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 44

Approved by: Deputy Administrator, Farm Loan Programs

Chris P. Beyerhelm

Amendment Transmittal

A Reasons for Amendment

Paragraph 4 has been amended to update contact information.

Paragraph 29 has been amended to reflect new loan limits resulting from annual adjustments to guaranteed loans.

Subparagraph 46 A has been amended to change the method for changing borrower addresses.

Subparagraphs 49 A and 251 E have been amended to update language.

Subparagraphs 50 C and 168 D have been amended to update FLOO according to 1-CM, Exhibit 102.

Paragraph 52 has been amended to remove obsolete provisions and update ADPS requirements.

Paragraph 54 has been added to provide the availability and use of the Hyperion Data Mart.

Subparagraph 60 B has been removed because the reference is not applicable.

Exhibit 5 has been amended to provide guidance for ordering FSA-2008.

Exhibit 15 has been amended to update procedures for obtaining access to FBP.

Exhibit 17 has been amended to provide the applicable monthly interest rates applicable to FLP.

Exhibit 35 has been amended to update DD FLP oversight review requirements.

Note: FSA-2101 has been revised and is anticipated to be posted on the FFAS Employee Forms Web Site the week of September 27, 2010.

Amendment Transmittal (Continued)

Page Control Chart		
TC	**Text**	**Exhibit**
1, 2	1-9, 1-10 2-15 through 2-18 3-19, 3-20 3-27 through 3-52 3-53 7-15 8-101, 8-102	1, page 5 5, pages 33, 34 15, pages 6.5, 6.6 pages 7, 8 pages 117, 118 17, pages 1, 2 35, pages 1-4

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
5-20	(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
43	Debarment and Suspension	3-10
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
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
54	Hyperion Data Mart	3-42
55-59	(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
147-160 (Reserved)

Part 7 PLCE's

161 Overview 7-1
162 FFIS 7-2
163 Allocating PLCE Funds 7-5
164 Program Authority Codes 7-7
165 Using PLCE for Contractual Purchases and Services 7-9
166 Using PLCE for Noncontractual Cost Items 7-10
167 Modification or Cancellation of Obligation 7-12
168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments 7-13
169-200 (Reserved)

Table of Contents (Continued)

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 Farm Operating Plan Format 8-89
243 Timing of the Farm Operating Plan 8-90
244 Revisions to the Farm Operating Plan 8-91
245 Considering New Enterprises When Developing the Farm Operating Plan 8-92
246 Considering Program Payments When Developing the Farm Operating Plan 8-94
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)

Table of Contents (Continued)

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 9-79

Exhibits

1 Reports, Forms, Abbreviations, and Redelegations of Authority
2 Definitions of Terms Used in This Handbook
3 (Reserved)
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
14 (Reserved)
15 Farm Business Plan - FSA User Handbook
16 (Reserved)
17 FLP Rates
18-25 (Reserved)
26 Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's
27-34 (Reserved)
35 DD FLP Oversight Review Source Documents

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.

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	27-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, 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.

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

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.

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.

3 FLP Forms

A Form References

Except as provided in this paragraph, this handbook refers to forms according to the new forms numbering system that becomes 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://intra3.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 Office Modified National Forms

State and County Offices shall use national forms unless their use is prohibited by State law. If modification to a national form is required to comply with State law, the State Office shall submit a copy of the national form showing the necessary modifications, through the State Directives Management System.

Note: State-specific forms based on national forms will be made available on the FFAS Employee Forms/Publications Online Website at **http://intra3.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 forms imposing information collections on 10 or more persons per year, State Offices shall work with the National Office to obtain OMB approval.

SED shall issue State supplements, as applicable, to address the use of all State-specific and State-created forms.

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

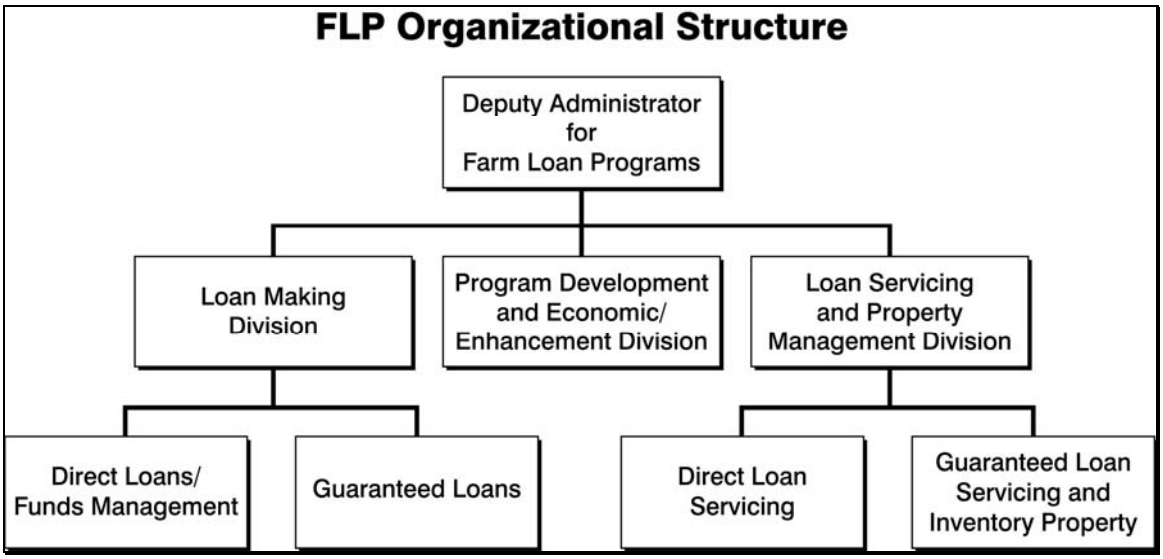
*--G Other Sources of Forms

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.--*

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
Clara Moore	Secretary to the Deputy Administrator	202-720-4671
Niki Chavez	Senior Loan Officer	202-690-6129
William Cobb	Special Programs Coordinator	202-720-1059

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 1280 MARYLAND AVE SW SUITE 240 WASHINGTON DC 20024

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

LMD FAX Number 202-690-1117		
Office of the Director		
Name	**Title**	**Phone Number**
James Radintz	Director	202-720-1632
* * *	* * *	* * *
Cheryl Marbury-Spence	Division Secretary	202-720-1632
Kenneth Hill	Assistant to the Director	202-720-5199
Direct Loans/Funds Management Branch		
Michael R. Hinton	Branch Chief	202-720-1472
Kevin Alexander	Branch Secretary	202-720-1472
*--Sandra Hammond	Loan Officer	202-720-1647--*
Connie Holman	Senior Loan Officer	202-690-0756
*--Dan Jackson	Loan Officer	202-720-0588--*
Joe Marcoccia	Senior Loan Officer	202-401-0087
Kathleen Miller	Senior Loan Officer	202-720-1643
Mike Moore	Senior Loan Officer	202-690-0651
Jerry Moseman	Senior Loan Officer	202-690-4006
Ann Smith	Loan Officer	202-720-1656
Anne Steppe	Loan Officer	202-690-4017
Corena Williams	Office Assistant	202-720-1638
Guaranteed Loans Branch		
Robert (Bob) Bonnet	Branch Chief	202-720-3889
* * *	* * *	* * *
Joanna Apergis	Program Analyst	202-720-5847
Patricia Elzinga	Senior Loan Officer	202-690-1729
Tracy Jones	Senior Loan Officer	202-720-6771
Trent Rogers	Senior Loan Officer	202-720-1657
Charles Russell	Loan Officer	202-720-3309
*--Randi Sheffer	Loan Officer	202-205-0682--*

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 1280 MARYLAND AVE SW SUITE 270 WASHINGTON DC 20024

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

PDEED FAX Number 202-720-8474		
Name	**Title**	**Phone Number**
Nancy L. New	Director	202-720-7719
Galen VanVleet	Deputy Director	202-720-3647
Teresa Martin	Program Analyst	202-690-0431
Pixie Greer	Senior Loan Officer	202-720-1652
Bruce Peters	Senior Loan Officer	202-720-7003
Clarence (Chuck) Ropp	Senior Loan Officer	202-690-4008
Clarence (Sam) Snyder	Chief Appraiser	202-720-0599
***--**Shanita Staten	Program Assistant	202-690-4903**--***
Gail Wargo	Senior Loan Officer	202-690-4003

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 1250 MARYLAND AVE SW SUITE 500 WASHINGTON DC 20024

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**
Craig Nehls	Deputy Director	202-720-4572
***--**Lisa Slade	Secretary	202-720-4572**--***
Michael Cumpton	Assistant to the Director	202-690-4014
Jennifer Haley	Program Analyst	202-720-9898
Brenda McNeill	Program and Management Assistant	202-720-4572
Sheila Oellrich	Program Analyst	202-720-2990
Marquita Peoples	Program Analyst	202-720-8320
Direct Loan Servicing Branch FAX Number 202-690-0949		
Bruce Mair	Branch Chief	202-720-1645
Jacqueline King	Program Analyst	202-720-2820
Jenny Breece	Senior Loan Officer	202-690-4011
Gene Christie	Senior Loan Officer	202-690-2517
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
L.D. Pletcher	Senior Loan Officer	202-720-1654
Gary Wheeler	Senior Loan Officer	202-690-4021
Tamara Wilson	Loan Officer	202-690-4012

4 FLP Organizational Structure (Continued)

E LSPMD Contacts (Continued)

Guaranteed Loan Servicing and Inventory Property Management Branch *--FAX Number 202-690-0949--*		
Name	**Title**	**Phone Number**
Jeff King	Branch Chief	202-720-1651
Polly Anderson	Senior Loan Officer	202-720-2558
Courtney Dixon	Senior Loan Officer	202-720-1360
Marcus Graham	Senior Loan Officer	202-720-3103
Sharon Harris	Senior Loan Officer	202-401-0191
Marilyn Meese	Senior Loan Officer	202-690-4002
Cynthia Pawlikowski	Loan Officer	202-720-0900
Joseph Pruss	Senior Loan Officer	202-690-2854

5-20 (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 or FLM who issued the original delegation changes. The new SED 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 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 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.

C Service Center Employees

FLP authorities, except those in Exhibit 7, subparagraph A, are inherent to the position for FLM. FLM may delegate authorities in Exhibit 7, subparagraph B to FLO 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. Loan approval authority may only be revised according to subparagraph 22 C.

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 or FLM with written notification of any limitations on inherent authorities
- limit inherent authorities of employees selected as DD, FLS, or FLM who have not completed required training.

F Redelegating SED Authorities

SED's may:

- redelegate their loan approval authority to FLC, FLS, or DD
- redelegate their authority to allow the use of a restricted appraisal report to the designated State staff appraiser
- not redelegate their approval authority for any action that will result in a loss to the Government.

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

Employees must meet the following requirements to receive loan approval authority.

- ***--**Employees selected for FLO, DD, FLS, and CED positions designated to obtain loan**--*** approval authority, must:

  - complete the formal FLO training program

    Note: The FLO training program is designed to combine classroom type training and ***--**hands-on experience within a 1-year period. Selected employees will work**--*** under the guidance of an experienced approval official.

  - successfully complete the Credit and Financial Analysis Training course that is part of the formal FLO training program

  - pass the FLP training comprehensive test.

    Note: See 6-PM, subparagraph 198 B for actions if an employee fails to pass the second comprehensive test.

- FLOT's may or may not receive delegated loan approval during the designated training period. FLOT's may receive career ladder promotions up to and including GS-9 without loan approval authority as long as FLOT meets the time-in-grade requirement and the performance warrants the promotion, based on the performance rating completed by the immediate supervisor. To achieve promotion to GS-11, FLO must have completed the FLO training program, obtained loan approval authority, and shown proficiency in completing the duties and responsibilities of an FLO with limited supervision, meet time-in-grade requirements, and the performance warrants promotion to GS-11, based on the performance rating completed by their immediate supervisor.

25 Delegating Loan Approval Authority (Continued)

A Receiving Approval Authority (Continued)

•*****--FLM's, FLO's, DD's, FLS's, and CED's must submit the following number of independently prepared files that meet the State credit quality standards, as established in subparagraph 28 A.

- FLM's, FLO's, and CED's must meet the State credit quality standards on a minimum of 5 files of which, at least 2 must be term loans. Not more than 7 files may be submitted to meet this requirement.

- 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: The requirements will be applied to employees hired into these positions after June 17, 2008. Employees currently seeking loan approval authority will be subject to current State policies in existence.

- 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 be 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.

  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 loanmaking authority.**--***

25 Delegating Loan Approval Authority (Continued)

B Failure to Receive Loan Approval Authority

--**If an employee whose position description requires the employee to obtain loan approval authority, does not successfully meet the criteria in subparagraph A within the specified timeframe, the supervisor shall develop an OTI or PIP, as appropriate, with the guidance of the trainer and AO.**--

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
- 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 FLO training program
- ***--**meets the requirements established in subparagraph A.**--***

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 or FLP team servicing the office or area needs additional help.

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

- ***--**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.

26 Delegating Loan Servicing Authority

A Delegations to FLO

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

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.

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, FLO's, and CED's Maintaining Loan Approval Authority

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

This will require that FLM'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 if 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 completed case files per CED.

E Failure to Maintain Loan Approval Authority

If an employee whose position description requires the employee to obtain loan approval authority, does not successfully meet the criteria in subparagraphs C and D, the supervisor must develop an OTI or PIP, as appropriate, with the guidance of AO.--*

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, 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.

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, 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 loanmaking and loan servicing.

29 Maximum Loan Authorities

A OL, FO, 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);

--Note:** FY 2010 loan limit is $1,119,000.--**

(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)**;**

--Note:** FY 2010 loan limit is $1,119,000.--**

(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);

--Note:** FY 2010 loan limit is $1,119,000.--**

29 Maximum Loan Authorities (Continued)

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

(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);

***--Note:** FY 2010 loan limit is $1,119,000.--*

(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);

***--Note:** FY 2010 loan limit is $1,119,000.--*

(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) (subparagraph A) **of this section plus $300,000;**

***--Note:** FY 2010 loan limit is $1,419,000.--*

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

(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) (subparagraph A) **of this section plus $800,000.**

***--Note:** FY 2010 loan limit is $1,919,000.--*

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.

29 Maximum Loan Authorities (Continued)

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.

29 Maximum Loan Authorities (Continued)

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.

*--

Type of Loan	FLO			FLM, DD, FLS or FLC	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	$600,000	$1,119,000
Direct OL	$50,000	$100,000	$175,000	$225,000	$300,000
Guaranteed FO + SW	$0	$175,000	$400,000	$600,000	$1,119,000
Direct FO + CL + SW	$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	$600,000	$1,119,000
FO + CL + SW Total Direct and Guaranteed	$100,000	$200,000	$400,000	$600,000	$1,119,000
Total Approval for Multiple Assistance Types - Limitation III					
OL + FO + CL + SW Total Direct and Guaranteed	$100,000	$400,000	$550,000	$750,000	$1,419,000
Total Guaranteed	$100,000	$400,000	$550,000	$750,000	$1,119,000
Total Approval for FO, CL, OL, and EM - Limitation IV					
OL + FO + CL + SW + EM Total Direct and Guaranteed	$100,000	$400,000	$550,000	$750,000	$1,919,000

--*

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.

Type of Loan	FLO			FLM, DD, FLS, or FLC	SED
	GS-7	GS-9	GS-11	GS-11/12/13	
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 a loan 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 loan approval officials.

Type of Loan	FLMGS-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)

--

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.

[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 Nondiscrimination Statement on Notice of Adverse Decision

Include the following 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 in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

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 in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.--*****

41 Nondiscrimination in FLP (Continued)

D Nondiscrimination Statement on Advertisement of Sale for Inventory Property (Continued)

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."

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 in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*

*To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.***--***

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 flow charts of 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.

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

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.

Note: 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 qualified 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.

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 7 CFR 3017.115.

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

Obtain current copy of 7 CFR Part 3017 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 **http://epls.arnet.gov**. When prompted, enter the user's name and read and accept the Privacy Act terms and conditions. After accepting the terms and conditions, access will be granted to view, download, or print the available Excluded Parties List System reports. A copy of the screens will be filed in the case file.

If the attorney, title company, title insurance company, or closing agent selected is debarred or suspended, the applicant must make a new selection.

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 7 CFR Part 3017, Subpart H
- suspension are in 7 CFR Part 3017, 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 7 CFR 3017.120.

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, and FSA-2301 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 customers with the following:

- Direct loans only, by updating SCIMS
- both Direct and Guaranteed loans, by updating SCIMS and by processing a PLAS Transaction 4C in GLS
- Guaranteed loans only, by updating SCIMS and processing a PLAS Transaction 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 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.

C 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 about the 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, and FSA-2212.

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 who 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 at the following.**--***

FSA DAFLP PDEED
STOP 0521
1280 MARYLAND AVE SW
SUITE 270
WASHINGTON DC 20024

Telephone: 202-720-3647

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 and FSA-2301.

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

DLS is the required system for loanmaking and routine 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://arcticocean.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.

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 following user guides can be found by logging in the GLS web site using required eAuthentication permissions and selecting "Loan Servicing User Guide".

- FLP Applications System, FLP Application Package Maintenance, FLP Loan Request Maintenance, FLP Quick Reference Guide, FSA Forms can be found by accessing "Help" link from the GLS Home Page.
- GLS Farm Loan Guaranteed Loan Servicing Detailed Transactions, dated May 2001 can be found by accessing the "Loan Servicing User Guide" link from the FSA Home Page.
- FLP Loan Maintenance can be found by accessing the "Help" link from the Loan List Page.

Additional information is provided in the Guaranteed Loan System Farm Loan User Guide, Status and Default Status Reporting, dated March 1998.

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.

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 routing or mailing transactions 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 TC's and Titles

The following provides ADPS TC's and titles.

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

52 ADPS (Continued)

I ADPS TC's and Titles (Continued)

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

52 ADPS (Continued)

I ADPS TC's and Titles (Continued)

*--

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

--*

52 ADPS (Continued)

I ADPS TC's and Titles (Continued)

TC	Title
4P*	Schedule Status Adjustment
4Q*	Loan Bond Installments
4R*	Adjustment of Bond Installments
4S*	Miscellaneous Adjustments
4U*	Reestablish Loan Account - Name and Address
* * *	* * *
5A	Case Reclassification - Collection Only to Active
5B	Case Reclassification - Active to Collection Only
5C*	Change in Kind Code
5D	Change in Veteran Status - to Veteran
5E*	Establish Suspend Code
*--5F**	Remove Suspend Code
5G**	Establish Descriptive Code
5H**	Remove Descriptive Code
5J* --*	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*	Correction of Association/Bond/Document/Payment Code
5R*	File Adjustment

52 ADPS (Continued)

I ADPS TC's and Titles (Continued)

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

Note: The asterisk (*) denotes transactions processed by * * * FLOO only. The double asterisk (**) denotes transactions that are processed through DLS to PLAS.

*--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 http://www.hud.gov/offices/hsg/sfh/sys/caivrs/caivrs.cfm.
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 6 characters, are case sensitive, and must contain at least 1 letter and 1 number. 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.**--***

55-59 (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 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.**

Note: The Emergency Economic Stabilization Act of 2008, effective October 3, 2008, through December 31, 2009, put into law provisions that impact the maximum deposit amounts insured by the Government. A revision to FSA's CFR text printed in italics has not yet been published in the FR, but should be followed when using supervised bank accounts based on an interim rule published by FDIC on October 17, 2008.

Agency officials should use EFT or multiple advances when possible to minimize instances where the balance is 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 as part of a direct loan application.

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.

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

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.

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.

An applicant or borrower completing a construction and development project must provide FSA with certified plans. The certification must confirm that the applicant's final drawings and specifications conform with acceptable industry standards and practices.

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(a)(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.

When FSA requires inspections, the borrower must identify and inform FSA of the authorities or professionals who will perform inspections before initiating construction or development work.

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 loanmaking and loan servicing cases.

Appraisals are an integral part of the loan evaluation and servicing processes to determine 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. A current copy of USPAP along with other applicable procedures and regulations is available for review in each Agency State Office.

A current copy of USPAP may be viewed at **http://www.appraisalfoundation.org.**

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

FSA is responsible for the costs of obtaining an appraisal associated with direct loanmaking and loan servicing activities, except for appeal and negotiation of appraisals. See Part 7 for information on FSA appraisal costs and payments.

The applicant or borrower is responsible for costs associated with appealing FSA appraisals. 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.

A real estate appraisal may be conducted by either an FSA employee or contract appraiser, subject to the following:

- for all direct credit transactions equal to or over $100,000, the appraisal must be completed by a State-certified general contract appraiser, or an FSA full-time or part-time designated appraiser/reviewer

- for all direct credit transactions under $100,000:

  - an appraisal of noncomplex property may be completed by a licensed or certified general contract appraiser, a full-time or part-time designated appraiser/reviewer, or an FSA limited authority appraiser

  - an appraisal of complex property must be completed by a certified general contract appraiser or an FSA full-time or part-time appraiser/reviewer.

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

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.

141 General Appraisal Requirements (Continued)

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.

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

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

141 General Appraisal Requirements (Continued)

G Using Third Party Appraisals

FSA may use an appraisal that has been completed by a third party for any direct or guaranteed loanmaking or loan 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 loanmaking or loan 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 loanmaking or loan 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 or chattel appraisals shall be established according to Part 7.

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 provided the appraisal is documented to reflect that the market value was established based on wholesale values, rather than retail values.

Note: Retail values include the cost of rehabilitation and other factors that are not typically included in a public sale.

142 Appraisal Reports (Continued)

B Real Estate Appraisals

A real estate appraisal, as a minimum, will be a summary 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 results of the following 3 approaches to estimating value, 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, including land mix, time, water, buildings, depreciation, soils, and any other applicable adjustments 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 contribution by land class, building contribution by improvement, derived depreciation rates, basis for the cost of new improvements, remaining life of improvements, timber, mineral value, water rights and volume, water delivery system, photographs of improvements and land, etc.
- the value of any mineral rights.

--Note:** Because of CONACT requirements, a separate valuation of any mineral rights must be identified in appraisals, completed for any direct loan, to perfect the lien on any minerals. Because the particular CONACT requirement does not apply to guaranteed loans, a separate mineral valuation on an appraisal done for guaranteed loans is not required; however, the value of any mineral rights should still be considered in determining the overall value.**--

142 Appraisal Reports (Continued)

B Real Estate Appraisals (Continued)

***--**When the value of mineral rights:

- can be determined, and/or is needed to collateralize the loan, FSA-1922-11, Part VI 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

- is only nominal, FSA-1922-11, Part VI or other formats that provide the same information, will reflect an amount as determined by the appraiser; the appraisal report shall document the basis for the appraiser's findings

  Note: The nominal value may be determined to be as low as $1.

- cannot be determined, instead of FSA-1922-11, the appraisal report will include language to specify that it includes any mineral rights of the subject property. In these cases, the following language may be used:

  "The precise value of mineral interests in existence, as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals is unknown to the appraiser. This appraisal is not an exhaustive study of the actual or potential mineral production, and is based on the best information available as of the effective date of the appraisal. The final opinion of value in the appraisal report includes mineral rights of the subject property."**--***

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-1922-2
- FSA-2162
- FSA-2163
- FSA-1922-11.

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 PDEED at 202-720-3647 or at the following address.

USDA FSA PDEED
STOP 0521
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0521

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 loanmaking or loan servicing purpose are subject to a technical appraisal review or an administrative appraisal review by FSA for compliance with applicable FSA regulations and procedures.

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 received training on completing appraisal reviews before receiving this delegation.

An administrative appraisal review is performed as a due diligence function in the context of a loanmaking or loan 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 an 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 with whom FSA has had no appraisal experience within the past 2 FY's

- first third party appraisal used for direct loan appraisals completed by an appraiser with whom FSA has had no appraisal experience within the past 2 FY's

- ***--**first guaranteed loan appraisal completed by appraisers with whom FSA has had no appraisal experience within the past 2 FY's

  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 guaranteed 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, 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 loanmaking 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 Appealed

An applicant or borrower may appeal any adverse decision based on an FSA appraisal. However, when the appraisal was obtained in connection with a request for PLS and negotiation of appraisal has been completed according to 5-FLP, paragraph 230, the negotiated value is not appealable.

144 Appeals of Decisions Based on Appraisals (Continued)

C Appeals

If the appellant:

- chooses to challenge the appraisal obtained by FSA for any loanmaking or loan servicing activities other than PLS under 5-FLP, the issue on appeal will be whether FSA's appraisal is consistent with USPAP and the appellant may provide an independent technical appraisal review of FSA's appraisal

  Note: The appellant does not have the right to provide a second independent appraisal for consideration.

- is being considered for PLS under 5-FLP, the appeal challenging FSA's appraisal may include the appellant's independent appraisal according to 5-FLP, paragraph 230.

  Notes: In Homestead Protection under 5-FLP, Part 8, the appellant 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 appellant may only provide an independent technical appraisal review of FSA's appraisal. The appellant does not have the right to provide a second independent appraisal for consideration or negotiation of the appraisal.

  Leaseback/buyback is no longer offered by FSA. However, if the appellant is exercising their right to purchase inventory property at the conclusion of an existing leaseback/buyback lease, the issue on appeal will be whether FSA's appraisal is consistent with USPAP and the appellant may only provide an independent technical appraisal review of FSA's appraisal.

- disagrees with the appraised value used to determine 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 appellant may only provide an independent technical appraisal review of FSA's appraisal.

  Notes: The appellant does not have the right to provide a second independent appraisal for consideration or negotiation of the appraisal.

  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)

D Real Estate Independent Technical Appraisal Review

An 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 appellant's request, the agency official shall provide a list of State-certified general appraisers. The appellant may select an appraiser from the list or retain any other State-certified general appraiser to conduct an independent technical appraisal review according to USPAP Standard 3. The appellant must pay the cost of the independent technical appraisal review.

The authorized agency official shall forward any independent technical appraisal review received from the appellant, along with a copy of the appraisal, to the designated State staff appraiser to be reviewed by a full-time or part-time appraiser/reviewer. The designated State staff appraiser will notify the authorized agency official of the final decision about the independent technical appraisal review and the final appraised value. The authorized agency official will notify the appellant of the outcome of reconsideration according to 1-APP.

E Chattel Independent Appraisal Review

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.

The agency official shall forward any independent appraisal review received from the appellant, along with a copy of the appraisal, to the State Office to be reviewed. FLC will request a review by an employee delegated the authority to perform independent appraisal reviews. Upon completing the review, FLC will notify the authorized agency official of the final decision about the independent appraisal review and the final appraised value. The authorized agency official will notify the appellant of the outcome of reconsideration according to 1-APP.

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 submitted to the following.

USDA FSA DAFLP PDEED
STOP 0521
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0521

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.

147-160 (Reserved)

--

Part 7 PLCE's

161 Overview

A Purpose

This Part describes procedures for obligating, paying, and reporting noncontractual expenses and special handling processes for noncontractual and contractual PLCE's. See 27-AS for procedure for purchasing and reporting contractual goods and services.

The following are the 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.

B Program Authority

Program authorities to request goods and services by contract and make noncontractual payments are in Exhibit 26. Employees with program authority may redelegate their authority to any qualified employee.

If additional program authority is needed above the levels granted in Exhibit 26, SED must forward a written request to the Director, LMD by FAX at 202-690-1117 or mail to:

DIRECTOR
USDA FSA DAFLP LMD
STOP 0522
1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0522

162 FFIS

A Background

FFIS is a mainframe software package for authorized agency users to record, monitor, and control all activities in the “Type 60” spending process. Throughout the remainder of this Part, and Exhibit 26, “Type 60” shall be referred to as “PLCE”.

PLCE data recorded in FFIS includes obligations, invoices, disbursements, and post-payment modifications. Borrower and property loan information is validated and stored in FFIS to ensure that data backfed to is accurate.

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 FFIS.

The Program Loan Cost Expense - Foundation Financial Information System Fast Facts Desktop Reference Guide and Procedure Guide for FFIS Program Loan Cost Expense - Field Users Guide are available electronically a
--https://arcticocean.sc.egov.usda.gov/flp/IndexServlet**. Individuals should use the**-- guides to:

- process obligations and invoices
- respond to vendor inquiries related to invoice and disbursement activity.

The guides provide instructions for:

- processing obligations
- modifying obligations
- canceling obligations
- processing invoices
- navigating through inquiry tables to verify updates
- understanding the spending chain
- understanding document referencing
- responding to vendor inquiries
- error code inquiries
- establishing vendor codes.

162 FFIS (Continued)

B Using EFT

The Debt Collection Improvement Act of 1996 mandates using the EFT payment method for Government disbursements. EFT enables FSA to pay for goods and services electronically by direct deposit of the payment. FAR and Treasury regulations at 31 CFR Part 208 allow for the following exceptions to the EFT requirement:

- ***--**Federal and local government vendors**--***
- 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: This applies if the vendor's regular business process will be severely hindered by receiving payment through EFT.

162 FFIS (Continued)

C VID Number

All vendors must have a VID number assigned before processing FFIS obligations and disbursements. The VID number is a:

- unique number used to identify vendors, organizations, and persons to whom USDA makes payments or from whom USDA collects receivables

- combination of the vendor's TIN, SSN, or EIN plus a 2-position character for identifying multiple addresses for those vendors operating under a single TIN, but at multiple locations.

State Office employees will access the VEND FFIS vendor table using the vendor's TIN/SSN/EIN to determine whether the vendor has been established.

If the vendor is not in the FFIS vendor table, complete FSA-2173 and enter requests through FFIS using the PVND screen. Refer any issues or concerns with VID numbers to Kelly *****--Holdman, Financial Accounting Division, Administrative Operations Branch by:**--***

- telephone at 816-926-6246
- FAX at 816-926-5466
- *****--e-mail at **kelly.holdman@kcc.usda.gov**.**--***

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. The most recent allocations and balances are available in FFIS on the Allocation (ALOC) Screen.

The National Office divides each State allocation into 3 accounts. 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.

- 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.

- 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.

Note: Always use the original loan obligation date on rescheduled or reamortized loans when determining the proper recoverable ("R" or "L") account to be charged.

FSA assigns recoverable PLCE's to specific loans. When a specific recoverable PLCE applies to more than 1 loan, the oldest outstanding loan, which is the one with the earliest obligation date, of the same type will determine which recoverable account ("L" or "R") will be charged.

A State Office cannot shift funds among the "A", "R", and "L" accounts. Each State Office must keep these fund purposes and amounts in mind when planning the timing of obligations and disbursements.

Because of anticipated demand for "A" account funds, State Offices should spend "A" account funds only for services that cannot be performed internally by FSA.

163 Allocating PLCE Funds (Continued)

A National Office Allocation of PLCE Funds to States (Continued)

If additional funds are required, SED must submit a written request to the Director, LMD by FAX at 202-690-1117 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

Each State Office must certify PLCE fund availability through the State Office PLCE Monitor and process payments electronically using FFIS with a digital signature.

The PLCE Monitor is responsible for monitoring obligations and disbursements of PLCE-allocated monies by account to avoid violating the Anti-Deficiency Act. Specifically, the State Office FLP staff is:

- responsible for determining and documenting how these monies will best be used to meet program goals and objectives
- accountable for the proper use of these monies.

SED must issue a State supplement that:

- covers the proper handling of requests for appraisals, advertising, title opinions, and legal services
- distributes the amounts by program and account, if the State Office suballocates these funds
- identifies its method of certifying fund availability
- identifies the PLCE Monitor responsible for certifying fund availability.

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 4-alphanumeric-character PAC.

PAC's are used to determine:

- if a particular expense can be authorized
- who can authorize it
- whether it must be obtained through contractual or noncontractual means
- whether the expense is recoverable or nonrecoverable.

B PAC's First Character

The first character will always be "F" for FLP.

C PAC's Second Character

The second character identifies the program activity phase as follows.

Code	Program Activity
1	Loan Processing - All costs associated with applying for a loan. Costs in this category include loan application reviews, appraisals of potential collateral, credit history checks (credit bureau reports), etc. This code is appropriate to use until a loan is actually closed.
2	Loan Servicing - All costs associated with normal servicing of a loan. Costs in this category include protective advances, year-end analysis, taxes, etc. This code cannot be used for custodial property or when the acquisition/liquidation process has begun, that is, after the date of acceleration.

164 Program Authority Codes (Continued)

C PAC's Second Character (Continued)

Code	Program Activity
3	Custodial Property Management - All costs associated with managing and maintaining property when FSA has custodial responsibility. Costs in this category include utilities, mowing, changing of locks, etc. Custodial responsibility begins when a borrower has abandoned collateral property and FSA is maintaining it to protect the Government's security interest.
4	Property Acquisition/Liquidation - All costs associated with voluntary or involuntary acquisition/liquidation of security property. Costs in this category include appraisals, foreclosure expenses, etc. This code would be applicable when FSA has accelerated the loan or loans and should be used until the date of foreclosure or date title is transferred to FSA (acquired) or the property is sold to a third party.
5	Inventory Property Management - All costs associated with managing acquired/inventory property. Costs in this category include sales commissions, appraisals, repairs, improvements, taxes, mowing, and utilities.

