the obligating document • process an Obligation Modification to make any necessary corrections to the obligated ZMY if changes are required to the PAC code, fund, amount, case number or loan number • enter invoice information into FMMI for disbursement (TY) and enter the FMMI TY document number on FSA-2126 • return a copy of the posted TY document and annotated FSA-2126 to the initiating office; file the original documents appropriately • maintain logs as necessary.

For multiple payments on a single obligation, submit a separate FSA-2126 to certify services received and indicate that the request is for a partial payment. Include the FMMI obligation ZMY document number when requesting each payment.**--***

*--168 Modification or Cancellation of Obligation

A Modifying or Canceling an Obligation

State Office shall see the **FMMI Document Chain Report** to confirm the status of the Purchase Order or Invoice requiring modification.

Note: If making a Vendor change, a new Purchase Order and ZMY transaction is required. The original ZMY must be modified in FMMI to reflect a $0.00 line item amount.

To initiate a modification or cancellation of a **current FY** obligation, the County Office will submit a new FSA-2126, with item 3 and Part E completed, to the PLCE Monitor for processing in FMMI. Contracting Officers should be informed of any modification or cancellations of contractual requests.

The process for modifications or cancellations of current FY obligations is as follows.

Document Status	Action
Obligation (ZMY) with No Disbursement.	Obligation Modification/Obligation Change.
Obligation (ZMY) with Partial Disbursement – 1 Line Item.	Obligation Modification/Obligation Change. If changing **Amount,** new line amount may not go below available balance.
Obligation (ZMY) with Partial Disbursement – Multiple Line Items.	If line item(s) have been paid and remaining line item(s) require change, process **Obligation Modification/Obligation Change**. If line item to be changed has been paid in full, process **Post-Payment Modification** for that line item only.
Obligation (ZMY) with Full Disbursement of All Line Items.	Post-Payment Modification.
Invoice (TY) with No Treasury Activity.	Pre-Payment Modification/Invoice Change.
Invoice (TY) **with** Treasury- in-Transit (TI) or Treasury Confirmation (TC).	Post-Payment Modification.

--*

168 Modification or Cancellation of Obligation (Continued)

A Modifying or Canceling an Obligation (continued)

For guidance or assistance in processing modifications to **prior FY** obligations using "A" funds, or for guidance in processing other prior FY modifications, contact *** * *** Erin Greco, Loan Accounting Office, by:

- e-mail at **erin.greco@stl.usda.gov**
- telephone at 314-679-6728
- FAX at 314-679-6732.

*--169 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments

A Stopping Payments for Funds Not Issued

If the scheduled pay date for the posted TY document is within **3 workdays** of the current date, a payment **cannot** be stopped. The scheduled date is found using the FMMI Document Chain Report and is calculated based on the payment terms and "Baseline Date."

Example: The Document Chain Report shows a baseline date of 03-16-2012. The current date is 04-18-2012. Payment terms are PP30. The payment cannot be stopped because the current date is within 3 workdays of the baseline date and payment terms of "net 30 days."

If the invoice TY document:

- has not been posted, process a purchase order modification to cancel the original ZMY transaction

- is posted, and the FMMI Document Chain Report does **not** reflect Treasury in Transit (TI) or Treasury Confirmation (TC) entries for the TY:

  - process an invoice modification to cancel the original TY transaction

  - if the purchase order is no longer wanted, a purchase order modification to cancel the obligation will be necessary

- is posted, and TI or TC entries **are** found in the FMMI Document Chain Report, contact the vendor for the return of funds.

B Inquiring on Mishandled/Lost Disbursement

Before inquiring on a mishandled disbursement, the PLCE Monitor or authorized agency official should determine whether the funds were sent to the vendor's appropriate "Remit To" address if paid by paper check, or to the vendor's current bank account if paid by EFT. This information is found by accessing the FMMI Document Chain Report or cross-checking remit-to information in the vendor's Pre-Approval Vendor record used in the ZMY. If all information is correct in the vendor's record and the current date is 10 business days after the Treasury Confirmation date shown in FMMI, the vendor should be referred to the Vendor Inquiry Call Line at 504-426-6430.

Note: If the vendor's financial institution has returned an EFT disbursement to Treasury or the physical Treasury check has been returned to FSA, a replacement disbursement **cannot** be issued until funds are restored to the original obligation.**--***

***--169 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments (Continued)**

C Canceling Checks and EFT Payments

From the Treasury, the funds will be electronically returned to NFC and applied back to the original obligation document. If the funds should be returned to the State's allocation, the ZMY transaction must be modified to reflect $0.00 in FMMI.

When canceling an EFT payment, the vendor must contact their bank and ask the bank to return the electronic funds back to the Treasury.

Note: FAX FSA-2072 and the entire Document Chain Report that corresponds with the ZMY and TY associated with the EFT being canceled to PARLC, LAO (FMMI Team) at 314-679-6732.

When canceling a check payment:

- the check should be returned to the applicable FLOO contact according to subparagraph 5 A
- mail the check and required documents to the address provided in subparagraph 5 A
- include a completed and signed FSA 2072 and full FMMI Document Chain Report for the transaction being canceled.

Vendor may also elect to send a personal check back to FSA for full or partial cancellation. This also would be mailed to the applicable FLOO contact and the address provided in subparagraph 5 A, along with a completed and signed FSA 2072 and complete FMMI Document Chain Report for the transaction being canceled.**--***

169 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments (Continued)

D Requesting Emergency Payments

***--**Using the ACCP term, on the TY document, works as quickly as an emergency check request. Whenever a State Office has a time-sensitive PLCE need, using the ACCP option is the **preferred** method of processing ACCP's.

Emergency checks should **not** be requested for items covered by DLS workflows, such as UCC renewals. Field Offices should request assistance through the PLCE process several weeks before an upcoming deadline to ensure that timely payment is received. Using the ACCP term may be used in such instances.

Note: See FMMI User Guide, Section 5.3, steps 13 through 15, for guidance on processing an invoice under ACCP terms.

Emergency check requests should be a rarity and used **only** in true emergency situations, such as:

- an unexpected foreclosure sale, U.S. Marshall's sale, or similar
- delinquent real estate taxes
- FMMI system issue or other problem affecting the ability to process a TY document.

To order an emergency check, the State Office shall do **all** of the following:

- post ZMY document before requesting the emergency check from FLOO

- screen print a fully expanded Document Chain Report using the FMMI User Guide, Section 9.5, if additional guidance is needed

- FAX the following documents to FLOO at 314-457-4539:

  - fully expanded Document Chain Overview Report
  - copy of the corresponding FSA-2126
  - completed FSA-2172
  - vendor invoice or FSA-2171.

Note: State Offices shall **not** enter TY transaction into FMMI.**--***

170-200 (Reserved)

Part 8 Supervised Credit

Section 1 Introduction

201 Overview

A Applicability

[7 CFR 761.101] This subpart applies to all direct FLP applicants and borrowers, except borrowers with only Non-program loans.

FSA's direct loan programs assist family farmers with temporary financial supervisory assistance to improve their potential to graduate to securing credit from commercial lenders. To ensure that this program objective is met, FLP direct loan programs:

- have in place:
  - term limits (3-FLP)
  - graduation requirements (4-FLP)
  - market placement to assist eligible borrowers to obtain guaranteed loans (2-FLP)

  Note: CL's are **not** subject to term limits or graduation.

- require:
  - borrower training to ensure that guaranteed loans or commercial credit can be *****--obtained in the future (3-FLP, Part 18)--*****
  - FSA and the loan applicant or borrower to complete farm assessments and assessment updates as needed (Section 2)
  - the loan applicant or borrower to prepare a farm operating plan, with FSA assistance as needed (Section 3)
  - FSA to classify accounts (Section 4)
  - FSA, with borrower input, to complete a year-end analysis as required (Section 5).

201 Overview (Continued)

B FSA's Role

FSA's role is to help its direct loan applicants and borrowers in the supervised credit process:

- identify short-, intermediate-, and long-term goals consistent with financial success
- pinpoint and prioritize problem areas
- develop strategies and an operating plan to:
  - meet operational goals
  - graduate to commercial credit
- provide objective credit counseling
- evaluate progress and adjust the action plan as needed.

C Applicant/Borrower's Role

The applicant or borrower has the ultimate responsibility for success of the farming operation. FSA serves in an advisory role, providing temporary assistance. Therefore, it is especially important for the applicant or borrower to prepare to graduate to guaranteed or commercial credit by:

- identifying the goals for the operation
- pinpointing and prioritizing problem areas
- developing strategies and a farm operating plan to meet the operation's goals
- evaluating progress and adjusting operating plan as needed
- complying with the borrower responsibilities according to paragraph 202.

202 Borrower Responsibilities

A Recordkeeping and Reporting

[7 CFR 761.102(a)] A borrower must maintain accurate records sufficient to make informed management decisions and to allow the Agency to render loan making and servicing decisions in accordance with Agency regulations. These records must include the following:

(1) Production (e.g., total and per unit for livestock and crops);
(2) Revenues, by source;
(3) Other sources of funds, including borrowed funds;
(4) Operating expenses;
(5) Interest;
(6) Family living expenses;
(7) Profit and loss;
(8) Tax-related information;
(9) Capital expenses;
(10) Outstanding debt; and
(11) Debt repayment.

FSA will not dictate or promote using any particular recordkeeping system, so long as the borrower uses 1 that provides the required information.

--Note:** The authorized agency official will document in the case file whether the applicant has selected, established, and maintains the recordkeeping system.**--

Using OL funds is authorized to purchase a computer and/or recordkeeping software and to attend recordkeeping courses.

202 Borrower Responsibilities (Continued)

B Other Borrower Responsibilities

[7 CFR 761.102(b)] A borrower also must agree in writing to:

(1) Cooperate with the Agency and comply with all supervisory agreements, farm assessments, farm operating plans, year-end analyses, and all other loan-related requirements and documents;

(2) Submit financial information and an updated farm operating plan when requested by the Agency;

(3) Immediately notify the Agency of any proposed or actual significant change in the farming operation, any significant changes in family income, expenses, or the development of problem situations, or any losses or proposed significant changes in security.

Note: FSA-2313 addresses loan approval conditions and borrower responsibilities.

C Borrower Failure to Comply

[7 CFR 761.102(c)] If the borrower fails to comply with these requirements, unless due to reasons outside of the borrower's control, the non-compliance may adversely impact future requests for assistance.

203-220 (Reserved)

Section 2 Farm Assessment

221 Overview

A Objective

***--[7 CFR 761.103(a)] The Agency, in collaboration with the applicant, will assess the farming operation to:**

(1) Determine the applicant's financial condition, organizational structure, and management strengths and weaknesses;

(2) Identify and prioritize training and supervisory needs; and

(3) Develop a plan of supervision to assist the borrower in achieving financial viability and transitioning to private commercial credit or other sources of credit in the shortest time practicable, except for CL.--*

An assessment:

- is an evaluation of the applicant's operation, developed jointly with the applicant
- is completed after an applicant, not currently indebted to FSA, has been determined eligible for a direct loan
- identifies weaknesses in the operation, prioritizes them from most to least critical, and determines their impact on the operation's needs and goals
- helps to identify operational goals, positive and negative trends in the applicant's management, earnings and capital positions, productivity, and physical assets
- builds a strategy in the areas of planning, counseling, loan controls, analysis, monitoring, borrower training, and other supervisory needs.

The assessment process enables FSA to determine the kind and amount of financial and supervisory assistance needed by the applicant. In conducting assessments, authorized agency officials need to draw upon their knowledge, expertise, and judgment to arrive at conclusions on local economic conditions, production constraints and capabilities, the farm's historical performance, productive capabilities, adequacy of equipment and facilities, business goals, and project performance. Listening to the applicant's perceptions of the operation is critical to the assessment process.

--**All available resources shall be used when developing the plan to assist the borrower to address any operational weaknesses and achieve the borrower's goals, including:**--

- local farm management consultants
- the Extension Service
- educational institutions
- producer associations
- successful local farmers
- fellow FSA employees.

222 Elements of an Initial Assessment

A Type of Farming Operation

***--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:**

(2) Type of farming operation.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(1) Type of farming operation and adequacy of resources;

(4) The financial viability of the entire operation, including a marketing plan, and available production history, as applicable;--*

The initial assessment must identify or describe the type of farming operation, including:

- the business focus of the operation, including major types of crops, livestock, or other output produced by the farm
- minor commodities being produced, such as fat steers from a dairy operation
- size of the operation, such as number of milking herd and herd average, number of acres being farmed, and projected yields
- market conditions, environmental concerns, and other external factors
- production contracts, capital leases, or other special contractual arrangements that affect the farming operation
- the effects of special circumstances, if any, related to the applicant's family and organization.

Production Levels. Evaluation of production levels, such as bushels per acre, percent calf crop, pounds of milk per animal, and pounds of grain, shall include a determination of:

- whether there is sufficient capacity to generate projected income
- if present levels of production will attain the goals set by the applicant.

If production is below area standards, the authorized agency official must discuss with the applicant why this is so and develop plans to improve production. Possible strategies for improvement may include feed analysis, soil testing, or investment in different equipment. If applicable, credit needs for additional investments should be discussed.

222 Elements of an Initial Assessment (Continued)

A Type of Farming Operation (Continued)

Reporting of yields may not be practical or applicable for some operations. For example, an operation producing *** * *** vegetables on a plot of land, whose production is measured in rows, partial rows, or raised beds in greenhouses, would be better measured by the income for that production space. Also, a producer of eggplants and tomatoes who switches to bell peppers and salad greens for the current production cycle will not have available yields for ***--**this cycle and the yields for eggplant and tomato production will not be applicable to the**--*** projections for the current cycle. Additional guidance on developing projections for these types of operations is provided in subparagraph 242 A where the use of historical information is discussed.

Applicability and Appropriateness of Practices. The initial assessment must:

- evaluate existing farm practices, such as herd health and cropping practices, breeding and milking programs, and soil and feed testing

- determine applicability and appropriateness of practices based on what is typical for the area, cost effectiveness of the practice, type of operation, and demonstrated effectiveness.

If the authorized agency official does not know enough about a particular enterprise to make this evaluation, the authorized agency official must consult other resources, such as the Extension Service.

Timeliness of Operations. The initial assessment must evaluate the timeliness of the farm's operations. For example, the authorized agency official shall determine if each of the following operations, as applicable, is conducted in a timely manner and how this affects the performance of the operation:

- planting
- fertilizer and herbicide application
- harvesting
- calving
- marketing (weight and/or condition)
- breeding
- vaccination.

Appropriateness of Marketing Plan. The authorized agency official must assist the borrower in developing and evaluating a marketing plan. This plan must describe marketing practices and strategies, especially for any unique commodities the operation produces. The plan shall address whether marketing is accomplished so as to lock in a profit when possible or whether it is done speculatively as the accruing interest on operating loans may surpass a price increase obtained by holding back on the sale of commodities.

222 Elements of an Initial Assessment (Continued)

B Goals for the Farming Operation

***--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:**

(3) Goals for the farming operation.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(3) The goals of the operation;--*

Setting goals is essential for the success of any farming operation. The applicant's goals provide the direction for the applicant's business. FSA uses the applicant's goals to help identify the need for financial and supervisory assistance. The authorized agency official must learn the personal and business aspirations of the farm family and work with the applicant to prioritize goals from most to least important. In many situations, the authorized agency official must have in-depth discussions with the applicant to identify these business aspirations.

The authorized agency official shall work with the applicant to incorporate short-, intermediate-, and long-term goals into the comprehensive farm business planning process. For example, the farm operating plan, supervisory plan, and training plan must facilitate achieving these goals. A farm operation might set goals for reducing expenses or for increasing yields and production level. Corrective measures and goals should be divided into stages for implementation over several years, when appropriate.

If the farm operation is an entity, the authorized agency official must meet with all the principals to ensure that the organization's goals are compatible with those of each principal.

The authorized agency official must also:

- identify and evaluate any changes the applicant intends to make, such as expansion of farmland, new buildings, and new management techniques
- identify increased credit needs, increased management skills, growth opportunities, and operating efficiency required to accomplish the planned changes
- determine how planned changes relate to the applicant's business goals.

222 Elements of an Initial Assessment (Continued)

C Adequacy of Real Estate, Including Facilities, to Conduct the Operation

***--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a--* minimum, the:**

(4) Adequacy of real estate, including facilities, to conduct the operation.

In evaluating the adequacy and appropriateness of real estate used in the applicant's operations, the authorized agency official must consider the following:

- location and size, including efficiency of location to markets and farm supply dealers
- improvements and repairs needed for improved efficiency
- presence of hazardous waste and underground storage tanks, the adverse effects of their presence, and possible solutions
- conservation practices and measures and implementation of conservation plans for program compliance
- probability of continued use
- external factors, such as urban encroachment and new zoning ordinances
- ownership and leasing agreements, especially leasing arrangements relating to both land and chattel.

--Note:** For ML, see subparagraph A for adequacy of resources.--

222 Elements of an Initial Assessment (Continued)

D Adequacy of Chattel Property Used to Conduct the Operation

***--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a--* minimum, the:**

(5) Adequacy of chattel property used to conduct the operation.

The initial assessment must evaluate the adequacy of the chattel property, such as equipment and livestock used in the operation, relative to the applicant's goals and the planned level of production. As appropriate, the initial assessment should include comments on ownership, condition, probability for continued use, and any external factors, such as:

- operation life of chattel property relative to loan period
- necessary repairs
- improvements in operating efficiency with use of hired, leased, or owned equipment
- numbers, condition, breed suitability, and age of livestock.

***--Note:** For ML, see subparagraph A for adequacy of resources.

E Farm Organization and Key Personnel Qualifications

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a--* minimum, the:

(1) Farm organization and key personnel qualifications.

To provide adequate supervision and training recommendations, the authorized agency official must know who is performing key tasks within the farming operation. The initial assessment must identify the key individuals involved in operating the farm, including any seasonal labor. It also must:

- discuss the specific duties of each person, noting who is responsible for management, labor, resource allocation, and decision making

- evaluate the use of managerial resources and determine whether management choices are contributing to or hampering success in the operation

- determine if the time and effort spent on an enterprise or particular commodity is commensurate with the gains realized.

222 Elements of an Initial Assessment (Continued)

F Supervisory Plan

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

--(8) Supervisory plan, except for streamlined CL.--

The authorized agency official must tailor the supervisory plan to the applicant's individual needs and risks associated with the operation. An applicant's involvement and understanding of FSA's supervisory responsibilities in providing supervised credit are essential to successful supervision. The authorized agency official must work with the applicant to develop practical plans and realistic timetables for realizing improvements in critical areas. The supervisory plan shall:

- identify and recommend areas of training which will help the applicant address operational weaknesses, according to 3-FLP, paragraph 472
- schedule the farm visit and record review and track through DLS by using the Farm Visit scheduling, tracking, and monitoring workflow activities
- ensure that the operational analysis will be done in FBP.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(5) Supervisory plan; and

G Historical Performance

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(6) Historical performance, except for Streamlined CL;

The authorized agency official must consider and analyze significant aspects of the operation's historical production and financial performance, trends, and current condition.

Production Data. The initial assessment must include and evaluate at least the last 3 years of production data for the farm, where possible. The applicant has the discretion to provide up to the last 5 years of production records. The evaluation must consider current production levels (e.g., bushels per acre, percent calf crop, pounds of milk per animal, and pounds of grain). It also must consider whether the farm has a capacity sufficient to generate projected production and to attain the applicant's goals. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of production data for the existing operation.

222 Elements of an Initial Assessment (Continued)

G Historical Performance (Continued)

Financial Data. The initial assessment must include and evaluate at least the last 3 years of financial data for the farm or applicant. The applicant has the discretion to provide up to the last 5 years of financial records. Financial data can be gathered from tax returns, applicant records, or FSA records. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of financial data for the existing operation, if available, along with the applicant's own living expenses.

Trend analysis must use comparable data for each year. For example, a trends analysis using balance sheets can be done properly only when the balance sheets from different years are "as of" approximately the same dates. Even though the balance sheets may not be submitted on, for example, December 31, 2XXX, the balance sheet may still be prepared "as of" that date.

The initial assessment must evaluate the current management and use of financial resources (income and credit), and how they contribute to or detract from the operation. The assessment shall determine how well financial resources are used in meeting goals and whether the applicant stays within the budget, considering the following:

- appropriateness of income sources
- adequacy of dedicated resources
- appropriateness of credit use
- productivity levels as related to profitability
- effectiveness of income use
- existence of other income opportunities.

Numerous indicators based on actual performance must be considered red flags when analyzing an operation. For example:

- increasing expense-to-income ratio for several years and a large debt load without considerable nonfarm income, especially if the applicant has not suffered from natural disasters

- increasing current liabilities from year to year without corresponding increases in current assets, especially if the applicant has not suffered from natural disasters

- increasing trend in debt-to-asset ratio, while considering fluctuations in land values, the economy, and price levels

- declining working capital position

- declining repayment margins.

222 Elements of an Initial Assessment (Continued)

G Historical Performance (Continued)

The following illustrates how some financial indicators can alert the authorized agency official to potential problems or immediate concerns about the farming operation. For instance, an expense-to-income ratio that stays at 70 percent or higher for several years could indicate a potential problem. The same ratio at 80 percent or more coupled with minimal off-farm income is a cause for immediate concern.

Financial Indicator	Potential Problem	Immediate Concern
Expense-to-income ratio (without interest)	70 percent or more for several years	More than 80 percent with minimal off-farm income
Increased accounts payable	Sudden increase in accounts payable	Accounts payable extended over 2 months without cash-generating assets/ receivable accounts
Liquidity	Ratio less than 1.5 to 1	Ratio less than 1 to 1
Solvency	Ratio of 60 percent or more	Ratio of 75 percent or more
Family living expenses	Unsubstantiated estimates below $20,000 for an average family	Unsubstantiated estimates below $10,000 for an average family

H Farm Operating Plan

***--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a--* minimum, the:**

(7) Farm operating plan.

The initial assessment must include a balance sheet and provide a projected farm budget (1-year pro forma). The automated FBP system is the primary tool used in budget planning, but other systems acceptable to FSA may also be used.

A breakdown of per-acre expenses by commodity item is ideal when developing a plan of action regarding operating expenses. Examining per-unit costs assists in identifying whether expenses are being applied properly toward those income-generating areas. A per-unit cost breakdown also is useful with livestock production.

***--[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:**

(2) Amount of assistance necessary to cover expenses to carry out the proposed farm operating plan, including building an adequate equity base;--*

222 Elements of an Initial Assessment (Continued)

I Training Plan

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

--(9) Training plan.--

The authorized agency official must describe FSA's initial recommendations for borrower training. The recommendations must assist the applicant in addressing operational weaknesses. See 3-FLP, Part 18 for borrower training requirements.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(6) Training plan.

*** * ***

222 Elements of an Initial Assessment (Continued)

J Graduation Plan

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

--(10) Graduation plan, except for CL.--

FLP's, except for CL, are designed to allow borrowers to transition to private commercial credit or other sources of credit in the shortest period of time practicable through the use of supervised credit, including the farm assessment and:

- borrower training, 3-FLP, Part 18
- market placement, 2-FLP, paragraph 72
- borrower graduation, 4-FLP, Part 4.

The authorized agency official must document the borrower's status about graduation and the consideration given each item in this subparagraph. The borrower's progress toward graduation should be noted with any recommendations for further action to achieve graduation.

223 Annual Review and Assessment Update

A Objective of Annual Review

***--[7 CFR 761.103(e)] The Agency reviews the assessment to determine a borrower's--* progress at least annually. The review will be in the form of an office visit, field visit, letter, phone conversation, or year-end analysis, as determined by the Agency. For Streamlined CLs, the borrower must provide a current balance sheet and income tax records. Any negative trends noted between the previous years' and the current years' information must be evaluated and addressed in the assessment of the Streamlined CL borrower.**

***--[7 CFR 761.103(f)] If a CL borrower becomes financially distressed, delinquent, or--* receives any servicing options available under part 766 of this chapter** (5-FLP)**, all elements of the assessment in paragraph (b) of this section** (paragraph 222) **must be addressed.**

In times of LR's the authorized agency official may prioritize the completion of the assessment according to current agency directives.

The annual review:

- monitors the borrower's progress towards the operation's goals
- evaluates supervisory assistance provided to assist borrower graduation to commercial credit.

B Scope of Annual Review

The annual review must address any significant changes to the borrower's farming operation, expenses, or financial condition that have occurred since the most recent assessment update or annual review. The authorized agency official shall pay particular attention to the following:

- changes in operations or goals
- status of progress toward goals
- need for changes in plan of supervision
- need for additional borrower training.

C Assessment Updates

***--[7 CFR 761.103(d)] An assessment update must be prepared for each subsequent--* loan. The update must include a farm operating plan * * * and any other items discussed in paragraph (b) of this section** (subparagraphs 222 B through F and I through J) **that have significantly changed since the initial assessment.**

This assessment update serves as a gauge for measuring the borrower's progress and the effectiveness of FSA assistance.

*** * ***

223 Annual Review and Assessment Update (Continued)

D Documentation

If significant changes have occurred, the authorized agency official must document the nature of each change and the reason for the change.

The documentation must address only new or changed information. Documentation in the borrower's case file must be adequate to record the type of supervision given, the findings of the review, and any items requiring follow-up.

224-240 (Reserved)

Section 3 Farm Operating Plan

241 Overview

A Objective

The primary objective of the farm planning process is to develop a plan that most accurately reflects the expected cash flow and business activities for the operating cycle. The farm operating plan documents the operation's:

- financial position
- cash flow
- repayment ability.

The applicant or borrower must use a FBP system. FSA primarily uses FBP to evaluate loan feasibility and the likelihood of achieving financial viability. An applicant or borrower may use an alternative format for the farm operating plan, if approved by FSA *** * ***. An original signed copy of the farm operating plan must be retained in the case file.

*--B Farm Operating Plan Format

FSA uses FBP to perform financial planning, analysis, loan origination and servicing functions, and manage the FLP portfolio. See Exhibit 15 for instructions on using FBP.

Borrowers may use other automated or manual FBP's if they are approved by FSA. The authorized agency official may approve using other systems and formats for the farm operating plan, if formats contain the same information as required by FBP and the following statement is signed by the applicant or borrower:

> "I agree to follow this plan and to discuss with the authorized agency official, any important changes that may become necessary. This is a projected plan and does not release the security interest of the Government in any security referred to in this plan. I recognize that making any false statement on this plan or any other loan document may constitute a violation of Federal criminal law."

C Timing of Farm Operating Plan

The period of time covered by a farm operating plan should reflect the norm for the type of commodity or agricultural enterprise being farmed in a particular area, considering climate conditions and other factors vital to the successful production of the commodity or agricultural enterprise. If there are any changes to the operation during the cycle of the plan, the changes will be noted on the plan. The revised operating plan will be signed and dated by the borrower and the authorized agency official, and will be documented in the running case record. In most cases, the period covered by the plan should not exceed 18 months unless special circumstances dictate a longer planning period.**--***

*--242 Developing Farm Operating Plans

A General

[7 CFR 761.104(a)] An applicant or borrower must submit a farm operating plan to the Agency, upon request, for loan making or servicing purposes.

A farm operating plan used for loanmaking or loan servicing decisions will be based on:

- a typical year's plan for existing farm operations or enterprises without changes
- accurate, verifiable, reliable, and realistic information for new enterprises.

[7 CFR 761.104(b)] An applicant or borrower may request Agency assistance in developing the farm operating plan.

Applicants will be encouraged to obtain technical assistance. Sources of technical assistance include Extension Service, Land Grant Universities, State Programs, USDA 2501 grant recipient organizations and institutions, and private consultants.

[7 CFR 761.104(c)] The farm operating plan will be based on accurate and verifiable information.

Poultry or hog production contracts are the basis of grower income and facility value. The dependability of production contracts has a profound impact on the prospect for loan repayment. "Flock-to-flock" or "turn-by-turn" type arrangements alone may not be a dependable source of income or a reasonable projection of income for poultry or hog applicants who do **not** have current financial performance history with FSA.

Note: For contract income to be considered dependable, the contract must:

- be for a minimum period of 3 years
- provide for termination based on objective "for cause" criteria only
- require that the grower be notified of specific reasons for cancellation
- provide assurance of the grower's opportunity to generate income to ensure loan repayment, by incorporating requirements, such as a minimum number of flocks or turns per year, minimum number of bird or hog placements per year, or similar quantifiable requirements.--*

242 Developing Farm Operating Plans (Continued)

A General (Continued)

Applicants requesting loans to expand their poultry or hog operation by adding more houses/barns or purchasing additional land to increase the size of the poultry or hog operation, and who **are** presently indebted to FSA, will be required to have a contract with a minimum 3-year term. The contract must at least cover the facilities financed with the FSA loan. When contract income **cannot** be determined to be dependable and likely to continue, that is **cannot** be used to reasonably project future income, the authorized agency official shall:

- inform the grower of the contract provisions that result in the determination
- provide an opportunity for the submission of a revised contract before a final decision on the request.

Note: Whenever possible, loan requests should be approved subject to modification of unacceptable contract provisions.

[7 CFR 761.104(c)(1)] Historical information will be used as a guide.

The authorized agency official will review the farm operating plan to ensure that it is reasonable, relative to historical performance and local practices and conditions.

--**To report past yields, documentation, such as operator's sales receipts, financial statements, contracts, and tax returns, may be used by applicants whose operations' past yields do not provide pertinent information for the projected plan. Such operations include vegetable operations in which different crops are grown to meet changing market demands, operations that produce crops using measures such as rows or partial row instead of acres, or operations that grow crops that sell in volumes, such as bunches. For such operations, past reliable history of income and expenses or cash receipts may be used to project the field, greenhouse, or operations' production revenue.**--

[7 CFR 761.104(c)(2)] Positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be taken into consideration when arriving at reasonable projections.

The impact of industry trends must be assessed when developing farm operating plans used in loan requests from poultry and/or hog growers, and can be based on standard production budgets developed by contractors, consultants, or extension specialists. While these budgets are accepted starting points, the authorized agency official must ensure that the farm operating plan reflects realistic performance assumptions for each individual situation, including but not limited to the following:

- increased input costs
- changes in unit numbers and weights
- increased idle time between flocks of poultry or turns of hogs
- other relevant factors that affect net income.

242 Developing Farm Operating Plans (Continued)

A General (Continued)

The impact of age, condition, and potential obsolescence of the facilities must be assessed for loans to purchase or refinance existing facilities. The farm operating plan must factor in any reduced efficiency as well as the potential costs for required modernization of existing facilities to comply with the contract's requirements.

[7 CFR 761.104(c)(3)] Projected yields will be calculated according to the following priorities:

(i) The applicant or borrower's own production records for the previous 3 years;

(ii) The per-acre actual production history of the crops produced by the farming operation used to determine Federal crop insurance payments, if available;

Notes: This does not mean that averages will be the projection used in every plan. Positive and negative trends will be considered when projecting production levels. The primary focus should always be on developing a realistic projection. If production has been increasing each year for the past 3 years, using the most recent year's production level or a higher level consistent with the trend will, in most cases, be the most realistic projection.

Conversely, if the trend is negative, the average may overstate production, and the most recent year's level is probably the most realistic projection. However, a higher production level may be projected if the negative trend is the result of disaster conditions, or if actions have been taken that will definitively reverse the trend.

Additionally, 3 years is the minimum years of records to be considered, if available. The applicant, at their discretion, can provide more than 3 years of records if these additional records provide a more realistic yield projection. The basis for the yield used should be adequately documented in FBP or running case record.

When the production of a growing commodity can be estimated, that estimate must be considered in production projections.

(iii) FSA Farm Program actual yield records;
(iv) County averages;
(v) State averages.

242 Developing Farm Operating Plans (Continued)

A General (Continued)

[7 CFR 761.104(c)(4)] If the applicant or borrower's production history has been substantially affected by a disaster declared by the President or designated by the Secretary of Agriculture, or the applicant or borrower has had a qualifying loss from such disaster but the farming operation was not located in a declared or designated disaster area, the applicant or borrower may:

(i) Use county average yields, or state average yields if county average yields are not available, in place of the disaster year yields; or

(ii) Exclude the production year with the lowest actual or county average yield if their yields are affected by disasters during at least 2 of the 3 years.

Note: SED will issue a State supplement containing the 3-year history of disaster declarations for all counties in their State, along with the type of disaster and the incident period.

7 CFR 761.104(d)] Unit prices for agricultural commodities established by the Agency will generally be used. Applicants and borrowers that provide evidence that they will receive a premium price for a commodity may use a price above the price established by the Agency.

These prices will be used in all farm operating plans developed, unless the applicant provides evidence that they will receive a premium price or a price other than that established by the State. Evidence of this may include, but is not limited to, contracts or other written agreements that guarantee the price for the commodity being produced. If the applicant has historically received a premium price because of above average quality or grade of the product produced, the premium will be taken into account when determining the expected price to be received for that product.

SED will issue a supplement listing the unit prices for all commodities commercially ***--**produced in their State and include methods for considering pricing and marketing strategies for commodities that may not have been considered as commercially produced or marketed in the past. Examples may include organic production, direct marketing to restaurants and grocery stores, community supported agriculture, and farmers markets.**--***

--

242 Developing Farm Operating Plans (Continued)

A General (Continued)

*--Pricing data for alternative production and marketing methods may be available from the following:

- NASS, through its 2008 organic production survey at **http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Organics/index.php**
- AMS:
  - grain and foodstuffs at **http://www.ams.usda.gov/mnreports/lsbnof.pdf**
  - fruit and vegetables at **http://www.marketnews.usda.gov/portal/fv**
  - wholesale terminal markets
- RMA has begun providing price for organically grown commodities
- National Agricultural Library has resources available on sustainable and organic agriculture at **http://afsic.nal.usda.gov/organic-production**
- nonprofit organizations such as Rodale Institute's New Farm Organic Price Report
- local sources such as the State Department of Agriculture, farmers market organizations, State organic farmers and gardeners associations, roadside stand organizations, local retail outlets, and State universities.

[7 CFR 761.104(e)] For MLs, when projected yields and unit prices cannot be determined as set forth in paragraphs (c) and (d) of this section because the data is not available or practicable, documentation from other reliable sources may be used.

7 CFR 761.104(f)] Except as provided in paragraph (g) of this section, the applicant--* or borrower must sign the final farm operating plan prior to approval of any loan or servicing action.

***--[7 CFR 761.104(g)] If the Agency believes the applicant or borrower's farm--* operating plan is inaccurate, or the information upon which it is based cannot be verified, the Agency will discuss and try to resolve the concerns with the applicant or borrower. If an agreement cannot be reached, the Agency will make loan approval and servicing determinations based on the Agency's revised farm operating plan.**

*--242 Developing Farm Operating Plans (Continued)

A General (Continued)

If a loanmaking/loan servicing decision is based on a revised farm operating plan the applicant does not agree with, the authorized agency official will place the plan on which the applicant does not agree in the case file along with the plan submitted by the applicant. The authorized agency official will document in the case file the differences in the plans and the fact that the loanmaking/loan servicing decision was based on a revised farm operating plan on which the applicant does not agree.

In FBP, the plans should be named such that it is clear which plan is the applicant's plan and which plan is developed by FSA.

B Consideration of New Enterprises

For new enterprises that are **not** a part of the applicant's history, the authorized agency official may use reliable sources, such as enterprise budgets from Extension Service and Land Grant Universities, as acceptable documentation to support the farm operating plan. Farm operating plans developed for new enterprises must use acceptable State or county average production levels. In addition, the local conditions (soil productivity, climate, etc.) that will affect the enterprise and current realistic income and expense information will be considered when State or county averages are used.

Note: Program loan cost contracting funds are available and may be used to procure technical assistance for applicants planning new enterprises if public sector institutions (Extension Service, State Government, Land Grant Universities, etc.) cannot provide the assistance necessary.**--***

***--242 Developing Farm Operating Plans (Continued)**

C Consideration of Farm Program Payments

The authorized agency official shall:

- determine whether the applicant has applied for and may be eligible to receive any type of program payment assistance

- contact CED to determine the type and amount of program payment assistance the applicant has received or can expect to receive during the period covered by the farm operating plan

- include typical program payments and subsidies that are included in the President's annual appropriations budget in the cash flow projection of the farm operating plan

- not include any:

  - disaster related payments in the cash flow projections of long range and/or typical year farm operating plans, as disasters and any related type of payment assistance are ad-hoc and are not considered typical for a farming operation

  - 1-time payment assistance appropriated as a result of special legislation by Congress and the President in the cash flow projections of long range and/or typical year farm operating plans, as 1-time payment assistance is not considered typical for a farming operation.**--***

*--243 Revising Farm Operating Plans

A Revising Plans

The authorized agency official and the applicant or borrower must revise the farm operating plan when changes occur in the farming operation or in the planned or actual use of loan funds. Any revisions made to the plan must be circled, dated, and initialed by the borrower and the authorized agency official. If major revisions cannot be accommodated in the original farm operating plan, a new plan must be completed and attached to the original. This new plan must be labeled, "Revision I, II, III," etc. to reflect the latest revision under consideration.

B FSA Responsibility for Revisions

The authorized agency official will meet with the applicant or borrower to discuss, date, and sign the revised farm operating plan. The revised plan must be placed in the applicant's or borrower's file and followup actions posted to DLS. The authorized agency official will provide a copy of the revised farm operating plan to the applicant.**--***

244-246 (Withdrawn--Amend. 67)

247-250 (Reserved)

Section 4 Borrower Account Classification

251 Overview

A CONACT Requirements

CONACT requires FSA to classify borrower accounts and to review annually for graduation each direct loan borrower classified as "commercial" or "standard". FSA uses the borrower account classification system to identify borrowers with the best potential to obtain commercial credit, except CL. See 4-FLP, Part 4 for graduation. Classification also identifies borrowers in need of special loan servicing and helps the National Office evaluate the quality of FSA's direct loan portfolio.

Classifications are not disclosed to credit bureaus or other lenders. A borrower cannot appeal an account classification.

B Classification Categories

Accounts will be identified as 1 of the following.

Classification	Classification Category
1	Commercial
2	Standard
3	Acceptable
4	Marginal
5	Not Classified

C When Classification Is Required

--**All classifications will be completed using FBP. For guidance on completing the classification, see Exhibit 15, subparagraph J 7 b. If the account is classified as**-- commercial or standard, the authorized agency official must thoroughly document that the borrower has met the test for credit and therefore meets the eligibility requirements for the loan being granted.

--**Direct loans will be classified using the FBP credit presentation that is used to analyze and approve the loan.**--

At the end of a year-end analysis, done according to Section 5, the authorized agency official must also classify the account.

Subsequently, the authorized agency official at minimum must classify the account every 2 years with the updated data collected according to 4-FLP, subparagraph 47 B.

Before an account is identified as "Currently Not Collectible (CNC)" according to 5-FLP, subparagraph 126 A, a classification will be completed using FBP. The D-Loan/Special Classification Credit Action shall be used and will be assigned a score of "5", "Not Classified". Post cross servicing referral, CNC accounts are not required to be classified.

251 Overview (Continued)

D Classification of Youth Loans

New youth loans will be classified as "3" when completing the Youth Loan Credit Action. For existing youth loans, that are current, complete a D-Loan/Special Classification Credit Action. A score of "3", "Acceptable" will be assigned. For existing youth loans that are delinquent, the D-Loan/Special Classification Credit Action shall be used and will be assigned a score of "5", "Not Classified". The values of FSA's Security Margin and percent of FSA Loss will be calculated from the best information available for the borrower. The basis for these values will be documented in the borrower's case file.

E Classification of CL's

--**CL's will be classified using the FBP credit presentation that is used to analyze and approve the loan. There is no test for credit for CL's, so a classification of commercial or standard**-- is acceptable without further documentation.

At the time of a year-end analysis, completed according to Section 5, the authorized agency official must classify the account.

Subsequently, the authorized agency official at minimum must classify the account every 2 years with the updated data collected according to 4-FLP, subparagraph 47 B.

Streamlined CL's will be classified as "2" using the D-loan/special classification credit action.

If CL, including Streamlined, subsequently becomes delinquent or financially distressed, all documents will be obtained to complete an analysis and the account will be classified using the updated information.

F Classification Reporting

Field Offices must use the Active FLP Borrowers Report from the FLP Data Mart at **https://fsadwhouse.sc.egov.usda.gov/FSA-DataMarts/FSAdataMartsHomePage.htm** to monitor classifications. This report identifies the classification category and date for the ***--**most recent classification for each borrower. When a new classification is completed in FBP, the authorized agency official must update the Classification Review Workflow in DLS as soon as it is possible to do so.**--***

252 Borrower Account Classification System

*--A Calculating Account Classifications

Borrower account classifications are completed using the most current balance sheet and income/expense statements available. FBP calculates the financial indicators used in the classification analysis and assigns a score for the 4 ratios addressed in subparagraphs B through E. A weighted percentage of each score is used to obtain the total overall score that determines the account's classification according to subparagraph F.

B Current Ratio (Liquidity)

This ratio indicates the extent to which current farm assets, if liquidated, would cover current farm liabilities.

FBP calculates the current ratio as follows.

Current Ratio = Total current farm assets ÷ Total current farm liabilities.

Current Ratio	Score
1.25 or greater	1
1.16 to 1.24	2
1.00 to 1.15	3
0.99 or less	4

C Debt to Asset Ratio (Solvency)

This ratio measures the operation's solvency by comparing total farm debt obligations owed against the value of total farm assets. The ratio expresses what proportion of total farm assets is owed to creditors and is 1 way to express the risk exposure of the farm business.

FBP calculates the debt to asset ratio as follows.

Debt to Asset Ratio = Total farm liabilities ÷ Total farm assets.

Debt to Asset Ratio	Score
40 or less	1
40.01 to 69	2
69.01 to 99	3
99.01 or greater	4

--*

252 Borrower Account Classification System (Continued)

*--D Return on Assets Ratio (Profitability)

This ratio measures the rate of return on farm assets and is often used as an overall index of profitability.

FBP calculates the return on assets ratio as follows.

Return on Assets Ratio = Net farm income from operations + Farm interest expense – Owner withdrawals ÷ Total farm assets.

Note: FBP calculates net farm income from operations as follows.

Net farm income from operations = Total operating income – Purchases for resale – Total operating expenses.

Return on Assets Ratio	Score
7 or greater	1
3.6 to 6.99	2
0.01 to 3.59	3
0 or less	4

E TDCLC Ratio (Repayment Capacity)

This ratio measures the operation's ability to cover all term debt and capital lease payments.

FBP calculates TDCLC ratio as follows.

TDCLC Ratio = Net farm income from operations + Non-farm income + Depreciation expense + Term debt/capital lease interest – Income tax expense – Owner withdrawals – Non-farm expense ÷ Term debt/capital lease annual principal/interest payments.

TDCLC Ratio	Score
1.15 or greater	1
1.08 to 1.14	2
1.00 to 1.07	3
0.01 to 0.09	4
-0.01 to 0	1
-0.02 or less	4

--*

252 Borrower Account Classification System (Continued)

F Account Classification

A weighted percentage of the score for each of the 4 measures of financial performance and operation stability identified in subparagraphs B through E, are used in the FBP to calculate the total overall score.

Total Overall Score = weighted current ratio score + weighted debt to asset ratio score + weighted return on assets ratio score + weighted TDCLC ratio score.

The following table provides the borrower account classification based on the total overall score.

Total Overall Score	Classification	Classification Category
1 to 1.59	1	Commercial
1.6 to 2.19	2	Standard
2.2 to 2.79	3	Acceptable
2.8 to 4	4	Marginal

*** * ***

253-260 (Reserved)

Section 5 Year-End Analysis

261 Overview

A Introduction

A year-end analysis provides an opportunity for the borrower and FSA to discuss and evaluate a borrower's financial and production performance, progress toward goals, effectiveness of operational management, and FSA supervision and oversight. It also provides an opportunity to modify the plan of supervision and to address other changes in the borrower's operations or situation.

The year-end analysis must coincide with the borrower's production and marketing cycle.

A year-end analysis may be used in place of an annual review.

The year-end analysis must be performed in as much detail as is presented in the farm operating plan.

--**In times of limited resources, the authorized agency official may prioritize the completion**-- of the year-end analysis within the requirements of the applicable statutes and regulations.

B Overview

FSA and the borrower jointly prepare a year-end analysis. Year-end analysis has the following 4 steps.

- The authorized agency official will identify and evaluate any significant changes to the borrower's operation or situation.

- The borrower and the authorized agency official will obtain the borrower's actual production data and financial data for the completed year and compare the actual data to the projections made in the prior year's farm operating plan by calculating variances from the projections.

- The borrower and the authorized agency official will determine and document the reasons for variances.

- The borrower and the authorized agency official will analyze how the borrower's performance can be improved in the coming year and the borrower prepares an updated farm operating plan.

When completed, the authorized agency official must place a copy of each year-end analysis in the borrower's case file.

262 Preparing for the Year-End Analysis

A Schedule for the Year-End Analysis

The authorized agency official will schedule the year-end analysis to occur as close as possible to the end of the production cycle. It must be within the 60-day period after the borrower's production cycle ends. Borrowers must be prioritized according to need, with the greatest need cases being addressed first.

B Before the Appointment

The authorized agency official must review existing assessments, running records, written correspondence, and FSA-2040. If this review raises issues or questions, the authorized agency official must record these items in the running record to use when meeting with the borrower.

The authorized agency official must send a copy of the farm operating plan to a borrower if the borrower uses FSA's system. This farm operating plan must be sent to the borrower before the end of the production cycle. The authorized agency official shall ask the borrower to have the actuals completed and to bring record books, tax information, and other verifying documents that may be needed to the meeting. Inventories, asset values, and debts must be calculated as of the COB cycle.

263 Minimum Requirements of the Analysis

A Operations Requiring the Year-End Analysis

[7 CFR 761.105(a)] The Agency conducts a year-end analysis at its discretion or if the borrower:

***--(1) Has received any direct loan, except for Streamlined CLs, chattel subordination,--* or primary loan servicing action within the last year;**

(2) Is financially distressed or delinquent;

(3) Has a loan deferred, excluding deferral of an installment under Subpart B of part 766; or

(4) Is receiving a limited resource interest rate on any loan.

The decision to perform year-end analyses on other borrowers is at the discretion of the authorized agency official. A year-end analysis is not required for borrowers with:

- youth loans only
- loans flagged as having bankruptcy, foreclosure, or court action pending
- ***--**Streamlined CL's unless they have been delinquent or are financially distressed.**--***

The authorized agency official shall use knowledge, experience, and judgment to identify high-risk operations requiring such additional supervisory attention. Supervisory judgments must be objective and apply sound credit and financial management principles.

Operations that may require a year-end analysis include those that are:

- undergoing major changes
- experiencing adverse production or financial conditions
- subject to volatile changes in the business climate.

B Timing

[7 CFR 761.105(b)] To the extent practicable, the year-end analysis will be completed within 60 days after the end of the business year or farm budget planning period and must include:

(1) an analysis comparing actual income, expense, and production to projected income, expense, and production for the preceding production cycle; and

(2) an updated farm operating plan.

263 Minimum Requirements of the Analysis (Continued)

C Identifying and Evaluating Significant Changes

The year-end analysis must identify and evaluate any significant changes to the borrower's farming operation, expenses, or financial condition that have occurred since the most recent initial assessment, assessment update, or annual review. In most cases, however, significant changes will not have occurred or, if such changes have occurred, they will be limited to 1 or 2 aspects of the borrower's situation. The authorized agency official shall pay particular attention to the following:

- changes in operations or goals
- status of progress toward goals
- need for changes in the plan of supervision
- need for additional borrower training.

263 Minimum Requirements of the Analysis (Continued)

D Comparing Actual Performance to Projections and Calculating Variances

The year-end analysis must present the borrower's actual production data and financial data for the completed year and compare the actual data to the projections made in the prior year farm operating plan. Based on this comparison, the analysis must calculate variances from the projections.

The authorized agency official will collect other pertinent information related to the farm's operation, such as changes or improvements in real estate, changes in key personnel, and any other alterations that significantly impact the operation. The authorized agency official must briefly explain the process, emphasizing the borrower' benefits rather than FSA requirements.

The evaluation of actual performance can be enhanced by:

- obtaining and reviewing the borrower's actuals using pertinent information about the farm operation, such as changes or improvements in real estate, changes in key personnel, and any other alterations that significantly impact the operation

- reviewing production by obtaining and/or calculating yields (production), price per unit, and the amounts in inventory (held for sale)

  Note: Production numbers should roughly correspond with the new balance sheet and numbers sold

- evaluating debt service margin.

  Note: If greater than 1.10 for a borrower on a limited resource interest rate, the interest rate may need to be increased according to 4-FLP, Part 3.

The authorized agency official must consider the following issues when comparing actual performance to projections and calculating variances.

- The authorized agency official must review planned versus actual expenses for family living, farm operating, and capital expenditures.

- The year-end analysis must discuss credit used for farm operating, capital, and family living expenses.

- Sometimes proceeds are recorded as net figures with commission, sales expenses, yardages, seed, and storage costs removed. Using gross proceeds with the associated costs captured under operating expenses is preferable.

263 Minimum Requirements of the Analysis (Continued)

D Comparing Actual Performance to Projections and Calculating Variances (Continued)

- The analysis must calculate yields (production), price per unit, and amounts in inventory (held for sale). Numbers should roughly correspond with the new balance sheet and numbers sold.

- FSA-2040 must be reconciled with the farm operating plan (or other plan) and the security agreement. Differences from projections and the need to amend the security agreement must be discussed.

- Interest figures must include all interest, not just operating interest.

- Any proceeds from the sale of capital items must be subtracted when evaluating income from operations.

- The analysis must evaluate and document the sources of nonfarm income. Income and tax information must be verified as applicable.

- The analysis must consider debts and debt repayments to FSA and other lenders. Breakdowns of principal and interest can serve as a cross check for interest actually paid by the borrower. This information must match FSA-2040.

- The analysis must report expenditures net of trade-ins.

- Income and Social Security taxes must be included in the analysis.

263 Minimum Requirements of the Analysis (Continued)

E Determining and Documenting Reasons for Variances

After variances between the projected budget in the farm operating plan and the borrower's actual performance have been identified, the borrower and the authorized agency official must determine and concisely document the reasons for the variances. The analysis must:

- consider both the borrower's and the authorized agency official's perceptions of the borrower's successes, failures, and the reasons that specific items were not completed
- determine why income was not used as planned
- discuss operational performance, achievement of short-term goals, progress toward medium-term and long-term goals, and living expenses.

263 Minimum Requirements of the Analysis (Continued)

F Analyzing How Performance Can Be Improved

After determining the reasons for any deviations in the preceding year's performance, the borrower and the authorized agency official together must analyze how the borrower's performance can be improved in the coming year. The authorized agency official and borrower may identify areas for improvement based on the reasons for the variances between actual and planned performance. The analysis shall address concerns in the following areas:

- unplanned sales
- changes in marketing plans
- sales of basic security
- use of proceeds
- debts paid
- amount of money released for family living and farm operating expenses.

The analysis must consider whether the borrower is making adequate progress towards established goals. Ratios, historical trends, and production records are good sources of information for evaluating business goal achievements. Alternatively, if the borrower's goals (for either business or family) were unrealistic, the analysis must reevaluate them and establish new, obtainable goals.

Areas for improvement also might follow from recent changes in farm operations and family conditions. Therefore, the authorized agency official shall work with the borrower to identify any changes or alterations that significantly affect the operation.

If the authorized agency official determines that the borrower's production or financial performance may be improved by training, the authorized agency official may require that ***--**the borrower meet training requirements. See 3-FLP, Part 18 for more information on**--*** borrower training.

If performance is better than projected, the analysis should evaluate repayment issues, as well as income taxes and Social Security taxes.

263 Minimum Requirements of the Analysis (Continued)

F Analyzing How Performance Can Be Improved (Continued)

The authorized agency official should remind the borrower that deviations from the agreed-upon farm operating plan must be discussed with FSA.

G Preparing an Updated Farm Operating Plan

--**The year-end analysis must include a current farm operating plan. The farm operating plan is prepared by the borrower, with FSA's assistance if needed.**--

264-400 (Reserved)

Part 9 Internal Controls

Section 1 FLPRA

401 Overview

A Background

FSA is mandated by the Federal Managers Financial Integrity Act of 1982 (Pub. L. 97-255) to maintain an efficient and effective internal control system. FLPRA fulfills this mandate by:

- establishing program evaluation criteria and reporting requirements
- providing a method to administer program evaluations
- providing a framework for performance analysis, risk mitigation identification, risk mitigation implementation, and annual reporting.

B Purpose

FLPRA is the primary tool that FLP uses for ongoing reviews and oversight of field office operations. FLPRA evaluates FLP using a risk-based approach and provides the framework for evaluating FLP management and oversight by State Offices and FLP delivery by Service Centers.

FLPRA evaluates the potential for risk in the following 3 areas.

- Program Objectives – Assessing whether or not the objectives of the program, as set forth in agency policies and procedures, are being met.
- Financial Integrity – Determining the soundness and quality of the loan program.
- Program Management – Evaluating the effectiveness of the leadership and guidance provided in delivering FLP.

401 Overview (Continued)

B Purpose (Continued)

FLPRA is divided into the following 3 review areas:

- Direct Loan Making
- Direct Loan Servicing.
- Guaranteed Loan Programs.

Note: This area includes both guaranteed loanmaking and guaranteed loan servicing.

C Objective

The primary objectives of FLPRA are to evaluate the effectiveness of FLP delivery systems and ensure compliance with applicable statutes, regulations, and directives. To promote a consistent and effective approach to conducting reviews, FLPRA focuses on:

- evaluating program delivery by assessing the condition and performance in the risk areas of program objective, financial integrity, and program management

- determining the overall degree of risk existing in FLP programs and identifying the factors contributing to the risk

- recommending or requiring management to take mitigation action, as needed, to strengthen FLP programs and/or ensure compliance with applicable regulations.

D SED Responsibilities

SED is responsible for implementing the FLPRA process in their State by ensuring that all required reviews, analyses, applicable risk mitigation plans, and reports are completed according to this Part.

402 FLPRA Review Process

A Administering FLPRA Reviews

FLPRA reviews will be administered and the results reported both at the State Office and National Office levels. The National Office and State Offices can access the FSA Intranet at **http://intranet.fsa.usda.gov/fsa/** to obtain guides detailing the process to complete the reviews according to the following.

***--**

Step	Action
1	On the FSA Intranet Home Page, under "Resources", CLICK "**FSA Applications**".
2	On the FSA Applications Page, CLICK "**Farm Loan Programs Systems**".
3	On the Farm Loan Programs Systems Home Page, under "Informational Links", CLICK "**Manuals**" and CLICK "**FLPRA National Office Review Process Guide**" or "**FLPRA State Office Review Process Guide**", as applicable.

B State Office Review Responsibilities

State Offices will be required to complete FLPRA reviews as follows:

- **States with 9 or more FLP Service Centers** will be required to review a minimum of 20 percent of the Service Centers each year, with all Service Centers being reviewed at least once every 5 years

- **States with 8 or fewer FLP Service Centers** will be required to conduct at least 1 Service Center each year, with all Service Centers being reviewed at least once every 5 years

- any Service Center with a review score of 4 or 5 in Program Objectives, Program Management, and/or Financial Integrity must be reviewed the following year.**--***

The process for selecting the FLP Service Centers and high risk program areas to be reviewed is set forth in the FLPRA State Office Review Process Guide.

C National Office Review Responsibilities

The National Office will complete FLPRA reviews in 10 to 13 States per year. The reviews evaluate State FLP delivery and include visits to a limited number of FLP Service Centers. The process used by the National Office to select States to be reviewed is set forth in the FLPRA National Office Review Process Guide.

403 State Office Reporting Requirements

A FLP Service Center Report

State Offices will provide a report to each FLP Service Center reviewed within 30 calendar days after completing the review. The reports will be developed in the format set forth in FLPRA State Office Review Process Guide, Exhibit 2. Reports for each FLP Service Center will include FLPRA State Office Review Process Guide, Exhibits 4 though 7 that will:

- rate each FLP Service Center reviewed in the 3 risk areas
- provide a composite score for the FLP Service Center.

The scores for each FLP Service Center will be:

- input in the automated FLPRA system within 30 calendar days of completing the review
- documented in the comment box provided to support the scores reported
- input in the automated FLPRA system no later than January 15.

B Annual Report

No later than February 1, each State Office will submit the annual FLP4 Report *** * *** using ***--**the template provided in the State Office Review Process Guide, Reports Section, by e-mail to **RA.DCWASHING2-FSA-FLPRA**.**--***

404 National Office Reporting Requirements

A State Visit Reports

The National Office will provide a findings report from on-site visits to State management within 30 calendar days after completing the review. The format of this report is detailed in the National Office Review Process Guide, Section 6. This report will:

- ***--**clearly present conclusions that are supported by facts obtained during the review**--***
- include recommended mitigative actions.

Mitigative actions will:

- be developed in conjunction with State management during the on-site visit
- have a specified date to provide an update on the State's progress in mitigating identified risks.

B PDEED Action

Upon receiving a State's risk mitigation plans, PDEED shall:

- evaluate and approve risk mitigation plans
- establish a follow-up system to ensure that risk mitigation plans are implemented
- assess the success of the risk mitigation plan on reducing identified high risks
- provide an annual report to DAFLP summarizing the area of potential risk in the States visited.

405-440 (Reserved)

Section 2 DD FLP Oversight

441 General Provisions

A Overview

It is incumbent upon DD's to monitor the FLP delivery in Service Centers to ensure adherence to appropriate laws, policies, and procedures.

B Purpose

The DD FLP oversight process provides a standardized and consistent reporting format and means by which DD can:

- document results from quarterly FLP oversight reviews
- view previously completed quarterly reports
- monitor and followup on actions to be taken by FLP Service Center staff.

442 DDORS

A Overview

Reporting of FLP oversight reviews will be completed on a quarterly basis. DDORS is the official record documenting the results of the quarterly reviews.

DDORS:

- was developed to assist DD with completing FLP oversight reviews conducted in the FLP Service Centers online

- provides the means by which DD can document and submit review results to State and Field Offices electronically

- contains the review items for each reporting quarter

- ***--archives oversight reports for five FY's.

B System Access

Access DDORS from the Farm Loan Programs Systems Home Page, located at **https://amistad.sc.egov.usda.gov/flp/IndexServlet**.

DDORS may also be accessed at **https://wdcprod80.sc.egov.usda.gov/Ddors/homepage.aspx**.

Note: See Exhibit 36 for detailed instruction on accessing DDORS.**--***

442 DDORS (Continued)

*--B System Access (Continued)

Users who need access to DDORS should contact their State DDORS Administrator. The authentication and authorization of users is made using USDA's eAuthentication application.

To access DDORS users must have the following:

- valid eAuthentication ID and password
- eAuthentication Level 2 account
- authorized access by the DDORS Administrator.

C Report Statuses

Report Status will be as follows:

- "Archived", Service Center closed during FY
- "Not Started", the report is empty and can only be accessed by DD
- "In Progress", the report is partially completed
- "Submitted", the report was completed and certified before its due date
- "Auto-Submitted", the report was not certified before its due date. The report may be partially completed or empty.

Note: "Submitted" and "Auto-Submitted" reports cannot be modified; however, pending action items can be followed up and closed.

D Service Center Progress Reports

Progress reports provide counts of "Not Started", "In Progress", "Submitted", and "Auto-Submitted" oversight reports that are in the State and in each district.

E Reporting Timeframes--*

The first quarter report:

- will be available for completion in DDORS starting November 1 and ending on January 31
- should reflect first quarter data gathered between October 1 and December 31
- is comprised of quarterly review items, additional review items, and certification.

442 DDORS (Continued)

--E Reporting Timeframes (Continued)--

The second quarter and first semi-annual report:

- will be available for completion in DDORS starting February 1 and ending on April 30
- should reflect:
  - second quarter data gathered between January 1 through March 31 for quarterly review items
  - data gathered between October 1 through March 31 for the first semi-annual review items
- is comprised of quarterly review items, first semi-annual review items, additional review items, and certification.

The third quarter report:

- will be available for completion in DDORS starting May 1 and ending on July 31
- should reflect third quarter data gathered between April 1 and June 30
- is comprised of quarterly review items, additional review items, and certification.

The fourth quarter, second semi-annual, and annual report:

- will be available for completion in DDORS starting August 1 and ending on October 31
- should reflect:
  - fourth quarter data gathered between July 1 and September 30 for quarterly review items
  - data gathered between April 1 and September 30 for the second semi-annual review items
  - data gathered between October 1 at the beginning of FY through September 30 at the end of FY to complete the annual review items

442 DDORS (Continued)

*--E Reporting Timeframes (Continued)

- is comprised of quarterly review items, second semi-annual review items, annual review items, additional review items, and certification.

Notes: The quarterly report that corresponds to the current reporting period will be displayed when DD selects the link for the Service Center to be reviewed from the DDORS Home Page.

Results for all review areas corresponding to each quarter will be captured when the report is submitted or auto-submitted by DDORS when the reporting period has ended.

Oversight reports are locked when DD submits the report or after the due date. DDORS does not allow anyone to add, modify, or delete review information.

F Action Items

An action item is a note attached to a review area, a review record, or a review item in an oversight report. Action items allow users to document concerns and issues about oversight reviews.

DD's are highly encouraged to use action items to bring awareness to the Service Center and State Office, of problems and deficiencies discovered during the oversight review.

Only DD or proxy assigned to an oversight report can add action items to and close action items in the report. DD or proxy can add an action item anytime before submitting the report.

After an oversight report is submitted or auto-submitted, any DDORS user who can view a report can also followup on action items in the report by adding their own comments. Users can add followup comments to an action item until it is closed by DD or proxy.

Follow this table to add comments to a pending action item.

Step	Action
1	Go to the review area, review record, or review item with the pending action item.
2	CLICK "  Follow up pending action item".
3	CLICK "**Add Follow-Up Comments**".
4	Enter followup comments in the box.
5	CLICK "**Save Follow-Up**".
6	CLICK "**Save Follow-Up**".

--*

442 DDORS (Continued)

*--G User Roles

There are 6 user roles, as follow. User's role will be displayed under "DDORS Menu", under user's name.

Example: If user is an administrator, then "Administrator" will be displayed under "DDORS Menu", under user's name.

- **National User Role**

  National users are DAFLP, Assistant DAFLP, Directors, Deputy Directors, FLPRA review teams, and national administrators. A national user role allows users to:

  - view in progress, submitted, and auto-submitted oversight reports for all Service Centers

  - followup pending action items in submitted and auto-submitted reports by adding followup comments.

  For all States, national administrators can:

  - manage:

    - proxy assignments
    - specialist assignments
    - user accounts

  - assign user roles in 1 State to another State.

  Example: DD in Maryland needs to manage a district in Delaware. National administrator can make the assignment.--*

442 DDORS (Continued)

***--G User Roles (Continued)**

- **State User Role**

  State users may include SED's, FLC's, FLS's, COR's, or State administrators. A State user role allows users to:

  - view-only, in progress, submitted, and auto-submitted oversight reports for specified Service Centers
  - followup pending action items in submitted and auto-submitted reports by adding followup comments
  - act as a proxy for DD, if assigned
  - act as specialist, if assigned to a Service Center.

  State administrators:

  - can activate or deactivate user accounts
  - can assign and manage proxy and specialist assignments
  - are limited to assigning user roles for Service Centers and districts within their State.

- **District User Role**

  DD's are assigned by the State administrator:

  - to the districts that he or she manages
  - read-only access to oversight reports from another district, as determined by the State Office
  - a floating DD role to act as a proxy for other DD's.

  A district user role allows users to:

  - complete and edit oversight reports for their Service Centers
  - add action items to their oversight reports
  - followup and close pending action items in their reports.**--***

442 DDORS (Continued)

*--G User Roles (Continued)

- **Service Center User Role**

  Service Center user role allows users to:

  - view submitted and auto-submitted oversight reports for their Service Center
  - followup pending action items in submitted and auto-submitted reports by adding followup comments.

- **Proxy User Role**

  Proxy user's:

  - are temporarily assigned to a Service Center to manage its oversight reports
  - can complete, certify, and submit oversight reports for the assigned Service Center
  - can followup and close the assigned Service Center's action items.

  Proxy assignments are terminated if DD's district assignment changes or if DD or proxy's account is inactivated.

  Note: During the time period a proxy is assigned to a Service Center, DD can view, but cannot edit, the Service Center's oversight reports.

- **Specialist User Role**

  Specialist users are State users who are assigned to work on a Service Center's oversight report along with DD or proxy. Specialist users can add and modify review information anywhere in the oversight report.

  Specialist users cannot:

  - delete review records added by others
  - add new action items or close existing action items
  - certify (sign) or submit oversight reports.**--***

443 Responsibilities

A DD Responsibilities

--**See Exhibit 36 for detailed guidance on completing the oversight report online and creating various Hyperion and GLS reports.**--

DD's shall:

- coordinate and plan all FLP oversight review site visits with FLP State Office staff so that participation by FLC or FLS can be arranged when necessary

- notify SED and FLC of any apparent problems that may require immediate attention

- ***--**use DDORS to:

  - complete reviews for each Service Center quarterly
  - document specific findings for each case file or operational file reviewed
  - record and followup on any noted problems or inconsistencies as an "Action Item"
  - submit completed Service Center oversight reports.

    Note: Submitting the report online in DDORS is the:

    - certification for that report
    - DD's signature.**--***

B Service Center Responsibilities

Service Center staff shall:

- ***--**assist as needed with items to be reviewed**--***
- be available to discuss specific cases or to answer questions from DD
- followup on any action items identified by DD's in DDORS.

443 Responsibilities (Continued)

C State Office Responsibilities

SED's shall ensure that timely FLP oversight reviews are completed by DD's in DDORS.

FLC's shall:

- assign a State System Administrator for DDORS
- ***--**review quarterly reports submitted**--***
- followup on any identified action items
- discuss concerns with DD and SED
- ***--**document the actions taken to remedy identified deficiencies in the operational file.**--***

D National Office Responsibilities

DDORS oversight reports shall be reviewed with the FLPRA process. Reports for each FLP Service Center within a State shall be reviewed to ensure that:

- consistent oversight reviews are being conducted by DD's in the State

- SED's and FLC's are monitoring and addressing any deficiencies or apparent problems identified by DD's.

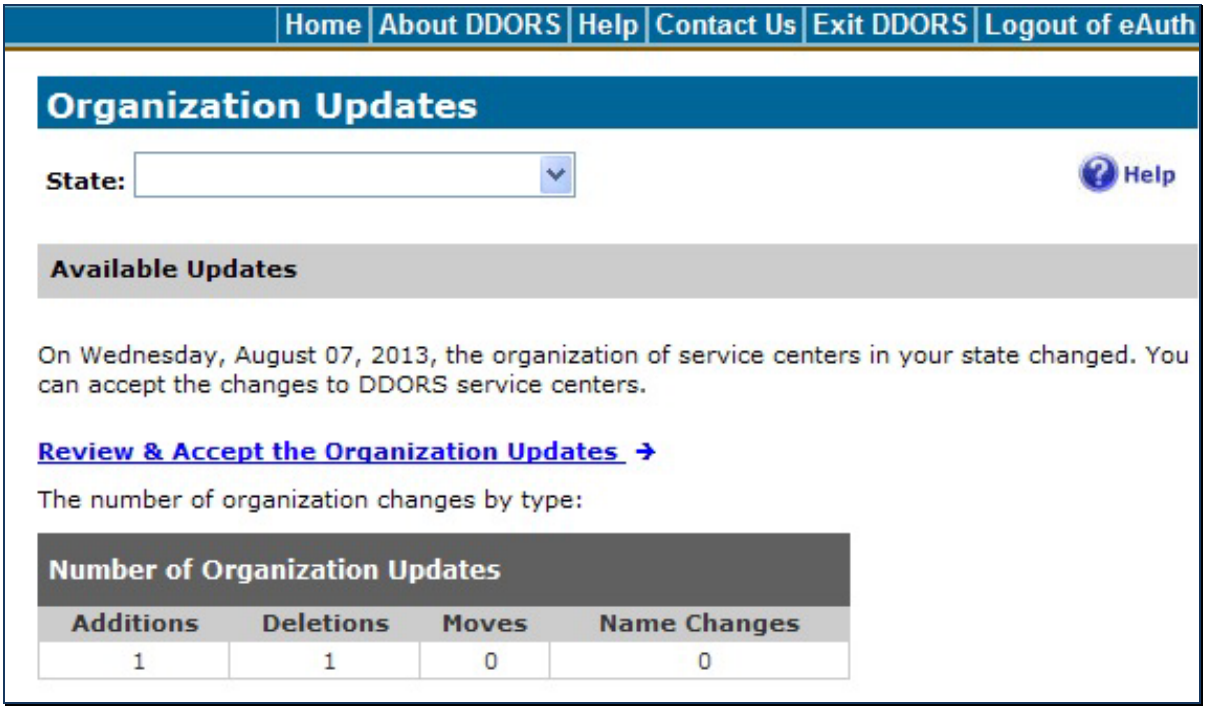
*--444 DDORS Organization Updates

A About Organization Updates

The MRT database is the system of record for all organizational data in DDORS. State Offices must submit FSA-2125 to FLOO to add, delete, or move Service Centers and/or districts. These changes are processed in the PLAS database that populates MRT.

Each Tuesday evening, DDORS searches MRT for changes. Any changes found will flow into DDORS and become organization updates.

DDORS automatically generates an e-mail to the State DDORS administrator when changes have been found, alerting the State DDORS administrator that the pending changes are ready for review and acceptance. The e-mail includes a hyperlink to the DDORS Organization Updates Screen for quick and easy access.



The State administrator must click "**Review & Accept the Organization Updates**" link and accept the pending changes in DDORS before any changes are made to the Service Centers and/or districts in DDORS.--*

***--444 DDORS Organization Updates (Continued)**

B Accepting Organization Updates

Follow this table to review and accept organization updates changes.

<table>
<tr><th>Step</th><th colspan="2">Action</th></tr>
<tr><td>1</td><td colspan="2">From DDORS Home Page, under “Menu”, CLICK “Organization Updates”.</td></tr>
<tr><td rowspan="4">2</td><td colspan="2">From “State” drop-down list, select a State if user has access to more than 1 State.</td></tr>
<tr><td>IF organizational updates are...</td><td>THEN the...</td></tr>
<tr><td>available</td><td>“Available Updates” section will be displayed.</td></tr>
<tr><td>not available</td><td>“Current DDORS Organization Structure” section will be displayed.</td></tr>
<tr><td>3</td><td colspan="2">If “Available Updates” section is displayed, CLICK “Review & Accept the Organization Updates” link.</td></tr>
<tr><td>4</td><td colspan="2">In the table, review the highlighted changes to Service Centers and districts.</td></tr>
<tr><td>5</td><td colspan="2">If changes within a district require a new DD assignment:

• in the second column, CLICK “Change the DD” link for the district
• select another DD or the “Absent District Director” option and CLICK “Save”.</td></tr>
<tr><td>6</td><td colspan="2">If displayed, CLICK “Users currently assigned to the Service Center” link to determine which, if any, users are affected and need to be reassigned.

If users need to be reassigned, do the following:

• print the user assignment information on the “Users currently assigned to the Service Center” window

• using the “User Management” module that is accessed by clicking “Home” button at the top of the page and then under “Menu”, clicking “User Management”, find and modify the user accounts.</td></tr>
<tr><td>7</td><td colspan="2">CLICK “Accept Organization Updates” to accept the changes.</td></tr>
</table>

Important: Users cannot undo organization changes after they have been accepted. DDORS cannot revert back to an earlier organization structure.**--***

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

This table lists the required reports of this handbook.

Reports Control Number	Title	Reporting Period	Submission Date	Negative Reports	Reference
FLP4	FLPRA Annual Report	Annually	By February 1 each year	Required	403

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents		Ex. 36
CCC-257	Schedule of Deposit		Ex. 36
FmHA 2006-21	Information Systems Management (ISM) Request for Changes to User Documentation		52
FSA-13-A	Data Security Access Authorization Form		53, 54, 166, Ex. 15, 36
FSA-137	Address Information Request		46
FSA-159	Request for Supplies, Forms, and/or Publications		Ex. 17
FSA-470	Tractor Feed Post Card for Metered Postage		46
FSA-603	Collection Register for State and County Offices		Ex. 36
FSA-851	Environmental Risk Survey Form		Ex. 36
FSA-2001	Request for Direct Loan Assistance		44, 47, 48, Ex. 36
FSA-2007	Statement Required by the Privacy Act for Non-Applicants		48
FSA-2028	Security Agreement		Ex. 36
FSA-2037	Farm Business Plan Worksheet Balance Sheet		Ex. 15
FSA-2038	Farm Business Plan Worksheet Projected/Actual Income and Expense		Ex. 15
FSA-2040	Agreement and Record of the Disposition of FSA Security/Release of Proceeds		262, 263, Ex. 7, 36
FSA-2065	Annual Statement Loan Account		49, 52
FSA-2072	Cancellation of U.S. Treasury Check and/or Obligation		169
FSA-2101	DD FLP Oversight Report Guide		Ex. 36
FSA-2103	Direct Loan Making File Review Questionnaire		28
FSA-2104	Guaranteed Loan Making File Review Questionnaire		28

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2119	Delinquent Borrower Servicing File Review Questionnaire		28
FSA-2120	Moratorium Notice		41
FSA-2121	Termination of Moratorium		41
FSA-2125	Farm Loan Program County Information File Changes		46, 444
FSA-2126	Program Loan Cost Expense (PLCE) Request		162, 166-169
FSA-2127	Request for CED FLP Loan Approval Authority		25
FSA-2129	Microloan Making File Review Questionnaire		28
FSA-2139	Notification of Exemption From Requirement to Provide Social Security Number		102
FSA-2140	Deposit Agreement		101, 102, Ex. 15, 36
FSA-2141	Interest-Bearing Deposit Agreement		102
FSA-2142	Statement of Deposits and Withdrawals		103, Ex. 36
FSA-2144	Designated Financial Institution Pledge of Collateral		102
FSA-2145	Demand for Withdrawal of Supervised Bank Account Funds		103
FSA-2150	Development Plan		122, 125
FSA-2153	Release by Claimants		122
FSA-2154	Release by Contractor		122
FSA-2160	Appraisal of Chattel Property		142
FSA-2161	Appraisal Report - Agricultural Tract		142
FSA-2162	Real Estate Sales Data		142
FSA-2163	Supplemental Forms-Agricultural Appraisal		142
FSA-2164	Appraisal for Mineral Rights		142
FSA-2165	Administrative Appraisal Review		143
FSA-2166	Technical Appraisal Review and Certification		143
FSA-2167	Administrative Appraisal Review for Chattel Appraisals		143
FSA-2171	Substitute Invoice		167, 169
FSA-2172	Request for Emergency Payment		169
FSA-2173	Program Loan Cost Expense (PLCE) Vendor Code Request		166, 167
FSA-2198 **1/**	Claimants With Closed Settlement Claims With No Appeal Hearing in Suspension		Ex. 13.5
FSA-2199 **1/**	Claimants With Closed Settlement Claims With Appeal Hearing in Suspension		Ex. 13.5
FSA-2201	Lender's Agreement		47
FSA-2211	Application for Guarantee		44, 47

1/ Contact Jenny Breece at 202-720-4572 to obtain FSA-2198 and FSA-2199.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2212	Preferred Lender Application For Guarantee		44, 47
FSA-2232	Conditional Commitment		43, Ex. 7
FSA-2235	Loan Guarantee		Ex. 7
FSA-2242	Assignment of Guarantee		Ex. 7
FSA-2292	Guaranteed Loan Processing Checklist		Ex. 36
FSA-2301	Request For Youth Loan		44, 47, 48, Ex. 15
FSA-2304	Notice of Incomplete Application		Ex. 36
FSA-2305	Second Notice of Incomplete Application		Ex. 36
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal		Ex. 36
FSA-2307	Notice of Complete Application		Ex. 36
FSA-2308	Notice of Eligibility for FSA Assistance		Ex. 36
FSA-2311A	Emergency Loan Calculations		Ex. 15
FSA-2313	Notification of Loan Approval and Borrower Responsibilities		202
FSA-2314	Streamlined Request for Direct OL Assistance		48
FSA-2330	Request for Microloan Assistance		44, 48
FSA-2341	Certification of Attorney		43
FSA-2342	Certification of Title Insurance Company		43
FSA-2510	Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due		3
FSA-2512	Notice of Availability of Loan Servicing to Borrowers Who Are Current, Financially Distressed, or Less Than 90 Days Past Due		3
FSA-2514	Notice of Availability of Loan Servicing to Borrowers Who Are in Non-Monetary Default		3
FSA-2535	Conservation Contract		3
FSA-2543	Shared Appreciation Agreement		3
FSA-2544	Request for Information on Capital Improvements		Ex. 36
FSA-2545	Borrower Notification of Shared Appreciation Due		Ex. 36
OF-347	Order for Supplies and Services		165
RD 1922-15	Administrative Appraisal Review for Single Family Housing		143
RD 1940-22	Environmental Checklist for Categorical Exclusions		Ex. 15, 36
SF-1449	Solicitation/Contract/Order for Commercial Items		165

Note: SF-1449 is available on GSA's form web site at **www.gsa.gov/portal/forms/type/TOP**.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
ACCP	accelerated payment	169
ACIF	Agricultural Credit Insurance Fund	163
ADR	alternative dispute resolution	42
ARRA	American Recovery and Reinvestment Act of 2009	28, 163, Ex. 16
AS	Agricultural Specialist	23, 26, Ex. 7
BIR	Business Information Report	48
BPA	Blanket Purchase Agreement	161, 162, 165, 166
BOPR	Borrower Property Table	166
CCR	Central Contractor Registration	162
CDAT	Consent Decree Action Team	Ex. 12, 13.5
CL	conservation loan	Text, Ex. 2, 15, 16
CMT	Constant Maturity Treasury	Ex. 17
CNC	currently not collectible	41, 251, Ex. 5, 12, 13, 13.5, 15
CONACT	Consolidated Farm and Rural Development Act	1, 21, 29, 142, 251
CPA	Certified Public Accountant	Ex. 26
DDORS	District Director Oversight Reporting System	442, 443, 444, Ex. 2, 36
eDALR$	electronic Debt and Loan Restructuring System	Ex. 13.5, 15, 17
DUNS	Data Universal Numbering System	43
ECM	Enterprise Content Management	5, 52
EIN	employer identification number	53
ERSR	Electronic Repository of Security Requests	53, Ex. 15
FAR	Federal Acquisitions Regulation	162, 165, 166
FCAO	Farm Credit Applications Office	49, Ex. 15
FHP	Farm and Home Plan	Ex. 5, 15
FLOTRACK	Farm Loan Officer Trainee Tracking System	25
FLPRA	Farm Loan Programs Risk Assessment	401-403, 443, Ex. 36
FmHA	Farmers Home Administration	52, Ex. 5
FMMI	Financial Management Modernization Initiative	162-169
ISA	installment set-aside	Ex. 15
ITLAP	Indian Tribal Land Acquisition Program	2, Ex. 16

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
LOA	Loan Analyst	23, 26, Ex. 7
LOC	line of credit	29, Ex. 15, 16
LR	limited resource	223, 261, 263, Ex. 15, 16
LRS	Loan Resolution Specialist	23, 26, Ex. 7
MADS	margin after debt service	Ex. 15
ML	microloan	222, 242, Ex. 15, 16
MRT	Master Reference Table	444
OA	Office of Adjudication	41
OTI	Opportunity to Improve Plan	25
PAC	Program Authority Code	162, 164, 167
PARLC, LAO (FFIS Team)	Policy, Accounting, Reporting, and Loan Center, Loan Accounting Office	169
PIP	Performance Improvement Plan	25
PLP	Preferred Lender Program	29, 43, 143, Ex. 5
PLS	Primary Loan Servicing	25, 27, 29, 42, 144, Ex. 5, 36
RCI	recoverable cost items	Ex. 15
SALP	Special Apple Loan Program	2, 29
SAM	System for Award Management	43, 166
SEL	standard eligible lender	25, 43, 143, Ex. 5, 36
SLR	Security Liaison Representative	53, Ex. 14, 15
TC	transaction code	46, 49, 50, 52, 164, Ex. 14
TDCLC	term debt capability lease coverage	252, Ex. 15
TY	payment voucher transaction	167-169
WEM	Web Equity Manager	Ex. 15
YEA	year-end analysis	162, 201, 251, 261-263, Ex. 15, 26, 36
ZMY	Obligating document or purchase order created in FMMI.	167-169

Redelegations of Authority

SED's may redelegate their:

- loan approval authority to FLC, FLS, or DD
- authority to allow the use of a restricted appraisal report to the designated State staff appraiser.

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b))

Administrative Appraisal Review

Administrative appraisal review is **a review of an appraisal to determine whether the appraisal:**

- **meets applicable Agency requirements; and**
- **is accurate outside the requirements of Standard 3 of USPAP.**

*--Adversely Affect

Adversely affect means that a change unrelated to the issue resolved through the appeal will result in the borrower no longer being eligible for the loan servicing action requested, or the previously developed FBP not being feasible.**--***

Agency

Agency is **the FSA.**

Agency Official

The agency official is any employee with the agency. This term is used when the action does not require inherent or delegated authority.

Approval Official

The approval official is the specific employee who has the authority to approve or deny the described action.

Authorized Agency Official

The authorized agency official is the FSA official that is authorized to perform specific tasks related to loanmaking or loan servicing. The appropriate official is determined by inherent authorities or delegations applicable to a particular task.

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

Beginning Farmer

***--**Beginning farmer is **an individual or entity who:**

(1) Meets the loan eligibility requirements for a direct or guaranteed CL, FO, or OL, as applicable;
(2) Has not operated a farm for more than 10 years. This requirement applies to all members of an entity;
(3) Will materially and substantially participate in the operation of the farm:
(i) In the case of a loan made to an individual, individually or with the family members, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm, consistent with the practices in the county or State where the farm is located.
(ii) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm. Material and substantial participation requires that the member provide some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm would be seriously impaired;
(4) Agrees to participate in any loan assessment and borrower training required by Agency regulations;
(5) Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median farm acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant's residence is not located on the farm or if the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture;
(6) Demonstrates that the available resources of the applicant and spouse (if any) are not sufficient to enable the applicant to enter or continue farming on a viable scale; and
(7) In the case of an entity:
(i) All the members are related by blood or marriage; and
(ii) All the members are beginning farmers.--*

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

*** * ***

Conservation Loan (CL)

CL means **a loan made to eligible applicants to cover the costs to the applicant of carrying out a qualified conservation project.**

Conservation Plan

Conservation plan means **an NRCS-approved written record of the land user's decisions and supporting information, for treatment of a land unit or water as a result of the planning process, that meets NRCS Field Office Technical Guide (FOTG) quality criteria for each natural resource (soil, water, air, plants, and animals) and takes into account economic and social considerations. The conservation plan describes the schedule of operations and activities needed to solve identified natural resource problems and takes advantage of opportunities at a conservation management system level. This definition only applies to the direct loans and guaranteed loans for the Conservation Loan Program.**

Conservation Practice

Conservation practice means **a specific treatment, such as a structural or vegetative measure, or management technique, commonly used to meet specific needs in planning and implementing conservation, for which standards and specifications have been developed. Conservation practices are contained in the appropriate NRCS Field Office Technical Guide (FOTG), which is based on the National Handbook of Conservation Practices (NHCP).**

Conservation Project

Conservation project means **conservation measures that address provisions of a conservation plan or Forest Stewardship Management Plan.**

Forest Stewardship Management Plan

Forest Stewardship Management Plan means **a property-specific, long-term, multi-resource plan that addresses private landowner objectives while recommending a set and schedule of management practices designed to achieve a desired future forest condition developed and approved through the USDA Forest Service or its agent.**

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

FSA

FSA means **Farm Service Agency, an Agency of the USDA, including its personnel and any successor Agency.**

Graduation

Graduation means **the payment in full of all direct FLP loans, except for CLs, made for operating, real estate, or both purposes by refinancing with other credit sources either with or without an Agency guarantee.**

Loan Activity

Loan activity is any transactions processed in GLS, DLS or PLAS to a borrower's loan.

Microloan (ML)

ML is a type of OL of $35,000 or less made under reduced application, eligibility, and security requirements.

*** * ***

PLCE Expenses

PLCE expenses are defined as financial transactions and procurement items.

Program Loans

Program loans include **FO, CL, OL, and EM. In addition, for loan servicing purposes the term includes existing loans for the following programs no longer funded: SW, RL, EE, ST, and RHF.**

Streamlined Conservation Loan

Streamlined conservation loan means **a direct or guaranteed CL made to eligible applicants based on reduced documentation.**

Supervised Bank Account

Supervised bank account is **an account with a financial institution established through a deposit agreement entered into between the borrower, the Agency, and the financial institution.**

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

Technical Appraisal Review

Technical appraisal review is **a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to Standard 3 of USPAP**.

Treasury Judgment Rate

The treasury judgment rate is the interest rate applicable to deficiency judgments for all loan types (pursuant to 28 U.S.C. Section 1961).

Uniform Standards of Professional Appraisal Practice

Uniform standards of professional appraisal practice are **standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recover, and Enforcement Act of 1989**.

Menu and Screen Index

The following menus and screens are displayed in this handbook.

Menu or Screen	Title	Reference
	Classification Review Workflow Report Screen	Ex. 36
	Complete/Approved Application file reviews Screen	Ex. 36
	DDORS Home Page	Ex. 36
	Direct Application Report Selection Page	Ex. 36
	Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports/Loan Making Reports/Direct Applications Screen	Ex. 36
	Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports/Loan Making Reports Screen	Ex. 36
	Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports Screen	Ex. 36
	Farm Loan Programs Data Mart/Program Loan Accounting System (PLAS) OnDemand Reports/SCIMS to PLAS Screen	Ex. 14
	Farm Loan Programs Systems Home Page	Ex. 36
	Farm Loan Programs Systems Main Menu	Ex. 36
	Farm Loans Programs Data Mart Screen	Ex. 36
	Farm Visit Workflow Report Screen	Ex. 36
	FLP - Risk Assessment Screen	Ex. 36
	FSA Applications Screen	Ex. 14, 36
	FSA Data Warehouse Home Page	Ex. 14, 36
	FSA Data Warehouse Production Home Page	Ex. 14, 36
	FSA Intranet Home Page	Ex. 14, 36
	GLS Farm Loan Application Package List Screen	Ex. 36
	GLS Farm Loan Application Package View Screen	Ex. 36
	GLS Farm Service Agency Reports Screen	Ex. 36
	GLS FSA GLSAPP02 - Guaranteed Loan Applications Detail Screen	Ex. 36
	GLS Guaranteed Loan System & CBP Direct Loans and Grants Screen	Ex. 36
	GLS Guaranteed Loan System Screen	Ex. 36
	Graduation Review Monitoring Report Screen	Ex. 36
	Lending To Beginning Farmers and Ranchers - Goal 4 Screen	Ex. 36
	Limited Resource Review Monitoring Report Screen	Ex. 36

Menu and Screen Index (Continued)

Menu or Screen	Title	Reference
	Organization Updates Screen	444
	Outstanding Subordination Report Screen	Ex. 36
	Print Options Screen	Ex. 36
	Reduce 1st Year Delinquency Rate on New Loans by 25% Over 5 Years Screen	Ex. 36
	Reduce Average Processing Times for Direct Loans - Goal 2 Screen	Ex. 36
	Report Outline Screen	Ex. 36
	SCIMS to PLAS Update Screen	Ex. 14
	Search Criteria Screen	Ex. 36
	Service Center Review Scoring	Ex. 36
	Shared Workspace Pages/HomePage	Ex. 14, 36
	Socially Disadvantaged Farmers and Ranchers - Goal 5 Screen	Ex. 36
	Subordination Request Report Screen	Ex. 36
	Year End Analysis Workflow Report Screen	Ex. 36

State Supplements

Subparagraph	State Supplement
3 C	Guidance on notary acknowledgement.
3 D	Guidance on signature requirements.
28 A	Guidance on completing Credit Quality Reviews.
***--28 B	Include the requirement for completing continuing education in the State's credit quality standards.
29 D	Establish method and standards for raising the loan approval authority limits for FLM's and SFLO's who routinely show a higher than average--* loanmaking proficiency. **Note:** This State supplement must be submitted for preapproval.
141 E	Guidance on the process to request: • chattel appraisal from a contract appraiser • real estate appraisal.
162 D	Guidance on PLCE funds allocated to State Offices.
242 A	• List of unit prices for all commodities produced in the State. • 3-year history of disaster declarations by: • county • type of disaster • incident period.

Note: SED's shall:

- issue State supplements according to 1-AS, paragraph 216
- obtain approval of State supplements according to 1-AS, paragraph 220.

Forms List

A General Information

***--**This exhibit provides:

- information on forms that were renumbered or made obsolete as part of FLP Streamlining
- RD forms that are still used by FLP
- some forms, but is not all inclusive of forms used in FLP delivery.**--***

See subparagraph:

- B for FmHA, FSA, and RD forms
- C for FmHA, FSA, and RD form and guide letters
- D for FmHA and RD Instruction exhibits
- E for items and publications
- F for a numerical list of new FSA forms
- G for a list of new handbook exhibits.

The following is applicable to this exhibit.

- The "Old Form Number" column provides the prefix and number used before December 31, 2007.

- The "New Form Number" column provides the prefix and number to be used after December 31, 2007.

  Note: An asterisk (*) in the "New Number" column indicates the document will remain under the current number.

- The "Title" column provides the title of the document.

  Note: This column provides the form's title that will be used after December 31, 2007.

B Forms

The following lists *** * *** FmHA, FSA, and RD forms used for FLP delivery.

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 021-1		Request for Procedure	8-29-01
RD 021-1		Request for Procedure	12-31-07
FmHA 021-46		Procedure Notice	12-31-07
FmHA 070-1		A Program to Recognize the Farm Family of the Year of the FHA, USDA	2-17-99
FmHA 102-1		Request for Check Delivery	12-31-07
FmHA 104-1		Public Information Transmittal and/or Receipt	4-16-99
RD 140-4	FSA-2071	Transmittal of Documents	
FmHA 160-3		Request for Travel Authorization or Amendment	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 336		Continuation Sheet	12-31-07
FSA-386	FSA-2202	Certified Lender Sticker	
FSA-386-1	FSA-2203	Preferred Lender Sticker	
FmHA 400-1		Equal Opportunity Agreement	12-31-07
FmHA 400-3		Notice to Contractors and Applicants	7-26-04
FmHA 400-4		Assurance Agreement	7-26-04
FmHA 400-6		Compliance Statement	7-26-04
FmHA 400-7		Compliance Review for Recreational Loans to Associations (FHA Borrowers)	12-31-07
FmHA 400-8		Compliance Review	7-26-04
RD 402-1	FSA-2140	Deposit Agreement	
RD 402-2	FSA-2142	Statement of Deposits and Withdrawals	
FmHA 402-6		Termination of Interest in Supervised Bank Account	12-31-07
FmHA 403-1		Debt Adjustment Agreement	7-8-98
FmHA 404-1		Case Reclassification	11-10-99
FmHA 405-A1		Operating Type Loans Maturity Schedule	12-31-07
FmHA 410-07		Notification to Applicant on Use of Financial Information from Financial Institution	2-17-99
FSA 410-1	FSA-2001	Request for Direct Loan Assistance	
FmHA 410-8		Applicant Reference Letter	12-31-07
RD 410-9	FSA-2007	Statement Required by the Privacy Act	
FmHA 410-10		Privacy Act Statement to References	12-31-07
FmHA 426-1		Valuation of Building	12-31-07
RD 426-2	FSA-2320	Property Insurance Mortgage Clause	
FmHA 426-4		Notice of Expiration of Insurance	12-31-07
RD 426-6		Transmittal of Property Insurance Mortgage Clause	12-31-07
FmHA 431-1		Long-Time Farm and Home Plan	12-31-07
FmHA 431-2		Farm and Home Plan	12-31-07
FmHA 431-4		Business Analysis - Nonagricultural Enterprise	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 432-1	FSA-2036	Farm Family Record Book	7-14-08
FmHA 432-1-, Supp 1		FHP Supplement 1 - Money Received	8-22-07
FmHA 432-1, Supp 2		FHP Supplement 2 - Expenses Paid	8-22-07
FmHA 432-1, Supp 3		FHP Supplement 3 - Expense Distribution Codes	8-22-07
FmHA 432-2		Five-Year Inventory Record	12-31-07
FmHA 432-10		Business and Family Record Book	12-31-07
FmHA 440-2		County Committee Certification or Recommendation	7-24-02
FSA-440-2		Eligibility certification or recommendation	12-31-07
FmHA 440-4		Security Agreement (Chattels and Crops)	9-9-03
FSA-440-4A	FSA-2028	Security Agreement	
FmHA 440-8		Notice of Check Delivery	12-31-07
FSA 440-9	FSA-2027	Supplementary Payment Agreement	
RD 440-11		Estimate of Funds Needed For 3- Day Period Commencing	12-31-07
FmHA 440-12		Acknowledgement of Payment for Recording, Lien, Search, and Releasing Fees	12-31-07
RD 440-13	FSA-2360	Report of Lien Search	
FmHA 440-15		Security Agreement (Insured Loans to Individuals)	12-31-07
FmHA 440-21		Appraisal of Chattel Property	12-31-07
FSA 440-21	FSA-2160	Appraisal of Chattel Property	
RD 440-22		Promissory Note (Association or Organization)	12-31-07
FSA-440-25		Financing Statement	12-31-07
FmHA 440-A25		Financing Statement (Carbon-Interleaved)	12-31-07
FSA 440-26	FSA-2317	Consent and Subordination Agreement	
FmHA 440-29		Semiannual Labor Compliance Report	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 440-32		Request for Statement of Debts and Collateral	2-17-99
FSA-440-32	FSA-2015	Verification of Debts and Assets	
FmHA 440-34		Option to Purchase Real Property	12-31-07
FmHA 440-35		Acceptance of Option	11-17-03
FmHA 440-45		Nondiscrimination Certificate (Individual Housing)	12-31-07
FmHA 440-47		Statement of Account	12-31-07
RD 440-57A		Supplemental Installment Information	10-14-88
FmHA 440-58		Estimate of Settlement Costs	12-31-07
FSA 441-5	FSA-2361	*--Subordination to the Government--*	
FSA 441-8	FSA-2041	Assignment of Proceeds from the Sale of Products	
FmHA 441-10		Nondisturbance Agreement	12-31-07
RD 441-12	FSA-2318	Agreement for Disposition of Jointly Owned Property	
FmHA 441-13		Division of Income and Nondisturbance Agreement	12-31-07
FmHA 441-17		Certification of Obligation to Landlord	12-31-07
FSA 441-18	FSA-2042	Consent to Payment of Proceeds from Sale of Products	
FSA-441-25	FSA-2043	Assignment of Proceeds from the Sale of Dairy Products and Release of Security Interest	
RD 442-2		Statement of Budget, Income and Equity	7-26-04
RD 442-3		Balance Sheet	7-26-04
RD 442-4		District Directors Report	7-26-04
RD 442-7		Operating Budget	7-26-04
RD 442-20		Right of way easement	12-31-07
RD 442-21		Right of way certificate	12-31-07
RD 442-22		Opinion of Counsel relative to rights of way	12-31-07
RD 443-16	FSA-2044	Assignment of Income from Real Estate Security	
FmHA 443-17		Agreement to sell nonessential real estate	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 449-23		Guaranteed Loan Evaluation Farmer Programs	12-31-07
RD 449-30	FSA-2254	Guaranteed Loan Report of Loss	
FSA-449-34	(*)	Loan Note Guarantee	
FmHA 449-36		Assignment Guarantee Agreement	7-26-04
RD 450-5	FSA-2495	Application to Move Security Property and Verification of Address	
***--**RD 450-6		Notice of Transmittal of Form RD-450-5	12-31-07--*
FmHA 450-7		Address Inquiry	4-16-99
FmHA 450-10		Advice of Borrower's Change of Address, Name, Case Number, or Loan Number	12-31-07
RD 450-12		Bill of Sale (Transfer by Withdrawing Member)	7-8-98
FmHA 450-13		Request for Assignment of Income from Trust Property	12-31-07
FmHA 451-1		Acknowledgement of Cash Payment	12-31-07
RD 451-1		Acknowledgement of Cash Payment	7-8-98
FmHA 451-2		Schedule of Remittances	12-31-07
FmHA 451-3		Reminder of Payment to be Made	12-31-07
FmHA 451-8		Journal voucher for loan account adjustments	12-31-07
FSA 451-10	FSA-2560	Request for Statement of Account	
FSA 451-11	FSA-2561	Statement of Account	
FSA 451-18	FSA-2434	Consent and Release of Interest of United States (Farm Ownership Loans)	
FmHA 451-26		Transaction Record	12-31-07
FmHA 451-27		Review of Collection --Only Accounts	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
RD 455-1 RD 455-22 RD 1955-2	FSA-2550	Report of Problem Case (Request for Foreclosure/Legal Action)	
FSA 455-2	FSA-2551	Evidence of Conversion, Fraud or Waste (Request for Lack of Good Faith Determination/Legal Action)	
FmHA 455-3		Agreement for Sale by Borrower (Chattels and/or Real Estate)	12-31-07
FmHA 455-4	FSA-2571	Agreement for Voluntary Liquidation of Chattel Security (Generic Version)	
FmHA 455-5	FSA-2572	Agreement of Secured Parties of Sale of Security Property	
FSA 455-11	FSA-2070	Bill of Sale "B" (Sale by Private Party)	
FmHA 455-12		Bill of Sale "C" (Sale Through Government as Liquidating Agent)	12-31-07
FSA 455-17	FSA-2490	Report on Deceased Borrower	
FmHA 455-21		Notice of Acceleration and Demand for Payment	7-8-98
RD 455-1 RD 455-22 RD 1955-2	FSA-2550	Report of Problem Case (Request for Foreclosure/Legal Action)	
FmHA 460-1		Partial Release	2-13-02
RD 460-1	FSA-2470	Partial Release	
FSA 460-2	FSA-2455	Subordination by the Government	
RDA 460-4	FSA-2433	Satisfaction of Lien	
FmHA 460-5		Assumption Agreement	7-26-04
FSA 460-8	4-FLP, Exhibit 27	Notice of Termination of Security Interest in Farm Products	
FmHA 460-9		Assumption Agreement	12-23-96
FmHA 460-10		New Promise to Pay	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA 462-4	FSA-2465	Assignment, Acceptance, and Release (Wool and Mohair)	
FmHA 462-7 (State)		Continuation Statement (Generic Version)	12-31-07
FSA 462-11	4-FLP, Exhibit 28	Request for Continuation Statement Filing Fee	
FmHA 462-12		Statements of Continuation, Partial Release, Assignment, Etc.	12-31-07
FmHA 462-12 (State)		Continuation of Termination Statement	12-31-07
FmHA 462-14		Change in List of Farmers Home Administration Borrowers **Note:** Reinstated as Exhibit 30 to 4-FLP.	5-18-04
RD 465-1	FSA-2060	Application for Partial Release, Subordination, or Consent	
RD 465-5	FSA-2476	Transfer of Real Estate Security	
FmHA 465-12 (State)		Quitclaim Deed	12-31-07
FSA-580	FSA-2580	Primary and preservation Loan Servicing Checklist	
FSA-581	FSA-2581	Review data for inequitable treatment	
FmHA 838-B		Invoice - Receipt Certification	12-31-07
FSA-838-C	FSA-2171	Substitute Invoice	
FSA-839	FSA-2172	Request for Emergency Payment	
FSA-845	FSA-2173	Foundation Financial information System (FFIS) Vendor Code Request	
FmHA 1007		Square Foot Appraisal Form	12-31-07
FmHA 1900-1		Request for Appeal of Adverse Action	7-8-98
FmHA 1902-7		Financial Institution Summary For CBS	7-8-98
FmHA 1905-1		Management System Card-Individual	12-31-07
FmHA 1905-4		Application and Processing Card--Individual	12-31-07
RD 1905-12		Monthly Expirations	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
RD 1910-5	FSA-2014	Verification of Income	
FmHA 1910-11		Applicant Certificate Federal Collection Policies For Consumer or Commercial Debts	9-9-03
FmHA 1922-1		Appraisal Report - Farm Tract	10-99
FSA-1922-1 & Addendum	FSA-2161	Appraisal Report - Agricultural Tract	
FmHA 1922-2		Supplemental Report-Irrigation Drainage, Levee, and Mineral	*--10-99--*
FmHA 1922-3 & L3		Map of Property	4-12-00
FmHA 1922-4		Township Plate Map	4-12-00
FmHA 1922-5		Appraisal Review **Note:** Reinstated as FSA-2166.	1-9-04
FmHA 1922-6		Multiple Township Plat Map	4-12-00
FmHA 1922-8		Uniform Residential Appraisal report	4-12-00
FSA 1922-9	FSA-2162	Real Estate Sales Data	
FSA 1922-10	FSA-2163	Supplemental Forms-Agricultural Appraisal--*	
FSA 1922-11	*--FSA-2164--*	Appraisal for Mineral Rights	
RD 1922-12		Nonfarm Tract Comparable Sales Data	12-31-07
RD 1922-14		Residential appraisal review for SFH	1-9-04
RD 1922-15	(*)	Administrative Appraisal Review For Single Family Housing	
FSA 1922-16	FSA-2165	Administrative Appraisal Review	
FSA-1922-17		Appraisal certification program semiannual report	6-17-08
RD 1924-1	FSA-2150	Development Plan	
FmHA 1924-2		Description of Materials	12-31-07
FmHA 1924-3		Service Building Specifications	12-31-07
FmHA 1924-5		Invitation for Bid (Construction Contract)	12-31-07
FmHA 1924-6		Construction Contract	12-31-07
FmHA 1924-7		Contract Change Order	12-31-07
FmHA 1924-9		Release by Contractor **Note:** Reinstated as FSA-2154.	7-26-04
RD 1924-10	FSA-2153	Release by Claimants	

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 1924-11		Statement of Labor Performed	12-31-07
FmHA 1924-12		Inspection Report	12-31-07
FmHA 1924-13		Estimate and Certificate of Actual Cost	12-31-07
FmHA 1924-16		Record of Pre-Construction Conference	12-31-07
FmHA 1924-18		Partial Payment Estimate	12-31-07
FmHA 1924-19		Builder's Warranty	12-31-07
FmHA 1924-21		Notice of Expiration of First Year of Warranty	12-31-07
FSA 1924-22	FSA-2376	Borrower Training Course Evaluation	
FSA 1924-23	FSA-2371	Agreement to Complete Training	
FSA 1924-24	FSA-2375	Agreement to Conduct Production and Financial Management Training for FmHA Borrowers	
FmHA 1924-25		Plan Certification	12-31-07
FmHA 1924-26		Cost Certification Worksheet	12-31-07
FSA 1924-27	FSA-2370	Request for Waiver of Borrower Training Requirements	
FSA 1927-1D FSA 1927-1M	FSA-2029-D FSA-2029-M	Real Estate Mortgage or Deed of Trust	
FmHA 1927-2		Transmittal of Form FmHA 1927-19/1927-20	12-11-96
RD 1927-4	FSA-2343	Transmittal of Title Information	
RD 1927-5	FSA-2351	Certification of Improvement of Property	
RD 1927-8	FSA-2319	Agreement With Prior Lienholder	
RD 1927-9	FSA-2344	Preliminary Title Opinion	
RD 1927-10	FSA-2352	Final Title Opinion	
FmHA 1927-11 (State)	FSA-2569	Warranty Deed (Generic Version)	
FmHA 1927-12 (State)		Warranty Deed (Generic Version)	12-31-07
RD 1927-15	FSA-2350	Loan Closing Instruction	
FmHA 1927-16		Notification of Loan Closing	7-8-98
RD 1927-19	FSA-2341	Certification of Attorney	
RD 1927-20	FSA-2342	Certification of Title Insurance Company	

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 1940-1		Request for Obligation of Funds	6-21-05
FSA-1940-1	FSA-2313	Notification of Loan Approval	
	FSA-2025	Notification of *** * *** Approval, Terms and Conditions and Borrower Responsibilities	
FSA-1940-3	FSA-2231	Request for Obligation of Funds Guaranteed Loans	
RD 1940-10	FSA-2072	Cancellation of U.S. Treasury Check and/or Obligation	
FSA 1940-17	FSA-2026	Promissory Note	
FmHA 1940-18		Promissory Note for Softwood Timber Loans	12-31-07
RD 1940-20	(*)	Request for Environmental Information	
RD 1940-21	(*)	Environmental assessment for Class I Action	
RD 1940-22	(*)	Environmental Checklist for Categorical Exclusions	
FSA 1940-38	FSA-2310	Request for Lender's Verification of Loan Application	
FmHA 1940-39		Declaration of Registrant	7-31-96
FSA-1940-40		Quarterly Declaration of Registrant	7-31-96
FmHA 1940-41		Truth in Lending Disclosure Statement	12-31-07
FmHA 1940-51		Crop-Share-Cash Farm Lease	12-31-07
FmHA 1940-53		Cash Farm Lease	12-31-07
FmHA 1940-55		Livestock-Share-Farm Lease	12-31-07
FmHA 1940-56		Annual Supplement to Farm Lease	12-31-07
RD 1940-59		Settlement Statement	12-31-07
FmHA 1941-1		Criteria for Continuing Assistance to Delinquent Borrowers	12-31-07
FmHA 1942-9		Loan Resolution Security Agreement	7-26-04
RD 1942-14		Association Project Fund Analysis	3-19-03
RD 1942-46		Letter of Intent to Meet Conditions	7-26-04
FmHA 1943-2		Small Farmer Outreach Training and Technical Assistance Program (Evaluation)	7-26-04
RD 1944-3		Budget And/Or Financial Statement	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 1945-15		Value Determination Worksheet (EM Loans Only)	9-25-02
FSA 1945-22	FSA-2309	Certification of Disaster Losses	
FSA 1945-26	FSA-2311	Calculation of Actual Losses	
FmHA 1945-27		Report of Natural Disaster	12-31-07
FmHA 1945-29		ASCS Verification of Farm Acreage's, Production and Benefits	2-14-02
FmHA 1950-8		Double Post Card	7-8-98
RD 1951-6	FSA-2562	Borrower Account Description Flag	
FmHA 1951-7	FSA-2429	Request For Change In Application	
RD 1951-9	FSA-2065	Annual Statement of Loan Account	
FmHA 1951-12		Correction of Loan Account	12-31-07
FmHA 1951-13		Change in Interest Rate	12-31-07
FmHA 1951-14		Debt Set-Aside	7-8-98
FmHA 1951-14A		Full Debt Set-Aside Installment Information	7-8-98
RD 1951-15		Community Programs Assumption Agreement	7-26-04
FmHA 1951-16		Detail Report of Administrative Offsets	5-04
RD 1951-17		Consolidated Report of Administrative Offset	7-26-04
FmHA 1951-24		Result of Borrower Graduation Review	7-26-04
FmHA 1951-33		Reamortization Request	7-26-04
FmHA 1951-34		Direct Payment Plan Change	7-8-98
FSA 1951-39	FSA-2535	Conservation Contract	
FmHA 1951-39A		Grant of Easement	3-14-97
FmHA 1951-43		Adjustment of Accounts Referred for IRS Offset	9-14-01
FmHA 1951-44		Annual Review of District/County Collection /activities Concentration Banking System	10-28-03
FmHA 1951-46		Concentration Banking Uncollectible Item	10-28-03
FmHA 1951-47	FSA-2597	Farmer Programs-Noncash Credit for Purchase of Easement Rights	
FmHA 1951-48		Concentration Banking Daily Activity Report	10-28-03
FmHA 1951-49		Register Of Collections	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 1951-54		Multiple Family Housing Annual Statement of Loan Account	12-31-07
FmHA 1951-57		Request for loan summary statement	12-31-07
FmHA 1951-58		Basis for Loan Account Payment Application for Farmer Programs Loans	12-31-07
FmHA 1951-60		Field Office Remittance Reconciliation Report	12-31-07
RD 1951-61	FSA-2445	Control of Problem Case Correspondence	
RD 1951-62	FSA-2446	Explanation of Problem Case	
FmHA 1951-63		Delinquency Audit Worksheet	12-31-07
RD 1955-1	FSA-2570	Offer to Convey Security	
RD 1955-2, FmHA 455-1, FmHA 455-22	FSA-2550	Report of Problem Case (Request for Foreclosure/Legal Action)	
FmHA 1955-3	FSA-2587	Advice of Property Acquired	
FmHA 1955-3A	FSA-2588	Acquired Property-Maintenance	
FmHA 1955-20	FSA-2591	Lease of Real Property	
FmHA 1955-40		Notice of Real Property For Sale	12-31-07
RD 1955-41	5-FLP, Exhibit 70	Notice of Sale	
FmHA 1955-42		Open Real Property Master Listing Agreement	12-31-07
FmHA 1955-45	FSA-2593	Standard Sales Contract - Sale of Real Property By The US	
RD 1955-46	FSA-2592	Invitation Bid and Acceptance-Sale of Real Property by the US	

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
RD 1955-47	FSA-2596	Bill of Sale "A" (Sale of Government Property)	
RD 1955-49	FSA-2595	Quitclaim Deed	
FmHA 1955-50	FSA-2594	Advice of Inventory Property Sold	
FmHA 1955-62		Request for Contract Services for Custodial/Inventory Property or Program Services	12-31-07
RD 1956-1	(*)	Application For Settlement of Indebtedness	
FSA-1956-10	(*)	Debt Settlement and Release of Liability Checklist	
FSA-1956-20	(*)	***--**Checklist for "Currently Not Collectible" Debt	
FSA-1956-21	(*)	List of Currently Not Collectible (CNC) Debts Eligible to Be Referred to Treasury for Cross-Servicing	
FSA-1956-22	(*)	Update to TOP and Cross-Servicing Information--*****	
FmHA 1960-12		Financial and Production Farm Analysis Summary	12-31-07
FSA 1962-1	FSA-2040	Agreement For the Use of Proceeds/Release of Chattel Security	
FSA 1962-3	4-FLP, Exhibit 29	List of FmHA Borrowers	
FSA 1962-9	FSA-2450	Temporary Amendment of Consent to Payment of Proceeds From Sale of Farm Products	
RD 1962-20	FSA-2576	Notice of Judgment	
FSA-1962-21 and 1962-21A	FSA-2574	Confirmed reorganization plan worksheet and cancellation of unsecured debt	
RD 1965-8	FSA-2080	Release From Personal Liability	
FmHA 1965-11		Accelerated Repayment Agreement	12-31-07
FSA-1965-13	FSA-2489	Assumption Agreement (Farm Loan Programs)	
RD 1965-14		Proof of Claim of the United States of America (Individual)	12-31-07
FmHA 1965-15		Assumption Agreement	12-23-96

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA-1980-01	FSA-2291	Lenders Processing Checklist	
FSA-1980-02	FSA-2292	Guaranteed Loan Processing Checklist	
FSA-1980-03	FSA-2293	Annual File Review Checklist for SEL and CLP Lenders	
FSA-1980-04		Annual File Review Checklist for PLP Lenders	12-31-07
FSA-1980-05	***--**FSA-2294**--***	Debt Writedown Review Checklist	
FSA-1980-06	FSA-2295	Guaranteed Estimated Loss Review Checklist for SEL and CLP Lenders	
FmHA 1980-07		Notification of Transfer and Assumption of a Guaranteed Loan	7-26-04
FSA-1980-07	FSA-2296	Guaranteed Loan Final Loss Review Checklist	
FSA 1980-15	FSA-2232	Conditional Commitment	6-8-07
RD 1980-19	FSA-2236	Guaranteed Loan Closing Report	
FSA-1980-22	FSA-2233	Lender Certification	
FSA-1980-24	FSA-2222	Request for Interest Assistance Payment	6-8-07
FSA-1980-25	FSA-2211	Application for Guarantee	
FSA-1980-26	FSA-2261	Report On Collection Activities On Liquidation Accounts	
FSA-1980-27	FSA-2235	Loan Guarantee	
FSA-1980-28	FSA-2212	Preferred Lender Application for Guarantee	

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA-1980-36	FSA-2242	Assignment of Guarantee	
FSA-1980-37	FSA-2250	FSA Purchase of a Guaranteed Loan Portion	
FSA-1980-38	FSA-2201	Lenders Agreement	
FmHA 1980-40		Reverse A Report of Liquidation Expense	3-19-99
FSA-1980-41	FSA-2241	Guaranteed Farm Loan Status Report	
FSA-1980-42	FSA-2243	Notice of Substitution of Lender	
RD 1980-43	FSA-2251	Lender's Guaranteed Loan Payment To USDA	
FSA 1980-44	FSA-2248	Guaranteed Loan Borrower Default Status	
RD 1980-45	FSA-2262	Notice of Liquidation Responsibility	
FmHA 1980-46		Report of Liquidation Expense	7-26-04
RD 1980-47	FSA-2247	Guaranteed Loan Borrower Adjustments	
FSA-1980-48	FSA-2249	Request for Restructuring Guaranteed Loans	
FSA-1980-49	FSA-2244	Guaranteed Loan Status Adjustment	
FmHA 1980-50		Add, Delete, or Change Guaranteed Loan Borrower Information	4-16-99
FmHA 1980-51		Add, Change or Delete Guaranteed Loan Record	7-26-04
FmHA 1980-52		Report Request	7-26-04
FmHA 1980-56		Guaranteed Loan Borrower Deferment	7-26-04
FmHA 1980-57		Reverse Guaranteed Loan Borrower Deferment	7-26-04
FmHA 1980-58		Interest Rate Buydown Agreement	7-26-04
FmHA 1980-59		Quarterly Delinquent/Problem Loan Report	10-29-97
FSA 1980-64	FSA-2221	Interest Assistance Agreement (Farmer Programs)	6-8-07
FmHA 1980-74		Application for Loan and Guarantee-Agricultural Resources Conservation Demonstration Program	12-31-07
FmHA 1980-75		Conditional Commitment for Guarantee-Agriculture Resource Conservation Demonstration Program	12-31-07
FmHA 1980-76		Lender's Agreement-Agricultural Resources Conservation Demonstration Program	12-31-07
FmHA 1980-77		Loan Note Guarantee-Agricultural Resource Conservation Demonstration Program	12-31-07
FmHA 1980-78		Interest Assistance Agreement -Agricultural Resource Conservation Demonstration Program	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 1980-83		Request for Waiver of Borrower Training Requirements for Guaranteed Loan Applications	3-19-99
FmHA 1980-84		Modification of New Contract Relating to Farm Credit Programs Guaranteed loan/line of credit	2-17-99
FSA-1980-84	FSA-2245	Modification of Loan Guarantee	
FmHA 1980-85		Modification of Existing Contract Relating to Farm Credit Program Guaranteed loan/line of credit	3-19-99
FSA-1980-86	FSA-2246	Notification of Transfer and Assumption of a Guaranteed Loan	
FSA-1980-88	FSA-2252	Farm Loan Programs Guaranteed Writedown Worksheet	
FSA-1980-89	FSA-2253	Shared Appreciation Agreement for Guaranteed Loans	
RD 1992-6	FSA-2585	Acquisition or Abandonment of Secured Property	
FSA-2006-3		Instruction and Form Justification	12-31-07
FmHA 2006-8		Procedure Notice Material	12-31-07
FSA 2006-9		Notice of Visit or Meeting	12-31-07
FmHA 2006-10		State Annual Planning Calendar	2-2-00
RD 2006-10		State Annual Planning Calendar	12-22-99
FmHA 2006-11		County Office Operating Report	12-31-07
FmHA 2006-12		County Office Operating Report Tally Sheet	12-31/07
RD 2006-15	(*)	Request for Automation	
FmHA 2006-16		Report of PRA Office Review	4-30-96
FmHA 2006-20		Classification of Farmer Program Borrower Account	4-12-00
FSA-2006-20		Classification of Farmer Program Borrower Account	12-31-07
FmHA 2006-21	(*)	Information Systems Management (ISM) Request for Changes to User Documentation	
FmHA 2006-23		State Evaluation Review Guide for District Office	4-30-96
FmHA 2006-24		State Evaluation Review Guide for County Offices	4-30-96
RD 2006-25		Production Problem Report	12-31-07

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
RD 2006-38		Civil Rights Impact Analysis Certification	7-8-98
RD 2021-6	FSA-2125	Farm Loan Programs - County Information File Changes	
FmHA 2027-3		Request and Justification for Reproduction Equipment	12-11-96
RD 2030-6		Record of telephone call or office visit	12-31-07
RD 2033-3		Correspondence Charge and Routing Slip	7-8-98
FmHA 2033-5		Request for Future Delivery of File(s) and/or Establishing a Follow-up	2-17-99
FmHA 2033-6		File Cover Sheet-Restricted (For Official Use only)	4-9-97
RD 2036-1		Travel Record	9-27-00
FmHA 2039-1		Request for Authorization to Incur Transfer Expense	5-8-96
FmHA 2039-4		Service Agreement	5-8-96
FmHA 2051-1		Application for Change in Tour of Duty	12-31-07
FmHA 2051-5		Record of FLSA Travel Time	7-8-98
FmHA 2054-1		Letter to Nominees	7-8-98
FmHA 2054-2		Letter to Elected County Committee Member	7-8-98
FmHA 2054-3		County Committee Membership Record	7-8-98
FmHA 2054-4		Separation Notice to County/Area Committee Members	7-8-98
FmHA 2054-5		Nominating Petition	7-8-98
FmHA 2054-6		Mileage Certification for County Committee Member	7-8-98
FmHA 2054-7		Record of County/Area Committee Meeting	7-8-98

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FmHA 2057-9		Executive-Management-Supervisory (E-M-S) Individual Development Plan	7-8-98
RD 2057-10		Executive-Management-Supervisory (E-M-S) Individual Development Planning Report	7-8-98
RD 2057-11		Individual Development Plan ADP Coordinator/ADPC Assistant	7-8-98
FmHA 2057-13		Individual Development Plan	7-8-98
* * *	* * *	* * *	
FSA-2037	(*)	Farm Business Plan Worksheet, Balance Sheet	
FSA-2038	(*)	Farm Business Plan, Projected Income and Expenses	
FSA-2039	(*)	Farm Business Plan Worksheet - Summary of Year's Business	
FSA-2101	(*)	DD FLP Oversight Report Guide	
FSA-2102		Report and Summary Schedule for DD FLP Oversight Reviews	12-31-07
FSA-2103	(*)	Direct loan making file review questionnaire	
FSA-2104	(*)	Guaranteed loan making file review questionnaire	
FSA-2105		Routine Direct loan servicing of current borrowers file review questionnaire	3-3-06
FSA-2106		Guaranteed loan servicing file review questionnaire	3-6-06
FSA-2107		Collection and resolution of direct FLP debts file review questionnaire	3-6-06
FSA-2108		Guaranteed loan loss claims file review questionnaire	3-6-06
FSA-2109		Farm inventory property file review questionnaire	6-8-04

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA-2110		State Office FLP Management File Review Questionnaire	3-6-06
FSA-2111		State Office Civil Rights FLP File Review Questionnaire	3-6-06
FSA-2112		Service Center FLP Management Review Questionnaire Direct Loans	3-6-06
FSA-2113		Service Center FLP Management Review Questionnaire Guaranteed Loans	3-6-06
FSA-2114		Service Center FLP Civil Rights File Review Questionnaire	3-6-06
FSA-2115		Service Center FLP Civil Rights File Review Worksheet	6-6-06
FSA-2116		Financial Data Input Form for Direct Loans	12-6-04
FSA-2117		Financial Data Input Form for Guaranteed Loans	12-6-04
FSA-2118		Lo-Doc Direct Loanmaking File Review Questionnaire	3-24-04
FSA-2119	(*****)	Delinquent Borrower Servicing File Review Questionnaire	
FSA-2120		Disaster Set-Aside (1951-T) File Review Questionnaire	1-9-04
FSA-2121		Guaranteed Loan Restructuring File Review Questionnaire	3-6-06
FSA-2122		Seriously Delinquent Borrower Servicing File Review Questionnaire	3-6-06
	FSA-2123	Farm Loan Programs Testing Certification	
	FSA-2126	Program Loan Cost Expense (PLCE) Request	
	*****--FSA-2129	Microloan Making File Review Questionnaire--*****	
FSA-2130		Farm Loan Programs Training Report	3-24-04
FSA-2131		Registration for Farm Loan Programs (FLP) Orientation and/or CFAT	3-24-04

Forms List (Continued)

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA-2300	FSA-2303	Notice of Farm Loan Programs Application Received	
FSA-2301	(*)	Youth Loan Application	
	FSA-2425	Request to Cancel Undisbursed Loan Funds	
FSA-2620	(*)	Indian Tribal Land Acquisition Program Loan Application	
FSA-2621	(*)	Indian Tribal Land Acquisition Program Tribal Council Resolution and Certification	
FSA-2622	(*)	Indian Land Acquisition Program Assignment of Tribal Income and Funds	
FSA-2623	(*)	Indian Tribal Land Acquisition Program Subordination Agreement	
FSA-2648	(*)	Civil Rights Compliance Review	
FSA-2651	(*)	Request for Special Apple Loan Program Assistance	
FSA-2652	(*)	Special Apple Program Promissory Note and Security Agreement	
FSA-2661	(*)	Request for Emergency Loan for Seed Producers Program Assistance	
FSA-2662	(*)	Emergency Loans for Speed Producers Promissory Note and Security	
FSA-2663	(*)	Subordination Agreement in Favor of the Government Emergency Loans for Seed Producers	
FSA-2664	(*)	Emergency Loans for Seed Producers Program Notice of Claim Assignment	
FSA-2670	(*)	Horse Breeder Loan Program Promissory Note	
FSA-2680	(*)	Letter of Interest	
FSA-2681	(*)	Loan Payment Guarantee Agreement and Contract Modification	
*--FSA-2683		Request for Land Contract Guarantee Assistance--*	

Forms List (Continued)

C Form and Guide Letters

The following lists all FmHA, FSA, and RD form or guide letters used for FLP delivery.

