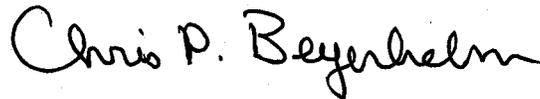


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP (Revision 1)</b>	<b>Amendment 64</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraphs 4 C, D, and E have been amended to update the FLP contact list.

Subparagraph 141 E has been amended to provide that State-certified residential appraisers may conduct appraisals for FSA.

Subparagraph 142 has been amended to reflect current USPAP requirements.

Subparagraph 143 A has been amended to provide that chattel appraisal administrative reviews will be completed on FSA-2167.

Subparagraph 143 D has been amended to provide that contract appraisers may conduct technical appraisal reviews.

Exhibit 17 has been amended to provide interest rates for FLP's.

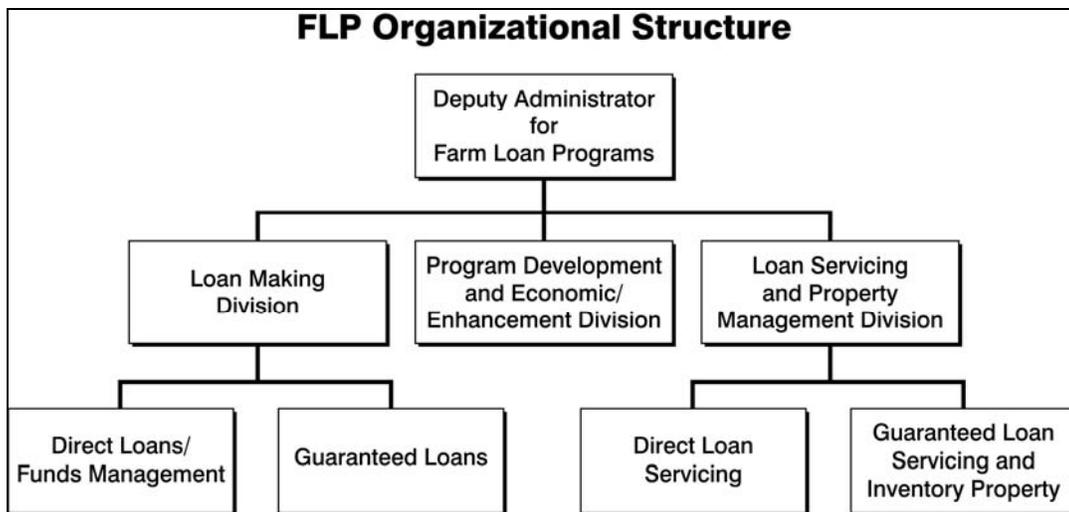
<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	1-7 through 1-12	1, pages 1, 2
	6-1 through 6-10	2, pages 1, 2
	8-51 through 8-84	17, pages 1, 2
	8-121, 8-122	



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
*--Lorraine Campbell	Senior Writer/Editor	202-690-2850--*
Niki Chavez	Senior Loan Officer	202-690-6129
*--Gene Christie	Senior Loan Officer	202-690-2517--*
William Cobb	Special Programs Coordinator	202-720-1059
Lisa Slade	Secretary to the Deputy Administrator	202-720-4671
Linda Baldwin	Document Control Technician	202-720-5489

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 ROOM 3629 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0522

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

*--LMD FAX Number 202-720-6797--*		
Office of the Director		
Name	Title	Phone Number
Robert (Bob) Bonnet	Director	202-720-1632
Kenneth Hill	Assistant to the Director	202-720-5199
Shanita Staten	Program Assistant	202-690-4983
Direct Loans/Funds Management Branch		
Connie Holman	Branch Chief	202-690-0756
Sandra Hammond	Senior Loan Officer	202-720-1647
Dan Jackson	Senior Loan Officer	202-720-0588
Joseph 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		
Randi Sheffer	Branch Chief	202-205-0682
Tracy Jones	Senior Loan Officer	202-720-6771
Trent Rogers	Senior Loan Officer	202-720-1657

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 ROOM 3622 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0521

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

PDEED FAX Number 202-690-3573		
Name	Title	Phone Number
***	***	***
Courtney Dixon	Deputy Director	202-720-1360
Pixie Greer	Senior Loan Officer	202-720-1652
Jennifer Haley	Program Analyst	202-720-9898
Teresa Martin	Program Analyst	202-690-0431
Sheila Oellrich	Program Analyst	202-720-2990
Marquita Peoples	Program Analyst	202-720-8320
Bruce Peters	Senior Loan Officer	202-720-7003
Clarence (Sam) Snyder	Chief Appraiser	202-720-0599

