

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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| Direct Loanmaking 3-FLP (Revision 2) | Amendment 6 |
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Approved by: Deputy Administrator, Farm Loan Programs

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Amendment Transmittal

A Reasons for Amendment

Subparagraph 351 C has been amended to provide guidance on developing farm operating plans for poultry or hog contract growers.

| Page Control Chart | | |
|---------------------------|-------------|----------------|
| TC | Text | Exhibit |
| | 15-1, 15-2 | |

Part 15 Loan Decision**351 Reviewing and Evaluating Applications****A Timeframe**

[7 CFR 764.53(c)] Within 60 calendar days after receiving a complete loan application, the Agency will complete the processing of the loan request and notify the applicant of the decision reached, and the reason for any disapproval.

The authorized agency official must make the decision to approve or deny the loan so that the applicant can be notified in writing within 60 calendar days after the loan application is determined complete.

To ensure that a loan application is expeditiously reviewed, the State or County Office must enter a reason and, if necessary, an explanation into DLS when the loan decision has not been made within 45 calendar days after receiving a complete loan application.

SED, FLC, and DD will monitor the processing of all loan applications to ensure that loan applications are processed in a timely manner.

B Eligibility

To evaluate the applicant's eligibility, the following should be considered during preparation of the FBP's Credit Presentation.

- Does the applicant meet the general eligibility and specific eligibility requirements for the type of loan requested?
- Does the applicant meet the definition of beginning farmer or SDA to qualify for targeted funds?
- Are funds requested for authorized purposes?
- Will the requested loan, plus the principal balance on other FLP loans, be within the loan limits contained in 1-FLP?
- Is a plan in place or has a waiver been granted to meet applicant training needs?
- Is the applicant unable to obtain sufficient credit elsewhere? (Does not apply to CL's.)
- If the request is for EM, did the applicant have a qualifying loss?

351 Reviewing and Evaluating Applications (Continued)

C Feasibility

To evaluate the applicant's operating plan feasibility, the following should be considered during the preparation of the FBP Credit Presentation.

***--Note:** Farm operating plans for poultry or hog contract growers must be developed according to 1-FLP, Part 8, Section 3.--*

- Does the farm operating plan show that the new loan, farm operating and family living expenses, and all other obligations will be repaid? The plan should first be prepared using regular rates and terms. If the plan shows repayment at regular rates, the regular rates will be used for the loan. However, if the plan does not show repayment at regular rates, limited resource rates should be substituted and the plan recalculated to see if repayment is possible.
- Are the operating and family living expenses, nonfarm income, and farm and other income included in the farm operating plan realistic?
- Is projected production realistic based on the applicant's or operation's history and the planned improvement practices?
- If non-FSA credit is planned, has documentation been obtained that the loan has been approved?
- Is the farm suitable for any planned specialized operations?
- Are the land, buildings and facilities, and water supply adequate for the planned operation?
- Is there reasonable assurance that any rented land which the applicant depends on will continue to be available?
- Is any off farm employment the applicant depends on likely to continue?

D Security

The authorized agency official must ensure that the security requirements have been met and the total debt including loans being made against the security will not exceed the market value of the security.

A loan requiring real estate for adequate security may be approved subject to obtaining an appraisal in those cases where the following conditions are met.

- The available information demonstrates that the security requirements can be met when the appraisal is completed.
- FSA will obtain an acceptable appraisal before loan closing.