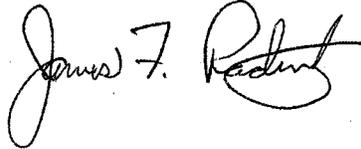


UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

| | |
|--|----------------------|
| General Program Administration 1-FLP (Revision 1) | Amendment 114 |
|--|----------------------|

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 222 C has been amended to provide guidance for identifying wetlands.

Exhibit 27 has been added to provide a flow chart of the process to determine if a wetland may be present.

Exhibit 27.5 has been added to provide the denial letter for applicants when wetland indicators are present.

| Page Control Chart | | |
|---------------------------|-------------|---|
| TC | Text | Exhibit |
| 3, 4 5 (add) | 8-45, 8-46 | 1, pages 1, 2 27, page 1 (add) 27.5, page 1 (add) |

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222 Elements of an Initial Assessment (Continued)

C Adequacy of Real Estate, Including Facilities, to Conduct the Operation

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

(4) Adequacy of real estate, including facilities, to conduct the operation.

In evaluating the adequacy and appropriateness of real estate used in the applicant's operations, the authorized agency official must consider the following:

- location and size, including efficiency of location to markets and farm supply dealers
- improvements and repairs needed for improved efficiency
- *--presence of wetlands, hazardous waste, and underground storage tanks, the adverse effects of their presence, and possible solutions

If a wetland determination has not been previously completed for the project area and is not available from NRCS, the authorized loan official will follow the flow chart in Exhibit 27 and complete FSA-858 to document their findings. When wetland indicators are found to be present the applicant will be notified using Exhibit 27.5.

Note: The wetland project area to be evaluated is limited to the specific geographical area(s) within which an FLP funded activity actually takes place and/or those where an environmental resource is influenced as a result of the project. That is, causes changes in use or character. It does not include all farm or related tracts that may be owned or operated by the applicant.

Examples: Project is to build 2 poultry houses on the northwest corner of a 20 acre tract. The project area is limited to the 5 acres that will be disturbed for construction, installation, and related infrastructure.

Project is to provide funding to purchase tillage equipment that will be used to produce grain on 300 acres of a 400 acre farm tract. The project area is limited to the 300 acres of crop land being planted.

Project is to fund purchase of cows and post-style fencing on 50 acres of pasture where they will be maintained. Applicant crops 200 contiguous acres, grows nursery stock on another 30 acre tract that is part of the same farm and has obtained upgraded animal waste and nutrient management plans for the expanded operation. The project area is limited to the 50 acres where the cows will be fenced and maintained.--*

- conservation practices and measures and implementation of conservation plans for program compliance

222 Elements of an Initial Assessment (Continued)

C Adequacy of Real Estate, Including Facilities, to Conduct the Operation (Continued)

- probability of continued use
- external factors, such as urban encroachment and new zoning ordinances
- ownership and leasing agreements, especially leasing arrangements relating to both land and chattel.

Note: For ML, see subparagraph A for adequacy of resources.

D Adequacy of Chattel Property Used to Conduct the Operation

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

(5) Adequacy of chattel property used to conduct the operation.

The initial assessment must evaluate the adequacy of the chattel property, such as equipment and livestock used in the operation, relative to the applicant's goals and the planned level of production. As appropriate, the initial assessment should include comments on ownership, condition, probability for continued use, and any external factors, such as:

- operation life of chattel property relative to loan period
- necessary repairs
- improvements in operating efficiency with use of hired, leased, or owned equipment
- numbers, condition, breed suitability, and age of livestock.

Note: For ML, see subparagraph A for adequacy of resources.

E Farm Organization and Key Personnel Qualifications

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

(1) Farm organization and key personnel qualifications.

To provide adequate supervision and training recommendations, the authorized agency official must know who is performing key tasks within the farming operation. The initial assessment must identify the key individuals involved in operating the farm, including any seasonal labor. It also must:

- discuss the specific duties of each person, noting who is responsible for management, labor, resource allocation, and decision making
- evaluate the use of managerial resources and determine whether management choices are contributing to or hampering success in the operation
- determine if the time and effort spent on an enterprise or particular commodity is commensurate with the gains realized.

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

This table lists the required reports of this handbook.

| Reports Control Number | Title | Reporting Period | Submission Date | Negative Reports | Reference |
|------------------------|---------------------|------------------|-------------------------|------------------|-----------|
| FLP4 | FLPRA Annual Report | Annually | By February 1 each year | Required | 403 |

Forms

This table lists all forms referenced in this handbook.