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 ROOM 3627 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523

**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	202-720-1984
Craig Nehls	Deputy Director	202-720-1984
Michael Cumpton	Assistant to the Director	202-690-4014
Kevin Alexander	Branch Secretary	202-720-1984
Brenda McNeill	Program and Management Assistant	202-720-4572
Direct Loan Servicing Branch FAX Number 202-720-5804		
Bruce Mair	Branch Chief	202-720-1645
Jacqueline King	Program Analyst	202-720-2820
Jenny Breece	Senior Loan Officer	202-690-4011
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
* * *	* * *	* * *
Gary Wheeler	Senior Loan Officer	202-690-4021
Tamara Wilson	Senior Loan Officer	202-690-4012

4 FLP Organizational Structure (Continued)

E LSPMD Contacts (Continued)

Guaranteed Loan Servicing and Inventory Property Management Branch FAX Number 202-720-5804		
Name	Title	Phone Number
Jeff King	Branch Chief	202-720-1651
Polly Anderson	Senior Loan Officer	202-720-2558
Patricia Elzinga	Senior Loan Officer	202-690-1729
Sharon Harris	Senior Loan Officer	202-401-0191
Marilyn Meese	Senior Loan Officer	202-690-4002
Theresa Null	Senior Loan Officer	202-720-7862
Cynthia Pawlikowski	Loan Officer	202-720-0900
***	***	***

5 FLOO Contacts

A FLOO Contact List

The following provides the address for FLOO.

For USPS delivery	For FedEx or UPS delivery
USDA FARM SERVICE AGENCY FARM LOAN OPERATIONS OFFICE BLDG 103 PO BOX 200003 SAINT LOUIS MO 63120-0003	USDA, Farm Service Agency Farm Loan Operations Office 4300 Goodfellow Blvd, Bldg 103, 2 <sup>nd</sup> Floor St. Louis, MO 63120-1703

The following provides names, titles, and telephone numbers for FLOO.

Name	Title	Phone Number
Main Line		314-679-6800
Mark McKinley	FLOO Chief	314-679-6810
Sharon Cooney-Smith	Management Analyst	314-679-6805
Sharon Sachs	Accountant	314-679-6804

Subparagraphs B through D provide contact information for employees within the Program Reporting Group, Loan Servicing Group 1, and Loan Servicing Group 2.

## 5 FLOO Contacts (Continued)

**B Program Reporting Group**

The following provides names, titles, and telephone and FAX numbers for the Program Reporting Group.

<b>Program Reporting Group - ECM FAX Number 314-457-4478</b>		
<b>Name</b>	<b>Title</b>	<b>Phone Number</b>
Karen Campbell	Group Chief	314-679-6861
Mariella Harstick	Accountant	314-679-6863
Wyvone Haymon	Accountant	314-679-6864
Katina Mims	Accountant	314-679-6833
Karen Johnisee	Financial Specialist	314-679-6865
Deborah Marcano	Financial Specialist	314-679-6866
Borrower Inquiry Line		800-428-9643

**C Loan Servicing Group 1**

The following provides names, titles, telephone and FAX numbers, and State assignments for Loan Servicing Group 1.

<b>Loan Servicing Group 1 - ECM FAX Number 314-457-4539</b>			
<b>Name</b>	<b>Title</b>	<b>Phone Number</b>	<b>State Assignments</b>
Germaine Jones	Group Chief	314-679-6820	
Keith Davis	Accountant	314-679-6825	
Shantaye Gladney	Accountant	314-679-6827	
Michael Harry	Accountant	314-679-6828	
Paul Quante	Accountant	314-679-6836	
Carrie Jackson	Lead Accounting Technician	314-679-6830	All States
Jeanette Broeckling	Accounting Technician	314-679-6823	AZ, CT, LA, MS, NE
Yvonne Collins-Myers	Accounting Technician	314-679-6824	AR, FL, KY, UT
Kathleen Farid	Accounting Technician	314-679-6826	CA, DE, GA, MD, ME
Mary Jordan	Accounting Technician	314-679-6831	*--CO, IL, MA, OR, WY
Lawrence Mullen	Accounting Technician	314-679-6834	ID, IN, IA, KS,--* MO
Susan Pennock	Accounting Technician	314-679-6835	MN, MT, SC, SD, WDC

## Part 6 Appraisals

## 141 General Appraisal Requirements

## A General

[7 CFR 761.7(a)] This section describes the requirements for:

- (1) Real estate and chattel appraisals made in connection with the making and servicing of direct FLP loans and Nonprogram loans
- (2) appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans.