D PAC's Third and Fourth Characters

The third and fourth characters identify the general purpose and detailed description and are obtained from Exhibit 26.

165 Using PLCE for Contractual Purchases or Services

A Obtaining Contractual 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.

All contractual documents must have the signature of a warranted Contracting Officer. 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 authority. Approved contractual documents will be processed in FFIS by an employee with delegated authority and the required security login and passwords.

*** * ***

Note: See paragraphs 163 and 164 for FLP responsibilities for PLCE monitoring and budget approval.

166 Using PLCE for Noncontractual Cost Items

A Obligating Funds for Noncontractuals

Obligate funds for noncontractual cost items according to the following.

Step	Action

1	County Offices shall:
	
	• maintain a copy of all FSA-2126's in chronological order using the initial obligation (MY) document number
	
	Note: Certification of Services Received (TY) documents should be filed with the associated MY document.
	
	• FAX a request for funding approval to the State Office FLP, Attn: PLCE Liaison. The request must include the following:
	
	  • completed FSA-2126 signed by the authorized agency official
	
	  • the ADPS Online Borrower History (OH) Inquiry (1st page) or AP Status Screens may be attached for verification of the "L" or "R" account.

2	State Offices shall: • check Exhibit 26 for proper PAC and authority to complete the request • check the BOPR table in FFIS to verify PLCE account "L" or "R" • review and approve using funds by signing and dating FSA-2126 • establish new vendors with a VID number • use electronic payment whenever possible • enter the information into FFIS for obligation (MY) • enter the MY document number on FSA-2126 and return a copy to the initiating office.

For many noncontractual expenses the cost item will be submitted for obligation and payment at the same time. In these instances, submit one FSA-2126 with both the obligation and certification of services parts completed. Submit the invoice with FSA-2126 and check (✓) the box at the top of FSA-2126 to indicate that the invoice is attached.

166 Using PLCE for Noncontractual Cost Items (Continued)

B Making Payments for Noncontractuals

Make payments for noncontractual cost items according to the following.

Note: No action is required if the invoice and supporting documentation were submitted with the initial obligation and FSA-2126, item 12A was checked.

Step	Action
1	The County Office shall: • receive or obtain an invoice from the vendor or prepare FSA-2171 with supporting documentation, if not available • check (✓) FSA-2126, item 12A and complete item 12B on the copy of the initial approved FSA-2126 which was received back from the State Office • FAX the completed invoice or supporting documentation with the copy of FSA-2126, to the State Office, to certify services received and request a payment through FFIS • file a copy of all FSA-2126 requests in the operational file and all pertinent documents in the case file.
2	The State Office shall: • verify the information on the invoice • enter the information into FFIS for payment (TY) • maintain logs and file all pertinent documents 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 obligation MY document number when requesting each payment.

167 Modification or Cancellation of Obligation

A Modifying or Canceling an Obligation

Contractual or noncontractual modifications or cancellations of the financial obligations that have not been fully liquidated in FFIS will be initiated on a new FSA-2126. On FSA-2126, check (✓) "No" in item 4A and complete items 11A, 11B, and Part D. FAX FSA-2126 to the State Office for processing. See FFIS-PLCE Field Office Users Guide, Sections 3.4 and 3.5 for additional guidance.

If the funds have been disbursed with a TY transaction, a "Post Payment Modification" must be processed by PARLC, LAO. These will include changes to borrower information, PAC codes, and PLCE account. The "Post Payment Modification" will be initiated on FSA-2126. The State Office must FAX FSA-2126 and a copy of the PVHT and PVLT Screens to FFIS Team at 314-539-6960 for transaction processing.

Note: Contracting Officers should be informed of any modification or cancellations of financial obligations to contractual requests.

168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments

A Stopping Payments for Funds Not Issued

If the TY document has:

- not been processed delete the miscellaneous order (MY) document

- been processed, contact the FFIS Team by FAX at 314-539-6960 at least 3 workdays in advance of the scheduled date and provide the MY and TY document numbers and the reason for stopping the payment.

Note: PARLC, LAO cannot stop a check from being issued if the scheduled date is within 3 workdays of the current date. The scheduled date is found in the "Schd Date" field of the FFIS PVHT Screen.

B Inquiring on Mishandled/Lost Disbursement

Before inquiring on a mishandled disbursement, the authorized agency official should determine whether the funds were sent to the vendor's appropriate "Remit To" address if paid by paper check, or the vendor's current bank account if paid by EFT. The authorized agency official may do this by reviewing the appropriate vendor record in the FFIS vendor table.

If all information is correct on the vendor's record and the current date is 10 business days after the "Closed Date" field displayed on the FFIS PVHT Screen, the authorized agency official shall FAX an inquiry request that contains the following information to the FFIS Team at 314-539-6960:

- TY document identification number
- schedule number
- check or EFT number
- check or EFT date
- VID number.

The FFIS team will initiate an inquiry to NFC about the disbursement and will notify the State Office after receiving a response on the inquiry.

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.

168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments (Continued)

C Canceling Checks and EFT Payments

The Field User's Guide provides instructions on canceling checks.

From the Treasury, the funds will be electronically returned to NFC and applied back to the original obligation (MY) document. If the funds should be returned to the State allocation, the obligation (MY) document must be canceled in FFIS.

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 PVHT and PVLT screen prints that correspond with EFT being cancelled to the FFIS Team at 314-539-6960.

D Requesting Emergency Payments (For Noncontractual Cost Items Only)

The authorized agency official must use the following procedure to obtain an emergency payment.

- The funds **must** be obligated in FFIS by the State Office before requesting an emergency payment.

  Note: An emergency payment will **not** be issued if the funds are not obligated in FFIS by the State Office.

- PARLC, LAO must receive a copy of the OBLH/OBLL screens, invoice, and FSA-2126 for noncontractuals, before making emergency payments.

168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments (Continued)

D Requesting Emergency Payments (Continued)

- The authorized agency official should express mail or FAX the OBLH/OBLL screens, invoice, and FSA-2126 to the applicable LOD contact according to the following.

State Code	Contact	Address	Telephone	FAX
States "01" through "32"	Loan and Grant Servicing Branch I	Farm Service Agency Loan Operations Division Mail Code 532 PO Box 200003 St. Louis MO 63120	• 314-539-3114 • 314-539-3967	314-539-3111
States "33" through "64"	Loan and Grant Servicing Branch II	Farm Service Agency Loan Operations Division Mail Code 533 PO Box 200003 St. Louis MO 63120	• 314-539-6321 • 314-539-6647	314-539-6447

- After sending the documents, the authorized agency official should call the appropriate LOD branch to confirm receipt.

- The authorized agency official also must send a completed FSA-2172.

- To authorize the emergency payment, SED or designee must sign FSA-2172.

- The Department of Treasury shall transfer the funds approximately 2 workdays after receiving the request. FSA may request same-day electronic disbursements.

- If EFT is not available, *** * *** FLOO shall ensure that a Treasury check is issued within 2 workdays after receiving the request.

169-200 (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 13)
  - 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.

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 assesses each farming operation to determine the applicant's financial condition, organizational structure, management strengths and weaknesses, appropriate levels of Agency oversight, credit counseling needs, and training needs. The applicant will participate in developing the assessment.

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. Therefore, whenever possible, all available resources shall be used when conducting an assessment, including:

- local farm management consultants
- the Extension Service
- educational institutions
- producer associations
- successful loan farmers
- fellow FSA employees.

222 Elements of an Initial Assessment

A Type of Farming Operation

***--[7 CFR 761.103(b)] The initial assessment must evaluate, at a minimum, the:**

(2) Type of farming operation.--*

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)

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)] The initial assessment must evaluate, at a minimum, the:**

(3) Goals for the farming 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)] 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.

222 Elements of an Initial Assessment (Continued)

D Adequacy of Chattel Property Used to Conduct the Operation

***--[7 CFR 761.103(b)] 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.

E Farm Organization and Key Personnel Qualifications

[7 CFR 761.103(b)] 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)] The initial assessment must evaluate, at a minimum, the:

--(9) 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 402
- 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.

G Historical Performance

[7 CFR 761.103(b)] 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.

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.

222 Elements of an Initial Assessment (Continued)

G Historical Performance (Continued)

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)] 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.

222 Elements of an Initial Assessment (Continued)

I Training Plan

[7 CFR 761.103(b)] The initial assessment must evaluate, at a minimum, the:

(10) 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 13 for borrower training requirements.

J Loan Evaluation

[7 CFR 761.103(b)] The initial assessment must evaluate, at a minimum, the:

--(8) Loan evaluation, except for Streamlined CL.--

The authorized agency official must evaluate and discuss whether the proposed loan is reasonable based on:

- the applicant's goals and the operation's objectives
- projected cash flow (as analyzed in the farm operating plan software or an acceptable alternative)
- loan security
- other loan risk factors.

The loan evaluation is similar to the loan narrative, which is discussed in 3-FLP, paragraph 261. The loan evaluation and loan narrative must be consistent.

223 Annual Review and Assessment Update

A Objective of Annual Review

[7 CFR 761.103(d)] 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(e)] 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.--***

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(c)] An assessment update must be prepared for each subsequent loan. The update must include a farm operating plan, a loan evaluation, 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.

--Note:** Streamlined CL's do **not** require a loan evaluation.**--

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 farm business planning 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 according to subparagraph 242 B. An original signed copy of the farm operating plan must be retained in the case file.--

B Developing and Approving the Farm Operating Plan

[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. (See paragraph 243 for more specifics on the timing of the plan.)

[7 CFR 761.104(b)] An applicant or borrower may request Agency assistance in developing the farm operating plan.

*** * ***

[7 CFR 761.104(c)] The farm operating plan will be based on accurate and verifiable information.

***--[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.

[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.

241 Overview (Continued)

B Developing and Approving the Farm Operating Plan (Continued)

***--[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;

Note: 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, use of 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 which 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.**

241 Overview (Continued)

B Developing and Approving the Farm Operating Plan (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 incidence period.

241 Overview (Continued)

B Developing and approving the Farm Operating Plan (Continued)

[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.

--**SED will issue a supplement listing the unit prices for all commodities commercially**-- produced in their State.

Once established, 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.**--

[7 CFR 761.104(e)] Except as provided in paragraph (f) 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(f)] 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.

--**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. If FSA's decision is adverse to the applicant, the authorized agency official will provide the applicant with appeal rights according to 1-APP.

242 Farm Operating Plan Format

A Approved Format

FBP will be used to perform financial planning, analysis, loan origination and servicing functions, and to manage the FLP portfolio. See Exhibit 15 for instructions on how to use FBP.

B Alternative Formats

Borrowers may use other automated or manual farm business plans if they are approved by FSA. The authorized agency official may approve the use of other systems and formats for the farm operating plan if these formats contain the same information as required by the 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.*

243 Timing of the Farm Operating Plan

A Period Covered

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 producer's 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 producer 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.

244 Revisions to the Farm Operating Plan

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 follow-up actions posted to DLS *** * ***. The authorized agency official will provide a copy of the revised farm operating plan to the applicant.

245 Considering New Enterprises When Developing the Farm Operating Plan

A Reviewing and Evaluating the Farm Operating Plan

When reviewing a farm operating plan that includes a new enterprise, the authorized agency official shall not assume that historical cost structures and rates of return for existing enterprises apply to the proposed new enterprise. According to subparagraph 241 B, positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be considered. Since new enterprises are **not** a part of the applicant's history, reliable sources, such as enterprise budgets from Extension Service and Land Grant Universities, are acceptable documentation to support the farm operating plan. These plans must use acceptable State or county average production levels. However, local conditions (soil productivity, climate, etc.) that will affect the enterprise and current realistic income and expense information shall also be considered when State or county averages are used.

B Farm Assessments

A farm assessment, as required in Section 2, is critical when an applicant or borrower adds a new enterprise. The farm assessment shall be completed jointly with the applicant as required before any decision is made on a farm operating plan that includes a new enterprise.

C Technical Assistance

Applicants shall be provided technical assistance or encouraged to obtain it. Sources of technical assistance include Extension Service, Land Grant Universities, State Programs, USDA 2501 grant recipient organizations and institutions, and private consultants. 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.

245 Considering New Enterprises When Developing the Farm Operating Plan (Continued)

D Farm Operating Plans Used in Loanmaking and Loan Servicing Approval/Denial Decisions

A farm operating plan, which includes a new enterprise, used for loanmaking and loan servicing approval or denial decisions will be based on accurate, verifiable, reliable, and realistic information. A farm operating plan for existing farm operations or enterprises without changes will be based on a typical year's plan of operation. When the farm operating plan does not reflect a positive cash flow, the authorized agency official shall meet with the applicant and discuss both the farm operating plan and the reason for the denial in detail before sending written notification of the adverse decision.

Note: Farm operating plans will continue to be documented and revised according to the guidance and instructions in subparagraph 241 B.

246 Considering Program Payments When Developing the Farm Operating Plan

A Developing the Farm Operating Plan

--**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 the 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
- shall 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
  - one-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 one-time payment assistance is not considered typical for a farming operation.

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

251 Overview (Continued)

C When Classification Is Required

At the closing of a direct loan, classification will be completed using FBP. 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.

At the time 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.

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 at loan closing using FBP. 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

*** * *** FLOO sends Report Code (RC) 736, "Annual Review and Classification of Farm Loan Borrowers," to each County Office in January and July each year. This report identifies the classification category and date for the previous classifications for each borrower. *** * ***

--**When a classification is performed, the authorized agency official must process an ADPS**-- Transaction *** * *** 8N within 10 calendar days.

252 Borrower Account Classification System

A Calculating Key Financial Indicators

Borrower account classification uses data from the year-end analysis (see Section 5), balance sheet, and cash flow statements. If these data are not available, the authorized agency official will develop conservative estimates of the missing values.

The authorized agency official will use discretion to classify the accounts of the following types of borrowers as “2” (standard) or “3” (acceptable), without using the following classification methodology:

- farmers receiving their first direct loan, as noted above
- beginning farmers
- youth loan borrowers.

As discussed in subparagraph 251 C, classifying these accounts as commercial could falsely imply that these borrowers have a significant probability of graduating to commercial credit, which is highly unlikely.

For farmers not classified as standard or acceptable by the Authorized Agency Official, historical financial data from the most recent one-year period available must be used to calculate the security margin and key financial ratios used in the classification analysis.

B Calculating Security Margin

The authorized agency official will determine the value of FLP security for all direct FLP loans. The following steps are used to calculate security margin. First determine the security share, then use the resulting number to calculate security margin.

- Security share = value of the FLP security - value of any prior liens.

If this result is negative, the FLP security share is valued as zero.

- Security margin = security share - FLP direct loan debt (principal + interest).

The security margin can be positive, zero, or negative.

252 Borrower Account Classification System

C Calculate Debt to Asset Ratio

The following equation is used to calculate debt to asset ratio.

- Debt to asset ratio = total debts/total assets.

This ratio must be based on the borrower's most recent historical balance sheet. All debts and assets, including direct and guaranteed FSA loans and non-FSA loans, are included in this calculation. The authorized agency official must assign points based on the ratio, as *--indicated in the following table, and use the points in determining account classification,--* as described in subparagraph G.

Debt to Asset Ratio	Points
40 or less	1
40.01 to 69	2
69.01 to 99	3
99.01 or greater	4

D Calculate Return on Assets Ratio

This ratio is based on net cash return. The authorized agency official must use the following equation to calculate net cash return and use the result in the equation for return on assets ratio.

- Net cash return = farm income – owner withdrawals.
- Return on assets ratio = net cash return / total property owned.

The authorized agency official will assign points based on the ratio, as indicated in the *--following table, and use the points in determining account classification, as described in--* subparagraph G.

Return on Assets Ratio	Points
7 or greater	1
3.6 to 6.99	2
0.01 to 3.59	3
0 or less	4

252 Borrower Account Classification System (Continued)

E Calculate the Current Ratio (Liquidity Ratio)

The following equation is used to calculate the current ratio.

- Current ratio = current assets / current liabilities.

Current asset and liability values must be taken from the most recent balance sheet. Only easily liquidated assets are included as current assets. Items such as household goods, personal vehicles, life insurance, and non-liquid securities are not included as current assets. The authorized agency official will assign points based on the ratio, as indicated in the *--following table, and use the points in determining account classification, as described in--* subparagraph G.

Current Ratio	Points
1.25 or greater	1
1.16 to 1.24	2
1.00 to 1.15	3
0.99 or less	4

F TDCLC Ratio (Repayment Capacity Ratio)

The TDCLC ratio is calculated using data from the most recent FBP based on historical figures. The authorized agency official will use the following equation to calculate the repayment capacity ratio.

- TDCLC ratio = Net farm income from operations +/- total miscellaneous revenue/expense + total non-farm income + depreciation/amortization expense + interest on term debt + interest on capital leases – total income tax expenses – owner withdrawals (total) / (annual scheduled principal and interest payments on term debt + annual scheduled principal and interest payments on capital leases).

The authorized agency official will assign points based on the ratio, as indicated in the *--following table, and use the points in determining account classification, as described in--* subparagraph G.

TDCLC	Points
1.15 or greater	1
1.08 to 1.14	2
1.00 to 1.07	3
0.01 to 0.99	4
-0.01 to 0	1
-0.02 or less	4

252 Borrower Account Classification System (Continued)

G Determining Account Classification Code

The total points for each of the 4 measures of financial performance and operation stability identified in subparagraphs C through F are added to obtain the total classification points.

- Total classification points = debt to asset ratio points + return on assets ratio points + current ratio points + repayment capacity (TDCLC) ratio points.

The authorized agency official will use the following to determine the borrower account classification based on the security margin and the sum of classification points. If the borrower's security margin is negative, the borrower account classification category will be 4 (marginal), regardless of the number of classification points.

Security Margin	Total Classification Points	Classification	Classification Category
Positive or zero	1 to 1.59	1	Commercial
Positive or zero	1.6 to 2.19	2	Standard
Positive or zero	2.2 to 2.79	3	Acceptable
Negative	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.

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, paragraph 402 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	Under the "Links" section on the left side of the homepage, CLICK "FSA Applications".
2	On the FSA Applications page, CLICK "Farm Loan Program Systems".
3	On the Farm Loan Program Systems homepage under the "Informational Links" section, CLICK "Manuals" and CLICK "FLPRA National Office Review Process Guide" or "FLPRA State Office Review Process Guide".

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 one-third of their FLP Service Centers annually, with all FLP Service Centers reviewed at least once every 5 years

- **States with 8 or fewer FLP Service Centers** will be required to conduct at least one FLP Service Center review per year and review all of their FLP Service Centers within a 3-year period.

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

As the FLM's first-line supervisor who manages the FLP activities in the Service Center, it is incumbent upon DD to monitor the FLP delivery 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 follow-up on actions to be taken by FLP Service Center staff.

442 DDORS

A Overview

Reporting of FLP oversight review results will be completed on a quarterly basis using DDORS.

DDORS:

- was developed to assist DD with completing FLP oversight reviews conducted in the FLP Service Centers

- provides the means by which DD can document and submit review results to State and Field Offices

- contains the review items for each reporting quarter.

B 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)**

B 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
- is comprised of quarterly review items, second semi-annual review items, annual review items, additional review items, and certification.

Note: The quarterly report that corresponds to the current reporting period will be displayed when DD clicks on the link for the Service Center to be reviewed from the DDORS homepage. Review results for all review areas corresponding to each quarter will be captured when the report is submitted or archived by the system when the reporting period has ended. All past reports completed for the FLP Service Center in DDORS will be available for five FY's.**--***

442 DDORS (Continued)

C System Access

Access DDORS from the Farm Loan Programs Systems Home Page, located at **https://arcticocean.sc.egov.usda.gov/flp/IndexServlet**, according to the following.

Step	Action
1	CLICK "Logon" and enter the eAuthentication ID and password.
2	CLICK "District Director Oversight Reporting System (DDORS)" listed under "Other FLP Systems".
3	Select the Service Center to be accessed.

--Notes:** DDORS may also be accessed at **https://wdcprod80.sc.egov.usda.gov/Ddors/homepage.aspx**. Review items for**-- the current reporting period will be accessed from the Service Center report outline page. DD's can navigate back to the report outline for a Service Center by clicking "Go Back to Report Outline" on the submenu at the left of the screen. CLICK "Home" at the top of the screen to bring the user back to his or her homepage.

Access to Service Center reports are based on the user's jurisdictional privileges. DD's will have access to the FLP Service Centers for which they have FLP oversight responsibility. FLC and SED will have view-only access to all reports completed on all Service Centers within the State or States over which they have program oversight responsibilities. Other State users, such as FLS', will have access to Service Centers as designated by FLC or SED. Users who need access to DDORS should contact the State Systems Administrator.

FLM's, FLO's, and PT's will be able to view the reports completed for the Service Centers they manage. In a future phase of production, these users will have permission to follow-up on action items for their Service Centers that are established by DD's in DDORS.

443 Responsibilities

A DD Responsibilities

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 or FLC of any apparent problems that may require immediate attention

443 Responsibilities (Continued)

A DD Responsibilities (Continued)

- use DDORS to:

  - document specific findings for each case file or operational file reviewed
  - *--complete reviews for each Service Center quarterly
  - submit completed Service Center oversight reports.--*

Note: Submitting the report online in DDORS is the:

  - certification for that report
  - same as the signature on FSA-2101.

- *--use the "Action Item" functionality in DDORs to record and follow up on any noted problems or inconsistencies.--*

B Service Center Responsibilities

FLM's, FLO's, or PT's shall:

- assist in obtaining the reports needed for items to be reviewed

  Note: Exhibit 35 is provided as a guide to reports that are needed for the various review items.

- be available to discuss specific cases or to answer questions from DD

- follow-up on any action items identified by DD's in DDORS.

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 reports submitted for previous quarter and current quarter reports that are in progress

- follow up on any identified action items--*

- discuss concerns with DD and SED

- fully document actions taken to remedy identified deficiencies in the operational file.

443 Responsibilities (Continued)

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.

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. 35
CCC-257	Schedule of Deposit		Ex. 35
FmHA 2006-21	Information Systems Management (ISM) Request for Changes to User Documentation		52
FSA-13-A	Data Security Access Authorization Form		Ex. 15
FSA-137	Address Information Request		46
FSA-159	Request for Supplies, Forms, and/or Publications		Ex. 5, 17
FSA-470	Tractor Feed Post Card for Metered Postage		46
FSA-603	Collection Register for State and County Offices		Ex. 35
FSA-851	Environmental Risk Survey Form		Ex. 35
FSA-1922-2	Supplemental Report		142
FSA-1922-11	Appraisal for Mineral Rights		142
FSA-2001	Request for Direct Loan Assistance		44, 47, 48, Ex. 35
FSA-2007	Statement Required by the Privacy Act for Non-Applicants		48
FSA-2037	Farm Business Plan Worksheet Balance Sheet		Ex. 15

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
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, 35
FSA-2072	Cancellation of U.S. Treasury Check and/or Obligation		168
FSA-2101	DD FLP Oversight Report Guide		443
FSA-2103	Direct Loan Making File Review Questionnaire		28
FSA-2104	Guaranteed Loan Making File Review Questionnaire		28
FSA-2119	Delinquent Borrower Servicing File Review Questionnaire		28
FSA-2125	Farm Loan Program County Information File Changes		46
FSA-2126	Program Loan Cost Expense (PLCE) Request (Non-Contractuals only)		166-168
FSA-2139	Notification of Exemption From Requirement to Provide Social Security Number		102
FSA-2140	Deposit Agreement		101, 102
FSA-2141	Interest-Bearing Deposit Agreement		102
FSA-2142	Statement of Deposits and Withdrawals		103
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-2165	Administrative Appraisal Review		143
FSA-2166	Technical Appraisal Review and Certification		143
FSA-2171	Substitute Invoice		166
FSA-2172	Request for Emergency Payment		168
FSA-2173	Foundation Financial Information System (FFIS) Vendor Code Request		162
FSA-2201	Lender's Agreement		47, Ex. 35
FSA-2211	Application for Guarantee		44, 47

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-2233	Lender Certification		43
FSA-2235	Loan Guarantee		Ex. 7
FSA-2242	Assignment of Guarantee		Ex. 7
FSA-2254	Guaranteed Loan Report of Loss		Ex. 35
FSA-2292	Guaranteed Loan Processing Checklist		Ex. 35
FSA-2301	Request For Youth Loan		Ex. 15
FSA-2304	Notice of Incomplete Application		Ex. 35
FSA-2305	Second Notice of Incomplete Application		Ex. 35
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal		Ex. 35
FSA-2307	Notice of Complete Application		Ex. 35
FSA-2308	Notice of Eligibility for FSA Assistance		Ex. 35
FSA-2313	Notification of Loan Approval and Borrower Responsibilities		202
FSA-2318	Agreement for Disposition of Jointly-Owned Property		Ex. 35
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
RD 1922-15	Administrative Appraisal Review for Single Family Housing		143
RD 1940-22	Environmental Checklist for Categorical Exclusions		Ex. 15, 35

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
ACIF	Agricultural Credit Insurance Fund	163
ADR	alternative dispute resolution	42
AO	Administrative Officer	25, 27
ARRA	American Recovery and Reinvestment Act of 2009	28
BIR	Business Information Report	48
BOPR	Borrower Property Table	166
CDAT	Consent Decree Action Team	Ex. 12, 15
CIP	critical information protection	Ex. 15
CL	conservation loan	29, 45, 201, 222, 223, 251, 263, Ex. 2, 15
CMT	Constant Maturity Treasury	Ex. 17
CNC	currently not collectable	Ex. 12
CONACT	Consolidated Farm and Rural Development Act	1, 21, 29, 251
DDORS	District Director Oversight Reporting System	442, 443
EIN	employer identification number	162, Ex. 15
ERSR	Electronic Repository of Security Requests	53
FAR	Federal Acquisitions Regulation	162, 165
FCAO	Farm Credit Applications Office	49
FFIS Team	PARLC, LAO	167, 168
FHP	Farm Home Plan	Ex. 15
FISMA	Federal Information Security Management Act	Ex. 15
FLPRA	Farm Loan Programs Risk Assessment	Part 9
FLS	Farm Loan Specialist	23, 25, 29, 442, 443
FmHA	Farmers Home Administration	2
ISA	installment set-aside	Ex. 15
ITLAP	Indian Tribal Land Acquisition Program	2

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
LOC	line of credit	29
LOD	Loan Operations Division	168
LR	limited resource	Ex. 15
MADS	margin after debt service	Ex. 15
OAC	Office of Adjudication and Compliance	Ex. 12
OTI	Opportunity to Improve Plan	25, 27
PAC	Program Authority Code	164, 166, 167
PARLC, LAO	Policy, Accounting, Reporting, and Loan Center, Loan Accounting Office	167, 168
PIP	Performance Improvement Plan	25, 27
PLP	Preferred Lender Program	29, 43, 143
PLAS	Program Loan Accounting System	52
PLS	Primary Loan Servicing	25, 27, 29, 144
PVHT	Voucher Header Inquiry Table	167, 168
PVLT	Voucher Line Inquiry Table	167, 168
RCI	recoverable cost items	Ex. 15
SALP	Special Apple Loan Program	2, 29
SDMS	State Directives Management System	403
SEL	standard eligible lender	43
SLR	Security Liaison Representative	53
TC	transaction code	52
TDCLC	term debt capability lease coverage	252
TDLCR	term debt and capital lease coverage ratio	Ex. 15
TY	payment voucher transaction	166, 167, 168
VID	vendor identification	162, 166
WEM	Web Equity Manager	Ex. 15
YEA	year-end analysis	Ex. 15

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.**

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.

*--Beginning Farmer

The beginning farmer is **an individual or entity who meets the loan eligibility requirements for a direct or guaranteed OL, FO, or CL loan, as applicable.--***

Complex Properties

Complex properties are properties exceeding 1 to 4 single family units that have income-producing potential, which typically includes business and agricultural properties.

*--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.--***

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

***--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 that is planned and applied according to NRCS standards and specifications as a part of a resource management system for land, water, and related resources.**

Conservation Project

Conservation project **means conservation measures that address provisions of a conservation plan.--***

FSA

FSA **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.**

Streamlined Conservation Loan

Streamlined conservation loan **means a direct or guaranteed CL made to eligible applicants based on reduced documentation.--***

Noncomplex Properties

Noncomplex properties are properties including 1 to 4 single family units and agricultural properties, such as a small parcel of bare land without improvements, minerals, water, timber, or other income-producing attributes.

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

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.**

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.**

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**.

State Supplements

Subparagraph	State Supplement
3 C	Guidance on notary acknowledgement.
3 D	Guidance on signature requirements.
28 B	Guidance on completing Credit Quality Reviews.
141 E	Guidance on the process to request: • chattel appraisal from a contract appraiser • real estate appraisal.
163 B	Guidance on PLCE funds allocated to State Offices.
241 B	• 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	Lender Subordination Agreement	
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	
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	(*)	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-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	

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://165.221.16.90/dam/ffasforms/forms.html**, and submit by 1 of the following methods:

- FAX to 816-363-1762
- 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 238 A.

B FLM 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	FLO	PT
Sign correspondence as regular signing official.	X	
Sign correspondence “for”.	X	X
Establish supervised bank account and deposit loan checks.	X	X
Countersign supervised bank account checks/withdrawals.	X	X
Input pre-note information for EFT.	X	X
Plan and inspect site development work.	X	
Check preliminary title opinion for exceptions.	X	X
Check final title opinion or mortgage policy for proper lien position.	X	X
Review loan closing statement for proper funds disbursement.	X	X
Execute financing statements or other legal instruments to obtain and preserve security on chattel loans.	X	X
Approve FSA-2242.	X	X

Delegating FLP Authority (Continued)

B FLM Delegations (Continued)

Authority	FLO	PT
Review loan closing and issue FSA-2235.	X	
Approve satisfaction/release of security instruments.	X	X
Prepare FSA-2040.	X	
Release chattel/crop security per approved FSA-2040.	X	X
Revise Farm Business Plan and FSA-2040 when necessary.	X	
Approve replacement/development - use of insurance proceeds.	X	
Approve servicing actions, including liquidation plans submitted by lenders.	X	
Requests for contractual services and noncontractual cost items.	X	X
Approve loan restructuring.	X	
Approve emergency advance requests.	X	
Complete lender reviews.	X	
Ordering credit reports.	X	X
Execute FSA-2232.	X	
Execute FSA-2235.	X	

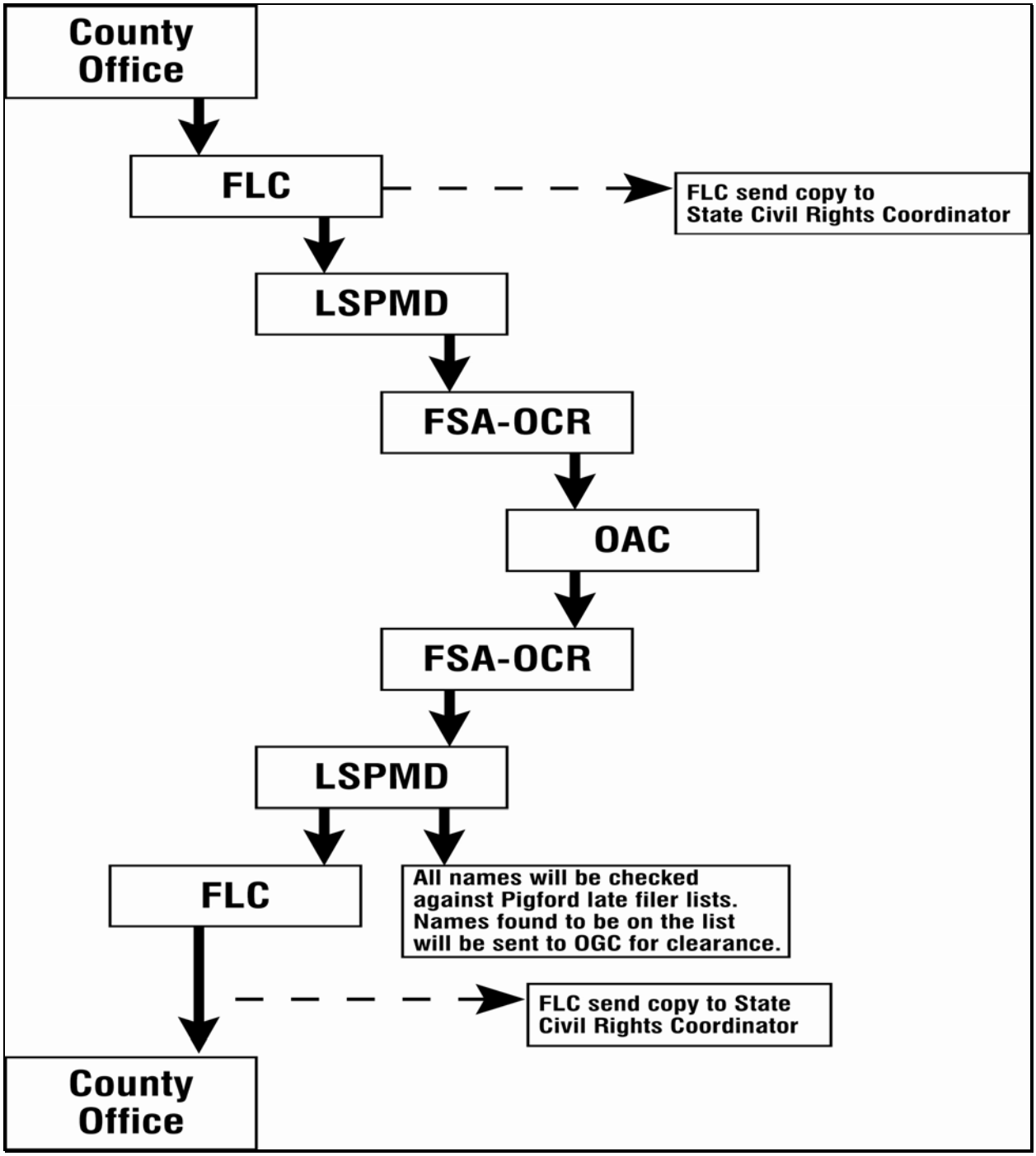
Note: Delegated authorities for agency officials that were granted before December 31, 2007, using previous form numbers or regulation citation will not have to be reissued. These delegations remain valid and it is not necessary to modify them if the reason is only to change references to the new streamlining handbooks.

