

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

General Program Administration
1-FLP

Amendment 74

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 41 C, D, and E have been amended to provide the updated non-discrimination statement.

Subparagraph 142:

- A has been amended to remove the requirement for SED to issue State supplements with publications for chattel appraisals
- B has been amended to clarify needed documentation for real estate appraisals.

Subparagraph 143:

- D has been amended to provide that a technical appraisal review may be completed by someone other than an FSA employee
- E has been amended to modify the number of technical appraisal reviews conducted by FSA.

Exhibit 4 has been amended to provide required State supplements.

Exhibit 10 has been amended to provide the applicable loan rate for FLP.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibit 17 has been amended to provide:

- a new Credit Action, Special Classification, which will be used to classify flagged accounts and those where financial and production information is not available
- instructions and guidance on classifying Youth Loans
- instructions and guidance on new features available in FBP
- updates because of changes to the FBP system.

Page Control Chart		
TC	Text	Exhibit
	3-1 through 3-4 6-3 through 6-6 6-7, 6-8	4, page 1 10, pages 1-4 17, pages 3, 4 pages 4.5, 4.6 (add) pages 14.13, 14.14 pages 23, 24 pages 24.5, 24.6 (add) pages 25-28 pages 67, 68 pages 71, 72 pages 75-84 pages 84.5-84.12 (add) pages 85, 86 page 87 (add)

Part 3 Miscellaneous Procedures and Systems

--41 Nondiscrimination in FLP*A Federal Equal Credit Opportunity Act (ECOA)**

FLP must comply with the provisions of ECOA and the implementing regulations of the Federal Reserve System published in 12 CFR 202.

[12 CFR 202.9(b)(1)] The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

B USDA Nondiscrimination Policy

[7 CFR 15d.2(a)] No Agency, officer, or employee of the United States Department of Agriculture shall, on the ground of race, color, religion, sex, age, national origin, marital status, familial status, sexual orientation, or disability, or because all or part of an individual's income is derived from any public assistance program, exclude from participation in, deny the benefits of, or subject to discrimination any person in the United States under any program or activity conducted by the United States Department of Agriculture.

[7 CFR 15d.2(b)] No person shall be subjected to reprisal for opposing any practice prohibited by this part or for filing a complaint or participating in any manner in a proceeding under this part.--*

41 Nondiscrimination in FLP (Continued)

C Nondiscrimination Statement on Notice of Adverse Decision

Include the following nondiscrimination statement on all adverse decision letters.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

--The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.--

41 Nondiscrimination in FLP (Continued)**D Nondiscrimination Statement on Advertisement of Sale for Inventory Property**

Include the following nondiscrimination statement on advertisements announcing the sale of inventory property.

**--The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.*

If the material is too small to permit the full statement to be included, the material will, at a minimum, include the statement in print no smaller than the text, the following:

*The USDA, Farm Service Agency in an equal opportunity provider and employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington D.C. 20250-9410, or call (800)795-3272 (voice) or (202) 720-6382.--**

E Nondiscrimination Statement on Materials for Public Distribution

Departmental Regulation 4300-3, Equal Opportunity Public Notification Policy, requires that the following nondiscrimination statement be included on all materials produced for public information, public education, or public distribution, such as program fact sheets and brochures. The statement shall be in English and languages appropriate to the local population.

--The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.--

41 Nondiscrimination in FLP (Continued)

F Discrimination Complaints

[7 CFR 15d.4(a)] Any person who believes that he or she (or any specific class of individuals) has been, or is being, subjected to practices prohibited by this part may file on his or her own, or through an authorized representative, a written complaint alleging such discrimination. No particular form of complaint is required. The written complaint must be filed within 180 days from the date the person knew or reasonably should have known of the alleged discrimination, unless the time is extended for good cause by the Director of the Office of Civil Rights or his or her designee. Any person who complains of discrimination under this part in any fashion shall be advised of his or her right to file a complaint as herein provided.

[7 CFR 15d. 4(b)] All complaints under this part should be filed with the Director of the Office of Civil Rights, United States Department of Agriculture, Washington, D.C. 20250, who will investigate the complaints. The Director of the Office of Civil Rights will make final determinations as to the merits of the complaints under this part and as to the corrective actions required to resolve program complainants. The complainant will be notified of the final determination on his or her complaint.

Note: If the borrower files a civil rights complaint with FLP personnel, they will immediately submit it to the Office of Civil Rights.

[7 CFR 15d.4(c)] Any complaint filed under this part alleging discrimination on the basis of disability will be processed under 7 CFR Part 15e.

G Processing Loan and Servicing Applications When an Applicant Files a Discrimination Complaint

Under no circumstances will FSA:

- delay the processing of a loan or servicing application pending the outcome of a filed discrimination complaint
- deny a loan or servicing request because a discrimination complaint has been filed
- accelerate or foreclose a loan before a discrimination complaint is closed.

***--Note:** See subparagraph H for guidance on determining if a discrimination complaint has been filed.--*

142 Appraisal Reports**A Chattel Appraisals**

[7 CFR 761.7(c)(2)] An appraisal of chattel property may be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

FSA may use RD-440-21. If RD-440-21 is not used, the chattel appraisal, as a minimum, will identify all chattel items appraised, including the following details:

- the quantity, kind, sex, breed, color, weight or average weight, brands or other identification, and value of livestock
- the quantity, kind, manufacturer, size and type, condition, year of manufacture, serial or motor number, and value of machinery and other equipment.

The appraised value of chattel property will be based on public sales of the same or similar property in the market area. In the absence of public sale data, reputable publications may be used to establish market value provided the * * * appraisal is documented to reflect that the market value was established based on wholesale values, rather than retail values.

Note: Retail values include the cost of rehabilitation and other factors that are not typically included in a public sale.

142 Appraisal Reports (Continued)

B Real Estate Appraisals

A real estate appraisal, as a minimum, will be a complete or limited appraisal, summary appraisal report as defined by USPAP. Any exception to allow the use of a restricted report requires prior written approval by SED. SED may redelegate this authority to the State appraisal staff. Approval of restricted reports will only be granted under extraordinary circumstances, limited to situations where there will be only a single user of the report.

*--Real estate appraisals must be adequately documented as to the scope of work and include, as a minimum, the following details:

- documentation of the results of the following 3 approaches, when applicable, to estimating value:--*
 - sales comparison approach
 - cost approach
 - income approach
- if adjustments are made, the basis for these adjustments, including land mix, time, water, buildings, depreciation, soils, and any other applicable adjustments recognized by the market and supported by adequate documentation in the appraisal
- at least a 3-year sales history of the property
- the comparable sales used, including a breakdown of land contribution by land class, building contribution by improvement, derived depreciation rates, basis for the cost of new improvements, remaining life of improvements, timber, mineral value, water rights and volume, water delivery system, photographs of improvements and land, etc.
- the value of any mineral rights.

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 appraisal value in FSA-1922-11, Part VI or other formats that provide the same information, will reflect zero and document the appraiser's findings and reasons for making this valuation.

142 Appraisal Reports (Continued)

C Approved Appraisal Formats

Any appraisal format that meets USPAP requirements is acceptable.

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

- FSA-1922-1, Appraisal Report - Farm Tract
- FSA-1922-2, Supplemental Report
- 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.

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(e)(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(e)(2)] With respect to a chattel appraisal, the Agency may conduct an administrative appraisal review.

Real estate appraisals used for any direct or guaranteed FLP loan making or 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 loan making or loan servicing decision and ensuring 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 State appraisal staff 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-1922-16 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)**D Technical Appraisal Reviews Overview**

A technical appraisal review will be in writing to address all requirements of USPAP, Standard 3 and any additional Agency requirements. 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 1 and 2. The appraiser/reviewer must certify as to the type and extent of the review process. A technical appraisal review may include a desk review, a field review, or both. The appraiser/reviewer may express a different opinion of value from the appraiser, only after complying with USPAP Standards 1 and 2.

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, including a mental reappraisal of the subject property. 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.

143 FSA Review of Appraisal Reports (Continued)

E When Technical Appraisal Reviews May Be Conducted

FSA completes a technical appraisal review of the following:

- *--first direct loan appraisal completed by a contract appraiser with whom FSA has had no appraisal experience within the past 2 FY's
- first third party appraisal used for direct loanmaking or loan servicing completed by an appraiser with whom FSA has had no appraisal experience within the past 2 FY's
- first appraisal completed by appraisers with whom FSA has had no guaranteed appraisal experience within the past 2 FY's--*

* * *

- direct or guaranteed loan appraisals when an administrative review detects serious problems
- all appraisals completed by limited authority appraisers
- *--of appraisals conducted by contractors, third party appraisers, and FSA employees in a--* random spot check method that is established by SED

Note: Each year, SED will vary the method used to select appraisals for review to ensure that adequate internal controls are established.

- on a more frequent basis, if problems have been detected in the scheduled annual and spot check review
- upon request of the loan approval official anytime before loan approval.

