

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

General Program Administration
1-FLP (Revision 1)

Amendment 199

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 4 E has been amended to update National Office contacts.

Subparagraphs 5 D and G have been amended to update NFAOC contacts.

Subparagraph 28 A has been amended to update the critical items for FSA-2104.

Subparagraphs 49 E, 50 E, and 52 J have been amended to update critical year-end 2020 dates.

Subparagraph 142 F has been added to provide guidance on obtaining potential liquidation value.

Subparagraph 165 H has been amended to correct a PAC code.

Exhibit 17 has been amended to update FLP interest rates.

Exhibit 40 has been added to provide the Statement of Work Addendum for potential liquidation value appraisals.

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4 FLP Organizational Structure (Continued)

D POAD Contacts (Continued)

Appraisals Branch		
Name	Title	Telephone Number/Address
Juan Soto	Staff Appraiser	787-294-1615 FSA County Office 654 Munoz Eivera Avenue Suite 829 San Juan, PR
Steen Stone	Staff Appraiser	308-392-3499 Hall FSA County Office 703 South Web Road, Suite A Grand Island, NE 68803
Chris Tarr	LRA-Northeast States covered: CT, DE, KY, MA, ME, MD, NH, NJ, NY, PA, OH, RI, VA, and WV	315-835-6034 Seneca Falls USDA Service Center 2041 US Route 20, Suite 1 Seneca Falls, NY 13148
Jeff Williams	Staff Appraiser	423-775-2272 Rhea FSA County FSA Office 201 Main Street, Suite 101 Dayton, TN 37321
Operations Branch		
Fernando Pineiro	Branch Chief	202-720-2558
Linda Baldwin	Program Analyst	202-720-5489
Lorraine Campbell	Senior Writer/Editor	202-690-2850
Jennifer Haley	Program Analyst	202-720-9898
Shwe Htee	Program Assistant	202-690-2549
Tracy Jones	Agricultural Loan and Grants Program Specialist	202-720-6771
Kristina Martorano	Program Analyst	202-690-2517
Dirk Nysveen	Senior Loan Officer	701-893-2239
Marquita Peoples	Program Analyst	202-720-8320
Brian Rueckl	Senior Loan Officer	*--920-845-3014--*
Gretchen Thomas	National Office FLP Training Coordinator	205-650-3373

4 FLP Organizational Structure (Continued)

E LSPMD Contacts

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

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

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

Office of the Director Branch E-mail: RA.dcwashing2.FSA-AdmException		
Name	Title	Telephone Number
Craig Nehls	Director	202-720-0628
Johnathan (Lee) Nault	Deputy Director	202-720-6834
--Sheila Oellrich--	Assistant to the Director	202-720-2990
Tyneca Jefferies	Program Support Assistant	202-720-1984
Direct Loan Servicing Branch e-mail SM.FSA.DCWa2.AdmException or adminexception@usda.gov e-mail SM.FSA.DCWa2.DirectLoans or fsa-directloans@wdc.usda.gov		
Bruce Mair	Branch Chief	202-720-1645
Jacqueline King	Program Analyst	202-720-2820
Mary Durkin	Senior Loan Officer	202-720-1658
Edwin Granell	Senior Loan Officer	202-690-0648
Sharilyn Hashimoto	Senior Loan Officer	202-720-2743
--Tracy Hidde	Senior Loan Officer	202-720-5319--
Creg Ivison	Senior Loan Officer	202-720-1557
Susan (Sue) Eilertson	Program Analyst	202 690-9142

5 NFAOC Contacts (Continued)

C Guaranteed Loan Servicing

The following provides the Guaranteed Loan Servicing address.

For USPS, FedEx, or UPS Delivery
USDA, Rural Development Farm and Community Services Branch, FC-1321 NFAOC, Building 104 4300 Goodfellow Blvd St. Louis, MO 63120

The following provides names and contact information for the Guaranteed Loan – Farm & Community Services Branch.

Guaranteed Loan-Farm & Community Services Branch Main Line 314-457-6402 ECM Fax Number 314-457-4539			
Name	Title	Telephone Number	Assignments
Sharon Sachs	Branch Chief	314-679-6804	
Richard Lahr	RD Lead Accountant	314-457-4206	
Kim Dixon	Accountant	314-457-4325	RD programs only
Katrina Holloway	Accountant	314-457-4080	RD programs only
Monique Kelly	FSA Lead Accountant	314-457-4103	*--MN, WV--*
Cameron Balentine	Accountant	314-457-4045	AR, IA, LA, * * * NY, OK, OR, TN * * *
Mary Jordan	Accounting Technician	314-679-6831	AZ, CA, CO, CT, DE, FL, GA, IL, KS, ME, MD, MA, MT, NE, NH, NM, NV, RI, SC, SD, VT, AK, HI, WP, VI, PR
Barbara Jungenberg	Financial Specialist	314-679-6805	AL, ID, IN, KY, MI, MS, MO, ND, NC, NJ, OH, PA, TX, UT, VA, WA, WI, WY

5 NFAOC Contacts (Continued)

D Debt Collection

The following provides the DCIB address.

For USPS Delivery	For FedEx or UPS Delivery
USDA - RURAL DEVELOPMENT *--DEBT COLLECTION IMPROVEMENT BRANCH, FC-1331 NFAOC, BUILDING 104 4300 GOODFELLOW BLVD. ST. LOUIS, MO 63120--*	USDA - RURAL DEVELOPMENT ATTN: (INSERT NAME), NFAOC/DCIB, FC-1331 BUILDING 105E - DOCK DELIVERY 4300 GOODFELLOW BLVD. ST. LOUIS, MO 63120

The following provides contact information for DCIB.

