

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**General Program Administration
1-FLP (Revision 1)**

Amendment 263

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reason for Amendment

Subparagraph 143 C has been amended to update language on sharing an appraisal outside of the agency.

Subparagraph 148 B has been amended to provide details on releasing a completed appraisal report outside of the agency.

Page Control Chart		
TC	Text	Exhibit
1, 2	6-15, 6-16 6-33 through 6-36	

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	RD Business Center Contacts.....	1-11
6-20	(Reserved)	

Part 2 FLP Authorities

21	Overview	2-1
22	General Delegation Requirements.....	2-2
23	State Office and Service Center Authorities	2-4
24	Delegating Appraisal Authority	2-7
25	Delegating Loan Approval Authority	2-8
26	Delegating Loan Servicing Authority	2-11
27	Maintaining Approval Authority.....	2-12
28	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
41.5	Obtaining Direct Loan Servicing Applications.....	3-6.9
42	Appeals	3-6.10
43	Debarment and Suspension	3-10.5
44	Collecting and Coding Ethnicity, Race, and Gender Information.....	3-12
45	Allocating Loan Program Funds	3-14
46	Maintaining Borrower Addresses and Service Center Office Codes.....	3-19
47	Ensuring Borrower Compliance With Restrictions on Lobbying.....	3-20.5
48	Credit Reports	3-24
49	DLS	3-27
50	GLS	3-29
51	FOCUS.....	3-31
52	ADPS	3-32
53	CAIVRS	3-40.5
54	Farm Loan Programs Data Mart	3-42
55	Type of Assistance and Fund Codes.....	3-42
56	NATS	3-43
57-59	(Reserved)	
60	Interest Rates.....	3-53
61	FLP Debt Reporting to Credit Bureaus.....	3-53
62	FLP Dishonored Remittances	3-54
63-100	(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 Plans.....	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.....	6-11
143	FSA Review of Appraisal Reports.....	6-15
144	Appeals of Decisions Based on Appraisals.....	6-23
145	Appraiser Qualifications.....	6-27
146	Appraiser Training Requirements.....	6-28
147	Training Requirements for Performing Administrative Appraisal Reviews.....	6-32
148	Release of Appraisal Report.....	6-34
149	USPAP Work File.....	6-36
150-160	(Reserved)	

Part 7 PLCE's

161	Overview.....	7-1
162	Primary Roles and Responsibilities Needed for PLCE.....	7-4
163	Understanding PLCE.....	7-8
164	Allocating PLCE Funds.....	7-12
165	Obtaining PLCE Items.....	7-15
166	Processing Routine Loan Account Maintenance "Non-contractual" PLCE's.....	7-18
167	Processing Micropurchase PLCE's.....	7-22
168	Processing PLCE Contractual Items.....	7-28
169	FMMI.....	7-33
170	Correcting or Changing FMMI Transactions.....	7-34
171	Stopping, Canceling, or Replacing Payments and Requesting Emergency Payments.....	7-35
172-200	(Reserved)	

143 FSA Review of Appraisal Reports

A Overview

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

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

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

***--Note:** Real estate administrative appraisal reviews will be completed on FSA-2165 in NATS, and chattel administrative appraisal reviews will be completed on FSA-2167 in NATS.--*

B Administrative Appraisal Reviews

Administrative appraisal reviews are conducted by FSA employees, delegated the responsibility by SED. Employees must have completed training on conducting appraisal reviews, according to paragraph 147, before receiving this delegation.

An administrative appraisal review is performed as a due diligence function in the context of a loan making or servicing decision and to ensure compliance with organizational requirements. After the administrative appraisal review, the appraisal user will be able 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 SOW requirements.

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

The administrative reviewer will refer to POAD, Appraisals Branch 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.

* * *

143 FSA Review of Appraisal Reports (Continued)

C Conducting Administrative Appraisal Reviews

FSA will complete an administrative appraisal review:

- within 7 calendar days of receiving a vendor appraisal obtained for any direct loan purpose
- of chattel appraisals completed by FSA employees, as determined by SED
- on all third-party appraisals
- *--on all appraisals submitted for guaranteed liquidation and/or write-down.--*

147 Training Requirements for Performing Real Estate Administrative Appraisal Reviews**A State Responsibility**

State Offices are responsible for ensuring adequate number of employees are trained and available to perform administrative appraisal reviews.

B Obtaining/Maintaining Real Estate Administrative Appraisal Review Authority

To obtain the delegation, employees are required to:

- take the appropriate training to obtain administrative appraisal review authority
- demonstrate, to SED's or designee's satisfaction, sufficient experience and training.

Delegated authority for real estate administrative appraisal reviews requires continuing education to be completed every 3 years.

SED may contact POAD, Appraisals Branch to help develop a customized training plan for their State for initial delegations and continuing education.

