

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

---

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

**Amendment 52**

---

**Approved by:** Deputy Administrator, Farm Loan Programs

*Chris P. Beyershelm*

---

**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 1 D has been added to provide FLP's objective from 7 CFR Parts 761 through 767.

Paragraph 4 has been amended to update National Office contacts.

Subparagraph 41 I has been added to provide procedure for and notification of the acceleration and foreclosure moratorium, as required by the 2008 Farm Bill.

Subparagraph 102 D has been amended to reflect the regulatory change which allows administrative adjustments of the FDIC maximum deposit insurance.

Subparagraph 162 C has been amended to update PLCE team members.

Subparagraph 162 D has been amended to add authority for designee to sign FSA-2126.

Subparagraph 163 A has been amended to add a type of funds that cannot be shifted.

Subparagraph 165 A has been amended to add OF-347.

Subparagraphs 201 A, 222 F, 222 I, and 263 F have been amended to correct references.

Subparagraph 221 A has been amended to revise the regulatory wording.

Subparagraph 222 K has been amended to provide that the annual assessment will include a graduation process.

Subparagraph 402 B has been amended to change State requirements for completing FLPPRA reviews.

**Amendment Transmittal (Continued)**

**A Reasons for Amendment (Continued)**

Exhibit 12 has been amended to illustrate the discrimination complaint e-mail clearance system.

Exhibits 15 and 35 have been amended to correct a reference.

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

Exhibit 25 has been amended to update content.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
1-4	1-1, 1-2 1-7 through 1-10 3-1, 3-2 3-5, 3-6 3-6.5 through 3-6.8 (add) 4-3, 4-4 7-1 through 7-6 7-11, 7-12 8-1, 8-2 8-41, 8-42 8-47 through 8-50 8-127, 8-128 9-3, 9-4	1, pages 1-4 page 5 7, pages 1, 2 12, pages 1, 2 page 3 15, pages 113, 114 17, pages 1, 2 25, pages 1-6 page 7 35, pages 1, 2

# Table of Contents

Page No.

## Part 1 Introduction and Purpose

1	Purpose and Sources of Authority .....	1-1
2	Related References .....	1-2
3	FLP Forms .....	1-4
4	FLP Organizational Structure .....	1-7
5	FLOO Contacts .....	1-11
6-20	(Reserved)	

## Part 2 FLP Authorities

21	Overview .....	2-1
22	General Delegation Requirements .....	2-2
23	State Office and Service Center Authorities .....	2-4
24	Delegating Appraisal Authority .....	2-7
25	Delegating Loan Approval Authority .....	2-8
26	Delegating Loan Servicing Authority .....	2-11
27	Maintaining Approval Authority .....	2-12
28	Establishing Credit Quality Standards .....	2-14
29	Maximum Loan Authorities .....	2-15
30-40	(Reserved)	

## Part 3 Miscellaneous Procedures and Systems

41	Nondiscrimination in FLP .....	3-1
42	Appeals .....	3-6.8
43	Debarment and Suspension .....	3-10
44	Collecting and Coding Ethnicity, Race, and Gender Information .....	3-12
45	Allocating Loan Program Funds .....	3-14
46	Maintaining Borrower Address .....	3-19
47	Ensuring Borrower Compliance with Restrictions on Lobbying .....	3-20
48	Credit Reports .....	3-24
49	DLS .....	3-27
50	GLS .....	3-29
51	FOCUS .....	3-31
52	ADPS .....	3-32
53	CAIVRS .....	3-40
54	Hyperion Data Mart .....	3-42
55	Type of Assistance and Fund Codes .....	3-42
56-59	(Reserved)	
60	Interest Rates .....	3-53
61-100	(Reserved)	

**Table of Contents (Continued)**

**Page No.**

**Part 4          Supervised Bank Accounts**

101	Overview.....	4-1
102	Establishing a Supervised Bank Account.....	4-3
103	Supervised Bank Account Transactions and Monitoring.....	4-5
104	Closing Accounts.....	4-8
105-120	(Reserved)	

**Part 5          Planning and Performing Construction and Other Development**

121	Overview.....	5-1
122	Borrower Requirements for Preparing a Construction and Development Plan...	5-2
123	Review of Proposed Construction and Development Plan.....	5-7
124	Inspections.....	5-9
125	Changing the Planned Development.....	5-11
126	Surety Bonds.....	5-12
127-140	(Reserved)	

**Part 6          Appraisals**

141	General Appraisal Requirements.....	6-1
142	Appraisal Reports.....	6-5
143	FSA Review of Appraisal Reports.....	6-8
144	Appeals of Decisions Based on Appraisals.....	6-13
145	Appraiser Qualifications.....	6-17
146	Appraiser Training Requirements.....	6-18
147-160	(Reserved)	

**Part 7          PLCE's**

161	Overview.....	7-1
162	FFIS.....	7-2
163	Allocating PLCE Funds.....	7-5
164	Program Authority Codes.....	7-8.5
165	Using PLCE for Contractual Purchases and Services.....	7-9
166	Using PLCE for Noncontractual Cost Items.....	7-10
167	Modification or Cancellation of Obligation.....	7-12
168	Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments.....	7-13
169-200	(Reserved)	

## Table of Contents (Continued)

Page No.

### Part 8 Supervised Credit

#### Section 1 Introduction

201	Overview.....	8-1
202	Borrower Responsibilities.....	8-3
203-220	(Reserved)	

#### Section 2 Farm Assessment

221	Overview.....	8-41
222	Elements of an Initial Assessment.....	8-42
223	Annual Review and Assessment Update.....	8-51
224-240	(Reserved)	

#### Section 3 Farm Operating Plan

241	Overview.....	8-85
242	Farm Operating Plan Format.....	8-89
243	Timing of the Farm Operating Plan.....	8-90
244	Revisions to the Farm Operating Plan.....	8-91
245	Considering New Enterprises When Developing the Farm Operating Plan.....	8-92
246	Considering Program Payments When Developing the Farm Operating Plan....	8-94
247-250	(Reserved)	

#### Section 4 Borrower Account Classification

251	Overview.....	8-101
252	Borrower Account Classification System.....	8-103
253-260	(Reserved)	

#### Section 5 Year-End Analysis

261	Overview.....	8-121
262	Preparing for the Year-End Analysis.....	8-122
263	Minimum Requirements of the Analysis.....	8-123
264-400	(Reserved)	

**Table of Contents (Continued)**

**Page No.**

**Part 9 Internal Controls**

**Section 1 FLPRA**

401	Overview .....	9-1
402	FLPRA Review Process .....	9-3
403	State Office Reporting Requirements .....	9-4
404	National Office Reporting Requirements .....	9-5
405-440	(Reserved)	

**Section 2 DD FLP Oversight**

441	General Provisions .....	9-77
442	DDORS .....	9-77
443	Responsibilities .....	9-79

**Exhibits**

1	Reports, Forms, Abbreviations, and Redelegations of Authority	
2	Definitions of Terms Used in This Handbook	
3	(Reserved)	
4	State Supplements	
5	Forms List	
6	(Reserved)	
7	Delegating FLP Authority	
8-11	(Reserved)	
12	Discrimination Complaint E-mail Clearance System	
13	Instructions for E-Mail to the National Office for Discrimination Complaint Status	
14	(Reserved)	
15	Farm Business Plan - FSA User Handbook	
16	(Reserved)	
17	FLP Rates	
18-24	(Reserved)	
25	Program Authority to Request Contract Services and Make Noncontractual Payments – Recoverability of PLCE’s - Effective October 1, 2010	
26	Program Authority to Request Contract Services and Make Noncontractual Payments – Recoverability of PLCE’s - Before October 1, 2010	
27-34	(Reserved)	
35	DD FLP Oversight Review Source Documents	

## Part 1 Introduction and Purpose

### 1 Purpose and Sources of Authority

#### A Handbook Purpose

**[7 CFR 761.1(d)] This part describes the Agency's general and administrative policies for its guaranteed and direct Farm Loan Programs. In general, this part addresses issues that affect both guaranteed and direct loan programs.**

This handbook is designed to assist FSA in understanding:

- general and administrative regulations governing FLP's
- roles and responsibilities in implementing those regulations and other general and administrative responsibilities.

#### B Sources of Authority

The sources of authority for this handbook include:

- 7 CFR Part 761 and other regulations that may be referenced throughout this handbook
- the various laws and statutes passed by Congress, including CONACT.

#### C Regulation References

Text in this handbook that is published in the CFR is printed in **bold** text. The CFR citation is printed in brackets in front of the text. The references and text:

- are intended to highlight the requirement spelled out in CFR
- may be used to support FSA adverse decisions.

#### \*--D FLP Objectives

7 CFR Parts 761 through 767 set forth FSA's regulations for FLP's. **The objective of these programs is to provide supervised credit and management assistance to eligible farmers to become owners or operators, or both, of family farms, to continue such operations when credit is not available elsewhere, or to return to normal farming operations after sustaining substantial losses as a result of a designated or declared disaster. These regulations apply to loan applicants, borrowers, lenders, holders, Agency personnel, and other parties involved in making, guaranteeing, holding, servicing, or liquidating such loans. The programs are designed to allow those who participate to transition to private commercial credit or other sources of credit in the shortest period of time practicable through the use of supervised credit, including farm assessments, borrower training, market placement, and borrower graduation requirements.--\***

## 2 Related References

### A Related FSA Handbooks

The following FSA handbooks concern FLP.

<b>IF the area of concern is about...</b>	<b>THEN see...</b>
State and county organization and administration policies, procedures, principles, and standards, such as work organization	16-AO.
civil rights compliance and administration for FSA programs	18-AO.
appeals and mediation	1-APP.
State and county records management	25-AS.
policies and procedures for the acquisition of supplies, equipment, and services	*--42-AS.--*
common management and operating provisions for program management activities, functions, and automated applications, such as forms that cannot be accepted by FAX	1-CM.
environmental requirements	1-EQ.
processing collections and canceling loan checks and payments	3-FI.
guaranteed loanmaking and loan servicing	2-FLP.
direct loanmaking	3-FLP.
direct loan regular or routine servicing	4-FLP.
direct loan special servicing and inventory property management	5-FLP.
the Emergency Loan Seed Producers Program, Horse Breeder Loan Program, ITLAP, SALP, and servicing of minor loan programs	6-FLP.
procedures for making records available to the public, other Federal agencies, and Congress	2-INFO.
procedures for collecting, maintaining, or disclosing data or information about an individual	3-INFO.
personnel management, such as employee conflict of interest	3-PM.
employee development and training	6-PM.

**Note:** RD Instruction 1940-G must be used along with 1-EQ.

### B Helpful Links

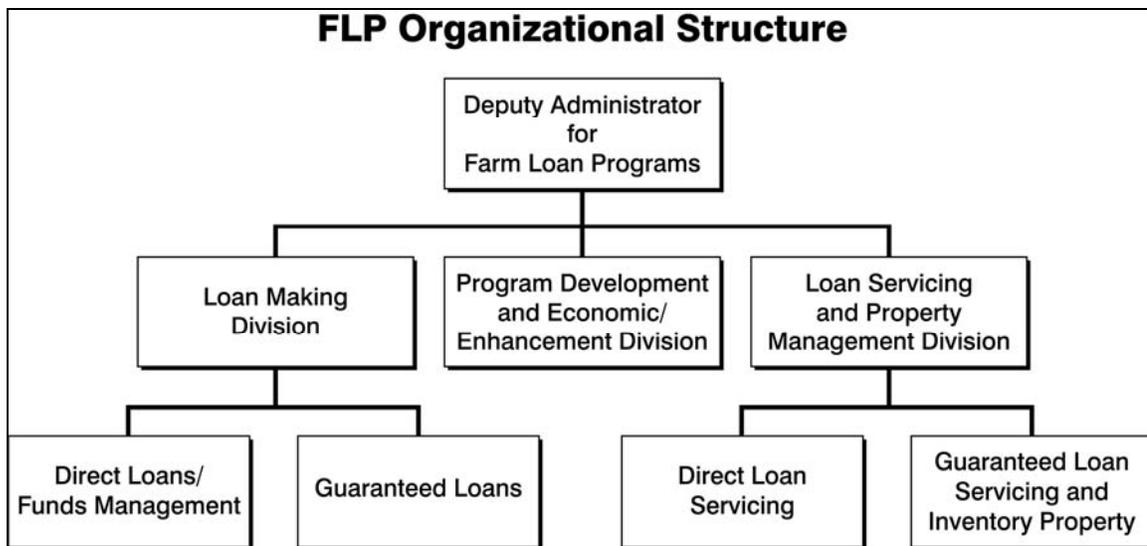
The Helpful Links web site at

<https://arcticocean.sc.egov.usda.gov/flp/InformationalLinks?Action=HelpfulLinks&caller=index> provides links to useful web sites.