## B Purpose

FSA uses appraisals to determine the value of real and personal property or other security pledged or to be pledged to support direct loans and loan servicing actions. FSA requires a lender to obtain an appraisal in certain guaranteed loanmaking and loan servicing cases.

Appraisals are an integral part of the loan evaluation and servicing processes to determine whether there is adequate security to support a loan or servicing action.

## C USPAP Compliance

[7 CFR 761.7(b)(1)] Real estate appraisals, technical appraisal reviews and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific FLP activity involved. A current copy of USPAP along with other applicable procedures and regulations is available for review in each Agency State Office.

\*--Note: The process for, and cost of, obtaining a copy of USPAP may be found at--\*  
<http://www.appraisalfoundation.org>.

To comply with OMB Circular No. A-129, the employee making a real estate appraisal may not approve any action in which the real estate appraisal was used, including loan approval or any servicing action.

## 141 General Appraisal Requirements (Continued)

### D Appraisal Costs

FSA is responsible for the costs of obtaining an appraisal associated with direct loanmaking and loan servicing activities, except for appeal and negotiation of appraisals. See Part 7 for information on FSA appraisal costs and payments.

The applicant or borrower is responsible for costs associated with appealing FSA appraisals. See paragraph 144 for information on appraisal appeals.

### E Obtaining Appraisals

A chattel appraisal may be conducted by either an FSA employee who has been delegated chattel appraisal authority from SED or a contract appraiser.

A real estate appraisal may be conducted by either an FSA employee or contract appraiser, subject to the following:

- for all direct credit transactions equal to or over \$100,000, the appraisal must be \*--completed by a State-certified residential or State-certified general contract appraiser, or an FSA full-time or part-time designated appraiser/reviewer:
  - an appraisal of residential or noncomplex agricultural property may be completed by a State-certified residential, State-certified general contract appraiser, or an FSA full-time or part-time designated appraiser/reviewer
  - an appraisal of complex agricultural property must be completed by a State-certified general contract appraiser or an FSA full-time or part-time appraiser/reviewer

**Note:** See Exhibit 2 for definition of noncomplex property.--\*

- for all direct credit transactions under \$100,000:
  - \*--an appraisal of residential or noncomplex agricultural property may be completed by a State-certified residential or State-certified general contract appraiser, a full-time or part-time designated appraiser/reviewer, or an FSA limited authority appraiser
  - an appraisal of complex agricultural property must be completed by a State-certified general contract appraiser or an FSA full-time or part-time appraiser/reviewer.

**Notes:** A credit transaction includes any action or existing debt secured by real estate and any proposed loans, subordinations, prior liens, or guarantees.

See Exhibit 2 for definitions of complex and noncomplex properties.--\*

**141 General Appraisal Requirements (Continued)****E Obtaining Appraisals (Continued)**

SED shall issue a State supplement providing guidance on the process to request:

- a chattel appraisal from a contract appraiser
- a real estate appraisal.

FSA offices shall release information requested by the appraiser to complete real estate appraisals.

**F Using an Existing Appraisal**

**[7 CFR 761.7(c)] Except where specified elsewhere, when a real estate appraisal is required, the Agency will use an existing real estate appraisal to reach loan making or servicing decisions under either of the following conditions:**

- (1) The appraisal was completed within the previous 12 months and the Agency determines that:**
  - (i) The appraisal meets provisions of this section and applicable Agency loan making and servicing requirements, and**
  - (ii) Market values have remained stable since the appraisal was completed; or**
- (2) the appraisal was not completed in the previous 12 months, but has been updated by the appraiser or appraisal firm that completed the appraisal and both the update and original appraisal were completed in accordance with USPAP.**

**Note:** Current USPAP requirements provide that an update of an appraisal is a new appraisal assignment. The appraiser may provide a new report:

- without incorporating the prior report
- by incorporating the prior report by attachments
- by incorporating the prior report by reference only if the original appraiser's firm and original intended users agree.