State Supplements

Subparagraph	State Supplement
28 B	Guidance on completing Credit Quality Reviews.
141 E	Guidance on the process to request: <ul style="list-style-type: none">• chattel appraisal from a contract appraiser• real estate appraisal.
* * *	* * *
163 B	Guidance on PLCE funds allocated to State Offices.
442 C	Guidance on reporting findings of DD oversight reviews.

Note: SED's shall:

- issue State supplements according to 1-AS, paragraph 216
- obtain approval of State supplements according to 1-AS, paragraph 220.

FLP Rates

A Interest Rates for FLP's

--The following table provides interest rates for FLP's as of October 1, 2007.--

Loan Type	Current Rate (%)	Date Set
Rural Housing – Farm Loan Purposes	*--6.00	10/1/07
Operating	5.125	10/1/07
Operating – Limited Resource	5.00	12/1/90
Farm Ownership	5.50	10/1/07--*
Farm Ownership – Limited Resource	5.00	4/1/86
Farm Ownership – Beginning Farmer Down Payment	4.00	4/1/86
Farm Ownership – Joint Financing	5.00	3/24/97
Soil and Water	*--5.50	10/1/07--*
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	*--5.50	10/1/07
Farmer Program – Homestead Protection	5.50	10/1/07
Shared Appreciation Amortization	4.50	10/1/07
Softwood Timber Loans	5.50	10/1/07
Economic Emergency – Operating	5.125	10/1/07
Economic Emergency – Real Estate	5.50	10/1/07--*
Emergency – Amount of Actual Loss	3.75	1/25/94
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	*--8.125	10/1/07
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	8.50	10/1/07
Emergency – Annual Production	8.50	10/1/07
Nonprogram - Chattel Property	8.50	10/1/07
Nonprogram - Real Property	8.125	10/1/07
Apple Loans	4.50	10/1/07
Association – Grazing	5.50	10/1/07
Association – Irrigation and Drainage	5.50	10/1/07--*
Indian Land Acquisition	5.00	2/1/91

FLP Rates (Continued)

B Treasury Rates

The following table provides the applicable Treasury rates.

Treasury Rates	Current Rate (%)	Date Set
90-Day Treasury Bill	*--4.625	10/1/07
Treasury Judgment Rate (see Note)	4.27	10/1/07--*

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 September 7, 2007. 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 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

FLP Rates * * * (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
October 1, 1992	3.250	August 1, 1996	5.250
November 1, 1992	3.125	December 1, 1996	4.875
December 1, 1992	2.875	February 1, 1997	5.000
January 1, 1993	3.125	March 1, 1997	4.875
February 1, 1993	3.375	May 1, 1997	5.250
March 1, 1993	3.125	June 1, 1997	5.375
April 1, 1993	3.000	July 1, 1997	5.250
August 1, 1993	3.125	August 1, 1997	4.875
November 1, 1993	3.000	October 1, 1997	5.250
January 1, 1994	3.125	November 1, 1997	4.875
April 1, 1994	3.250	December 1, 1997	5.000
May 1, 1994	3.500	January 1, 1998	5.250
June 1, 1994	3.625	June 1, 1998	4.875
July 1, 1994	4.125	November 1, 1998	4.875
August 1, 1994	4.250	December 1, 1998	4.250
September 1, 1994	4.375	January 1, 1999	4.375
October 1, 1994	4.500	February 1, 1999	4.500
November 1, 1994	4.750	May 1, 1999	4.625
December 1, 1994	5.000	June 1, 1999	4.375
January 1, 1995	5.250	July 1, 1999	4.625
February 1, 1995	5.750	September 1, 1999	4.750
April 1, 1995	6.000	November 1, 1999	4.875
May 1, 1995	5.875	January 1, 2000	4.875
August 1, 1995	5.750	February 1, 2000	5.375
September 1, 1995	5.625	April 1, 2000	5.625
November 1, 1995	5.500	May 1, 2000	5.875
February 1, 1996	5.375	July 1, 2000	6.000
March 1, 1996	4.875	August 1, 2000	5.875
April 1, 1996	5.000	September 1, 2000	6.000
June 1, 1996	4.875	October 1, 2000	6.250

FLP Rates (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
January 1, 2001	6.375	April 1, 2005	2.50
February 1, 2001	6.125	May 1, 2005	2.75
March 1, 2001	5.500	June 1, 2005	2.875
April 1, 2001	4.875	July 1, 2005	2.875
May 1, 2001	4.750	August 1, 2005	3.000
June 1, 2001	4.125	September 1, 2005	3.125
July 1, 2001	3.750	October 1, 2005	3.50
August 1, 2001	3.625	December 1, 2005	3.625
October 1, 2001	3.500	January 1, 2006	4.00
November 1, 2001	3.125	March 1, 2006	4.125
December 1, 2001	2.250	April 1, 2006	4.500
January 1, 2002	2.000	May 1, 2006	4.625
February 1, 2002	1.750	July 1, 2006	4.875
March 1, 2002	1.625	September 1, 2006	5.00
April 1, 2002	1.750	October 1, 2006	5.125
October 1, 2002	1.625	November 1, 2006	5.00
January 1, 2003	1.375	January 1, 2007	5.125
February 1, 2003	1.250	February 1, 2007	5.00
April 1, 2003	1.125	April 1, 2007	5.125
August 1, 2003	1.000	June 1, 2007	5.00
September 1, 2003	0.875	July 1, 2007	4.875
October 1, 2003	1.000	August 1, 2007	4.75
December 1, 2003	0.875	September 1, 2007	4.875
January 1, 2004	1.000	*--October 1, 2007	4.625--*
February 1, 2004	0.875		
May 1, 2004	1.000		
August 1, 2004	1.250		
September 1, 2004	1.375		
October 1, 2004	1.500		
November 1, 2004	1.625		
December 1, 2004	1.750		
January 1, 2005	2.000		
February 1, 2005	2.250		

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*--Credit

CREDIT									
ECOA	CREDITOR ACCOUNT NUMBER	REPORTED OPENED	HIGH CREDIT	BALANCE PAST DUE	MO PAYM TERMS	MONS RATED	30 60 90+ PAYMENT PATTERN	T Y P E	
OPEN ACCOUNTS									
▼ C	WACH BKCRD 43272	03/06 03/00	\$3000	\$1886 -	\$10 MIN	19	0x30 0x60 0x90 -1111-1111-1 -111	R1	
AT:Revolving or Option (open-end account). KB:Banks and S and Ls SD:Pays account as agreed OD:Co Maker									
*** TRANS UNION ***									
▣ C	WACH BKCRD 43272	03/06 03/00	\$3000	\$1886 -	\$10 MIN	19	0x30 0x60 0x90 1111X1111X1X 111	R01	
▼ C	GMAC 5555555555	06/02 06/97	\$68000	CLOSED -	- 360 Mth	20	8x30 1x60 3x90 ----222-2222 21-554311	I3	
02/02 - I2, 01/02 - I2, 12/01 - I2, 10/01 - I2, 09/01 - I2									
*** TRANS UNION ***									
▣ C	GMAC 5555555555	06/02 06/97	\$68000	\$0 -	\$758 360 Mth	20	8x30 1x60 3x90 XXX222X22222 1X554311	I03	

Accounts in the Credit section are sorted by account balance. This section also includes information for Open Accounts, Collections, Other Derogatory, and Closed Accounts. Each section type is comprised of several fields covered in the table below. Optional fields are chosen in the Access Code setup.

Field	Description
ECOA – Account Designator Code	Applicable codes are: A Authorized User B On behalf of another C CoMaker I Individual J Joint M Maker P Participant S Shared T Terminated U Undesignated X Consumer Deceased
Creditor	Name of the trade line reporting
Account Number	Account number as reported by creditor
Reported	Date this trade line last reported to the bureau
Opened	Date this trade line opened

Farm Business Plan - FSA User Handbook (Continued)

Field	Description
High Credit	Amount of high credit on account
Balance	Balance on account as reported by trade line
Past Due	Amount of payments past due
Mo Paym	Amount of monthly payment for trade line
Terms	Terms of the account
Mons Rated	Number of months this trade line has been rated
30 60 90+	Number of 30 day, 60 day, and 90+ day late for trade line.
Payment Pattern	Consumer payment history for the past 24 months, beginning with Reported Date - No Rating 1 Current 2 30 days late 3 60 days late 4 90 days late 5 120+ days late 7 Making payments in Wage Earner Plan 8 Repossession/Foreclosure 9 Charge Off
Type	Type of Account R Revolving or Option (open-end account) I Installment (fixed number of payments) O Open Account (30, 60, or 90 day account) Status - No rating 1 Pays account as agreed 2 30 days past due 3 60 days past due 4 90 days past due 5 120 days past due 6 Wage Earner or similar plan 7 Repossession 8 Collection/Bad Debt/Charge Off *--9 Bad Debt, Place for Collection--*
Codes	OD Show Ownership Description AT Show Account Type Description SD Show Account Status Description TT Show Trade Type Description KB Show Kind of Business Description N1 Show Narrative Description 1 N2 Show Narrative Description 2

Farm Business Plan - FSA User Handbook (Continued)

General Information

General Information includes basic information about the customer, borrower training, employment, associated person(s) or entities, and Farm Assessment details.

