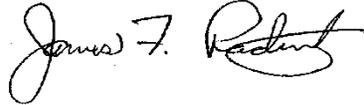


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>Direct Loanmaking 3-FLP (Revision 1)</b>	<b>Amendment 9</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 69 A has been amended to:

- suspend 7 CFR 764.101 (i)(3)'s requirement that the applicants farming experience must have been in 1 of the last 5 years
- remove examples which no longer apply.

The suspension allows for the experience to be from any prior year.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	4-13, 4-14	



**69 Managerial Ability****A General Requirement**

\*--For an entity to meet the requirements in this subparagraph, either the individual holding the majority interest in the entity or the individual responsible for the day-to-day operations of the entity must demonstrate sufficient managerial ability as described in this paragraph.--\*

**[7 CFR 764.101(i)] The applicant must have sufficient managerial ability to assure reasonable prospects of loan repayment, as determined by the Agency. The applicant must demonstrate this managerial ability by:**

**[7 CFR 764.101(i)(1)] Education. For example, the applicant obtained a 4-year college degree in agricultural business, horticulture, animal science, agronomy, or other agricultural-related field.**

To meet the managerial requirement through education alone, the applicant must document completing a comprehensive educational program in agriculture or an equivalent combination of hands-on experience and education. Acceptable educational programs include any of the following, as long as the programs are relevant to the planned operation:

- a 4-year college degree in agriculture business, horticulture, animal science, agronomy, or other agricultural related fields
- a 2-year degree from a technical college in agriculture business, horticulture, animal science, agronomy, or other agricultural related fields, provided that the applicant also has experience working on a farm
- vocational or general agriculture classes in high school, provided that the applicant also has experience working on a farm and participated in and successfully completed applicable projects in 4-H, FFA, or another agriculture affiliated group
- successful completion of farm management courses offered by the Cooperative Extension Service, a community college, adult vocational agricultural program, land grant university, or a similar program with academic integrity, provided that the applicant was raised and worked on a farm or is currently working on a farm.

**[7 CFR 764.101(i)(2)] On-the-job training. For example, the applicant is currently working on a farm as part of an apprenticeship program.**

To meet the managerial ability requirement through on-the-job training alone, the applicant must be currently working, or have recently worked, as hired farm labor with management responsibilities, as part of an apprenticeship program for at least 1 entire production and marketing cycle.

**69 Managerial Ability (Continued)****A General Requirement (Continued)**

**[7 CFR 764.101(i)(3)] Farming experience. For example, the applicant has been an owner, manager, or operator of a farm business for at least one entire production cycle. The farming experience must have been obtained within the last five years.**

The applicant may satisfy the managerial ability requirement through any equivalent combination of education, on-the-job training, and farm experience. The authorized agency official must consider each application on a case-by-case basis.

**\*--Note:** The requirement that farming experience be obtained in the last 5 years is suspended until further notice based on amendments to Sections 302 and 311 of the CONACT by Sections 5001 and 5101 of the Food Conservation and Energy Act of 2008 (Pub. L. 110-246) (2008 Farm Bill). Regardless of when the experience was obtained, it will be considered in meeting the managerial ability requirement.

To meet the managerial ability requirement through farming experience alone, the applicant should demonstrate 1 of the following traits:--\*

- an owner of a farm business with management and operator responsibilities for at least 1 entire production and marketing cycle
- employed as a farm manager or farm management consultant for at least 1 entire production and marketing cycle
- raised on a farm and held significant responsibility for day-to-day management decisions for at least one entire production and marketing cycle.

**\*--The applicant may document this experience through tax returns, FSA farm records, or similar documentation.**

Applicants must demonstrate that they have carried out their operation according to standard farming practices in the area including keeping accurate records of income and expenses, income tax records, and breeding statistics, as applicable.--\*