An existing chattel appraisal may be used if it was completed within the previous 24 months and:

- FSA determines that the appraisal meets the loanmaking and or servicing requirements
- market values have remained stable since the appraisal was completed.

**141 General Appraisal Requirements (Continued)****G Using Third Party Appraisals**

FSA may use an appraisal that has been completed by a third party for any direct or guaranteed loanmaking or loan servicing action, provided the appraisal meets all of the following:

- appraisal was completed within the previous 12 months
- appraisal was signed by a State-certified general appraiser licensed in the State where the property is located
- intended use stated in the report is consistent with FSA's need.

**Notes:** FSA does not need to be listed as an intended user in a third party appraisal report for any direct or guaranteed loanmaking or loan servicing action; however, FSA must verify that the appraisal was ordered by and prepared for a financial institution or land trust. Borrower-ordered appraisals are not acceptable for loanmaking or loan servicing actions except as provided in 5-FLP for special servicing actions.

If the administrative review concludes the appraisal is **not** acceptable for FSA use, a technical review should **not** be completed, nor should the report be used.

**H Contracts for Appraisal Services**

\*--Contracts for obtaining real estate appraisals and technical reviews or chattel appraisals shall be established according to Part 7.

Contract appraisers must remain independent from other FSA processes that are not appraisal-related.

**Note:** FSA processes that are not appraisal-related include completion of environmental screening questionnaires or forms.--\*

## 142 Appraisal Reports

### A Chattel Appraisals

**[7 CFR 761.7(b)(2)] When a chattel appraisal is required it must be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.**

FSA may use FSA-2160. If FSA-2160 is not used, the chattel appraisal, as a minimum, will identify all chattel items appraised, including the following details:

- the quantity, kind, sex, breed, color, weight or average weight, brands or other identification, and value of livestock

**\*--Note:** Weight is not required for breeding stock.--\*

- the quantity, kind, manufacturer, size and type, condition, year of manufacture, serial or motor number, and value of machinery and other equipment.

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

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

## 142 Appraisal Reports (Continued)

**B Real Estate Appraisals**

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

Real estate appraisals must include as a minimum, the following details:

- documentation of the physical onsite inspection of the subject and comparable properties by the appraiser

**Note:** Physical inspections are required for the appraisal to be USPAP compliant  
\*--according to subparagraph 141 C and must be signed by the appraiser.

- documentation of the results of the following 3 approaches to estimating value, as determined to be applicable and necessary, except as provided in the scope of work in--\* USPAP:
  - sales comparison approach
  - cost approach
  - income approach
- if adjustments are made, the basis for these adjustments \* \* \* as recognized by the market and supported by adequate documentation in the appraisal
- at least a 3-year sales history of the property
- \*--the comparable sales used, including a breakdown of land and improvement features and photographs of improvements and land--\*

**Note:** Using the subject property's pending sale as a comparable is prohibited.

- the value of any mineral rights.

**Note:** Because of CONACT requirements, a separate valuation of any mineral rights must be identified in appraisals, completed for any direct loan, to perfect the lien on any minerals. Because the particular CONACT requirement does not apply to guaranteed loans, a separate mineral valuation on an appraisal done for guaranteed loans is not required; however, the value of any mineral rights should still be considered in determining the overall value.

## 142 Appraisal Reports (Continued)

### B Real Estate Appraisals (Continued)

When the value of mineral rights:

- \*--can be determined, and/or is needed to collateralize the loan, FSA-2164, Part D or other formats that provide the same information, will be included in the appraisal report to support the market value arrived at by the appraiser
- is only nominal, FSA-2164, Part D or other formats that provide the same information, will reflect an amount as determined by the appraiser; the appraisal report shall document the basis for the appraiser's findings

**Note:** The nominal value may be determined to be as low as \$1.

- cannot be determined, instead of FSA-2164, the appraisal report will include language--\* to specify that it includes any mineral rights of the subject property. In these cases, the following language may be used:

“The precise value of mineral interests in existence, as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals is unknown to the appraiser. This appraisal is not an exhaustive study of the actual or potential mineral production, and is based on the best information available as of the effective date of the appraisal. The final opinion of value in the appraisal report includes mineral rights of the subject property.”

### C Approved Appraisal Formats

Any appraisal format that meets USPAP requirements is acceptable.