Notes: Forms and guide letters that will be used after December 31, 2007, have been converted to either a form or exhibit to the appropriate handbook.

The "Old Number" column provides the prefix and number of the form or guide letter used before December 31, 2007.

The "New Number" column provides the form or handbook and exhibit number.

The "Title" column provides the title of the document.

An asterisk (*) in the "New Number" column indicates the form or guide letter will remain under the current number.

Old Number	New Number	Title	Date Made Obsolete
FmHA FL 1902-06		Letter to Financial institution	12-31-07
FmHA FL 1902-A-2	FSA-2144	Designated Financial Institution's Collateral Pledge	
FmHA FL 1940-G-1	(*)	Notification of Exhibit M Requirements	
FmHA FL 1941-A-1		Advice to Borrower of Financial Condition	3-24-97
FmHA FL 1941-A-2		Conditional Commitment to Provide Special Operating Loan Assistance to Beginning Farmer or Ranchers	3-24-97

Forms List (Continued)

C Form and Guide Letters (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA FL 1951-5	(*)	Refund Request of Offset	
FmHA FL 1951-6	(*)	Certification of Indebtedness of Debtors to Non-USDA Agencies	
FmHA FL 1951-7	(*)	Notification of Salary Offset From Non-USDA Credit Agency	
FmHA FL 1951-8		Request From Employee For Different Repayment Schedule	10-8-03
RD FL 1951-8	(*)	Employee's Notice To The Agency Requesting A Different Repayment Schedule	
FmHA FL 1951-C-1		Administrative Offset Notice	10-20-00
RD FL 1951-C-1	(*)	Administrative Offset Notice	
RD FL 1951-C-2	(*)	Notice of Debtor that Administrative Offset Has Been Exercised and Intent to Collect by Administrative Offset	
FmHA FL 1951-C-3	(*)	Administrative Offset Referral Letter	
RD FL 1951-C-4		Notification of Salary Offset	12-3-03
RD FL 1951-C-8	(*)	Employee's Notice To The Agency Requesting A Different Repayment Schedule	
FmHA FL 1951-C-9	(*)	Borrowers Notification of IRS Offset Review	
FmHA FL 1951-F-3		Letter Providing Borrower Prospectus Information	12-31-07
FmHA FL 1951-F-9		Letter to request permission to provide prospectus to other lenders	3-14-97

Forms List (Continued)

C Form and Guide Letters (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA FL 1951-J-3		Notice to Non-program applicants of adverse decision and their review rights	12-31-07
FSA FL 1951-S-2		Shared Appreciation Agreement opportunity to Suspend payment	12-31-07
FmHA FL 1951-T-1	5-FLP, Exhibit 10	Notification of the Availability of the Disaster Set-Aside Program	
FSA FL 1951-T-2		Notice of opportunity for a second installment set-aside due to declared disaster or low commodity prices	PN 113
FmHA FL 1955-C-1		Letter to Advise Beginning Farmer or Rancher Applicants/Borrowers in the Special Operating Loan Assistance Loan Program of the Availability of Equipment in FmHA Inventory	12-31-07
FmHA FL 1992-1		Report of Total Cash Payments in Excess of $10,000	11-13-96
FmHA FL 1992-2	5-FLP, Exhibit 66	Notification of Transmittal to the Internal Revenue Service (IRS)	
RD FL 1992-E-1		Report of Total Cash Payments in Excess of $10,000	12-31-07
FmHA GL 1900-B-1		Notification of Further Appeal Rights	7-8-98
FmHA GL 1900-D-1		Notice of Relationship or Association with a Recipient of FmHA Assistance	7-8-98
FmHA GL 1900-D-2		Request to Review FmHA Assistance to an Employee, Relative or Associate	12-1-06
FmHA GL 1900-D-3		Requirements for FmHA Assistance to an Employee, Relative or Associate	12-1-06
FmHA GL 1900-D-4		Certification for FmHA Assistance to an Employee, Relative or Associate	12-1-06

Forms List (Continued)

C Form and Guide Letters (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA GL 1910-A-1	FSA-2304	Notice of Incomplete Application	
FmHA GL 1910-A-2	FSA-2305	Second Notice of Incomplete Application	
FmHA GL 1910-A-3	FSA-2307	Notification of Complete Application	
FmHA GL 1924-B-1		County Supervisor Notification to Applicants and Borrowers About Limited Resource Loans	7-8-98
FmHA GL 1927-B-1		Request for Title Opinion and Legal Services	12-31-07
FmHA GL 1943-A-1	3-FLP, Exhibit 16	Memorandum of Understanding Between FSA and [Enter Name of State Beginning Farmer Program]	
FmHA GL 1951-1		Notification to Borrower of Eligibility of Loan Graduation Review	12-31-07
FmHA GL 1951-2		Final Notice to Borrower to Provide Current	12-31-07
FmHA GL 1951-3	4-FLP, Exhibit 24	Borrower Prospectus	
FmHA GL 1951-5		To Notify a Borrower to Refinance the FmHA Indebtedness	7-9-96
FmHA GL 1951-6		Notification of Consequences Should Borrower Fail to Respond or Refinance the FmHA Indebtedness	12-31-07
FmHA GL 1951-7		To Notify a Borrower That FmHA will Continue With Loan(s)	12-31-07
FmHA GL 1951-C-4		Notice of Intent to Employee About Salary Offset	5-28-03
RD GL 1951-C-4	(*)	Notice of Intent to Employee About Salary Offset	

Forms List (Continued)

C Form and Guide Letters (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA GL 1951-F-5	4-FLP, Exhibit 25	Notice to Borrower to Refinance FSA Indebtedness	
FmHA GL 1951-F-8		Letter Reminding Borrowers of Graduation Requirement and OL and FO Time Restrictions	9-28-00
FSA GL 1951-F-8	4-FLP, Exhibit 21	Notice of Time Restrictions on Eligibility for OL and FO Programs and the Graduation to Commercial Credit Requirement	
FSA GL 1951-F-9	4-FLP, Exhibit 23	Request for Graduation Information	
FmHA GL 1951-J-1	5-FLP, Exhibit 40	Notice of Acceleration of Your Debt (Non-Program) to the Farm Service Agency (FSA) and Demand for Payment of That Debt	
FmHA GL 1951-J-2	5-FLP, Exhibit 41	Notice of Acceleration of Your Farm Service Agency (FSA) Account (Non-Program)	
FmHA GL 1951-J-3	4-FLP, Exhibit 51	Denial of Non-Program Assistance	
FSA GL 1951-S-1		Reminder to Borrowers of Shared Appreciation Obligation	12-31-07
FSA GL 1951-S-2	5-FLP, Exhibit 25	Shared Appreciation Reminder	

Forms List (Continued)

C Form and Guide Letters (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA GL 1962-A-1	4-FLP, Exhibit 32	Initial Notification of 3rd-Party Purchaser	
FmHA GL 1962-A-2		County Supervisor Notification to Purchaser of FmHA Security Property of Possible	12-31-07
FmHA GL 1962-A-3		Notification to Receivers of FmHA 1962-A-2 that No Action Will be Taken Against Them	12-31-07
FmHA GL 1962-A-4	4-FLP, Exhibit 33	SED Notification of 3rd-Party Purchaser	
FmHA GL 1962-A-5	4-FLP, Exhibit 31	Notification of Unauthorized Use of Proceeds	
FmHA GL 1980-B-1		First Notification of Incomplete Farmer Programs Guaranteed Application	12-31-07
FmHA GL 1980-B-2		Second Notification of Incomplete Farmer Programs Application	12-31-07
FmHA GL 1980-B-3		Certification of Complete Application	12-31-07
FmHA GL 1980-B-4		Letter to Lenders for Collection Activity on Liquidated Accounts	12-31-07
FmHA GL 2006-K-1		Request for New or Modification to the AD HOC Reporting System	12-31-07

Forms List (Continued)

D Exhibits

The following lists all exhibits to FmHA or RD Instructions used for FLP delivery.

Notes: Exhibits to FmHA or RD Instructions that will be used after December 31, 2007, have been converted to either a form or Exhibit to the appropriate handbook.

The "Old Number" column provides the FmHA or RD Instruction number and Exhibit.

The "New Number" column provides the new number to be used after December 31, 2007.

The "Title" column provides the title of the document.

Old Number	New Number	Title	Date Made Obsolete
426.1, Exhibit A		Escrow Agreement, Real Property Insurance (to collect proceeds from insurance and redistribute to selected payees)	12-31-07
442.11, Exhibit B		Tribal Council Resolution	1-28-02
442.11, Exhibit C		Assignment of Tribal Income and Funds	1-28-02
442.11, Exhibit D		Subordination Agreement	1-28-02
442.11, Exhibit E		Project Summary (Loans to Indian Tribes and Tribal Corporations)	1-28-02
1901-E, Exhibit A		Memo RE Civil Rights Compliance Reviews completed	12-31-07
1901-E, Exhibit B		Memo RE: Summary Report of Civil Rights Compliance Reviews	12-31-07
1901-E, Exhibit C		Memo RE: FmHA Financed Contracts	12-31-07
1902-A, Exhibit B	FSA-2141	Interest-Bearing Deposit Agreement	

Forms List (Continued)

D Exhibits (Continued)

Old Number	New Number	Title	Date Made Obsolete
1910-A, Exhibit A	3-FLP, Exhibit 5	Information Needed to Submit An FSA Direct Loan Application	
1910-A, Exhibit B		Letter to Notify Socially Disadvantaged Applicants/Borrowers Regarding the Availability of Direct Farm Ownership (FO) Loans	12-31-07
1910-A, Exhibit C		Letter to Notify Applicant(s)/Borrower(s) of Their Responsibilities in Connection with FmHA Farmer Program Loans	12-31-07
1910-C, Exhibit A		Request for Commercial Credit Report	12-31-07
1922-A, Exhibit D		Farmers Home Administration Appraisal Certification Program , Semi-Annual Report	4-12-00
1924-B, Exhibit A		Letter to Borrower Regarding Releases of Farm Income to Pay Family Living and Farm Operating Expenses	12-31-07
1951-A, Exhibit B	4-FLP, Exhibit 20	Notice of Change in Interest Rate	
1951-D, Exhibit A	4-FLP, Exhibit 26	Notification of Payoff Amount	
1951-F, Exhibit A	4-FLP, Exhibit 22	Lender Agricultural Loan Underwriting Standards	
1951-L, Exhibit A	5-FLP, Exhibit 30	Initial Letter to Borrowers Who Received Unauthorized Assistance	
1951-L, Exhibit B	5-FLP, Exhibit 31	Letter to Borrowers Who Received Unauthorized Assistance - Final Determination	

Forms List (Continued)

D Exhibits (Continued)

Old Number	New Number	Title	Date Made Obsolete
1951-S, Exhibit A, Attachment 1	FSA-2510	Notice Of Availability Of Loan Servicing to Borrowers Who Are 90 Days Past Due	
1951-S, Exhibit A, Attachment 1	FSA-2512	Notice of Availability of Loan Servicing to Borrowers Who are Current, Financially Distressed, or Less Than 90 Days Past Due	
1951-S, Exhibit A, Attachment 2	FSA-2511	Borrower Response to Notice of the Availability of Loan Servicing - For Borrowers Who Received FSA-2510	
1951-S, Exhibit A, Attachment 2	FSA-2513	Borrower Response to Notice of the Availability of Loan Servicing - For Borrowers Who Received FSA-2512	
1951-S, Exhibit A, Attachment 3	FSA-2514	Notice of the availability of loan servicing to Borrowers Who Are in Non-Monetary Default	
1951-S, Exhibit A, Attachment 4	FSA-2515	Borrower Response to Notice of the Availability of Loan Servicing - For Borrowers Who Received FSA-2514	
1951-S, Exhibit A, Attachment 5 and 5A	FSA-2521	Denial of Primary Loan Servicing and Intent to Accelerate for Borrowers Who Received FSA-2510 or FSA-2514 and Applied for Servicing	
	FSA-2523	Denial of Primary Loan Servicing for Borrowers Who Received FSA-2512 and Applied for Servicing	
1951-S, Exhibit A, Attachment 6 and 6A	FSA-2522	Borrower Response To Denial Of Primary Loan Servicing And Intent To Accelerate For Borrowers Who Received FSA-2510 Or FSA-2514 And Applied For Servicing	
	FSA-2524	Borrower Response To Denial Of Primary Loan Servicing For Borrowers Who Received FSA-2512 And Applied For Servicing	

Forms List (Continued)

D Exhibits (Continued)

Old Number	New Number	Title	Date Made Obsolete
1951-S, Exhibit A, Attachment 9 and 9A	FSA-2525	Intent to Accelerate for Borrowers Who Received FSA-2510 or FSA-2514 and Did Not Apply for Servicing or Did Not Accept Servicing	
1951-S, Exhibit A, Attachment 10 and 10A	FSA-2526	Borrower Response To And Intent To Accelerate For Borrowers Who Received FSA-2510 Or FSA-2514 And Did Not Apply For Servicing Or Did Not Accept Servicing	
1951-S, Exhibit B	FSA-2519	Offer Of Primary Loan Servicing For ***--**Borrowers Who Received FSA-2512 And Applied For Servicing**--***	
1951-S, Exhibit B, Attachment 1	FSA-2520	Acceptance Of Primary Loan Servicing For Borrowers Who Received FSA-2512 And Applied For Servicing	
1951-S, Exhibit C		Net Recovery Buyout Recapture Agreement (2 years)	12-31-07
1951-S, Exhibit C-1		Net Recovery Buyout Recapture Agreement (10 years)	12-31-07
1951-S, Exhibit D	FSA-2543	Shared Appreciation Agreement	
1951-S, Exhibit D-1	5-FLP, Exhibit 26	Calculation of Shared Appreciation Recapture	
1951-S, Exhibit D-2		Addendum to Agreement to Suspend Payment of Shared Appreciation	12-31-07

Forms List (Continued)

D Exhibits (Continued)

Old Number	New Number	Title	Date Made Obsolete
1951-S, Exhibit E		Notification of Adverse Decision for Primary Loan Servicing, Mediation or Meeting of Creditors and Other Options	12-31-07
1951-S, Exhibit E, Attachment 1		Borrower's Request for Meeting of Creditors and Acknowledgement	12-31-07
1951-S, Exhibit E, Attachment 2		Borrower's Request for Meeting of Creditors or to Negotiate the FSA Appraisal	12-31-07
1951-S, Exhibit F	FSA-2517	Offer of Primary Loan Servicing for Borrowers Who Received FSA-2510 or FSA-2514 and Applied for Servicing	
1951-S, Exhibit F, Attachment 2	FSA-2518	Acceptance of Primary Loan Servicing for Borrowers Who Received FSA-2510 or FSA-2514 and Applied for Servicing	
1951-S, Exhibit F, Attachment 3	FSA-2529	Negotiated Appraisal Agreement	
1951-S, Exhibit G, Attachment 1		Notice of Availability of Option to Reamortize Certain Loans Secured by Future Revenue Produced by Planting Softwood Timber	12-31-07
1951-S, Exhibit K	FSA-2537	Notification of Consideration for Homestead Protection	
1951-S, Exhibit K, Attachment 1	FSA-2538	Response to Notification of Consideration for Homestead Protection for Borrowers Who Received FSA-2537	
1951-S, Exhibit L	FSA-2539	Homestead Protection Program Agreement	
1951-S, Exhibit M	FSA-2540	Notice of the Availability of Homestead Protection - Post Acquisition	
1951-S, Exhibit P	FSA-2547	Shared Appreciation Agreement Recapture Reamortization	
1951-S, Exhibit P, Attachment 1	FSA-2548	Shared Appreciation Agreement Recapture Reamortization 2nd Notice	

Forms List (Continued)

D Exhibits (Continued)

Old Number	New Number	Title	Date Made Obsolete
1951-T, Exhibit A	FSA-2501	Addendum to the Promissory Note or Assumption Agreement for the Disaster Set-Aside Program	
1955-A, Exhibit D	5-FLP, Exhibit 49	Notice of Acceleration of FLP Accounts Secured by Real Estate and/or Chattels in Cases Not Involving Bankruptcy	
1955-A, Exhibit E	5-FLP, Exhibit 50	Notice of Intent to Foreclose on Your Property Serving as Security for the United States of America and Acceleration of Your Loan Accounts	
1955-A, Exhibit E-1	5-FLP, Exhibit 51	Notice of Acceleration of Your Debt to the Farm Service Agency Based on Confirmed Bankruptcy Plan and Demand for Payment of That Debt	
1955-A, Exhibit F	5-FLP, Exhibit 44	Notice Advising of Potential for Referral to Treasury for Cross-Servicing and the Availability of Debt Settlement	
1955-A, Exhibit G	5-FLP, Exhibit 37	Worksheet for Accepting a Voluntary Conveyance of FLP Security Property Into Inventory	
1955-A, Exhibit G-1	5-FLP, Exhibit 60	Worksheet for Determining FLP Maximum Bid on Real Estate Property	
1955-B, Exhibit B	5-FLP, Exhibit 71	Notification of Tribe of Availability of Farm Property for Purchase	
1955-C, Exhibit A	5-FLP, Exhibit 78	Notice of Special Flood, Mudslide, or Earthquake Hazard Area	
1955-C, Exhibit E		Notice that inventory property bid has been accepted/not accepted for specific reason	12-31-07
1955-C, Exhibit I	5-FLP, Exhibit 74	Conservation Easement for Wetlands	

Forms List (Continued)

D Exhibits (Continued)

Old Number	New Number	Title	Date Made Obsolete
1962-A, Exhibit D	5-FLP, Exhibit 34	Notice to Borrower's Attorney Regarding Loan Servicing Options	
1962-A, Exhibit D-1		Notice to Borrower Regarding Loan Service Options (B/no longer under the jurisdiction of Bankruptcy)	12-31-07
1965-A, Exhibit B		Notification of Other Lienholders Intent to Foreclose	12-31-07
1965-A, Exhibit D		Equity Recapture Agreement (RH loan when liquidating the FP loans)	12-31-07
1980-B, Exhibit A, Attachment 1		FmHA Approved Lender Program Lender's Agreement for OL, FO, SW	2-17-99
1980-B, Exhibit A, Attachment 2		FmHA Approved Lender Program Lender's Agreement for OL Line of Credit Guarantee	2-17-99
1980-B, Exhibit A, Attachment 3		Request for Loan Note Guarantee under ALP Agreement Applicable to Loan Note Guarantee Cases	2-17-99
1980-B, Exhibit D, Attachment 1		Request for Interest Assistance	2-17-99
1980-B, Exhibit D, Attachment 2		Interest Assistance Worksheet/Needs Test	2-17-99
1980-B, Exhibit D, Attachment 3		Interest Assistance Information Letter	2-17-99

Forms List (Continued)

E Items and Publications

The following lists all FmHA and FSA items or publications used for FLP delivery.

Notes: The "Old Number" column provides the prefix and number of the item or publication before December 2007. If the item will be used after December 31, 2007, the new number and title are listed in the second and third column, respectively.

Items that will continue to be used after December 31, 2007, may be obtained from MSD Warehouse. To request items or publications, complete FSA-159, available at ***--http://intranet.fsa.usda.gov/dam/ffasforms/forms.html**, and submit by 1 of the**--*** following methods:

- FAX to 816-823-4740 or 816-823-4741
- e-mail to **ra.mokansasc2.kcasbwhse**
- mail to:

  USDA/FSA/Kansas City Warehouse
  9240 Troost Ave
  Kansas City MO 64131.

Old Number	New Number	Title	Date Made Obsolete
FmHA Item 219		Instruction for form FmHA 431-2	12-9-03
FmHA Item 221	FSA-2008	Recorded security instrument envelope, 9x12" with 11/2 " expansion **Notes:** When completing FSA-159 to order FSA-2008 from MSD Warehouse in item 12 include: • FSA-2008-N for not expandable • FSA-2008-E for expandable. A large supply of not expandable FSA-2008 is currently available. When possible, order the not expandable version of FSA-2008.	
FmHA Item 246		Farm assessment and supervision reference (Includes quick reference laminated card on field visits and farm planning and analysis and farm assessment market placement, and graduation videoconference training event questionnaire.)	12-9-03
FmHA Item 246-A		Quick reference (Guide to Item No. 246.)	12-9-03

Forms List (Continued)

E Items and Publications (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA Item 256		National Office/Finance Office Focus users manual (Training guide)	12-9-03
FmHA Item 256A		Replacement pages - NO/FO focus users manual	12-9-03
FmHA Item 256B		Cover and spine - NO/FO focus users manual	12-9-03
FmHA Item 256C		Tabs for NO/FO focus users manual	12-9-03
FmHA Item 257 **1/**	(*)	USDA focus ad hoc reporting system manual - Field Office users manual	
FmHA Item 258		Learning to use SQL (*)CALC spreadsheet (Training manual)	12-9-03
FmHA Item 261		Guaranteed lending resource handbook (Cover insert and spine)	12-9-03
FmHA Item 262		Guaranteed lending resource handbook	12-9-03
FmHA Item 263		Guaranteed lending resource handbook (Tabs)	12-9-03
FmHA Item 277 and 277A and B		Farm and home plan job aids, cover insert, spine and tabs	12-9-03
FmHA Item 278		FmHA Executive information system (EIS) users guide – System	12-9-03
FmHA Item 278A		FmHA Executive information system (EIS) users guide - farmer programs	12-9-03
FmHA Item 406		Farmer programs application package	12-9-03

1/ FmHA Item 257 will continue to be used after December 31, 2007. However, it is not being renumbered.

Forms List (Continued)

E Items and Publications (Continued)

Old Number	New Number	Title	Date Made Obsolete
FmHA Item 434		Farm and home plan data transfer users manual, cover insert, spine and tabs	12-9-03
FmHA Item 434A		Farm and home plan data transfer utility diskette	12-9-03
FmHA Item 434B		Farm and home plan information sheet and installation/deinstallation instructions for FHP data transfer utility software, version 1.1	12-9-03
FmHA Item 436		Contents of loan servicing application package	12-31-07
FmHA Item 437		FmHA AG credit flowcharts - definition: AG87	12-9-03
FmHA Item 438		FmHA AG credit flowcharts - definition: AG90	12-31-07
FmHA Item 440		FmHA AG credit version 3.0 users manual	12-9-03
FmHA Item 441		At least part of the tabs in this packet pertain to AG87 and AG90 charts	12-9-03
FmHA Item 450		Equipment maintenance handbook - IBM (Rural Development)	12-9-03
FmHA Item 487		Environmental site assessment: transaction screen questionnaire process (student manual)	12-9-03
FmHA Item 490		Special assistance for beginning farmers and ranchers (fact sheet)	12-9-03
FmHA Item 512		Blue alpha index cards	12-9-03
FmHA Item 514		Yellow index cards, various headings (indicator cards)	12-9-03
Publication 622	622	Amortization Tables	

Forms List (Continued)

F New Forms

The following lists new forms used for FLP delivery.

Form Number	Title
FSA-2002	Three Year Financial History
FSA-2003	Three Year Production History
FSA-2004	Authorization to Release Information
FSA-2005	Creditor List
FSA-2006	Property Owned or Leased
FSA-2123	Farm Loan Programs Testing Certification
FSA-2139	Financial Institution Notification of Social Security Number Requirement
FSA-2145	Demand for Withdrawal of Supervised Bank Account Funds
FSA-2302	Description of Farm Training and Experience
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal
FSA-2308	Notice of Eligibility for FSA Assistance
FSA-2340	Selection of Attorney/Title Agent and Legal Services
FSA-2516	30 Day Reminder of the Notice of Availability of Loan Servicing
FSA-2523	Denial - No Feasible Plan - Current/Financially Distressed
FSA-2524	Borrower Response to Denial of PLS (Current/Financially Distressed)
FSA-2544	SAA 6 Month Contact Letter
FSA-2545	SA Due - Notification

Forms List (Continued)

G New Exhibits

The following lists new exhibits used for FLP delivery.

Required Under	Handbook and Exhibit	Title
FmHA GL 1943-A-1	3-FLP, Exhibit 16	Memorandum of Understanding Between FSA and [Enter Name of State Beginning Farmer Program]
Notice FLP-469, Exhibit 1	4-FLP, Exhibit 52	Borrowers Entering Active Duty
Notice FLP-469, Exhibit 2	4-FLP, Exhibit 53	Borrowers Leaving Active Duty
*****--Notice FLP-128, Exhibit 1	5-FLP, Exhibit 13	Third Party Pledge of Security Notification Letter
Notice FLP-128, Exhibit 1	5-FLP, Exhibit 14	Youth Loan Notification Letter--*****
FmHA Instruction 1951-J, Section 1951.457(b)	5-FLP, Exhibit 38	10-Day Notice of Non-Program Delinquency
FmHA Instruction 1951-J, Section 1951.457(b)	5-FLP, Exhibit 39	30-Day Reminder of Non-Program Delinquency
Notice FLP-467, Exhibit 2	5-FLP, Exhibit 52	Notice of Acceleration for FLP Accounts Held by Native American Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights
Notice FLP-467, Exhibit 3	5-FLP, Exhibit 53	Notification of Options Available to the Tribe
Notice FLP-467, Exhibit 4	5-FLP, Exhibit 54	Information on Native American Borrower Rights Under the Consolidated Farm and Rural Development Act
Notice FLP-468, Exhibit 1	5-FLP, Exhibit 55	Notification to a Tribe of an American Indian Borrower's Request to Have a Loan Assigned to the Tribe (With Example Information)
Notice FLP-468, Exhibit 2	5-FLP, Exhibit 56	Notification to an American Indian Borrower of Acceptance of an Assignment Request
Notice FLP-468, Exhibit 3	5-FLP, Exhibit 57	Notification to an American Indian Borrower of Denial of an Assignment Request
RD Instruction 1955-B, Section 1955.62(a)	5-FLP, Exhibit 65	Notification of Personal Property
RD Instruction 1955-B, Exhibit B	5-FLP, Exhibit 71	Notification of Tribe of Availability of Farm Property for Purchase
RD Instruction 1955-C, Exhibit H	5-FLP, Exhibit 74	Conservation Easement for Wetlands
RD Instruction 1955-C, Exhibit I	5-FLP, Exhibit 75	Conservation Easement for Floodplains

Delegating FLP Authority

A SED Delegations

SED may delegate the following authorities to employees who have experience and completed the required training:

- authority to prepare chattel appraisals
- authority to prepare real estate appraisals when the total credit transaction is less than $100,000
- authority to complete administrative appraisal reviews
- loan approval authority
- authority to establish and document the estimated value of real estate security when an appraisal has been waived for an EM according to 3-FLP, subparagraph 248 A.

--B FLC/FLM/SFLO Delegations--

The following is a list of authorities that may be delegated to employees who have experience and have completed any required training according to subparagraph 23 C.

*--

Authority	AS	FLO	LOA	LRS	PT
Sign correspondence as regular signing official.		X	X	X	
Sign correspondence "for".	X	X	X	X	X
Establish supervised bank account and deposit loan checks.	X	X	X	X	X
Countersign supervised bank account checks/withdrawals.	X	X	X	X	X
Input pre-note information for EFT.	X	X	X	X	X
Plan and inspect site development work.	X	X			
Check preliminary title opinion for exceptions.	X	X	X	X	X
Check final title opinion or mortgage policy for proper lien position.	X	X	X	X	X
Review loan closing statement for proper funds disbursement.	X	X	X	X	X
Execute financing statements or other legal instruments to obtain and preserve security on chattel loans.	X	X	X	X	X
Approve FSA-2242.	X	X	X	X	X

--*

Delegating FLP Authority (Continued)

***--B FLC/FLM/SFLO Delegations (Continued)**

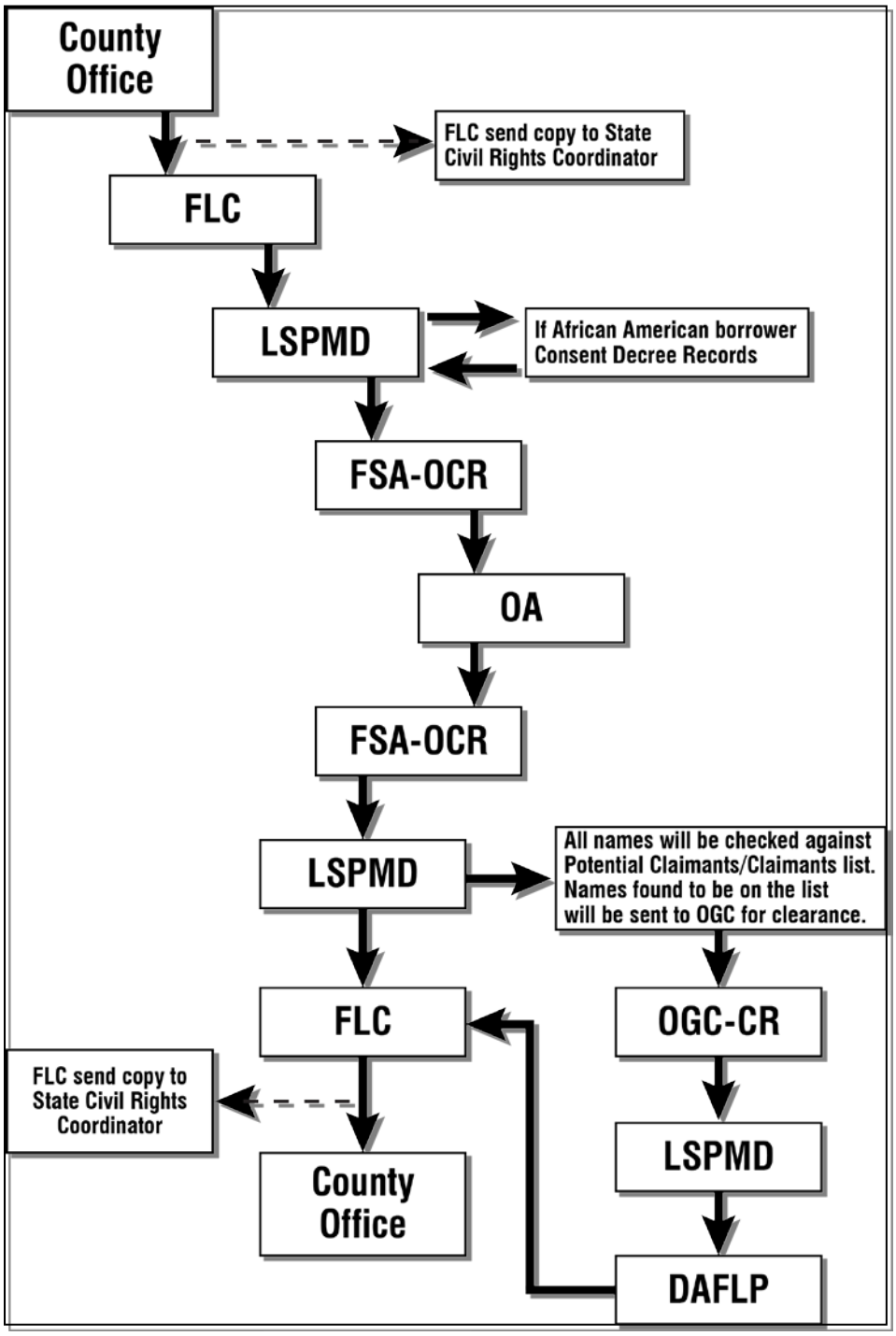
Authority	AS	FLO	LOA	LRS	PT
Review loan closing and issue FSA-2235.		X			
Approve satisfaction/release of security instruments.	X	X	X	X	X
Prepare FSA-2040.	X	X	X	X	
Release chattel/crop security per approved FSA-2040.	X	X	X	X	X
Revise Farm Business Plan and FSA-2040 when necessary.	X	X	X	X	
Approve replacement/development - use of insurance proceeds.	X	X			
Approve servicing actions, including liquidation plans submitted by lenders.	X	X			
Requests for PLCE goods and services.	X	X	X	X	X
Approve loan restructuring.	X	X			
Approve emergency advance requests.	X	X	X	X	
Complete lender reviews.	X	X	X	X	
Ordering credit reports.	X	X	X	X	X
Execute FSA-2232.		X			
Execute FSA-2235.		X			

--*

Note: Delegated authorities for agency officials that were granted before December 31, 2007, using previous form numbers or regulation citation will not have to be reissued. These delegations remain valid and it is not necessary to modify them if the reason is only to change references to the new streamlining handbooks.

Discrimination Complaint E-Mail Clearance System

***--**The following illustrates the clearance process used before acceleration, foreclosure, and CNC for all accounts.



Note: When a review has been completed through this process for pre-acceleration, the Consent Decree Record for African American borrowers, OGC CR, and DAFLP reviews will not be completed again for the pre-foreclosures and CNC clearances.**--***

Instructions for E-Mail to the National Office for Discrimination Complaint Status

A E-Mail Recipients

FLC or designee shall provide an e-mail to the National Office at **FSA-DIRECTLOANS@wdc.usda.gov**.

B E-Mail Subject

The e-mail subject block should read, "Civil Rights Complaint Clearance - Borrower's Name and State".

C E-Mail Attachment

***--**The e-mail attachment shall:

- be encrypted using the current FY national DAFLP password**--***

- include the following information for the primary borrower:

  - name and 12-digit account number (State and county code and SSN/TIN)
  - complete residence address
  - race
  - gender
  - ethnicity (Hispanic or not Hispanic)
  - youth loan only (yes or N/A)

- include the following information for **all liable parties**:

  - name
  - SSN
  - race
  - gender
  - ethnicity (Hispanic or not Hispanic)

- provide the type of request (pre-acceleration, pre-foreclosure, or CNC)

- include prior review history including the following information:

  - previously cleared for acceleration by memo or e-mail on (specific date)
  - case review (specific date) and returned for additional servicing

- include prior civil rights complaint information, including complaint number if known.

  Note: The prior civil rights complaint information will help to clarify complaints that may have been previously closed or to further identify the race or involvement in pending suits against the government. That is, possible Keepseagle, Pigford, Love, or Garcia; ALJ Case #XXXXXXXX, last contact (specific date).

Instructions for E-Mail to the National Office for Discrimination Complaint Status (Continued)

C E-Mail Attachment (Continued)

If the case involves a borrower who is a claimant under a Class Action or USDA Settlement ***--**Agreement, follow guidance in Exhibit 13.5.**--***

***--Servicing Settlement Claimants and National Office FLP Programmatic Review**

A Background

The *Pigford, Keepseagle, and Pigford II* legal settlements and USDA's initiative to settle outstanding group actions (Women and Hispanic) have affected the way FSA services delinquent loan accounts of claimants in these cases.

B Closed Settlement Claims

A claim is considered closed when a final decision has been issued.

State Offices:

- are advised by CDAT when a *Pigford* claim is closed
- will be advised by memorandum from DAFLP when *Keepseagle*, *Pigford II*, Women, and Hispanic claims are closed.

All closed claims will fall into 1 of the following 2 categories.

- Category 1 – individuals:
  - whose settlement claims have been closed and were **not** delinquent on their FLP debt at that time; or
  - who had no FLP loans.
- Category 2 – individuals whose settlement claims have been closed and were delinquent on their FLP debt at that time.**--***

C County Office Servicing Actions

Upon receiving notification that the claim of a settlement claimant has been closed, the County Office will service the account according to the following.

- Category 1 cases require no special servicing.

- Category 2 cases.

  - **Delinquent borrowers with outstanding servicing applications that have not been concluded**. Contact the borrowers to determine whether they want to continue with the existing loan servicing application or receive a new notification of the availability of loan servicing.

    Note: Use FSA-2198 or FSA-2199, as appropriate, to contact these borrowers.

    - For borrowers who return FSA-2198 or FSA-2199, as appropriate, within 15 calendar days, begin the loan servicing process again by sending a new notification of the availability of loan servicing according to 5-FLP, Part 3.

    - For borrowers who do not return FSA-2198 or FSA-2199, as appropriate, within 15 calendar days, continue processing the pending application.

  Note: Claimants may have an appeal hearing in suspension, pending closure of their claim. When the authorized agency official is notified that the claim has been closed, the official should notify the Appeal Hearing Officer of the closure.

  •***--Delinquent borrowers with no pending servicing request.** For delinquent borrowers where the special servicing application has been concluded and the account has not been accelerated, send a new notification of the availability of loan servicing according to**--*** 5-FLP, Part 3. The decision on the settlement claim may have improved borrowers' financial conditions and could affect their ability to qualify for FSA assistance.

    Note: When all loan servicing rights have been concluded for Category 2 borrowers, without resolving the delinquency, submit the completed FSA-2580 and FSA-2581, to the State Office, as required by 5-FLP, subparagraph 533 B.

***--Servicing Settlement Claimants and National Office FLP Programmatic Review (Continued)**

C County Office Servicing Action (Continued)

- **Delinquent borrowers whose accounts have already been accelerated**. Except for cases already held by DOJ, submit the completed FSA-2580 and FSA-2581 to the State Office requesting civil rights clearance review required by subparagraph 41 H or pre-CNC if liquidation has already occurred. If DOJ is holding a case, the U.S. Attorney's office should be advised when the claim is closed.

If a Category 2 borrower's delinquency is cured by payment, rescheduling, writedown, or any other resolution, and a new delinquency occurs at a later date, the normal pre-acceleration review required by Exhibits 12 and 13 will be performed. Likewise, Category 1 individuals who later become delinquent on any FLP debt will be subject to the same review process.

D State Office Servicing Action

For Category 2 borrowers, when requesting the National Office civil rights clearance required by subparagraph 41 H, in addition to the documentation required by Exhibit 13, the State Office will include FSA-2580 and FSA-2581 documenting the findings of the State Civil Rights Review Group.

Note: FSA-2580 and FSA-2581 only need to be submitted once. If FSA-2580 and FSA-2581 are submitted for pre-acceleration clearance of a Category 2 borrower, FSA-2580 and FSA-2581 will not need to be submitted for subsequent pre-foreclosure and/or pre-CNC clearance.

E National Office Action

The National Office shall:

- review FSA-2580 and FSA-2581, other documentation provided according to Exhibit 13 and supporting documentation found in DLS-Special Servicing, FBP, and eDALR$ to ensure that all servicing and appeal rights were properly administered before further consideration of acceleration, foreclosure, or CNC

- provide written guidance to the State Office for each case after completing the review.**--***

***--Servicing Settlement Claimants and National Office FLP Programmatic Review (Continued)**

F Servicing Actions for Pending Settlement Claimants

Until individual claims are closed through the respective settlement processes, the policy of not accelerating or foreclosing against claimants remains in effect. Do not take acceleration or foreclosure action until a claim has been closed, and for Category 2 borrowers, the National Office has provided written guidance according to subparagraph E.

Where there is a potential fraud in borrowers' loan relationships with FSA, for example, conversion, the cases would generally be referred to OIG with copies to OGC. In cases where the borrowers are claimants, continue to refer the particulars of the situations to OIG with copies to OGC, including any applicable information about the claimant's under the respective settlement.**--***

***--SCIMS-PLAS ORACLE Hyperion Reports**

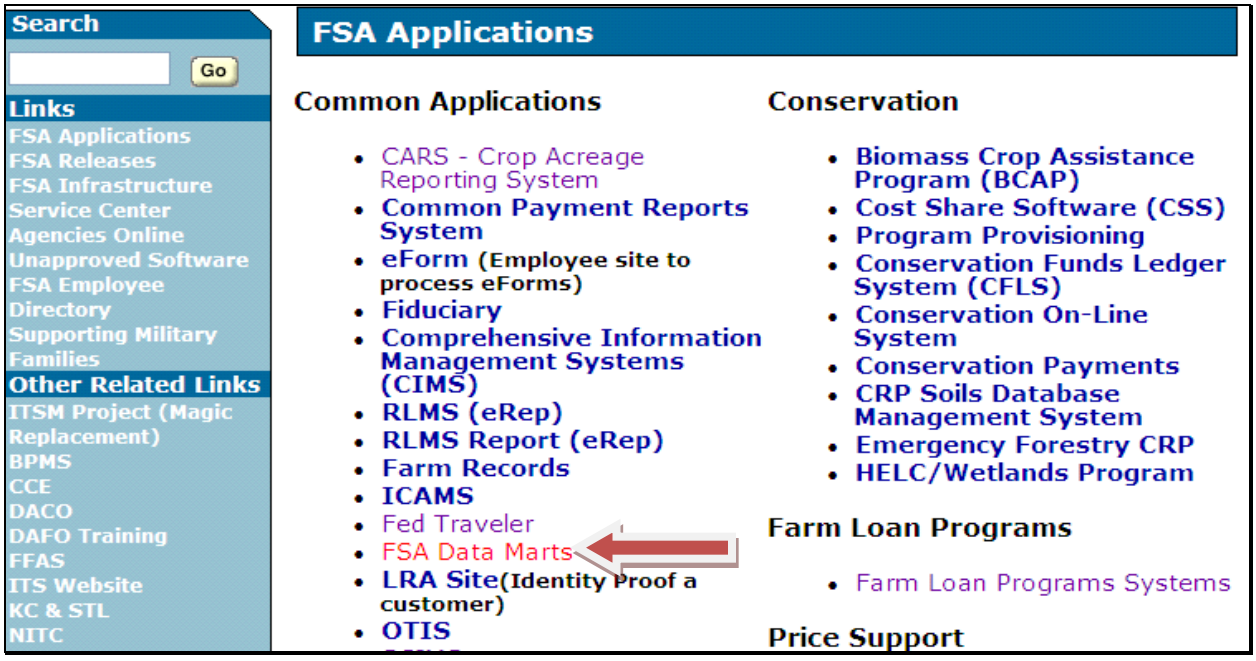
A Accessing Reports

Access the SCIMS-PLAS reports as follows.

From the FSA Intranet Home Page, Under "Resources", CLICK "**FSA Applications**".



Under "Common Applications", CLICK "**FSA Data Marts**".

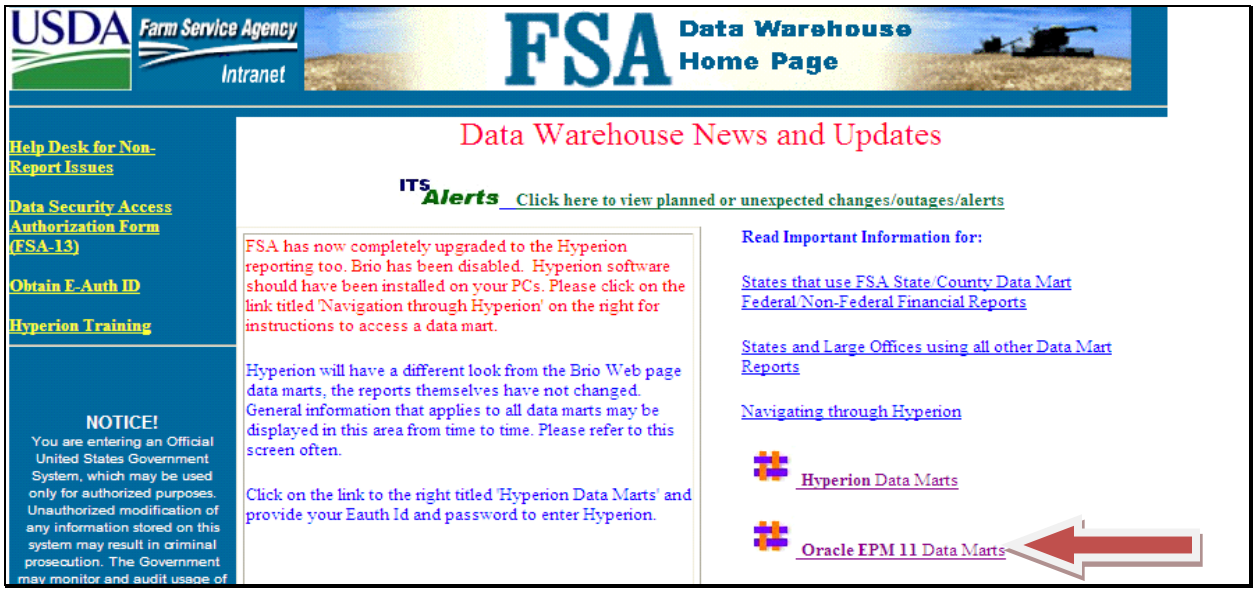


--*

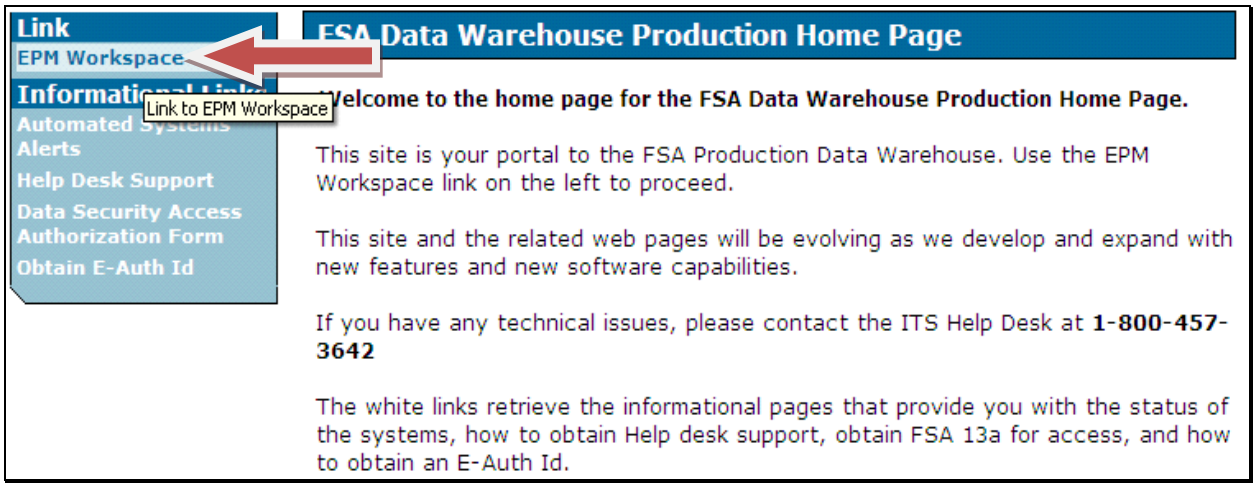
***--SCIMS-PLAS ORACLE Hyperion Reports (Continued)**

A Accessing Reports (Continued)

On FSA Data Warehouse Home Page, CLICK "**Oracle EPM 11 Data Marts**".



Under "Link", CLICK "**EPM Workspace**".

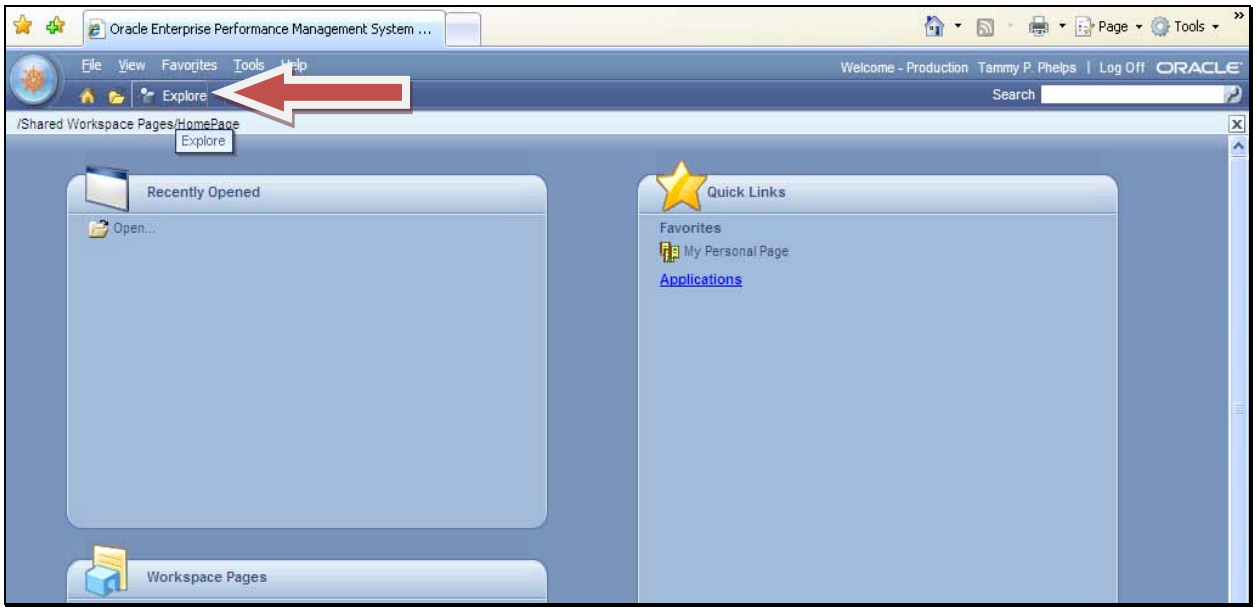


--*

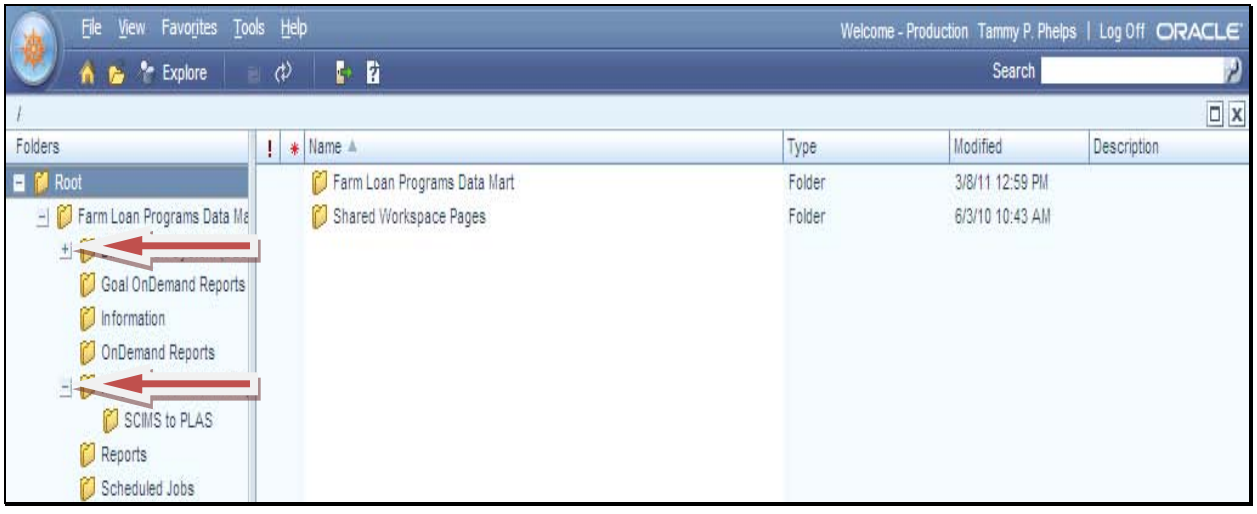
***--SCIMS-PLAS ORACLE Hyperion Reports (Continued)**

A Accessing Reports (Continued)

After logging in with eAuthentication user ID and password, the following screen will be displayed. CLICK "**Explore**".



User can CLICK"+" or "–" to expand the menu options on the screen. The SCIMS-PLAS reports are located under the Program Loan Accounting Section.

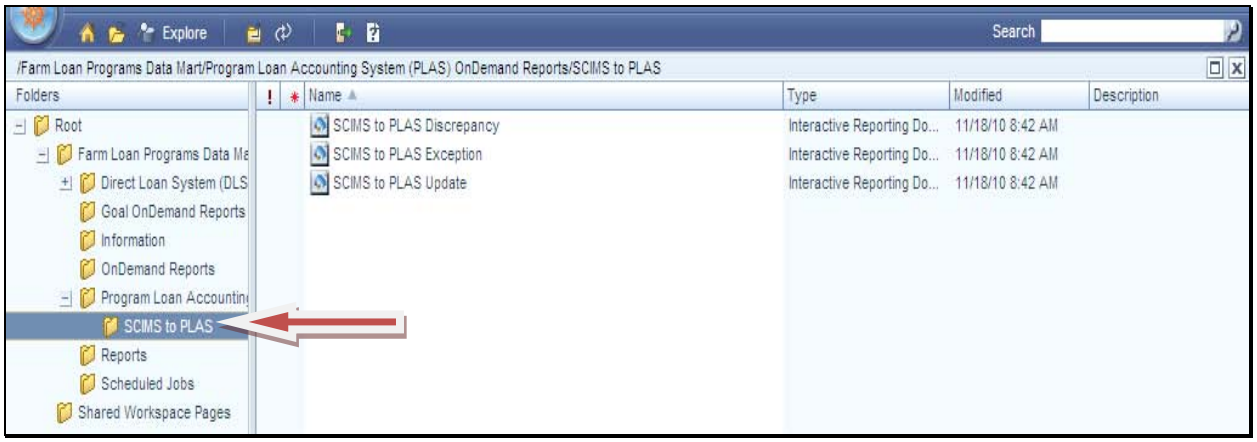


--*

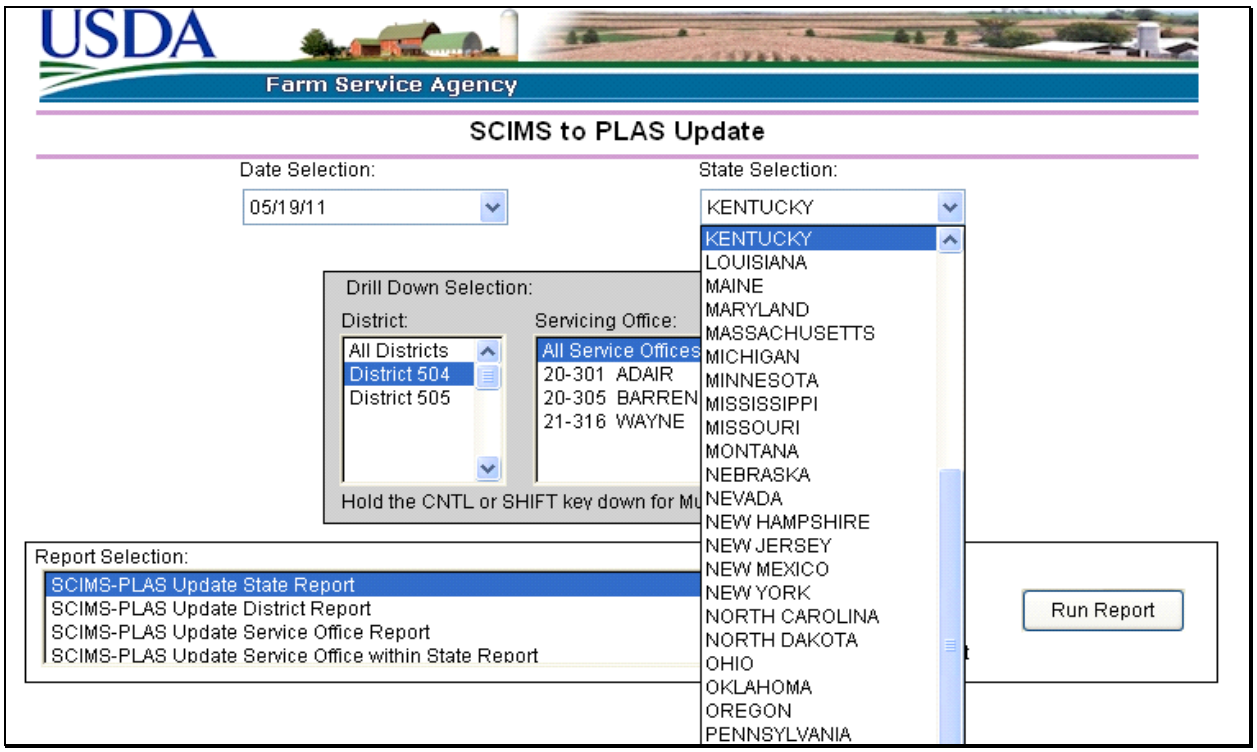
***--SCIMS-PLAS ORACLE Hyperion Reports (Continued)**

A Accessing Reports (Continued)

To open options to select the appropriate report, Under "Folders", DOUBLE-CLICK "**SCIMS to PLAS**".



The following is an example of the selected report that will be displayed, if available. The user shall select the applicable State and other filter information.



Note: Users who do not currently have access to the Hyperion Data Mart should contact the State SLR for assistance in obtaining access.--*****

***--SCIMS-PLAS ORACLE Hyperion Reports (Continued)**

B SCIMS-PLAS Exception Report

Exceptions found between current PLAS borrower information and current SCIMS borrower information prevent updating name and address information in PLAS from SCIMS. The SCIMS-PLAS Exception Report provides the current PLAS borrower case number, name, and address information, the current SCIMS name and address information, and a descriptive exception type message that allows the County Office to make corrections.

If the correction is made in SCIMS, the SCIMS-PLAS update process will correct PLAS, allowing for 2 workdays. If the correction is made in PLAS, users need to process the appropriate ADPS transaction or make the appropriate contact for assistance.

The SCIMS-PLAS Exception Report is a **cumulative** report; therefore, only the most recent report is viewable each day. The following is an example format.

Case Number	Exception Type	Borrower Information (P=PLAS, S=SCIMS)
XX-XXX-XXXX	SCIMS TAXID INACTIVE	(P) SMITH, MARIA A 246 ELM HWY MONROE, AL 12345 (S) SMITH, MARIA A 123 COUNTY RD MONROE, AL 12345

The following table provides the description and corrective action for each exception type.

Exception Type	Description	Corrective Action
NO SCIMS BUSINESS NAME	Business name is missing in SCIMS.	Add the missing information to SCIMS.
NO SCIMS LAST NAME	Last name is missing in SCIMS.	
NO SCIMS FIRST NAME	First name is missing in SCIMS.	
NO SCIMS DELIVERY ADDRESS	Delivery address is missing in SCIMS.	
NO SCIMS CITY	City is missing in SCIMS.	
NO SCIMS STATE	State is missing in SCIMS.	
NO SCIMS ZIP CODE	ZIP Code is missing in SCIMS.	
SCIMS CONTAINS “DECEASED”	Invalid information is in the SCIMS name or address fields.	Modify borrower information in SCIMS to correct invalid information.
SCIMS CONTAINS “INVALID”		
SCIMS CONTAINS “DELETED”		
SCIMS CONTAINS “UNKNOWN”		
SCIMS CONTAINS “INACTIVE”		
NO SCIMS CURR-MAILING-INDICATOR	The borrower is in SCIMS, but the current mailing indicator has not been set.	Set the SCIMS current mailing indicator.

--*

***--SCIMS-PLAS ORACLE Hyperion Reports (Continued)**

B SCIMS-PLAS Exception Report (Continued)

Exception Type	Description	Corrective Action
NO SCIMS MATCH FOR PLAS BUSINESS	The borrower is present in both SCIMS and PLAS, but the Type of Applicant code in PLAS does not correspond to the customer type/tax ID type combination in SCIMS.	Change the appropriate (SCIMS or PLAS) system to reflect the correct type.
NO SCIMS MATCH FOR PLAS PERSON		
SCIMS TAXID INACTIVE	Tax ID code in SCIMS is set to "Inactive".	Recode tax ID in SCIMS to "Active".
NO SCIMS INFORMATION FOR TAXID	Borrower is not present in SCIMS.	Research and determine if SCIMS input is required. Input should be justified by more than clearing the exception.
SCIMS ADDRESS EXCEEDS 38 CHARACTERS	The borrower's delivery address in SCIMS exceeds the characters accommodated in PLAS address fields (2 address fields of 19 characters each). In this case, delivery address information is truncated during the nightly update process.	Modify address information in SCIMS to condense it, using standard USPS abbreviations.

Notes: Users must exercise caution when entering/modifying information for "Delivery Address" in SCIMS, as there is no exception type provided for invalid name/address. Misspelling a name or entering an invalid address in SCIMS will result in an update to PLAS that is inaccurate and may not be detected until mail is returned as undeliverable.

A triple space between characters is used systematically to terminate the collection of SCIMS address information during the nightly PLAS update process. Erroneous spacing in SCIMS:

- will decrease the information input to PLAS
- will likely update PLAS with an incomplete address
- may sometimes create an exception for "SCIMS address exceeds 38 characters".

The SCIMS-PLAS update process does not update PLAS for a borrower that has only guaranteed loans. For a guaranteed loan-only borrower applying for a direct loan, the PLAS address information fields may not accurately populate directly from GLS. If necessary, use GLS TC 4C to correct PLAS information for guaranteed loan borrowers. The GLS TC 4C will update PLAS overnight.**--***

***--SCIMS-PLAS ORACLE Hyperion Reports (Continued)**

C SCIMS-PLAS Update Report

The SCIMS-PLAS Update Report displays the current PLAS case number, TC, "PLAS" field, information in PLAS before the update, and information now in SCIMS that has most recently updated PLAS. This is a daily report and users have the option to view reports from the past 30 calendar days. The following is an example of the SCIMS-PLAS Update Report's format.

Case Number	Date	PLAS Tran Code	(PLAS) Field	Borrower Information (P=PLAS, S=SCIMS)
XX-XXX-XXXX	XX/XX/XX	4C	NAME/ADDRESS	(P) SMITH, MARIA A 246 ELM HWY MONROE, AL 12345
				(S) SMITH, MARIA A 123 COUNTY RD MONROE, AL 12345

Validation Action: Users review each item on the report to verify the accuracy of borrower information. If an error is detected for the information submitted in SCIMS, users shall make the necessary modification in SCIMS. A new TC 4C will then be generated as part of the nightly update process.

D SCIMS-PLAS Discrepancy Report

The SCIMS-PLAS Discrepancy Report lists TC 4C discrepancies that resulted from the previous night's update. These discrepancies are the same as ADPS discrepancies on PLAS; however, they will **not** appear on ADPS. These discrepancies must be corrected by FLOO. Users shall contact FLOO according to paragraph 5 for assistance.

This is a daily report and users have the option to view reports from the past 30 calendar days.

Note: The SCIMS-PLAS Discrepancy Report should generally remain empty.**--***

Farm Business Plan System

with Web EQUITY MANAGER®

A component of *eLoans*

FSA User Guide



USDA… electronically available any place, any time.

USDA

Farm Service Agency

Table of Contents

Page

A Overview 6
1 Farm Business Planning 6
2 System Access and Security 6.5
a User Access to the FBP System 6.5
b Exiting the FBP System 8
c Customers Obtaining Access to the FBP System 8
3 Privacy of Information 8
4 Defaults 8
a Creditors 8
b Crop and Livestock NAICS Codes 9
5 Adding and Accessing Customers in FBP 10
a Adding a New Customer 10
b Accessing an Existing Customer 10.6
c FSFL Borrowers 11
6 Navigating FBP 11
a Functionality Features 12
7 Importing/Exporting Data 12.5
a Exporting Files to Other Lenders 12.5
b Importing Files From Other Lenders 12.8
c Exporting Reports 12.9
8 Transfers/Deceased Borrower/Releases/Import/Copy Data Within FBP 12.10
a Transfers and Assumptions 12.10
b Deceased or Released of Liability Borrowers 15
c Copy Data Between FBP Customer Records 15
9 Calculators 16
10 Customer Worksheets and Providing Data to FSA 16
11 Credit Reports 16
a General Information 16
b Accessing Credit Reports Feature 17
c Ordering Credit Reports for Individuals 18
d Ordering Credit Reports for Entities 19
e To Print a Report 20
f Failed Attempt 20
g Error Messages 22
h Accessing Existing Reports 23
i Copy from Locator 24
j Notes and Deleting Reports 24
k Reading the Credit Report 24
l When Mortgage and Commercial Credit Reports Are Not Acceptable 31
m When the Applicant Disputes Information on the Credit Report 31
B Electronic File Maintenance, Reports, and Signatures 31
1 Customer Record 31
2 Running Record 32
a FOIA Running Record 33
b Printing Running Records 33
c Copying From Word Documents 33
3 Footnotes and Comments 34
a Printing Footnotes and Comments 34

Table of Contents

Page

B Electronic File Maintenance, Reports, and Signatures (Continued)
4 Reports and Forms - Signature and Filing Requirements....34.6
a Report Packages....34.6
b Generating and Printing Reports....34.10.8
c Reports and Signature Requirements....35
d Reports Setup....36
5 eSignature Policy....37
6 Maintaining FBP Customer Records....38
a Moving FBP Customer Records to the Recycle Bin....38
b Moving FBP Duplicate Customer Records to the Recycle Bin....38
C General Information....39
1 Borrower Training....40
2 Related Entities....40
3 Employment Information....40
4 Lender Information....40
a Lender Staff....40
b Location/Department....41
c Special Handling of Employee Relationship Records....41
5 Farm Assessment Information....42
a New Customers....42
b Assessment Review and Updates....42
c Copying Data Into WordPad....43
6 Change General Information Model....43
D Balance Sheet....45
1 Types of Balance Sheets....45
2 Adding New Balance Sheets....46
3 Additional Links on the Balance Sheets Screen....46.8
4 Balance Sheet Summary - Entering Data....46.9
5 Balance Sheet Trends - Entering Data....46.11
6 When Customer and FSA Balance Sheet Values /Amounts Differ....46.13
7 Locking Balance Sheets....47
8 Assets....48
a Relationship of Asset Values for Chattel Appraisals/Collateral Analysis....48
9 Liabilities....48
a Unpaid and/or Accrued Expenses....48
b Farm Liabilities....49
c Personal Liabilities....49
10 Additional Information about Liabilities....49
a Example of Loan with Disaster Set-Aside....53
11 Copying Liabilities from the Credit Report (Optional Feature)....53
12 Reports....54

Table of Contents

Page

E Refinancing and Restructuring 55
1 Refinancing 55
a Example 1, Current Balance Sheet Method 56
b Example 2, Balance Sheet Accounting Method 59
2 Direct Loan Servicing 65
F Income/Expense 66.5
1 Adding a New Income/Expense 66.5
2 Additional Links on the Income/Expense Screen 66.9
3 Income/Expense Summary - Entering Data 66.11
4 Enterprise Analysis 66.16
5 Income/Expense Trends - Entering Data 67
6 Using Income/Expense Categories 70
7 Reports 70
8 Locking Income/Expense Summaries 71
G Income/Expenses - Actuals 71
1 General 71
H Income/Expenses - Projected 74
1 Feasibility 74
a Loan Making and Servicing Actions, Except Primary Loan Servicing 74
b Special Loan Servicing Actions (Primary Loan Servicing Only) 75
c Feasibility Definition 75
2 Creating Current Year Projections 76
3 Creating Typical Projections 77
a Method 1, Separate Short-Run Items from Typical Year 77
b Method 2, Transfer Current Assets and Payables into Operating 78
4 Monthly Cash Flow 80
a Summary Level 80
b Schedule Level 82
c Warnings 84
5 Assumptions or Stress Testing 84.5
I Collateral Analysis/Chattel Appraisals 85
1 Describing the Collateral Position 85
2 Completing the Chattel Appraisal 85
3 Building the Collateral Analysis 88
a Customer With No Prior Liens 88
b Customer With Prior Liens 92
c Customer With Negative Equity Prior Liens 96
d Customer With FSA Cross-Collateralized Loans 98
e Customer With Third-Party Pledge of Security 98.6
f Customer With Personal Property Used for Security 98.8

Table of Contents

Page

J Credit Actions....98.9
1 Credit Action Menu....98.11
2 Credit Action Status....98.13
3 Credit Action Forms....98.13
a Locking Forms....98.13
b Copying Data Into WordPad....98.15
4 Farm Assessment....98.16
5 RD 1940-22, Environmental Checklist for Categorical Exclusions....98.18
6 DALR$ Input Report....98.18
7 Credit Presentation....98.20
a Approval Decision....98.20
b Completing the Credit Presentation/Borrower Classification....98.23
c Classification Scores....106
8 Classification/LR Review/YEA....107
9 Eligibility Only....109
10 Youth Loans....109
a Eligibility Determination....109
b Credit Presentation....109
c Security Agreement - Youth Loans....111
d Classification of Youth Loans....111
11 Security Agreement....111
12 Special Classification....113
13 Emergency Loan Calculations....114
14 Microloan....116.5
K Special Features....118
1 eNotice....118
2 DecisionMgr....121
a Credit Action Status....121
b Credit Report Activity Log....124
3 Tracking....126
4 Letters....128
L Getting Help....129
M Glossary of Terms....130

Farm Business Plan - FSA User Guide (Continued)

A Overview

1 Farm Business Planning

FSA uses the FBP system to perform farm planning and 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 online or through traditional business methods
- improve the timeliness and quality of service
- thoroughly analyze credit actions with an improved, yet consistent process
- use accrual analysis, when appropriate, in analyzing credit decisions and preparing plans
- improve loan documentation and compliance with audits
- empower States to proactively manage their loan portfolio by providing access to a data mart of financial information.

Because the FBP system is flexible, there are many ways to deal with different circumstances. This user guide 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 FBP. Additional information about actual software usage is available through the online eHelp or WEM user guide available from Web Equity Solutions at 1-800-264-0787. The information in both sources of help is the same. WEM is the software used to create FBP.

The term “FBP” is used in the following 2 contexts:

- collecting documents that compose FBP
- the system used to create the document FBP.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

2 System Access and Security

FSA authorized users can access the system using Microsoft Internet Explorer 7.0+ directly through the Internet at **https://wem.sc.egov.usda.gov/fem_web_webcaaf.asp** or through the FSA Intranet at **http://intranet.fsa.usda.gov/fsa**, under "FSA Applications":

- CLICK "**Farm Loan Programs Systems**"
- CLICK "**Logon**"
- enter eAuthentication credentials
- under "Applications", CLICK "**Farm Business Plan**".

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

- valid eAuthentication ID and password
- access authorized by the State FBP Coordinator.

Notes: For problems logging in, see **Getting Help** (Section L).

--**Do **not** open 2 sessions of Web Equity at the same time as this may cause data corruption.**--

a User Access to the FBP System

Unless otherwise determined by the FBP Coordinator or FLC, the following employees will be provided with access to FBP after their eAuthentication ID has been obtained:

- FLM's
- SFLO's
- FLO's
- FLOT's
- FLP technicians
- DD's
- COR's
- FLC and staff
- CED's with loan approval authority.

User access requests, which include "Add", "Delete", or "Modify", must be submitted and processed as follows.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

2 System Access and Security (Continued)

a User Access to the FBP System (Continued)

For FSA State Office and Service Center Employees.

•***--**The immediate supervisor or FLM is responsible for completing the following sections on FSA-13-A for all FBP user requests:

- Items 1-11, as applicable
- Other/Comments
- Justification
- Print User's Approving Official Name and Title
- Signature
- Date.

- A request to “Add” a user to FBP should be completed as soon as an employee has obtained an eAuthentication ID.

Other/Comments: Add FBP Access
Justification: Per 1-FLP, Exhibit 15, Section A 2 a

Section is completed to "Add" or “Delete” a user from FBP.

- A request to “Delete” a user from FBP should be completed as soon as the supervisor determines the employee no longer requires access.

- A request to “Modify” (name change) a user in FBP should be completed as soon as the employee notifies the supervisor of the change.

Other/Comments: Modify FBP Access – last name has been changed from (previous name) to (current name).
Justification: Per 1-FLP, Exhibit 15, Section A 2 a

Section is completed to “Modify” (example: last name change) a user in FBP.

Note: A request for FBP access may be combined with multiple system requests on a single FSA-13-A as long as the “Other/Comments” and “Justification” sections are completed as instructed.

- Submit completed FSA-13-A to the State Office according to State-established procedures.**--***

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

2 System Access and Security (Continued)

a User Access to the FBP System (Continued)

- FLC or FBP Coordinator will:
  - ensure that a completed/signed FSA-13-A has been received before FBP user access request is processed
  - process FSA-13-A according to FBP - State FBP Coordinator User Guide, Section C1 or C2
  - ***--**after the request has been processed, complete, sign, and date the "ASA / Application Approver Name & Title" line located beneath the "Justification"

ASA / Application Approver Name & Title:	For Application(s):	Signature:	Date:

Figure 0, FLC or FBP Coordinator Signature **--***

  - send the processed FSA-13-A to the SLR, with a request that the form be e-mailed or FAXed to ISO at 877-828-2051
  - notify the immediate supervisor and employee when FSA-13-A has been processed
  - monitor emails received from ISO when an employee has left FSA. If FSA-13-A has not already been received, then notify the employee's supervisor that FSA-13-A needs to be completed

    Note: The ERSR online system cannot be used for FBP access requests.

- ISO will send a confirmation email when FSA-13-A is received.

FSA National Office and Other Employees

FSA-13-A's for National Office, KCMO, contractors, and other employees will be completed by the immediate supervisor and submitted to Pixie Greer, FBP Program Sponsor by e-mail to **pixie.greer@wdc.usda.gov** or by FAX to 202-720-8474.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

2 System Access and Security (Continued)

b Exiting the FBP System

FSA users **must** always exit FBP by clicking "**Log Out**" at the top of the page.

c Customers Obtaining Access to the FBP System

Customer access to FBP is **not** currently available.

3 Privacy of Information

All data communications between the client web browser and server, including user ID's, passwords, and all financial information, is protected by industry standard 128-bit SSL encryption. For more information on eSignatures, see **Electronic File Maintenance, Reports, and Signatures** (Section B).

A Overview (Continued)

4 Defaults

Most system defaults are controlled at either the national or State level; however, the following defaults listed may be modified by Service Center users.

a Creditors

Commonly used creditors have been established for each service center and appear as defaults in the customer's balance sheet loan schedules. New creditors can be added to the "Service Center Creditors" list as needed, however changes will only be available in new customers added after the change is made. For existing customers, changes to the creditor list will need to be made in the individual customer's creditor list.

To access the Service Center creditor list:

- CLICK "**Defaults**", "**Creditors**" from the toolbar
- enter the new creditor information; example "Bank of Hope", then CLICK "**Add**".

--Note:** FSA has already been added as a default and is tied to the collateral analysis. Do **not** add FSA as a creditor because the duplicate will **not** be tied to the collateral analysis.**--

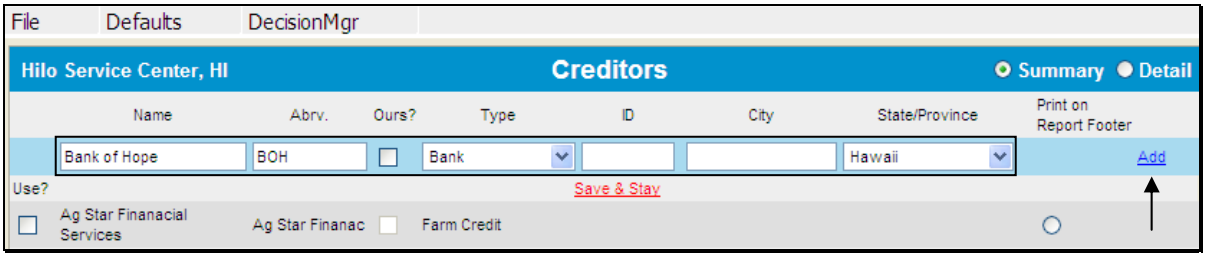


Figure 0a, Adding creditor to Service Center Default List

The new creditor will be added with a check (✓) in the "Use?" column. The new creditor will automatically be available for selection in all new customers added to the FBP.

If users uncheck (✓) the "Use?" box, the creditors will no longer be available for selection.

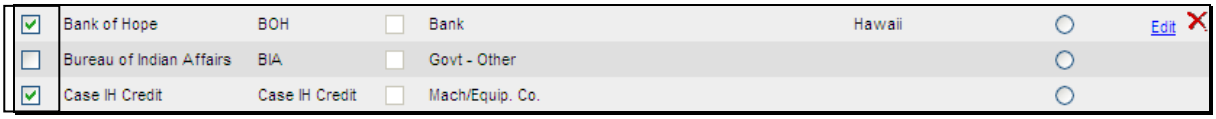


Figure 0b

A Overview (Continued)

4 Defaults (Continued)

a Creditors (Continued)

***--**For existing customers, users will need to access the individual customer record and "Copy" the new creditor into the Creditor List, as follows:

- access the existing customer's Loan Schedule or Loan Detail Screen
- CLICK "**Creditor**".

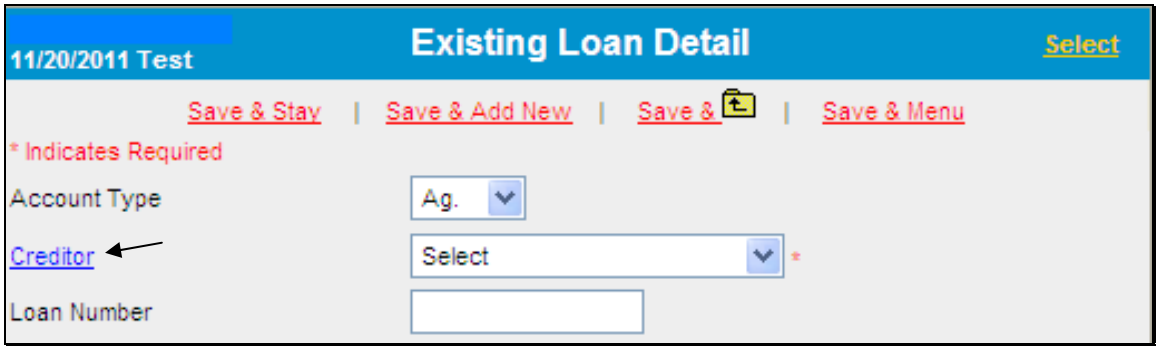


Figure 0c, Adding Creditor to Customer Creditor List

- CLICK "**Copy Location Creditor**"

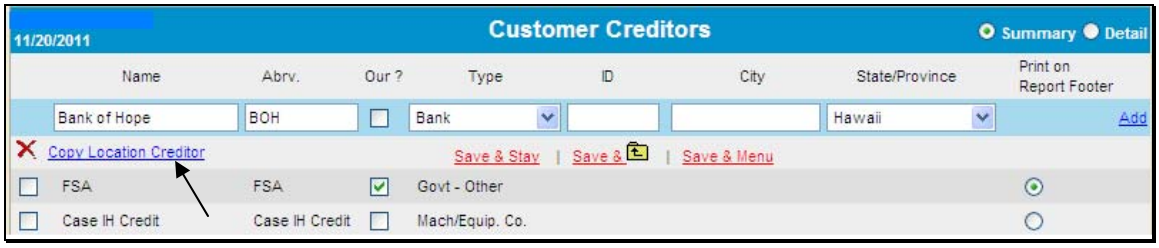


Figure 0d, Copy Creditor--*

A Overview (Continued)

4 Defaults (Continued)

a Creditors (Continued)

- ***--CHECK (✓) next to the creditors from the Service Center Creditors List to be copied to the existing Customer Creditors List

- CLICK "**Copy**"

- creditor will be copied into the Customer Creditors List.

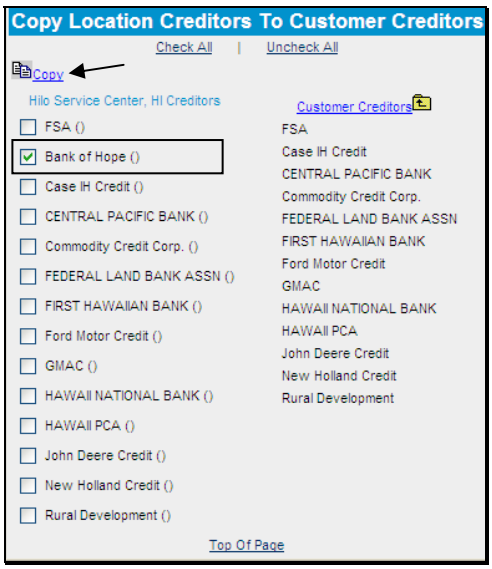


Figure 0e, Select Creditor

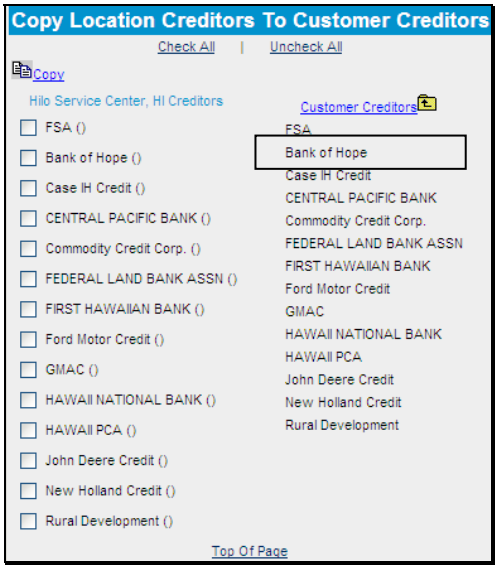


Figure 0f, Copied to Customer Creditors List--*

A Overview (Continued)

4 Defaults (Continued)

b Crop and Livestock NAICS Codes

Commonly used crop and livestock categories have been established and will appear as defaults on Income/Expense drop-down menus. Users cannot add additional crop or livestock categories to the commonly used list for a Service Center or State; however, users can add additional 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.

***--**After accessing the Livestock & Poultry Sales schedule, CLICK "**Description Per Unit Defaults**" in the left corner to add a new category.

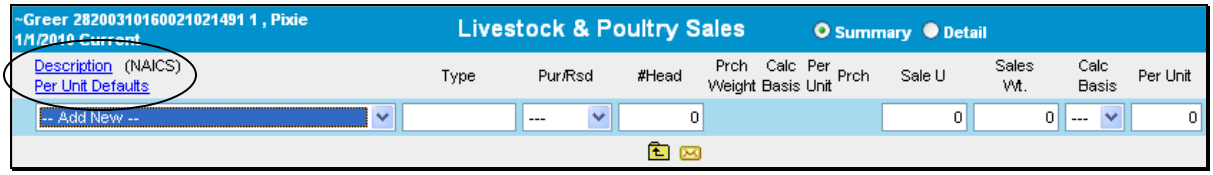


Figure 1

Select the needed category from the "Description" drop-down menu, enter "Type" and "Measure" information, and CLICK "**Add**". This category will now be available in the defaults whenever this customer is selected.



--*

Figure 2

A Overview (Continued)

5 Adding and Accessing Customers in FBP

The Locator Screen is where the user will manage their list of customer records and is also the first screen that displays when you log in to FBP.

a Adding a New Customer

Before attempting to add a new customer to FBP, ensure that the customer and all related *****--entity members have been added to the SCIMS database, have an "Active" status record, and have not been duplicated.--*****

To add a new customer record, CLICK "**Add New**" on the Locator Screen.

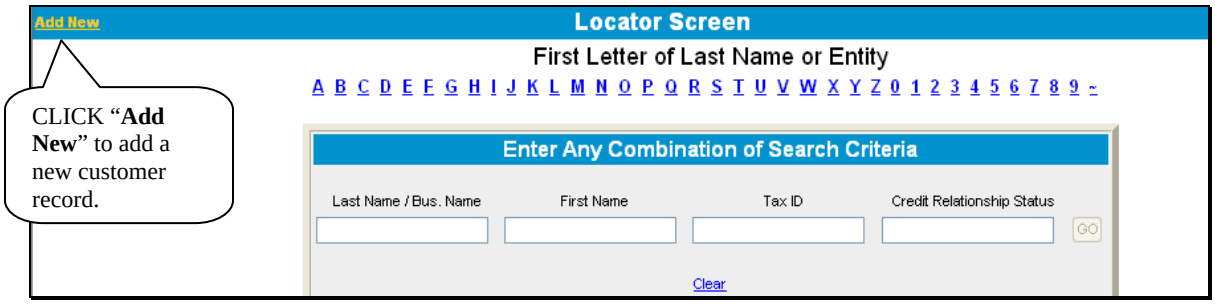


Figure 3

Complete the New Customer Setup Screen according to the following:

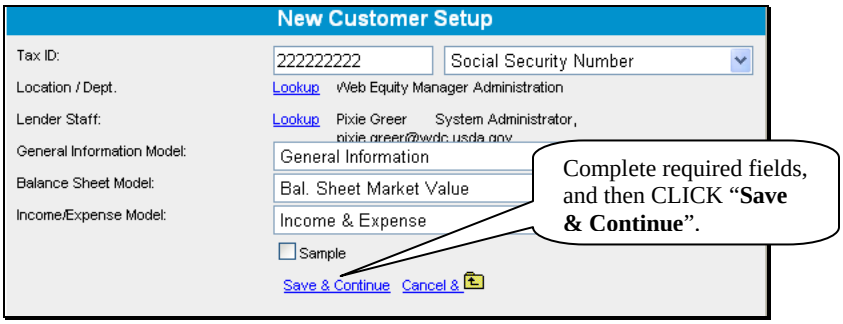


Figure 4

- enter "**Tax ID**" of the new customer that **must** match the tax ID that is entered into SCIMS

  Note: For FLP, tax ID will usually be described as either of the following:

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

A Overview (Continued)

5 Adding and Accessing Customers in FBP (Continued)

a Adding a New Customer (Continued)

- "**Location/Dept**" defaults to the location of the user adding the new customer; the location/department is where the customer will receive FLP services

  Note: If incorrect, CLICK "**Lookup**" link and select the correct location/department.

- '**Lender Staff**" defaults to the user adding the new customer; if a different user will be servicing the customer's loans, CLICK "**Lookup**" link and select the correct lender staff

- "**General Information Model**" defaults to "General Information"

- select 1 "**Balance Sheet Model**" from the following:

  - "**Market Value**" is used when the balance sheet is based upon market values; this option will be selected for the majority of customers

  - "**Costs Basis**" is used typically for entities who keep records on a cost basis

  - "**Personal**" is used when a customer record has been added for an individual entity member to collect personal financial statements

  Note: New customer records will **not** be added for individual entity members unless approved by the State FBP Coordinator.

- "**Income/Expense Model**" defaults to "Income & Expense".

CLICK "**Save & Continue**" to add the new customer.

***--**If a customer record with the same tax ID already exists in the system, the warning "Customer(s) With same Tax ID:" will be displayed. The red "A" or "R" after the customer's name indicates if the record is located in the "Recycle Bin" or "Archive". CLICK "**Cancel and Return to Locator**".

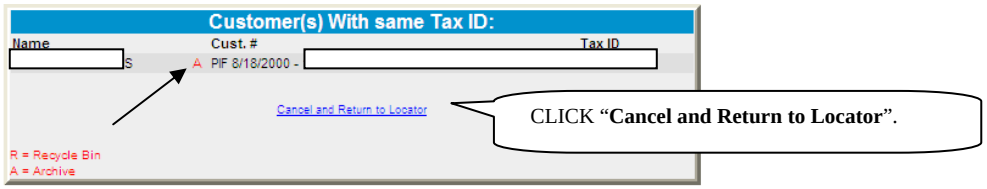


Figure 5

Contact the State FBP Coordinator for help in locating the existing customer record.**--***

A Overview (Continued)

5 Adding and Accessing Customers in FBP (Continued)

*** * ***

b Accessing an Existing Customer

*****--Existing customer records are accessed through the Locator Screen or the File Menu. To be able to access the customer in FBP, the customer and any related entity members **must** be in the SCIMS database and maintain an "Active" record status.

To access a customer through the Locator Screen, enter any combination of search criteria--***** and CLICK "**GO**".

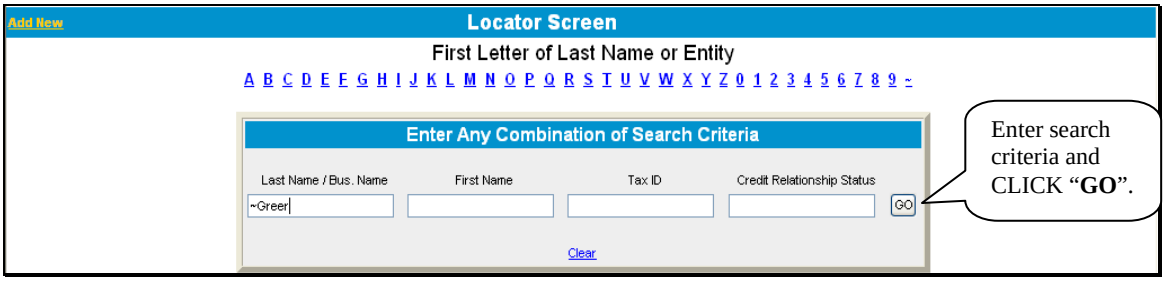
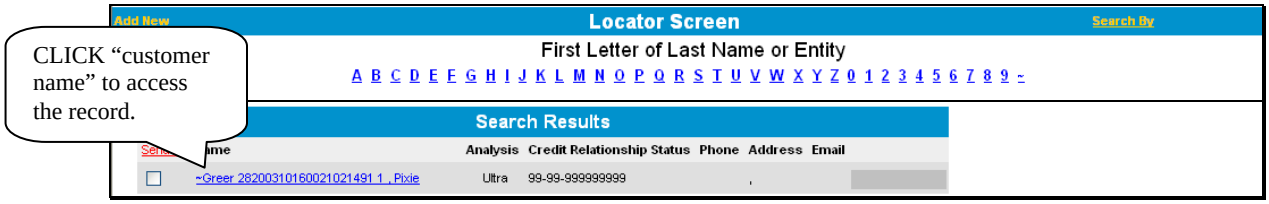


Figure 6

A list of customer records meeting the search criteria entered will be displayed. Click the appropriate name to access the customer record.



***--Figure 7a**

The File Menu provides additional options to access a limited number of customer records. CLICK "**File**" and then choose either of the following lists from the drop-down menu:

- "**My Last 10 Selected**" – provides a list of the last 10 customers selected by the user

- "**View All My Customers**" – provides an alphabetical list of all the user's customers. For the customer to be listed, the user must have been added to the customer's "Lender Staff".--*****

A Overview (Continued)

5 Adding and Accessing Customers in FBP (Continued)

b Accessing an Existing Customer (Continued)

*****--From the customer list, click the appropriate name to access the customer record.

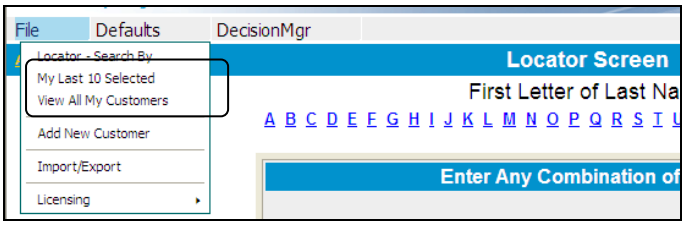


Figure 7b - File Menu Options--*

c FSFL Borrowers

Farmers who only have FSFL accounts are **not** to reside in FBP. FSFL's provided to existing FLP borrowers shall use the established FBP customer record.

6 Navigating FBP

FBP is menu driven. Everything needed to originate, analyze, print, make, and service loans can be accessed using the menu bar. After users select a customer from the Locator Screen, the first screen displayed will contain the full menu bar. Click any menu item and a drop-down menu of available forms or reports will be displayed. Click the individual form or report to open.

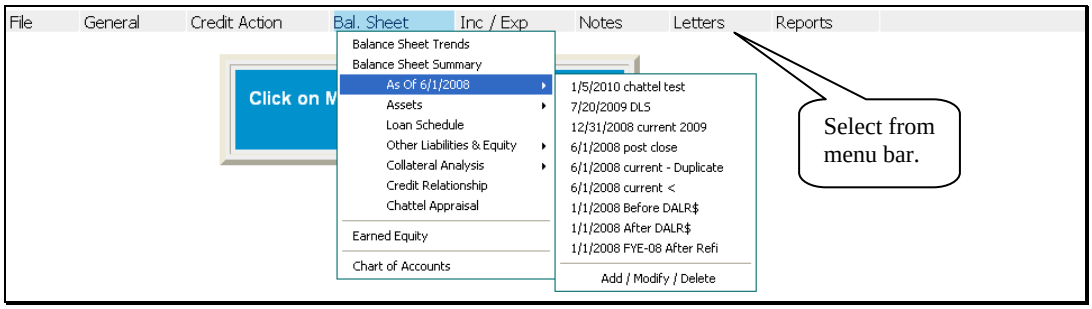


Figure 8a

A Overview (Continued)

6 Navigating FBP (Continued)

Another way to navigate through FBP is by using the "Dashboard" feature. CLICK "**small chart icon**" ("**Dashboard**") on the top of the screen. The "Dashboard" feature provides users with quick and easy access to forms and frequently used reports by clicking 1 of the following tabs:

- "**Navigation**" provides quick and easy access to forms within the system
- "**Balance Sheet Trends**" provides quick access to view and print the report
- "**I/E Trends**" provides quick access to view and print the report
- "**Ratios & Indicators**" provides quick access to view and print the report
- "**Repayment Capacity/Sensitivity**" provides quick access to view and print the report.

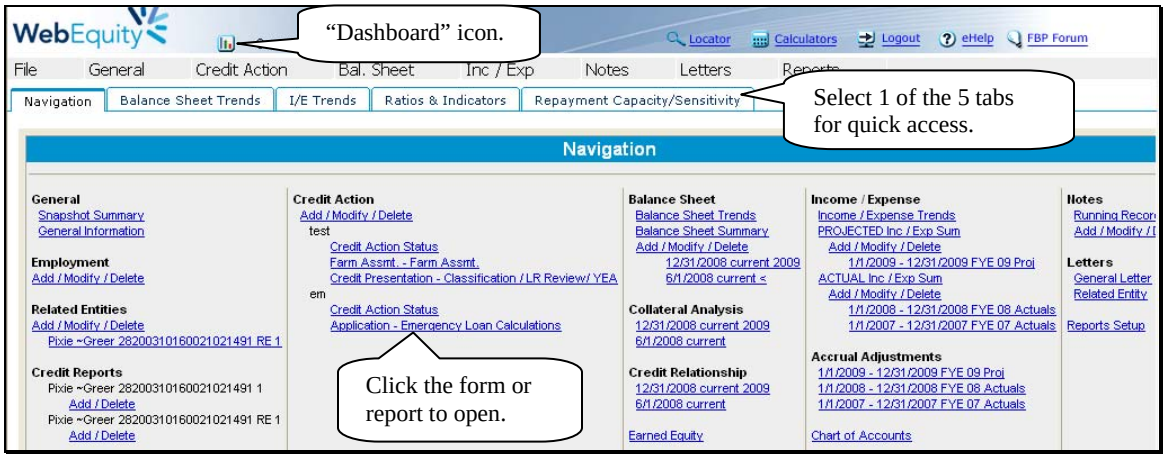


Figure 8b

a Functionality Features

Most of the data entry in FBP is completed by using text input fields, check boxes, radio buttons, drop –down menus, and hypertext links.

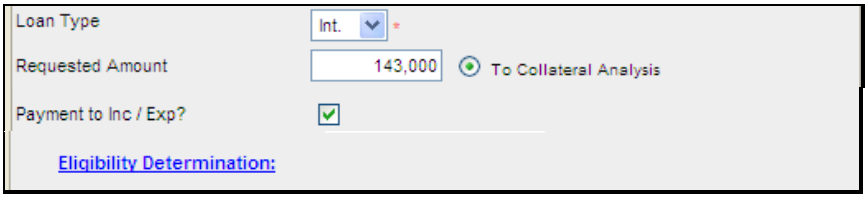


Figure 8c

A Overview (Continued)

6 Navigating FBP (Continued)

a Functionality Features (Continued)

Some additional functionality features include the following:

- vertical and horizontal "**scroll bars**" that are automatically displayed when the on-screen content is larger than the size of the window it occupies

- because there can be several screens to a customer record, each screen provides users the opportunity to **save** the information before continuing their data entry

  Note: There are several types of data saving features as follows:

  - "**Save & Stay**", to save changes while working on the screen
  - "**Save & Menu**", to save user's work and return the menu bar
  - "**Save &**  " to save user's work and return to the previous screen
  - "**Cancel &**  " to cancel any changes and return to the previous screen
  - ***--**"**Cancel**", to not save changes and refresh page with the original data
  - "**Automatic Save**", to automatically save changes when navigating away from the screen by using the toolbar menu or any hyperlink.

    Note: This feature is **only** available on Balance Sheet and Income/Expense Summary Level screens.**--***

- **deleting data**; to delete an item, depending on the screen, either:

  - check (✓) the box next to the item you want to delete and CLICK "  "
  - only CLICK "  ".

7 Importing/Exporting Data

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

A Overview (Continued)

7 Importing/Exporting Data (Continued)

a Exporting Files to Other Lenders

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

- CLICK "**File**" and "**Export Selected Data**".
- The Select Data to Export Screen will be displayed.
- CLICK "**Uncheck All**" for each section on the screen.
- Use the checkboxes (✓) to select the specific financial data to be exported.

  Note: Carefully select and export **only** the data that is needed. Exporting excess data can slow down the export, or cause the system to time out.

- Select and enter password information.
- CLICK "**Export Selected Data**".

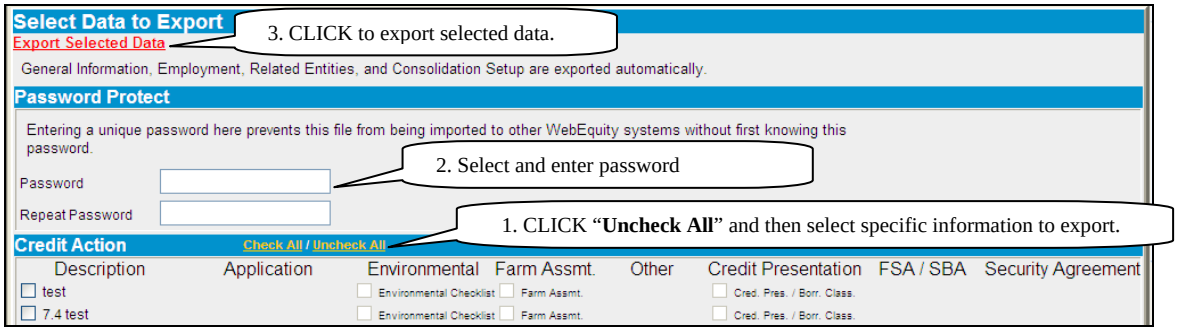


Figure 8d, Select Data to Export Screen

- The Export Status Screen will be displayed while the download is being processed.
- Once the customer data is ready for download, the confirmation message "Export Ready For Download" will be displayed. CLICK "**Download**".

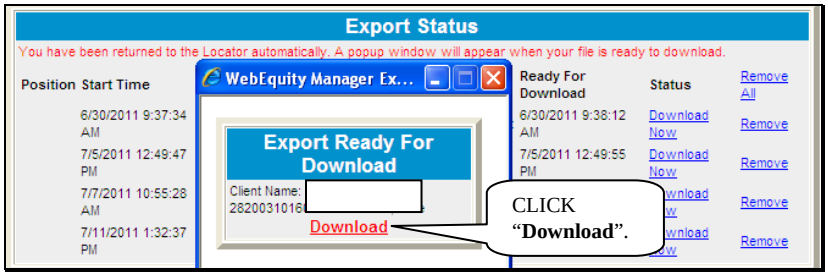


Figure 8e, Export Status Screen

A Overview (Continued)

7 Importing/Exporting Data (Continued)

a Exporting Files to Other Lenders (Continued)

•*--CLICK “Save” in the “File Download” dialog box.

- In the “Save As” dialog box, select a destination file on the local computer or network and CLICK “Save”. Customer data is saved as a .wem document.

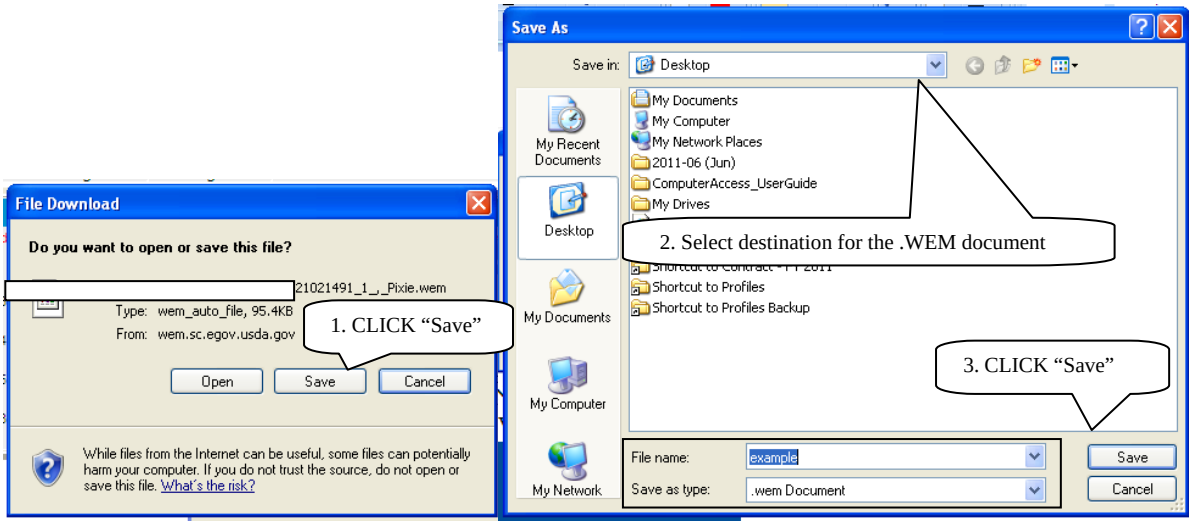


Figure 8f - Select Document Destination

- The saved .wem document can be attached to an outgoing e-mail for import by another lender using WEM.



Figure 8g - Saved .wem Document--*

A Overview (Continued)

7 Importing/Exporting Data (Continued)

b Importing Files From Other Lenders

***--**Customer data received from other lenders must first be saved to a destination file on the local computer or network. To import the data, the customer's record **must** already exist in FBP. If the customer record does not exist, see **Adding a New Customer** (Section A 5 a) to add a new customer record.

- With the customer's record open, CLICK "**File**" and "**Import Selected Data**".
- The "Select Customer File to Import" dialog box will be displayed.
- CLICK "**Browse**" to locate the customer data file, which had been saved on the local computer or network.
- If password protected, enter password information.
- CLICK "Continue".

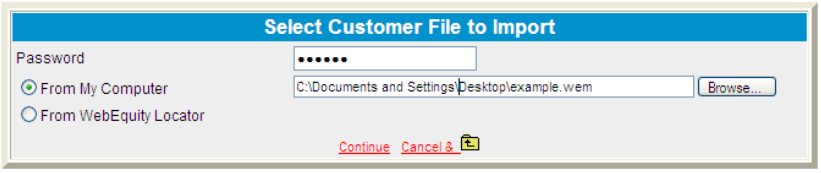


Figure 8h - Select Customer File to Import

- The Select Data to Import Screen will be displayed.
- CLICK "**Uncheck All**" for each section on the screen.
- Use the checkboxes (✓) to select the specific financial data to be imported.

Note: Carefully select and import **only** the data that is needed. Importing excess data can slow down the import, or cause the system to time out.**--***

A Overview (Continued)

7 Importing/Exporting Data (Continued)

b Importing Files From Other Lenders (Continued)

•*--CLICK "**Import Selected Data**".

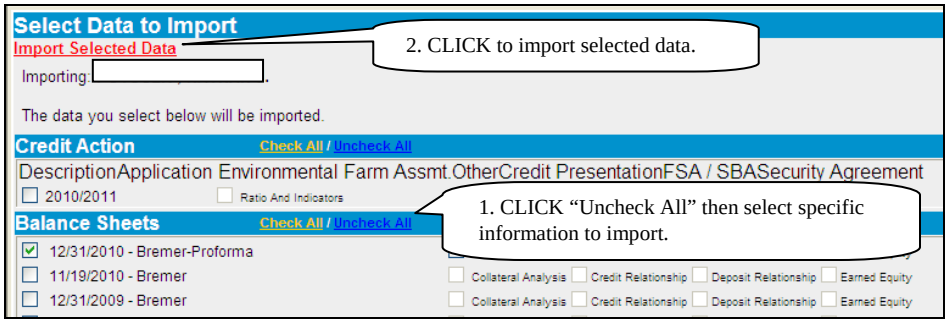


Figure 8i - Select Data to Import Screen

- On the **Import Status** Screen, the "**Processing**" status will change to "**Finished**" when the import process is complete.

- A confirmation message "Import Finished" will be displayed. CLICK "Close Window".

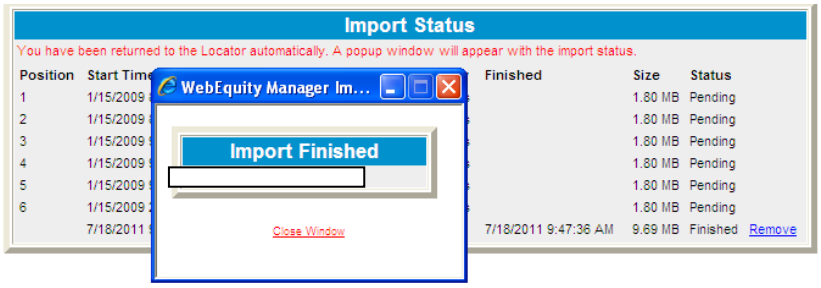


Figure 8j - Import Status Screen

- Return to the Locator Screen and select the customer to view the imported data.--*

c Exporting Reports

Reports:

- can be exported into multiple formats for further analysis and use

- can be exported into the following formats:

  - Crystal Reports
  - Microsoft Excel (formatted or data only)

A Overview (Continued)

7 Importing/Exporting Data (Continued)

c Exporting Reports (Continued)

- Microsoft Word
- Rich Text Format (RTF)
- Adobe Acrobat (PDF)

- **cannot** be imported into FBP.