Discrimination Complaint E-mail Clearance System

A General Clearance Process

--The following illustrates the clearance process used before acceleration, foreclosure, and CNC-- for all accounts, except American Indian and African American borrowers as provided in subparagraphs B and C.

*--

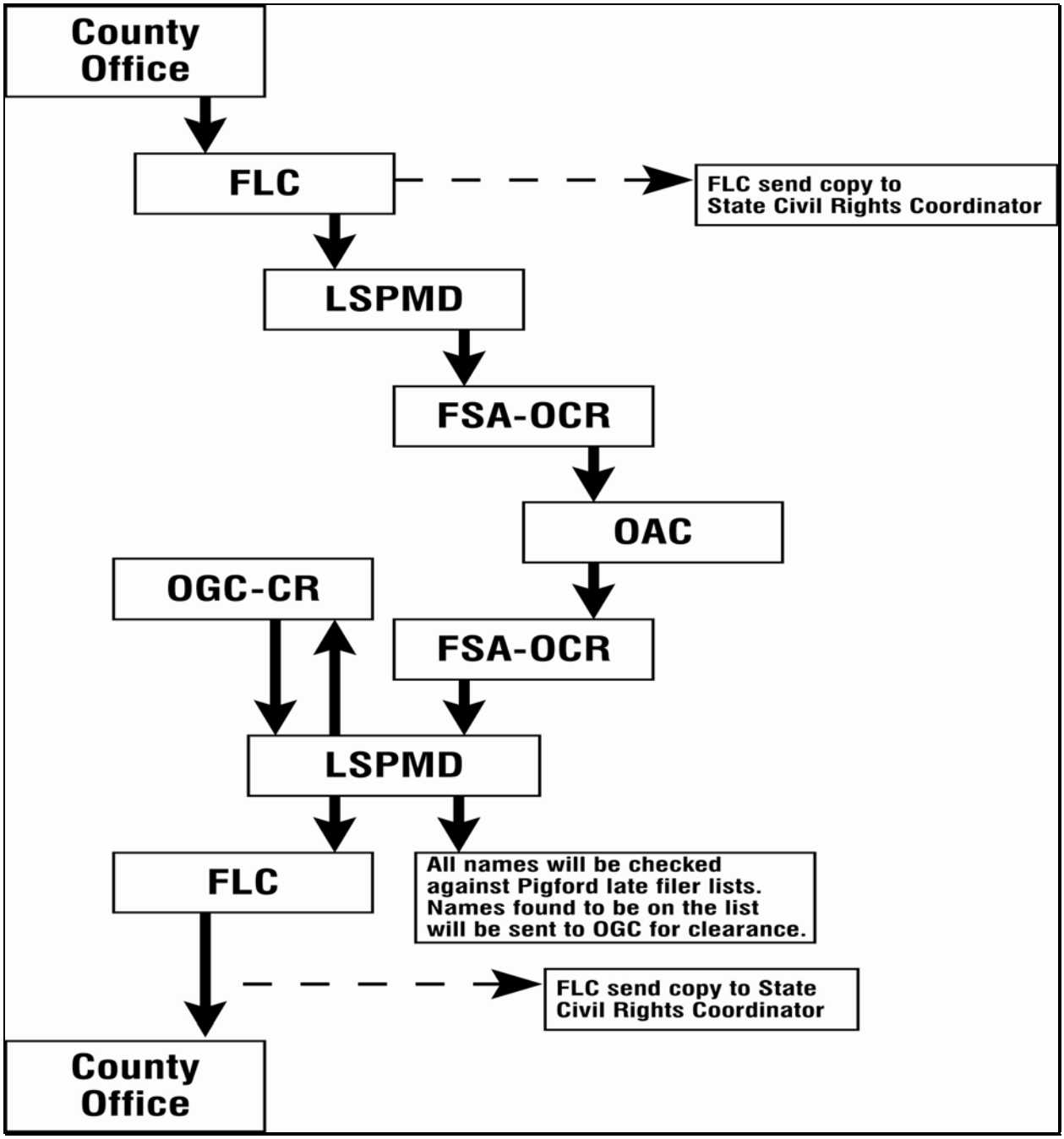


--*

Discrimination Complaint E-mail Clearance System (Continued)

B Clearance Process for American Indian Borrower's Account

The following illustrates the clearance process for American Indian borrower's account.
*--



--*

Note: When a review has been completed through this process for pre-acceleration, the OGC Civil Rights review will not be completed for the pre-foreclosure clearance. See subparagraph A for the pre-foreclosure clearance process.

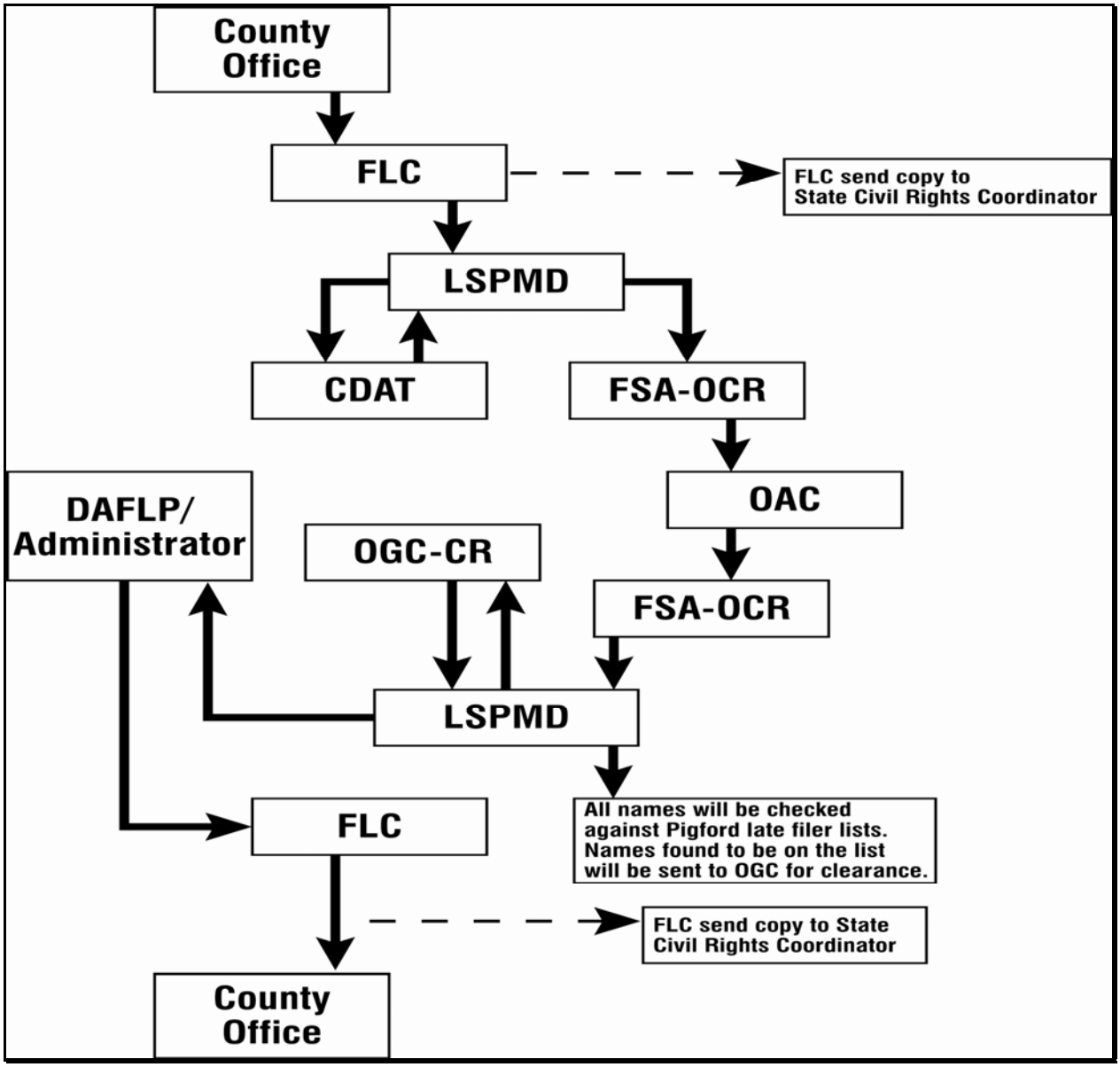
Discrimination Complaint E-mail Clearance System (Continued)

C Clearance Process for African American Borrower's Account

The following illustrates the clearance process for African American borrower's account.

Note: Follow current and applicable FLP notices for submitting the borrower case file of African American borrowers who are claimants under the Pigford vs. USDA Consent Decree.

*--



--*

Note: When a review has been completed through this process for pre-acceleration, the CDAT and DAFLP/Administrator reviews will not be completed again for the pre-foreclosure clearance. See subparagraph A for the pre-foreclosure clearance process.

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 message shall:

- be encrypted
- include the following:
  - borrower's name and 12-digit account number (State and county code and SSN/TIN)**--***
  - complete address of borrower's residence
  - the type of request (pre-acceleration, pre-foreclosure, or CNC)
  - review options:
    - OCR only
    - OCR and OGC
    - OCR, CDAT, and OGC

    Note: The review options would indicate the race without specifically identifying the race of the individual in the e-mail. At this point the only added levels of review are OGC for all American Indians and CDAT and OGC for all African Americans/Blacks.
  - 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
  - *****--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).

C E-Mail Attachment (Continued)

If the case involves an African-American borrower who is a claimant under the Pigford vs. USDA Consent Decree, FLC shall follow guidance provided under applicable FLP notices.

Farm Business Plan System

with Web EQUITY MANAGER®

A component of *eLoans*

FSA User Guide

USDA… electronically available any place, any time.

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 FBP System 8
3 Privacy of Information 8
4 Defaults 8
a Creditors 8
b Crop and Livestock NAICS Codes 9
5 Adding a New Customer 10
a FSFL Borrowers 11
6 Navigating FBP 12
7 Importing/Exporting Data 13
a Exporting Files to Other Lenders 13
b Importing Files from Other Lenders 13
c Exporting Reports 14
8 Transfers and Assumptions, and Deceased/Released of Liability Borrower Records 14
a Transfers and Assumptions 14
b Deceased or Released of Liability Borrowers 15
9 Calculators 15
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 Accessing Existing Reports 23
h Copy from Locator 23
i Notes and Deleting Reports 24
j Reading the Credit Report 24
k Payment of Invoices for Credit Reports 30
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 File 31
2 Running Record 32
a FOIA Running Record 32
b Printing Running Records 33
3 Footnotes and Comment NotePads 33
a Printing Footnotes and Comment NotePads 33
4 Reports and Forms - Signature and Filing Requirements 34
a General – Generating and Printing Reports 34
b FBP Document 34
c Reports and Signature Requirements 35
d Reports Setup 36
5 eSignature Policy 37

Table of Contents

Page

B Electronic File Maintenance, Reports, and Signatures (Continued)
6 Maintaining FBP Customer Records ... 38
a Moving FBP Customer Accounts to the Recycle Bin ... 38
b Moving FBP Duplicate Customer Accounts 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 Accounts ... 41
5 Farm Assessment Information ... 42
a New Customers ... 42
b Assessment Review and Updates ... 42
c Copying from Word Documents ... 43
D Balance Sheet ... 43
1 Balance Sheet Descriptions ... 43
2 Current and Forward Looking Balance Sheets ... 44
3 Add/Modify/Delete Balance Sheets ... 44
4 Balance Sheet Summary ... 45
5 Balance Sheet Trends ... 45
6 Footnotes ... 46
7 Comment NotePads ... 46
8 When Customer and FSA Balance Sheet Values/Amounts Differ ... 47
9 Number of Balance Sheets ... 47
10 Locking Balance Sheets ... 47
11 Assets ... 48
a Relationship of Asset Values for Chattel Appraisals/Collateral Analysis ... 48
12 Liabilities ... 48
a Unpaid and/or Accrued Expenses ... 48
b Farm Liabilities ... 48
c Personal Liabilities ... 49
13 Additional Information about Liabilities ... 49
a Example of Loan with Disaster Set-Aside ... 53
14 Copying Liabilities from a Credit Report (Optional Feature) ... 53
15 Reports ... 54
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/Expenses ... 67
1 Income/Expense Record Description ... 67
2 Add/Modify/Delete Income Expense ... 67
3 Income/Expense Summary ... 67
4 Income/Expense Trends ... 68
5 Associating Projections or Actuals with Balance Sheets ... 69

Table of Contents

Page

F Income/Expenses (Continued)
6 Footnotes ... 69
7 Comment NotePads ... 69
8 Copy Average ... 70
9 Using Income/Expense Categories ... 70
10 Income/Expense Move Feature ... 70
11 Number of Projections or Actuals ... 71
G Income/Expenses - Actuals ... 71
1 General ... 71
H Income/Expenses - Projected ... 74
1 Feasibility ... 74
a Loanmaking, Regular Loan Servicing, and Special Loan Servicing Actions (Disaster Set-Aside Only) ... 74
b Special Loan Servicing Actions (Primary Loan Servicing Only) ... 74
c Feasibility Definition ... 75
2 Projected Income/Expense Categories ... 76
3 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 Current-Year Projections ... 79
5 Monthly Cash Flow ... 80
a Summary Level ... 80
b Schedule Level ... 82
c Warnings ... 84
6 Reports ... 85
7 Locking Income/Expense Summaries ... 85
I Collateral Analysis /Chattel Appraisals ... 85
1 Describing the Collateral Position ... 86
2 Chattel Appraisals/Origin of Collateral Values ... 86
3 Building the Collateral Analysis ... 87
a General ... 87
b Other Creditors' Prior Liens ... 90
c Negative Equity "Upside-down" Prior Liens ... 92
d FSA Cross-Collateralized Loans ... 94
e Third-Party Pledges of Security ... 96
f Personal Property Used for Security ... 97
J Credit Actions ... 97
1 Creating a Credit Action ... 99
2 Credit Action Status ... 99
3 Locking Credit Action Forms ... 99
4 Farm Assessment ... 99
5 RD 1940-22 ... 100
6 DALR$ Input Report ... 101
7 Credit Presentation and Classification ... 102
a Preparing the Credit Presentation ... 104
b Components of the Credit Presentation ... 105
c Approving or Declining a Credit Presentation ... 108

Table of Contents

Page

J Credit Actions (Continued)
8 Classification/LR Review/YEA 109
a Preparing the Classification/LR Review/YEA 110
b Classification Scores 112
c Limited Resource Rates 112
9 Eligibility Only 113
10 Youth Loans 113
a Eligibility Only 113
b Credit Presentation –Youth Loans 114
c RD 1940-22 114
d Security Agreement - Youth Loans 115
e Classification of Youth Loans 115
f Servicing Youth Loans 115
11 Security Agreement 115
12 Special Classification 117
K Special Features 118
1 eNotice 118
2 Decision Mgr 122
3 Tracking 123
4 Letters 124
L Getting Help 124
1 FBP Forum 124
M Glossary of Terms 125

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 on-line 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 FBP 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 on-line 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 6.0+ 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 the FBP system, users must have both of the following:

- valid eAuthentication ID and password
- access authorized by the State FBP Coordinator.

Notes: Do **not** open 2 sessions of Web Equity Manager at the same time as this may cause corruption of data.

For problems logging in, see **Getting Help** (Section L).

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 the FBP system once their eAuthentication ID has been obtained:

- FLM'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 using the guidelines provided.**--

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

2 System Access and Security

a User Access to the FBP System (Continued)

<u>FSA State and Service Center Employees.</u>

•***--**FSA-13-A is required for all FBP user access requests (“Add”, “Delete”, or “Modify”).**--***

- The immediate supervisor or FLM is responsible for completing FSA-13-A, items 1-11, 51-52, and 54A-54D, and submitting FSA-13-A to FLC or FBP Coordinator *** * *** .

  - An access request to “Add” a user to FBP should be completed as soon as an employee has obtained eAuthentication ID.

  •***--**An access request to “Delete” a user from FBP should be completed as soon as the employee has left FSA.

51. Other: Access to FBP
52. Justification: Per 1-FLP, Exhibit 15, paragraph A 2 a

Items 51-52 are completed as shown to “Add” or “Delete” an employee from

  - An access request to “Modify” (name change) a user in the FBP should be completed as soon as the employee notifies the supervisor of the change.

51. Other: Access to FBP – last name has been changed from (previous name) to (current name).
52. Justification: Per 1-FLP, Exhibit 15, paragraph A 2 a

Items 51-52 are completed as shown to “Modify” (name change) an employee

Note: A request for FBP access may be combined with multiple system requests on a single FSA-13-A as long as Sections 51 and 52 are completed.**--***

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

2 System Access and Security

a User Access to the FBP System (Continued)

- The FLC or FBP Coordinator will:

  •***--**ensure that a completed/signed FSA-13-A has been received before an FBP user access request is processed

  Note: ISO will send an e-mail to the FLC and FBP Coordinator when an employee has left FSA. If FSA-13-A has not already been received, notify the employee's supervisor that FSA-13A needs to be completed.

  - process FSA-13-A according to Farm Business Plan - State FBP Coordinator User Guide, Section C1 or C3.

- Sign and date FSA-13-A, item 51 when the access request has been processed. There **must** be a signature and date in item 51 before FAXing FSA-13-A to ISO.

51. Other: Access to FBP	FBP Coordinator **must** sign and date before FAXing FSA-13-A to ISO.

- Notify the immediate supervisor and employee when FSA-13-A has been processed.

- **FAX** the completed/processed FSA-13-A to ISO at 816-627-0687. ISO will send a confirmation e-mail when FSA-13-A is received. **The ERSR on-line system cannot be used for FBP access requests**.**--***

<u>FSA National Office and Other Employees</u>

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 Manager by e-mail to **pixie.greer@wdc.usda.gov** or by FAX to 202-720-8474.

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 FBP System

Customer access to the FBP system 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).

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

A default list of commonly used creditors has been established nationally. Users should always select a default creditor from the drop-down menu if the creditor is displayed.

Service Centers can also add frequently used creditors. To add default creditors for a Service Center:

- CLICK "Defaults"

  Note: This option is only available **before** selecting a customer file.

- CLICK "Creditors" from the drop-down menu.

Enter applicable creditor information either at the summary or detail level. Address and phone number entries are optional, although it is preferred as future business processes may use this information.

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 schedule, i.e. Livestock & Poultry Sales, click the blue hyperlink in the left hand corner to add a new category.

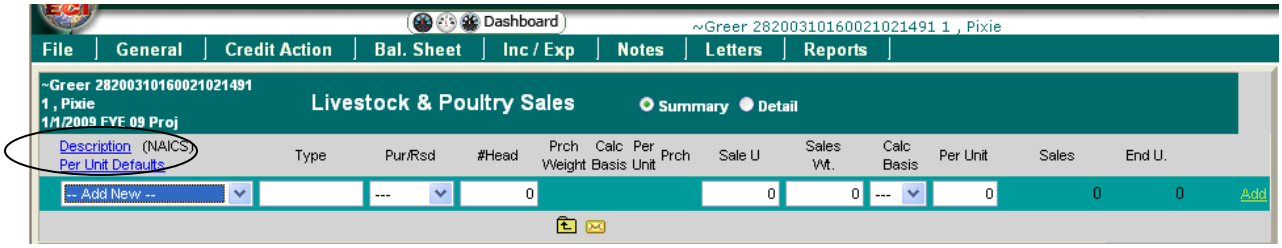


Figure 1

Select the needed category from the 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.

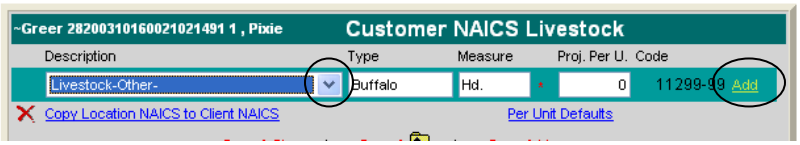


Figure 2

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

5 Adding a New Customer

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

New customer files can be added by clicking "Add New" on the Locator Screen.

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

- SSN for individuals
- EIN for entities.

The "Location/Dept" and "Lender Staff" will default to the information about the user adding the new customer. If the information is incorrect, it must be changed by clicking on the corresponding link and selecting the correct location/dept or lender staff from the pop-up screen.

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

- "General Information"

- "Balance Sheet", select 1 of the following:

  - "Market Value" which is used for most circumstances when the balance sheet is based upon market values

  - "Costs Basis" which is used typically for entities who keep records on a cost basis

  - "Personal" which is used for collecting personal financial statements from entity members

Note: New customer file will **not** be added for individual entity members unless approved by State FBP Coordinator.

- "Income/Expense".

A Overview (Continued)

5 Adding a New Customer (Continued)

Notes: If a customer file with the same tax ID already exists in the system; locator, recycle, or archive, a box will appear on the screen displaying the message, "Customer(s) with same tax ID". Do **not** add this customer as it will create a duplicate account. CLICK "Cancel and Return to Locator".

Search under locator and, if the customer cannot be located, contact the State FBP Coordinator to have the file moved back to the Locator Screen from the recycle or archive.

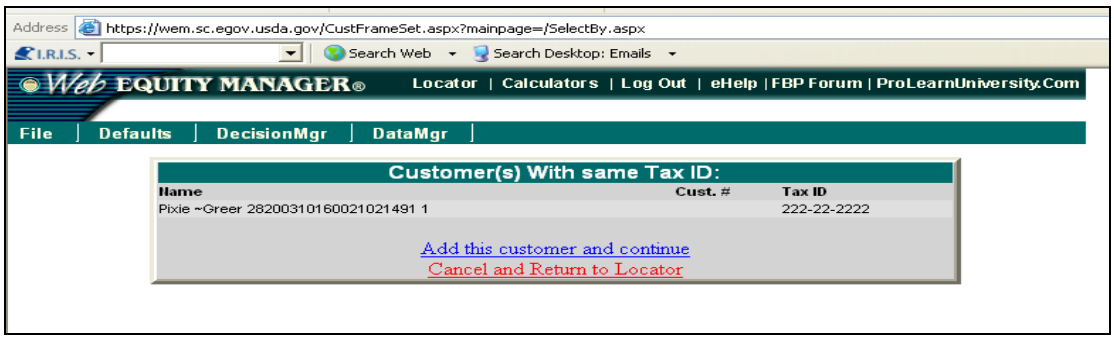


Figure 3

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

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

If the FBP system uses the incorrect SCIMS record because of duplicate records, a different SCIMS record may be associated with the customer by clicking "Change SCIMS Customer" at the bottom of "General", "General Information".

a FSFL Borrowers

Farmers who only have FSFL accounts are not to reside in the FBP system. FSFL's provided to existing FLP borrowers shall use the established FBP customer account.

A Overview (Continued)

6 Navigating FBP

After a customer is selected from the Locator Screen, there are 2 options available for navigating FBP. Use the toolbar menu to select individual forms and reports; or CLICK "Dashboard".

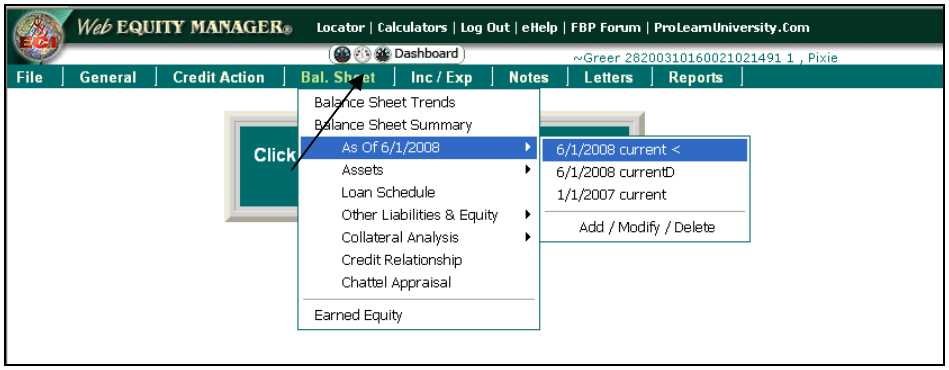


Figure 4

Clicking "Dashboard" will provide the user with the following 5 tabs:

- "Navigation"

  Note: Provides for quick and easy access to forms within the system.

- "Balance Sheet Trends"

- "I/E Trends"

- "Ratios & Indicators"

- "Repayment Capacity/Sensitivity".

  Note: Provided for easy access to view and print reports.

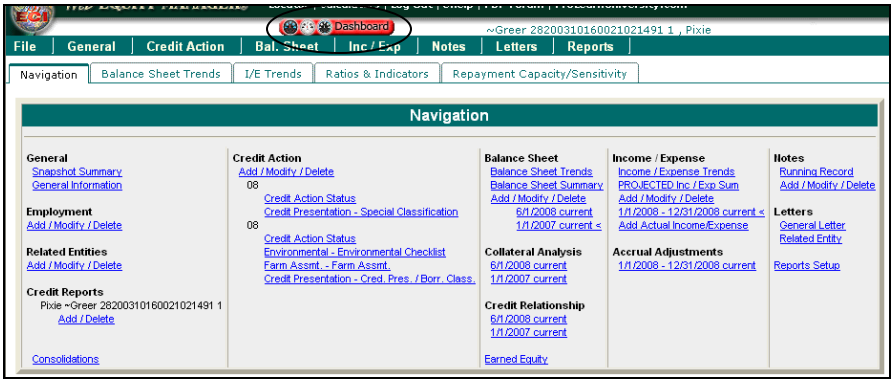


Figure 5

A Overview (Continued)

7 Importing/Exporting Data

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

a Exporting Files to Other Lenders

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

- with the customer's file open, CLICK "File" and "Export Selected Data"
- use the checkboxes to select the financial data to be exported.

The file name may have the following format, "LastName,FirstName.ZIP". This file can be imported by another lender using WEM.

b Importing File from Other Lenders

To import customer data, the customer's file must be open within the FBP system. New customers must first be added to FBP. See **Adding a New Customer** (Section A 5).

- With the customer's file 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 on the local computer or network.
- Use the checkboxes to select the financial data to be imported.

The file name may have the following format, "LastName,FirstName.ZIP".

A Overview (Continued)

7 Importing/Exporting Data (Continued)

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)
    - 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 and Assumptions, and Deceased/Released of Liability Borrower Records

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 the FBP system. If the customer record does not exist, see **Adding a New Customer** (Section A 5) 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, click the "From Web Equity Manager Locator" radio button and "Search Locator".

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

8 Transfers and Assumptions, and Deceased/Released of Liability Borrower Records (Continued)

a Transfers and Assumptions (Continued)

- Enter the search criteria for the "transferor" on the Customer Lookup Screen and CLICK "GO" or PRESS "Enter". When displayed, click on the transferor's name.

- When returned to the Select Customer File to Import Screen, CLICK "Continue".

- The Select Data to Import Screen will be displayed. CLICK "Import Selected Data" to complete the import of financial information into the transferee's file. A message will be received when the import is completed.

- ***--**Delete the transferor's customer record from the Locator Screen, see **Moving FBP Customer Accounts to the Recycle Bin** (Section B 6 a).**--***

b Deceased or Released of Liability Borrowers

When the primary customer in the FBP system, who is jointly liable with another, becomes deceased or is released of liability, the customer file 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". The General Information Screen will be displayed.

- At the bottom of the screen, CLICK "Change SCIMS Customer".

- Enter the tax ID number of the customer that should now be associated with the record and select the ID type.

9 Calculators

Several loan and amortization table calculators are available on-line by clicking "Calculators" at the top of the screen.

The results of the calculations, i.e. amortization table, can be printed by **right-**clicking in the pop-up calculator window and clicking "Print" from the menu.

A Overview (Continued)

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 the FBP system. Before ordering a credit report, a customer account 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. Once 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 the FBP system. Accounts developed for credit reports and eligibility purposes only do **not** count toward FSA's active FBP accounts.

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.

For existing customers. Credit reports will be ordered using the existing customer account.

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 account.
- CLICK "General", "Credit Reports", and the name of the 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 the name of the applicant a credit report is being requested for. Any credit reports that were previously obtained will be listed plus "Add/Delete".

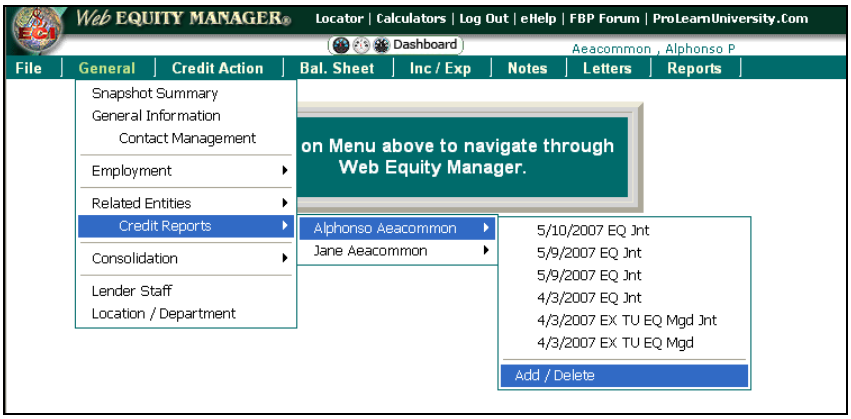


Figure 6

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, which originates in SCIMS.

- *--The system 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, which 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**".

*--

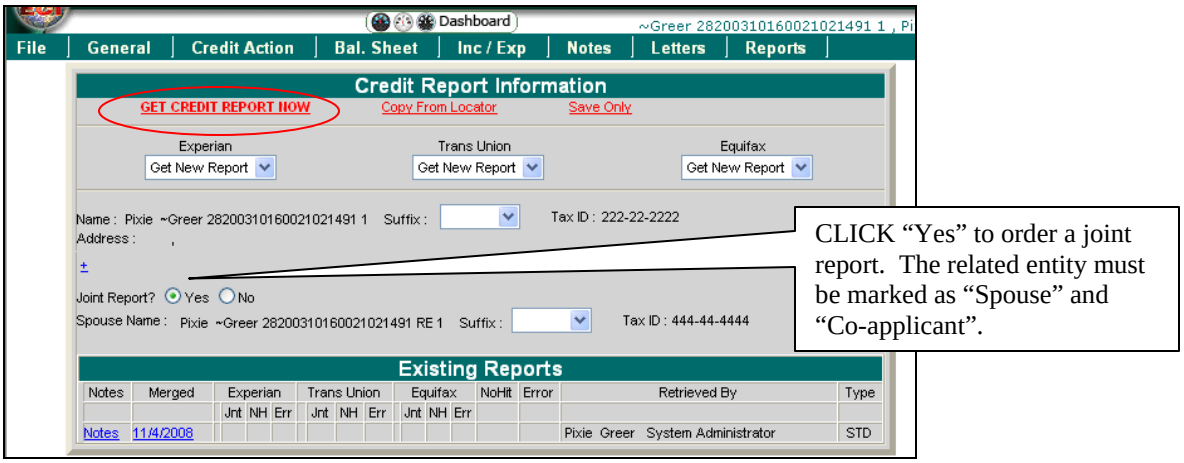


Figure 7 --*

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 on 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 the "Experian Business" radio button
- CLICK "Business Profile" from the "Product" drop-down menu
- CLICK "**GET CREDIT REPORT NOW**".

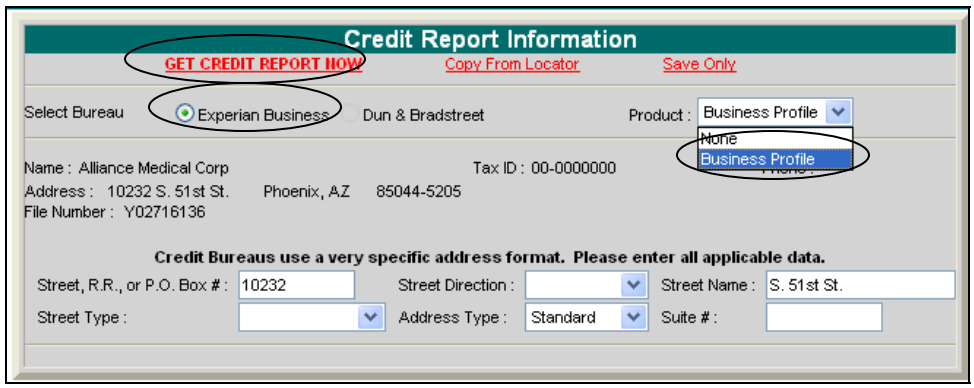


Figure 8

A list of "Similars" will be displayed.