* * *

C Training Plan

The POAD, Appraisals Branch will contact the States within the regions during the 1st quarter of each FY to establish a training plan for the State's FLP staff. The training plan for each region for the FY will be published by the end of the 1st quarter on the training page of Appraisals Branch SharePoint site under the following link:

<https://usdagcc.sharepoint.com/sites/FSA-POAD-AB>.

147 Training Requirements for Performing Real Estate Administrative Appraisal Reviews (Continued)

D Training Material

Currently available training modules can be found by clicking the training dropdown in the left navigation pane on the Appraisal SharePoint site at <https://usdagcc.sharepoint.com/sites/FSA-POAD-AB>.

In addition, the AgLearn course titled “Administrative Appraisal Review” is required training for all employees receiving administrative appraisal review authority and should be taken as a prerequisite to Administrative Appraisal Review Training. The “Administrative Appraisal Review” course can be located in the “Find Learning” section in AgLearn.

148 Release of Appraisal Report

A General

--An appraisal report, paid for or performed by FSA, is considered an administrative-- document for collateral valuation and may not be released to the public or other parties except through FOIA, in accordance with subparagraph 141 I and this subparagraph.

*--B Release to Applicant or Borrower Per the Equal Credit Opportunity Act (ECOA)

Pursuant to 12 CFR §1002.14(a), for any loan making or servicing purpose, FSA must provide an applicant or borrower a copy of any real estate appraisal or written real estate valuation paid for or performed by FSA.

FSA must promptly provide a copy of the real estate appraisal or written real estate valuation to the applicant upon FSA’s receipt or completion. Copies shall be provided electronically (via e-mail) and must contain the following language in the body of the e-mail:

“In accordance with the Equal Credit Opportunity Act (ECOA), the Farm Service Agency is providing you with a copy of the appraisal report or written real estate valuation developed in connection with your loan application. Enclosed is a copy of the appraisal or valuation report for [property address].

Please carefully review the contents of the enclosed report. This document provides an estimation of the value of the property in question and has been compiled based on a thorough valuation of the property itself, comparable market sales, and other relevant factors.

If you have any questions regarding the content of the report or the appraisal/evaluation process, please contact this office at [County Office Address] or telephone [phone number].”--*

148 Release of Appraisal Report (Continued)***--B Release to Applicant or Borrower Per the Equal Credit Opportunity Act (ECOA) (Continued)**

The real estate appraisal or written real estate valuation must be provided to the applicant at least three business days prior to loan closing or other such consummation of the transaction. The applicant may waive the three-day waiting period upon written request to the Agency, but any such waiver must be provided three business days prior to loan closing or other such consummation of the transaction. The real estate appraisal or written real estate valuation completed on a withdrawn or denied application must also be provided promptly to the applicant, but in no case later than 30 days after the denial or withdrawal.

FSA will document the date that a real estate appraisal or written real estate evaluation is provided to the applicant by placing a copy of the electronic notification in the file.

C Release to Lender--*

An appraisal report may be released to a lender if the lender is either:

- an intended user stated in the report

Note: A lender that is listed as an intended user in the appraisal report may not request changes or add requirements to the appraisal assignment. FSA, as the client, is the only party that may request changes or add requirements to the appraisal assignment.

- participating in a loan transaction and has a participation arrangement with FSA.

Note: The participation arrangement will be in writing with the applicant or borrower's acknowledgement.

D Release to Peer Review Committee or Regulatory Authority

A real estate appraisal report may be released to a peer review committee or regulatory authority upon written request with consultation with POAD, Appraisals Branch. The SED shall inform the review committee in writing that, appraisal information developed for USDA is protected from unauthorized use and unauthorized disclosure pursuant to the administrative and/or civil remedies/criminal penalties identified in applicable Federal statutes to include the Privacy Act of 1974 (5 U.S.C. 552a - as amended).

To ensure proper awareness, individuals/organizations granted access to federally protected information are advised that they may be held legally liable should they commit an unauthorized use/unauthorized disclosure of the protected information in violation of Federal statute.

149 USPAP Work File**A Work File**

The USPAP record keeping rule requires that an appraiser prepare a work file for each appraisal or technical review request. The work file must be in existence before issuing any report. Refer to the USPAP record keeping rule for information about USPAP requirements to be included in the work file.

B File Organization and Digital File Structure

See 32-AS, paragraphs 86 and 87 for guidance about work file folder organization and digital folder organization and file naming conventions. If shared drive is not available, the staff appraiser should store their digital work files on their OneDrive file system.

Appraisal or technical review work files should be maintained in a digital format that allows digital storage within an organized hierarchy file folder structure. Since NATS will be used to track appraisals or technical reviews that are performed by a vendor appraiser or POAD, Appraisals Branch staff appraiser the work order number will be identified in the file structure.