See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on how to export reports.

8 Transfers/Deceased Borrower/Releases/Import/Copy Data Within FBP

a Transfers and Assumptions

When an existing or new customer (transferee) applies to assume the existing debt of another FSA customer (transferor), the FSA loan official may determine that the transferor's historical financial records may be used to develop a projection. According to the agency's policy, the records may be imported into the transferee's FBP customer record.

Perform transfers and assumptions according to the following.

- The transferee's customer record must already exist in FBP. If the customer record does not exist, see **Adding a New Customer** (Section A 5 a) to add a new customer record.

- Access the transferee in FBP and CLICK "**File**" and "**Import Selected Data**".

- ***--**On the Select Customer File to Import Screen, select the "**From WebEquity Locator**" radio button and CLICK "**Search Locator**".

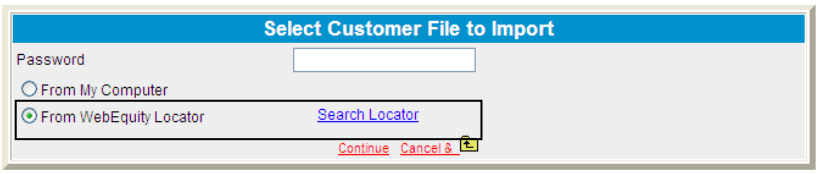


Figure 8k - Select Customer File to Import Screen--*

A Overview (Continued)

8 Transfers/Deceased Borrower/Releases/Import/Copy Data Within FBP (Continued)

a Transfers and Assumptions (Continued)

- ***--**Enter the search criteria for the transferor on the Customer Lookup Screen, and CLICK "**GO**". Click on the "Customer Name" from the list of names displayed.

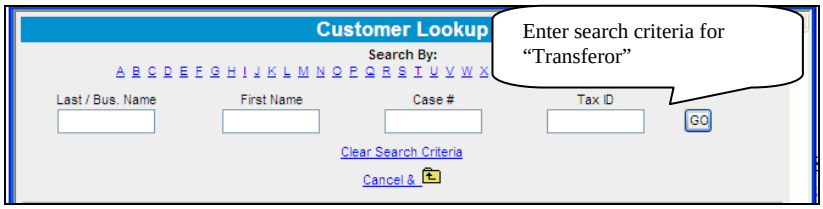


Figure 8l - Customer Lookup Screen

- When returned to the Select Customer File to Import Screen, the selected customer's name will be displayed. CLICK "**Continue**".

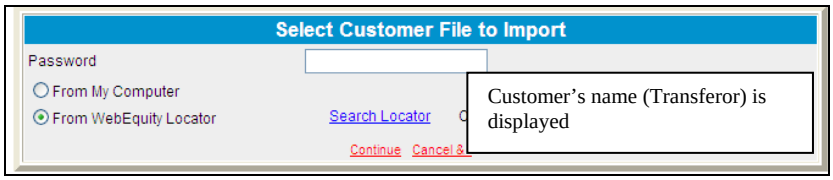


Figure 8m - Select Customer File to Import Screen

- The Select Data to Import Screen will be displayed.
- CLICK "**Uncheck All**" for each section on the screen.
- Use the checkboxes (✓) to select the specific financial data to be imported.

  Note: Carefully select and import **only** the data that is needed. Importing excess data can slow down the import, or cause the system to time out.**--***

A Overview (Continued)

8 Transfers/Deceased Borrower/Releases/Import/Copy Data Within FBP (Continued)

a Transfers and Assumptions (Continued)

- ***--**CLICK "**Import Selected Data**" to complete the import of financial data into the transferee's customer record.

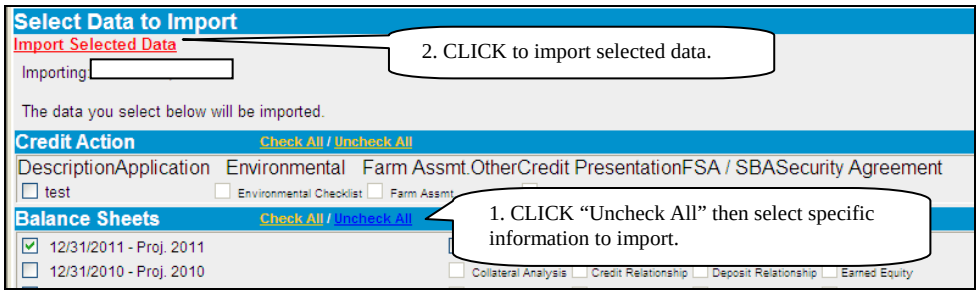


Figure 8n - Select Data to Import Screen

- On the **Import Status** Screen, the "**Processing**" status will change to "**Finished**" when the import process is complete.

- A confirmation message "Import Finished" will be displayed. CLICK "Close Window".

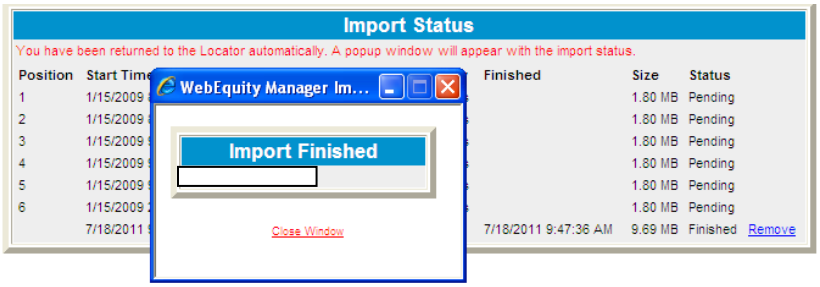


Figure 8o - Import Status Screen

- Return to the Locator Screen and select the transferee's customer record to view imported data.

- Remove the transferor's customer record from the Locator Screen. See **Moving FBP Customer Records to the Recycle Bin** (Section B 6 a).**--***

A Overview (Continued)

8 Transfers/Deceased Borrower/Releases/Import/Copy Data Within FBP (Continued)

b Deceased or Released of Liability Borrowers

When the primary customer in FBP, who is jointly liable with another, becomes deceased or is released of liability, the customer record **must** be pointed to the other customer's SCIMS data.

- On the Locator Screen, access the primary customer's record.
- CLICK "**General**" and "**General Information**" and the General Information Screen will be displayed.
- At the bottom of the screen, CLICK "**Change SCIMS Customer**".
- Enter the tax ID of the customer that should now be associated with the record and select the ID type.

c Copy Data Between FBP Customer Records

Sometimes it becomes necessary to import or copy financial information from 1 customer record to another. Information can be imported between duplicate records of the same customer or between different customers.

See **Transfers and Assumptions** (Section A 8 a) for instructions on importing information between customer records.

A Overview (Continued)

9 Calculators

Several loan and amortization table calculators are available online. To access calculators, CLICK "**Calculators**" at the top of the screen.

The results of the calculations, which is the amortization table. To print, **right-**click in the pop-up calculator window and CLICK "**Print**" from the menu.

10 Customer Worksheets and Providing Data to FSA

Customers can provide balance sheet or projected and actual income/expense data to FSA with either of the following 2 types of FBP worksheets.

Type of Worksheet	How to Access	Description
FSA-2037 and FSA-2038	• USDA eForms web site • FFAS Employee Forms web site	These worksheets are useful to provide to new customers where existing financial information in FBP is not available, and to place in application packages.
Existing Customer Worksheets	CLICK "**Reports**" and "**Customer Worksheets**".	The existing customer worksheets provide an easy way for customers to supply information needed to complete FBP. These worksheets allow customers to make manual entries and compare to what was entered in the previous year.

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

11 Credit Reports

a General Information

Credit Reports for FLP customers should be requested using FBP. Before ordering a ***--**Credit Report, a customer record **must** be established in FBP and the General Information**--*** Screen needs to be completed. See **General Information** (Section C). Complete the "Related Entities" information, if applicable.

For new customers, on the General Information Screen, CLICK "**Credit Rpt./Elig. Only Act**" as the FBP account type. After the Credit Report is received, if the customer is determined ineligible, complete the eligibility only credit action to document eligibility. Do **not** create a balance sheet or income/expense in FBP. Accounts developed for Credit Reports and eligibility purposes only do **not** count toward FSA's active FBP accounts.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

11 Credit Reports (Continued)

a General Information (Continued)

If the customer is determined eligible, a balance sheet and income/expense will be completed to document feasibility/security. At this point of the process, the FBP account type on the General Information Screen will automatically change to an "Active Account".

Exception: For all youth loans, CLICK "**Active Account**" as the FBP account type.

*** * ***

Note: Do **not** change the FBP account type from "Active Account" to "Credit Rpt./Elig. Only Act" when ordering Credit Reports for subsequent loans.

b Accessing Credit Reports Feature

Access Credit Reports options according to the following.

•***--**Select a customer record.

- CLICK "**General**", "**Credit Reports**", and **[name of applicant]**. All applicants needing a Credit Report for an account must be listed as "Related Entities" on the General Information Screen. The primary applicant of the account, as well as the related entities, will be listed on the "Credit Reports" options.

- CLICK **[name of applicant]** for which a Credit Report is being requested. Any Credit Reports that were previously obtained will be listed and "**Add/Delete**" will be displayed.

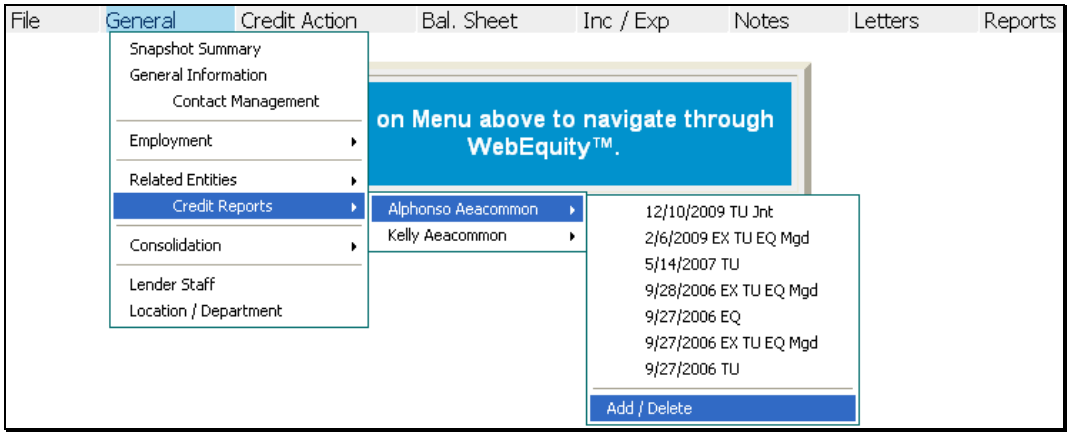


Figure 9a **--***

A Overview (Continued)

11 Credit Reports (Continued)

c Ordering Credit Reports for Individuals

Order a Credit Report for an individual according to the following.

- CLICK "**Add/Delete**" for the individual for whom a Credit Report is needed. The Credit Report Information Screen will be displayed with the applicant's name, address, and tax ID from General Information that originates in SCIMS.

- FBP defaults to a Merged Report, automatically requesting information for the Get New Report from all 3 credit bureaus. Ordering the Merged Report ensures that full and complete information on the applicant's credit is received.

Note: For individual type accounts, a joint report that includes a spouse can be ordered according to the following.

  - The spouse **must** be identified as a "Spouse" and "Co-Applicant" in the "Related Entities" Section on the General Information Screen **before** ordering the report for the primary applicant.

  - CLICK "**Yes**" for the "Joint Report" radio button, if applicable. The name and tax ID of the spouse/co-applicant will be displayed.

- CLICK "**GET CREDIT REPORT NOW**".

***--**

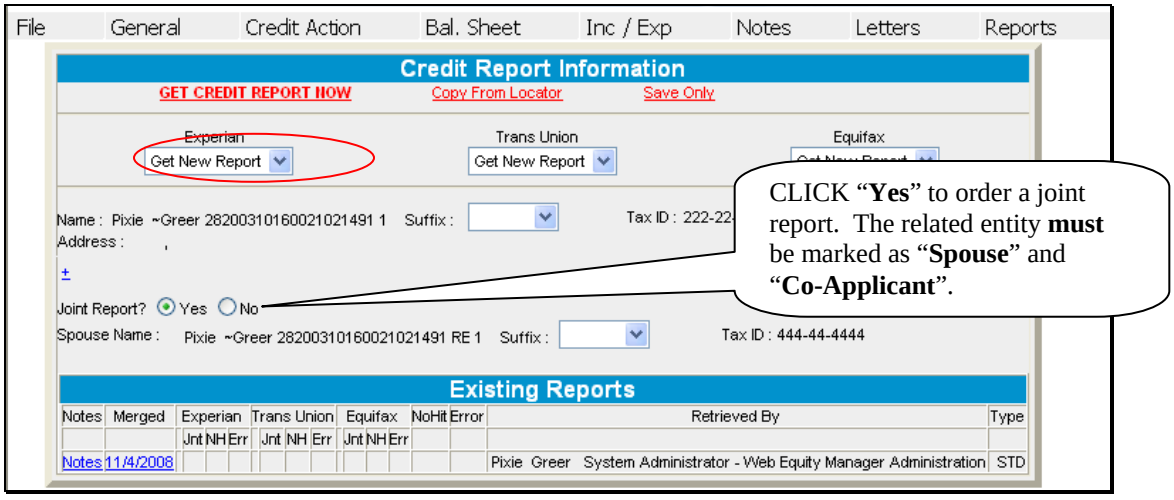


Figure 9b **--***

A Overview (Continued)

11 Credit Reports (Continued)

c Ordering Credit Reports for Individuals (Continued)

After a short interval, the Credit Report Information Screen will be redisplayed with the "Existing Reports" Section. A date link will be displayed under the Credit Reporting company names, indicating there is a Credit Report that was obtained on that date from that company. Click the date to see a copy of the report.

d Ordering Credit Reports for Entities

To order a Credit Report for an entity, click the name of the entity applicant and CLICK "**Add/Delete**".

On the Credit Report Information Screen:

- CLICK "**Experian Business**" radio button
- CLICK "**Business Profile**" from the "Product" drop-down menu
- CLICK "**GET CREDIT REPORT NOW**".

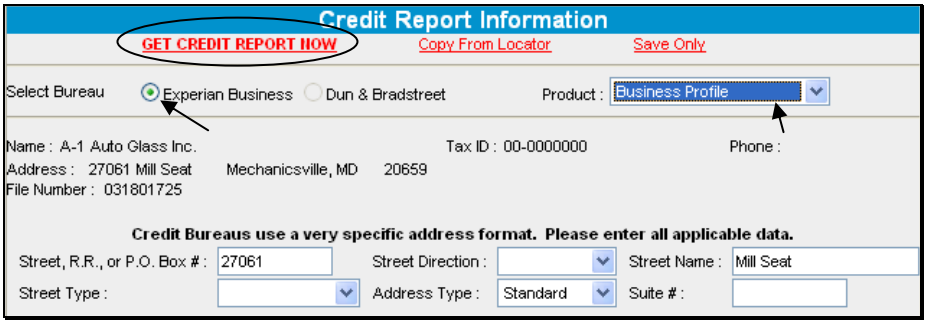
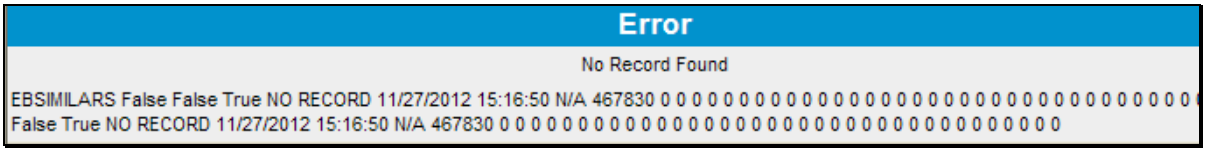


Figure 9c

***--**If no similars are found, the error "No Record Found" will be displayed. Exit the screen and there will be no charge to the customer.



.--*

A Overview (Continued)

11 Credit Reports (Continued)

d Ordering Credit Reports for Entities (Continued)

*****--If similars are found, a "List of Similars" will be displayed. Review the information carefully before choosing a similar. If there is no match in the "List of Similars", exit the screen and there will be no charge to the customer.

If a match is available CLICK "**Select**" next to the entity name.**--***

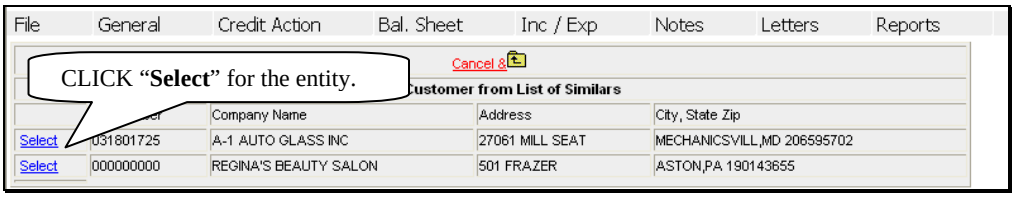


Figure 9d

The Credit Report Information Screen will be redisplayed. Click the date to view a copy of the Business Report.

To order Credit Reports for each entity member, they must first be added to the "Related Entities" Section on the General Information Screen. Credit Reports can then be ordered on each individual entity member according to **Ordering Credit Reports for Individuals** (Section A 11 c).

Note: A husband and wife, who are members of an entity, **will** be charged a joint Credit Report fee even though individual Credit Reports will be obtained for each.

e To Print a Report

With the report displayed, **right**-click and CLICK "**Print**".

f Failed Attempt

On rare occasions, an attempt to pull a Credit Report will not be successful and will generate an error. If an error occurs, the pull process will stop and the screen will be displayed with a cryptic error message. When this happens, it is important to navigate back to the Credit Report Information Screen to investigate the cause of the error.

As displayed on the following screen print, the attempted pull event will display the word "Error" after the pull date. CLICK "**Error**" to see a more descriptive message.

If the message refers to a problem with address information, it is possible that the credit bureau did not recognize the address that was populated here from the General Information Screen.

A Overview (Continued)

11 Credit Reports (Continued)

f Failed Attempt (Continued)

To resolve an address format problem, CLICK "+" above "Joint Report?" and additional address fields will be displayed.

Note: Clicking "+" to display additional address fields is **only** required when requesting consumer bureau reports. The additional address fields are always viewable when requesting business bureau reports.

***--**

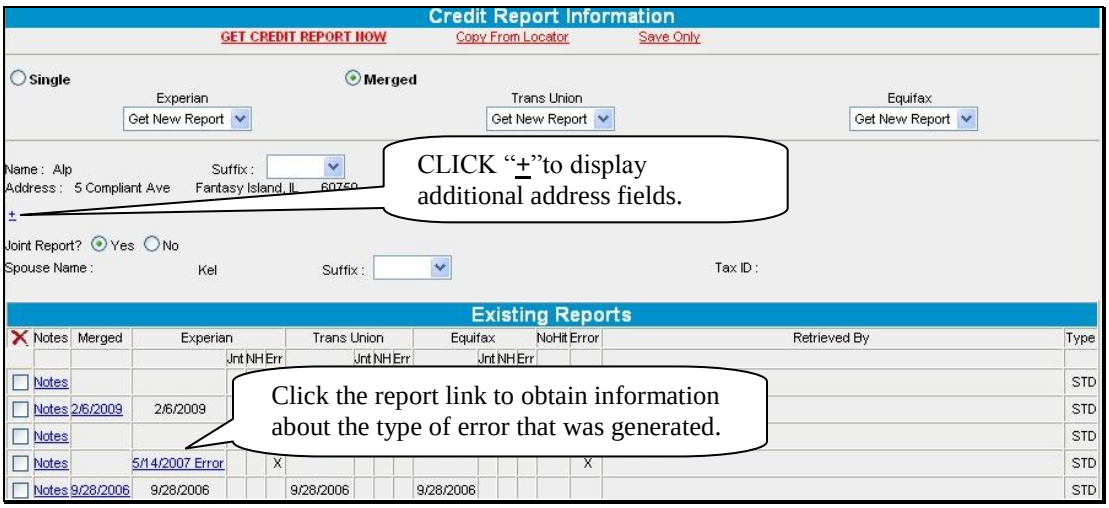


Figure 9e

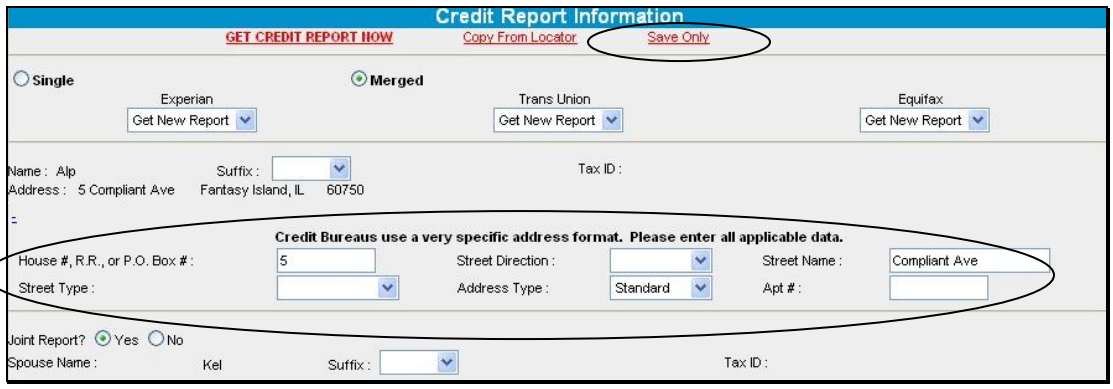


Figure 9f--*

These additional input fields allow the user to provide the street address in a format that is standard to the credit bureau.

Note: These fields pertain only to the street address, **not** to the city, State, or ZIP Code.

A Overview (Continued)

11 Credit Reports (Continued)

f Failed Attempt (Continued)

After the address has been re-entered in the fields, CLICK "**GET CREDIT REPORT NOW**" to obtain the report. If this does not resolve the error, or if the original error does not refer to an address issue, contact the State FBP Coordinators.

Note: The additional information provided in the Credit Report address fields will be stored on the Credit Report Information Screen. After the initial Credit Report is pulled, the address will **not** repopulate from General Information on any subsequent visits to the Credit Report Information Screen.

If the borrower does have a change of address, the new address will need to be entered in the fields and saved by clicking "Save Only". This pertains only to the street address or post office box information, **not** to the name, tax ID, city, State, or ZIP Code.

Changes to the name, tax ID, city, State, and ZIP Code should be entered in SCIMS and will repopulate FBP each time the Credit Report Information Screen is accessed.

*--g Error Messages

Occasionally, reports may display an error message in the upper-left corner of the report, as follows.

- "Time Out Error" message may occur for several reasons, including lag-time on the Internet. This is considered an error and FSA will not be charged for the report. A second report will need to be pulled within 24 hours to prevent duplicate hits from registering with the bureau against the customer.

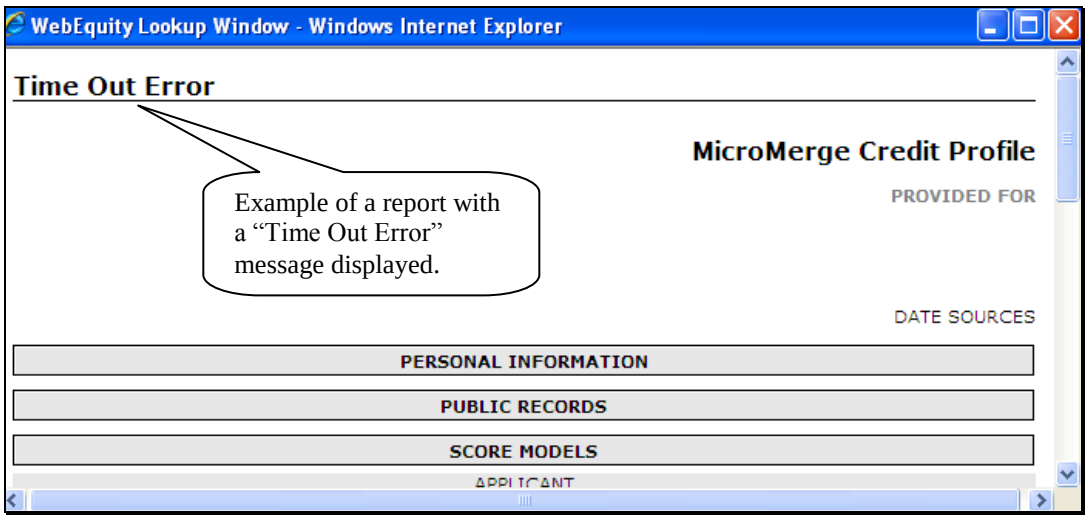


Figure 9g1--*

A Overview (Continued)

11 Credit Reports (Continued)

g Error Messages (Continued)

- ***--**"No Hit" message will be displayed when a credit bureau does not have a file on the customer. The report may still be considered an acceptable report if even 1 of the credit bureaus provides information and a new credit report does not need to be pulled.**--***

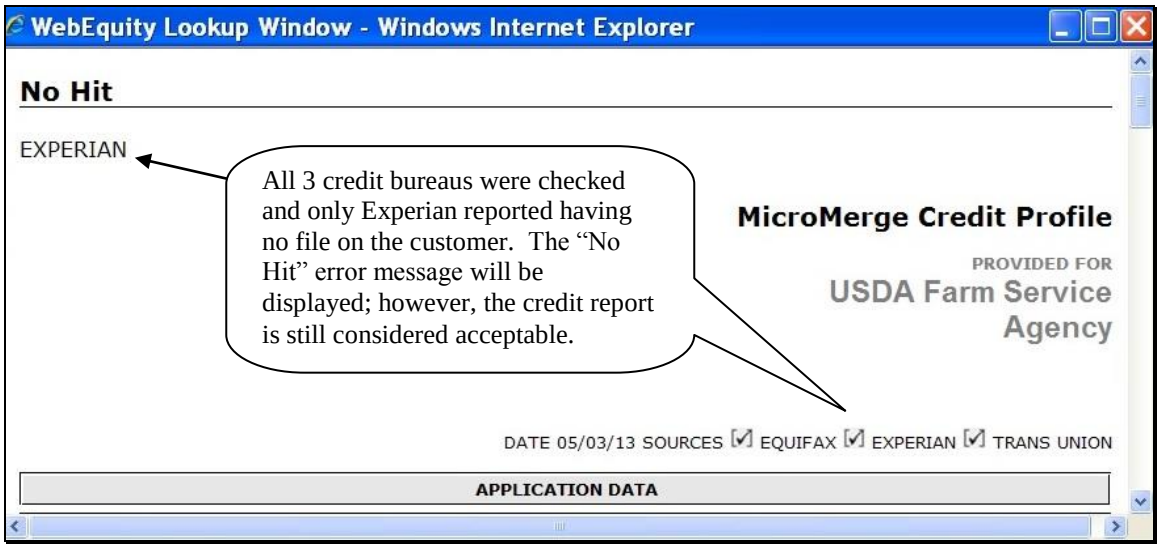


Figure 9g2

A Overview (Continued)

11 Credit Reports (Continued)

g Error Messages (Continued)

- ***--**"Bureau Error" message will be displayed when the information submitted does not match information on file at the credit bureau. The report may still be considered an acceptable report if even 1 of the credit bureaus provides information and a new credit report does not need to be pulled. Information on the error is provided at the bottom of the report.

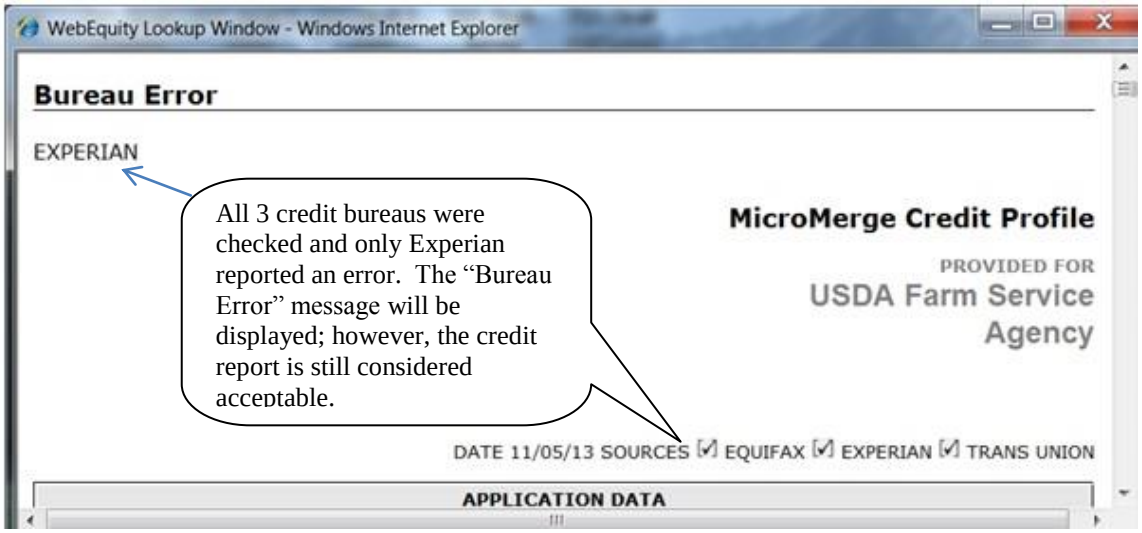


Figure 9g3--*

A Overview (Continued)

11 Credit Reports (Continued)

h Accessing Existing Reports

***--**Current and historical Credit Reports for the customer and all related entities are stored in the customer's record. To access an existing Credit Report, do the following:

- select a customer record
- CLICK "**General**", "**Credit Reports**", **[*name of customer*]**
- click date of report from the drop-down menu or and CLICK "**Add/Delete**"; the Credit Report Information Screen will be displayed

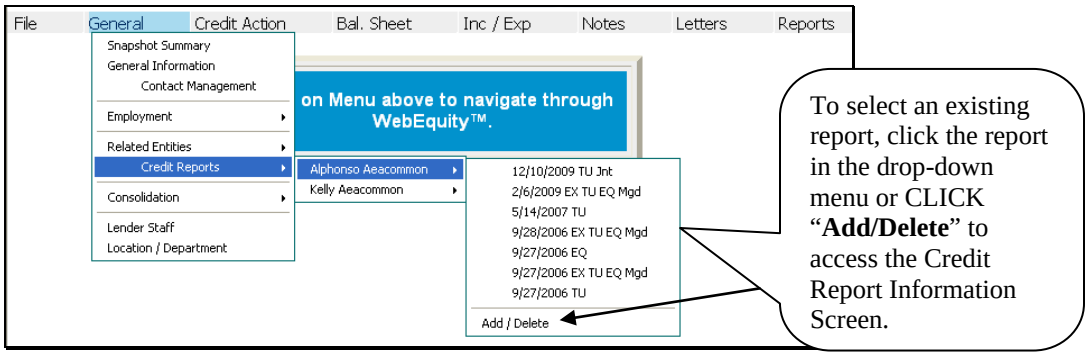


Figure 9h

- CLICK date to select and view any existing Credit Report.

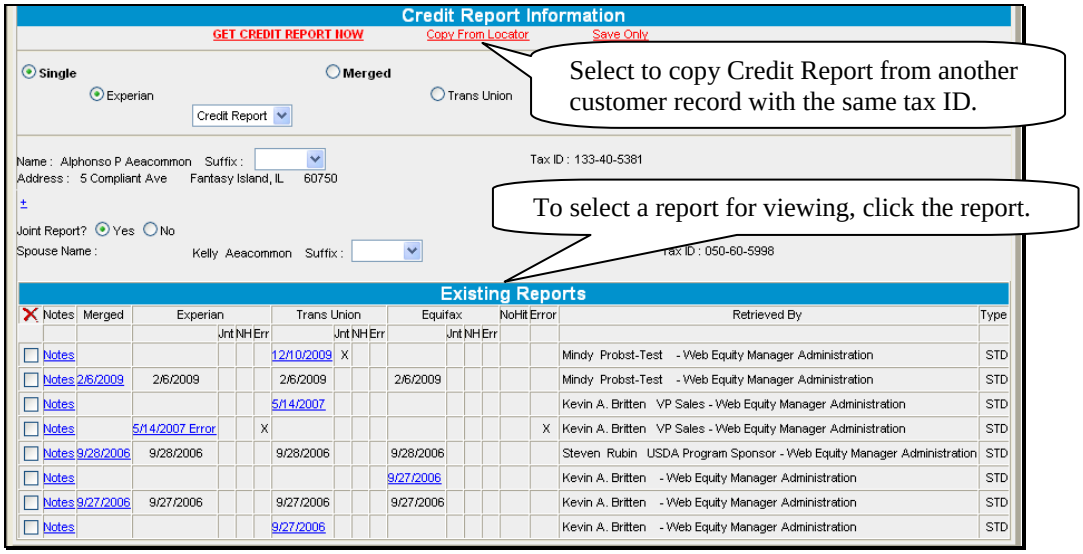


Figure 9i **--***

A Overview (Continued)

11 Credit Reports (Continued)

i Copy from Locator

"Copy from Locator" is used to copy Credit Reports from an existing customer or related entity into another customer record with the same "tax ID".

Example: New customer record was created and a Credit Report was ordered. Subsequently, the customer was added as a related entity to another customer's record. The Credit Report could be copied into the new customer record using the "Copy from Locator" option.

Notes: Only Credit Reports less than 60 calendar days old are available for copying.

--**If report contains a no-hit or error message, it is not available to copy.**--

j Notes and Deleting Reports

There is a NotePad attached to each Credit Report date that will allow users to enter additional notes and messages about that report. To access the NotePad, CLICK "**General**", "**Credit Reports**", **[*name of customer*]**, and "**Add/Delete**". On the Credit Report Information Screen, under "Existing Reports", CLICK "**Notes**".

Note: Credit Reports will **not** be deleted from FBP.

k Reading the Credit Report

A Credit Report is divided into sections, starting with the header. In each section, all of the possible fields that could be returned will be included on the report.

Example of Header Section


PROVIDED FOR
Toontown Credit Services
1123 Disney Ave
Toontown, CA 90010
210.555.1212

MicroMerge Credit Profile
Reported: 04/27/05

SOURCES ☑ EQUIFAX ☑ EXPERIAN ☑ TRANS UNION

The "Header" Section will display the company that requested the report, date the report was created, and the list of bureau sources for the report requested.

Example of Application Data Section

APPLICATION DATA					
APPLICANT	NAME AKA ADDRESS PREV ADDRESS EMPLOYER POSITION VERIFIED BY	AEACOMMON, ALFONSO 5 COMPLIANT , TOMORROW IL 60750	SOCIAL SINCE PHONE INCOME	133-40-5381	DEPENDENTS LENGTH LENGTH
CO-APPLICANT	NAME AKA EMPLOYER POSITION VERIFIED BY	AEACOMMON, KELLY	SOCIAL SINCE PHONE INCOME	050-60-5998	

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

The “Application Data” Section will display all available applicant personal data from the selected bureaus.

Example of Public Records Section

PUBLIC RECORDS			
COURT	COURT UNKNOWN	AMOUNT	
PLAINTIFF		FILED	12/03
TYPE	Civil judgement	PAID	
REF NO.	98643314	REPORTED BY	Trans Union

The “Public Records” Section will include the name of the reporting court, plaintiff, type of record, court reference number, amount associated with the record, date filed (MM/YY), if the record has been paid, and which credit bureau the public record was reported by.

Score Models

The “Score Models” Section is for information purposes only. FSA does **not** consider Credit Report scores when evaluating Credit Reports for creditworthiness determination.

Example of Credit Section

CREDIT

EQUIFAX	CREDITOR ACCOUNT NUMBER	REPORTED OPENED	HIGH CREDIT	BALANCE PAST DUE	MO PAYM TERMS	MONS RATED	30 | 60 | 90+ PAYMENT PATTERN	TYPE
OPEN ACCOUNTS								
C	WACH BKCRD 43272 AT:Revolving or Option (open-end account). KB:Banks and S and Ls SD:Pays account as agreed OD:Co Maker	03/06 03/00	$3000	$1886 -	$10 MIN	19	0x30 0x60 0x90 -1111-1111-1 -111	R1
*** TRANS UNION ***								
C	WACH BKCRD 43272	03/06 03/00	$3000	$1886 -	$10 MIN	19	0x30 0x60 0x90 1111X1111X1X 111	R01

C	GMAC 5555555555 02/02 - I2, 01/02 - I2, 12/01 - I2, 10/01 - I2, 09/01 - I2	06/02 06/97	$68000	CLOSED -	- 360 Mth	20	8x30 1x60 3x90 ----222-2222 21-554311	I3
*** TRANS UNION ***								
C	GMAC 5555555555	06/02 06/97	$68000	$0 -	$758 360 Mth	20	8x30 1x60 3x90 XXX222X22222 1X554311	I03

Accounts in the “Credit” Section are sorted by account balance. This section also includes information for open accounts, collections, and other derogatory and closed accounts. Each section type is comprised of several fields described in the following.

Note: Optional fields are chosen in the “Access Code” setup.

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

***--**

Field	Description
ECOA – Account Designator Code	Applicable codes are the following: • "A", Authorized User (does not have financial responsibility) • "B", On behalf of another (has financial responsibility) • "C", CoMaker (contractual liability) • "I", Individual (sole use of customer) • "J", Joint (joint contractual liability) • "M", Maker (subject liable, co-signer liable in case of default) • "O", Undesignated • "P", Participant (participant in shared account) • "S", Shared (subject is co-signer, liable in case of default) • "T", Terminated (relationship with account terminated) • "U", Undesignated (undesignated or unknown) • "X", Consumer Deceased • "Z", Creditor reports as included in a bankruptcy.
Creditor	Name of the tradeline reporting.
Account Number	Account number as reported by creditor.
Reported	Date this tradeline last reported to the bureau.
Opened	Date this tradeline opened.
High Credit	Amount of high credit on account.
Balance	Balance on account as reported by tradeline.
Past Due	Amount of payments past due.
Mo Paym	Amount of monthly payment for tradeline.
Terms	Terms of the account.
Mons Rated	Number of months this tradeline has been rated.
30 | 60 | 90+	Number of 30, 60, and 90 or more calendar days late for tradeline.
Payment Pattern	Consumer payment history for the past 24 months, beginning with Reported Date: • "-", no rating • "1", current • "2", 30 calendar days late • "3", 60 calendar days late • "4", 90 calendar days late • "5", 120+ calendar days late • "7", making payments in Wage Earner Plan • "8", repossession/foreclosure • "9", charge off.

--*

A Overview (Continued)

11 Credit Reports (Continued)

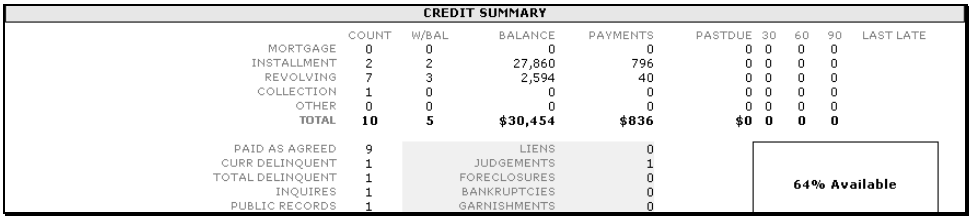
k Reading the Credit Report (Continued)

*--

Field	Description
Type	The following are types of accounts: • "C", Check Credit (line of credit) • "I", Installment (fixed number of payments) • "M", Mortgage Installments • "O", Open Account (30, 60, or 90 calendar day account) • "R", Revolving or Option (open-end account) • "Z", Reported as included in bankruptcy. The following are types of status: • "0", Too new to rate. • "1", pays account as agreed • "2", 30 calendar days past due • "3", 60 calendar days past due • "4", 90 calendar days past due • "5", 120 calendar days past due • "6", Wage Earner or similar plan • "7", Repossession • "8", Collection/Bad Debt/Charge Off • "9", Bad Debt, Place for Collection.
Codes	• "OD", Show Ownership Description • "AT", Show Account Type Description • "SD", Show Account Status Description • "TT", Show Trade Type Description • "KB", Show Kind of Business Description • "N1", Show Narrative Description 1 • "N2", Show Narrative Description 2.
Late Dates	Format = MM/YY – Type & Status, multiples are delimited with a comma, options include from "None" to 5 dates.

--*

Example of Credit Summary Section



CREDIT SUMMARY

	COUNT	W/BAL	BALANCE	PAYMENTS	PASTDUE	30	60	90	LAST LATE
MORTGAGE	0	0	0	0	0	0	0	0	
INSTALLMENT	2	2	27,860	796	0	0	0	0	
REVOLVING	7	3	2,594	40	0	0	0	0	
COLLECTION	1	0	0	0	0	0	0	0	
OTHER	0	0	0	0	0	0	0	0	
TOTAL	**10**	**5**	**$30,454**	**$836**	**$0**	**0**	**0**	**0**	

PAID AS AGREED	9	LIENS	0
CURR DELINQUENT	1	JUDGEMENTS	1
TOTAL DELINQUENT	1	FORECLOSURES	0
INQUIRES	1	BANKRUPTCIES	0
PUBLIC RECORDS	1	GARNISHMENTS	0

64% Available

The "Credit Summary" Section summarizes all of the tradelines in the "Credit Summary" Section by trade type.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

Field	Description
Type of Tradeline	• Mortgage • Installment • Revolving • Collection • Other
Count	Count of trades by type.
W/Bal	Count of trades that have a balance.
Balance	Sum of trade balance by type.
Payments	Sum of payments by type.
Pastdue	Sum of payments that are past due by type.
30	Count of trades by type that are currently past due.
60	Count of trades by type that are 60 calendar days past due.
90	Count of trades by type that are 90 calendar days past due.
Last Late	Date the account was last reported late.
Paid as agreed	Count of satisfactory trades.
Curr Delinquent	Count of trades that are currently past due.
Total Delinquent	Count of trades that have ever been delinquent.
Inquiries	Number of inquiries.
Public Records	Count of public records.
Liens	Count of liens.
Judgements	Count of judgments.
Foreclosures	Count of foreclosures.
Bankruptcies	Count of bankruptcies.
Garnishments	Count of payroll garnishments.
Other Public Records	Count of other public records.
% Available	Percentage of revolving credit available for all open trades. ((High Credit **minus** Balance) **divided by** High Credit)

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

Example of Employment Section

In the case of a joint application, the “Employment” Section will include a section for the “Applicant” and “Co-Applicant”.

EMPLOYMENT			
APPLICANT			
COMPANY NAME	BANK	OCCUPATION	
DATE HIRED		SEPARATION DATE	
INCOME			
COMPANY NAME	HAL	OCCUPATION	MGR
DATE HIRED		SEPARATION DATE	
INCOME			
CO-APPLICANT			
COMPANY NAME	QSASF	OCCUPATION	ASFD
DATE HIRED		SEPARATION DATE	
INCOME			
COMPANY NAME	ASDAS	OCCUPATION	ADASDA
DATE HIRED		SEPARATION DATE	
INCOME			

The “Employment” Section includes known current and former employers and status of employment for each.

Example of Inquiries Section

INQUIRIES					
DATE	SUBSCRIBER NAME	TYPE	SUBSCRIBER NO.	AMOUNT	
04/26/05	CENTRIX FINA	Miscellaneous and public record	01000725		

The “Inquiries” Section provides a list of the inquiries by the bureaus requested and is restricted to only the inquiries in the last 90 calendar days.

Example of Sources Section

SOURCES
EQUIFAX P O BOX 740241 ATLANTA, GA 30374-0241 800-685-1111 EXPERIAN P O BOX 2002 ALLEN, TX 75013-00036 888-397-3742 TRANS UNION 555 W. ADAMS CHICAGO, IL 60661 312-258-1717

The “Sources” Section provides a list of the bureaus that are included in the Credit Report.

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

Example of Messages Section

MESSAGES

APPLICANT

*** **EQUIFAX** ***

SAFESCAN Warning: Social Security number is issued to person who has been reported deceased.
INQR Subject's SSN is Year Issued: 1965; State: NY
OFAC: No match found in OFAC Database.

*** **EXPERIAN** ***

FACS+ Message: Inquiry Address Message - CKPT: BUSINESS SERVICE ON FACS+ FILE/ LANDSCAPING/ AVE/ IL 60750/847.555.1336
FACS+ SOCIAL COUNTER: Social has been used 2 times since 02/01/03
FACS+ SOCIAL ERROR: Indicates that no error conditions occur.
FACS+ ADDRESS COUNTER: Address has been used 6 times since 02/01/03
FACS+ ADDRESS ERROR: Indicates that no error conditions occur.
FACS+ POSSIBLE YEARS SSN ISSUED: 1994 - 1996
FACS+ Fraud Services Indicator:
FACS+ Fraud Services Indicator:
FACS+ Message: Onfile Address Message - CKPT: TRADE CONTRACTOR-SPECIAL TRADE ON FACS+ FILE/ SERVICE/ AVE/ IL
FACS+ Message: Onfile Address Message - CKPT: SERVICE ON FACS+ FILE/ SERVICES INC./ AVE/ IL /

*** **TRANS UNION** ***

SSN Match: Exact match between SSN on input and SSN on file
Phone Append: Default product delivered; Search Status - Area code and phone number not found on new source. Phone number on CRONUS database is returned.
HAWK: Requested product delivered
HAWK: Input SSN issued:1965-1967; state: NY; (est. Age obtained: 00 to 00)
HAWK: File SSN issued:1965-1967; state: NY; (est. Age obtained: 00 to 00)
Add-on Product Code - 00P02: Default product delivered
Geo Code: Requested product delivered; Search Status - Insufficient Current Address
Geo Code: Requested product delivered; Search Status - No Future Address Entered
OFAC Advisor: Default product delivered; Search Status - OFAC Advisor Clear.

CO-APPLICANT

*** **EQUIFAX** ***

SAFESCANNED: Your inquiry has gone through our SAFESCAN data base.
Subject Former Name: H L
INQR Subject's SSN is Year Issued: 1976; State: NY
OFAC: No match found in OFAC Database.

*** **TRANS UNION** ***

SSN Match: Exact match between SSN on input and SSN on file
Phone Append: Default product delivered; Search Status - Area code and phone number not found on new source. Phone number on CRONUS database is returned.
HAWK: Requested product delivered
HAWK: Input SSN issued:1976-1978; state: NY; (est. Age obtained: 00 to 00)
HAWK: File SSN issued:1976-1978; state: NY; (est. Age obtained: 10 to 10)

The “Message” Section includes the warning messages from each of the bureaus requested, for both the applicant and the co-applicant, when requesting a joint application.

*** * ***

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

11 Credit Reports (Continued)

l When Mortgage and Commercial Credit Reports Are Not Acceptable

See 1-FLP, subparagraph 48 G.

m When the Applicant Disputes Information on the Credit Report

See 1-FLP, subparagraph 48 H.

B Electronic File Maintenance, Reports, and Signatures

1 Customer Record

All electronic information stored within FBP is considered part of the customer file and record as if it were in written form.

B Electronic File Maintenance, Reports, and Signatures (Continued)

2 Running Record

--**The "Notes", "Running Record" feature of FBP should be used to record all entries that would**-- have traditionally been written in the file, which are farm visit notes and comments on interactions with customers **except** the following:

- the narratives and comments about loanmaking or loan servicing actions that **must** be documented in the applicable FBP Credit Presentation

  Note: The Credit Presentation is designed to encompass the entire loan narrative and analysis documentation of loanmaking or loan servicing actions. Therefore, it is **not** expected that the "Notes", "Running Record" will be used to store narrative comments about a loanmaking or loan servicing action when a Credit Presentation is prepared.

- comments and entries that are exempt from disclosure according to FOIA.

  Note: No running records will be deleted from FBP.

*** * *** To avoid potential space limitations, it is recommended that a new Running Record be created for each calendar year. CLICK "**Notes**", "**Running Record**", "**Add/Modify/Delete**", and type the description in the "Note Title/Description" box; for example, "2010 Running Record".

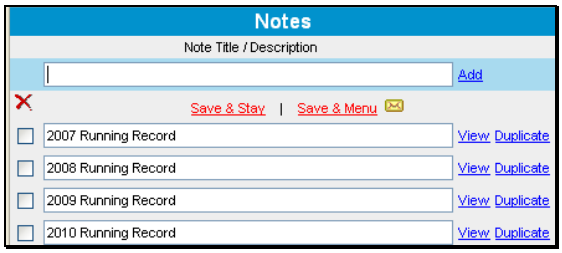


Figure 10a

When using the electronic Running Record, it is recommended that the most recent entries be made at the top of the page with the date, initials, and comments of the user.

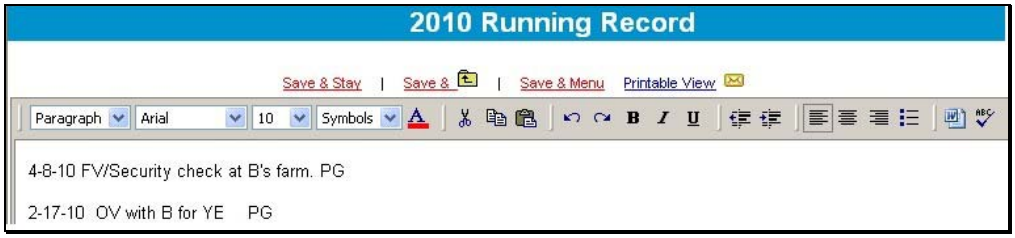


Figure 10b

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

2 Running Record (Continued)

a FOIA Running Record

All comments and entries that are exempt from disclosure according to FOIA should be documented in a running record separate from the customer's standard running record. To create the new running record, CLICK "**Notes**" and "**Add/Modify/Delete**". The suggested Note Title/Description of the new running record should be "FOIA Running Record" or something similar.

b Printing Running Records

--**It is recommended that running records always be printed using the "Print Manager" option. Running case records will be printed and placed in the County Office file under the**-- following circumstances:

- preparation for NAD appeals
- preparation for civil and criminal inquiries, investigations, audits, and litigations in conjunction with OIG, OGC, OCR, and GAO. *** * ***

c Copying From Word Documents

Microsoft Word applies special formatting to word documents so that the text appears correctly. When copying to a WordPad in FBP, the text must be stripped of the formatting for the text to print correctly using the Microsoft Reporting Service (MRS) feature.

Copy text from Microsoft Word to the WordPad located in "Notes" according to the following:

- highlight desired text in MS Word
- copy and paste in the appropriate WordPad block
- CLICK "**Word**" icon on the right side of the WordPad.

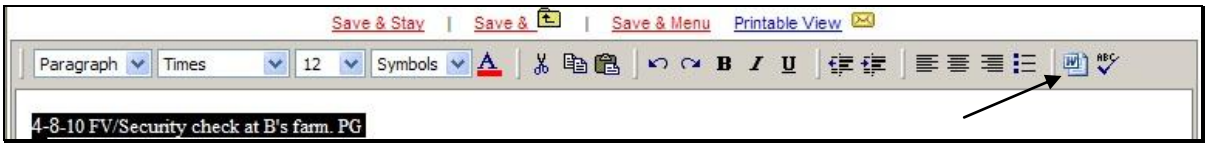


Figure 10c

Note: Bolding, tables, and bullet points will be removed during the "cleaning" process.

B Electronic File Maintenance, Reports, and Signatures (Continued)

--3 Footnotes and Comments--

Footnotes are narrative comments which can be added in the WordPad block located at the bottom of the balance sheet, income and expense summary, and other documents.

Comment NotePads provide the capability to add comments on the balance sheet or income and expense schedules, as well as other areas of the applications. What looks like a small piece of paper next to a field indicates that comments can be entered in small text boxes after the indicator is clicked. After entering a comment, this same indicator will look like a sheet of paper with writing. The information entered in the text boxes will be saved and linked to the respective field.

*--a Printing Footnotes and Comments

To print footnotes and/or comments on a selected report, CLICK "**Reports**" and the "**Print Manager**" or "**Reports Setup**" options will be displayed, as follows.

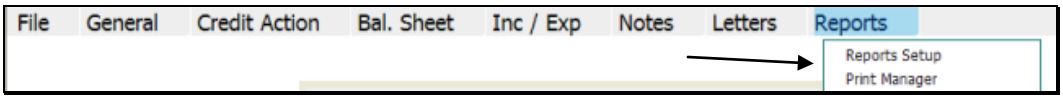


Figure 11a

Option 1: If users click "**Print Manager**" and click the "**Report Options**" tab, users can add comments or footnotes using the "Comments" or "Footers" drop-down menus. If users click "Comments", the following "Comments" section will be displayed. CHECK (✓) the appropriate boxes to select the reports.

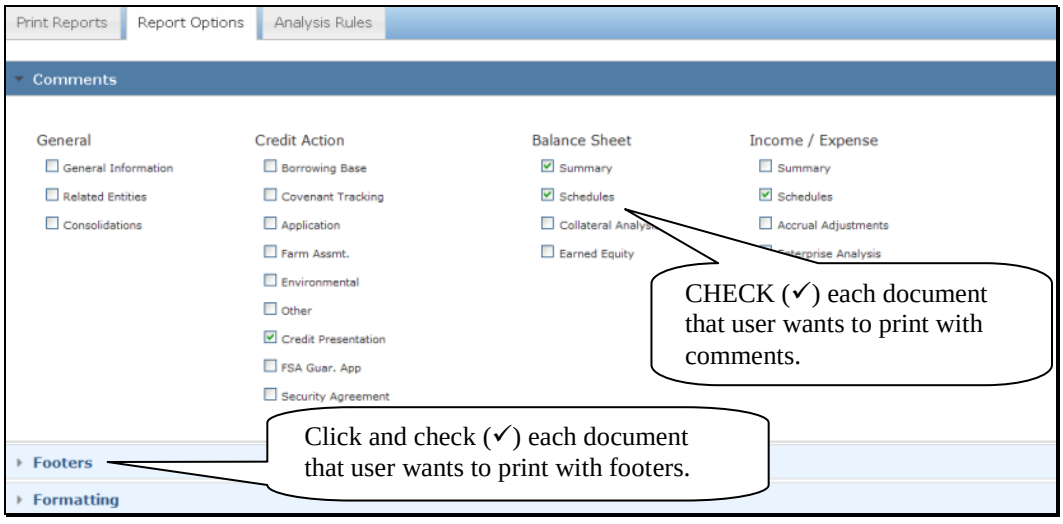


Figure 11b, Using "Print Manager"--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

*--3 Footnotes and Comments

a Printing Footnotes and Comments (Continued)

Option 2: Using **"Reports Setup"**, CHECK (✓) the appropriate boxes under "Print Footnotes on:" and "Print Comments" to select the reports.

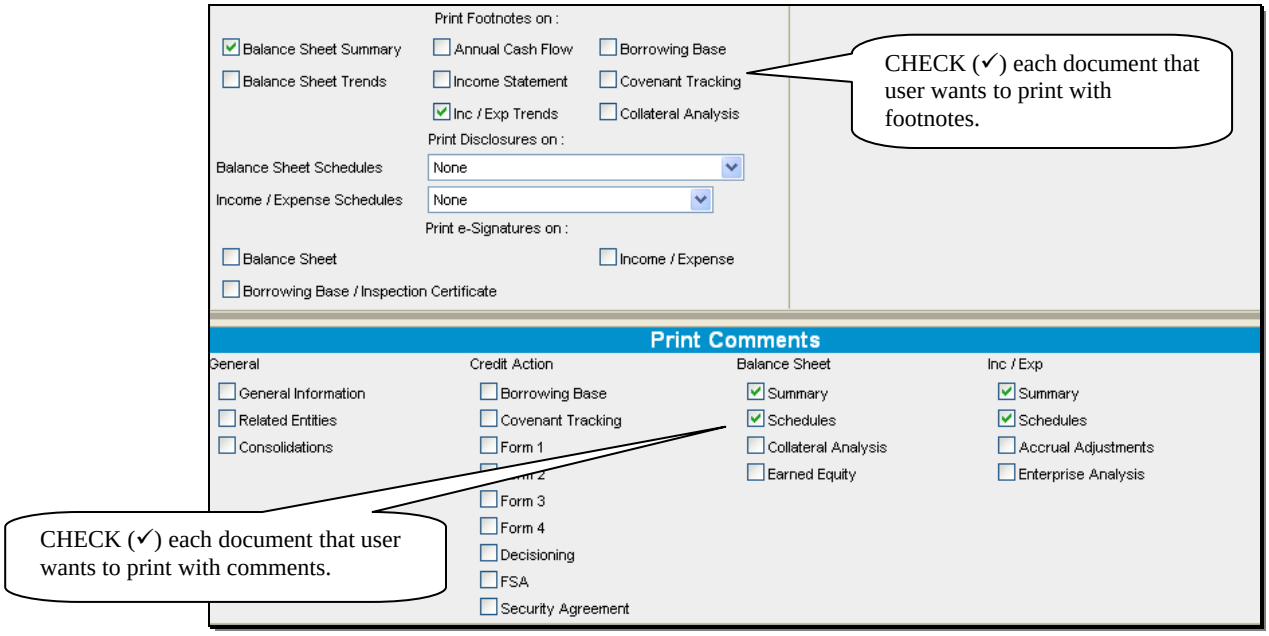


Figure 11c, Using "Reports Setup"--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements

*--a Report Packages

The **Report Package** feature in FBP provides users several options for packaging and printing reports, as follows.

- Accessing and printing report packages that have been created by the State Office.
- Creating Service Center Report Packages that will be available for all users within that location.
- Creating User Report Packages that will only be available to that user.
- Selecting multiple reports in an individual customer for printing.

1 State Office Report Packages

Reports created by the State Office are available for all users in the State. Reports are located on the "**Print Reports**" tab and can be accessed under the "Available Reports" column by clicking the arrow next to "**Location Packages**".

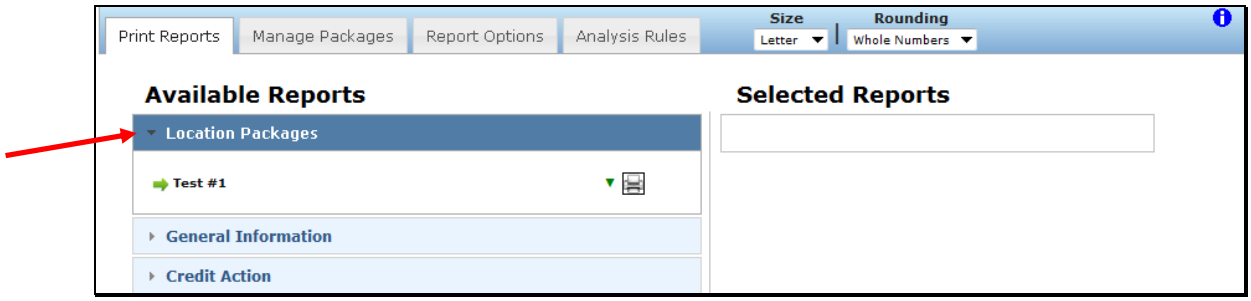


Figure 11d, Location Packages--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

1 State Office Report Packages (Continued)

CLICK "**Up Arrow**" next to the "Printer" icon to hide the contents of the package and the arrow will be displayed as a down arrow. CLICK "**Down Arrow**" next to the "Printer" icon to view the contents of the package.

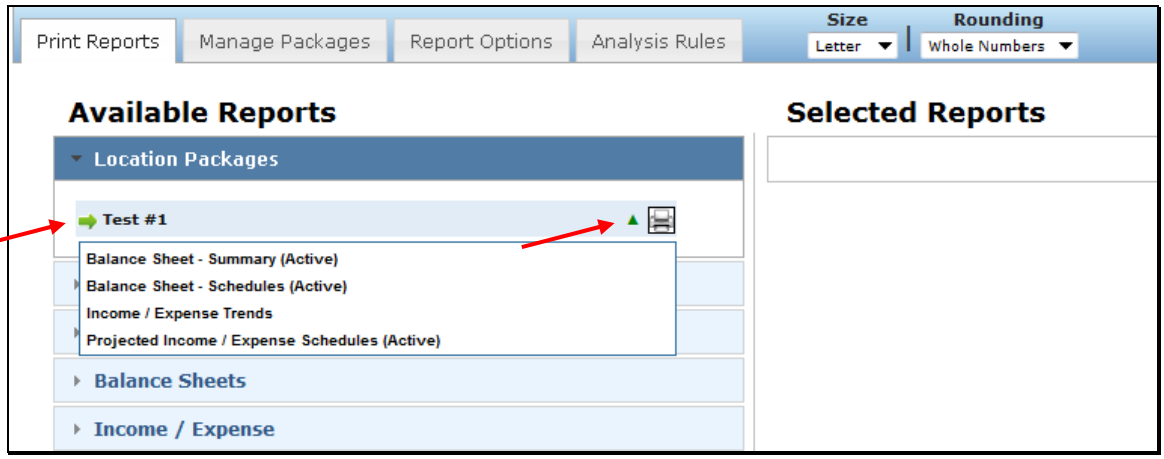


Figure 11e, View Package Reports

To print the report package, under "Location Packages", next to the report title, CLICK "**Green Arrow**" to automatically move the report from the "**Available Reports**" column to the "**Selected Reports**" column. The "Green Arrow" will be displayed as a blue checkmark "✓" after the move to indicate the selection is no longer available.

Note: Only reports with a "Green Arrow" displayed can be moved to the "Selected Reports" column.**--***

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

1 State Office Report Packages (Continued)

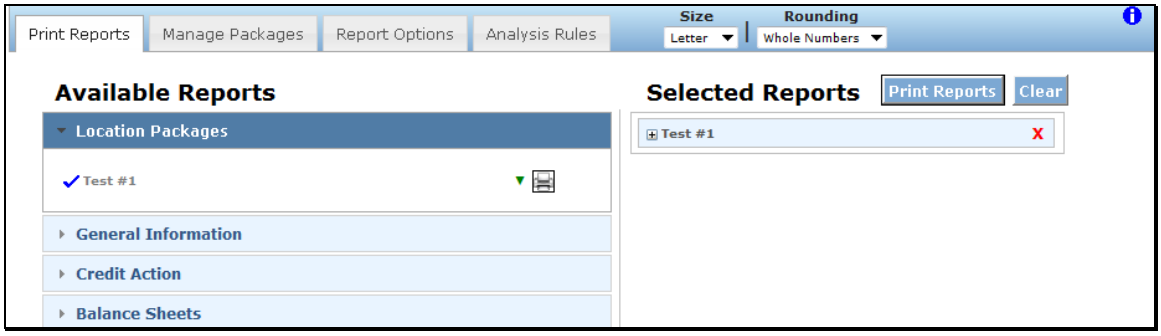


Figure 11f, Add to Selected Reports

Additional reports can be added to the "**Selected Reports**" column and printed at the same time. The following options are available in the "**Selected Reports**" column:

- click within the list to drag-and-drop a selection to rearrange the order of the reports
- CLICK "**X**" (red) to delete a selection from "**Selected Reports**" column and return the selection to the "**Available Reports**" column
- CLICK "**Print Reports**" to generate the selection in ReportViewer
- CLICK "**Clear**" to remove all reports from the column
- to the left of the report title, CLICK "+" to see the reports included within a package.

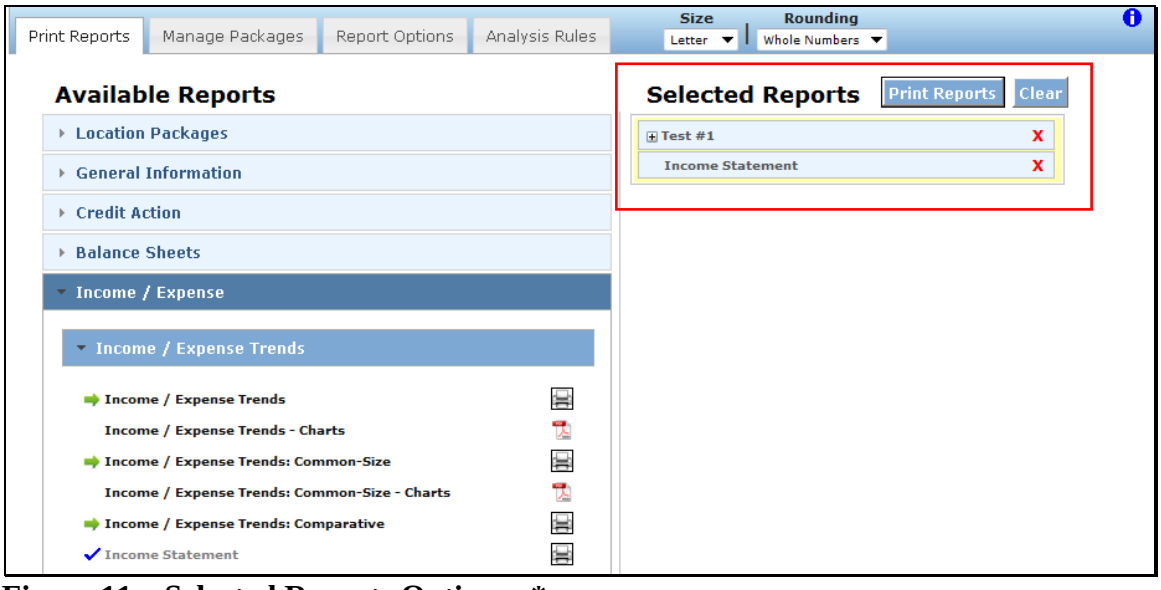


Figure 11g, Selected Reports Options--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

2 Service Center Report Packages

When created, Service Center Report Packages are available for all users at that location. To create a report, from the Locator, do the following:

- CLICK "**Defaults**", "**Report Setup**", "**Manage Packages**"

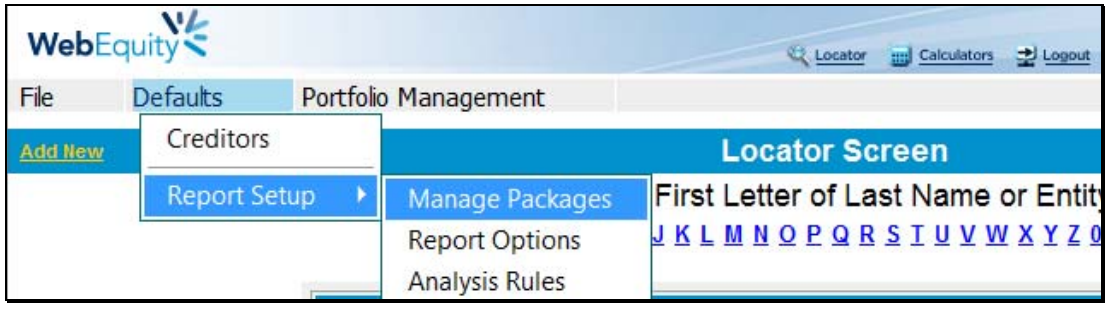


Figure 11h, Access Manage Packages

- CLICK "**Manage Packages**" tab
- CLICK "**New**"
- in the "Package Name" block, type the title for the new report package**.**

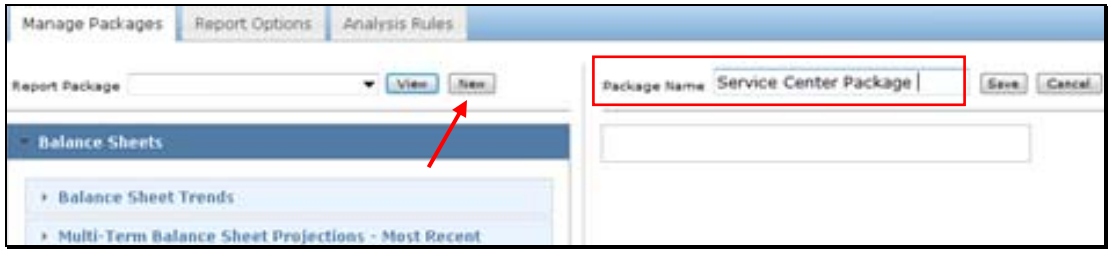


Figure 11i, Adding a New User Package--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

2 Service Center Report Packages (Continued)

A package can consist of 1 to 50 reports. To select the reports to include in a package:

- only reports with a green arrow can be moved to the "Selected Reports" column
- CLICK "**Green Arrow**" to automatically move the report from the "**Available Reports**" column to the "**Selected Reports**" column

  Note: The "Green Arrow" will be displayed as a blue checkmark "✓" after the move to indicate the selection is no longer available.

- CLICK "**Save**" and the new report package will be displayed in the "**Report Package**" list
- CLICK "**Edit**" to change the package contents
- to remove a report from a package, CLICK "**X**" (red)
- CLICK "**Delete**" to remove the entire package.

  Note: When selecting Balance Sheets and Income/Expense reports, options include:

  - "Active" that references the last report accessed by the user
  - "Most Recent" that references the last report created in the system.

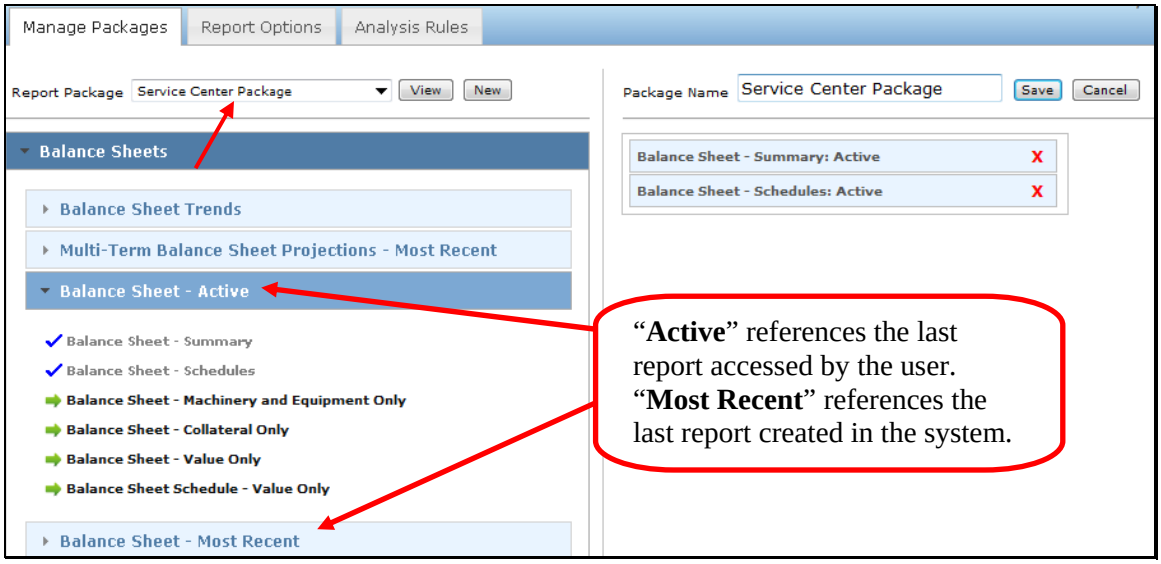


Figure 11j, Creating User Package--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

2 Service Center Report Packages (Continued)

After user clicks "**Save**" for the final time, the **Service Center Report Package** will be available on the "Print Reports" tab, under the "Available Reports" column, from the "**Location Packages**" list. Report can be printed by moving it to "**Selected Reports**" column.

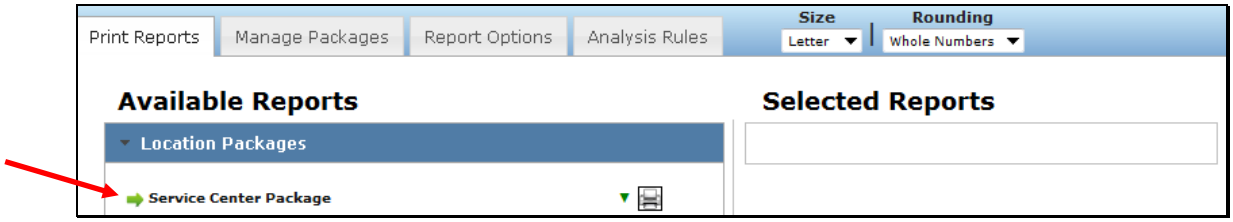


Figure 11k1, Location Packages

3 User Report Package

A **User Report Package** is only available to the user that created the package. To create a report, select a customer record, then from the toolbar:

- CLICK "**Reports**", "**Print Manager**"
- CLICK "**Manage Packages**" tab
- CLICK "**New**"
- in the "**Package Name**" block, type the title for the new report package.

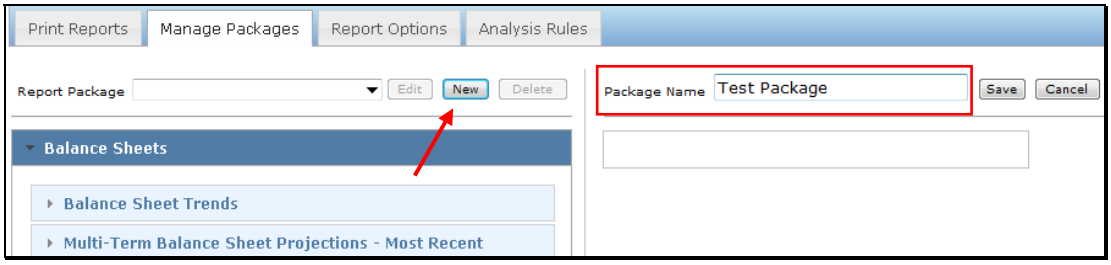


Figure 11k2, Adding a New User Package--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

3 User Report Package (Continued)

Select and add the individual reports to the package.

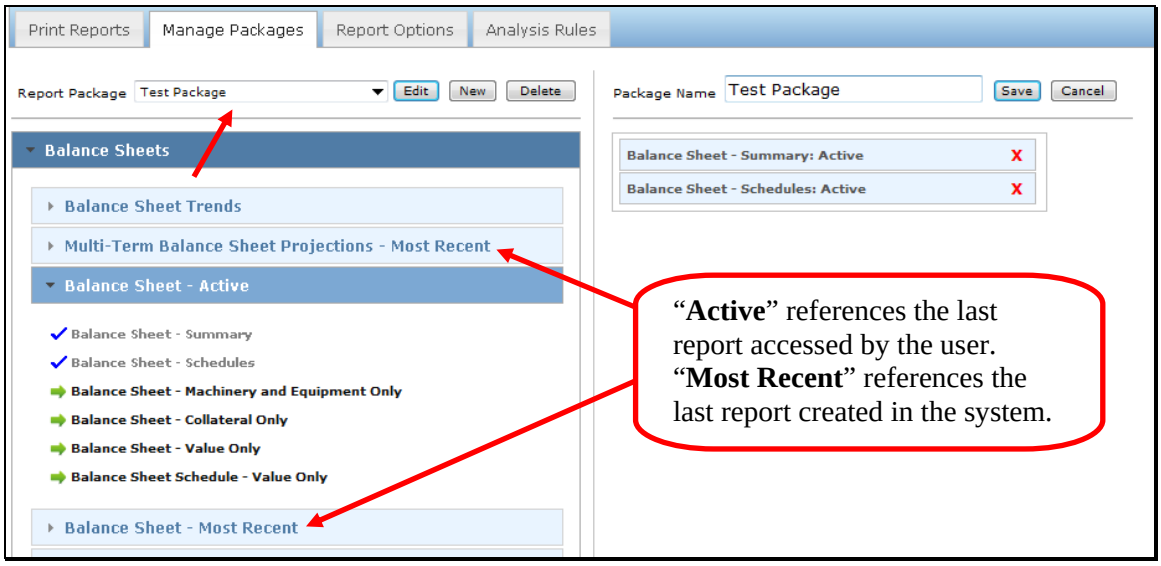


Figure 11k3, Creating User Package

After user clicks "**Save**" for the final time, the user report package will be displayed on the "**Print Reports**" tab, in the "Available Reports" column, under "User Packages". The report can be printed by moving it to the "**Selected Reports**" column.

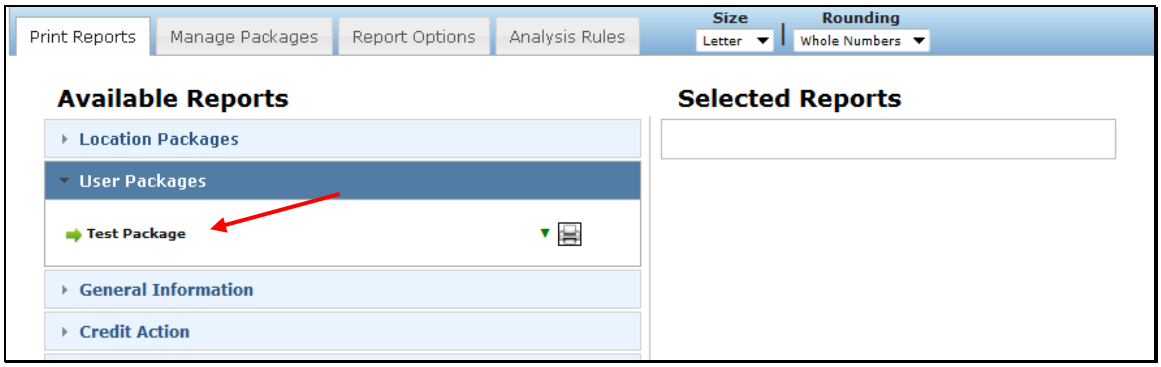


Figure 11k4, User Packages--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

4 Customer Multiple Report Selection

Users have the option of individually selecting multiple reports for printing at 1 time. To select the reports to print, CLICK "**Green Arrow**" to automatically move the report from the "**Available Reports**" column to the "**Selected Reports**" column.

Note: The "Green Arrow" will be displayed as a blue checkmark "✓" after the move to indicate the selection is no longer available.

CLICK "**Print Reports**" to generate the selection in ReportViewer.

Note: The reports selected will **not** be saved as a package. Users will need to reselect the reports needed for printing each time.

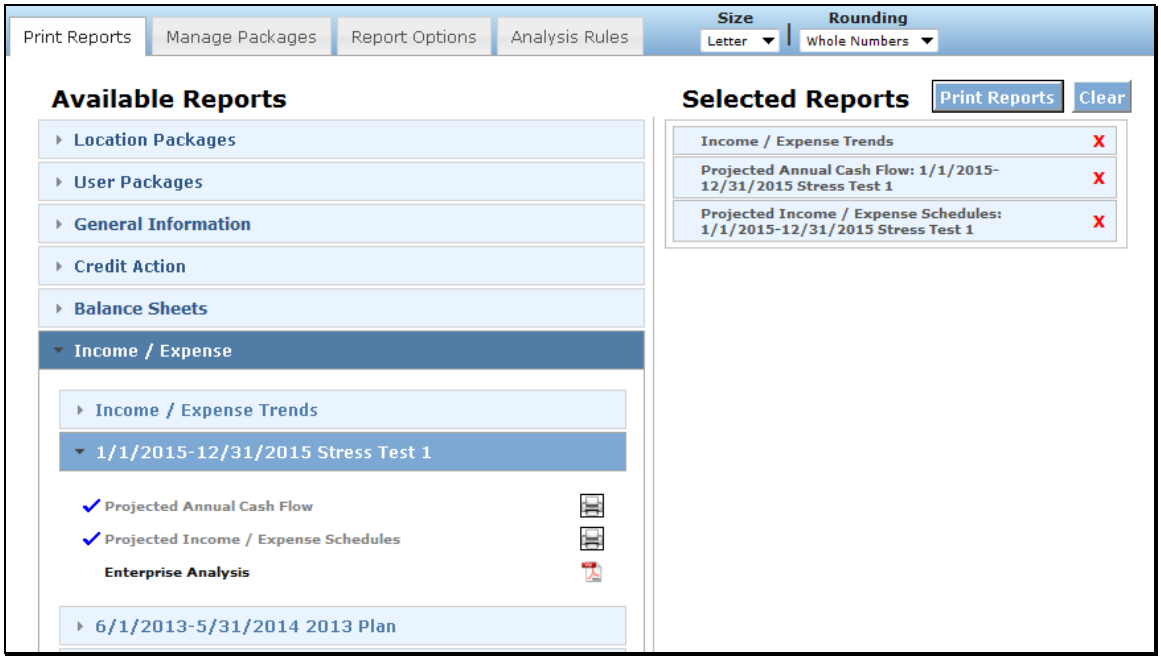


Figure 11k5, Customer Multiple Report Selection--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports

To generate and print a report, CLICK "**Reports**" **"Print Manager**". "**Print Manager**" may also be accessed from "Bal. Sheet" and "Inc / Exp" trends.

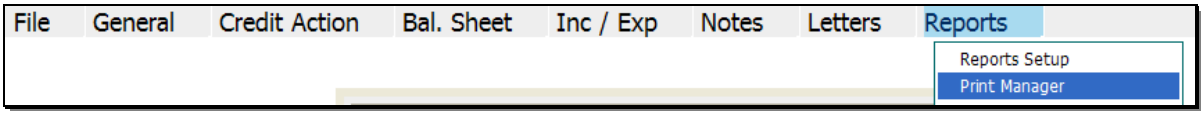


Figure 11k6

CLICK "**Print Reports**" tab and a list of all the available reports will be displayed. CLICK "Drop-Down Arrow" next to a report title to display the list of reports that are available to view and/or print. Reports are displayed with either "**Printer**" or "**PDF**" icon.

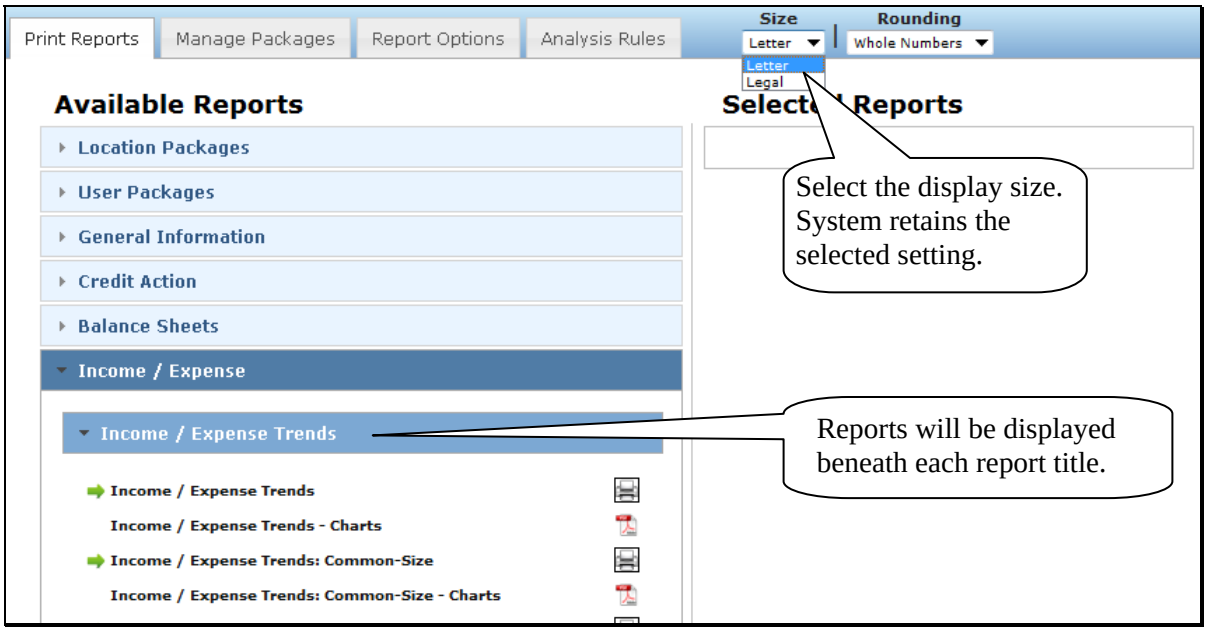


Figure 11k7, Available Reports Screen--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports (Continued)

Some reports listed on the Available Reports Screen are only available in PDF format. CLICK "**PDF**" icon to open a report in PDF.

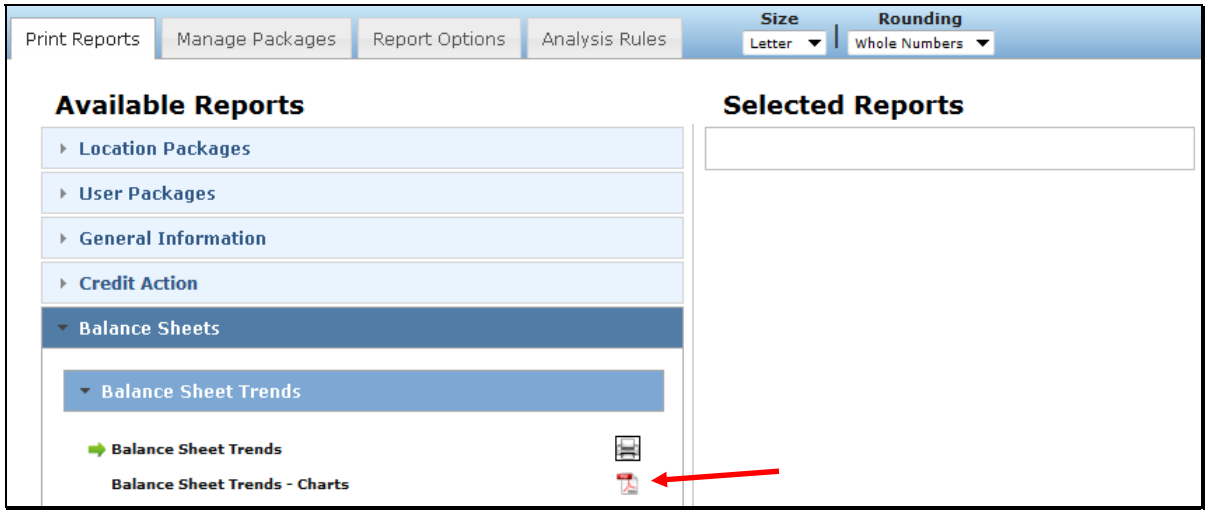


Figure 11k8, Select PDF

Depending on the browser, a "File Download" dialog box may be displayed that allows users to open, save, or cancel the download. CLICK "**Open**" to view and/or print the report or "**Save**" to rename the report and save to another location**.**

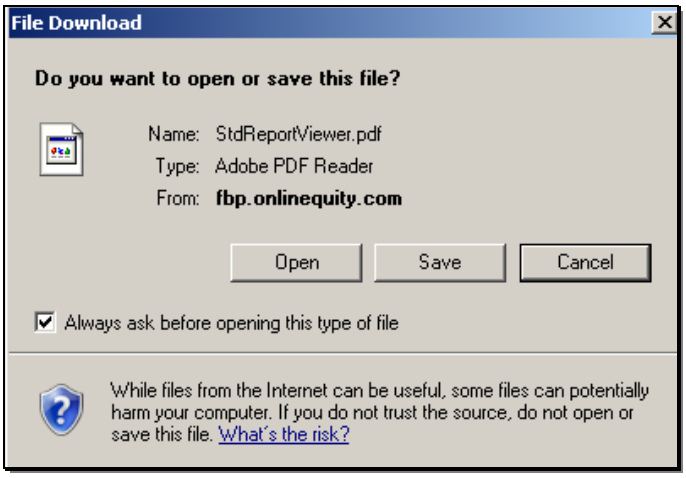


Figure 11k9, Open or Save Report--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports (Continued)

CLICK "**Printer**" icon to print the report.

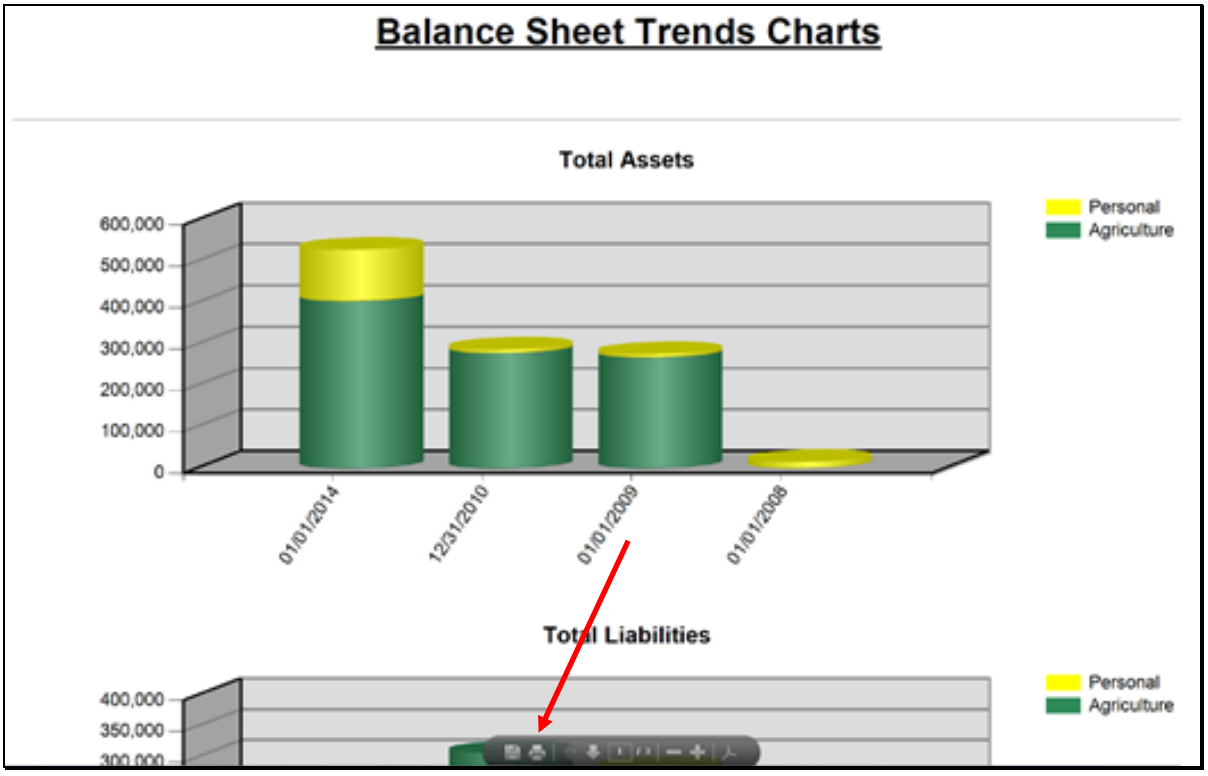


Figure 11k10, Print PDF Report--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports (Continued)

Other reports listed under the "**Available Reports**" column are available in multiple formats in ReportViewer. CLICK "**Printer**" icon to open a single report in ReportViewer.

Note: Do **not** click multiple times because this may open multiple windows and slow performance.

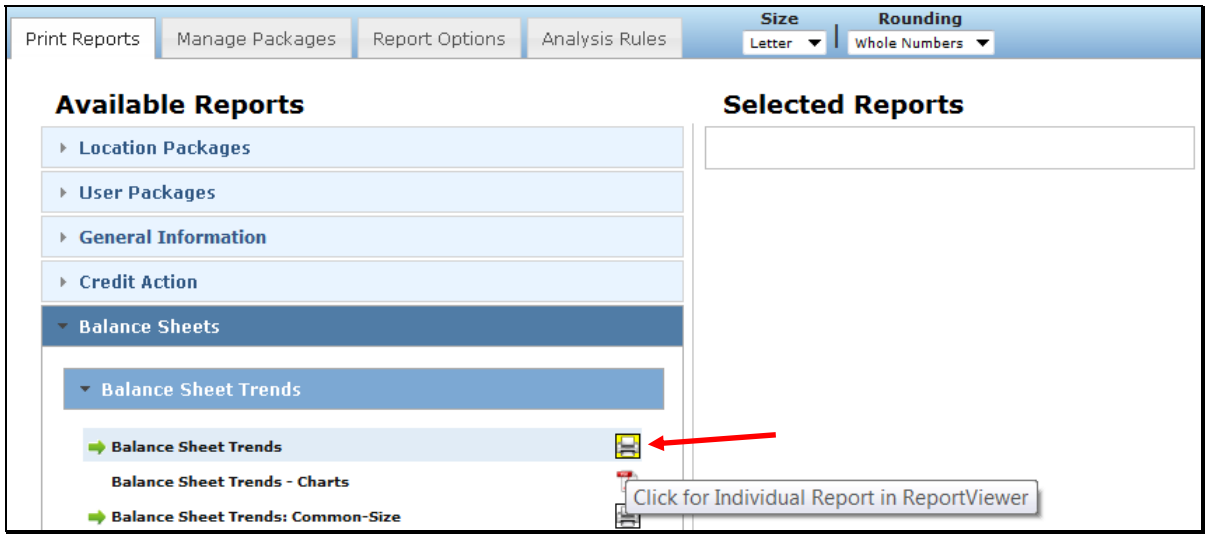


Figure 11k11, CLICK "Printer" Icon

CLICK "**Print Reports**" to open multiple reports or report packages in ReportViewer.

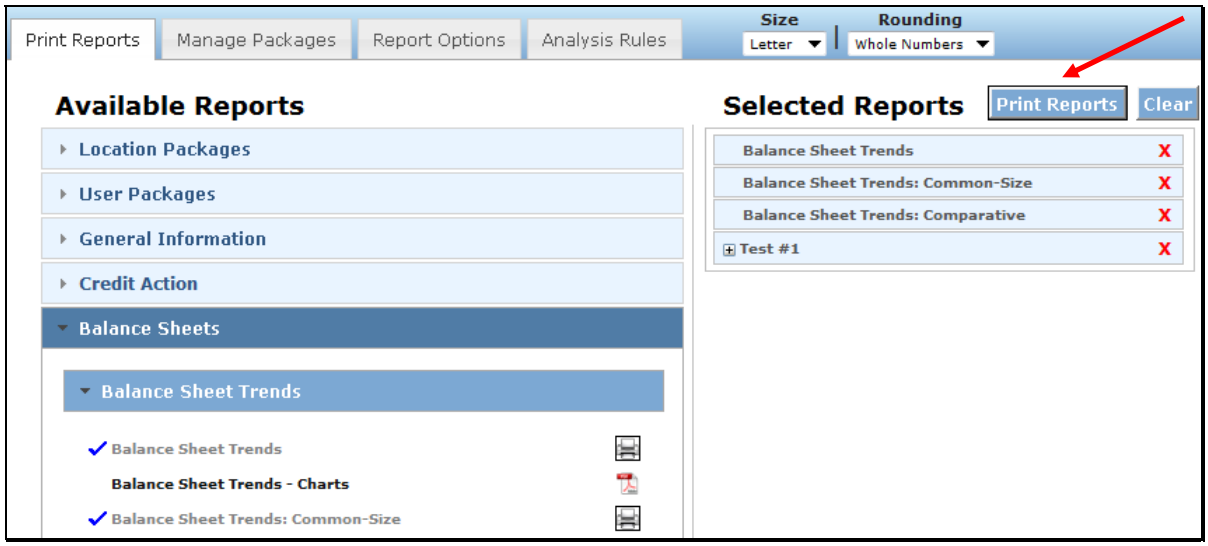


Figure 11k12, CLICK "Print Reports"--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports (Continued)

In ReportViewer, navigation and printing options are available from the Menu Bar. To:

- **export** in a different format, from the "**Export to the selected format**" drop-down menu, select a format for the report

  Note: To export the report in the displayed format, CLICK "**Export**" icon. After a format is selected, that format will remain as the system default until a different format is selected.

- update information on a report, CLICK "**Refresh**" icon

  Note: A report can be kept open, changes made to information on a document, and when users click "**Refresh**" icon, the report and the new changes will be displayed. "Refresh" does **not** work with **Report Packages**.

- print reports in PDF format, CLICK "**Printer**" icon

- hide document map, CLICK ""to hide left report column.

In the left hand column, titles of individual reports from **Report Packages** are listed. Click on the title to view the individual report.

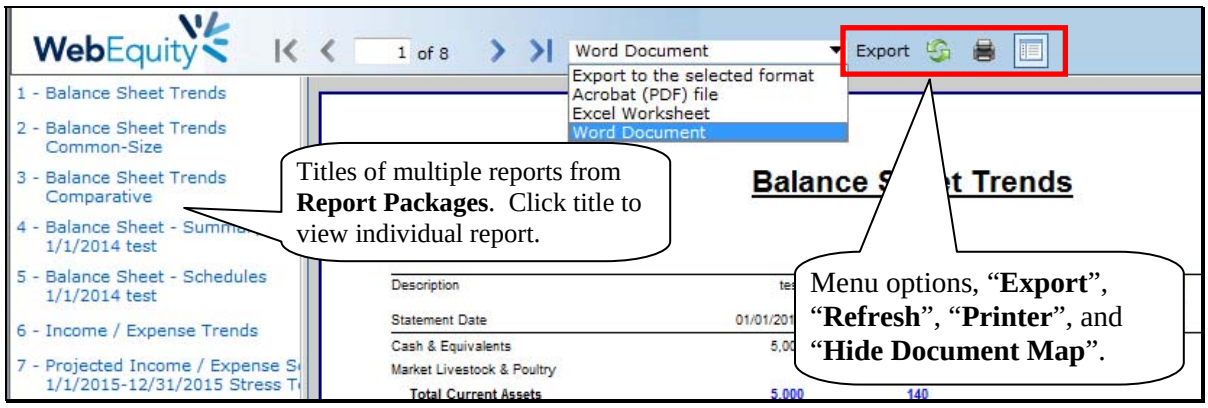


Figure 11k13, Select the Report Format--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports (Continued)

Depending on the version of user's browser, a "File Download" dialog box may be displayed that allows users to open, save, or cancel the download. CLICK "**Open**" to view and/or print the report, or CLICK "**Save**" to rename the report and save to a preferred location.

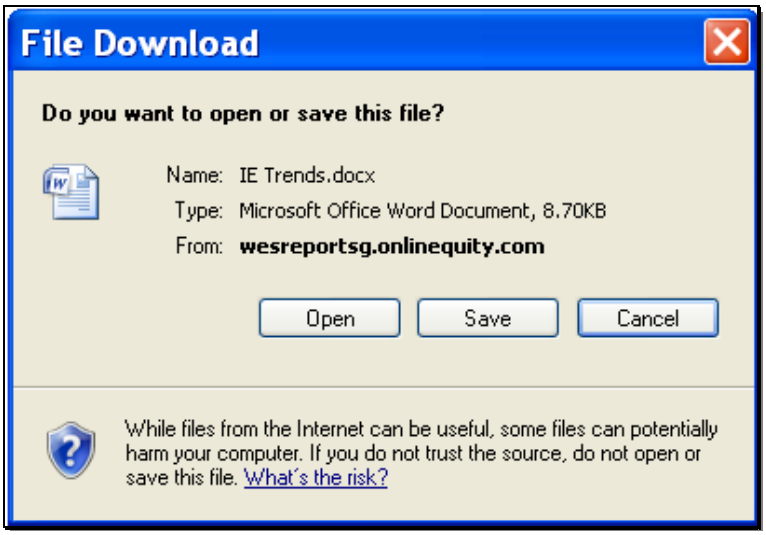


Figure 11l, Open or Save the Report--*

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

c Reports and Signature Requirements

The following table provides a list of forms or reports with signature, locking, and printing requirements.

Report or Form Name	Customer Signature Required 1/	FSA Signature Required 1/	Must be Locked	Report Must be Printed 2/
Balance Sheet Summary	Yes	No	Yes	Yes
Balance Sheet Schedules	No	No	N/A	Yes
Income & Expense Trends	Yes	No	N/A	Yes
Projected Income & Expense Schedules	No	No	N/A	Yes
Income & Expense Summaries	No	No	Yes	See Cash Flow Reports
Projected Annual Cash Flow	Optional	No	N/A	Optional
Monthly Cash Flow	Optional	No	N/A	Optional
Production Trends	No	No	N/A	Optional
Farm Assessment	Yes	Yes	Yes	Yes
Credit Presentations	No	Yes, eSigned.	Yes, see **Locking Credit Action Forms** (Section J 3).	Optional
Eligibility Only	No	Yes, eSigned.	Yes	Optional
DALR$ Input Report	No	Yes, eSigned.	Yes	Optional
Environmental Checklist (RD 1940-22)	No	Yes, eSigned.	Yes	Optional
Emergency Loan Calculations (FSA-2311A)	No	Yes, eSigned.	Yes	Optional
Security Agreement	Yes	No	No	Yes
Chattel Appraisal	No	Yes or notation made in the Credit Presentation. See **Credit Actions**, "Collateral" (Section J 7 b).	N/A	Optional

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

c Reports and Signature Requirements (Continued)

Report or Form Name	Customer Signature Required 1/	FSA Signature Required 1/	Must be Locked	Report Must be Printed 2/
Analysis Reports & Charts	No	No	N/A	Optional
Running Record	No	No	N/A	Optional, see **Running Record** (Section B 2).

1/ The term "Signature" includes "eSignature", if available.

2/ When the printing of certain credit actions and reports is optional, the electronic versions stored in FBP are considered to be the equivalent of a paper version for all purposes, including source documents for ADPS and DLS transactions.

Note: When a loan approval decision is made, the case file **must** contain the Assessment, Balance Sheet Summary, and Income & Expense Trends on which the decision was based. These 3 documents **must** be signed by the applicant.

d Reports Setup

There are many options to control the appearance of reports and what records are included in the generated analysis. Up to 6 balance sheets and 6 projections/actuals can be included in reports. Options selected will affect what balance sheets and projections/actual are available or "will be used" in credit actions. Changes to the report order can be made on either the Reports Setup or Balance Sheet Trends & Income/Expense Trends Manager Screens.

Reports should be set-up from left to right with the most current to least current information, respectively. At a minimum, the following will be included:

- income/expenses:
  - Column 1, current year's or After eDALR$ plan, if completed
  - Columns 2 through 4, preceding years using actual history, if available
  - Columns 5 and 6, may be used as needed

  Note: The loan official will select which years are most relevant to include in the average by checking the box above the year on either the Reports Setup or Income/Expense Trends Screen.

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

d Reports Setup (Continued)

- balance sheets:

  - Column 1, current or post-close/After eDALR$ plan, if completed
  - Columns 2 through 4, preceding years
  - Columns 5 and 6 may be used as needed.

The options displayed on the Reports Setup Screen and the "Print Manager", "Analysis Rules" tab will automatically default to the National Office recommendations. CLICK "**Value Farm Prod**" or "**Gross Revenues**" radio button for the values to be used in all ratios.

By selecting options from the "Balance Sheet Columns" section, users can establish 2 columns to show comparisons of 2 types of calculations. See **When Customer and FSA Balance Sheet Values/Amounts Differ** (Section D 6) for more information.

Notes: The "Agriculture" check (✓) boxes should **not** be changed.

Any changes made to either the Reports Setup Screen or the "Print Manager", "Analysis Rules" tab will automatically reflect on the other.

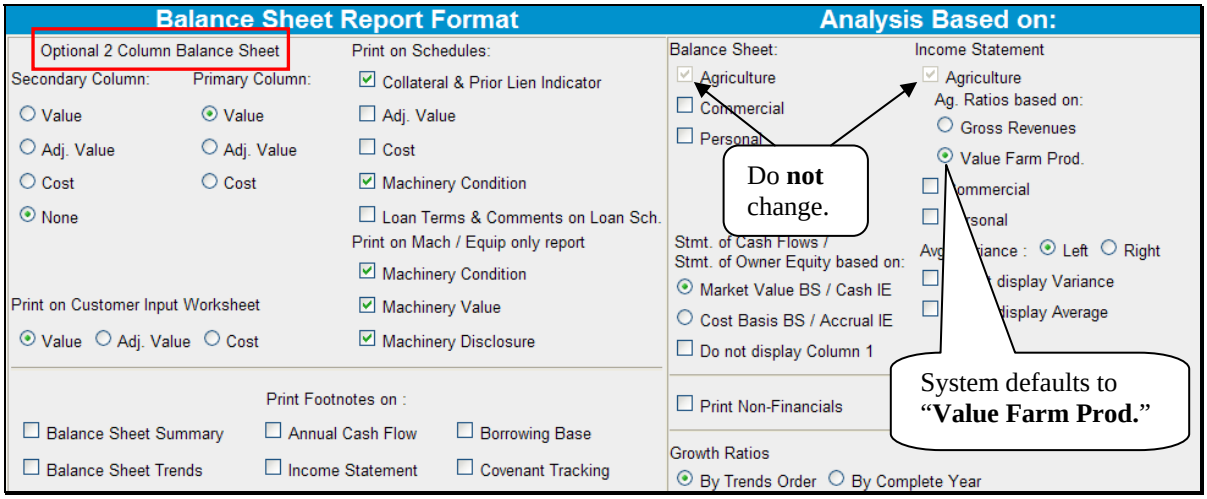


Figure 11m, Reports Setup Screen

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

d Reports Setup (Continued)

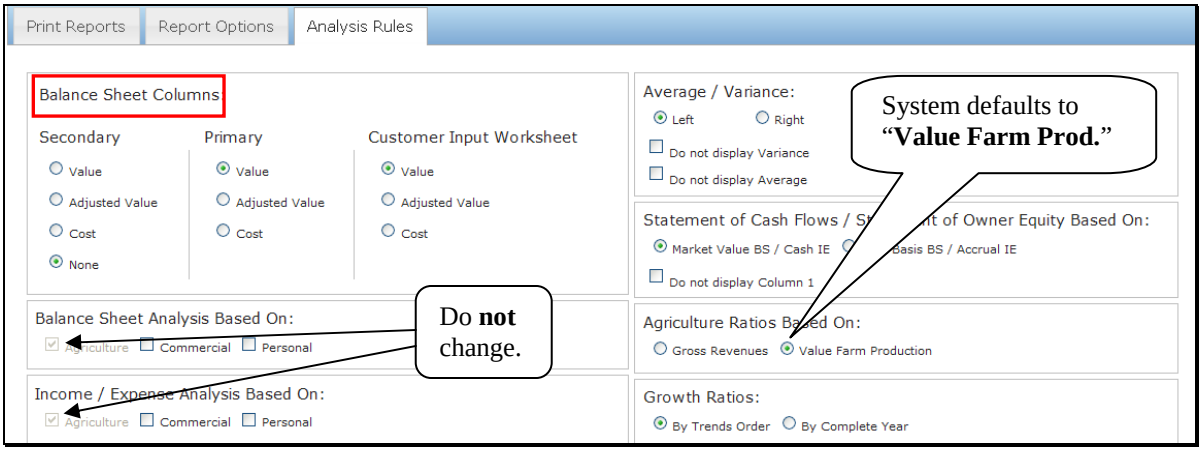


Figure 11n, "Print Manager", "Analysis Rules" Tab

Farm Business Plan - FSA User Guide (Continued)

B Electronic File Maintenance, Reports, and Signatures (Continued)

5 eSignature Policy

The electronic signatures ("eSigned") used for some documents complies 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 user eAuthentication passwords With anyone**. The eAuthentication user ID and password combination represents an eSignature, which is equivalent to a written signature. Sharing of the 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 **System Access and Security** (Section A 2) for more information on system access and security.

B Electronic File Maintenance, Reports, and Signatures (Continued)

6 Maintaining FBP Customer Records

a Moving FBP Customer Records to the Recycle Bin

When a customer record no longer has a credit relationship with FSA, the record should be removed from the Locator Screen. **Before** removing the customer from the Locator Screen, change the information in the Credit Relationship Status field on the General Information Screen. Remove customer records as follows:

- access the General Information Screen in the customer record:
  - remove all information from the "Credit Relationship Status" field
  - enter an account description and date, such as "Paid in Full, XX/XX/XXXX", "Application Rejected, XX/XX/XXXX"
- from the Locator Screen:
  - select the record to be moved to the recycle bin by checking (✓) the box in front of the name

    Note: Individual or multiple records may be moved at 1 time.

  - ***--**CLICK "**Send To**" located above the list of names**--***
  - verify the radio button for "Recycle Bin" is clicked
  - CLICK "**Send**".

Note: Do **not** click the "Archive" radio button.

b Moving FBP Duplicate Customer Records to the Recycle Bin

Duplicate customer records shall not reside in the FBP active database. These records will be labeled "Duplicate File, XX/XX/XXXX" in the "Credit Relationship Status" field on the General Information Screen. Remove the account from the Locator Screen according to **Moving FBP Customer Accounts to the Recycle Bin** (Section B 6 a).

C General Information

General Information includes basic information about the customer, borrower training, employment, associated persons or entities, and farm assessment details.

The following information is populated from SCIMS:

- entity type
- name, address, city, State, ZIP+4
- tax ID
- e-mail, phone number, FAX, and 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.

Enter the following on the General Information Screen. There are 4 **required** fields that must be completed before exiting the General Information Screen.

Field	Notes
Credit Relationship Status	Each State may provide guidance on using the field. Entries may be text or numerical, but will **not** contain "SS#" or "TaxID#". When a customer no longer has a credit relationship with FSA, the field will be completed according to **Maintaining FBP Customer Records** (Section B 6).
Type of Operation – Primary	**Required**. Select the customer's predominant agricultural enterprise by either: • clicking "**Select**" and choosing from the list in the pop-up menu • entering the 6-digit NAICS code manually. Access the NAICS website at **http://www.census.gov/eos/www/naics**/.
County	Optional. Enter the customer's county of residence.
Borrower Type	**Required**. Use the radio buttons to select "Direct", "Guaranteed", or "Both" to designate the customer's FLP assistance.
Year Started Farming	**Required**. Use the drop-down menu to indicate the year the customer started farming.
FBP Account Type	**Required**. Click the link to select 1 of the following FBP account types. • "Active Account" will be selected for the majority of customers. ***--Note:** Select "Active Account" for all Youth Loans.--** • "Credit Rpt. /Elig. Only Act" is only selected for new customers when ordering a Credit Report or when completing a "D-Loan/Eligibility Only" credit action. If BS or IE information is subsequently added, the "FBP Account Type" will automatically change to "Active Account". **Note:** Do **not** select the "Credit Rpt. /Elig. Only Act" account type if BS or IE information has already been added to the customer's account. • "Special Classification Act" is only selected for flagged customers where no new or updated financial information has been added to FBP since conversion in 2004. • "Guaranteed Loan Import" is used to identify files imported from guaranteed lenders. • "Producer Import" is used to identify files imported from producers.
D&B D-U-N-S# / Experian File #	Optional.

Farm Business Plan - FSA User Guide (Continued)

C General Information (Continued)

1 Borrower Training

When a new Credit Presentation is prepared for existing customers, the date borrower training is to be or was completed or waived should be entered and/or updated. For new customers, enter the applicable dates when known.

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.

2 Related Entities

All related entities associated with the customer should be added to FBP, and include spouses, co-applicants, co-owners of the business, co-signors, and any other entities of which the customer is a member or owner. To add related entities, CLICK "**Related Entities**" link.

Note: All persons or entity members must be active in SCIMS **before** being entered as a related entity.

3 Employment Information

To add employment information for the primary customer and each related entity member, CLICK "**Employment**" link. Employment information should be added or updated whenever a Credit Presentation is prepared.

Note: Employment information added for entity members will **not** be displayed on the General Information Screen; however, it will display in the "Employment Information" Section of any Credit Presentation that is prepared.

4 Lender Information

a Lender Staff

Each customer should have 1 or more FSA loan officials 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 FSA loan official who services the account, which is *****--FLM, SFLO, or FLO. There is **no** limit to number of lenders identified with each account.--*****

- **For new customers**. The user adding a new customer will automatically be displayed as the lender staff. To change the lender staff, on the General Information Screen, CLICK "**Lender Staff**" and "**Add New**".

- **For existing customers**. Customers with data converted from FHP to FBP will **not** have an 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 Information Screen. To designate, CLICK "**Lender Staff**" and "**Add New**".

Farm Business Plan - FSA User Guide (Continued)

C General Information (Continued)

4 Lender Information (Continued)

b Location/Department

The "Location/Department" on the General Information Screen is the Service Center where the customer currently receives FLP services.

- When a new customer is added, the "Location/Department" defaults to the Service Center location of the user adding the customer. If the location is **not** correct, it should be changed. CLICK "**Location/Department**" link and selecting the correct Service Center from the drop-down menu.

- "Restricted Loans" location, visible only to administrative users, is reserved for employee relationship and sensitive accounts. After an account has its location designated as "restricted loans," only FLC, FBP Coordinator, and employees specifically designated by the FBP Coordinator as the customer's "Lender Staff" can access the account.

c Special Handling of Employee Relationship Records

Any existing or new customer defined according to 3-PM, paragraph 141, as an FSA employee, or related to or closely associated with an FSA employee, will have their location/department designated as "restricted loans".

For new customers, the *** * *** Service Center **must** immediately notify the FBP Coordinator after receiving an application and provide the applicant's tax ID. Unless otherwise determined by *** * *** FLC, the FBP Coordinator will:

- create the customer record
- designate the customer's "Location/Department" as "Restricted Loans"
- add the necessary FLP employees to the customer's lender staff *** * ***
- notify the designated Service Center when the record is created and restricted.

For existing customers, the FBP Coordinator will place FSA employee or employee ***--**relationship records into the restricted loan area. In addition, the lender staff designated**--*** by SED or DD to service this record will be associated by the FBP Coordinator as the customers' "Lender Staff".

Farm Business Plan - FSA User Guide (Continued)

C General Information (Continued)

5 Farm Assessment Information

Initial farm assessments and updates must always be entered on the General Information Screen. Use the WordPad below each topic of the assessment to enter the information and make changes.

