

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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

**Amendment 229**

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



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**Amendment Transmittal**

**A Reason for Amendment**

The following changes are being made in conjunction with the introduction of the operational review process in 4-FLP, Part 2.

Subparagraphs 41 I, 201 A, 222 J, 251 A, 251 C, 251 E, and Exhibit 36, page 74 have been amended to update 4-FLP references.

Subparagraph 221 A has been amended to provide guidance on when an assessment is completed.

Subparagraph 222 H has been amended to revise what is included in the initial assessment.

Paragraph 223 has been amended to provide that Subparagraphs A and B have been moved to 4-FLP, Part 2.

Paragraph 241 has been amended to state that the Farm Business Plan User Guide must be followed to ensure proper documentation.

Subparagraph 242 A has been amended to update the CFR citation.

Subparagraph 251 A has been amended to update CONACT requirements on graduation.

Subparagraphs 261 A and 262 A have been amended to add reference to operational review in 4-FLP, Part 2.

Subparagraph 261 B has been amended to compare actual production data with most recent past year projections.

## Amendment Transmittal (Continued)

Subparagraph 262 B has been amended to provide reference for YEA requirements.

Subparagraph 263 A has been amended to add exception reference to 4-FLP, subparagraph 116 B.

Exhibit 5, subparagraphs C and D have been amended to update the references to 4-FLP exhibits and to add FSA-2420 to the list of new forms used for FLP delivery.

Exhibit 36 has been amended to update the example of FSA-2040.

Page Control Chart		
TC	Text	Exhibit
	3-6.5, 3-6.6	5, pages 23-28
	8-1, 8-2	37, 38
	8-41, 8-42	36, pages 45, 46
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## 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, Part 2--\***
- 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.

**Part 8 Progression Lending****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 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, Part 2)--\*
  - 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 YEA 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 progression lending process to:--\*

- 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 progressive lending plan 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, provides a complete application--\***
- 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 needs
- identifies the strategy to ensure that a borrower graduates to commercial credit before term limits are met, as well as provides for farm transition and estate planning.

The assessment process enables FSA to determine the kind and amount of financial and other 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.

**221 Overview (Continued)****A Objective (Continued)**

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)] Except for ML, the initial assessment must evaluate, at a minimum, the:**

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

**[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:**

**(1) Type of farming operation and adequacy of resources;**

**\*--For ML's made for FO purposes, the adequacy of resources must include an evaluation establishing the value of the real estate.--\***



## 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)] Except for ML, 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 operating plan.--\*

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.

**[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:**

**(2) Amount of assistance necessary to cover expenses to carry out the proposed farm operating plan, including building an adequate equity base;**

**222 Elements of an Initial Assessment (Continued)****I Training Plan**

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

**\*--(9) 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.

**[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:**

**(6) Training plan.**

\* \* \*

## 222 Elements of an Initial Assessment (Continued)

**J Graduation Plan**

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

**(10) 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 progression lending, including the farm assessment and:

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

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.

**K Farm Transition and Estate Planning**

Farm transition and estate planning involves many personal, and often complex, decisions and should be developed in conjunction with a will and the assistance of attorneys and accountants, as needed, who have knowledge and expertise in agricultural operations.

The authorized agency official will counsel applicants on the importance of establishing a farm transition and estate plan. Applicants should consider the vision, values, and expectations for the future of their farming operation. Identifying successors who will operate the farm, non-farm heirs, and others involved parties, location of important documents, distribution of assets, and resolution of liabilities are important considerations. In addition, a plan to transfer management, ownership, income and labor as part of retirement should be addressed.

The initial assessment may address the actions an applicant will take to develop the farm transition and estate plan. The assessment update documents that plans have been developed and are updated, as needed.

**Note:** The assessment will not address the actual contents nor include the actual documents of the farm transition and estate plans.

**222 Elements of an Initial Assessment (Continued)****L Term Limits**

Term limits are part of the assessment and are recorded in FBP. The authorized agency official will complete the Term Limits Screen within the Farm Assessment Narrative each time the assessment is completed or updated.

\*--A more detailed reference with examples for term limits can be found in 3-FLP, subparagraphs 132 E and 202 D.--\*

**Notes:** Term limits for current borrowers are provided in the Customer Profile.

By signing the assessment report, applicants and borrowers indicate receipt and acknowledgement of the term limits.

## 223 Annual Review and Assessment Update

### \*--A Annual Review Process

See 4-FLP, Part 2 for annual review process.--\*

\* \* \*

### B Assessment Updates

**[7 CFR 761.103(d)] An assessment update must be prepared for each subsequent loan. The update must include a farm operating plan 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.

### C 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 FBP must be adequate to record the type of oversight given, the findings of the review, and any items requiring follow-up.

## 224-240 (Reserved)



## Section 3 Farm Operating Plan

### 241 Overview

#### A Objective

The primary objective of the farm planning process is to develop a plan that most accurately reflects the expected cash flow and business activities for the operating cycle. The farm operating plan documents the operation's:

- financial position
- cash flow
- repayment ability.

\*--FSA uses FBP to evaluate loan feasibility and the likelihood of achieving financial viability. An applicant or borrower may use an alternative format for the farm operating plan that contains the same information as required by FBP. An original signed copy of the farm--\* operating plan must be retained in the case file.