DCIB Telephone Number 314-679-6870 ECM FAX Number 314-457-4478 *--FAX Number 844-587-2958--* DCIB E-Mail Address: RD.NFAOC.DCIB@STL.USDA.GOV			
Name	Title	Telephone Number	Assignments
Lisa Randolph	Branch Chief	314-679-6851	
*--Karen Warr	Lead Accountant	314-457-4291	DCIA Status Reports; Treasury Report on Receivables; Problem Case Resolution; Coordinate IT Development Initiatives
Donald Folston	Accountant, Task Source	314-457-4351	Adhoc Reporting; DCIA Support
Kim Gant	Accounting Technician, Task Source	314-457-4053	RD (non-SFH) Proof of Debt, RD Disputes, and Returned to Agency Debts; RD AMAS Bills
Wyvone Haymon	Accountant	314-679-6864	FLP TOP Timeline Notifications and ADPS Screen Messages; FLP Cross Servicing Tasks, Recalls, Repayment Agreements, and Compromise Offers; FLP and RD CAIVRS; FLP and RD Do Not Pay
Katina Mims	Accountant	314-679-6833	FLP TOP and DCIA Referrals; FLP TOP Weekly Updates; FLP and RD Commercial Credit Bureau Reporting; FLP Federal Salary Offset
Timothy Oge	Accountant	314-679-6844	FLP Cross Servicing Support; FLP Cross Servicing Proof of Debt and Disputes; FLP Cross Servicing Referrals--*

5 NFAOC Contacts (Continued)

D Debt Collection (Continued)

Name	Title	Telephone Number	Assignments
*--Jose Ramirez	Accountant	314-457-5930	RD BP Loss Adds; MFH Unauthorized Assistance DCIA Referrals; RD AWG Hearings/Billing; RD IAA/MOU AWG Hearings; RD Unauthorized Assistance Cross Servicing Collections; RD (non-SFH) Reconciliation TOP/Cross Servicing
Charles Spencer	Accountant	314-679-6868	FLP TOP Refunds (FSA-2722); FLP Debt Exposure Report; FLP DOJ Listings and Fees; Bankruptcy Notifications; RD (non-SFH) DCIA Processes; FLP Internal Administrative Offset (IAO) Reporting; FLP IAO Refund Notifications
Shanna Wakefield	Accountant	314-457-4027--*	

E Program Reporting

The following provides PRB address.

For USPS Delivery	For FedEx or UPS Delivery
USDA, RURAL DEVELOPMENT, NFAOC, PRB, FC-1332 BUILDING 104 4300 GOODFELLOW BLVD # 1332 SAINT LOUIS MO 63120-1703	USDA, RURAL DEVELOPMENT ATTN: <i>(Insert Name)</i> , NFAOC, PRB, FC-1332 BUILDING 105E - DOCK DELIVERY 4300 GOODFELLOW BLVD ST. LOUIS, MO 63120

The following provides contact information for PRB.

PRB Telephone Number 314-457-4310 FAX Number 1-844-241-4641			
Name	Title	Telephone Number	Assignments
Debra Deters	Branch Chief	314-457-4307	
Jessica Ly	Lead Accountant	314-457-4319	County Information File
Timothy Orf	Lead Accountant	314-457-4256	RC 573, RC 593, RC 595, RC 597, RC 661
Jaemi Lovellette	Accountant	314-457-4321	RC 960/961; FSA-2585; FSA-2065, IRS Form 1098, IRS 1099-A
Raymond Metcalf	Accountant	314-457-4323	RC 531, RC 533, RC 534, RC 535, RC 540, RC 541, RC 565, RC 606, RC 655, RC 676, RC 830, RC 980/981; IRS Form 1099-G
Kendra Hill	Pathways Intern	314-679-6875	RC 542, RC 543, RC 547, RC 970/971; IRS Form 1099-C

5 NFAOC Contacts (Continued)

F Cash Management Disbursement Branch

The following provides CMDB address.

Mailing Address
USDA/RURAL DEVELOPMENT NFAOC, CMDB, FC-1412 4300 GOODFELLOW BLVD ST. LOUIS, MO 63120

The following provides contact information for CMDB.

Note: For EFT validations, call the CMDB main line at 314-457-4031.

Cash Management Disbursement Branch Main Line 314-457-4031 ECM FAX Number 314-457-4371		
Name	Title	Telephone Number
*--Edwin Henry	Branch Chief	314-457-4037
Deborah Stokes	Lead Accountant	314-679-6840
Wilfredo DeLaTorre	Lead Accountant	314-457-4003
Charles Butler	Accountant	314-457-4173
Julie Carlson	Accounting Technician	314-457-4022
Sylvester Cooks	Financial Specialist	314-457-4034
JoAnn Fults	Accountant	314-457-4025
Erin Greco	Accountant	314-679-6728
Teressa Henry	Accountant	314-457-4011
Curtis Hunt	Accounting Technician	314-457-4093
Nicole Loepker	Accountant Intern	314-679-6624
Dorothy Wise	Financial Specialist	314-457-4016--*

G Cash Management Collections Branch

The following provides Cash Management Collections Branch address.

Mailing Address
USDA/RURAL DEVELOPMENT NFAOC, CMCB, FC-1411 4300 GOODFELLOW BLVD ST. LOUIS, MO. 63120-1703

5 NFAOC Contacts (Continued)

G Cash Management Collections Branch (Continued)

The following provides contact information for the Cash Management Collections Branch.