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

- FSA-2161
- \* \* \*
- FSA-2162
- FSA-2163
- \*--FSA-2164.--\*

### D Real Estate Appraisal Software

FSA has appraisal software available for full-time and part-time staff appraisers/reviewers. To obtain a copy of the software, or if there are questions about the software, contact PDEED at 202-720-3647 or at the following address.

USDA FSA PDEED  
STOP 0521  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0521

## 143 FSA Review of Appraisal Reports

### A Overview

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

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

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

\*--Chattel appraisal administrative reviews will be completed on FSA-2167.--\*

### B Administrative Appraisal Reviews

Administrative appraisal reviews are conducted by FSA employees, other than an FSA full-time or part-time State-designated appraiser/reviewer, delegated the responsibility by SED. Employees must have completed training on conducting appraisal reviews, according to paragraph 147, before receiving this delegation.

An administrative appraisal review is performed as a due diligence function in the context of a loanmaking or loan servicing decision and to ensure compliance with organizational requirements. After the administrative appraisal review, the appraisal user will be in a position to understand the strengths and weaknesses of the information in the report. An administrative appraisal review is completed to verify that the:

- correct property was appraised
- math is correct
- appraisal is logical and understandable
- appraisal complies with FSA contracting requirements.

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

The administrative reviewer will refer to the designated State staff appraiser any areas of concern or problems detected. An administrative reviewer may not express a different opinion of value and may not certify to the type and extent of review.

The administrative appraisal review is completed for farm properties on FSA-2165 and for residential properties on RD 1922-15, or in any other format containing, at a minimum, the same information.

**143 FSA Review of Appraisal Reports (Continued)**

**\*--C Conducting Administrative Appraisal Reviews**

FSA will complete an administrative appraisal review:--\*

- within 7 workdays of receiving a contracted appraisal obtained for any direct loan purpose
- on 20 percent of appraisals obtained during each FY by CLP and PLP lenders for any guaranteed loan purpose
- on all appraisals obtained during each FY by SEL's for any guaranteed loan purpose
- of chattel and real estate appraisals completed by FSA employees, as determined by SED
- on all third party appraisals.

## 143 FSA Review of Appraisal Reports (Continued)

### D Technical Appraisal Reviews Overview

A technical appraisal review will be in writing to address all requirements of USPAP, Standard 3. Under the scope of the technical appraisal review, the appraiser/reviewer forms an opinion as to:

- the adequacy and relevance of the data used
- the propriety of any adjustments to the data
- the appropriateness of the appraisal methods and techniques used
- whether the analysis and conclusion of the appraisal under review is credible, and if not, the reason for expressing different opinion of value.

Unless written authority is granted by DAFLP, a technical appraisal review must be \*--completed by a State-certified general appraiser, whose services are obtained under a contract, or FSA full-time or part-time State-designated appraiser/reviewer who will--\* determine whether the appraisal is in compliance with USPAP Standards. The appraiser/reviewer must certify as to the type and extent of the review process. A technical appraisal review may include a desk review and/or a field review. The appraiser/reviewer may express a different opinion of value from the appraiser, only after complying with USPAP Standards 1 and 2.

The technical appraisal review is completed for agriculture properties on FSA-2166, or any other format containing, at minimum, the same information and complies with USPAP standards.

A technical desk review:

- is an analysis of the material presented in the appraisal report as to the adequacy of the documentation of the final value estimate
- may reveal concerns, such as math errors, discrepancies of legal descriptions, comparable sales used that are not recent or similar to the subject property, failure to give value consideration to all items located on the subject property, and failure to address the condition of the subject and comparable sales.

A technical field review involves an examination of all aspects of making the appraisal. All information contained in the appraisal report is verified, inspected, and researched. Other information, such as other comparable sales, not included in the report may be addressed.

Problems or areas of concern detected during the technical appraisal review will be referred to the appraiser who conducted the appraisal.

## 223 Annual Review and Assessment Update

**A Objective of Annual Review**

**[7 CFR 761.103(d)] The Agency reviews the assessment to determine a borrower's progress at least annually. The review will be in the form of an office visit, field visit, letter, phone conversation, or year-end analysis, as determined by the Agency. For Streamlined CLs, the borrower must provide a current balance sheet and income tax records. Any negative trends noted between the previous years' and the current years' information must be evaluated and addressed in the assessment of the Streamlined CL borrower.**

**[7 CFR 761.103(e)] If a CL borrower becomes financially distressed, delinquent, or receives any servicing options available under part 766 of this chapter (5-FLP), all elements of the assessment in paragraph (b) of this section (paragraph 222) must be addressed.**

**\*--In times of limited resources the authorized agency official may prioritize the completion--\*** of the assessment according to current agency directives.

