Amendment Transmittal

A Reasons for Amendment

Subparagraph 132 D has been amended to clarify the farm experience requirements.

Subparagraph 152 B has been amended to update the average farm size note.

Exhibit 2 has been amended to update the definition of Veteran Farmer.

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<th>TC</th>
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D Farm Experience

The applicant:

[7 CFR 764.152(d)] and in the case of an entity, one or more members constituting a majority interest, must have participated in the business operations of a farm for at least 3 years out of the 10 years prior to the date the application is submitted.

(1) The following experiences can substitute for up to 2 of the 3 years:

*--Note: Each item (i) through (viii) can be substituted for 1 of the 3 years required, with a maximum of 2 years of substitutions allowed.--*

(i) Not less than 16 credit hours of post-secondary education in an agriculture-related field;
(ii) *--Successful completion of a farm management curriculum offered by a--*
    cooperative extension service, community college, adult vocational agriculture program, non-profit organization, or land-grant college or university;
(iii) *--One (1)-year experience as a farm laborer with substantial management--*
    responsibility;
(iv) Successful completion of an internship, mentorship, or apprenticeship in day-to-day farm management;
(v) Significant business management experience;
(vi) Honorable discharge from the armed forces of the United States;
(vii) Successful repayment of an FSA financed youth loan; or

*--Note: Successful repayment of an FSA financed youth loan counts for 1 of the 3 years, regardless of the number of youth loans successfully repaid. “Successful repayment” can be youth loans that are paid in full or existing youth loans where all previous annual installments have been made in a timely manner.--*

(viii) Established relationship with a counselor in the Service Corps of Retired Executives (SCORE) program who has experience in farming or ranching, or with Agency-approved local individuals or organizations that are committed to providing mentorship in farming or ranching; or
D Farm Experience (Continued)

Local SCORE organizations provide confirmation that a valid mentoring relationship has been established. Loan approval officials will also consider as mentors local individuals or organizations that are not associated with SCORE. Those individuals or organizations must be committed to providing mentorship in farming or ranching. Applicants desiring to meet eligibility requirements using d(1)(iii) must submit a document signed by the mentor that describes the following:

- the mentor’s qualifications, training, and on-the-job experience as it relates to agriculture, including the number of years of related experience
- specific skills and knowledge the mentor will provide
- intended interactions with the applicant, including frequency of meetings, discussions, and oversight.

The loan approval official will determine the adequacy of a mentor, giving specific consideration to the mentor’s history related to the applicant’s type of operation. A mentor does not need to have experience specifically as an operator of a farm or ranch. Ample experience in agribusiness-related fields is acceptable, including education, lending, marketing, consulting, and other fields related to agribusiness. Determinations will be documented in the eligibility section of the FBP credit presentation.

*—(2) The 3-year requirement in this paragraph (d) will be waived if the applicant meets the requirements of both paragraphs (d)(1)(iii) and (viii) of this section.

[7 CFR 764.152(e)] For an ML made for FO purposes, if an ML applicant has successfully repaid an FSA financed youth loan, the term of that loan may be used toward the 3 years of management experience required for a FO direct loan.—*
Section 2  Down Payment Program

151  Uses

A  General

The following regulations and requirements will apply to both regular FO and DFO-ML.

[7 CFR 764.201] Down payment loan funds may be used to partially finance the *purchase of a family farm by an eligible beginning farmer, socially disadvantaged farmer, or veteran farmer.*

Note:  For down payment loan purposes, the applicant must meet the definition of a beginning farmer, socially disadvantaged farmer, or veteran farmer according to Exhibit 2, at the time the application is received by FSA.
Eligibility

A Requirements

[7 CFR 764.202] The applicant must:

(a) Comply with the general eligibility requirements established at § 764.101 (paragraphs 62 through 72) and the FO (including DFO-ML) eligibility requirements of § 764.152 (paragraph 132); and

(b) Be a beginning farmer, socially disadvantaged farmer, or veteran farmer.

See Exhibit 2 for the definition of a beginning farmer, SDA farmer, and veteran farmer.

B Farm Size for Beginning Farmers

The applicant must not own more than 30 percent of the average size farm as established under the beginning farmer definition at the time of the application. The applicant may exceed the 30 percent after the loan is closed.

The average farm acreage and 30 percent of the average acreage shall be published in a State supplement. The 30 percent of the average acreage will be rounded to the closest tenth of a percent.

Example: The average size farm for the county is 94 acres. 30 percent of the average, rounded to the nearest tenth, is 28.2 acres. Therefore, to meet the beginning farmer requirements, the applicant must own no more than 28.2 acres.

If the farm is located in more than 1 county, FSA uses the average farm acreage of the county where the applicant’s residence is located.

If the applicant’s residence is not located on the farm or if the applicant is an entity, FSA uses the average farm acreage of the county where the largest portion of the farm is located.

*--Note: Average farm size does not apply to SDA or veteran farmer applicants. However,--* the family farm requirement under § 764.101(k) (paragraph 71) does apply.
Definition of Terms Used in This Handbook (7 CFR 761.2(b)) (Continued)

U.S. Noncitizen National

A U.S. noncitizen national means a person born in American Samoa or Swains Island on or after the date the U.S. acquired American Samoa or Swains Island, or a person whose parents are U.S. noncitizen nationals. Typical evidence of the relatively uncommon status as a noncitizen national includes a birth certificate or passport with a document bearing a photograph of the person.

Note: See Exhibit 9 for further documentary requirements to meet this definition.

Veteran

Veteran means any person who served in the military, naval, or air service during any war as defined in section 101(12) of title 38, United States Code. For a National Guard member to be eligible for Veteran status, they must have served for 20 years or more and been discharged other than dishonorably or been deployed on active duty for at least 180 consecutive days during their service commitment.

Veteran Farmer

Veteran farmer is a farmer who has served in the Armed Forces (as defined in 38 U.S.C. 101(10) and, the term “Armed Forces” means the U.S. Army, Navy, Marine Corps, Air Force, and Coast Guard, including the reserve components, who:

• has not operated a farm;

• has operated a farm but for not more than 10 years; or

• regardless of their previous farming experience, is a veteran who served in the active military, naval, or air service, and who was discharged or released from that service under conditions other than dishonorable and who first obtained status as a veteran during the most recent 10-year period.—*

For entity applicants, the majority interest must be held by veteran farmers. For married couples, the veteran farmer must have at least 50 percent ownership in the farm business and make most of the management decisions, contribute a significant amount of labor, and generally be recognized as the operator of the farm.
**Definition of Terms Used in This Handbook (7 CFR 761.2(b)) (Continued)**

**Working Capital**

*Working capital* means *cash available to conduct normal daily farming operations including but not limited to feed, seed, fertilizer, pesticides, farm supplies, cooperative stock, and cash rent.*

**Youth Loan**

*Youth loan* means *an operating type loan made to an eligible rural youth applicant to finance a modest income-producing agricultural project.*

**Note:** This definition is being amended to remove “rural” by the 2014 Farm Bill and is effective immediately. This change will be incorporated in a Farm Bill CFR, but is effective, as provided here, immediately.