

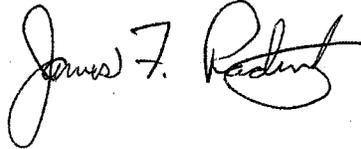
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

General Program Administration
1-FLP (Revision 1)

Amendment 88

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 29 A and D have been amended to update the maximum loan limits for FY 2014.

Subparagraphs 162 B and 166 F have been amended to provide the new micro-purchase threshold limit.

Note: The new micro-purchase threshold limit is effective on October 1, 2013.

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

Page Control Chart		
TC	Text	Exhibit
	2-15 through 2-18 7-1 through 7-4 7-15, 7-16	17, pages 1, 2

29 Maximum Loan Authorities

A OL, FO, CL, and EM Program Loan Limitations

Limitations on maximum loan amounts for OL, FO, and EM are established in CONACT. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 (Pub. L. 105-277), amended the limitations applicable to guaranteed OL and FO by providing for an annual adjustment based on the rate of inflation applicable to FY.

[7 CFR 761.8 (a)] The outstanding principal balances for a farm loan applicant or anyone who will sign the promissory note cannot exceed any of the following at the time of loan closing or assumption of indebtedness. If the outstanding principal balance exceeds any of the limits at the time of approval, the farm operating plan must reflect that funds will be available to reduce the indebtedness prior to loan closing or assumption of indebtedness.

(1) Farm Ownership, Down payment loans, Conservation loans, and Soil and Water loans:

(i) Direct--\$300,000;

(ii) Guaranteed--\$700,000 (for fiscal year 2000 and increased at the beginning of each *--fiscal year in accordance with paragraph (b) of this section) (subparagraph B);

Notes: FY 2014 loan limit is \$1,355,000.--*

This limit includes land contract guarantees.

(iii) Any combination of a direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, and guaranteed Soil and Water loan--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B);

***--Notes:** FY 2014 loan limit is \$1,355,000.--*

This limit includes land contract guarantees.

(2) Operating loans:

(i) Direct--\$300,000;

(ii) Guaranteed--\$700,000 (for fiscal year 2000 and increased each fiscal year in *--accordance with paragraph (b) of this section) (subparagraph B);

Note: FY 2014 loan limit is \$1,355,000.--*

29 Maximum Loan Authorities (Continued)

A OL, FO, CL, and EM Program Loan Limitations (Continued)

- (iii) Any combination of a direct Operating loan and guaranteed Operating loan--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B);

Note: FY 2014 loan limit is \$1,355,000.--*

- (3) Any combination of guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, and guaranteed Operating loan--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B);

Notes: FY 2014 loan limit is \$1,355,000.--*

This limit includes land contract guarantees.

- (4) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, and guaranteed Operating loan--the amount in paragraph (a)(1)(ii) * * * of this section plus \$300,000;

--Notes: FY 2014 loan limit is \$1,655,000.--

This limit includes land contract guarantees.

- (5) Emergency loans--\$500,000;

- (6) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan--the amount in paragraph (a)(1)(ii) * * * of this section plus \$800,000.

--Notes: FY 2014 loan limit is \$2,155,000.--

This limit includes land contract guarantees.

B Adjustment for Guaranteed Loans

[7 CFR 761.8 (b)] The dollar limits of guaranteed loans will be increased each fiscal year based on the percentage change in the Prices Paid by Farmers Index as compiled by the National Agricultural Statistics Service, USDA. The maximum loan limits for the current fiscal year are available in any FSA office and on the FSA website at <http://www.fsa.usda.gov>.

29 Maximum Loan Authorities (Continued)**C Line of Credit Advances**

[7 CFR 761.8 (c)] The total dollar amount of guaranteed line of credit advances and income releases cannot exceed the total estimated expenses, less interest expense, as indicated on the borrower's cash flow budget, unless the cash flow budget is revised and continues to reflect a feasible plan.

A Standard Eligible Lender must obtain Agency approval before issuing future year's funds according to 2-FLP, subparagraph 265 C. Approval may be provided by any Agency official with loan approval authority, and is not subject to the maximum loan limits established in subparagraph D.

Note: PLP and CLP lenders may provide future years' funds without prior FSA approval.

D Official Loan Approval Limitations for OL, FO, CL, and EM

The following identifies the maximum loan approval authority for OL, FO, CL, and EM by grade and title of approval officials at the time of loan closing. All loan approval limitations include the loan being made plus any outstanding principal balances owed by anyone who will sign the promissory note. For LOC's, the maximum amount of the LOC ceiling will be considered the outstanding principal balance. An approval official cannot approve or reject a loan request that will exceed the official's approval authority at the time of loan closing. The official must forward the loan and recommendations to the appropriate approval official for action.

CO County Office employees who have loan approval authority may not exceed the authority of the equivalent grade FLO or FLM.