Cash Management Collections Branch Main Line 314-457-4023 ECM FAX Number 314-457-4370			
Name	Title	Telephone Number	State Assignment
*--Candy Wall	Branch Chief	314-457-4017	
CeSandra Shumpert	Accountant Team Leader	314-457-4035	
Janet Pearson	Financial Specialist	314-457-4004	AL, AR, CT, DE, GA, HI, ID, IN, IA, LA, ME, MI, PA, RI
Nicole Loepker	Accountant	314-679-6624	AZ, NE, NV, NJ, NM, NC, ND, TN
BethAnn Willis	Accountant	314-457-4054	CO, MS, MO, NH, OR, SC, VT, WI, WY
Becky Crossin	Accountant	314-457-4033	AK, CA, FL, IL, KS, KY, MN, MT, OH, OK, SD, TX, UT, VI, WP, PR
Meghna Tanna	Accountant	314-457-6856	MD, MA, NY, VA, WA, WV
Julie Carlson	Accountant	314-457-4022--*	
William Shelton	Lockbox Accounting Technician	314-457-4019	

6-20 (Reserved)

27 Maintaining Approval Authority (Continued)

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

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

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

D CED's Maintaining Responsibility for FLP Activities

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

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

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

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

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

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

E Failure to Maintain Loan Approval Authority

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

28 Establishing Credit Quality Standards

A Credit Quality Reviews

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

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

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

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

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

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

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

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

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

49 DLS***--A DLS Uses--***

DLS is the required system for loan making and * * * 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 Loan Making and Loan Servicing User’s Guide can be referenced for any specific questions. The guide may be obtained by accessing https://inside.fsa.usda.gov/Assets/USDA-FSA-Intranet/intranetfiles/program-areas/daflp/flp-manuals/DLS_User_Guide.pdf.

C Maintaining and Updating DLS

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

D Security

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

***--E Important Calendar Year 2020 Year-End Dates**

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

Action	Date	
Loan Activity Cutoff – the last day that loan activity dated in calendar year 2020 can be processed to be reflected on FSA-2065 for 2020 and related IRS forms	Thursday, January 7, 2021	
Transactions, Suspension, and Enabled Dates		
Transactions	Suspension Date	Enabled Date
<ul style="list-style-type: none"> • TC 4A • TC 4D • SCIMS to PLAS data upload to create TC 4C <p>Notes: MIDAS CRM data must be entered by December 29, 2020, to generate TC 4C on December 30, 2020.</p> <p>Until TC 4A and TC 4D are enabled, do not use the following DLS sections:</p> <ul style="list-style-type: none"> • Transfer and Assumption • Manage case number under Customer Management. 	December 31, 2020	January 13, 2021

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50 GLS**A Purpose and Overview**

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

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

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

B GLS User Assistance

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

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

50 GLS (Continued)

C Responsibility for Maintaining and Updating GLS

FCSB 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 FCSB employees are responsible for data entry of customer and loan information.

D Security

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

***--E Important Calendar 2020 Year-End Dates**

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

Action	Date	
Loan Activity Cutoff – the last day that loan activity dated in calendar year 2020 can be processed to be reflected on 2020 IRS forms.	Thursday, January 7, 2021	
Transactions, Suspension, and Enabled Dates		
Transactions	Suspension Date	Enabled Date
<ul style="list-style-type: none"> • TC 4A • TC 4C • TC 4D 	December 31, 2020	January 13, 2021
Note: Transactions for Debt Offset Collection, Refund, and Write-off maintenance cannot be processed during this period.		

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52 ADPS (Continued)

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

TC	Title
5S <u>1</u> /	Record Debt Set-Aside
5S <u>2</u> /	Record Disaster Set-Aside
5T <u>1</u> /	Reverse Debt Set-Aside
5T <u>2</u> /	Cancel Disaster Set-Aside
5W <u>2</u> /	Record Loan Deferral
5X <u>1</u> /	Reverse Loan Deferral Expiration/Cancellation
5Y <u>2</u> /	Cancel Loan Deferral
8H <u>1</u> /	Split/Combine Loans - Account Status
8M	Limited Resource Loan Review
8N	Record Borrower/Loan Classification Data
8P	Acquired Property - Subdivision
8R <u>2</u> /	Interest Rate Adjustment
9E	Suspend Code - Acquired Property
9G <u>2</u> /	Change in Borrower/Property Mail Code
* * *	* * *

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

52 ADPS (Continued)

***--J Important Calendar 2020 Year-End Dates**

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

Action	Date	
Loan Activity Cutoff – the last day that loan activity dated in calendar year 2020 can be processed to be reflected on FSA-2065 for 2020 and related IRS forms.	Thursday, January 7, 2021	
Availability of ADPS Terminals		
Holiday Schedule: Terminals available until 3 p.m. c.t. because of the holiday	Thursday, December 24, 2020 (no update) Thursday, December 31, 2020 (3 p.m. c.t. cutoff)	
Transaction Processing: Terminals will be available to provide additional time for initial transaction entry and discrepancy correction before preparing the Annual Statements.	Saturday, December 19, 2020, and Saturday, January 2, 2021 Terminals available from 6 a.m. to 3 p.m. c.t.	
Loan Activity Cutoff: Transactions processed through the terminals before the Loan Activity Cutoff will be reported for 2020.	Thursday, January 7, 2021 Terminals available from 6 a.m. to 7 p.m. c.t.	
Transaction suspension/Enabled Dates		
Transactions	Suspension Date	Enabled Date
TC 4A TC 4C TC 4D TC 4F TC 4G TC K4	December 30, 2020	January 13, 2021

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142 Appraisal Reports (Continued)

D Approved Appraisal Formats

Any appraisal format that meets USPAP requirements is acceptable. The preferred format for * * * appraisal reports is the UAAR format.