The annual review:

- monitors the borrower's progress towards the operation's goals
- evaluates supervisory assistance provided to assist borrower graduation to commercial credit.

**B Scope of Annual Review**

The annual review must address any significant changes to the borrower's farming operation, expenses, or financial condition that have occurred since the most recent assessment update or annual review. The authorized agency official shall pay particular attention to the following:

- changes in operations or goals
- status of progress toward goals
- need for changes in plan of supervision
- need for additional borrower training.

**C Assessment Updates**

**[7 CFR 761.103(c)] An assessment update must be prepared for each subsequent loan. The update must include a farm operating plan, a loan evaluation, and any other items discussed in paragraph (b) of this section (subparagraphs 222 B through F and I through J) that have significantly changed since the initial assessment.**

This assessment update serves as a gauge for measuring the borrower's progress and the effectiveness of FSA assistance.

**Note:** Streamlined CL's do **not** require a loan evaluation.

**223 Annual Review and Assessment Update (Continued)**

**D Documentation**

If significant changes have occurred, the authorized agency official must document the nature of each change and the reason for the change.

The documentation must address only new or changed information. Documentation in the borrower's case file must be adequate to record the type of supervision given, the findings of the review, and any items requiring follow-up.

**224-240 (Reserved)**

**Section 5 Year-End Analysis****261 Overview****A Introduction**

A year-end analysis provides an opportunity for the borrower and FSA to discuss and evaluate a borrower's financial and production performance, progress toward goals, effectiveness of operational management, and FSA supervision and oversight. It also provides an opportunity to modify the plan of supervision and to address other changes in the borrower's operations or situation.

The year-end analysis must coincide with the borrower's production and marketing cycle.

A year-end analysis may be used in place of an annual review.

The year-end analysis must be performed in as much detail as is presented in the farm operating plan.

\*--In times of limited resources, the authorized agency official may prioritize the completion--\* of the year-end analysis within the requirements of the applicable statutes and regulations.

**B Overview**

FSA and the borrower jointly prepare a year-end analysis. Year-end analysis has the following 4 steps.

- The authorized agency official will identify and evaluate any significant changes to the borrower's operation or situation.
- The borrower and the authorized agency official will obtain the borrower's actual production data and financial data for the completed year and compare the actual data to the projections made in the prior year's farm operating plan by calculating variances from the projections.
- The borrower and the authorized agency official will determine and document the reasons for variances.
- The borrower and the authorized agency official will analyze how the borrower's performance can be improved in the coming year and the borrower prepares an updated farm operating plan.

When completed, the authorized agency official must place a copy of each year-end analysis in the borrower's case file.

**262 Preparing for the Year-End Analysis****A Schedule for the Year-End Analysis**

The authorized agency official will schedule the year-end analysis to occur as close as possible to the end of the production cycle. It must be within the 60-day period after the borrower's production cycle ends. Borrowers must be prioritized according to need, with the greatest need cases being addressed first.

**B Before the Appointment**

The authorized agency official must review existing assessments, running records, written correspondence, and FSA-2040. If this review raises issues or questions, the authorized agency official must record these items in the running record to use when meeting with the borrower.

The authorized agency official must send a copy of the farm operating plan to a borrower if the borrower uses FSA's system. This farm operating plan must be sent to the borrower before the end of the production cycle. The authorized agency official shall ask the borrower to have the actuals completed and to bring record books, tax information, and other verifying documents that may be needed to the meeting. Inventories, asset values, and debts must be calculated as of the COB cycle.

**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		53, 54, 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-2065	Annual Statement Loan Account		49, 52
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-2167	Administrative Appraisal Review for Chattel Appraisals		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-2198 1/	Claimants With Closed Settlement Claims With No Appeal Hearing in Suspension		Ex. 13.5
FSA-2199 1/	Claimants With Closed Settlement Claims With Appeal Hearing in Suspension		Ex. 13.5
FSA-2201	Lender's Agreement		47, Ex. 35
FSA-2211	Application for Guarantee		44, 47

1/ Contact Jenny Breece at 202-720-4572 to obtain FSA-2198 and FSA-2199.