Some of this information is populated from SCIMS. Examples of data populated from SCIMS:

- Entity type
- Name, Address, City, State, ZIP+4
- Tax ID
- Email, Phone Number, Fax, Date of Birth.

Data that is populated from SCIMS cannot be changed within FBP. Each time a customer record is selected, the relevant SCIMS data is transferred to General Information. Any changes to this data must be made in SCIMS, not in FBP.

Enter the following in General Information:

Field	Notes
Case #	Enter the PLAS case number. Enter it without hyphens, i.e. 580220309876543.
Type of Operation – Primary	The initial time a new or existing customer record is accessed, the “Type of Operation – Primary” must be designated. Select the customer’s predominant enterprise by: <ul style="list-style-type: none"> • Clicking on “Select” link and selecting it from the list in the pop-up box; or • Enter the NAICS code manually, which can be obtained from either the Inc/Exp → Income Sch. → Crop Sales schedule or Inc/Exp → Income Sch. → Livestock Sales and then clicking on the “Description” link.
County	Enter the customer’s county of residence.
Borrower Type	Use the radio buttons to select “Direct,” “Guaranteed,” or “Both” to designate the customer’s FLP involvement.
Year Started Farming	Use the drop-down list to indicate the year the customer started farming.
*--FBP Account Type	Click on the link to select the FBP Account Type. <ul style="list-style-type: none"> • Credit Rpt./Elig. Only Act – Used when ordering credit reports and Eligibility Checklist Only • Special Classification Act.- Used to classify non-active accounts. Does not count toward the active record numbers. • Guaranteed Loan Import – Used to identify files imported from guaranteed lenders • Producer Import - Used to identify files imported from producers • Active Account – All other active regular accounts and all other accounts still owing to the government.
D&B D-U-N-S# / Experian File #	Enter the customer’s Dun and Bradstreet Number or Experian File Number, if available.--*

Borrower Training

When a new Credit Presentation is prepared for existing customers, the dates when borrower training was required, completed, and/or waived should be entered and/or updated. For new customers, enter the applicable dates when known.

CAUTION: Borrower training dates should always be entered into General Information. The Credit Presentation is updated from General Information; changing the dates in other parts of FBP will not change the information in General Information.

At this time, these dates are informational only.

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Employment Information

In addition to basic customer information, the outside employment of each customer and a related person and/or entity can be entered. This information should be entered when a Credit Presentation is prepared. It will also be used in future loan origination and servicing functions.

Related Entities

Related entities include spouses, co-applicants, co-owners of the business, co-signors, and other entities that the customer is a member or owner of. All related entities should be associated with each customer record.

If the customer is an entity itself, it is important that the members of the entity be shown in this section. The person(s) or related entities placed in this section must be in SCIMS before they can be entered as a related entity. Associating related entities will allow the consolidation of financial data of the members and the entity.

Lender Information

Lender Staff

Each customer should have one or more FSA loan official(s) designated as the customer's lender. This item is informational and will assist in preparing reports and future loan servicing functions. It will usually be the primary FSA loan official who services the account, i.e. FLM, FLO, or both. There is no limit to number of lenders identified with each account.

- **New Customers.** The user adding a new customer will automatically appear as the lender staff. It can be changed by selecting the FSA lender's name on the **General → General Information** page by selecting the "Lender Staff" link.
- **Existing Customers.** Customers with data converted from FHP to FBP will not have a FSA loan official designated as a customer's lender. Therefore, the first time a converted customer is accessed, the FSA lender should be designated on the **General → General Information** page by selecting the "Lender Staff" link.

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Farm Business Plan - FSA User Handbook (Continued)

Location/Department

The “Location/Department” on the **General → General Information** page is the service center where the customer currently receives FLP services.

- The customer’s service center can be changed by selecting the new service center from the pop-up list. The lender location should only be changed when the account is transferred to another location or is an employee relationship/restricted account.
- The service center location is not required to be selected when a new customer is added as it will default to the location of the user adding the customer. The service center can be changed by selecting a new service center from the pop-up list.
- The “restricted loans” location, visible only to administrative users, is reserved for employee relationship and sensitive accounts. Once an account has its location designated as “restricted loans,” only the FLC, FBP Coordinator, and those employees specifically designated by the FBP Coordinator as the customer’s “lender staff” can access the account, provided they do not have an employee relationship with the customer.

Special Handling of Employee Relationship Accounts

Any existing or prospective customer that has been or will be designated with an Employee Relationship Code (ERLC) in ADPS, as defined by §1900.155 of Instruction 1900-D and 3-PM, para. 141(E), will have their location/department designated as “restricted loans.”

Existing customers

The FBP Coordinator will place all existing customer accounts with an ERLC into the restricted loans area. In addition, the lender staff designated by the SED or DD to service this account will be associated by the FBP Coordinator as the customers’ “lender staff.”

New customers and applicants

The FBP Coordinator will create a new customer record for accounts that have an employee relationship. The service center designated to process the application must immediately notify the FBP Coordinator upon application and provide the applicant’s tax ID number. Unless otherwise determined by the FBP Coordinator or FLC, the FBP Coordinator will:

- Create the customer account
- Designate the customer’s location/department as “restricted loans”
- Add the necessary FLP employees to the customer’s lender staff using the “lender staff” link
- Notify the designated service center when the account is created and restricted.

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Farm Assessment Information

Initial Farm Assessments and updates must always be entered in **General → General Information**. Use the WordPad below each topic of the assessment to enter the information and make changes.

Farm assessments do not document loan feasibility. The farm assessment is intended to summarize and describe the operational business, resources, and assets of the business, and not to duplicate those areas addressed in the Credit Presentation. For example, the historical and projected cash flow components of the farm assessment will likely not be updated when a credit action is completed because that information will be contained in the Credit Presentation.

Existing Customers

If the existing assessment is available in an electronic format, i.e. Microsoft Word (MS Word), the text can be cut and pasted from that document into General Information.

NOTE: To copy and paste from MS Word, strip away the special formatting that MS Word applies to many documents so that the text appears correctly. To do that:

1. Highlight desired text in MS Word. Select **Edit → Copy** to copy the text to the clipboard.
2. Open notepad by **Start → All Programs → Accessories → Notepad**.
3. In Notepad, select **Edit → Paste**. Reselect the text in Notepad and select **Edit → Copy**.
4. In the appropriate WordPad block of General Information, click on the paste icon (clipboard).

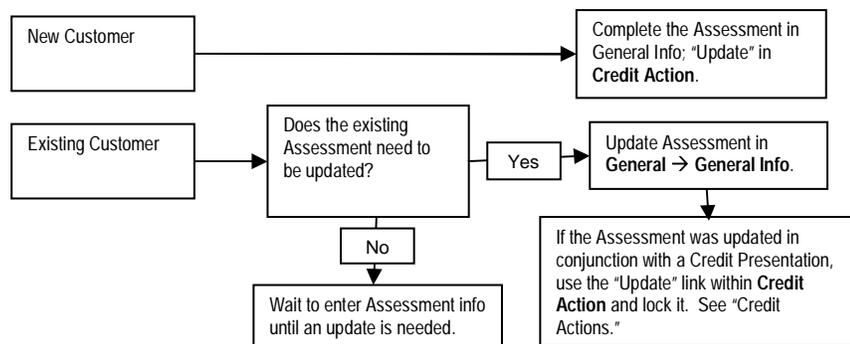
Additional changes can then be made in the corresponding WordPad block of General Information. Many of the historical financials and projected cash flow components of the Farm Assessment do not need to be updated in the assessment, because they are addressed in the Credit Presentation when a Credit Action is made. Farm assessments, if completed or updated, will be signed and dated by the customer to acknowledge participation in the completion of the document.

Farm Business Plan - FSA User Handbook (Continued)

New Customers

Enter the Farm Assessment information in the appropriate WordPad areas of General Information. Many of the historical financials and projected cash flow components of the Farm Assessment don't need to be duplicated in the assessment as they are addressed in the Credit Presentation when a Credit Action is made. Farm assessments, if completed or updated, will be signed and dated by the customer to acknowledge participation in the completion of the document.

See "Credit Actions" for information on printing, locking, and associating a Farm Assessment update with a Credit Presentation. Example of Farm Assessment workflow:



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Balance Sheet

Balance sheets can be created either for a current date, future date, or for previous dates in order to reconstruct a customer's historical financial position. In most cases, obtaining balance sheets as of the end of each business year is preferable, if possible.

Balance Sheet Descriptions

A meaningful description should be used when a balance sheet is created, especially for years in which multiple balance sheets, post-close or pro-forma balance sheets are created. For example, "FYE 12/31/04" is a useful description.

