

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 76

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Exhibit 15 has been amended to clarify instructions.

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

Page Control Chart		
TC	Text	Exhibit
		15, pages 3, 4 pages 71, 72 pages 98.13, 98.14 17, pages 1, 2

Farm Business Plan - FSA User Guide (Continued)

Table of Contents

Page

B Electronic File Maintenance, Reports, and Signatures (Continued)	
4 Reports and Forms - Signature and Filing Requirements.....	34.5
a General – Generating and Printing Reports	34.5
b Reports and Signature Requirements.....	35
c Reports Setup.....	36
5 eSignature Policy.....	37
6 Maintaining FBP Customer Records.....	38
a Moving FBP Customer Records to the Recycle Bin.....	38
b Moving FBP Duplicate Customer Records to the Recycle Bin	38
C General Information.....	39
1 Borrower Training.....	40
2 Related Entities.....	40
3 Employment Information	40
4 Lender Information.....	40
a Lender Staff	40
b Location/Department	41
c Special Handling of Employee Relationship Records	41
5 Farm Assessment Information.....	42
a New Customers.....	42
b Assessment Review and Updates.....	42
c Copying From Word Documents.....	43
6 Change General Information Model.....	43
D Balance Sheet.....	45
1 Types of Balance Sheets.....	45
2 Adding New Balance Sheets	46
3 Additional Links on the Balance Sheets Screen.....	46.5
4 Balance Sheet Summary - Entering Data	46.6
5 Balance Sheet Trends - Entering Data.....	46.8
6 When Customer and FSA Balance Sheet Values /Amounts Differ.....	46.9
7 Locking Balance Sheets	47
8 Assets	48
a Relationship of Asset Values for Chattel Appraisals/Collateral Analysis	48
9 Liabilities.....	48
a Unpaid and/or Accrued Expenses	48
b Farm Liabilities.....	49
c Personal Liabilities.....	49
10 Additional Information about Liabilities.....	49
a Example of Loan with Disaster Set-Aside	53
11 Copying Liabilities from the Credit Report (Optional Feature)	53
12 Reports.....	54

Farm Business Plan - FSA User Guide (Continued)

Table of Contents

	Page
E Refinancing and Restructuring	55
1 Refinancing	55
a Example 1, Current Balance Sheet Method	56
b Example 2, Balance Sheet Accounting Method.....	59
2 Direct Loan Servicing	65
F Income/Expense.....	66.5
1 Adding a New Income/Expense	66.5
2 Additional Links on the Income/Expense Screen.....	66.7
3 Income/Expense Summary - Entering Data	66.9
4 Income/Expense Trends - Entering Data.....	68
5 Using Income/Expense Categories.....	70
6 Reports.....	70
7 Locking Income/Expense Summaries	71
G Income/Expenses - Actuals.....	71
1 General	71
H Income/Expenses - Projected	74
1 Feasibility	74
a Loan Making and Servicing Actions, Except Primary Loan Servicing	74
b Special Loan Servicing Actions (Primary Loan Servicing Only).....	75
c Feasibility Definition	75
2 Creating Current Year Projections	76
3 Creating Typical Projections	77
a Method 1, Separate Short-Run Items from Typical Year	77
b Method 2, Transfer Current Assets and Payables into Operating	78
4 Monthly Cash Flow	80
a Summary Level.....	80
b Schedule Level.....	82
c Warnings.....	84
I Collateral Analysis/Chattel Appraisals.....	85
1 Describing the Collateral Position.....	85
2 Completing the Chattel Appraisal	85
3 Building the Collateral Analysis	88
a Customer With No Prior Liens	88
b Customer With Prior Liens	92
c Customer With Negative Equity Prior Liens	96
d Customer With FSA Cross-Collateralized Loans	98
e Customer With Third-Party Pledge of Security	98.6
f Customer With Personal Property Used for Security	98.8

Farm Business Plan - FSA User Guide (Continued)

F Income/Expense (Continued)

7 Locking Income/Expense Summaries

Income/Expense Summaries should be locked after completing to prevent further modification of the data. Lock the Income/Expense Summary by clicking “**Add/Modify/Delete**”. The lock link can be found to the right of the selected summary.

G Income/Expenses - Actuals

1 General

Actual income and expenses, together with production information (“actuals”) contain important information with which future plans can be developed. The following are suggestions for handling categories of actual income/expenses.