29 Maximum Loan Authorities (Continued)

D Official Loan Approval Limitations for OL, FO, CL, and EM (Continued)

Type of Loan	FLO			FLM, DD, FLS, FLC, or Senior FLO	SED
	GS-7	GS-9	GS-11	GS-11/12/13	
Maximum approval by assistance type – limitation I					
Guaranteed OL	\$100,000	\$200,000	\$400,000	\$700,000	*--\$1,355,000
Direct OL	\$50,000	\$100,000	\$175,000	\$225,000	\$300,000
Guaranteed FO+SW+CL	\$0	\$175,000	\$400,000	\$700,000	\$1,355,000
Land Contract Guarantee	\$0	\$125,000	\$150,000	\$225,000	\$500,000
Direct FO+SW+CL	\$0	\$125,000	\$150,000	\$225,000	\$300,000
Direct EM	\$50,000	\$100,000	\$150,000	\$300,000	\$500,000
Maximum approval for combined assistance types – Limitation II					
OL Total Direct & Guaranteed	\$100,000	\$200,000	\$400,000	\$700,000	\$1,355,000
FO+CL+SW+ Land Contract Total Direct & Guaranteed	\$0	\$200,000	\$400,000	\$700,000	\$1,355,000
Total approval for multiple assistance types – Limitation III					
OL+FO+CL+SW+ Land Contract Total Direct and Guaranteed	\$0	\$400,000	\$550,000	\$850,000	\$1,655,000
Total Guaranteed	\$100,000	\$400,000	\$550,000	\$850,000	\$1,355,000
Total approval for FO, CL, OL, EM and Land Contract – Limitation IV					
OL+FO+CL+SW+EM+ Land Contract Total Direct and Guaranteed	\$0	\$400,000	\$550,000	\$850,000	\$2,155,000--*

SED, in consultation with FLC, may raise the loan approval authority limits for FLM's and senior FLO's who routinely show a higher than average loanmaking proficiency by the following:

- direct loanmaking, increase up to an additional \$50,000
- guaranteed or a combination of direct and guaranteed loanmaking, increase up to an additional \$200,000.

SED, after consulting with FLC, shall issue a State supplement establishing the method and standards, including what constitutes higher than average proficiency, for monitoring and evaluating the basis for raising loan approval authorities. This State supplement must be submitted for preapproval.

Note: Loans to employees in a County Office must be approved by the State Office. Loans to State Office employees must be approved by the National Office.

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

This part describes procedures for obligating, paying, and reporting PLCE costs and special *--handling processes. See 42-AS for procedure for purchasing and reporting procured goods--* and services.

B Program Authority

Program authorities to request goods and services by contract or BPA and process financial transactions 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 202-720-6797 or mail to:

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

162 Understanding PLCE

A PLCE Spending Chain

The components of the PLCE spending chain are defined as follows.

Component	Action
1	<p><u>Allocation</u> is funds that are apportioned to the agency and subsequently allocated to each State in 4 separate funds. Allocation to the State level is required before spending can occur.</p> <p>Note: See paragraph 163 for funds explanation.</p>
2	<p><u>Budget Pre-approval</u> means authorized agency officials contact the State PLCE Monitor to certify availability of funds before incurring an expense on behalf of the agency or a borrower.</p> <p>Note: This step is by-passed when a delinquent real estate tax notice or delinquent personal property tax notice is received in the County Office.</p>
3	<p><u>Obligation</u> means once an order is placed, the agency has a legal responsibility or obligation to pay for the ordered goods or services. A purchasing document is used to purchase goods and services or pay for costs associated with servicing a farm loan and preservation of the agency’s security according to the signed loan documents. Obligations draw down available funds in the associated account in FMML.</p>
4	<p><u>Invoice</u> is an accounts payable document that is used to pay for goods and services received and the disbursement of funds. Depending upon the type of expenditure, disbursements may occur after or simultaneously with the obligation document. Invoices reference and liquidate documents in the PLCE spending chain.</p>
5	<p><u>Disbursement</u> is handled by the National Finance Center. This step is driven by the vendor record and invoice document.</p>

B Elements of PLCE

PLCE expenses are financial transactions and procurement items.

PLCE items are considered **financial transactions** when the:

- expenditure is related to the collection of the Promissory Note, to preserve or protect any security for the loan, or is in compliance with the terms of any security agreement or other security instrument executed in connection with the loan, that does not result in the purchase of a supply or service
- ~~item is below the \$3,000 micro-purchase threshold~~
- transaction is not anticipated to be a repetitive need for services.

162 Understanding PLCE (Continued)**B Elements of PLCE (Continued)**

Examples of financial transactions include:

- paying for interpreter services
- obtaining a title opinion or updating an abstract
- securing an inventory property to prevent vandalism.