Current & Forward Looking Balance Sheets

Type of Balance Sheet	Additional Details
Current	A balance sheet prepared as of the current date. It is generally a snap-shot of the customer's assets and debts as of a certain date, assuming no credit action will take place.
Post-Close	<p>A balance sheet prepared assuming that the planned loan making or servicing action has just taken place.</p> <p>NOTE: The credit action does <u>not</u> have to be closed before a post-close balance sheet is created to classify the account.</p> <p>A post-close balance sheet must be completed for the following Credit Actions:</p> <ul style="list-style-type: none"> • D-Loan Making (for term loans only) • D-Loan Regular Servicing • D-Loan Special Servicing.
Pro-Forma	A balance sheet prepared assuming that the projected income and expenses have occurred during the plan period. A pro-forma balance sheet can be prepared to analyze what a customer's financial position would be in the future, i.e. after a 1 year period.

Number of Balance Sheets

There is no limit to the number of balance sheets that can be created or maintained. However, old balance sheets that lack any expected usefulness may be deleted from FBP. See "[Electronic File Maintenance, Reports and Signatures](#)" section for more information on file maintenance.

Footnotes

Footnotes are narrative comments to balance sheets that can be added in the WordPad block of the balance sheet summary below the "Personal" categories. Footnotes can include assumptions in the balance sheet, any contingent liabilities, or capture other information not noted elsewhere. The footnotes can appear on the printed balance sheet report if that option is selected in **Reports → Reports Setup**.

Farm Business Plan - FSA User Handbook (Continued)

Credit Actions

In the FBP system, a Credit Action generates forms and other documentation containing the information necessary to approve, decline, and support a loan making or servicing decision.

--There are currently 8 Credit Actions that can be completed:--

Credit Action Type	Used For	Type of Forms				
		Farm Assessment	Other	DALR\$ Input Report	Credit Presentation	Security Agreement
D-Loan Making*	Origination of direct loans	Available	Environmental Checklist	N/A	Cred. Pres / Borr. Class.	Available
D-Loan/Sec. Agr. Only	Only a Security Agreement needs to be generated	N/A	N/A	N/A	N/A	Available
D-Loan/Class/LR/YEA Only	Account classification, year-end analysis, limited resource review, and/or graduation review outside of the Credit Presentation	Available	N/A	N/A	Classification/ YEA/LR Review	Available
D-Loan/Special Serv.*	Special loan servicing actions, i.e. primary & preservation loan servicing, DSA	Available	Environmental Checklist	Available	Cred. Pres / Borr. Class.	Available
D-Loan/Regular Serv.*	Partial releases of real estate, approval of subordinations, transfer & assumption	Available	Environmental Checklist	N/A	Cred. Pres / Borr. Class.	Available
D-Loan/Eligibility Only	Eligibility determinations outside of the Credit Presentation	N/A	N/A	N/A	Eligibility Only	Available
D-Loan/ Youth Loans	Processing and approving youth loan applications and requests	N/A	Eligibility Only	Available	Youth Loan	Complete Form Manually
--D-Loan/Special Classification	To classify non-active accounts and existing youth loans	N/A	N/A	N/A	Special Classification	N/A --

* **NOTE:** In cases where a loan is being made in conjunction with a special servicing request (primary and preservation loan servicing, and DSA), use the D-Loan/Special Serv. Credit Action. In cases where a loan is being made in conjunction with a regular servicing request, use the D-Loan/Regular Serv. Credit Action.

Creating a Credit Action

A Credit Action is created from the **Credit Action → Add/Modify/Delete** menu. Enter a meaningful description of the action in the text box, i.e. “YEA 2/04,” “2005 OL loan-tractor,” “8/04 Rescheduling,” etc.

Credit Action Status

When a Credit Presentation is acted upon, the status of the Credit Action will automatically be updated to indicate it was:

- Approved or Declined
- Recommend Approval or Decline
- Withdrawn
- Pending.

IMPORTANT: After a Credit Action form has been eSigned, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → [Form Name]**.

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DALR\$ Input Report

A DALR\$ Input Report can be prepared that calculates the financial categories needed to be input into the DALR\$ program for special servicing actions. It also includes the relevant collateral description from the collateral analysis completed in conjunction with a balance sheet.

Once the DALR\$ Input Report is selected from the **Credit Action** → [Credit Action Name] → **Other - DALR\$ Input Rpt.** menu:

- Select the “Update” link. An Update dialog box will appear. Check the following boxes and when done, click the update link:
 - Ultra Financials
 - Collateral Analysis [Select date of Balance Sheet to use from the drop-down box]
 - General Information.

CAUTION: Do not check the “Farm Assmt” or Environmental check box.

- All calculations will automatically flow from the selected balance sheets and income/expense projections to the report. The **Reports** → **Reports Setup** menu controls which balance sheets and projections appear in the report. The following dates must be input into the DALR\$ Input Report Credit Action:
 - Proposed Loan Servicing Date
 - Plan Approval Date. This is the date the Credit Presentation was approved.
- The “Completed By” link must be selected to eSign the form.

NOTE: When projections are initially added, a description like “2004-First Year Proj” or “2009-Aft Defrl” will be helpful when selecting them in **Reports** → **Reports Setup**.

IMPORTANT: After a DALR\$ Input Report Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action** → [Credit Action Name] → **Lock Forms** → **DALR\$ Input Rpt.**

See “Electronic File Maintenance, Reports and Signatures” for more information on when a DALR\$ Input Report needs to be printed and/or signed.

Credit Presentation & Classification

A Credit Presentation is prepared to communicate and document a loan making or servicing decision. It encompasses the various aspects of analyzing the financial information, collateral position, eligibility, classification, and the loan narrative. The Credit Presentation should be viewed as the primary loan decision document that contains all relevant information involved in a loan decision.

A Credit Presentation must be prepared and eSigned for the following actions:

- Direct loan making

NOTE: The documentation requirements for youth and lo-doc loans are very low. Therefore, minimal completion of the Credit Presentation is expected according to FSA handbooks.

- Special loan servicing:
 - Primary & preservation loan servicing
 - Disaster Set-Aside
- Regular loan servicing:
 - Partial releases of real estate
 - Subordinations
 - Transfer & Assumption
- Classification/LR Review/YEA
- Eligibility only
- Youth loans
- *--Special classification.--*

Completing the Credit Presentation eliminates the need for:

- Form FSA 440-2 “Eligibility”
- Loan narrative
- Collateral analysis
- Form FSA 2006-20 “Classification.”

Eventually, the Credit Presentation will also obsolete Form RD 1940-1.

Preparing the Credit Presentation

When a blank Credit Presentation is created, it must be “updated” with certain information from other parts of the FBP system using the “Update” link. An “Update” dialog box will appear and the user must check the following boxes:

- Ultra Financials
- Collateral Analysis [Select the Balance Sheet from which the collateral analysis will be calculated]
- Credit Relationship [Select the Balance Sheet from which the credit relationship information will come from]
- General Information.

CAUTION: Do not check the “Farm Assmt” or “Environmental” box.

Approving or Declining a Credit Presentation

See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on eSigning and printing reports.

When the recommending and approving official are the same:

- The FSA loan official will use the “Loan Approval” link to approve or decline the plan or credit decision. The user’s eSignature and the date/time stamp will appear on the Credit Presentation. Use the drop-down box to indicate the action taken.
- The approving official must lock the Credit Presentation by **Credit Action → [Name of Credit Action] → Lock Forms → Credit Presentation.**

When the recommending official is different than the approval official:

- The recommending official will use the “Loan Approval” link to recommend approval or denial of the plan or credit decision. The user’s eSignature and the date/time stamp will appear on the Credit Presentation. Use the drop-down box to indicate the recommended action.
- The recommending official will notify the approval official to review the Credit Presentation.
- The approving official will review the Credit Presentation on-line and indicate the approval or denial decision, using the “Loan Approval” link, including any additional approval requirements in the text box. Use the drop-down box to indicate the action taken.
- The approving official must lock the Credit Presentation by **Credit Action → [Name of Credit Action] → Lock Forms → Credit Presentation.**

When a Credit Presentation is acted upon, the status of the Credit Action will automatically be updated to indicate it was:

- Approved
- Declined
- Pending
- Withdrawn

See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on when a Credit Presentation needs to be printed and/or signed.

Farm Business Plan - FSA User Handbook (Continued)

Classification/LR Review/YEA

A subcategory of a Credit Presentation is the “Classification/YEA/LR Review” model. This model should be completed to document and perform any or all of the following business processes when **not** already documented within a direct loan making, regular loan servicing, or special loan servicing Credit Presentation:

- Classification
- Year-end analysis (YEA)
- Limited Resource (LR) Reviews
- Graduation Reviews.

Preparing the Classification/LR Review/YEA

When a blank Classification/LR Review/YEA credit presentation is created, it must be “updated” with certain information from other parts of the FBP system. Click the “Update” link to copy in information from other parts of the FBP system. An “Update” dialog box will appear and the user must check the following boxes:

- Ultra Financials
- General Information

CAUTION: Do not check the “Farm Assmt” box.