#### B Farm Operating Plan Format

FSA uses FBP to perform financial planning, analysis, loan origination and servicing \*--functions, and manage the FLP portfolio. The instructions found in the Farm Business Plan User Guide must be followed to ensure proper documentation. The User Guide is located on the FSA FLP Intranet website under Software User Guides at [https://inside.fsa.usda.gov/program-areas/daflp/software-manuals/index.--\\*](https://inside.fsa.usda.gov/program-areas/daflp/software-manuals/index.--*)

\* \* \*

#### C Timing of Farm Operating Plan

The period of time covered by a farm operating plan should reflect the norm for the type of commodity or agricultural enterprise being farmed in a particular area, considering climate conditions and other factors vital to the successful production of the commodity or agricultural enterprise. If there are any changes to the operation during the cycle of the plan, the changes will be noted on the plan. The revised operating plan will be signed and dated by the borrower and the authorized agency official, and will be documented in FBP. In most cases, the period covered by the plan should not exceed 18 months unless special circumstances dictate a longer planning period.

## 242 Developing Farm Operating Plans

### A General

**[7 CFR 761.104(a)] An applicant or borrower must submit a farm operating plan to the Agency, upon request, for loan making or servicing purposes.**

\*--A farm operating plan used for loan making or loan servicing decisions will be based on:--\*

- a typical year's plan for existing farm operations or enterprises without changes
- accurate, verifiable, reliable, and realistic information for new enterprises.

**[7 CFR 761.104(b)] An applicant or borrower may request Agency assistance in developing the farm operating plan.**

Applicants will be encouraged to obtain technical assistance. Sources of technical assistance include Extension Service, Land Grant Universities, State Programs, USDA 2501 grant recipient organizations and institutions, and private consultants.

**[7 CFR 761.104(c)] The farm operating plan will be based on accurate and verifiable information.**

Poultry or hog production contracts are the basis of grower income and facility value. The dependability of production contracts has a profound impact on the prospect for loan repayment. "Flock-to-flock" or "turn-by-turn" type arrangements alone may not be a dependable source of income or a reasonable projection of income for poultry or hog applicants who do **not** have current financial performance history with FSA.

**Note:** For contract income to be considered dependable, the contract must:

- be for a minimum period of 3 years
- provide for termination based on objective "for cause" criteria only
- require that the grower be notified of specific reasons for cancellation
- provide assurance of the grower's opportunity to generate income to ensure loan repayment, by incorporating requirements, such as a minimum number of flocks or turns per year, minimum number of bird or hog placements per year, or similar quantifiable requirements.



## 242 Developing Farm Operating Plans (Continued)

**A General (Continued)**

Pricing data for alternative production and marketing methods may be available from the following:

- NASS, through its 2008 organic production survey at [http://www.agcensus.usda.gov/Publications/2007/Online\\_Highlights/Organics/index.php](http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Organics/index.php)
- AMS:
  - grain and foodstuffs at <http://www.ams.usda.gov/mnreports/lbfnof.pdf>
  - fruit and vegetables at <http://www.marketnews.usda.gov/portal/fv>
  - wholesale terminal markets at <http://usdareports.com>
- RMA provides price for organically grown commodities
- National Agricultural Library has resources available on sustainable and organic agriculture at <http://afsic.nal.usda.gov/organic-production>
- nonprofit organizations such as Rodale Institute's New Farm Organic Price Report
- local sources such as the State Department of Agriculture, farmers market organizations, State organic farmers and gardeners associations, roadside stand organizations, local retail outlets, and State universities.

**Note:** See Exhibit 28 for a guide to determining projected prices.

**[7 CFR 761.104(e)] For MLs, when projected yields and unit prices cannot be**  
**\*--determined as specified in paragraphs (c) and (d) of this section because the data is not**  
**available or practicable, other documentation from other reliable sources may be used**  
**to assist in developing the applicant's farm operating plan.--\***

**[7 CFR 761.104(f)] Except as provided in paragraph (g) of this section, the applicant or borrower must sign the final farm operating plan prior to approval of any loan or servicing action.**

**[7 CFR 761.104(g)] If the Agency believes the applicant or borrower's farm operating plan is inaccurate, or the information upon which it is based cannot be verified, the Agency will discuss and try to resolve the concerns with the applicant or borrower. If an agreement cannot be reached, the Agency will make loan approval and servicing determinations based on the Agency's revised farm operating plan.**

**242 Developing Farm Operating Plans (Continued)****A General (Continued)**

If a loan making/servicing decision is based on a revised farm operating plan the applicant ~~does not agree with~~, the authorized agency official will enter the plan on which the applicant does not agree in FBP along with the plan submitted by the applicant. The authorized agency official will document in FBP the differences in the plans and the fact that the loan ~~making/servicing decision was based on a revised farm operating plan on which the applicant does not agree~~.

In FBP, the plans should be named such that it is clear which plan is the applicant's plan and which plan is developed by FSA.

**B Consideration of New Enterprises**

For new enterprises that are **not** a part of the applicant's history, the authorized agency official may use reliable sources, such as enterprise budgets from Extension Service and Land Grant Universities, as acceptable documentation to support the farm operating plan. Farm operating plans developed for new enterprises must use acceptable State or county average production levels. In addition, the local conditions (soil productivity, climate, etc.) that will affect the enterprise and current realistic income and expense information will be considered when State or county averages are used.

**Note:** Program loan cost contracting funds are available and may be used to procure technical assistance for applicants planning new enterprises if public sector institutions (Extension Service, State Government, Land Grant Universities, etc.) cannot provide the assistance necessary.