4 FLP Organizational Structure

A National Office FLP Organizational Structure

The following is the National Office FLP organizational structure.



B Contacts for the Office of the Deputy Administrator

The following provides the address for the Office of the Deputy Administrator.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP STOP 0520 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520	USDA FSA DAFLP ROOM 3605 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520

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

The following provides names, titles, and telephone and FAX numbers for the Office of the Deputy Administrator.

Office of the Deputy Administrator FAX Number 202-690-3573		
Name	Title	Phone Number
*--Chris Beyerhelm	Deputy Administrator	202-720-4671
James F. Radintz	Assistant Deputy Administrator--*	202-720-4671
Niki Chavez	Senior Loan Officer	202-690-6129
William Cobb	Special Programs Coordinator	202-720-1059

4 FLP Organizational Structure (Continued)

C LMD Contacts

The following provides names, address, and telephone and FAX numbers for LMD.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LMD STOP 0522 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0522	USDA FSA DAFLP LMD 1280 MARYLAND AVE SW SUITE 240 WASHINGTON DC 20024

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

LMD FAX Number 202-690-1117		
Office of the Director		
Name	Title	Phone Number
***	***	***
Cheryl Marbury-Spence	Division Secretary	202-720-1632
Kenneth Hill	Assistant to the Director	202-720-5199
Direct Loans/Funds Management Branch		
***	***	***
Kevin Alexander	Branch Secretary	202-720-1472
Sandra Hammond	Loan Officer	202-720-1647
Connie Holman	Senior Loan Officer	202-690-0756
Dan Jackson	Loan Officer	202-720-0588
Joe Marcoccia	Senior Loan Officer	202-401-0087
Kathleen Miller	Senior Loan Officer	202-720-1643
Mike Moore	Senior Loan Officer	202-690-0651
Jerry Moseman	Senior Loan Officer	202-690-4006
Ann Smith	*--Senior Loan Officer	202-720-1656
Anne Steppe	Senior Loan Officer--*	202-690-4017
***	***	***
Guaranteed Loans Branch		
Robert (Bob) Bonnet	Branch Chief	202-720-3889
***	***	***
Patricia Elzinga	Senior Loan Officer	202-690-1729
Tracy Jones	Senior Loan Officer	202-720-6771
Trent Rogers	Senior Loan Officer	202-720-1657
Charles Russell	Loan Officer	202-720-3309
Randi Sheffer	Loan Officer	202-205-0682

4 FLP Organizational Structure (Continued)

D PDEED Contacts

The following provides names, address, and telephone and FAX numbers for PDEED.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP PDEED STOP 0521 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0521	USDA FSA DAFLP PDEED 1280 MARYLAND AVE SW SUITE 270 WASHINGTON DC 20024

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

PDEED FAX Number 202-720-8474		
Name	Title	Phone Number
Nancy L. New	Director	202-720-7719
***	***	***
Teresa Martin	Program Analyst	202-690-0431
Pixie Greer	Senior Loan Officer	202-720-1652
Bruce Peters	Senior Loan Officer	202-720-7003
Clarence (Chuck) Ropp	Senior Loan Officer	202-690-4008
Clarence (Sam) Snyder	Chief Appraiser	202-720-0599
Shanita Staten	Program Assistant	202-690-4903
Gail Wargo	Senior Loan Officer	202-690-4003

4 FLP Organizational Structure (Continued)

E LSPMD Contacts

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

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LSPMD STOP 0523 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523	USDA FSA DAFLP LSPMD 1250 MARYLAND AVE SW SUITE 500 WASHINGTON DC 20024

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

Office of the Director FAX Number 202-720-5804		
Name	Title	Phone Number
*--Michael R. Hinton	Director	202-720-4572--*
Craig Nehls	Deputy Director	202-720-4572
Lisa Slade	Secretary	202-720-4572
Michael Cumpton	Assistant to the Director	202-690-4014
Jennifer Haley	Program Analyst	202-720-9898
Brenda McNeill	Program and Management Assistant	202-720-4572
Sheila Oellrich	Program Analyst	202-720-2990
Marquita Peoples	Program Analyst	202-720-8320
Direct Loan Servicing Branch FAX Number 202-690-0949		
Bruce Mair	Branch Chief	202-720-1645
Jacqueline King	Program Analyst	202-720-2820
Jenny Breece	Senior Loan Officer	202-690-4011
Gene Christie	Senior Loan Officer	202-690-2517
Richard Cardona-Diaz	Senior Loan Officer	202-720-0078
Mary Durkin	Senior Loan Officer	202-720-1658
Sharilyn Hashimoto	Senior Loan Officer	202-720-2743
Jonathan (Lee) Nault	Senior Loan Officer	202-720-6834
L.D. Pletcher	Senior Loan Officer	202-720-1654
Gary Wheeler	Senior Loan Officer	202-690-4021
Tamara Wilson	Loan Officer	202-690-4012

**Part 3 Miscellaneous Procedures and Systems****41 Nondiscrimination in FLP****A Federal ECOA**

FLP must comply with the provisions of ECOA and the implementing regulations of the \*--Federal Reserve System published in 12 CFR Part 202, which requires in part, the following notice be included on all adverse decisions.--\*

**[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 ECOA Notice and USDA Nondiscrimination Statement on Adverse Decisions**

Include the following combined ECOA notice and USDA 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 of 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, political beliefs, genetic information, 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, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer."*

**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 of 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, political beliefs, genetic information, 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, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

## 41 Nondiscrimination in FLP (Continued)

**G Processing Loan and Servicing Applications When an Applicant Files a Discrimination Complaint (Continued)**

If an applicant or borrower files, or has filed, a discrimination complaint against the agency official responsible for processing the loan or servicing application, DD or SED will assign a different official to process the request. Processing responsibility may be reassigned to:

- an authorized agency official from either of the following:
  - same district, but a different county
  - another district
- DD.

**Note:** Reassignment of processing loan or servicing applications is temporary. When the investigation is closed, and if it is determined that discrimination did not occur, the loan or servicing application will be returned to the appropriate office.

**H Determining if a Discrimination Complaint Has Been Filed at CR**

FLC or designee will contact the National Office by e-mail to ensure that a discrimination complaint has not been filed before borrower account acceleration, again before borrower account foreclosure, and if needed, just before reclassifying debt as CNC. Before:

- acceleration, State Office must contact the National Office for civil rights filing clearance after conclusion of all primary and preservation loan servicing and related appeal rights
- foreclosure, States with:
  - judicial foreclosure, FLC must contact the National Office after account acceleration and before referring the account to OGC for liquidation action

**Note:** If a discrimination complaint is filed after referral to DOJ, then DOJ will decide if the foreclosure shall proceed.

- nonjudicial foreclosure, FLC must contact the National Office after the account has been accelerated and before the collateral is advertised for foreclosure sale
- reclassifying an account as CNC, State Offices must contact the National Office for civil rights filing clearance.

**Notes:** See Exhibit 12 for flow charts of the process used to determine if a discrimination complaint has been filed and is open at CR.

\*--The process established in Exhibit 12, subparagraph B is suspended because of the Settlement Agreement entered into by USDA in the Keepseagle Class Action Lawsuit. See applicable FLP notices for further guidance.--\*

## 41 Nondiscrimination in FLP (Continued)

**H Determining if a Discrimination Complaint Has Been Filed at CR (Continued)**

See Exhibit 13 for information to be included in e-mail to the National Office for civil rights clearance.

Discrimination complaints will be processed according to 18-AO, Part 7.

**\*--I 2008 Farm Bill Acceleration and Foreclosure Moratorium**

**[7 CFR 766.358(a)] Notwithstanding any other provisions of this subpart, borrowers who file or have filed a program discrimination complaint that is accepted by USDA Office of Adjudication or successor office (USDA), and have been serviced to the point of acceleration or foreclosure on or after May 22, 2008, will not have their account accelerated or liquidated until such complaint has been resolved by USDA or closed by a court of competent jurisdiction. This moratorium applies only to program loans made under subtitle A, B, or C of the Act (for example, CL, FO, OL, EM, SW, or RL). Interest will not accrue and no offsets will be taken on these loans during the moratorium. Interest accrual and offsets will continue on all other loans, including, but not limited to, non-program loans.**

Under the 2008 Farm Bill, there is a moratorium on the acceleration or foreclosure for certain borrowers who have a pending program discrimination complaint, or file a program discrimination complaint that is **accepted** as valid by OA.

When the State Office is notified by OCR or LSPMD that the borrower has an accepted complaint, it will process DLS Transaction "5G", "Establish Descriptive Code", using Descriptive Code "7" to establish the indicator for accounts that may be eligible for a moratorium. The effective date of the "5G" transaction will be the date the complaint was accepted by OA.

**Note:** State Offices will monitor all accounts flagged "OAC1". The State Office will process DLS Transaction "5H", "Remove Descriptive Code", using Descriptive Code "7" at the conclusion of the moratorium.

If the borrower has an accepted complaint at OA **and** the account is at the point of acceleration or in foreclosure, interest will **not** accrue and no offsets will be taken on any CL's, FO's, SW's, RL's, OL's, and EM's and any recoverable costs associated with these loans.

The moratorium will end on the date the claim is resolved.

If any requests for debt settlement or payoff during the moratorium are received, contact LSPMD.--\*

## 41 Nondiscrimination in FLP (Continued)

**\*--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)**

For the purpose of the 2008 Farm Bill noted in this subparagraph:

- FSA was not directed to suspend interest or offsets on any loans other than CL's, FO's, SW's, RL's, OL's, and EM's
- interest accrual and offsets will continue to be taken on other loans, including NP loans
- accounts that have no security remaining that have been accelerated or where all loans are mature, such as those classified as CNC, also will continue to accrue interest and be subject to offset.

**Note:** Other moratoriums as directed by the Secretary of Agriculture or the Administrator will be followed on their own terms and in some cases will interact with accounts affected by the 2008 Farm Bill.

**[7 CFR 766.358(a)(1)] If the Agency prevails on the program discrimination complaint, the interest that would have accrued during the moratorium will be reinstated on the account when the moratorium terminates, and all offsets and servicing actions will resume.**

**[7 CFR 766.358(a)(2)] If the borrower prevails on the program discrimination complaint, the interest that would have accrued during the moratorium will not be reinstated on the account, unless specifically required by the settlement agreement or court order.**

**[7 CFR 766.358(b)] The moratorium will begin on:**

- (1) May 22, 2008, if the borrower had a pending program discrimination claim that was accepted by USDA as valid and the account was at the point of acceleration or foreclosure on or before that date or**
- (2) The date after May 22, 2008, when the borrower has a program discrimination claim accepted by USDA as valid and the borrower's account is at the point of acceleration or foreclosure.--\***

## 41 Nondiscrimination in FLP (Continued)

**\*--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)**

For borrowers who:

- had a pending program discrimination claim **and** were at the point of acceleration or foreclosure as of May 22, 2008, the moratorium was effective as of May 22, 2008
- have a program discrimination claim accepted by OA after the effective date of the 2008 Farm Bill (May 22, 2008) **and** later reach the point of acceleration or foreclosure, the moratorium will begin at the point of acceleration or foreclosure
- are at the point of acceleration or foreclosure **and** then have a program discrimination claim accepted by OA after the effective date of the 2008 Farm Bill (May 22, 2008), the moratorium will begin on the date the claim is accepted by OA.

**[7 CFR 766.358(c)] The point of acceleration under this section is the earliest of the following:**

- (1) The day after all rights offered on the Agency notice of intent to accelerate expire if the borrower does not appeal;**
- (2) The day after all appeals resulting from an Agency notice of intent to accelerate are concluded if the borrower appeals and the Agency prevails on the appeal;**
- (3) The day after all appeal rights have been concluded relating to a failure to graduate and the Agency prevails on any appeal;**
- (4) Any other time when, because of litigation, third party action, or other unforeseen circumstance, acceleration is the next step for the Agency in servicing and liquidating the account.**

The point of acceleration is the **earliest** of the following:

- the day after all rights offered on FSA-2521 or FSA-2525 have expired, if the borrower does **not** appeal
- the day after all appeals resulting from FSA-2521 or FSA-2525 are concluded, if the borrower did appeal and FSA prevailed on the appeal
- the day after any appeal rights have concluded relating to the failure to graduate under 4-FLP, paragraph 48
- any other time when, because of litigation, third party action, or other unforeseen circumstance, acceleration is the next step for FSA in liquidating the account.--\*

## 41 Nondiscrimination in FLP (Continued)

**\*--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)**

**[7 CFR 766.358(d)] A borrower is considered to be in foreclosure status under this section anytime after acceleration of the account.**

A borrower is considered to be at the point of foreclosure anytime **after** acceleration.