--**Text font size should not exceed 10 pt, to ensure that the assessment will print properly.**--

Farm assessments do **not** document loan feasibility. The farm assessment is intended to summarize and describe the operational business, resources, and assets of the business, and not to duplicate those areas addressed in the Credit Presentation.

a New Customers

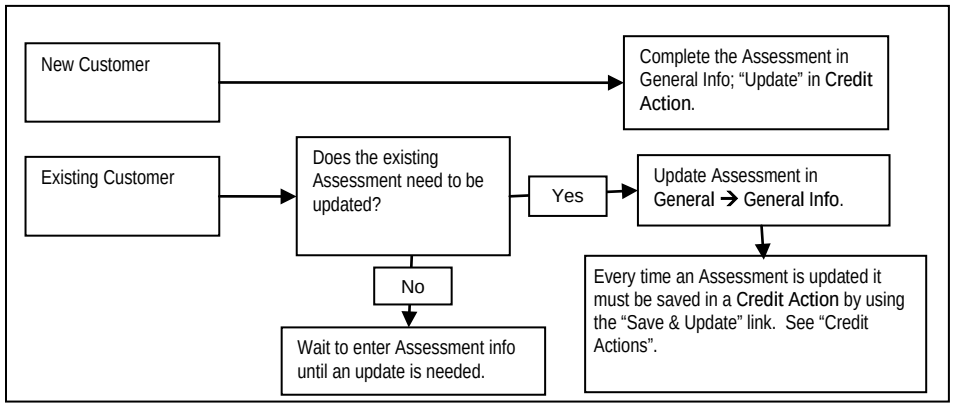
See 1-FLP, paragraph 222 for instructions on the documentation required for an initial assessment. Enter the information in the WordPad below each topic of the Farm Assessment Narrative on the General Information Screen.

b Assessment Review and Updates

See 1-FLP, paragraph 223 for instructions on the documentation required for updates to the assessment. Enter the information in the WordPad below each topic of the Farm Assessment Narrative on the General Information Screen.

Note: Farm assessments, if completed or updated, will be printed, signed, and dated by the customer to acknowledge participating in completing the document.

See **Credit Actions** (Section J) for information on printing, locking, and associating a farm assessment update with a "Credit Presentation". The following is an example of a farm assessment workflow.



Note: Assessment must be "Save & Updated" in a Credit Action for the date to transfer to the Customer Profile Screen in DLS. A credit action need only be created; the Credit Presentation does not have to be approved.

Farm Business Plan - FSA User Guide (Continued)

C General Information (Continued)

5 Farm Assessment Information (Continued)

c Copying Data Into WordPad

See **Copying Data Into WordPad** (Section J 3 b) for instructions on copying Word or Excel information into the Assessment WordPad.

6 Change General Information Model

***--**On the General Information Screen, when updating the assessment information, always ensure that the most current General Information model is displayed.

New customers added to FBP will automatically have the most current General Information model displayed. Existing customers will need to have the General Information model changed, if a red alert is displayed in the upper-left corner of the General Information Screen stating, "**Default Model changed**".

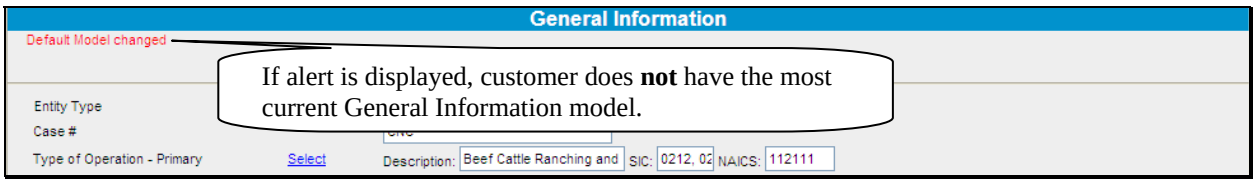


Figure 12a, Alert Message "Default Model changed"--*

Farm Business Plan - FSA User Guide (Continued)

C General Information (Continued)

6 Change General Information Model (Continued)

Change the General Information model on existing customers as follows:

- select the customer account record
- CLICK "**General**"
- CLICK "**Related Entities**" from drop-down menu
- from fly–out menu, CLICK "**Add/Modify/Delete**"

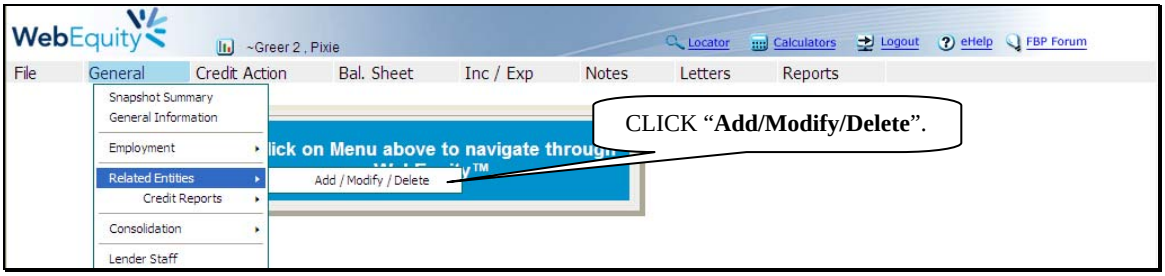


Figure 13a

- CLICK "**General Information**" for the applicable customer's name

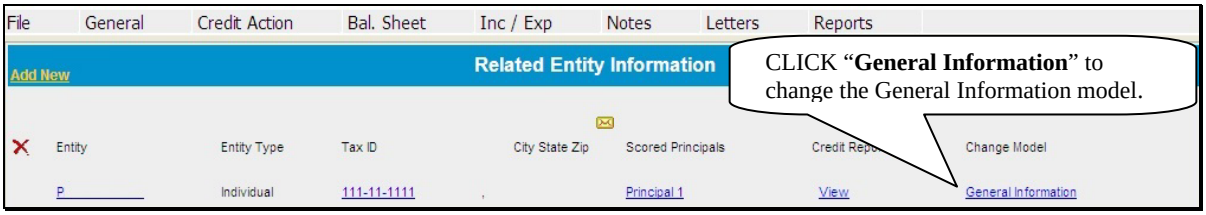


Figure 13b

- the "Change General Information Model" box will be displayed
- use the drop-down arrow and select "**General Information**"
- CLICK "**Change**"

C General Information (Continued)

6 Change General Information Model (Continued)

- the New General Information model will be displayed.

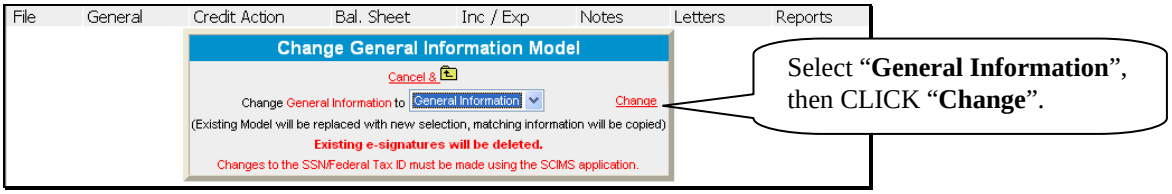


Figure 13c

D Balance Sheet

A balance sheet is a financial statement that reflects the values of an individual or entities assets, liabilities and capital at a specific point in time. Balance sheets can be created for a current date, future date, or even a previous date, if necessary, to reconstruct a customer's historical financial position. Obtaining balance sheets at the end of each business year is preferable, if possible.

There is no limit to the number of balance sheets that can be created or maintained in FBP.

Note: The balance sheet summary **must be** printed and signed by the customer for all loanmaking and servicing actions.

1 Types of Balance Sheets

A meaningful description, such as "FYE 12/31/10" or "After eDALR$ 2011", should be used when a balance sheet is created. The description becomes especially important in years where multiple balance sheets are created and will appear on all reports.

Type of Balance Sheet	Additional Details
Current	A balance sheet prepared as of the current date. It is generally a snap-shot of the customer's assets and debts as of a certain date, assuming no credit action will take place.
Post-Close	A balance sheet prepared assuming that the planned loanmaking or loan servicing action has just taken place. **Note:** The credit action does **not** have to be closed before a post-close balance sheet is created to classify the account. A post-close balance sheet must be completed for the following credit actions: • D-Loan Making (for term loans only) • D-Loan Regular Servicing • D-Loan Special Servicing •*****--Microloan (for term loans only).--*****
Pro-Forma	A balance sheet prepared assuming that the projected income/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.

D Balance Sheet (Continued)

2 Adding New Balance Sheets

***--**To add a new balance sheet, CLICK "**Bal. Sheet**" on the toolbar. A balance sheet may be added using either the "Trends Manager" or "Add Balance Sheet" option selected from the drop-down menu.

Option 1: CLICK "**Trends Manager**" to access the Balance Sheet & Income/Expense Trends Manager Screen. "Trends Manager" may also be accessed through the Dashboard Navigation Screen.

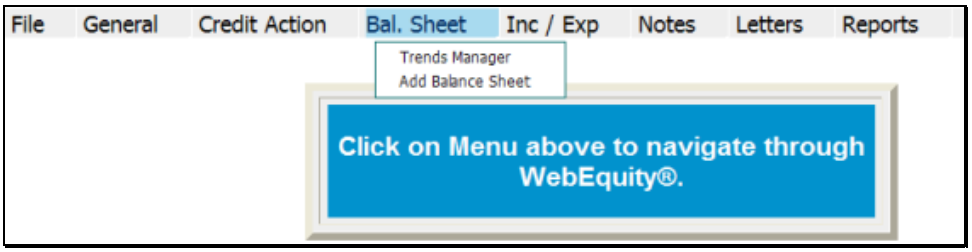


Figure 14a, Balance Sheet Trends Manager Using the Toolbar

To add a new balance sheet report, in a column CLICK "**Create New**" link in an empty cell. Any changes made to the selection and the order of the reports will be reflected on the Reports Setup Screen. To create a report that would be available to add to the Reports Setup Screen at a later date, click the link found under the "Balance Sheet" tab.

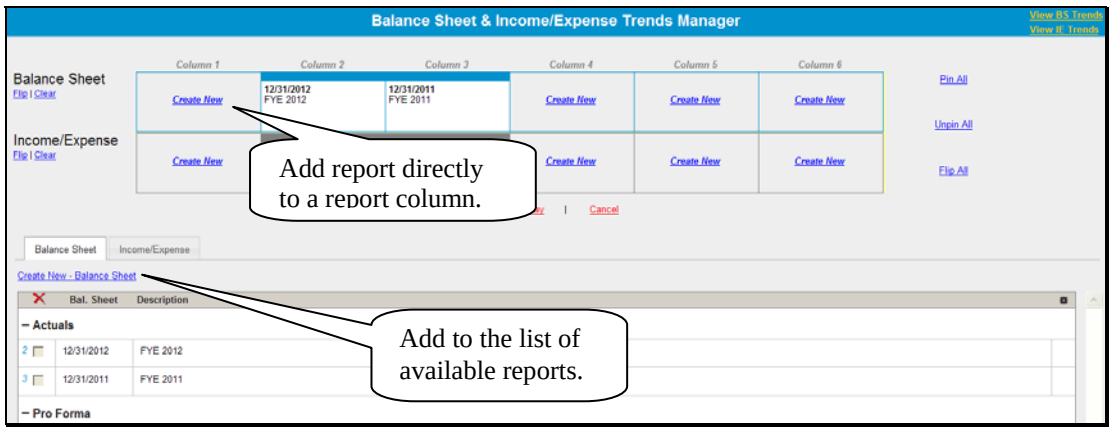


Figure 14b, Balance Sheet & Income/Expense Trends Manager--*

D Balance Sheet (Continued)

2 Adding New Balance Sheets (Continued)

***--**On the "Balance Sheet Setup" dialog box, complete the required information and CLICK "**Save**" to add the report to the Balance Sheet & Income/Expense Trends Manager Screen.

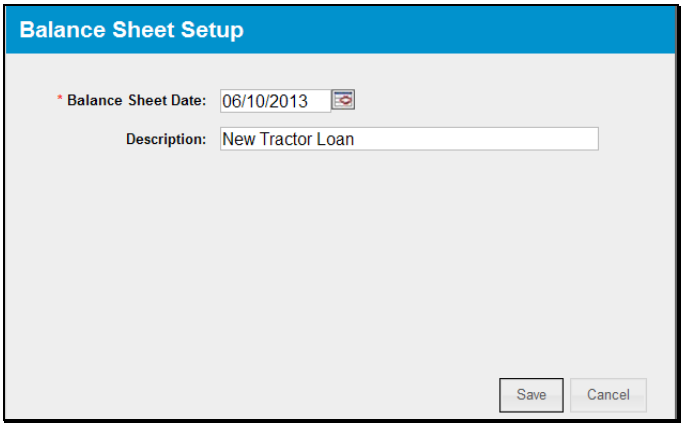


Figure 14c--*

D Balance Sheet (Continued)

2 Adding New Balance Sheets (Continued)

***--**Additional features that are available on the Balance Sheet & Income/Expense Trends Manager Screen include the following.

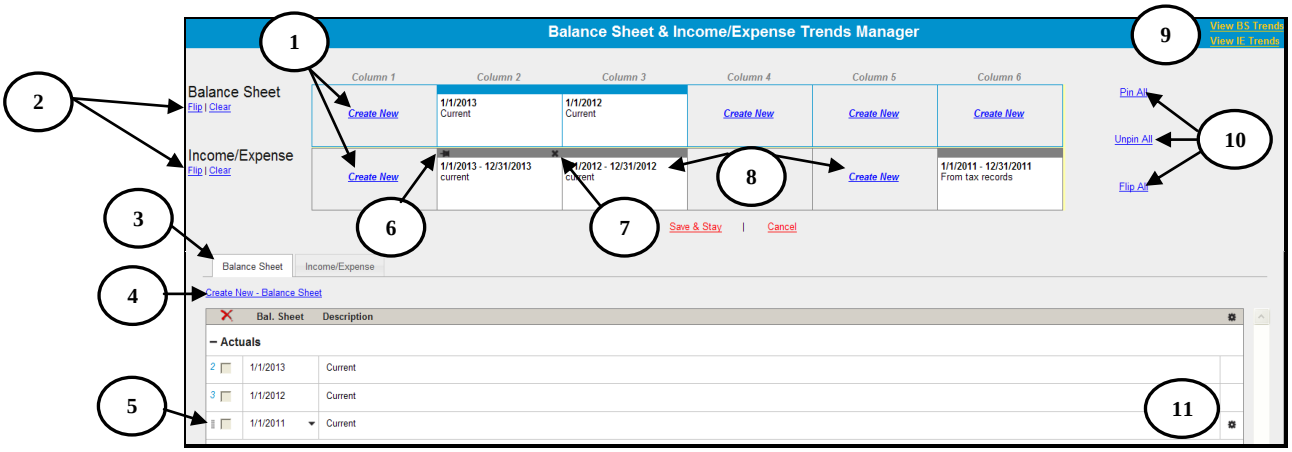


Figure 14d

Item	Feature
1	CLICK "**Create New**" to add a new balance sheet or income/expense.
2	CLICK "**Flip**" or "**Clear**" link to flip or clear all balance sheets or income/expenses separately.
3	CLICK "**Balance Sheet**" or "**Income/Expense**" tab to display list of available balance sheet or income/expenses.
4	CLICK "**Create New - Balance Sheet**" or "**Create New - Income/Expense**" link, as applicable, to add a new balance sheet or income/expense to the available list.
5	Click and hold " " (double-bar) to select a balance sheet or income/expense from the available list and drag and drop it into a column to add to the Reports Setup Screen.
6	CLICK "**Pin**" icon to pin a single balance sheet to the income/expense underneath. Displays when hovering over a single balance sheet or income/expense.
7	CLICK "**X**" to delete a balance sheet or income/expense individually. Displays when hovering over a single balance sheet or income/expense.
8	Click and hold any column, pinned or unpinned, and drag and drop the content from 1 column to another column.
9	CLICK "**View BS Trends**" or "**View IE Trends**" link to go to the balance sheet or income/expense trends.
10	CLICK: • "**Pin All**" to attach all balance sheets to the income/expense underneath • "**Unpin All**" to detach all balance sheets from the income/expense underneath • "**Flip All**" to flip all balance sheets and income/expenses at the same time.
11	To edit rows of balance sheets or income/expenses, CLICK " " (sprocket) to duplicate, lock, or move; use drop-down menus; or type directly into description fields.

--*

D Balance Sheet (Continued)

2 Adding New Balance Sheets (Continued)

***--Option 2:** CLICK "**Add Balance Sheet**". If the customer has existing balance sheets, CLICK "**Add/Modify/Delete**" from the fly-out window. "**Add/Modify/Delete**" may also be accessed through the Dashboard Navigation Screen.

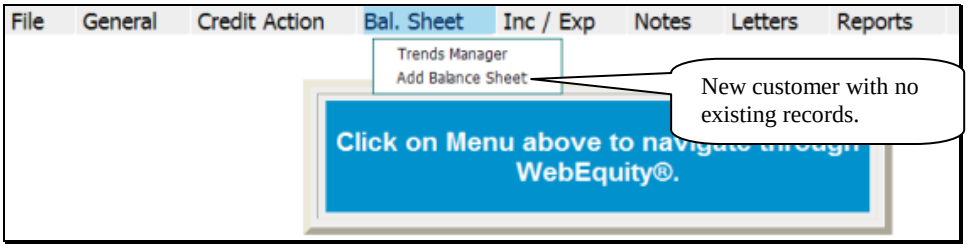


Figure 14e, Customer With No Existing Records

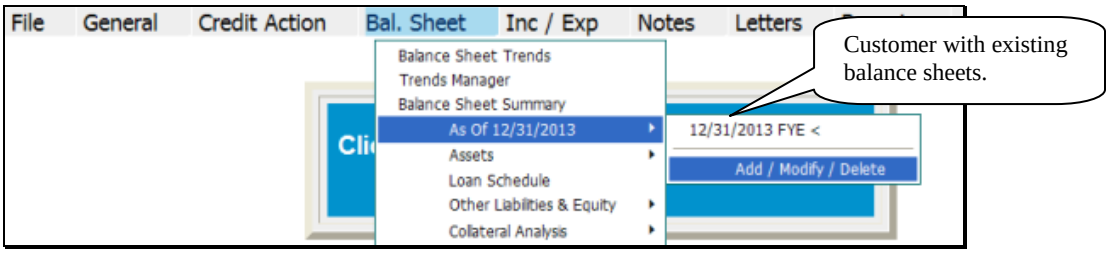


Figure 14f, Customer With Existing Records

Complete the following fields on the Balance Sheet Screen:

- "Bal. Sht. Date", manually enter the date or click the calendar button
- "Description", enter a meaningful description of the record.

  Note: The "Description" field will be displayed on all printed reports and becomes especially important in years where multiple balance sheets are created.

- CLICK "**Add**" to display this entry in the list of balance sheet summaries.

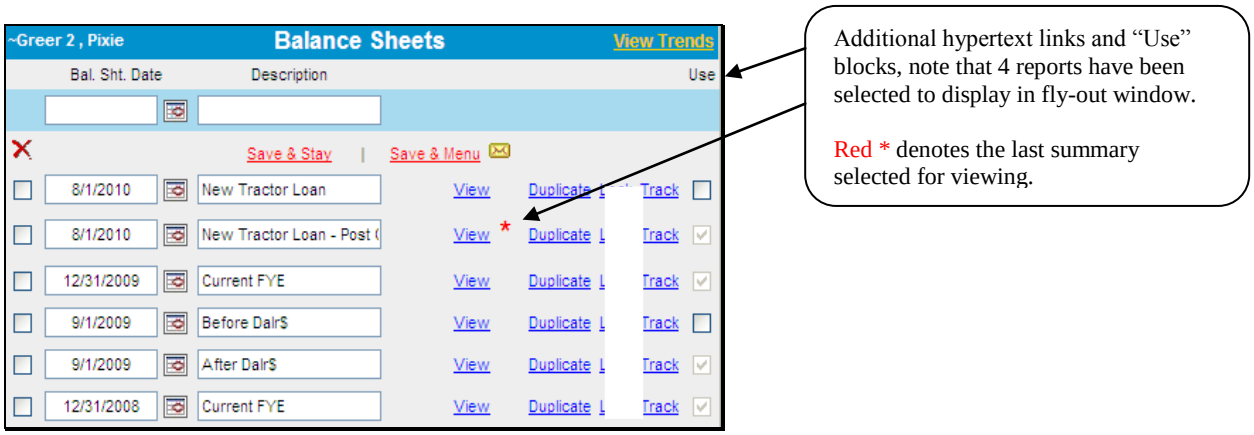


Figure 14g--*

D Balance Sheet (Continued)

3 Additional Links on the Balance Sheets Screen

In addition to the list of balance sheet summaries displayed on the screen, users will see additional features and hypertext links on the right side of the screen, as follows:

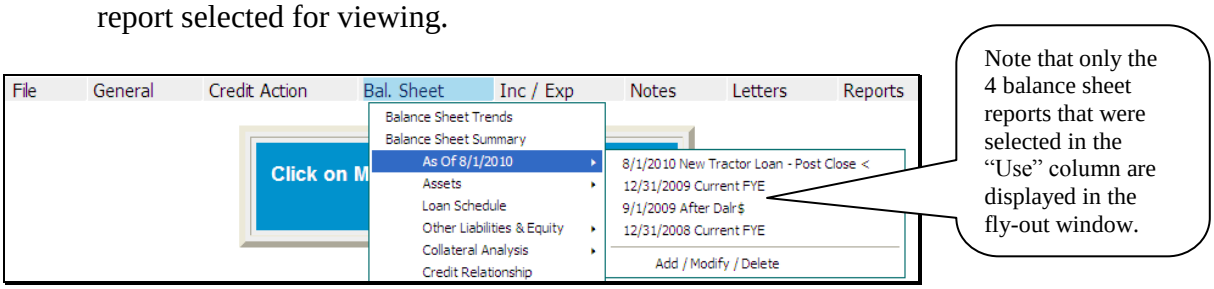


--Figure 14h--

- CLICK "**View**", for quick access to the Balance Sheet Trends Screen

- CLICK "**Use**" blocks, to select which reports to display in the fly-out window or for use in the "Reports Setup"

  Note: If box is grayed out, the report is currently in use in "Reports Setup", or was the last report selected for viewing.



--Figure 14i--

- CLICK "**View**", to display the Balance Sheet Summary Screen

- CLICK "**Duplicate Link**", to duplicate a specific report. The duplicate report will be listed on the screen immediately below the original

- CLICK "**Lock**" to lock the selected balance sheet.

D Balance Sheet (Continued)

4 Balance Sheet Summary - Entering Data

Using this option allows the user to select and display a single balance sheet on the screen.

- CLICK "**Bal. Sheet**" on the toolbar and select a summary description from the fly-out window. A balance sheet summary may also be accessed by clicking "Add/Modify/Delete" or through the Dashboard Navigation Screen.

***--**

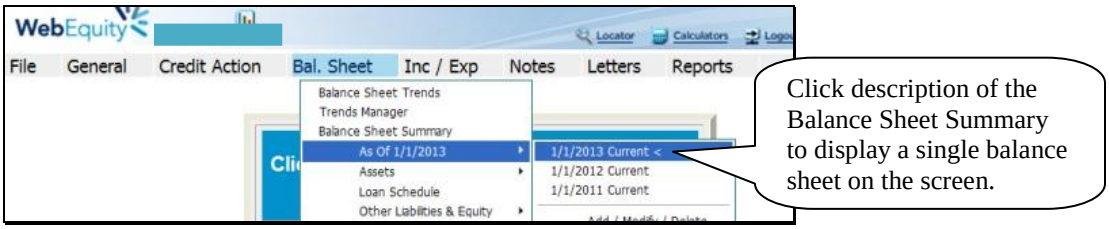


Figure 15a, Balance Sheet Summary Using the Toolbar

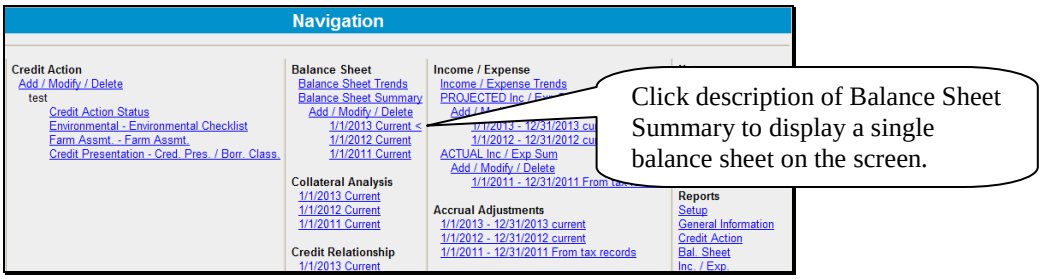


Figure 15b, Dashboard Navigation Screen--*

Financial data can be entered as a summary dollar value or on schedules where the calculated value transfers to the Balance Sheet Summary. Sometimes a mix of summary and scheduled input is appropriate.

- To input data at the summary level, click in the applicable numeric input field and enter the total value amount.

- CLICK "**Save & Stay**" to save data; **or** navigate away from the screen by use of the toolbar menu or any hyperlink and data is automatically saved.

- CLICK "**Cancel**" and the data will not be saved and the page will refresh with the original data.

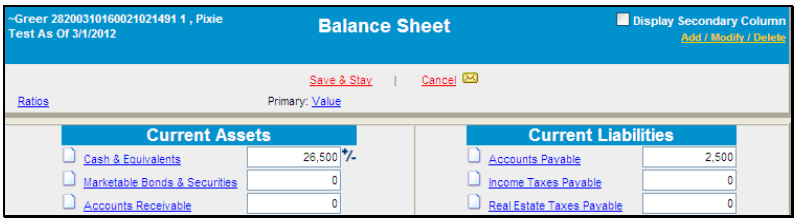


Figure 15c, Financial Data Input at the Summary Level

D Balance Sheet (Continued)

4 Balance Sheet Summary - Entering Data (Continued)

An option available in summary level entry is "Math in a Cell". Enter math formulas including addition, subtraction, multiplication, division calculations, and parenthesis, in user-defined cells to perform math calculations.

- To enter a math formula, click in the cell and begin entering the values. Some basic formula examples: 10+2=12, 10-2=8, 10*2=20, 10/2=5, (10+2)/2=6

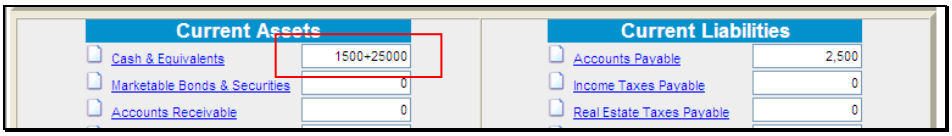


Figure 15d, Enter a Math Formula

- To view a math formula, place the cursor over the plus/minus (+/-) symbol next to a cell that contains a math formula. Any new formula entered in a cell will overwrite the original calculation. Calculations are stored when screens are saved.

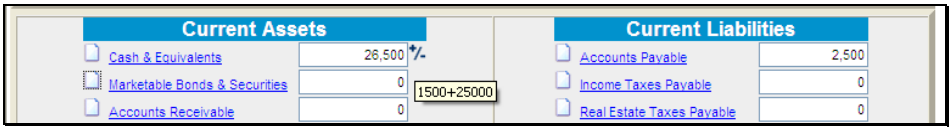


Figure 15e, View a Math Formula

- To edit a math formula, click the plus/minus **(+/-)** symbol next to a cell that contains a math formula. In the **Edit Formula** dialog box that is displayed, type any changes and CLICK "**Save**".

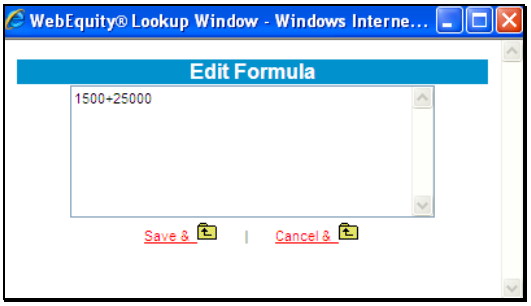


Figure 15f, Edit Formula Window

D Balance Sheet (Continued)

4 Balance Sheet Summary - Entering Data (Continued)

To add information at the schedule level, click the hypertext link for the desired balance sheet item (example: Cash & Equivalents). On the Schedule Screen, enter applicable information and CLICK "Add".

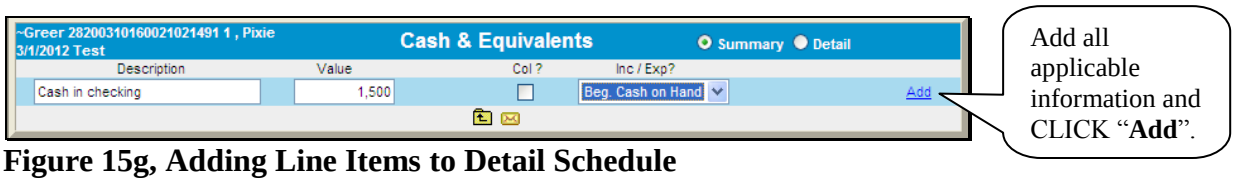


Figure 15g, Adding Line Items to Detail Schedule

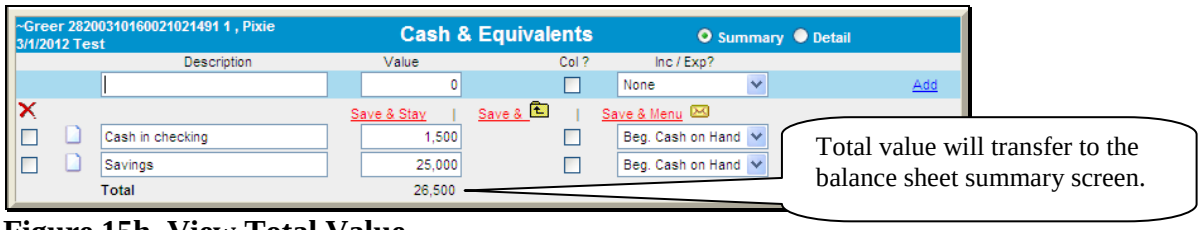


Figure 15h, View Total Value

- When the value displayed on the Summary Screen is populated from a schedule, the numeric input field will no longer be available at the summary level. Any changes to the value **must** be made on the Schedule Screen.



Figure 15i, Financial Data Input at the Detail Schedule Level

Note: When editing information in the schedule, if **all** line items are deleted, the value will **not** automatically be deleted from the Summary Screen. Access the Summary Screen to delete the value amount from the field.

5 Balance Sheet Trends - Entering Data

***--**Using this option allows multiple balance sheets to be displayed and accessed. CLICK "**Bal. Sheet**" on the toolbar and CLICK "**Balance Sheet Trends**" from the drop-down menu. Balance Sheet Trends may also be accessed through the Dashboard Navigation System.

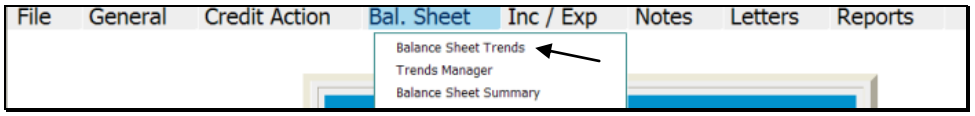


Figure 16a, Balance Sheet Trends Using the Toolbar--*

D Balance Sheet (Continued)

5 Balance Sheet Trends - Entering Data (Continued)

***--**Trends may also be accessed through the Dashboard Navigation Screen.

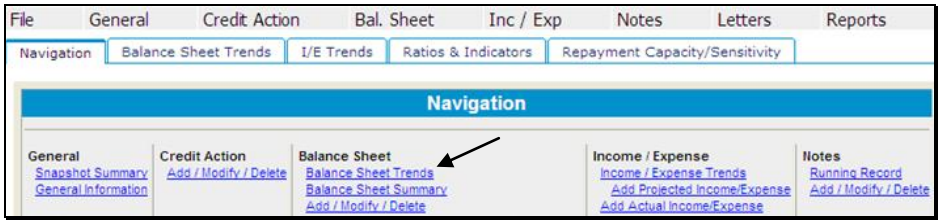


Figure 16b, **Dashboard Navigation Screen**

Financial data can be entered as a summary dollar value or on schedules where the calculated total value transfers to the Balance Sheet Summary. Sometimes a mix of summary and scheduled input is appropriate. Features that are available on the Balance Sheet Trends screen include the following.

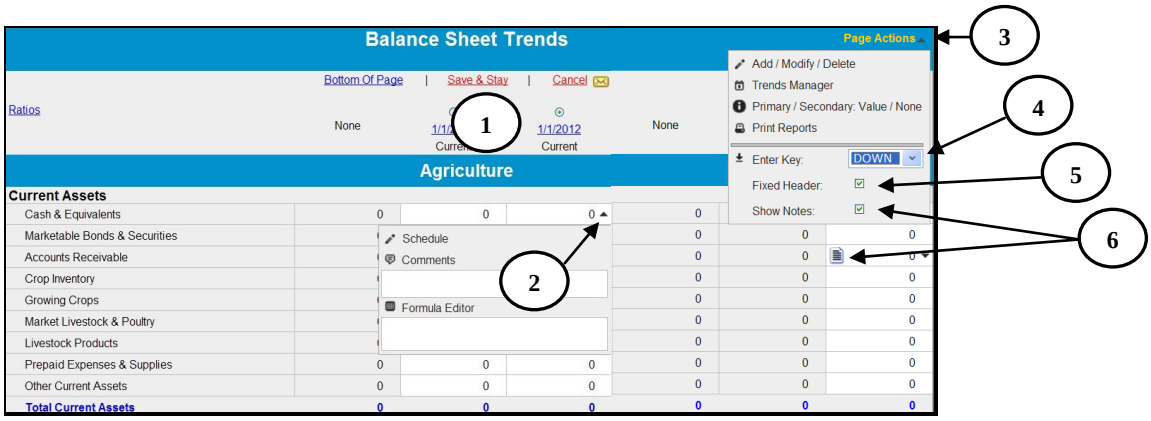


Figure 16c

Item	Feature
1	CLICK "**Date**" link to go directly into the individual year balance sheet.
2	Use cell drop-down menus to access additional features for an individual cell to enter: • schedule level detail • or edit comments • or edit formulas (formulas can also be entered directly into the cell).
3	Use "Page Actions" drop-down menu to access additional features, as follow: • Add/Modify/Delete Screen • Trends Manager • Primary & Secondary settings (Value/Adj. Value/Cost) • Print Reports.
4	CLICK "**Enter Key**" drop-down menu to select cursor movement direction when users press "Enter".
5	CHECK (✓) "**Fixed Header**" to "freeze" column headings while scrolling up and down pages.
6	The triangular marker indicates that notes, schedules, or formulas exist for a cell. CHECK (✓) "**Show Notes**" to display a "Page" icon, instead of the triangle, when notes exist.

--*

D Balance Sheet (Continued)

5 Balance Sheet Trends - Entering Data (Continued)

***--**Before adding documentation to the footnotes, ensure that the correct balance sheet is selected by clicking the applicable tab at the bottom of the screen.

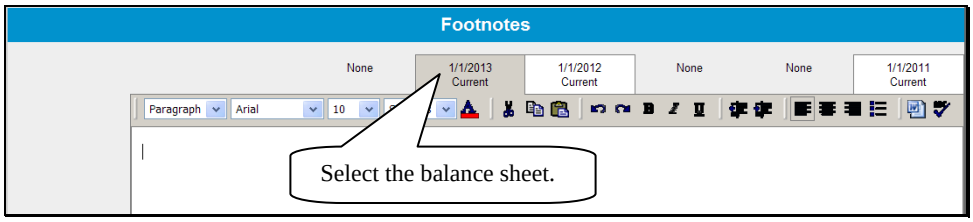


Figure 16d

Notes: When editing information in the schedule, if **all** line items are deleted the value will not automatically be deleted from the Summary Screen. Access the Summary Screen to delete the value amount from the field.

For more complex operations requiring multiple schedule entries, it is recommended that users select the single "Balance Sheet Summary" option when entering the initial data. This will increase performance speed. See **Balance Sheet Summary – Adding Data** (Section D 4).**--***

6 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 different ways in FBP.

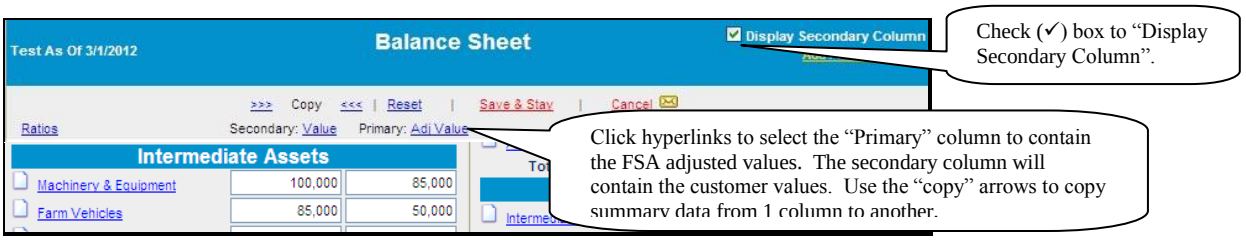
Method	Additional Details
Revised Balance Sheet	Revise the balance sheet the customer submitted, using FSA values.
Dual Value Balance Sheet	This option will allow dual values to be entered on one Balance Sheet summary; the customer's values and FSA adjusted values. FSA adjusted values will be entered into the primary column and the customer's values into the secondary column. The value and adjusted values can be entered as a summary value or on schedules.

D Balance Sheet (Continued)

6 When Customer and FSA Balance Sheet Values/Amounts Differ (Continued)

Create a Dual Value Balance Sheet, as follows:

- on the Balance Sheet Summary, CHECK (✓) "**Display Secondary Column**" in the upper-right corner of the screen
- CLICK "**Adj Value**" for the "Primary" column and use this column for FSA adjusted values
- CLICK "**Value**" for the "Secondary" column and use this column for customers' values
- "Copy" arrows may be used to copy summary information from 1 column to another



***--Figure 16e, Dual Value Balance Sheet Summary**

- changes in the type of value and order of the columns on the Balance Sheet Summary will be reflected in the "Reports Setup" and on the Analysis Rules Screen.

Note: When using a dual value Balance Sheet for any loan making or servicing decision, the "Adjusted Values" option must be selected in the "Primary" column. This will ensure--* that the correct values are transferred to the Credit Presentation, collateral analysis, and chattel appraisal.

* * *

7 Locking Balance Sheets

Balance sheets should be locked after completion to prevent further modification of the data. To lock the balance sheet, CLICK "**Add/Modify/Delete**". The lock link can be found to the right of the list of balance sheets.

D Balance Sheet (Continued)

8 Assets

The asset accounts used on the balance sheet are 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 at the summary or schedule level.

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.
***--**



Figure 16f--*

All assets used to secure FSA loans should be entered on detailed schedules and the "Col?" box must be checked (✓) to ensure that the asset descriptions and values are available for use in the collateral analysis, chattel appraisal, and security agreement.

Note: Breeding livestock must be categorized as either "Raised" or "Purchased". FBP makes this distinction for accrual analysis; changes in raised breeding livestock will affect accrual-adjusted income, while purchased livestock will not.

a Relationship of Asset Values for Chattel Appraisals/Collateral Analysis

The asset values entered into the balance sheet also populate the chattel appraisal and collateral analysis. See **When Customer and FSA Balance Sheet Values/Amounts Differ** ***--**(Section D 6) for information about how to enter dual values.**--***

9 Liabilities

All liabilities are categorized as either "Farm" or "Personal".

a 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.

D Balance Sheet (Continued)

9 Liabilities (Continued)

b Farm Liabilities

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.

c Personal Liabilities

Personal loans and debts should always be entered on the balance sheet in the "Personal" *****--section. Payments for "Personal Current and Non-Current Liabilities" should be included in "Owner Withdrawals". Use the drop-down menu to have the total payments automatically flow over to "Owner Withdrawals" on the income/expense record.



Figure 16g--*

Caution: Do **not** include:

- personal debt payments in the loan schedules, as that will distort the capacity analysis and feasibility determination
- FSA debt under the "Personal Debts" Section.

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

10 Additional Information about Liabilities

Type of Liability	Includes	Additional Details
Farm Business or Ag Liabilities		
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.	

Farm Business Plan - FSA User Guide (Continued)

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

Type of Liability	Includes	Additional Details
Farm Business or Ag Liabilities (Continued)		
		Note: It is recommended that the "Edit Mode" on the Loan Schedule be unchecked.
FSA Direct Loans	Principal and accrued interest, including the principal portion of Disaster Set-Aside, also called ISA	• Use of the loan schedule detail input option is recommended. • 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 menu: • Limited Resource loans should be designated as "Variable" • "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 menu. • CLICK "**Pmt. Method**". • "Purpose of Loan" may be completed including relevant information, i.e. purchase tractor, refinance, chattel loan, reamortized, rescheduled, deferred, etc. • "To Credit Relationship" is checked by default for FSA loans. • Enter as much other additional information as necessary. • For past due loan payments, see "All Loans".

Farm Business Plan - FSA User Guide (Continued)

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

Type of Liability	Includes	Additional Details
Farm Business or Ag Liabilities (Continued)		
FSA Direct Loans (Continued)	RCI not already rolled into FSA loan balances.	• Using the loan schedule detail input option is recommended. • "Loan Type" should be "Cur". • "Interest Rate" drop-down menu: • "Limited Resource" loans should be designated as "Variable" • "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 menu. • "Pmt. Method" should be "Non Rev". • The payment amount should include the entire principal and interest balance, as RCI is immediately due. • "Purpose of Loan" may be used to indicate that it is RCI, for example, "41-99 RCI". • "To Credit Relationship" is checked by default for FSA loans. • Enter as much other additional information as necessary.

Farm Business Plan - FSA User Guide (Continued)

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

Type of Liability	Includes	Additional Details
Farm Business or Ag Liabilities (Continued)		
FSA Direct Loans (Continued)	FSA deferred interest, noncap interest, deferred noncap interest, interest on ISA.	• Using the loan schedule detail input option is recommended. • 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 zero percent. • Interest Rate designation is "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 "send to I/E" box. • "To Credit Relationship" 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 Liabilities		
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. •*****--Select the option to have the total payments appear in "Owner Withdrawals" on the income/expense record.--*****

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

a Example of Loan With Disaster Set-Aside

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

		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	

*--

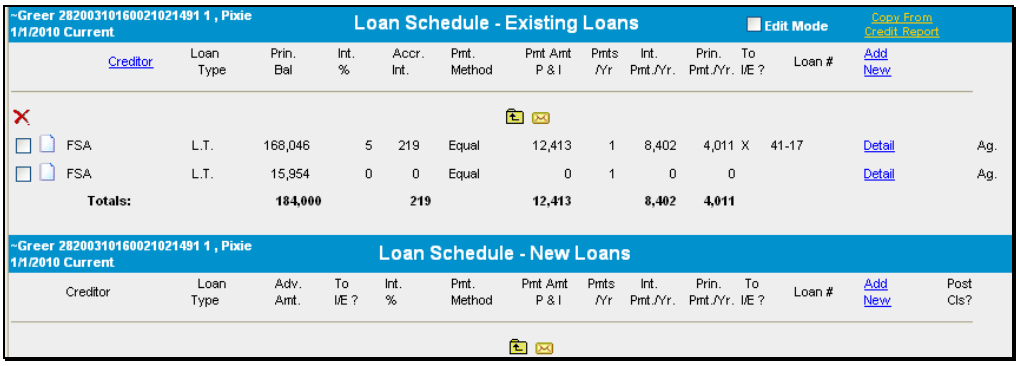


Figure 17, How FSA Loan With DSA Will Appear in FBP

11 Copying Liabilities from the Credit Report (Optional Feature)

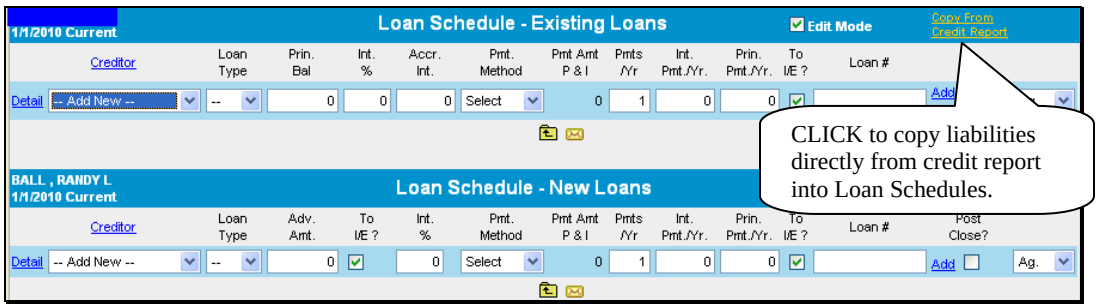


Figure 18 --*

Liabilities from the Credit Report may be copied directly into the loan schedules by clicking "Copy from Credit Report". This option is only available with new Credit Reports (less than 60 calendar days old).

Caution: All debts including personal will be copied to the loan schedules. Personal debts would than need to be deleted and added to the "Personal" Section of the balance sheet.

Farm Business Plan - FSA User Guide (Continued)

D Balance Sheet (Continued)

12 Reports

--**The following reports are available for viewing/printing: CLICK "**Reports**" on the toolbar and select a report description from the fly-out window.**--

- Balance Sheet Trends:
  - Trends: Common Size
  - Trends: Comparative
- Balance Sheet Summary:
  - Schedules
  - Machinery & Equipment Only
  - Collateral Only
- Balance Sheet - Value Only:
  - Schedules - Value Only
- Collateral Analysis
- Chattel Appraisal
- Earned Equipment Statement:
  - Earned Equity Reconciliation
- Analysis reports about capital:
  - Ratios & Indicators
  - Statement of Owner Equity.

Farm Business Plan - FSA User Guide (Continued)

E Refinancing and Restructuring

Refinancing and restructuring requires the special handling of debts within the balance sheet loan schedule.

1 Refinancing

Cash flow plans and balance sheets sometimes must reflect proposed refinance scenarios. The following are 2 options of showing a refinance within FBP:

- the current balance sheet method
- the balance sheet accounting method.

The choice of either option depends upon the needs of the plan.

In both of the following examples, assume the following debts are going to be refinanced by a term FSA loan of $143,000:

- Imperial Bank crop loan of $18,000 with $1,000 of accrued interest
- Ford Credit term loan of $41,000 with $600 of accrued interest
- JD Credit term loan of $80,000 with $1,400 of accrued interest
- Repair Bill of $1,000.

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

a Example 1, Current Balance Sheet Method

The current balance sheet method:

- does not show the refinancing sources and uses of funds in the cash flow
- requires the user to document the sources and uses of funds in the Credit Presentation
- requires an "as is" and "post-close" balance sheet
- cannot be used if using an accrual-adjusted projected income/expense statement
- is the least complicated.

Step 1. Create the existing "as is" balance sheet loan schedule without the new loan. It is helpful when creating the balance sheet to include a meaningful description such as *--"1/1/2010 – Before". Do **not** attach this "as is" balance sheet as the beginning balance sheet for the projection. This balance sheet is for informational purposes only and will be the balance sheet that the customer signs.

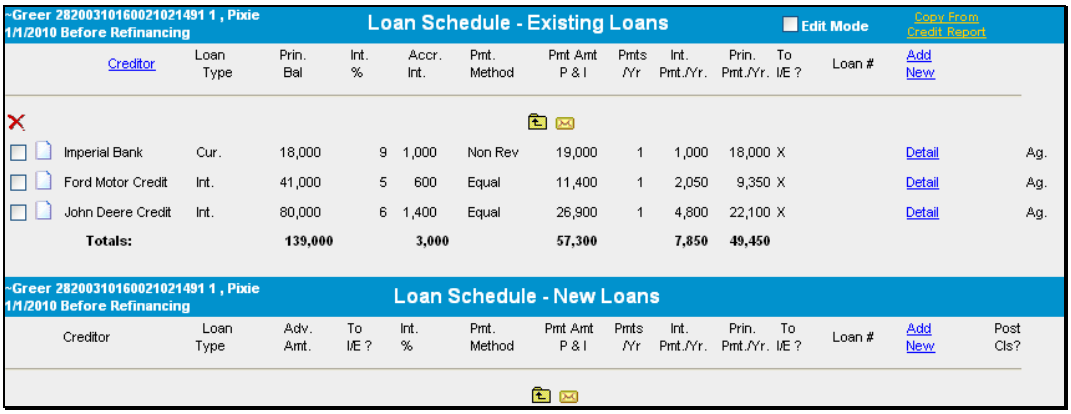
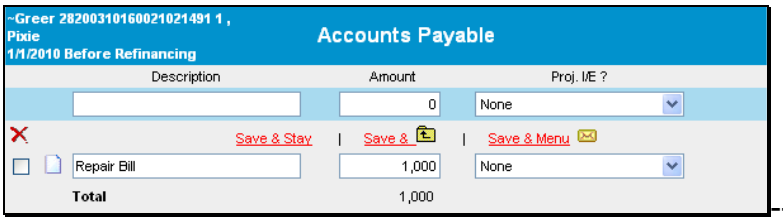


Figure 19, "As Is" Balance Sheet Loan Schedule

CLICK "**Bal. Sheet**", "**Other Liabilities**", and "**Accounts Payable**" and ENTER "**Repair Bill**" and "**1,000**" and leave the drop-down menu set to "**None**".



--*

Figure 20, Accounts Payable Schedule

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

a Example 1, Current Balance Sheet Method (Continued)

Step 2. Duplicate the balance sheet and create a "post close" balance sheet. Attach this balance sheet to the projection. On this duplicated balance sheet, make the following changes to make it appear as if the refinance transaction has taken place.

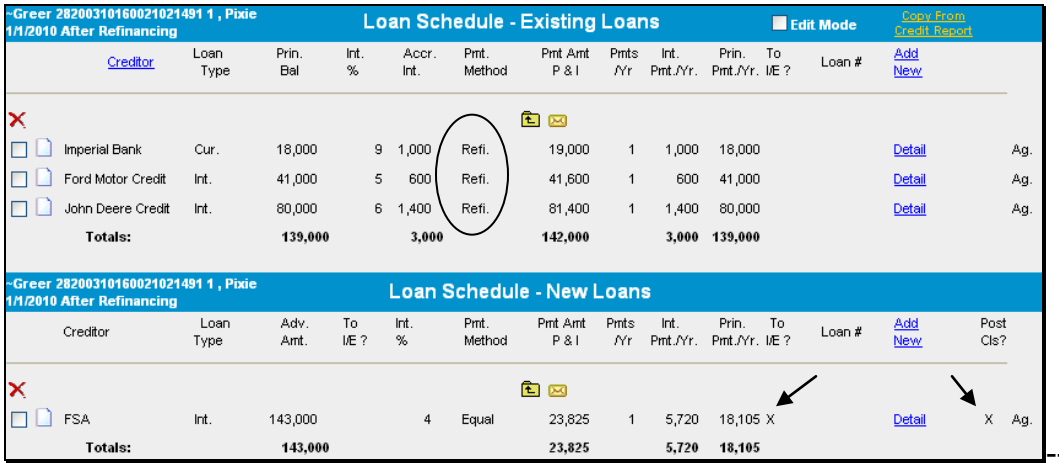
On the loan schedule:

- for existing loans being refinanced:
  - change "Pmt. Method" to "Refi."

    Note: The "Refi" payment method removes the loan from the balance sheet.
  - **uncheck** "To I/E" so that the P&I payments do **not** appear on the projection.
- for new loans:
  - **uncheck** the advance amount "To I/E" so that the advance does **not** appear on the projection

    Note: However, keep the second payment "To I/E" checked so that the new loan payment will appear on the projection.
  - **check** (✓) "Post Close?" so that the loan now appears on this balance sheet.
- CLICK "**Bal. Sheet**", "**Other Liabilities**", and "**Accounts Payable**" to delete the repair bill.

*--



--*

Figure 21, "Post Close" Balance Sheet Loan Schedule

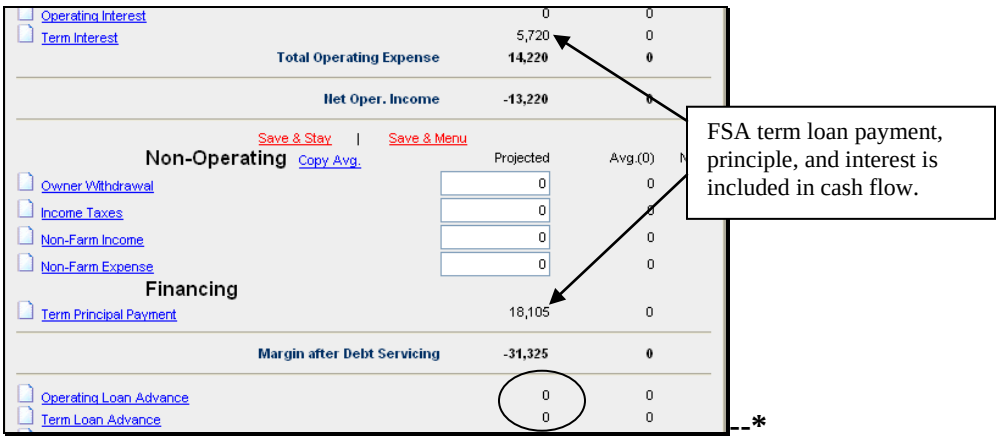
E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

a Example 1, Current Balance Sheet Method (Continued)

Step 3. Verify that the new FSA term loan payment is included in the cash flow. Note; however, that the sources and uses of funds of the refinancing are **not** included in the cash flow.

*--



--*

Figure 22, Verify Projection

Step 4. CLICK "**Credit Action**", [***name***], and "**Credit Presentation**" to complete the "Credit Relationship" Section with the sources and uses of funds. Note that when the loan was added to the loan schedules using the "Detail" mode, the loan purposes could also be entered.

*--

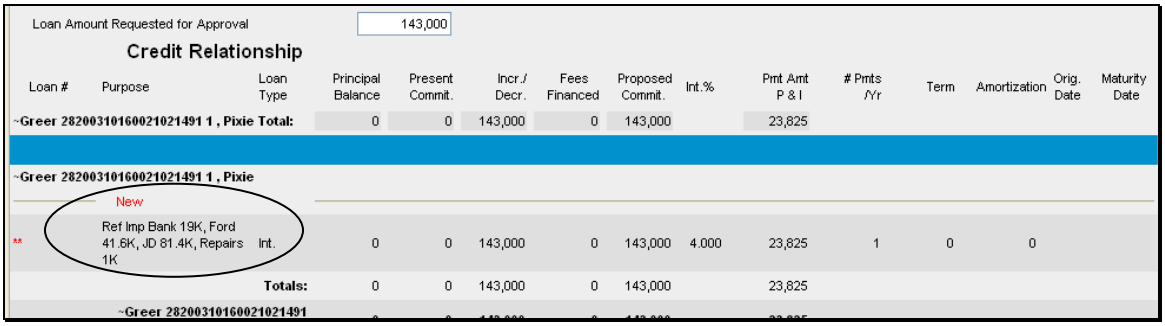
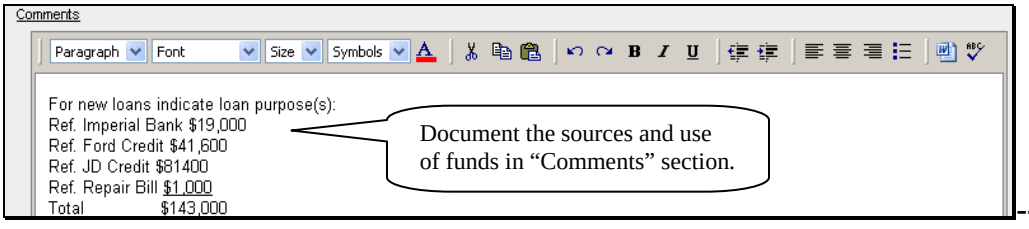


Figure 23a, Complete Credit Relationship Section



--*

Figure 23b

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method

The balance sheet accounting method has the following features:

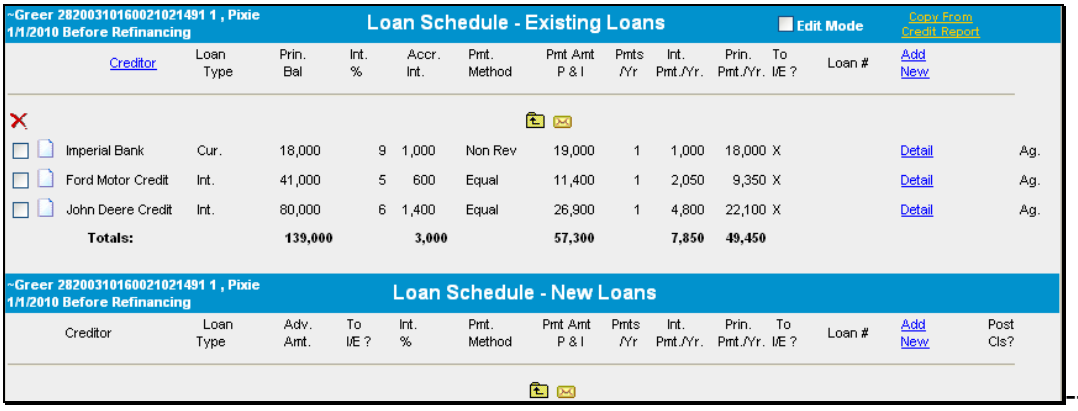
- shows all refinancing sources and uses of funds in the cash flow

  Note: All cash flow transactions are included in the projection in the appropriate categories for proper accounting when using accrual analysis and when comparing projections to actual income tax records.

- requires that the user document the sources and uses of funds in the Credit Presentation
- an “as is” and a quasi “post-close” balance sheet must be prepared
- creates a “current” projection, and also requires a “typical” year projection if accrual adjustments aren’t being made to the current year projection to substantiate feasibility
- is required to complete an accrual-adjusted projected income/expense statement
- the “old money” and “new money” portions of the new loan must be treated differently.

Note: The balance sheet accounting method is more complicated.

Step 1. Create the existing “as is” balance sheet loan schedule, before any new loans. It is helpful, when creating the balance sheet, to include a meaningful description such as *--”1/1/2010 – Before Refi.” Note that the existing loans will appear on the balance sheet. At this point, do **not** enter the new FSA loan in the loan schedule. This balance sheet is for informational purposes only and will be the balance sheet that the customer signs.



--*

Figure 24, Entering “As Is” Loan Schedules

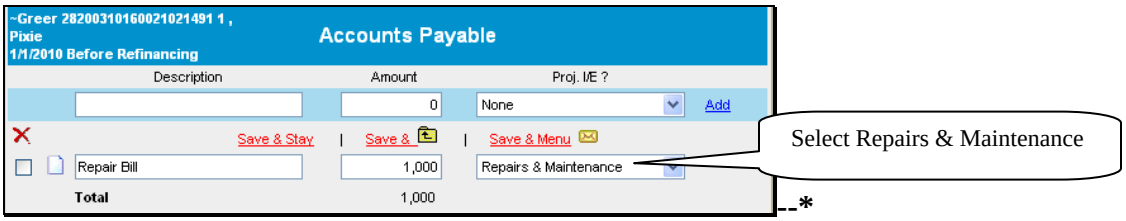
E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

Also, ENTER "**1,000**" for "Repair Bill" by clicking "**Bal. Sheet**", "**Other Liabilities**", and "**Accounts Payable**" and use the drop-down menu to send the payable to projected I/E as "**Repairs & Maintenance**".

***--**



--*

Figure 25, Entering "As Is" Accounts Payable

Step 2. Duplicate the balance sheet and create a quasi "post close" balance sheet by clicking "**Bal. Sheet**", "**As of [*date*]**", and "**Add/Modify/Delete**", then CLICK "**Duplicate**". It is helpful, when duplicating the balance sheet, to rename with a meaningful description such as ***--**"1/1/2010 – After Refi".**--***

Step 3. Create the refinance scenario in the quasi post close balance sheet loan schedules. For loans that are going to be refinanced, change "Pmt. Method" to "Refi." The "Refi" function removes these loans from the balance sheet.

Also, include the new term loan advance. To correctly indicate the sources and uses of funds, the new $143,000 term loan must be divided into 2 loans, even though it will be closed as 1 loan.

Note: Add the 2 parts of the loan together when completing the note.

- A term loan of $142,000, which includes refinancing all of the "old money," or refinancing of old loans. Check (✓) "Post Close". The loan will now appear on the balance sheet.

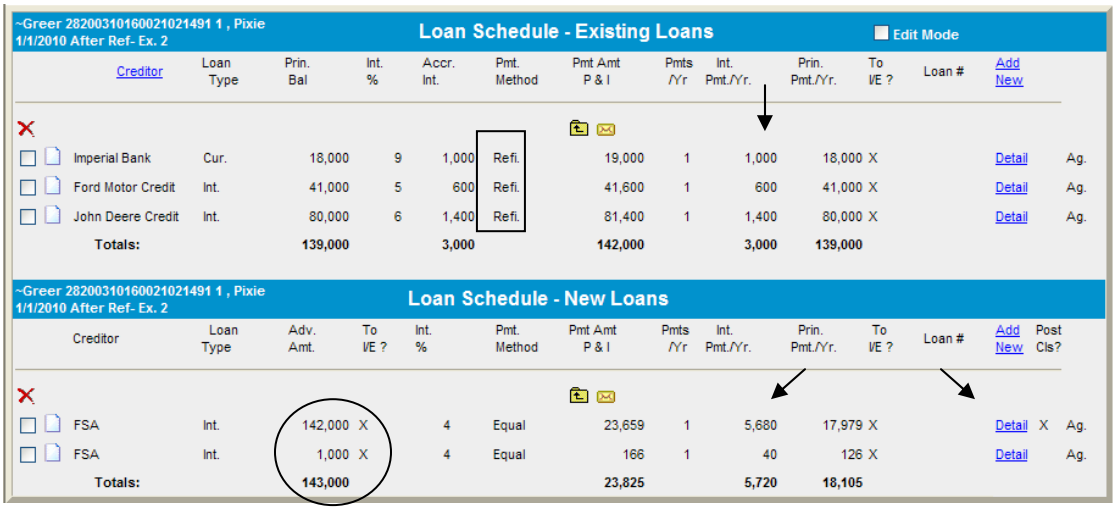
- A term loan of $1,000, which includes "new money" to pay off the accounts payable repair bill. Do **not** check "Post Close" to ensure that the loan does **not** appear on the balance sheet. The accounts payable must continue to appear on the balance sheet so that the accrual adjustments can be calculated. Note that the $1,000 portion of the loan being used to refinance the payable should **not** appear on the balance sheet because it would double-count the liability.

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

*--



--*

Figure 26, Creating Refi Scenario With Quasi-Post Close Balance Sheet

Step 4. Create the income/expense projection, ensuring that the beginning balance sheet is the after refi or quasi-post close balance sheet.

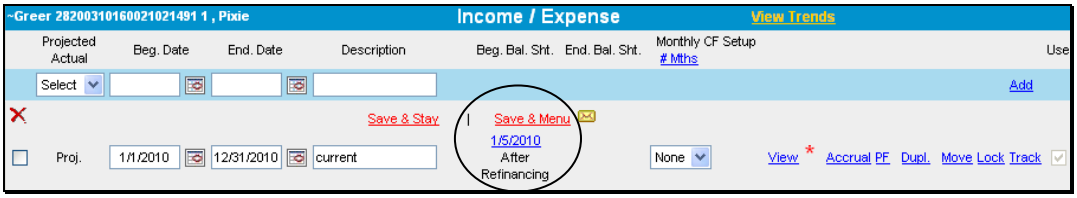


Figure 27, Creating Income/Expense Projection

Step 5. Complete the projected cash flow plan. When the repairs expense schedule is accessed, the accounts payable is listed as available to be paid in the projection. ENTER "$1,000" for "Pmt." as the amount of the repair bill to be paid. In addition, be sure to include the "typical year" amount of expenses as another line item in the expense schedule.

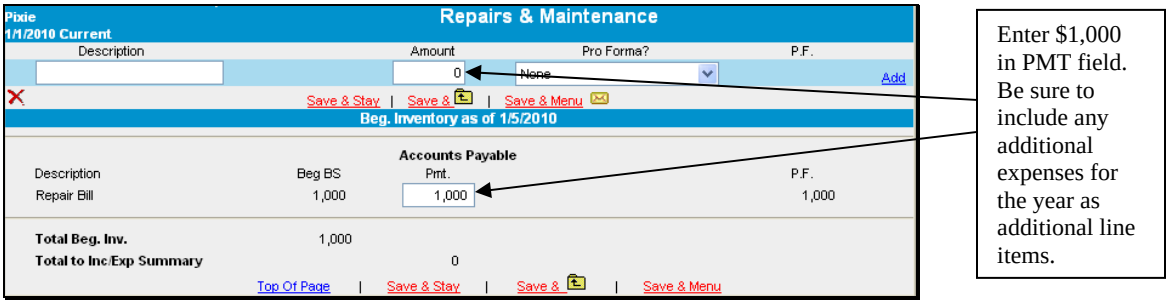


Figure 28, Completing the Cash Flow Projection

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

Step 6. Verify that the refinance transactions are included in the cash flow projection properly. Note the following in the projected cash flow summary.

A. The $1,000 repair bill being refinanced is included in the expenses to be paid.

*--

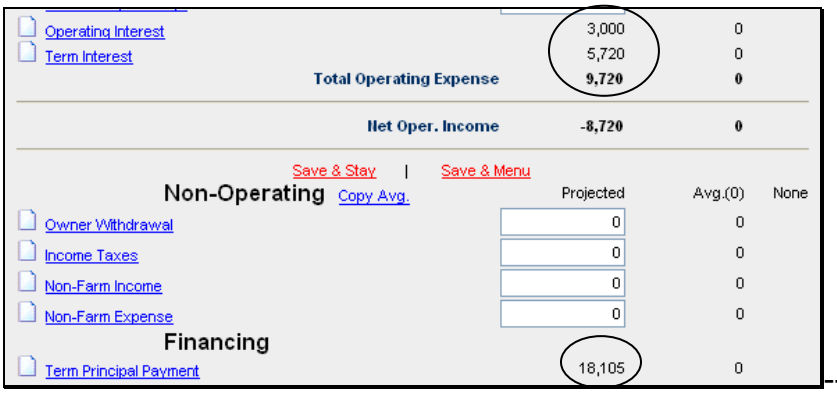


--*

Figure 29, Verifying Expense and Payable Are Properly Included

B. The operating interest being paid represents the sum of the interest on the loans being refinanced. The term interest and term principal payment amounts represent the interest and principal on the new FSA term loan.

*--



--*

Figure 30, Verify Operating and Term Interest, and Term Principal Payments are Properly Shown

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

C. The sum of the new FSA term loan advance of $143,000 is included in the cash flow as a source of funds, and the sum of the principal being refinanced is shown as a use of funds.
***--**



--*

Figure 31, Verify Term Loan Advance and Principal Amount Being Refinanced is Properly Shown

Step 7. For a loanmaking action involving term loans, create a typical year income/expense projection if accrual adjustments are not being made to the current year projection to substantiate feasibility.

Farm Business Plan - FSA User Guide (Continued)

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

Summary. In the balance sheet accounting method, the sources and uses of funds were as follows.

Loan Type	Shown on "As Is" Balance Sheet	Shown on Quasi "Post Close" Balance Sheet	Appears on Projection As	
Source of Funds			**Principal**	**Interest**
FSA Term Loan	Not shown	Advances of $142K + 1K = $143,000	Advance $143,000	
		$142,000 loan – "Old money" will show on post close bal sheet; pmts appear on inc/exp	Payments: Term $17,979	Term 5,680
		$1,000 loan – "New money" not shown on post close balance sheet; pmts appears on inc/exp	Term 126	Term 40
		Total	18,105	5,720
Use of Funds			**Principal Pmt**	**Interest Pmt**
Imperial Bank crop loan	18,000 + 1,000 Pmt Method is Non Rev	P: 18,000 + I: 1,000 Pmt Method is "Refi" Does not appear on balance sheet	Oper Loan Pmt & Refi: $18,000	Op $1,000
Ford Credit term loan of $41,000 with $600 of accrued interest	$41,000 + 600 Pmt Method is Equal	P: $41,000 + I: $600 Pmt Method is "Refi" Does not appear on balance sheet	Oper Loan Pmt & Refi: $41,000	Op 600
JD Credit term loan of $80,000 with $1,400 of accrued interest	$80,000 + 1,400 Pmt Method is Equal	P: $80,000 + I: $1,400 Pmt Method is "Refi" Does not appear on balance sheet	Oper Loan Pmt & Refi: $80,000	Op 1,400
		Subtotal "Old Money" Being Refinanced	139,000	3,000
			Expenses	
Repair Bill of $1,000	Accounts payable: $1,000	Accounts payable: $1,000	Repairs & Maint. expense: 1,000	
		Subtotal of "New Money" Being Refinanced	1,000	

Farm Business Plan - FSA User Guide (Continued)

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing

In connection with any direct loan servicing action, an "as is" balance sheet will need to be prepared and attached to an income/expense summary for the customer. It is helpful when ***--**creating the documents to include a meaningful description such as "1/1/2010 Before DALR$". The "1/1/2010 Before DALR$" balance sheet will be used to update the "**DALR$ Input--* Report**". Input this information into DALR$.

The DALR$ report, according to 5-FLP, subparagraph 103 A, determines the servicing options that may be available to the customer and will be used to create a "post close" balance sheet with ***--**the DALR$ results. Duplicate the "1/1/2010 Before DALR$" balance sheet and attach this balance sheet to a duplicated income/expense summary, and give both documents a meaningful description, such as "1/1/2010 After DALR$". The "1/1/2010 After DALR$" will be used for**--*** the Credit Presentation and should be entered in the first column of the Reports Setup Menu.

Note: Before a deferral can be approved, a "Post-deferral" plan would also need to be prepared according to 5-FLP, paragraph 159.

The following example can be applied to all loan servicing authorities or combination of authorities.

Example: Make the following assumptions and also assume that the customer cannot make the existing debt payments and that FSA will use DALR$ to restructure the debt.

- FSA 44-01 loan was for annual operating purposes, and has a balance of $20,000 with $2,000 of accrued interest. DALR$ indicated rescheduling the loan over 15 years with equal payments, which turns the loan into an intermediate loan.

- FSA 44-02 loan was for term loan purposes, and has a principal balance of $100,000 with $1,000 of accrued interest. DALR$ indicated rescheduling the loan with a 15 year term and equal payments.

- FSA 41-03 loan was for a real estate purchase, and has a principal balance of $150,000 and no accrued interest. DALR$ indicated reamortizing the loan with a 30 year amortization and equal payments.

--Step 1**. Create the "as is" balance sheet and income/expense summary named "1/1/2010**-- Before DALR$" for use in the DALR$ Input Report. The loan schedule should reflect the "Before DALR$" balances and payments due.

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

***--**

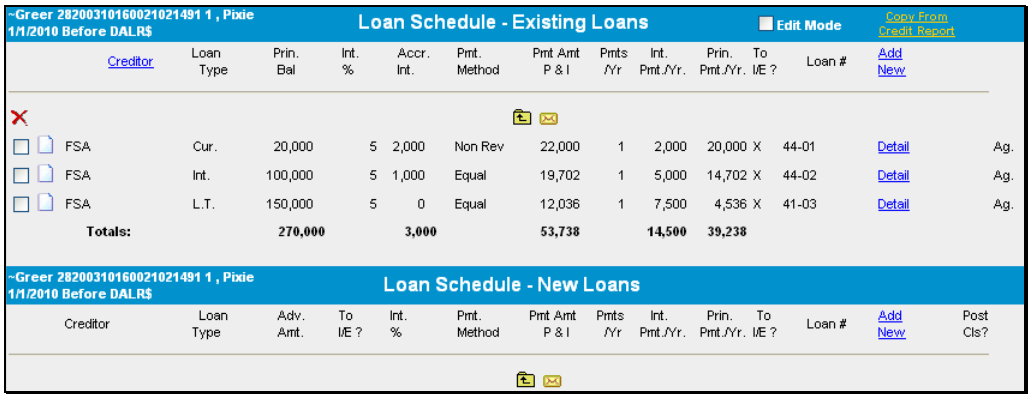


Figure 32, "Before DALR$" Loan Schedule

Step 2: Create the "D-Loan/Special Serv." credit action. Access and CLICK "**Save & Update**" the DALR$ Input Report. Use the results to run DALR$.

Step 3. Duplicate the "1/1/2010 Before DALR$" balance sheet and income/expense summary and rename both documents "1/1/2010 After DALR$". Update the loan schedule with the**--*** DALR$ results.

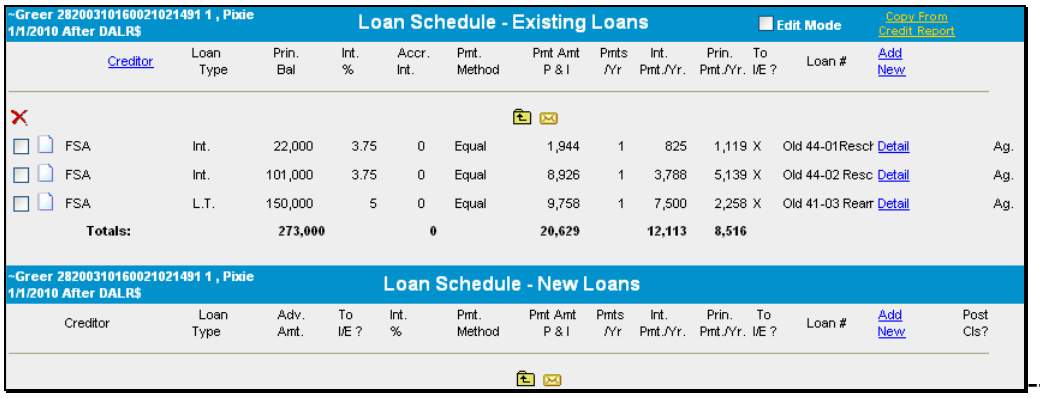
- "Loan Type" of the current loan to intermediate, to reflect that the account has been rescheduled and it now has a term of greater than 1 year. Change the "Pmt. Method" to "Equal".

- Principal balance will reflect any capitalized interest, if any.

- "Pmt. Amount" will reflect the new restructured payment according to DALR$.

- "Loan #" will be a description that reflects the restructure action.

***--**



--*

Figure 33, "After DALR$" Loan Schedule

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

Step 4. Use "1/1/2010 After DALR$" to "Save & Update" the Credit Presentation in the "D-Loan/Special Serv." credit action. See **Income/Expenses – Projected – Feasibility** (Section H 1) for information on feasibility of restructured plans.

F Income/Expense

This section allows the user to add new actual or projected income/expense (cash flow) information for a customer or access income/expense records currently residing in FBP. There is no limit to the number of projected or actual income/expense records that can be created or maintained for each customer.

Note: Income/expense (cash flow) information is **not** required for Streamlined CL's according to 3-FLP.

The Income/Expense Trends **must be** printed and signed by the customer for all loan making and servicing actions.

1 Adding a New Income/Expense

To add a new projected or actual income/expense record CLICK "**Inc/Exp**" on the toolbar.

***--**An income/expense may be added using either the "**Trends Manager**" or "**Add Income/Expense**" option selected from the drop-down menu, as follows.

Option 1: CLICK "**Trends Manager**" to access the Balance Sheet & Income/Expense Trends Manager Screen. "Trends Manager" may also be accessed through the Dashboard Navigation Screen.

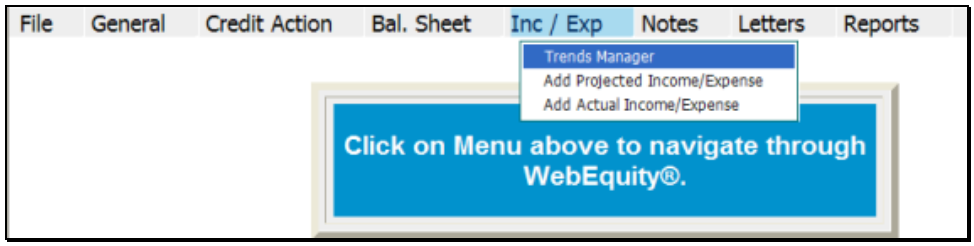


Figure 34a--*

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

***--**To add a new income/expense report in a column, CLICK "**Create New**" link in an empty cell. Any changes made to the selection and order of the reports will be reflected on the Reports Setup Screen. To create a report that will be available to add to the Reports Setup Screen at a later date, CLICK "**Create New-Income/Expense**" link under the "Income/Expense" tab.

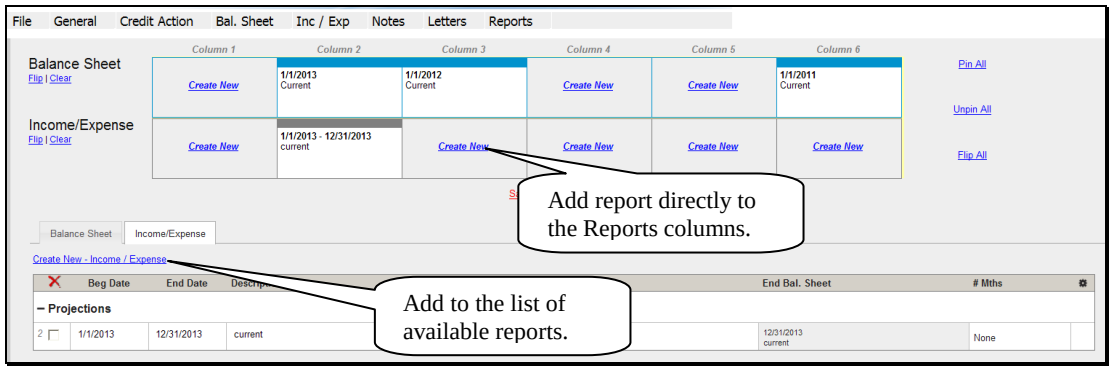


Figure 34b

Complete the required information in the "Income/Expense Setup" dialog box and CLICK "**Save**" to add the report to the Balance Sheet & Income/Expense Trends Manager Screen.

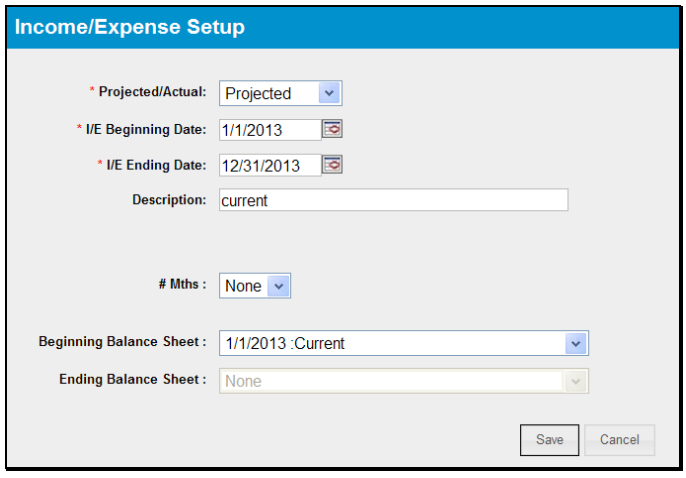


Figure 34c, Income/Expense Setup--*

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

***--**Additional features that are available on the Balance Sheet & Income/Expense Trends Manager Screen include the following.

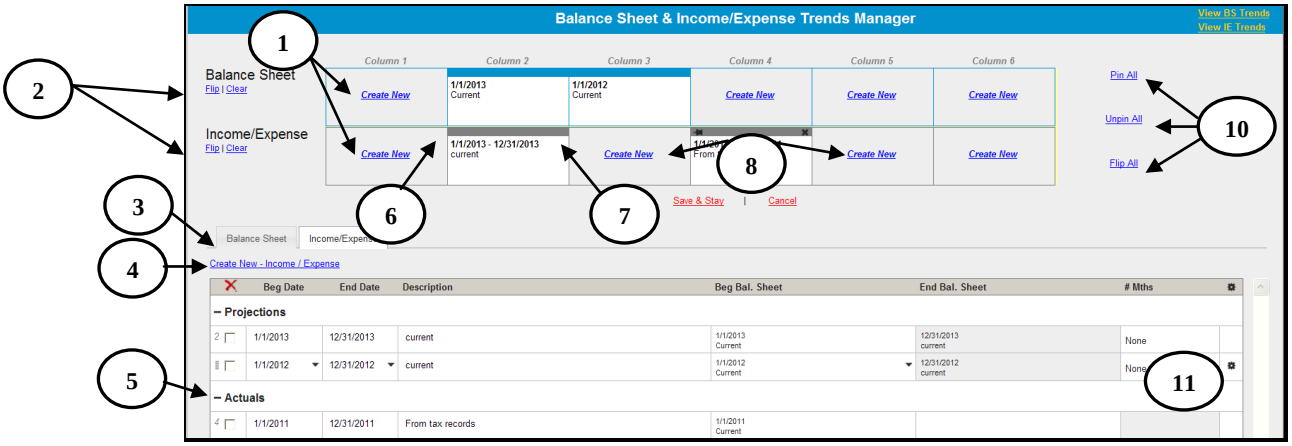


Figure 34d, Balance Sheet & Income/Expense Trends Manager

Item	Feature
1	CLICK "**Create New**" to add a new balance sheet or income/expense.
2	CLICK "**Flip**" or "**Clear**" link to flip or clear all balance sheets or income/expenses separately.
3	CLICK "**Balance Sheet**" or "**Income/Expense**" tab to display list of available balance sheet or income/expenses.
4	CLICK "**Create New - Balance Sheet**" or "**Create New - Income/Expense**" link, as applicable, to add a new balance sheet or income/expense to the available list.
5	Click and hold " ⋮ " (double-bar) to select a balance sheet or income/expense from the available list and drag and drop it into a column to add to the Reports Setup Screen.
6	CLICK "**Pin**" icon to pin a single balance sheet to the income/expense underneath. Displays when hovering over a single balance sheet or income/expense.
7	CLICK "**X**" to delete a balance sheet or income/expense individually. Displays when hovering over a single balance sheet or income/expense.
8	Click and hold any column, pinned or unpinned, and drag and drop the content from 1 column to another column.
9	CLICK "**View BS Trends**" or "**View IE Trends**" link to go to the balance sheet or income/expense trends.
10	CLICK: • "**Pin All**" to attach all balance sheets to the income/expense underneath • "**Unpin All**" to detach all balance sheets from the income/expense underneath • "**Flip All**" to flip all balance sheets and income/expenses at the same time.
11	To edit rows of balance sheets or income/expenses, CLICK "⚙" (sprocket) to duplicate, lock, or move; use drop-down menus; or type directly into description fields.

--*

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

***--Option 2**: CLICK "**Add Income/Expense**". If the customer has existing records CLICK "**Add/Modify/Delete**" on the fly-out window. The "Add/Modify/Delete" option may also be accessed through the Dashboard.

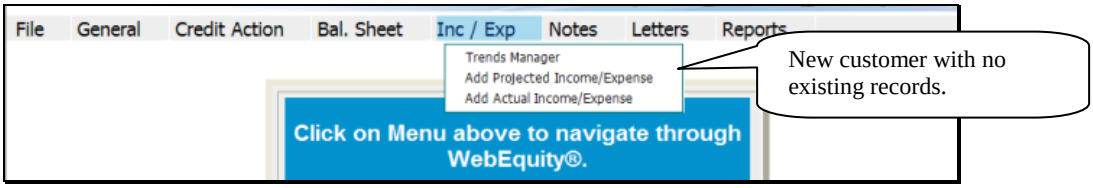


Figure 34e, Customer with No Existing Records

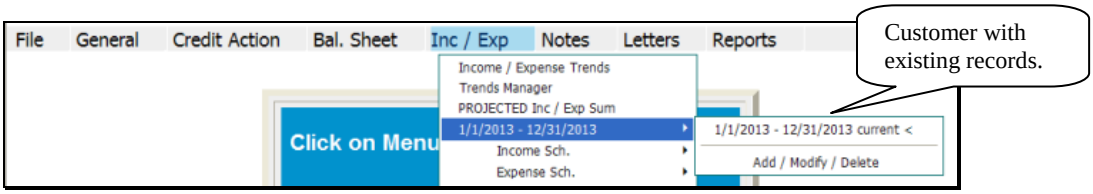


Figure 34f, Customer with Existing Records--*

Complete the following fields on the Income/Expense Screen.

Field	Action
Projected Actual	From the drop-down menu, select either "Proj." or "Actual".
Beg. Date	Manually enter the date or CLICK "Calendar Icon".
End. Date	Manually enter the date or CLICK "Calendar Icon".
Description	Manually enter a description of the record. **Note:** The "Description" field appears on all printed reports and should contain a meaningful description of the income/expense being added. ***--Example:** "Before eDALR$ 2010" or "OL loan 2010."--*
Beg. Bal. Sht	CLICK "**None Selected**" link and select a balance sheet date that is displayed in the pop-up window.
End. Bal. Sht	CLICK "**None Selected**" link and select a balance sheet date that is displayed in the pop-up window. This field is only displayed for actual income/expense.
Monthly CF Setup	**This is an Optional field**. Select number of months for the monthly cash flow. See **Using Income/Expense Categories** (Section F 5).
Add	CLICK "**Add**" to display in the list of income/expense summaries.
	Note: When a record is created, a balance sheet should be associated with it, if possible, so that certain ratios are correctly calculated. For an actual income/expense record, if beginning and ending balance sheets cannot be matched, then select the same balance sheet for both the beginning and ending.

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

***--**

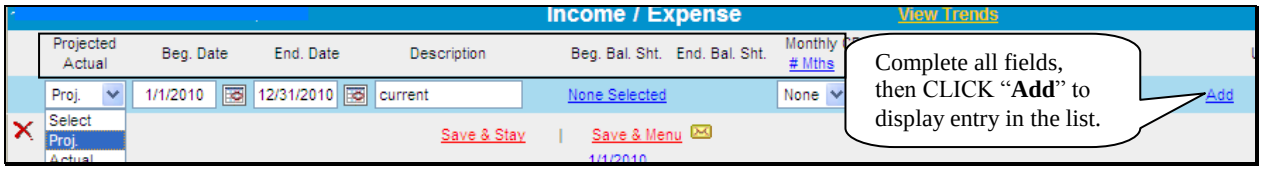
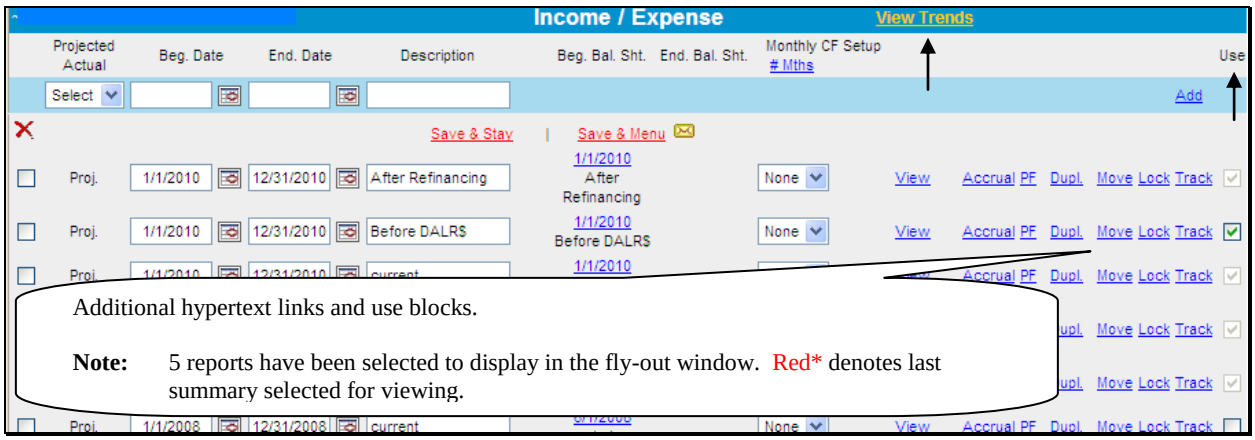


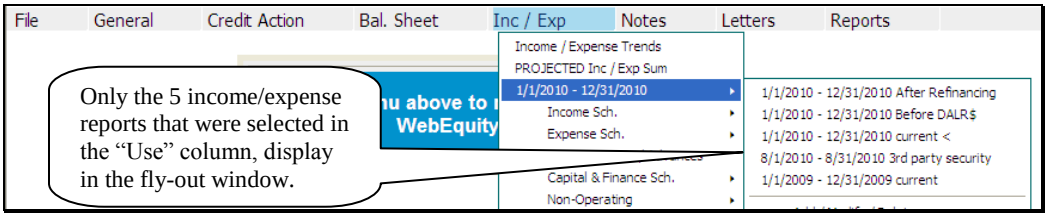
Figure 34g, Income/Expense Screen--*

2 Additional Links on the Income/Expense Screen

In addition to the list of income/expense summaries displayed on the screen, users will see additional features and hypertext links on the right side of the screen.

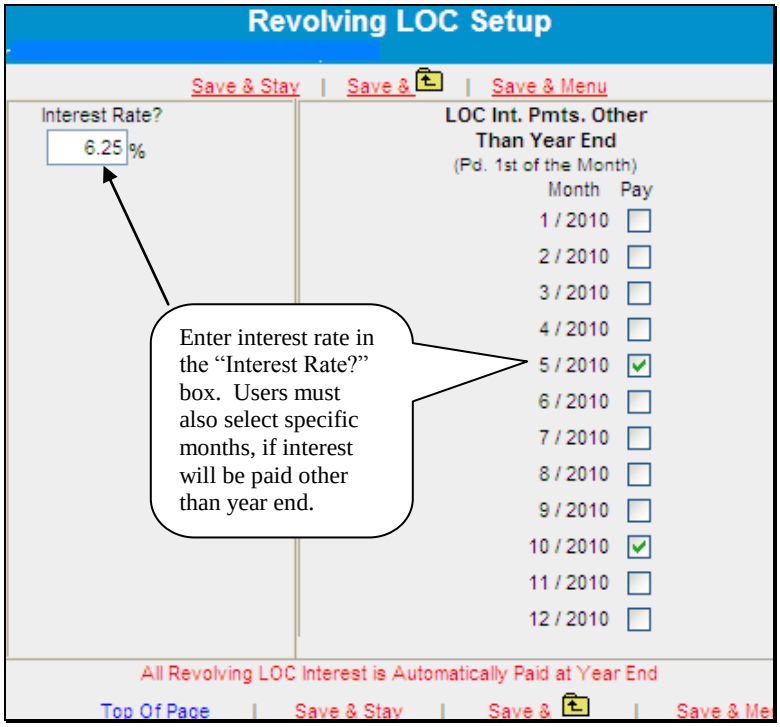


--Figure 34h, Income/Expense Screen--

Field	Action
View Trends	CLICK "View Trends" for quick access to Income/Expense Trends Screen.
Use	Check (✓) "Use" blocks to select which reports to display in the fly-out window or for use in "Reports Setup". If box is grayed out, the report is currently in use in "Reports Setup", or was the last report selected for viewing.  ***--Figure 34i--***
Rev Loc	Will only be displayed if users choose the Monthly CF Setup. CLICK "**RevLoc**" to display the "Revolving LOC Setup" box if customer has a loan with a Rev. LOC. Enter the interest rate for the LOC loan in the field on the left and click boxes next to the months on the right if users want interest paid other than year end. Save and return.

F Income/Expense (Continued)

2 Additional Links on the Income/Expense Screen (Continued)



--Figure 34j, Revolving LOC Setup Screen--

Field	Action
View	CLICK "**View**" to display the Income/Expense Summary Screen.
Accrual	**Optional**. May be used for customers who use an accrual recordkeeping system.
PF	Will only be displayed after a beginning balance sheet date is selected. CLICK "**PF**" to display the pro forma (projected) information for that year.
Dupl.	CLICK "**Dupl.**" to duplicate that particular year's information. The duplicate will be displayed under the year user wanted to duplicate.
Move	CLICK "**Move**" to move a projected income/expense year down to an actual year and vice versa. CLICK "**Move**" for the year user wants to move and the system will automatically move the year.
Lock	CLICK "**Lock**" to lock the selected income/expense screen.

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data

Using this option allows the user to select and display a single projected or actual income/expense summary on the screen.

CLICK "**Inc/Exp**" on the toolbar, highlight "Projected Inc/Exp Sum" or "Actual Inc/Exp Sum", and select a summary description from the fly out window. The summary may also be accessed through the Dashboard Navigation Screen.

***--**

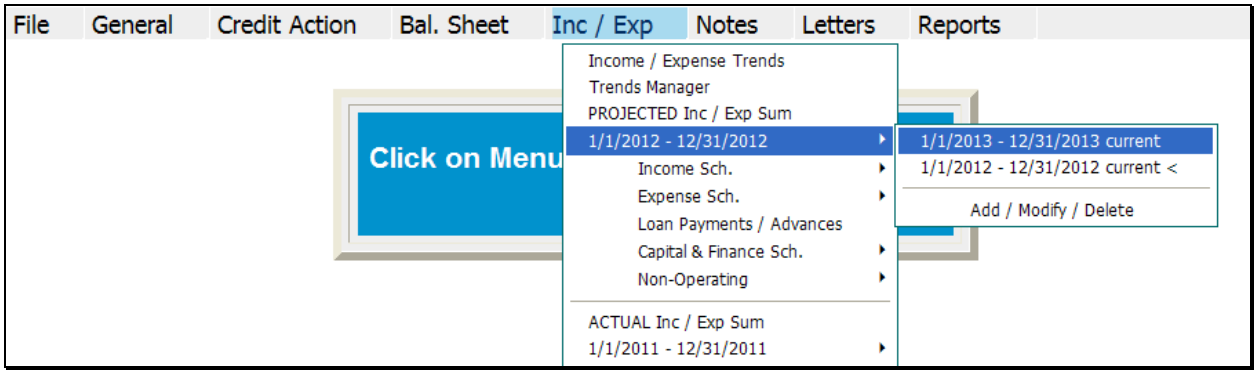


Figure 34k, Inc/Exp Summary Using the Toolbar

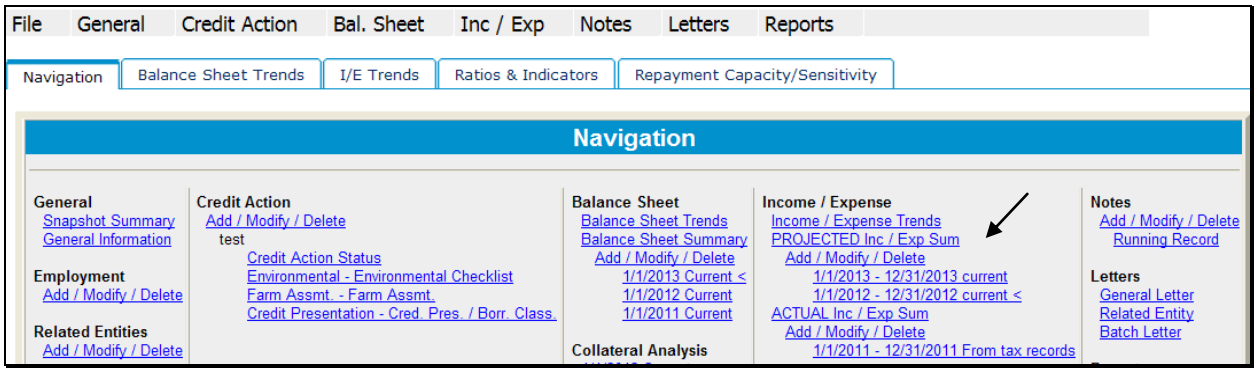


Figure 34l, Dashboard Navigation Screen--*

Projected and actual amounts can be entered as a summary dollar value 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.

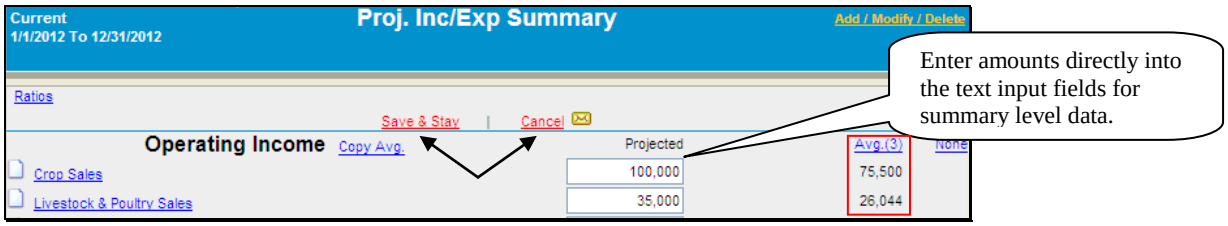
F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data (Continued)

- To input data at the summary level, click in the applicable numeric input field and enter the total value amount.

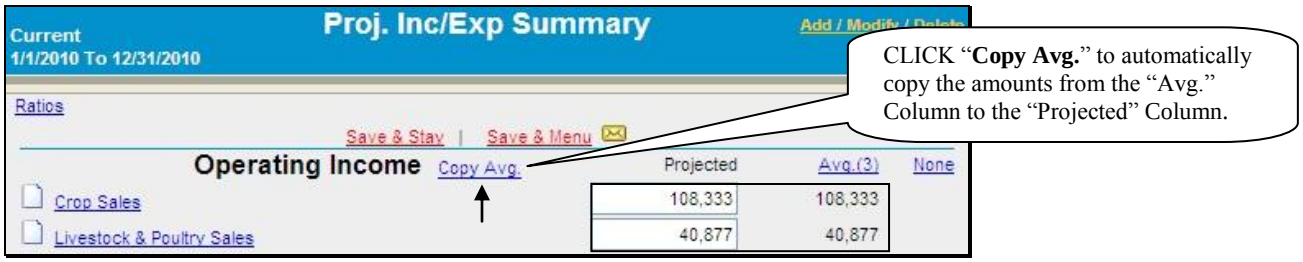
- CLICK "**Save & Stay**" to save data; **or** navigate away from the screen by use of the toolbar menu or any hyperlink and data is automatically saved.

- CLICK "**Cancel**" and the data will not be saved and the page will refresh with the original data.



--Figure 34m, Financial Data input at the Summary Level--

Field	Action
Copy Avg.	Will copy the average of the previously selected years to the summary input column. Using this feature can be a time-saving tool for preparing a projection; however, it should **not** be used when creating actual records.
Avg.	Will display in parentheses, the number of years included in the average (in this example, 3). To modify the number of years represented in the average, CLICK "**Avg.**". This will display the Report Setup Screen where users can select the number of years they want 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.



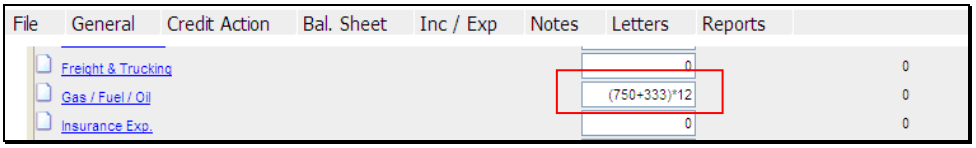
--Figure 34n, Copy Average to Projection--

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data (Continued)

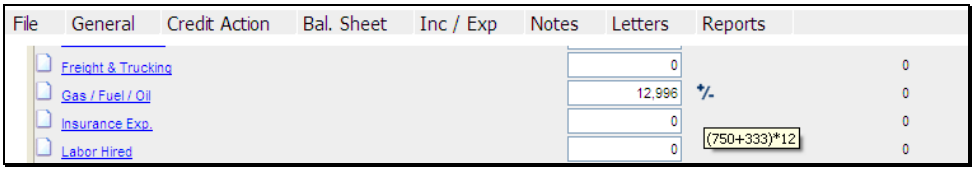
An option available in summary level entry is "Math in a Cell". Enter math formulas including addition, subtraction, multiplication, division calculations, and parenthesis, in user-defined cells to perform math calculations.

- To enter a math formula, click in the cell and begin entering the values. Some basic formula examples: 10+2=12, 10-2=8, 10*2=20, 10/2=5, (10+2)/2=6.



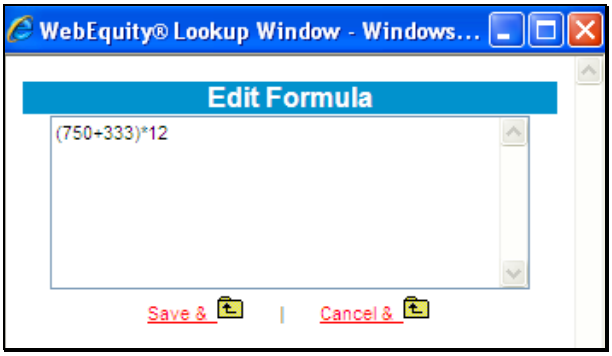
--Figure 34o, Enter a Math Formula--

- To view a math formula, place the cursor over the plus/minus (+/-) symbol next to a cell that contains a math formula. Any new formula entered in a cell will overwrite the original calculation. Calculations are stored when screens are saved.



--Figure 34p, View a Math Formula--

- To edit a math formula, click the plus/minus **(+/-)** symbol next to a cell that contains a math formula. An **Edit Formula** dialog box will be displayed, type any changes and CLICK "Save".

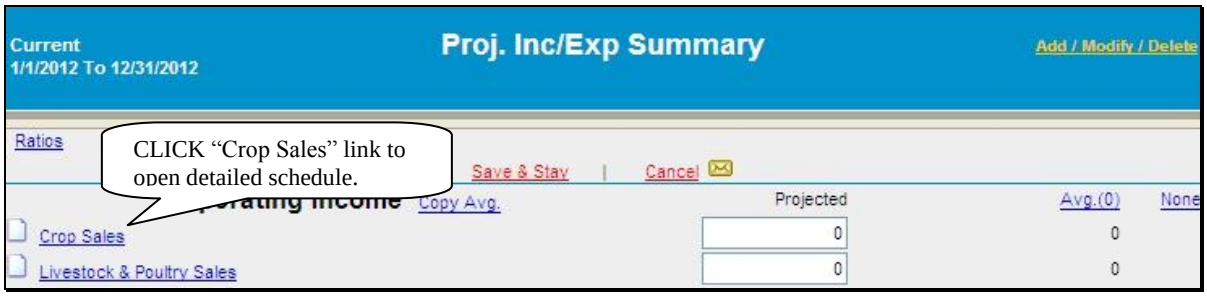


--Figure 34q, Edit Formula Window--

F Income/Expense (Continued)

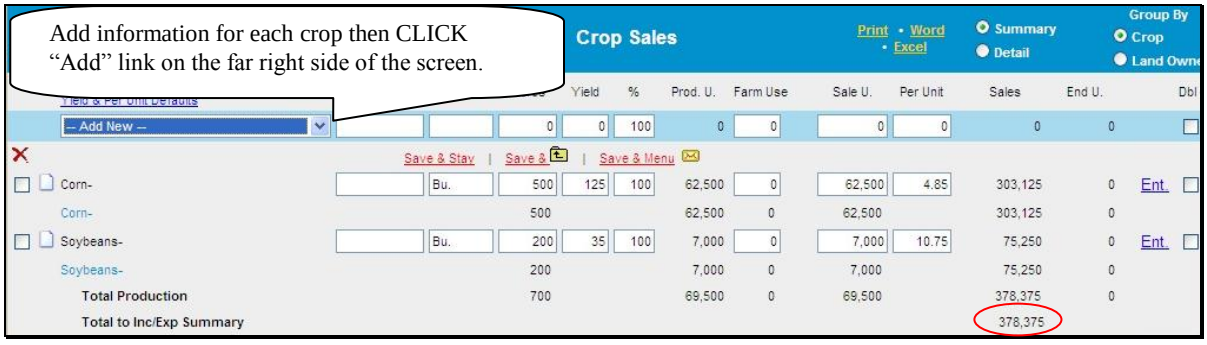
3 Income/Expense Summary – Entering Data (Continued)

To add information at the schedule level, click on the hypertext link for the desired income/expense item. This will open up the schedule for that line item.

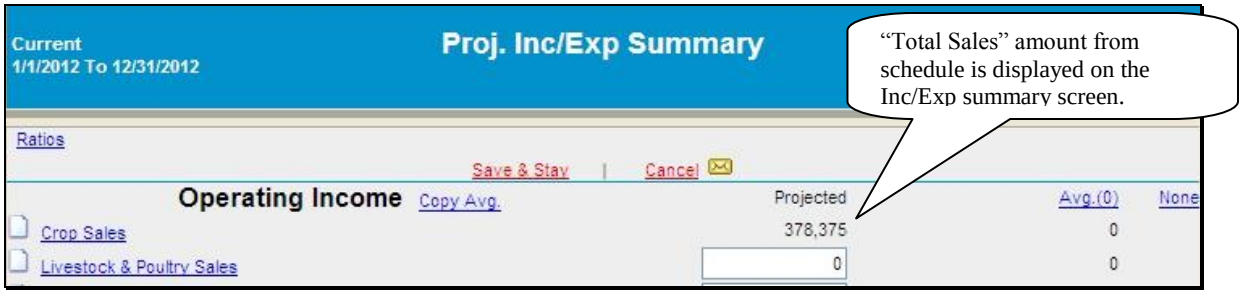


--Figure 34r, Opening Schedule--

Using crop sales as the example, enter the applicable information in each field from left to right, and then CLICK "**Add**" on the far right side of the schedule to add the crop. After all crops have been added, the "Total Sales" amount will be displayed on the Inc/Exp Summary Screen.



--Figure 34s, Financial Data Input at the Schedule Level--



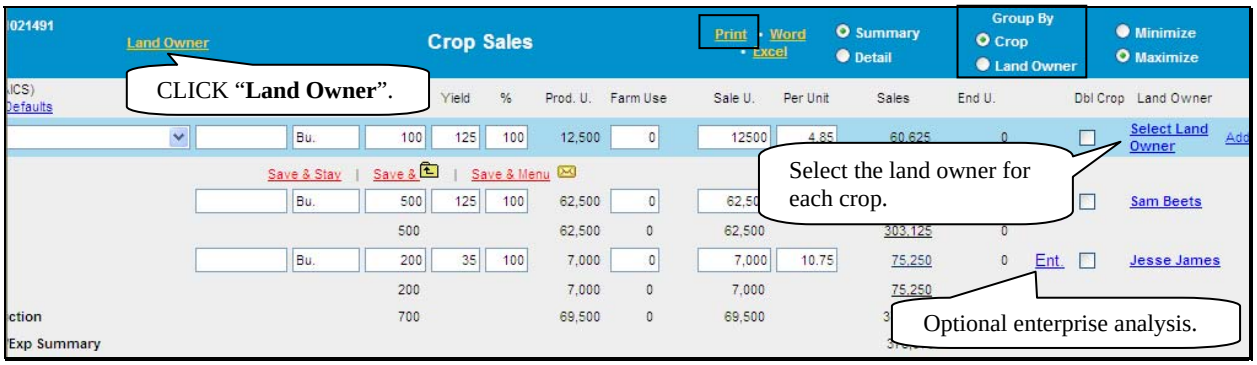
--Figure 34t, Total Sales Amount--

Note: When editing information in the schedule, if **all** line items are deleted, the value will not automatically be deleted from the Proj. Inc/Exp Summary Screen. Access the Proj. Inc/Exp Summary Screen to delete the value amount from the field.

F Income/Expense (Continued)

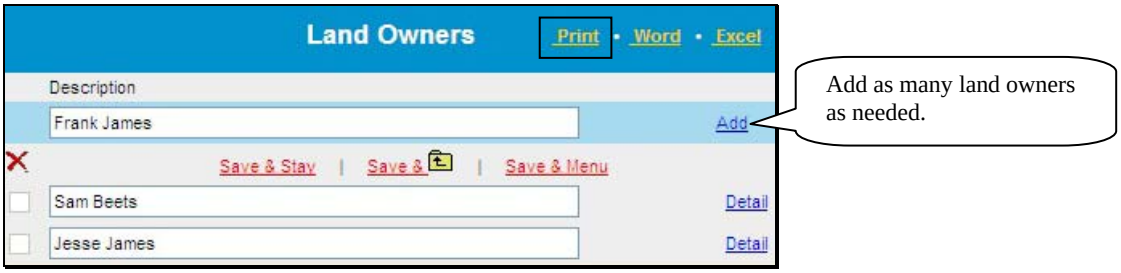
3 Income/Expense Summary – Entering Data (Continued)

The crop sales schedule also includes a "Land Owner" link where information is entered about the customer's land owners. CLICK "**Land Owner**" to access the "Land Owners" dialog box.



--Figure 34u, Crop Sales Schedule--

- Type the land owner's name in the "Description" field and CLICK "**Add**".
- CLICK "**Detail**" to enter additional demographic information about the land owner.
- CLICK "**Print**" to print a Land Owner Information Report.



--Figure 34v, Land Owners Dialog Box--

- Return to the crop sales schedule, CLICK "**Select Land Owner**" to select a land owner for each crop listed.
- Use the "Group By" option to group crops by either land owner or crop.
- CLICK "**Print**" to print a Crop Sales Report.

F Income/Expense (Continued)

*--4 Enterprise Analysis

One option on the Income/Expense schedule is the **optional** "**Ent**" link where a user can enter information needed for crop and livestock enterprise analysis. Break-even analysis is a useful farm management tool because it allows calculation of various combinations of prices and yields. States may decide to setup new Enterprise Analysis models containing benchmark values for expenses for some of the NAICS crop and livestock codes. If new Enterprise Analysis models were setup, they are automatically available for all new customers added to FBP; however, for existing customers the user will need to copy the new model into the existing customer's record.

Note: Check with FBP coordinator to determine if models have been setup for user's State. If models are **not** setup, users will need to manually enter expenses.

To copy a new Enterprise Analysis model into an existing customer:

- access the Crop Sales Schedule
- CLICK "**Description**" link in the upper-left of the Crop Sales Schedule Screen.

These instructions are for the "Barley-Enterprise-Seed" model, but the steps are the same for all other NAICS codes.



Figure 34w, Crop Sales Schedule Screen

On the Customer NAICS Crop Screen that will be displayed, CLICK "**Copy Location NAICS to Client NAICS"** link.

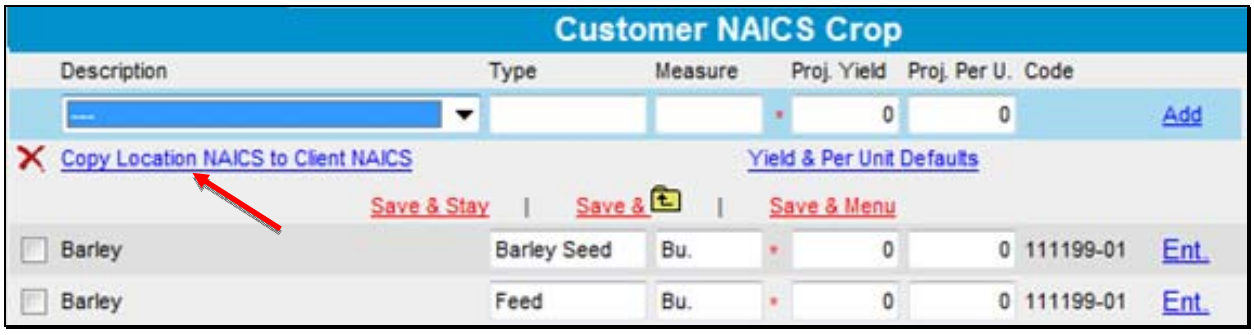


Figure 34x, Customer NAICS Crop Screen--*

F Income/Expense (Continued)

*--4 Enterprise Analysis (Continued)

On the Copy Location NAICS to Customer NAICS Screen, left column displays codes available for that location and the right column displays codes currently in use by that customer. The crop entry with "Enterprise" in the title contains the Enterprise Analysis model. To copy "Barley - Enterprise-Seed" into the customer list, do the following:

- CHECK (✓) the box to the left of the crop to select the crop
- CLICK "**Copy**" link at the top of the left column
- CLICK "**Customer** NAICS" link to return to the previous screen.

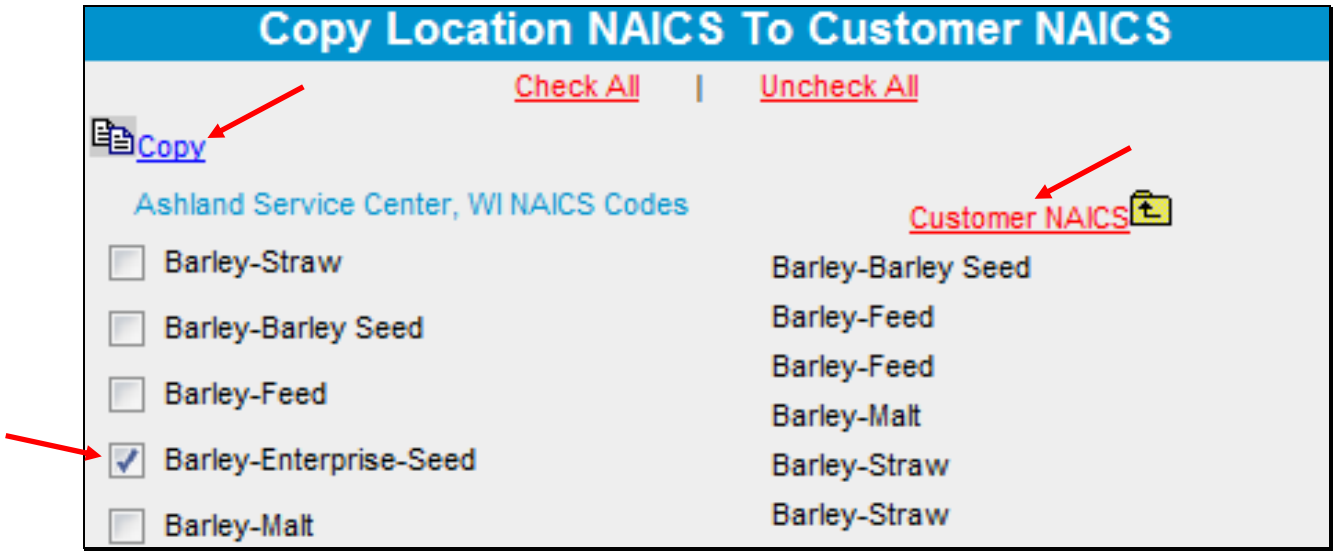


Figure 34y, Copy Location NAICS to Customer NAICS Screen

The "Barley-Enterprise-Seed" is now available on the Customer NAICS Crop Screen. CLICK "**Save &** ".