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

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

142 Appraisal Reports (Continued)

E Real Estate Appraisal Software

FSA has appraisal software available for staff appraisers to provide appraisal reports and sales documentation and management.

Information on the most current version of software, source of software, installation instructions and user guides can be obtained from the appraisal SharePoint web site at <https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx>. The “Appraiser Software” section is located at the right side of the home page.

To obtain a copy of the software, or if there are questions about the software, contact Thomas Dobbin, POAD, Appraisals Branch by either of the following:

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

***--F Potential Liquidation Value**

[7 CFR 761.2] Potential liquidation value (PLV) is the amount of a lender’s protective bid at a foreclosure sale. Potential liquidation value is determined by an independent appraiser using comparables from other forced liquidation sales.

For loan servicing cases when 5-FLP, Exhibit 60 is required, appraisal reports will be developed and reported using Exhibit 40.

When ordering such an appraisal, APOC will order a market value appraisal using the State’s approved SOW for the property type being appraised and a PLV appraisal using Exhibit 40. The appraisal report being completed will have both market value and PLV developed in the same report.

Note: The primary difference between the definition of market value and PLV is linked to property exposure time in the open market, if sold. The market value definition is based on a reasonable time allowance for exposure in the open market, while PLV’s are made under the assumption that the seller is under extreme compulsion to sell and a normal marketing effort is not possible because of brief exposure time to the market.

SED’s shall establish exposure times to be used in Exhibit 40 by contacting their Regional OGC to determine specific public notice of sale statutes for the State that the property foreclosure is to take place. The State legal statute citation number will be needed along with the number of days. The exposure time will be estimated and provided to the appraiser on Exhibit 40 when the appraisal is ordered.--*

165 Obtaining PLCE Items (Continued)

F Recoverable Cost Items for Borrowers With Multiple Loans

When a specific recoverable PLCE applies to more than 1 loan, the oldest outstanding loan, which is the loan with the earliest obligation date, for which the security associated with the charge is attached, will determine which recoverable account (“L,” “R,” or “S”) is used. For a rescheduled or re-amortized loan, always use the **original** loan obligation date to determine which account is used.

Note: Only “S” account funds are used to obligate and pay PLCE expenses for ARRA (“Stimulus”) loans. “L” or “R” funds for ARRA (“Stimulus”) loans **cannot** be used.

The FMMI BOPR table is used to verify loan and account information if errors in processing occur; See the FMMI User Guide, Section 8, “BOPR Look-Up”.

G ADPS Transactions for Recoverable Cost Items

When a recoverable cost item is charged back to a direct OL, ML, or EM loan, a new “loan” is created on the borrower’s account. The loan number will be between 75 and 99, starting backwards from 99. The ADPS TC 1L is associated with the charge.

Note: PLCE charges are **never** charged to an existing cost item “loan”. PLCE’s must tie back to an original Agency-funded loan.

When the loan being charged is a direct FO loan, the PLCE charge is reflected as an advance on the loan; a separate “loan” is **not** created. The transaction is identified by ADPS TC 1L in the borrower’s online history.

When a PLCE charge falls under Inventory Property, ADPS TC 1X reflects the charge.

PLCE charges on Judgment accounts are shown as an ADPS TC 1I transaction.

Note: Interest accrues at the same interest rate as the loan associated with the charge.

H Using Third-Party Vendors for Lien and/or Record Searches

According to 3-FLP, subparagraph 373 A and 4-FLP, subparagraph 99 B, applicants and/or borrowers are responsible for the costs associated with lien searches, filings, and recordings. Fees collected from the applicant/borrower will be remitted through the National Receipts and Receivables System using code 36 or 38.

When establishing and maintaining third party vendor services, direct financing “R” funds will be used with PAC code 1NE and/or 2NE. However, any excess monthly or annual subscription or user fees not associated with the specific record search will be paid from the *--program account “A” with PAC codes 1D2 and/or 2D2.--*

Note: Where third party vendor services are not established, agency officials will follow local guidance established in issued supplements.

--166 Processing Routine Loan Account Maintenance “Non-contractual” PLCE’s*A Forms**

The following forms are used for “non-contractual” PLCE processing.

- **FSA-2126** is the only form required to initiate and pay non-contractual PLCE requests as described in subparagraph 163 B.
- **FSA-2171** is a substitute invoice used only in unusual instances where there is no existing vendor invoice; vendor invoice information is never transferred to FSA-2171.
- **FSA-2172** is used for requesting Emergency PLCE vendor checks per subparagraph 170 G.
- **FSA-2173** is used to establish a FMMI vendor record using the PVND process as described in the FMMI User Guide.

B Filing Requirements

FSA-2126 and all documents related to recoverable PLCE’s are filed in the borrower’s case file and treated as a debt instrument.

PLCE documents for non-recoverable PLCE’s should be filed in the borrower’s case file as part of the running record of actions taken on behalf of the borrower or applicant. Documents for non-recoverable cost items are not debt instruments.

County and State Offices should establish and maintain an operational file for PLCE activity according to 32-AS.

C Vendor Selection

There is no vendor selection process for routine loan account maintenance. For an item to fall under this category, the vendor and cost are both non-negotiable and outside FSA’s control, and not paying the bill negatively impacts the Agency’s financial and/or security interests.

D FMMI and DATA Act Requirements

Most non-contractual PLCE’s must be given an assigned unique 18-digit alpha-numeric FAIN by the PLCE Monitor at the time of budget approval and entered on FSA-2126.

