

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Regular Direct Loan Servicing
4-FLP**

Amendment 47

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 96 C and 98 C have been amended to incorporate streamlining 2.0 changes regarding protection of FSA's security interests.

Exhibit 23 has been amended to reflect a regulation change that affected socially disadvantaged applicants' eligibility for a guarantee fee waiver.

Exhibit 25 has been amended to update several administrative requirements.

| Page Control Chart | | |
|--------------------|--------------------------|--|
| TC | Text | Exhibit |
| | 6-1, 6-2 6-6.5, 6-6.6 | 23, page 1 page 2 (add) 25, page 1 page 2 (add) page 3 (add) |

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

*--Personal property will be inspected at least every 3 years.

Exception: If the account has been 90 days past due at any time in the current or last FY, an inspection is required to be completed annually. More frequent inspections may be required according to subparagraph 183 A.--*

These security inspections will be scheduled after a new loan has been closed by creating a new Farm Visit workflow in DLS.

--After completing the Farm Visit workflow, follow-up security inspections must 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.

* * *

96 Servicing Policy (Continued)

C Security Inspections (Continued)

The authorized agency official:

- will inspect real property security at least once every 5 years
- should conduct more frequent inspections for a delinquent borrower * * *.

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 borrower's FBP 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 personal property 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 personal property inspection will not be completed as scheduled, the Farm Visit workflow in DLS will 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.

98 Maintaining Security Instruments (Continued)

B Maintaining Current Information

FSA must review or renew financing statements, security agreements, and other documents for each borrower periodically. County Offices will use DLS to identify and track security instruments that need to be continued or updated. The authorized agency official will notify the borrower of any required information and documents. Notification, if not made in writing, should be documented in FBP.

C Obtaining Subsequent FSA-2028's

*--FSA obtains new FSA-2028's when:

- FSA obtains new or additional security through a new loan request, or a request for regular or special loan servicing
- modifications to the security listed on the working copy of current FSA-2028's have been made.

Exception: FSA Security Agreements, FSA-2028, with a revision date of September 25, 2024, (and those for ML only customers with a revision date before August 21, 2025) do not include a blanket security interest in all equipment now owned or later acquired. Therefore, it is necessary for the FSA-2028 to be reviewed and updated regularly to ensure it accurately reflects FSA security interests in specific collateral. Should specific items of equipment be replaced, for example, FSA must notate the changes on the working copy of the FSA-2028. However, FSA should not execute a new FSA-2028 in these specific cases unless the borrower has subsequently requested a new loan or loan servicing.

SED will issue a State supplement to specify when to obtain a subsequent FSA-2028 is needed for other reasons based on State law.--*

Borrower Prospectus

If any lenders are interested in refinancing FSA loans, the authorized agency official will send the lender a letter similar to the following, providing financial summary information on the borrower. Go to <https://inside.fsa.usda.gov/>. CLICK “Employee Forms” at the top of the page and CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number” ENTER “4-FLP Exhibit 23”.

*__

4-FLP, Exhibit 23
(09-05-25)

(Use Agency Letterhead format with local return address.)

BORROWER PROSPECTUS

Dear:

FSA is required to determine if direct loan applicants can obtain commercial credit with an FSA loan guarantee. Also, FSA direct loan borrowers must be referred to commercial lenders for guaranteed or nonguaranteed financing when they appear to meet the lending criteria of a cross-section of local lenders.

Your institution is among those that asked to receive prospectus information on all such FSA applicants and borrowers. Therefore, we have attached financial summary information on the following borrower for your review and consideration:

| Name | Eligible for FSA Loan Guarantee | Total Amount Existing FSA Term Loan(s) | Estimated Loan Needed |
|------|------------------------------------|--|--------------------------|
| | YES NO | | |

We would like to know whether we may refer this borrower to you for further consideration, and have enclosed a stamped, self-addressed envelope. Should more than one lender extend a firm offer to provide credit, the borrower will choose the lender.

FSA loan guarantees of up to 95 percent are available to qualified applicants and borrowers. FSA may guarantee up to \$ _____ in some circumstances. Guaranteed loan fees (1.5%) are waived for loans to beginning farmers involved in the direct down payment loan program, and for loans to beginning farmers participating in a qualified State Beginning Farmer Program, and in cases where at least a majority of the guaranteed loan funds are used to refinance an Agency direct.