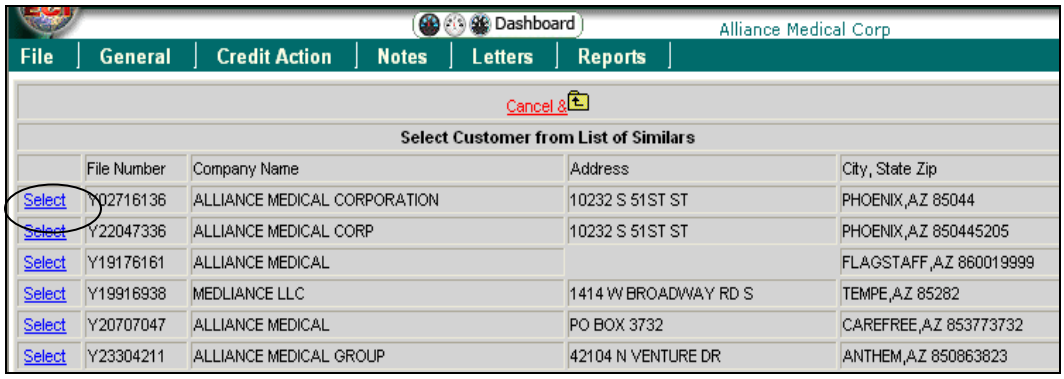
Note: If no "Similars" are displayed, there is no information available from the credit bureau. Exit the screen at this time and there will be no charges to the customer.

A Overview (Continued)

11 Credit Reports (Continued)

d Ordering Credit Reports for Entities (Continued)

CLICK "Select" next to the entity name.



	File Number	Company Name	Address	City, State Zip
Select	Y02716136	ALLIANCE MEDICAL CORPORATION	10232 S 51ST ST	PHOENIX,AZ 85044
Select	Y22047336	ALLIANCE MEDICAL CORP	10232 S 51ST ST	PHOENIX,AZ 850445205
Select	Y19176161	ALLIANCE MEDICAL		FLAGSTAFF,AZ 860019999
Select	Y19916938	MEDLIANCE LLC	1414 W BROADWAY RD S	TEMPE,AZ 85282
Select	Y20707047	ALLIANCE MEDICAL	PO BOX 3732	CAREFREE,AZ 853773732
Select	Y23304211	ALLIANCE MEDICAL GROUP	42104 N VENTURE DR	ANTHEM,AZ 850863823

Figure 9

The Credit Report Information Screen will be redisplayed. Click on the date to view a copy of the business report.

Each member of the entity must be entered as an Individual according to **Related Entities** (Section C 2). Credit reports can then be ordered on these members according to **Ordering Credit Reports for Individuals** (Section A 11 c).

Note: Joint reports cannot be ordered for entity members.

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 shown in the following, 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 which 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 input fields will be displayed.

Note: Clicking "+" to display additional fields is only required when requesting consumer bureau reports. The additional fields are always viewable when requesting business bureau reports.

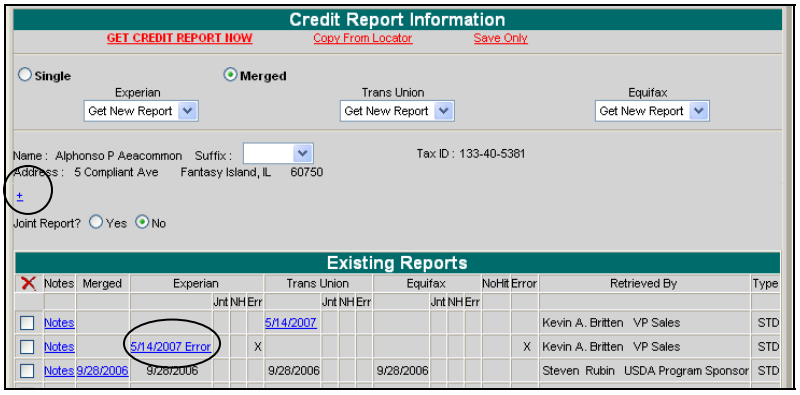


Figure 10

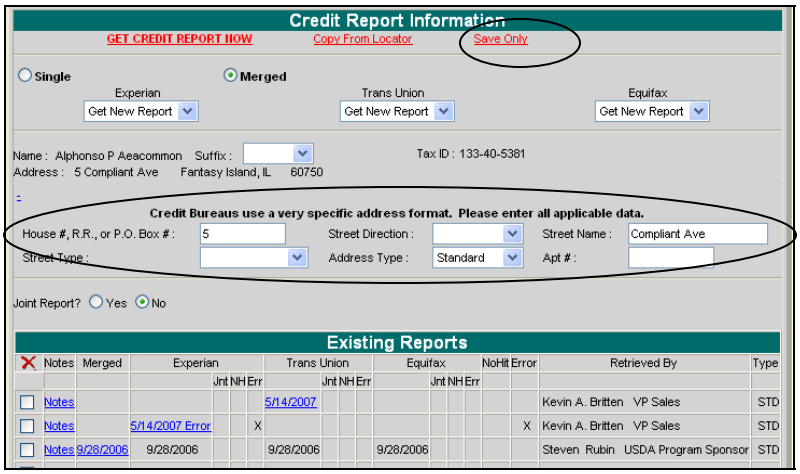


Figure 11

These additional input fields will allow the user to provide the 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.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

11 Credit Reports (Continued)

f Failed Attempt (Continued)

Once 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.

A Overview (Continued)

11 Credit Reports (Continued)

g Accessing Existing Reports

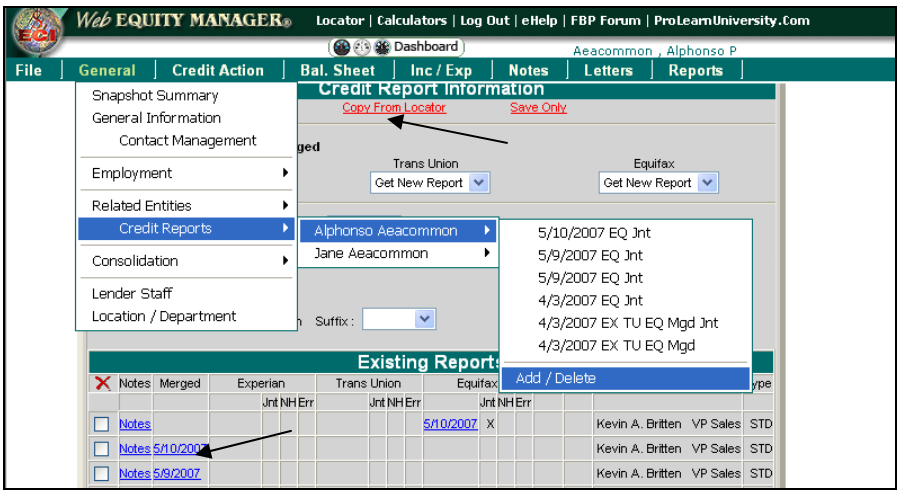


Figure 12

Access an existing credit report according to the following.

- Select a customer account.
- CLICK “General”, “Credit Reports”, [name of customer], and “Add/Delete” and the Credit Report Information Screen will be displayed.
- Under “Existing Reports”, click on the date of the report to view.

To print the credit report, right-click and CLICK “Print”.

h Copy from Locator

“Copy from Locator” is available to copy credit reports from an existing customer account to a duplicate account “same tax ID”.

Note: Normally a duplicate account should never be created. Contact the State FBP Coordinator before clicking “Copy from Locator”.

A Overview (Continued)

11 Credit Reports (Continued)

i 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 the individual or entity], and “Add/Delete”.

On the Credit Report Information Screen, under “Existing Reports”, CLICK “Notes” in blue hypertext.

Note: Credit reports will **not** be deleted from the system.

j 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	AEACOMMON, ALFONSO	SOCIAL	133-40-5381	DEPENDENTS
	AKA				
	ADDRESS	5 COMPLIANT , TOMORROW IL 60750			LENGTH
	PREV ADDRESS				LENGTH
	EMPLOYER		SINCE		
	POSITION		PHONE		
	VERIFIED BY		INCOME		
CO-APPLICANT	NAME	AEACOMMON, KELLY	SOCIAL	050-60-5998	
	AKA				
	EMPLOYER		SINCE		
	POSITION		PHONE		
	VERIFIED BY		INCOME		

The Application Data section will display all available applicant personal data from the selected bureaus.

A Overview (Continued)

11 Credit Reports (Continued)

j Reading the Credit Report (Continued)

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									
	EOOA	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	03/06 03/00	$3000	$1886 -	$10 MIN	19	0x30 0x60 0x90 -1111-1111-1 -111	R1
		AT:Revolving or Option (open-end account). KB:Banks and S and Ls SD:Pays account as agreed OD:Co Maker							
*** TRANS UNION ***									
	C	WACH BKCRD 43272	03/06 03/00	$3000	$1886 -	$10 MIN	19	0x30 0x60 0x90 1111X1111X1X 111	R01

	C	GMAC 5555555555	06/02 06/97	$68000	CLOSED	- - 360 Mth	20	8x30 1x60 3x90 ----222-2222 21-554311	I3
		02/02 - I2, 01/02 - I2, 12/01 - I2, 10/01 - I2, 09/01 - I2							
*** 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, 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.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

11 Credit Reports (Continued)

j Reading the Credit Report (Continued)

Field	Description
ECOA – Account Designator Code	Applicable codes are the following: • "A", Authorized User • "B", On behalf of another • "C", CoMaker • "I", Individual • "J", Joint • "M", Maker • "P", Participant • "S", Shared • "T", Terminated • "U", Undesignated • "X", Consumer Deceased.
Creditor	Name of the trade line reporting.
Account Number	Account number as reported by creditor.
Reported	Date this trade line last reported to the bureau.
Opened	Date this trade line opened.
High Credit	Amount of high credit on account.
Balance	Balance on account as reported by trade line.
Past Due	Amount of payments past due.
Mo Paym	Amount of monthly payment for trade line.
Terms	Terms of the account.
Mons Rated	Number of months this trade line has been rated.
30 | 60 | 90+	Number of 30 day, 60 day, and 90 or more day late for trade line.
Payment Pattern	Consumer payment history for the past 24 months, beginning with Reported Date: • "-", no rating • "1", Current • "2", 30 days late • "3", 60 days late • "4", 90 days late • "5", 120+ days late • "7", making payments in Wage Earner Plan • "8", repossession/foreclosure • "9", Charge Off.

A Overview (Continued)

11 Credit Reports (Continued)

j Reading the Credit Report (Continued)

Field	Description
Type	The following are types of accounts: • "R", Revolving or Option (open-end account) • "I", Installment (fixed number of payments) • "O", Open Account (30, 60, or 90 day account) The following are types of status: • "-", No rating • "1", Pays account as agreed • "2", 30 days past due • "3", 60 days past due • "4", 90 days past due • "5", 120 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
		OTHER PUBLIC RECORDS	0

64% Available

The Credit Summary section summarizes all of the tradelines in the Credit section by trade type.

Farm Business Plan - FSA User Guide (Continued)

A Overview (Continued)

11 Credit Reports (Continued)

j 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 days past due.
90	Count of trades by type that are 90 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)

j 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 DATE HIRED INCOME	BANK	OCCUPATION SEPARATION DATE	
COMPANY NAME DATE HIRED INCOME	HAL	OCCUPATION SEPARATION DATE	MGR
CO-APPLICANT			
COMPANY NAME DATE HIRED INCOME	QSASF	OCCUPATION SEPARATION DATE	ASFD
COMPANY NAME DATE HIRED INCOME	ASDAS	OCCUPATION SEPARATION DATE	ADASDA

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 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)

j 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 133405381 Year Issued: 1965; State: NY
OFAC: No match found in OFAC Database.

*** **EXPERIAN** ***
FACS+ Message: Inquiry Address Message - CKPT: BUSINESS SERVICE ON FACS+ FILE/JOHNS PREMIERE LANDSCAPING/5 EAST AVE/TOMMORROW 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/ROCKY ELECTRIC SERVICE/7 EAST AVE/TOMMORROW IL 60750
FACS+ Message: Onfile Address Message - CKPT: AUTOMOBILE SERVICE ON FACS+ FILE/RJF AUTOMOTIVE SERVICES INC./7 5TH AVE/TOMMORROW IL 60750/847.555.1818

*** **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: HYH EHUFRYLFL
INQR Subject's SSN is 050605998 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)
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.

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.

k Payment of Invoices for Credit Reports

See 1-FLP, subparagraph 48 L.

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 File

All electronic information stored within the FBP system 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 running case record maintained in the FBP system is designed to be reviewed online by FSA personnel during the course of normal business operations.

The "Notes", "Running Record" feature of the system may be used to record entries that would have traditionally been written in the file, i.e. farm visit notes and comments on interactions with customers except for:

- the narratives and comments about the following actions, which must be documented in the applicable FBP credit presentation:

  - direct loanmaking
  - classification/LR review/YEA
  - special loan servicing
  - regular loan servicing
  - eligibility only
  - youth loans

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 which are exempt from disclosure pursuant to FOIA.

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. Create the new running record by clicking "Notes" and "Add/Modify/Delete". The suggested Note Title/Description of the new running record should be "FOIA Running Record" or something similar.**--

Note: No running records will be deleted.

B Electronic File Maintenance, Reports, and Signatures (Continued)

2 Running Record (Continued)

b Printing Running Records

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, GAO, and CDAT.

3 Footnotes and Comment NotePads

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 once 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 Comment NotePads

To allow footnotes and/or comment NotePads to print on a selected report, CLICK "Reports", "Reports Setup", and check (✓) the appropriate boxes under "Print Footnotes on:" and "Print Comments".

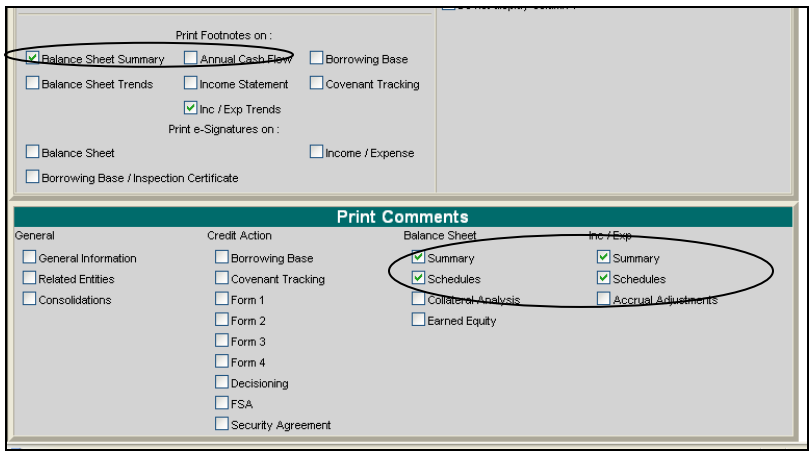


Figure 13

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements

a General – Generating and Printing Reports

Reports are generated using a Crystal Reports ActiveX component. When selecting a report from "Reports", a new browser window will be displayed with the report. The report can be printed using the printer icon.

Note: All reports should be printed using Crystal Reports.

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

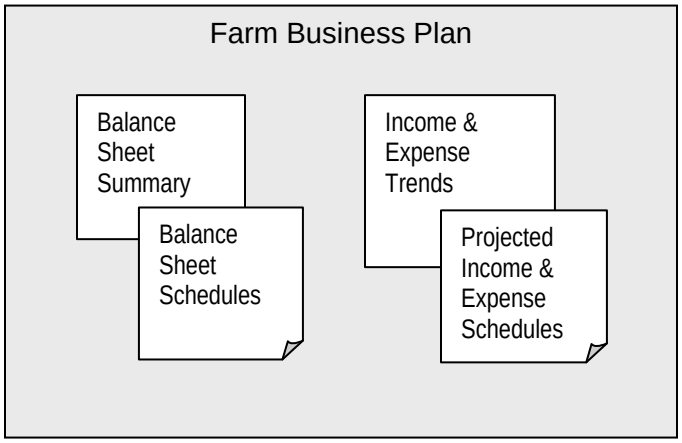
Reports can be exported into the following programs or formats:

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

Color charts can also be generated by clicking "Charts" on the Reports Screen next to the other report options.

b FBP Document

At a minimum, the FBP document will consist of the balance sheet and support schedules, if any, income and expense trends, and projection schedules, if any.



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 details which reports or forms must be signed, locked, and printed.

Report or Form Name	Customer Signature Required*	FSA Signature Required*	Must be Locked*	Report Must be Printed**
FBP				
Balance Sheet Summary	Yes	No	Yes	Yes
Balance Sheet Schedules	No	No	N/A	Yes
Income & Expense Trends	Yes	No	Yes	Yes
Projected Income & Expense Schedules	No	No	N/A	Yes
Farm Assessment	Farm assessments will be signed and dated by the customer to acknowledge participation in completing the document.	Yes	Yes	Yes, if completed or updated.
All Credit Presentations (Direct Loanmaking, Classification/LR Review/ YEA, Special Loan Servicing, Regular Loan Servicing, Eligibility Only, and Youth Loans)	No	Yes, eSigned	Yes	Optional
DALR$ Input Report	No	Yes, eSigned	Yes	Optional
Environmental Checklist (RD 1940-22)	No	Yes, eSigned	Yes	Optional

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*	FSA Signature Required*	Must be Locked*	Report Must be Printed**
Security Agreement	Yes	No	No	Yes
Chattel Appraisal	No	Yes or notation made in the credit presentation. See **Credit Actions** (Section I 3 j)	N/A	Optional
Analysis Reports & Charts	No	No	N/A	Optional
Running Record	No	No	N/A	Optional. See **Running Record** (Section B 2)

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

****** When the printing of certain credit actions and reports is optional, the electronic versions stored in the FBP system are considered to be the equivalent of a paper version for all
--**purposes, including source documents for ADPS and DLS transactions and other**--
purposes.

Note: Customers may also provide signed balance sheets, actuals, and projections, in
--**alternative formats, provided they contain substantially similar information as FBP**--
components.

d Reports Setup

"Reports", "Reports Setup" contains many options to control the appearance of reports and what records are included in the generated analysis. Options selected affect each customer only. Up to 6 balance sheets and 6 projections/actuals can be included in reports. Options selected in "Reports", "Reports Setup" will affect what balance sheets and projections/actuals are available or "will be used" in credit actions.

Caution: The options in the "Reports", "Reports Setup", titled "Analysis Based On" should **not** be changed. FSA has established these defaults on the national level and has established that "Value of Farm Production" and "Ag Only" will be used in all ratios and for classifications.

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

d Reports Setup (Continued)

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 DALR$ plan, if completed

  - Columns 2 through 4, preceding years using actual history, if available

  - Columns 5 and 6, may be used for Before DALR$, After Deferral, or Typical-year projections, as needed--*****

Note: The FSA loan official will select which years are most relevant to include in the average from the Reports Setup Menu by checking the box above the year.

- balance sheets:

  •*****--Column 1, current or Post-Close/After DALR$ plan, if completed
  - Columns 2 through 4, preceding years
  - Columns 5 and 6, may be used as needed.--*****

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 Accounts to the Recycle Bin

When a customer record no longer has a credit relationship with FSA, the account should be deleted from the Locator Screen. Deleting from the Locator Screen provides the option of either archiving the customer account or moving it to the recycle bin. Users shall move these customer accounts to the recycle bin according to the following:

- on the General Information Screen for the customer:
  - delete all information from the "Credit Relationship Status" field
  - enter an account description and date, such as "Paid in full, XX/XX/XXXX" or ***--**"Loss to Government, XX/XX/XXXX"**--***
- on the Locator Screen:
  - select the account to be moved to the recycle bin by checking the box located in front of the name

    Note: Individual or multiple accounts may be moved at 1 time.
  - click the red "X" located above the list of names
  - verify the radio button for "Recycle Bin" is selected
  - CLICK "Send".

Note: Do **not** click the "Archive" radio button.

b Moving FBP Duplicate Customer Accounts to the Recycle Bin

Duplicate customer accounts shall not reside in the FBP active database. These accounts will be labeled "Duplicate File, XX/XX/XXXX" in the "Credit Relationship Status" field on the General Information Screen. Delete 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 person(s) 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, 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. All FBP accounts must, at a minimum, have the 4 **required** fields completed before exiting the General Information Screen.

Field	Notes
***--**Credit Relationship Status	Once a customer no longer has a credit relationship with FSA, see **Maintaining FBP Customer Records** (Section B 6). Until the credit relationship with FSA ends, each State will provide guidance on the use of the field. Entries made to the field may be text or numerical, but **will not** contain "SS#" or "TaxID#".**--***
Type of Operation – Primary	**Required**. Select the customer's predominant enterprise by either: • clicking "Select" and choosing from the list in the pop-up menu • entering the NAICS code manually, which can be obtained from either "Inc/Exp", "Income Sch.", "Crop Sales Schedule" or "Inc/Exp", "Income Sch.", "Livestock Sales" and CLICK "Description".
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.
	• "Credit Rpt./Elig. Only Act" is used:
	  • when ordering credit reports or for eligibility only credit actions
	  • for new customers only.
	• "Special Classification Act" is used only for flagged accounts with no new or updated BS or IE information completed since conversion to FBP (2004).
	• "Guaranteed Loan Import" is used to identify files imported from guaranteed lenders.
	• "Producer Import" is used to identify files imported from producers.
	• "Active Account" is used for all other accounts.

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

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

If the customer is an entity itself, it is important that the members of the entity be shown in this section. The person(s) or related entities placed in this section must be in SCIMS before being entered as a related entity.

3 Employment Information

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

4 Lender Information

a Lender Staff

Each customer should have 1 or more FSA loan official(s) designated as the customer's lender. This item is informational and will assist in preparing reports and future loan servicing functions. It will usually be the primary FSA loan official who services the account, i.e. FLM, FLO, or both. There is no limit to number of lenders identified with each account.

- **For new customers**. The user adding a new customer will automatically appear as the lender staff. It can be changed on the General Information Screen by clicking "Lender Staff" and "**Add New**".

- **For existing customers**. Customers with data converted from FHP to FBP will not have a FSA loan official designated as a customer's lender. Therefore, the first time a converted customer is accessed, the FSA lender should be designated on the General Information Screen by clicking "Lender Staff" and "**Add New**".

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.

- The Service Center location is not required to be selected when a new customer is added as it will default to the location of the user adding the customer. The customer's Service Center can be changed by selecting the new Service Center from the drop-down menu.

- "Restricted Loans" location, visible only to administrative users, is reserved for employee relationship and sensitive accounts. Once an account has its location designated as "restricted loans," only FLC, FBP Coordinator, and those employees specifically designated by the FBP Coordinator as the customer's "Lender Staff" can access the account.

c Special Handling of Employee Relationship Accounts

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 FBP Coordinator will create a new customer record for FSA employee or employee relationship accounts. The Service Center must immediately notify the FBP Coordinator upon receiving an application and provide the applicant's tax ID number. Unless otherwise determined by the FBP Coordinator or FLC, the FBP Coordinator will:

- create the customer account

- designate the customer's location/department as "restricted loans"

- add the necessary FLP employees to the customer's lender staff by clicking "Lender Staff"

- notify the designated Service Center when the account is created and restricted.

For existing customers. The FBP Coordinator will place FSA employee or employee relationship accounts into the restricted loan area. In addition, the lender staff designated by SED or DD to service this account will be associated by the FBP Coordinator as the customers' "Lender Staff".

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.

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

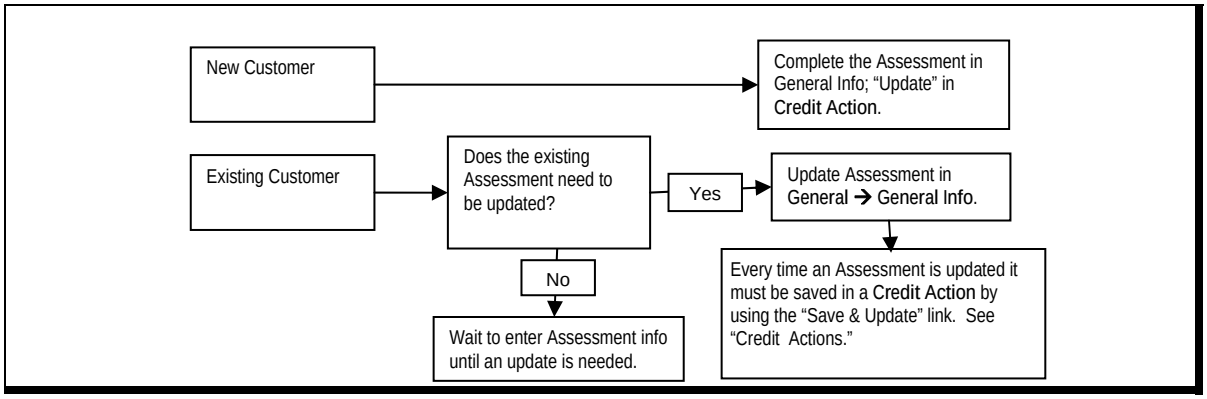
See 1-FLP, paragraph 222 for instructions on the documentation required for an initial assessment. Enter the information in the WordPad below each topic of the Farm Assessment Narrative on the General Information Screen.

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.**--***

C General Information (Continued)

5 Farm Assessment Information (Continued)

c Copying from Word Documents

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

Copy text from MS Word to the WordPad located in General Information according to the following:

- highlight desired text in MS Word
- copy and paste in the appropriate WordPad block
- CLICK "Clean MS Word HTML" on the right side of the WordPad.

Notes: Any bolding or bullet points will be removed during the "cleaning" process.

Do **not** use MS Word to create new assessments.

D Balance Sheet

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

1 Balance Sheet Descriptions

--**A meaningful description, such as "FYE 12/31/08" or "After DALR$ 2009", 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.**--

Farm Business Plan - FSA User Guide (Continued)

D Balance Sheet (Continued)

2 Current and Forward Looking Balance Sheets

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.
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.

3 Add/Modify/Delete Balance Sheets

To add, modify, or delete a balance sheet, the customer must first have been added to FBP, see **Adding a New Customer** (Section A 5). "Add/Modify/Delete" is available by accessing the ***--**balance sheet summary or the balance sheet trends. "Add/Modify/Delete" also gives users the ability to "Duplicate" and/or "Lock" the balance sheet.**--***

D Balance Sheet (Continued)

4 Balance Sheet Summary

***--**This option allows the user to select and display a single balance sheet on the screen. Financial information may be entered or modified on the balance sheet summary or in the detailed schedules. A user may select an existing report or "Add/Modify/Delete" using either of the following:

- CLICK "Bal. Sheet" on the toolbar, then "Balance Sheet Summary" from the drop-down menu

- CLICK "Dashboard" then select the "Navigation" tab; choose the applicable option under "Balance Sheet".**--***

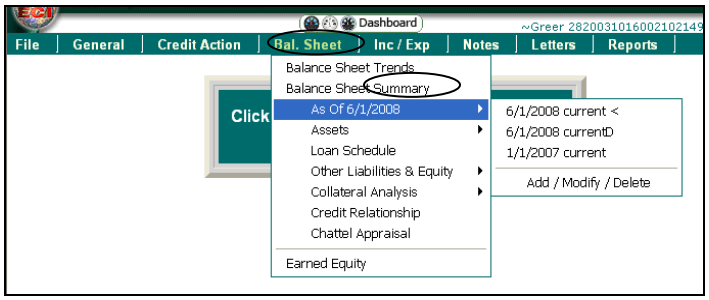


Figure 14, Example of Balance Sheet Summary Selection Using the Toolbar

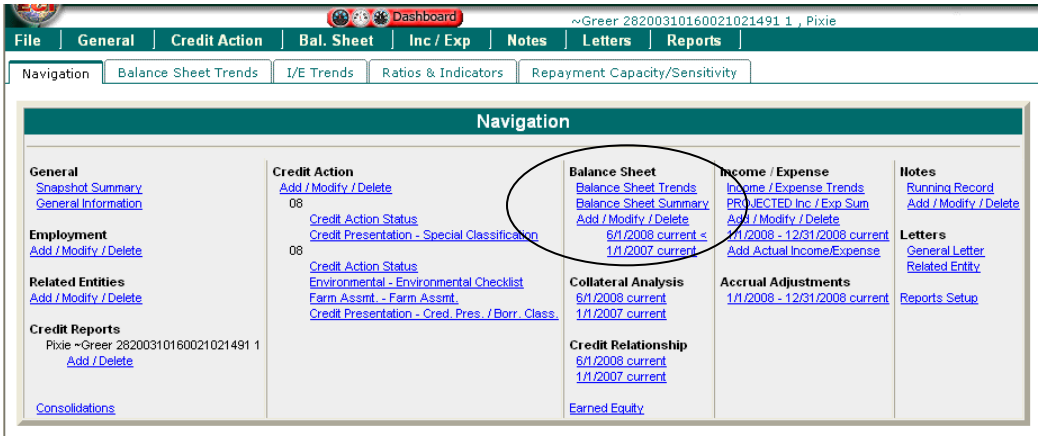


Figure 15, Example of Balance Sheet Summary or Trends Using the "Dashboard" Option

D Balance Sheet (Continued)

5 Balance Sheet Trends

The "Balance Sheets Trends" option allows multiple balance sheets to be displayed and gives the user another option to access an existing report or choose "Add/Modify/Delete" for a new report. Any changes in the selection and order of reports will be reflected in **"Reports Setup"** (Section B 4 d). Trends are available by using either of the following methods:

- CLICK "Bal. Sheet" on the toolbar, then "Balance Sheet Trends" from the drop-down menu
- CLICK "Dashboard" then select the "Navigation" tab; CLICK "Balance Sheet Trends" under "Balance Sheet".

Financial information may be entered in summary or detailed schedule format. Before adding financial information or documentation to the memo pads or footnotes, be sure that the correct balance sheet is selected by clicking on the radio button at the top of the screen.

***--Note:** It is recommended that the "Balance Sheet Summary" option be selected for more--* complex operations using multiple detailed schedules. Performance will be faster.

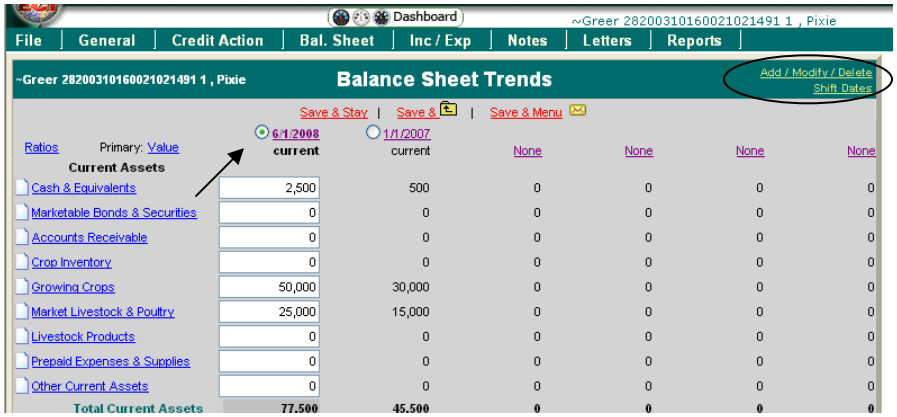


Figure 16

6 Footnotes

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

7 Comment NotePads

Comment NotePads provide the capability to add comments on each summary line or detailed schedule. What looks like a small piece of paper next to a field indicates that comments can be entered. Click on the indicator to enter comments. After entering a comment, this same indicator looks like a sheet of paper with writing. The comment NotePads can appear on the printed balance sheet report if that option is selected through "Reports" and "Reports Setup".

D Balance Sheet (Continued)

8 When Customer and FSA Balance Sheet Values/Amounts Differ

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

Method	Additional Details
Revised Balance Sheet	Revise the balance sheet the customer submitted and use the value that FSA determines when entering the data into FBP.
Dual Value Balance Sheet	Enter 1 balance sheet into FBP using the secondary column. This option will allow dual values to be entered on 1 balance sheet; the borrower's value, and an adjusted value. The value and adjusted values can be entered as summary input or on each schedule for each item.

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

Note: In the future, when customers have on-line access to FBP, using the "dual value" method may be preferable.

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

See **Collateral Analysis/Chattel Appraisals** (Section I) for more information on completing a chattel appraisal.

9 Number of Balance Sheets

There is no limit to the number of balance sheets that can be created or maintained.

10 Locking Balance Sheets

Balance sheets should be locked after completion to prevent further modification of the data. Lock the balance sheet by clicking "Add/Modify/Delete". The lock link can be found to the right of the list of balance sheets.