The borrower will be notified of the temporary moratorium of interest accrual and offset by SED, or State Office designee, using FSA-2120 with a courtesy copy FAXed to FLOO, Loan Servicing Group according to paragraph 5.

**Note:** The offset is **not** canceled, but only temporarily suspended until the claim is resolved.

FLOO will update the borrower's account to suspend interest accrual and offset activity.

**[7 CFR 766.358(e)] The moratorium will end on the earlier of:**

- (1) The date the program discrimination claim is resolved by USDA or**
- (2) The date that a court of competent jurisdiction renders a final decision on the program discrimination claim if the borrower appeals the decision of USDA.**

FSA-2121 will be used by SED, or State Office designee, to inform the borrower that the moratorium has ended. FLOO, Loan Servicing Group will be FAXed a courtesy copy and notified by separate correspondence of the requirements of any Settlement Agreement about interest accrual and offsets.

If FSA prevails, the suspended interest will be reinstated and interest accrual and offsets will immediately resume.--\*

## 42 Appeals

### A General Requirements

FLP applicants and borrowers have the right to request reconsideration, file appeals, and enter into ADR about adverse decisions according to 7 CFR Part 780 and 7 CFR Part 11. See 1-APP for FSA's appeal procedure.

**Exceptions:** For adverse decisions on:

- loan servicing requests under 5-FLP, use the appropriate forms and exhibits to notify borrowers

**Note:** Appraisals used for homestead protection, including appraisals used in exercising the option to purchase homestead property, or used to determine the amount due under shared appreciation agreements under 5-FLP, may be appealed according to paragraph 144 and 1-APP.

- nonprogram loan borrowers, see 4-FLP, paragraph 248.

**Note:** Regulations published in 7 CFR are available on the GPO web site at <http://www.gpoaccess.gov/cfr/index.html>.

### B Mandatory Language for Adverse Decision Letters

See 1-APP for mandatory language about reconsideration, appeal, and ADR, to be included in adverse decision letters. Additional guidance may be issued under the APP notice series.

## 102 Establishing a Supervised Bank Account

### A Selecting a Financial Institution

**[7 CFR 761.51(b)] The borrower may select the financial institution in which the account will be established, provided the institution is Federally insured. If the borrower does not select an institution, the Agency will choose one.**

**[7 CFR 761.51(c)] Only one supervised bank account will be established for any borrower.**

**[7 CFR 761.51(d)] If both spouses sign an FLP note and security agreement, the supervised bank account will be established as a joint tenancy account with right of survivorship from which either borrower can withdraw funds.**

### B Opening a Supervised Bank Account

The authorized agency official must provide the financial institution with FSA-2140, which addresses:

- services to be provided
- frequency and method of transmission for account statements
- countersignature requirements
- waiving of service charges whenever possible.

The authorized agency official, the financial institution, and any borrower authorized to write checks must sign FSA-2140. File the original in the borrower's case file and provide 1 copy to the borrower and 1 copy to the financial institution.

The authorized agency official is not required to provide his or her SSN to the financial institution. Government agencies are exempt from the requirements of the Customer Identification Program. FSA-2139 will be sent to financial institutions that require documentation of the exempt status of Government agencies on this issue.

### C Type of Account

**[7 CFR 761.53(a)] A supervised bank account, if possible, will be established as an interest bearing deposit account provided that funds will not be immediately disbursed, and the account is held jointly by the borrower and the Agency if this arrangement will benefit the borrower.**

The authorized agency official, the borrower, and the financial institution must complete FSA-2141 when an interest bearing account is used.

## 102 Establishing a Supervised Bank Account (Continued)

**D Account Balance Exceeding the Maximum Amount Insured by the Government**

**[7 CFR 761.51(e)] If the funds to be deposited into the account cause the balance to \*--exceed the maximum amount insurable by the Federal Government, the financial--\* institution must agree to pledge acceptable collateral with the Federal Reserve Bank for the excess over the insured amount, before the deposit is made.**

\* \* \*

Agency officials should use EFT or multiple advances when possible to minimize instances where the balance in supervised bank accounts will exceed the maximum insurable amount.

If an account balance will exceed \$250,000, County Offices must complete FSA-2144 and forward it to the State Office. The State Office shall submit FSA-2144 to:

- FMD FINANCIAL SYSTEMS AND PROCEDURES BRANCH  
STOP 0581  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0581
- FAX: 703-305-1144.

FMD will coordinate the collateralization with the financial institution.

**[7 CFR 761.51(e)] (1) If the financial institution is not a member of the Federal Reserve System, the institution must pledge acceptable collateral with a correspondent bank that is a member of the Federal Reserve System. The correspondent bank must inform the Federal Reserve Bank that it is holding securities pledged for the supervised bank account in accordance with 31 CFR Part 202 (Treasury Circular 176).**

**(2) When the balance in the account has been reduced, the financial institution may request a release of part or all of the collateral, as applicable, from the Agency.**

Requests for release of collateral will be forwarded to FMD, Financial Systems and Procedures Branch.

**Part 7 PLCE's****161 Overview****A Purpose**

This Part describes procedures for obligating, paying, and reporting noncontractual expenses and special handling processes for noncontractual and contractual PLCE's. See 42-AS for procedure for purchasing and reporting contractual goods and services.

The following are the 2 types of PLCE's:

- recoverable PLCE's are chargeable to either a borrower or property account
- nonrecoverable PLCE's are not chargeable to a borrower or property account.

**B Program Authority**

Program authorities to request goods and services by contract and make noncontractual payments are in Exhibit 25. Employees with program authority may redelegate their authority to any qualified employee.

If additional program authority is needed above the levels granted in Exhibit 25, SED must forward a written request to the Director, LMD by FAX at 202-690-1117 or mail to:

DIRECTOR  
USDA FSA DAFLP LMD  
STOP 0522  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0522.

## 162 FFIS

**A Background**

FFIS is a mainframe software package for authorized agency users to record, monitor, and control all activities in the “Type 60” PLCE spending process.

**Note:** All references to PLCE activity as “Type 60’s” and using the “60” numbering system for PLCE items are obsolete.

PLCE data recorded in FFIS includes State allocations, obligations, invoices, disbursements, and post-payment modifications. Borrower and property loan information is validated and \*--stored in the BOPR table in FFIS to ensure that data backed to is accurate.--\*

SED shall ensure that an adequate number of employees are trained, delegated authority, and have the proper security clearance, user ID, and password to input and approve transactions using FFIS.

The Program Loan Cost Expense - Foundation Financial Information System Fast Facts Desktop Reference Guide and Procedure Guide for FFIS Program Loan Cost Expense - Field Users Guide are available electronically at

**<https://arcticocean.sc.egov.usda.gov/flp/IndexServlet>**. Individuals should use the guides to:

- monitor State allocations and available balances of PLCE funds
- process obligations and invoices
- respond to vendor inquiries related to invoice and disbursement activity.

The guides provide instructions for:

- processing obligations
- modifying obligations
- canceling obligations
- processing invoices
- navigating through inquiry tables to verify updates and monitoring allocations and expenditures
- understanding the spending chain
- understanding document referencing
- responding to vendor inquiries
- error code inquiries
- establishing vendor codes.

## 162 FFIS (Continued)

**B Using EFT**

The Debt Collection Improvement Act of 1996 mandates using the EFT payment method for Government disbursements. EFT enables FSA to pay for goods and services electronically by direct deposit of the payment. FAR and Treasury regulations at 31 CFR Part 208 allow for the following exceptions to the EFT requirement:

- \*--Federal and local government vendors--\*
- employees
- nonemployee travelers
- foreign vendors not operating on U.S. soil
- individuals that do not have an account at a financial institution
- operational hardship.

**Note:** This applies if the vendor's regular business process will be severely hindered by receiving payment through EFT.

## 162 FFIS (Continued)

## C VID Number

All vendors must have a VID number assigned before processing FFIS obligations and disbursements. The VID number is a:

- unique number used to identify vendors, organizations, and persons to whom USDA makes payments or from whom USDA collects receivables
- combination of the vendor's TIN, SSN, or EIN plus a 2-position character for identifying multiple addresses for those vendors operating under a single TIN, but at multiple locations.

State Office employees will access the VEND FFIS vendor table using the vendor's TIN/SSN/EIN to determine whether the vendor has been established.

If the vendor is not in the FFIS vendor table, complete FSA-2173 and enter requests through FFIS using the PVND screen. Issues and concerns about VID numbers can be addressed with the PLCE team member associated with each State as follows:

- Brian Huffman, FCG, by any of the following:
  - telephone at 314-679-6724
  - e-mail to **brian.huffman@stl.usda.gov**
  - FCG FAX to 314-679-6732
- Erin Greco, FCG, by any of the following:
  - telephone at 314-679-6728
  - e-mail to **erin.greco@stl.usda.gov**
  - FCG FAX to 314-679-6732.

\* \* \*

**162 FFIS (Continued)****D Employees as Vendors**

Employees are permitted to incur costs on behalf of FSA to obtain copies of courthouse documents provided **prior budget approval is obtained** from the PLCE Monitor. If preapproval of the expenditure is not received from the PLCE Monitor, the cost may not be reimbursable.

\*--FLC or designee will sign FSA-2126 for all employee reimbursements requests.--\*

Employees will **not**:

- act as a vendor for “convenience” of the office, applicant or borrower
- act as a vendor whenever “L”, “R”, or “S” funds are used
- be asked or required to use personal funds for miscellaneous expenses with repayment through PLCE funding at a later time
- be a vendor when an expense can be handled through normal PLCE processes
- file for reimbursement of any PLCE on a travel voucher, SF-1164, or by any other means other than FSA-2126.

**Note:** FSA employees are already established as vendors in FFIS. When the vendor is an FSA employee, VID is the employee’s SSN plus “E S” at the end of the entry.

**Example:** 123456789E S.

**163 Allocating PLCE Funds****A National Office Allocation of PLCE Funds to States**

The National Office allocates PLCE funds to each State or group of States that has FLC. The most recent allocations and balances are available in FFIS on the Allocation (ALOC) Screen.

**Note:** PLCE funds are not suballocated to the County Office level.

The National Office divides each State allocation into 4 accounts. Each account has its own purpose and designated loan cohort.

- ACIF Program Account (nonrecoverable). This “A” account is used to pay PLCE’s that are not chargeable to a borrower or inventory property account. The “A” account fund code is identified as “2360” in FFIS ALOC table.

## 163 Allocating PLCE Funds (Continued)

## A National Office Allocation of PLCE Funds to States (Continued)

- ACIF Direct Loan Financing Account (recoverable). This “R” account is used to pay PLCE’s that are chargeable to a borrower or inventory property account in which the loan was obligated in FY 1992 or subsequent years. The “R” account fund code is identified as “5360” in FFIS ALOC table.
- ACIF Liquidating Account (recoverable). This “L” account is used to pay PLCE’s that are chargeable to a borrower or inventory property account in which the loan was obligated before FY 1992. The “L” account fund code is identified as “1360” in FFIS ALOC table.

**Note:** Always use **the original loan obligation date** on rescheduled or reamortized loans when determining the proper recoverable (“R” or “L”) account to be charged.

- Recovery Act - Direct Financing Account - Capital Investment (recoverable). This “S” account is used to pay PLCE’s that are chargeable to a borrower or inventory property account in which the loan was obligated using ARRA (“Stimulus”) identified loan funds. “S” loans are identified by the Type of Assistance for obligation: 5xx, \*-5xx, etc. The “S” account fund code is identified as “5160” in the FFIS ALOC table.

FSA assigns recoverable PLCE’s to specific loans, except ARRA (“Stimulus”) loans. When a specific recoverable PLCE applies to more than 1 loan, the oldest outstanding loan, which is the loan with the earliest obligation date, of the same type will determine which recoverable account (“L” or “R”) will be charged.

**Note:** Only “S” funds will be used to obligate and pay PLCE items for ARRA (“Stimulus”) loan. The use of “L” or “R” funds for ARRA (“Stimulus”) loans is not authorized.

\*--A State Office cannot shift funds among the “A”, “L”, “R”, and “S” accounts. Each State--\* Office must keep these fund purposes and amounts in mind when planning the timing of obligations and disbursements.

Because of anticipated demand for “A” account funds, State Offices should spend “A” account funds only for services that cannot be performed internally by FSA.

