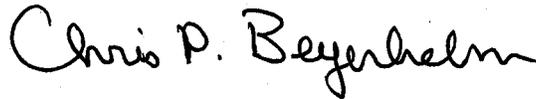


UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP (Revision 1)</b>	<b>Amendment 20</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 142 C has been amended to change FSA-1922-1 to FSA-2161.

Subparagraph 143 B has been amended to change FSA-1922-16 to FSA-2165.

Subparagraph 143 D has been amended to add language clarifying which form to use when completing technical appraisal reviews.

Subparagraph 145 C has been amended to require that appraisers/reviewers obtain State-certified general appraiser status within 5 years of being designated as an appraiser/reviewer.

Subparagraph 146 A has been amended to clarify State-Certified General Appraiser requirements and the training hours needed for certification.

Subparagraph 253 A has been amended to clarify when a year-end analysis is not required.

Exhibit 5 has been amended to add forms and correct forms titles.

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

**B Forms Status**

FSA-1922-1 and FSA-1922-16 are obsolete.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	6-7 through 6-10 6-17, 6-18 8-123, 8-124	1, pages 1, 2 5, pages 7, 8 17, pages 1, 2



**142 Appraisal Reports (Continued)****B Real Estate Appraisals (Continued)**

When part or all of the mineral rights can:

- be appraised and minerals are known to exist, the appraised value in FSA-1922-11, Part VI or other formats that provide the same information, will be included in the final market value arrived at by the appraiser
- not be appraised or no known minerals or potential exist, the appraised value in FSA-1922-11, Part VI or other formats that provide the same information, will reflect 1 dollar (\$1.00) and document the appraiser's findings and reasons for making this valuation.

**Note:** When the precise value of minerals cannot be determined when using a narrative formatted appraisal, the following language shall 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, but is based on the best information available as of the effective date of the appraisal. The opinion of value of the mineral rights based on this information is \$1.00. Mineral rights run with the land and are not separate.”

**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-1922-9
- FSA-1922-10
- 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 When Administrative Appraisal Reviews May Be Conducted**

FSA shall 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.

**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: <ul style="list-style-type: none"> <li>• sales comparison approach</li> <li>• cost approach</li> <li>• income approach.</li> </ul>
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

## 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, 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.\*

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.

## Reports, Forms, Abbreviations, and Redelegations of Authority

### Reports

This table lists the required reports of this handbook.

<b>Reports Control Number</b>	<b>Title</b>	<b>Reporting Period</b>	<b>Submission Date</b>	<b>Negative Reports</b>	<b>Reference</b>
FLP4	FLPRA Annual Report	Annually	By November 1 each year	Required	403

### Forms

This table lists all forms referenced in this handbook.

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
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-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-1922-9	Real Estate Sales Data		142
FSA-1922-10	Appraiser's Worksheet - Farm Tracts - Study of Comparable Properties		142
FSA-1922-11	Appraisal for Mineral Rights		142
FSA-1980-15	Conditional Commitment		15, Ex. 7
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 Delegations 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 Social Security Number Requirement		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 Institutions Collateral Pledge		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-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 (FSIS) Vendor Code Request		162
FSA-2201	Lender Agreement		47, Ex. 35
FSA-2211	Application For Guarantee		44, 47

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  <b>Note:</b> 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	1-9-04
		*--Note: Reinstated as FSA-2166.--*	
FmHA 1922-6		Multiple Township Plat Map	4-12-00
FmHA 1922-8		Uniform Residential Appraisal report	4-12-00
FSA 1922-9	(*)	Real Estate Sales Data	
FSA 1922-10	(*)	Appraiser's Worksheet - Farm Tracts (Study of Comparable Properties)	
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	7-26-04
		<b>Note:</b> Reinstated as FSA-2154.	
RD 1924-10	FSA-2153	Release by Claimants	

**FLP Rates**

**A Interest Rates for FLP's**

\*--The following table provides interest rates for FLP's as of March 1, 2009.--\*

<b>Loan Type</b>	<b>Current Rate (%)</b>	<b>Date Set</b>
Rural Housing – Farm Loan Purposes	*--4.00	3/1/09
Operating	2.00	3/1/09--*
Operating – Limited Resource	5.00	12/1/90
Farm Ownership	*--3.50	3/1/09--*
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	*--3.50	3/1/09--*
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	*--3.50	3/1/09
Farmer Program – Homestead Protection	3.50	3/1/09
Shared Appreciation Amortization	2.50	3/1/09
Softwood Timber Loans	3.50	3/1/09
Economic Emergency – Operating	2.00	3/1/09
Economic Emergency – Real Estate	3.50	3/1/09--*
Emergency – Amount of Actual Loss	3.750	1/25/94
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	*--8.50	3/1/09
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	5.125	3/1/09
Emergency – Annual Production	5.125	3/1/09
Nonprogram - Chattel Property	5.125	3/1/09
Nonprogram - Real Property	8.50	3/1/09--*
Apple Loans	1.125	2/1/09
Association – Grazing	*--3.50	3/1/09
Association – Irrigation and Drainage	3.50	3/1/09--*
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	2/1/09
Treasury Judgment Rate (see Note)	*--0.540	3/1/09--*

**Notes:** The 90-Day Treasury Bill rate is entered in DALR\$ 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 February 6, 2009. 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](http://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