D Balance Sheet (Continued)

11 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.

--**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 8) for information about how to enter dual values.

12 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.

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.

Farm Business Plan - FSA User Guide (Continued)

D Balance Sheet (Continued)

12 Liabilities (Continued)

c Personal Liabilities

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

Caution: Do **not** include:

- personal debt payments in the loan schedules, as that will distort the capacity analysis and feasibility determination
- 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.

13 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)

13 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, 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)

13 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, 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, i.e. "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)

13 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. • Do **not** select the option to have the payments appear on the "Proj I/E;" personal debt payments are considered to be included in total owner withdrawals.

D Balance Sheet (Continued)

13 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	

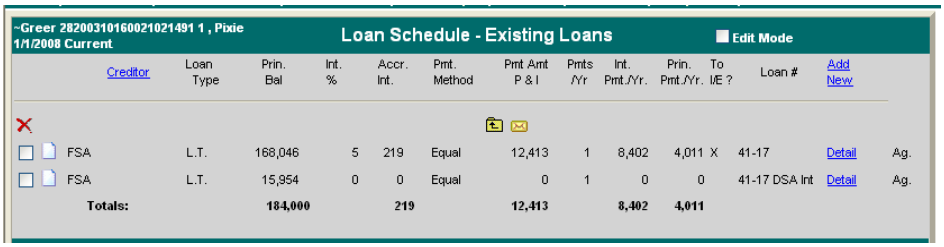


Figure 17, How FSA Loan with DSA Will Appear in FBP

14 Copying Liabilities from the Credit Report (Optional Feature)

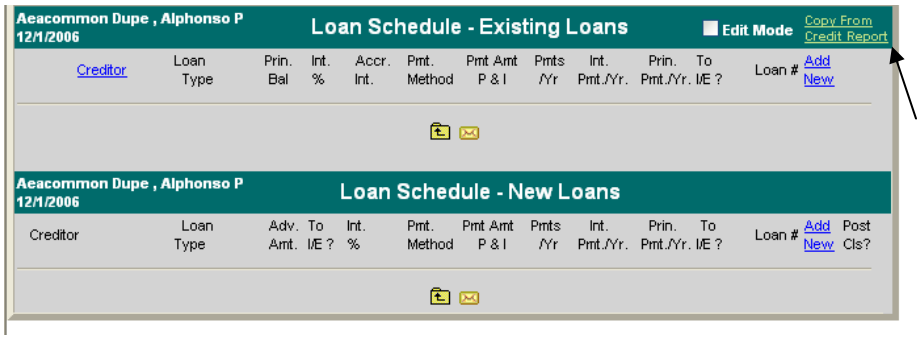


Figure 18

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 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)

15 Reports

The following balance sheet reports are available:

- 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.

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 "1/1/2004 – 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.

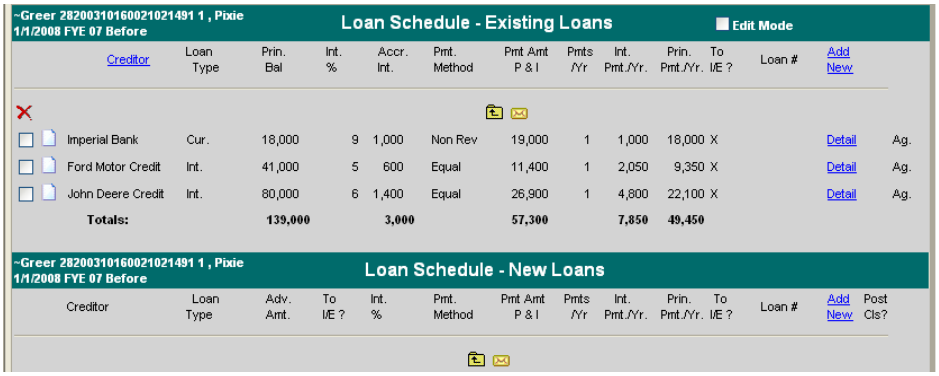


Figure 19, "As Is" Balance Sheet Loan Schedule

CLICK "Bal. Sheet", "Other Liabilities", and "Accounts Payable" and ENTER "Repair Bill" and "$1,000" and leave the drop-down menu set to "None."

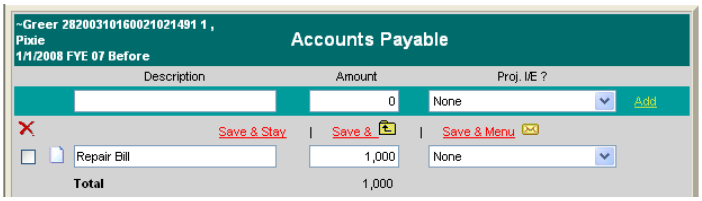


Figure 20, Accounts Payable Schedule

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:

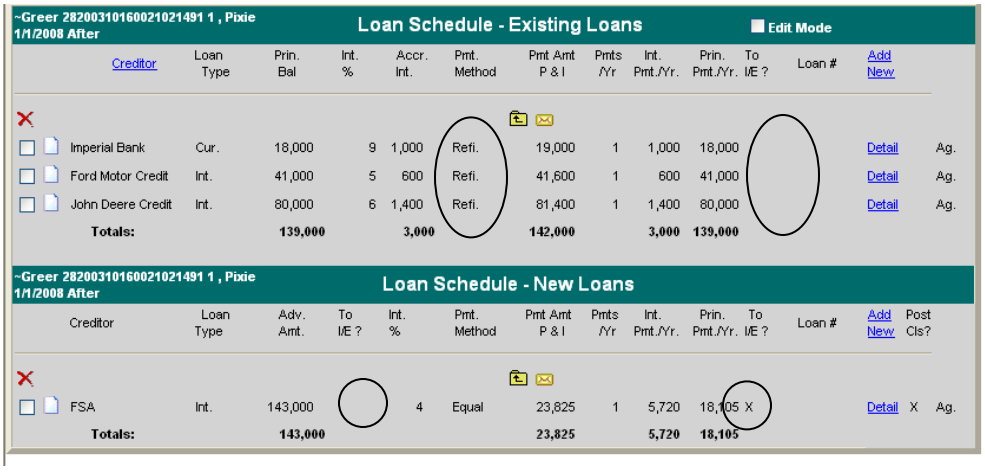
- for existing loans being refinanced:
  - change "Pmt. Method" to "Refi."

    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.



~Greer 28200310160021021491 1 , Pixie 1/1/2008 After — Loan Schedule - Existing Loans — Edit Mode

Creditor	Loan Type	Prin. Bal	Int. %	Accr. Int.	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Add New	
Imperial Bank	Cur.	18,000	9	1,000	Refi.	19,000	1	1,000	18,000			Detail	Ag.
Ford Motor Credit	Int.	41,000	5	600	Refi.	41,600	1	600	41,000			Detail	Ag.
John Deere Credit	Int.	80,000	6	1,400	Refi.	81,400	1	1,400	80,000			Detail	Ag.
Totals:		**139,000**		**3,000**		**142,000**		**3,000**	**139,000**				

~Greer 28200310160021021491 1 , Pixie 1/1/2008 After — Loan Schedule - New Loans

Creditor	Loan Type	Adv. Amt.	To I/E ?	Int. %	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Add New	Post Cls?	
FSA	Int.	143,000		4	Equal	23,825	1	5,720	18,105	X		Detail	X	Ag.
Totals:		**143,000**				**23,825**		**5,720**	**18,105**					

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.

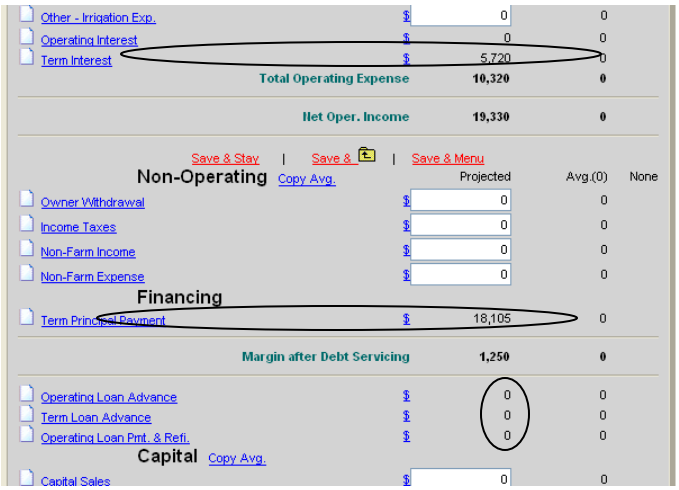


Figure 22, Verify Projection

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.

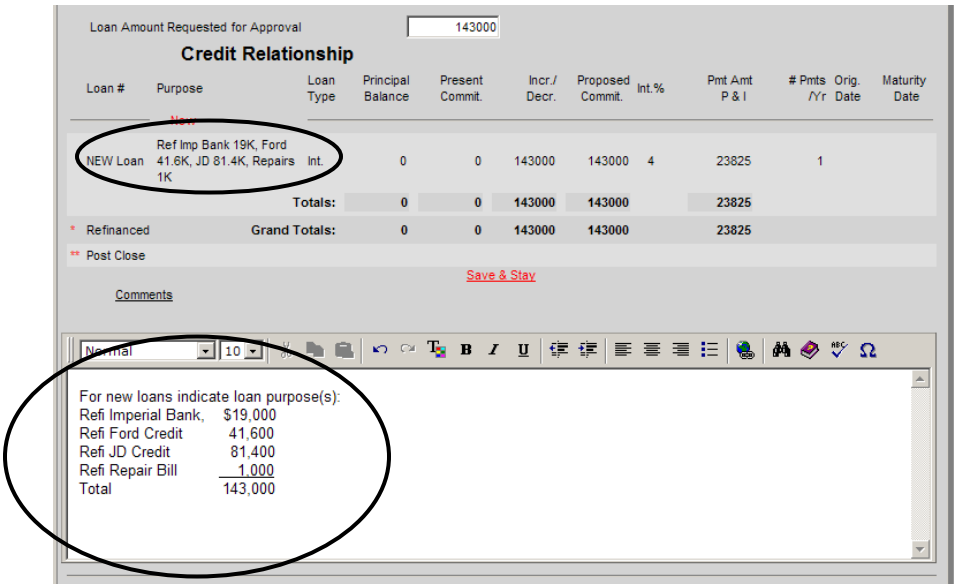


Figure 23, Complete Credit Relationship Section

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 "1/1/2004 – 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.

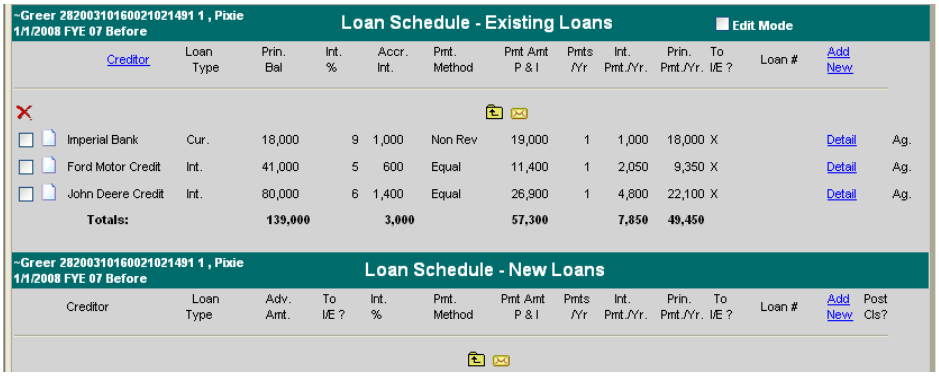


Figure 24, Entering "As Is" Loan Schedules

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".

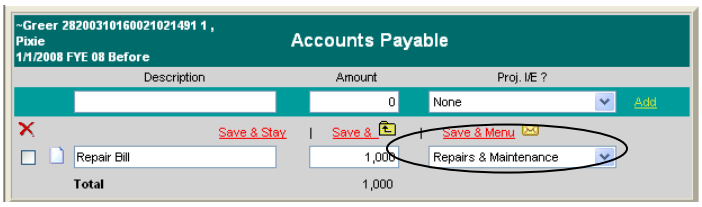


Figure 25, Entering "As Is" Accounts Payable

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 "1/1/2004 – 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 payoff 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)

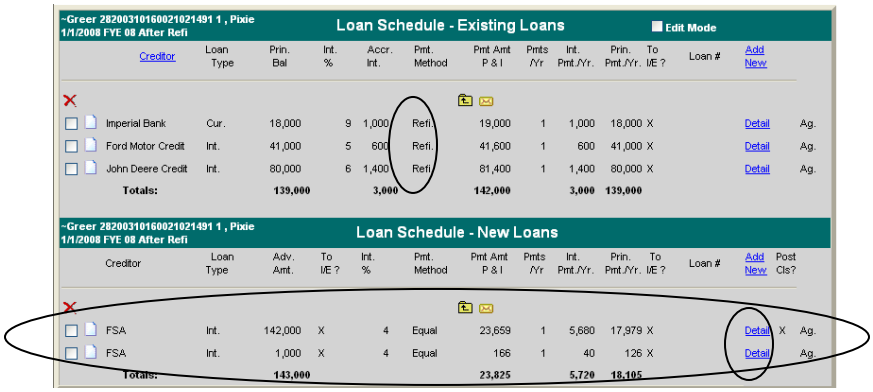


Figure 26, Creating Refi Scenario with Quasi-Post Close Balance Sheet

Step 4. Create the income/expense projection, ensuring that the beginning balance sheet is the after refi or quasi-post close balance sheet.

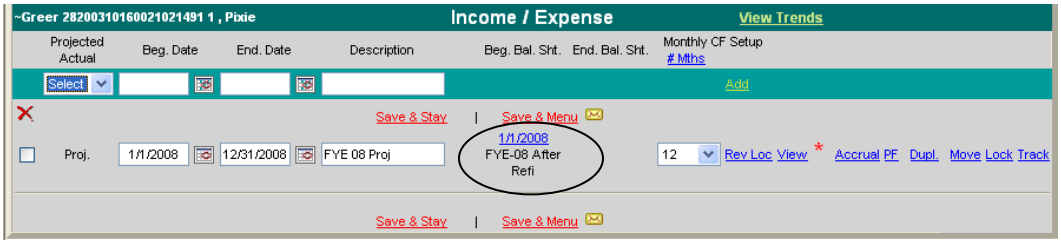


Figure 27, Creating Income/Expense Projection

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.

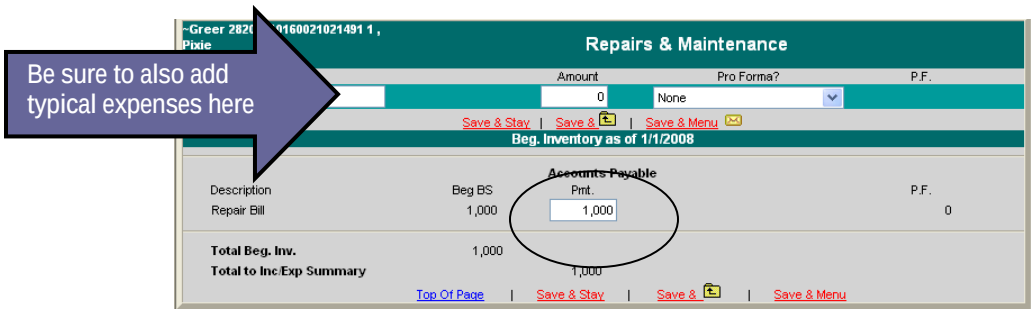


Figure 28, Completing the Cash Flow Projection

Farm Business Plan - FSA User Guide (Continued)

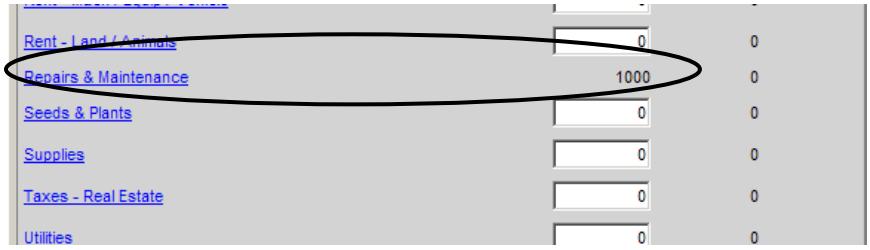
E Refinancing and Restructuring (Continued)

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.

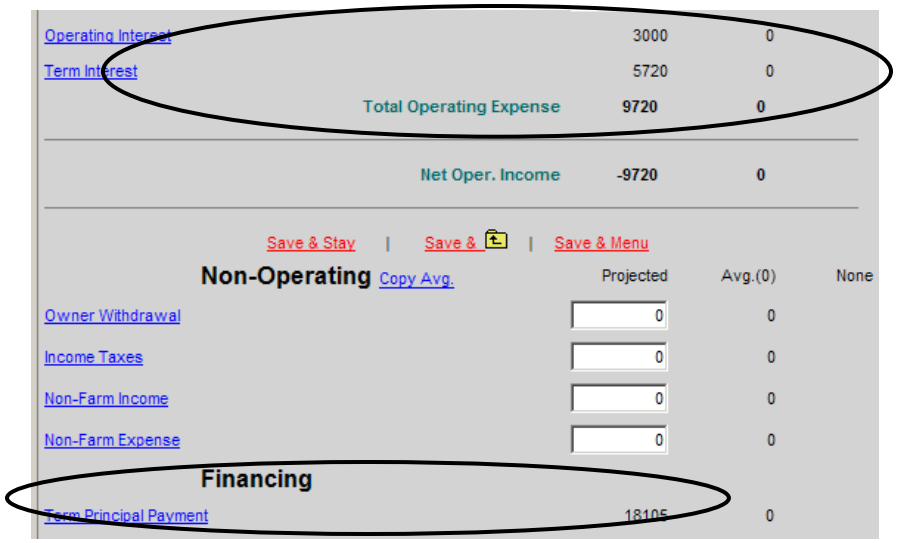
A. The $1,000 repair bill being refinanced is included in the expenses to be paid.



Rent - Land / Animals	0	0
Repairs & Maintenance	1000	0
Seeds & Plants	0	0
Supplies	0	0
Taxes - Real Estate	0	0
Utilities	0	0

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.



Operating Interest	3000	0
Term Interest	5720	0
Total Operating Expense	9720	0
Net Oper. Income	-9720	0

Save & Stay | Save & | Save & Menu

Non-Operating Copy Avg.	Projected	Avg.(0)	None
Owner Withdrawal	0	0	
Income Taxes	0	0	
Non-Farm Income	0	0	
Non-Farm Expense	0	0	
Financing			
Term Principal Payment	18105	0	

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.

Operating Loan Advance	0	0
Term Loan Advance	143000	0
Operating Loan Pmt. & Refi.	139000	0

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	

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 "1/1/2008 Before DALR$". The "1/1/2008 Before DALR$" 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 "1/1/2008 Before DALR$" balance sheet and attach this balance sheet to a duplicated income/expense summary, and give both documents a meaningful description, such as "1/1/2008 After DALR$". The "1/1/2008 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, subparagraph 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.

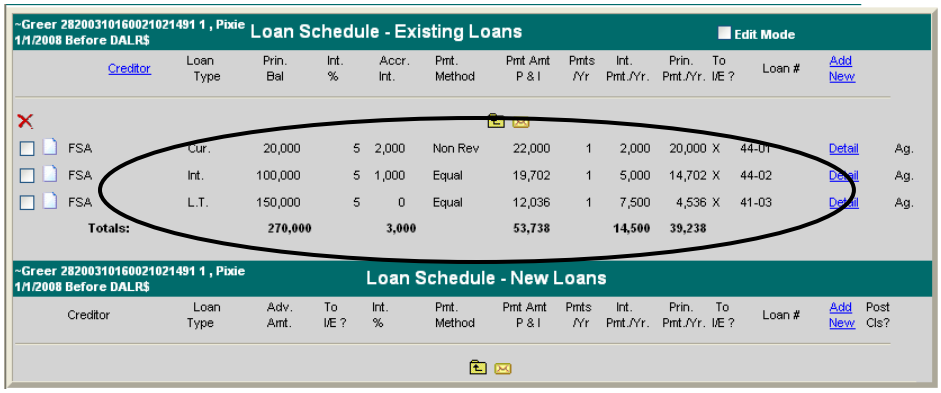
- FSA 44-02 loan was for term loan purposes, and has a principal balance of $100,000 with $1,000 of accrued interest. DALR$ indicated rescheduling the loan with a 15 year term and equal payments.

- 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 "1/1/2008 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)



~Greer 28200310160021021491 1 , Pixie 1/1/2008 Before DALR$ — Loan Schedule - Existing Loans — Edit Mode

Creditor	Loan Type	Prin. Bal	Int. %	Accr. Int.	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Add New	
FSA	Cur.	20,000	5	2,000	Non Rev	22,000	1	2,000	20,000	X	44-01	Detail	Ag.
FSA	Int.	100,000	5	1,000	Equal	19,702	1	5,000	14,702	X	44-02	Detail	Ag.
FSA	L.T.	150,000	5	0	Equal	12,036	1	7,500	4,536	X	41-03	Detail	Ag.
Totals:		**270,000**		**3,000**		**53,738**		**14,500**	**39,238**				

~Greer 28200310160021021491 1 , Pixie 1/1/2008 Before DALR$ — Loan Schedule - New Loans

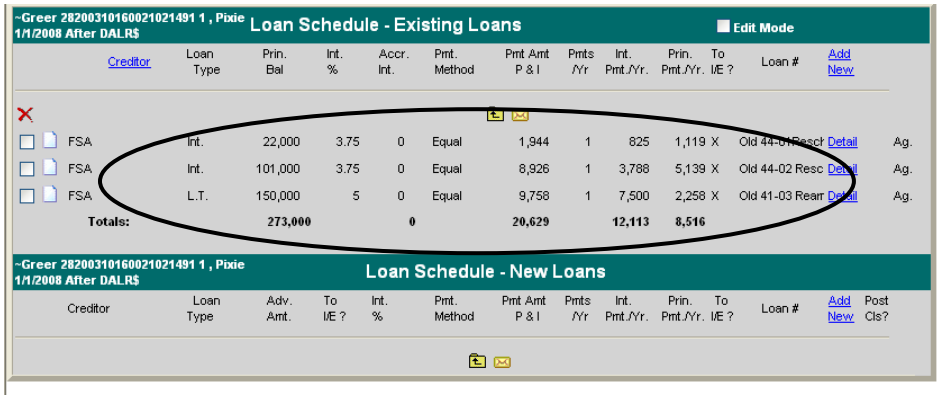
Creditor	Loan Type	Adv. Amt.	To I/E ?	Int. %	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Add New	Post Cls?

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 "1/1/2008 Before DALR$" balance sheet and income/expense summary and rename both documents "1/1/2008 After DALR$". 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.



~Greer 28200310160021021491 1 , Pixie 1/1/2008 After DALR$ — Loan Schedule - Existing Loans — Edit Mode

Creditor	Loan Type	Prin. Bal	Int. %	Accr. Int.	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Add New	
FSA	Int.	22,000	3.75	0	Equal	1,944	1	825	1,119	X	Old 44-01Resch	Detail	Ag.
FSA	Int.	101,000	3.75	0	Equal	8,926	1	3,788	5,139	X	Old 44-02 Resc	Detail	Ag.
FSA	L.T.	150,000	5	0	Equal	9,758	1	7,500	2,258	X	Old 41-03 Rearr	Detail	Ag.
Totals:		**273,000**		**0**		**20,629**		**12,113**	**8,516**				

~Greer 28200310160021021491 1 , Pixie 1/1/2008 After DALR$ — Loan Schedule - New Loans

Creditor	Loan Type	Adv. Amt.	To I/E ?	Int. %	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Add New	Post Cls?

Figure 33, "After DALR$" Loan Schedule

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

Step 4. Use "1/1/2008 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/expenses 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.**--***

1 Income/Expense Record Description

A meaningful description should be entered in "Description", such as, "FYE-Act 12/31/08" or "FYE-Proj 12/31/08", when a projected or actual income/expense record is created. This description will appear on reports.

2 Add/Modify/Delete Income Expense

To "Add/Modify/Delete" an actual or projected income/expense record the customer must first have been added to FBP, see **Adding a New Customer** (Section A 5). "Add/Modify/Delete" is available by accessing the Inc/Exp Summary (projected and actual) or the Income/Expense Trends. The "Add/Modify/Delete" option also gives users the ability to "Duplicate", "Lock", "Move", select "#Mth" for monthly cash flows, and/or "Adjust Accruals".

3 Income/Expense Summary

This option allows the user to select and display a single projected or actual income/expense on the screen. Financial information may be entered or modified on the income/expense summary or in the detailed schedules. A user may select an existing report or "Add/Modify/Delete" using either of the following methods:

- CLICK "Inc/Exp" on the toolbar, then select "PROJECTED Inc/Exp Sum" from the drop-down menu

F Income/Expense (Continued)

3 Income/Expense Summary (Continued)

- CLICK “Dashboard” then select the “Navigation” tab, and CLICK “PROJECTED Inc/Exp Sum” under “Income/Expense”.

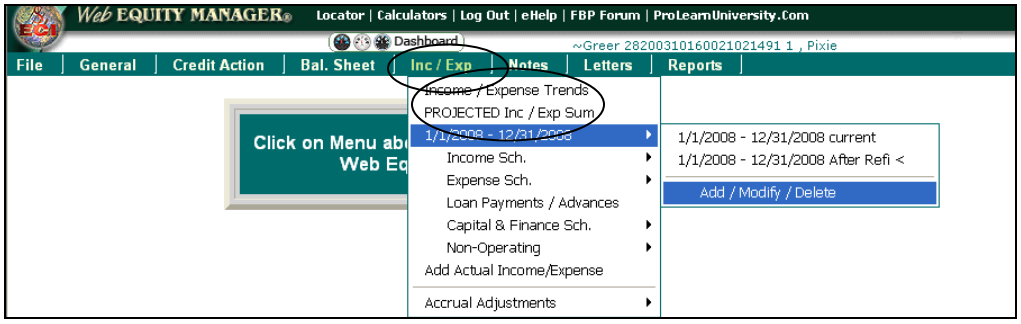


Figure 34, Inc/Exp Summary or Trends Using the Toolbar

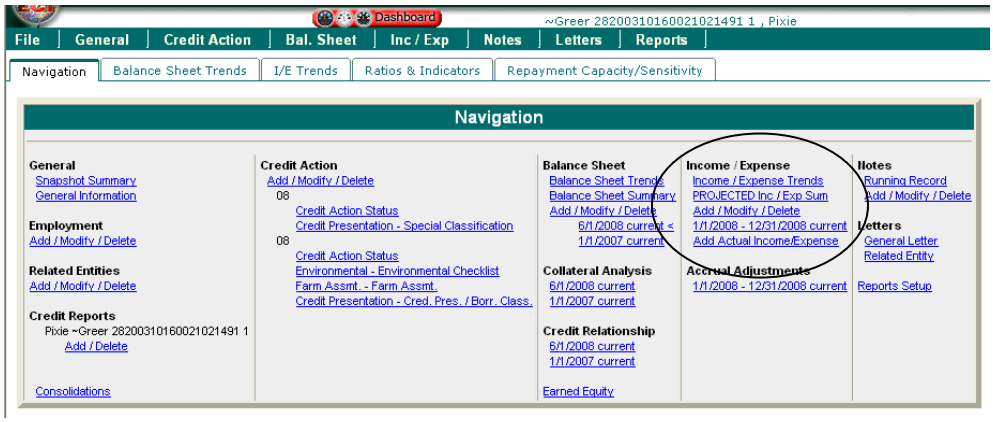


Figure 35, Income/Expense Summary or Trends Using the “Dashboard” Tab

4 Income/Expense Trends

The “Income/Expense Trends” option allows multiple income/expense trends to be displayed and gives the user another option to access an existing report or choose “Add/Modify/Delete” for a new report. Any changes in the selection and order of reports in Income/Expense Trends will be reflected in “**Reports Setup**“ (Section B 4 d). Trends are available by using either of the following methods:

- CLICK “Inc/Exp” on the toolbar, then select “Income/Expense Trends” from the drop-down menu

- CLICK “Dashboard”, then select the “Navigation” tab; CLICK “Income/Expense Trends” under “Income/Expense”.

F Income/Expense (Continued)

4 Income/Expense Trends (Continued)

Financial information may be entered in summary or detailed schedule format. Before adding financial information or documentation to the memo pads or footnotes, be sure that the correct income/expense record is selected by clicking the radio button at the top of the screen.

Note: It is recommended that the "Income/Expense Summary" option be selected for more complex operations using multiple detailed schedules. Performance will be faster.

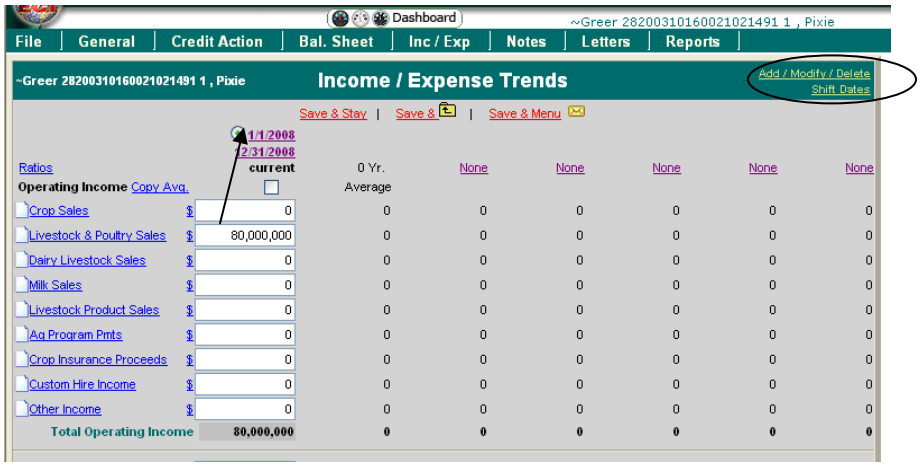


Figure 36

Farm Business Plan - FSA User Guide (Continued)

F Income/Expenses (Continued)

5 Associating Projections or Actuals with Balance Sheets

When a projection or actual record is created, a beginning and ending balance sheet should be associated with it, if possible, so that certain ratios are correctly calculated. If beginning and ending balance sheets cannot be matched for an actual income/expense record, then select the same balance sheet for both the beginning and ending.

*** * ***

6 Footnotes

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

- For actual income/expense summaries, footnotes can include additional information about the income/expenses that are not indicated in the summary or scheduled information.

- For projected income/expense summaries, agreements reached with borrowers, like the source of funds for certain debt payments, can be entered into the footnotes block, although use of the notes for these purposes is not required. Footnotes can also include additional information about the projection that is not indicated in the summary or scheduled information. To display footnotes on the printed Income/Expense Trends Report, CLICK "Reports" and "Reports Setup" to select the footnotes option.

Note: If a credit presentation is being prepared in conjunction with a projection, ensure all plan assumptions are placed in the credit presentation, **not** the footnotes, because the credit presentation represents the decisionmaking document.

7 Comment NotePads

Comment NotePads provide the capability to add comments on each summary line or detailed schedule. What looks like a small piece of paper next to a field indicates that comments can be entered. Click on the indicator to enter comments. After entering a comment, this same indicator looks like a sheet of paper with writing. CLICK "Reports" and "Reports Setup" to select the comment NotePads to print on the printed Inc/Exp Reports.

F Income/Expenses (Continued)

8 Copy Average

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

To select the years to be included in the average, CLICK "Reports" and "Reports Setup" and check (✓) the years to be included in the average.

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

9 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 situation by using the schedule under "Other Income" or "Other Expenses".

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

The projection and actuals are categorized into the following 4 parts:

- operating income and expenses
- nonoperating, i.e. owner withdrawals, income and social security taxes, nonfarm income and expenses
- financing, i.e. term and operating advances and operating principal repayments
- capital sales, expenditures, contributions, and withdrawals.

10 Income/Expense Move Feature

The "Income/Expense Move" feature allows a projected summary to be moved to the "Actual" section or to move an actual summary to the "Projected" section. The "Income/Expense Move" feature is available from "Add/Modify/Delete".

Farm Business Plan - FSA User Guide (Continued)

F Income/Expenses (Continued)

11 Number of Projections or Actuals

There is no limit to the number of projected or actual income/expense records that can be created or maintained for each customer. See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on file maintenance.

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.
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)	Enter detailed purchases for resale within the "Livestock & Poultry Sales" schedule. If no detail of purchases is needed, a summary dollar amount of purchases can be entered on the summary page.
Operating Expenses (except depreciation and interest)	Enter operating expenses as summary amounts for each expense category, or as details for separate enterprises in the schedules. Summary input is recommended.
Depreciation	Enter actual depreciation from the income tax return, if known, or estimate if it is unknown. **Caution:** Do **not** ignore depreciation, as it will be used in the accrual adjusted income statement later. It does not affect MADS, ending cash, or loan feasibility.
Interest	See **Financing**.

Farm Business Plan - FSA User Guide (Continued)

G Income/Expenses - Actuals (Continued)

1 General (Continued)

Category	What to Do
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.