**Note:** Using purchase cards for a PLCE activity for an FLP \* \* \* applicant or borrower is not authorized.

**164 Program Authority Codes (Continued)****D Type of Expense**

Exhibit 25 indicates whether the expense is as follows:

- recoverable
- nonrecoverable
- either recoverable or nonrecoverable.

**E Historical PAC Reference**

Exhibit 26 will be retained for reference.

**165 Using PLCE for Contractual Purchases or Services****A Obtaining Contractual Services**

FSA uses FAR (48 CFR Part 1), Agriculture Acquisition Regulation (48 CFR Parts 401-453), USDA DR's and notices, and FSA notices to manage acquisitions.

\*--Either OF-347 or SF-1449 shall be used for PLCE contractual supplies and services.--\*

All contractual documents must have the signature of a warranted Contracting Officer. As specified by FAR 1.602-1(b), only the Contracting Officer has the authority to enter into an agreement with a vendor for contractual supplies or services. All documents signed by the Contracting Officer must be within the limits of the Contracting Officer's authority. Approved contractual documents will be processed in FFIS by an employee with delegated authority and the required security login and passwords. A warrant is not required for inputting or approving FFIS transactions.

**Note:** See paragraphs 163 and 164 for FLP responsibilities for PLCE monitoring and budget approval.

166 Using PLCE for Noncontractual Cost Items

**A Obligating Funds for Noncontractuals**

Obligate funds for noncontractual cost items according to the following.

Step	Action
1	<p>County Offices shall:</p> <ul style="list-style-type: none"> <li>• maintain a copy of all FSA-2126's in chronological order using the initial obligation (MY) document number</li> </ul> <p><b>Note:</b> Certification of Services Received (TY) documents should be filed with the associated MY document.</p> <ul style="list-style-type: none"> <li>• FAX a request for funding approval to the State Office FLP, Attn: PLCE *--Monitor. The request must include the following:--*</li> </ul> <ul style="list-style-type: none"> <li>• completed FSA-2126 signed by the authorized agency official</li> <li>• the ADPS Online Borrower History (OH) Inquiry (1<sup>st</sup> page) or AP Status *--Screens may be attached for verification of the "L", "R", or "S" account.</li> </ul>
2	<p>State Offices shall:</p> <ul style="list-style-type: none"> <li>• check Exhibit 25 for proper PAC and authority to complete the request</li> <li>• check the BOPR table in FFIS to verify PLCE account "L", "R", or "S" account--*</li> <li>• review and approve using funds by signing and dating FSA-2126</li> <li>• establish new vendors with a VID number</li> <li>• use electronic payment whenever possible</li> <li>• enter the information into FFIS for obligation (MY)</li> <li>• enter the MY document number on FSA-2126 and return a copy to the initiating office.</li> </ul>

\*--For many PLCE financial transactions, such as paying delinquent real estate taxes, the cost--\* item will be submitted for obligation and payment at the same time. In these instances, submit one FSA-2126 with both the obligation and certification of services parts completed. Submit the invoice with FSA-2126 and check (✓) the box at the top of FSA-2126 to indicate that the invoice is attached.

**Part 8 Supervised Credit****Section 1 Introduction****201 Overview****A Applicability**

**[7 CFR 761.101] This subpart applies to all direct FLP applicants and borrowers, except borrowers with only Non-program loans.**

FSA's direct loan programs assist family farmers with temporary financial supervisory assistance to improve their potential to graduate to securing credit from commercial lenders. To ensure that this program objective is met, FLP direct loan programs:

- have in place:
  - term limits (3-FLP)
  - graduation requirements (4-FLP)
  - market placement to assist eligible borrowers to obtain guaranteed loans (2-FLP)

**Note:** CL's are **not** subject to term limits or graduation.

- require:
  - borrower training to ensure that guaranteed loans or commercial credit can be \*--obtained in the future (3-FLP, Part 18)--\*
  - FSA and the loan applicant or borrower to complete farm assessments and assessment updates as needed (Section 2)
  - the loan applicant or borrower to prepare a farm operating plan, with FSA assistance as needed (Section 3)
  - FSA to classify accounts (Section 4)
  - FSA, with borrower input, to complete a year-end analysis as required (Section 5).

**201 Overview (Continued)****B FSA's Role**

FSA's role is to help its direct loan applicants and borrowers in the supervised credit process:

- identify short-, intermediate-, and long-term goals consistent with financial success
- pinpoint and prioritize problem areas
- develop strategies and an operating plan to:
  - meet operational goals
  - graduate to commercial credit
- provide objective credit counseling
- evaluate progress and adjust the action plan as needed.

**C Applicant/Borrower's Role**

The applicant or borrower has the ultimate responsibility for success of the farming operation. FSA serves in an advisory role, providing temporary assistance. Therefore, it is especially important for the applicant or borrower to prepare to graduate to guaranteed or commercial credit by:

- identifying the goals for the operation
- pinpointing and prioritizing problem areas
- developing strategies and a farm operating plan to meet the operation's goals
- evaluating progress and adjusting operating plan as needed
- complying with the borrower responsibilities according to paragraph 202.

## Section 2 Farm Assessment

## 221 Overview

## A Objective

**\*--[7 CFR 761.103(a)] The Agency, in collaboration with the applicant, will assess the farming operation to:**

- (1) Determine the applicant's financial condition, organizational structure, and management strengths and weaknesses;**
- (2) Identify and prioritize training and supervisory needs; and**
- (3) Develop a plan of supervision to assist the borrower in achieving financial viability and transitioning to private commercial credit or other sources of credit in the shortest time practicable, except for CL.--\***

An assessment:

- is an evaluation of the applicant's operation, developed jointly with the applicant
- is completed after an applicant, not currently indebted to FSA, has been determined eligible for a direct loan
- identifies weaknesses in the operation, prioritizes them from most to least critical, and determines their impact on the operation's needs and goals
- helps to identify operational goals, positive and negative trends in the applicant's management, earnings and capital positions, productivity, and physical assets
- builds a strategy in the areas of planning, counseling, loan controls, analysis, monitoring, borrower training, and other supervisory needs.

The assessment process enables FSA to determine the kind and amount of financial and supervisory assistance needed by the applicant. In conducting assessments, authorized agency officials need to draw upon their knowledge, expertise, and judgment to arrive at conclusions on local economic conditions, production constraints and capabilities, the farm's historical performance, productive capabilities, adequacy of equipment and facilities, business goals, and project performance. Listening to the applicant's perceptions of the operation is critical to the assessment process.

**\*--All available resources shall be used when developing the plan to assist the borrower to address any operational weaknesses and achieve the borrower's goals, including:--\***

- local farm management consultants
- the Extension Service
- educational institutions
- producer associations
- successful local farmers
- fellow FSA employees.

**222 Elements of an Initial Assessment****A Type of Farming Operation**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(2) Type of farming operation.**

The initial assessment must identify or describe the type of farming operation, including:

- the business focus of the operation, including major types of crops, livestock, or other output produced by the farm
- minor commodities being produced, such as fat steers from a dairy operation
- size of the operation, such as number of milking herd and herd average, number of acres being farmed, and projected yields
- market conditions, environmental concerns, and other external factors
- production contracts, capital leases, or other special contractual arrangements that affect the farming operation
- the effects of special circumstances, if any, related to the applicant's family and organization.

Production Levels. Evaluation of production levels, such as bushels per acre, percent calf crop, pounds of milk per animal, and pounds of grain, shall include a determination of:

- whether there is sufficient capacity to generate projected income
- if present levels of production will attain the goals set by the applicant.

If production is below area standards, the authorized agency official must discuss with the applicant why this is so and develop plans to improve production. Possible strategies for improvement may include feed analysis, soil testing, or investment in different equipment. If applicable, credit needs for additional investments should be discussed.

## 222 Elements of an Initial Assessment (Continued)

**F Supervisory Plan**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(9) Supervisory plan, except for Streamlined CL.**

The authorized agency official must tailor the supervisory plan to the applicant's individual needs and risks associated with the operation. An applicant's involvement and understanding of FSA's supervisory responsibilities in providing supervised credit are essential to successful supervision. The authorized agency official must work with the applicant to develop practical plans and realistic timetables for realizing improvements in critical areas. The supervisory plan shall:

- identify and recommend areas of training which will help the applicant address \*--operational weaknesses, according to 3-FLP, paragraph 472--\*
- schedule the farm visit and record review and track through DLS by using the Farm Visit scheduling, tracking, and monitoring workflow activities
- ensure that the operational analysis will be done in FBP.

**G Historical Performance**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(6) Historical performance, except for Streamlined CL;**

The authorized agency official must consider and analyze significant aspects of the operation's historical production and financial performance, trends, and current condition.

Production Data. The initial assessment must include and evaluate at least the last 3 years of production data for the farm, where possible. The applicant has the discretion to provide up to the last 5 years of production records. The evaluation must consider current production levels (e.g., bushels per acre, percent calf crop, pounds of milk per animal, and pounds of grain). It also must consider whether the farm has a capacity sufficient to generate projected production and to attain the applicant's goals. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of production data for the existing operation.

Financial Data. The initial assessment must include and evaluate at least the last 3 years of financial data for the farm or applicant. The applicant has the discretion to provide up to the last 5 years of financial records. Financial data can be gathered from tax returns, applicant records, or FSA records. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of financial data for the existing operation, if available, along with the applicant's own living expenses.

## 222 Elements of an Initial Assessment (Continued)

**G Historical Performance (Continued)**

Trend analysis must use comparable data for each year. For example, a trends analysis using balance sheets can be done properly only when the balance sheets from different years are \*--“as of” approximately the same dates. Even though the balance sheets may not be--\* submitted on, for example, December 31, 2XXX, the balance sheet may still be prepared “as of” that date.

The initial assessment must evaluate the current management and use of financial resources (income and credit), and how they contribute to or detract from the operation. The assessment shall determine how well financial resources are used in meeting \* \* \* goals and whether the applicant stays within the budget, considering the following:

- appropriateness of income sources
- adequacy of dedicated resources
- appropriateness of credit use
- productivity levels as related to profitability
- effectiveness of income use
- existence of other income opportunities.

Numerous indicators based on actual performance must be considered red flags when analyzing an operation. For example:

- increasing expense-to-income ratio for several years and a large debt load without \*--considerable nonfarm income, especially if the applicant has not suffered from natural disasters
- increasing current liabilities from year to year without corresponding increases in current assets, especially if the applicant has not suffered from natural disasters--\*
- increasing trend in debt-to-asset ratio, while considering fluctuations in land values, the economy, and price levels
- declining working capital position
- declining repayment margins.

## 222 Elements of an Initial Assessment (Continued)

**G Historical Performance (Continued)**

The following illustrates how some financial indicators can alert the authorized agency official to potential problems or immediate concerns about the farming operation. For instance, an expense-to-income ratio that stays at 70 percent or higher for several years could indicate a potential problem. The same ratio at 80 percent or more coupled with minimal off-farm income is a cause for immediate concern.

<b>Financial Indicator</b>	<b>Potential Problem</b>	<b>Immediate Concern</b>
Expense-to-income ratio (without interest)	70 percent or more for several years	More than 80 percent with minimal off-farm income
Increased accounts payable	Sudden increase in accounts payable	Accounts payable extended over 2 months without cash-generating assets/ receivable accounts
Liquidity	Ratio less than 1.5 to 1	Ratio less than 1 to 1
Solvency	Ratio of 60 percent or more	Ratio of 75 percent or more
Family living expenses	Unsubstantiated estimates below \$20,000 for an average family	Unsubstantiated estimates below \$10,000 for an average family

**H Farm Operating Plan**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(7) Farm operating plan.**

The initial assessment must include a balance sheet and provide a projected farm budget (1-year pro forma). The automated FBP system is the primary tool used in budget planning, but other systems acceptable to FSA may also be used.

A breakdown of per-acre expenses by commodity item is ideal when developing a plan of action regarding operating expenses. Examining per-unit costs assists in identifying whether expenses are being applied properly toward those income-generating areas. A per-unit cost breakdown also is useful with livestock production.

**I Training Plan**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(10) Training plan.**

The authorized agency official must describe FSA's initial recommendations for borrower training. The recommendations must assist the applicant in addressing operational \*--weaknesses. See 3-FLP, Part 18 for borrower training requirements.--\*

## 222 Elements of an Initial Assessment (Continued)

**J Loan Evaluation**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(8) Loan evaluation, except for Streamlined CL.**

The authorized agency official must evaluate and discuss whether the proposed loan is reasonable based on:

- the applicant's goals and the operation's objectives
- projected cash flow (as analyzed in the farm operating plan software or an acceptable alternative)
- loan security
- other loan risk factors.

