

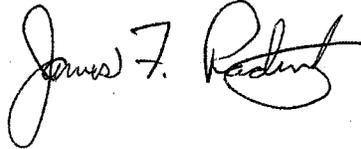
**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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

**Amendment 65**

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



**Amendment Transmittal**

**A Reasons for Amendment**

Exhibit 2 has been amended to update the definition of beginning farmer.

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>
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**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.

## Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

**Beginning Farmer**

**\*--Beginning farmer is an individual or entity who:**

- (1) Meets the loan eligibility requirements for a direct or guaranteed CL, FO, or OL, as applicable;**
- (2) Has not operated a farm for more than 10 years. This requirement applies to all members of an entity;**
- (3) Will materially and substantially participate in the operation of the farm:**
  - (i) In the case of a loan made to an individual, individually or with the family members, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm, consistent with the practices in the county or State where the farm is located.**
  - (ii) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm. Material and substantial participation requires that the member provide some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm would be seriously impaired;**
- (4) Agrees to participate in any loan assessment and borrower training required by Agency regulations;**
- (5) Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median farm acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant's residence is not located on the farm or if the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture;**
- (6) Demonstrates that the available resources of the applicant and spouse (if any) are not sufficient to enable the applicant to enter or continue farming on a viable scale; and**
- (7) In the case of an entity:**
  - (i) All the members are related by blood or marriage; and**
  - (ii) All the members are beginning farmers.--\***

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

**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.

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

**Program Loans**

Program loans include FO, CL, OL, and EM. In addition, for loan servicing purposes the term includes existing loans for the following programs no longer funded: SW, RL, EE, ST, and RHF.

**Streamlined Conservation Loan**

Streamlined conservation loan means a direct or guaranteed CL made to eligible applicants based on reduced documentation.

**Supervised Bank Account**

Supervised bank account is an account with a financial institution established through a deposit agreement entered into between the borrower, the Agency, and the financial institution.

**Technical Appraisal Review**

Technical appraisal review is a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to Standard 3 of USPAP.

**Treasury Judgment Rate**

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

**Uniform Standards of Professional Appraisal Practice**

Uniform standards of professional appraisal practice are standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recover, and Enforcement Act of 1989.

**FLP Rates**

**A Interest Rates for FLP's**

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

<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	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)	*--5.75	3/1/12--*
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	*--5.75	3/1/12--*
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.

Treasury Rates	Current Rate (%)	Date Set
90-Day Treasury Bill	0.125	10/1/09
Treasury Judgment Rate (see Note)	*--0.130	3/1/12--*

**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 February 3, 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.

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