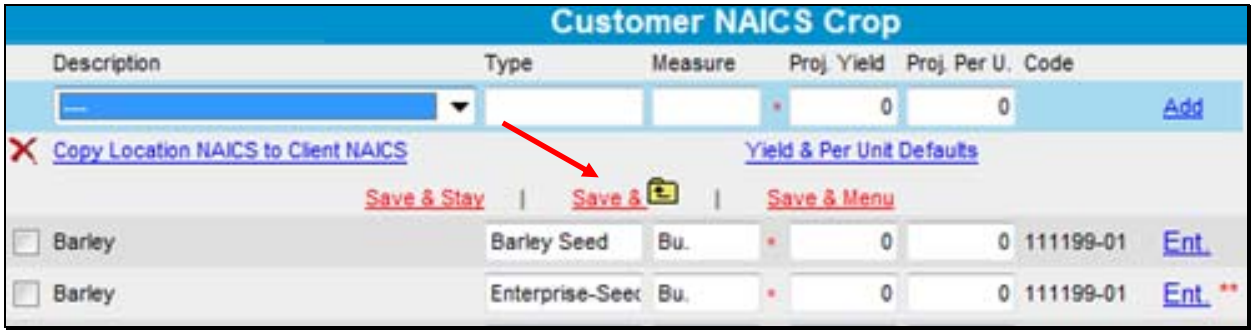


Figure 34z, Customer NAICS Crop Screen--*

F Income/Expense (Continued)

*--4 Enterprise Analysis (Continued)

On the Crop Sales Schedule Screen, CLICK "--Add New--" drop-down menu and select the applicable crop. For this example, select "Barley-Enterprise-Seed". Enter a Crop Sale for this crop.

Note: To add a crop with the Enterprise Analysis model available, select the crop with "Enterprise" in the description.



Figure 34aa, Select "Enterprise" Crop

CLICK "**Ent**" link to the right of the crop entry to access the Enterprise Analysis Screen.

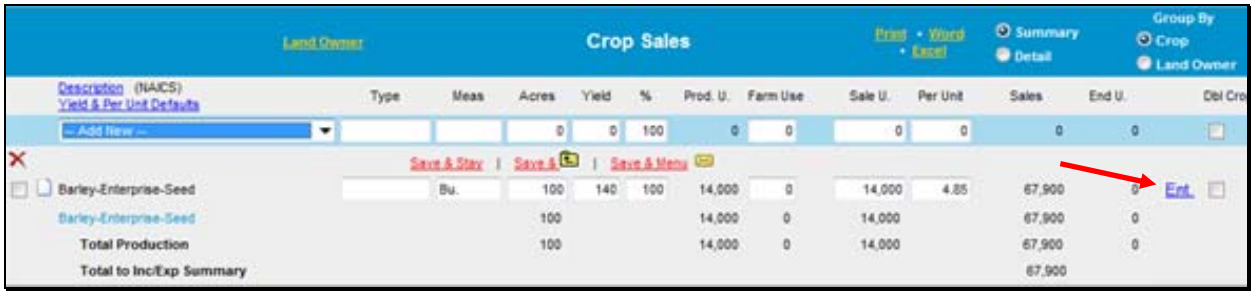


Figure 34bb, Access Enterprise Analysis--*

F Income/Expense (Continued)

*--4 Enterprise Analysis (Continued)

CLICK "**Copy Enterprise Defaults**" link in the upper, left to access the Enterprise Analysis model.

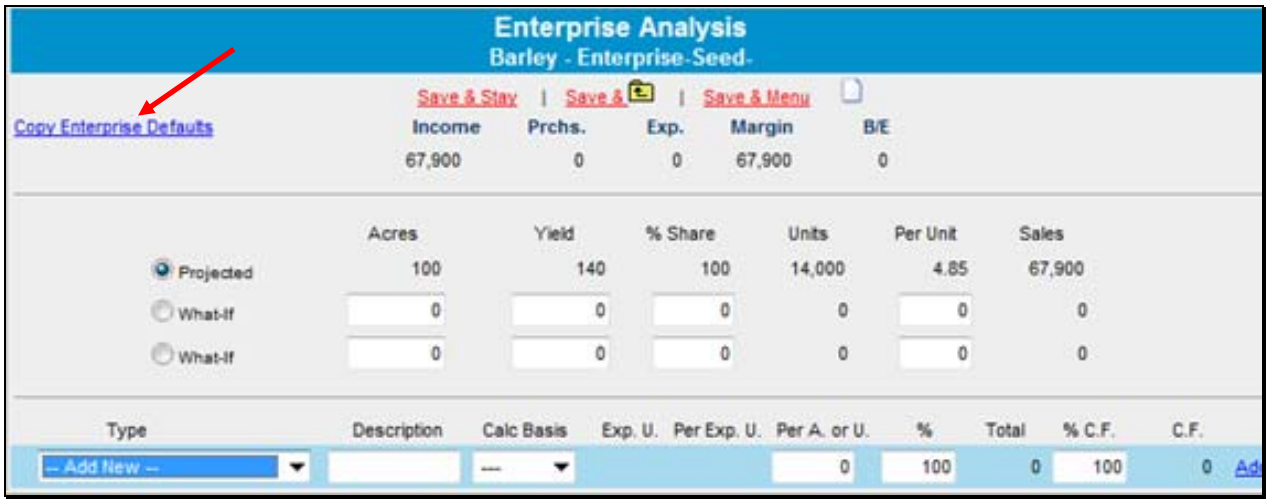


Figure 34cc, Copy Enterprise Defaults

Click link to applicable Enterprise Analysis model. For this example, CLICK "**Barley-Enterprise-Seed Barley 2014**".

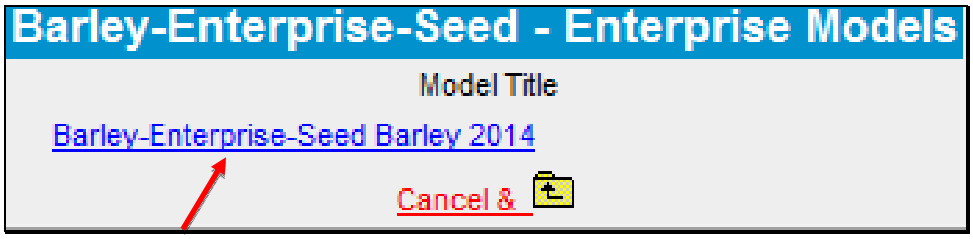


Figure 34dd, Select Enterprise Model--*

F Income/Expense (Continued)

*--4 Enterprise Analysis (Continued)

At the top of the Enterprise Analysis Screen, is a “Break-Even” calculation. Users can set up 2 different “What If” scenarios to make adjustments to the “Break-Even” calculation. In the Enterprise Analysis Screen lower portion, the expense defaults will be displayed. The values setup in defaults will be used to calculate the expenses using the “Acres/Production” units that were entered for the crop.

To print the document, right-click on the screen, select “Landscape View” and then print.

Note: User **must** zero out the “**% CF**” column to prevent the expense calculation from flowing into the projected income/expense.

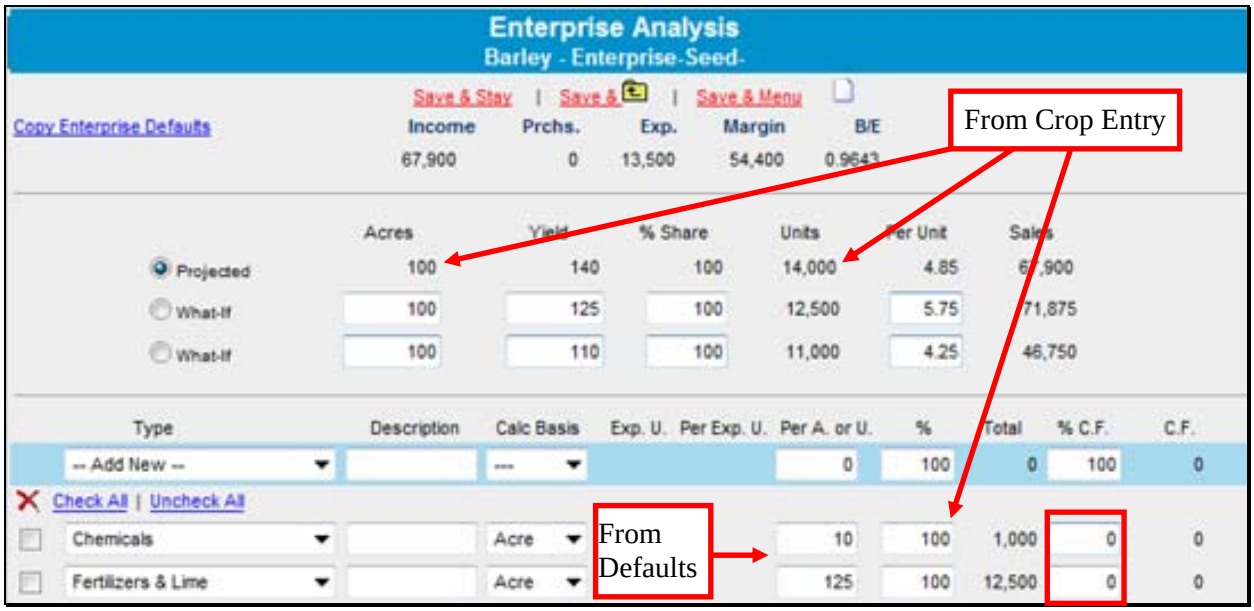


Figure 34ee, Enterprise Analysis Screen--*

Farm Business Plan - FSA User Guide (Continued)

F Income/Expense (Continued)

*--4 Enterprise Analysis (Continued)

The Enterprise Analysis tool can be used without a State enterprise model being created. To access the Enterprise Analysis Screen, on the Crop Sales Schedule Screen, CLICK "**Ent.**" link. The Enterprise Analysis Screen will be displayed. Manually enter the anticipated total expenses for that particular crop.

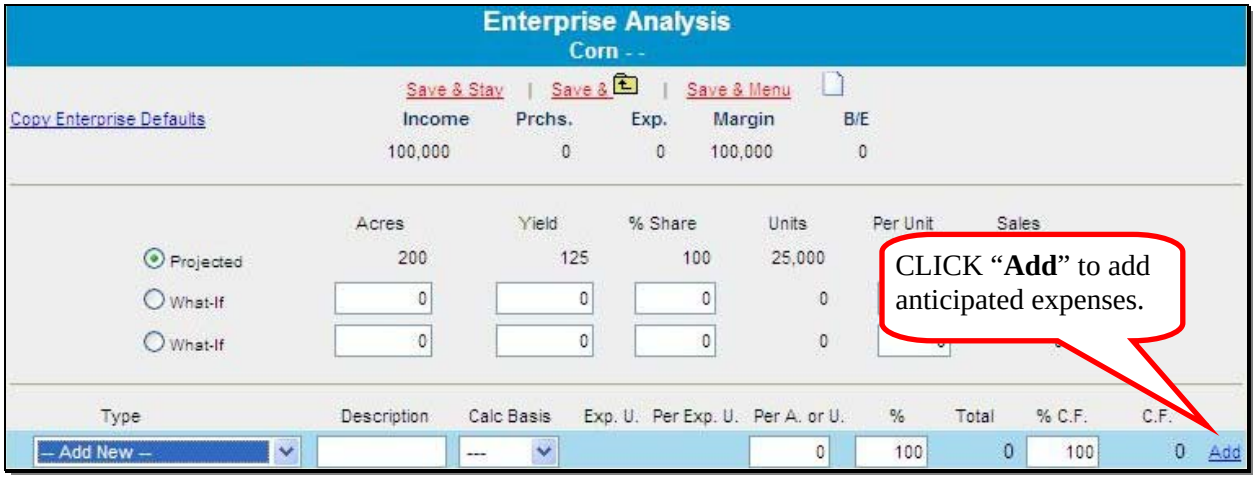


Figure 34ff, Enterprise Analysis Adding Expenses Manually--*

F Income/Expense (Continued)

5 Income/Expense Trends - Entering Data

Using this option allows multiple income/expense summaries to be displayed and accessed. CLICK "**Inc/Exp**" on the toolbar and select "**Income/Expense Trends**" from the drop-down menu.

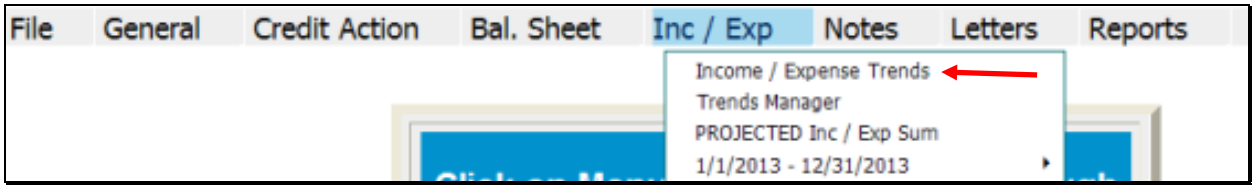


Figure 35a, Income/Expense Trends Using the Toolbar

Trends may also be accessed through the Dashboard Navigation Screen.

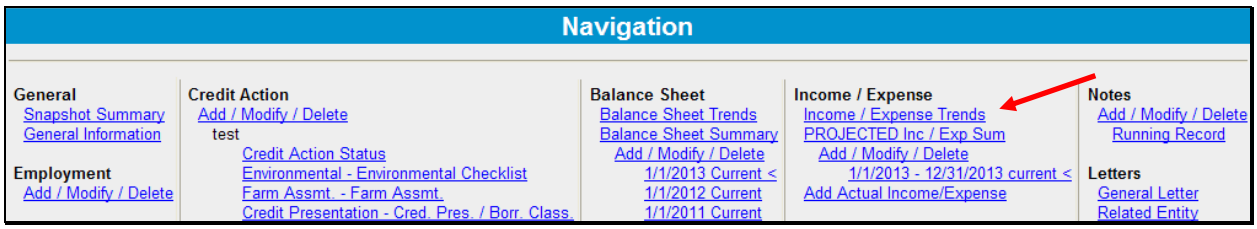


Figure 35b, Dashboard Navigation Screen

F Income/Expense (Continued)

5 Income/Expense Trends - Entering Data (Continued)

Projected and actual amounts can be entered as a summary dollar value 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. Features that are available on the Income/Expense Trends Screen include the following.

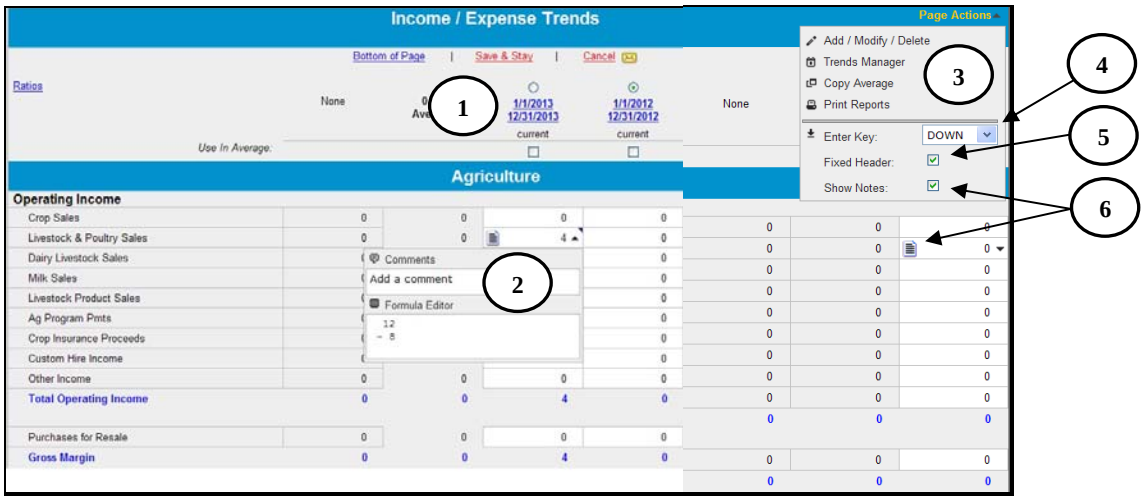


Figure 36a, Income/Expense Trends Screen

Item	Feature
1	Use "**Date**" link to go directly into the individual year income/expense.
2	Use drop-down menu to access additional features for an individual cell to enter: • schedule level detail • or edit comments • or edit formulas (formulas can also be entered directly into the cell).
3	Use "Page Actions" drop-down to access additional features, as follow: • Add/Modify/Delete Screen • Trends Manager • Copy Average • Print Reports.
4	CLICK "**Enter Key**" drop-down menu to select cursor movement direction when users press "Enter".
5	CHECK (✓) "**Fixed Header**" to "freeze" column headings while scrolling up and down pages.
6	The triangular marker indicates that notes, schedules, or formulas exist for a cell. CHECK (✓) "**Show Notes**" to display a "Page" icon, instead of the triangle, when notes exist.

F Income/Expense (Continued)

5 Income/Expense Trends - Entering Data (Continued)

Before adding documentation to the footnotes, ensure that the correct income/expense record is selected by clicking the tab at the bottom of the screen.

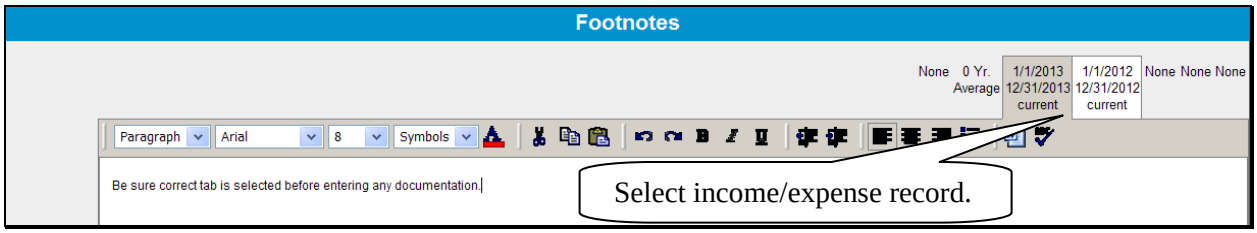


Figure 36b, Footnotes

Notes: When editing information in the schedule, if **all** line items are deleted, the value will not automatically be deleted from the Summary Screen. Access the Summary Screen to delete the value amount from the field.

For more complex operations requiring multiple schedule entries, it is recommended that the user select the single “Income/Expense Summary” option when entering the initial data. This will increase performance speed. See **Income/Expense Summary – Entering Data** (Section F 3).

Farm Business Plan - FSA User Guide (Continued)

F Income/Expense (Continued)

6 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. However, for each income or expense grouping, other categories can be added to fit the needs of the operation by using the schedule under "Other Income" or "Other Expense".

Income/expenses are categorized into the following 4 parts:

- Operating Income and Expenses
- Nonoperating Income and Expense (including owner withdrawals, income and Social Security taxes, nonfarm income, and expenses)
- Financing (including term and operating advances and operating principal repayments)
- Capital Sales, Expenditures, Contributions, and Withdrawals.

7 Reports

See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on what reports require signatures or need to be printed.

The following income/expense reports are available:

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

The following Analysis Reports about capacity are available:

- Ratios & Indicators
- Repayment Capacity/Sensitivity
- Statement of Cash Flows.

Farm Business Plan - FSA User Guide (Continued)

F Income/Expense (Continued)

8 Locking Income/Expense Summaries

Income/expense summaries should be locked after completing to prevent further modification of the data. To lock income/expense summaries, CLICK "**Add/Modify/Delete**". The lock link can be found to the right of the selected summary.

G Income/Expenses - Actuals

1 General

Actual income and expenses, together with production information ("actuals") contain important information with which future plans can be developed. The following are 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 "To I/E". 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 breakdown of income on a per-crop level. The purchase section that is available on the detail view of the crop schedule is only to be used when purchasing a crop for feeding purposes. The purchase price will be transferred to the "Feed Grain & Roughage (Sch.)" under "Operating Expenses". The purchase cost for other crops or vegetables being purchased for resale should be entered under "Purchases for Resale". The purchase cost for livestock, if entered on the detail view of the livestock schedule, will be transferred to the "Purch. for Resale Livestock & Poultry Sales" schedule under "Purchases for Resale.
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 "Type" each year. FBP will combine the yields and production in the production trends report for each like-identified farm. "Type" is name and case sensitive, should be the same each year to take advantage of that option.
Purchases for Resale (i.e. market livestock, poultry, and crops/veg.)	Enter detailed purchases for resale within the "Purchases for Resale" schedule. If no detail of purchases is needed, a summary dollar amount of purchases can be entered on the summary page.

Farm Business Plan - FSA User Guide (Continued)

G Income/Expenses - Actuals (Continued)

1 General (Continued)

Category	What to Do
Operating (Continued)	
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 MADS, ending cash, or loan feasibility.
Interest	See **Financing**.
Nonoperating	
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 1 summary entry. No itemization is required.
Income Taxes	Enter actual income and social security taxes paid during the year, unless net wages after taxes are entered in nonfarm income.
Nonfarm Income and Expense	Include gross wages, or net wages if no income taxes are entered, net business income, other nonfarm 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 nonfarm 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 **Note:** This is the preferred method. • is **not** known, enter the estimate of operating interest, deduct the estimate from the total actual interest, and enter the balance as term interest • is not known and cannot be estimated, enter all actual interest as **term** interest. **Note:** This will allow a conservative analysis of MADS. **Caution:** It is **never** recommended to enter all actual interest as operating interest, unless it actually is.

Farm Business Plan - FSA User Guide (Continued)

G Income/Expenses - Actuals (Continued)

1 General (Continued)

Category	What to Do
Capital	
Capital Expenditures and Sales	Enter as summary amounts or as details in the schedule. If entered on the schedule, ensure that the correct asset description is used from the drop-down menu. **Caution:** If collateral was sold or purchased, using the actual capital expenditure or sales schedules will **not** automatically add or subtract those items from the balance sheet schedules, appraisals, or security agreements.
Capital Gains and Losses	Enter capital gains and losses, if applicable. Entries are optional and do not affect the cash flow or the income/expense trends, but do affect an accrual-adjusted income statement.
Capital Contributions and Withdrawals	Capital contributions are inflows of capital that are **not** the result of business operations or other income. Capital contributions usually include gifts, inheritance, lottery winnings, the gift-value of substantial asset purchases for less than market value, and the capital contributions of partners or stockholders to an entity. Capital withdrawals are outflows of capital that are not the result of business operations or owner withdrawals. Capital withdrawals usually include gifts, the gift-value of substantial sales of assets for less than market value, and withdrawals of capital by partners or stockholders of an entity. Entering capital contributions and withdrawals is important to correctly construct a pro-forma balance sheet, if accrual analysis is completed. **Caution:** Ensure that capital contributions and withdrawals are **not** double-counted in capital sales and purchases.

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected

The projected farm income and expenses, nonoperating income and expenses, financing, and capital plans for a future period are the components of FBP that determine feasibility.

1 Feasibility

*--a Loan Making and Servicing Actions, Except Primary Loan Servicing

When making or servicing loans, FSA uses current year projections (plans) that have been developed for a specified time period. For some operations, a projected plan for the current production cycle and typical plans for additional production cycles may be needed if further analysis of long-term repayment ability is in question.

Examples: A start-up operation with interest only payments in the first year.

An operation transitioning from traditional crops to organic.

See **Feasibility Definition** (Section H 1 c) for more information.

Consider the following.

- **Term loans**; long term feasibility must be considered. On-going farm business operations and reliable nonfarm income must be sufficient in the projected plan to pay on-going farm and nonfarm expenses, and term debts (**positive** MADS). It is not acceptable to use the liquidation of inventory, other assets, cash reserves, or atypical income sources to demonstrate log-run feasibility.

- **Annual operating loans**; short-term feasibility must be considered. The projected plan must provide the ability to repay the annual operating loan during the production cycle (**positive** ending cash).

- **Both term and annual operating loans**; both long and short-term feasibility must be considered. For both loans to be approved, the projected plan must provide the ability to repay the annual portion of the loan during the production cycle (**positive** ending cash) as well as the ability to pay on-going farm and nonfarm expenses, and term debts (**positive** MADS).

Note: If the projected plan shows that only the annual operating portion of the loan can be repaid (**negative** MADS**, positive** ending cash), the annual loan can be approved; however, the term loan would need to be denied.**--***

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

1 Feasibility (Continued)

b Special Loan Servicing Actions (Primary Loan Servicing Only)

***--**Feasibility for primary loan servicing actions is determined by DALR$. See **Feasibility--* Definition** (Section H 1 c) for more information about feasibility.

c Feasibility Definition

***--**A feasible plan or projection is demonstrated by the following.

Note: See 3-FLP, 4-FLP, or 5-FLP, as applicable, for additional information on feasibility.

Loan Type	MADS 1/	Ending Cash
Loan Making and Servicing Actions, Except Primary Loan Servicing		
Term Loans, long term feasibility.	Must be positive.	Must be positive
Annual Operating Loans, short term feasibility.	May be positive or negative.	Must be positive
Youth Loans.	Is not applicable.	Must be positive
Primary Loan Servicing		
All loan types.	e-DALR$ determination.	Must be positive

1/ A positive (zero or greater) MADS is equivalent to TDCLCR of 1.00 or greater. The terms can be used interchangeably.**--***

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

*--2 Creating Current Year Projections

A projected plan for the current production cycle can be created for both short and long-run feasibility decisions. 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. See **Income/Expenses – Actuals** (Section G) for a description of each category and suggestions for the types of information that should be included.

The income/expense projection is categorized into the following 4 parts:

- Operating Income and Expenses (including current assets, current liabilities, crop and livestock sales, other farming income, purchases for resale, all farming expenses including interest, and depreciation)

  Note: Income and expenses from current assets and current liabilities can generally be handled by making 1 of the following selections in the beginning balance sheet schedule:

  - "None", do not send to the income/expense projection
  - "Beg. Cash on Hand", send to schedule on income/expense projection
  - send to selected income and expense schedule on income/expense projection.

- Nonoperating Income and Expenses (including owner withdrawals, income and Social Security taxes, nonfarm income and expenses)

  Caution: Projected owner withdrawals must include family living expenses and personal debt payments, such as, credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc. The total amount of payments due during the planning period will be entered on the schedules or as 1 summary entry, no itemization is necessary.

- Financing (including term and operating advances and operating principal repayments)

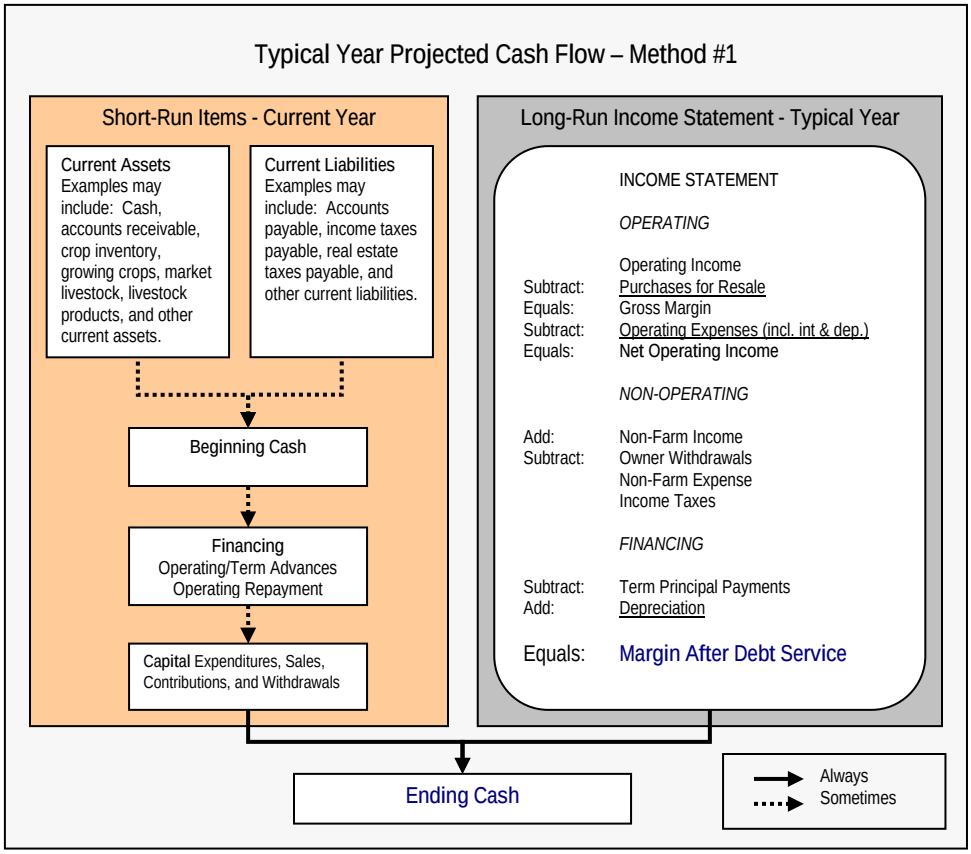
- Capital Sales, Expenditures, Contributions, and Withdrawals.**--***

H Income/Expenses - Projected (Continued)

*--3 Creating Typical Projections

A typical projection can be created for both short and long-run feasibility decisions. There are generally 2 methods of creating a projection for a typical year.--*

a Method 1, Separate Short-Run Items from Typical Year



Method 1 has the following features.

- The cash flow categories included in 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. 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.

Farm Business Plan - FSA User Guide (Continued)

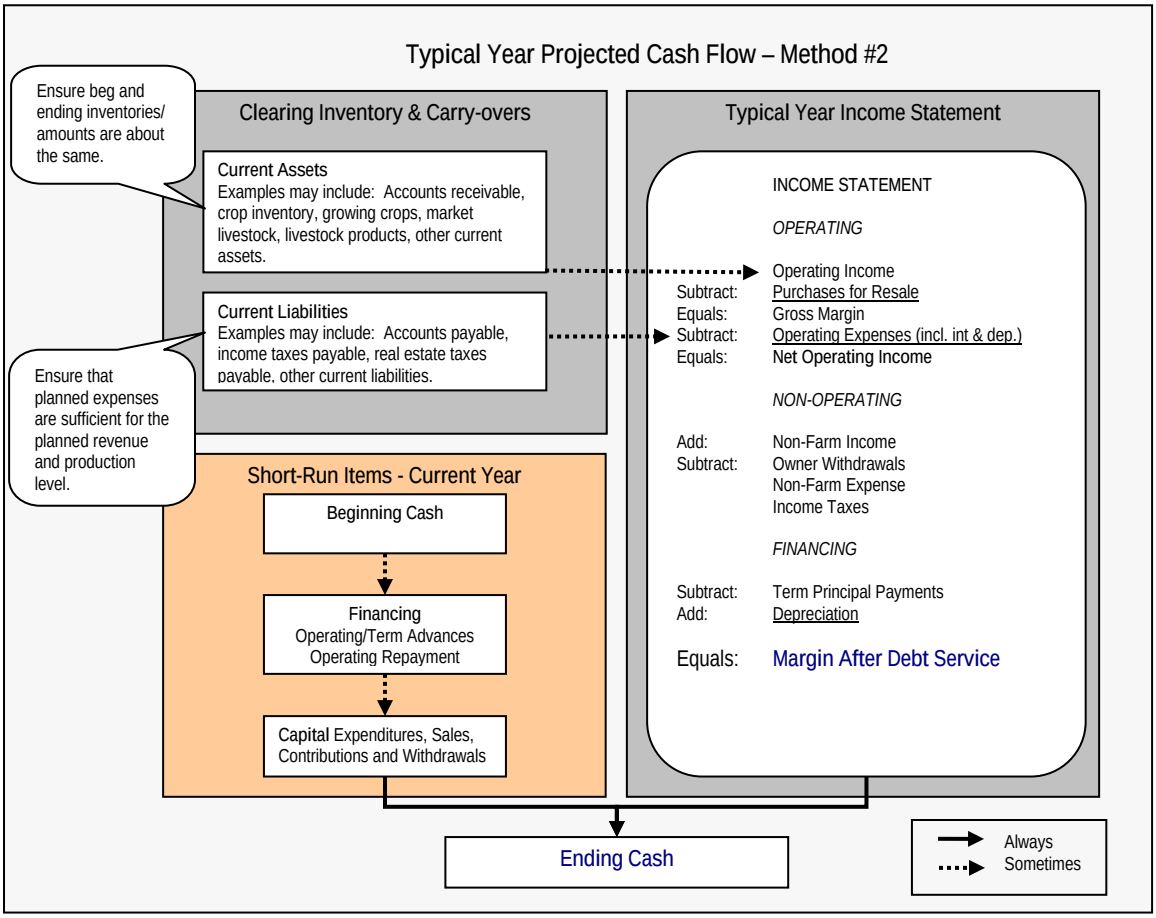
H Income/Expenses - Projected (Continued)

--3 Creating Typical Projections (Continued)--

a Method 1, Separate Short-Run Items from Typical Year (Continued)

- *** * *** When including sales of inventory in beginning cash, ensure that those sales are not double counted in operating income.

b Method 2, Transfer Current Assets and Payables into Operating



Method 2 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.

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

--3 Creating Typical Projections (Continued)--

b Method 2, Transfer Current Assets and Payables into Operating (Continued)

- 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.

*** * ***

H Income/Expenses - Projected (Continued)

*--4 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 Report and Projected Monthly Cash Flow Reports may help the user determine the amount of borrower needs in these circumstances. The reports, by themselves, are not intended to be used to determine feasibility. Using monthly cash flows is optional.

If a user determines that a monthly cash flow is needed, the user must designate in the "Monthly CF Setup" drop-down menu, how many months the projection will cover when the income/expense is added or duplicated. Options include a 12-, 18-, or 24-month projection.



Figure 37a, Selecting Months for Projection

After the projection is created, monthly cash flow allocations may be added at the summary or schedule level. Both methods achieve the same result of having the cash inflow or outflow categories allocated in designated month or months, in addition to the overall total.**--***

a Summary Level

Step 1. All inflow or outflow categories may have a monthly cash flow allocation entered at the summary level. CLICK blue "**$**" next to the category amount.

Example: For "Fertilizers & Lime", $25,000 was entered as a summary dollar value. For "Gas/Fuel/Oil", $31,000 is a total from the detailed schedule. However, both can be allocated in the monthly cash flow by clicking the blue "**$**".
***--**

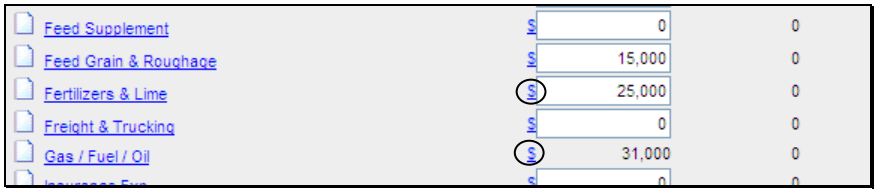


Figure 37b, Entering Monthly Cash Flow Projections--*

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

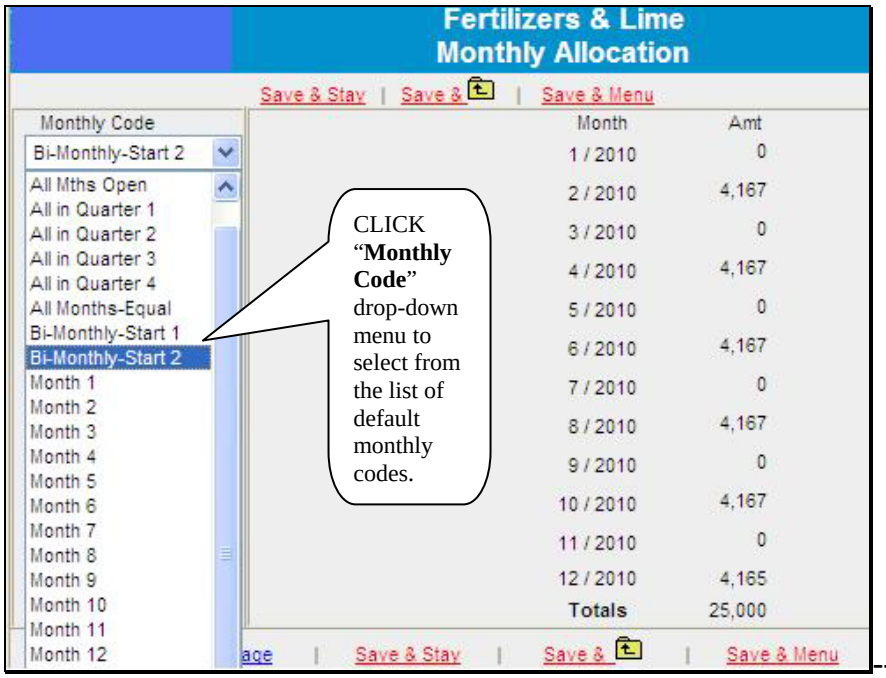
--4 Monthly Cash Flow (Continued)--

a Summary Level (Continued)

Step 2. User has the option of custom entries or selecting from the default "Monthly Codes" provided.

Example: On the Fertilizers & Lime Monthly Allocation Screen, user clicked "Monthly Code" drop-down menu and selected "Bi-Monthly-Start 2".

*--



--*

Figure 38

If the amount for any category on the projection is altered, the monthly allocation will automatically recalculate based on the monthly code selected. "Monthly Code" may be changed at any time.

H Income/Expenses - Projected (Continued)

--4 Monthly Cash Flow (Continued)--

b Schedule Level

Step 1. Select the category and enter the total amount for the projected plan period in the detailed schedule. More than 1 entry may be added. CLICK "**Mth**" next to each entry to allocate the amount in the monthly cash flow.

Example: For "Gas/Fuel/Oil", total of $31,000.

*--

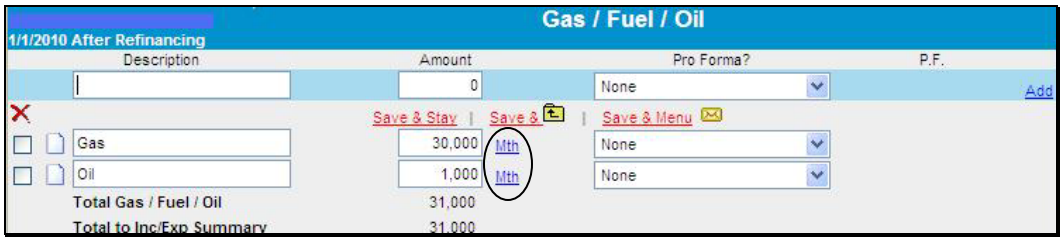
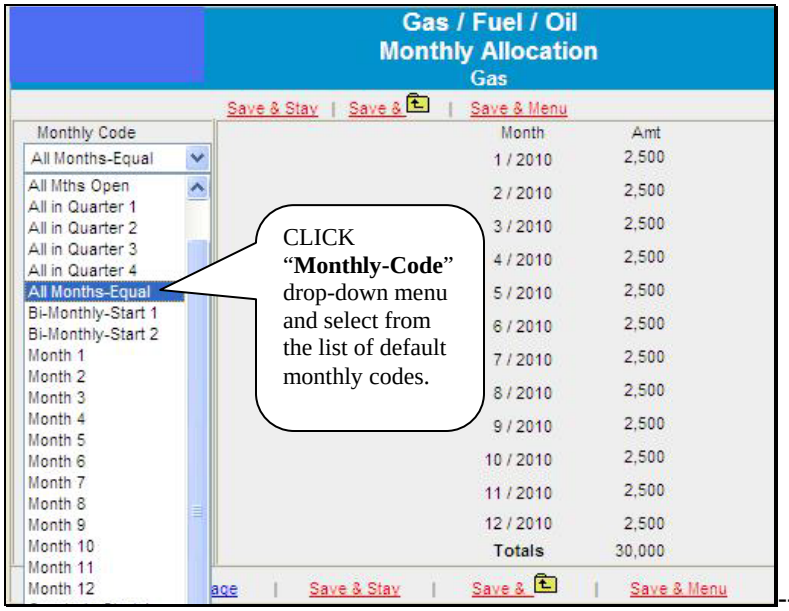


Figure 39--*

Step 2. User has the option of custom entries or selection from the default monthly codes provided.

Example: For "Gas" entry of "$30,000", user clicked the "Monthly Code" drop-down menu and selected "**All Months-Equal**".

*--



--*

Figure 40

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

--4 Monthly Cash Flow (Continued)--

b Schedule Level (Continued)

***--Example:** For "Oil" entry of "$1,000", the user clicked "Monthly Code" drop-menu and selected "All Mths Open". Dollar amounts were manually entered in the "Amt" fields.

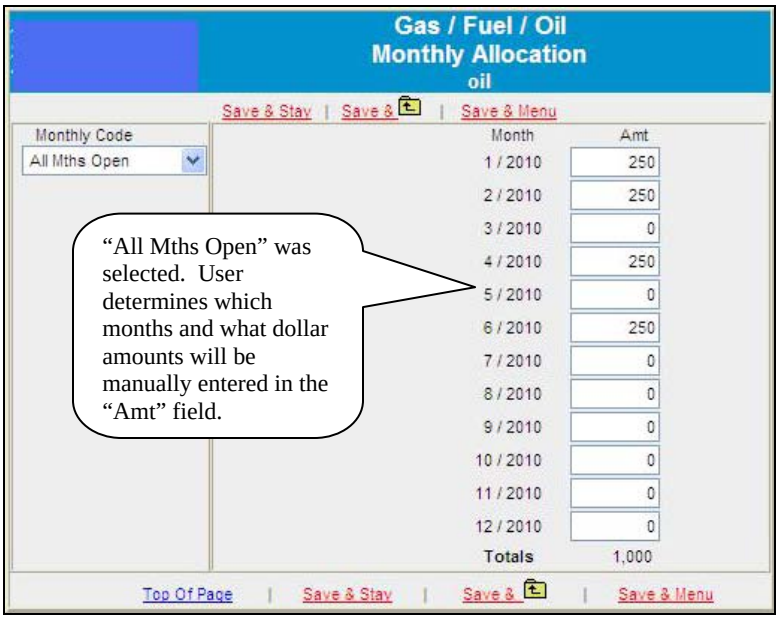
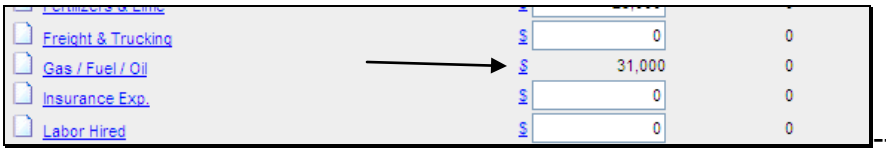


Figure 41

Note: The blue "$" on the summary page will change to italicized when the monthly cash flow allocation is added at the schedule level.



--*

Figure 42

H Income/Expenses - Projected (Continued)

*--4 Monthly Cash Flow (Continued)

c Warnings

If the monthly cash flow allocation was added at the summary level and the user decides to add the amount at the schedule level, when the user clicks "**Mth**", a warning message will be displayed. Take appropriate action, as follows:

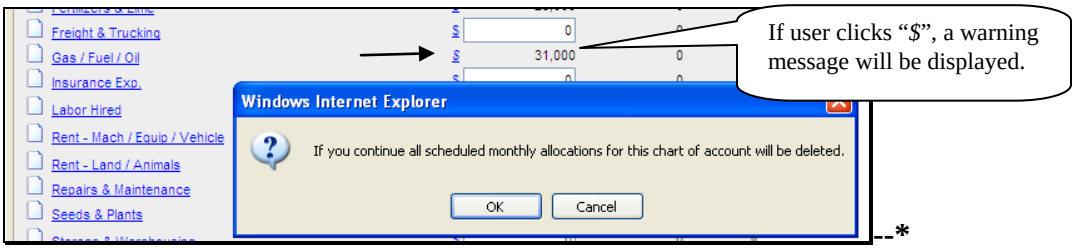
- CLICK "**Cancel**", to keep the current monthly cash flow allocation information
- CLICK "**OK**", and the monthly cash flow allocation for the category will be deleted and the Monthly Allocation Screen will be displayed with the option of re-entering the information at the schedule level.



Figure 43

If monthly cash flow was added at the schedule level, and then the user clicks on the italicized "*$*" on the summary page, a warning message will be displayed. Take appropriate action, as follows:

- CLICK "**Cancel**", to keep the current monthly cash flow allocation information.
- CLICK "**OK**", and the monthly cash flow allocation for the category will be deleted, and the Monthly Allocation Screen will be displayed with the option of re-entering the information at the summary level.



--*

Figure 44

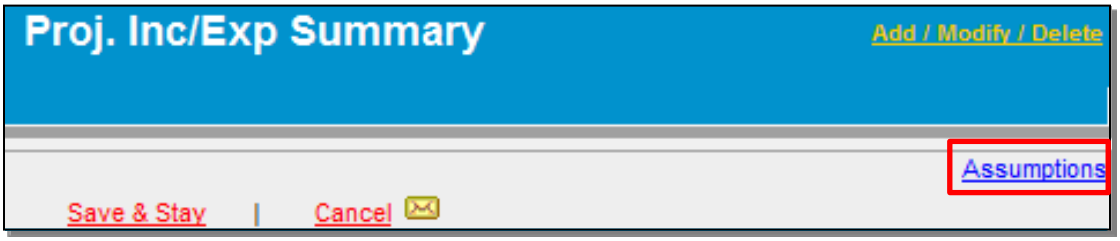
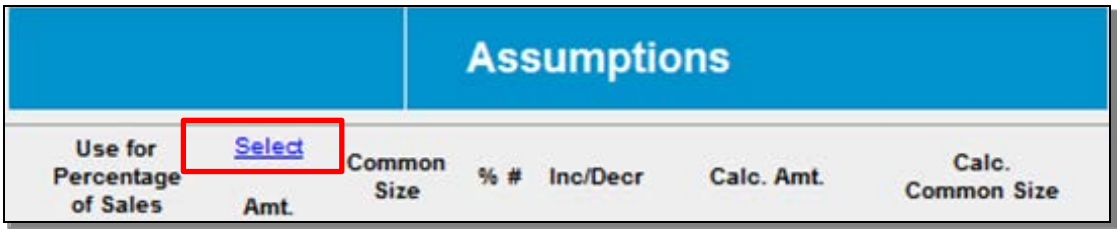
Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing

Assumptions:

- allow a user to build new projected income and expense information based on existing historical or projected income and expense data
- use user-defined assumptions about expected changes in income and expense levels, along with the common size calculations, to extrapolate new projected income and expense information
- can be used by loan officials to demonstrate to customers how changes in income/expenses may affect their operations.

Step	Action
1	Create a **new** Projected Income/Expense to use in the Assumption process. **Caution:** Only use a plan created specifically for the assumption/stress test. All data saved in the assumption will automatically update the projected income/expense "summary" data only and not the scheduled information.
2	After new projection has been created, CLICK "**Assumptions**" link.  **Figure 44a**
3	CLICK "**Select**" link to access the Lookup Window, **Select Date Screen**.  **Figure 44b**

--*

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)

Step	Action
4	On the Lookup Window, Select Date Screen, click either "**Average**" or "**mm/dd/yyyy**" link for which to base the assumptions.

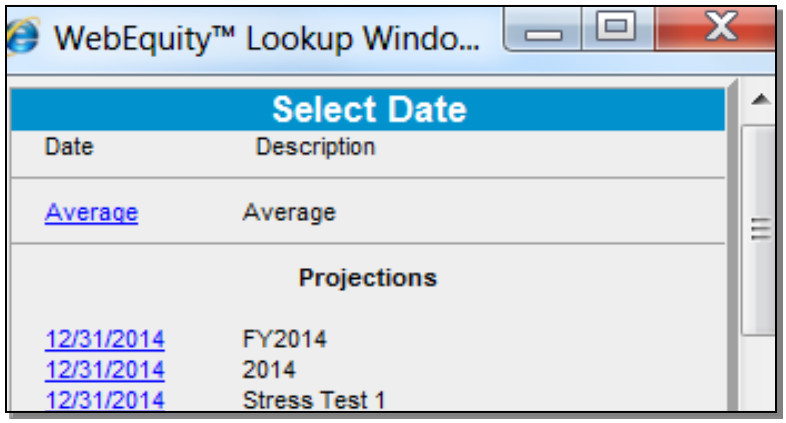


Figure 44c

The "Select" link is replaced by whichever date was selected on the Lookup Window, Select Date Screen ("Average" or "mm/dd/yyyy"). Data in the assumptions can be changed by clicking on the selected link and choosing another plan.

Example: For this example, user clicked the "**Average**" link and will populate the Assumptions Screen with that data. Income line items will have open text fields where adjustments can be made to the data depending on the radio button selected (1st, 2nd, or 3rd). Users can choose multiple options for the calculations.

- 1st radio button, "Input +/- Percent Change".

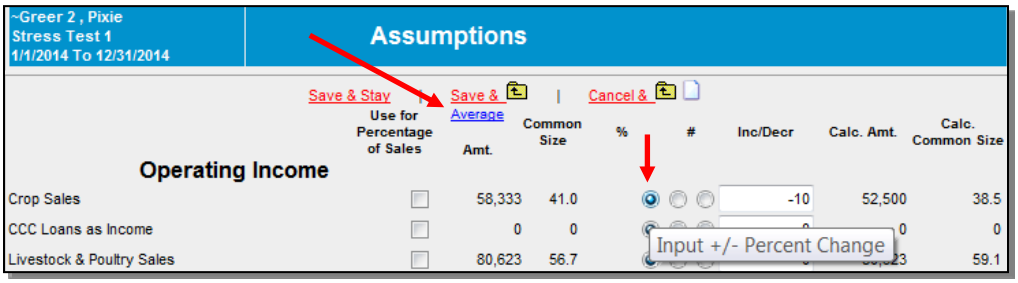


Figure 44d--*

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)

- 2nd radio button, “Input +/- Number Change”.

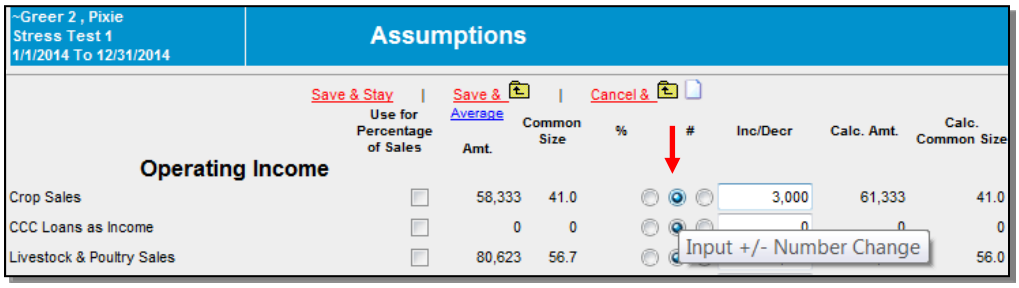


Figure 44e

- 3rd radio button, “Input Whole Number”.

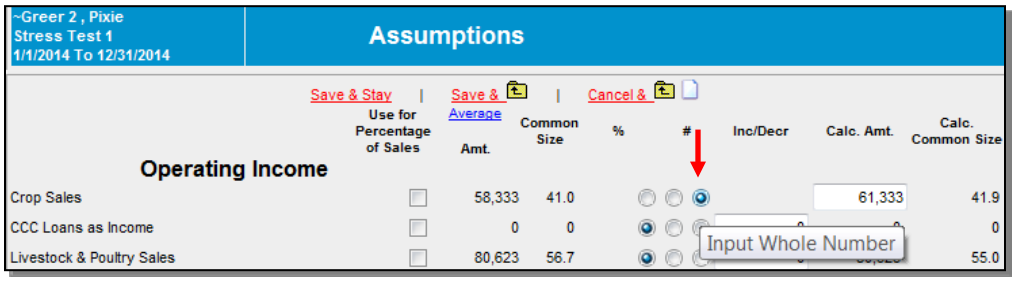


Figure 44f

There are radio buttons for “Auto/Manual” calculations for expenses. Activating the “Manual” radio button will open a text field where users can make adjustments. Click “**Mark All**” link to select the same option for the expense calculations, or users can select multiple options for the calculations.

- 1st radio button, “Auto Calc common Size Number”. Expenses will automatically adjust as income totals are recalculated.

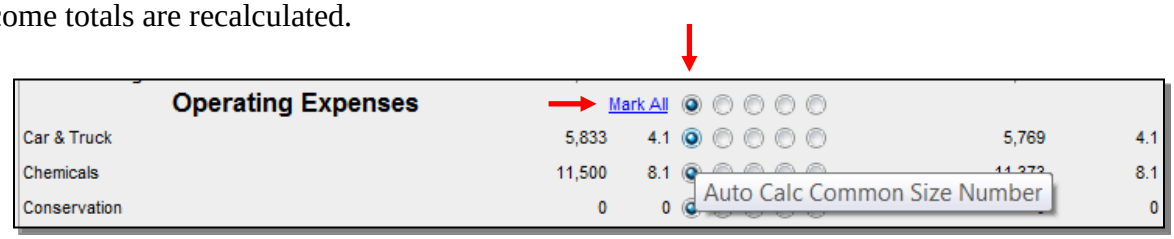


Figure 44g--*

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)

- 2nd radio button, “Input Percent of Sales”. Only use when a “Use in Percentage of Sales” box is checked (✓) to select the income line items to be used in calculations.

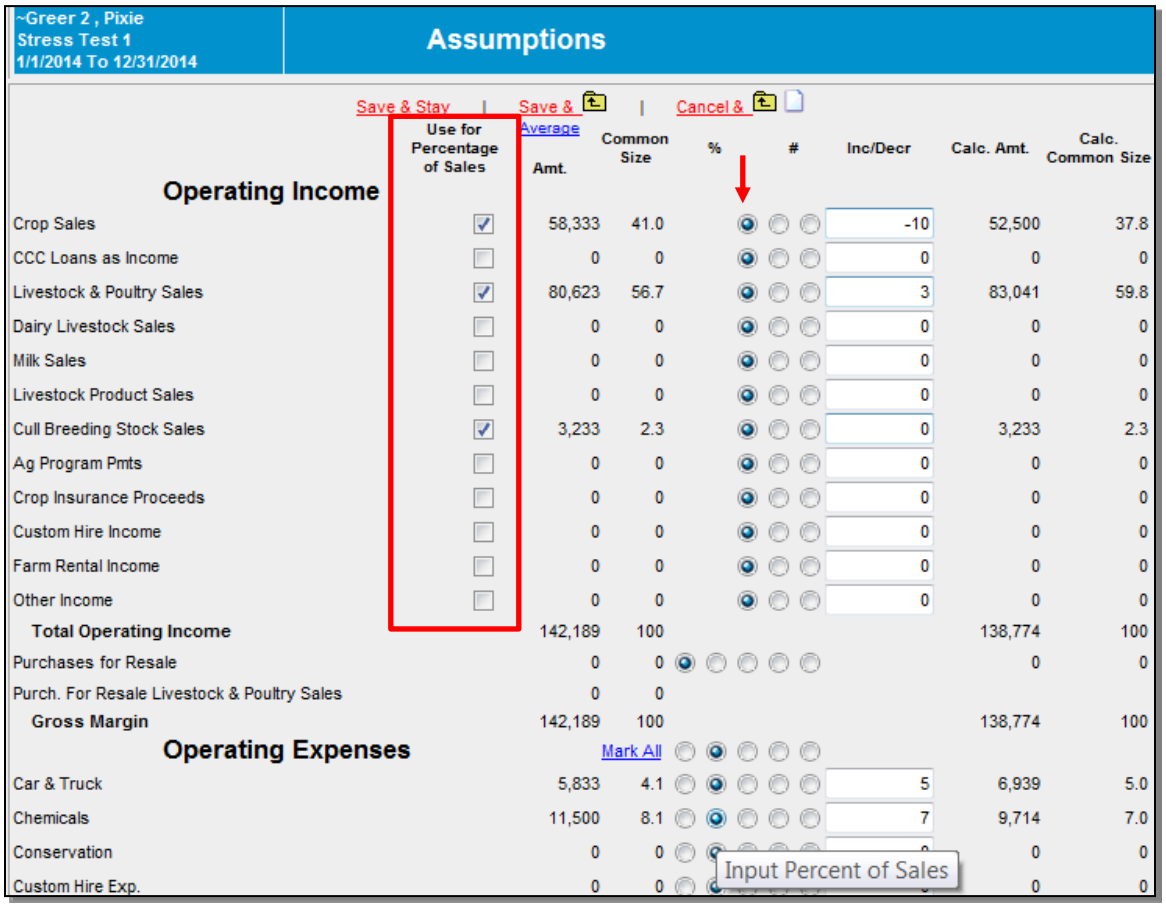


Figure 44h

- 3rd radio button, “Input +/- Percent Change”.

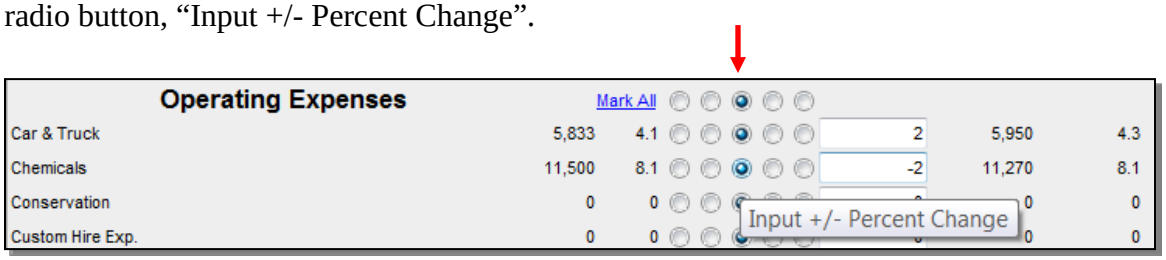


Figure 44i--*

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

***--5 Assumptions or Stress Testing (Continued)**

- 4th radio button, “Input +/- Number Change”

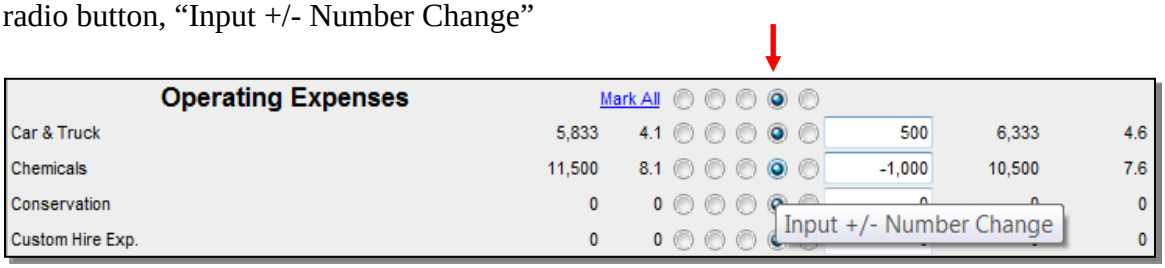


Figure 44j

- 5th radio button, “Input Whole Number”.

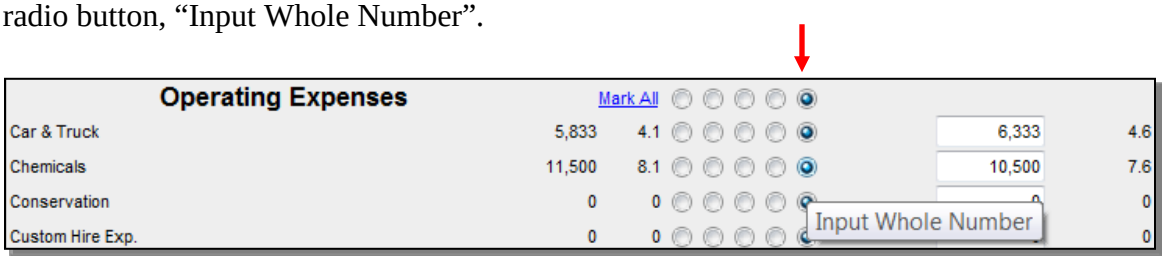


Figure 44k--*

I Collateral Analysis/Chattel Appraisals

Collateral analysis involves assessing the adequacy of collateral pledged for a loan and must be completed when a Credit Presentation is prepared for a loanmaking or loan servicing action.

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 percent. **This must not be changed**.

1 Describing the Collateral Position

The collateral position is usually described in the following 2 ways.

Description	Calculation
Margin of Collateral to Loan	(Amount of collateral **minus** prior liens) **divided by** total FSA loans.
Percent Loan to Collateral	(Total FSA loans **divided by** (amount of collateral **minus** prior liens)) **multiplied times** 100.

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

2 Completing the Chattel Appraisal

The descriptions and values in the chattel appraisal are derived from the balance sheet schedules. After a loan official has visited the farm and completed an appraisal of the chattel, the appraised values will need to be entered in the corresponding schedules. After the Balance Sheet has been updated, CLICK "**Balance Sheet**" and "**Chattel Appraisal**" to update the chattel appraisal information.

***--**

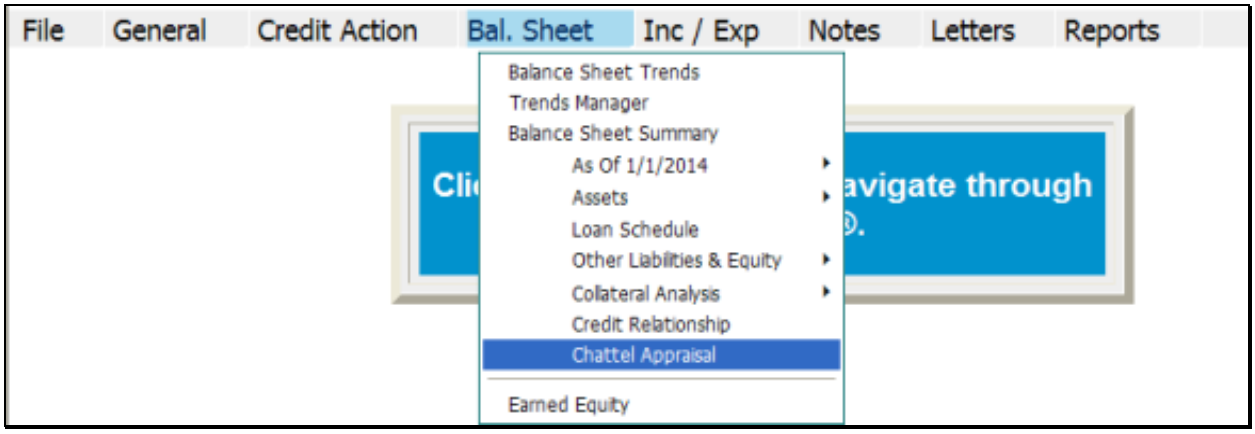


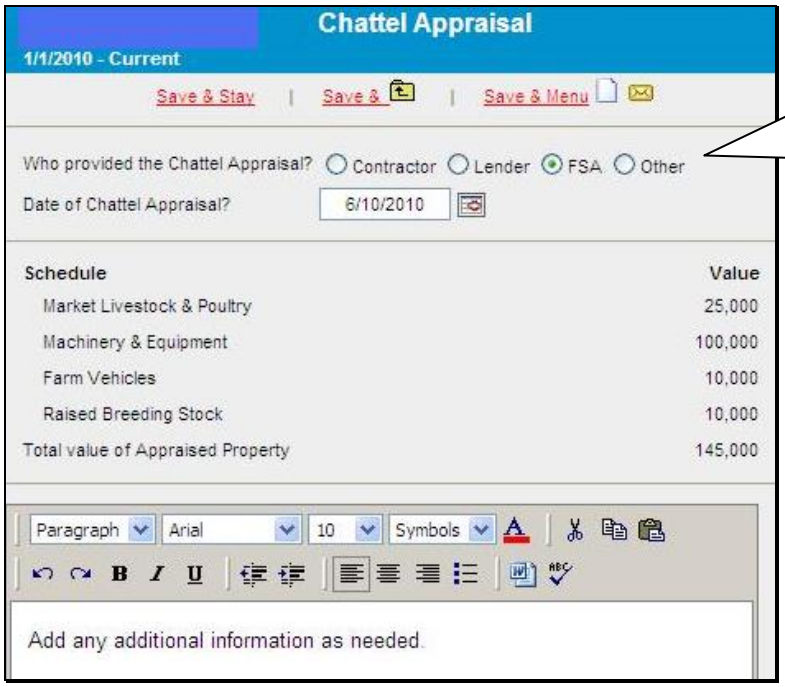
Figure 45a--*

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued

*--2 Completing the Chattel Appraisal (Continued)

Complete the Chattel Appraisal Screen. Use the Footnote Section for any additional information as needed.



Defaults to "**FSA**". Ensure that it is changed if chattel appraisal was completed by someone other than an FSA employee.

Manually enter or use the calendar to select the date the chattel appraisal was completed.

Use Footnotes Section for any additional information as needed.

Figure 45b--*

I Collateral Analysis/Chattel Appraisals (Continued

*--2 Completing the Chattel Appraisal (Continued)

If the chattel appraisal is completed by the same official who recommends or approves the Credit Presentation, the Appraisal form does not need to be printed or signed. If not printed, there **must** be a notation in the Collateral Section of the Credit Presentation that a chattel appraisal was completed, date of appraisal, and that the eSignature stamp of the recommending or approving official represents the person who completed the appraisal.

In all adverse actions, or if the appraisal was completed by someone other than the recommending/approving official, the chattel appraisal will need to be printed and signed.

To generate the printed chattel appraisal CLICK "**Reports**", "**Balance Sheet**", "**Chattel Appraisal**", and select the chattel appraisal to be printed from the list provided.

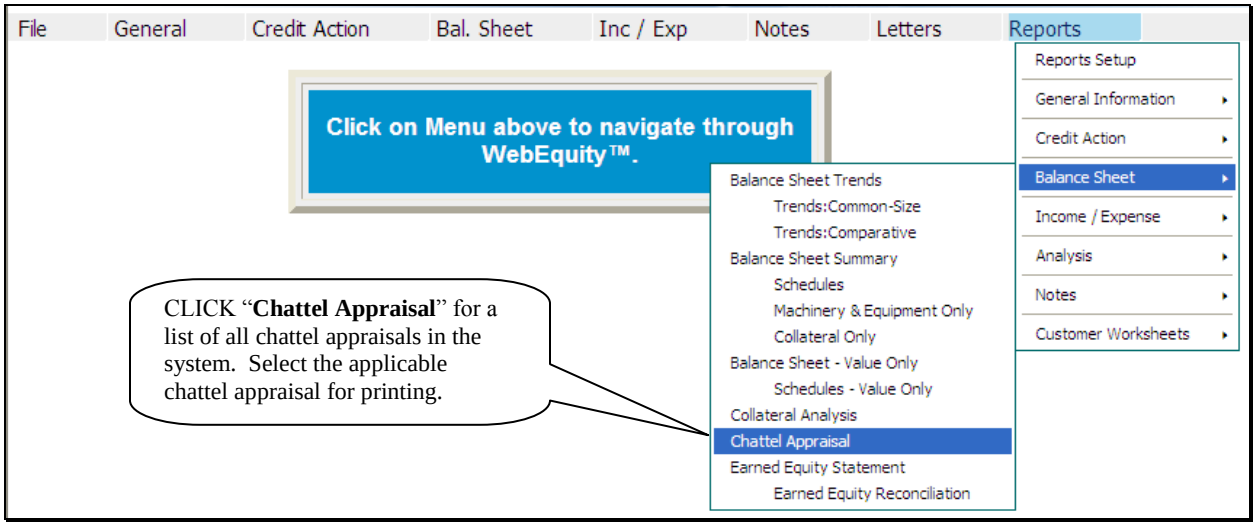


Figure 45c--*

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis

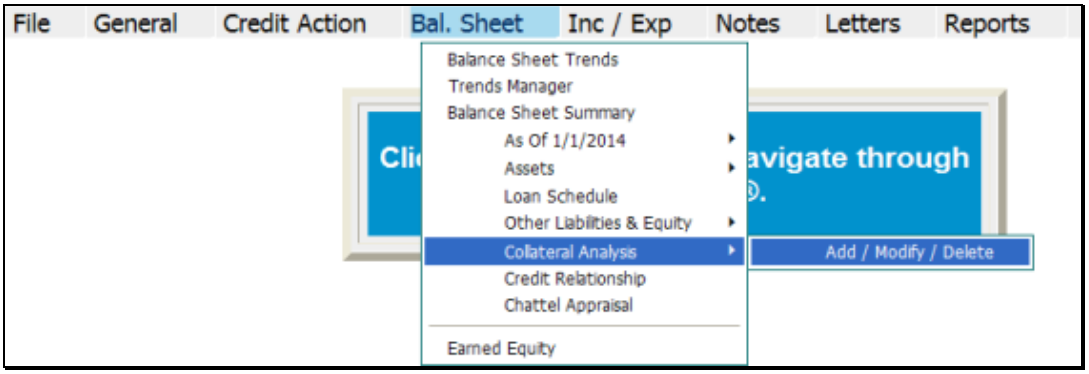
The collateral analysis is where a user can access, view, add, modify, or delete information specific to any collateral value for loans held by FSA and any prior lien holders. The values in the collateral analysis are derived from the associated balance sheet summary and schedules.

When building the collateral analysis, loans and the collateral used to secure the loan can be grouped together by creditors. For example, if all the FSA loans are secured by the same collateral, the loans and collateral could be grouped together. Separate FSA loan groups may be created when different collateral is used to secure different FSA loan types.

For prior lienholders, there can be a loan group for each creditor; or all prior lienholders can be grouped together. If there are prior liens, they **must** be added to the collateral analysis **before** adding any FSA loan group.

a Customer With No Prior Liens

Assume in this example that there are no prior liens on the collateral used to secure the FSA loans. Use the following steps to build the collateral analysis for the FSA loan group.

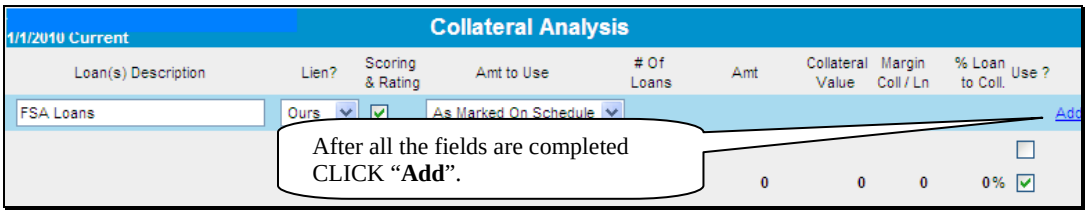
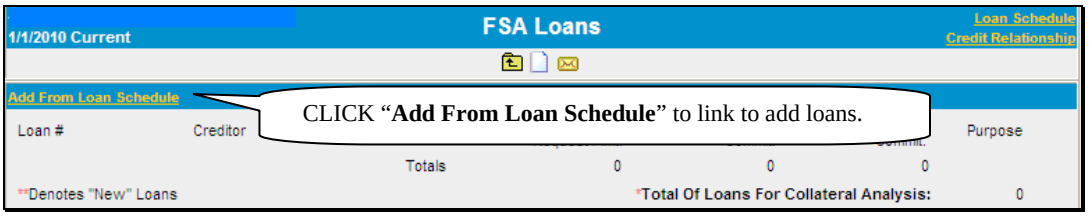
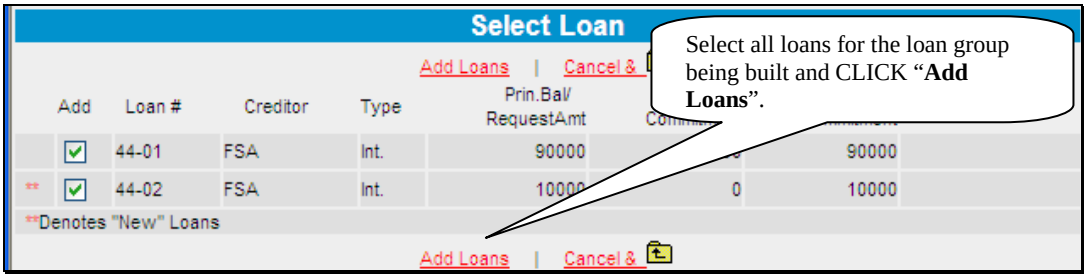
Step	Action
1	Verify the correct balance sheet is selected to use in building the collateral analysis.
2	CLICK "**Bal. Sheet**", "**Collateral Analysis**", and "**Add/Modify/Delete**". When user first clicks this menu item, the only submenu item displayed is the "**Add/Modify/Delete**". As users add loan groups, they will automatically be displayed in the submenu and be available for selection. ***--**  **Figure 45d--***

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

*--a Customer With No Prior Liens (Continued)

Step	Action
3	Complete the following fields to add the new FSA loan group: • "Loan(s) Description", enter a description of loans associated with the collateral • "Lien?", select "**Ours**" for FSA • "Scoring & Rating", checked by default • "Amt to Use: Select", "**As Marked On Schedule**". CLICK "**Add**" to begin building the collateral analysis.  **Figure 46**
4	CLICK "**Add from Loan Schedule**" to choose the loans.  **Figure 47**
5	Select all the loans, existing and new, that need to be included in the loan group being built and CLICK "**Add Loans**".  **Figure 48**

--*

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

*--a Customer With No Prior Liens (Continued)

Step	Action
6	CLICK "**Add Collateral**" to choose the collateral for the loan group being built.

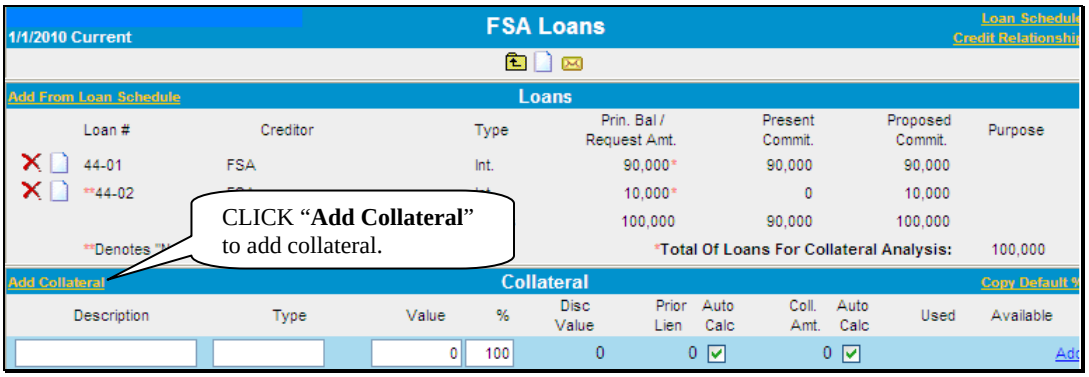


Figure 49a

7	Select all collateral to be included in the loan group being built and CLICK "**Add Collateral**".

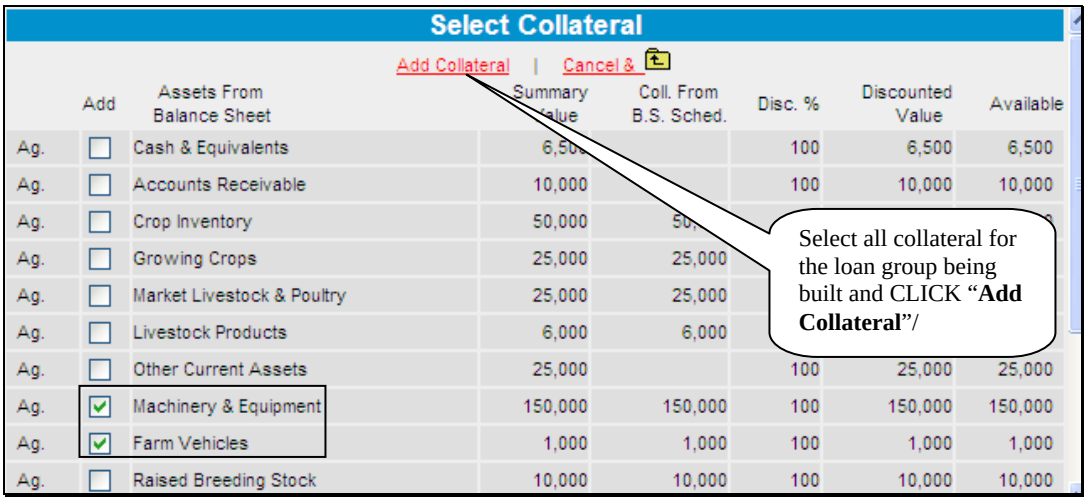


Figure 49b

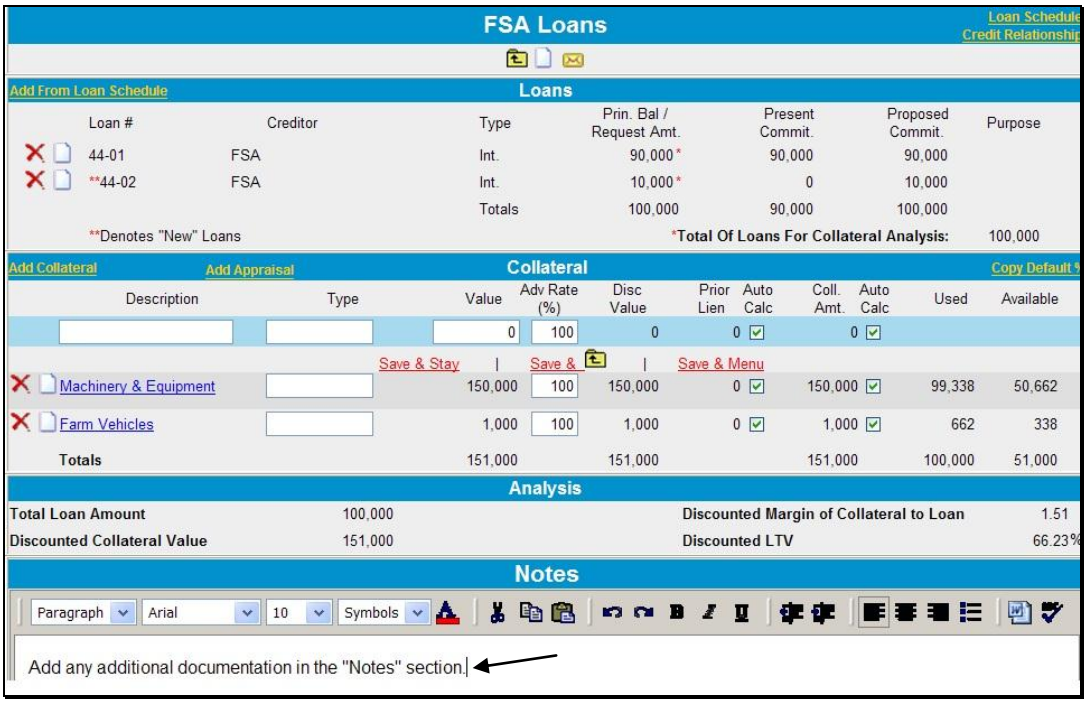
--*

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

a Customer With No Prior Liens (Continued)

Step	Action
8	Verify that the correct loans and collateral have been added for the loan group. If additional documentation is needed, it can be added to the Notes Section. *--  **Figure 50--***

Farm Business Plan - FSA User Guide (Continued)

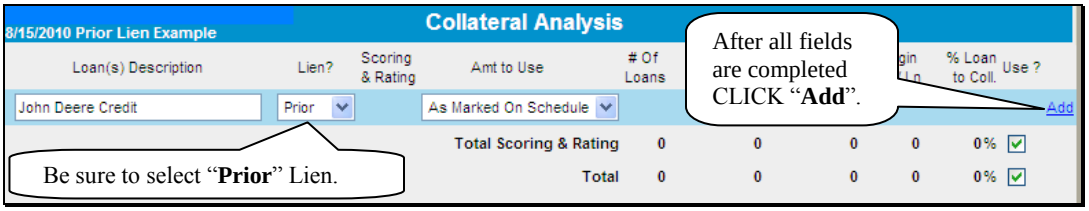
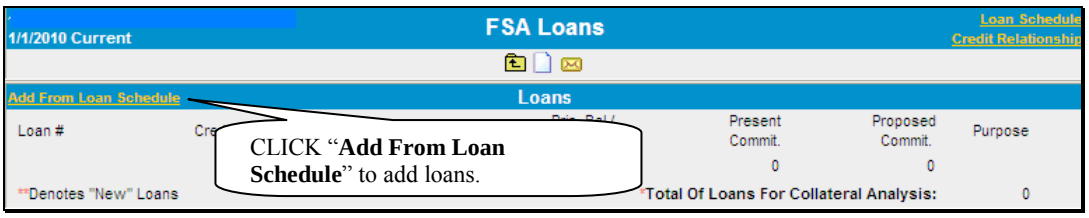
I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

*--b Customer With Prior Liens

When the customer has loans with creditors who have prior liens on the collateral used to secure the FSA loan, those creditors **must** be added to the collateral analysis **before** the FSA loan group.

Example: Assume in this example that the customer owes John Deere Credit $26,000, secured by a first lien on a tractor worth $35,000. The customer also has an FSA OL with a balance of $90,000, secured by a lien on all machinery and equipment worth $150,000, including the tractor.

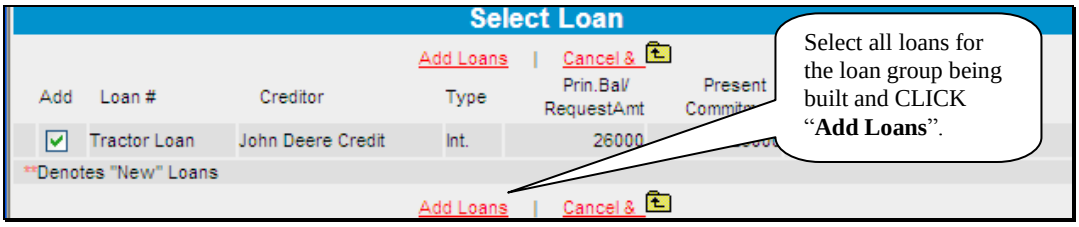
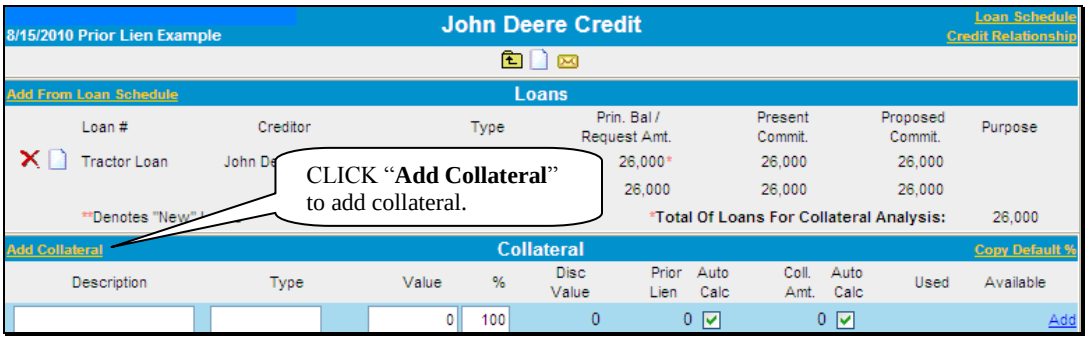
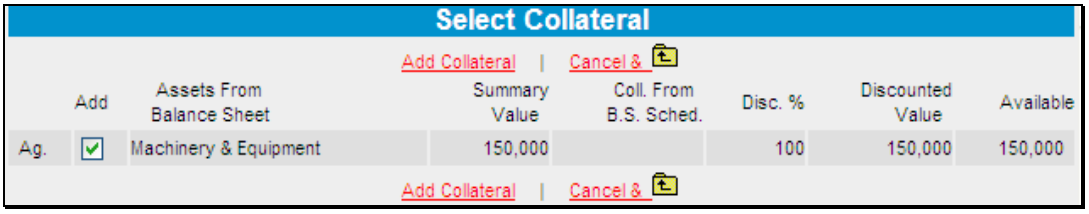
Step	Action
1	Complete the following fields to add the John Deere Credit loan group: • "Loans Description", enter a description of loans associated with the collateral • "Lien?", select "**Prior**" for all prior loans • "Amt to Use", select "**As Marked On Schedule**". CLICK "**Add**" to begin building the collateral analysis.  **Figure 51a**
2	CLICK "**Add from Loan Schedule**" to choose the loans.  **Figure 51b**

--*

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

*--b Customer With Prior Liens (Continued)

Step	Action
3	Select the John Deere Credit loan and CLICK "**Add Loans**".  **Figure 51c**
4	CLICK "**Add Collateral**" to choose the collateral for the loan group being built.  **Figure 51d**
5	Select collateral to be included in the loan group being built. CLICK "**Add Collateral**".  **Figure 51e**

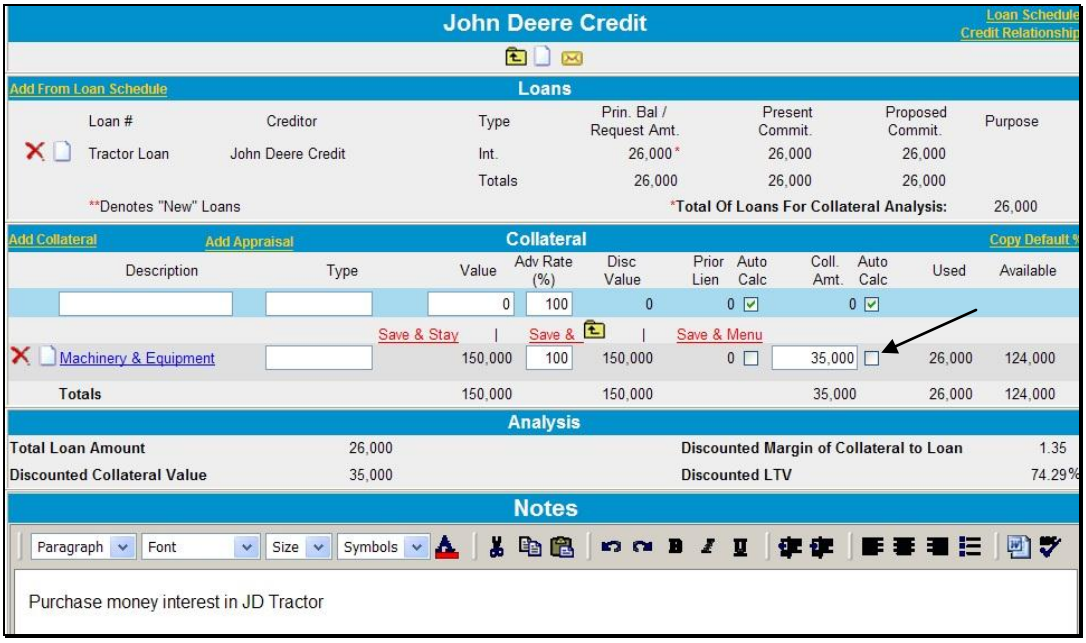
--*

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

b Customer With Prior Liens (Continued)

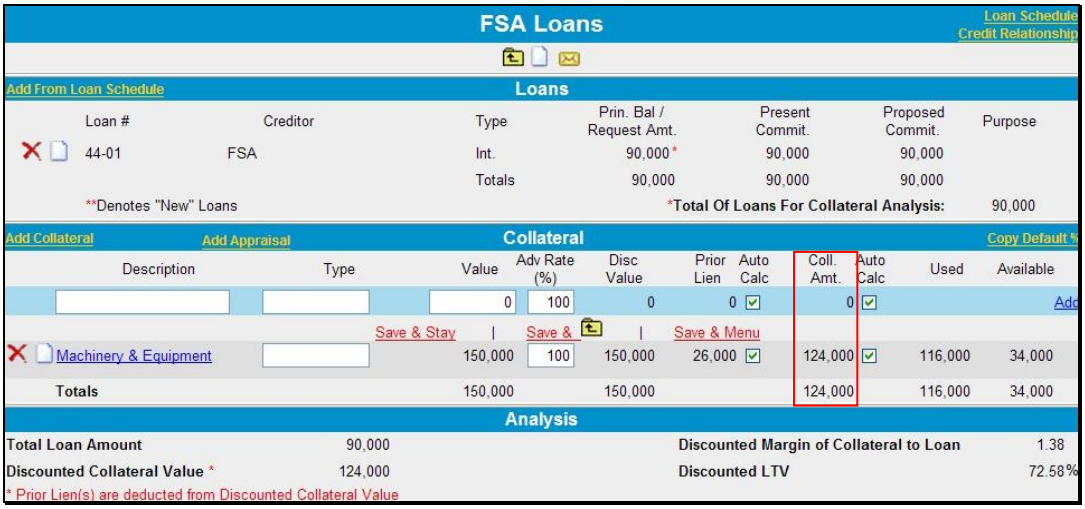
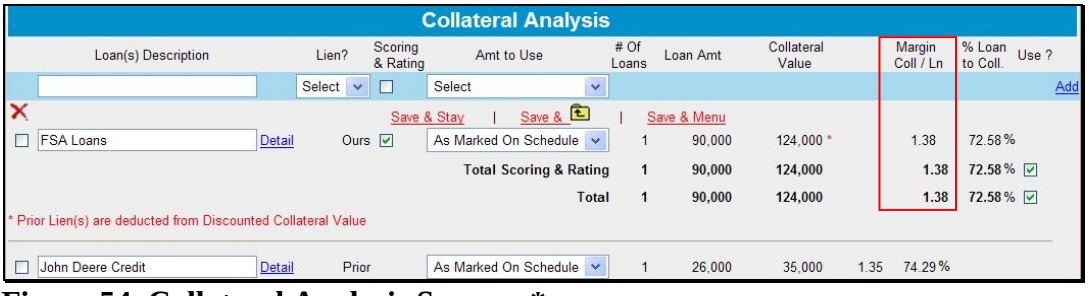
Step	Action
6	To adjust the value of the collateral securing the prior lien holder, uncheck (✓) the "**Auto Calc**" box and enter the value of the asset securing the loans in the "**Coll. Amt**" field. ***--**  **Figure 52, John Deere Credit Prior Lien Loan Group--*** **Caution:** If more than 1 "Prior Lien" group is added to a collateral analysis, uncheck the "**Auto Calc**" box and enter $0 in the "**Prior Lien**" field before saving to allow the system to calculate correctly.

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

b Customer With Prior Liens (Continued)

Step	Action
7	Create the FSA loan group; add the FSA loans from the loan schedule, and then add the collateral securing those loans. In this example, even though all machinery and equipment is securing the FSA loan, there is only $124,000 of collateral available for FSA (value of all machinery and equipment of $150,000 **minus** John Deere prior lien of $26,000 **equals** $124,000). This amount is calculated automatically and captures any remaining equity in the tractor. ***--**  **Figure 53, FSA Loan Group--***
8	Access the Collateral Analysis Summary Screen and verify that the margin of collateral to loan is correct in the "**Margin Col/Ln**" Column. ***--**  **Figure 54, Collateral Analysis Screen--***

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

c Customer With Negative Equity Prior Liens

When the customer has loans with creditors who have prior liens on the collateral used to secure the FSA loan, those creditors **must** be added to the collateral analysis **before** the FSA loan group. These prior liens may be under secured and are sometimes referred to as "upside-down" or negative equity loans.

Example: Assume in this example that the customer owes John Deere Credit $26,000, secured by a first lien on a tractor worth only $19,000. The customer also has an FSA OL with a balance of $90,000, secured by a lien on all machinery and equipment worth $150,000, including the tractor. FSA is secured; however, John Deere Credit is under secured by $7,000 (tractor value of $19,000 **minus** loan balance of $26,000).

Step	Action
1	Add the John Deere Credit loan group, select the John Deere Credit $26,000 loan from the loan schedule, and then add **all** the machinery and equipment as collateral, even though only the John Deere tractor is collateral for this loan. To adjust the value of the collateral securing the prior lien holder, uncheck (✓) the "**Auto Calc**" box and enter the value of the asset securing the loans in the "**Coll. Amt**" field. In this example the tractor is worth $19,000. ***--**

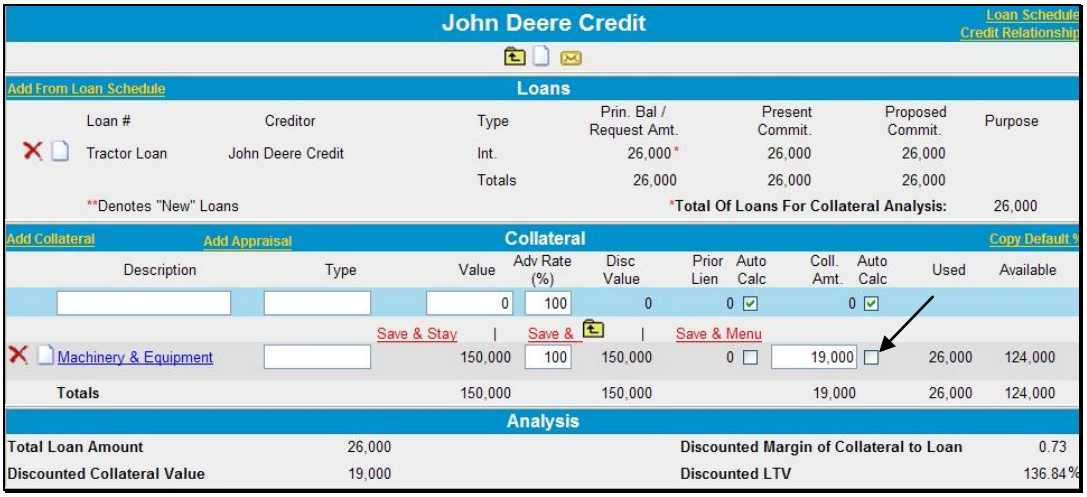


Figure 55, John Deere Credit Prior Lien Screen--*

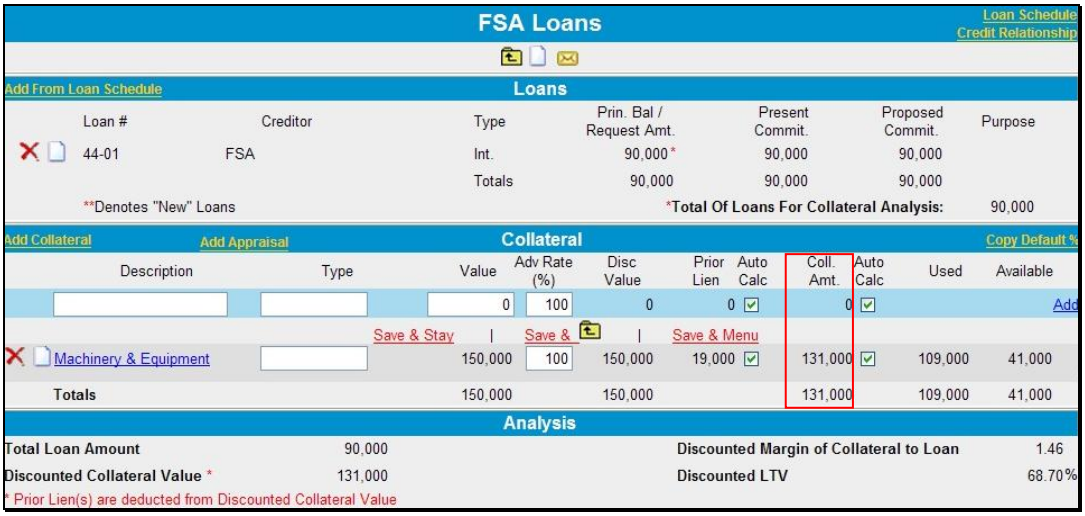
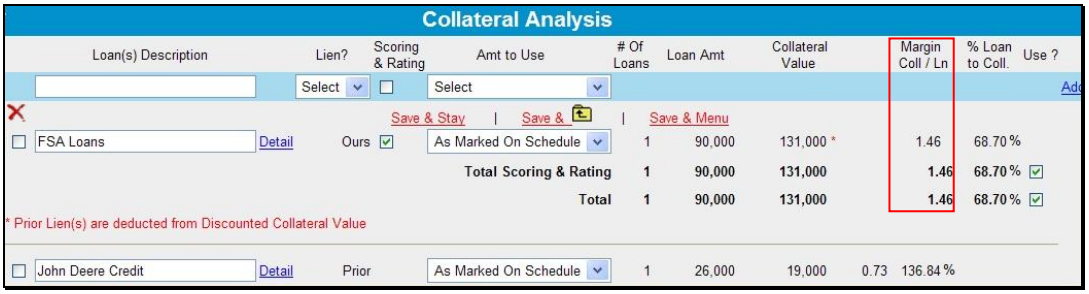
When user clicks "**Save & Stay**", only the value of the tractor will be deducted from the total of "Machinery and Equipment". **No** equity from the equipment will be used to secure the John Deere Credit loan.

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

c Customer With Negative Equity Prior Liens (Continued)

Step	Action
2	Add the FSA loan group, select the FSA OL $90,000 loan from the loan schedule, and then add the collateral securing the loan. In this example, the amount of collateral available is $131,000 (value of equipment of $150,000 **minus** value of tractor secured by prior lien of $19,000). This amount is automatically calculated. **Note:** Although there is negative equity in the tractor, John Deere Credit's adverse collateral position does **not** impact FSA's position. ***--**  **Figure 56, FSA Loans Screen--***
3	Access the Collateral Analysis Screen and verify that the margin of collateral to loan in the "**Margin Col/Ln**" Column is correct. ***--**  **Figure 57, Collateral Analysis Screen--***

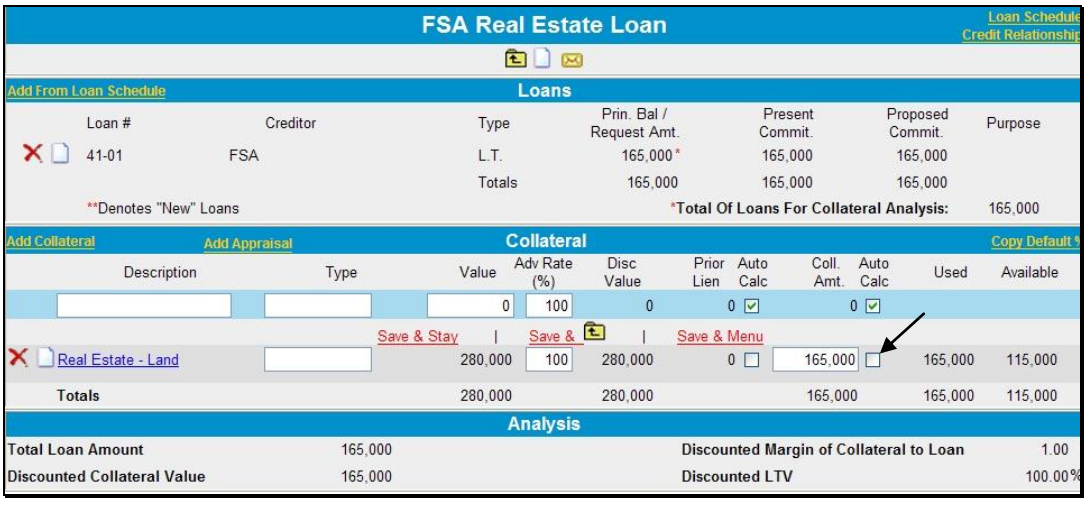
I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

d Customer With FSA Cross-Collateralized Loans

Sometimes the same asset may be used as collateral for multiple FSA loans. This is called, "cross-collateralization". To correctly display the available collateral, the loan group that has the primary security interest in that asset must be added first.

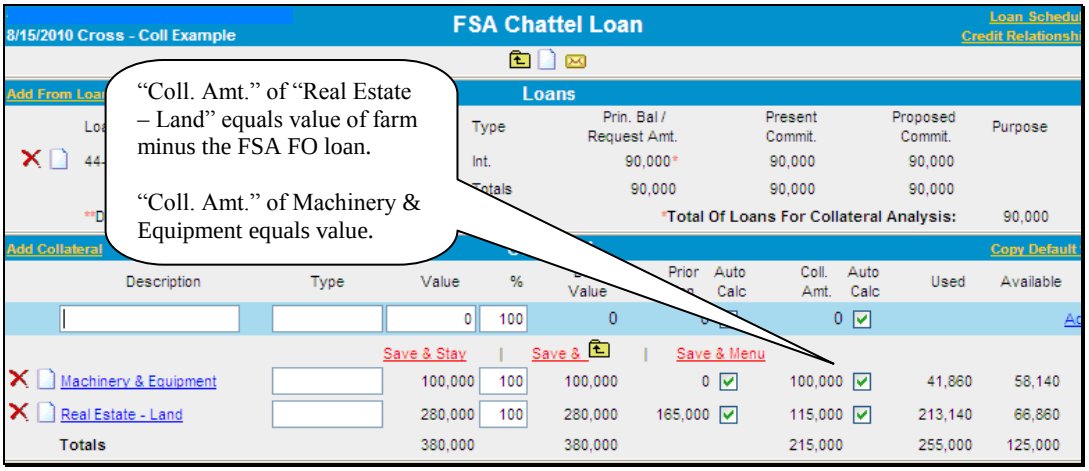
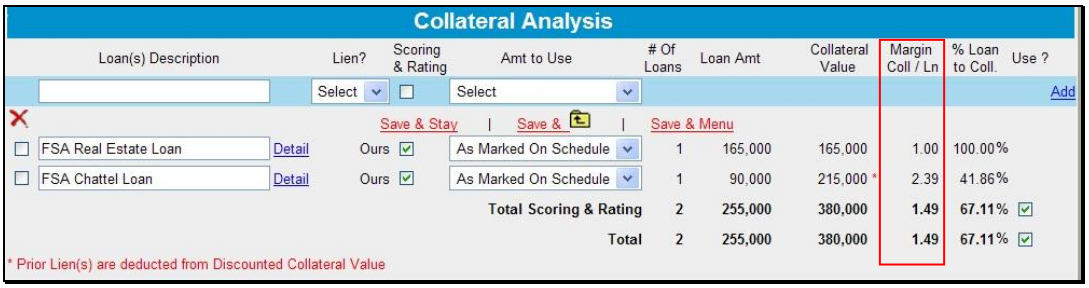
Example: Assume that the customer has an FSA FO loan with a balance of $165,000, secured by a first mortgage on a farm worth $280,000. The farm also serves as additional collateral for the FSA OL loan, with a loan balance of $90,000. The FSA OL is also secured by all machinery and equipment, valued at $100,000.

Step	Action
1	Add the FSA Real Estate loan group first. Select the FSA $165,000 FO loan from the loan schedule and then add the real estate land, valued at $280,000, as collateral. To ensure that the real estate security value is not double counted, the "**Auto Calc**" box must be unchecked (✓). In the "**Col Amt.**" field, enter an amount equal to the "Total of Loans for Collateral Analysis". For this loan group, it will appear as if the loan is secured on a 1.1 basis. ***--**  **Figure 58, FSA Real Estate Loan Screen--***

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

d Customer With FSA Cross-Collateralized Loans (Continued)

Step	Action
2	Add the FSA Chattel Loan group, select the FSA $90,000 OL loan from the loan schedule, and add the real estate land and the machinery and equipment as collateral. **Note:** Even though the farm is valued at $280,000, the amount available for this loan group is only $115,000. This amount is automatically calculated and represents the difference between the value of the farm ($280,000) and the FSA FO loan secured by a first lien on the farm ($165,000).  **Figure 59, FSA Chattel Loan Screen**
3	Access the Collateral Analysis Screen and verify that the margin of collateral to loan is correct. ***--**  **Figure 60, Collateral Analysis Screen--***

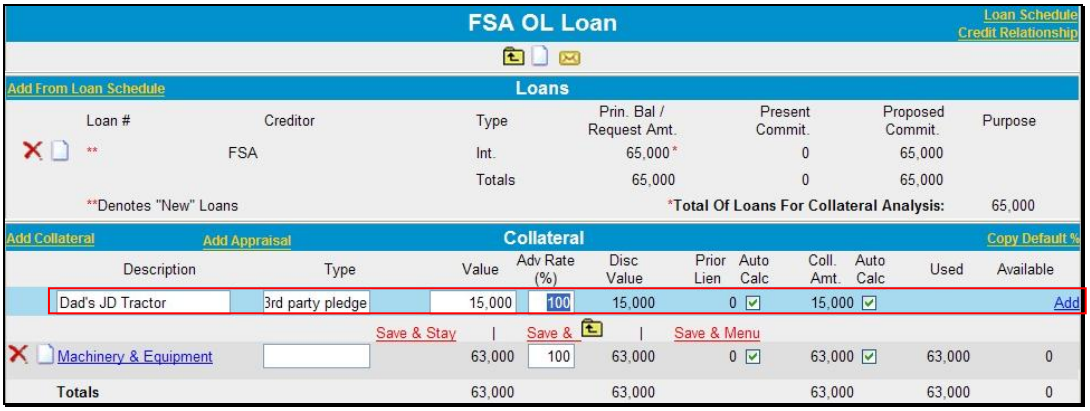
I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

e Customer With Third-Party Pledge of Security

Sometimes, outside individuals or entities may provide third-party pledges of collateral. Because the customer does not own the collateral, it does not appear on their balance sheet and is; therefore, not available to be selected on the Select Collateral Detail Screen when building the collateral analysis. In these circumstances, the collateral pledged by the third party must be manually entered in the loan group.

Example: Assume that Dad pledged a tractor worth $15,000 as additional security for a FSA OL loan in the amount of $65,000. The FSA OL is also secured by all machinery and equipment valued at $63,000.

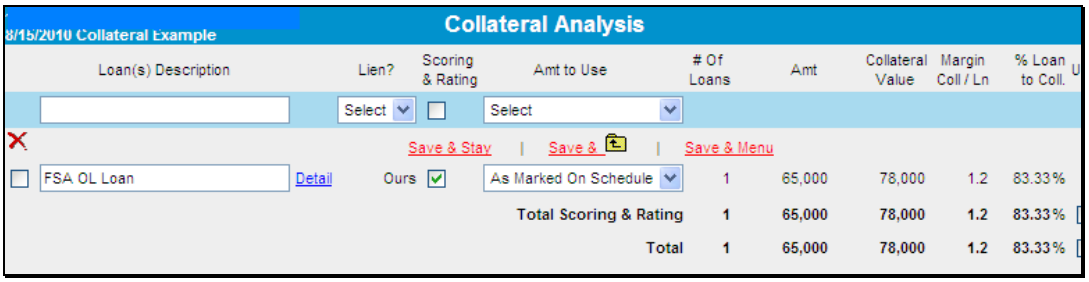
Step	Action
1	Add the FSA OL loan group, select the FSA $65,000 OL loan from the loan schedule, and then add the machinery and equipment valued at $63,000, as collateral. Manually add the third-party additional collateral to the "Collateral" Section and CLICK "**Add**". ***--**  **Figure 61a, Third Party Pledge of Security--***

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

e Customer With Third-Party Pledge of Security (Continued)

Step	Action
2	The $15,000 will now be displayed in the "**Coll. Amt.**" Column. ***--**  **Figure 61b, FSA OL Loan Group--***
3	Access the Collateral Analysis Screen and verify that the margin of collateral to loan is correct.  **Figure 61c, Collateral Analysis Screen**

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

f Customer With Personal Property Used for Security

Sometimes a customer's personal property is needed as additional security. There are 2 methods that can be used to add the personal property as security to the collateral analysis. If additional documentation is needed, it can be added to the attached WordPad.

Method 1: Assume that a customer has nonfarm real estate valued at $125,000, with a prior lien of $85,000. The customer wants to use the equity in the property, $40,000, as additional security for a FSA OL loan in the amount of $65,000. The FSA OL is also secured by all machinery and equipment, valued at $63,000.

Add the FSA OL loan group, select the FSA $65,000 OL loan from the loan schedule, and add "Machinery & Equipment" and "Nonfarm Real Estate" as collateral. To adjust the value of the "Nonfarm Real Estate", uncheck (✓) the "**Auto Calc**" box and enter the equity value ($40,000) in the "**Coll. Amt**" field. "Total Collateral Amount" equals $103,000 (Machinery & Equipment **plus** equity in Nonfarm Real Estate).

***--**

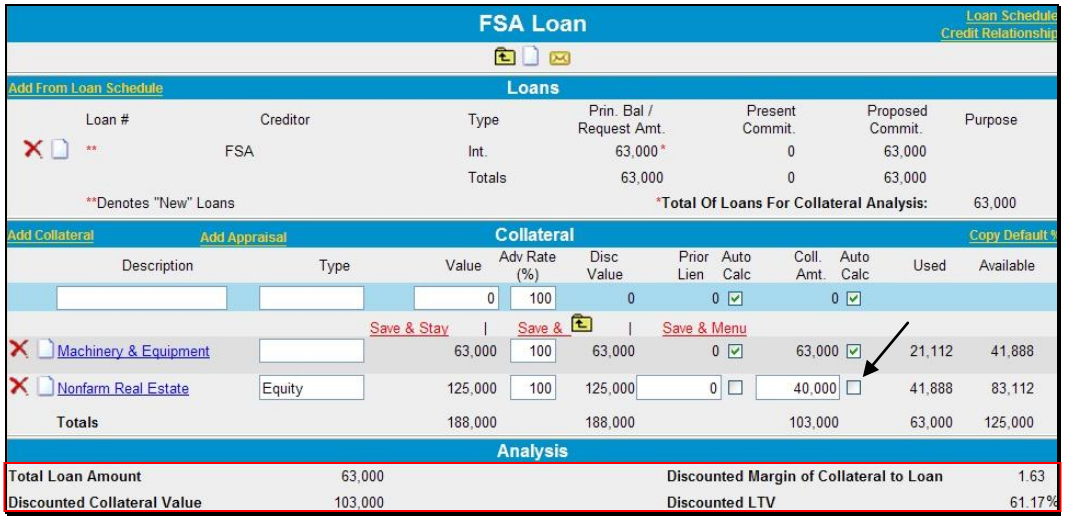


Figure 61d, Personal Property for Additional Security--*

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

f Customer With Personal Property Used for Security (Continued)

Method 2: Assume that a customer has nonfarm real estate valued at $125,000, with a prior lien of $85,000. The customer wants to use the equity in the property, $40,000, as additional security for a FSA OL loan in the amount of $65,000. The FSA OL is also secured by **all** machinery and equipment, valued at $63,000.

Add the FSA OL loan group, select the FSA $65,000 OL loan from the loan schedule, and add "Machinery & Equipment" as collateral. Manually add the nonfarm real estate description, type (equity), and equity value ($40,000) to the Collateral Section and CLICK "**Add**". "Total Collateral Amount" equals $103,000 (Machinery & Equipment **plus** equity in Nonfarm Real Estate).
***--**



FSA Loan

Loan Schedule | Credit Relationship

Add From Loan Schedule

Loans

Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose
**	FSA	Int.	63,000 *	0	63,000	
		Totals	63,000	0	63,000	

**Denotes "New" Loans — *Total Of Loans For Collateral Analysis: 63,000

Add Collateral | Add Appraisal

Collateral

Copy Default

Description	Type	Value	Adv Rate (%)	Disc Value	Prior Lien	Auto Calc	Coll. Amt.	Auto Calc	Used	Available
		0	100	0	0	☑	0	☑		Add
		Save & Stay		Save &		Save & Menu				
SF rental property	equity	40,000	100	40,000	0	☑	40,000	☑	24,466	15,534
Machinery & Equipment		63,000	100	63,000	0	☑	63,000	☑	38,534	24,466
Totals		103,000		103,000			103,000		63,000	40,000

Analysis

Total Loan Amount	63,000	Discounted Margin of Collateral to Loan	1.63
Discounted Collateral Value	103,000	Discounted LTV	61.17%

Figure 61e, Personal Property for Additional Security--*

J Credit Actions

In FBP, a credit action generates forms and other documentation containing the information necessary to approve, decline, and support a loanmaking or loan servicing decision.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

--**The following are the 10 credit action models that are available.**--

Credit Action Type	Used For	Type of Forms				
		Environ-mental Checklist	Farm Assess-ment	Other	Credit Presentation	Security Agreement
D-Loan Making **1/**	Direct loan applications.	Available	Available	N/A	Cred. Pres/Borr. Class.	Available
D-Loan/Security Agreement Only	When only a security agreement is needed.	N/A	N/A	N/A	N/A	Available
D-Loan/Class/ LR/YEA Only	When action is not included in another credit action.	N/A	Available	N/A	Classification/ YEA/LR Review	Available
D-Loan/Special Serv. **1/**	Primary and preservation loan servicing, DSA.	Available	Available	DALR$ Input Report	Cred. Pres/Borr. Class.	Available
D-Loan/ Regular Serv. **1/**	Partial releases, subordinations, transfer, and assumptions.	Available	Available	N/A	Cred. Pres/Borr. Class.	Available
D-Loan/ Eligibility Only	Used when eligibility is not included in another credit action.	N/A	N/A	Eligibility Only	N/A	N/A
Youth Loans	Processing and approval of applications.	Available	N/A	Eligibility Only	Youth Loan	Complete Form Manually
D-Loan/ Special Classification	Classify select accounts.	N/A	N/A	N/A	Special Classification	N/A
Emergency Loan Calculations	Calculate qualifying losses.	N/A	N/A	Emergency Loan Calculations	N/A	N/A
***--**Microloan	Microloan applications	Available	Available	N/A	Microloan	Available**--***

1/ In cases where a direct loan is being made in conjunction with a servicing request (special or regular), use the applicable servicing credit action.