Component	Details																
Balance Sheet, Income Statement, Repayment Capacity	<ul style="list-style-type: none"> • Use the Reports → Reports Setup menu to select which balance sheets and income/expense statements appear in the Credit Presentation. • Use the “Update” link to transfer in the financials. • Ensure that the correct information was transferred into these sections. 																
Classification	<ul style="list-style-type: none"> • Click on “Score Now” to calculate the classification score. • An “Update” pop-up box will appear. Select the balance sheet and income/expense projection from which the classification score will be calculated. • Select the current or post-close balance sheet according to the type of credit action: <table border="1" data-bbox="496 1262 1406 1728"> <thead> <tr> <th data-bbox="496 1262 927 1331">Type of Credit Action</th> <th data-bbox="927 1262 1406 1331">Type of Balance Sheet for Classification</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1331 927 1388">Classification/LR Review/YEA Credit Presentation</td> <td data-bbox="927 1331 1406 1388">Current</td> </tr> <tr> <td data-bbox="496 1388 927 1423">Credit Presentation prepared for:</td> <td data-bbox="927 1388 1406 1423"></td> </tr> <tr> <td data-bbox="496 1423 927 1480">• D-Loan Making (annual operating loans, excludes youth loans)</td> <td data-bbox="927 1423 1406 1480">Current</td> </tr> <tr> <td data-bbox="496 1480 927 1516">Credit Presentation prepared for:</td> <td data-bbox="927 1480 1406 1516"></td> </tr> <tr> <td data-bbox="496 1516 927 1608">• D-Loan Making (term loans and combination term & annual loans, excludes youth loans)</td> <td data-bbox="927 1516 1406 1608">Post Close</td> </tr> <tr> <td data-bbox="496 1608 927 1644">• D-Loan Regular Servicing</td> <td data-bbox="927 1608 1406 1644"></td> </tr> <tr> <td data-bbox="496 1644 927 1680">• D-Loan Special Servicing</td> <td data-bbox="927 1644 1406 1680"></td> </tr> </tbody> </table> <p>NOTE: These accounts should be classified at the time of credit action approval based upon a post-close balance sheet. The credit action does <u>not</u> have to be closed before the account is classified.</p> <ul style="list-style-type: none"> • Select the appropriate income/expense projection. • The user’s name and the date/time stamp will appear on the classification. * * * 	Type of Credit Action	Type of Balance Sheet for Classification	Classification/LR Review/YEA Credit Presentation	Current	Credit Presentation prepared for:		• D-Loan Making (annual operating loans, excludes youth loans)	Current	Credit Presentation prepared for:		• D-Loan Making (term loans and combination term & annual loans, excludes youth loans)	Post Close	• D-Loan Regular Servicing		• D-Loan Special Servicing	
Type of Credit Action	Type of Balance Sheet for Classification																
Classification/LR Review/YEA Credit Presentation	Current																
Credit Presentation prepared for:																	
• D-Loan Making (annual operating loans, excludes youth loans)	Current																
Credit Presentation prepared for:																	
• D-Loan Making (term loans and combination term & annual loans, excludes youth loans)	Post Close																
• D-Loan Regular Servicing																	
• D-Loan Special Servicing																	

Continued on the next page

Farm Business Plan - FSA User Handbook (Continued)

Continuation

Component	Details
LR Review/YEA Narrative	<ul style="list-style-type: none"> The WordPad should be used to document the assumptions relating to the year-end analysis, classification, and/or limited resource review, as applicable.
Graduation Review	<ul style="list-style-type: none"> Answer the applicable questions related to the graduation review, if applicable. Use the eSignature date stamp as the date of graduation review for ADPS transactions.
Limited Resource Rates	<ul style="list-style-type: none"> Answer the applicable questions related to the limited resource rate review, if applicable. See “<u>Limited Resource Rates</u>” for more information about determining if rates are justified. Use the eSignature date stamp as the date of the limited resource review for ADPS transactions.
Year-end Analysis	<ul style="list-style-type: none"> Answer the applicable question related to completion of the year-end analysis, if applicable.
Farm Assessment Status	<ul style="list-style-type: none"> Select the radio button to designate whether the Farm Assessment was completed/updated or no update is required.

- The “Completed By” link must be selected to eSign the form.

IMPORTANT: After this Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Classification/LR Review/YEA**

See “Electronic File Maintenance, Reports and Signatures” for more information on when this credit action needs to be printed and/or signed.

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Farm Business Plan - FSA User Handbook (Continued)

Classification Scores

The classification selection under Routine Servicing in Management of Agriculture Credit will no longer be used to classify borrower accounts. The **only** system that will be used to classify borrower accounts will be FBP. Security margin was removed and collateral is no longer considered during the account classification process. The classification process generates the following ratios:

- Liquidity Ratio
- Debt to Assets Ratio
- Return on Assets Ratio
- Term Debt and Capital Lease Coverage Ratio.

NOTE: Click the “detail” link of the borrower classification within FBP for an explanation of how the system calculates scores for each of these ratios.

The FBP system generates the following account classification codes:

Classification Score	Description of Score
1 - Commercial	Commercial classified accounts are FSA’s highest rated direct loan accounts. The debt/asset ratio, cash flow, and general financial health of a commercial-grade farming operation allow it to withstand adverse farming conditions while maintaining loan payments.
2 - Standard	Standard classified accounts are financially sound, cash flow is adequate, and on-time loan repayment is probable.
3 - Acceptable	Acceptable classified accounts are those that present some degree of financial risk. These loans have adequate to marginal security and are generally experiencing some financial stress.
4 – Marginal	A marginal * * * account is one that poses a high degree of financial risk. These loans may or may not be secured and repayment ability is marginal. * * *
--5 - Not Classified	Used to classify non-active accounts, such as flagged accounts. In addition, delinquent Youth Loans will be classified as “Not Classified”.--

Limited Resource Rates

Section 1951.25(b)(3) of RD Instruction 1951-A provides the Farm and Home Plan projections for the coming year must show that the “balance available to pay debts” exceeds the amount needed to pay debts by at least 10 percent before an increase in interest rate is put into effect. Since FBP does not use these figures to determine feasibility, the information that will be used is the **Term Debt and Capital Lease Coverage Ratio**. This ratio is located in the Repayment Capacity/Sensitivity and the Ratios/Indicators Reports within FBP. If the ratio is greater than 110 percent, the interest rate may be increased. All other policies established in RD Instruction 1951-A, such as incremental increases, and the form of borrower notification remain in effect.

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Eligibility Only

A sub-category of the Credit Presentation is the “Eligibility Only” mode. This form should be * * * used:

- To document that an applicant is **ineligible** for FSA loan assistance; **and**
- When a credit presentation will **not** be prepared.

Complete this Credit Presentation by:

- Answering the applicable eligibility questions with the radio buttons.
- Addressing any additional eligibility issues in the WordPad, if needed.
- The “Completed By” link must be selected to eSign the form.

IMPORTANT: After this Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Eligibility Only**

See “Electronic File Maintenance, Reports and Signatures” for more information on when a Security Agreement needs to be printed and/or signed.

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Youth Loans

The youth loan credit action model should be used to process application requests for youth loans. This credit action consists of the following:

- Eligibility Only
- Credit Presentation – Youth Loan
- Security Agreement (Completed Manually)
- *--Environmental Checklist.--*

Complete this credit action by completing all the above and by e-signing all forms where applicable.

IMPORTANT: After this Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Credit Presentation – Youth Loan**

See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on when this credit action needs to be printed and/or signed.

Other youth loan requirements:

FBP Information

Youth loan applicants are **not** required to provide either FSA 2037 or FSA 2038. A properly completed FSA-2301 should provide all information necessary to process the loan request, including completion of the youth loan credit presentation within the FBP, since most youth loan projects are very simple enterprises. However, FSA-2037 and FSA-2038 may still be requested * * * in individual cases that:

- *--are unusually complex for a youth loan project--*
- require additional information for proper analysis.

When * * * required, a loan official will meet with the applicant to provide technical assistance in completing FSA-2037 and FSA-2038.

Farm Assessments

*--Farms assessments, addressed in FmHA Instruction 1924-B, Section 1924.55 are **not** required for youth--* loans. However, some discussion of strengths, potential problems, and goals should be included in the narrative section of the youth loan credit presentation.

Farm Business Plan - FSA User Handbook (Continued)

Loan Classifications

Youth loans will be classified as follows:

- *--all **new** youth loans will automatically be classified as a '3' by clicking on the Score Now button in the Youth Loan Credit Presentation

- **existing** youth loans will be classified using the Special Classification Credit Action
 - current youth loans will be classified as a '3'
 - delinquent youth loans will be classified as a '5'--*

- if a youth loan borrower reaches the age of majority **and** subsequently gets a direct OL and/or farm ownership loan, all loans including any outstanding youth loans will be entered into the FBP and classified based upon the financial data collected.

Security Agreement

FBP currently does not capture information needed to complete FSA-440-4A for youth loans; therefore, FSA-440-4A must be completed manually.