The loan evaluation is similar to the loan narrative, which is discussed in 3-FLP, paragraph 351. The loan evaluation and loan narrative must be consistent.

**\*--K Graduation Plan**

[7 CFR 761.103(b)] **The initial assessment must evaluate, at a minimum, the:**

**(11) Graduation Plan, except for CL.**

FLP's, except for CL, are designed to allow borrowers to transition to private commercial credit or other sources of credit in the shortest period of time practicable through the use of supervised credit, including the farm assessment and:

- borrower training, 3-FLP, Part 18
- market placement, 2-FLP, paragraph 72
- borrower graduation, 4-FLP, Part 4.

The authorized agency official must document the borrower's status about graduation and the consideration given each item in this subparagraph. The borrower's progress toward graduation should be noted with any recommendations for further action to achieve graduation.--\*

**263 Minimum Requirements of the Analysis (Continued)****E Determining and Documenting Reasons for Variances**

After variances between the projected budget in the farm operating plan and the borrower's actual performance have been identified, the borrower and the authorized agency official must determine and concisely document the reasons for the variances. The analysis must:

- consider both the borrower's and the authorized agency official's perceptions of the borrower's successes, failures, and the reasons that specific items were not completed
- determine why income was not used as planned
- discuss operational performance, achievement of short-term goals, progress toward medium-term and long-term goals, and living expenses.

**263 Minimum Requirements of the Analysis (Continued)****F Analyzing How Performance Can Be Improved**

After determining the reasons for any deviations in the preceding year's performance, the borrower and the authorized agency official together must analyze how the borrower's performance can be improved in the coming year. The authorized agency official and borrower may identify areas for improvement based on the reasons for the variances between actual and planned performance. The analysis shall address concerns in the following areas:

- unplanned sales
- changes in marketing plans
- sales of basic security
- use of proceeds
- debts paid
- amount of money released for family living and farm operating expenses.

The analysis must consider whether the borrower is making adequate progress towards established goals. Ratios, historical trends, and production records are good sources of information for evaluating business goal achievements. Alternatively, if the borrower's goals (for either business or family) were unrealistic, the analysis must reevaluate them and establish new, obtainable goals.

Areas for improvement also might follow from recent changes in farm operations and family conditions. Therefore, the authorized agency official shall work with the borrower to identify any changes or alterations that significantly affect the operation.

If the authorized agency official determines that the borrower's production or financial performance may be improved by training, the authorized agency official may require that \*--the borrower meet training requirements. See 3-FLP, Part 18 for more information on--\* borrower training.

If performance is better than projected, the analysis should evaluate repayment issues, as well as income taxes and Social Security taxes.

402 FLPRA Review Process

**A Administering FLPRA Reviews**

FLPRA reviews will be administered and the results reported both at the State Office and National Office levels. The National Office and State Offices can access the FSA Intranet at <http://intranet.fsa.usda.gov/fsa/> to obtain guides detailing the process to complete the reviews according to the following.

\*--

Step	Action
1	On the FSA Intranet Home Page, under “Resources”, CLICK “ <b>FSA Applications</b> ”.
2	On the FSA Applications Page, CLICK “ <b>Farm Loan Programs Systems</b> ”.
3	On the Farm Loan Programs Systems Home Page, under “Informational Links”, CLICK “ <b>Manuals</b> ” and CLICK “ <b>FLPRA National Office Review Process Guide</b> ” or “ <b>FLPRA State Office Review Process Guide</b> ”, as applicable.

**B State Office Review Responsibilities**

State Offices will be required to complete FLPRA reviews as follows:

- **States with 9 or more FLP Service Centers** will be required to review a minimum of 20 percent of the Service Centers each year, with all Service Centers being reviewed at least once every 5 years
- **States with 8 or fewer FLP Service Centers** will be required to conduct at least 1 Service Center each year, with all Service Centers being reviewed at least once every 5 years
- any Service Center with a review score of 4 or 5 in Program Objectives, Program Management, and/or Financial Integrity must be reviewed the following year.--\*

The process for selecting the FLP Service Centers and high risk program areas to be reviewed is set forth in the FLPRA State Office Review Process Guide.

**C National Office Review Responsibilities**

The National Office will complete FLPRA reviews in 10 to 13 States per year. The reviews evaluate State FLP delivery and include visits to a limited number of FLP Service Centers. The process used by the National Office to select States to be reviewed is set forth in the FLPRA National Office Review Process Guide.

**403 State Office Reporting Requirements****A FLP Service Center Report**

State Offices will provide a report to each FLP Service Center reviewed within 30 calendar days after completing the review. The reports will be developed in the format set forth in FLPPRA State Office Review Process Guide, Exhibit 2. Reports for each FLP Service Center will include FLPPRA State Office Review Process Guide, Exhibits 4 through 7 that will:

- rate each FLP Service Center reviewed in the 3 risk areas
- provide a composite score for the FLP Service Center.

The scores for each FLP Service Center will be:

- input in the automated FLPPRA system within 30 calendar days of completing the review
- documented in the comment box provided to support the scores reported
- input in the automated FLPPRA system no later than January 15.

**B Annual Report**

No later than February 1, each State Office will submit the annual FLP4 Report \* \* \* using \*--the template provided in the State Office Review Process Guide, Reports Section, by e-mail to **RA.DCWASHING2-FSA-FLPPRA.--\***

**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 February 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-13-A	Data Security Access Authorization Form		Ex. 15
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-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
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

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

## Forms (Continued)

Number	Title	Display Reference	Reference
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-2120	Moratorium Notice		41
FSA-2121	Termination of Moratorium		41
FSA-2125	Farm Loan Program County Information File Changes		46
FSA-2126	Program Loan Cost Expense (PLCE) Request (Non-Contractuals only)		162, 164, 166-168
FSA-2139	Notification of Exemption From Requirement to Provide Social Security Number		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 Institution Pledge of Collateral		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-2162	Real Estate Sales Data		142
FSA-2163	Supplemental Forms-Agricultural Appraisal		142
FSA-2164	Appraisal for Mineral Rights		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 (FFIS) Vendor Code Request		162
FSA-2201	Lender's Agreement		47, Ex. 35
FSA-2211	Application for Guarantee		44, 47

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

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2212	Preferred Lender Application For Guarantee		44, 47
FSA-2232	Conditional Commitment		43, Ex. 7
FSA-2233	Lender Certification		43
FSA-2235	Loan Guarantee		Ex. 7
FSA-2242	Assignment of Guarantee		Ex. 7
FSA-2254	Guaranteed Loan Report of Loss		Ex. 35
FSA-2292	Guaranteed Loan Processing Checklist		Ex. 35
FSA-2301	Request For Youth Loan		Ex. 15
FSA-2304	Notice of Incomplete Application		Ex. 35
FSA-2305	Second Notice of Incomplete Application		Ex. 35
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal		Ex. 35
FSA-2307	Notice of Complete Application		Ex. 35
FSA-2308	Notice of Eligibility for FSA Assistance		Ex. 35
FSA-2313	Notification of Loan Approval and Borrower Responsibilities		202
FSA-2318	Agreement for Disposition of Jointly-Owned Property		Ex. 35
FSA-2341	Certification of Attorney		43
FSA-2342	Certification of Title Insurance Company		43
FSA-2510	Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due		3
FSA-2512	Notice of Availability of Loan Servicing to Borrowers Who Are Current, Financially Distressed, or Less Than 90 Days Past Due		3
FSA-2514	Notice of Availability of Loan Servicing to Borrowers Who Are in Non-Monetary Default		3
FSA-2535	Conservation Contract		3
FSA-2543	Shared Appreciation Agreement		3
OF-347	Order for Supplies and Services		165
RD 1922-15	Administrative Appraisal Review for Single Family Housing		143
RD 1940-22	Environmental Checklist for Categorical Exclusions		Ex. 15, 35
SF-1449	Solicitation/Contract/Order for Commercial Items		165

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

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

## Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

<b>Approved Abbreviation</b>	<b>Term</b>	<b>Reference</b>
ACIF	Agricultural Credit Insurance Fund	163
ADR	alternative dispute resolution	42
AO	Administrative Officer	25, 27
AOB	Administrative Operations Branch	162
ARRA	American Recovery and Reinvestment Act of 2009	28, 163
BIR	Business Information Report	48
BOPR	Borrower Property Table	162, 166
CDAT	Consent Decree Action Team	Ex. 12, 15
CIP	critical information protection	Ex. 15
CL	conservation loan	29, 45, 201, 222, 223, 251, 263, Ex. 2, 15, 16
CMT	Constant Maturity Treasury	Ex. 17
CNC	currently not collectible	251, Ex. 12, 15
CONACT	Consolidated Farm and Rural Development Act	1, 21, 29, 251
DDORS	District Director Oversight Reporting System	442, 443
EIN	employer identification number	162, Ex. 15
ERSR	Electronic Repository of Security Requests	53
FAR	Federal Acquisitions Regulation	162, 165
FCAO	Farm Credit Applications Office	49
FCG	financial control group	162
FHP	Farm Home Plan	Ex. 15
FISMA	Federal Information Security Management Act	Ex. 15
FLPRA	Farm Loan Programs Risk Assessment	Part 9
FmHA	Farmers Home Administration	2
ISA	installment set-aside	Ex. 15
ITLAP	Indian Tribal Land Acquisition Program	2, Ex. 16

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

## Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
LOC	line of credit	29
LR	limited resource	Ex. 15
MADS	margin after debt service	Ex. 15
OA	Office of Adjudication	41, Ex. 12, 18
OTI	Opportunity to Improve Plan	25, 27
PAC	Program Authority Code	164, 166, 167
PARLC, LAO (FFIS Team)	Policy, Accounting, Reporting, and Loan Center, Loan Accounting Office	167, 168
PIP	Performance Improvement Plan	25, 27
PLP	Preferred Lender Program	29, 43, 143
PLAS	Program Loan Accounting System	52
PLS	Primary Loan Servicing	25, 27, 29, 144
PVHT	Voucher Header Inquiry Table	167, 168
PVLT	Voucher Line Inquiry Table	167, 168
RCI	recoverable cost items	Ex. 15
SALP	Special Apple Loan Program	2, 29
SDMS	State Directives Management System	403
SEL	standard eligible lender	43
SLR	Security Liaison Representative	53
TC	transaction code	52
TDCLC	term debt capability lease coverage	252
TDLCR	term debt and capital lease coverage ratio	Ex. 15
TY	payment voucher transaction	166, 167, 168
VID	vendor identification	162, 166
WEM	Web Equity Manager	Ex. 15
YEA	year-end analysis	Ex. 15

## Delegations of Authority

SED's may redelegate their:

- loan approval authority to FLC, FLS, or DD
- authority to allow the use of a restricted appraisal report to the designated State staff appraiser.



**Delegating FLP Authority**

**A SED Delegations**

SED may delegate the following authorities to employees who have experience and completed the required training:

- authority to prepare chattel appraisals
- authority to prepare real estate appraisals when the total credit transaction is less than \$100,000
- authority to complete administrative appraisal reviews
- loan approval authority
- authority to establish and document the estimated value of real estate security when an appraisal has been waived for an EM according to 3-FLP, subparagraph 248 A.--\*

**B FLM/SFLO Delegations**

The following is a list of authorities that may be delegated to employees who have experience and have completed any required training according to subparagraph 23 C.