J Credit Actions (Continued)

*--1 Credit Action Menu

The Credit Action Menu allows a user to quickly generate a new credit action or to access an existing credit action. It is recommended that only **1** credit action be added per loan or servicing application.

Note: When an "Emergency Loan Calculations" credit action is used, an additional credit action must be added to support the loanmaking or loan servicing decision.

To add a new credit action, CLICK "**Credit Action**", "**Add/Modify/Delete**", to access the Credit Action Screen. The "Add/Modify/Delete" option may also be accessed through the Dashboard.

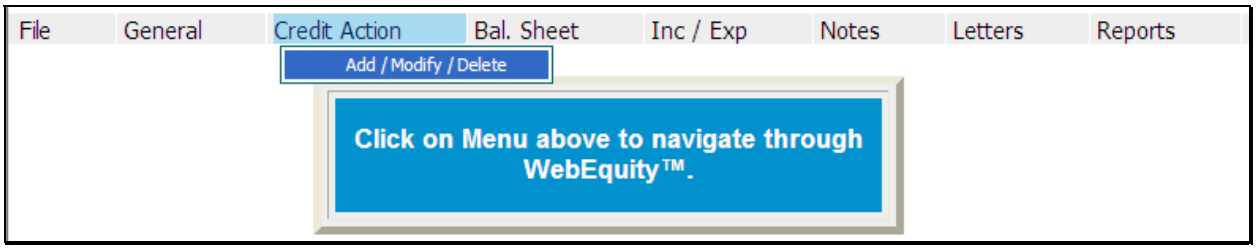


Figure 61f, Credit Action Menu

Complete the following fields on the Credit Action Screen:

- "Description", enter a meaningful description for the specific credit action
- "Credit Action Model", CLICK "**arrow**" drop-down menu to choose a credit action model
- CLICK "**Add**".

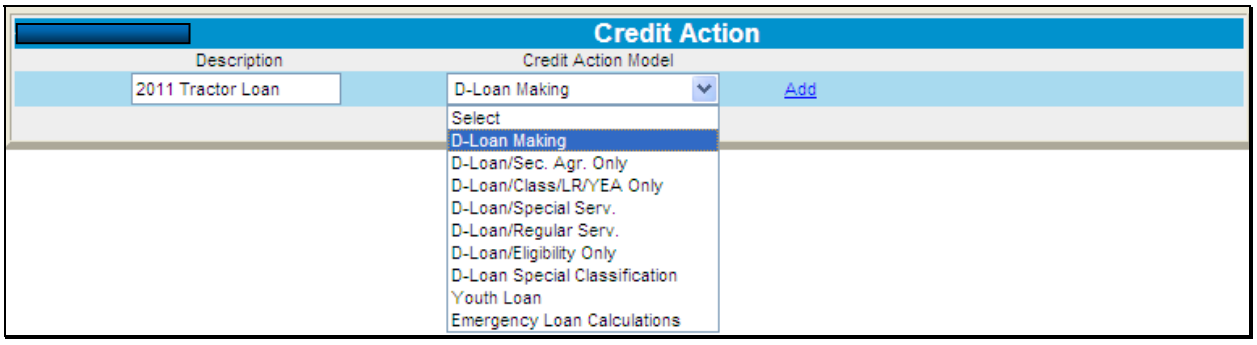


Figure 61g, Add Credit Action Model--*

J Credit Actions (Continued)

1 Credit Action Menu (Continued)

The new credit action will be added and contain all the forms necessary for a particular loan or servicing request. Click each individual form to access and complete.

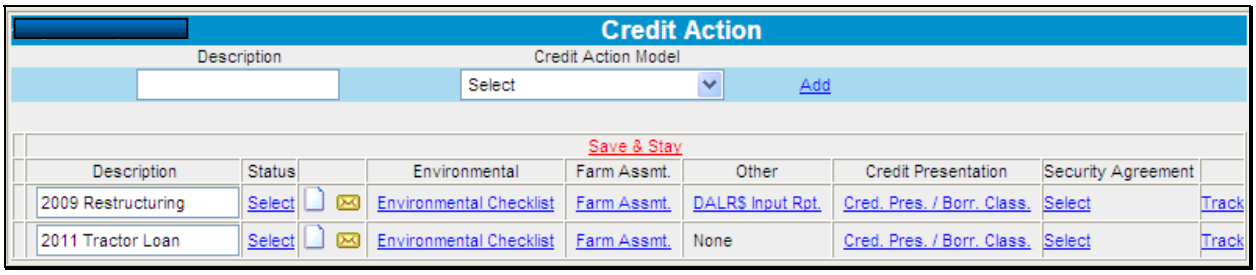


Figure 61h, Credit Action Screen

To quickly access an existing credit action, CLICK "**Credit Action**" **[*Credit Action Name*]**, from the drop-down menu. All forms needed for that particular credit action will be displayed in the fly-out menu. Click the form link to access.

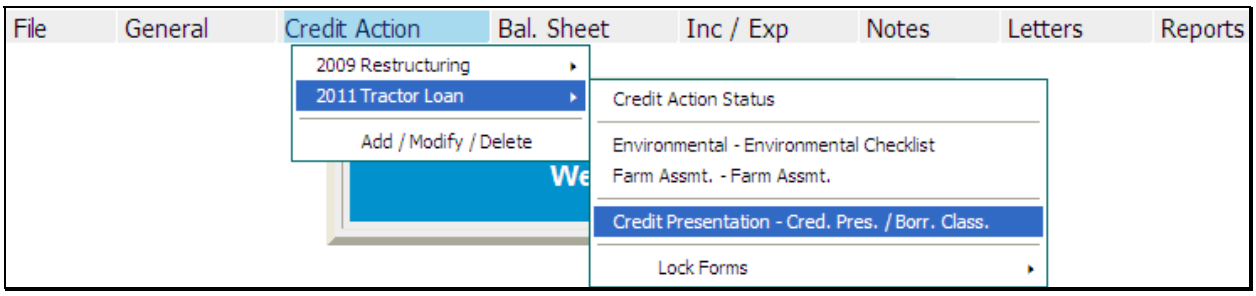


Figure 61i, Existing Credit Actions

***--Note:** FBP coordinators have the ability to add additional forms to an existing Credit Action when needed.

Example: Loan official creates a "D-Loan Making" credit action and completes most of the form and then realizes that the "DALR$ Input Report" is needed for a restructuring action. The form can be added to the existing credit action in place of creating a new "D-Loan/Special Serv." credit action.**--***

J Credit Actions (Continued)

2 Credit Action Status

The "Status" column is an eSignature feature on the Credit Action Screen that helps track the progress of the credit action. When a Credit Presentation that requires "Plan Approval" is acted on by a loan official, the "Status" on the Credit Action Screen will automatically be updated to indicate if it was:

- "Approved" or "Declined"
- "Recommend Approval" or "Recommend Decline"
- "Withdrawn"
- "End", to be used **only** by the FBP coordinator.

*--

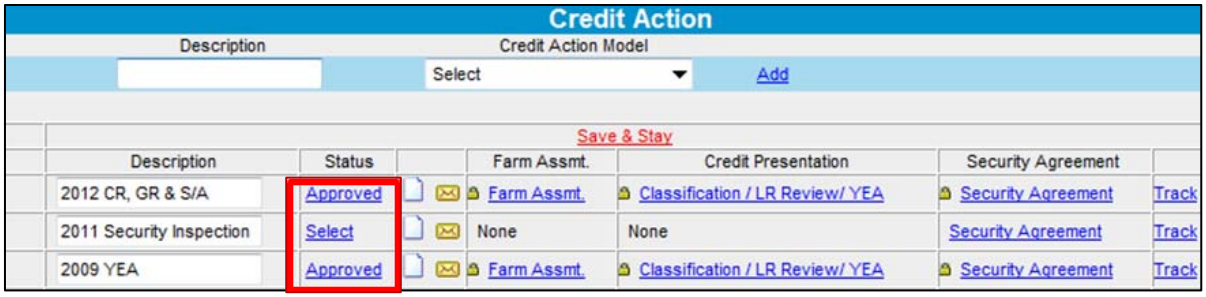


Figure 61j, Credit Action Status--*

3 Credit Action Forms

a Locking Forms

As soon as a credit action has been completed and eSigned, lock all the forms used in the credit action. See **Reports and Signature Requirements** (Section B 4 b) for a list of forms and locking requirements.

Exception: If a delay in loan closing is anticipated, such as when funding is limited, the forms do not need to be locked until loan closing. This allows for the input of any changes in the financial or farming situation that have occurred since loan approval. In no situation will a loan be closed without locking the forms used in the credit action. Do **not** delete any of the documentation that was used to make the original credit decision.

J Credit Actions (Continued)

3 Credit Action Forms (Continued)

a Locking Forms (Continued)

To lock the forms in a credit action:

- CLICK "**Credit Action**" [***Credit Action Name***]
- from the fly-out menu, select "**Lock Forms**"
- click the form to lock
- a small lock will be displayed on the Credit Action Screen next to the "Locked" form.

***--**

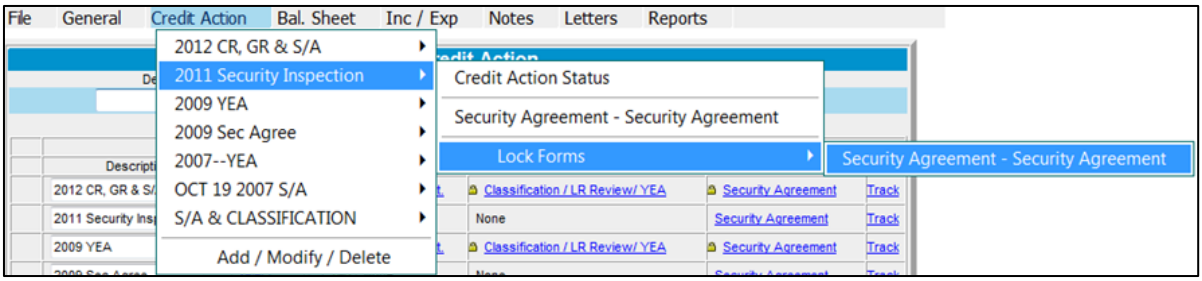


Figure 61k, Locking Forms--*

J Credit Actions (Continued)

3 Credit Action Forms (Continued)

b Copying Data Into WordPad

*--The WordPad on a Credit Action form has additional features that are not available on WordPad's located in other parts of FBP. This allows tables and spreadsheets to retain the Microsoft formatting.

When copying text only from Microsoft Word to a WordPad in FBP, the text must be stripped of the formatting for the text to print correctly using the Microsoft Reporting Service (MRS) feature. To copy text, do the following:

- highlight desired text in Microsoft Word and copy
- paste in the appropriate WordPad block
- CLICK "**Clean MS Word HTML**" on the right side of the WordPad.

Note: Any formatting, bolding, bullets, etc. will be removed during the "cleaning" process. Formatting can be re-added by using the WordPad toolbar.

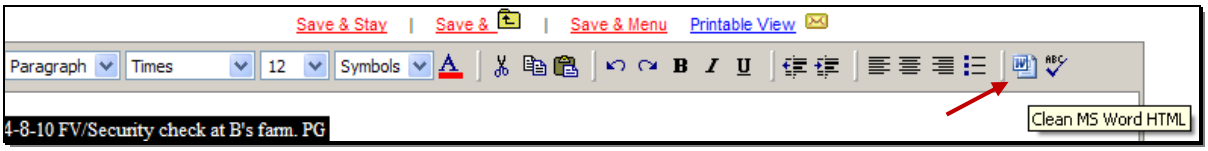


Figure 61la

Microsoft Word and Excel **tables and spreadsheets** can be copied and pasted in the WordPad and the data will retain the Microsoft formatting if, under the WordPad, users CHECK (✓) "Includes imported images and/or pasted data" box.

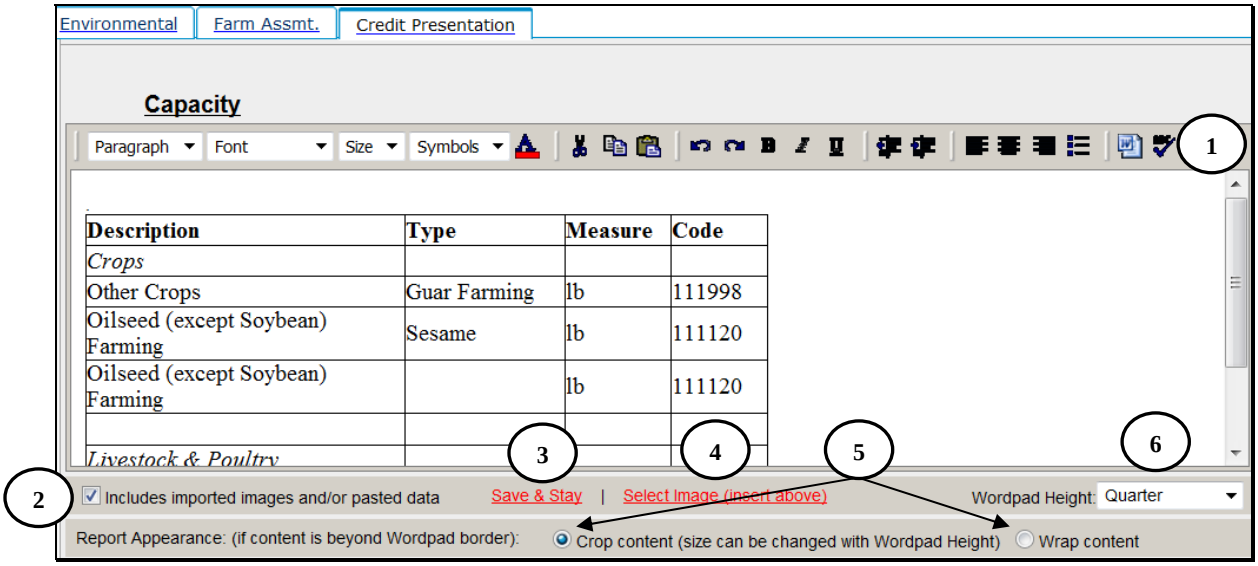
Caution: Only use when copying Microsoft Word and Excel tables and spreadsheets. Using this feature will decrease performance speed.--*

J Credit Actions (Continued)

3 Credit Action Forms (Continued)

b Copying Data Into WordPad (Continued)

--Additional features available on the WordPad include the following.--



--Figure 61lb, Credit Action WordPad--

Item	Feature
1	Word processing options are available to customize entries, including a "Spell Check" feature.
2	***--CHECK (✓) the box when including tables or spreadsheets copied from Microsoft Word or Excel and the WordPad will retain the Microsoft formatting.--***
3	CLICK "**Save & Stay**" link to refresh the screen after each step.
4	**Do not use.** FCAO and International Technology Services have requested that pictures and images **not** be uploaded because of performance, storage space, and bandwidth concerns.
5	"Report Appearance" radio buttons can be used to determine how information on the report will be printed. If users click: • "Crop content", WordPad will only print what is visible on the screen; however, size can be changed with WordPad Height (item 6) • "Wrap content", WordPad will print the entire WordPad content. **Note:** Ensure that horizontal information can be seen without scrolling to prevent report from displaying excess information on second page.
6	Use "Wordpad Height" drop-down menu to select the height for the WordPad.

J Credit Actions (Continued)

4 Farm Assessment

Initial farm assessments and updates must always be entered on the General Information Screen. 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 on the Farm Assessment form when a credit action is completed. This serves the following 2 important purposes:

- a snap-shot of the farm assessment is taken, recorded, and cannot be changed when locked
- farm assessment will be associated with the credit action that was completed at that point in time.

Notes: Any changes to the assessment **must** be entered on the General Information Screen and then updated to the credit action Assessment form. Do **not** make changes directly to the credit action Assessment form.

ENTER "N/A" in the text box of those assessment elements not completed according to paragraph 222.

CLICK "**Credit Action**" [***Credit Action Name***], to be completed. To update the form with the most current assessment information from the General Information Screen, CLICK "**Save & Update**" link in the top-left corner of the screen.

The "**Update Farm Assmt.**" dialog box will be displayed. CHECK (✓) **only** the "General Information" box, and CLICK "**Update &**".

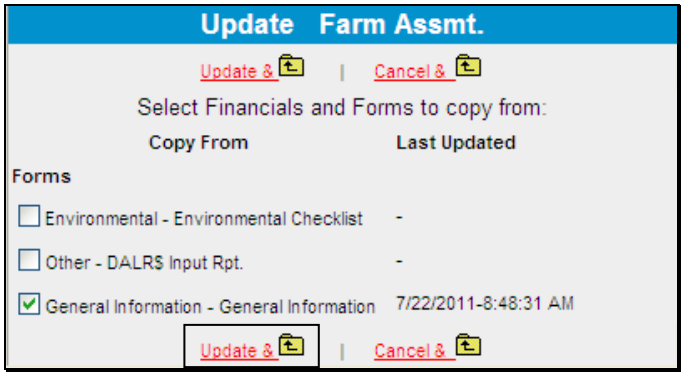


Figure 61m, Update Farm Assmt.

Notes: If assessment information is changed on the General Information Screen before plan approval of the credit action, the credit action Farm Asst. form must be updated.

Signature requirement: The Farm Assessment form **must** be printed and signed by the loan official and the customer's signature **must be** obtained acknowledging participation in completing the document.

J Credit Actions (Continued)

5 RD 1940-22, Environmental Checklist for Categorical Exclusions

RD 1940-22 is prepared to document the environmental review. CLICK "**Credit Action**" [***Credit Action Name***], "Environmental Checklist". The first time RD 1940-22 is accessed the "Individual and Company Name" fields are automatically updated with the most current information from the General Information Screen.

- Use the "**Save & Update**" link in the top-left of the screen, if needed, to update customer name information from the General Information Screen.

- Fill-in the text field questions and CLICK "**radio buttons**" to complete RD 1940-22. CLICK "**Save**" to save all changes to RD 1940-22.

- CLICK "**Signature of Preparer**" to eSign RD 1940-22.

- If RD 1940-22 requires concurrence, CLICK "**Signature of Concurring Official**" to eSign.

Note: Signature requirement: eSignature for preparer and concurring official, if required.

6 DALR$ Input Report

A DALR$ Input Report is prepared to calculate the financial categories needed for input into the eDALR$ program. It also includes the relevant collateral description from the collateral analysis completed in conjunction with a balance sheet. The DALR$ Input Report is 1 of the forms in the "D-Loan/Special Serv." credit action model.

All financial information flows from selected balance sheets and income/expense projections to the DALR$ Input Report. CLICK "**Reports**" and "**Reports Setup**" to control which balance sheets and income/expense projections will appear in the DALR$ Input Report.

CLICK "**Credit Action**" [***Credit Action Name***], and "**DALR$ Input Rpt.**" to be completed. To update the DALR$ Input Report Screen with selected financial information, CLICK "**Save & Update**" link in the top-left corner of the screen.

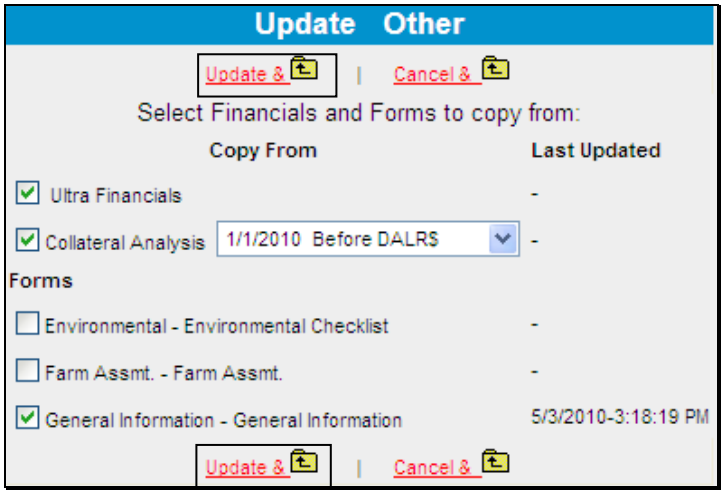
J Credit Actions (Continued)

6 DALR$ Input Report (Continued)

The "Update Other" dialog box will be displayed. CHECK (✓) **only** the following boxes:

- "**Ultra Financials**"
- "**Collateral Analysis**" select balance sheet from the drop-down menu
- "**General Information**".

CLICK "**Update &**".



--Figure 61n, Update Other--

Complete the DALR$ Input Report by filling-in the following date fields located at the top of the form:

- "Proposed Loan Servicing Date"
- "Plan Approval Date".

CLICK "**Completed By**" link at the bottom of the form to eSign.

Note: Signature requirement: eSignature required.

J Credit Actions (Continued)

7 Credit Presentation

A Credit Presentation is the form in a credit action that is prepared to communicate and document a loanmaking or loan 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 document that contains all relevant information involved in a loan decision. The Credit Presentation form will differ depending on the credit action model selected.

A Credit Presentation **must** be prepared and eSigned for all loanmaking and loan servicing actions. It is recommended when multiple actions are being completed at the same time, that they be combined on the same Credit Presentation.

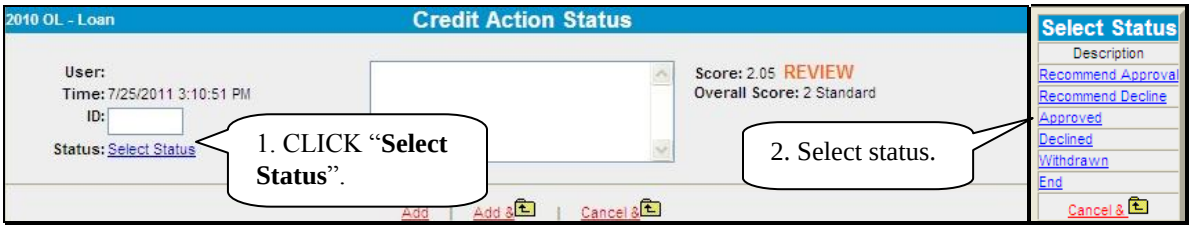
a Approval Decision

Each Credit Presentation that is prepared **must** have an approval decision. CLICK "**Plan Approval**" link located at the bottom of the Credit Presentation to select the appropriate approval status. Only Credit Presentations with an "Approved" status will be available for selection in DLS.



--Figure 61o, Plan Approval--

CLICK "**Select Status**" link to access the "Select Status" dialog box. Click on the description of the status to select.



--Figure 61p, Select Status--

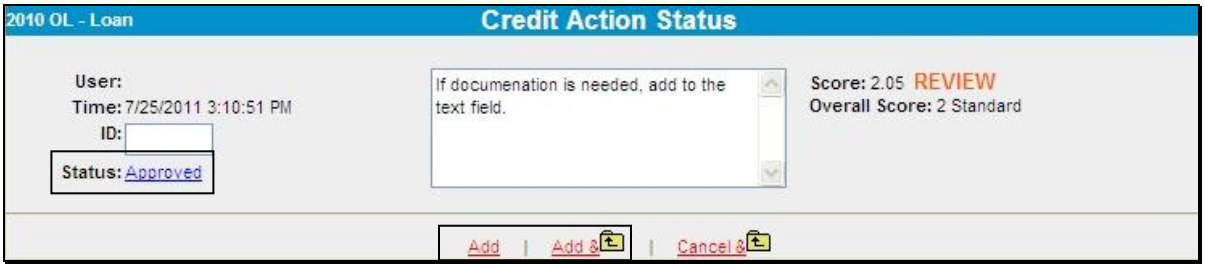
Note: Limit comments in the text field; should **not** include loan closing requirements, etc.

J Credit Actions (Continued)

7 Credit Presentation (Continued)

a Approval Decision (Continued)

To eSign the approval decision, CLICK "**Add**" or "**Add &**".



--Figure 61q, Add to eSign--

When both a recommending official and approving official status is needed, the following steps will be used.

- The recommending official will CLICK "**Plan Approval**" to recommend approval or denial of the credit decision. The user's eSignature and the date/time stamp will appear on the Credit Presentation.

- The recommending official will notify the approval official to review the Credit Presentation.

- The approving official will review the Credit Presentation and CLICK "**Plan Approval**" to select the approval or declined decision. Include any additional approval requirements in the "**Loan Closing Requirements**" text box in the Credit Presentation.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification

One of the Credit Presentation forms that is used in FBP is the "Cred. Pres./Borr. Class.". This same form is used in the following 3 credit action models:

- "D-Loan Making"
- "D-Loan/Special Serv."
- "D-Loan/Regular Serv.".

To complete the Credit Presentation, CLICK "**Credit Action**" [***Credit Action Name***], "Cred. Pres./Borr. Class.". After the Cred. Pres./Borr. Class. form is accessed, it must be updated with information from other parts of the FBP system. To update CLICK "**Save & Update**" link in the top-left corner of the screen.

In the "Update Credit Presentation" dialog box CHECK (✓) **only** the following boxes:

- "**Ultra Financials/Customized Ratios**"

- "**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.

- "**General Information**".

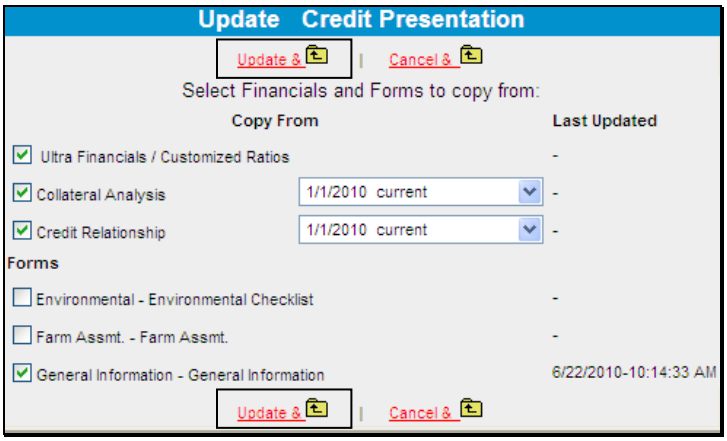
J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)

CLICK "**Update &**" to update the Credit Presentation.

Caution: Do **not** check "Farm Assmt" or "Environmental".

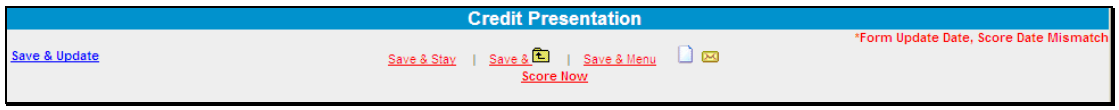


--Figure 61r, Update Credit Presentation--

Notes: Anytime information is changed in other parts of FBP that affect the credit action being taken, the Credit Presentation **must** be updated.

The documentation requirements for Streamlined OL's and CL's are very low. Minimal completion of the Credit Presentation is expected according to 3-FLP.

When a credit presentation is updated after scoring, a red alert, "Form Update Date, Score Date Mismatch", will be displayed in the upper right hand corner of the credit presentation. This alert does not apply to FSA, and can be ignored.



--Figure 61s, Credit Presentation--

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)

The following are components of the "Cred. Pres./Borr. Class." 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 completed, 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 updated credit relationship information is correct. • In the text box indicate: • loan purposes and use of loan funds for: • direct loanmaking, transfer this information to FSA-2140 when a supervised bank account will be used to disburse loan funds • subordinations, transfer this information to the applicable subordination agreement • any other information relevant to FSA's credit relationship with the customer.
Collateral Analysis	Ensure that the updated collateral and loan information is correct.
Employment Information, Related Entities, Balance Sheet, Income Statement, Repayment Capacity	• CLICK "Reports" and "Reports Setup" to select which balance sheets and income/expense statements appear in the Credit Presentation. • See **Reports Setup** (Section B 4 d) for information on what financial data should be included. • Ensure that the updated information in these sections is correct.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)

<table>
<tr><th>Component</th><th>Details</th></tr>
<tr><td>Classification</td><td>

CLICK “Score Now” to calculate the classification score.
An “Update” dialog box will be displayed. Select the balance sheet and income/expense projection from which the classification score will be calculated.
Select the current or post-close balance sheet according to the following type of credit action.

<table>
<tr><th>Type of Credit Action</th><th>Type of Balance Sheet for Classification</th></tr>
<tr><td>Classification/LR/Review/YEA Credit Presentation.</td><td>Current.</td></tr>
<tr><td>Credit Presentation prepared for D-Loan Making (annual operating loans, excludes youth loans).</td><td>Current.</td></tr>
<tr><td>Credit Presentation prepared for:
D-Loan Making (term loans and combination term and annual loans, excludes youth loans)
D-Loan Regular Servicing
D-Loan Special Servicing.</td><td>Post-close.

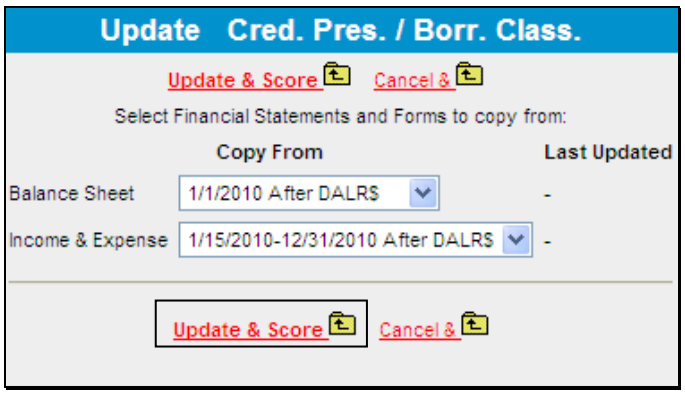
Note: Classification section may be scored at the time of credit action approval based upon a post-close balance sheet. The credit action does not have to be closed before the account is classified.</td></tr>
</table>
</td></tr>
</table>

--*

J Credit Actions (Continued)

7 Credit Presentation (Continued)

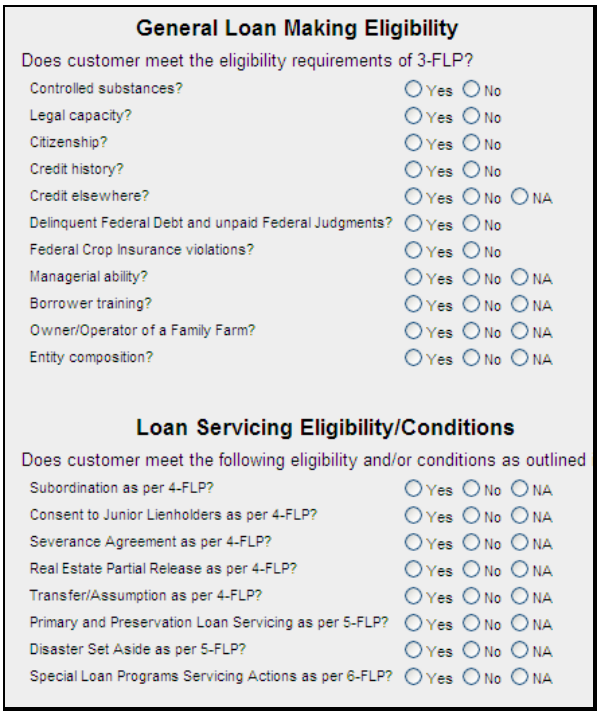
b Completing the Credit Presentation/Borrower Classification (Continued)

Component	Details
Classification (Continued)	• Select the appropriate income/expense projection. • CLICK "**Update & Score**".  ***--Figure 61t, Update Cred. Pres./Borr. Class.--*** • Classification displays eSignature and date/time stamp of the loan official.  ***--Figure 61u, Scored Classification--*** • Use "Comments" area below score for discussion of "Review" criteria. • Classification section must be scored before using the credit action approval date in DLS.

J Credit Actions (Continued)

7 Credit Presentation (Continued)

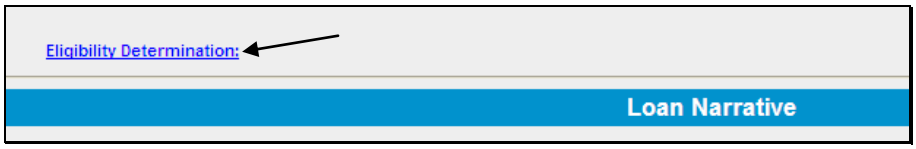
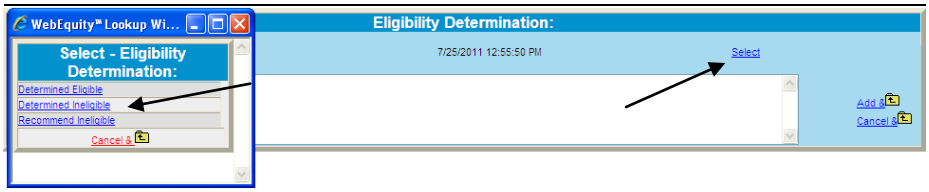
b Completing the Credit Presentation/Borrower Classification (Continued)

Component	Details
Eligibility	• Answer the applicable eligibility questions with the radio buttons.  **General Loan Making Eligibility** Does customer meet the eligibility requirements of 3-FLP? Controlled substances? Yes No Legal capacity? Yes No Citizenship? Yes No Credit history? Yes No Credit elsewhere? Yes No NA Delinquent Federal Debt and unpaid Federal Judgments? Yes No Federal Crop Insurance violations? Yes No Managerial ability? Yes No NA Borrower training? Yes No NA Owner/Operator of a Family Farm? Yes No NA Entity composition? Yes No NA **Loan Servicing Eligibility/Conditions** Does customer meet the following eligibility and/or conditions as outlined Subordination as per 4-FLP? Yes No NA Consent to Junior Lienholders as per 4-FLP? Yes No NA Severance Agreement as per 4-FLP? Yes No NA Real Estate Partial Release as per 4-FLP? Yes No NA Transfer/Assumption as per 4-FLP? Yes No NA Primary and Preservation Loan Servicing as per 5-FLP? Yes No NA Disaster Set Aside as per 5-FLP? Yes No NA Special Loan Programs Servicing Actions as per 6-FLP? Yes No NA ***--Figure 61v--*** • When making these determinations, the loan official is certifying that the applicant **meets** the requirements for the eligibility criteria and/or conditions as outlined in the respective FSA handbook.

J Credit Actions (Continued)

7 Credit Presentation (Continued)

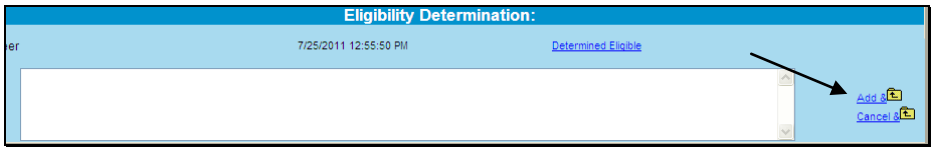
b Completing the Credit Presentation/Borrower Classification (Continued)

Component	Details
Eligibility (Continued)	• Use the text box to address any additional program specific eligibility issues and/or conditions, such as qualifying for EM loans. States will issue guidance on amount of detail needed and format required. • The FSA loan official must CLICK "**Eligibility Determination**" to determine or recommend eligibility.  ***--Figure 61w--*** • CLICK "**Select**" to display the "Select-Eligibility Determination" lookup window. • Click the appropriate eligibility determination. • Add any needed documentation to the text field.  ***--Figure 61x--***

J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)

Component	Details
Eligibility (Continued)	• CLICK "**Add &**" to eSign the eligibility determination.  ***--Figure 61y--*** • Credit Presentation will be displayed with the eligibility determination with eSignature and date/time stamp of the loan official.  ***--Figure 61z--***
Collateral	**What is collateral?** Collateral or guarantees are forms of security the customer can provide to secure an FSA loan. If for some reason, the business cannot repay its loan through business operations, there needs to be a second source of repayment. Assets such as equipment, livestock, real estate and in some cases, inventory, are considered possible sources of repayment if they are liquidated and sold for cash. Both business and personal assets can be sources of collateral for a loan according to FSA handbooks. • 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 questions with the radio button.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)--*

Component	Details
Capacity	**What is capacity**? FSA must know how the customer intends to repay the loan. Consider the cash flow from the business, the timing of the repayment, and the probability of successful repayment of the loan. Discuss all the assumptions, marketing, pricing, income, production, expenses, withdrawals, etc., in preparing FBP, the basis for the assumptions, and comparisons to the financial history. Payment history on existing credit relationships, personal and business, is considered an indicator of future payment performance. Also consider contingent sources of repayment, if available. • In the WordPad, discuss the repayment capacity of the borrower, and any assumptions used in the income/expense projection. •*--Answer the limited resource rate question with the radio button. See 4-FLP, Part 3 for more information on determining if rates are justified.--*
Capital	**What is capital?** Capital is the money the customer has personally invested in the business and is an indication of how much is at risk should the business fail. Most lenders generally expect some contribution of the customer's own assets and that they have undertaken personal financial risk to establish the business before asking a lender to commit any funding. In addition, many lenders believe if the customer has a significant personal investment in the business, the customer is more likely to do everything in their power to make the business successful. Lack of accumulated net worth could be a danger signal unless the applicant is fairly new. Consider that capital also can: • provide a cushion for repayment in the event of having a financial setback • indicate an ability and willingness of the customer to save and accumulate assets • confirm that the borrower manages his/her financial affairs adequately and within his/her income. In the WordPad, discuss the customer's capital position which may include working capital, debt to asset level, and other elements of available capital.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)--*

Component	Details
Conditions	**What are conditions?** Conditions are loan covenants and conditions that are placed upon approval and/or closing. Conditions may also include observations about local and general economic conditions affecting the business. ***--**Enter the approval conditions into the WordPad. Answer the SBA Account and Hazard Insurance questions with the radio buttons.**--***
Loan Closing Requirements	**Optional**. Can be used for any additional loan closing requirements imposed by the approval official after reviewing the recommending official's requirements.

***--Notes:** **Plan approval:** Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (Section J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.**--***

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

c Classification Scores

Accounts will be classified according to 1-FLP, Part 8, Section 4. The classification process generates the following ratios:

- Current Ratio (Liquidity)
- Debt to Asset Ratio (Solvency)
- Return on Assets Ratio (Profitability)
- TDCLC Ratio (Repayment Capacity).

Note: CLICK "Detail" of the borrower classification within FBP for an explanation of how the system calculates scores for each of these ratios.

FBP will generate the following account classification codes.

Classification Score	Description of Score
1 - Commercial	Commercial classified accounts are FSA's highest rated direct loan accounts. The debt/asset ratio, cash flow, and general financial health of a commercial-grade farming operation allow it to withstand adverse farming conditions while maintaining loan payments.
2 - Standard	Standard classified accounts are financially sound, cash flow is adequate, and on-time loan repayment is probable.
3 - Acceptable	Acceptable classified accounts are those that present some degree of financial risk. These loans have adequate to marginal security and are generally experiencing some financial stress.
4 - Marginal	A marginal account is 1 that poses a high degree of financial risk. These loans may or may not be secured and repayment ability is marginal.
5 - Not Classified	See **Special Classification** (Section J 12).

--*

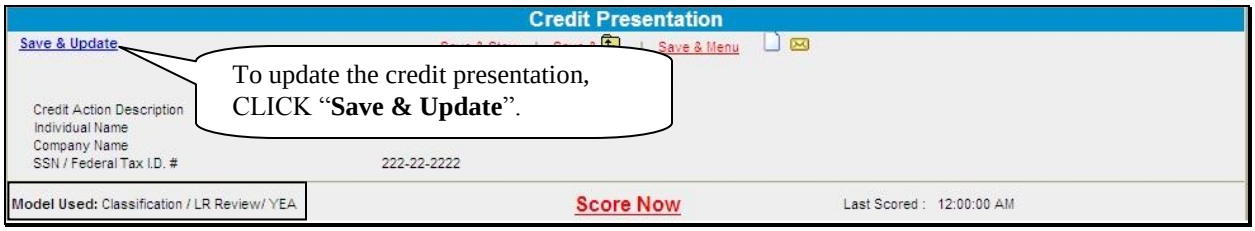
J Credit Actions (Continued)

8 Classification/LR Review/YEA

The "D-Loan/Class/LR/YEA Only" credit action should be completed to document and perform any or all of the following business processes when the action is not already documented within a direct loan-making, regular loan servicing, or special loan servicing credit action:

- "Classification"
- "YEA"
- "LR Reviews"
- "Graduation Reviews".

To complete the Credit Presentation form, CLICK "**Credit Action**" [***Credit Action Name***], "Classification/LR Review/YEA". After the form is accessed, it must be updated with information from other parts of the FBP system. To update CLICK "**Save & Update**" link in the top-left corner of the screen.



--Figure 61aa, Credit Presentation--

In the "Update Credit Presentation" dialog box CHECK (✓) the following boxes:

- "**Ultra Financials/Customized Ratios**"
- "**General Information**".

CLICK "**Update &** " to update the Credit Presentation.

Caution: Do **not** check "Farm Assmt".

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

8 Classification/LR Review/YEA (Continued)

***--**Use the instructions in the following table to complete the sections in the Credit Presentation.

Component	Details
Balance Sheet, Income Statement, Repayment Capacity	• CLICK "**Reports**" and "**Reports Setup**" to select which balance sheets and income/expense statements will be displayed in the Credit Presentation. • CLICK "**Save & Update**" to transfer in the financials. Anytime information is changed in other parts of the FBP that are related to the credit action being taken, the Credit Presentation **must** be updated. • Ensure that the correct information was transferred into these sections.
Classification	See **Classification Component** (Section J 7 b) for instruction on completing the classification.
LR Review/ YEA Narrative	The WordPad should be used to document the assumptions about the year-end analysis, classification, graduation, and/or limited resource review, as applicable.
Graduation Review	Answer the graduation review question, if applicable.
Limited Resource Rates	Answer the limited resource rate question, if applicable. See 4-FLP, Part 3 for more information on determining if rates are justified.
Year End Analysis	Answer the question related to completion of the year-end analysis, if applicable.
Farm Assessment Status	Select the radio button to designate whether the farm assessment was completed/updated or no update is required.

Notes: Plan Approval: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (Section J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.**--***

J Credit Actions (Continued)

9 Eligibility Only

***--**The "D-Loan Eligibility Only" credit action should be used when **both of the following apply**:

- to document that an applicant is **ineligible** for FSA loan assistance
- when another type of credit action will **not** be prepared.

To complete the "D-Loan Eligibility Only" credit action:

- CLICK "**Credit Action**" [***Credit Action Name***], and "**Eligibility Only**"
- CLICK "**Save & Update**" and an "**Update**" dialog box will be displayed
- CHECK (✓) "**General Information**" **only** and CLICK "**Update**"
- complete "Application Date" by selecting the appropriate date.

Notes: See **Eligibility Component** (Section J 7 b) for instruction on completing the eligibility determination.

Signature requirement: eSignature required.

10 Youth Loans

The "Youth Loan" credit action should be used to process all application requests for youth loans.

a Eligibility Determination

The Eligibility Only form in the "Youth Loan" credit action must be completed to determine if the applicant meets the eligibility requirements for a youth loan.

Note: See **Eligibility Component** (Section J 7 b) for instruction on completing the eligibility determination.**--***

b Credit Presentation * * *

Most youth loans are simple enterprises; the "Youth Loan" Credit Presentation will collect all financial information and will not require completion of additional balance sheets or income/expense projections.

- Open the form by clicking "**Credit Action**" [***Credit Action Name***], "**Credit Presentation - Youth Loan**".

- CLICK "**Save & Update**". An "Update" box will be displayed. CHECK (✓) "**General Information**" **only** and CLICK "**Update**".

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

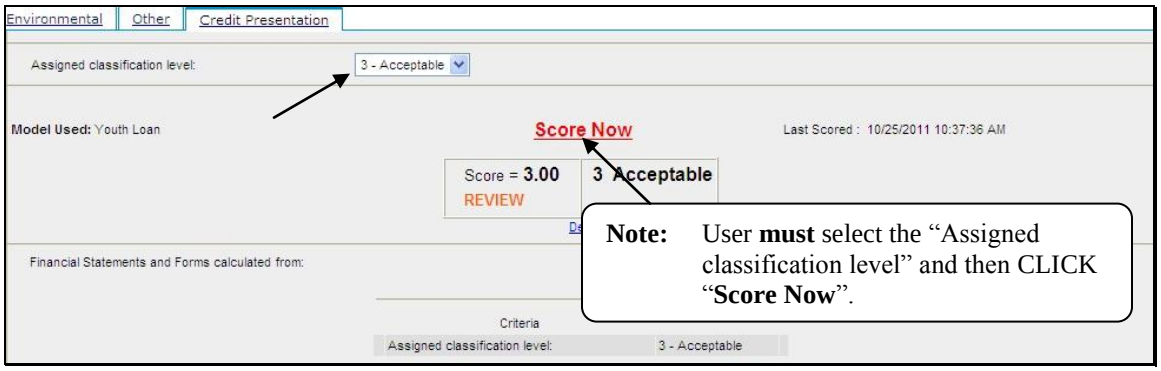
10 Youth Loans (Continued)

b Credit Presentation (Continued)

- Complete the "Amount of Loan Request".
- Complete all radio buttons and text boxes.
- CLICK "Annual Income and Expenses" and "Assets and Debts" to add information from FSA-2301.

  Note: All description fields are limited to 29 spaces. When report is printed, if "Ending Cash on Hand" fails to print, abbreviate 1 of the description fields.

- Assign classification level of "3 - Acceptable"
- CLICK "**Score Now**" to update the classification score.



--Figure 61ab, Score Now--

Add any additional documentation to the "Comments" Section and complete the Loan Closing Requirements in the text boxes provided.

Notes: Farm assessments are **not** required for youth loans according to 3-FLP, subparagraph 226 B. However, some discussion of strengths, potential problems, and goals should be included in the "Comments" Section.

Plan Approval: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (Section J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

10 Youth Loans (Continued)

*** * ***

c Security Agreement – Youth Loans

The "Youth Loan" Credit Presentation does not capture the information needed to complete *****--the FBP automated FSA-2028; therefore, FSA-2028 may be completed manually.

d Classification of Youth Loans

See 1-FLP, subparagraph 251 D for instructions on completing youth loan classifications.**--***

*** * ***

11 Security Agreement

A new security agreement can be generated from within any credit action model, except youth loans and D-Loan/Special Classification. 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.

Once the Security Agreement Screen is displayed, CLICK "**Save & Update**".

In the "Update" dialog box, select the following sources of information:

- current income/expense projection

  Notes: Chattel description information is populated from the detailed schedules of the balance sheet associated with the selected income/expense projection. The "Col?" box (✓) on the detailed schedule must be checked for the information to transfer.

  By default, all real estate descriptions on the security agreement will be populated from the "Balance Sheet", "Assets", "Real Estate-Land"; and "Inc/Exp", "Operating Expenses", "Rent–Land/Animals" detailed schedules. "To SA" may be unchecked to stop the transfer of real estate descriptions to the security agreement.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

11 Security Agreement (Continued)

- general information.

  Note: The name and address of the primary customer will always appear on the security agreement. The names and addresses of related entities and entities that pledge third-party security will also appear on the security if any 1 of the following are checked in "General", "Related Entities", and [*Entity Name*]:

  - "Spouse"
  - "Co-Applicant"
  - "Co-Owner".

  Caution: Do **not** check "Farm Assmt".

***--**The following table provides information on additional fields that would be manually entered onto the form, if applicable.

Field	Details
Security Agreement Date	Effective date of the Security Agreement.
(c) State Information	List States where equipment is located.
(10) Fixtures	Enter a description of fixtures, etc. taken as collateral.
(d) State Information	List States where livestock is located.
(e) Accounts, deposit agreements, general intangibles, etc.	Enter additional information about specific accounts, contract rights, general intangibles, etc., as required by State supplements, if any.
Additional Security Agreement Verbiage	Add any additional information as needed. Information added to this section will print on the report before the signature lines.

--*

Notes: The Security Agreement may be printed by clicking "Print Security Agreement" located in the upper right hand corner of the document or "Reports Setup".

--Signature requirement:** The security agreement **must** be printed and the customers' signatures obtained.**--

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

12 Special Classification

The D-Loan Special Classification Credit Action will be used to classify the following:

- flagged accounts where FSA cannot obtain current financial or production information for a customer
- accounts identified as CNC according to subparagraph 251 C
- youth loans according to subparagraph 251 D
- streamlined CL's unless they become delinquent or distressed (subparagraph 251 E).

Before completing a classification, the General Information Screen must be completed. See **General Information** (Section C) for more information on what fields are required.

Complete a special classification credit action according to the following.

- Open the form by clicking "**Credit Action**" [***Credit Action Name***], and "**Credit Presentation – Special Classification**".
- CLICK "**Save & Update**". An "Update" box will be displayed. CHECK (✓) "**General Information**" **only** and CLICK "**Update**".
- Manually calculate the FSA security margin by estimating the value of FSA's total collateral **minus** prior liens **minus** FSA's total loans. This value shall be entered in the provided field as either a positive or negative number.
- To calculate the percent of FSA loss take the FSA security margin (if negative) **divided by** FSA total loans.
- Select the "Assigned Classification Level" from the drop-down menu. All nonactive flagged accounts will be classified as "5". Youth loans will be classified according to subparagraph 251 D.
- CLICK "Score Now" to complete the process.
- Any documentation to support the calculations may be added in "Comments".

***--Notes: Plan Approval**: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (Section J 7 a) for instruction on completing the approval decision.

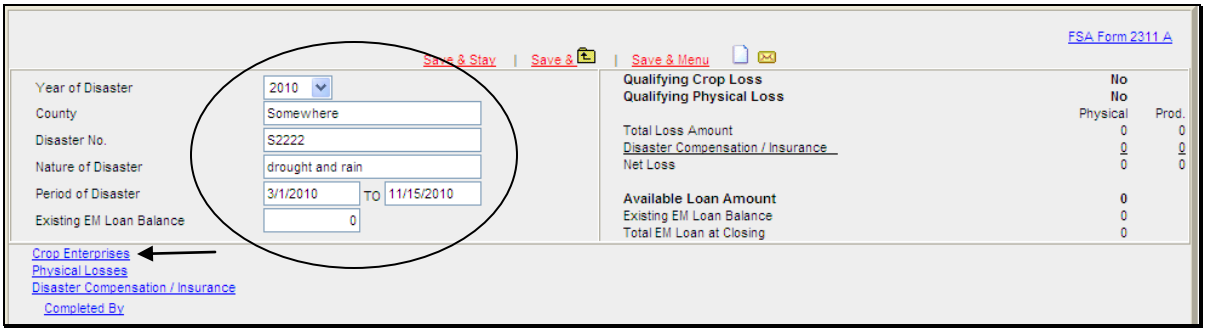
Signature requirement: eSignature required.**--***

J Credit Actions (Continued)

13 Emergency Loan Calculations

FSA-2311A is used to determine the applicant's actual production and/or physical losses, and to calculate the "Available Loan Amount". Instructions for completing FSA-2311A are as follows:

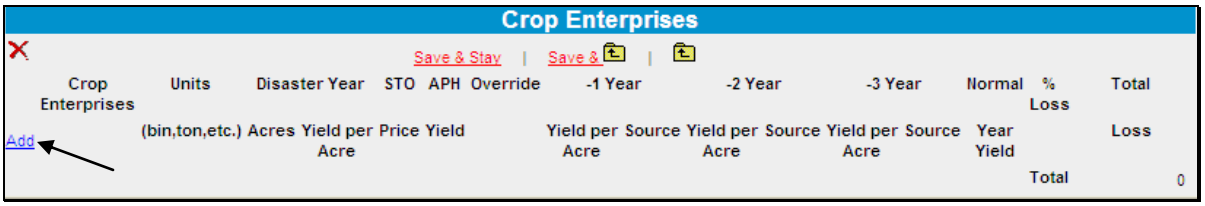
- open FSA-2311A and complete the disaster designation information
- CLICK "**Crop Enterprises**" link to add crop information for production losses



--Figure 61ac, FSA-2311A--

- CLICK "**Add**" on the Crop Enterprises Screen to display fields to enter the individual crop disaster information

Note: There is no limit to the number of rows of crop information that can be entered into the system.



--Figure 61ad, Crop Enterprises--

J Credit Actions (Continued)

13 Emergency Loan Calculations (Continued)

- use APH yield when available, system will automatically calculate "% Loss" and "Total Loss" amount and CLICK "**Save**" to save the data

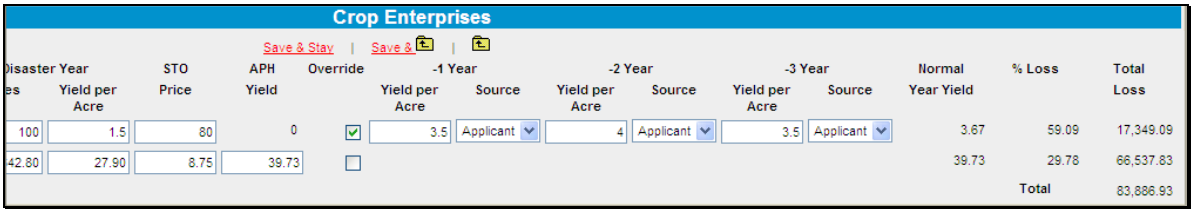
  Note: If APH yield is not available, CHECK (✓) "**Override**" and manually complete the "Yield per Acre" and "Source" fields. System will automatically calculate "Normal Year Yield", "% Loss", and "Total Loss" amount.



--Figure 61ae, Crop Enterprises Using APH Yield--



--Figure 61af, Multiple Crop Enterprises Using APH Yield and Applicant Records--



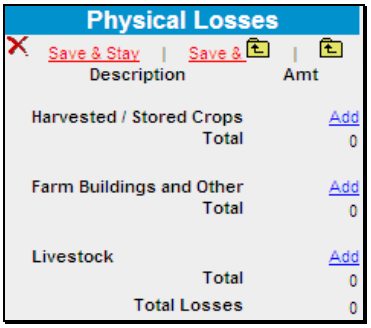
--Figure 61ag, Multiple Crop Enterprises Total Loss Calculations--

- CLICK "**Physical Losses**" link to add information for all physical losses

J Credit Actions (Continued)

13 Emergency Loan Calculations (Continued)

- CLICK "**Add**" to display fields to enter loss information and CLICK "**Save**" to save the data



***--Figure 61ah, Physical Losses**

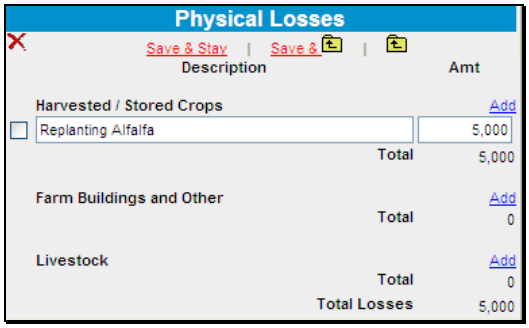
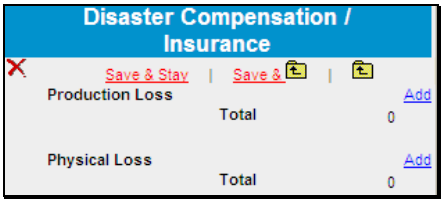


Figure 61ai, Add Physical Loss Information--*

- CLICK "**Disaster Compensation/Insurance**" link to add information
- CLICK "**Add**" to display fields to enter information and CLICK "Save to save the data



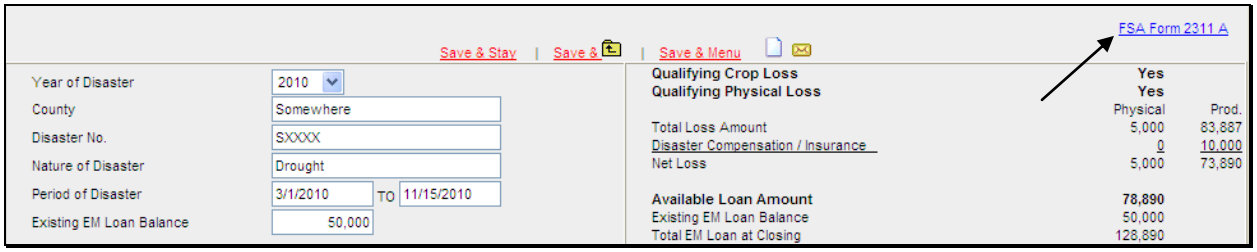
***--Figure 61aj, Disaster Compensation/Insurance**



Figure 61ak, Adding Information--*

- CLICK "**Completed By**" link at the bottom of FSA-2311A to eSign.

To print FSA-2311A, CLICK "**FSA Form 2311A**" in the upper-right corner or from the Reports Setup Menu on the toolbar.



--Figure 61al, Completed FSA-2311A--

Notes: The Farm Loan Programs Systems, "FLPS", web site contains several examples of completed FSA-2311A. Select "Manuals", "Training Manuals", and "E**M Loss Loan Calculation Examples**" to view the completed FSA-2311A's.

Signature requirement: eSignature required.

J Credit Actions (Continued)

14 Microloan

The "Microloan" credit action model should be used to process all application requests for a Microloan. For the documentation requirements, refer to 3-FLP.

To complete the Credit Presentation; CLICK "**Credit Action**" [***Credit Action Name***], and "**Credit Presentation - Microloan**". After the form is accessed, it must be updated with information from other parts of the FBP system. To update CLICK "**Save & Update**" link in the top-left corner of the screen.

In the "Update Credit Presentation" dialog box CHECK (✓) **only** the following boxes:

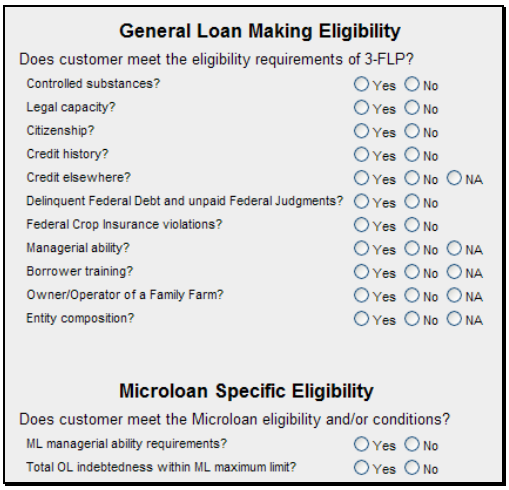
- "**Ultra Financials/Customized Ratios**"
- "**Collateral Analysis**", select the balance sheet from which the collateral analysis will be calculated
- "**Credit Relationship**", select the balance sheet from which the credit relationship information will come.
- "**General Information**".
- CLICK "**Update &**  " to update the Credit Presentation.

Complete the Credit Presentation according to the following.

Component	Details
General Information, Credit Relationship	See **paragraph J 7 b** for instruction on completing these components.
Loan Narrative	***--**Required documentation for the narrative should be completed in the Assessment. See paragraph 222 to determine which elements need to be completed. ENTER "Refer to Assessment" in the narrative text box. Use the text box to address any additional documentation that may be needed.**--***
Collateral Analysis, Classification, Employment Information, Related Entities, Balance Sheet, Income Statement, Repayment Capacity	See **paragraph J 7 b** for instruction on completing these components.

J Credit Actions (Continued)

14 Microloan (Continued)

Component	Details
Eligibility	• Answer the applicable eligibility questions with the radio buttons.  **General Loan Making Eligibility** Does customer meet the eligibility requirements of 3-FLP? Controlled substances? Yes No Legal capacity? Yes No Citizenship? Yes No Credit history? Yes No Credit elsewhere? Yes No NA Delinquent Federal Debt and unpaid Federal Judgments? Yes No Federal Crop Insurance violations? Yes No Managerial ability? Yes No NA Borrower training? Yes No NA Owner/Operator of a Family Farm? Yes No NA Entity composition? Yes No NA **Microloan Specific Eligibility** Does customer meet the Microloan eligibility and/or conditions? ML managerial ability requirements? Yes No Total OL indebtedness within ML maximum limit? Yes No ***--Figure 61am--*** • When making these determinations, the loan official is certifying that the applicant **meets** the requirements for the eligibility criteria and/or conditions as outlined in the respective FSA handbook. • Use the text box to address any additional program specific eligibility issues and/or conditions. • The FSA loan official must CLICK "**Eligibility Determination**" to determine or recommend eligibility. See **paragraph J 7 b** for instruction on completing.  Eligibility Determination: Loan Narrative ***--Figure 61an--***

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

***--14 Microloan (Continued)**

Component	Details
Security, Limited Resource, SBA Account, and Hazard Insurance Questions	Answer the applicable questions with the radio button.
Loan Closing Requirements	Use the word pad to document all approval conditions or loan closing requirements.

Notes: Plan Approval: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (paragraph. J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.**--***

K Special Features

1 eNotice

***--**The eNotice feature allows users to e-mail other FBP users from within specific areas of FBP. The e-mail that is generated will contain a link that will take the e-mail recipient directly to that same specific area within FBP. This feature can be especially helpful when requesting a review from other users during the development of FBP.

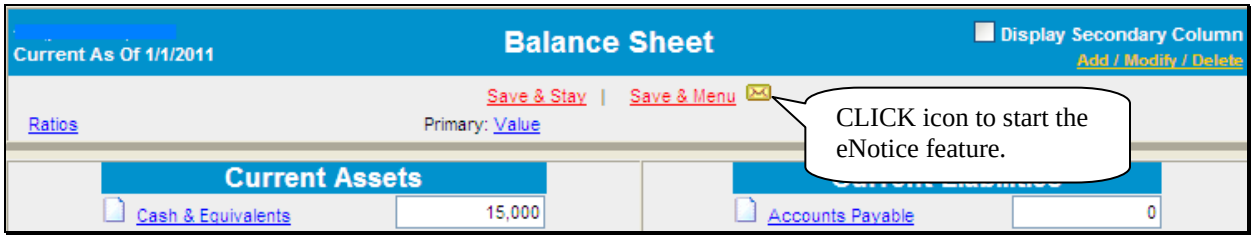


Figure 62

The first time the eNotice feature is accessed, the following prompt will be displayed. Ensure that the e-mail address is correct and CLICK "**OK**" to continue the validation process.

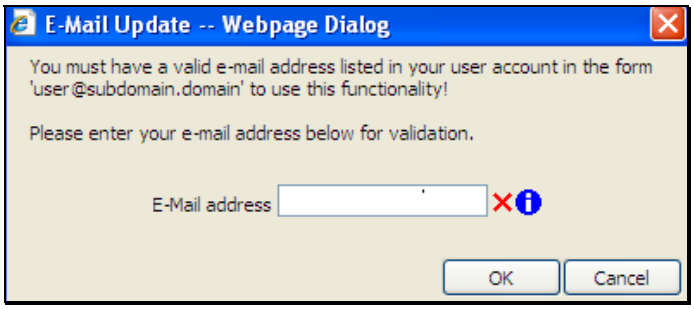


Figure 63

The following series of messages will be displayed.

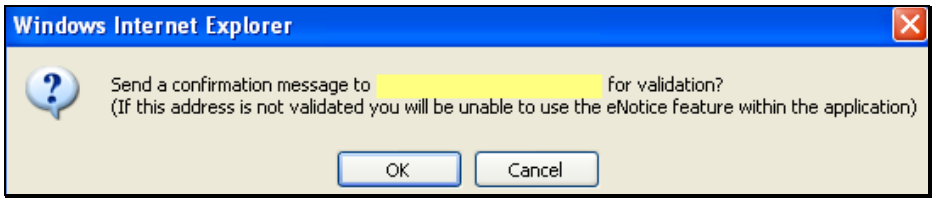


Figure 64



Figure 65--*

K Special Features (Continued)

1 eNotice (Continued)

***--After clicking "OK", close the eNotice window, log out of FBP, and close browser window.

Note: This is a 1-time process for the user to validate the e-mail and provide access to the eNotice feature of FBP. The validation process will be repeated if the user's e-mail address is changed.

After closing the eNotice and browser windows, the user will need to access their e-mail to view the confirmation e-mail message that has been sent. The following e-mail message will be displayed. CLICK "**Click here to validate**".

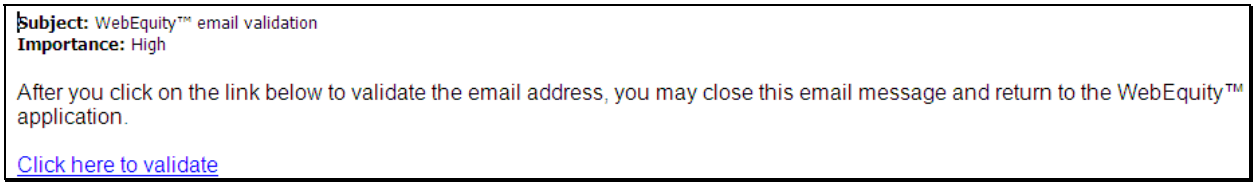


Figure 66

This will automatically open a browser window to log into FBP. Return to the previous customer record where the "eNotice" icon was clicked the first time. CLICK "eNotice" icon to re-enter the eNotice feature.

When the user enters eNotice, a standard e-mail window will automatically be displayed. The message will contain a link to the selected section of FBP. Edit the "Subject" line and message content, as needed. CLICK "**To…**" or "**Cc...**" to add the recipients e-mail address.

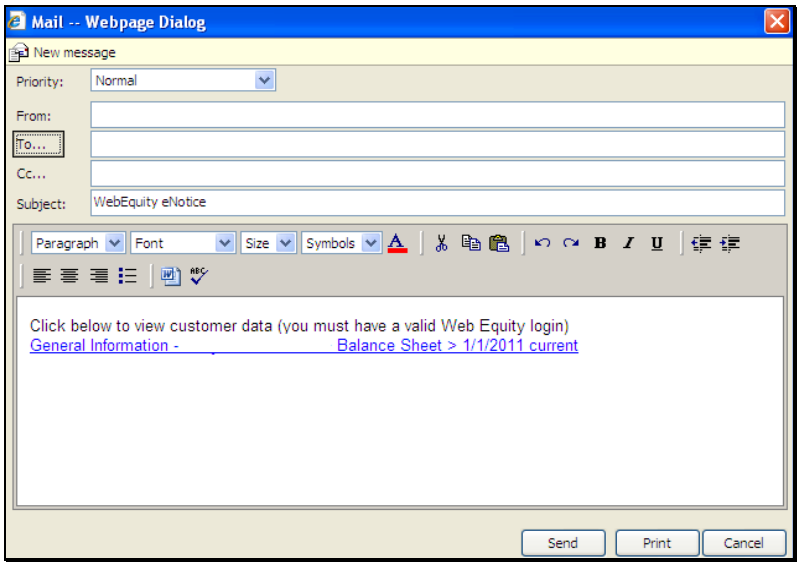


Figure 67--*

K Special Features (Continued)

1 eNotice (Continued)

***--**On the "Address List" dialog box, CLICK "**magnifying glass**" icon and a list of valid e-mail addresses in FBP will be displayed. Select the appropriate e-mail recipient and use the arrows to add them to either the "**To…**", "**Cc…**", or "**Bcc…**" box. CLICK "**OK**" to add the selected e-mail address to the e-mail message.

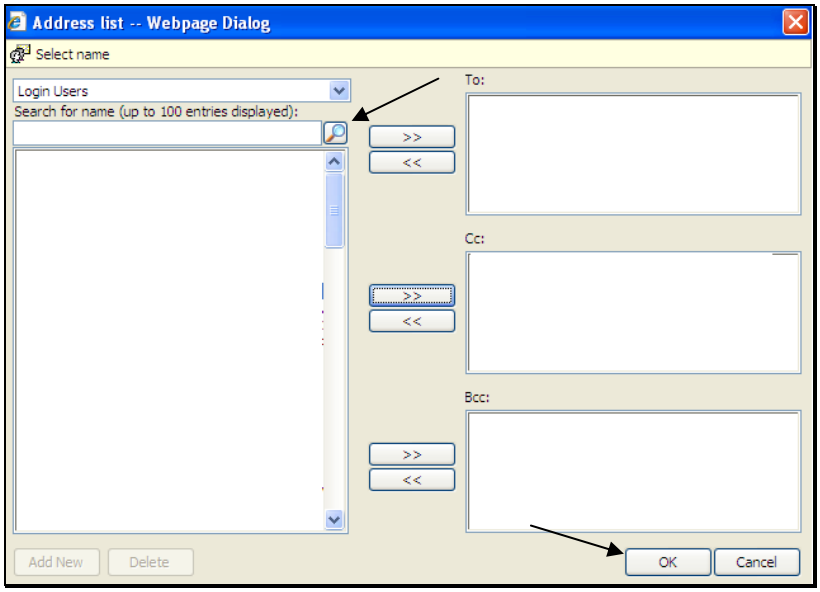


Figure 68

Review e-mail information, CLICK "**Send**".

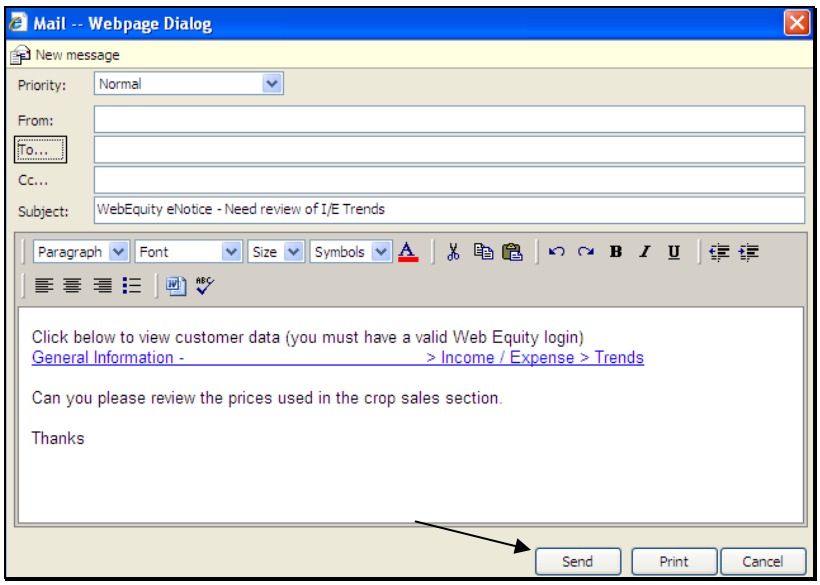


Figure 69--*

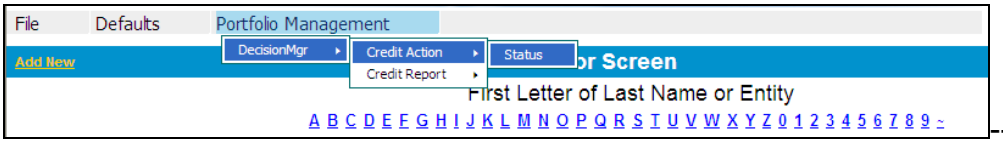
K Special Features (Continued)

2 DecisionMgr

DecisionMgr is a management tool that is available on the toolbar and provides users with the ability to track credit action status or view credit report activity.

a Credit Action Status

On the Credit Action Status Screen a user can view the status of every credit action that has *--been generated. To access the screen, CLICK "**Portfolio Management**", "**Decision Mgr**", "**Credit Action**", "**Status**".



--*

Figure 70

Before using the search feature, users choose the information to be displayed on the screen. CLICK "Column Select" in the upper left corner of the screen.

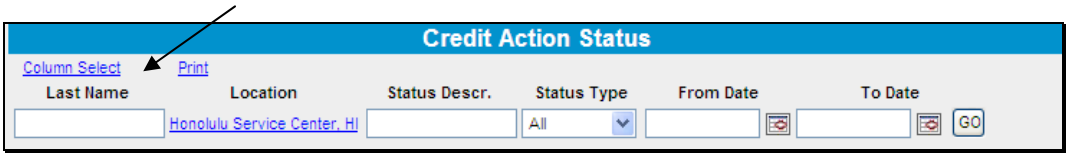


Figure 71

CHECK (✓) columns of information to be displayed.

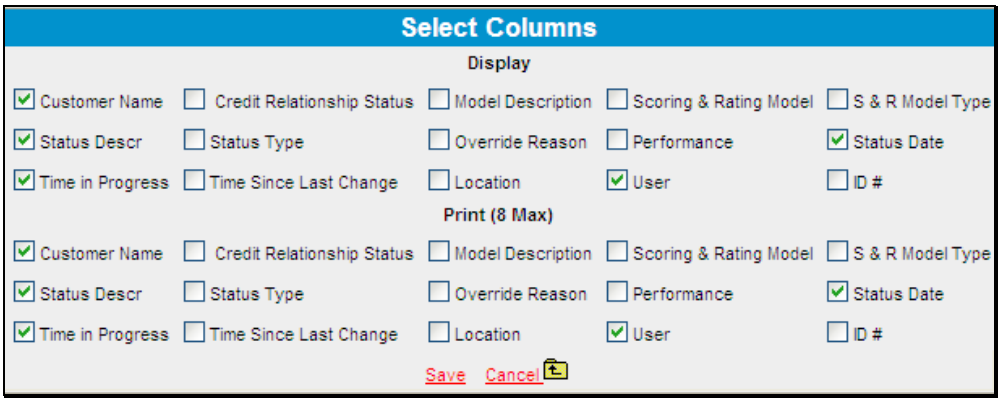


Figure 72

K Special Features (Continued)

2 DecisionMgr (Continued)

a Credit Action Status (Continued)

***--Select search criteria from any of the following fields:

- "Last Name", to search by a specific user
- "Location", to search by a specific location
- "Status Descr.", to search by a specific Status Description, from the following:
  - "Recommend Approval"
  - "Recommend Decline"
  - "Approved"
  - "Declined"
  - "Withdrawn"
  - "End"
  - leave blank for all
- "Status Type", defaults to "All"
- "From Date", to choose a starting date
- "To Date", to choose an ending date.

In the following example, only "Location" and the date range search criteria were used. CLICK "**Go**" to complete search.

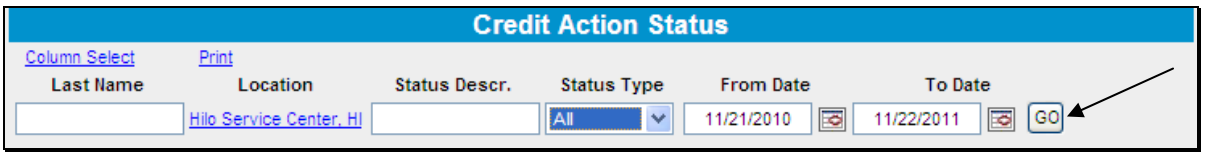


Figure 73

The following Credit Action Status Screen displays the example search results. To print the information, CLICK "**Print**" hyperlink.

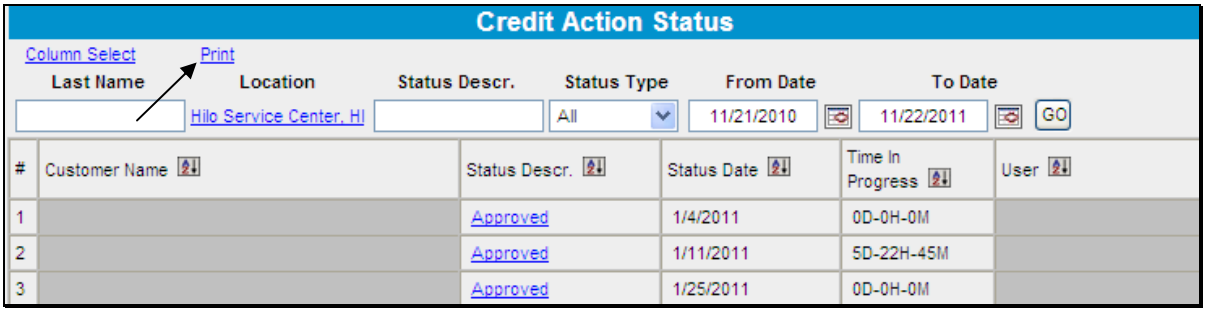


Figure 74--*

K Special Features (Continued)

2 DecisionMgr (Continued)

a Credit Action Status (Continued)

***--**The following Credit Action Status Screen displays the example search results. To print the information, CLICK "**Print**" hyperlink.

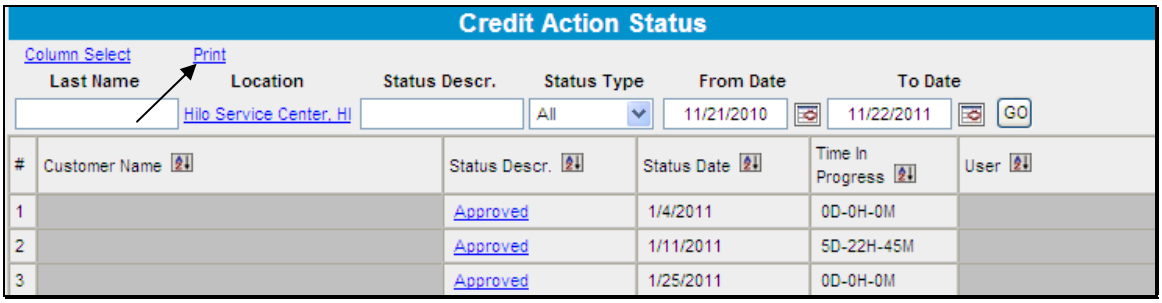


Figure 74

Print the report in the format displayed or if the information displayed on the printed report needs to be exported to a different format, such as Microsoft Excel, CLICK "**Export Report**" icon.

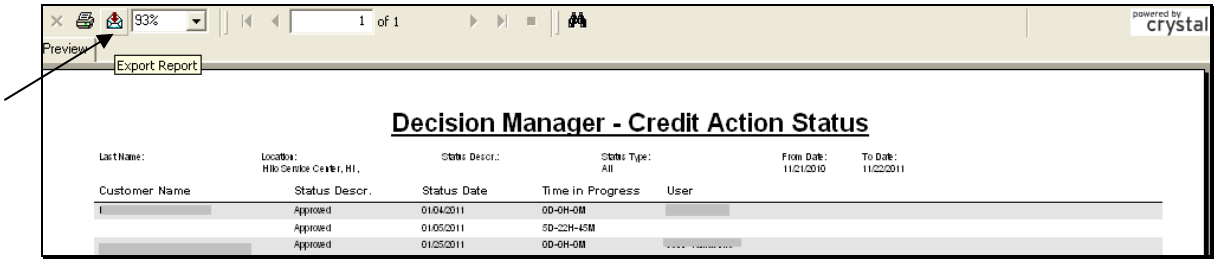


Figure 75

To export the report, select the file format using the "File Format" drop-down menu, and enter a file name. In this example "Microsoft Excel" has been selected. CLICK "**OK**".

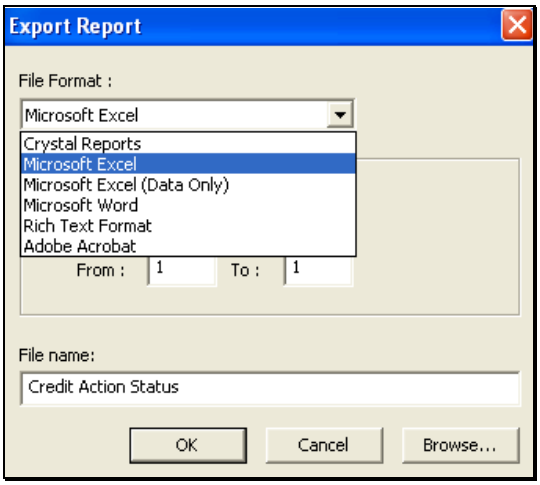


Figure 76--*

Farm Business Plan - FSA User Guide (Continued)

K Special Features (Continued)

2 DecisionMgr (Continued)

a Credit Action Status (Continued)

***--**After the export has completed, the "Report Viewer Export" dialog box will be displayed. CLICK "**Yes**" to open the report.



Figure 77

The report will be displayed in the selected format.

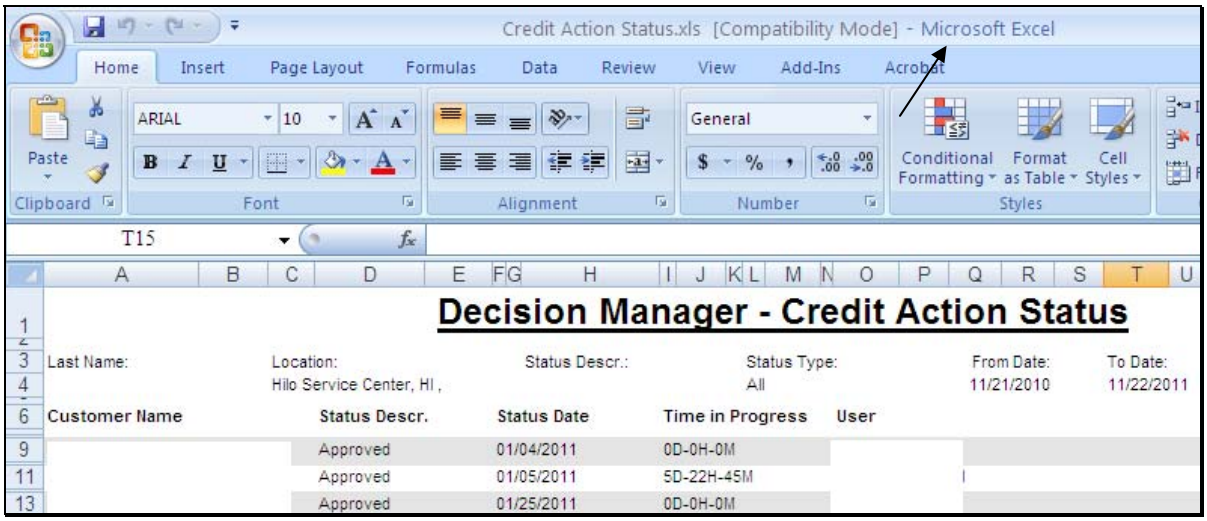


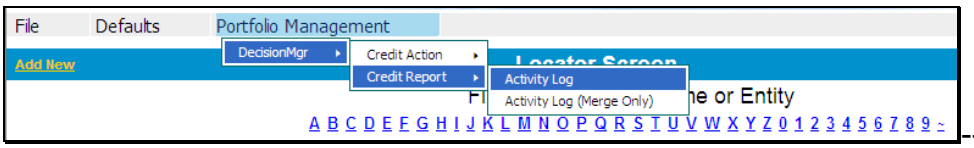
Figure 78--*

K Special Features (Continued)

2 DecisionMgr (Continued)

b Credit Report Activity Log

The Credit Report Activity Log allows users to view all the credit bureau reports that have been pulled within FBP. To access the Credit Report Activity Log Screen, CLICK *--"**Portfolio Management**", "**Decision Mgr**", "**Credit Report**", "**Activity Log**".



--*

Figure 79

Select search criteria from any of the following fields.

- "Location", to search by a specific location
- "From" and "To" dates, to search by specific time spans.

CLICK "**Go**" to complete search.

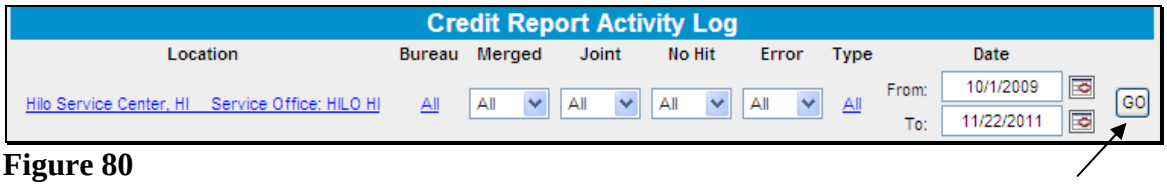


Figure 80

The Credit Report Activity Log can be sorted by clicking the sort icon preceding the applicable column. To view a copy of the credit report, under the "Bureau" column, CLICK "**credit bureau**" link.

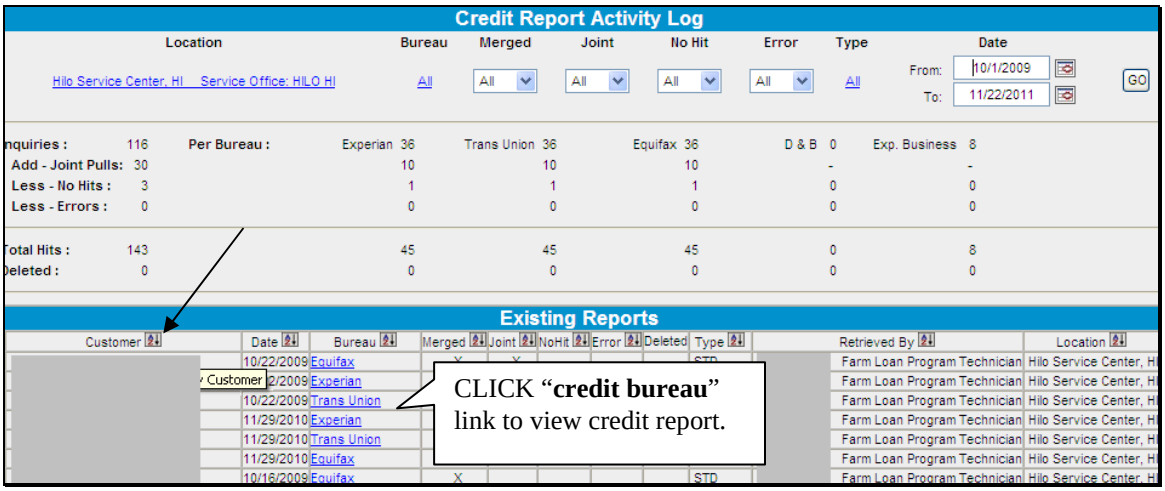


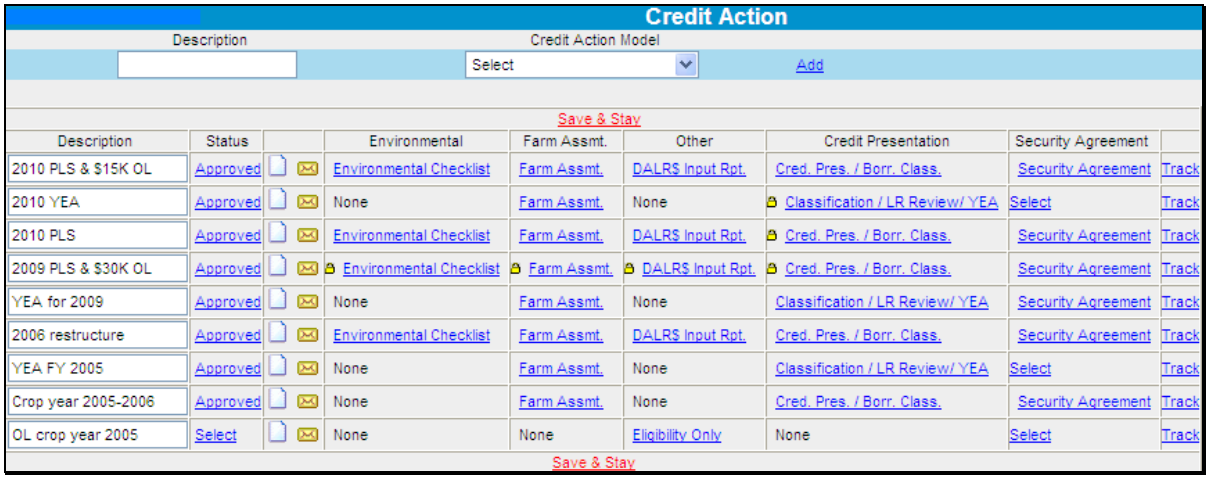
Figure 81

K Special Features (Continued)

3 Tracking

***--**The tracking feature in the "Credit Action" menu allows users to view information about the selected credit action. From within the individual customer's record, CLICK "**Credit Action**" and "**Add/Modify/Delete**", to access the tracking features.

Each credit action that has been created will have a blue "Track" hyperlink on the far right of the Credit Action Screen. CLICK "**Track**" to view the information about the selected credit action.



Credit Action

Description | Credit Action Model: Select | Add

Save & Stay

Description	Status		Environmental	Farm Assmt.	Other	Credit Presentation	Security Agreement	
2010 PLS & $15K OL	Approved		Environmental Checklist	Farm Assmt.	DALR$ Input Rpt.	Cred. Pres. / Borr. Class.	Security Agreement	Track
2010 YEA	Approved		None	Farm Assmt.	None	Classification / LR Review/ YEA	Select	Track
2010 PLS	Approved		Environmental Checklist	Farm Assmt.	DALR$ Input Rpt.	Cred. Pres. / Borr. Class.	Security Agreement	Track
2009 PLS & $30K OL	Approved		Environmental Checklist	Farm Assmt.	DALR$ Input Rpt.	Cred. Pres. / Borr. Class.	Security Agreement	Track
YEA for 2009	Approved		None	Farm Assmt.	None	Classification / LR Review/ YEA	Security Agreement	Track
2006 restructure	Approved		Environmental Checklist	Farm Assmt.	DALR$ Input Rpt.	Cred. Pres. / Borr. Class.	Security Agreement	Track
YEA FY 2005	Approved		None	Farm Assmt.	None	Classification / LR Review/ YEA	Select	Track
Crop year 2005-2006	Approved		None	Farm Assmt.	None	Cred. Pres. / Borr. Class.	Security Agreement	Track
OL crop year 2005	Select		None	None	Eligibility Only	None	Select	Track

Save & Stay

Figure 82--*

K Special Features (Continued)

3 Tracking (Continued)

***--**The Credit Action Tracking Screen will be displayed with information on each event that occurred in the selected credit action, along with the user that completed the event.

Note: Credit action tracking does **not** track saves. It only tracks the following events:

- add
- lock
- replace
- score now
- unlock
- update.

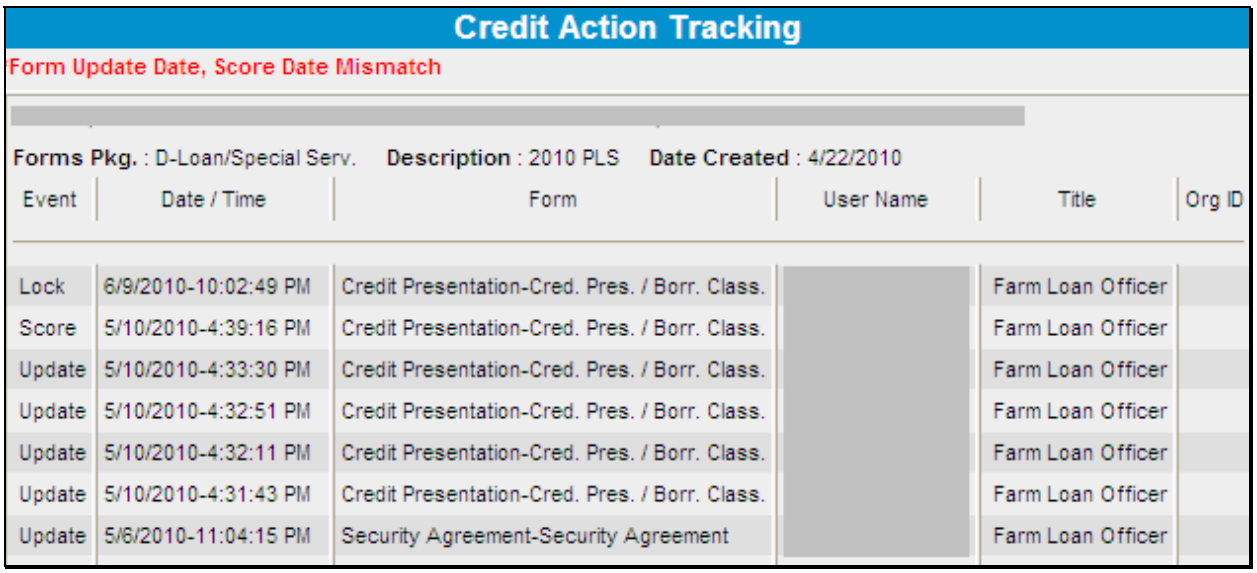


Figure 83--*

K Special Features (Continued)

4 Letters

***--**The "Letters" feature allows users to generate ad hoc letters to customers. These letters are **not** to be used as a substitute for specific letters to customers required by other applicable directives.

From the customer's FBP account, CLICK "**Letters**", "**General Letter or Related Entity**". The General Letter Screen will be displayed. From the "Letter" drop-down menu select "**General Correspondence**".

Note: Disregard the "Balance Sheet Date", "Income & Expense Date", and "Credit Report Date" drop-down menus, because they are **not** available for FSA use.

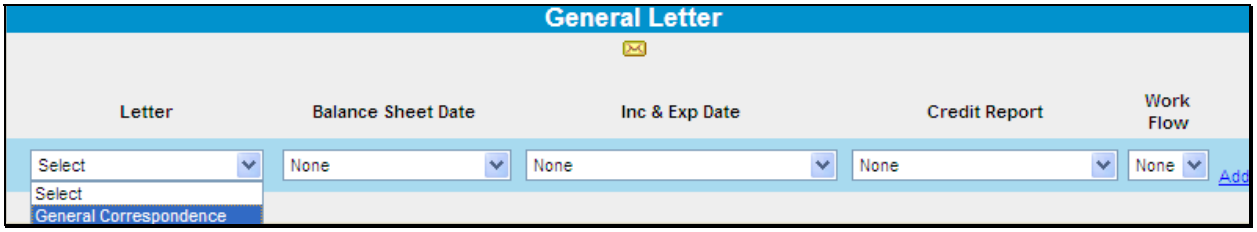


Figure 84

A "General Letter" dialog box will be displayed. CLICK "**Add**" and the letter will be added to the list of letters available on the General Letter Screen.



Figure 85

The letter is now available with the user's information for the signature. CLICK "**View/Modify**" hyperlink and a text box will be provided to type the body of the letter. The name and address will populate from the General Information Screen.

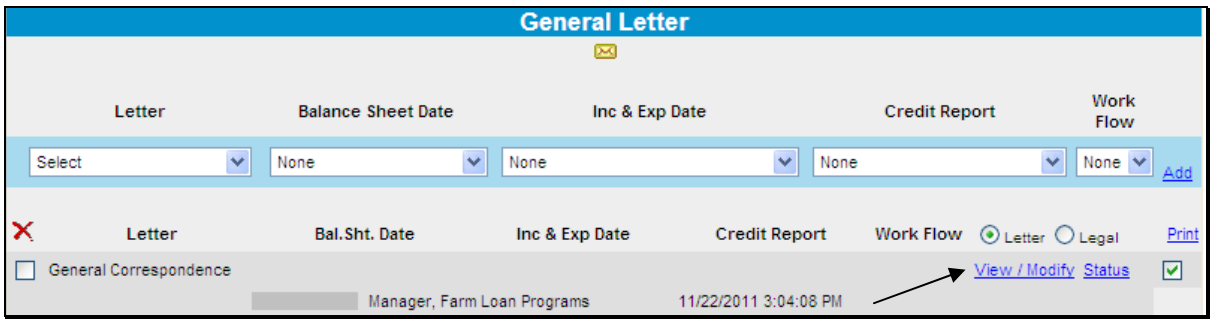


Figure 86--*

K Special Features (Continued)

4 Letters (Continued)

After the body of the letter has been completed, CLICK "**Printable View**" hyperlink to print the letter. Letters shall be printed on paper with appropriate letterhead. The letter will remain available on the General Letter Screen and can be edited as needed.

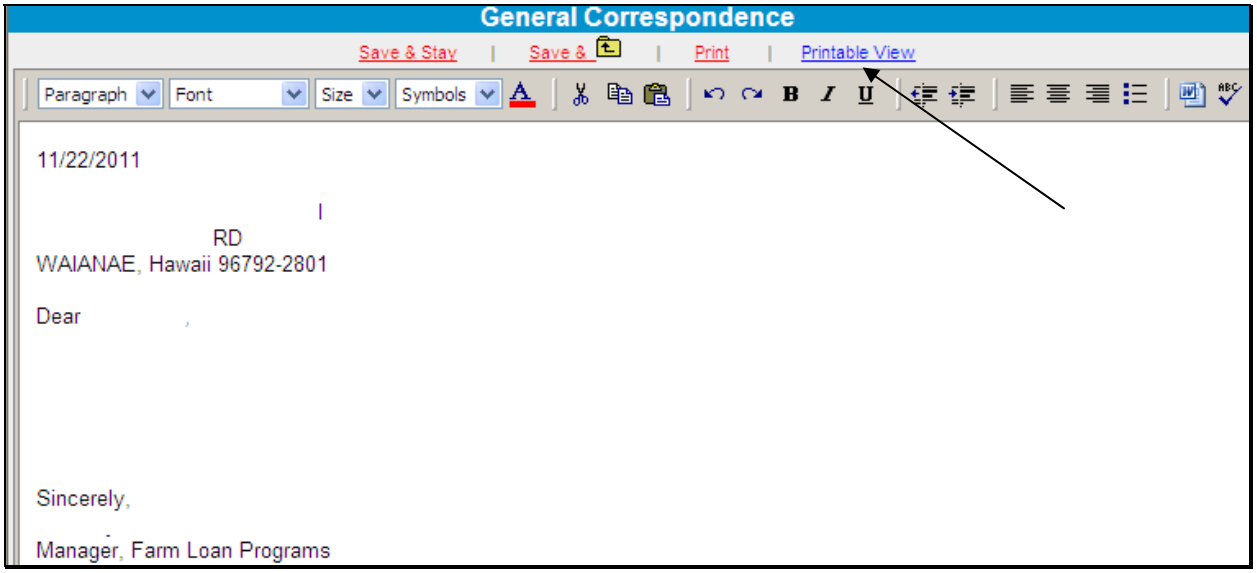


Figure 87

L Getting Help

For help using the FBP software, CLICK "**eHelp**" from the Web Navigation Manager main navigation bar or consult this user guide. For questions about issues not available online or in this user guide, State and County Offices should contact the FBP Coordinator. References to "FBP Coordinator" include FBP State Coordinators, as appropriate.

*** * ***

Farm Business Plan - FSA User Guide (Continued)

M Glossary of Terms

Term	Definition
Ag or Farm Debt	Any debt incurred for which the majority was for farm or agricultural related purposes.
eAuthentication	The system used to authenticate and authorize users of USDA web-based applications. Previously referred to as "WebCAAF".
Ending Cash	MADS **plus** beginning cash **plus** operating and term loan advances **minus** operating principal repayment **minus** capital expenditures **plus** capital sales **plus** capital contributions **minus** capital withdrawals.
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.
MADS	Operating income **minus** purchases for resale **minus** operating expenses including interest and depreciation **plus** nonfarm income **minus** owner withdrawals **minus** nonfarm expense **minus** income taxes **minus** term principal payments **plus** 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 Nonfarm Debt	Any debt incurred for which the majority was for nonfarm purposes.
PLAS	Program Loan Accounting System.
Post Close Balance Sheet	A balance sheet prepared assuming that the planned loanmaking or loan 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.
TDCLCR	(Net farm income from operations **plus** nonfarm income **plus** depreciation **plus** interest on term debt **minus** income taxes **minus** owner withdrawals **minus** nonfarm expense) **divided by** total principal and interest on term debts. TDCLCR is sometimes referred to as "Capital Debt Repayment Capacity" or "CDRC" by FSA and other lenders.
WEM	Web Equity Manager. Software used to generate FBP.

***--Type of Assistance, Fund, and Kind Codes**

These tables list all types of assistance, fund, and kind codes used in DLS, GLS and ADPS.

A Direct Farm OL's

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
050	OL - Limited Resource - 7 year	44	03
051	OL - Regular (Except Youth) - 7 year	44	01
052	OL - Youth - 7 year	44	02
104	OL - Regular (Except Youth) - 1 year - SDA	44	05
105	OL - Limited Resource - 7 year - SDA	44	15
106	OL - Regular (Except Youth) - 7 year - SDA	44	05
107	OL- Youth - 7 year - SDA	44	55
112	OL - Regular (Except Youth) - 1 year	44	01
117	OL - Limited Resource - 1 year	44	03
119	OL - Limited Resource - 1 year - SDA	44	15
151	OL - Youth - 1 year	44	02
152	OL - Youth - 1 year - SDA	44	55
209	OL - Beginning Farmer - Regular - 1 year	44	01
210	OL - Beginning Farmer - SDA - Regular - 1 year	44	05
211	OL - Beginning Farmer - Regular - 7 year	44	01
212	OL - Beginning Farmer - SDA - Regular - 7 year	44	05
217	OL - Beginning Farmer - Limited Resource - 1 year	44	03
218	OL - Beginning Farmer - SDA - Limited Resource - 1 year	44	15
219	OL - Beginning Farmer - Limited Resource - 7 year	44	03
220	OL - Beginning Farmer - SDA - Limited Resource - 7 year	44	15

--*

Type of Assistance, Fund, and Kind Codes (Continued)

***--B Direct Farm OL - ML's**

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
657	OL - Limited Resource - 7 year - Micro	44	03
658	OL - Regular (Except Youth) - 7 year - Micro	44	01
659	OL - Regular (Except Youth) - 1 year - Micro	44	01
660	OL - Limited Resource - 1 year - Micro	44	03
661	OL - Regular (Except Youth) - 1 year - SDA Micro	44	05
662	OL - Limited Resource - 7 year - SDA Micro	44	15
663	OL - Regular (Except Youth) - 7 year - SDA Micro	44	05
664	OL - Limited Resource - 1 year - SDA Micro	44	15
665	OL - Beginning Farmer - Regular - 1 year - Micro	44	01
666	OL - Beginning Farmer - Regular - 7 year - Micro	44	01
667	OL - Beginning Farmer - Limited Resource - 1 year - Micro	44	03
668	OL - Beginning Farmer - Limited Resource - 7 year - Micro	44	03
669	OL - Beginning Farmer - SDA - Regular - 1 year - Micro	44	05
670	OL - Beginning Farmer - SDA - Regular - 7 year - Micro	44	05
671	OL - Beginning Farmer - SDA - Limited Resource - 1 year - Micro	44	15
672	OL - Beginning Farmer - SDA - Limited Resource - 7 year - Micro	44	15

--*

***--Type of Assistance, Fund, and Kind Codes (Continued)**

C Guaranteed Farm OL's (Both Subsidized and Nonsubsidized) (G-OL)

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
046	OL – Disaster Assistance	44	01
048	OL – Line of Credit	44	01
051	OL – Regular (Except Youth) – 7 year	44	01
103	OL – Line of Credit – SDA	44	01
108	OL – Regular (Except Youth) – 7 year – SDA	44	01
153	OL – Regular (Except Youth) – 1 year	44	01
154	OL – Regular (Except Youth) – 1 year – SDA	44	01
209	OL – Beginning Farmer – Regular – 1 year	44	01
210	OL – Beginning Farmer – Regular – 1 year – SDA	44	01
211	OL – Beginning Farmer – Regular – 7 year	44	01
212	OL – Beginning Farmer – Regular – 7 year – SDA	44	01
225	OL – Beginning Farmer – Line of Credit	44	01
226	OL – Beginning Farmer – Line of Credit - SDA	44	01

--*

Type of Assistance, Fund, and Kind Codes (Continued)

D Direct FO's

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
030	FO – Limited Resource – SDA – Ethnic	41	15
031	FO – Regular – SDA – Ethnic	41	05
034	FO - Limited Resource	41	03
036	FO - Regular	41	00
124	FO – Regular – SDA – Gender	41	05
125	FO – Limited Resource – SDA – Gender	41	15
200	FO – Beginning Farmer Down Payment	41	22
201	FO – Beginning Farmer Down Payment – SDA – Ethnic	41	23
202	FO – Beginning Farmer Down Payment – SDA – Gender	41	23
203	FO - Beginning Farmer – Regular	41	00
204	FO - Beginning Farmer – Limited Resource	41	03
205	FO – Beginning Farmer – Regular – SDA – Ethnic	41	05
206	FO – Beginning Farmer – Regular – SDA – Gender	41	05
207	FO – Beginning Farmer – Limited Resource – SDA – Ethnic	41	15
208	FO – Beginning Farmer – Limited Resource – SDA – Gender	41	15
231	FO - Participation	41	00
232	FO – Participation – SDA – Ethnic	41	05
233	FO – Participation – SDA – Gender	41	05
234	FO – Beginning Farmer – Participation	41	00
235	FO – Beginning Farmer – Participation – SDA – Ethnic	41	05
236	FO – Beginning Farmer – Participation – SDA – Gender	41	05
485	*--FO – Non-Beginning Farmer Down Payment – Ethnic--*	41	15
486	FO – Non-Beginning Farmer Down Payment – Gender	41	15
035	FO – Non-Farm Enterprise – Limited Resource	49	03
037	FO – Non-Farm Enterprise – Regular	49	00
044	FO – Non-Farm Enterprise – SDA – Ethnic	49	00
126	FO – Non-Farm Enterprise – SDA – Gender	49	00

***--Type of Assistance, Fund, and Kind Codes (Continued)**

E Direct FO CL's

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
590	FO - CL - Regular	30	00
591	FO - CL - Non-Beginning Farmer - SDA - Gender	30	05
592	FO - CL - Non-Beginning Farmer - SDA - Ethnic	30	05
593	FO - CL - Priority - Beginning Farmer	30	01
631	FO - CL - Priority - Beginning Farmer - SDA	30	01
632	FO - CL - Priority - Convert to Organic and Sustainable Operation	30	01
633	FO - CL - Priority - Highly Erodible Land Protection	30	01

F Guaranteed FO's (G-FO)

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
031	FO - Farm Enterprise - Regular - SDA - Ethnic	41	05
036	FO - Farm Enterprise - Regular	41	00
124	FO - Farm Enterprise - Regular - SDA - Gender	41	05
203	FO - Farm Enterprise - Beginning Farmer - Regular	41	00
205	FO - Farm Enterprise - Beginning Farmer - Regular - SDA - Ethnic	41	05
206	FO - Farm Enterprise - Beginning Farmer - Regular - SDA - Gender	41	05

G Guaranteed FO CL's (G-CL)

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
596	FO - CL - Regular	30	00
597	FO - CL - Non-Beginning Farmer - SDA - Gender	30	05
598	FO - CL - Non-Beginning Farmer - SDA - Ethnic	30	05
599	FO - CL - Priority - Beginning Farmer	30	01
634	FO - CL - Priority - SDA	30	01
635	FO - CL - Priority - Convert to Organic and Sustainable Operation	30	01
636	FO - CL - Priority - Highly Erodible Land Protection	30	01

--*

Type of Assistance, Fund, and Kind Codes (Continued)

H Land Contract Guarantee Program

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
	Contract Land Sales - Prompt Pay		
601	Guar - NBF - SDA- Gender	41	05
595	Guar - NBF - SDA- Ethnic	41	05
397	Guar - Begin Farmer	41	00
604	Guar - Beg Farmer - SDA - Gender	41	05
603	Guar - Beg Farmer - SDA - Ethnic	41	05
	Contract Land Sales - Standard		
602	Guar - NBF - SDA- Gender	41	05
600	Guar - NBF - SDA- Ethnic	41	05
608	Guar - Begin Farmer	41	00
607	Guar - Beg Farmer - SDA - Gender	41	05
606	Guar - Beg Farmer - SDA - Ethnic	41	05

I EM's

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
056	EM - Actual Loss - Real Estate Purpose	43	61
060	EM - Citrus Grove Rehabilitation/Re-Establishment	43	21
092	EM - Actual Loss - Operating Purposes	43	62

J ITLAP's

***--**

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
042	Indian Land Acquisition	98	
043	Indian Land Acquisition - Limited Resource	98	

--*

K Boll Weevil Eradication Loan

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
198	Boll Weevil Eradication	44	22

Type of Assistance, Fund, and Kind Codes (Continued)

L Inactive or Expired Loan Programs

The types of assistance codes in the following table reflect inactive (currently not funded) loan programs. New loan obligations may not occur using these fund codes; however, they may be applicable for a loan servicing activity, such as an assumption.

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
033	FO - Farm Enterprise - Debt Adjusted	41	07
038	Soil and Water - Direct Conservation	35 & 45	00
109	Soil and Water - Limited Resource	45	03
130	Soil and Water - Dire Emergency - Secured with Real Estate	45	00
039	Recreation Land	48	00
040	Grazing Loan - Association	74 & 94	00
046	OL - Disaster Assistance	44	01
047	OL - Limited Resource - Delinquent Borrower	44	04
049	OL - Debt Adjusted	44	07
102	OL - Limited Resource - Delinquent Borrower - SDA	44	45
053	Economic Emergency - Operating	29	11
054	Emergency Livestock	15	00
055	Economic Emergency - Real Estate	29	21
110	Homestead Protection - Credit Sales	41, 43, 44, and 45	All
118	Homestead Protection - Credit Sales- Limited Resource	41, 43, 44 and 45	All
180	Emergency - Natural Disaster	43	61
213	OL - Beginning Farmer - Regular - Special Assistance - 1 year	44	33
214	OL - Beginning Farmer - Regular - Special Assistance - SDA - 1 year	44	34
215	OL - Beginning Farmer - Regular - Special Assistance - 7 year	44	33
216	OL - Beginning Farmer - Regular - Special Assistance - SDA - 7 year	44	34
221	OL - Beginning Farmer - Limited Resource - Special Assistance - 1 year	44	43

Type of Assistance, Fund, and Kind Codes (Continued)

L Inactive or Expired Loan Programs (Continued)

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
222	OL - Beginning Farmer - Limited Resource - Special Assistance - SDA - 1 year	44	44
223	OL - Beginning Farmer - Limited Resource - Special Assistance - 7 year	44	43
224	OL - Beginning Farmer - Limited Resource - Special Assistance - SDA - 7 year	44	44
298	Emergency Loan for Seed Producers Program	44	23
299	Special Apple Loan Program	39	01
327	Horse Breeder Loan Program	43	71

***--M Direct Farm OL's - ARRA ("Stimulus")**

Note: All loans with types of assistance codes shown in this table were obligated with appropriated funding received under ARRA ("Stimulus"). These types of assistance codes are not available for new loan applications; however, they are applicable for loan servicing activity.

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
564	OL - Regular (Except Youth) - 1 year	44	01
565	OL - Youth - 1 year	44	02
566	OL - Regular (Except Youth) - SDA - 1 year	44	05
567	OL - Youth - 1 year - SDA	44	55
568	OL - Beginning Farmer - Regular - 1 year	44	01
569	OL - Beginning Farmer - Regular - 1 year - SDA	44	05
570	OL - Regular (Except Youth) - 7 year	44	01
571	OL - Youth - 7 year	44	02
572	OL - Regular (Except Youth) - 7 year - SDA	44	05
573	OL - Youth - 7 year - SDA	44	55
574	OL - Beginning Farmer - Regular - 7 year	44	01
575	OL - Beginning Farmer - Regular - 7 year - SDA	44	05
576	OL - Limited Resource - 1 year	44	03
577	OL - Limited Resource - 1 year - SDA	44	15
578	OL - Beginning Farmer - Limited Resource - 1 year	44	03
579	OL - Beginning Farmer - Limited Resource - 1 year - SDA	44	15
580	OL - Limited Resource - 7 year	44	03
581	OL - Limited Resource - 7 year - SDA	44	15
582	OL - Beginning Farmer - Limited Resource - 7 year	44	03
583	OL - Beginning Farmer - Limited Resource - 7 year - SDA	44	15

--*

FLP Rates

A Interest Rates for FLP's

--**The following provides interest rates for FLP's as of August 1, 2014.**--

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes **Note:** For the current interest rate, contact the National Office.		
Operating	2.125	7/1/14
Operating - Limited Resource	5.000	12/1/90
Farm Ownership and Conservation Loans	***--**3.750	8/1/14**--***
Farm Ownership - Limited Resource	5.000	4/1/86
Farm Ownership - Down Payment	1.500	5/22/08
Farm Ownership - Joint Financing	2.500	2/7/14
Soil and Water	***--**3.750	8/1/14**--***
Soil and Water - Limited Resource	5.000	7/1/92
Recreation - Individual	***--**3.750	8/1/14
Farmer Program - Homestead Protection	3.750	8/1/14
Shared Appreciation Amortization	2.750	8/1/14
Softwood Timber Loans	3.750	8/1/14
Economic Emergency - Operating	2.125	7/1/14
Economic Emergency - Real Estate	3.750	8/1/14**--***
Emergency - Amount of Actual Loss	3.125	7/1/14
Emergency - Major Adjustment: Subtitle A Purpose (Excess of Loss)	6.250	7/1/14
Emergency - Major Adjustment: Subtitle B Purpose (Excess of Loss)	***--**4.375	8/1/14
Emergency - Annual Production	4.375	8/1/14
Nonprogram - Chattel Property	4.375	8/1/14**--***
Nonprogram - Real Property	6.250	7/1/14
Apple Loans	0.875	6/1/14
Association - Grazing	***--**3.750	8/1/14
Association - Irrigation and Drainage	3.750	8/1/14**--***
Indian Land Acquisition	5.000	2/1/91

Publication 622, which provides amortization tables and financial basic payment tables, is available from MSD Warehouse. To request Publication 622, complete FSA-159, available at **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html**, and submit it by 1 of the following methods:

- FAX to 816-823-4740 or 816-823-4741
- e-mail to **ra.mokansasc2.kcasbwhse**
- mail to:

  USDA/FSA/Kansas City Warehouse
  9240 Troost Ave
  Kansas City MO 64131.

FLP Rates (Continued)

B Treasury Rates

The following table provides the applicable Treasury rates.

Treasury Rates	Current Rate (%)	Date Set
90-Day Treasury Bill	0.125	10/1/09
Treasury Judgment Rate (see Note)	*--0.110	8/1/14--*

Notes: The 90-Day Treasury Bill rate is entered in eDALR$ as the "Discount Rate" and is used to calculate present value and net recovery value.