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 Loanmaking, Regular Loan Servicing, and Special Loan Servicing Actions (Disaster Set-Aside Only)

The way feasibility is determined depends upon the needs of the projection. FSA uses short-run or annual projections when making or servicing loans that match that time period. However, long-run feasibility in a typical year is required for loanmaking or regular loan servicing decisions for a longer time period. See **Feasibility Definition** (Section H 1 c) for more information about feasibility.

- **For term loans**, feasibility is a long-run concern. On-going farm business operations and reliable nonfarm income must be sufficient to pay for on-going farm and nonfarm expenses, and term debts. It is **not** acceptable to use the liquidation of inventory, other assets, cash reserves, or atypical income sources to demonstrate long-run feasibility.

- **For annual operating loans**, feasibility is a short-run concern. FSA must ensure that the annual loan can be repaid during the annual period, irrespective of future years.

- **For both term and annual loans**, each loan must be considered individually. For example, FSA could approve an annual crop input loan for the upcoming year provided that loan can be repaid that year (**positive** ending cash), even though a loan for a tractor purchase that has a 5 year term might not be approved because the on-going ability of the customer to service this debt cannot be shown (**negative** margin after debt service).

b Special Loan Servicing Actions (Primary Loan Servicing Only)

Feasibility for primary loan servicing actions is defined by DALR$. See **Feasibility Definition** (Section H 1 c) for more information about feasibility.

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

1 Feasibility (Continued)

c Feasibility Definition

A feasible plan or projection is demonstrated by the following.

Loan or Projection Type	MADS*	Ending Cash
Loanmaking, Regular Loan Servicing, and Special Loan Servicing Actions (Disaster Set-Aside Only)		
Term loan or typical plan, and accrual-adjusted income statements	Must be positive	Must be positive
Annual operating loan or current plan	May be positive or negative	Must be positive
Youth loans **Note:** Youth loans: • cannot receive disaster set-aside, limited resource rates, write-downs, or buyouts • may be considered for rescheduling or deferral.	Is **not** applicable	Must be positive
Special Loan Servicing Actions (Primary Loan Servicing Only)		
Current/typical plan and after deferral plan, if applicable	May be positive or negative	Must be positive

***** 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 Projected Income/Expense Categories

Projections can be entered using summary dollar values for each category or on schedules where the calculated total transfers to the income/expense summary. Sometimes a mix of summary and scheduled input is appropriate. Scheduled information is especially appropriate when planning with production and yields. See **Income/Expenses-Actuals** (Section G) for a description of each category and what should be included.

The income/expense projection is categorized into the following 4 parts:

- operating income and expenses

- nonoperating, i.e. owner withdrawals, income and social security taxes, and nonfarm income and expenses

Caution: Projected owner withdrawals must include family living expenses and personal debt payments, i.e. 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 in the summary, no itemization is necessary.

- financing, that is, term and operating advances and operating principal repayments

- capital sales, expenditures, contributions, and withdrawals.

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

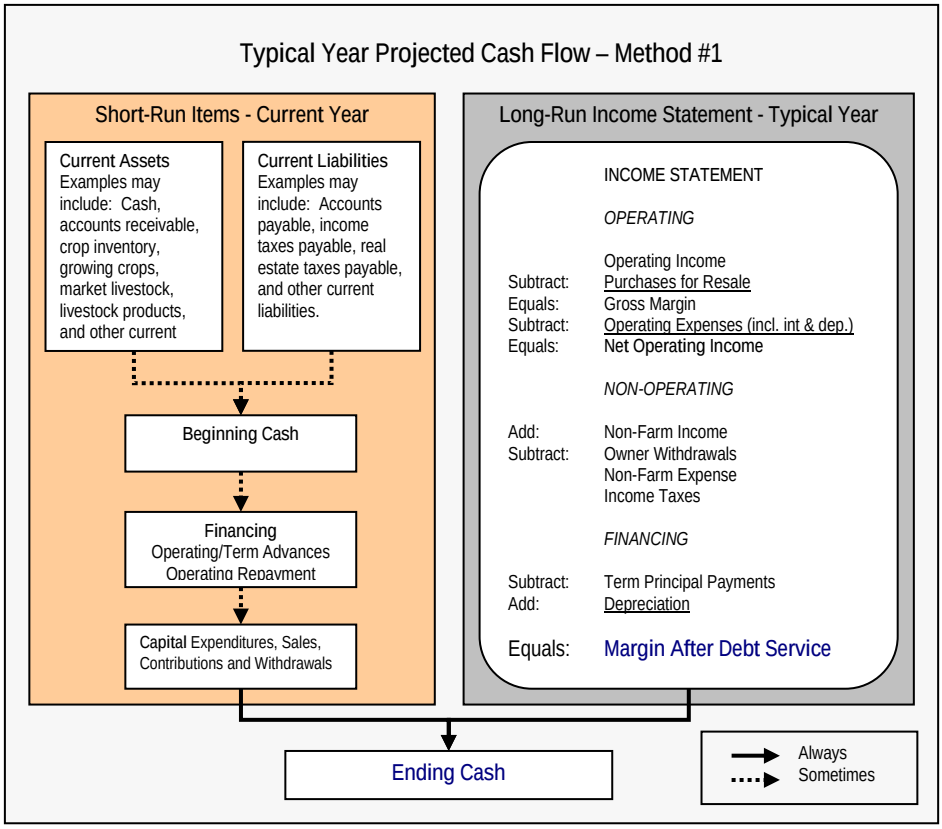
- do **not** send to the projection
- send to or include in the “Beg. Cash on Hand” schedule of the projection
- send to the income and expense part of the projection.

H Income/Expenses - Projected (Continued)

3 Typical Projections

A typical projection can be created for both short and long-run feasibility decisions. There are generally 2 ways 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)

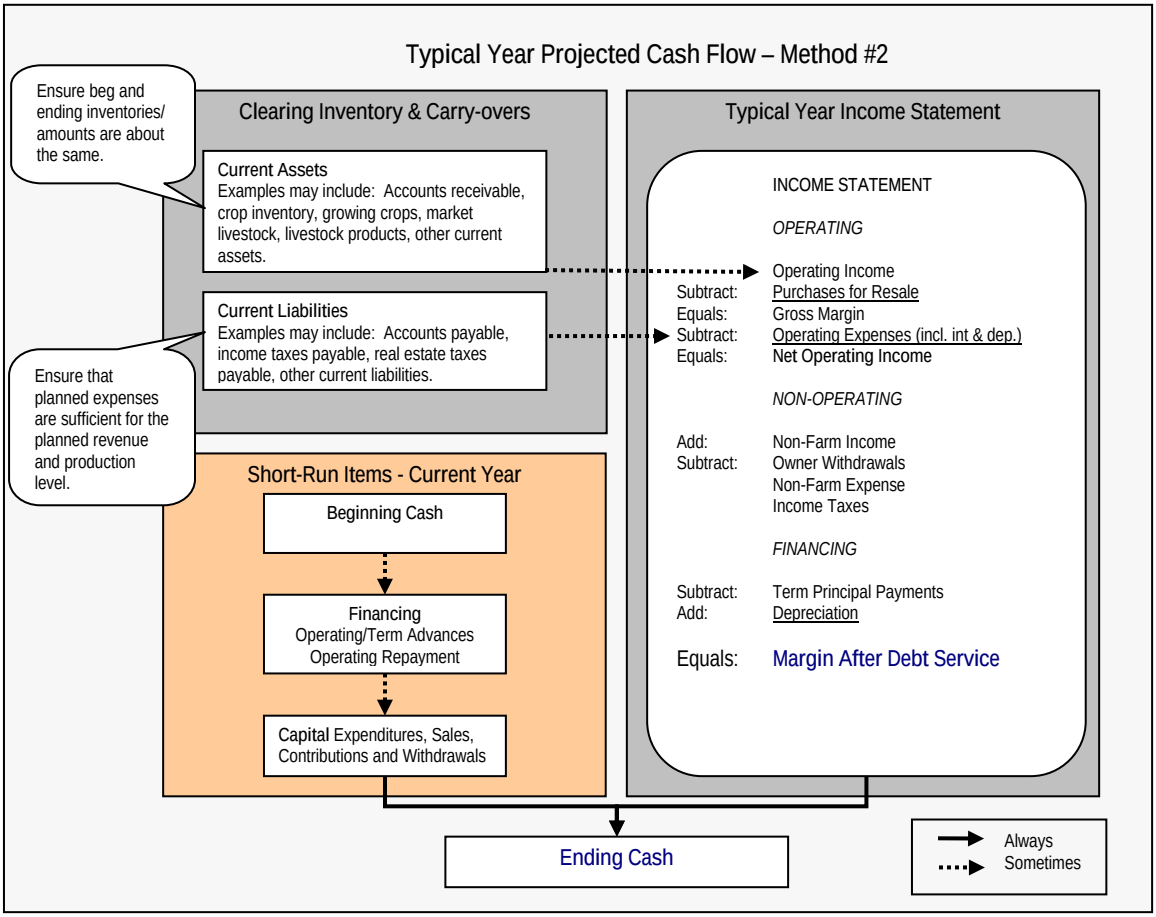
H Income/Expenses - Projected (Continued)

3 Typical Projections (Continued)

a Method 1, Separate Short-Run Items from Typical Year (Continued)

- Using Method 1 would eliminate the need for separate typical and annual plans unless entries into the income statement portion of the cash flow are atypical. When including sales of inventory in beginning cash, ensure that those sales are not double counted in operating income.

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.

H Income/Expenses - Projected (Continued)

3 Typical Projections (Continued)

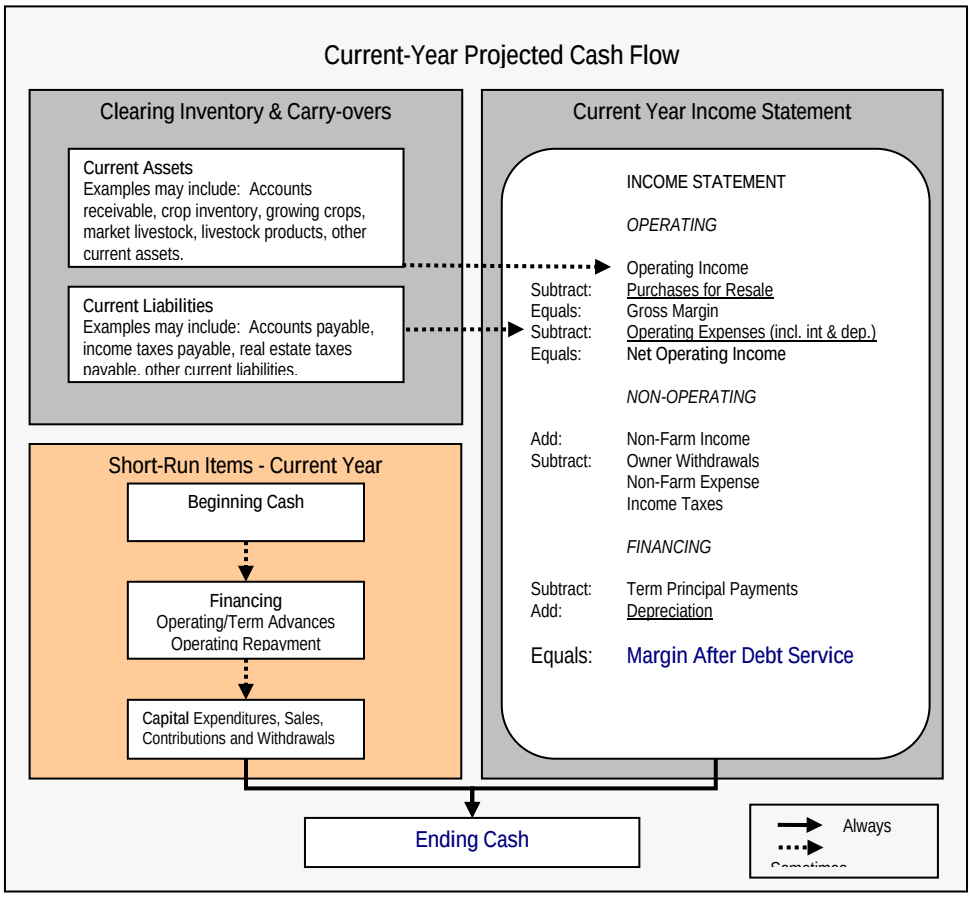
b Method 2, Transfer Current Assets and Payables into Operating (Continued)

- 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.

4 Current-Year Projections

A current-year projection can be created in circumstances where the only concern is short-run feasibility.



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

H Income/Expenses - Projected (Continued)

5 Monthly Cash Flow

When a projection is added or duplicated, the user must designate in the "Monthly CF Setup" drop-down menu how many months the projection will cover. Options include a 12, 18, or 24 month projection. Monthly cash flows are sometimes completed to assist in determining the annual operating credit needs from FSA, or revolving line of credit needs from another lender. The Projected Annual Cash Flow and Projected Monthly Cash Flow Reports help the user determine the amount of borrowing needs in these circumstances. These reports, by themselves, are **not** intended to be used to determine feasibility. The use of monthly cash flows is optional.

Once the projection is created, monthly cash flow allocations may be added at the summary level 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 the blue "$" next to the category amount.

Example: For "Fertilizers & Lime", $25,000 was entered as a summary dollar value. For "Gas/Fuel/Oil", $31,000 is a total from the detailed schedule. However, both can be allocated in the monthly cash flow by clicking the blue "$".

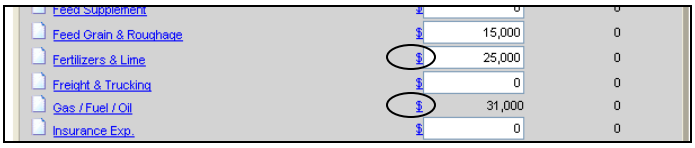


Figure 37

H Income/Expenses - Projected (Continued)

5 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, the "Monthly Code" selected was "Bi-Monthly-Start 2".

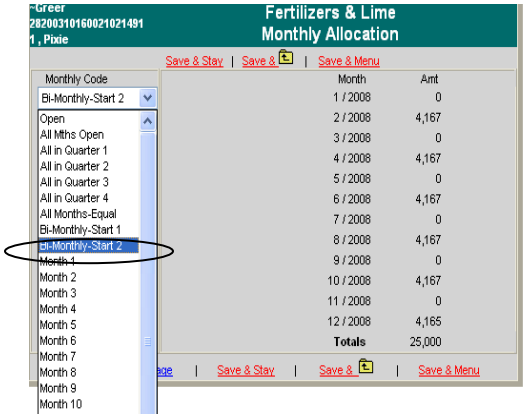


Figure 38

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)

5 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.

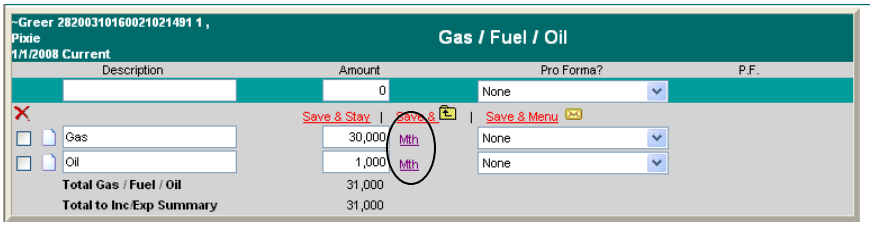


Figure 39

Step 2. User has the option of custom entries or selection from the default monthly codes provided.

Example: For "Gas", the entry of "$30,000", the "Monthly Code" selected was "All Months-Equal".

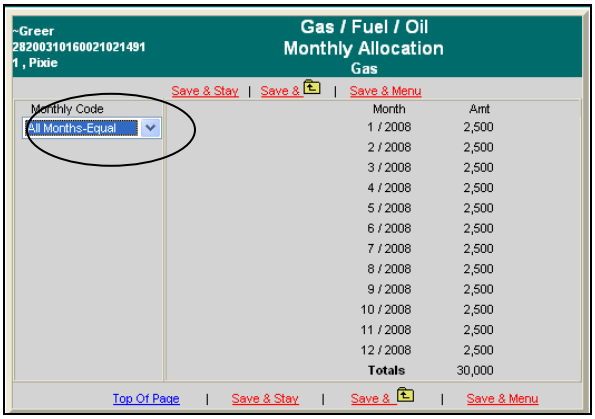


Figure 40

Farm Business Plan - FSA User Guide (Continued)

H Income/Expenses - Projected (Continued)

5 Monthly Cash Flow (Continued)

b Schedule Level (Continued)

Example: For "Oil", entry of "$1,000", the "Monthly Code" selected was "Quarterly-Start 1".

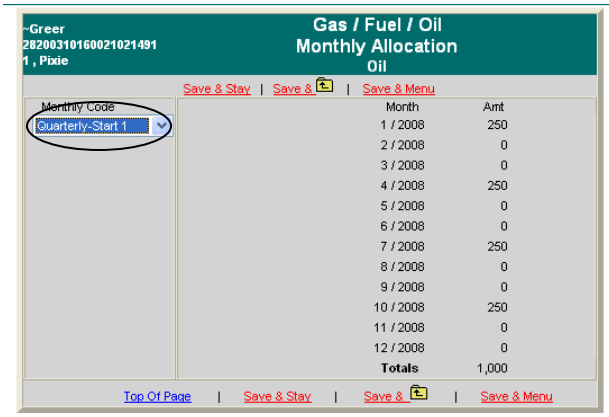


Figure 41

Note: The blue "$"on the summary page will change to a green "$" when the monthly cash flow allocation was added at the schedule level.

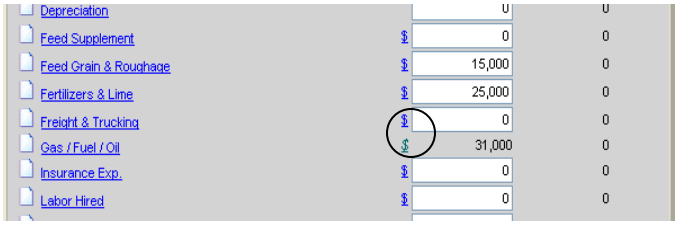


Figure 42

H Income/Expenses - Projected (Continued)

5 Monthly Cash Flow (Continued)

c Warnings

If monthly cash flow allocation were added at the Summary Level and the user clicks:

- "Mth" in the detail schedule, then CLICK:
  - "Cancel" to keep the current information
  - "OK" and the summary level 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.

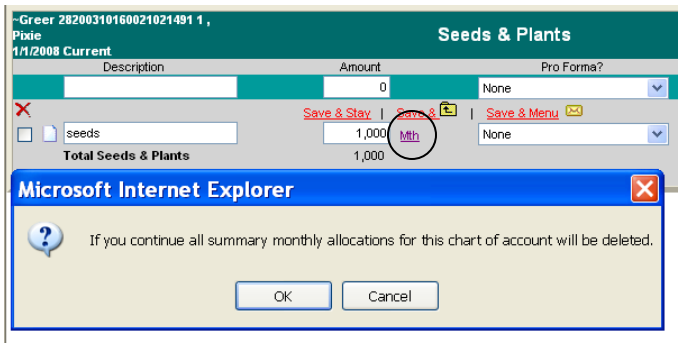


Figure 43

If monthly cash flow was added at the Schedule Level and the user clicks the green "$" on the summary page, then CLICK:

- "Cancel" to keep the current information
- "OK" and the schedule cash flow monthly 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.

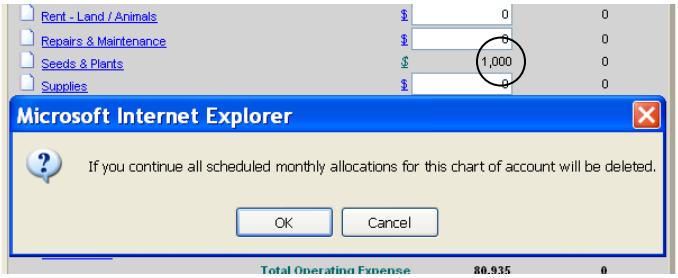


Figure 44

H Income/Expenses - Projected (Continued)

6 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:

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

The following Analysis Reports about capacity are available:

- Ratios & Indicators
- Repayment Capacity/Sensitivity
- Statement of Cash Flows.

7 Locking Income/Expense Summaries

Income/Expense Summaries should be locked after completing to prevent further modification of the data. Lock the Income/Expense Summary by clicking "Add/Modify/Delete". The lock link can be found to the right of the selected summary.

I Collateral Analysis/Chattel Appraisals

Collateral analysis involves assessing the adequacy of collateral pledged for a loan. It is completed when a loanmaking or loan servicing action is completed. Collateral analysis must be completed whenever a credit presentation is prepared.

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

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

I Collateral Analysis/Chattel Appraisals (Continued)

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 Chattel Appraisals/Origin of Collateral Values

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

When a chattel appraisal is completed, enter the appraised values in the balance sheet schedules. For more information on what to do when appraised values are different than those shown on the balance sheet, see **Balance Sheet - When Customer and FSA Balance Sheet Values/Amounts Differ** (Section D 8).

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

- enter the values of the chattel property on the corresponding balance sheet schedules
- update the chattel appraisal information by clicking "Balance Sheet" and "Chattel Appraisal"
- print the chattel appraisal by clicking "Reports", "Balance Sheet", and "Chattel Appraisal", if it is required to be printed and signed.

I Collateral Analysis/Chattel Appraisals (Continued)

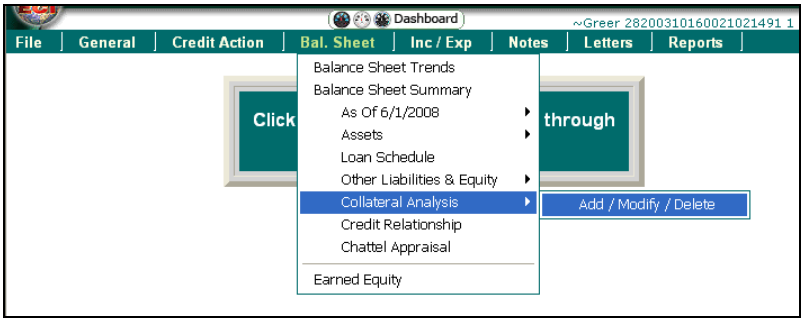
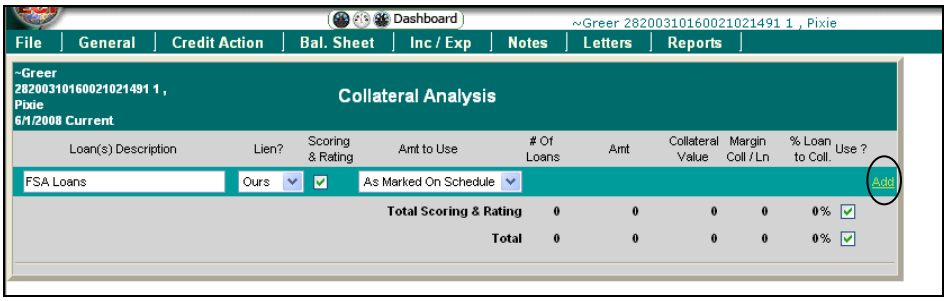
3 Building the Collateral Analysis

a General

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

Note: If there are prior liens, they **must** be added to a loan group **before** adding the FSA loan group.

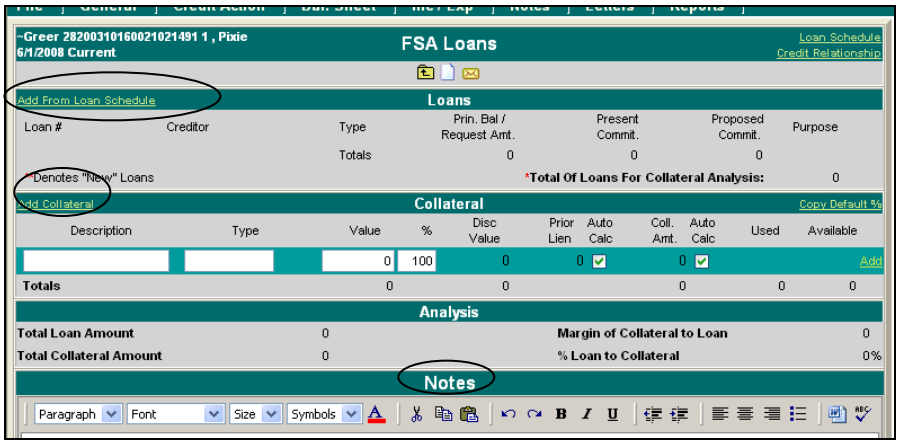
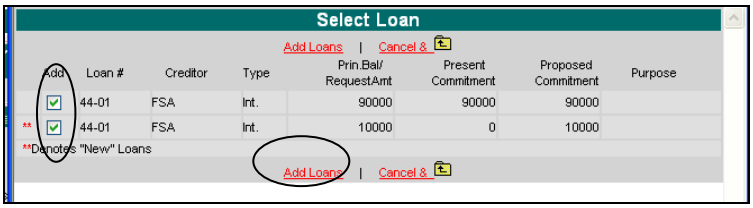
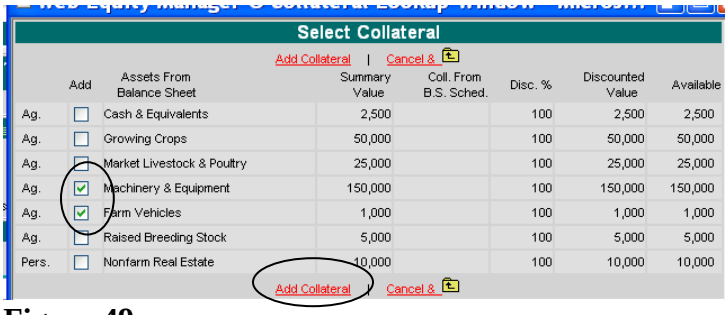
Build a collateral analysis according to the following.

Step	Action
1	Select the correct balance sheet to use in building the collateral analysis.
2	Use the "Dashboard" or Toolbar and CLICK "Bal. Sheet", "Collateral Analysis", and "Add/Modify/Delete".  **Figure 45**
3	For "Loan(s) Description", enter a loan description and select from the "Lien?" and "Amt to Use" drop-down menu. "Scoring & Rating" is checked by default. CLICK "Add" to begin building the collateral analysis.  **Figure 46**

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

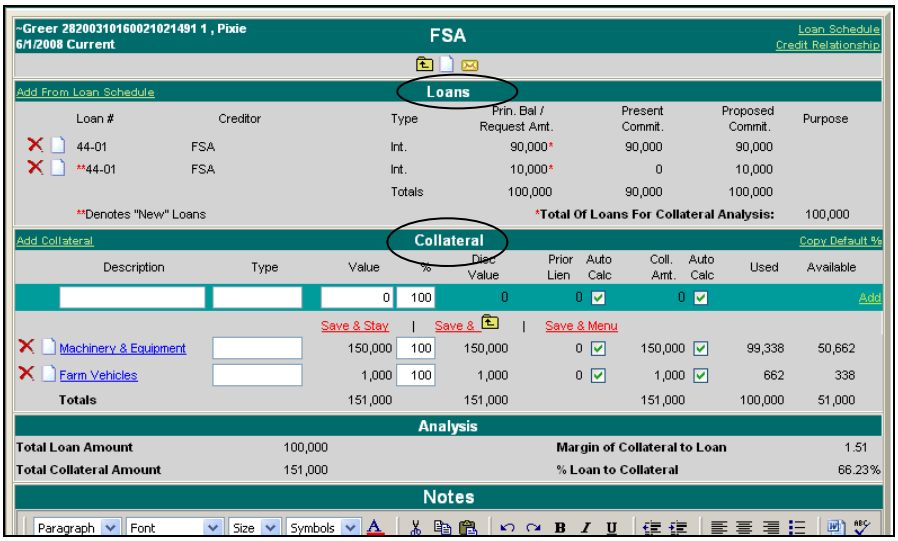
a General (Continued)

Step	Action
4	Add loans to loan groups by clicking "Add From Loan Schedule". Add collateral by clicking "Add Collateral". Multiple loans and collateral may be selected at 1 time. CLICK "Notes" for documentation.  **Figure 47**
5	Select all loans, existing and new, about the loan group being built and CLICK "Add Loans". Do **not** include loans to be paid off with proposed loans. Any loans marked "refi" in the loan schedule are also not included in the collateral analysis.  **Figure 48**
6	Select all collateral about the loan group being built and CLICK "Add Collateral".  **Figure 49**

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

a General (Continued)

Step	Action
7	Verify that all loans and collateral have been added for the loan group.  **Figure 50**

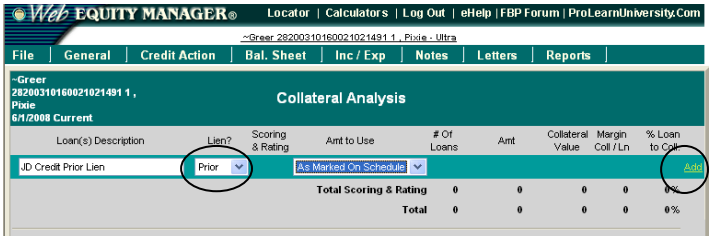
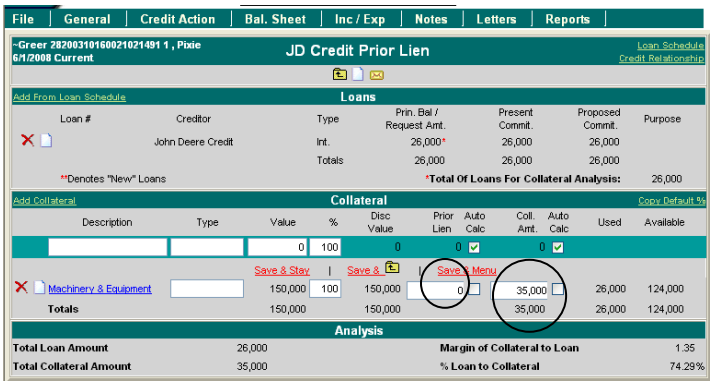
I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

b Other Creditors' Prior Liens

If there are other creditors who have prior liens to FSA, the prior lien loan group **must** be added **before** the FSA loan group. One or more prior lien groups can be added, at the user's discretion. CLICK "Prior" from the "Lien?" drop-down menu **before** adding the group.

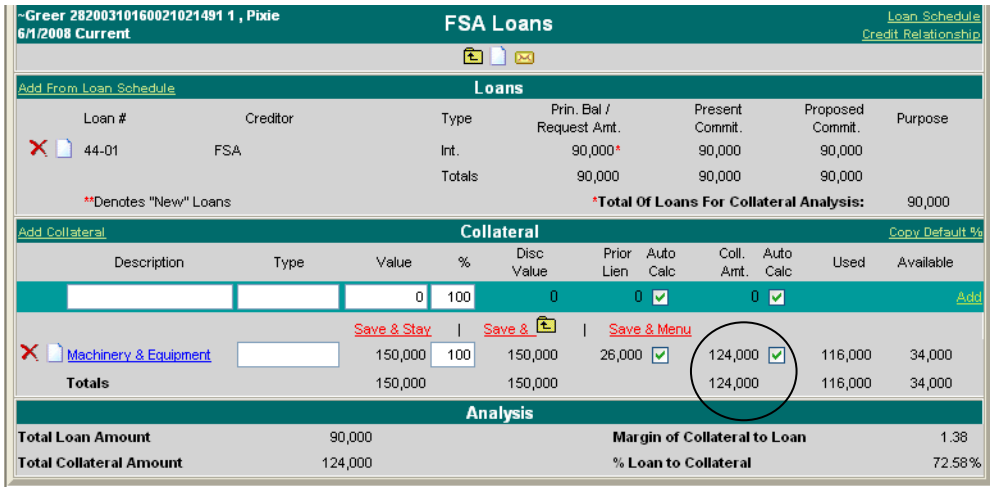
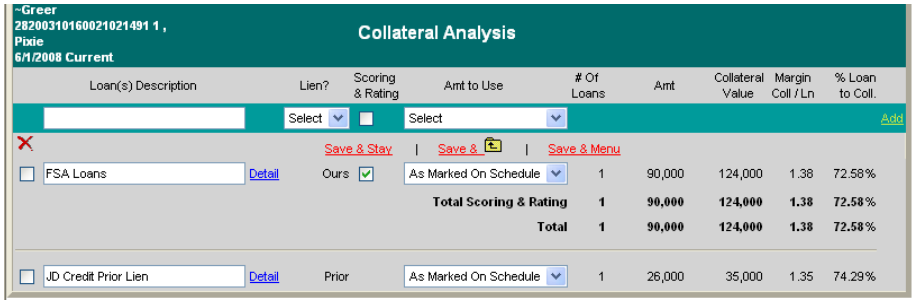
Example: Assume that John Deere Credit is owed $26,000 secured by a tractor worth $35,000, and that FSA has a lien on all equipment. All machinery and equipment, including that tractor, is worth $150,000.