## Section 4 Borrower Account Classification

### 251 Overview

#### A CONACT Requirements

\*--CONACT requires FSA to establish a plan to encourage each borrower to graduate to private commercial credit or other sources of credit. FSA uses the borrower account classification system to identify borrowers with the best potential to obtain commercial credit, except CL. See 4-FLP, Part 2 for graduation. Classification also identifies borrowers in need of--\* special loan servicing and helps the National Office evaluate the quality of FSA's direct loan portfolio.

Classifications are not disclosed to credit bureaus or other lenders. A borrower cannot appeal an account classification.

#### B Classification Categories

Accounts will be identified as 1 of the following.

Classification	Classification Category
1	Commercial
2	Standard
3	Acceptable
4	Marginal
5	Not Classified

#### C When Classification Is Required

All classifications will be completed using FBP. See the Farm Business Plan User Guide at <https://inside.fsa.usda.gov/program-areas/daflp/software-manuals/index> for guidance on completing the classification. If the account is classified as commercial or standard, the authorized agency official must thoroughly document that the borrower has met the test for credit and therefore meets the eligibility requirements for the loan being granted.

Direct loans will be classified using the FBP credit presentation that is used to analyze and approve the loan.

At the end of YEA, done according to Section 5, the authorized agency official must also classify the account.

Subsequently, the authorized agency official at minimum must classify the account every \*--2 years with the updated data collected according to 4-FLP, Part 2.--\*

Before an account is identified as "Currently Not Collectible (CNC)", the current classification will be reviewed.

**251 Overview (Continued)****C When Classification Is Required (Continued)**

- Accounts which have not been previously classified, or those with a classification score of 1 or 2 will be assigned a score of “5,” “Not Classified” using the D-Loan/Special Classification Credit Action.
- Accounts previously scored 3, 4, or 5 will not be reclassified prior to CNC.

CNC accounts returned from cross servicing are not required to be classified.

**D Classification of Youth Loans**

New youth loans will be classified as “3” when completing the Youth Loan Credit Action. For existing youth loans, that are current, complete a D-Loan/Special Classification Credit Action. A score of “3”, “Acceptable” will be assigned. For existing youth loans that are delinquent, the D-Loan/Special Classification Credit Action shall be used and will be assigned a score of “5”, “Not Classified”. The values of FSA’s Security Margin and percent of FSA Loss will be calculated from the best information available for the borrower. The basis for these values will be documented in FBP.

**E Classification of CL’s**

CL’s will be classified using the FBP credit presentation that is used to analyze and approve the loan. There is no test for credit for CL’s, so a classification of commercial or standard is acceptable without further documentation.

At the time of YEA, completed according to Section 5, the authorized agency official must classify the account.

Subsequently, the authorized agency official at minimum must classify the account every \*--2 years with the updated data collected according to 4-FLP, Part 2.--\*

Streamlined CL’s will be classified as “2” using the D-loan/special classification credit action.

If CL, including Streamlined, subsequently becomes delinquent or financially distressed, all documents will be obtained to complete an analysis and the account will be classified using the updated information.

**F Classification Reporting**

Field Offices must use the Active FLP Borrowers Report from FLP Data Mart at <https://fsadw.nitckc.usda.gov/analytics> to monitor classifications. This report identifies the classification category and date for the most recent classification for each borrower.

When a new classification is completed in FBP, the authorized agency official must update the Classification Review Workflow in DLS as soon as it is possible to do so.

## Section 5 Year-End Analysis

### 261 Overview

#### A Introduction

YEA 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 progression lending plan and oversight. It also provides an opportunity to modify the progression lending plan and address other changes in the borrower's operations or situation.

YEA must coincide with the borrower's production and marketing cycle.

\*--YEA may be used as part of the operational review under 4-FLP, Part 2.--\*

YEA must be performed in as much detail as is presented in the farm operating plan.

In times of LR's, the authorized agency official may prioritize the completion of YEA within the requirements of the applicable statutes and regulations.

#### B Overview

FSA and the borrower jointly prepare YEA. YEA has the following 4 steps.

- The authorized agency official will identify and evaluate any significant changes to the borrower's operation or situation.
- \*--The authorized agency official will obtain the borrower's actual production data and financial data for the most recently completed year and compare the actual data to the projections. See 4-FLP, paragraph 22.
- The borrower and the authorized agency official will determine and document the reasons for variances from the projections.--\*
- 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.

\* \* \*

## 262 Preparing for the Year-End Analysis

\* \* \*

### \*--A Before the Appointment

\* \* \*

\*--YEA will be completed as part of the operational review under 4-FLP, Part 2. Request for Operational Review Information (4-FLP, Exhibit 20) will be sent to request current information.

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

### B Documenting Year End Analysis

When the authorized agency official determines that YEA will be required according to subparagraph 263 A, a full Operational Review workflow will be completed in DLS.--\*

\* \* \*

## 263 Minimum Requirements of the Analysis

### A Operations Requiring YEA

**[7 CFR 761.105(a)] The Agency conducts a year-end analysis at its discretion or if the borrower:**

**(1) Is being considered for a new direct loan or subordination;**

**\*--Notes:** See 4-FLP, subparagraph 116 B

Only existing borrowers are subject to a YEA when they are being considered for a new subsequent direct loan. This is not a requirement for a new applicant.--\*

**(2) Is financially distressed or delinquent;**

**(3) Has a loan deferred, excluding deferral of an installment under Subpart B of part 766; or**

**(4) Is receiving a limited resource interest rate on any loan, in which case the review will be completed at least every 2 years.**

**\*--Completion of YEA is mandatory for any borrower meeting the criteria above. A “Full Operational Review” workflow must be completed upon determination that a borrower meets any requirement for a mandatory YEA.--\***

The decision to perform YEA on other borrowers is at the discretion of the authorized agency official. YEA is not required for borrowers with:

- youth loans only
- loans flagged as having bankruptcy, foreclosure, or court action pending
- streamlined CL’s unless they have been delinquent or are financially distressed.