| Number | Title | Display Reference | Reference |
|--------------|---|-------------------|-------------------------|
| CCC-10 | Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents | | Ex. 36 |
| CCC-257 | Schedule of Deposit | | Ex. 36 |
| FmHA 2006-21 | Information Systems Management (ISM) Request for Changes to User Documentation | | 52 |
| FSA-13-A | Data Security Access Authorization Form | | 53, 54, 166, Ex. 15, 36 |
| FSA-137 | Address Information Request | | 46 |
| FSA-159 | Request for Supplies, Forms, and/or Publications | | Ex. 17 |
| FSA-470 | Tractor Feed Post Card for Metered Postage | | 46 |
| FSA-603 | Collection Register for State and County Offices | | Ex. 36 |
| FSA-851 | Environmental Risk Survey Form | | Ex. 36 |
| FSA-858 | Determining if a Wetland May Be Present | | 222 |
| FSA-2001 | Request for Direct Loan Assistance | | 44, 47, 48, Ex. 36 |
| FSA-2007 | Statement Required by the Privacy Act for Non-Applicants | | 48 |
| FSA-2028 | Security Agreement | | Ex. 36 |
| FSA-2037 | Farm Business Plan Worksheet Balance Sheet | | Ex. 15 |
| FSA-2038 | Farm Business Plan Worksheet Projected/Actual Income and Expense | | Ex. 15 |
| FSA-2040 | Agreement and Record of the Disposition of FSA Security/Release of Proceeds | | 262, 263, Ex. 7, 36 |
| FSA-2065 | Annual Statement Loan Account | | 5, 49, 52 |
| FSA-2072 | Cancellation of U.S. Treasury Check and/or Obligation | | 169 |
| FSA-2101 | DD FLP Oversight Report Guide | | Ex. 36 |
| FSA-2103 | Direct Loan Making File Review Questionnaire | | 28 |
| FSA-2104 | Guaranteed Loan Making File Review Questionnaire | | 28 |

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

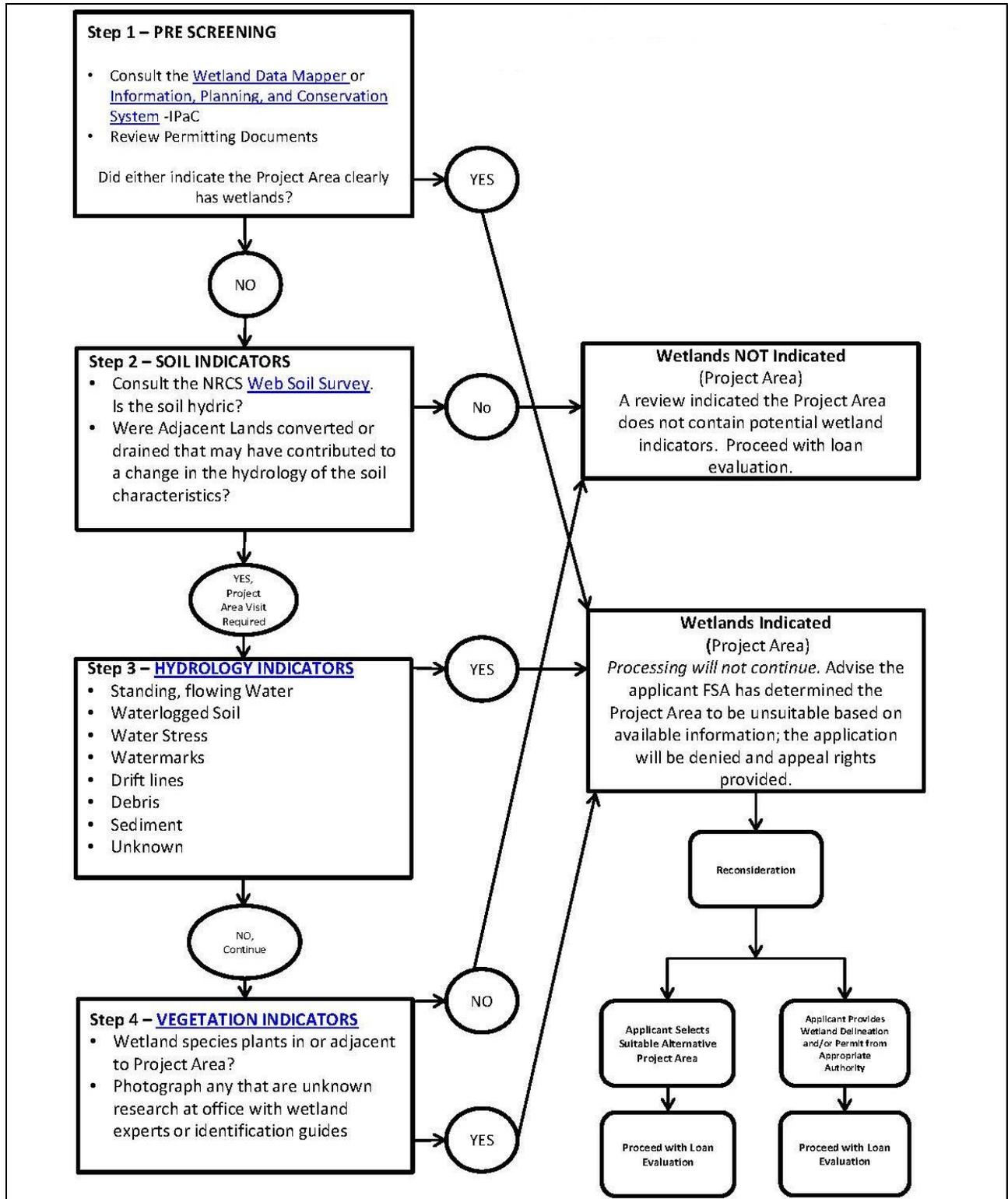
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| FSA-2119 | Delinquent Borrower Servicing File Review Questionnaire | | 28 |
| FSA-2120 | Moratorium Notice | | 41 |
| FSA-2121 | Termination of Moratorium | | 41 |
| FSA-2125 | Farm Loan Program County Information File Changes | | 46, 444 |
| FSA-2126 | Program Loan Cost Expense (PLCE) Request | | 162, 166-169 |
| FSA-2127 | Request for CED FLP Loan Approval Authority | | 25 |
| FSA-2129 | Microloan Making File Review Questionnaire | | 28 |
| FSA-2139 | Notification of Exemption From Requirement to Provide Social Security Number | | 102 |
| FSA-2140 | Deposit Agreement | | 101, 102, Ex. 15, 36 |
| FSA-2141 | Interest-Bearing Deposit Agreement | | 102 |
| FSA-2142 | Statement of Deposits and Withdrawals | | 103, Ex. 36 |
| FSA-2144 | Designated Financial Institution Pledge of Collateral | | 102 |
| FSA-2145 | Demand for Withdrawal of Supervised Bank Account Funds | | 103 |
| FSA-2150 | Development Plan | | 122, 125 |
| FSA-2153 | Release by Claimants | | 122 |
| FSA-2154 | Release by Contractor | | 122 |
| FSA-2160 | Appraisal of Chattel Property | | 142 |
| FSA-2161 | Appraisal Report - Agricultural Tract | | 142 |
| FSA-2162 | Real Estate Sales Data | | 142 |
| FSA-2163 | Supplemental Forms-Agricultural Appraisal | | 142 |
| FSA-2164 | Appraisal for Mineral Rights | | 142 |
| FSA-2165 | Administrative Appraisal Review | | 143 |
| FSA-2166 | Technical Appraisal Review and Certification | | 143 |
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| FSA-2171 | Substitute Invoice | | 167, 169 |
| FSA-2172 | Request for Emergency Payment | | 169 |
| FSA-2173 | Program Loan Cost Expense (PLCE) Vendor Code Request | | 166, 167 |
| FSA-2198 | Claimants With Closed Settlement Claims With No <u>1/</u> Appeal Hearing in Suspension | | Ex. 13.5 |
| FSA-2199 | Claimants With Closed Settlement Claims With <u>1/</u> Appeal Hearing in Suspension | | Ex. 13.5 |
| FSA-2201 | Lender's Agreement | | 47 |
| FSA-2211 | Application for Guarantee | | 44, 47 |