Note: For non-contractual cost items involving Government Inventory Property, there is no FAIN configuration. The contract number entry will always be “NONDATAACT.”--*

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

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2199	Claimants With Closed Settlement Claims With Appeal Hearing in Suspension		Ex. 13.5
FSA-2201	Lender's Agreement		43, 47
FSA-2211	Application for Guarantee		44, 47, Ex. 36
FSA-2212	Preferred Lender Application for Guarantee		44, 47, Ex. 36
FSA-2232	Conditional Commitment		Ex. 7
FSA-2234	FSA Review of Lenders Evaluation of Collateral		143
FSA-2235	Loan Guarantee		143, Ex. 7
FSA-2241	Guaranteed Farm Loan Status Report		61
FSA-2242	Assignment of Guarantee		Ex. 7
FSA-2248	Guaranteed Farm Loan Default Status Report		61
FSA-2292	Guaranteed Loan Processing Checklist		Ex. 36
FSA-2301	Request for Youth Loan		44, 47, 48
FSA-2304	Notice of Incomplete Application		Ex. 36
FSA-2305	Second Notice of Incomplete Application		Ex. 36
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal		Ex. 36
FSA-2307	Notice of Complete Application		Ex. 36
FSA-2308	Notice of Eligibility for FSA Assistance		Ex. 36
FSA-2313	Notification of Loan Approval and Borrower Responsibilities		202
FSA-2314	Streamlined Request for Direct OL Assistance		48
FSA-2330	Request for Microloan Assistance		44, 48
FSA-2341	Certification of Attorney		43
FSA-2342	Certification of Title Insurance Company		43
FSA-2510	Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due		3
FSA-2512	Notice of Availability of Loan Servicing to Borrowers Who Are Current, Financially Distressed, or Less Than 90 Days Past Due		3
FSA-2514	Notice of Availability of Loan Servicing to Borrowers Who Are in Non-Monetary Default		3
FSA-2535	Conservation Contract		3
FSA-2543	Shared Appreciation Agreement		3
FSA-2544	Request for Information on Capital Improvements		Ex. 36
FSA-2545	Borrower Notification of Shared Appreciation Due		Ex. 36
FSA-2585	Acquisition or Abandonment of Secured Property		5
FSA-2721	List of Currently Not Collectible (CNC) Debts Eligible to be Referred to Treasury for Cross-Servicing		5
FSA-2722	Update to TOP and Cross-Servicing Information		5

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

Forms (Continued)

Number	Title	Display Reference	Reference
IRS 1098	Mortgage Interest Statement		5
IRS 1099-A	Acquisition or Abandonment of Secured Property		5
IRS 1099-C	Cancellation of Debt		5
IRS 1099-G	Statement for Recipient of Certain Government Payments		5
IRS 1099-INT	Interest Income		5
OF-347	Order for Supplies and Services		165
RD 1922-15	Administrative Appraisal Review for Single Family Housing		143
SF-87	Fingerprint Chart		Ex. 41-44
SF-1449	Solicitation/Contract/Order for Commercial Items		165

Note: SF-1449 is available on GSA's form web site at www.gsa.gov/portal/forms/type/TOP.

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AASM	Application Authorization Security Management	Ex. 18
ACCP	accelerated payment	167, 171
ACIF	Agricultural Credit Insurance Fund	163
ACOR	Appraisal Compliance Oversight Review	143
ADR	alternative dispute resolution	42
ARMP	Agency Representative for Micro-Purchase	141, Part 7
ARRA	American Recovery and Reinvestment Act of 2009	28, 163, Ex. 16
APOC	Appraisal Point of Contact	Text, Ex. 2, 40-44, 60, 62
AS	Agricultural Specialist	23, 26, Ex. 7
BIR	Business Information Report	48
BOB	Budget Oversight Branch	171
BOPR	Borrower Property Table	166
BP	Business Partner	44, 46
BPA	Blanket Purchase Agreement	161, 162, 165, 166
CAFO	confined animal feed operation	Ex. 51
CCR	Central Contractor Registration	162
CDAT	Consent Decree Action Team	Ex. 12, 13.5
CL	conservation loan	Text, Ex. 2, 16
CMDB	Cash Management Disbursement Branch	5

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

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
CMT	Constant Maturity Treasury	Ex. 17
CMVB	current market value buyout	23
CNC	currently not collectible	251, Ex. 5, 13, 13.5
CO	Contracting Officer	141, 166, Ex. 41-44, 60, 69
CONACT	Consolidated Farm and Rural Development Act	1, 21, 29, 142, 251
CPA	Certified Public Accountant	Ex. 26
CSA	community supported agriculture	242, Ex. 28
DATA	Digital Accountability and Transparency Act	Part 7
DCIB	Debt Collection Improvement Branch, NFAOC	4, 444, Ex. 36
DDORS	District Director Oversight Reporting System	442, 443, 444, Ex. 2, 36
eDALR\$	electronic Debt and Loan Restructuring System	Ex. 13.5, 17
DUNS	Data Universal Numbering System	Ex. 41-44
ECM	Enterprise Content Management	5, 52
EIN	employer identification number	53
EPM	Enterprise Performance Management	54
ERSR	Electronic Repository of Security Requests	53
FAIN	Federal Award Identification Number	66
FaSB	Farm Services Branch, NFAOC	5, 41, 52
FAR	Federal Acquisitions Regulation	141, 161, 162, 165, 166, Ex. 2, 61
FBC	Farm Production and Conservation Business Center	Text
FCSB	Farm and Community Services Branch, NFAOC	5, 50, 52
FCAO	Farm Credit Applications Office	49
FHP	Farm and Home Plan	Ex. 5
FLOTRACK	Farm Loan Officer Trainee Tracking System	25
FLPRA	Farm Loan Programs Risk Assessment	401-403, 443, Ex. 36
FmHA	Farmers Home Administration	52, Ex. 5
FMMI	Financial Management Modernization Initiative	162-169
FPAC	Farm Production and Conservation	161, 163, 168
FPDS-NG	Federal Procurement Data System -New Generation	168
IAS	Integrated Acquisition System	168
ITLAP	Indian Tribal Land Acquisition Program	2, Ex. 16
KZ	cancellation	169
LOA	Loan Analyst	23, 26, Ex. 7
LOC	line of credit	29, Ex. 16
LR	limited resource	223, 261, 263, Ex. 16
LRA	Lead Regional Appraiser	4, 141, 142, Ex. 41-43
LRS	Loan Resolution Specialist	23, 26, Ex. 7