**Definitions of Terms Used in This Handbook (7 CFR 761.2 (b))****Administrative Appraisal Review**

Administrative appraisal review is a review of an appraisal to determine whether the appraisal:

- meets applicable Agency requirements; and
- is accurate outside the requirements of Standard 3 of USPAP.

**Agency**

Agency is the FSA.

**\*--Agency Official**

The agency official is any employee with the agency. This term is used when the action does not require inherent or delegated authority.

**Approval Official**

The approval official is the specific employee who has the authority to approve or deny the described action.--\*

**Authorized Agency Official**

The authorized agency official is the FSA official that is authorized to perform specific tasks related to loanmaking or loan servicing. The appropriate official is determined by inherent authorities or delegations applicable to a particular task.

**\*--Beginning Farmer**

The beginning farmer is an individual or entity who meets the loan eligibility requirements for a direct or guaranteed OL, FO, or CL loan, as applicable.--\*

**Complex Properties**

Complex properties are properties exceeding 1 to 4 single family units that have income-producing potential, which typically includes business and agricultural properties.

**\*--Conservation Loan (CL)**

CL means a loan made to eligible applicants to cover the costs to the applicant of carrying out a qualified conservation project.--\*

**Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)****Conservation Plan**

Conservation plan means an NRCS-approved written record of the land user's decisions and supporting information, for treatment of a land unit or water as a result of the planning process, that meets NRCS Field Office Technical Guide (FOTG) quality criteria for each natural resource (soil, water, air, plants, and animals) and takes into account economic and social considerations. The conservation plan describes the schedule of operations and activities needed to solve identified natural resource problems and takes advantage of opportunities at a conservation management system level. This definition only applies to the direct loans and guaranteed loans for the Conservation Loan Program.

**Conservation Practice**

Conservation practice means a specific treatment that is planned and applied according to NRCS standards and specifications as a part of a resource management system for land, water, and related resources.

**Conservation Project**

Conservation project means conservation measures that address provisions of a conservation plan.

**FSA**

FSA Farm Service Agency, an Agency of the USDA, including its personnel and any successor Agency.

**Graduation**

Graduation means the payment in full of all direct FLP loans, except for CLs, made for operating, real estate, or both purposes by refinancing with other credit sources either with or without an Agency guarantee.

**Loan Activity**

Loan activity is any transactions processed in GLS, DLS or PLAS to a borrower's loan.

**Noncomplex Properties**

Noncomplex properties are properties including 1 to 4 single family units and agricultural \*-properties, such as a small parcel of agricultural or bare land. Noncomplex property is determined by the authority granted based on the license credentials issued according to the licensing laws of the State in which the property to be appraised is located.--\*

FLP Rates

A Interest Rates for FLP's

\*--The following provides interest rates for FLP's as of February 1, 2012.--\*

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes		
<b>Note:</b> For the current interest rate, contact the National Office.		
Operating	*--1.375	2/1/12--*
Operating – Limited Resource	5.00	12/1/90
Farm Ownership and Conservation Loans	*--3.375	2/1/12--*
Farm Ownership – Limited Resource	5.00	4/1/86
Farm Ownership – Down Payment	1.50	5/22/08
Farm Ownership – Joint Financing	5.00	3/24/97
Soil and Water	*--3.375	2/1/12--*
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	*--3.375	2/1/12
Farmer Program – Homestead Protection	3.375	2/1/12
Shared Appreciation Amortization	2.375	2/1/12
Softwood Timber Loans	3.375	2/1/12
Economic Emergency – Operating	1.375	2/1/12
Economic Emergency – Real Estate	3.375	2/1/12--*
Emergency – Amount of Actual Loss	3.75	1/25/94
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	6.00	12/1/11
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	4.625	1/1/12
Emergency – Annual Production	4.625	1/1/12
Nonprogram - Chattel Property	4.625	1/1/12
Nonprogram - Real Property	6.00	12/1/11
Apple Loans	0.375	1/1/12
Association – Grazing	*--3.375	2/1/12
Association – Irrigation and Drainage	3.375	2/1/12--*
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://intranet.fsa.usda.gov/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](mailto: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.

<b>Treasury Rates</b>	<b>Current Rate (%)</b>	<b>Date Set</b>
90-Day Treasury Bill	0.125	10/1/09
Treasury Judgment Rate (see Note)	*--0.120	2/1/12--*

**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 January 6, 2012. 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.

<b>Effective Date</b>	<b>Rate (%)</b>	<b>Effective Date</b>	<b>Rate (%)</b>
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