Procurement items are PLCE activities associated with the purchase of goods or services which are:

- related to goods or services obtained through BPA or similar contractual obligation
- obtained repetitively throughout the FY
- *--goods or services that cost in excess of \$3,000.--*

Note: Transactions listed in Exhibit 25 under “Loan Account Maintenance” are exempt from FAR and Agriculture Acquisition Regulation provisions and not subject to the micro-purchase threshold. These transactions will always be processed as financial transactions using FSA-2126.

Examples of procurement items include:

- real estate and chattel appraisals
- using a third party for handling legal document processing
- hiring a third party to conduct year-end analyses or make field visits.

All PLCE obligations and disbursements must occur on a “requirement and consideration” basis, meaning there must be a specific need for a specific applicant or borrower. Obligating lump sum amounts or “banking” PLCE funds for a specific vendor is prohibited and a violation of the Anti-Deficiency Act. The obligation of PLCE funds in one FY for use in another FY without a specific requirement also violates the Anti-Deficiency Act and is not permitted.

--162 Understanding PLCE (Continued)*C Using PLCE's**

Examples of permissible and not permissible uses are as follows:

- **Permissible:** On September 25, 2010, the County Office requests a title opinion in preparation for an upcoming foreclosure sale for a particular borrower. The PLCE commitment is created the same day; however, it is not until November 1, 2010, that the vendor delivers the title opinion and requests payment.
- **Not Permissible:** On September 25, 2010, the State Office decides to set aside \$xxx for real estate appraisals needed in the next FY. There is no immediate need for the obligation; however, the State wants to “use up” the remaining FY 2010 “L” allocation and draw-down funds from the obligation on an as-needed basis in FY 2011.

Note: For electronic UCC filings with the Secretary of State's office, see subparagraph 164 G.

D State Office Responsibilities

SED must issue a State supplement that:

- covers the proper handling of requests for PLCE activity involving using a Federal contract, BPA, or other type of Federal acquisition method
- establishes and identifies methods of certifying fund availability
- identifies the PLCE Monitor responsible for overseeing PLCE activity, including certifying fund availability.--*

166 FMMI (Continued)

E Using EFT

DCIA of 1996 mandates using EFT as the payment method for Government disbursements. EFT enables FSA to pay for goods and services electronically by direct deposit.

FAR and Treasury regulations at 31 CFR Part 208 allow the following exemptions to the EFT requirement:

- Federal, State and local Government vendors
- Federal 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: Operational hardship applies if the vendor's regular business process will be severely hindered by receiving payment through EFT.

F SAM Exemptions

Prospective vendors must be registered in SAM **before** the award of a contract, basic agreement, basic ordering agreement, or BPA.

There are certain exemptions to this requirement for PLCE transactions, as follows:

- PLCE non-contractual vendor
- foreign vendors doing work outside the U.S.
- Federal employees
- nonemployee travelers
- vendors paid for micro-purchases that do not use EFT.

Note: A micro-purchase is defined as the acquisition of supplies or services, the aggregate of which does not exceed \$3,000.

*--166 FMMI (Continued)

G Employees as Vendors

Employees are permitted to incur costs on behalf of FSA to obtain copies of courthouse documents provided **before 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 reimbursement 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, i.e., ordering a Treasury check
- 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 FMMI. **Do not** create a new vendor record.--*

FLP Rates

A Interest Rates for FLP's

--The following provides interest rates for FLP's as of October 1, 2013.--

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes		
Note: For the current interest rate, contact the National Office.		
Operating	1.875	9/1/13
Operating - Limited Resource	5.000	12/1/90
Farm Ownership and Conservation Loans	*--4.125	10/1/13--*
Farm Ownership - Limited Resource	5.000	4/1/86
Farm Ownership - Down Payment	1.500	5/22/08
Farm Ownership - Joint Financing	5.000	3/24/97
Soil and Water	*--4.125	10/1/13
Soil and Water - Limited Resource	5.000	7/1/92
Recreation - Individual	4.125	10/1/13
Farmer Program - Homestead Protection	4.125	10/1/13
Shared Appreciation Amortization	3.125	10/1/13
Softwood Timber Loans	4.125	10/1/13
Economic Emergency - Operating	1.875	9/1/13
Economic Emergency - Real Estate	4.125	10/1/13
Emergency - Amount of Actual Loss	2.875	9/1/13
Emergency - Major Adjustment: Subtitle A Purpose (Excess of Loss)	6.500	10/1/13
Emergency - Major Adjustment: Subtitle B Purpose (Excess of Loss)	4.375	10/1/13
Emergency - Annual Production	4.375	10/1/13
Nonprogram - Chattel Property	4.375	10/1/13
Nonprogram - Real Property	6.500	10/1/13
Apple Loans	0.625	9/1/13
Association - Grazing	4.125	10/1/13
Association - Irrigation and Drainage	4.125	10/1/13--*
Indian Land Acquisition	5.000	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)	*--0.130	10/1/13--*

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 August 30, 2013. 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