<b>Authority</b>	<b>FLO</b>	<b>PT</b>
Sign correspondence as regular signing official.	X	
Sign correspondence "for".	X	X
Establish supervised bank account and deposit loan checks.	X	X
Countersign supervised bank account checks/withdrawals.	X	X
Input pre-note information for EFT.	X	X
Plan and inspect site development work.	X	
Check preliminary title opinion for exceptions.	X	X
Check final title opinion or mortgage policy for proper lien position.	X	X
Review loan closing statement for proper funds disbursement.	X	X
Execute financing statements or other legal instruments to obtain and preserve security on chattel loans.	X	X
Approve FSA-2242.	X	X

**Delegating FLP Authority (Continued)**

**\*--B FLM/SFLO Delegations (Continued)--\***

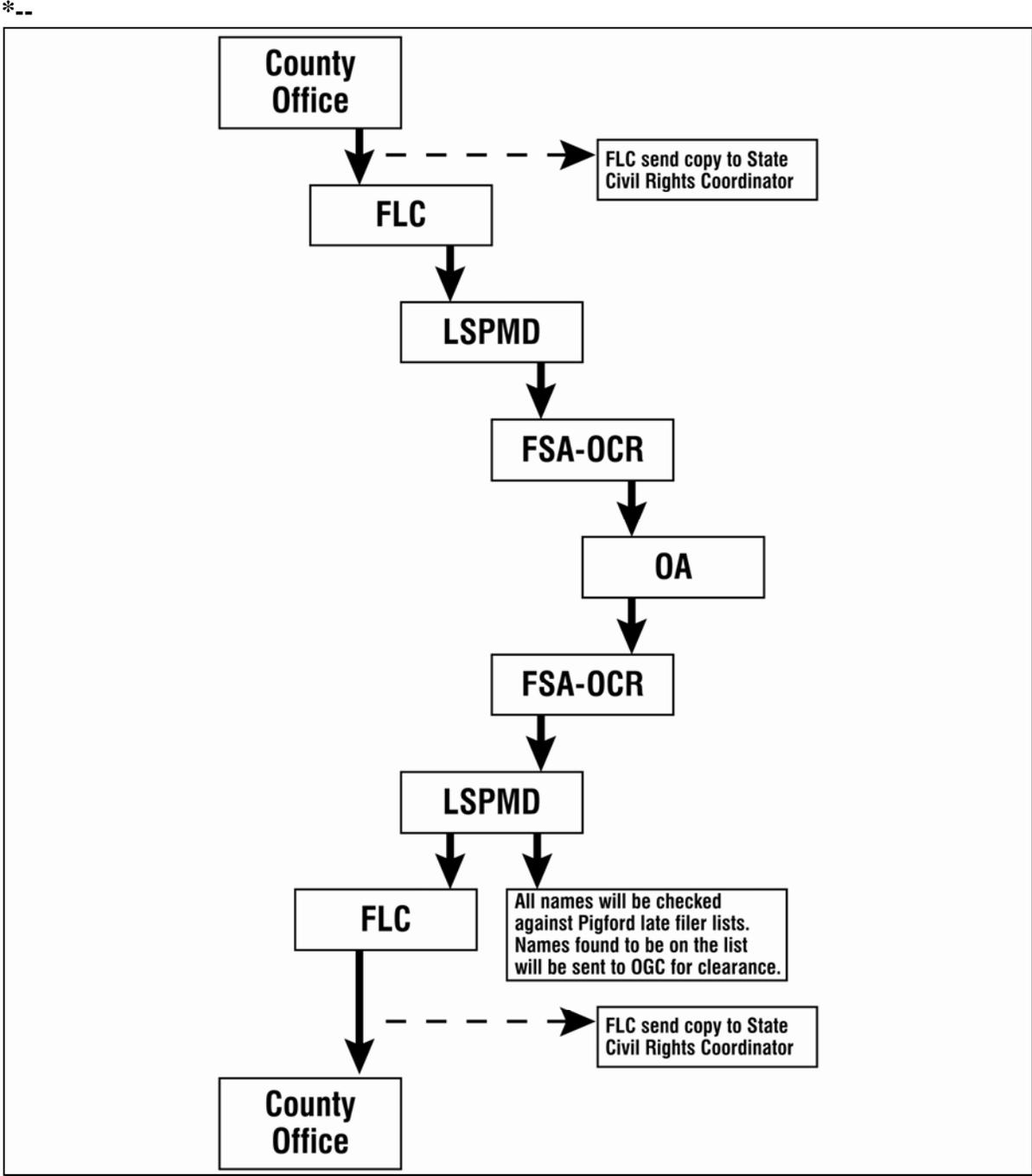
<b>Authority</b>	<b>FLO</b>	<b>PT</b>
Review loan closing and issue FSA-2235.	X	
Approve satisfaction/release of security instruments.	X	X
Prepare FSA-2040.	X	
Release chattel/crop security per approved FSA-2040.	X	X
Revise Farm Business Plan and FSA-2040 when necessary.	X	
Approve replacement/development - use of insurance proceeds.	X	
Approve servicing actions, including liquidation plans submitted by lenders.	X	
Requests for contractual services and noncontractual cost items.	X	X
Approve loan restructuring.	X	
Approve emergency advance requests.	X	
Complete lender reviews.	X	
Ordering credit reports.	X	X
Execute FSA-2232.	X	
Execute FSA-2235.	X	

**Note:** Delegated authorities for agency officials that were granted before December 31, 2007, using previous form numbers or regulation citation will not have to be reissued. These delegations remain valid and it is not necessary to modify them if the reason is only to change references to the new streamlining handbooks.

**Discrimination Complaint E-Mail Clearance System**

**A General Clearance Process**

The following illustrates the clearance process used before acceleration, foreclosure, and CNC for all accounts, except American Indian and African American borrowers as provided in subparagraphs B and C.



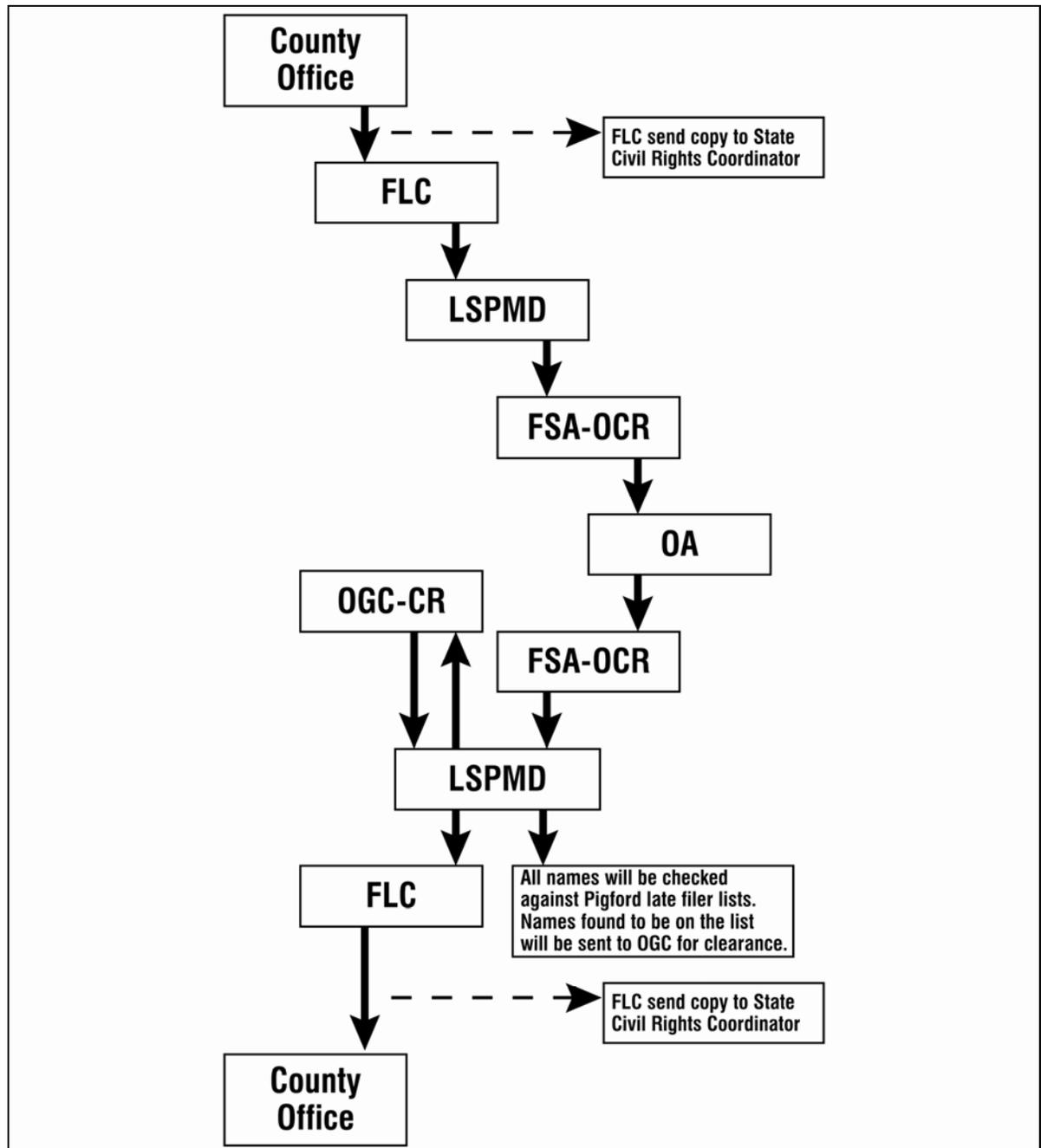
--\*

**Discrimination Complaint E-Mail Clearance System (Continued)**

**B Clearance Process for American Indian Borrower's Account**

The following illustrates the clearance process for American Indian borrower's account.

\*--



--\*

**Notes:** The process in this subparagraph is suspended because of the Settlement Agreement entered into by USDA in the Keepseagle Class Action Lawsuit.

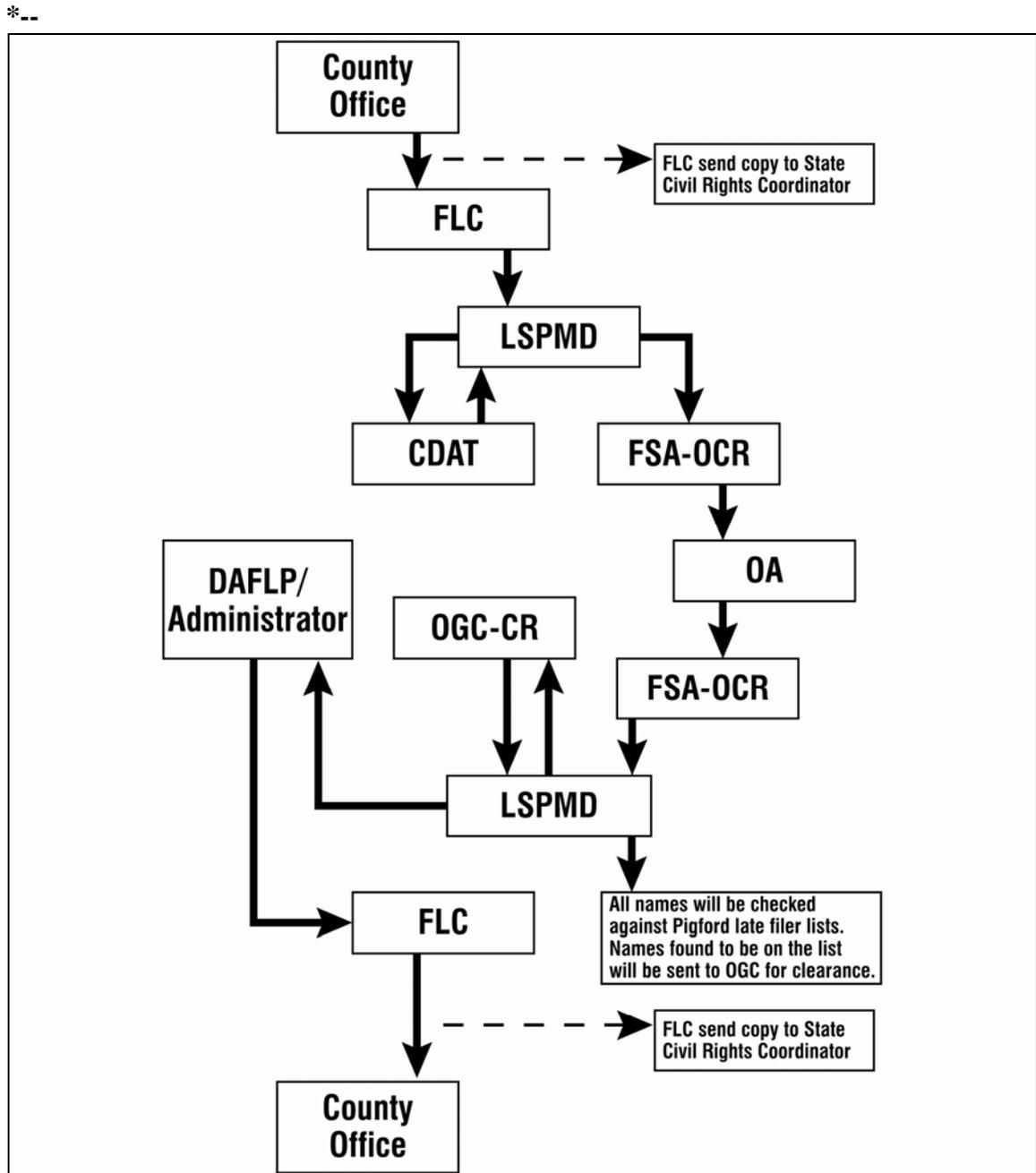
When a review has been completed through this process for pre-acceleration, the OGC Civil Rights review will not be completed for the pre-foreclosure clearance. See subparagraph A for the pre-foreclosure clearance process.