Category	What to Do
Operating	
Crop/Livestock Production and Sales	<p>Crop/livestock sales can be entered as a summary dollar amount when the production details are not known, or on schedules to record the production and the details of each crop/livestock production category and its sale.</p> <p>Yield and production can be recorded even if dollar sales for each scheduled item are not broken down. If the total crop or livestock production does not correspond to the dollar sales shown on income tax returns or farm records, users can still preserve the actual production on a per-crop level. Enter the crop production information on the schedule, but uncheck “To I/E”. Then enter the total dollar sales for all crops on the actual summary page. This will preserve production on a scheduled per-crop level, but not require a breakdown of income on a per-crop level.</p> <p>*--The purchase section that is available on the detail view of the crop schedule is only to be used when purchasing a crop for feeding purposes. The purchase price will be transferred to the “Feed Grain & Roughage (Sch.)” under “Operating Expenses”. The purchase cost for other crops or vegetables being purchased for resale should be entered under “Purchases for Resale”.</p> <p>The purchase cost for livestock, if entered on the detail view of the livestock schedule, will be transferred to the “Purch. for Resale Livestock & Poultry Sales” schedule under “Purchases for Resale.--*"</p>
Crop Production	<p>Crop production/yields can be tracked on a per-farm basis. To do so, enter the farm name or FSA farm number under “Type” each year. FBP will combine the yields and production in the production trends report for each like-identified farm. “Type” is name and case sensitive, should be the same each year to take advantage of that option.</p>
Purchases for Resale (i.e. market livestock, poultry, *--and crops/veg.)--*	<p>*--Enter detailed purchases for resale within the “Purchases for Resale” schedule.--* If no detail of purchases is needed, a summary dollar amount of purchases can be entered on the summary page.</p>

Farm Business Plan - FSA User Guide (Continued)

G Income/Expenses - Actuals (Continued)

1 General (Continued)

Category	What to Do
Operating (Continued)	
Operating Expenses (except depreciation and interest)	Enter operating expenses as summary amounts for each expense category, or as details for separate enterprises in the schedules. Summary input is recommended.
Depreciation	Enter actual depreciation from the income tax return, if known, or estimate if it is unknown. Caution: Do not ignore depreciation, as it will be used in the accrual adjusted income statement later. It does not affect MADS, ending cash, or loan feasibility.
Interest	See Financing .
Nonoperating	
Owner Withdrawals	Include living expenses and personal debt payments, i.e. credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc, in this category. Entries can be made on the schedules or as 1 summary entry. No itemization is required.
Income Taxes	Enter actual income and social security taxes paid during the year, unless net wages after taxes are entered in nonfarm income.
Nonfarm Income and Expense	Include gross wages, or net wages if no income taxes are entered, net business income, other nonfarm income or expense. Enter either as summary amounts or enter the details of the source or use of each type of funds in the schedule. Do not enter personal debt payments here. Generally, the nonfarm expense category will not be used.
Financing	
Loan Advances, Repayments, Interest Expense – Operating and Term	Loan advances, repayments, and interest payments can either be entered as summary amounts or as details in the “Loan Payments” schedule. Interest Expense. If the breakdown: <ul style="list-style-type: none"> • between operating and term interest is known, enter both in their respective expense category <p>Note: This is the preferred method.</p> <ul style="list-style-type: none"> • is not known, enter the estimate of operating interest, deduct the estimate from the total actual interest, and enter the balance as term interest • is not known and cannot be estimated, enter all actual interest as term interest. <p>Note: This will allow a conservative analysis of MADS.</p> <p>Caution: It is never recommended to enter all actual interest as operating interest, unless it actually is.</p>

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

2 Credit Action Status

The “Status” column is an eSignature feature on the Credit Action Screen that helps track the progress of the credit action. When a Credit Presentation that requires “Plan Approval” is acted on by a loan official, the “Status” on the Credit Action Screen will automatically be updated to indicate if it was:

- “Approved” or “Declined”
- “Recommend Approval” or “Recommend Decline”
- “Withdrawn”
- “End”, to be used **only** by the FBP coordinator.

-Greer 28200310160021021491 1, Pixie		Credit Action						
		Model Selection Filter		Credit Action Model		Select		Add
		Save & Stay						
Description	Status	Application	Environmental	Farm Assmt.	Other	Credit Presentation	Security Agreement	
<input type="checkbox"/> 2010 OL - loan	Withdrawn	None	Environmental Checklist	Farm Assmt.	None	Cred. Pres. / Borr. Class.	Select	
<input type="checkbox"/> 2005 Restructuring	Approved	None	Environmental Checklist	Farm Assmt.	None	Cred. Pres. / Borr. Class.	Security Agreement	
<input type="checkbox"/> 2005 Restructuring	End	None	Environmental Checklist	Farm Assmt.	DALRS Input Rot.	Cred. Pres. / Borr. Class.	Security Agreement	

Figure 61j, Credit Action Status

3 Locking Credit Action Forms

As soon as a credit action has been completed and eSigned, lock all the forms used in the credit action. See **Reports and Signature Requirements** (Section B 4 b) for a list of forms and locking requirements.