--See "[Electronic File Maintenance, Reports, and Signatures](#)" for more information on when a Security Agreement needs to be printed and/or signed.--

Servicing Youth Loans

Youth loan borrowers who submit a complete application for delinquent loan servicing within the required time frame may be considered for rescheduling or deferral according to FmHA Instruction 1951-S. The CONACT does not provide for limited resource rates, write downs, or buyouts for Youth Loans. In addition, Youth Loans are not eligible to receive Disaster Set-Aside under FmHA Instruction 1951-T.

If a feasible plan cannot be developed with rescheduling or deferral, then liquidation and collection through administrative offset, referral for Treasury Offset Program (TOP) offset, and cross-servicing must be pursued, including offset against any adult cosigner when Social Security numbers of cosigners can be obtained. Cosigner information should be entered into Management of Agricultural Credit software. Any debt remaining after liquidation may be debt settled according to RD Instruction 1956-B or referred to Treasury for collection under TOP and cross-servicing.

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Security Agreement

A new Security Agreement can be generated from within any Credit Action model. In addition, a separate Credit Action called “D-Loan/Sec Agr. Only” can be added when only a Security Agreement is desired and no other Credit Action is required.

In the “Update From” dialog box, select the following sources of information:

- Current income/expense projection

NOTE: Chattel information from the balance sheet that has been previously associated with the selected income/expense projection will also be transferred to the Security Agreement. It is important that a beginning balance sheet be associated with an income/expense projection.

- General Information

NOTE: The name and address of the primary customer will always appear on the security agreement. The name(s) and address(es) of related entities and entities that pledge third-party security will also appear on the security if any one of the following boxes are checked in

General → Related Entities → [Entity Name]:

- Spouse
- Co-Applicant
- CoOwner.

CAUTION: Do not check the “Farm Assmt” box

Once the Security Agreement page is displayed, click on the “Update” link to transfer in the source information.

NOTE: By default, all real estate descriptions on the security agreement will be populated from the **Balance Sheet → Assets → Real Estate-Land** and the **Inc/Exp → Expense Sch. → Rent-Land/Animals** schedules. The “To SA” checkbox in those schedules may be unchecked to stop the transfer of real estate descriptions to the security agreement.

The table below outlines additional information to be entered into the Security Agreement page.

Field	Details
Security Agreement Date	Effective date of the Security Agreement.
Equipment States and Livestock States	Enter the name of the state(s) where the applicable chattel property is located. For example: Wisconsin, Illinois, and Iowa.
Fixtures	Enter a description of fixtures, etc. taken as collateral, if any.
Accounts, deposit agreements, general intangibles, etc.	Enter additional information about specific accounts, contract rights, general intangibles, etc., as required by state handbooks, if any.

See “Electronic File Maintenance, Reports and Signatures” for more information on when a Security Agreement needs to be printed and/or signed.

Farm Business Plan - FSA User Handbook (Continued)

***--Special Classification**

All accounts still having loan balances with FSA shall be classified through FBP. This includes non-active accounts such as flagged accounts, where FSA cannot obtain current financial or production information for a producer. In addition, existing Youth Loans need to be classified in FBP.

To complete a classification on a non-active account or an existing Youth Loan, the General Information screen must be completed. For additional information related to completing the General Information screen, see page 3-1.

IMPORTANT: The FBP Account Type flag on the General Information screen needs to be marked as Special Classification when classifying a non-active account. Existing youth loans will remain as an Active Account.

Create a Credit Action using the D-Loan Special Classification Credit Action Model. Select the Special Classification Credit Presentation link.

The screenshot shows the 'Special Classification' form with the following data:

General Information	
Credit Action Description	special Classification
Individual Name	Steven Rubin
Company Name	Rubin
Address 1	
Address 2	
City, State, Zip	
SSN / Federal Tax I.D. #	112-00-0000 1
Entity Type	Individual
Type of Operation - Primary	Description: SIC: NAICS:
Year Started Farming	Select Year
% of Business Owned?	0 %
Contact Phone	
FSA Security Margin = FSA Collateral - Prior Liens - FSA Loans	
FSA Security Margin:	-5,600
% of FSA Loss = FSA Security Margin / FSA Loans	
% of FSA Loss:	3.6

Callout Box Text: FSA Security Margin and % of FSA Loss field entries will be calculated by the user and then directly entered. FSA Security Margin could be entered either as a positive or negative value. % of FSA Loss is entered as a positive value, such as 3.6 for 3.6 percent loss.

To complete the Special Classification page, manually calculate the estimated FSA Security Margin by estimating the value of FSA’s total collateral minus prior liens and minus FSA’s total loans. This value shall be entered in the provided field as either a positive or negative number. To calculate the % of FSA Loss take the FSA Security Margin (if negative) divided by FSA total loans. All non-active accounts (flagged accounts) and existing delinquent Youth Loans will be classified as ‘5’, “Not Classified” by selecting that item from the “Assigned classification level” drop-down list. To complete the process, click on the Score Now button. For existing current Youth Loans, enter ‘3’, Acceptable.

Farm Business Plan - FSA User Handbook (Continued)

*--Special Features

eNotice

This feature allows you to e-mail other FBP users from within specific areas of FBP. The e-mail that is generated will contain a link to the program area you are in -- at the time you send the e-mail -- so the recipient can access that information and provide the applicable response to your eNotice. While working on a specific section of the plan, the user can generate an e-mail to FLC or FSL for them to review the same section and answer any questions related to the development of the plan.

The screenshot shows a 'Balance Sheet' for 'Rubin, Steven' as of 1/1/2007. The interface includes a top navigation bar with 'Save & Stay', 'Save & [F5]', and 'Save & Menu [X]' buttons. A callout box points to the 'Save & Menu' button with the text: 'Click on this icon to start the eNotice feature.' The main content area is divided into 'Current Assets', 'Intermediate Assets', 'Current Liabilities', and 'Intermediate Liabilities'.

Current Assets		Current Liabilities	
Cash & Equivalents	12,000	Accounts Payable	1
Marketable Bonds & Securities	0	Income Taxes Payable	
Accounts Receivable	0	Real Estate Taxes Payable	1,000
Crop Inventory	660	Other Current Liabilities	4,000
Growing Crops	540	Current Notes Payable - FSA	0
Market Livestock & Poultry	0	Current Notes Payable - Other	12,500
Livestock Products	0	CCC Loans	0
Prepaid Expenses & Supplies	0	Cur. Portion Term Debt - FSA	0
Other Current Assets	0	Cur. Portion Term Debt - Other	5,600
Total Current Assets	13,200	Accrued Interest	0
Intermediate Assets		Total Current Liabilities	24,880
Machinery & Equipment	65,000	Intermediate Liabilities	
Farm Vehicles	15,000	Intermediate Term Debt - FSA	0
Raised Breeding Stock	9,500		

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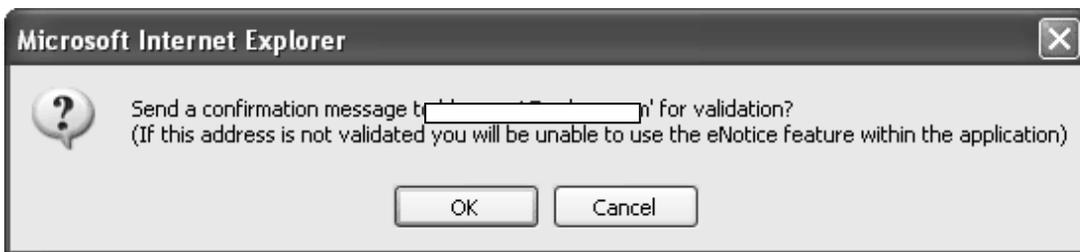
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Farm Business Plan - FSA User Handbook (Continued)

*--The first time you access the eNotice feature, the prompt below will be displayed. CLICK "OK" to continue the validation process. Double-check to ensure that your e-mail address is correct.



The following series of messages will then display.

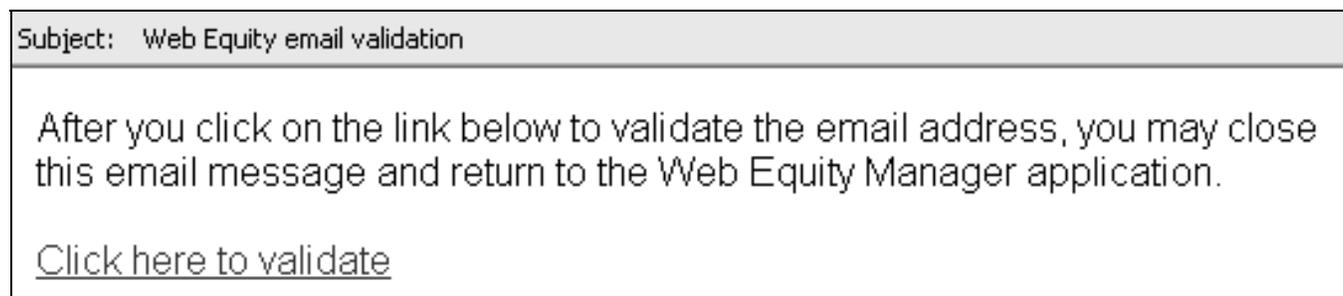


After clicking "OK" on the above message, close the eNotice window, log out of FBP and close your browser window.