**Discrimination Complaint E-Mail Clearance System (Continued)**

**C Clearance Process for African American Borrower's Account**

The following illustrates the clearance process for African American borrower's account.

**Note:** Follow current and applicable FLP notices for submitting the borrower case file of African American borrowers who are claimants under the Pigford vs. USDA Consent Decree.



**Note:** When a review has been completed through this process for pre-acceleration, the CDAT and DAFLP/Administrator reviews will not be completed again for the pre-foreclosure clearance. See subparagraph A for the pre-foreclosure clearance process.



## Farm Business Plan - FSA User Guide (Continued)

### J Credit Actions (Continued)

#### 9 Eligibility Only

\*--The “Cred. Pres/Borr. Class” Credit Presentation sub-category, “D-Loan Eligibility Only” credit action, should be used when **both of the following apply**:--\*

- to document that an applicant is **ineligible** for FSA loan assistance
- \*--when a credit action will **not** be prepared.--\*

To complete this credit action:

- open the form by clicking “Credit Action”, [Credit Action Name], and “Eligibility Only”
- CLICK “Save & Update” and an “Update” box will be displayed
- CHECK (✓) “General Information” **only** and CLICK “Update”
- select an application date
- use the radio buttons to certify that the applicant **meets** the requirements for the eligibility criteria in 3-FLP, Part 4, Section 1
- use the text box to address any additional program specific eligibility issues and/or conditions, such as qualifying for EM loans

**Note:** States will issue guidance on amount of detail needed and format required.

- the FSA loan official will CLICK “Eligibility Determination” to determine or recommend eligibility.

\* \* \*

#### 10 Youth Loans

The youth loan credit action model should be used to process application requests for youth \*--loans. This credit action consists of forms a through c.

##### a Eligibility Only

Complete the “Eligibility Only” form to determine if applicant meets the eligibility requirements for a youth loan.--\*

## Farm Business Plan - FSA User Guide (Continued)

### J Credit Actions (Continued)

#### 10 Youth Loans (Continued)

##### b Credit Presentation – Youth Loans

Most youth loans are simple enterprises; the Youth Loan Credit Presentation will collect all financial information and will not require completion of additional balance sheets or income/expense projections.

- Open the form by clicking “Credit Action”, [Credit Action Name], “Credit Presentation - Youth Loan”.
- CLICK “Save & Update”. An “Update” box will be displayed. Check (✓) “General Information” **only** and CLICK “Update”.
- Complete the “Amount of Loan Request”.
- Complete all radio buttons and text boxes.
- CLICK “Annual Income and Expenses” and “Assets and Debts” to add information from FSA-2301.

**Note:** All description fields are limited to 29 spaces. Add any additional documentation to the “Comments” Section of FSA-2301.

- Assign classification level of “3 - Acceptable”
- CLICK “Score Now” to update the classification score.

Add any additional documentation to the “Comments” Section and complete the Loan Closing Requirements in the text boxes provided. The FSA loan official will CLICK “**Loan Approval**” to approve or decline the credit decision.

**Note:** Farm assessments are **not** required for youth loans according to 3-FLP, \*-subparagraph 226 B. However, some discussion of strengths, potential problems,-\* and goals should be included in the “Comments” Section.

##### c RD 1940-22

See **RD 1940-22** (Section J5) for more information on completing RD 1940-22.

**FLP Rates**

**A Interest Rates for FLP's**

\*--The following provides interest rates for FLP's as of April 1, 2011.--\*

<b>Loan Type</b>	<b>Current Rate (%)</b>	<b>Date Set</b>
Rural Housing - Farm Loan Purposes		
<b>Note:</b> For the current interest rate, contact the National Office.		
Operating	*--2.75	4/1/11--*
Operating – Limited Resource	5.00	12/1/90
Farm Ownership and Conservation Loans	*--5.00	4/1/11--*
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	*--5.00	4/1/11--*
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	*--5.00	4/1/11
Farmer Program – Homestead Protection	5.00	4/1/11
Shared Appreciation Amortization	4.00	4/1/11
Softwood Timber Loans	5.00	4/1/11
Economic Emergency – Operating	2.75	4/1/11
Economic Emergency – Real Estate	5.00	4/1/11--*
Emergency – Amount of Actual Loss	3.75	1/25/94
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	*--7.25	4/1/11--*
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	5.0	3/1/11
Emergency – Annual Production	5.0	3/1/11
Nonprogram - Chattel Property	5.0	3/1/11
Nonprogram - Real Property	*--7.25	4/1/11
Apple Loans	1.25	4/1/11
Association – Grazing	5.00	4/1/11
Association – Irrigation and Drainage	5.00	4/1/11--*
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 816-823-4740 or 816-823-4741
- 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	10/1/09
Treasury Judgment Rate (see Note)	0.26	*--4 /1/11--*

**Notes:** The 90-Day Treasury Bill rate is entered in eDALR\$ as the “Discount Rate” and is used to calculate present value and net recovery value.

The treasury judgment rate is the interest rate applicable to deficiency judgments for all loan types (pursuant to 28 U.S.C. Section 1961). The rate is based on the 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 March 4, 2011. 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

Program Authority to Request Contract Services and Make Noncontractual Payments –  
Recoverability of PLCE's – Effective October 1, 2010

\*..

<b>LOAN MAKING</b>		<b>Detail</b>	<b>Comment</b>	<b>PAC Code</b>	<b>Authority</b>	<b>Recoverable/Nonrecoverable</b>
<b>Contract Purpose</b>	<b>Detail</b>	<b>Comment</b>	<b>PAC Code</b>	<b>Authority</b>	<b>Recoverable/Nonrecoverable</b>	<b>Recoverable/Nonrecoverable</b>
Inspection	Real Estate			1A1	S	Nonrecoverable
	Chattel/Crop			1A2	S	Nonrecoverable
Appraisals	Real Estate	Note 10		1B1	S	Nonrecoverable
	Chattel/Crop			1B2	S	Nonrecoverable
Analysis	Farm Business Planning			1C4	S	Nonrecoverable
	Financial Analysis			1C7	S	Nonrecoverable
Information Services	Data Processing/Info Gathering	Note 6		1D2	S	Nonrecoverable
	Comparable and Market Studies			1D3	S	Nonrecoverable
	Advertising			1D4	SC	Nonrecoverable
	State Database Access Fees	Note 7			S	Nonrecoverable
Professional Services	SAVE Citizenship Verification Database Access				S	Nonrecoverable
	Interpreter Services			1E9	SC	Nonrecoverable
Environmental	Mediation (No State Program)			1EA	S	Nonrecoverable
	NEPA Compliance	Note 2		1J1	S	Nonrecoverable
	NEPA Environmental Impact Statements			1J2	A	Nonrecoverable
	Archaeological Surveys			1J4	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities			1J5	S	Nonrecoverable
	Endangered Species Studies			1J6	S	Nonrecoverable
	Wetland Delineations			1J7	S	Nonrecoverable
	Phase I Environmental Site Assessments	Note 3		1J1	S	Nonrecoverable
	Phase II Environmental Site Assessments	Note 3		1J1	S	Nonrecoverable
	Legal Documentation Expenses	Note 4		1N5	SC	Nonrecoverable
	Mediation (State Certified Program)			1N6	S	Nonrecoverable
	Electronic UCC Recording and Filing	Notes 5 & 6		1NE	SC	Recoverable
	Managerial	Credit Reports			1Y1	SC
Other	Miscellaneous	Note 1		1Z1	A	Recoverable/Nonrecoverable

Authorities: A=Administrator; S=State Office; C=Farm Loan Manager

..\*

Program Authority to Request Contract Services and Make Noncontractual Payments – Recoverability of PLCE’s – Effective October 1, 2010 (Continued)

\*--

<b>LOAN SERVICING</b>	<b>Contract Purpose</b>	<b>Detail</b>	<b>Comment</b>	<b>PAC Code</b>	<b>Authority</b>	<b>Recoverable/Nonrecoverable</b>
	Inspection	Real Estate		2A1	S	Nonrecoverable
		Real Estate - Foreclosure Only		4A1	S	Recoverable
		Chattel/Crop		2A2	S	Nonrecoverable
		Chattel/Crop - Foreclosure Only		4A2	S	Recoverable
	Appraisals	Real Estate	Note 10	2B1	S	Nonrecoverable
		Real Estate - Foreclosure Only		4B1	S	Recoverable
		Chattel/Crop		2B2	S	Nonrecoverable
		Chattel/Crop - Foreclosure Only		4B2	S	Recoverable
	Analysis	Year-end Analysis		2C1	S	Nonrecoverable
		Farm Business Planning		2C4	S	Nonrecoverable
		Financial Analysis		2C7	S	Nonrecoverable
	Information Services	Data Processing/Info Gathering	Note 6	2D2	S	Nonrecoverable
		Comparable and Market Studies		2D3	S	Nonrecoverable
		Advertising		2D4	SC	Nonrecoverable
		Advertising - Foreclosure Only		4D4	SC	Recoverable
		State Database Access Fees	Note 7		S	Nonrecoverable
		SAVE Citizenship Verification Database Access			S	Nonrecoverable
	Professional Services	Surveying		4E2	S	Recoverable
		Investigation		4E3	S	Recoverable
		Bankruptcy		2E4	S	Nonrecoverable
		Foreclosure (Non-Judicial State)		4E5	S	Recoverable
		Title Search/Title Opinion		4E6	SC	Nonrecoverable
		Title Search/Title Opinion - Foreclosure Only		4E6	SC	Recoverable
		Trustee Agency (Foreclosure Actions)		4E7	S	Recoverable
		Auction Costs/Auctioneer	Note 9	4E8	S	Recoverable
		Interpreter Services		2E9	SC	Nonrecoverable
		Mediation (No State Program)		2EA	S	Nonrecoverable
		Mediation (No State Program) - Foreclosure Only		4EA	S	Recoverable
		Attorney Serv. Foreclosure (Judicial)	Note 17	4EB	S	Recoverable
		Litigation Guarantee			SC	Nonrecoverable
		Litigation Guarantee - Foreclosure Only			SC	Recoverable
		Abstract/Stub Abstract			SC	Nonrecoverable

Authorities: A=Administrator; S=State Office; C=Farm Loan Manager

--\*

Program Authority to Request Contract Services and Make Noncontractual Payments – Recoverability of PLCE’s – Effective October 1, 2010 (Continued)

\*..

<u>Contract Purpose</u>	<u>Detail</u>	<u>Comment</u>	<u>PAC Code</u>	<u>Authority</u>	<u>Recoverable/Nonrecoverable</u>
Professional Services (continued)	Abstract/Stub Abstract - Foreclosure Only			SC	Recoverable
	Law Enforcement Services	Note 15		S	Recoverable
	Real Estate Broker		4H1	SC	Recoverable
Maintenance/Management	Property Management /Caretaking		4F1	SC	Recoverable
	Hauling		4F2	SC	Recoverable
	Temporary Custodial	Note 14	4F3	SC	Recoverable
	Ground Rents			SC	Recoverable
	Harvesting Costs			SC	Recoverable
	Repairs	Note 14	4G1	SC	Recoverable
Environmental	NEPA Compliance	Note 2	2I1	S	Nonrecoverable
	NEPA Environmental Impact Statements		2I2	A	Nonrecoverable
	Archaeological Surveys		2I4	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities		2I5	S	Nonrecoverable
	Endangered Species Studies		2I6	S	Nonrecoverable
	Wetland Delineations		2I7	S	Nonrecoverable
	Phase I Environmental Site Assessments	Note 3	2JI	S	Nonrecoverable
	Phase I Environmental Site Assessments - Foreclosure Only	Note 3	4JI	S	Recoverable
	Phase II Environmental Site Assessments	Note 3	2JJ	S	Nonrecoverable
	Phase II Environmental Site Assessments - Foreclosure Only	Note 3	4JJ	S	Recoverable
Water Testing/Sewer Inspection			S	Recoverable	
Loan Account Maintenance	Real Estate Taxes		2N1	SC	Recoverable
	Personal Property Taxes		2N2	SC	Recoverable
	Insurance	Note 1	2N3	A	Recoverable
	Prior, Junior, & Judgment Liens		2N4	S	Recoverable
	Legal Documentation Expenses	Notes 4 & 13	2N5	SC	Recoverable/Nonrecoverable
	Mediation (State Certified Program)		2N6	S	Nonrecoverable
	Mediation (State Certified Program) - Foreclosure Only		4N6	S	Recoverable
	Utilities - Foreclosure Only	Note 16	4NA	SC	Recoverable
	Co-Pay/Homestead Appraisals	Note 10	2ND	S	Nonrecoverable
	Electronic UCC Recording and Filing	Notes 5 & 6	2NE	SC	Recoverable
	Online Bidding Registration Fees - Foreclosure Only			SC	Recoverable
	State Lease	Note 18		SC	Recoverable

Authorities: A=Administrator; S=State Office; C=Farm Loan Manager

..\*

Program Authority to Request Contract Services and Make Noncontractual Payments – Recoverability of PLCE’s – Effective October 1, 2010 (Continued)

\*..