The authorized agency official shall use knowledge, experience, and judgment to identify high-risk operations requiring such additional supervisory attention. Supervisory judgments must be objective and apply sound credit and financial management principles.

Operations that may require YEA include those that are:

- undergoing major changes
- experiencing adverse production or financial conditions
- subject to volatile changes in the business climate.

**263 Minimum Requirements of the Analysis (Continued)****B Timing**

**[7 CFR 761.105(b)] To the extent practicable, the year-end analysis will be completed within 60 days after the end of the business year or farm budget planning period and must include:**

- (1) an analysis comparing actual income, expense, and production to projected income, expense, and production for the preceding production cycle; and**
- (2) an updated farm operating plan.**

*\*--See 4-FLP, paragraph 22.--\**

**C Identifying and Evaluating Significant Changes**

YEA must identify and evaluate any significant changes to the borrower's farming operation, expenses, or financial condition that have occurred since the most recent initial assessment, assessment update, or annual review. In most cases, however, significant changes will not have occurred or, if such changes have occurred, they will be limited to 1 or 2 aspects of the borrower's situation. 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 the progression lending plan
- need for additional borrower training.



**Forms List (Continued)**

**C Form and Guide Letters (Continued)**

<b>Old Number</b>	<b>New Number</b>	<b>Title</b>	<b>Date Made Obsolete</b>
FmHA FL 1951-J-3		Notice to Non-program applicants of adverse decision and their review rights	12-31-07
FSA FL 1951-S-2		Shared Appreciation Agreement opportunity to Suspend payment	12-31-07
FmHA FL 1951-T-1	5-FLP, Exhibit 10	Notification of the Availability of the Disaster Set-Aside Program	
FSA FL 1951-T-2		Notice of opportunity for a second installment set-aside due to declared disaster or low commodity prices	PN 113
FmHA FL 1955-C-1		Letter to Advise Beginning Farmer or Rancher Applicants/Borrowers in the Special Operating Loan Assistance Loan Program of the Availability of Equipment in FmHA Inventory	12-31-07
FmHA FL 1992-1		Report of Total Cash Payments in Excess of \$10,000	11-13-96
FmHA FL 1992-2	5-FLP, Exhibit 66	Notification of Transmittal to the Internal Revenue Service (IRS)	
RD FL 1992-E-1		Report of Total Cash Payments in Excess of \$10,000	12-31-07
FmHA GL 1900-B-1		Notification of Further Appeal Rights	7-8-98
FmHA GL 1900-D-1		Notice of Relationship or Association with a Recipient of FmHA Assistance	7-8-98
FmHA GL 1900-D-2		Request to Review FmHA Assistance to an Employee, Relative or Associate	12-1-06
FmHA GL 1900-D-3		Requirements for FmHA Assistance to an Employee, Relative or Associate	12-1-06
FmHA GL 1900-D-4		Certification for FmHA Assistance to an Employee, Relative or Associate	12-1-06

**Forms List (Continued)**

**C Form and Guide Letters (Continued)**

<b>Old Number</b>	<b>New Number</b>	<b>Title</b>	<b>Date Made Obsolete</b>
FmHA GL 1910-A-1	FSA-2304	Notice of Incomplete Application	
FmHA GL 1910-A-2	FSA-2305	Second Notice of Incomplete Application	
FmHA GL 1910-A-3	FSA-2307	Notification of Complete Application	
FmHA GL 1924-B-1		County Supervisor Notification to Applicants and Borrowers About Limited Resource Loans	7-8-98
FmHA GL 1927-B-1		Request for Title Opinion and Legal Services	12-31-07
FmHA GL 1943-A-1	3-FLP, Exhibit 16	Memorandum of Understanding Between FSA and [Enter Name of State Beginning Farmer Program]	
FmHA GL 1951-1		Notification to Borrower of Eligibility of Loan Graduation Review	12-31-07
FmHA GL 1951-2		Final Notice to Borrower to Provide Current	12-31-07
FmHA GL 1951-3	4-FLP, *--Exhibit 23--*	Borrower Prospectus	
FmHA GL 1951-5		To Notify a Borrower to Refinance the FmHA Indebtedness	7-9-96
FmHA GL 1951-6		Notification of Consequences Should Borrower Fail to Respond or Refinance the FmHA Indebtedness	12-31-07
FmHA GL 1951-7		To Notify a Borrower That FmHA will Continue With Loan(s)	12-31-07
FmHA GL 1951-C-4		Notice of Intent to Employee About Salary Offset	5-28-03
RD GL 1951-C-4	(*)	Notice of Intent to Employee About Salary Offset	