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

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
ML	microloan	222, 242, Ex. 16
MRT	Master Reference Table	444
NFAOC	National Financial Accounting and Operations Center	5, 46, 170, 171
OA	Office of Adjudication	41
OTI	Opportunity to Improve Plan	25
PAC	Program Authority Code	163, 166, 168
PAO	Policy Accountability and Oversight	161, 162, 163, 167
PARLC, LAO (FFIS Team)	Policy, Accounting, Reporting, and Loan Center, Loan Accounting Office	169
PCA	Production Credit Association	Ex. 18
PIID	Placeholder Procurement Identification Number	162, 168
PIP	Performance Improvement Plan	25
PLP	Preferred Lender Program	29, 43, Ex. 5, 36
PLS	Primary Loan Servicing	23, 25, 27, 29, 42, 144, Ex. 5, 36
PLV	potential liquidation value	142, Ex. 40
POAD	Program Operations and Appraisals Division	Text, Ex. 40
PPA	Post payment adjustment	161
PRB	Programs Report Branch, NFAOC	5
PVND	Term in the FMMI User Guide representing the creation of a vendor record	165
RCN	replacement cost new	Ex. 51
REO	real estate owned	Ex. 40
RRA	Regional Review Appraiser	4
SALP	Special Apple Loan Program	2, 29
SAM	System for Award Management	43, 141, 161, 164-166, Ex. 41-44
SAP	Simplified Acquisition Procedure	60, 61, 141, 142, Ex. 60-62
SDMS	State Directives Management System	3, 103
SEL	standard eligible lender	25, 43, Ex. 5, 36
SLR	Security Liaison Representative	53
SOW	Statement of Work	141, 142, 143, Ex. 40-44, 64, 69
TC	transaction code	46, 49, 50, 52, 164, 169

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

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
TDCLC	term debt capability lease coverage	252
TI	treasury in transit	169
TPOC	Technical Point of Contact	162, 166, 167, 168,
TR	treasury reversal	169
TY	payment voucher transaction	161, 165-169
UAAR	Uniform Agriculture Appraisal Report	142
USPAP	Uniform Standards of Professional Appraisals Practice	Ex. 40
WP	Western Pacific	5
YEA	year-end analysis	162, 201, 251, 261-263, Ex. 26, 36
ZMY	Obligating document or purchase order created in FMFI.	161, 163, 165-166, 168 169

Delegations of Authority

The following provides authorities SED’s may redelegate.

Authority	Redelegate to				
	FLC	FLS	DD	FLM	SFLO
SED’s loan approval authority:	X	X	X		
• approve subordinations, or release and refiling lien instruments instead of subordinations	X	X	X		
• approve severance agreements	X	X	X		
• approve surface leases for farm property no longer in use (such as old barns) or for nonfarm purposes (such as wind turbines, communication towers, or other similar installations)	X	X	X		
• approve transfer and assumption	X	X	X		
• waive real estate appraisal (requirement for CMVB when chattel security appraised value exceeds total debt)	X	X	X		
• approve PLS where the borrower (or any entity member) has received PLS two or more times in the previous 5 years	X				
• reject debt settlement requests when debtors do not provide all necessary documentation or information	X	X	X	X	X
• cancel delinquent debt settlement adjustment agreement.	X	X	X	X	X

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

Re delegations of Authority (Continued)

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

- approve any action that will result in a loss to the Government
- approve voluntary conveyance
- approve subordination of real estate security for operating-type loan purposes
- approve release of chattel or real estate security because of mutual mistakes, valueless liens or without compensation
- approve cancellation of undisbursed loan funds after all PLS options have been exhausted
- approve alternative repayment agreements in lieu of offset
- request an Administrator's exception.

FLP Rates

A Interest Rates for FLP's

--The following provides interest rates for FLP's as of August 1, 2020.--

Loan Type	Current Rate (%)	Date Set
Loans Currently Made		
Emergency – Amount of Actual Loss	2.375	6/1/20
Farm Ownership and Conservation Loans	*--2.375	8/1/20--*
Farm Ownership – Down Payment	1.500	5/22/08
Farm Ownership – Joint Financing	2.500	2/7/14
Farm Ownership – Limited Resource	5.000	4/1/86
Farmer Program – Homestead Protection	*--2.375	8/1/20--*
Indian Land Acquisition	5.000	2/1/91
Operating	1.375	6/1/20
Operating – Limited Resource	5.000	12/1/90
Operating – Microloan – “Special Interest Rate”	5.000	2/7/14
Shared Appreciation Amortization	*--1.375	8/1/20--*
Interest Rates for Servicing Loans no Longer Being Made		
Apple Loans	0.250	6/1/20
Association – Grazing	*--2.375	8/1/20
Association – Irrigation and Drainage	2.375	8/1/20--*
Economic Emergency – Operating	1.375	6/1/20
Economic Emergency – Real Estate	*--2.375	8/1/20
Emergency – Annual Production	4.750	8/1/20--*
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	4.750	7/1/20
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	*--4.750	8/1/20
Recreation – Individual	2.375	8/1/20--*
Rural Housing – Farm Loan Purposes		
Note: For the current interest rate, contact the National Office.		
Softwood Timber Loans	*--2.375	8/1/20
Soil and Water	2.375	8/1/20--*
Soil and Water – Limited Resource	5.000	7/1/92
Other Loans		
Nonprogram – Chattel Property	*--4.750	8/1/20--*
Nonprogram – Real Property	4.750	7/1/20