1/ Contact Jenny Breece at 202-720-4572 to obtain FSA-2198 and FSA-2199.

***--Flow Chart to Determine if a Wetland May Be Present**

The responsible Agency official shall follow this flow chart and complete FSA-858 to determine if a wetland maybe present.



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***--Language for FLP Denial Letter for Potential Wetland Impact or Presence**

When processing may **not** continue because of a potential wetland impact or presence, the responsible Agency official shall prepare a denial letter to notify the applicant, as specified in 1-APP, and insert the following language in the appropriate 1-APP denial letter. To access the following template, go to <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>, CLICK “**Find Current Forms Using Our Form Number Search**”, in the “Form Number” block, ENTER “**1-FLP, Exhibit 27.5**”, and CLICK “**Submit**”.

1-FLP, Exhibit 27.5

(Use Agency Letterhead format with local return address.)

This responds to your request for Farm Service Agency (FSA) loan assistance based on your application of _____, for a \$ _____ loan for _____. After careful consideration, we regret that your request can not be approved at this time. The specific reason for our decision is:

All applicants for FSA Direct or Guaranteed loan assistance are required to meet the environmental requirements found in 7 CFR part 1940 subpart G, and as specified by 7 CFR 1940.309(b) “required to provide information ... to evaluate their proposal's potential environmental impacts...”

More specifically, 7 CFR 1940.304 references Executive Order 11990 requiring the “Protection of Wetlands,” and states it is FSA’s policy “... not to approve or fund any proposals that, as a result of their identifiable impacts, direct or indirect, would lead to or accommodate either the conversion of these land uses or encroachment upon them.”

Based on available information the FLP project and area you selected is likely to affect or include a wetland; therefore the request must be denied. FSA will reconsider this denial if during the reconsideration process as provided below you 1) identify a suitable alternative site or 2) provide an applicable wetland delineation determination and /or permits from the United States Army Corp of Engineers or appropriate authority. Alternatively, you may reapply for assistance if and when such documentation can be provided.

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