This borrower qualifies for a Market Placement application. In such cases, FSA will make the feasibility determination and present the lender with the completed initial application package for review.

Please return this letter within 10 days with your referral determination indicated. We are always available to answer questions you may have.

Sincerely,

Lender Use:

____ Refer
____ Do Not Refer

Name
Title
Attachments

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Borrower Prospectus (Continued)

*__

4-FLP, Exhibit 23 (09-05-25)

Non-Discrimination Statement: In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Mail Stop 9410, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.

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Notice of Change in Interest Rate

The following is an example letter the authorized agency official may use to notify a borrower of any decision to change an interest rate. Go to <https://inside.fsa.usda.gov/>. CLICK “Employee Forms” at the top of the page and CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number” ENTER “4-FLP Exhibit 25”.

*--

4-FLP, Exhibit 25
(09-05-25)

(Use Agency Letterhead format with local return address.)

[Date]

[Borrower's Name]
[Borrower Address]
[City, State, Zip Code]

NOTICE OF CHANGE IN LIMITED RESOURCE INTEREST RATE

Dear:

Your promissory note dated _____ for the original amount of _____ dollars (\$ _____) provides for a change in interest rate for a limited resource loan in accordance with the Farm Service Agency regulations.

Effective _____, the interest rate on this loan will change to _____ percent (_____%) on the unpaid principal balance. This rate change will affect your payment amount. The next installment due _____, 20____, and all future installments will be \$ _____. (Important Note: This rate is an estimate. This is the interest rate in effect today. If FSA experiences a rate change between the effective date above and the date of this letter, you will receive another notice of the subsequent rate and payment change).

You have the right to appeal the decision to change your interest rate. Those options are described below. Please read them carefully, as this is your only opportunity to appeal this decision. Please note, that should you decide to appeal, the interest rate will not change until those proceedings are concluded.

This change in interest rate is for the reason indicated below.

☐ Increase in repayment ability as shown on Farm Business Plan dated _____ and according to 7 CFR 765.51 (b). A copy of the Farm Business Plan is attached.

☐ You have defaulted on your loan agreements by _____. (Enter other reason for increase in interest rate. i.e., you failed to keep the agreements made when the deferral was granted, you purchased items not planned for during the term of the loan, refused to submit information requested, ceased farming, borrower request). The increase in interest rate is authorized by 7 CFR 765.51(c).

☐ You requested this change in writing on _____. Because this is a voluntary action supported by the Farm Business Plan dated _____ and because your new interest rate is lower than or equal to the limited resource rate, this is not an adverse decision by FSA.

--*

Notice of Change in Interest Rate (Continued)

*__

4-FLP, Exhibit 25
(09-05-25)

(Insert the following only if an FSA adverse decision is being made by checking either of the first two checkboxes. Do not include the following if the borrower voluntarily requested the interest rate change)

If you believe that this decision is erroneous, you have the following options.

Reconsideration

You may request that I reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice in accordance with FSA appeal procedures found at 7 CFR Part 780. If you request reconsideration, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you choose to seek reconsideration, you may later appeal the determination to the National Appeals Division. To request reconsideration, write to me at the following address and explain why you believe this determination is erroneous.

(Insert applicable address)

Mediation

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the running of the time frame in which you may file an appeal stops. When mediation closes, the clock restarts, and you will have the balance of the days remaining in that period to file an appeal. To request mediation, you must submit your written request no later than 30 calendar days after you receive this notice. To request mediation, write to the FSA State Executive Director at the following address:

(Insert SED address or Mediation Program address, as applicable.)

Appeal to the Department of Agriculture National Appeal Division (NAD)

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD Appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, or to the NAD website at www.nad.usda.gov, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter.

(Insert applicable NAD address)

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with the regulations at 7 CFR Part 780 and 7 CFR Part 11.

If you have questions, please contact this office at (insert telephone number and email address)

Sincerely,

Name
Title

--*

Notice of Change in Interest Rate (Continued)

*__

4-FLP, Exhibit 25
(09-05-25)

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