- *--**Exception:** If a delay in loan closing is anticipated, such as when funding is limited, the forms do not need to be locked until loan closing. This allows for the input of any changes in the financial or farming situation that have occurred since loan approval. In no situation will a loan be closed without locking the forms used in the credit action. Do **not** delete any of the documentation that was used to make the original credit decision.--*

Farm Business Plan - FSA User Guide (Continued)

J Credit Actions (Continued)

3 Locking Credit Action Forms (Continued)

*--To lock the forms in a credit action:

- CLICK “Credit Action”, [*Credit Action Name*]
- from the fly-out menu, select “Lock Forms”
- Click the selected form to lock
- a small lock will be displayed on the Credit Action Screen next to the “Locked” form.

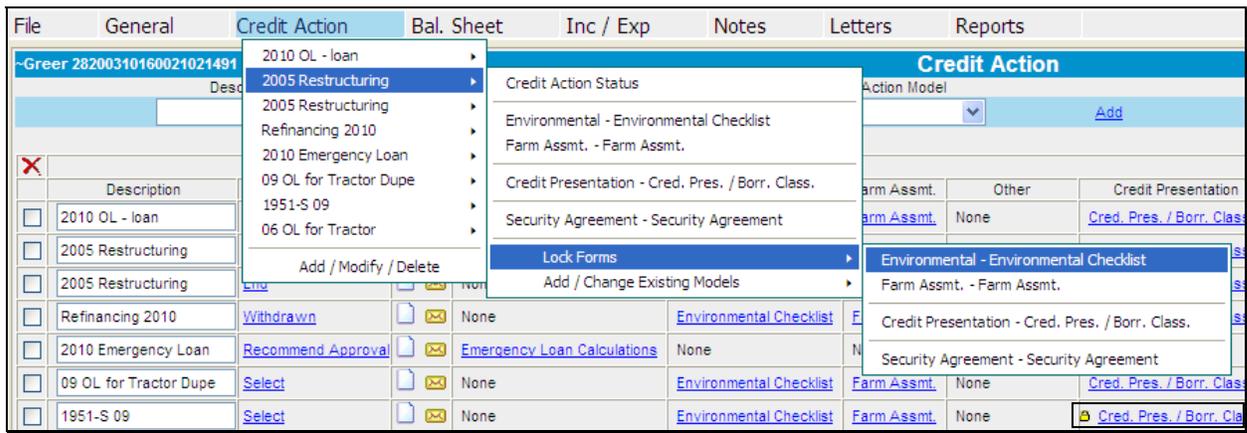


Figure 61k, Locking Forms

4 Farm Assessment

Initial farm assessments and updates must always be entered on the General Information Screen. However, because the farm assessment is a living document that will change over time, it is important that changes and updates get “frozen” in time on the Farm Assessment form when a credit action is completed. This serves the following 2 important purposes:

- a snap-shot of the farm assessment is taken, recorded, and cannot be changed when locked
- farm assessment will be associated with the credit action that was completed at that point in time.

Caution: Any changes to the assessment **must** be entered on the General Information Screen and then updated to the credit action Assessment form. Do **not** make changes directly to the credit action Assessment form.--*

FLP Rates

A Interest Rates for FLP's

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

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes		
Note: For the current interest rate, contact the National Office.		
Operating	1.125	9/1/12
Operating – Limited Resource	5.00	12/1/90
Farm Ownership and Conservation Loans	3.125	11/1/12
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	3.125	11/1/12
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	3.125	11/1/12
Farmer Program – Homestead Protection	3.125	11/1/12
Shared Appreciation Amortization	2.125	11/1/12
Softwood Timber Loans	3.125	11/1/12
Economic Emergency – Operating	1.125	9/1/12
Economic Emergency – Real Estate	3.125	11/1/12
Emergency – Amount of Actual Loss	2.125	9/1/12
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	*--5.375	12/1/12--*
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	4.375	11/1/12
Emergency – Annual Production	4.375	11/1/12
Nonprogram - Chattel Property	4.375	11/1/12
Nonprogram - Real Property	*--5.375	12/1/12--*
Apple Loans	0.375	7/1/12
Association – Grazing	3.125	11/1/12
Association – Irrigation and Drainage	3.125	11/1/12
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
- 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)	*--0.180	12/1/12--*

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 November 2, 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 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