The treasury judgment rate is the interest rate applicable to deficiency judgments for all loan types (pursuant to 28 U.S.C. Section 1961). The rate is based on the weekly average 1-year CMT yield published by the Federal Reserve System, Board of Governors. The rate shown is the most current rate posted to the Federal Reserve web site and is dated the *--week ending June 27, 2014. The actual judgment rate is the rate for the calendar week--* preceding the date the defendant becomes liable for interest. Access the Federal Reserve web site **www.federalreserve.gov/releases/H15/current** for the weekly average 1-year CMT yield.

C Historical 90-Day Treasury Bill Rates

The following table provides the historical 90-day Treasury bill rates.

Effective Date	Rate (%)	Effective Date	Rate (%)
December 1, 1988	7.500	December 1, 1990	7.500
January 1, 1989	7.875	January 1, 1991	7.375
February 1, 1989	8.250	February 1, 1991	7.125
March 1, 1989	8.500	March 1, 1991	6.500
April 1, 1989	8.750	April 1, 1991	6.250
May 1, 1989	9.000	May 1, 1991	6.125
June 1, 1989	9.150	June 1, 1991	5.875
July 1, 1989	8.750	July 1, 1991	5.750
August 1, 1989	8.625	October 1, 1991	5.625
September 1, 1989	8.250	November 1, 1991	5.375
October 1, 1989	8.125	December 1, 1991	5.250
December 1, 1989	8.000	January 1, 1992	4.875
February 1, 1990	7.875	February 1, 1992	4.375
April 1, 1990	8.000	March 1, 1992	3.875
May 1, 1990	8.125	May 1, 1992	4.125
July 1, 1990	8.000	June 1, 1992	4.000
October 1, 1990	7.750	July 1, 1992	3.750
November 1, 1990	7.625	September 1, 1992	3.500

FLP Rates (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
October 1, 1992	3.250	November 1, 1997	4.875
November 1, 1992	3.125	December 1, 1997	5.000
December 1, 1992	2.875	January 1, 1998	5.250
January 1, 1993	3.125	June 1, 1998	4.875
February 1, 1993	3.375	November 1, 1998	4.875
March 1, 1993	3.125	December 1, 1998	4.250
April 1, 1993	3.000	January 1, 1999	4.375
August 1, 1993	3.125	February 1, 1999	4.500
November 1, 1993	3.000	May 1, 1999	4.625
January 1, 1994	3.125	June 1, 1999	4.375
April 1, 1994	3.250	July 1, 1999	4.625
May 1, 1994	3.500	September 1, 1999	4.750
June 1, 1994	3.625	November 1, 1999	4.875
July 1, 1994	4.125	January 1, 2000	4.875
August 1, 1994	4.250	February 1, 2000	5.375
September 1, 1994	4.375	April 1, 2000	5.625
October 1, 1994	4.500	May 1, 2000	5.875
November 1, 1994	4.750	July 1, 2000	6.000
December 1, 1994	5.000	August 1, 2000	5.875
January 1, 1995	5.250	September 1, 2000	6.000
February 1, 1995	5.750	October 1, 2000	6.250
April 1, 1995	6.000	January 1, 2001	6.375
May 1, 1995	5.875	February 1, 2001	6.125
August 1, 1995	5.750	March 1, 2001	5.500
September 1, 1995	5.625	April 1, 2001	4.875
November 1, 1995	5.500	May 1, 2001	4.750
February 1, 1996	5.375	June 1, 2001	4.125
March 1, 1996	4.875	July 1, 2001	3.750
April 1, 1996	5.000	August 1, 2001	3.625
June 1, 1996	4.875	October 1, 2001	3.500
August 1, 1996	5.250	November 1, 2001	3.125
December 1, 1996	4.875	December 1, 2001	2.250
February 1, 1997	5.000	January 1, 2002	2.000
March 1, 1997	4.875	February 1, 2002	1.750
May 1, 1997	5.250	March 1, 2002	1.625
June 1, 1997	5.375	April 1, 2002	1.750
July 1, 1997	5.250	October 1, 2002	1.625
August 1, 1997	4.875	January 1, 2003	1.375
October 1, 1997	5.250	February 1, 2003	1.250

FLP Rates (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
April 1, 2003	1.125	October 1, 2006	5.125
August 1, 2003	1.000	November 1, 2006	5.00
September 1, 2003	0.875	January 1, 2007	5.125
October 1, 2003	1.000	February 1, 2007	5.00
December 1, 2003	0.875	April 1, 2007	5.125
January 1, 2004	1.000	June 1, 2007	5.00
February 1, 2004	0.875	July 1, 2007	4.875
May 1, 2004	1.000	August 1, 2007	4.75
August 1, 2004	1.250	September 1, 2007	4.875
September 1, 2004	1.375	October 1, 2007	4.625
October 1, 2004	1.500	November 1, 2007	4.125
November 1, 2004	1.625	December 1, 2007	4.000
December 1, 2004	1.750	January 1, 2008	3.625
January 1, 2005	2.000	February 1, 2008	3.000
February 1, 2005	2.250	March 1, 2008	3.125
April 1, 2005	2.50	April 1, 2008	2.25
May 1, 2005	2.75	May 1, 2008	1.50
June 1, 2005	2.875	June 1, 2008	1.250
July 1, 2005	2.875	July 1, 2008	1.625
August 1, 2005	3.000	August 1, 2008	1.875
September 1, 2005	3.125	September 1, 2008	1.75
October 1, 2005	3.50	November 1, 2008	1.375
December 1, 2005	3.625	December 1, 2008	0.750
January 1, 2006	4.00	January 1, 2009	0.500
March 1, 2006	4.125	February 1, 2009	0.125
April 1, 2006	4.500	April 1, 2009	0.250
May 1, 2006	4.625	June 1, 2009	0.125
July 1, 2006	4.875	September 1, 2009	0.250
September 1, 2006	5.00	***--**October 1, 2009	0.125**--***

D Current Percentage – Cash Preference

The following table provides the current percentage for cash offers in purchasing inventory property.

Property Type	Percentage
Real Property	97
Chattel Property	96

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010--

LOAN MAKING Contract Purpose	Detail	Comment	PAC Code	Authority	Recoverable/Nonrecoverable
Inspection	Real Estate		1A1	S	Nonrecoverable
	Chattel/Crop		1A2	S	Nonrecoverable
Appraisals	Real Estate	Note 10	1B1	S	Nonrecoverable
	Chattel/Crop		1B2	S	Nonrecoverable
Analysis	Farm Business Planning		1C4	S	Nonrecoverable
	Financial Analysis		1C7	S	Nonrecoverable
Information Services	Data Processing/Info Gathering	Note 6	1D2	S	Nonrecoverable
	Comparable and Market Studies		1D3	S	Nonrecoverable
	Advertising		1D4	SC	Nonrecoverable
	State Database Access Fees	Note 7	1DA	S	Nonrecoverable
	SAVE Citizenship Verification Database Access		1DB	S	Nonrecoverable
Professional Services	Interpreter Services		1E9	SC	Nonrecoverable
	Mediation (No State Program)		1EA	S	Nonrecoverable
Environmental	NEPA Compliance	Note 2	1J1	S	Nonrecoverable
	NEPA Environmental Impact Statements		1J2	A	Nonrecoverable
	Archaeological Surveys		1J4	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities		1J5	S	Nonrecoverable
	Endangered Species Studies		1J6	S	Nonrecoverable
	Wetland Delineations		1J7	S	Nonrecoverable
	Phase 1 Environmental Site Assessments	Note 3	1JI	S	Nonrecoverable
	Phase II Environmental Site Assessments	Note 3	1JJ	S	Nonrecoverable
Loan Account Maintenance	Legal Documentation Expenses	Note 4	1N5	SC	Nonrecoverable
	Mediation (State Certified Program)		1N6	S	Nonrecoverable
	Electronic UCC Recording and Filing	Notes 5 & 6	1NE	SC	Recoverable
Managerial	Credit Reports		1Y1	SC	Recoverable
Other	Miscellaneous	Note 1	1Z1	A	Recoverable/Nonrecoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010 (Continued)--

LOAN SERVICING Contract Purpose	Detail	Comment	PAC Code	Authority	Recoverable/Nonrecoverable
Inspection	Real Estate		2A1	S	Nonrecoverable
	Real Estate - Foreclosure Only		4A1	S	Recoverable
	Chattel/Crop		2A2	S	Nonrecoverable
	Chattel/Crop - Foreclosure Only		4A2	S	Recoverable
Appraisals	Real Estate	Note 10	2B1	S	Nonrecoverable
	Real Estate - Foreclosure Only		4B1	S	Recoverable
	Chattel/Crop		2B2	S	Nonrecoverable
	Chattel/Crop - Foreclosure Only		4B2	S	Recoverable
Analysis	Year-end Analysis		2C1	S	Nonrecoverable
	Farm Business Planning		2C4	S	Nonrecoverable
	Financial Analysis		2C7	S	Nonrecoverable
Information Services	Data Processing/Info Gathering	Note 6	2D2	S	Nonrecoverable
	Comparable and Market Studies		2D3	S	Nonrecoverable
	Advertising		2D4	SC	Nonrecoverable
	Advertising - Foreclosure Only		4D4	SC	Recoverable
	State Database Access Fees	Note 7	2DA	S	Nonrecoverable
	SAVE Citizenship Verification Database Access		2DB	S	Nonrecoverable
Professional Services	Surveying		4E2	S	Recoverable
	Investigation		4E3	S	Recoverable
	Bankruptcy		2E4	S	Nonrecoverable
	Foreclosure (Non-Judicial State)		4E5	S	Recoverable
	Title Search/Title Opinion		2E6	SC	Nonrecoverable
	Title Search/Title Opinion - Foreclosure Only		4E6	SC	Recoverable
	Trustee Agency (Foreclosure Actions)		4E7	S	Recoverable
	Auction Costs/Auctioneer/Master-in-Equity	Note 9	4E8	S	Recoverable
	Interpreter Services		2E9	SC	Nonrecoverable
	Mediation (No State Program)		2EA	S	Nonrecoverable
	Mediation (No State Program) - Foreclosure Only		4EA	S	Recoverable
	Attorney Serv. Foreclosure (Judicial)	Note 17	4EB	S	Recoverable
	Litigation Guarantee		2EG	SC	Nonrecoverable
	Litigation Guarantee - Foreclosure Only		4EG	SC	Recoverable
	Abstract/Stub Abstract		2EH	SC	Nonrecoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010 (Continued)--

LOAN SERVICING - continued					
Contract Purpose	**Detail**	**Comment**	**PAC Code**	**Authority**	**Recoverable/Nonrecoverable**
Professional Services	Abstract/Stub Abstract - Foreclosure Only		4EH	SC	Recoverable
(continued)	Law Enforcement Services	Note 15	4EJ	S	Recoverable
	Real Estate Broker		4H1	SC	Recoverable
Maintenance/Management	Property Management /Caretaking		4F1	SC	Recoverable
	Hauling		4F2	SC	Recoverable
	Temporary Custodial	Note 14	4F3	SC	Recoverable
	Ground Rents		4F5	SC	Recoverable
	Harvesting Costs		4F6	SC	Recoverable
	Repairs	Note 14	4G1	SC	Recoverable
Environmental	NEPA Compliance	Note 2	2J1	S	Nonrecoverable
	NEPA Environmental Impact Statements		2J2	A	Nonrecoverable
	Archaeological Surveys		2J4	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities		2J5	S	Nonrecoverable
	Endangered Species Studies		2J6	S	Nonrecoverable
	Wetland Delineations		2J7	S	Nonrecoverable
	Phase 1 Environmental Site Assessments	Note 3	2JI	S	Nonrecoverable
	Phase 1 Environmental Site Assessments - Foreclosure Only	Note 3	4JI	S	Recoverable
	Phase II Environmental Site Assessments	Note 3	2JJ	S	Nonrecoverable
	Phase II Environmental Site Assessments - Foreclosure Only	Note 3	4JJ	S	Recoverable
	Water Testing/Sewer Inspection		4JK	S	Recoverable
Loan Account Maintenance	Real Estate Taxes		2N1	SC	Recoverable
	Personal Property Taxes		2N2	SC	Recoverable
	Insurance	Note 1	2N3	A	Recoverable
	Prior, Junior, & Judgment Liens		2N4	S	Recoverable
	Legal Documenation Expenses	Notes 4 & 13	2N5	SC	Recoverable/Nonrecoverable
	Mediation (State Certified Program)		2N6	S	Nonrecoverable
	Mediation (State Certified Program) - Foreclosure Only		4N6	S	Recoverable
	Utilities - Foreclosure Only	Note 16	4NA	SC	Recoverable
	Co-Pay/Homestead Appraisals	Note 10	2ND	S	Nonrecoverable
	Electronic UCC Recording and Filing	Notes 5 & 6	2NE	SC	Recoverable
	Online Bidding Registration Fees - Foreclosure Only		4NG	SC	Recoverable
	State Lease	Note 18	4NH	SC	Recoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010 (Continued)--

LOAN SERVICING - continued					
Contract Purpose	**Detail**	**Comment**	**PAC Code**	**Authority**	**Recoverable/Nonrecoverable**
Managerial	Credit Reports		2Y1	S	Nonrecoverable
Other	Miscellaneous	Note 1	2Z1	A	Recoverable/Nonrecoverable

INVENTORY PROPERTY					
Contract Purpose	**Detail**	**Comment**	**PAC Code**	**Authority**	**Nonrecoverable/Recoverable**
Inspection	Real Estate		5A1	S	Nonrecoverable
	Chattels/Crops		5A2	S	Nonrecoverable
Appraisals	Real Estate	Note 10	5B1	S	Nonrecoverable
	Chattel/Crop		5B2	S	Nonrecoverable
Information Services	Advertising		5D4	SC	Recoverable
Professional Services	Surveying		5E2	S	Nonrecoverable
	Investigation		5E3	S	Nonrecoverable
	Title Search/Title Opinion		5E6	SC	Nonrecoverable
	Auction Costs/Auctioneer	Note 9	5E8	S	Recoverable
	Interpreter Services		5E9	SC	Nonrecoverable
	Mediation (No State Program)		5EA	S	Nonrecoverable
	Attorney Serv. Foreclosure (Judicial)	Note 17	5EB	S	Nonrecoverable
	Law Enforcement Services	Note 15	5EJ	S	Nonrecoverable
	Real Estate Broker		5H1	SC	Recoverable
Maintenance/Management	Property Management /Caretaking		5F1	SC	Nonrecoverable
	Hauling		5F2	SC	Nonrecoverable
	Ground Rents		5F5	SC	Nonrecoverable
	Harvesting Costs		5F6	SC	Nonrecoverable
	Repairs	Note 13	5G1	SC	Recoverable
Environmental	NEPA Compliance	Note 2	5J1	S	Nonrecoverable
	NEPA Environmental Impact Statements		5J2	A	Nonrecoverable
	Archaeological Surveys		5J4	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities		5J5	S	Nonrecoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010 (Continued)--

INVENTORY PROPERTY - continued

Contract Purpose	Detail	Comment	PAC Code	Authority	Nonrecoverable/Recoverable
Environmental - continued	Endangered Species Studies		5J6	S	Nonrecoverable
	Wetland Delineations		5J7	S	Nonrecoverable
	Preliminary Assessments		5J8	S	Recoverable
	Site Inspections/Remedial Investigations	Note 11	5J9	S	Recoverable
	Remedial Actions	Note 11	5JA	S	Recoverable
	Removal Actions	Note 11	5JB	S	Recoverable
	Emergency Response Activities	Notes 11 & 12	5JC	S	Recoverable
	Underground Storage Tank Actions	Notes 11 & 12	5JD	S	Recoverable
	Lead Based Paint Testing/Inspections	Notes 11 & 12	5JF	S	Nonrecoverable
	Lead Based Paint Abatement Activities	Note 11	5JG	S	Recoverable
	Phase 1 Environmental Site Assessments	Note 11	5JI	S	Nonrecoverable
	Phase II Environmental Site Assessments	Note 3	5JJ	S	Nonrecoverable
	Water Testing/Sewer Inspection	Note 3	5JK	S	Nonrecoverable
Loan Account Maintenance	Real Estate Taxes		5N1	SC	Recoverable
	Personal Property Taxes		5N2	SC	Recoverable
	Insurance		5N3	A	Recoverable
	Prior, Junior & Judgment Liens		5N4	S	Recoverable
	Legal Documentation Expenses	Note 4	5N5	S	Nonrecoverable
	Mediation (State Certified Program)		5N6	S	Nonrecoverable
	Utilities		5NA	SC	Nonrecoverable
	Selling Points	Note 16	5NC	S	Recoverable
	Right of Way Access	Note 8	5NF	S	Recoverable
	State Lease	Note 18	5NG	S	Recoverable
Other	Miscellaneous	Note 1	5Z1	A	Nonrecoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010 (Continued)--

NOTE	DESCRIPTION
1	Requires written permission to use from the Administrator or Administrator's designee; contact LMD or LSPMD, as applicable.
2	Includes NEPA Environmental Assessments and Miscellaneous NEPA Studies.
3	These activities refer to due diligence investigations conducted to evaluate real property for the presence of contamination in loan making and loan servicing activities according to 1-EQ.
4	Includes recording and filing fees; obtaining copies of plats, mortgages, judgments, etc.; other similarly related expenses at offices such as Clerk of Court, Register of Mesne Conveyance, Register of Deeds, Department of Motor Vehicles, etc.
5	Use for UCC recording and filing in situations when funds have been collected from the applicant and remitted with Miscellaneous code 36 or 38 (Ref. 3-FI, Exhibit 5) to pay Secretary of State, to replenish prepaid accounts or to pay monthly invoices from third party processors for Secretary of State fees only. **Use Data Processing code (Information Services/Data Processing) to pay third party processing fees charged FSA to process UCC filings and conduct searches; see Note 6.**
6	Includes fees charged by third party processors to process UCC filings and searches.
7	Process as a single source financial transaction; includes access to PACER, state databases for real estate and/or equipment appraisals, etc.
8	Use in the acquisition of real estate or property rights necessary only to sell inventory real property, not for the purpose of increasing the financial return to FSA. Includes easement, right-of-way, ingress/egress.
9	Includes online auction fees, auction storage fees, auction rental fees, auctioneer fees/commission, and other similarly related costs.
10	For appraisals completed for Homestead Protection, use ND, "Co-Pay/Homestead Appraisals." Co-Pay appraisals are not authorized for Government Inventory Property.
11	Activities may be conducted on custodial property if necessary to protect the Agency's security interest.
12	These activities are applicable for pre-remedial and remedial response actions conducted pursuant to the Comprehensive Environmental Response Compensation and Liability Act, Resource Conservation and Recovery Act, and Toxic Substance Control Act or State laws governed by these statutes. **All response actions shall be conducted by environmental professionals.**
13	Servicing activities should be charged as a recoverable cost, **except when State law, supported by an opinion from the Regional Attorney,** provides otherwise.
14	Expenditures in excess of an aggregate amount of $1,000 per property as outlined in 4-FLP and 5-FLP must have the prior written approval of SED.

--Program Authority to Request Contract Goods and Services and Recoverability of PLCE's After September 30, 2010 (Continued)--

NOTE	DESCRIPTION
15	Includes payment for serving Summons and Complaint in foreclosure proceedings; costs incurred during an eviction; other similar expenses.
16	Only essential utilities will be paid, including fuel oil, gas, electricity, and propane in accordance with 4-FLP and 5-FLP.
17	Includes cost reimbursement.
18	Includes payments to the Bureau of Land Management, Forest Service, etc.

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's – Before October 1, 2010--

Third Character: Purpose Fourth Character: Detail

				Program Activity									
				1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
Code	**Contract Purpose**	**Code**	**Detail**	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
A	Inspection	1	Real Estate	S	N	S	N	S	R	S	R	S	N
		2	Chattel	S	N	S	N	S	R	S	R	S	N
		3	Crop	S	N	S	N	S	R	S	R	S	N
		4	Repairs										
		5	Construction										
		6	Supervisory										
B	Appraisals	1	Real Estate (Note 11)	S	N	S	N	S	R	S	R	S	N
		2	Chattel (Note 11)	S	N	S	N	S	R	S	R	S	N
		3	Crop (Note 11)	S	N	S	N	S	R	S	R	S	N
C	Analysis & Audits	1	Year-end Analysis/Reports/Audits			S	N						
		2	Subordination			S	N						
		3	Graduation			S	N						
		4	Farm Management Specialist	S	N	S	N	S	R	S	R		
		5	Debt Settlement			S	N	S	R	S	R		
		6	Budget Plan	S	N	S	N	S	R	S	R	S	N
		7	Financial Analysis	S	N	S	N	S	R	S	R		
		8	Interest Credit Renewal										
		9	Account Auditing/CPA Studies										
		A	Other Than Above	S	N	S	N	S	R	S	R	S	N

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's – Before October 1, 2010--

Third Character: Purpose Fourth Character: Detail

				Program Activity									
				1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
Code	Contract Purpose	Code	Detail	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
D	Information Services	1	Tax Report & Record Documentation	S	N	S	N						
		2	Data Processing/Info Gathering	S	N	S	N	S	R	S	R	SDC	N
		3	Comparable and Market Studies	S	N	S	N	S	R	S	R	S	N
		4	Advertising	SDC	N	SDC	N	SDC	R	SDC	R	SDC	R
		5	Cost Estimators										
		6	Cost Certification										
		7	Review of Annual Reports										
		8	Wage Match										
E	Other Services	1	Architect &Engineering										
		2	Surveying			S	N	S	R	S	R	S	N
		3	Investigation			S	N	S	R	S	R	S	N
		4	Bankruptcy			S	N	S	R	S	R		
		5	Foreclosure (Non-Judicial State) (Note 1)			S	N	S	R	S	R		
		6	Title Search			SDC	N/R	SDC	R	SDC	R	SDC	N
		7	Trustee Agency (Foreclosure Actions)			S	R	S	R	S	R		
		8	Auctioneer (Note 7)					SDC	R	SDC	R	SDC	R
		9	Interpreter Services	S	N	S	N	S	N	S	N	S	N
		A	Mediation (No State Program)	SDC	N	SDC	N	SDC	R	SDC	R	SDC	N
		B	Attorney Serv. Foreclosure (Judicial) (Note 1)			S	R	S	R	S	R	S	N
		C	Evictions										
		D	Spec. Writing										
		E	Supervisory Visits										

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's – Before October 1, 2010--

Third Character: Purpose Fourth Character: Detail

				Program Activity									
				1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
Code	**Contract Purpose**	**Code**	**Detail**	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
F	Maintenance/ Management	1	Property Management/Caretaking					SDC	R	SDC	R	SDC	N
		2	Hauling					SDC	R	SDC	R	SDC	N
		3	Temporary Custodial					SDC	R	SDC	R		
		4	Other					S	R	S	R	S	N
G	Repairs/ Improvements	1	Onsite (Note 3)					SDC	R	SDC	R	SDC	R
		2	Offsite					SDC	R	SDC	R	SDC	R
H	Real Estate Broker (Exclusive Listing)	1	Commission					SDC	R	SDC	R	SDC	R
		2	Bonus					S	R	S	R	S	R
I	Real Estate Broker (Open Listing)	1	Commission					SDC	R	SDC	R	SDC	R
		2	Bonus					S	R	S	R	S	R
J	Environmental (Contractual or Noncontractual) (Note 2)	1	NEPA - Environmental Assessments	S	N	S	N					S	N
		2	NEPA - Environmental Impact Statements	A	N	A	N					A	N
		3	Miscellaneous NEPA Studies	S	N	S	N					S	N
		4	Archaeological Surveys	S	N	S	N					S	N
		5	Miscellaneous Historical Preservation Activities	S	N	S	N					S	N
		6	Endangered Species Studies	S	N	S	N					S	N
		7	Wetland Delineations	S	N	S	N					S	N
		8	Preliminary Assessments (Notes 3 & 5)									S	R
		9	Site Inspections and Remedial Investigations/Feasibility Studies (Notes 3 & 5)									S	R

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's – Before October 1, 2010--

Third Character: Purpose Fourth Character: Detail

				Program Activity									
				1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
Code	**Contract Purpose**	**Code**	**Detail**	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
J	Environmental (Contractual or Noncontractual) (Note 2) (Continued)	A	Remedial Actions (Notes 3 & 5)									S	R
		B	Removal Actions (Notes 3, 5, & 6)					S	R			S	R
		C	Emergency Response Activities (Notes 3, 5, & 6)					S	R			S	R
		D	Underground Storage Tank Removals (Notes 3, 5, & 6)					S	R			S	R
		E	Underground Storage Tank Corrective Actions (Notes 3 & 5)									S	R
		F	Lead Based Paint Testing and Inspections (Note 5)									S	N
		G	Lead Based Paint Abatement Activities (Note 5)									S	R
		H	Transaction Screen Questionnaire (Note 4)	S	N	S	N	S	R	S	R	S	N
		I	Phase I Environmental Site Assessments (Note 4)	S	N	S	N	S	R	S	R	S	N
		J	Phase II Environmental Site Assessments (Note 4)	S	N	S	N	S	R	S	R	S	N
K	Asset Investigation	1	Large Debt Settlement			S	N						
		2	Debt Settlement			S	N						
L-M	Reserved												
N	Noncontractual Payments (Note 2)	1	Real Estate Taxes			SDC	R	SDC	R	SDC	R	SDC	R
		2	Personal Property Taxes			SDC	R	SDC	R	SDC	R	SDC	R
		3	Insurance			SDC	R	SDC	R	SDC	R	SDC	R
		4	Prior and Junior Liens (Note 8)			SDC	N/R	SDC	R	SDC	R	SDC	R
		5	Recording, Filing (Notes 8 & 10)	SDC	N	SDC	N/R	SDC	R	SDC	R	SDC	N
		6	Mediation (State Certified Program)	SDC	N	SDC	N	SDC	R	SDC	R	SDC	N
		7	Land Acquisition									S	R
		8	Authorized Selling Expenses			SDC	R	SDC	R	SDC	R	SDC	R
		9	Protective Advance (Note 8)			S	N/R	S	R	S	R	S	N

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's – Before October 1, 2010--

Third Character: Purpose		Fourth Character: Detail		Program Activity									
				1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
Code	**Contract Purpose**	**Code**	**Detail**	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
N	Noncontractual Payments (Note 2) (Continued)	A	Utilities					SDC	R	SDC	R	SDC	N
		B	Other										
		C	Selling Points									S	R
		D	Co-Pay/Homestead Appraisals (Note 11)			S	N						
		E	UCC Recording and Filing (Note 9)	SDC	R	SDC	R						
O-X	Reserved												
Y	Managerial	1	Credit Reports	S	R	S	N						
Z	Other	1	Miscellaneous	A	N/R	A	N/R	A	R	A	R	A	N

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's – Before October 1, 2010--

Notes: 1) Includes cost reimbursement.

2) An employee does not need a Contracting Officer warrant to process noncontractual payments.

3) These activities are applicable for response actions conducted pursuant to the Comprehensive Environmental Response Compensation and Liability Act, Resource Conservation and Recovery Act, and Toxic Substance Control Act or State laws governed by these statutes. All response actions shall be conducted by environmental professionals.

4) These activities refer to due diligence investigations conducted to evaluate real property for the presence of contamination in loan processing/servicing activities.

5) These activities are conducted on inventory properties and refer to pre-remedial and remedial actions conducted pursuant to environmental statutes listed in Note 3.

6) These activities may be conducted on custodial property to protect the Agency's security interest.

7) For auctioneer services District (D) and County (C) program authority is limited to $15,000 per property for auctioneer services; Administrator (A) and State Executive Director (S) have no limit.

8) Servicing activities should be charged as a recoverable cost, except when a State supplement based on the State law and an opinion from the Regional Attorney provides otherwise.

9) Use for UCC recording and filing in situations when funds have been collected from the applicant or borrower and remitted with Miscellaneous Code 36 or 38 (Ref 3-FI, Exhibit 5), to pay the Secretary of State or third party processors monthly invoices, or to replenish prepaid accounts. (F1NE, F2NE)

10) Use for UCC recording and filing in situations when funds have not been collected from the borrower, to pay the Secretary of State or third party processors monthly invoices, or to replenish prepaid accounts. (F2N5)

11) For appraisals completed in homestead servicing use (F2ND). Co-Pay/Homestead appraisals are not authorized for inventory property. (For inventory property use F5B1.)

Column (a) - Authorities: A = Administrator; S = State Executive Director; D = District Director; C = Farm Loan Manager; Blank = No Authority
Column (b) - Recoverability: N = Nonrecoverable; R = Recoverable; Blank = No Authority

DD FLP Oversight Review User Guide

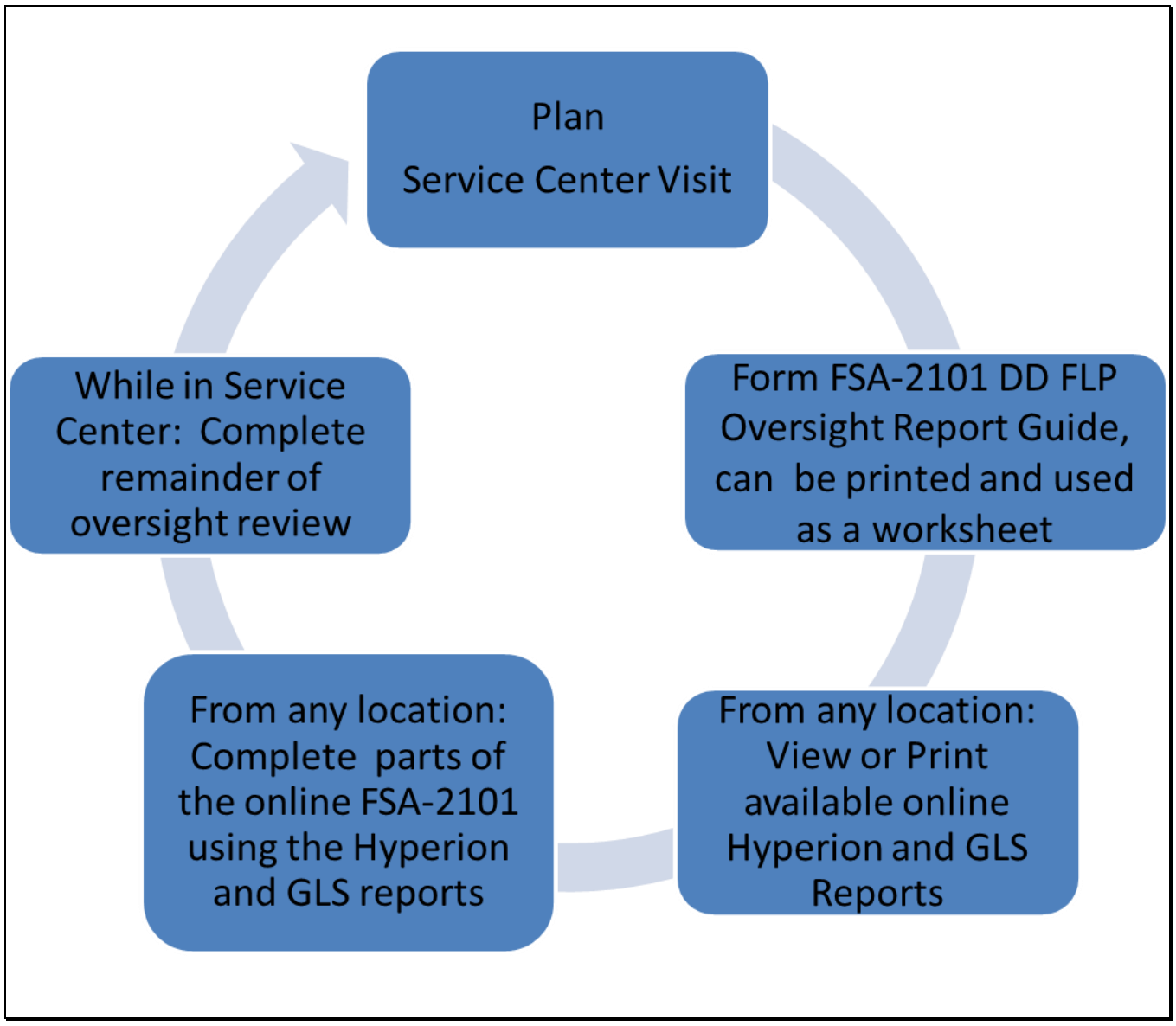


Table of Contents

A DDORS Access 4
1 Web Access 4
2 Accessing DDORS Online Report 6
3 Print Report Access 7
4 Help Access 8
B Online Guides and Report 10
1 User Guides 10
2 FLP Data Mart (Data Mart) 11
3 Hyperion Database 12
C Oversight Review General Information 15
1 Accessing DDORS Online Report 16
2 Accessing Direct Loan Reports 17
3 Accessing Guaranteed Loan Reports 19
D Part A: Quarterly Review 28
1 "Direct Loan Making: Review of Direct Loan Applications" 28
A "Complete/Approved Application File Reviews" 28
B "Incomplete Application File Reviews" 29
C "Withdrawn Application File Reviews" 30
D "Rejected Application File Reviews" 31
2 "Guaranteed Loan Making: Review Of Guaranteed Loan Applications" 32
3 "Direct Loan Servicing" 33
A "Delinquent Account Servicing" 33
I "Borrowers With Loans 90 Days Or More Past Due" 33
II "Borrowers With Loans Less Than 90 Days Past Due" 38
III "Borrowers With Loans That May Require Attention" 42
B "Payments And Collections" 43
C "Chattel Security Accounting" 45
4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" 43
E Part B: Semiannual Reviews 57
1 Direct Loan Making: Loan Security Instruments 57
2 Direct Loan Servicing 59
A Shared Appreciation Agreements 59
B Classification of Borrower Accounts 61
C Year End Analysis 67
3 Guaranteed Loan Servicing 70
A Semiannual and Default Status Reports and Delinquent Loan Accounts 70
B Lender Review 73

Table of Contents (Continued)

F Part C: Annual Reviews 74
1 Direct Loan Servicing 74
A Borrower Graduation 74
B Subordinations 78
C Chattel Security Accounting 81
D Limited Resource Reviews 86
2 Program Delivery 88
A Supervised Bank Accounts 88
B Program Promotion 89
G Part D: Additional Reviews 90
1 "Farm Loan Program Risk Assessment (FLPRA) Reviews" 90
2 "County Operations Reviews" 93
H Part E: Certification District Director Signature 93
I Example of Completed Oversight Report 94

This guide:

- is a resource to assist in completing the online oversight report
- identifies the electronic direct loan making and servicing reports available from Data Mart, along with the guaranteed loan making and servicing reports available in GLS
- follows the order of the online oversight report
- provides step-by-step instructions when deemed necessary.

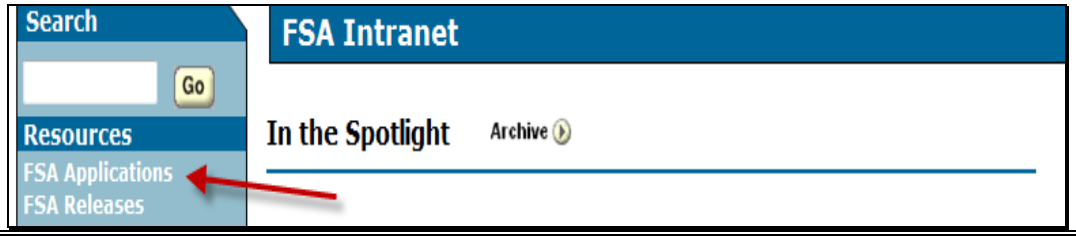
Paragraphs 441 through 444 address all issues of reporting timeframes, user roles and responsibilities, and distribution of reports.

A DDORS Access

1 Web Access

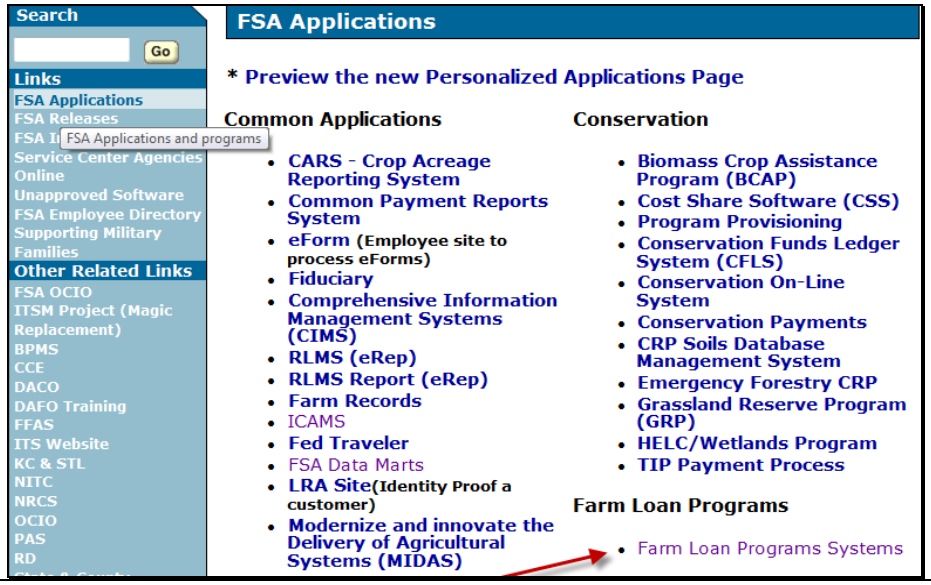
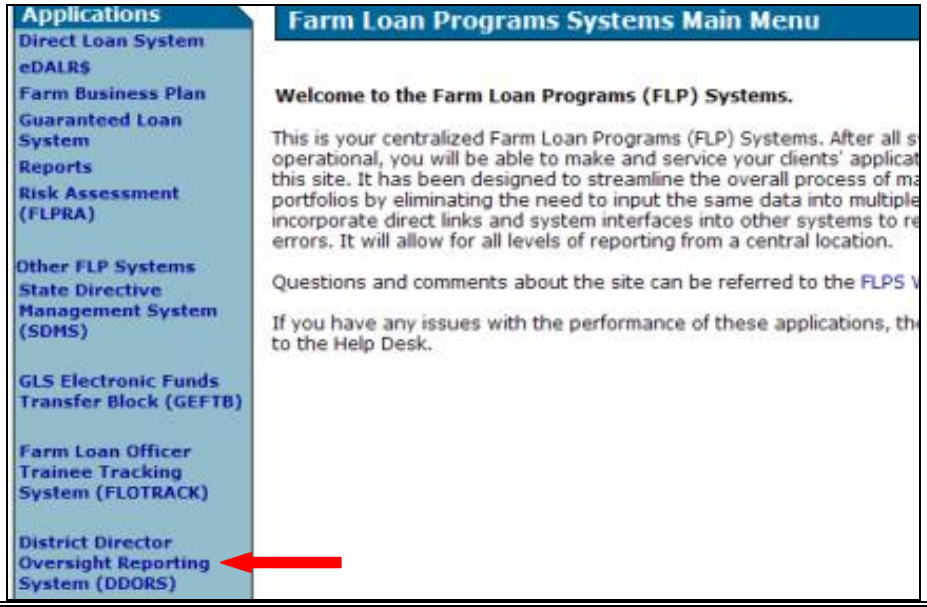
DDORS authorized users can access DDORS using Microsoft Internet Explorer 7.0+ by either of the following:

- Internet at **https://wdcprod80.sc.egov.usda.gov/ddors/homepage.aspx**
- Intranet, as follows.

Step	Action
1	To access DDORS, go to the FSA Intranet at **http://fsaintranet.sc.egov.usda.gov/fsa/** and on the FSA Intranet Home Page, under "Resources", CLICK "**FSA Applications**". 

A DDORS Access (Continued)

1 Web Access (Continued)

Step	Action
2	From the FSA Applications Screen, under "Farm Loan Programs", CLICK "**Farm Loan Programs Systems**". Log in with eAuthentication user ID and password, or LincPass and PIN. 
3	From the Farm Loan Programs Systems Main Menu, under "Other FLP Systems", CLICK "**District Director Oversight Reporting System (DDORS)**". 

A DDORS Access (Continued)

2 Accessing DDORS Online Report

DD's can access the online report DDORS for the Service Center being reviewed, from the DDORS Home Page, by selecting the Service Center name.

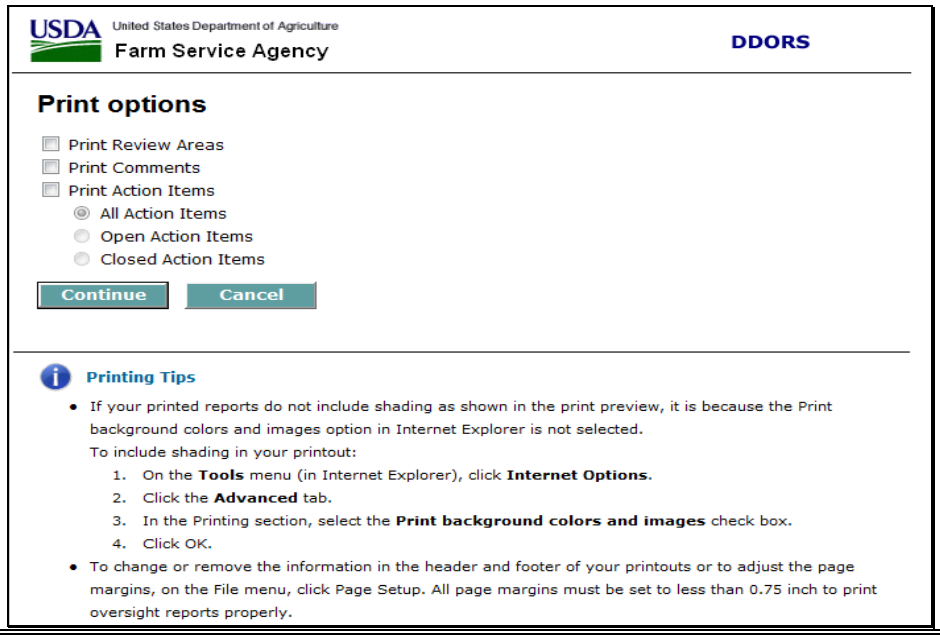
Oversight reports can be viewed by authorized users as soon as the DD or proxy begins adding information. Follow this table to view previously submitted reports.

Step	Action
1	Select **Home** in the menu at the top of the page, if not already on the Home Page.
2	In the menu on the left, indicate the reporting period by using the "Fiscal Year" and "Quarter" drop-down lists. Use the "State" drop-down list to select the applicable State, if user has access to more than 1 State. CLICK "**Go**". 
3	From the list of all Service Centers that will be displayed, select a Service Center with a report status of "In Progress", "Submitted", or "Auto-Submitted" and select the "**Service Center**" name.

A DDORS Access (Continued)

3 Print Report Access

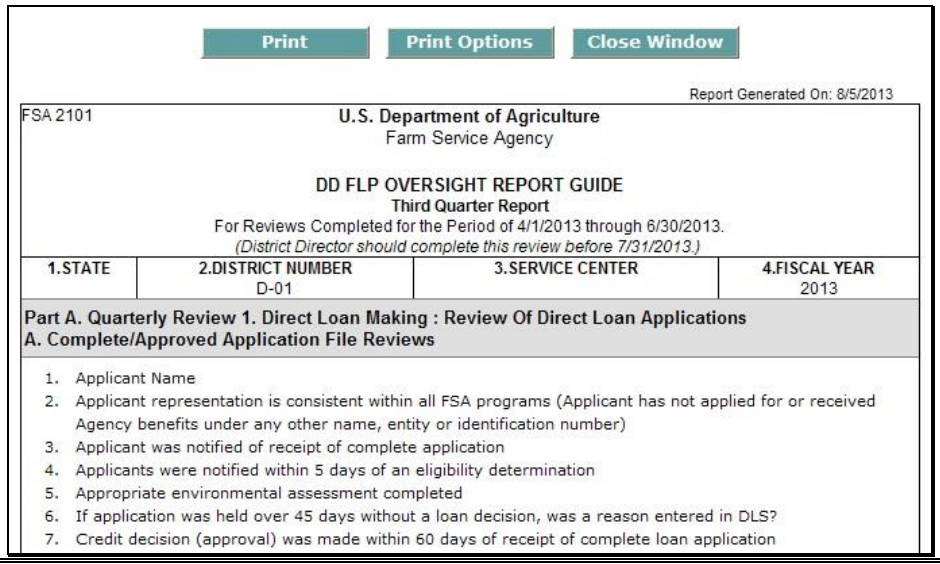
Follow this table to view or print the report.

Step	Action
1	The full report can be viewed on screen or printed at any point after the report has been initiated. From the Report Outline Screen, CLICK "**Printer-Friendly Report**". 
2	The Print Options Screen will be displayed. Select the areas of the report to view and CLICK "**Continue**". 

A DDORS Access (Continued)

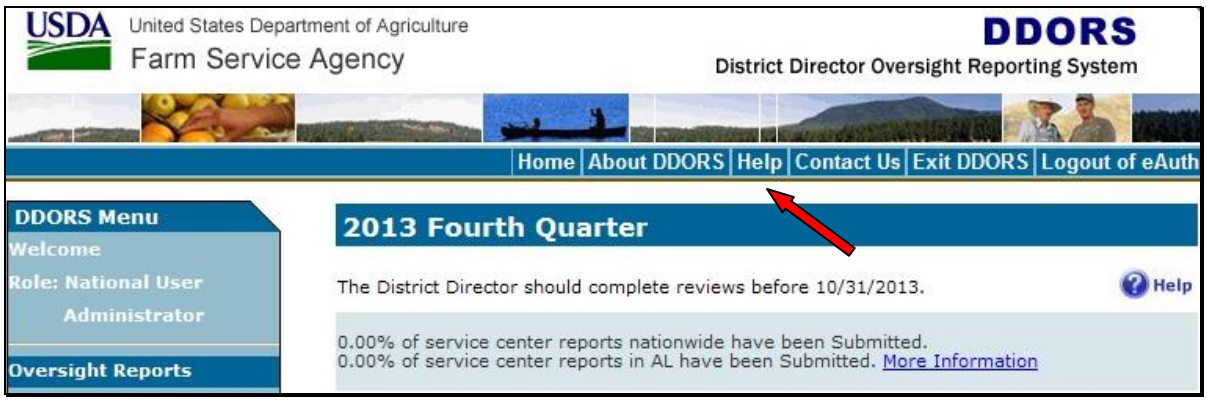
3 Print Report Access (Continued)

Step	Action
3	When FSA-2101 is displayed, users may view on screen or CLICK "**Print**".



4 Help Access

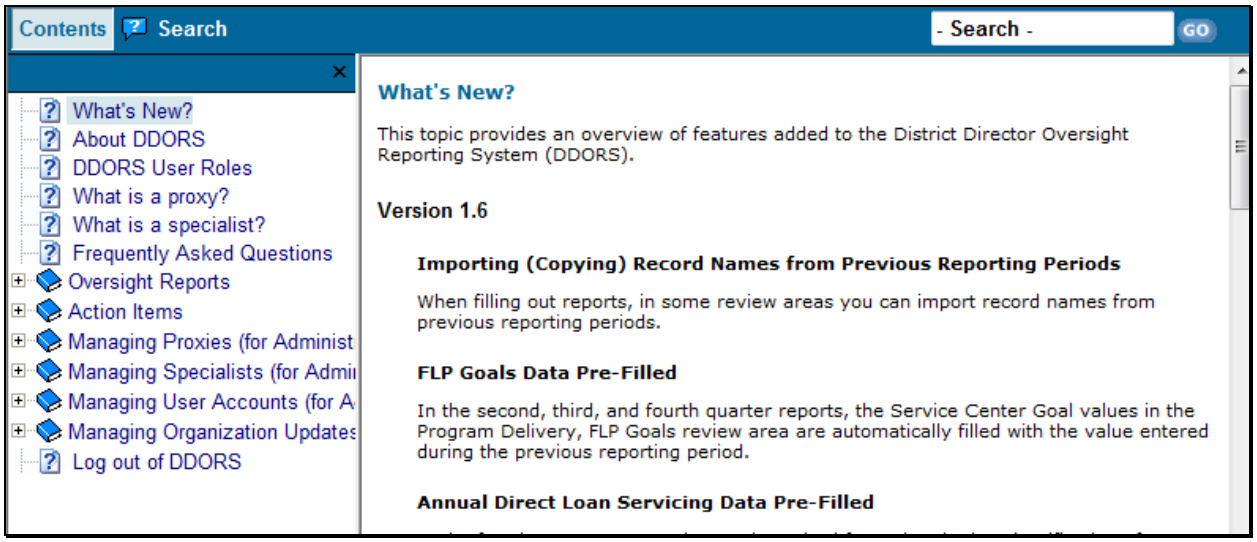
DDORS has a "Help" function that is available throughout the online report, as displayed on this example DDORS Home Page.



A DDORS Access (Continued)

4 Help Access (Continued)

The following is an example of the screen that will be displayed with topics for assistance.



B Online Guides and Reports

1 User Guides

On the Farm Loan Program Systems Home Page, under "Information Links", if users CLICK "**Manual**", the following user guides will be available:

- DLS-Loan Making User's Guide
- DLS-Loan Servicing User's Guide, that includes:
  - Direct Loan System training
  - Special Servicing Reference and User Guide
  - Hyperion Reports User Guide
- GLS-Guaranteed Loan System User Guide.



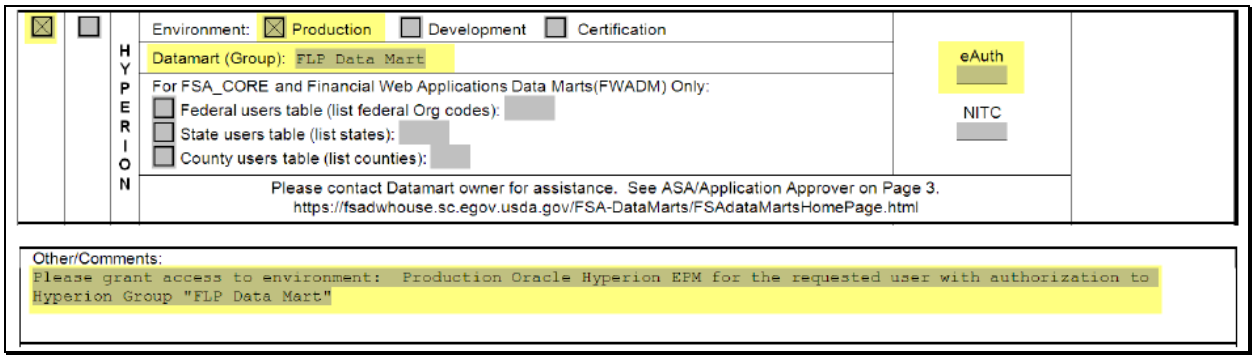
Exhibit 14 provides details about how to create SCIMS-PLAS ORACLE Hyperion Reports.

B Online Guides and Reports (Continued)

2 FLP Data Mart (Data Mart)

Hyperion access is **required** to have Data Mart access. Users who do not already have access to Data Mart must complete FSA-13-A and submit it to the appropriate Security Liaison Representative.

The following example displays how, on FSA-13-A, users should complete the "Hyperion" and "Other/Comments" sections, as highlighted, to request access to Data Mart.

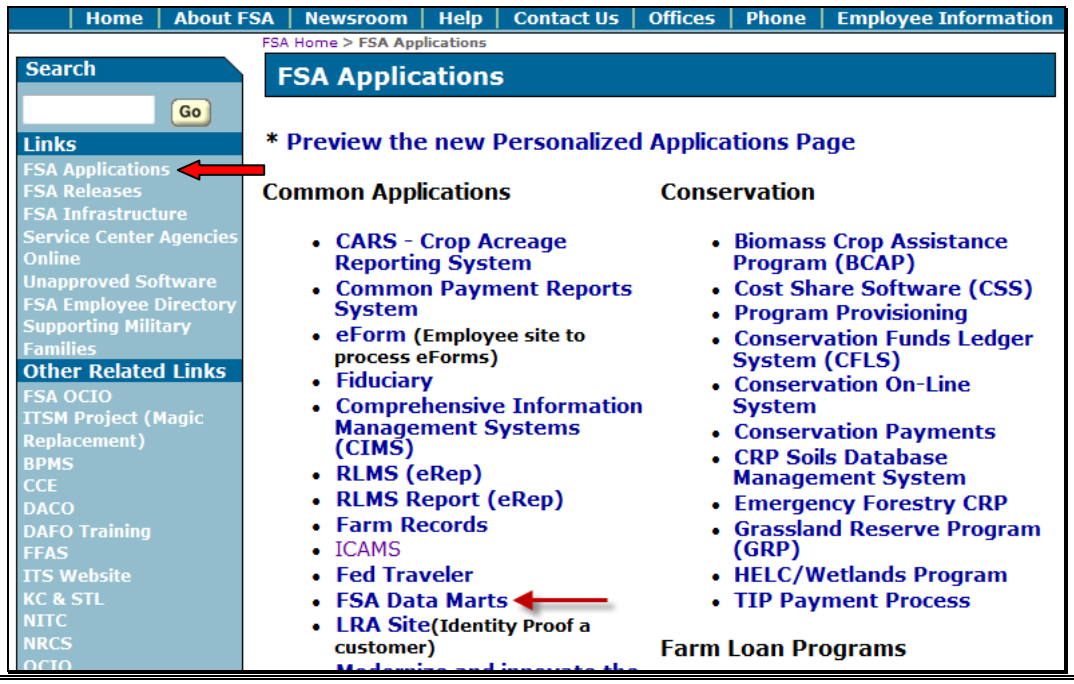


Note: In the "Other/Comments" block, ENTER "**Please grant access to environment: Production Oracle Hyperion EPM for the requested user with authorization to Hyperion Group "FLP Data Mart**".

B Online Guides and Reports (Continued)

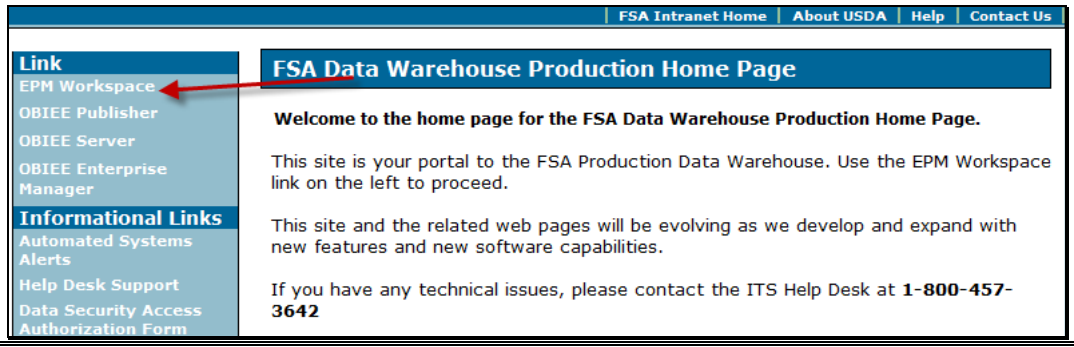
3 Hyperion Database

The following is a quick review of how to access Data Mart reports needed for completing DDORS. This information can also be found in the Hyperion Reports User Guide.

Step	Action
1	From the FSA Intranet Home Page, under "Links", CLICK "**FSA Applications**" and the FSA Applications Screen will be displayed. Under "Common Applications", CLICK "**FSA Data Marts**". 

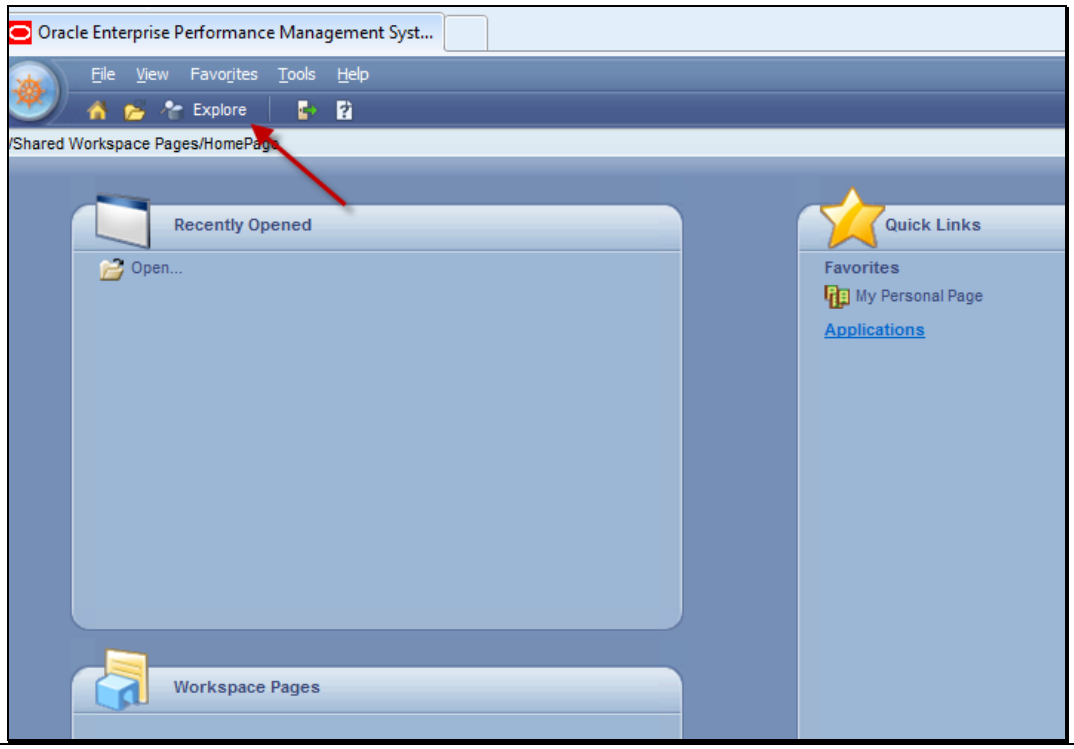
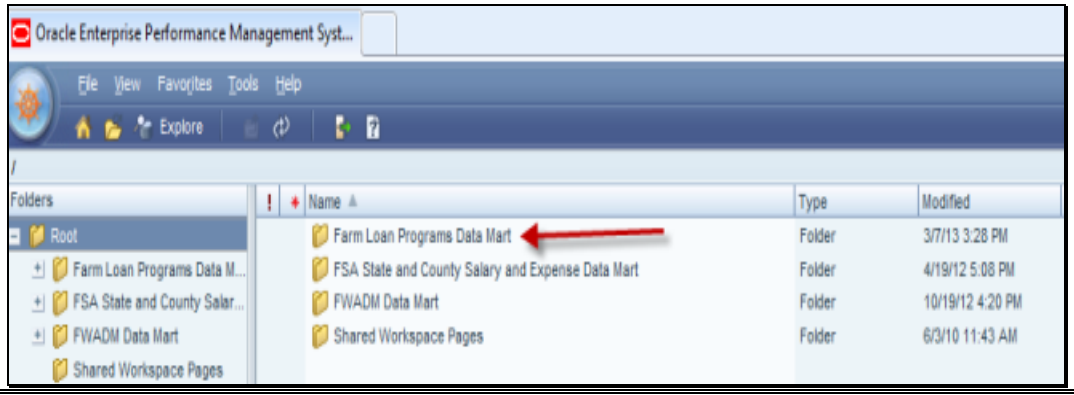
B Online Guides and Reports (Continued)

3 Hyperion Database (Continued)

Step	Action
2	On the FSA Data Warehouse Home Page, CLICK "**Oracle EPM 11 Data Marts**". Log in with eAuthentication user id and password, or LincPass and PIN to proceed. 
3	On the FSA Data Warehouse Production Home Page, under "Links", CLICK "**EPM Workspace**". 

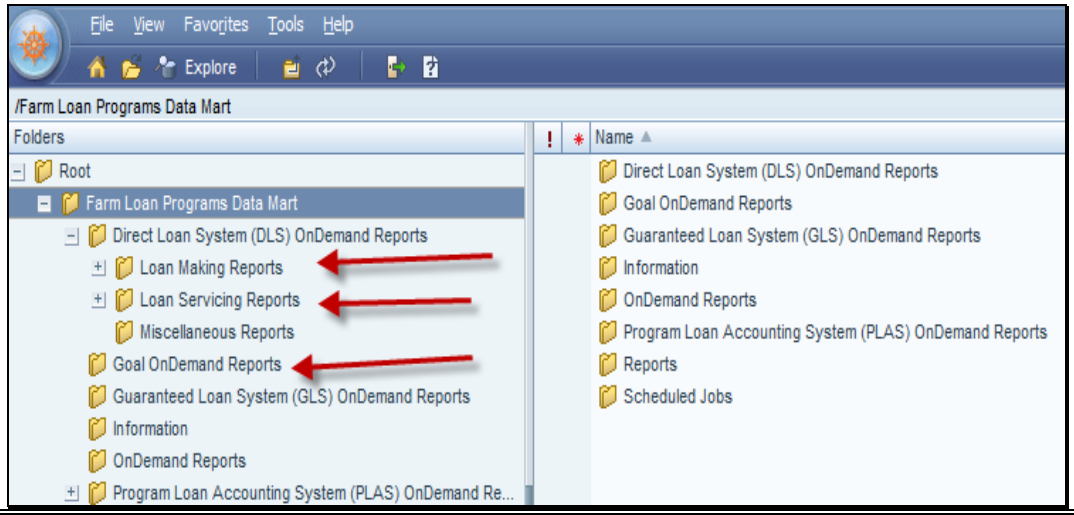
B Online Guides and Reports (Continued)

3 Hyperion Database (Continued)

Step	Action
4	On the Oracle Screen tool bar, CLICK "**Explore**". 
5	On the Oracle Screen, under "Name", CLICK "**Farm Loan Programs Data Mart**". 

B Online Guides and Reports (Continued)

3 Hyperion Database (Continued)

Step	Action
6	On the Farm Loans Programs Data Mart Screen, under "Folders", if users click: • "Direct Loan Systems (DLS) OnDemand Reports", both direct loan making and loan servicing reports will be displayed **Note:** Information from these reports will be used to complete parts of the oversight report. • "Goal OnDemand Reports", information needed to complete the direct loan making goals section of the oversight report will be provided. 

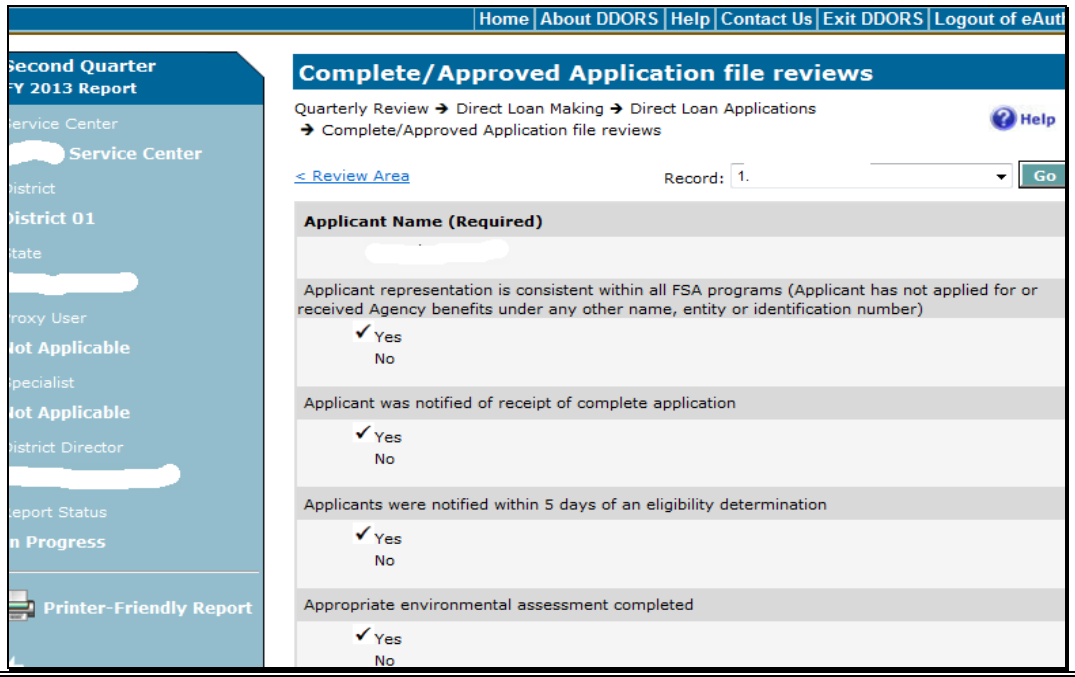
C Oversight Review General Information

Online Data Mart and GLS reports should be created in advance of the Service Center visit. DD can begin the oversight review by using the reports to complete sections of the online report in DDORS, from any location, to maximize time spent in the Service Center.

C Oversight Review General Information (Continued)

1 Accessing DDORS Online Report

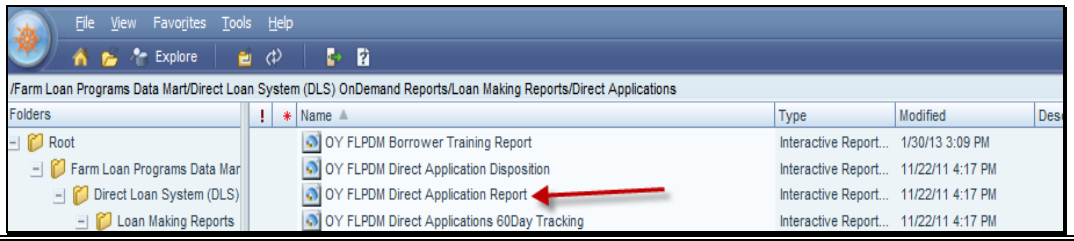
Access the online report from the DDORS Home Page and select the Service Center name.

Step	Action
1	On the Report Outline Screen, select the hyperlink for the desired section of the report. 
2	The questions are answered online within DDORS. 

C Oversight Review General Information (Continued)

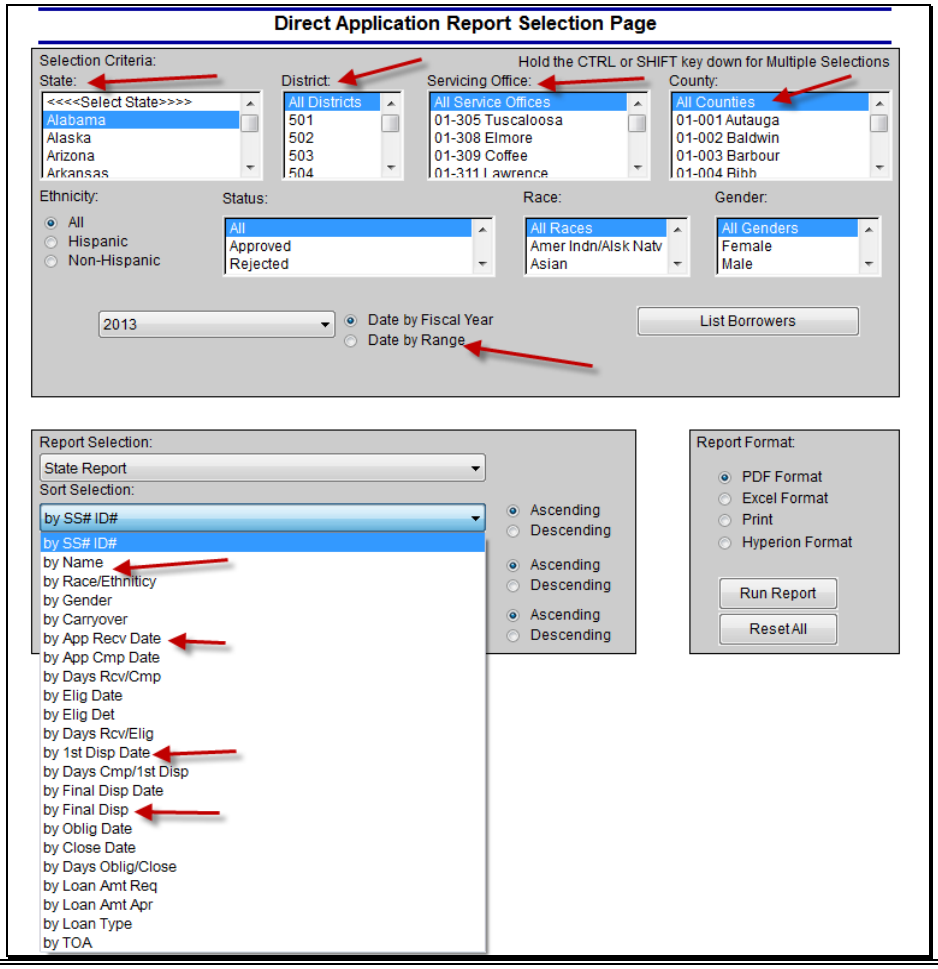
2 Accessing Direct Loan Reports

Access the direct loan reports from Data Mart. This following report will provide information needed for all 4 direct loan making review items.

Step	Action
1	On the Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports Screen, under "Name", CLICK "**Loan Making Reports**". 
2	On the Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports/Loan Making Reports Screen, under "Name", CLICK "**Direct Applications**". 
3	On the Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports/Loan Making Reports/Direct Applications Screen, under "Name", CLICK OY FLPDM Direct Application Report. 

C Oversight Review General Information (Continued)

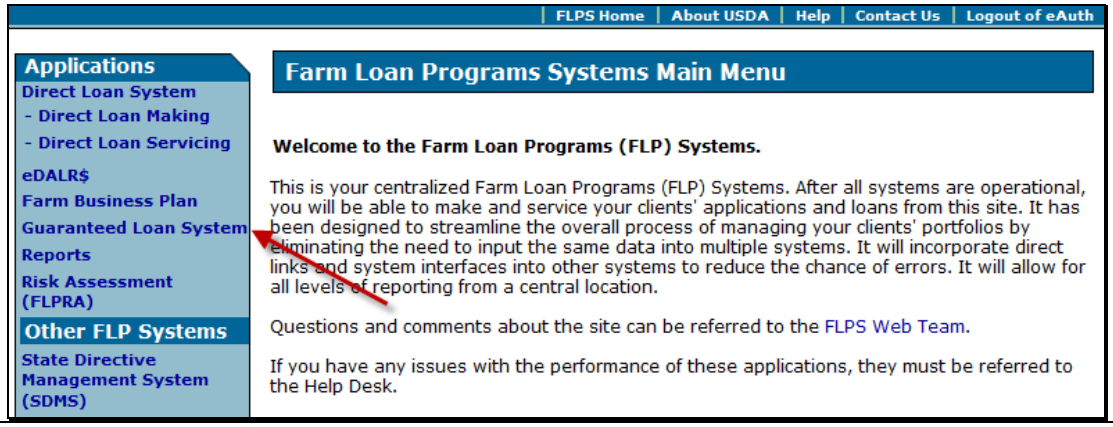
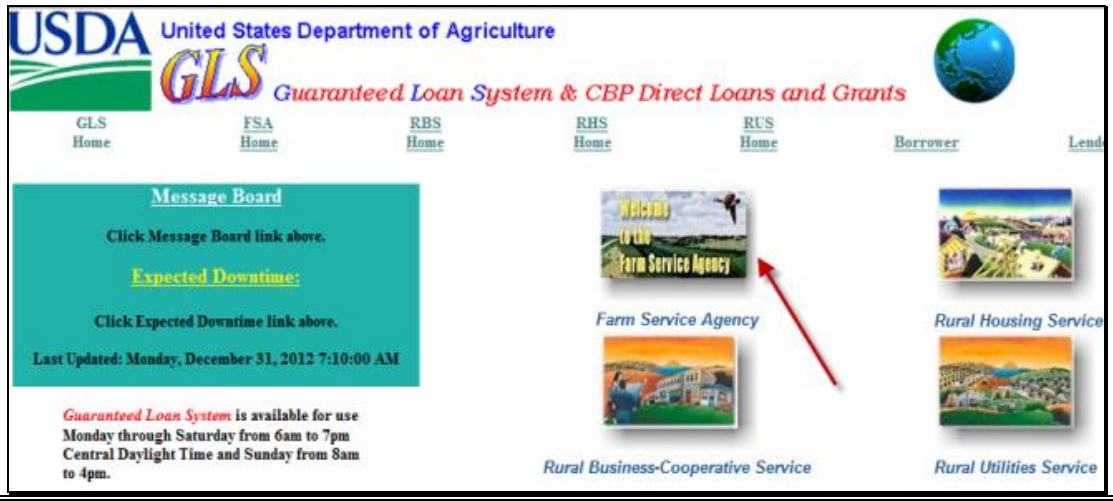
2 Accessing Direct Loan Reports (Continued)

Step	Action
4	On the Direct Application Report Selection Page, select: • State • district • servicing office • county, as follows: • all counties • specific county. The report can be run by FY or by specific date range. There are numerous sort options for the report, with up to 4 sort criteria possible, and the report can be run in 4 different formats. Excel format allows further sorting capability. 

C Oversight Review General Information (Continued)

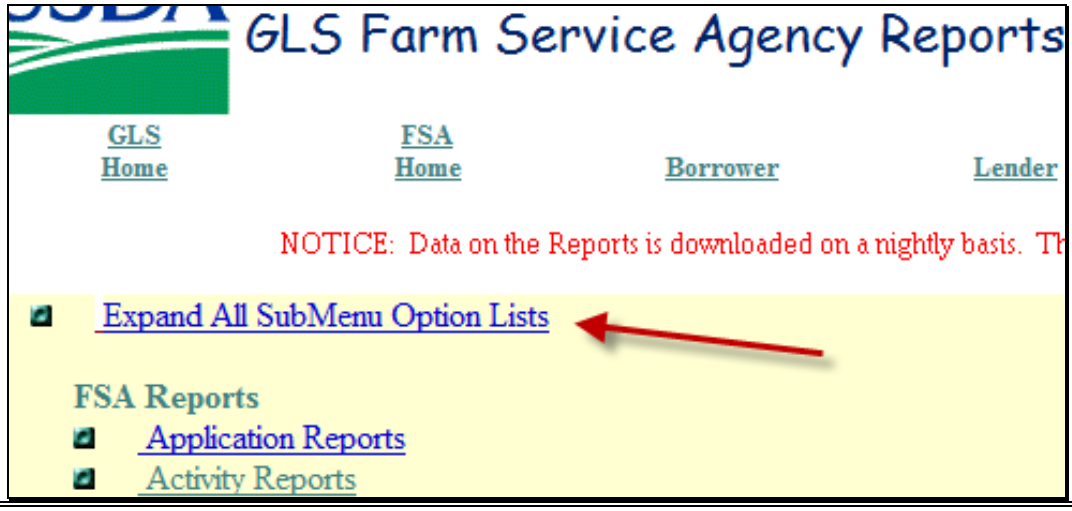
3 Accessing Guaranteed Loan Reports

Access guarantee loan reports from GLS. The following report will provide a portion of the information necessary to complete the guaranteed loan making review items.

Step	Action
1	On the Farm Loan Programs Systems Main Menu, under "Applications", CLICK "**Guaranteed Loan System**". 
2	GLS is shared with RD that makes it necessary to CLICK "**Welcome to the Farm Service Agency**" icon on the GLS Guaranteed Loan System & CBP Direct Loans and Grants Screen. 

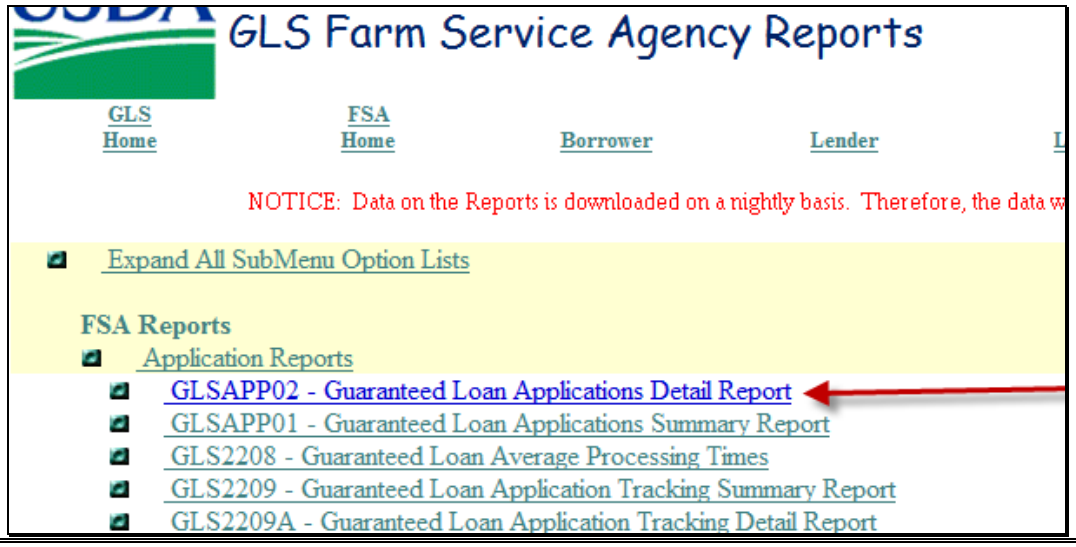
C Oversight Review General Information (Continued)

3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
3	On the GLS Guaranteed Loan System Screen, CLICK "**Reports**". 
4	On the GLS Farm Service Agency Reports Screen, CLICK "**Expand All SubMenu Option Lists**" link and the list will expand to show all the available GLS reports. 

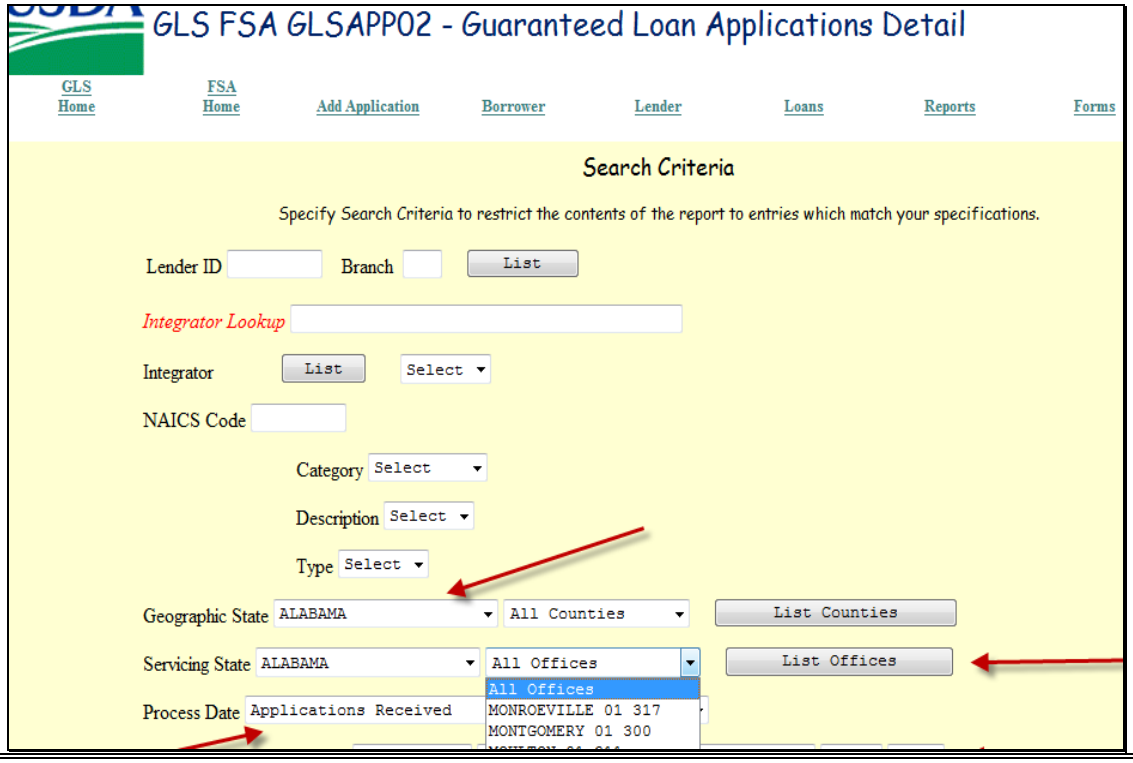
C Oversight Review General Information (Continued)

3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
5	The GLS Farm Service Agency Reports Screen will be redisplayed with an expanded list of reports. Under FSA Reports, "Applications Reports", CLICK "**GLSAPP02 - Guaranteed Loan Applications Detail Report**". The report will be displayed with lender, borrower, and application information for each application that matches the specified search criteria. 

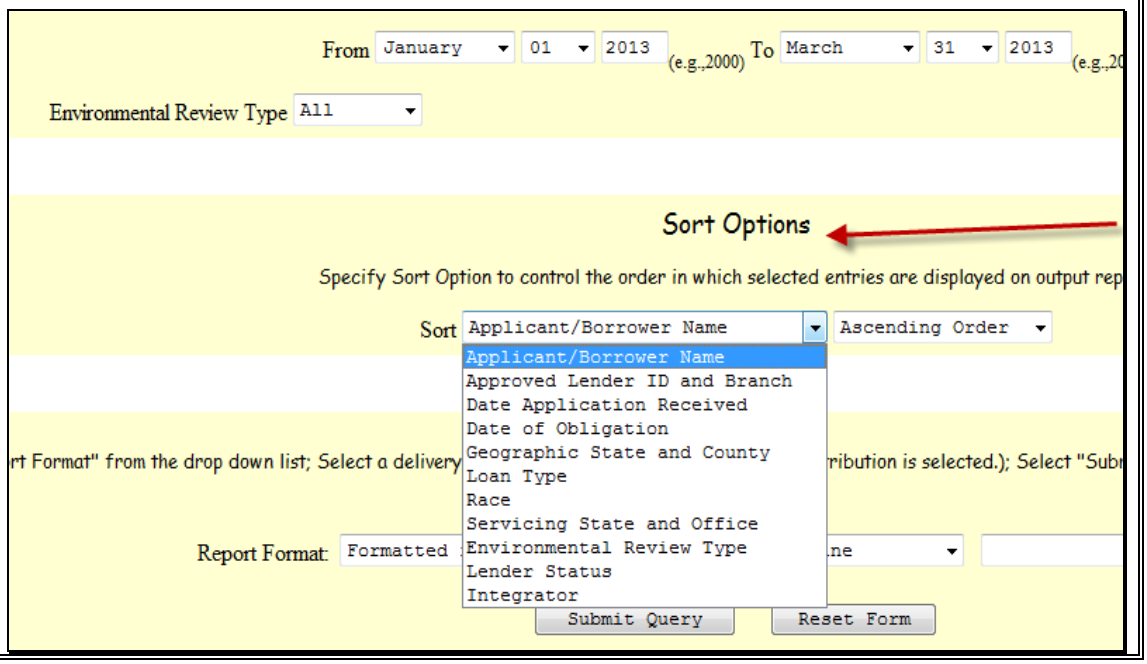
C Oversight Review General Information (Continued)

3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
6	To create the report, from the GLS FSA GLSAPP02 - Guaranteed Loan Applications Detail Screen, do the following: • for a specific county, from the: • "Geographic State" drop-down list, select State • CLICK "**List Counties**" and from "List Counties" drop-down list, select a specific county • by Service Center select: • "Servicing State**"** drop-down list, select State • CLICK "**List Offices**" and from "All Offices" drop-down list, select applicable Service Center • make a selection from the "Process Date" drop-down list 

C Oversight Review General Information (Continued)

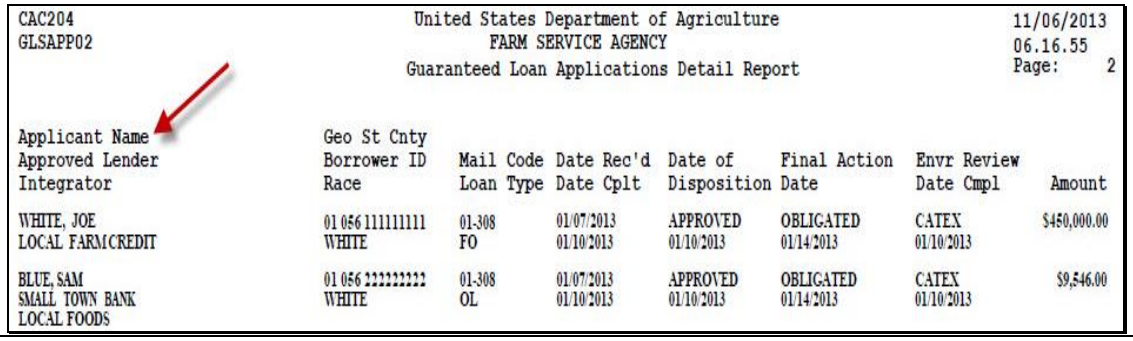
3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
6 (Cntd)	• select the date range for the report with the "From" and "To" options • use "Sort" drop-down lists to select the way the report will display. **Note:** To view the report by oldest guaranteed applications, sort by "**Date Application Received**". CLICK "**Submit Query**". 

C Oversight Review General Information (Continued)

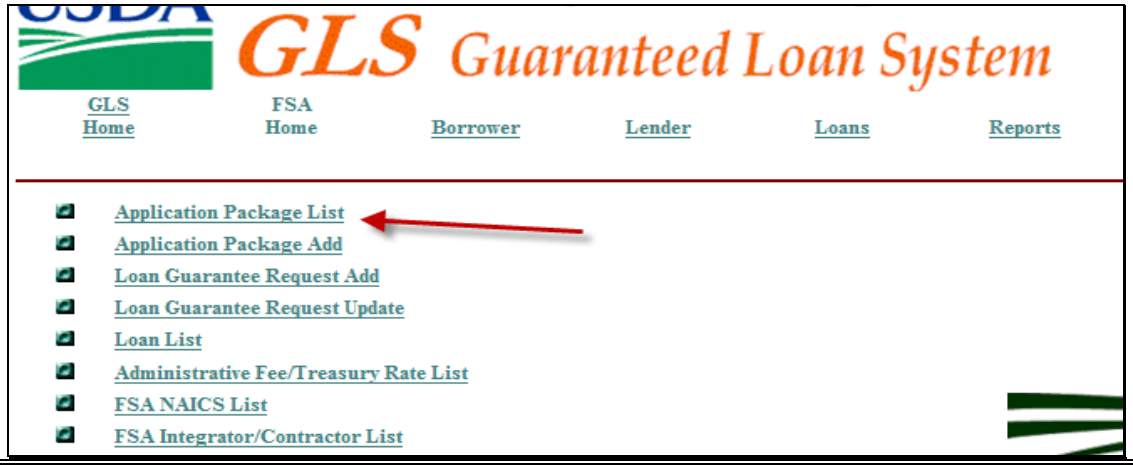
3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
7	The Guaranteed Loan Applications Detail Report will be used to select the applications to review. The following example was selected by State and a Service Center, and was sorted by date range and name.
8	Application information by borrower can also be found on the GLS Farm Loan Guarantee Request View Screen. To access the GLS Farm Loan Guarantee Request View Screen, from the GLS Guaranteed Loan System Screen, CLICK "**Application Package List**".



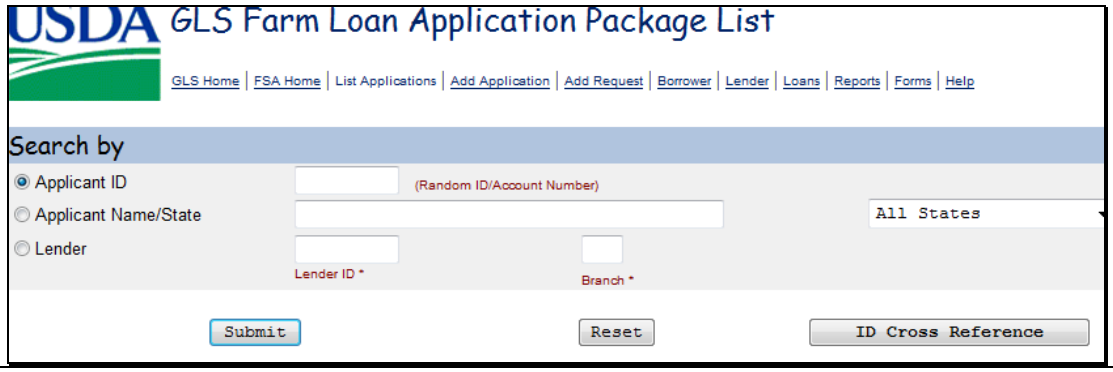
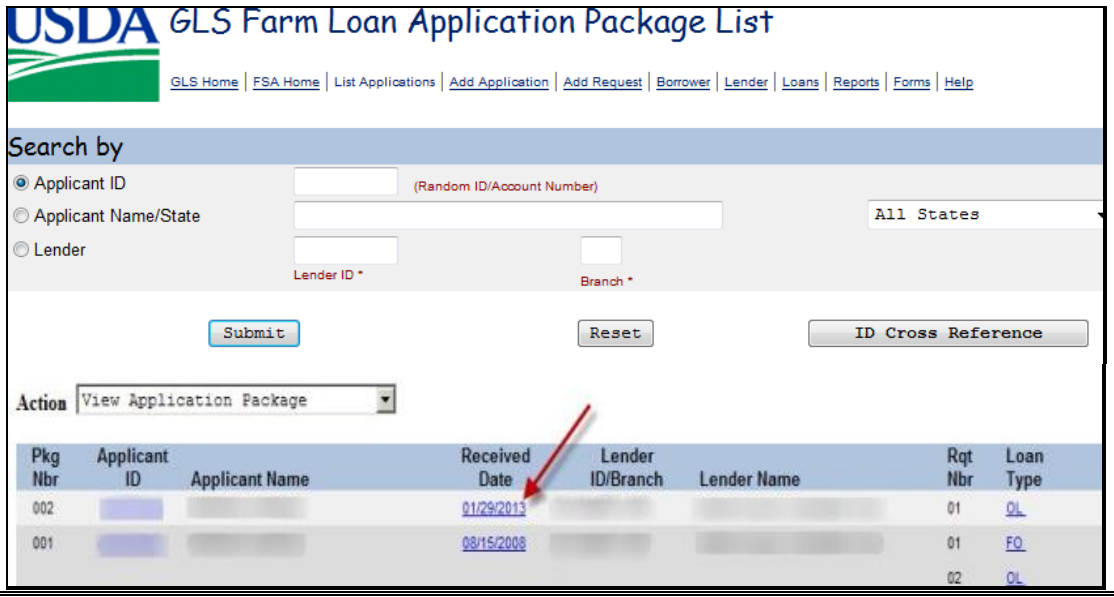
CAC204 — United States Department of Agriculture — 11/06/2013
GLSAPP02 — FARM SERVICE AGENCY — 06.16.55
Guaranteed Loan Applications Detail Report — Page: 2

Applicant Name / Approved Lender / Integrator	Geo St Cnty / Borrower ID / Race	Mail Code / Loan Type	Date Rec'd / Date Cplt	Date of Disposition	Final Action Date	Envr Review / Date Cmpl	Amount
WHITE, JOE LOCAL FARMCREDIT	01 056 111111111 WHITE	01-308 FO	01/07/2013 01/10/2013	APPROVED 01/10/2013	OBLIGATED 01/14/2013	CATEX 01/10/2013	$450,000.00
BLUE, SAM SMALL TOWN BANK LOCAL FOODS	01 056 222222222 WHITE	01-308 OL	01/07/2013 01/10/2013	APPROVED 01/10/2013	OBLIGATED 01/14/2013	CATEX 01/10/2013	$9,546.00



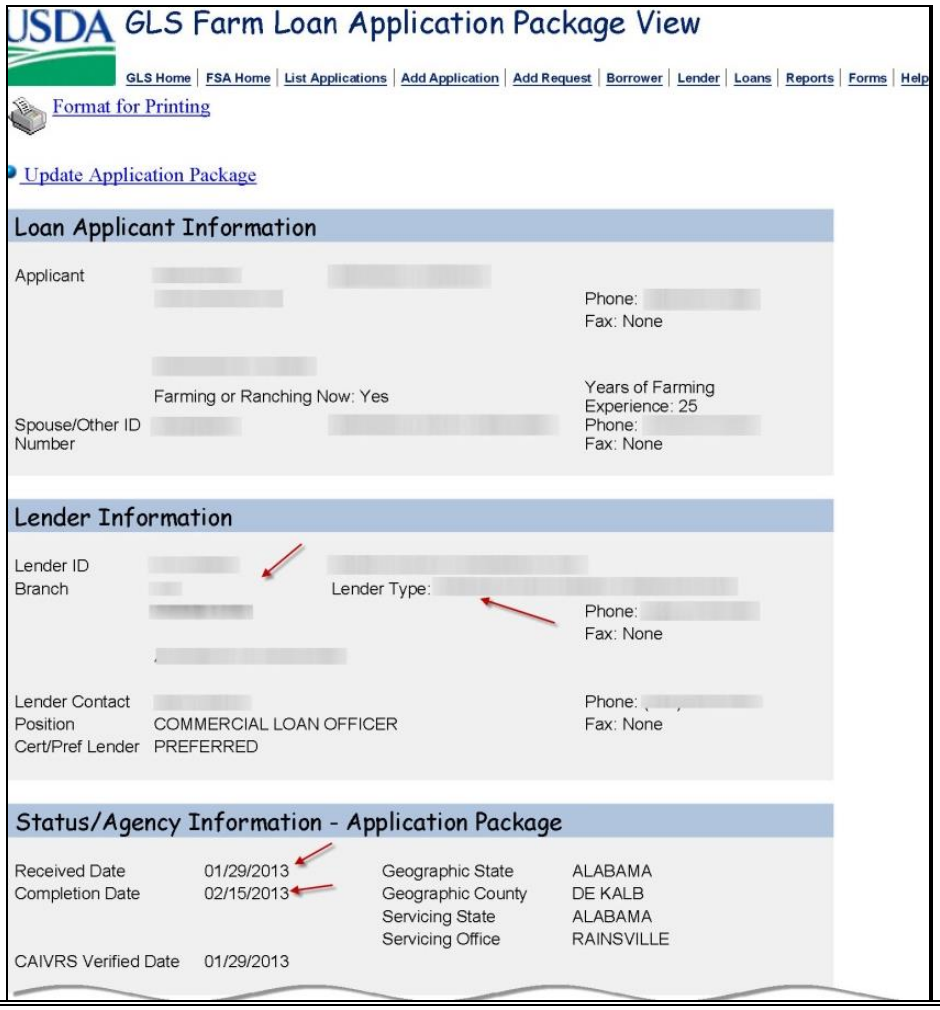
C Oversight Review General Information (Continued)

3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
9	The GLS Farm Loan Application Package List Screen will be displayed. Access the GLS Farm Loan Guarantee Request View Screen for a specific application by either of the following and CLICK "**Submit**": • "applicant ID" • "applicant name" and "State". 
10	The GLS Farm Loan Application Package List Screen will be redisplayed with an "Action" drop-down list. To view applications, using the "Action" drop-down list, select "**View Application Package**" and CLICK "**Submit**". The GLS Farm Loan Application Package List Screen will be redisplayed with a list of applications. CLICK "**Received Date**" link for the appropriate loan. 

C Oversight Review General Information (Continued)

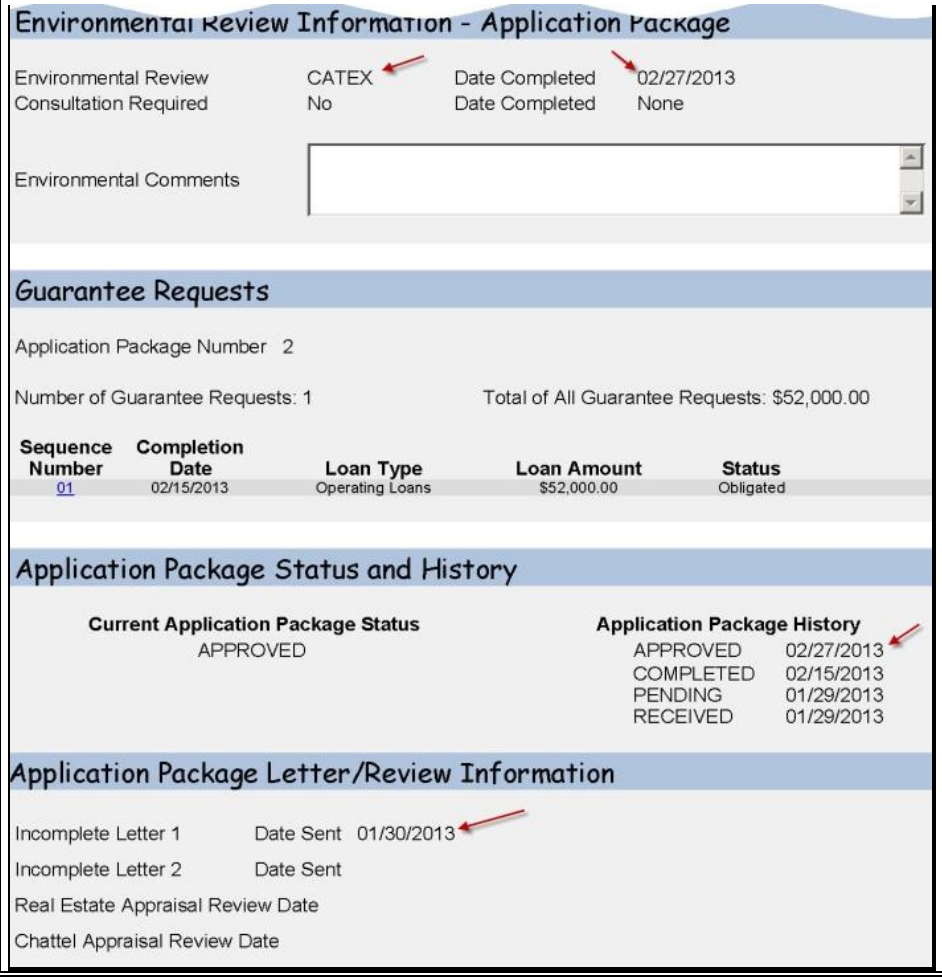
3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
11	The following information will be displayed on the GLS Farm Loan Application Package View Screen: • lender name and type • received date • completion date 

C Oversight Review General Information (Continued)

3 Accessing Guaranteed Loan Reports (Continued)

Step	Action
11 (Cntd)	• environmental review type and date completed • approval date • incomplete letter dates • closing date.



D Part A: Quarterly Review

Note: Use the "**Review Area Comments**" section to note issues on which to followup or other comments relevant to the review.

1 "Direct Loan Making: Review Of Direct Loan Applications"

A "Complete/Approved Application File Reviews"

Review 5 applications received since last review; review all if less than 5. Information sources include the following:

- 1940-G-1 Letter
- DLS Loan Making Checklist
- DLS Loan Request Detail Screen
- FSA-851
- FSA-2307
- FSA-2308
- OY FLPDM Direct Application Report
- RD 1940-22 in FBP.

Question	Source
1: Applicant Name	Select 5 applications from DLS Reports, Loan Making Reports, Direct Applications, and OY FLPDM Direct Application Report.
2: Applicant representation is consistent within all FSA programs (Applicant has not applied for or received Agency benefits under any other name, entity or identification number)	Compare the application against the Farm Program Eligibility report.
3: Applicant was notified of receipt of complete application	Check the date on FSA-2307 from the borrower case file and DLS Loan Making Checklist.
4: Applicants were notified within 5 days of an eligibility determination	Check the date on FSA-2308 from the borrower case file and on DLS Loan Making Checklist.
5: Appropriate environmental assessment completed	RD 1940-22 is online under the credit action used to approve this loan in FBP. Also check FSA-851 and the date of the RD-1940-G-1 Letter.
6: If application was held over 45 days without a loan decision, was a reason entered in DLS?	Review the DLS Loan Request Detail Screen. This will also print out on the Data Mart Application Report if comments have been inserted.
7: Credit decision (approval/rejected) was made within 60 days of receipt of complete loan application	DLS FLP Application Report. Information should be in the running record of either the FBP Credit Action and/or borrower case file.

D Part A: Quarterly Review (Continued)

1 "Direct Loan Making: Review Of Direct Loan Applications" (Continued)

B "Incomplete Application File Reviews"

Review 3 applications received since last review; review all if less than 3. Information sources include the following:

- borrower case file
- DLS Loan Making Checklist
- FSA-2304
- FSA-2305
- OY FLPDM Direct Application Report.

Question	Source
1: Applicant Name	Select 3 applications from DLS reports, Loan Making Reports, Direct Applications, and OY FLPDM Direct Application Report.
2: Required notifications were sent to applicants within required timeframes	DLS Application Report will show the date that the decision was made. Borrower case files will have copies of FSA-2304 and FSA-2305.
3: Items needed for a complete application are clearly identified in notifications	FSA-2304 and FSA-2305. DLS Loan Making Checklist may have information if it was entered into DLS "Loan Processing" section.
4: Applicants are notified of required due dates for items needed for complete application	FSA-2304 and FSA-2305.

D Part A: Quarterly Review (Continued)

1 "Direct Loan Making: Review Of Direct Loan Applications" (Continued)

C "Withdrawn Application File Reviews"

Review 3 applications received since last review; review all if less than 3. Information sources include the following:

- borrower case file
- FSA-2304
- FSA-2305
- FSA-2306
- OY FLPDM Direct Application Report.

Question	Source
1: Applicant Name	Select 3 applications from DLS reports, Loan Making Reports, Direct Applications, and OY FLPDM Direct Application Report.
2: SDA	Application report.
3: Reason for the withdrawal of application is clearly documented	FSA-2306 should be clearly documented. The borrower case file running record should also contain this documentation.
4: A complete application was received	Documented in DLS and on FSA-2001.
5: If a complete application was not received, an effort was made to obtain a complete application	FSA-2304 and FSA-2305.
6: ECOA and non-discrimination statements have been included in correspondence to applicant	FSA-2306 and the borrower case file.

D Part A: Quarterly Review (Continued)

1 "Direct Loan Making: Review Of Direct Loan Applications" (Continued)

D "Rejected Application File Reviews"

Review 3 applications rejected since last review; review all if less than 3. Information sources include the following:

- borrower case file
- OY FLPDM Direct Application Report
- rejection letter.

Question	Source
1: Applicant Name	Select 3 applications from DLS reports, Loan Making Reports, Direct Applications, and OY FLPDM Direct Application Report.
2: SDA	Application report
3: Reasons for denial including applicable citations of requirements from CFR are clearly documented in the notification letter to the applicant	DLS has a drop-down list to select the reasons for denial. This is just a summary, to determine the reason. Review the rejection letter, if necessary.
4: Appropriate review/appeal rights were included in the notification letter to the applicant according to 1-APP	Review the rejection letter.
5: ECOA and non-discrimination statements were included in the notification letter to the applicant according to 1-FLP	

D Part A: Quarterly Review (Continued)

2 "Guaranteed Loan Making: Review Of Guaranteed Loan Applications"

Review 5 applications received since last review; review all if less than 5. Information sources include the following:

- Farm Program Eligibility Report
- FSA-851
- FSA-2292
- GLS 2209A report
- GLS Farm Loan Application Package View Screen
- GLSAPP02 – Guaranteed Loan Applications Detail Report
- RD 1940-22.

Question	Source
1: Applicant Name	GLSAPP02.
2: Lender Name	GLSAPP02, GLS2209A, and GLS Farm Loan Guarantee Request View Screen.
3: Lender Type: 1-SEL, 2-CLP, 3-PLP	GLS2209A and GLS Farm Loan Guarantee Request View Screen for each applicant.
4: Applicant representation is consistent within all FSA programs (Applicant has not applied for or received Agency benefits under any other name, entity or identification number)	Compare the application against the Farm Program Eligibility report.
5: Lender was notified of incomplete and/or complete application within timeframes prescribed in 2-FLP (2-FLP, paragraph 95)	GLS Farm Loan Guarantee Request View Screen for each applicant.
6: Eligibility of borrower and loan purposes have been evaluated; denial/withdrawal are thoroughly documented and appropriate appeal/review rights were provided (2-FLP, paragraph 108)	Borrower case file documentation and correspondence and FSA-2292.
7: Processing times are within timeframes prescribed in 2-FLP for lender type (2-FLP, paragraph 83)	GLS2209A.
8: Appropriate environmental assessment completed (1940-G and 2-FLP, paragraph 208)	RD 1940-22, FSA-851, and GLS Farm Loan Application Package View Screen.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing"

A "Delinquent Account Servicing"

I "Borrowers With Loans 90 Days Or More Past Due"

Review all accounts in this category. Information sources include the following:

- borrower case file
- discussions with Service Center
- DLS Special Servicing (SS) Borrower History Report
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

Question	Source
1: Borrower Name	Status of Farm Loan Programs 540, available from Data Mart, lists all borrowers who are 90 days or more past due. All borrowers listed in this section will be reviewed.

Farm Loans 540 — Status of Farm Loan Programs
As of: 06/30/2013

SERVICING OFFICE LOCATION - [redacted] COUNTY FSA ([redacted])

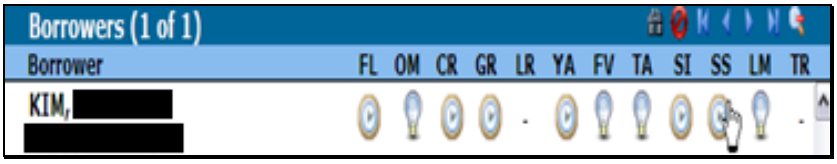
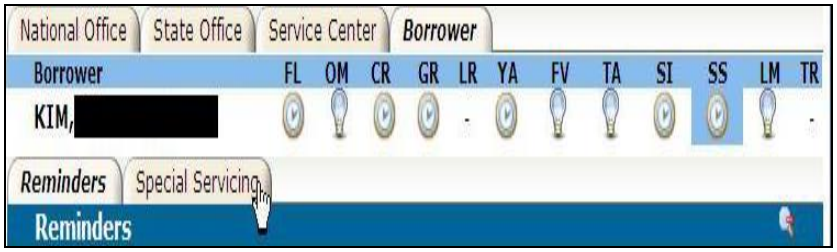
BORROWER NAME / LOAN SERVICING INFORMATION CODES	CASE NUMBER ST CO BORR-ID	FD CD	LN NO	UNPAID BALANCES INTEREST	PRINCIPAL	DAILY INTEREST ACCRUAL	INTEREST RATE	DATE OF LAST CASH PAYMENT	PAYMENT STATUS A - AHEAD B - BEHIND	SCHEDULED ANNUAL INSTALLMENT	FY LN
BORROWERS WITH LOANS 90 DAYS OR MORE PAST DUE :											
[redacted]	01 60			AA	MALE	NON		PLS			
202 PDD	1211	41	01	$4,669.13	$50,540.62	8.3080	6.0000	12/15/2011	$3,626.00 B	$3,713.00	41
TOTAL				$4,669.13	$50,540.62	8.3080				$3,713.00	
[redacted]	01 32			AA	MALE	NON		PLS	1M 08/07		
307 PDD	0828	41	03	$6,057.85	$141,893.66	18.9516	4.8750	06/03/2013	$7,042.10 B	$8,274.00	45
307 PDD	0828	44	04	$2,860.18	$78,228.86	9.1088	4.2500	08/20/2012	$8,573.70 B	$8,574.00	22
TOTAL				$8,918.03	$220,122.52	28.0604				$16,848.00	

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

I "Borrowers With Loans 90 Days Or More Past Due" (Continued)

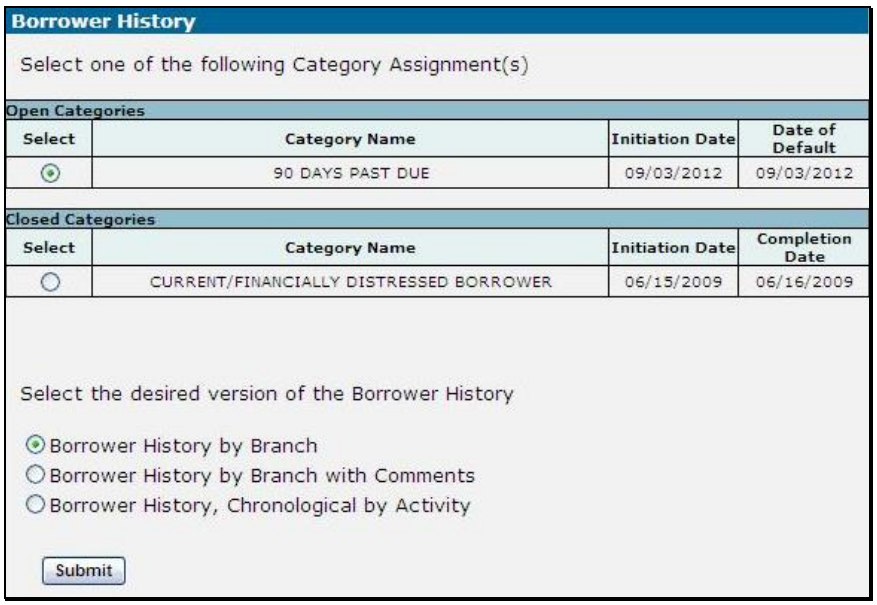
Question	Source
2: PLS history report indicates a PLS notice was sent within 15 calendar days of borrower's account becoming 90 days past due (the receipt of the Report Code 540)	Navigate to the DLS SS Borrower History Report as follows: Step 1: CLICK "**SS**" icon from the DLS dashboard for the borrower.  Step 2: CLICK "**Special Servicing**" tab.  Step 3: CLICK "**Open Categories Borrower History**".  DLS SS Borrower History Report will indicate an initialization date that is the date that borrower becomes 90 days past due: • locate the activity description indicating that the borrower was sent Primary Loan Servicing notifications • ensure that this date is within 15 days of initialization.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

I "Borrowers With Loans 90 Days Or More Past Due" (Continued)

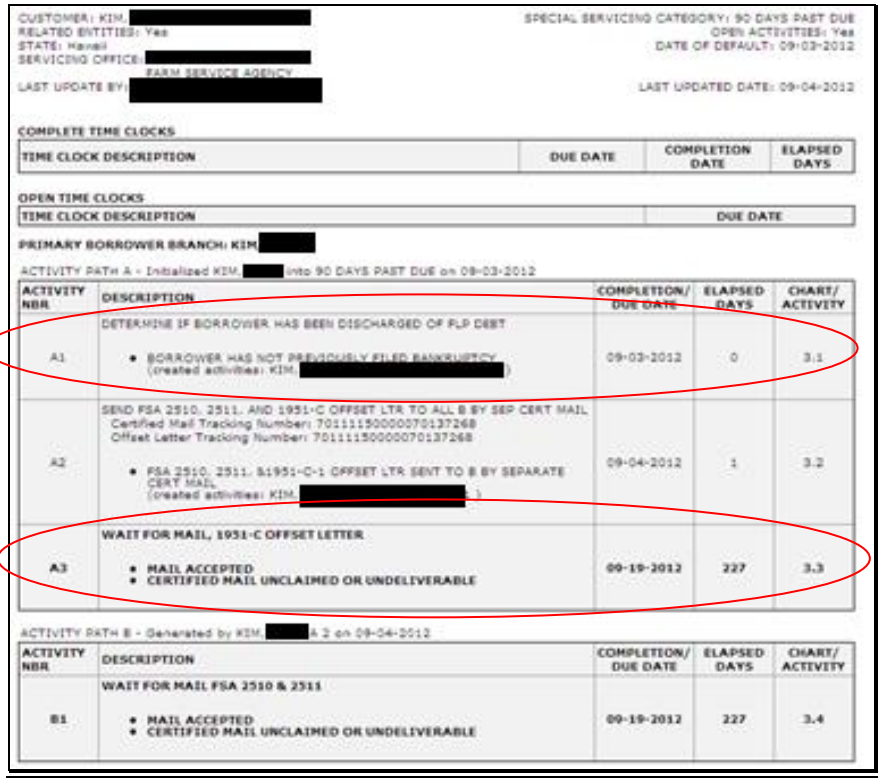
Question	Source
3: Offset notice was sent at the same time as the PLS notice (required when account is in monetary default)	Following the steps in Question 2 to determine if borrower was also sent Offset Notifications. After obtaining the information required for Questions 1 through 3, review these items with the Service Center.  Under "Open Categories", CLICK "**Select**" for the borrower and CLICK "**Submit**" to open the Borrower History Report.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

I "Borrowers With Loans 90 Days Or More Past Due" (Continued)

Question	Source
4: Enter anticipated resolution	Discuss with Service Center the anticipated resolution for the account. 1. Borrower to pay current: enter source of funds in comments. 2. Restructuring of account will be necessary. 3. Borrower will voluntarily liquidate. 4. Account will be accelerated. 5. Other: enter explanation in comments. The Borrower History Report can be used to answer Questions 2 and 3 for this review.  **Note:** See DLS User Guide for additional instructions on navigating to a borrower and accessing Special Servicing Borrower History Report.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

I "Borrowers With Loans 90 Days Or More Past Due" (Continued)

Question	Source
5: Enter target date for resolution of delinquency	Together, create a target date for when delinquent account may be resolved.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

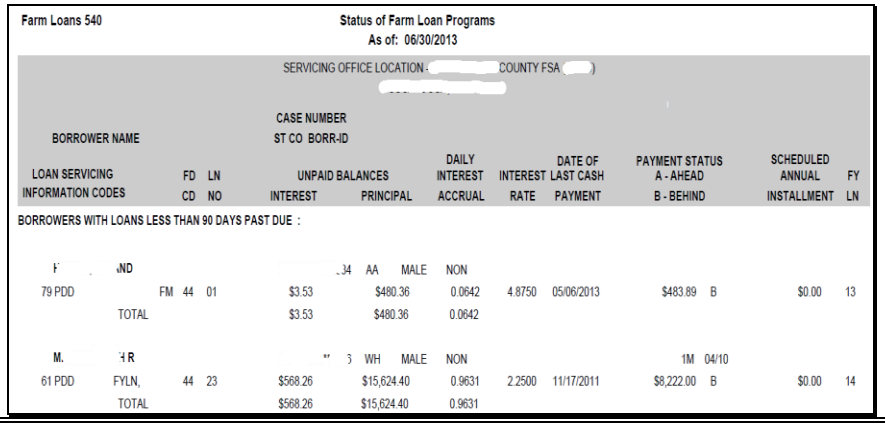
A "Delinquent Account Servicing" (Continued)

II "Borrowers With Loans Less Than 90 Days Past Due"

Review all accounts in this category. Information sources include the following:

- borrower case file
- DLS Special Servicing (SS) Borrower History Report
- discussions with Service Center
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

Question	Source
1: Borrower Name	Status of Farm Loan Programs 540, available from Data Mart, contains a section listing all borrowers who are 90 calendar days or more past due. All borrowers listed in this section will be reviewed.