Step	Action
1	Create the JD Credit Prior Lien group.  **Figure 51**
2	CLICK "$26,000" for the John Deere Credit loan from "Add From Loan Schedule" and CLICK "Machinery & Equipment" from "Add Collateral".  **Figure 52, JD Credit Prior Lien Loan Group** **Note:** To enter the collateral amount belonging to JD Credit, the user must uncheck "Auto Calc" and enter the value of the asset securing that loan. Even if there is equity left in that asset available to FSA for collateral, enter the value of the asset securing that prior lien in "Collateral Amount". **Caution:** If more than 1 Prior Lien group is added to a collateral analysis, the user will need to always zero out the "Prior Lien" column before savings.

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

b Other Creditors' Prior Liens (Continued)

Step	Action
3	Create the FSA loan group; add the FSA loan from the loan schedule, and then add the collateral securing those loans. In this example, even though all equipment is securing the FSA loan, there is only $124,000 of collateral available for FSA (value of all equipment of $150,000 **minus** JD Prior Lien of $26,000 **equals** $124,000). This amount is calculated automatically and captures any remaining equity in the tractor.  ~Greer 28200310160021021491 1 , Pixie 6/1/2008 Current FSA Loans Loan Schedule Credit Relationship Add From Loan Schedule Loans Loan # Creditor Type Prin. Bal / Request Amt. Present Commit. Proposed Commit. Purpose 44-01 FSA Int. 90,000* 90,000 90,000 Totals 90,000 90,000 90,000 **Denotes "New" Loans *Total Of Loans For Collateral Analysis: 90,000 Add Collateral Collateral Copy Default % Description Type Value % Disc Value Prior Lien Auto Calc Coll. Amt. Auto Calc Used Available 0 100 0 0 0 Add Save & Stay | Save & | Save & Menu Machinery & Equipment 150,000 100 150,000 26,000 124,000 116,000 34,000 Totals 150,000 150,000 124,000 116,000 34,000 Analysis Total Loan Amount 90,000 Margin of Collateral to Loan 1.38 Total Collateral Amount 124,000 % Loan to Collateral 72.58% **Figure 53, FSA Loan Group**
4	Verify that the Collateral Analysis **S**ummary Screen correctly shows the margin of collateral to loan from "Balance Sheet", "Collateral Analysis", and "Add/Modify/Delete".  ~Greer 28200310160021021491 1 , Pixie 6/1/2008 Current Collateral Analysis Loan(s) Description Lien? Scoring & Rating Amt to Use # Of Loans Amt Collateral Value Margin Coll / Ln % Loan to Coll. Select Select Add Save & Stay | Save & | Save & Menu FSA Loans Detail Ours As Marked On Schedule 1 90,000 124,000 1.38 72.58% Total Scoring & Rating 1 90,000 124,000 1.38 72.58% Total 1 90,000 124,000 1.38 72.58% JD Credit Prior Lien Detail Prior As Marked On Schedule 1 26,000 35,000 1.35 74.29% **Figure 54, Verify Collateral Analysis Summary Page**

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

c Negative Equity "Upside-Down" Prior Liens

Sometimes, other creditors have loans that are undersecured. These loans are sometimes called "upside-down" or negative equity loans. The fact that another lender is undersecured should **not** adversely affect FSA's collateral position.

Example: Assume that the customer owes JD Credit $26,000, secured by a purchase-money interest in a tractor worth only $19,000. They customer also has an FSA OL with a balance of $189,000, secured by a first lien on all equipment worth $275,000, including the tractor. Note that FSA is secured, however, JD Credit is undersecured by $7,000 (tractor value of $19,000 **minus** loan balance of $26,000).

Step	Action
1	Add the JD Prior Lien group first because it is a lien ahead of OL.

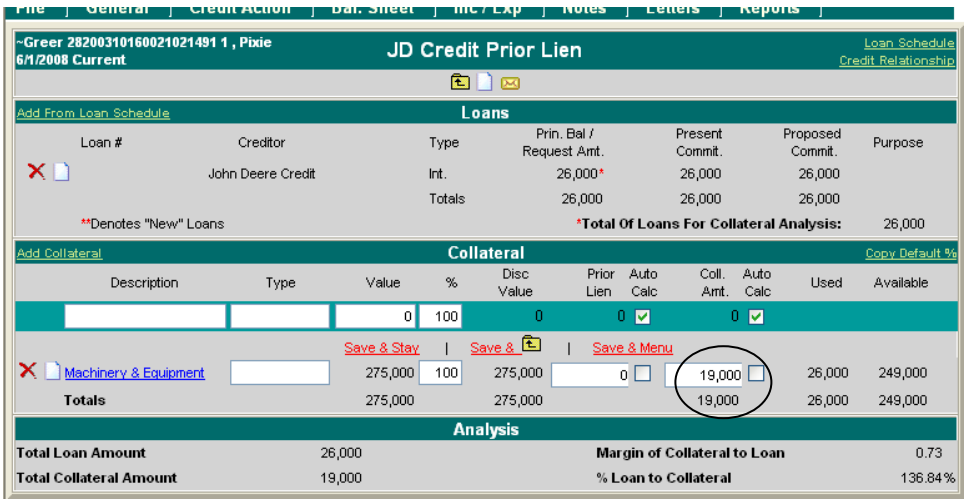


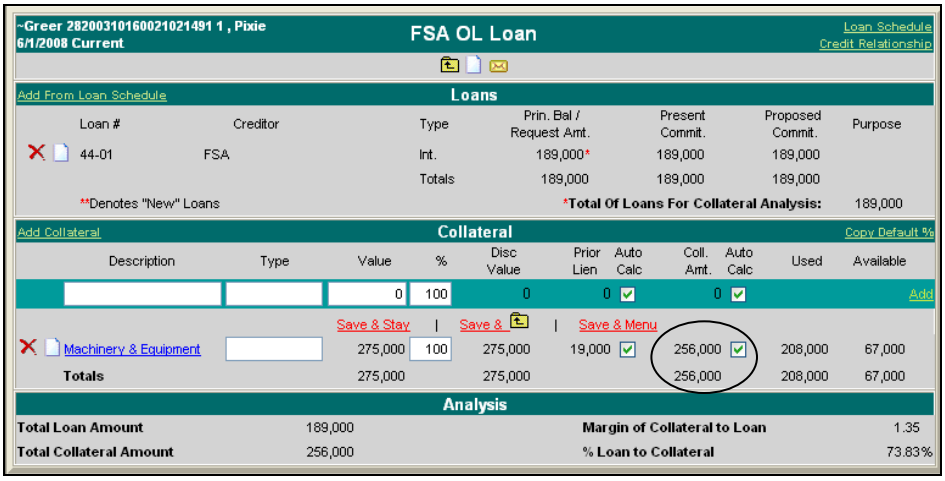
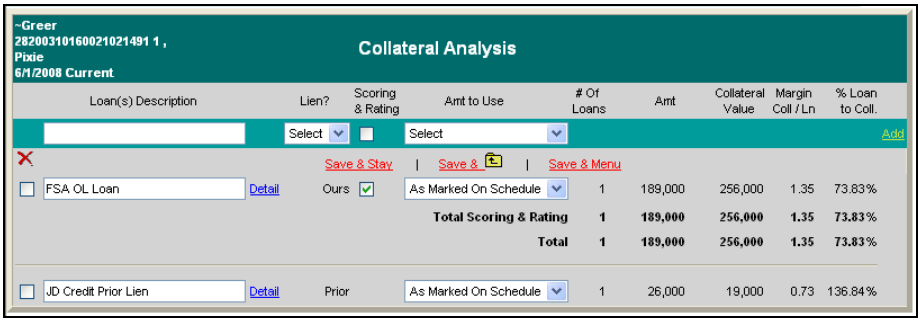
Figure 55, JD Credit Prior Lien Group

When the JD Credit loan is added to the loan group, the loan shows a balance of $26,000. All machinery and equipment is added as collateral by clicking "Add Collateral". However, only the JD tractor is collateral for this loan. "Auto Calc" must be unchecked and the value of the tractor entered as the collateral amount. The tractor is worth $19,000. When "Save & Stay" is clicked, 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 JD Credit loan.

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

c Negative Equity "Upside-Down" Prior Liens (Continued)

Step	Action
2	Add the FSA loan group by adding the FSA loan from the loan schedule. Then add the collateral securing the loan. In this example, note that the amount of collateral available is $256,000 (Value of equipment of $275,000 **minus** value of tractor secured by prior lien of $19,000). This amount is automatically calculated. Note that although there is negative equity in the tractor, JD Credit's adverse collateral position does **not** impact FSA's position.  ~Greer 2820031016002102149 1 , Pixie 6/1/2008 Current FSA OL Loan Loan Schedule Credit Relationship Add From Loan Schedule Loans Loan # / Creditor / Type / Prin. Bal / Request Amt. / Present Commit. / Proposed Commit. / Purpose 44-01 / FSA / Int. / 189,000* / 189,000 / 189,000 Totals / 189,000 / 189,000 / 189,000 **Denotes "New" Loans *Total Of Loans For Collateral Analysis: 189,000 Add Collateral Collateral Copy Default % Description / Type / Value / % / Disc Value / Prior Lien / Auto Calc / Coll. Amt. / Auto Calc / Used / Available 0 / 100 / 0 / 0 / 0 / Add Save & Stay | Save & | Save & Menu Machinery & Equipment / 275,000 / 100 / 275,000 / 19,000 / 256,000 / 208,000 / 67,000 Totals / 275,000 / 275,000 / 256,000 / 208,000 / 67,000 Analysis Total Loan Amount 189,000 Total Collateral Amount 256,000 Margin of Collateral to Loan 1.35 % Loan to Collateral 73.83% **Figure 56, FSA Chattel Loans Group**
3	Verify that the overall **FSA** collateral position is correctly identified in the summary analysis and credit presentation.  ~Greer 2820031016002102149 1 , Pixie 6/1/2008 Current Collateral Analysis Loan(s) Description / Lien? / Scoring & Rating / Amt to Use / # Of Loans / Amt / Collateral Value / Margin Coll / Ln / % Loan to Coll. Select / Select / Add Save & Stay | Save & | Save & Menu FSA OL Loan / Detail / Ours / As Marked On Schedule / 1 / 189,000 / 256,000 / 1.35 / 73.83% Total Scoring & Rating / 1 / 189,000 / 256,000 / 1.35 / 73.83% Total / 1 / 189,000 / 256,000 / 1.35 / 73.83% JD Credit Prior Lien / Detail / Prior / As Marked On Schedule / 1 / 26,000 / 19,000 / 0.73 / 136.84% **Figure 57, Verify Overall Collateral Position**

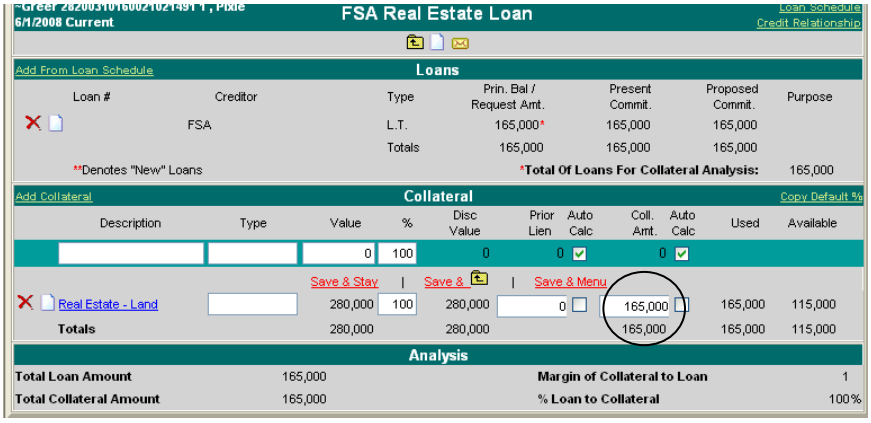
I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

d FSA Cross-Collateralized Loans

Sometimes the same assets are collateral for multiple FSA loans. This is called cross-collateralization. To correctly show the available collateral, the loan group that has the primary security interest in that asset should be added first.

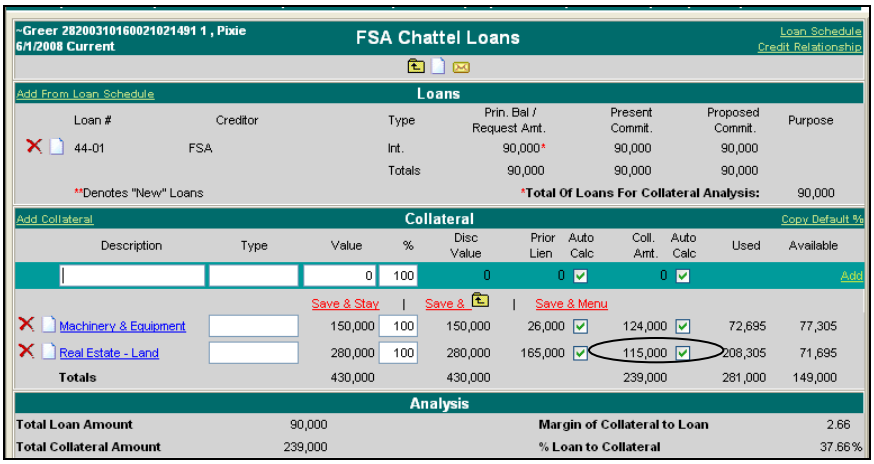
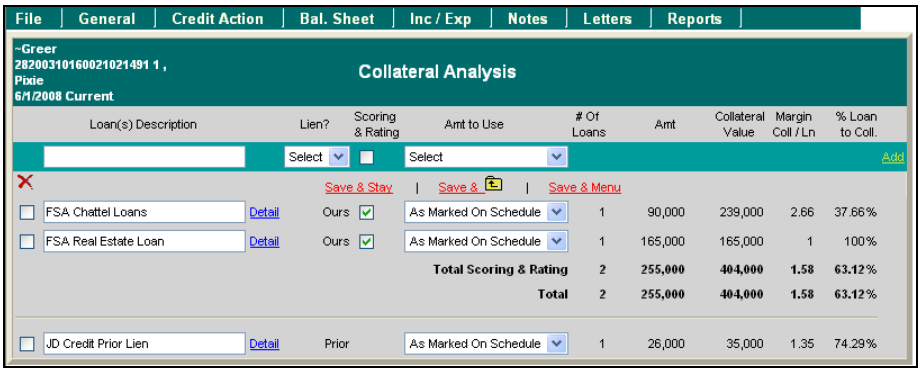
Example: Assume that FSA has a FO loan with a balance of $165,000 secured by a first mortgage on a farm worth $280,000. The farm also serves as collateral for an FSA OL.

Step	Action
1	Add the real estate loan group first because it is a lien ahead of OL.  **Figure 58, FSA Real Estate Loans Group** To ensure that the real estate security value is not double counted, “Auto Calc” must be unchecked. In “Collateral Amount”, enter 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.

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

d FSA Cross-Collateralized Loans (Continued)

Step	Action
2	Add the FSA chattel loan group.  **Figure 59, FSA Chattel Loans Group** When real estate is selected to be collateral for the chattel loan group, note that even though the farm is worth $280,000, the amount of collateral for this loan group is only $115,000. This amount is 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).
3	Verify that the overall FSA collateral position is correctly identified in the summary analysis and credit presentation.  **Figure 60, Verify Overall Collateral Position**

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

e Third-Party Pledges 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 and is therefore not available to be selected when building the collateral analysis. In these circumstances, the collateral pledged by the third party must be manually entered in the loan group that it secures.

Example: Assume that Dad pledged a tractor worth $15,000 as collateral for an FSA loan. In the FSA loan group, manually add the tractor, description, type, and value in the text boxes, and CLICK "Add".

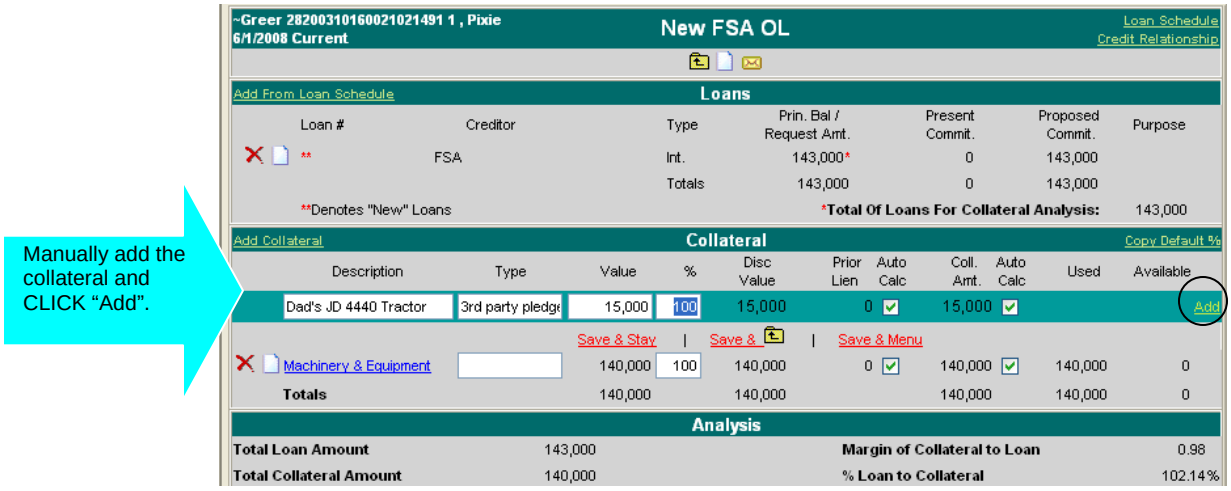


Figure 61, Third Party Pledge of Security

Farm Business Plan - FSA User Guide (Continued)

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

f Personal Property Used for Security

If personal property is needed to be used for security, add the security according to 1 of the following examples.

Example 1: Assume that a customer has nonfarm real estate worth $125,000 with a prior lien of $85,000. The customer wants to use the equity in the property as additional security. In the FSA loan group, under "Collateral", manually add the rental property description, type (equity), and value of $40,000 ($125,000 **minus** prior lien $85,000 **equals** $40,000 equity).

Example 2: Assume that a customer has nonfarm real estate worth $125,000 with a prior lien of $85,000. The customer wants to use the equity in the property as additional security. In the FSA loan group, CLICK "Add Collateral" and "Non-Farm Real Estate". "Auto Calc" must be unchecked and the equity value, $40,000, of the real estate entered as the collateral amount. Equity should be typed in the type box. ($125,000 **minus** prior lien $85,000 **equals** $40,000 equity).

J Credit Actions

In the FBP system, a credit action generates forms and other documentation containing the information necessary to approve, decline, and support a loanmaking or loan servicing decision.

The following are the current 8 credit actions that can be completed.

Credit Action Type	Used For	Type of Forms				
		Farm Assessment	Other	DALR$ Input Report	Credit Presentation	Security Agreement
D-Loan Making*	Origination of direct loans	Available	Environmental Checklist	N/A	Cred. Pres/Borr. Class.	Available
D-Loan/ Sec. Agr. Only	Only a Security Agreement needs to be generated	N/A	N/A	N/A	N/A	Available

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

Credit Action Type	Used For	Type of Forms				
		Farm Assessment	Other	DALR$ Input Report	Credit Presentation	Security Agreement
D-Loan/ Class/LR/ YEA Only	Account classification, year-end analysis, limited resource review, and/or graduation review outside of the credit presentation	Available	N/A	N/A	Classification/ YEA/LR Review	Available
D-Loan/ Special Serv.*	Special loan servicing actions, i.e. primary and preservation loan servicing, DSA	Available	Environmental Checklist	Available	Cred. Pres/Borr. Class.	Available
D-Loan/ Regular Serv.*	Partial releases of real estate, approval of subordinations, transfer, and assumption	Available	Environmental Checklist	N/A	Cred. Pres/Borr. Class.	Available
D-Loan/ Eligibility Only	Eligibility determinations outside of the credit presentation	N/A	N/A	N/A	Eligibility Only	Available
Youth Loans	Processing and approving youth loan applications and requests	N/A	Eligibility Only	N/A	Youth Loan	Complete Form Manually
D-Loan/ Special Classification	To classify selected flagged accounts and delinquent youth loans	N/A	N/A	N/A	Special Classification	N/A

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

J Credit Actions (Continued)

1 Creating a Credit Action

***--**To create a new credit action, the user may choose either of the following methods:

- CLICK "Credit Action" on the toolbar, then select "Add/Modify/Delete" from the drop-down menu

- CLICK "Dashboard" then select the "Navigation" tab; under "Credit Action", CLICK "Add/Modify/Delete".

Enter a meaningful description of the action in the description text box, that is, "YEA 2008", "2009 OL loan-tractor", "09 rescheduling" etc. Click on the drop-down arrow and select the credit action model, then CLICK "Add".

Note: Create only **one** credit action per loan or servicing application. Documentation to support changes in the applicant's financial information after a loan decision has been made should be added to the existing credit action. Do **not** delete any of the original information used to make the loan decision.**--***

2 Credit Action Status

When a credit presentation, which requires "Plan Approval", is acted upon, the status of the credit action will automatically be updated to indicate if it was:

- approved or declined
- recommend approval or decline
- withdrawn
- pending.

--3 Locking Credit Actions Forms--

After a credit action form has been eSigned, lock the form to prevent changes by clicking "Credit Action", [Credit Action name], "Lock Forms", and [form name]. All forms used in the credit action, including balance sheets and income/expense, will be locked.

--Exception:** All forms in a credit action for an approved loan should be locked at loan**-- closing.

4 Farm Assessment

Initial farm assessments and updates must always be entered in General Information. However, because the farm assessment is a living document that will change over time, it is important that changes and updates get "frozen" in time when a credit action is completed. This serves 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.

Caution: Do **not** make changes to the farm assessment from within the credit action. All changes and updates must be made by clicking "General" and "General Information". Making updates and changes within the credit action itself will **not** transfer the changes in General Information.

J Credit Actions (Continued)

4 Farm Assessment (Continued)

To associate the updated farm assessment within a credit action *** * ***:

- open the farm assessment by clicking "Credit Action", [Credit Action Name], "Farm Assmt"
- CLICK "Save & Update"

•***--**in the "Update" dialog box, check (✓) "General Information" **only** and CLICK "Update".**--* * ***

The farm assessment can be printed by clicking "Reports" and "Credit Action".

Farm assessments, if completed or updated, will be signed and dated by the customer to acknowledge participation in completing the document.

See **General Information** (Section C) and **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on when a farm assessment needs to be printed and/or signed.

5 RD 1940-22

RD 1940-22 is prepared to document the environmental review and concurrence, when required.

Complete RD 1940-22 according to the following:

- open the form by clicking "Credit Action", [Credit Action Name], and "Environmental Checklist"

- CLICK "Save & Update"

•***--**in the "Update" dialog box, check (✓) "General Information" **only** and CLICK "Update"**--***

J Credit Actions (Continued)

5 RD 1940-22 (Continued)

*** * ***

- complete the remaining portion of RD 1940-22 and answer the applicable questions
- CLICK "Signature of Preparer" to eSign
- if RD 1940-22 needs concurrence, the concurring official must CLICK "Signature of Concurring Official" to eSign.

*** * ***

See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on when RD 1940-22 needs to be printed and/or signed.

6 DALR$ Input Report

A DALR$ Input Report can be prepared that calculates the financial categories needed to be input into the DALR$ program for special servicing actions. It also includes the relevant collateral description from the collateral analysis completed in conjunction with a balance sheet.

*****--Complete the DALR$ Input Report according to the following:

- open the form by clicking "Credit Action", [Credit Action Name], and "Other - DALR$ Input Rpt."
- CLICK "Save & Update"
- in the "Update" dialog box, check (✓) the following boxes:
  - "Ultra Financials"
  - "Collateral Analysis" and select date of the balance sheet to use from the drop-down menu
  - "General Information"
- CLICK "Update".--*****

J Credit Actions (Continued)

6 DALR$ Input Report (Continued)

All calculations will automatically flow from the selected balance sheets and income/expense projections to the DALR$ Input Report. CLICK "Reports" and "Reports Setup" to control which balance sheets and projections will appear in the DALR$ Input Report. The following dates must be input into the DALR$ Input Report Credit Action:

- proposed loan servicing date
- plan approval date.

CLICK "Completed By" to eSign.

Note: When projections are initially added, a description, i.e. "2009-Before DALR$" or "2014-Post Defrl", will be helpful when clicking "Reports" and "Reports Setup".

*** * ***

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

7 Credit Presentation and Classification

A credit presentation 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 loan decision document that contains all relevant information involved in a loan decision.

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

A credit presentation **must** be prepared and eSigned for the following actions:

- direct loanmaking
- special loan servicing:
  - primary and preservation loan servicing
  - Disaster Set-Aside
- regular loan servicing:
  - partial releases of real estate
  - subordinations
  - transfer and assumption
- classification/LR review/YEA
- eligibility only
- youth loans
- special classification.

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

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

a Preparing the Credit Presentation

When a blank credit presentation is created, it must be "updated" with certain information from other parts of the FBP system using the "Save & Update" link. An "Update" dialog box will be displayed and the user must check (✓) the following boxes:

- "Ultra Financials"
- "Collateral Analysis"

  Note: Select the balance sheet from which the collateral analysis will be calculated.

- "Credit Relationship"

  Note: Select the balance sheet from which the credit relationship information will come from.

- "General Information".

  Caution: Do **not** check "Farm Assmt" or "Environmental".

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

b Components of the Credit Presentation

The following are components of the credit presentation.

Component	Details
General Information	• Most of this information will be pre-filled and not need further completion. • Select the radio button to designate whether the farm assessment was 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 credit relationship information transferred in 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 collateral and loan information transferred into this section 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 correct information was transferred into these sections.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

b Components of the Credit Presentation (Continued)

Component	Details
Classification	See **Classification Component** (Section J 8 a) for an explanation of how ***--**to complete the classification section for ADPS DLS transactions.**--*** An explanation of the scores is also within the table under "Classification" and "LR Review/YEA Narrative".
Eligibility	• Answer the applicable eligibility questions with the radio buttons. • 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, such as qualifying for EM loans. States will issue guidance on amount of detail needed and format required. • The FSA loan official will CLICK "Eligibility Determination" to determine or recommend eligibility.
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.

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

b Components of the Credit Presentation (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 questions about limited resource rates with the radio button. See **Classification/LR Review/YEA** (Section J 8 a) credit action for information on determining if limited resource rates are justified and for *****--ADPS DLS transactions.--*****
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.

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

b Components of the Credit Presentation (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. The radio buttons and date fields should be answered to include additional conditions about borrower training, SBA accounts, and hazard insurance.
Loan Closing Requirements	**Optional**. Can be used for any additional loan closing requirements imposed by the approval official after reviewing the recommending officials requirements.

c Approving or Declining a Credit Presentation

When the recommending and approving official are the same the FSA loan official will CLICK "Plan Approval" to approve or decline the credit decision.

Note: The user's eSignature and the date/time stamp will appear on the credit presentation. Use the drop-down menu to indicate the action taken.

*** * ***

When the recommending official is different than the approving official, do the following.

- 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. Use the drop-down menu to indicate the recommended action.

- The recommending official will notify the approval official to review the credit presentation.

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

7 Credit Presentation and Classification (Continued)

c Approving or Declining a Credit Presentation (Continued)

- The approving official will review the credit presentation on-line and indicate the approval or denial decision, by clicking "Plan Approval", including any additional approval requirements in the text box. Use the drop-down menu to indicate the action taken.

*** * ***

See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on when a credit presentation needs to be printed and/or signed.

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 not already documented within a direct *****--loanmaking, regular loan servicing, or special loan servicing credit action:--*****

- Classification
- YEA
- LR Reviews
- Graduation Reviews.

J Credit Actions (Continued)

8 Classification/LR Review/YEA (Continued)

a Preparing the Classification/LR Review/YEA

Open the form by clicking "Credit Action", [Credit Action Name], and "Classification/LR Review/YEA". CLICK "Save & Update" and an "Update" box will be displayed. Check (✓) "General Information" and "Ultra Financials" and CLICK "Update".

Caution: Do **not** check "Farm Assmt".

<table>
<tr><th>Component</th><th>Details</th></tr>
<tr><td>Balance Sheet, Income Statement, Repayment Capacity</td><td>• CLICK "Reports" and "Reports Setup" to select which balance sheets and income/expense statements appear in the credit presentation.
• CLICK "Save & Update" to transfer in the financials.
• Ensure that the correct information was transferred into these sections.</td></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: These accounts should be classified 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>
• Select the appropriate income/expense projection.
• The user's name and the date/time stamp will appear on the classification.
•*****--Use the score for loan servicing actions.--*****</td></tr>
</table>

J Credit Actions (Continued)

8 Classification/LR Review/YEA (Continued)

a Preparing the Classification/LR Review/YEA (Continued)

Component	Details
LR Review/YEA Narrative	The WordPad should be used to document the assumptions about the year-end analysis, classification, and/or limited resource review, as applicable.
Graduation Review	• Answer the applicable questions about the graduation review, if applicable. • Use the eSignature date stamp as the date for graduation review completion.
Limited Resource Rates	• Answer the applicable questions about the limited resource rate review, if applicable. See 4-FLP, Part 3 for more information about determining if rates are justified. • Use the eSignature date stamp as the date of the limited resource review ***--**for DLS tracking and ADPS transactions.**--***
Year-end Analysis	Answer the applicable 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.

CLICK “Completed By” to eSign the form.

See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on when this credit action needs to be printed and/or signed.

J Credit Actions (Continued)

8 Classification/LR Review/YEA (Continued)

b Classification Scores

Accounts will be classified according to 1-FLP, Part 8, Section 4. The classification process generates the following ratios:

- Liquidity
- Debt to Assets
- Return on Assets
- Term Debt and Capital Lease Coverage.

Note: CLICK "Detail" of the borrower classification within FBP for an explanation of how the system calculates scores for each of these ratios.

The FBP system 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).

c Limited Resource Rates

See 4-FLP, Part 3 about the process for routine interest rate review of limited resource loans.

J Credit Actions (Continued)

9 Eligibility Only

--**The "Cred. Pres/Borr. Class" credit presentation sub-category, "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 a credit action will **not** been prepared.**--***

To complete this credit action:

- open the form by clicking "Credit Action", [Credit Action Name], and "Eligibility Only"
- CLICK "Save & Update" and an "Update" box will be displayed
- CHECK (✓) "General Information" **only** and CLICK "Update"
- select an application date
- use the radio buttons to certify that the applicant **meets** the requirements for the eligibility criteria in 3-FLP, Part 4, Section 1
- use the text box to address any additional program specific eligibility issues and/or conditions, such as qualifying for EM loans

  Note: States will issue guidance on amount of detail needed and format required.

- the FSA loan official will CLICK "Eligibility Determination" to determine or recommend eligibility.

*** * ***

10 Youth Loans

The youth loan credit action model should be used to process application requests for youth ***--**loans. This credit action consists of forms a through c.

a Eligibility Only

Complete the "Eligibility Only" form to determine if applicant meets the eligibility requirements for a youth loan.**--***

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

10 Youth Loans (Continued)

b Credit Presentation – Youth Loans

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".

- 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. Add any additional documentation to the comments section of the form.

- ***--**Assign classification level of "3 - Acceptable"**--***
- CLICK "Score Now" to update the classification score.

Add any additional documentation to the comments section and complete the Loan Closing Requirements in the text boxes provided. The FSA loan official will CLICK "Loan Approval" to approve or decline the credit decision.

Note: Farm assessments are **not** required for youth loans according to 3-FLP, subparagraph 211 B. However, some discussion of strengths, potential problems, and goals should be included in the comments section.

*** * ***

c RD 1940-22

See **RD 1940-22** (Section J5) for more information on completing RD 1940-22.

J Credit Actions (Continued)

10 Youth Loans (Continued)

d Security Agreement – Youth Loans

The youth loan credit presentation does not capture the information needed to complete FSA-2028, therefore, FSA-2028 may be completed manually.

e Classification of Youth Loans

See 1-FLP, subparagraph 251 C for instructions on completing youth loan classifications.

f Servicing Youth Loans

See 5-FLP for available servicing options.

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.

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 provides additional information to be entered on the Security Agreement Screen.

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

Note: The Security Agreement may be printed by clicking "Print Security Agreement" located in the upper right hand corner of the document or "Reports Setup".

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

- Youth Loans according to 1-FLP, subparagraph 251 D

*** * ***

•*****--Streamlined CL's unless they become delinquent or distressed. See 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 1-FLP, subparagraph 251 D.

- CLICK "Score Now" to complete the process.

- Any documentation to support the calculations may be added in "Comments".

K Special Features

1 eNotice

This feature allows e-mails to other FBP users from within specific areas of FBP. The e-mail that is generated will contain a link to the program area the user is currently at so the recipient can access that information and provide the applicable response to the eNotice. While working on a specific section of FBP, the user can generate an e-mail to FLC or FSL to review the same section and answer any questions about the development of FBP.