NOTE: This is a "one time" process for validating your e-mail and providing you access to the eNotice feature of FBP. The only time you will ever have to go through the validation process again is when/if you ever change your e-mail address.

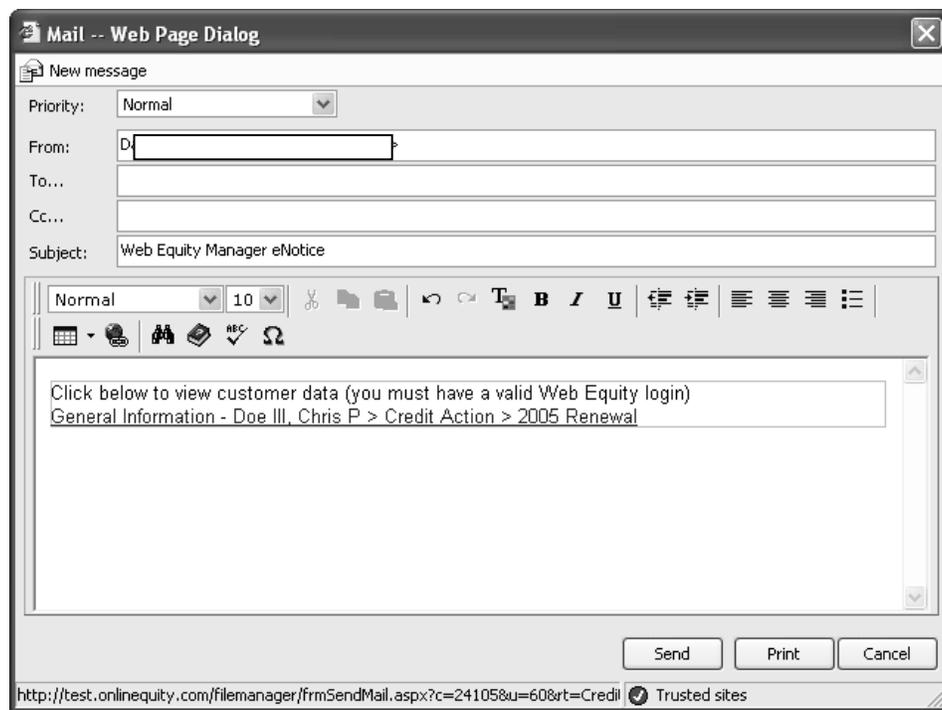
Farm Business Plan - FSA User Handbook (Continued)

*--After you close out the eNotice and browser windows, access your e-mail to view the confirmation e-mail message that has been sent to you. It will display a message like the one below where you will click the "[Click here to validate](#)" link.



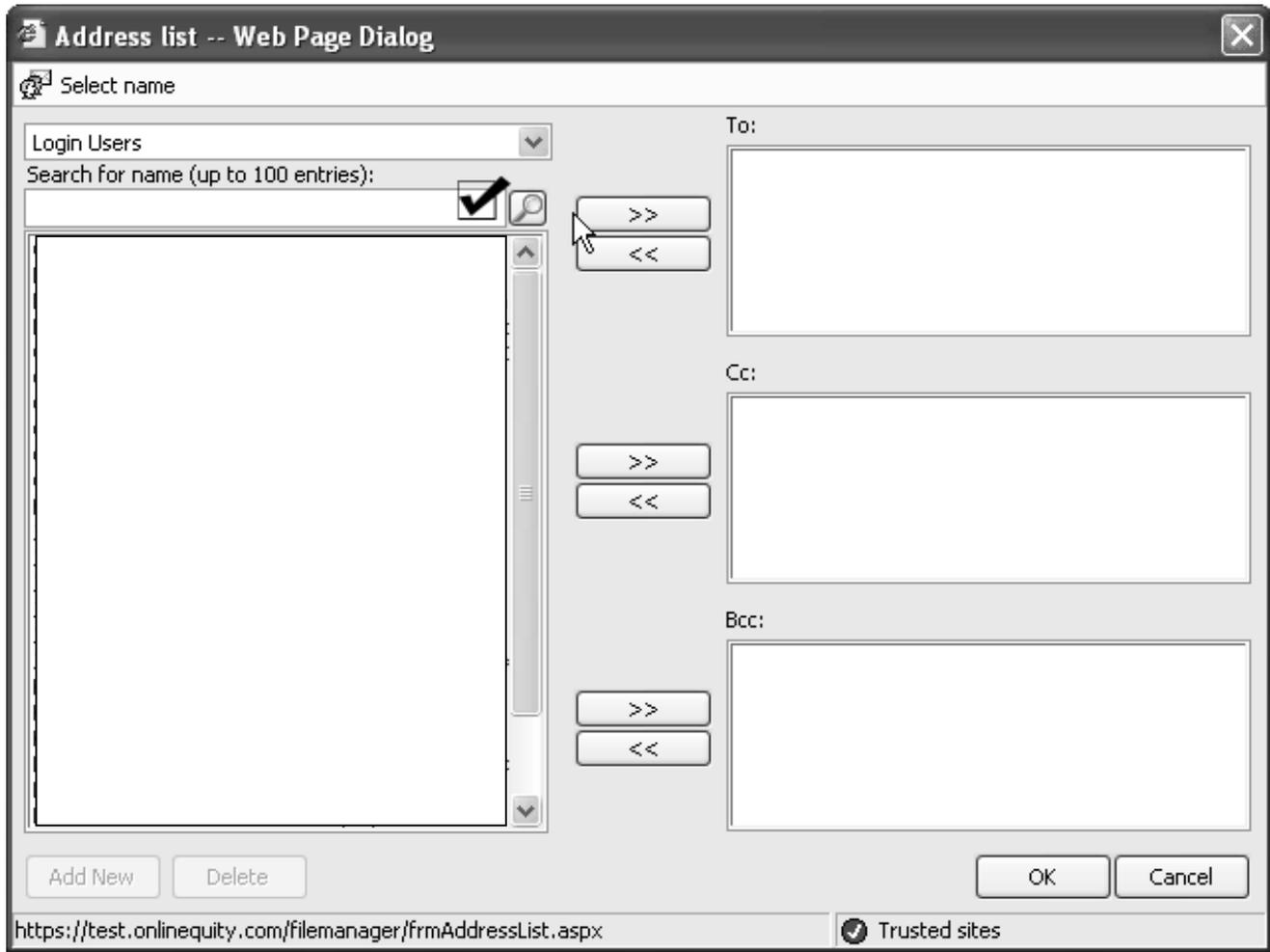
This will automatically open a browser window for you to log back into FBP. Return to the customer record you were in and the location you were at, when you clicked on the eNotice icon the first time. Click on the eNotice icon to re-enter the eNotice feature.

When you enter the eNotice window, a standard e-mail window will automatically display like the sample below. The message will contain a link to the section of FBP you are working in, so the recipient can view what you want them to view. Add any additional information in the message. You can also modify the subject line.



Farm Business Plan - FSA User Handbook (Continued)

*--You can automate the choosing of individuals to e-mail eNotices to by clicking on the "To.../CC..." text below the "From:" field. Doing so will display the window below. Simply click the magnifying glass icon and the system will automatically display the list of valid e-mail addresses in the FBP. This will save you time typing in individual e-mail addresses.



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Farm Business Plan - FSA User Handbook (Continued)

***--Comments**

Throughout the FBP there are icons tied to various fields that allow users to enter additional information in small text boxes once you click on the icon. The information entered in the text boxes is saved and linked to the respective field. Print options allow users to print out the text boxes.

Current Assets		Current Liabilities	
Cash & Equivalents	12,000	Accounts Payable	1,780
Marketable Bonds & Securities	0	Real Estate Taxes Payable	1,000
Accounts Receivable	0	Other Current Liabilities	4,000
Crop Inventory	660	Current Notes Payable - FSA	0
Growing Crops	540	Current Notes Payable - Other	12,500
Market Livestock & Poultry	0	CCC Loans	0
Livestock Products	0	Cur. Portion Term Debt - FSA	0
Prepaid Expenses & Supplies	0	Cur. Portion Term Debt - Other	5,600
Other Current Assets	0	Accrued Interest	0
Total Current Assets	13,200	Total Current Liabilities	24,880
Intermediate Assets		Intermediate Liabilities	
Machinery & Equipment	65,000	Intermediate Term Debt - FSA	0
Farm Vehicles	15,000		
Raised Breeding Stock	9,500		

DecisionMgr

DecisionMgr is available to State FBP Coordinators, FLC’s, and Service Center users. It is a useful tool to track Credit Action status or view credit report activity. Users will have the option of selecting type of data elements to track and identify the time period. On the Locator Screen, CLICK “DecisionMgr” to access this feature.

