UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Direct Loanmaking 3-FLP (Revision 1)	Amendment 4

Approved by: Acting Deputy Administrator, Farm Loan Programs

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Amendment Transmittal

A Reason for Amendment

Subparagraph 232 I has been amended to add a note that equine farmers whose primary enterprise is to breed, raise, and sell horses may be eligible for EM loans for qualifying losses. However, the following are **not** considered qualifying losses:

- losses associated with horses used for racing, showing, recreation, boarding, or pleasure
- losses associated with horses **not** associated with human consumption, fiber, or draft use.

Page Control Chart		
TC	**Text**	**Exhibit**
	9-13, 9-14	

232 Eligibility (Continued)

I Qualifying Losses

The applicant:

[7 CFR 764.352(h)] For production loss loans, must have a disaster yield that is at least 30 percent below the normal production yield of the crop, as determined by the Agency, that comprises a basic part of an applicant's total farming operation.

See Exhibit 2 for the definition of basic part of an applicant's total farming operation.

Production losses are calculated according to subparagraph 234 C.

Note: If an applicant cannot plant the usual crop or plants the crop and it is destroyed as a result of the disaster and the applicant plants a substitute crop in its place, then the applicant is not eligible for a production loss on the original crop. However, if the substitute crop suffers a qualifying loss, a loan may be made for the loss on that crop.

The applicant:

[7 CFR 764.352(i)] For physical loss loans, must have suffered disaster-related damage to chattel or real estate essential to the farming operation, or to household contents that must be repaired or replaced, to harvested or stored crops, or to perennial crops.

***--Note:** Farmers whose primary enterprise is to breed, raise, and sell horses may be eligible for EM loans for qualifying physical losses to structures essential to the operation and feed losses. The following are **not** considered qualifying losses at this time:

- losses associated with horses used for racing, showing, recreation, or pleasure
- losses of income derived from racing, showing, recreation, boarding, or pleasure
- losses associated with the death or injury of horses **not** typically associated with human consumption, fiber, or draft use.**--***

232 Eligibility (Continued)

J Changes in Ownership Structure

The applicant:

[7 CFR 764.352(j)] Must meet all of the following requirements if the ownership structure of the family farm changes between the time of a qualifying loss and the time an EM loan is closed:

(1) The applicant, including all owners must meet all of the eligibility requirements;

(2) The individual applicant, or all owners of an entity applicant, must have had an ownership interest in the farming operation at the time of the disaster; and

(3) The amount of the loan will be based on the percentage of the former farming operation transferred to the applicant and in no event will the individual portions aggregated equal more than would have been authorized for the former farming operation.

K Duplicative Federal Assistance

The applicant:

[7 CFR 764.352(k)] Must agree to repay any duplicative Federal assistance to the agency providing such assistance. An applicant receiving Federal assistance for a major disaster or emergency is liable to the United States to the extent that the assistance duplicates benefits available to the applicant for the same purpose from another source.

If additional disaster benefits are expected from existing programs, but the amount is not known at loan approval, the applicant must assign the benefits to FSA.

Programs enacted after loan approval will not effect EM calculations and are not considered duplicative benefits. Therefore, assignments will not be taken on any programs enacted after loan approval.

Programs enacted after loan approval will not effect EM calculations and are not considered duplicative benefits. In such cases, however, FSA may require an assignment to ensure loan repayment according to subparagraphs 93 B and C or any subsequent payment made to the applicant after the time of loan approval.