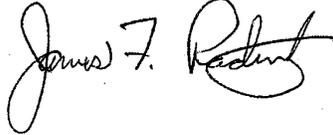


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>Regular Direct Loan Servicing 4-FLP</b>	<b>Amendment 21</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Subparagraph 96 C has been amended to address DLS workflow scheduling requirements.

Subparagraph 96 D has been added to provide clarification of action when the authorized agency official determines that a scheduled chattel inspection will not be completed as scheduled.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	6-1, 6-2	



**Part 6 Protecting FSA's Security Interests****Section 1 General Security Preservation and Lien Protection****96 Servicing Policy****A Overview**

This Part describes FSA's policies on general security preservation and lien protection, subordinations, junior liens, severance agreements, and releases of liens without monetary consideration.

**B General Policy**

**[7 CFR 765.201] All Agency servicing actions regarding preservation and protection of Agency security will be consistent with the covenants and agreements contained in all loan agreements and security instruments.**

**C Security Inspections**

\*--Chattel security will be inspected annually, except in cases where the authorized agency official has justified in the assessment or analysis that no undue risk exists. However, all chattels will be inspected at least every 2 years. These security inspections shall be scheduled after a new loan has been closed by creating a new Farm Visit workflow in DLS.

After completing the Farm Visit workflow, followup security inspections shall be scheduled in DLS; thereafter, based on the applicable requirements of this section for the type of loan security and for the remainder of the loan term.--\*

In times of limited resources, the authorized agency official may prioritize the completion of security inspections within the requirements of the applicable regulations.

**Example:** An FO borrower who has been current with FSA and has provided chattels only as additional security might not need an annual inspection.

## 96 Servicing Policy (Continued)

**C Security Inspections (Continued)**

The authorized agency official:

- will inspect real property security at least once every 3 years
- should conduct more frequent inspections for a delinquent borrower or a borrower who has been indebted to FSA for less than 1 full crop year.

The purpose of inspections is to:

- verify that the borrower possesses all the property listed in the security instruments
- determine that the borrower is maintaining security properly
- update security instruments.

The authorized agency official will record all security inspections in the running record of the borrower's case file and in DLS by using the Farm Visit Scheduling, tracking and monitoring, workflow activities.

A field visit to complete a security inspection may be used to:

- review the accomplishments and goals (assessment) with the borrower
- emphasize any agreements that have been made
- discuss any concerns about the operation
- discuss any proposed changes.

For chattel secured loans, the following will be documented on the FSA-2028 work copy:

- individual security items that are inspected
- any revisions to the condition of the individual items
- number and condition of livestock and equipment
- any discrepancies from original livestock numbers that were discussed.

**Note:** See Part 7 for guidance on handling discrepancies.

**\*--D Documenting Reviews Not Completed As Scheduled**

When the authorized agency official determines that a scheduled chattel inspection will not be completed as scheduled, the Farm Visit workflow in DLS shall be terminated. The terminated workflow must be documented as to why the workflow was not completed. A new Farm Visit workflow must be created and scheduled immediately as applicable.--\*