Farm Business Plan - FSA User Handbook (Continued)

*--At the drop-down menu select Credit Action Status. Here you can view the status of every credit action that is generated in the system. Before using the search feature, choose the information you want to see. The Column Select link in the top-left corner of the screen below will display a popup window where you can choose how many columns of information to display.

Credit Action Status							
Column Select							
Last Name		Location	Status Descr.	Status Type	From Date	To Date	
<input type="text"/>		All	<input type="text"/>	All	1/5/2004	12/27/2005	GO Print
#	Customer Name	S & R Model Type	Status Descr.	Status Type	Status Date	User	ID #
1	Customer #1	Internal SR	Pending Verif	Pending	9/23/2004	Loan Officer #1	
2	Customer #2		Accept	Accept	5/18/2004	Loan Officer #2	
3	Customer #3	Internal SR	App. Received	Pending	11/29/2005	Loan Officer #3	

The search features available include the customer's last name, location, a status description (if you know what it is), the type of status (Accept, Decline, Pending, and Withdrawn) and a date span. Once you enter this search information, click the "GO" button and the results of your query will display down the screen.

The Credit Report Activity Log option allows users to view all the credit bureau reports that have been pulled within the system (sample shown below). You can search for specific time spans by using the "From/To Date" feature at the top-center of the screen, and sort the reports by clicking on the applicable radio buttons below the date search fields. The information is self-explanatory, providing aggregate totals for each bureau, when the report was pulled on which customer, and who pulled the report.

Credit Report Activity Log								
From Date:		1/3/2005	To Date:		12/27/2005	GO		
Sort Credit Reports By: <input checked="" type="radio"/> Customer <input type="radio"/> Date <input type="radio"/> User <input type="radio"/> Location								
Inquiries :	483	Per Bureau :	Experian 126	Trans Union 144	Equifax 73	D & B 25	Exp. Business 115	
Add - Joint Pulls:	73		34	16	23	-	-	
Less - No Hits :	56		13	34	9	0	0	
Less - Errors :	26		19	8	1	18	5	
Total Hits :	474		128	118	86	7	110	
Deleted :	118		47	30	13	6	26	

Existing Reports											
<input checked="" type="checkbox"/>	Customer	Merged	Experian	Trans Union	Equifax	D & B	Exp. Business	NoHit	Error	Retrieved By	Location
<input type="checkbox"/>	Customer #1			7/20/2005						Loan Officer #1	ECI Administration
<input type="checkbox"/>	Customer #2	7/20/2005		7/20/2005						Loan Officer #2	ECI Administration
<input type="checkbox"/>	Customer #3		7/20/2005							Loan Officer #3	ECI Administration

Farm Business Plan - FSA User Handbook (Continued)

***--Track Link**

Click on this link to view all the users that have accessed this particular credit action. This link is used on individual accounts and credit actions. Once in the desired account click on Credit Action from the menu bar and then click on Add/Modify/Delete from the drop down menu. Each credit action listed will have "Track" on the far right column. The link will provide information related to the selected credit action and will show all users who have accessed the credit action.

The Credit Action does not track saves. It only tracks the following events:

Add
Lock
Replace
Score Now
Unlock
Update.

Letters

This feature allows users to generate ad hoc letters to the producer. These letters are not to be used as a substitute for specific letters to producers required by handbooks or instruction manuals. Letters could be sent for additional information or to resolve questions when developing the balance sheet or income expense schedules.

From the producer's FBP account select Letters from the menu bar. Users have the option to generate letters for General Correspondence or for Related Entities. The name and address will populate the letter from the General Information screen. Clicking on the Add link will provide the text box to type the body of the letter.

It is required to print the letters using your Service Center letter head paper. Ignore the Balance Sheet Date, Income & Expense Date and Credit Report Date drop down boxes, they are not available for FSA use.

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Farm Business Plan - FSA User Handbook (Continued)

Getting Help

For help using the FBP software, select the “eHelp” option from the upper right hand menu of the FBP screen or consult this user guide. For questions about issues not available on-line or in the user guide, field office employees should contact their FBP Coordinator. References to “FBP Coordinator” include state and field FBP Coordinators, as appropriate.

Hardware, network, and CCE software issues are routed through the National FSA Help Desk. FBP software issues are routed to ECI. Policy issues are handled by the FBP Coordinator.

Examples of who to contact:

Type of Issue or Question	Field Offices Should Contact	Second Level of Support
<i>Hardware/Network/CCE Software</i>		
eAuthentication or user ID problems; add users; password problems or expired passwords; security levels	FBP Coordinator	<ul style="list-style-type: none"> • FBP systems administrator for granting access. • FSA Help Desk 800-255-2434 – Option 5 for security.
Network or connection problems; can’t connect; system performance	FBP Coordinator	If isolated to one site, contact state IT staff.
		If affecting multiple sites, contact FSA Help Desk 800-255-2434 – Option 3, then 4
Java or Crystal Reports applet installations	FBP Coordinator	State IT Staff
<i>Web Equity Manager Software or Farm Business Planning Policies</i>		
Overall usage of FBP; menu structure; printing reports; setting-up customers	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
“How to” questions	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Importing/exporting data	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Moving service centers in the location hierarchy, redistricting, etc.	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Setting-up access to employee-only & restricted accounts	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
“Checking-in” a customer record that has been checked-out by another user	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5

Continued on the next page

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Continuation

Type of Issue or Question	Field Offices Should Contact	Second Level of Support
“Unlocking” a customer record	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
Retrieving deleted customer records from the recycle bin	FBP Coordinator	<ul style="list-style-type: none"> • FSA Help Desk 800-255-2434 – option 3 then 4 • ECI 800-264-0787 ext. 5
FBP Coordinators system administration & defaults	FSA Help Desk 800-255-2434 - option 3 then 4	ECI 800-264-0787 ext. 5
FBP Coordinators usage of Data Mart	FSA Help Desk 800-255-2434 – option 3 then 4	ECI 800-264-0787 ext. 5

FBP Forum

In addition to live support, users also have access to a FBP forum. A national FSA forum is available, in addition to a forum for each state to use. The FBP coordinator in each state is a forum moderator. The forum is located at <http://fbpforum.onlineequity.com>.

E-Mail Help

E-mail help is also available by e-mailing the parties above. Help for unresolved issues is available from ECI at support@eci-equity.com. In the e-mail, please include:

- Specific question or problem
- Your name
- Your location
- Your phone number and extension

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Farm Business Plan - FSA User Handbook (Continued)

Glossary of Terms

Term	Definition
Ag or Farm Debt	Any debt incurred for which the majority was for farm or ag related purposes.
eAuthentication	The system used to authenticate and authorize users of USDA web-based applications. Previously referred to as “WebCAAF.”
Ending Cash	MADS + beginning cash + operating and term loan advances – operating principal repayment – capital expenditures + capital sales + capital contributions – capital withdrawals
eSignature	An electronic signature that conforms to the ESIGN act. An eSignature requires electronically authenticating the user, and using an unalterable signature that contains a date and time stamp.
FBP	Farm Business Plan. The FBP document, at a minimum consists of a balance sheet with schedules, and income/expense trends with projected cash flow schedules.
Loan Group	A term used in collateral analysis. A group of loans grouped together by creditor and the collateral that secures those loans.
Margin After Debt Service (MADS)	Operating income – purchases for resale – operating expenses including interest and depreciation + non-farm income – owner withdrawals – non-farm expense – income taxes – term principal payments + depreciation
NAICS	North American Industry Classification System. Most government and commercial businesses have moved toward NAICS as a way of classifying U.S. and Canadian businesses based upon a standardized coding system.
Personal or Non-Farm Debt	Any debt incurred for which the majority was for non-farm purposes.
PLAS	Program Loan Accounting System
Post Close Balance Sheet	A balance sheet prepared assuming that the planned loan making or servicing transaction has just taken place.
Pro-Forma Balance Sheet	A balance sheet prepared assuming that the projected plan year has taken place and all assumptions in that plan occurred.
Regular Loan Servicing	Loan servicing actions including subordinations, partial releases of real estate, transfer and assumptions, etc.
Scheduled Input	A method of inputting data into FBP where details are entered and the total of the details are transferred to the summary.
SIC	Standard Industry Classification. This classification system is being phased out in favor of NAICS.
Special Loan Servicing	Loan servicing actions that are identified as 1951-S primary and preservation loan servicing, and Disaster Set-Aside.
Summary Input	A method of inputting data into FBP where detailed information is not used.
Term Debt and Capital Lease Coverage Ratio (TDCLCR)	(Net farm income from operations + non-farm income + depreciation + interest on term debt – income taxes – owner withdrawals – non-farm expense) ÷ Total principal and interest on term debts. TDCLCR is sometimes referred to as “Capital Debt Repayment Capacity” or “CDRC” by FSA and other lenders.
WEM	Web Equity Manager, the software used to generate the FBP.

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