**Forms List (Continued)**

**C Form and Guide Letters (Continued)**

<b>Old Number</b>	<b>New Number</b>	<b>Title</b>	<b>Date Made Obsolete</b>
FmHA GL 1951-F-5	4-FLP, *--Exhibit 24--*	Notice to Borrower to Refinance FSA Indebtedness	
FmHA GL 1951-F-8		Letter Reminding Borrowers of Graduation Requirement and OL and FO Time Restrictions	9-28-00
FSA GL 1951-F-8	4-FLP, Exhibit 21	Notice of Time Restrictions on Eligibility for OL and FO Programs and the Graduation to Commercial Credit Requirement	*--9-29-14--*
FSA GL 1951-F-9	*--4-FLP, Exhibit 20	Request for Information to Complete Operational Review--*	
FmHA GL 1951-J-1	5-FLP, Exhibit 40	Notice of Acceleration of Your Debt (Non-Program) to the Farm Service Agency (FSA) and Demand for Payment of That Debt	
FmHA GL 1951-J-2	5-FLP, Exhibit 41	Notice of Acceleration of Your Farm Service Agency (FSA) Account (Non- Program)	
FmHA GL 1951-J-3	4-FLP, Exhibit 51	Denial of Non-Program Assistance	
FSA GL 1951-S-1		Reminder to Borrowers of Shared Appreciation Obligation	12-31-07
FSA GL 1951-S-2	5-FLP, Exhibit 25	Shared Appreciation Reminder	

**Forms List (Continued)**

**C Form and Guide Letters (Continued)**

<b>Old Number</b>	<b>New Number</b>	<b>Title</b>	<b>Date Made Obsolete</b>
FmHA GL 1962-A-1	4-FLP, Exhibit 32	Initial Notification of 3 <sup>rd</sup> -Party Purchaser	
FmHA GL 1962-A-2		County Supervisor Notification to Purchaser of FmHA Security Property of Possible	12-31-07
FmHA GL 1962-A-3		Notification to Receivers of FmHA 1962-A-2 that No Action Will be Taken Against Them	12-31-07
FmHA GL 1962-A-4	4-FLP, Exhibit 33	SED Notification of 3 <sup>rd</sup> -Party Purchaser	
FmHA GL 1962-A-5	4-FLP, Exhibit 31	Notification of Unauthorized Use of Proceeds	
FmHA GL 1980-B-1		First Notification of Incomplete Farmer Programs Guaranteed Application	12-31-07
FmHA GL 1980-B-2		Second Notification of Incomplete Farmer Programs Application	12-31-07
FmHA GL 1980-B-3		Certification of Complete Application	12-31-07
FmHA GL 1980-B-4		Letter to Lenders for Collection Activity on Liquidated Accounts	12-31-07
FmHA GL 2006-K-1		Request for New or Modification to the AD HOC Reporting System	12-31-07

## Forms List (Continued)

### D Exhibits

The following lists all exhibits to FmHA or RD Instructions used for FLP delivery.

**Notes:** Exhibits to FmHA or RD Instructions that will be used after December 31, 2007, have been converted to either a form or Exhibit to the appropriate handbook.

The “Old Number” column provides the FmHA or RD Instruction number and Exhibit.

The “New Number” column provides the new number to be used after December 31, 2007.

The “Title” column provides the title of the document.

<b>Old Number</b>	<b>New Number</b>	<b>Title</b>	<b>Date Made Obsolete</b>
426.1, Exhibit A		Escrow Agreement, Real Property Insurance (to collect proceeds from insurance and redistribute to selected payees)	12-31-07
442.11, Exhibit B		Tribal Council Resolution	1-28-02
442.11, Exhibit C		Assignment of Tribal Income and Funds	1-28-02
442.11, Exhibit D		Subordination Agreement	1-28-02
442.11, Exhibit E		Project Summary (Loans to Indian Tribes and Tribal Corporations)	1-28-02
1901-E, Exhibit A		Memo RE Civil Rights Compliance Reviews completed	12-31-07
1901-E, Exhibit B		Memo RE: Summary Report of Civil Rights Compliance Reviews	12-31-07
1901-E, Exhibit C		Memo RE: FmHA Financed Contracts	12-31-07
1902-A, Exhibit B	FSA-2141	Interest-Bearing Deposit Agreement	

**Forms List (Continued)**

**D Exhibits (Continued)**

<b>Old Number</b>	<b>New Number</b>	<b>Title</b>	<b>Date Made Obsolete</b>
1910-A, Exhibit A	3-FLP, Exhibit 5	Information Needed to Submit An FSA Direct Loan Application	
1910-A, Exhibit B		Letter to Notify Socially Disadvantaged Applicants/Borrowers Regarding the Availability of Direct Farm Ownership (FO) Loans	12-31-07
1910-A, Exhibit C		Letter to Notify Applicant(s)/Borrower(s) of Their Responsibilities in Connection with FmHA Farmer Program Loans	12-31-07
1910-C, Exhibit A		Request for Commercial Credit Report	12-31-07
1922-A, Exhibit D		Farmers Home Administration Appraisal Certification Program , Semi-Annual Report	4-12-00
1924-B, Exhibit A		Letter to Borrower Regarding Releases of Farm Income to Pay Family Living and Farm Operating Expenses	12-31-07
1951-A, Exhibit B	4-FLP, *--Exhibit 25--*	Notice of Change in Interest Rate	
1951-D, Exhibit A	4-FLP, Exhibit 26	Notification of Payoff Amount	
1951-F, Exhibit A	4-FLP, Exhibit 22	Lender Agricultural Loan Underwriting Standards	
1951-L, Exhibit A	5-FLP, Exhibit 30	Initial Letter to Borrowers Who Received Unauthorized Assistance	
1951-L, Exhibit B	5-FLP, Exhibit 31	Letter to Borrowers Who Received Unauthorized Assistance - Final Determination	

**Forms List (Continued)**

**F New Forms**

The following lists new forms used for FLP delivery.