Publication 622, which provides amortization tables and financial basic payment tables, is available from the MSD warehouse. To request Publication 622, complete FSA-159, available at <https://intranet.fsa.usda.gov/dam/ffasforms/forms.html>, and submit it by 1 of the following methods:

- attached to a ServiceNow request sent to MSD using the myFPAC portal at https://usdafpacbc.service-now.com/fpac?id=ms_intake&sys_id=32b0dc14dbd523008ebefd721f961992
- mail to:

USDA/FSA/Kansas City Warehouse
2312 East Bannister Road
Kansas City MO 64131-3011.

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	6/1/20
Treasury Judgment Rate (see Note)	*--0.150	8/1/20--*

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 daily** 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 **the daily *--rate as of July 8, 2020**. The actual judgment rate is the rate for the **calendar week--*** preceding the date the defendant becomes liable for interest. Access the Federal Reserve website <https://www.federalreserve.gov/datadownload/Choose.aspx?rel=H15> 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

***--Statement of Work Addendum for Potential Liquidation Value Appraisals**

Background

The Farm Service Agency (FSA), an agency of the U.S. Department of Agriculture (USDA), makes and services loans secured by real estate. FSA needs appraisal reports to complete various direct loan making and loan servicing responsibilities. This Statement of Work (SOW) addendum addresses FSA's requirements for a Potential Liquidation Value (PLV) appraisal for the purpose of loan servicing. This addendum provides additional assignment conditions and supplements the Statement of Work for farm/ranch, non-farm, or other real estate appraisal services.

Objective

FSA intends for the Vendor to perform a real estate appraisal as described below and to provide the report in a PDF version to FSA by the specified date. These assignment conditions are to instruct the appraiser to develop not only a market value appraisal but also a PLV appraisal as defined below. This addendum is to be used when consideration for a short exposure time is necessary due to adverse servicing conditions.

Scope

The purpose of this Statement of Work (SOW) Addendum is to provide additional assignment conditions specific to this appraisal assignment. The purpose is for FSA to obtain an appraisal of a property by the described completion date to include a market value (12 CFR 34.42) and a potential liquidation value (7 CFR 761.2). See attached Exhibit 1, "Market Value Definition", and Exhibit 2, "Potential Liquidation Value Definitions".

FSA regulations require the appraiser take into consideration at a minimum the three approaches to value: Sales Comparison approach, Cost approach, and the Income approach. Specific instructions for PLV support for the approaches to value are contained under the Approaches to Value section of this addendum.

Period of Performance

Typically, the period of performance is 30 calendar days from the date of the Engagement Letter or the Purchase Order unless otherwise defined. The appraiser should realistically estimate the timeframe to complete the appraisal assignment considering an additional time required for the liquidation value component of the appraisal, if necessary.

Work Requirements

The appraiser is to complete the appraisal process and reporting standards of the USPAP in effect as of the effective date of the appraisal. Real estate appraisals shall be completed in accordance with USPAP and any other assignment conditions as further defined in the SOW required by FSA for this appraisal assignment, this addendum, and/or the engagement letter.

FSA's Appraisal Requirements

In general, FSA has specific appraisal conditions and requirements for completing and reporting the values in an appraisal and will be considered to be part of the Appraisal Assignment. The specific conditions and requirements are described in this section as well as in the base statement of work for the type of property appraised. Both market value and PLV are required in the report.--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Client and Intended User

Generally, FSA will be named as the Client and intended user. FSA will advise the vendor if there are additional intended users and they will be listed after FSA.

Appraisal Process

The appraiser shall follow the real estate appraisal process and reporting standards of the USPAP in effect as of the effective date of the appraisal. The appraiser will need to consider the following specific requirements for this appraisal of the subject property in addition to the typical requirements in the appraisal process.

Intended Use

The intended use is for loan servicing with consideration for both a voluntary sale (market value) and an involuntary sale (PLV) of the subject property.

Exposure Time

For the market value appraisal, identify typical exposure for the property type in the subject's market. For the PLV, a set exposure time will be provided by FSA. Due to the potential of adverse servicing actions, the exposure time to the market for the subject property may be shorter than typical for the subject and its market area. Using an extraordinary assumption, cite the exposure time provided by FSA, and conclude that the consummation of a sale is within this short time period. Based on this shortened exposure time, please provide your opinion of PLV. Cite the extraordinary assumption and state the extraordinary assumption might have affected the assignment results.

FSA's Calculation and Support for Exposure Time: Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale as of the effective date of the appraisal. The FSA authorized agency official will document the estimated exposure time to be used based on the following information.

For the state of _____, the state's legal statute (citation # _____) sets forth the length of public notice by advertisement of _____ days*.

Exposure time as determined by the Agency based upon the above State statutory requirements is
 30 days 60 days 90 days other _____*.

The appraiser shall use this as the exposure time for the PLV as described above.

*To be provided by FSA at the time of engagement of an appraiser.

Data Collection

Collect, verify, and analyze such comparable market data that is available that meet the definition of market value and PLV.