<b>LOAN SERVICING - continued</b>		<b>Detail</b>	<b>Comment</b>	<b>PAC Code</b>	<b>Authority</b>	<b>Recoverable/Nonrecoverable</b>
<b>Contract Purpose</b>						
Managerial	Credit Reports			2Y1	S	Nonrecoverable
Other	Miscellaneous	Note 1		ZZ1	A	Recoverable/Nonrecoverable
<b>INVENTORY PROPERTY</b>		<b>Detail</b>	<b>Comment</b>	<b>PAC Code</b>	<b>Authority</b>	<b>Nonrecoverable/Recoverable</b>
<b>Contract Purpose</b>						
Inspection	Real Estate			5A1	S	Nonrecoverable
	Chattels/Crops			5A2	S	Nonrecoverable
Appraisals	Real Estate	Note 10		5B1	S	Nonrecoverable
	Chattel/Crop			5B2	S	Nonrecoverable
Information Services	Advertising			5D4	SC	Recoverable
Professional Services	Surveying			5E2	S	Nonrecoverable
	Investigation			5E3	S	Nonrecoverable
	Title Search/Title Opinion			5E6	SC	Nonrecoverable
	Auction Costs/Auctioneer	Note 9		5E8	S	Recoverable
	Interpreter Services			5E9	SC	Nonrecoverable
	Mediation (No State Program)			5EA	S	Nonrecoverable
	Attorney Serv. Foreclosure (Judicial)	Note 17		5EB	S	Nonrecoverable
	Law Enforcement Services	Note 15			S	Nonrecoverable
	Real Estate Broker			5H1	SC	Recoverable
Maintenance/Management	Property Management /Caretaking			5F1	SC	Nonrecoverable
	Hauling			5F2	SC	Nonrecoverable
	Ground Rents				SC	Nonrecoverable
	Harvesting Costs				SC	Nonrecoverable
	Repairs	Note 13		5G1	SC	Recoverable
Environmental	NEPA Compliance	Note 2		5J1	S	Nonrecoverable
	NEPA Environmental Impact Statements			5J2	A	Nonrecoverable
	Archaeological Surveys			5J4	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities			5J5	S	Nonrecoverable

Authorities: A=Administrator; S=State Office; C=Farm Loan Manager

\*..

Program Authority to Request Contract Services and Make Noncontractual Payments –  
Recoverability of PLCE's – Effective October 1, 2010 (Continued)

\*--

INVENTORY PROPERTY - continued		Comment	PAC Code	Authority	Nonrecoverable/Recoverable
Contract Purpose	Detail				
Environmental - continued	Endangered Species Studies		5J6	S	Nonrecoverable
	Wetland Delineations		5J7	S	Nonrecoverable
	Preliminary Assessments		5J8	S	Recoverable
	Site Inspections/Remedial Investigations	Note 11	5J9	S	Recoverable
	Remedial Actions	Note 11	5JA	S	Recoverable
	Removal Actions	Note 11	5JB	S	Recoverable
	Emergency Response Activities	Notes 11 & 12	5JC	S	Recoverable
	Underground Storage Tank Actions	Notes 11 & 12	5JD	S	Recoverable
	Lead Based Paint Testing/Inspections	Notes 11 & 12	5JF	S	Nonrecoverable
	Lead Based Paint Abatement Activities	Note 11	5JG	S	Recoverable
	Phase I Environmental Site Assessments	Note 11	5JI	S	Nonrecoverable
	Phase II Environmental Site Assessments	Note 3	5JJ	S	Nonrecoverable
	Water Testing/Sewer Inspection	Note 3		S	Nonrecoverable
Loan Account Maintenance	Real Estate Taxes		5N1	SC	Recoverable
	Personal Property Taxes		5N2	SC	Recoverable
	Insurance		5N3	A	Recoverable
	Prior, Junior & Judgment Liens		5N4	S	Recoverable
	Legal Documentation Expenses	Note 4	5N5	S	Nonrecoverable
	Mediation (State Certified Program)		5N6	S	Nonrecoverable
	Utilities		5NA	SC	Nonrecoverable
	Selling Points	Note 16	5NC	S	Recoverable
	Right of Way Access	Note 8		S	Recoverable
	State Lease	Note 18		S	Recoverable
Other	Miscellaneous	Note 1	5Z1	A	Nonrecoverable

Authorities: A=Administrator; S=State Office; C=Farm Loan Manager

--\*

Program Authority to Request Contract Services and Make Noncontractual Payments –  
Recoverability of PLCE’s – Effective October 1, 2010 (Continued)

\*--

<u>NOTE</u>	<u>DESCRIPTION</u>
1	Requires written permission to use from the Administrator or Administrator’s designee; contact LMD or LSPMD, as applicable.
2	Includes NEPA Environmental Assessments and Miscellaneous NEPA Studies.
3	These activities refer to due diligence investigations conducted to evaluate real property for the presence of contamination in loan making and loan servicing activities according to 1-EQ.
4	Includes recording and filing fees; obtaining copies of plats, mortgages, judgments, etc.; other similarly related expenses at offices such as Clerk of Court, Register of Mesne Conveyance, Register of Deeds, Department of Motor Vehicles, etc.
5	Use for UCC recording and filing in situations when funds have been collected from the applicant and remitted with Miscellaneous code 36 or 38 (Ref. 3-FI, Exhibit 5) to pay Secretary of State, to replenish prepaid accounts or to pay monthly invoices from third party processors for Secretary of State fees only. <b>Use Data Processing code (Information Services/Data Processing) to pay third party processing fees charged FSA to process UCC filings and conduct searches; see Note 6.</b>
6	Includes fees charged by third party processors to process UCC filings and searches.
7	Process as a single source financial transaction; includes access to PACER, state databases for real estate and/or equipment appraisals, etc.
8	Use in the acquisition of real estate or property rights necessary only to sell inventory real property, not for the purpose of increasing the financial return to FSA. Includes easement, right-of-way, ingress/egress.
9	Includes online auction fees, auction storage fees, auction rental fees, auctioneer fees/commission, and other similarly related costs.
10	For appraisals completed for Homestead Protection, use ND, "Co-Pay/Homestead Appraisals." Co-Pay appraisals are not authorized for Government Inventory Property.
11	Activities may be conducted on custodial property if necessary to protect the Agency’s security interest.
12	These activities are applicable for pre-remedial and remedial response actions conducted pursuant to the Comprehensive Environmental Response Compensation and Liability Act, Resource Conservation and Recovery Act, and Toxic Substance Control Act or State laws governed by these statutes. <b>All response actions shall be conducted by environmental professionals.</b>
13	Servicing activities should be charged as a recoverable cost, <b>except when State law, supported by an opinion from the Regional Attorney, provides otherwise.</b>
14	Expenditures in excess of an aggregate amount of \$1,000 per property as outlined in 4-FLP and 5-FLP must have the prior written approval of SED.

--\*

Program Authority to Request Contract Services and Make Noncontractual Payments –  
Recoverability of PLCE's – Effective October 1, 2010 (Continued)

\*--

<u>NOTE</u>	<u>DESCRIPTION</u>
15	Includes payment for serving Summons and Complaint in foreclosure proceedings; costs incurred during an eviction; other similar expenses.
16	Only essential utilities will be paid, including fuel oil, gas, electricity, and propane in accordance with 4-FLP and 5-FLP.
17	Includes cost reimbursement.
18	Includes payments to the Bureau of Land Management, Forest Service, etc.

--\*



**DD FLP Oversight Review Source Documents**

**Review Part: A      Quarterly Review Items**

\*--All review items are to be completed for each quarter of each FY. The minimum number of files to be reviewed is indicated; more than the minimum number of files may be reviewed.--\*

*Review Area: 1. A.      Direct Loan Making - Complete Applications*

\*--Review 5 applications received since last review; review all if less than 5.--\*

Review Items:

**SOURCE DOCUMENTS**

- (1) DLS FLP Application Report
- (2) \* \* \* FSA-2001
- (3) FSA-2307; DLS Loan Making Checklist
- (4) FSA-2308; DLS Loan Making Checklist
- (5) RD 1940-22; FSA-851; 1940-G-1 Letter
- (6) DLS Loan Request Detail Screen
- (7) DLS FLP Application Report; FSA-2001; case file correspondence; FBP Credit Action

*Review Area: 1. B.      Direct Loan Making - Incomplete Applications*

\*--Review 3 applications received since last review; review all if less than 3.--\*

Review Items:

**SOURCE DOCUMENTS**

- (1) DLS FLP Application Report
- (2), (3), and (4) DLS FLP Application Report; DLS Loan Making Checklist; FSA-2001; FSA-2304; FSA-2305

*Review Area: 1. C.      Direct Loan Making - Withdrawn Applications*

\*--Review 3 applications withdrawn since last review; review all if less than 3.--\*

Review Items:

**SOURCE DOCUMENTS**

- (1) and (2) DLS FLP Application Report; FSA-2001
- (3) and (6) FSA-2306; case file documentation
- (4) DLS FLP Application Report; FSA-2001
- (5) FSA-2304; FSA-2305

*Review Area: 1. D.      Direct Loan Making - Rejected Applications*

\*--Review 3 applications rejected since last review; review all if less than 3.--\*

Review Items:

**SOURCE DOCUMENTS**

- (1) and (2) DLS FLP Application Report; DLS Rejected Application Report
- (3), (4), and (5) Case file correspondence; 1-APP, Exhibit 8, Example 3; 1-FLP

**DD FLP Oversight Review Source Documents (Continued)**

**Review Part: A**

**Quarterly Review Items**

*Review Area: 2.*

*\*--FSA-2211 or FSA-2212 - Applications--\**

Review 5 applications received since last review; review all if less than 5.

Review Items:

**SOURCE DOCUMENTS**

(1) and (2)

Report GLSAPP02; GLS2209A

(3)

Report GLS2209A; FSA-2201

(4)

*\*--FSA-2211 or FSA-2212--\**

(5)

Case file documentation and correspondence

(6)

Case file documentation and correspondence; FSA-2292

(7)

Report GLS2209A; 2-FLP, paragraph 83

(8)

RD 1940-22; FSA-851

*Review Area: 3. A. I*

*Direct Loan Servicing - Delinquent Accounts - 90 days or more past due*

Review all accounts in this category.

Review Items:

**SOURCE DOCUMENTS**

(1)

Report Code 540

(2) and (3)

WebAgcredit Borrower History Report; case file correspondence; 5-FLP, paragraphs 66 and 68

(4) and (5)

Report Code 540; 4-FLP; Discussion with FLM/SFLO/FLO; Case file documentation

*Review Area: 3. A. II*

*Direct Loan Servicing - Delinquent Accounts - Less than 90 days past due*

Review all accounts in this category.

Review Items:

**SOURCE DOCUMENTS**

(1)

Report Code 540

(2), (3), and (4)

Discussion with FLM/SFLO/FLO; case file documentation

*Review Area: 3. A. III*

*Direct Loan Servicing - Delinquent Accounts - Loans that may require attention*

Review all accounts in this category.

Review Items:

**SOURCE DOCUMENTS**

(1) and (2)

Report Code 540

(3) and (4)

Case file correspondence; FSA-603; CCC-257; 4-FLP; 5-FLP

*Review Area: 3. B.*

*Direct Loan Servicing - Payments and Collections*

Review a sample of 5 accounts.

Review Items:

**SOURCE DOCUMENTS**

(1)

Random selection from FSA-603

(2)

3-FI, paragraph 37

(3)

Report Code 540; FSA-603; CCC-257

(4)

4-FLP, Part 5

(5)

3-FI, paragraphs 3 and 15; CCC-257

*Review Area: 3. C.*

*Direct Loan Servicing – Chattel Security Accounting*

Review a sample of 5 borrower account files; review more files if deficiencies are found.

Review Items:

**SOURCE DOCUMENTS**

(1)

Report Code 540

(2) and (3)

Case file documents; FSA-2040; FBP; 4-FLP

(4)

Case file documentation; FSA-2028 (work copy); FSA-2040; 4-FLP

(5)

Case file documentation