<b>Form Number</b>	<b>Title</b>
FSA-2002	Three Year Financial History
FSA-2003	Three Year Production History
FSA-2004	Authorization to Release Information
FSA-2005	Creditor List
FSA-2006	Property Owned or Leased
FSA-2128	Appraisal Program Loan Cost Expense (PLCE) Request
FSA-2145	Demand for Withdrawal of Supervised Bank Account Funds
FSA-2155	Vendor Appraisal Registration
FSA-2302	Description of Farm Training and Experience
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal
FSA-2308	Notice of Eligibility for FSA Assistance
FSA-2340	Selection of Attorney/Title Agent and Legal Services
*--FSA-2420	Intent to Accelerate for Failure to Provide Information or to Graduate--*
FSA-2516	30 Day Reminder of the Notice of Availability of Loan Servicing
FSA-2523	Denial - No Feasible Plan - Current/Financially Distressed
FSA-2524	Borrower Response to Denial of PLS (Current/Financially Distressed)
FSA-2544	SAA 6 Month Contact Letter
FSA-2545	SA Due - Notification
FSA-2702	Notice of Intent to Collect by Administrative Offset for Non-Borrower Entity
FSA-2704	Notice of Debtor That Administrative Offset Has Been Exercised and Intent to Collect by Administrative Offset for Non-Borrower Entity
FSA-2707	Alternative Repayment Agreement for Administrative Offset or TOP
FSA-2716	Notice Advising of Potential Referral to Treasury for Cross-Servicing and the Availability of Debt Settlement
FSA-2717	Notice Advising of Potential Referral to Treasury for Cross-Servicing
FSA-2723	Treasury Offset Program (TOP) – Delete Only
FSA-2727	Youth Loan (YL) Debt Forgiveness
FSA-2731	Cancellation of Debt Without Application (RD-1956-1)
FSA-2731A	Cancellation of Debt Without Application (Continuation)
FSA-2735	Household Income And Expense Worksheet
FSA-2737	Notice Advising of Decision on Debt Settlement Application

**Forms List (Continued)**

**G New Exhibits**

The following lists new exhibits used for FLP delivery.

<b>Required Under</b>	<b>Handbook and Exhibit</b>	<b>Title</b>
FmHA GL 1943-A-1	3-FLP, Exhibit 16	Memorandum of Understanding Between FSA and [Enter Name of State Beginning Farmer Program]
Notice FLP-469, Exhibit 1	4-FLP, Exhibit 52	Borrowers Entering Active Duty
Notice FLP-469, Exhibit 2	4-FLP, Exhibit 53	Borrowers Leaving Active Duty
*--Notice FLP-128, Exhibit 1	5-FLP, Exhibit 13	Third Party Pledge of Security Notification Letter
Notice FLP-128, Exhibit 1	5-FLP, Exhibit 14	Youth Loan Notification Letter--*
FmHA Instruction 1951-J, Section 1951.457(b)	5-FLP, Exhibit 38	10-Day Notice of Non-Program Delinquency
FmHA Instruction 1951-J, Section 1951.457(b)	5-FLP, Exhibit 39	30-Day Reminder of Non-Program Delinquency
Notice FLP-467, Exhibit 2	5-FLP, Exhibit 52	Notice of Acceleration for FLP Accounts Held by Native American Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights
Notice FLP-467, Exhibit 3	5-FLP, Exhibit 53	Notification of Options Available to the Tribe
Notice FLP-467, Exhibit 4	5-FLP, Exhibit 54	Information on Native American Borrower Rights Under the Consolidated Farm and Rural Development Act
Notice FLP-468, Exhibit 1	5-FLP, Exhibit 55	Notification to a Tribe of an American Indian Borrower's Request to Have a Loan Assigned to the Tribe (With Example Information)
Notice FLP-468, Exhibit 2	5-FLP, Exhibit 56	Notification to an American Indian Borrower of Acceptance of an Assignment Request
Notice FLP-468, Exhibit 3	5-FLP, Exhibit 57	Notification to an American Indian Borrower of Denial of an Assignment Request
RD Instruction 1955-B, Section 1955.62(a)	5-FLP, Exhibit 65	Notification of Personal Property
RD Instruction 1955-B, Exhibit B	5-FLP, Exhibit 71	Notification of Tribe of Availability of Farm Property for Purchase
RD Instruction 1955-C, Exhibit H	5-FLP, Exhibit 74	Conservation Easement for Wetlands
RD Instruction 1955-C, Exhibit I	5-FLP, Exhibit 75	Conservation Easement for Floodplains



## DD FLP Oversight Review User Guide (Continued)

### D Part A: Quarterly Review (Continued)

#### 3 “Direct Loan Servicing” (Continued)

##### C “Chattel Security Accounting”

Review a sample of 5 accounts in this category; review all if less than 5. Review additional files if deficiencies are found. Information sources include the following:

- 4-FLP
- borrower case file and/or FBP
- discussions with Service Center
- FSA-2028
- FSA-2040
- FSA-2045.