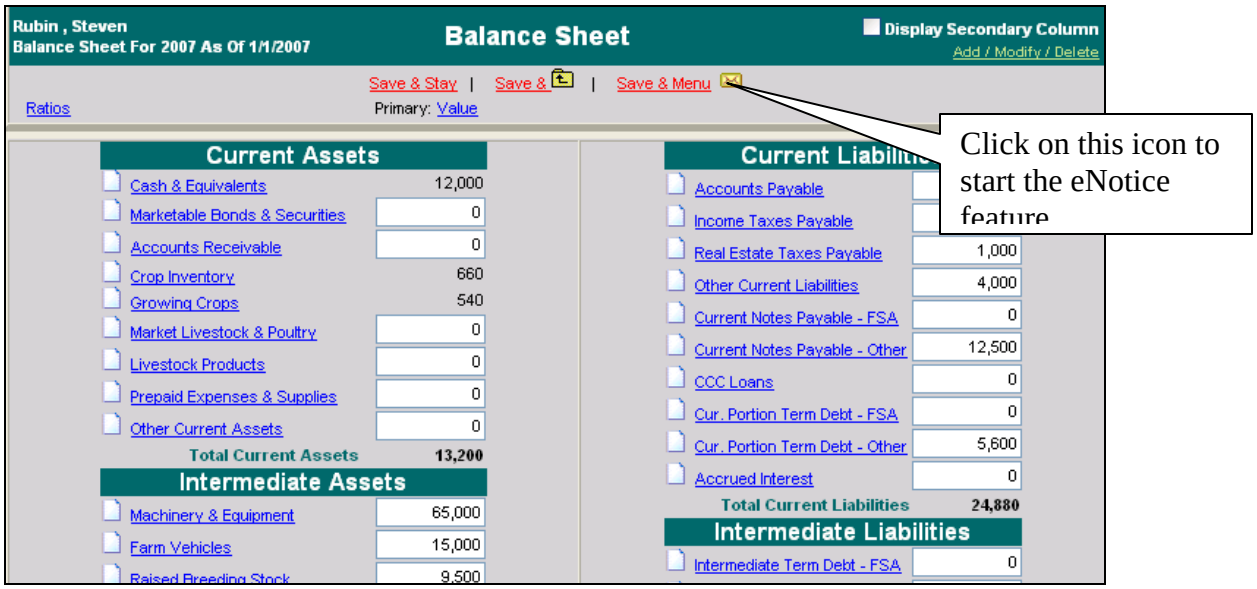


Figure 62

The first time the eNotice feature is accessed, the following prompt will be displayed.

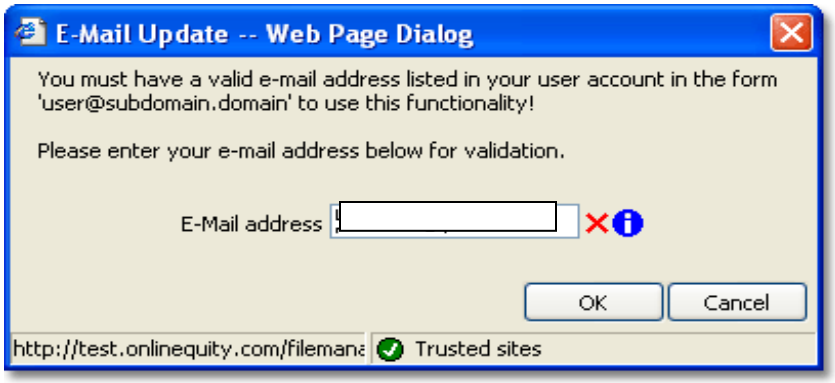


Figure 63

Ensure that the e-mail address is correct. CLICK “OK” to continue the validation process.

K Special Features (Continued)

1 eNotice (Continued)

The following series of messages will be displayed.

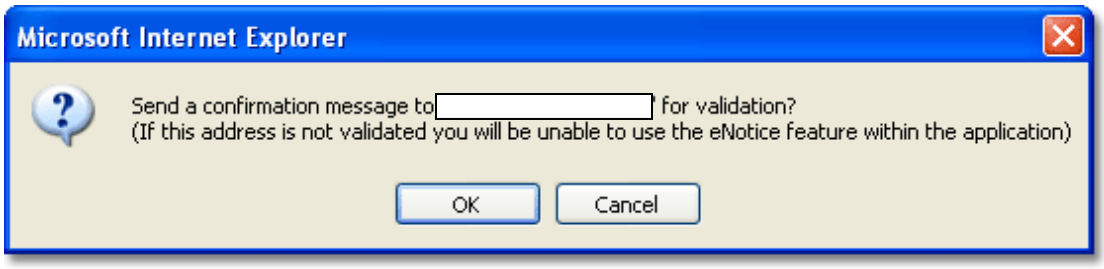


Figure 64

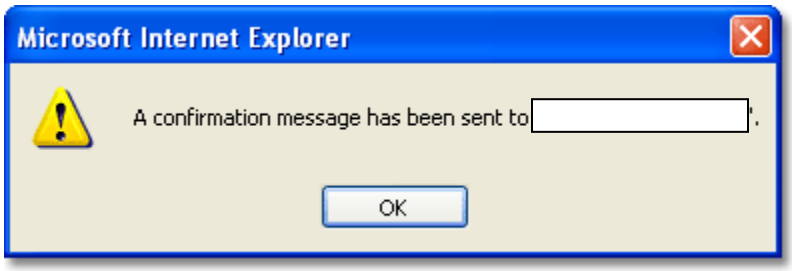


Figure 65

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 providing access to the eNotice feature of FBP. The only time the validation process will repeated, is if the user's e-mail address is changed.

After closing the eNotice and browser windows, the user shall access e-mail to view the confirmation e-mail message that has been sent. The following e-mail message will be displayed.

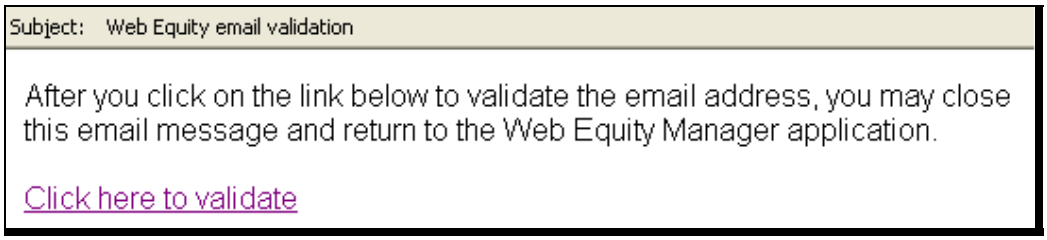


Figure 66

CLICK "Click here to validate". This will automatically open a browser window to log back into FBP. Return to the previous customer record when the "eNotice" icon was clicked the first time. Click on the "eNotice" icon to re-enter the eNotice feature.

K Special Features (Continued)

1 eNotice (Continued)

When the user enters eNotice, a standard e-mail window will automatically be displayed. The message will contain a link to the section of FBP currently being worked in. Add any additional information in the message. "Subject" can also be modified.

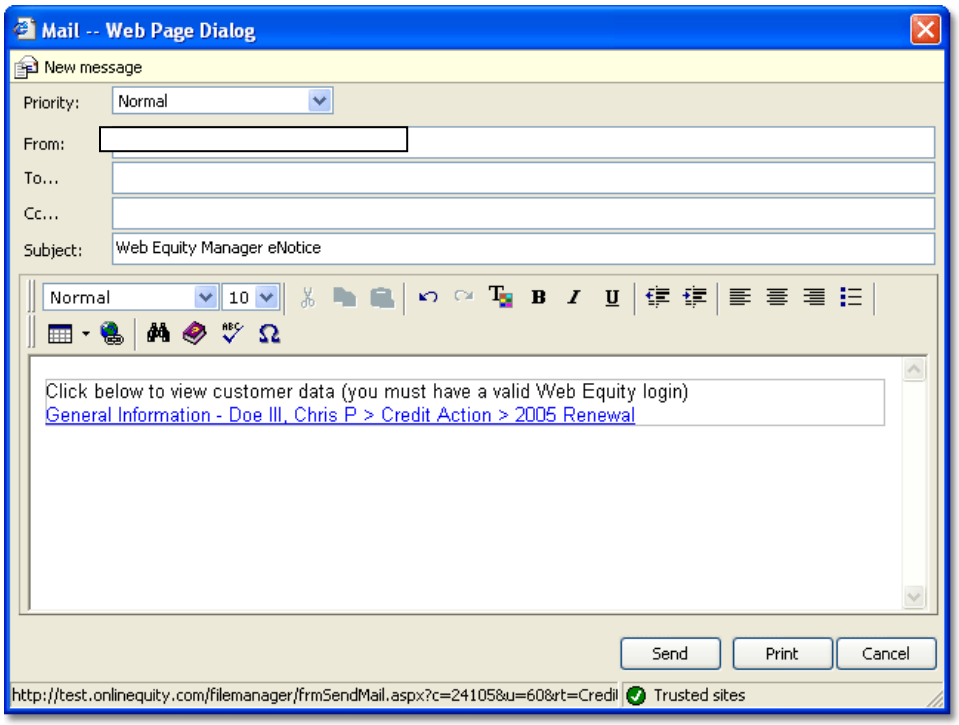


Figure 67

K Special Features (Continued)

1 eNotice (Continued)

The individuals to e-mail can be chosen by clicking “To.../CC...” below “From:” and the following will be displayed. Click the magnifying glass icon and a list of valid e-mail addresses in FBP will be displayed.

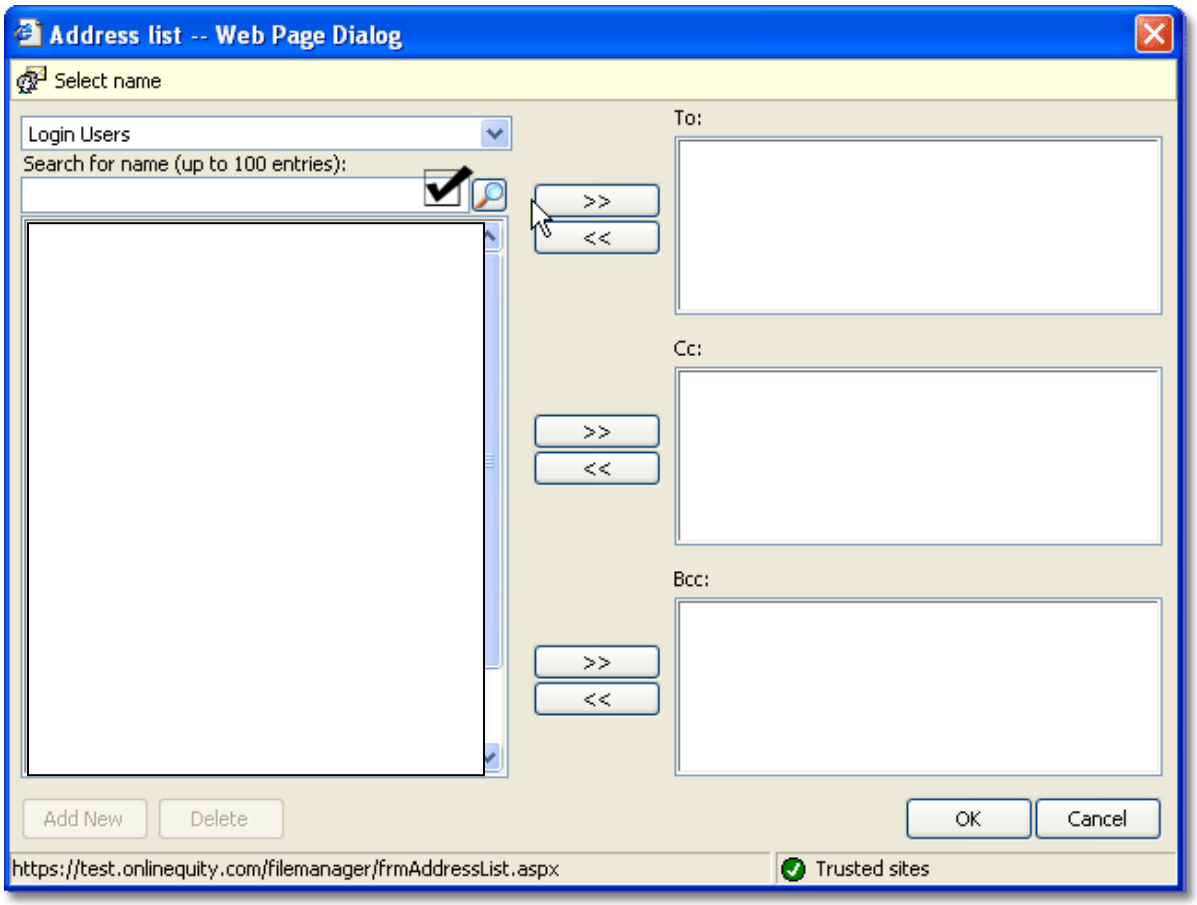


Figure 68

K Special Features (Continued)

2 DecisionMgr

DecisionMgr is:

- available to State FBP Coordinators, FLC's, and Service Center users
- a useful tool to track credit action status or view credit report activity.

Users will have the option of selecting type of data elements to track and identify the time period. On the Locator Screen, CLICK "DecisionMgr".

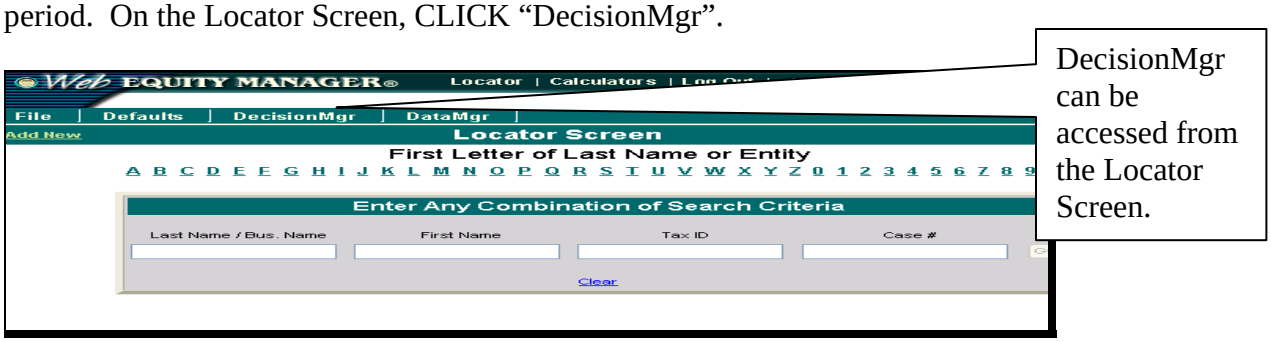


Figure 69

CLICK "Credit Action Status" from the drop-down menu. The status of every credit action generated may be viewed. Before using the search feature, choose the information to view. CLICK "Column Select" in the top left corner of the Credit Action Status Screen and a popup window will be displayed to choose how many columns of information to display.

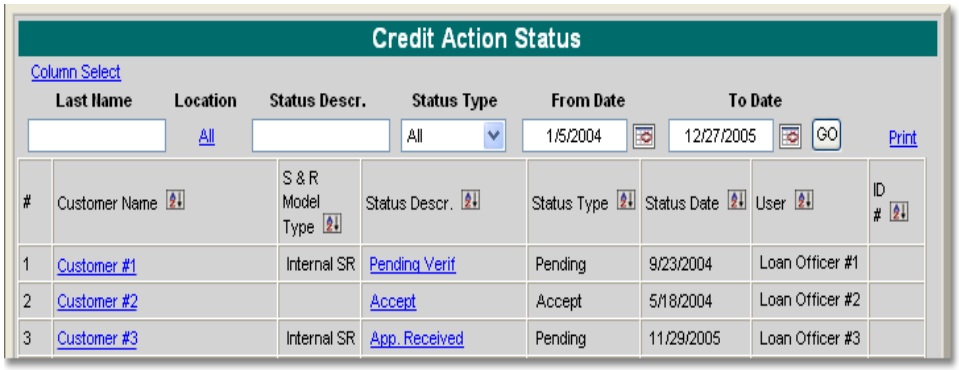


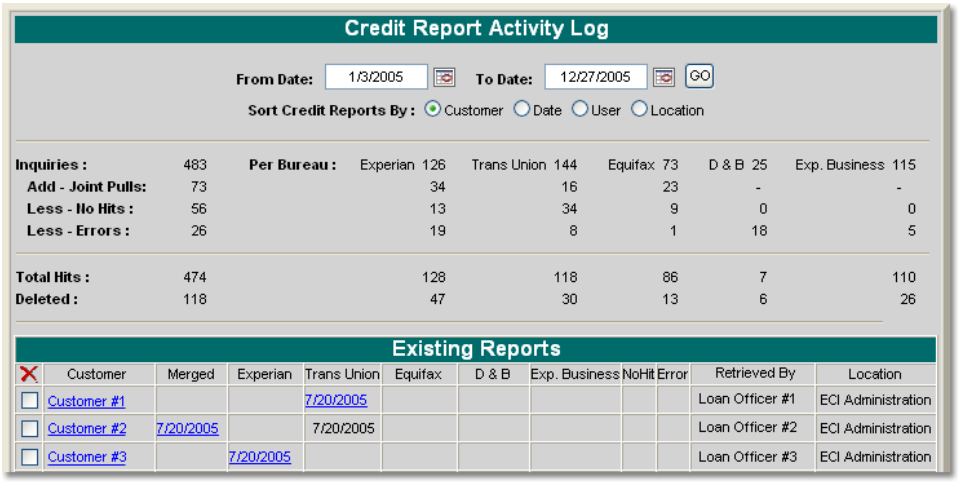
Figure 70

The search features available include the customer's last name, location, a status description (if known), the type of status ("Accept", "Decline", "Pending", or "Withdrawn"), and a date span. Once this search information is entered, CLICK "GO" and the results will be displayed.

K Special Features (Continued)

2 DecisionMgr (Continued)

The Credit Report Activity Log Screen allows users to view all the credit bureau reports that have been pulled within the system. Users can search for specific time spans by using the "From Date" and "To Date" features, and sort the reports by clicking on the applicable "Sort Credit Reports By:" radio buttons. The information provided will be aggregate totals for each bureau, when the report was pulled on which customer, and who pulled the report.



Credit Report Activity Log

From Date: 1/3/2005 To Date: 12/27/2005 GO

Sort Credit Reports By: Customer Date User Location

Inquiries :	483	**Per Bureau :**	Experian 126	Trans Union 144	Equifax 73	D & B 25	Exp. Business 115
Add - Joint Pulls:	73		34	16	23	-	-
Less - No Hits :	56		13	34	9	0	0
Less - Errors :	26		19	8	1	18	5
Total Hits :	474		128	118	86	7	110
Deleted :	118		47	30	13	6	26

Existing Reports

	Customer	Merged	Experian	Trans Union	Equifax	D & B	Exp. Business	NoHit	Error	Retrieved By	Location
	Customer #1			7/20/2005						Loan Officer #1	ECI Administration
	Customer #2	7/20/2005		7/20/2005						Loan Officer #2	ECI Administration
	Customer #3		7/20/2005							Loan Officer #3	ECI Administration

Figure 71

3 Tracking

Once in the desired account, from the menu bar, CLICK "Credit Action" and "Add/Modify/Delete" from the drop-down menu. Each credit action listed will display "Track" on the far right column. CLICK "Track" to view information about the selected credit action and all users who have accessed this particular credit action. This link is used on individual accounts and credit actions.

Credit action does **not** track saves. It only tracks the following events:

- Add
- Lock
- Replace
- Score Now
- Unlock
- Update.

K Special Features (Continued)

4 Letters

The "Letters" feature allows users to generate ad hoc letters to the producer. These letters are **not** to be used as a substitute for specific letters to producers required by handbooks or instruction manuals. Letters could be sent for additional information or to resolve questions when developing the balance sheet or income/expense schedules.

From the producer's FBP account, CLICK "Letters". Users have the option to generate letters for "General Correspondence" or "Related Entities". The name and address will populate the letter from the General Information Screen. Clicking on "Add" will provide the text box to type the body of the letter.

It is required to print the letters using Service Center letterhead. Disregard the "Balance Sheet Date", "Income & Expense Date", and "Credit Report Date" drop-down menus, they are **not** available for FSA use.

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 on-line or in this user guide, State and County Offices should contact the FBP Coordinator. References to "FBP Coordinator" include FBP State Coordinators, as appropriate.

1 FBP Forum

In addition to live support, users also have access to a FBP forum. A national FSA forum is available, in addition to a forum for each State to use, at **http://fbpforum.onlinequity.com** or CLICK "FBP Forum" located on the Web Equity Manager main navigation. The FBP Coordinator in each State is a forum moderator.

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 ag 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.

FLP Rates

A Interest Rates for FLP's

--**The following provides interest rates for FLP's as of October 1, 2010.**--

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes **Note:** For the current interest rate, contact the National Office.		
Operating	***--**2.125	10/1/10**--***
Operating – Limited Resource	5.00	12/1/90
Farm Ownership and Conservation Loans	4.375	9/1/10
Farm Ownership – Limited Resource	5.00	4/1/86
Farm Ownership – Down Payment	1.50	5/22/08
Farm Ownership – Joint Financing	5.00	3/24/97
Soil and Water	4.375	9/1/10
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	4.375	9/1/10
Farmer Program – Homestead Protection	4.375	9/1/10
Shared Appreciation Amortization	3.375	9/1/10
Softwood Timber Loans	4.375	9/1/10
Economic Emergency – Operating	***--**2.125	10/1/10**--***
Economic Emergency – Real Estate	4.375	9/1/10
Emergency – Amount of Actual Loss	3.75	1/25/94
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	***--**6.375	10/1/10**--***
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	5.00	9/1/10
Emergency – Annual Production	5.00	9/1/10
Nonprogram - Chattel Property	5.00	9/1/10
Nonprogram - Real Property	***--**6.375	10/1/10
Apple Loans	.875	10/1/10**--***
Association – Grazing	4.375	9/1/10
Association – Irrigation and Drainage	4.375	9/1/10
Indian Land Acquisition	5.00	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://165.221.16.90/dam/ffasforms/forms.html**, and submit it by 1 of the following methods:

- FAX to 816 363-1762
- 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)	0.25	9/1/10

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 September 3, 2010. 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		

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 Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's

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 - FLP's (Continued)

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 - FLP's (Continued)

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 - FLP's (Continued)

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 - FLP's (Continued)

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 - FLP's (Continued)

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 Source Documents

Review Part: A **Quarterly Review Items**

--**All review items are to be completed for each quarter of each FY. The minimum number of files to be reviewed is indicated; more than the minimum number of files may be reviewed.**--

Review Area: 1. A. *Direct Loan Making - Complete Applications*

--**Review 5 applications received since last review; review all if less than 5.**--

Review Items:	**SOURCE DOCUMENTS**
(1)	DLS FLP Application Report
(2)	*** * *** FSA-2001
(3)	FSA-2307; DLS Loan Making Checklist
(4)	FSA-2308; DLS Loan Making Checklist
(5)	RD 1940-22; FSA-851; 1940-G-1 Letter
(6)	DLS Loan Request Detail Screen
(7)	DLS FLP Application Report; FSA-2001; case file correspondence; FBP Credit Action

Review Area: 1. B. *Direct Loan Making - Incomplete Applications*

--**Review 3 applications received since last review; review all if less than 3.**--

Review Items:	**SOURCE DOCUMENTS**
(1)	DLS FLP Application Report
(2), (3), and (4)	DLS FLP Application Report; DLS Loan Making Checklist; FSA-2001; FSA-2304; FSA-2305

Review Area: 1. C. *Direct Loan Making - Withdrawn Applications*

--**Review 3 applications withdrawn since last review; review all if less than 3.**--

Review Items:	**SOURCE DOCUMENTS**
(1) and (2)	DLS FLP Application Report; FSA-2001
(3) and (6)	FSA-2306; case file documentation
(4)	DLS FLP Application Report; FSA-2001
(5)	FSA-2304; FSA-2305

Review Area: 1. D. *Direct Loan Making - Rejected Applications*

--**Review 3 applications rejected since last review; review all if less than 3.**--

Review Items:	**SOURCE DOCUMENTS**
(1) and (2)	DLS FLP Application Report; DLS Rejected Application Report
(3), (4), and (5)	Case file correspondence; 1-APP, Exhibit 8, Example 3; 1-FLP

DD FLP Oversight Review Source Documents (Continued)

Review Part: A **Quarterly Review Items**

Review Area: 2. *Guaranteed Loan Making - Applications*
Review 5 applications received since last review; review all if less than 5.

Review Items:	**SOURCE DOCUMENTS**
(1) and (2)	Report GLSAPP02; GLS2209A
(3)	Report GLS2209A; FSA-2201
(4)	*** * *** FSA-2001
(5)	Case file documentation and correspondence
(6)	Case file documentation and correspondence; FSA-2292
(7)	Report GLS2209A; 2-FLP, paragraph 83
(8)	RD 1940-22; FSA-851

Review Area: 3. A. I *Direct Loan Servicing - Delinquent Accounts - 90 days or more past due*
Review all accounts in this category.

Review Items:	**SOURCE DOCUMENTS**
(1)	Report Code 540
(2) and (3)	WebAgcredit Borrower History Report; case file correspondence; 5-FLP, paragraphs 66 and 68
*****--(4) and (5)	Report Code 540; 4-FLP; Discussion with FLM/FLO; Case file documentation--*****

Review Area: 3. A. II *Direct Loan Servicing - Delinquent Accounts - Less than 90 days past due*
*****--Review all accounts in this category.--*****

Review Items:	**SOURCE DOCUMENTS**
(1)	Report Code 540
(2), (3), and (4)	Discussion with FLM/FLO; case file documentation

Review Area: 3. A. III *Direct Loan Servicing - Delinquent Accounts - Loans that may require attention*
Review all accounts in this category.

Review Items:	**SOURCE DOCUMENTS**
(1) and (2)	Report Code 540
(3) and (4)	Case file correspondence; FSA-603; CCC-257; 4-FLP; 5-FLP

Review Area: 3. B. *Direct Loan Servicing - Payments and Collections*
Review a sample of 5 accounts.

Review Items:	**SOURCE DOCUMENTS**
(1)	Random selection from FSA-603
(2)	3-FI, paragraph 37
(3)	Report Code 540; FSA-603; CCC-257
(4)	4-FLP, Part 5
(5)	3-FI, paragraphs 3 and 15; CCC-257

Review Area: 3. C. *Direct Loan Servicing – Chattel Security Accounting*
Review a sample of 5 borrower account files; review more files if deficiencies are found.

Review Items:	**SOURCE DOCUMENTS**
(1)	Report Code 540
(2) and (3)	Case file documents; FSA-2040; FBP; 4-FLP
(4)	Case file documentation; FSA-2028 (work copy); FSA-2040; 4-FLP
(5)	Case file documentation

DD FLP Oversight Review Source Documents (Continued)

Review Part: A **Quarterly Review Items**

Review Area: 4. *Program Delivery - FLP Goals*
*****--State goals are established by the National Office for each FY.--*****

Review Items:	**SOURCE DOCUMENTS**
A.	2006 memo from DAFLP
B.	Goals set by National Office for State in the 8 goal areas
C.	Goals set by State for the FLP Service Center in the 8 goal areas
D.	Discussion with FLP Service Center staff

Review Part: B **Semi-Annual Review Items**
*****--All review items are to be completed for the second and fourth quarters of each FY. The minimum number of files to be reviewed is indicated; more than the minimum number of files may be reviewed.--*****

Review Area: 1. *Direct Loan Making - Loan Security Instruments*
*****--Review 5 new chattel or crop loans; review all if less than 5.--*****

Review Items:	**SOURCE DOCUMENTS**
(1)	FBP Credit Action Report
(2)	*****--Case file documentation; DLS Security Instrument Information Report--*****
(3)	Physical check
(4)	FSA-2318 (if applicable)
(5)	CCC-10; security pledged by third party (if applicable)

Review Area: 2. A. *Direct Loan Servicing - Special Servicing*
*****--Review all accounts listed.--*****

Review Items:	**SOURCE DOCUMENTS**
(1)	Report Code 565-A, "Borrowers with Expiring Equity Recapture Agreements"
(2)	Operational file FLP 4-1
(3)	Case file documentation
(4)	5-FLP; case file documentation

Review Area: 2. B. *Direct Loan Servicing - Classification of Borrower Accounts*
*****--Review requires a count of all accounts that should be classified during current FY.--*****

Review Items:	**SOURCE DOCUMENTS**
(1)	DLS FLP Application Report; DLS Classification Review Workflow Report;--***** FBP classification report
(2)	8N transaction report in case file *** * ***
(3)	*****--Report Code 736; DLS Classification Review Workflow Report--*****

Review Area: 2. C. *******--Direct Loan Servicing – Year End Analysis*--*****
*****--Review requires a count of accounts with new loans, chattel subordinations, PLS or DSA in previous FY, financially distressed or delinquent accounts and accounts with limited resource loans.--*****

Review Items:	**SOURCE DOCUMENTS**
(1)	*****--Report Code 540; Year End Analysis workflow Report; 1-FLP; 3-FLP
(2)	Year End Analysis Workflow Report--*****
(3)	(1) - (2) = (3)

DD FLP Oversight Review Source Documents (Continued)

Review Part: B **Semi-Annual Review Items**

Review Area: 3. A. *Guaranteed Loan Servicing - Status Reports and Delinquent Accounts*
Review requires inspection of documents.

Review Items:	**SOURCE DOCUMENTS**
(1)	GLS4265; GLS-SR01; GLS-SR02
(2)	FLM should initial reviews (not required)
(3)	GLS4265; GLS-SR01; GLS-SR02
***--**(4) and (5)	2-FLP, paragraph 300; discussion with FLM/FLO; FSA-2254 (all outstanding)**--***

Review Area: 3. B. *Guaranteed Loan Servicing - Lender Reviews*
Review requires a count of loans or accounts for each type of lender.

Review Items:	**SOURCE DOCUMENTS**
(1), (3), and (5)	2-FLP, paragraph 267; GLS2003
(2), (4), and (6)	Record count from operational files

*** * *** * * *

Review Part: C **Annual Review Items**

Review Area: 1. A. *Direct Loan Servicing - Borrower Graduation*
Review all borrower accounts classified as a “1” or “2”.

Review Items:	**SOURCE DOCUMENTS**
(1)	Report Code 736, “Annual Review and Classification of FLP Borrowers”; DLS Graduation Review Monitoring Report; 4-FLP, Part 4
(2)	Graduation operational file; 4-FLP, Part 4; case file documentation
(3)	DLS Graduation Review Monitoring Report; Case file documentation; 4-FLP, Part 4

Review Area: 1. B. *Direct Loan Servicing - Subordinations*
Review all accounts with outstanding subordinations.

Review Items:	**SOURCE DOCUMENTS**
(1)	DLS Subordination Tracking Report
(2) and (3)	DLS Subordination Tracking Report; Discussion with FLM/FLO;4-FLP, Part 6

DD FLP Oversight Review Source Documents (Continued)

Review Part: C **Annual Review Items**

Review Area: 1. C. *Direct Loan Servicing - Chattel Security Accounting*
--**Review a sample of 5 borrower accounts; review more files if deficiencies are found.**--

Review Items:	**SOURCE DOCUMENTS**
(1)	Report Code 540
(2) and (3)	***--**DLS Borrower Financing Statement Detail and Monitoring Reports;
*** * ***	case file documentation; 4-FLP**--***

Review Area: 1. D. *Direct Loan Servicing - Limited Resource Reviews*
--**Review 5 limited resource borrower accounts; review all if there are less than 5.**--

Review Items:	**SOURCE DOCUMENTS**
(1)	***--**Report Code 660D, "Limited Resource Loan Review Report"; DLS Limited Resource Review Monitoring Report; Report Code 660A; **--*** 4-FLP, Part 3
(2)	*** * *** FBP; case file; 4-FLP, Part 3

Review Area: 2. A. *Program Delivery - Supervised Bank Accounts*
--**Review all borrower files with supervised bank accounts.**--

Review Items:	**SOURCE DOCUMENTS**
(1)	Borrowers with a supervised bank account
(2)	Case file; Documentation in FBP credit presentation
(3)	1-FLP, subparagraph 101 B; Execution of Deposit Agreement by borrower
(4)	1-FLP, subparagraph 101 C; DD documentation in case file

Review Area: 2. B. *Program Delivery - Program Promotion*

Review Item:	**SOURCE DOCUMENTS**
(1)	Discussion with borrowers and lenders; case file documentation

Review Part: D **Additional Reviews**

Review Area: 1. *Farm Loan Programs Risk Assessment (FLPRA) Reviews*

Review Items:	**SOURCE DOCUMENTS**
A.	FLPRA Report - completed by State Office *** * *** within reporting period
B.	Date State Office and/or DD discussed with FLP Service Center Staff

Review Area: 2. *County Operations Reviews (COR)*

Review Items:	**SOURCE DOCUMENTS**
A.	COR Report - completed within reporting period
B.	Date COR, State Office, and/or DD discussed with FLP Service Center staff

***--DD FLP Oversight Review Source Documents (Continued)**

Review Part: E	**Certification**
-	*DD's/ Reviewer's certification of oversight review completion*
1. A.	DD's signature
1. B.	Type DD's name
1. C.	Date of the review--*