Farm Loans 540 — Status of Farm Loan Programs — As of: 06/30/2013

SERVICING OFFICE LOCATION: [redacted] COUNTY FSA [redacted])

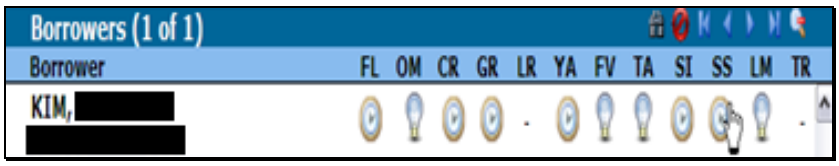
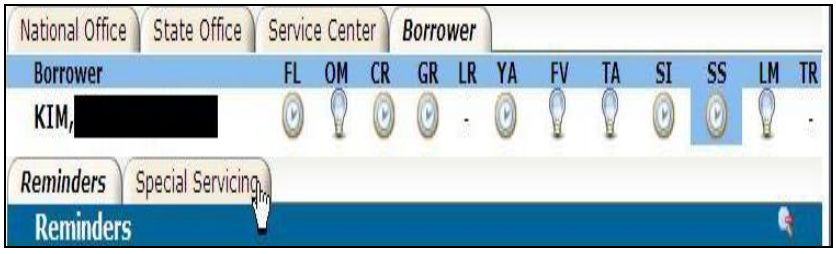
BORROWER NAME / CASE NUMBER ST CO BORR-ID / LOAN SERVICING INFORMATION CODES	FD CD	LN NO	UNPAID BALANCES INTEREST	PRINCIPAL	DAILY INTEREST ACCRUAL	INTEREST RATE	DATE OF LAST CASH PAYMENT	PAYMENT STATUS A - AHEAD B - BEHIND	SCHEDULED ANNUAL INSTALLMENT	FY LN
BORROWERS WITH LOANS LESS THAN 90 DAYS PAST DUE :										
F [redacted] ND				34 AA	MALE	NON				
79 PDD	FM	44 01	$3.53	$480.36	0.0642	4.8750	05/06/2013	$483.89 B	$0.00	13
TOTAL			$3.53	$480.36	0.0642					
M. [redacted] R				3 WH	MALE	NON		1M 04/10		
61 PDD	FYLN,	44 23	$568.26	$15,624.40	0.9631	2.2500	11/17/2011	$8,222.00 B	$0.00	14
TOTAL			$568.26	$15,624.40	0.9631					

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

II "Borrowers With Loans Less Than 90 Days Past Due" (Continued)

Question	Source
2: Delinquency can be resolved before account enters 90 days past due	Navigate to the DLS SS Borrower History Report as follows: Step 1: CLICK "**SS**" icon from the DLS dashboard for the borrower.  Step 2: CLICK "**Special Servicing**" tab.  Step 3: CLICK "**Open Categories Borrower History**".  Determine if Primary Loan Servicing notifications have been sent. **Notes:** Servicing notification is not required for borrowers less than 90 days past due Borrowers may not have been initiated into DLS SS.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

II "Borrowers With Loans Less Than 90 Days Past Due" (Continued)

Question	Source	
2: Delinquency can be resolved before account enters 90 days past due (Continued)	**IF notifications have...**	**THEN...**
	been sent	use the Borrower History Chart to determine the following: • borrower's response • whether resolution appears likely before the borrower becomes 90 calendar days past due.
	not been sent	review case file and discuss with the Service Center to complete this question.

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

II "Borrowers With Loans Less Than 90 Days Past Due" (Continued)

Question	Source
3: Anticipated resolution	Discuss with Service Center the anticipated resolution for the account. • Borrower to pay account current. • Restructuring of account will be necessary. • Other, restructuring not possible.  Use the Borrower History Report to determine if the borrower has requested loan servicing and whether any servicing actions have taken place. This will help determine if the account is anticipated to be resolved before it becomes 90 calendar days past due. **Note:** See DLS User Guide for additional instructions on navigating to a borrower and accessing the Special Servicing Borrower History Report.
4: Target Date for resolution of delinquency	Together with Service Center, create a target date for when delinquent account may be resolved.

D Part A: Quarterly Review (Continued)

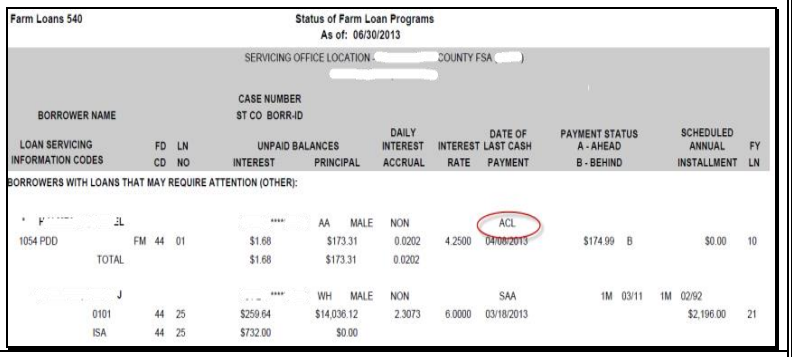
3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

III "Borrowers With Loans That May Require Attention"

Review all accounts in this category. Information sources include the following:

- 4-FLP
- 5-FLP
- borrower case file
- CCC-257
- discussions with Service Center
- FSA-603
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

Question	Source
1: Borrower Name	Status of Farm Loan Programs 540, available from Data Mart, lists borrowers with loans that may require attention as well as the flags present on the accounts. 
2: Account Flag	See to 5-FLP, Exhibit 11 for more information about account flags.
3: Payments are being made and are current according to an approved plan or agreement	Questions 3 and 4 can be answered after the following: • discussing each account with the Service Center • reviewing the borrower's case file and correspondence • reviewing FSA-603 and CCC-257, if necessary. **Note:** Use 4-FLP and 5-FLP as sources for any regulations or handbook questions.
4: Accounts are serviced according to applicable regulations and/or handbook instructions	

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

B "Payments and Collections"

Review a sample of 5 accounts in this category; review all if less than 5. Information sources include the following:

- 3-FI
- 4-FLP
- borrower case file
- CCC-257
- discussions with Service Center
- FSA-603
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

Question	Source
1: Borrower/Account Name	Select 5 accounts from FSA-603 to review. If collection was not made at this Service Center, add the county name where collection was made. FSA-603 provides information about payments received from borrower accounts. This will be used for comparison to other forms/reports to ensure payments are applied correctly.

A. DATE RECEIVED *(MM-DD-YYYY)*	B. NAME OR I.D. NO. OF REMITTER	C. REMITTANCE INFO.		D. AMOUNT COLLECTED	E. SCHEDULE NO. FROM FORM CCC-257
		ENTER CHECK NO.	IF CASH "X"		
03/29/2013	Doe, John	1754		$ 12,671.19	123
03/29/2013	Smith, Borrower	1562		$ 8,764.12	123
03/29/2013	Happy Hills Farms	2468		$ 58.41	123
03/29/2013	Jones, Michael	1313		$ 874.55	123
03/29/2013	Hillshire Farmland	3999		$ 27,894.73	123

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

B "Payments and Collections" (Continued)

<table>
<tr><th>Question</th><th>Source</th></tr>
<tr><td>2: Payment(s) and collections are applied within prescribed time frames</td><td rowspan="2">Compare FSA-603:

• and CCC-257 to ensure that account names, check numbers, and payment amounts match and that deposit is being made timely

• "Date Received" column and Status of Farm Loan Programs 540, "Date of Last Cash Payment" column to ensure that the dates match.

Note: 3-FI, paragraph 37 provides additional information about timeframes for making deposits.

CCC-257 (03-02-10) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency
SCHEDULE OF DEPOSIT
For deposit to the account of CCC-Symbol 4992
1A. Schedule Date 3/29/2013
1B. Page 1 of 1
2. To: CCC-257 LOCKBOX BANK P.O. BOX 790134 ST. LOUIS MISSOURI 63179-0134
3. Report Deposit to: (N/A for Manual CCC-257's) N/A
<table><tr><th>A. RECEIPT ID (N/A for Manual CCC-257's)</th><th>B. CHECK/ITEM NO.</th><th>C. REMITTER IDENTIFICATION</th><th>D. AMOUNT $</th></tr><tr><td>N/A</td><td>1754</td><td>Doe, John</td><td>12,671.19</td></tr><tr><td>N/A</td><td>1562</td><td>Smith, Borrower</td><td>8,764.12</td></tr><tr><td>N/A</td><td>2468</td><td>Happy Hills Farms</td><td>58.41</td></tr><tr><td>N/A</td><td>1313</td><td>Jones, Michael</td><td>874.55</td></tr><tr><td>N/A</td><td>3999</td><td>Hillshire Farmland</td><td>27,894.73</td></tr></table></td></tr>
<tr><td>3: Payment(s) are credited to the account(s) of the correct borrower</td></tr>
<tr><td>4: Payment(s) are applied to the borrower's loan(s) according to 4-FLP</td><td>Review 4-FLP, Part 5 and discuss payments received to determine if reviewed account payments were Regular or Extra Payments. Ensure that payments were applied correctly to loan(s).</td></tr>
<tr><td>5: There is a proper separation of duties among employees handling transactions</td><td>Review 3-FI, paragraph 3 with Service Center employees to ensure that the separation of duties outlined exists in the Service Center.</td></tr>
</table>

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

C "Chattel Security Accounting"

Review a sample of 5 accounts in this category; review all if less than 5. Review additional files if deficiencies are found. Information sources include the following:

- 4-FLP
- borrower case file
- discussions with Service Center
- FBP
- FSA-2028
- FSA-2040.

Question	Source
1: Borrower Name	View 5 borrower accounts that had dispositions in the previous quarter. Review FSA-2040 to ensure that planned sales match actual sales and that variances are documented in borrower case file.
2: Dispositions and proceeds are recorded on FSA-2040	Review FSA-2040 and FBP to determine if dispositions: • occurred as planned • were accounted for • were approved. Discuss any discrepancies with loan officers.

FSA-2040 (12-31-07) — U.S. DEPARTMENT OF AGRICULTURE, Farm Service Agency — Position 1

AGREEMENT FOR THE USE OF PROCEEDS/RELEASE OF CHATTEL SECURITY

1. NAME: Farmer Smith
2. CROP YEAR: 2012
3. DATE OF SECURITY INSTRUMENT: 1/1/2012
4. BEGINNING DATE OF THIS AGREEMENT: 1/1/2012
5. Are any listed items in the property descriptions below from a previous Form FSA-2040 (or FSA-1962-01)? If so, indicate below with an asterisk (*), and enter the beginning date of that Agreement.
6. PROPERTY DESCRIPTION: Grass Hay

PLANNED					ACTUAL								
Disposition			D. Amount of Proceeds	E. Use of Proceeds	Disposition			I. Amount of Proceeds	J. Use of Proceeds	K. Approved			
A. Quantity	B. How	C. Month			F. Quantity	G. How	H. Date			Y	N	Date	Initial
133 Tons	Sell	Various	$41,500	FSA - $15,245	95 Tons	Sell	June	$10,921	FSA	X		06-22-12	jln

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

C "Chattel Security Accounting" (Continued)

Question	Source
3: Funds are released in accordance with the FBP and FSA regulations as applicable	Review 4-FLP, paragraph 163 and ensure that proceeds are applied correctly and released when appropriate. Discuss any discrepancies with loan officers.
4: Work copy of Security Agreement has been notated for any changes in collateral (FSA-2028)	Review the most recent work copy of FSA-2028 to verify that it matches any changes to FSA-2040. Items of security that have been sold, junked, traded, etc.: • should be lined off of the work copy of FSA-2028 • notated as to the manner and date of disposition. Discuss any discrepancies with loan officers.

FSA-2028 (09-03-10) Page 3 of 9

(c) All farm and other equipment (except small tools and small equipment such as hand tools, power lawn mowers and other items of like type unless described below), and inventory, now owned or hereafter acquired by Debtor, together with all replacements, substitutions, additions, and accessions thereto, including but not limited to the following which are located in the State(s) of *(1)* [redacted];

(2) Line No.	(3) Quantity	(4) Kind	(5) Manufacturer	(6) Size and Type	(7) Condition	(8) Year	(9) Serial or Model No.
1	1	DISC	KEWANEE	20 FT	FAIR		
2	1	TRACTOR	JD	4640	FAIR	1982	[redacted]
3	1	LISTER	R & J	8-ROW	GOOD		
4	1	SPRING TOOTH HARROW	NOBLE	40 FT	FAIR		
5	1	ROTARY HOE	JD	E0400	FAIR		
6	1	PITCHOUT RIG	R & J	8-ROW	FAIR		
7	1	PLOW	JD	ROLLOVER	FAIR		
8	2	FERT. INJ. PUMPS	BALDOR	1/3 HP	GOOD		
9	2	FERT. TANK		1250 GAL	FAIR		
10	3	IRRIGATION ENGINES	CHEV	292	GOOD		
11	1	TRAILER UTILITY		16 FT.	FAIR		
12	1	TANK MOBILE W/PUMP		500 GAL	FAIR		
13	1	SHREDDER	WOODS	6-ROW	FAIR		

D Part A: Quarterly Review (Continued)

3 "Direct Loan Servicing" (Continued)

C "Chattel Security Accounting" (Continued)

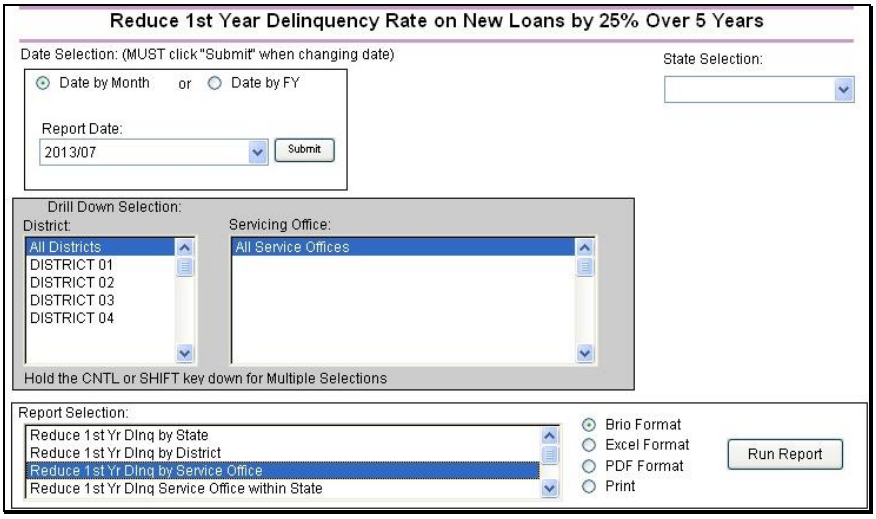
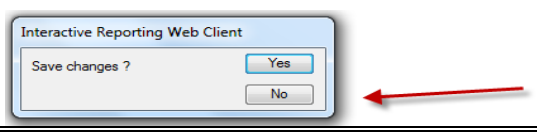
Question	Source
5: FLM follows up on all apparent unauthorized dispositions; using 5-FLP, Exhibit 31 to notify borrowers in all cases and obtains adequate documentation to enable post approval where applicable	For any unapproved disposition: • review borrower case file documentation • discuss with loan officer to determine anticipated resolution.

D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state"

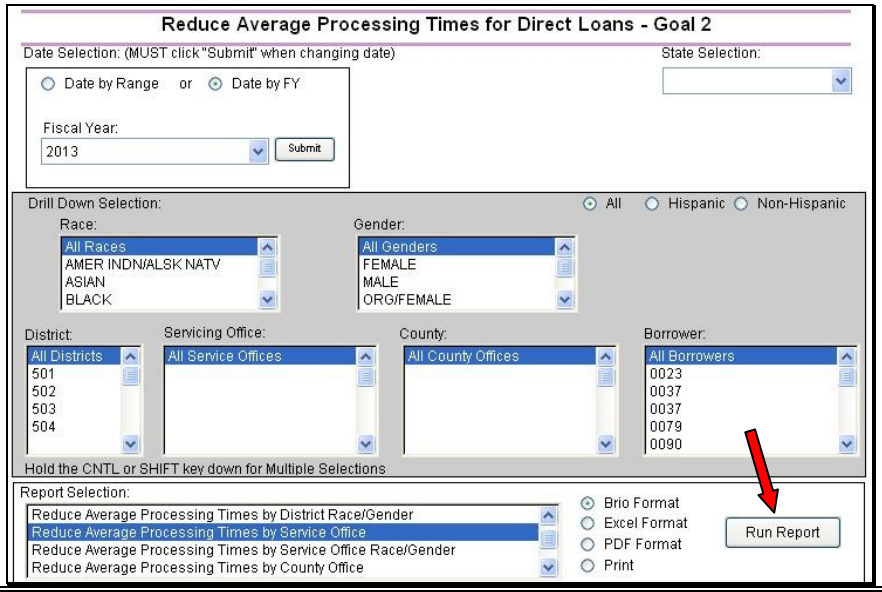
For all goals, enter State goal, Service Center goal, and FLP staff progress. Information sources include the following:

- direct loan making goals are available from Data Mart and Goals OnDemand reports
- guaranteed loan making goals are available from the GLS Reports.

Goal	Source
1: First year delinquency rate on new loans (%). (Direct Loan Making)	From the Data Mart Goals On Demand Reports, select "**OY FLPDM Reduce 1st Year Delinquency Rates on New Loans Goal 1**". To view all Service Centers within the district, make the following selections on the Reduce 1st Year Delinquency Rate on New Loans by 25% Over 5 Years Screen, and CLICK "**Run Report**": • "Report Date" • "District" • "All Service Centers" • "Reduce 1st Yr Dinq by Service Office".  **Notes:** All performance data can be input for each Service Center at 1 time. When closing out reports always CLICK "**No**" for "Save Changes?". 

D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
2: Direct loan processing time (Days). (Direct Loan Making)	From the Data Mart Goals On Demand Reports, select **"OY FLPDM Reduce Average Processing Times for Direct Loans Goal 2**". To view all Service Centers within the district, make the following selections on the Reduce Average Processing Times for Direct Loans - Goal 2 Screen, and CLICK "**Run Report**": • "All Races" and "All Genders" • "District" and "All Service Offices" • "All County Offices" and "All Borrowers" • "Reduce Average Processing Times by Service Office". 

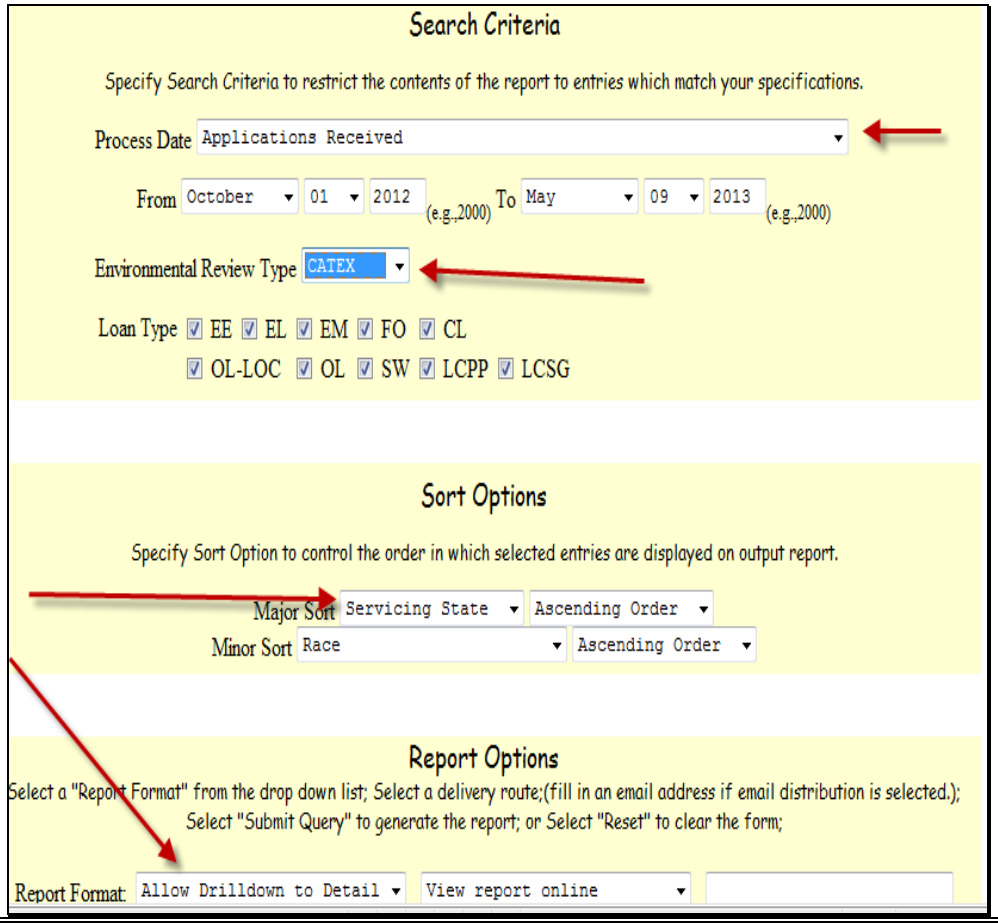
D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
3: Guaranteed loan processing time (Days)	On the GLS Guaranteed Loan System Screen, CLICK "**Reports**". From the GLS Application Reports Screen, CLICK "**GLS2208 – Guaranteed Loan Average Processing Times**". 

D Part A: Quarterly Review (Continued)

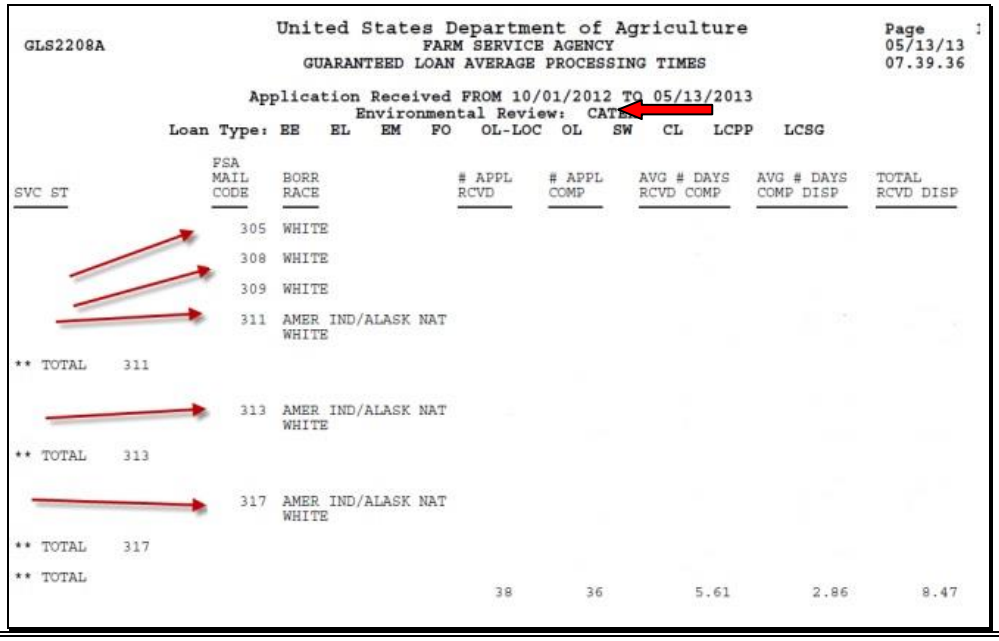
4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
3: Guaranteed loan processing time (Days) (Continued)	The goal is calculated using "Environmental Review Type", "**CATEX**". On the Search Criteria Screen, select timeframe for the quarter being reviewed. • From the "**Sort Options**" drop-down lists, selecting: • "Servicing State", allows drilldown to Service Centers • "Geographic State", allows drilldown to counties. • "**Report Options**" drop-down lists allow drilldown to detail. From the online report, all States are visible. Select State to see the breakdown between Service Centers, and then select additional options to drilldown to detail. 

D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
3: Guaranteed loan processing time (Days) (Continued)	Verify that the report was created for CATEX applications. By selecting the State name, the report breaks data down into Service Centers that will provide the average processing times. The report **must** drilldown to detail to access this information.



GLS2208A

United States Department of Agriculture
FARM SERVICE AGENCY
GUARANTEED LOAN AVERAGE PROCESSING TIMES

Page
05/13/13
07.39.36

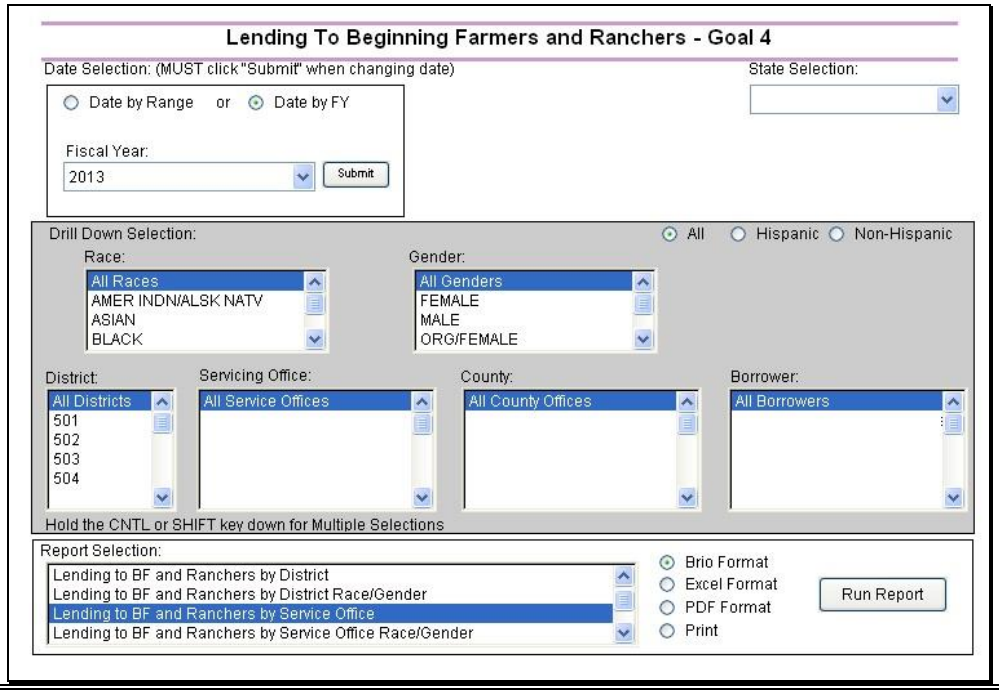
Application Received FROM 10/01/2012 TO 05/13/2013
Environmental Review: CATEX

Loan Type: EE EL EM FO OL-LOC OL SW CL LCPP LCSG

SVC ST	PSA MAIL CODE	BORR RACE	# APPL RCVD	# APPL COMP	AVG # DAYS RCVD COMP	AVG # DAYS COMP DISP	TOTAL RCVD DISP
	305	WHITE					
	308	WHITE					
	309	WHITE					
	311	AMER IND/ALASK NAT WHITE					
** TOTAL	311						
	313	AMER IND/ALASK NAT WHITE					
** TOTAL	313						
	317	AMER IND/ALASK NAT WHITE					
** TOTAL	317						
** TOTAL			38	36	5.61	2.86	8.47

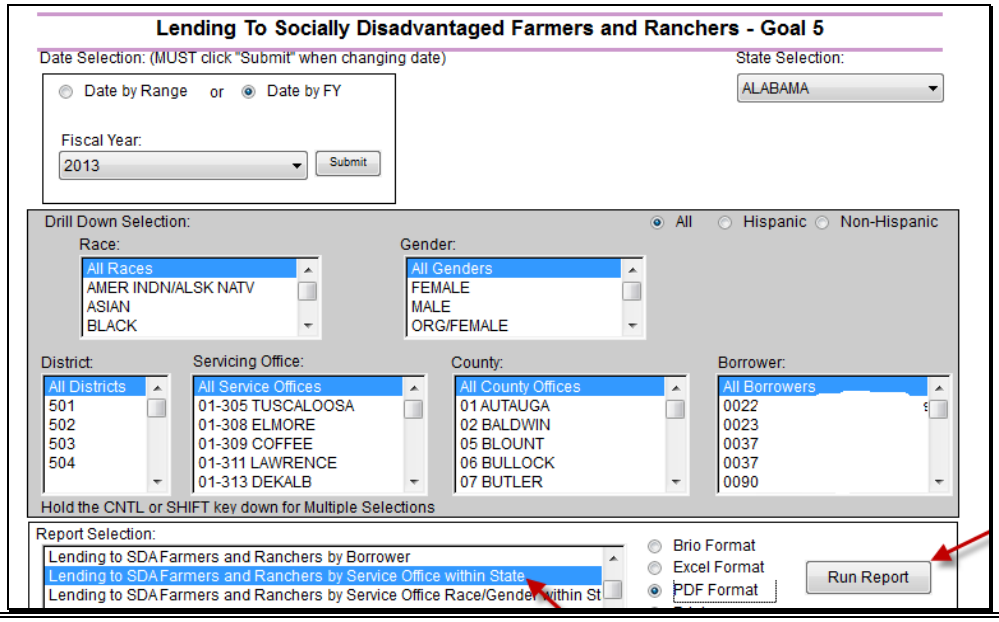
D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
4: Lending to beginning farmers and ranchers (%) (Direct Loan Making)	From the Data Mart Goals On Demand Reports, select "**OY FLPDM Lending To Beginning Farmers and Ranchers Goal 4**". To view all Service Centers within the district, make the following selections on the Lending to Beginning Farmers and Ranchers - Goal 4 Screen, and CLICK "**Run Report**": • applicable State • "All Races" • "All Genders" • "District" • "All Service Offices" • "All County Offices" • "All Borrowers" • "Lending to BF and Ranchers by Service Office". 

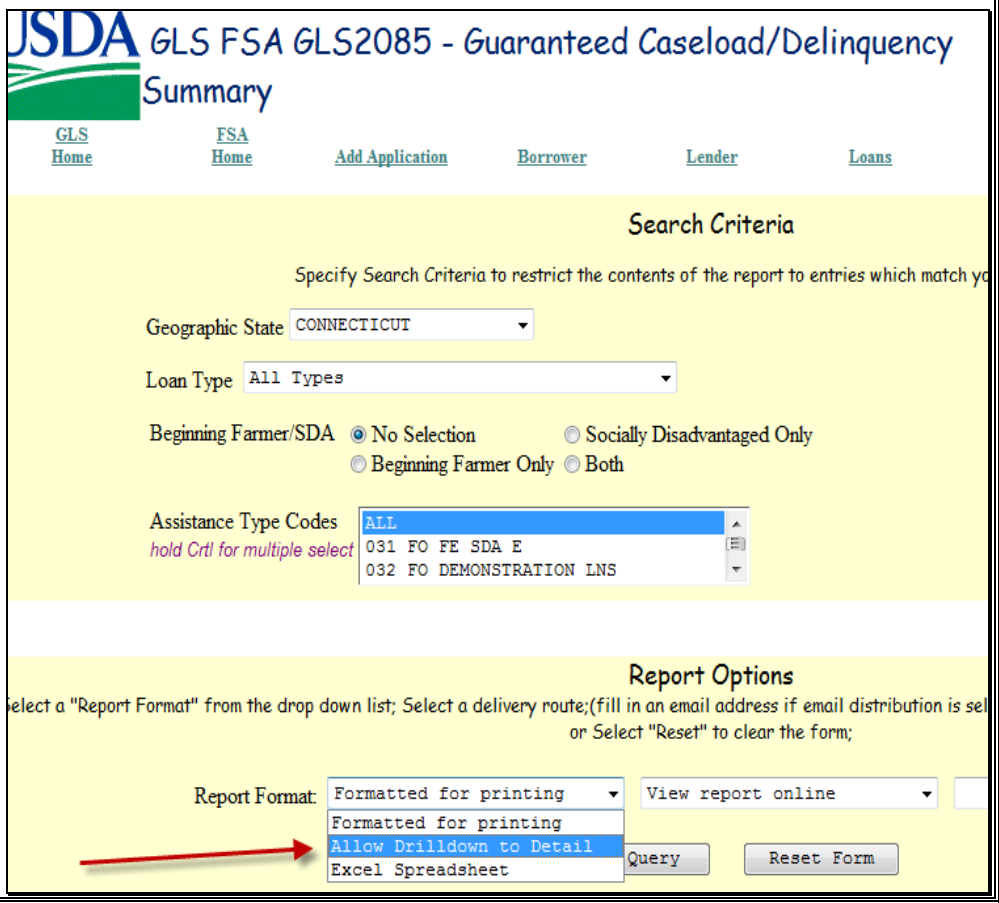
D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
5: Lending to SDA farmers and ranchers (%) (Direct Loan Making)	From the Data Mart Goals On Demand Reports, select "**OY FLPDM Lending To Socially Disadvantaged Farmers and Ranchers Goal 5**". To view all Service Centers within the district, make the following selections on the **Lending to Socially Disadvantaged Farmers and Ranchers - Goal 5** Screen, and CLICK "**Run Report**": • applicable State • "All Races" • "All Genders" • "District" • "All Service Offices" • "All County Offices" • "All Borrowers" • "Lending to SDA Farmers and Ranchers by Service Office within State". 

D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
6: Direct loan delinquency rate (%) (Direct Loan Servicing)	Provided by the State Office.
7: Guaranteed loan delinquency rate (%)	Select from the GLS Caseload Reports, "**GLS2085 – Guaranteed Caseload/Delinquency Summary**". Select "**Allow Drilldown to Detail**" to break data down by county. The only option available is "Geographical State"; therefore, the data is represented by counties. Add all the information for each county within the Service Center to obtain the Service Center delinquency. 

D Part A: Quarterly Review (Continued)

4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state" (Continued)

Goal	Source
8: Primary loan servicing processing times (days). (Direct Loan Servicing)	Provided by the National Office to each State.

E Part B: Semiannual Reviews

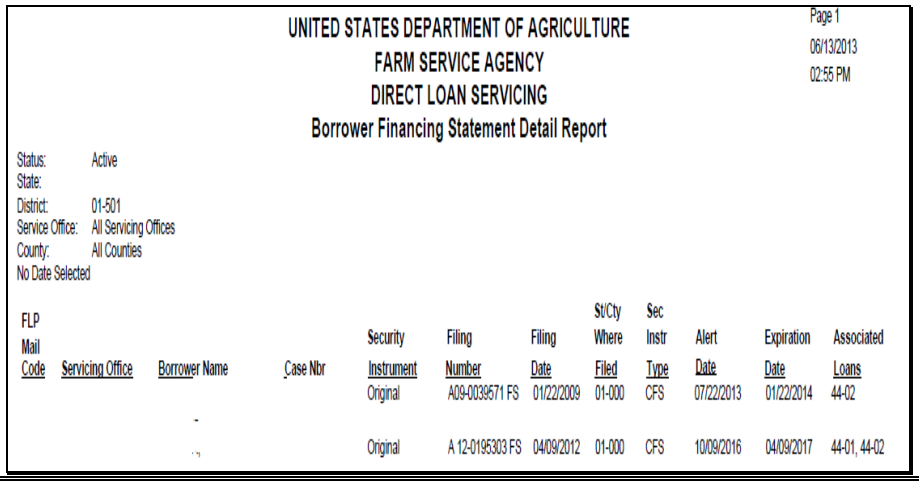
Semi-annual review items shall be completed for the 2nd and 4th quarters of each FY.

Note: Use the "**Review Area Comments**" section to note issues on which to followup or other comments relevant to the review.

1 Direct Loan Making: Loan Security Instruments

Review 5 new chattel or crop loans; review all if less than 5. Information sources include the following:

- FBP Credit Action Report
- OL FLPDM Borrower Financing Statement Combined Report.

Question	Source
1: Borrower Name	FBP Credit Action Report.
2: Proper UCC Filed	Check the borrower case file to verify the proper UCC filing. The offsite option is to create the report from Data Mart Direct Loan Servicing/Routine Servicing, **OL FLPDM Borrower Financing Statement Combined Report**. 

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
DIRECT LOAN SERVICING
Borrower Financing Statement Detail Report

Page 1
06/13/2013
02:55 PM

Status: Active
State:
District: 01-501
Service Office: All Servicing Offices
County: All Counties
No Date Selected

FLP Mail Code	Servicing Office	Borrower Name	Case Nbr	Security Instrument	Filing Number	Filing Date	St/Cty Where Filed	Sec Instr Type	Alert Date	Expiration Date	Associated Loans
				Original	A09-0039671 FS	01/22/2009	01-000	CFS	07/22/2013	01/22/2014	44-02
				Original	A 12-0195303 FS	04/09/2012	01-000	CFS	10/09/2016	04/09/2017	44-01, 44-02

E Part B: Semiannual Reviews (Continued)

1 Direct Loan Making: Loan Security Instruments (Continued)

Question	Source
3: Security agreement and promissory note in safe	Verify, while in the Service Center, that the promissory note is filed in the Service Center fire proof safe.
4: Agreement for Disposition of Jointly Owned Property Obtained	If applicable, while in Service Center, review agreement from the borrower case file.
5: CCC-10 has been executed and is in the borrower case file (3-FLP)	Offsite option is the Service Center scans and e-mails the agreement.

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing

A Shared Appreciation Agreements

Review all accounts listed. Information sources include the following:

- 5-FLP
- borrower case file
- FLM discussion
- operational file
- Report Code 565-A, "Borrowers with Expiring Equity Recapture Agreements".

Question	Source
1: Borrower Name	View current and past Reports 565-A sent to Service Centers monthly by FLOO. Review all borrowers with upcoming expirations or Shared Appreciation Agreements that have expired since the last review. Agreement may have matured for a reason other than time. This form is available electronically. FSA-2544 (04-03-12) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency Position 4 REQUEST FOR INFORMATION ON CAPITAL IMPROVEMENTS Date Mr. John Farmer Mrs. Jane Farmer 12123 County Road Four Washington, DC 20250 Certified 48151623424815462342 Our records show that you have a Shared Appreciation Agreement with the Farm Service Agency (FSA) that has or will soon be coming due. FSA regulations (7 CFR Part 766) allow the value of certain improvements to be deducted from the current market value of your property to determine any shared appreciation due. The improvement has to have been added to the property since you received your writedown from FSA and capitalized on your income taxes. The capital improvements must also meet at least one of the following criteria: A. It is your primary residence. If a new residence is affixed to the real estate security for a home which existed on the security property when the SAA was originally executed, or the living area square footage of the original dwelling expanded, only the value added to the real property by the new or expanded portion of the original dwelling (if it added value) will be deducted from the current market value. Living area square footage will not include square footage of patios, porches, garages, and similar additions. B. The item is an improvement to the real estate with a useful life of over 1 year and is affixed to the property. The item must have been capitalized and not taken as an annual operating expense on Federal income tax records. You must provide copies of appropriate tax documentation to verify the capital improvements claimed. A copy of FSA-2544 sent to the borrower should be located in the borrower case file.

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

A Shared Appreciation Agreements (Continued)

Question	Source
2: Expiration dates of agreements are monitored	Discuss with FLM how expiration dates are monitored and review Service Center operational file if necessary.
3: Proper notifications are sent to borrowers	Borrowers who have Shared Appreciation Agreements expiring within 6 months are sent FSA-2544 notifying the borrower of the upcoming expiration and requesting information about improvements made to the property. This form is available electronically. FSA-2545 (04-25-12) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency Position 4 **BORROWER NOTIFICATION OF SHARED APPRECIATION DUE** **05/12/2013** **Farmer Brown** **123 Any Street** **Farmville, CO 25810** **CERTIFIED** **10010011100011001010** This notice is to inform you that the Shared Appreciation Agreement (SAA) you executed on 05/09/2008 has or will soon become due for the following reason: • The Shared Appreciation Agreement will mature on 05/09/2013. The Agency has completed a current appraisal on the real estate that secured the Shared Appreciation Agreement and considered any capital improvements that you reported. Based on this information, we have determined that you owe $12,333.00 in SAA recapture. FSA-2545 should be sent to all borrowers who have expired Shared Appreciation Agreements.
4: Expiring agreements are serviced according to 5-FLP	Borrowers with expired Shared Appreciation Agreements must be notified of the recapture due using FSA-2545. Review borrower case-file documentation and discuss with FLM to determine borrower's response to notification.

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts

Review requires a count of all accounts that should be classified during the current FY. Information sources include the following:

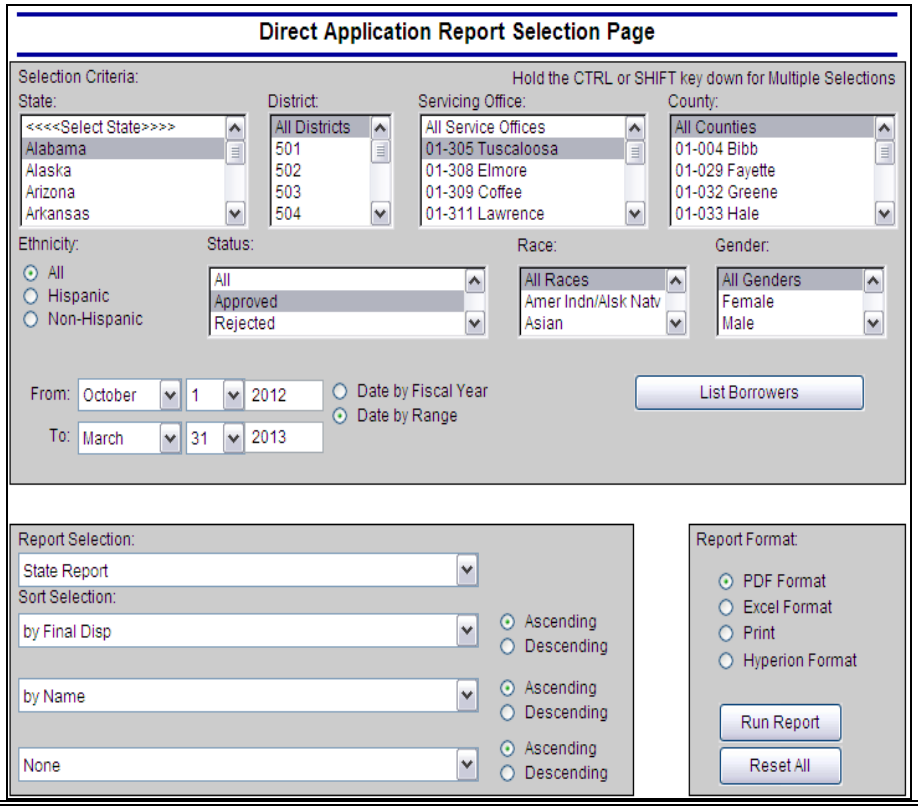
- borrower case file
- discussions with Service Center
- OY FLPDM Classification Review Workflow Report
- OY FLPDM Direct Application Report.

Question	Source
1: New Borrower accounts are classified	Verify borrowers approved for new loans had classification reviews performed on their accounts. Compare Data Mart Direct Loan Making, **OY FLPDM Direct Loan Application Report** with the Direct Loan Servicing/Routine Servicing, **OY FLPDM Classification Review Workflow Report**. Select the report to cover the Service Center and specific review period dates. Save or print both reports to use for comparison. When pulling the Classification Review Workflow Report, select "**In Conjunction with a Loan Closing**" to limit the search to Classification Reviews only. **Note:** Some borrowers may be listed on the Direct Loan Application Report, but their loans may not have closed by the end of the period covered by the report and may not; therefore, show up on the Classification Review Workflow Report. Discuss borrowers who were not classified with the Service Center.

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

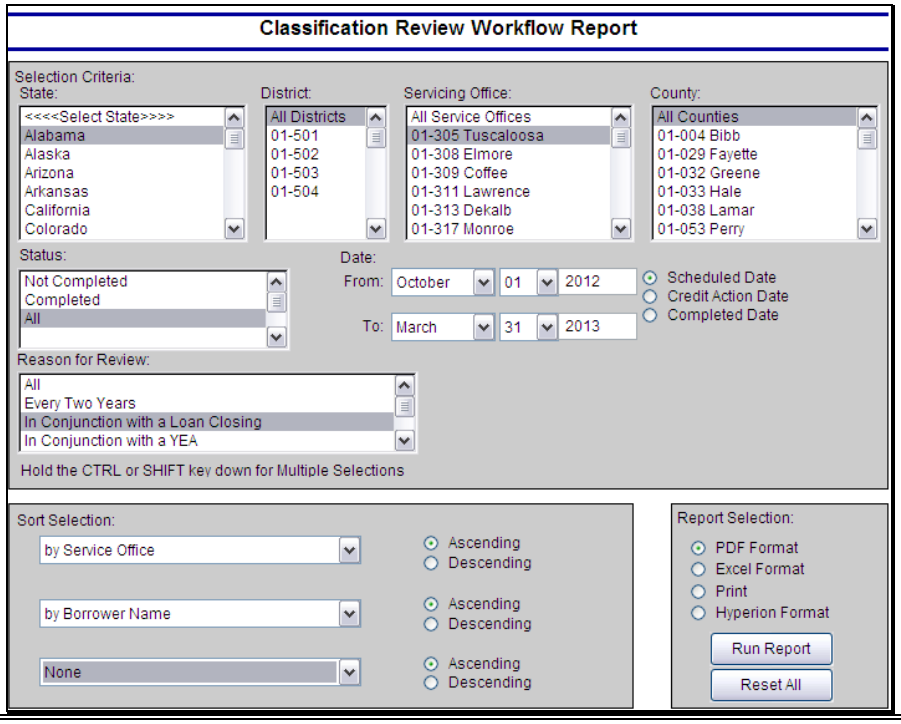
B Classification of Borrower Accounts (Continued)

Question	Source
1: New Borrower accounts are classified (Cntd)	On the Direct Application Report Selection Page, using the drop-down lists, select the following and CLICK "**Run Report**": • "State", select applicable State • "District", "**All Districts**" • "County", "**All Counties**" • "Ethnicity" and CLICK "**All**" radio button • "Status", "**Approved**" • "Race", "**All Races**" • "Gender", "**All Genders**" • "From" and "TO" dates and CLICK "**Date by Range**" radio button • "Sort Selection": • "**by Final Disp**" • "**by Name**". 

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

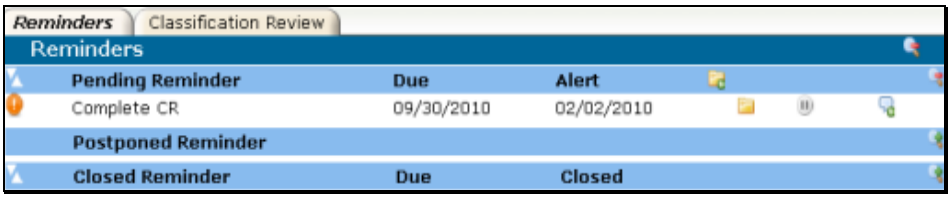
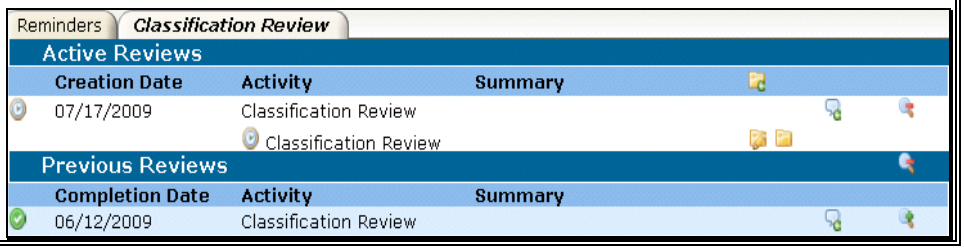
B Classification of Borrower Accounts (Continued)

Question	Source
1: New Borrower accounts are classified (Cntd)	On the Classification Review Workflow Report Page, using the drop-down lists, select the following and CLICK "**Run Report**": • "Status", "**All**" • "Sort Selection": • "**by Service Office**: • "**by Borrower Name**". 

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts (Continued)

Question	Source
2: FBP Updated/ Transactions Processed	Borrower accounts may be accessed in DLS to view their specific classification review, determine that it has processed, and verify any questions or concerns about the borrower's classification. While on Service Center Dashboard, CLICK "**Icon**" under "CR Header" column and the Classification Review Dashboard will be displayed.  CLICK "**Classification Review**" tab to access the Classification Review process, allowing a more detailed view of the classification activities performed on that account. 

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

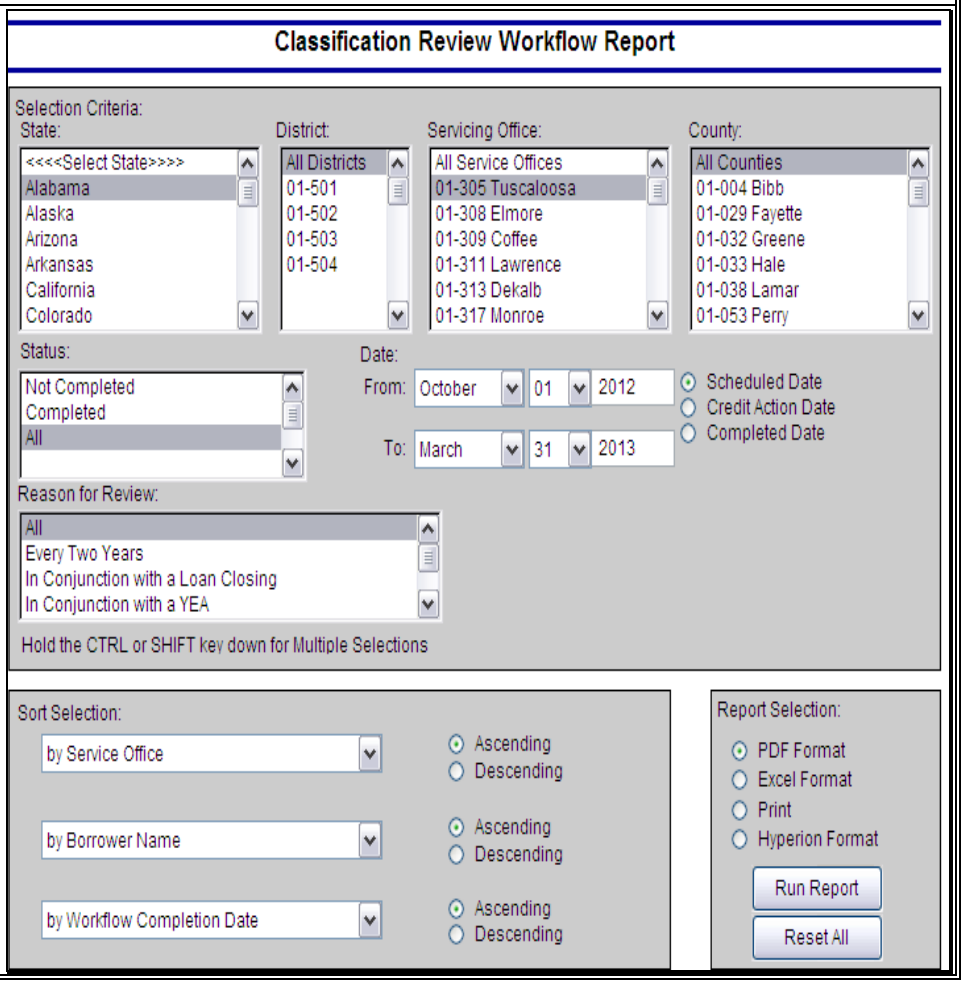
B Classification of Borrower Accounts (Continued)

Question	Source
3: Annual classification of existing borrower accounts	From the Classification Review Workflow Report Screen, create a report for the review time period. Using the drop-down lists, select the following and CLICK "**Run Report**": • "Status", "**All**" • "Date", "From" and "To", select date range for Classification Reviews that have not been completed and CLICK "**Scheduled Date**" radio button • "Reason for Review", "**All**" • "Sort Selection": • "**by Service Office**" • "**by Borrower Name**" • "**by Workflow Completion Date**". Document the number of classification reviews that need to be completed by the end of review period. Discuss with Service Center the plan to complete any reviews that will need to be completed by the end of the year. **Notes:** For questions about classifying borrower accounts, see to Part 8, Section 4. These instructions demonstrate pulling reviews scheduled for the current review period. To include all reviews that should have been completed before the current timeframe, change the From date to further in the past and select a status of "not completed".

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts (Continued)

Question	Source
3: Annual classification of existing borrower accounts (Continued)	

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

C Year End Analysis

Review requires a count of all accounts that will require YEA during the current FY. Information sources include the following:

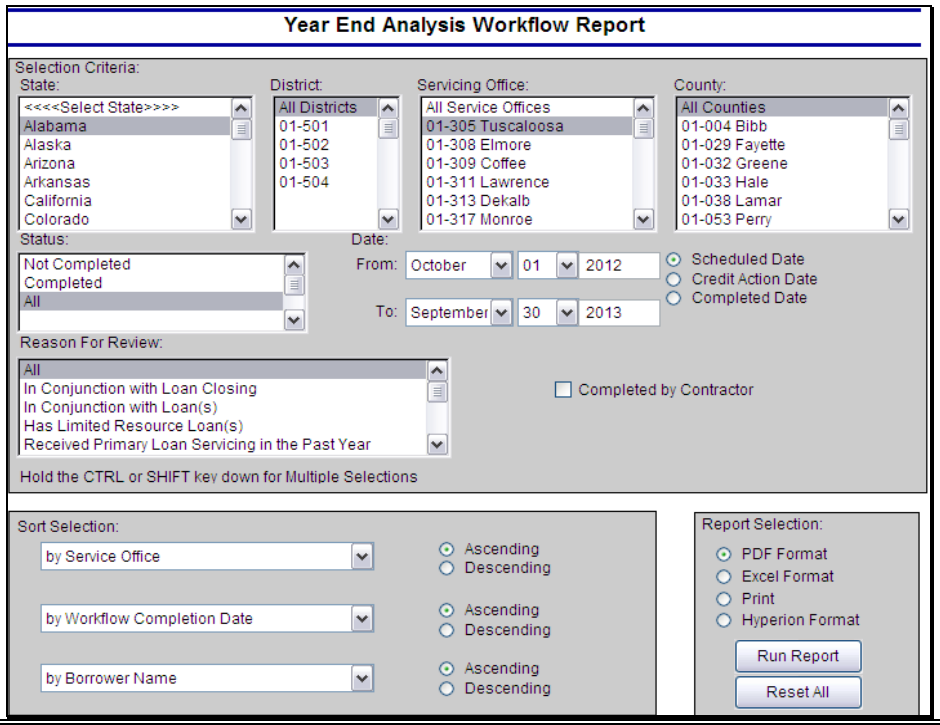
- discussions with Service Center
- OY FLPDM Year End Analysis Workflow Report.

Question	Source
1: Number of analyses required this FY	YEA's are required for all accounts with: • new loans • chattel subordinations • PLS or DSA in the previous FY • financially distressed or delinquent accounts • accounts with limited resource loans. Access from Data Mart, **OY FLPDM Year End Analysis Workflow Report** for the review time period, to determine if reviews are being completed as required. **Note**: See to Part 8, Section 5, for questions about YEA's.

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

C Year End Analysis (Continued)

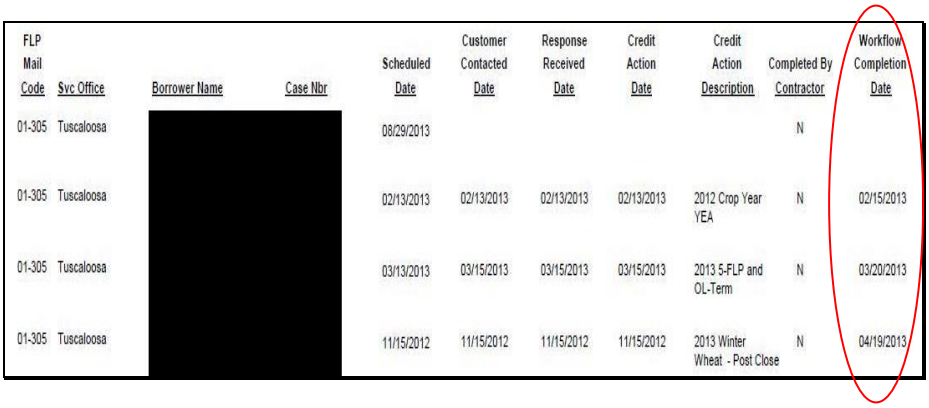
Question	Source
1: Number of analyses required this FY (Continued)	On the Year End Analysis Workflow Report Screen, from the drop-down lists, select the following and CLICK "**Run Report**": • "Status", "**All**" • "Date", beginning of FY to current date and CLICK "**Scheduled Date**" radio button • "Reason For Review", "**All**" • "Sort Selection": • "**by Service Office**" • "**by Workflow Completion Date**" • "**by Borrower Name**". 

E Part B: Semiannual Reviews (Continued)

2 Direct Loan Servicing (Continued)

C Year End Analysis (Continued)

Question	Source
2: Number of Analysis completed year to date	When reviewing the Year End Analysis Workflow Report, count the number of YEA's that have been completed. Subtract that number from the total number of YEA's on the report to determine how many remain to be completed.
3: Number of Analysis needed to be completed prior to the end of the FY	Discuss a plan to complete all required YEA's with the Service Center.



FLP Mail Code	Svc Office	Borrower Name	Case Nbr	Scheduled Date	Customer Contacted Date	Response Received Date	Credit Action Date	Credit Action Description	Completed By Contractor	Workflow Completion Date
01-305	Tuscaloosa	[redacted]		08/29/2013					N	
01-305	Tuscaloosa			02/13/2013	02/13/2013	02/13/2013	02/13/2013	2012 Crop Year YEA	N	02/15/2013
01-305	Tuscaloosa			03/13/2013	03/15/2013	03/15/2013	03/15/2013	2013 5-FLP and OL-Term	N	03/20/2013
01-305	Tuscaloosa			11/15/2012	11/15/2012	11/15/2012	11/15/2012	2013 Winter Wheat - Post Close	N	04/19/2013

The final column of the report is completion date for YEA workflow. Use the number of completed/noncompleted workflow items to answer questions 2 and 3.

Note: To view YEA's that should have been completed before the current timeframe, change "Status" to "**Not Completed**" and the date range as applicable.

E Part B: Semiannual Reviews (Continued)

3 Guaranteed Loan Servicing

A Semiannual and Default Status Reports and Delinquent Loan Accounts

Review and discuss the reports with the FLM, FLO, and/or SFLO to complete review items. Information sources include the following:

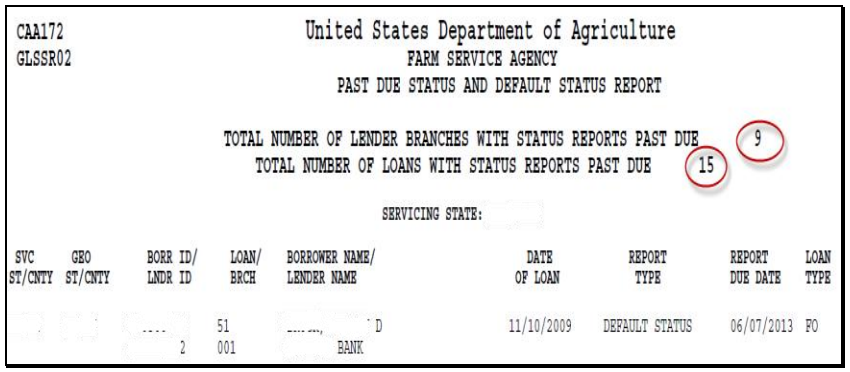
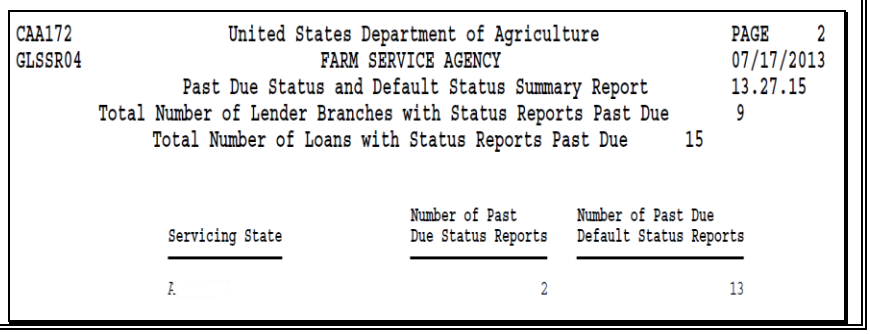
- 2-FLP, paragraphs 266 and 300
- discussions with the Service Center
- GLS Report Code GLS-2001
- GLS Report Code GLS4265
- GLS Report Code GLSSR02
- GLS Report Code GLSSR04.

Question	Source
1: Status reports and default status reports are received from the lenders	GLS4265, Submitted Status Reports, displays the list of lenders who have submitted a status report. Access from GLS Reports, GLS Status Reports, **GLS4265 Submitted Status Reports**.
2: Status reports and default status reports are reviewed by FLM	Discuss the office procedure for reviewing of status reports and default status reports with FLM.

E Part B: Semiannual Reviews (Continued)

3 Guaranteed Loan Servicing (Continued)

A Semiannual and Default Status Reports and Delinquent Loan Accounts (Continued)

Question	Source
3: Status reports and default status reports are input into GLS when they are received	Report Code **GLSSR02, Past Due Status and Default Status Reports**, displays status reports and default status reports that were due and have not been recorded in GLS. This report lists past reports due by borrower. Report Code GLSSR04, Past Due Status and Default Status Summary Report, summarizes the total number of lender branches/loans with past due reports. Discuss any reports that have not been input into GLS with Service Center. The following GLS Report GLSSR04 summarizes reports due.  CAA172 GLSSR02 United States Department of Agriculture FARM SERVICE AGENCY PAST DUE STATUS AND DEFAULT STATUS REPORT TOTAL NUMBER OF LENDER BRANCHES WITH STATUS REPORTS PAST DUE 9 TOTAL NUMBER OF LOANS WITH STATUS REPORTS PAST DUE 15 SERVICING STATE: SVC ST/CNTY / GEO ST/CNTY / BORR ID/ LNDR ID / LOAN/ BRCH / BORROWER NAME/ LENDER NAME / DATE OF LOAN / REPORT TYPE / REPORT DUE DATE / LOAN TYPE 2 001 51 BANK 11/10/2009 DEFAULT STATUS 06/07/2013 FO  CAA172 GLSSR04 United States Department of Agriculture FARM SERVICE AGENCY Past Due Status and Default Status Summary Report PAGE 2 07/17/2013 13.27.15 Total Number of Lender Branches with Status Reports Past Due 9 Total Number of Loans with Status Reports Past Due 15 Servicing State / Number of Past Due Status Reports / Number of Past Due Default Status Reports A 2 13

E Part B: Semiannual Reviews (Continued)

3 Guaranteed Loan Servicing (Continued)

A Semiannual and Default Status Reports and Delinquent Loan Accounts (Continued)

Question	Source
4: FLP staff is following-up on servicing actions for delinquent accounts. FLM is reviewing loss claims	Discuss the follow-up actions being taken on each account that is delinquent and/or has an anticipated loss claim with Service Center. List all delinquent accounts on this report. Access from GLS reports, **GLS2001, Lists of Delinquent Borrowers** report. The report displays delinquent loan information by mail code for all loans past due.
5: List delinquent accounts	

E Part B: Semiannual Reviews (Continued)

3 Guaranteed Loan Servicing (Continued)

B Lender Reviews

Review requires a count of loans or accounts for each type of lender. Information sources include the following:

- 2-FLP, paragraph 267
- discussions with Service Center
- GLS Report Code GLS2003
- record count from Operational Files.

Question	Source
1: Required Number of SEL borrower files to be reviewed for FY	Access from GLS Reports, GLS Status Reports Code **GLS2003, Guaranteed Loans by Lender Caseload**. Report lists guaranteed loan information by lender ID within lender name, giving a total amount by lender. Review and discuss the report with FLM, FLO, and/or SFLO. Review items: • (1), (3), and (5) will be determined by the number of borrowers for each lender, and the percentage required to be reviewed based on lender status according to 2-FLP, subparagraph 267 B. • (2), (4), and (6) will be determined through discussion with FLM, FLO, and/or SFLO.
2: Number of SEL borrower files reviewed year to date	
3: Required number of CLP borrower files to be reviewed for FY	
4: Number of CLP borrower files reviewed year to date	
5: Required number of PLP borrower files to be reviewed for FY	
6: Number of PLP borrower files reviewed year to date	

F Part C: Annual Reviews

Note: Use the "**Review Area Comments**" section to note issues on which to followup or other comments relevant to the review.

1 Direct Loan Servicing

A Borrower Graduation

Review required for all borrower accounts classified as a "1" or "2". Information sources include the following:

- 4-FLP Part 4
- discussions with the Service Center
- DLS Graduation Review Monitoring Report
- Operational Files.

<table>
<tr><th>Question</th><th>Source</th></tr>
<tr><td>1: Lender surveys are completed annually</td><td>Each October, an authorized agency official shall contact local lenders to obtain their underwriting criteria for making agricultural loans. A summary of this information should be kept in the Operational Files. Review to determine if this information was obtained.

For information about borrower graduation requirements, see 4-FLP, Part 4.

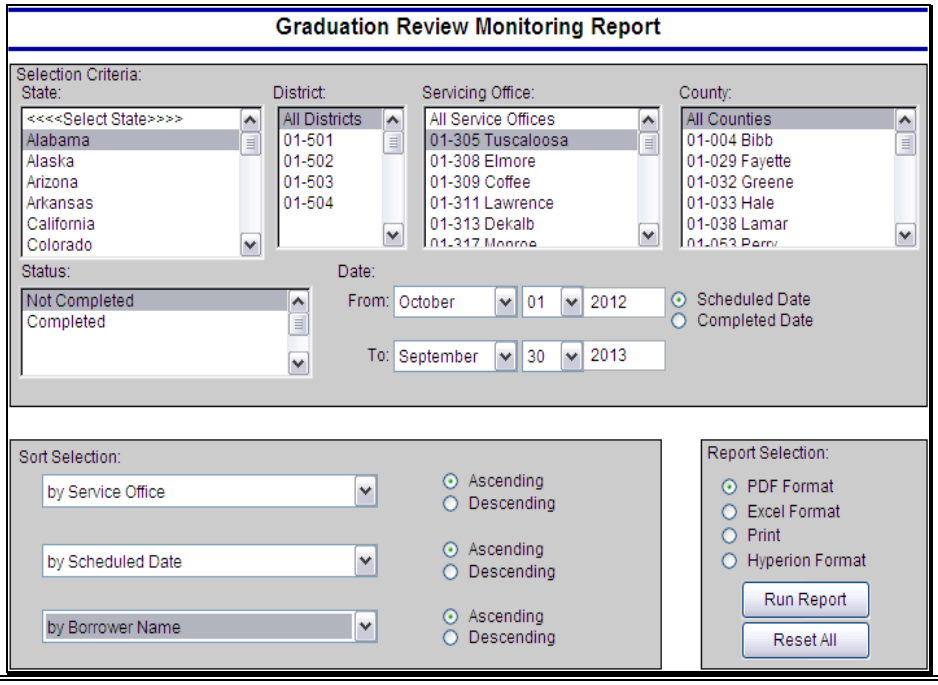
<table>
<tr><th colspan="6">Lender Agricultural Loan Underwriting Standards</th></tr>
<tr><th colspan="6">Short-Term Credit</th></tr>
<tr><th></th><th>Lender</th><th>Lender</th><th>Lender</th><th>Lender</th><th>Applicant</th></tr>
<tr><td>Date Completed</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Name</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Lending Limit</td><td></td><td></td><td></td><td></td><td>N/A</td></tr>
<tr><td>Minimum Loan Size</td><td></td><td></td><td></td><td></td><td>N/A</td></tr>
<tr><td>Percent Equity</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Percent Repayment Margin</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Types of Security Required</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Maximum Loan to Security Value</td><td></td><td></td><td></td><td></td><td>N/A</td></tr>
<tr><td>Maximum Term of Loan</td><td></td><td></td><td></td><td></td><td>N/A</td></tr>
</table>

Information gathered from local lenders should be summarized on a table such as 4-FLP, Exhibit 22 representing Short Term, Intermediate Term, and Long Term Credit.</td></tr>
</table>

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

A Borrower Graduation (Continued)

	Question	Source
2:	Graduation potential for borrowers is documented in each borrower's case file and the operational file as appropriate	Graduation reviews should be conducted for all borrowers who classify as a "1" or "2". From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "**OY FLPDM Graduation Review Monitoring Report**". From the Graduation Review Monitoring Report Screen, create the report to determine borrowers who classify as "1" and "2", but have not yet had a graduation review. Discuss with the Service Center to determine when graduation reviews will be completed for these borrowers. **Notes:** Answer "**Yes**" only if all required reviews have been completed for the FY, and explain the Service Center plan of action to complete the reviews. Report can be set up to pull all Graduation Reviews "Not Completed" (CLICK "**Scheduled Date**") or "Completed" (CLICK "**Completion Date**") for the Service Center during the current FY. 

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

A Borrower Graduation (Continued)

Question	Source
3: Follow-up is completed for borrowers who are asked to graduate	Borrower accounts that are determined eligible for graduation will be submitted to local lenders using a borrower prospectus similar to 4-FLP, Exhibit 24. 4-FLP, Exhibit 24 is used to determine local lender interest in refinancing a specific operation. Discuss the status of any borrower that has been asked to graduate with the Service Center.

4-FLP, Exhibit 24

(Use Agency Letterhead format with local return address.)

BORROWER PROSPECTUS

Dear:

FSA is required to determine if direct loan applicants can obtain commercial credit with an FSA loan guarantee. Also, FSA direct loan borrowers must be referred to commercial lenders for guaranteed or nonguaranteed financing when they appear to meet the lending criteria of a cross-section of local lenders.

Your institution is among those that asked to receive prospectus information on all such FSA applicants and borrowers. Therefore, we have attached financial summary information on the following borrower for your review and consideration:

Name	Eligible for FSA Loan Guar. YES	Eligible for FSA Loan Guar. NO	Total Amount Existing FSA Term Loan(s)	Estimated Production Loan Needed	Lender Use: Refer	Lender Use: Do Not Refer

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

A Borrower Graduation (Continued)

	Question	Source
3:	Follow-up is completed for borrowers who are asked to graduate (Continued)	If lenders exhibit interest in refinancing, the borrower is provided with a letter similar to 4-FLP, Exhibit 25, instructing them to begin the process of refinancing the FSA debt. 4-FLP, Exhibit 25 is used to notify borrowers that lenders are interested in refinancing their FSA debt. Borrower responses to this letter should be documented in the borrower case file.

4-FLP, Exhibit 25

(Use Agency Letterhead format with local return address.)

LETTER TO NOTIFY BORROWERS TO REFINANCE THEIR FSA INDEBTEDNESS

Dear:

The financial progress you have made since receiving your Farm Service Agency (FSA) loan(s) has been reviewed. You should take pride in the progress you have made. We share that pride with you and are pleased that we may have been of service.

Your FSA loan and security instruments require you to refinance the unpaid balance of your loan(s), when you have progressed to the extent that you can obtain credit from responsible cooperative or commercial lenders.

Lenders have been contacted to determine their requirements and the availability of credit to new customers. We have evaluated your financial progress, together with the lender requirements, and find that you should now be able to secure satisfactory credit to pay your FSA loan(s). Therefore, we request that you refinance your `[Enter type of loan, FO, OL, etc]` loan(s) in full.

This approximate balance is $ _____.

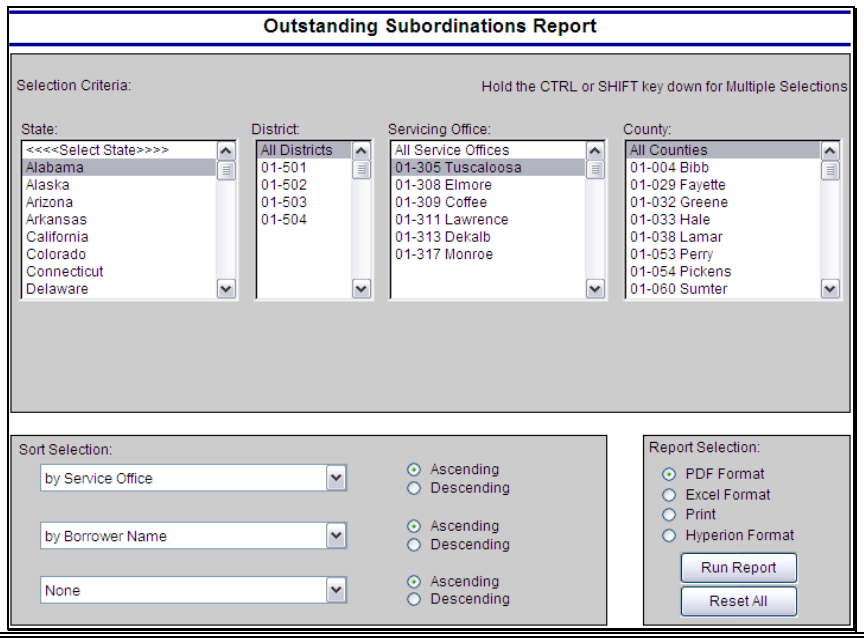
F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

B Subordinations

Review all accounts with outstanding subordinations. Information sources include the following:

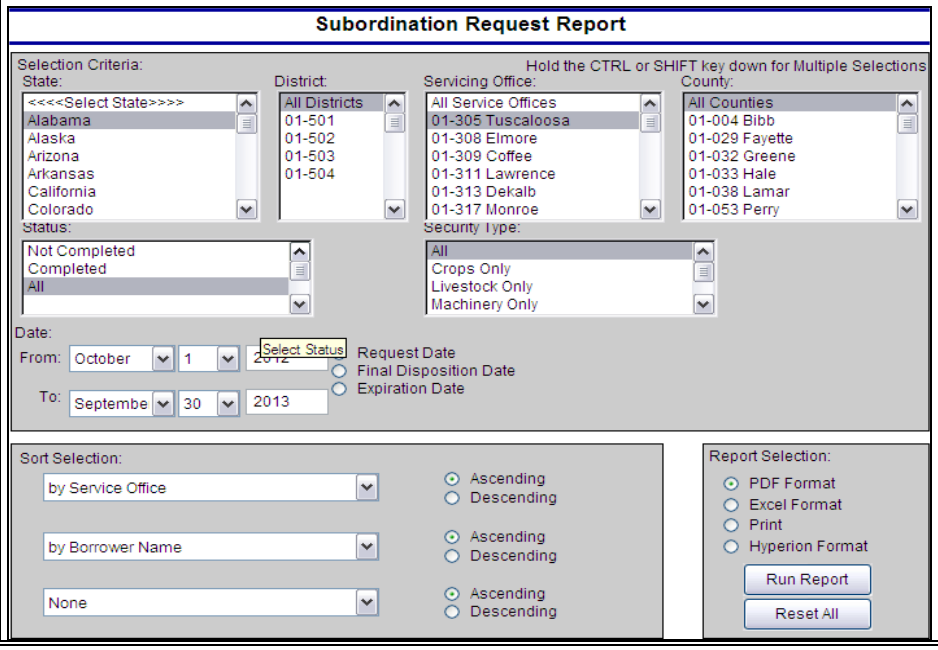
- 4-FLP Part 6
- borrower case files
- discussions with Service Center
- DLS Outstanding Subordination Report
- DLS Subordination Request Report.

Question	Source
1: Borrower Name	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "**OY FLPDM Outstanding Subordinations Report**". From the Outstanding Subordination Report Screen, create the report to generate a list of all borrowers with outstanding subordinations. Discuss all outstanding subordinations with the Service Center to ensure that the accounts are being monitored and serviced. **Note:** The following example report is set to provide information for a single Service Center. The report will contain information for all outstanding subordinations. 

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

B Subordinations (Continued)

Question	Source
3: Matured loans have been paid off and the original subordination document has been returned marked "paid-in-full"	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "**OY FLPDM Subornation Request Report**". From the Subordination Request Report Screen, create the report for the current FY to determine any subordination that has been paid-in-full during the year. For all subordination requests made during the current FY select the following and CLICK "**Run Report**": • "Status", "**All**" • "Security Type", "**All**" • "Date", "From" and "To", select all FY to date and CLICK "**Request Date**" radio button • "Sort Selection": • "**by Service Office**" • "**by Borrower Name**". 

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

B Subordinations (Continued)

Question	Source
3: Matured loans have been paid off and the original subordination document has been returned marked "paid-in-full" (Continued)	Ensure that the original subordination document was marked paid-in-full and returned. The final column of the report indicates the date the subordination was paid-in-full.

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

C Chattel Security Accounting

Review a sample of 5 borrower accounts; review all if less than 5. Review more files if deficiencies are found. Information sources include the following:

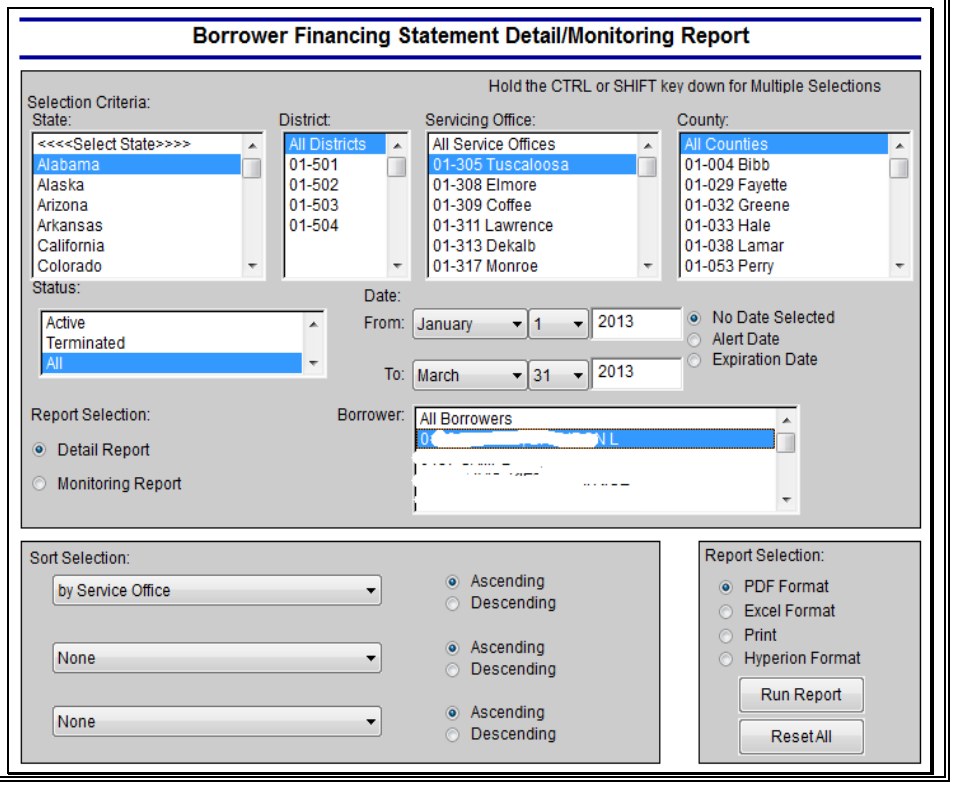
- borrower case file
- discussion with Service Center officials
- DLS Borrower Financing Statement Combined Reports
- DLS Farm Visit Workflow Report
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

Question	Source
1: Borrower Name	Select 5 chattel-secured borrowers at random from Data Mart Direct Loan Servicing/Routine Servicing, **OY FLPDM Status of Farm Loan Programs** (540) **Report**.

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

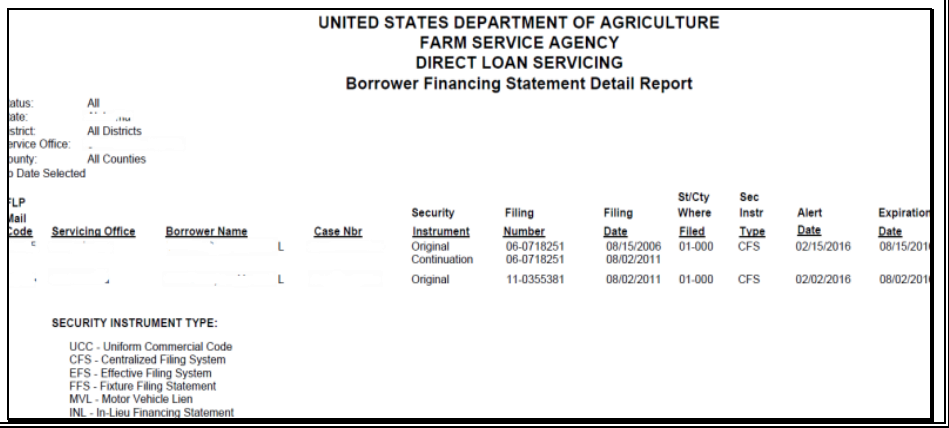
C Chattel Security Accounting (Continued)

Question	Source
2: UCC filings have been properly continued or amended as applicable and the management system has been updated for correct follow-up date	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "**OY FLPDM Borrower Financing Statement Combined Report**". From the Borrower Financing Statement Detail/Monitoring Report Screen, create the report for a specific borrower selected from the 540 report. To create a report for a specific borrower select the following and CLICK "**Run Report**": • "Status", "**All**" • "Date", "From" and "To", desired range and CLICK "**No Date Selected**" radio button • "Report Selection", CLICK "**Detail Report**" radio button • "Borrower", locate and select the borrower. 

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

C Chattel Security Accounting (Continued)

Question	Source
2: UCC filings have been properly continued or amended as applicable and the management system has been updated for correct follow-up date (Continued)	Review the resulting Borrower Financing Statement Detail Report to see if the borrower select has: • financing statements that are in need of continuation • expired financing statements • followup dates (displayed on the screen as "**Alert Date**") listed for the next action on the financing statement. Report will indicate the last filing/continuation date and the next expiration date. 

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
DIRECT LOAN SERVICING
Borrower Financing Statement Detail Report

atus: All
ate:
strict: All Districts
ervice Office:
ounty: All Counties
Date Selected

FLP Mail Code	Servicing Office	Borrower Name		Case Nbr	Security Instrument	Filing Number	Filing Date	St/Cty Where Filed	Sec Instr Type	Alert Date	Expiration Date
			L		Original	06-0718251	08/15/2006	01-000	CFS	02/15/2016	08/15/201
					Continuation	06-0718251	08/02/2011				
			L		Original	11-0355381	08/02/2011	01-000	CFS	02/02/2016	08/02/201

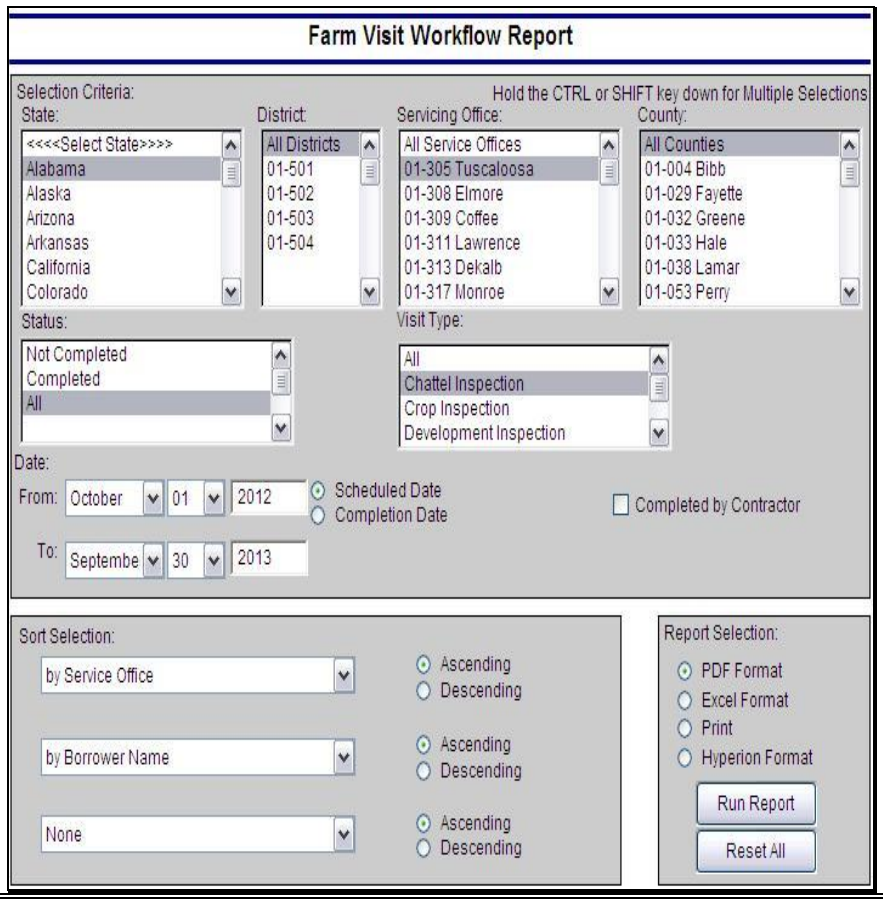
SECURITY INSTRUMENT TYPE:

UCC - Uniform Commercial Code
CFS - Centralized Filing System
EFS - Effective Filing System
FFS - Fixture Filing Statement
MVL - Motor Vehicle Lien
INL - In-Lieu Financing Statement

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

C Chattel Security Accounting (Continued)

Question	Source
3: Annual inspections of chattels are completed as required	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "**OY FLPDM Farm Visit Workflow Report**". From the Farm Visit Workflow Report Screen, create the report for Chattel Inspections to determine if chattel security has been inspected this year. To create the report for chattel inspections **only**, select the following and CLICK "**Run Report**": • "Status", "**All**" • "Visit Type", "**Chattel Inspection**" • "Date", "From" and "To", select desired range and CLICK "**Scheduled Date**" or "**Completion Date**" radio button. 

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

C Chattel Security Accounting (Continued)

Question	Source
3: Annual inspections of chattels are completed as required (Continued)	The Chattel Inspection Report will indicate date of completed or scheduled inspections, based on selection made on the Farm Visit Workflow Report Screen. Discuss with Service Center the plan for ensuring chattel security is accounted for on inspections that have not been completed.

F Part C: Annual Reviews (Continued)

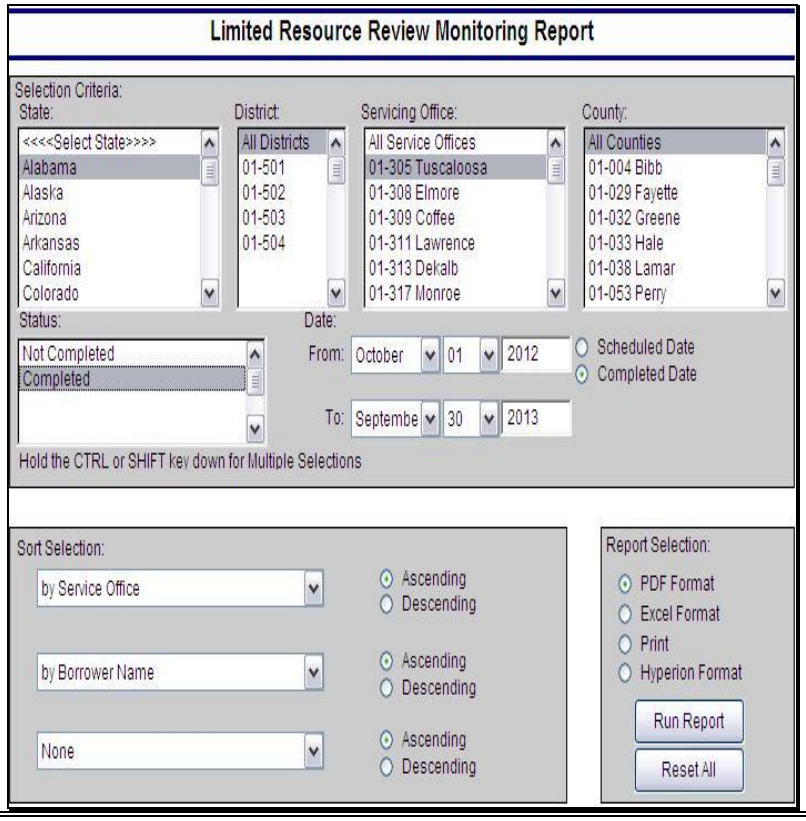
1 Direct Loan Servicing (Continued)

D Limited Resource Reviews

Review 5 limited resource borrower accounts; review all if there are less than 5.

Information sources include the following:

- 4-FLP, Part 3
- borrower case file
- DLS Limited Resource Review Monitoring Report
- documentation, discussion with Service Center officials.

Question	Source
1: Borrower Name	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "**OY FLPDM Limited Resource Review Monitoring Report**". From the Limited Resource Review Monitoring Report Screen, create the report for all completed reviews. Report options can be changed to provide all "Status", "Completed", or "Not Completed" reviews. 

F Part C: Annual Reviews (Continued)

1 Direct Loan Servicing (Continued)

D Limited Resource Reviews (Continued)

Question	Source
2: Analysis is completed and continued need for LR rates is documented in the borrower case file	Using the Limited Resource Review Monitoring Report, view all reviews that were completed or not completed during FY. After creating the report for "Completed" reviews, create a second report for reviews "Not Completed". Discuss with Service Center any reviews that have not been completed. Examine borrower case files to ensure that analysis documentation and limited resource rate determination has been made as part of all limited resource rate reviews. Review 4-FLP, Part 3 and discuss with Service Center if there are issues with their determination. UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report Page 1 07/17/2013 03:43 PM tatus: Not Completed tate: istrict: All Districts ervice Office: All Servicing Offices ounty: All Counties cheduled Date: 10/01/2012 - 09/30/2013 FLP Mail Code / Svc Office / Borrower Name / Case Nbr / Fd Cd/ Ln No / Date Loan Closed / Loan Amount / Current Interest Rate / Flags / Scheduled Date / Effective Date / Completed Date Y 8 06/22/2013 Y 4 PLS 09/20/2013

F Part C: Annual Reviews (Continued)

2 Program Delivery

A Supervised Bank Accounts

Review all borrower files with supervised bank accounts. Information resources include the following:

- borrower case file running record
- discussion with the Service Center
- FSA-2140
- FSA-2142
- notices.

Note: SBA is an approved abbreviation in 1-CM, Exhibit 102 that stands for "Small Business Administration"; however, because of software programming, SBA in the following table stands for "Supervised Bank Accounts".

Question	Source
1: Borrower Name	FSA-2142.
2: The need for an SBA is documented by FLM/FLO	Borrower case file running record and FBP credit presentation.
3: Borrower has consented to continued use of the SBA	1-FLP, subparagraph 101 B and FSA-2140.
4: DD or State Office has documented concurrence or non-concurrence with the use of an SBA and the reasons for concurrence or non-concurrence in borrower case file	1-FLP, subparagraph 101 C and DD documentation in borrower case file running record.

F Part C: Annual Reviews (Continued)

2 Program Delivery (Continued)

B Program Promotion

Meet with 2 to 4 randomly selected borrowers and/or guaranteed lenders to ascertain the quality of program delivery in the Service Center.

Question	Source
1: Met with 2-4 randomly selected borrowers and/or guaranteed lenders to ascertain the quality of program delivery in the Service Center.	Discussion with borrowers and/or lenders. Borrower case file documentation **required**.

G Part D: Additional Reviews

Note: This section is **mandatory** for all Service Centers that had **FLPRA or COR reviews.**

1 "Farm Loan Program Risk Assessment (FLPRA) Reviews"

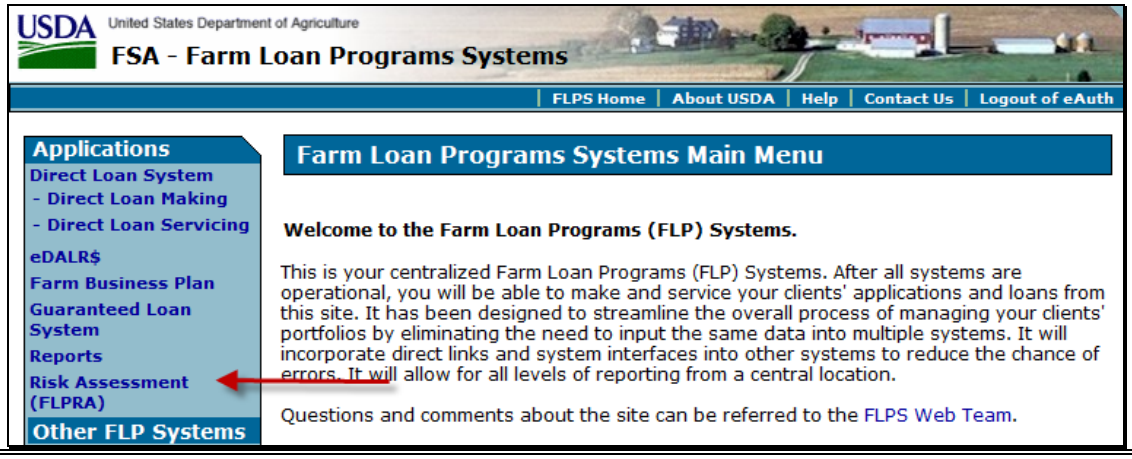
Mandatory to be completed within **1st quarter following the FLPRA review**.

Question	Source
1: Date of FLPRA Review by State Office	All review scores are entered in the FLPRA database along with the review date.
2: Date findings were discussed with FLP staff	This date may or may not be the review date entered in FLPRA database. Check with the Service Center or State Office for this date if not present when discussed.

DD should be a part of the State FLPRA process for Service Centers they oversee by:

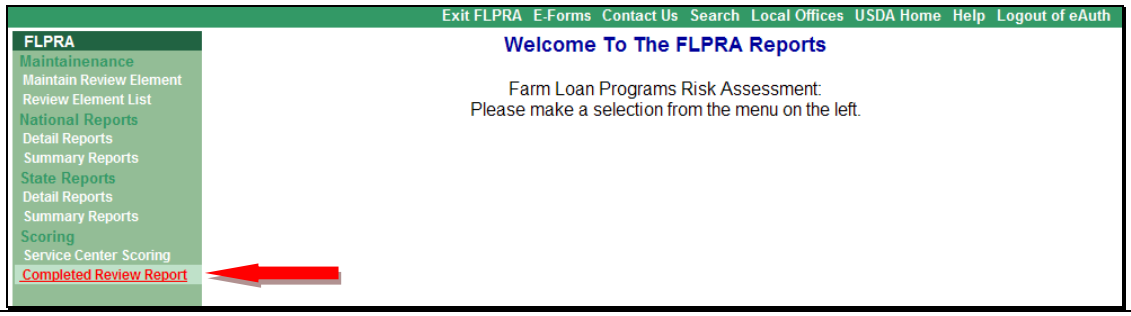
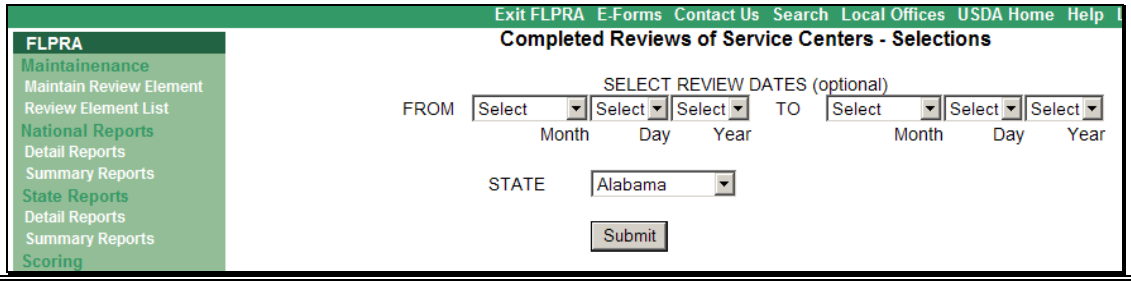
- being present when reviews are conducted and the findings are discussed with the FLP office
- annually reviewing FLPRA scores to be aware of the risk and potential risk of these offices.

Follow these steps to access Service Center FLPRA scores.

Step	Action
1	From the Farm Loan Programs Systems Main Menu, under "Applications", CLICK "**Risk Assessment FLPRA**". 

G Part D: Additional Reviews (Continued)

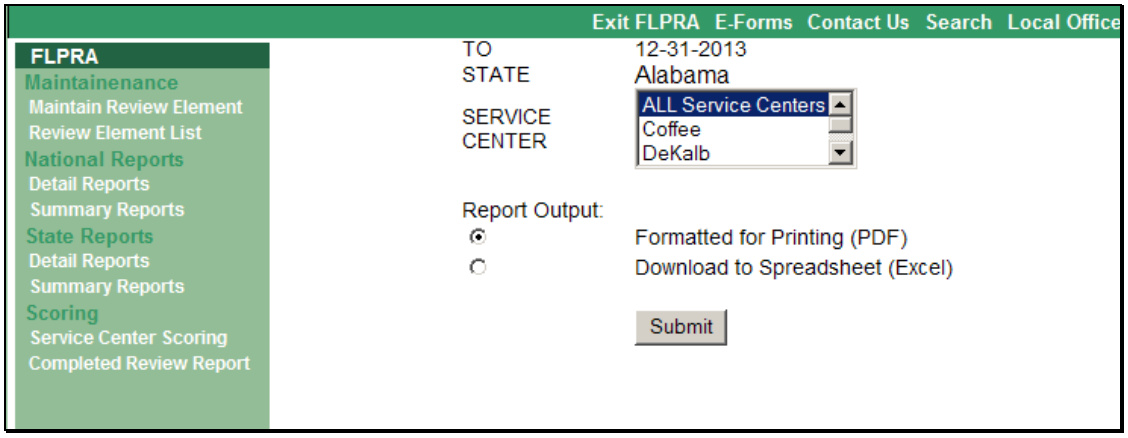
1 "Farm Loan Program Risk Assessment (FLPRA) Reviews" (Continued)

Step	Action
2	The Welcome To The FLPRA Reports Screen will be displayed. Under "FLPRA", "Scoring", CLICK "**Completed Review Report"**. 
3	The Completed Reviews of Service Centers – Selections Screen will be displayed. Use the following and CLICK "**Submit**": • "From" and "To" drop-down lists to select dates • "State" drop-down list to select applicable State. 

G Part D: Additional Reviews (Continued)

1 "Farm Loan Program Risk Assessment (FLPRA) Reviews" (Continued)

Step	Action
4	The following screen will be displayed. Use the following and CLICK "**Submit**": • "Service Center" drop-down list to select the office being reviewed • "Report Output" radio button to select PDF or Excel report format.



In the following example Excel format report, the FLPRA review date is displayed.

U.S. DEPARTMENT OF AGRICULTURE
FSA - FARM LOAN PROGRAMS
COMPLETED REVIEW OF SERVICE CENTERS
PREPARED: Jan 24, 2014 10:21:02 AM

					CLASSIFICATION			
STATE	SVCG OFC CODE	SERVICE CENTER CITY	COUNTY	LAST REVIEW DATE	FI	PO	PM	CS
ZZ	1234	Any town	Any County	9/14/2009	2	2	2	2
	1234	Any town	Any county	7/23/2013	2	2	2	2

G Part D: Additional Reviews (Continued)

Note: This section is **mandatory** for all Service Centers that had **FLPRA or COR reviews.**

2 "County Operations Reviews"

Mandatory to be completed within **1st quarter following the COR review**.

Question	Source
1: Date of COR Review	Check with the Service Center or State Office for the date if not present for review.
2: Date findings were discussed with FLP staff; strategy developed for correcting deficiencies and preventing further occurrences of review findings	Check with the Service Center or State Office for the date if not present when discussed.

DD should be:

- a part of the COR process for the Service Centers they oversee
- present when COR review is conducted and the findings discussed with the FLP office.

H Part E: Certification District Director Signature

Certify oversight reports by entering the following:

- DD's signature
- DD's name
- date signed.

Note: Oversight reports are locked when DD or proxy submit the report or after the due date, whichever comes first, and does **not** allow anyone to add, modify, or delete review information.

I Example of Completed Oversight Report

The following is an example of a completed oversight report.

Report Print Page — Page 1 of 9

Report Generated On: 7/22/2013

FSA 2101

U.S. Department of Agriculture
Farm Service Agency

DD FLP OVERSIGHT REPORT GUIDE
First Quarter Report
For Reviews Completed for the Period of 10/1/2011 through 12/31/2011.
(District Director should complete this review before 1/31/2012.)

1.STATE	2.DISTRICT NUMBER	3.SERVICE CENTER	4.FISCAL YEAR
	D-01	ı Service Center	2012

Part A. Quarterly Review 1. Direct Loan Making : Review Of Direct Loan Applications
A. Complete/Approved Application File Reviews

1. Applicant Name
2. Applicant representation is consistent within all FSA programs (Applicant has not applied for or received Agency benefits under any other name, entity or identification number)
3. Applicant was notified of receipt of complete application
4. Applicants were notified within 5 days of an eligibility determination
5. Appropriate environmental assessment completed
6. If application was held over 45 days without a loan decision, was a reason entered in DLS?
7. Credit decision (approval) was made within 60 days of receipt of complete loan application

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Yes	Yes	Yes	Yes	NA	Yes
	Yes	Yes	Yes	Yes	NA	Yes
	Yes	Yes	Yes	Yes	NA	Yes
	Yes	Yes	Yes	Yes	NA	Yes
	Yes	Yes	Yes	Yes	NA	Yes

Part A. Quarterly Review 1. Direct Loan Making : Review Of Direct Loan Applications
B. Incomplete Application File Reviews

1. Applicant Name
2. Required notifications were sent to applicants within required timeframes
3. Items needed for a complete application are clearly identified in notifications
4. Applicants are notified of required due dates for items needed for complete application

(1)	(2)	(3)	(4)
	Yes	Yes	Yes
	Yes	Yes	Yes
	Yes	Yes	Yes

Part A. Quarterly Review 1. Direct Loan Making : Review Of Direct Loan Applications
C. Withdrawn Application File Reviews

1. Applicant Name
2. SDA
3. Reason for the withdrawal of application is clearly documented

I Example of Completed Oversight Report (Continued)

4. A complete application was received?
5. If a complete application was not received, an effort was made to obtain a complete application
6. ECOA and non-discrimination statements have been included in correspondence to applicant

(1)	(2)	(3)	(4)	(5)	(6)
	Yes	Yes	**No**	Yes	Yes
	Yes	Yes	**No**	Yes	Yes
	Yes	Yes	**No**	Yes	Yes

Part A. Quarterly Review 1. Direct Loan Making : Review Of Direct Loan Applications
D. Rejected Application File Reviews

1. Applicant Name
2. SDA
3. Reasons for denial including applicable citations of requirements from CFR sections are clearly documented in the notification letter to the applicant
4. Appropriate review/appeal rights were included in the notification letter to the applicant according to 1-APP
5. ECOA and non-discrimination statements were included in the notification letter to the applicant according to 1-FL

(1)	(2)	(3)	(4)	(5)
	No	Yes	Yes	Yes
	No	Yes	Yes	Yes

Part A. Quarterly Review 2. Guaranteed Loan Making : Review Of Guaranteed Loan Applications

1. Applicant Name
2. Lender Name
3. Lender Type
4. Applicant representation is consistent within all FSA programs (Applicant has not applied for or received Agency benefits under any other name, entity or identification number)
5. Lender was notified of incomplete and/or complete application within timeframes prescribed in 2-FLP
6. Eligibility of borrower and loan purposes have been evaluated; denial/withdrawal are thoroughly documented anc appropriate appeal/review rights were provided
7. Processing times are within timeframes prescribed in 2-FLP for lender type
8. Appropriate environmental assessment completed

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Federal Land Bank	PLP	Yes	Yes	Yes	Yes	Yes
	Federal Land Bank	PLP	Yes	Yes	Yes	Yes	Yes
	Bank	PLP	Yes	Yes	Yes	Yes	Yes
	Farm Credit	PLP	Yes	Yes	Yes	Yes	Yes

Part A. Quarterly Review 3. Direct Loan Servicing A. Delinquent Account Servicing
I. Borrowers With Loans 90 Days Or More Past Due

1. Borrower Name
2. PLS history report indicates a PLS notice was sent within 15 calendar days of borrower's account becoming 90 da past due.

I Example of Completed Oversight Report (Continued)

3. Offset notice was sent at the same time as the PLS notice (required when account is in monetary default)
4. Enter anticipated resolution
5. Enter target date for resolution of delinquency

(1)	(2)	(3)	(4)	(5)
	Yes	Yes	5- Other: enter explanation in comments	03/31/2012
	Yes	Yes	1- Borrower to pay current: enter source of funds in comments	02/29/2012
	Yes	Yes	1- Borrower to pay current: enter source of funds in comments	01/18/2012
	Yes	Yes	5- Other: enter explanation in comments	03/30/2012
	No	NA	5- Other: enter explanation in comments	02/29/2012

Part A. Quarterly Review 3. Direct Loan Servicing A. Delinquent Account Servicing II. Borrowers With Loans Less Than 90 Days Past Due

1. Borrower Name
2. Delinquency can be resolved before account enters 90 days past due
3. Anticipated Resolution
4. Target Date for resolution of delinquency

(1)	(2)	(3)	(4)
	Yes	Borrower to pay account current.	01/04/2012
	Yes	Borrower to pay account current.	02/03/2012
	Yes	Borrower to pay account current.	02/10/2012
	No	Borrower to pay account current.	03/30/2012
	Yes	Borrower to pay account current.	03/27/2012
	No	Borrower to pay account current.	05/25/2012
	Yes	Borrower to pay account current.	01/18/2012
	Yes	Borrower to pay account current.	01/18/2012
	Yes	Borrower to pay account current.	01/18/2012
	No	Borrower to pay account current.	06/29/2012
	No	Borrower to pay account current.	09/07/2012
	Yes	Borrower to pay account current.	03/29/2012
	Yes	Borrower to pay account current.	03/01/2012
	Yes	Borrower to pay account current.	02/27/2012
	Yes	Borrower to pay account current.	03/01/2012
	Yes	Borrower to pay account current.	02/17/2012
	No	Borrower to pay account current.	03/30/2012

Part A. Quarterly Review 3. Direct Loan Servicing A. Delinquent Account Servicing III. Borrowers With Loans That May Require Attention

1. Borrower Name
2. Account Flag

I Example of Completed Oversight Report (Continued)

3. Payments are being made and are current according to an approved plan or agreement
4. Accounts are serviced according to applicable regulations and/or handbook instructions

(1)	(2)	(3)	(4)
	SAA (Subject to Approved Adjustment)	Yes	Yes
	SAA (Subject to Approved Adjustment)	Yes	Yes
	SAA (Subject to Approved Adjustment)	Yes	Yes
	BAP (Bankruptcy Action Pending)	Yes	Yes
	ACL (Accelerated)	**No**	Yes
	BAP (Bankruptcy Action Pending)	Yes	Yes
	CAP (Court Action Pending)	**No**	Yes
	ACL (Accelerated)	**No**	Yes
	ACL (Accelerated)	**No**	Yes
	BAP (Bankruptcy Action Pending)	Yes	Yes

Part A. Quarterly Review 3. Direct Loan Servicing B. Payments And Collections

1. Borrower/Account Name.(If collection was not made at this service center,also add the county name where collection was made.)
2. Payment(s) and collections are applied within prescribed time frames
3. Payment(s) are credited to the account(s) of the correct borrower
4. Payment(s) are applied to the borrower's loans according to 4-FLP
5. There is a proper separation of duties among employees handling transactions

(1)	(2)	(3)	(4)	(5)
	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes

Part A. Quarterly Review 3. Direct Loan Servicing C. Chattel Security Accounting

1. Borrower Name
2. Dispositions and proceeds are recorded on FSA-2040
3. Funds are released in accordance with the FBP and FSA regulations as applicable
4. Work copy Security Agreement has been notated for any changes in collateral
5. FLM follows up on all apparent unauthorized dispositions; using Exhibit 31 to notify borrowers in all cases and obtains adequate documentation to enable post approval where applicable

(1)	(2)	(3)	(4)	(5)
	Yes	Yes	Yes	NA
	Yes	Yes	Yes	NA
	Yes	Yes	Yes	NA

I Example of Completed Oversight Report (Continued)

	Yes	Yes	Yes	NA
.	Yes	Yes	Yes	NA

Part A. Quarterly Review 4. Program Delivery FLP Goals : From FLP goals established by the National Office for your state

1. FLP Goal
2. State Goal
3. Service Center Goal
4. FLP Staff Progress

(1)	(2)	(3)	(4)
First year delinquency rate on new loans (%)	8.0	0	0
Direct loan processing time (Days)	30	0	0
Guaranteed loan processing time (Days)	12	0	0
Lending to beginning farmers and ranchers (%)	27.60	0	0
Lending to SDA farmers and ranchers (%)	31.90	0	0
Direct loan delinquency rate (%)	8.50	0	0
Guaranteed loan delinquency rate (%)	2.00	0	0
Primary loan servicing processing time (%)	60	0	0

Part D. ADDITIONAL REVIEWS (Mandatory to be completed within first quarter following the review) 1. Farm Loan Program Risk Assessment (FLPRA) Reviews

☑ This Review Area is not applicable for this reporting peri

1. Date of FLPRA Review by State Office
2. Date findings were discussed with FLP staff

There are no files to review.

Part D. ADDITIONAL REVIEWS (Mandatory to be completed within first quarter following the review) 2. County Operations Reviews (COR)

☑ This Review Area is not applicable for this reporting peri

1. Date of COR Review
2. Date findings were discussed with FLP staff

There are no files to review.

Part E. CERTIFICATION District Director Signature

1. District Director Signature
2. Name of District Director
3. Date

(1)	(2)	(3)
.	I _	01/30/2012

I Example of Completed Oversight Report (Continued)

Report Generated On: 7/22/2013

Comments and Action Items Report

First Quarter Report

1.STATE	2.DISTRICT NUMBER	3.SERVICE CENTER	4.FISCAL YEAR
	D-01	Service Center	2012

Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Applicati
File Reviews ► (Record)

Comment
2nd letter should have been dated and mailed on 11/22. Actually dated 11/23. 1st letter dated 11/02.

Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Applicati
File Reviews ► ► A Complete Application Was Received? (Review Item)

Response
No
Comment
Application withdrawn.

Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Applicati
File Reviews ► ► A Complete Application Was Received? (Review Item)

Response
No
Comment
Complete Application was not received.

Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Applicati
File Reviews ► _ ___ (Record)

Comment
Applicant is now working on a new application.

Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Applicati
File Reviews ► ► A Complete Application Was Received? (Review Item)

Response
No
Comment
Applicant did not provide all requested information.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9
Days Or More Past Due ► ► Enter Anticipated Resolution (Review Item)

Response
5- Other: enter explanation in comments
Comment
Borrower will not return calls. Field visit planned.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9
Days Or More Past Due ► (Record)

Comment

I Example of Completed Oversight Report (Continued)

Borrower waiting on sales of wheat crop stored in grain bin. Borrower should pay current.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9 Days Or More Past Due ► (Record)

Comment
Paid current at time of review.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9 Days Or More Past Due ► ► Enter Anticipated Resolution (Review Item)

Response
5- Other: enter explanation in comments
Comment
Borrower may request restructuring.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9 Days Or More Past Due ► ► PLS History Report Indicates A PLS Notice Was Sent Within 1 Calendar Days Of Borrower's Account Becoming 90 Days Past Due. (Review Item)

Response
No
Comment
Payment recieved prior to past due. $40.00,UCC 1 filing fee to SOS. This is a no-monitary default. FLM is processing a request to STO stating that this is non-recoverable.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9 Days Or More Past Due ► ► Enter Anticipated Resolution (Review Item)

Response
5- Other: enter explanation in comments
Comment
Applicant paid loan off. UCC 1 filing fee of 40.00 is owed due to filing with SOS taking place prior to payoff of loan. Applica has been notified of payment due.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Anticipated Resolution (Review Item)

Response
Borrower to pay account current.
Comment
Paid Current

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

Response
No
Comment
Borrower pays late.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

I Example of Completed Oversight Report (Continued)

Response
No
Comment
Borrower pays late

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Anticipated Resolution (Review Item)

Response
Borrower to pay account current.
Comment
Paid Current

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Anticipated Resolution (Review Item)

Response
Borrower to pay account current.
Comment
Paid Current

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Anticipated Resolution (Review Item)

Response
Borrower to pay account current.
Comment
Paid Current

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

Response
No
Comment
Borrower always pays late. FLO will follow up.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

Response
No
Comment
Borrower always pays late. Last year offset gov. travel.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

Response
No
Comment

I Example of Completed Oversight Report (Continued)

FLO to follow up with borrower.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► _ _ _ (Record)

Comment
Graham indicated payment had been mailed.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► _ _____ ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)

Response
No
Comment
OIG conducting review.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► _____ ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)

Response
No
Comment
Case referred to WDC.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► _ _ ► Payments Are Being Made And Are Current Accordi To An Approved Plan Or Agreement (Review Item)

Response
No
Comment
Collection actions underway. Cattle to be picked up.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► _____ ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)

Response
No
Comment
Collection actions underway. Cattle to be picked up and sold.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► (Record)

Comment
In process liquidating security.