Question	Source															
1: Borrower Name	<p>View 5 borrower accounts that had dispositions in the previous quarter. Review FSA-2040 and FSA-2045 to ensure that planned sales match actual sales and that variances are documented in FBP.</p> <p>*--</p> <div><div>This form is available electronically.</div><div>Form Approved - OMB No. 0560-0236</div><div><div>FSA-2040 (11-23-16)</div><div>U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency</div><div>Position 1</div></div><div>AGREEMENT FOR USE OF PROCEEDS AND SECURITY</div><div>See page 5 for Privacy Act and Paperwork Burden Statements</div><div>1. Account Name</div><div><div></div></div><div>This Agreement is between the Farm Service Agency (FSA) and the undersigned.</div><div>I understand that in addition to this Agreement, FSA must comply with its governing statutes and regulations.</div><div>On (a) <div></div>, I signed a Farm Business Plan (FBP) or FSA-2301 "Request for Youth Loan" covering the (b) <div></div> production cycle(s). I worked together with FSA to project the planned income and expenses of my farming operation in the FBP. I am in agreement that the plan accurately reflects the planned income and expenses of my operation including the projection of (c) \$ <div></div> for owner's withdrawal/family living expenses and my plan to make the following FSA scheduled payments from the following sources.</div><table><tr><th>(d) FLP Loan Number</th><th>(e) Due date (MM-DD-YYYY)</th><th>(f) Amount</th><th>(g) Source of Proceeds</th><th>(h) Amount of Proceeds to be Released Prior to Payment of FLP Loan</th></tr><tr><td><div></div></td><td><div></div></td><td>\$ <div></div></td><td><div></div></td><td>\$ <div></div></td></tr><tr><td><div></div></td><td><div></div></td><td>\$ <div></div></td><td><div></div></td><td>\$ <div></div></td></tr></table></div> <div>--*</div>	(d) FLP Loan Number	(e) Due date (MM-DD-YYYY)	(f) Amount	(g) Source of Proceeds	(h) Amount of Proceeds to be Released Prior to Payment of FLP Loan	<div></div>	<div></div>	\$ <div></div>	<div></div>	\$ <div></div>	<div></div>	<div></div>	\$ <div></div>	<div></div>	\$ <div></div>
(d) FLP Loan Number	(e) Due date (MM-DD-YYYY)	(f) Amount	(g) Source of Proceeds	(h) Amount of Proceeds to be Released Prior to Payment of FLP Loan												
<div></div>	<div></div>	\$ <div></div>	<div></div>	\$ <div></div>												
<div></div>	<div></div>	\$ <div></div>	<div></div>	\$ <div></div>												
2: Dispositions and proceeds are recorded on FSA-2040 and FSA-2045	<p>Review FSA-2040, FSA-2045, and FBP to determine if dispositions:</p> <ul style="list-style-type: none"><li>• occurred as planned</li><li>• were accounted for</li><li>• were approved.</li></ul> <p>Discuss any discrepancies with loan officers.</p>															

DD FLP Oversight Review User Guide (Continued)

D Part A: Quarterly Review (Continued)

3 “Direct Loan Servicing” (Continued)

C “Chattel Security Accounting” (Continued)

Question	Source																																																																																																																
3: Funds are released in accordance with the FBP and FSA regulations as applicable	Review 4-FLP, paragraph 163 and ensure that proceeds are applied correctly and released when appropriate. Discuss any discrepancies with loan officers.																																																																																																																
4: Work copy of Security Agreement has been notated for any changes in collateral (FSA-2028)	<p>Review the most recent work copy of FSA-2028 to verify that it matches any changes to FSA-2040.</p> <p>Items of security that have been sold, junked, traded, etc.:</p> <ul style="list-style-type: none"> <li>• should be lined off of the work copy of FSA-2028</li> <li>• notated as to the manner and date of disposition.</li> </ul> <p>Discuss any discrepancies with loan officers.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>FSA-2028 (09-03-10) <span style="float: right;">Page 3 of 8</span></p> <p>(c) All farm and other equipment (except small tools and small equipment such as hand tools, power lawn mowers and other items of like type unless described below), and inventory, now owned or hereafter acquired by Debtor, together with all replacements, substitutions, additions, and accessions thereto, including but not limited to the following which are located in the State(s) of (1) <span style="background-color: black; color: black;">[REDACTED]</span>:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>(2) Line No.</th><th>(3) Quantity</th><th>(4) Kind</th><th>(5) Manufacturer</th><th>(6) Size and Type</th><th>(7) Condition</th><th>(8) Year</th><th>(9) Serial or Model No.</th></tr> </thead> <tbody> <tr><td>1</td><td>1</td><td>DISC</td><td>KEWANEE</td><td>20 FT</td><td>FAIR</td><td></td><td></td></tr> <tr><td>2</td><td>1</td><td>TRACTOR</td><td>JD</td><td>4640</td><td>FAIR</td><td>1982</td><td><span style="background-color: black; color: black;">[REDACTED]</span></td></tr> <tr><td>3</td><td>1</td><td>LISTER</td><td>R &amp; J</td><td>8-ROW</td><td>GOOD</td><td></td><td></td></tr> <tr><td>4</td><td>1</td><td>SPRING TOOTH HARROW</td><td>NOBLE</td><td>40 FT</td><td>FAIR</td><td></td><td></td></tr> <tr><td>5</td><td>1</td><td>ROTARY HOE</td><td>JD</td><td>E0400</td><td>FAIR</td><td></td><td></td></tr> <tr><td>6</td><td>1</td><td>PITCHOUT RIG</td><td>R &amp; J</td><td>8-ROW</td><td>FAIR</td><td></td><td></td></tr> <tr><td>7</td><td>1</td><td>PLOW</td><td>JD</td><td>ROLLOVER</td><td>FAIR</td><td></td><td></td></tr> <tr><td>8</td><td>2</td><td>FERT. INJ. PUMPS</td><td>BALDOR</td><td>1/3 HP</td><td>GOOD</td><td></td><td></td></tr> <tr><td>9</td><td>2</td><td>FERT. TANK</td><td></td><td>1250 GAL</td><td>FAIR</td><td></td><td></td></tr> <tr><td>10</td><td>3</td><td>IRRIGATION ENGINES</td><td>CHEV</td><td>292</td><td>GOOD</td><td></td><td></td></tr> <tr><td>11</td><td>1</td><td>TRAILER UTILITY</td><td></td><td>16 FT.</td><td>FAIR</td><td></td><td></td></tr> <tr><td>12</td><td>1</td><td>TANK MOBILE W/PUMP</td><td></td><td>500 GAL</td><td>FAIR</td><td></td><td></td></tr> <tr><td>13</td><td>1</td><td>SHREDDER</td><td>WOODS</td><td>6-ROW</td><td>FAIR</td><td></td><td></td></tr> </tbody> </table> </div>	(2) Line No.	(3) Quantity	(4) Kind	(5) Manufacturer	(6) Size and Type	(7) Condition	(8) Year	(9) Serial or Model No.	1	1	DISC	KEWANEE	20 FT	FAIR			2	1	TRACTOR	JD	4640	FAIR	1982	<span style="background-color: black; color: black;">[REDACTED]</span>	3	1	LISTER	R & J	8-ROW	GOOD			4	1	SPRING TOOTH HARROW	NOBLE	40 FT	FAIR			5	1	ROTARY HOE	JD	E0400	FAIR			6	1	PITCHOUT RIG	R & J	8-ROW	FAIR			7	1	PLOW	JD	ROLLOVER	FAIR			8	2	FERT. INJ. PUMPS	BALDOR	1/3 HP	GOOD			9	2	FERT. TANK		1250 GAL	FAIR			10	3	IRRIGATION ENGINES	CHEV	292	GOOD			11	1	TRAILER UTILITY		16 FT.	FAIR			12	1	TANK MOBILE W/PUMP		500 GAL	FAIR			13	1	SHREDDER	WOODS	6-ROW	FAIR		
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**DD FLP Oversight Review User Guide (Continued)**

