

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 62</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 17 has been amended to provide that Margin After Debt Service is not applicable for Youth Loans.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		17, pages 51, 52



**Farm Business plan - FSA User Handbook (Continued)**

***Feasibility Definition***

A **feasible plan or projection** is demonstrated by:

<b>Loan or Projection Type</b>	<b>Margin After Debt Service (MADS)*</b>	<b>Ending Cash</b>
<b>Loan Making, Regular Loan Servicing, and Special Loan Servicing Actions ( Disaster Set-Aside only)</b>		
Term loan or typical plan, and accrual-adjusted income statements	Must be positive	Must be positive
Annual operating loan or current plan	May be positive or negative	Must be positive
Youth loans	*--Is not applicable--*	Must be positive
<b>Special Loan Servicing Actions (Primary Loan Servicing only)</b>		
Current/typical plan and after deferral plan, if applicable	May be positive or negative	Must be positive

*\* A positive (zero or greater) MADS is equivalent to a Term Debt and Capital Lease Coverage Ratio (TDCLCR) of 1.00 or greater. The terms can be used interchangeably.*

**Note:** Youth loans:

- **cannot** receive disaster set-aside, limited resource rates, write-downs, or buyouts
- may be considered for rescheduling or deferral.

## Projected Income/Expense Categories

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

The income/expense projection is categorized into four parts:

- **Operating income and expenses**
- **Non-operating, i.e. owner withdrawals, income and social security taxes, non-farm income and expenses**

**CAUTION:** Projected owner withdrawals must include living expenses and personal debt payments, i.e. credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc. The amount can be entered on the schedules or in the summary. No itemization is required. Ensure that owner withdrawal expenses in historical data converted from the AS/400 FHP system includes non-farm debt payments.

- **Financing, i.e. term and operating advances and operating principal repayments**
- **Capital sales, expenditures, contributions, and withdrawals.**

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

- Do not send to the projection
- Send to or include in the Beg. Cash on Hand schedule of the projection
- Send to the income and expense part of the projection.