For PLV, the vendor should verify comparable sale conditions with one or more parties to gain the appropriate knowledge of the sales transaction and determine that it meets the definition of the liquidation value sought.--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Approaches to Value

All three approaches to value are to be considered. The report must explain if an excluded approach is not necessary for credible results. Each approach to value will be reconciled with the strengths and weaknesses. Consider the following approaches to value as part of the appraisal assignment.

Sales Comparison Approach

In addition to typical methodology used in the sales comparison approach, specific to this intended use, the appraiser should consider:

- For the PLV, comparable sales selected should be sales with similar exposure times.
- In the absence of comparable local sales that meet the definition of PLV, the vendor may consider:
 1. Expanding geographic boundaries for similar property type comparables which meet the definition found in the definitions in Exhibit 2 of this addendum (adjustments for location should be made if applicable).
 2. Using older local sales meeting definition of liquidation value and adjusting for market conditions as appropriate.
 3. Inclusion of market value sales and adjusting those sales. Market value sales should comprise no more than half of the total sales in the sales grid and direct comparison to sales meeting the definition of liquidation value (forced liquidation, Real Estate Owned (REO), auction, etc.) should be made for support of exposure adjustments and seller duress.
 4. Using ratios: liquidation value to market value ratios may be developed in support of adjustments for exposure time and seller duress to be used to adjust market value sales. This should be used only when there is a lack of comparable sales in the subject's market area and the sales have a similar highest and best use and the appraiser can reasonably establish the market value of the comparable sale at the time of the sale.
 5. Using market surveys: the appraiser may contact credible resources, i.e., farm real estate brokers/auctioneers, farm lenders, or others providing services in the subject's market area to conduct and document formal survey results on the diminution of value resulting from shortened exposure times linked to the PLV definition. This should include specific information, such as direct comparisons of liquidation sales of foreclosure/auctioned prices compared to their market value at the time of sale.

Cost Approach

In addition to typical considerations for the cost approach, if the subject property has building improvements that contribute to the value of the land, the vendor shall develop and report the cost approach to value. Please note this is an appraisal assignment condition and the cost approach shall not be excluded if there are significant improvements.

In addition, the report shall provide the following details for each individual building contributing value to the land, as follows: Effective Age, Remaining Economic Life, Replacement Cost New, Depreciation, and Contributory Value.

Income Approach

There are no special requirements outside the typical considerations for the income approach. If included, the analysis must clearly show calculations of the capitalization rates or discount rates of each comparable sale and the calculations on the subject property's net income and value. Explain exclusion of the income approach if applicable.--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Allocation of Value

The appraisal shall contain an allocation of value among its land, building components, and other improvements.

Reconciliation

Describe support for the “PLV” as well as the “market value” reviewing strengths and weaknesses of each approach to value in each appraisal.

Additional Comments

Key to developing a PLV or market value is the learned information the appraiser gathers. The conditions of sale, seller duress, and exposure time can be gathered through sales research and verification which enable the appraiser to determine whether the price paid is reflective of market, disposition value, or liquidation value.

Care should be taken not to use rules of thumb or generally accepted adjustments as these do not constitute support. At best they can be used as a test of reason for an adjustment derived from another method. If you have any questions, contact the APOC immediately.

Reporting Requirements

Information included in the report should be in enough detail to answer all important questions that the client or reader might pose as to the physical characteristics of the property. In addition to typical reporting requirements, the report should also provide separate opinions of value, one based upon on the definition of market value and one based upon the definition of PLV.

Note: The PLV must be included in a separate analysis section of the report. Market value and PLV definitions are to be provided by FSA and shall be disclosed in the appraisal report and summarized in the following report sections:

- Letter of Transmittal,
- Summary of Salient Facts,
- Reconciliation Section in the appraisal report.

The appraisal may be developed as one report with separate sales grids in support of the market and liquidation opinions of value.

Comparable Sales

Sales should be selected that have similar attributes of the subject and should be adequately analyzed. There should be comparable sales that support the market value as well as comparable sales that support the PLV and sales should be clearly identified. See comments under sales comparison approach above.--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Final Market Value and Final Potential Liquidation Value

Final Values should be stated as a whole dollar amount for both the Market value and the PLV. If the subject is improved or personal property is appraised, from both final value opinions, an allocated value will be stated for:

- Land,
- Building Improvements, if applicable,
- Equipment/Fixtures, if applicable,
- Personal Property, if applicable,
- Timber/Mineral Rights/Other, if applicable.

Exceptions

Any exceptions to the appraisal requirements in the SOW or this SOW Addendum may be made on a specific appraisal assignment by the APOC, in consultation with POAD Appraisal Branch. Exceptions may be granted if warranted and justifiable. Exceptions are to be made in writing, detailing the reasons the exception is being requested. The APOC may grant or deny the request and will reply in writing. The exception authority is only to be used on rare occasions and when deemed necessary by the Agency.

List of Exhibits

Exhibit 1, "Market Value Definition"

Exhibit 2, "Potential Liquidation Value Definitions"--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Acceptance

The Vendor has reviewed, understands, and agrees to the term and requirements of the SOW Addendum.

Approved by:

Signature _____
Date

Print Name

Address

City, State, and Zip Code

Phone Number _____
E-Mail--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Exhibit 1 - Market Value Definition

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: 12 CFR 34.42 (h)--*

***--Statement of Work Addendum for Potential Liquidation Value Appraisals (Continued)**

Exhibit 2 - Potential Liquidation Value Definitions

Potential liquidation value is the amount of a lender's protective bid at a foreclosure sale. Protective liquidation value is determined by an independent appraiser using comparables from other forced liquidation sales.

Source: 7 CFR 761.2

And

Liquidation value is the most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: Dictionary of Real Estate Appraisal--*