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**E Part B: Semiannual Reviews (Continued)**

**3 Guaranteed Loan Servicing (Continued)**

**B Lender Reviews**

Review requires a count of loans or accounts for each type of lender. Information sources include the following:

- 2-FLP, paragraph 267
- discussions with Service Center
- GLS Report Code GLS2003
- record count from Operational Files.

Question	Source
1: Required Number of SEL borrower files to be reviewed for FY	<p>Access from GLS Reports, GLS Status Reports Code <b>GLS2003, Guaranteed Loans by Lender Caseload.</b></p> <p>Report lists guaranteed loan information by lender ID within lender name, giving a total amount by lender.</p> <p>Review and discuss the report with FLM, FLO, and/or SFLO.</p> <p>Review items:</p> <ul style="list-style-type: none"> <li>• (1), (3), and (5) will be determined by the number of borrowers for each lender, and the percentage required to be reviewed based on lender status according to 2-FLP, subparagraph 267 B.</li> <li>• (2), (4), and (6) will be determined through discussion with FLM, FLO, and/or SFLO.</li> </ul>
2: Number of SEL borrower files reviewed year to date	
3: Required number of CLP borrower files to be reviewed for FY	
4: Number of CLP borrower files reviewed year to date	
5: Required number of PLP borrower files to be reviewed for FY	
6: Number of PLP borrower files reviewed year to date	

## DD FLP Oversight Review User Guide (Continued)

### F Part C: Annual Reviews

**Note:** Use the “**Review Area Comments**” section to note issues on which to followup or other comments relevant to the review.

#### 1 Direct Loan Servicing

##### A Borrower Graduation

Review required for all borrower accounts classified as a “1” or “2”. Information sources include the following:

- \*--4-FLP, Part 2--\*
- discussions with the Service Center
- Graduation Review Monitoring Report
- Operational Files.

Question	Source																																																																								
1: Lender surveys are completed annually	<p>Each October, an authorized agency official shall contact local lenders to obtain their underwriting criteria for making agricultural loans. A summary of this information should be kept in the Operational Files. Review to determine if this information was obtained.</p> <p>For information about borrower graduation requirements, see 4-FLP, Part 4.</p> <table><tr><th colspan="6">Lender Agricultural Loan Underwriting Standards</th></tr><tr><th colspan="6">Short-Term Credit</th></tr><tr><th></th><th>Lender</th><th>Lender</th><th>Lender</th><th>Lender</th><th>Applicant</th></tr><tr><td>Date Completed</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Name</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Lending Limit</td><td></td><td></td><td></td><td></td><td>N/A</td></tr><tr><td>Minimum Loan Size</td><td></td><td></td><td></td><td></td><td>N/A</td></tr><tr><td>Percent Equity</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Percent Repayment Margin</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Types of Security Required</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Maximum Loan to Security Value</td><td></td><td></td><td></td><td></td><td>N/A</td></tr><tr><td>Maximum Term of Loan</td><td></td><td></td><td></td><td></td><td>N/A</td></tr></table> <p>Information gathered from local lenders should be summarized on a table such as 4-FLP, Exhibit 22 representing Short Term, Intermediate Term, and Long Term Credit.</p>	Lender Agricultural Loan Underwriting Standards						Short-Term Credit							Lender	Lender	Lender	Lender	Applicant	Date Completed						Name						Lending Limit					N/A	Minimum Loan Size					N/A	Percent Equity						Percent Repayment Margin						Types of Security Required						Maximum Loan to Security Value					N/A	Maximum Term of Loan					N/A
Lender Agricultural Loan Underwriting Standards																																																																									
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