

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Direct Loan Servicing – Special  
and Inventory Property Management  
5-FLP**

**Amendment 52**

**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 81 A has been amended to add a note about pending CFR changes for PLS forms.

Subparagraphs 81 C, D, E, and H have been amended to eliminate obsolete forms for PLS.

Subparagraph 81 F has been amended to update the name of NRCS-CPA-026e.

Subparagraph 82 A has been amended with the updated CFR citation that references 7 CFR Part 761, subpart F, for debt settlement.

Part 23 and Exhibits 79 and 80 have been withdrawn. There are currently no FSA loans remaining with existing RD loans.

Page Control Chart		
TC	Text	Exhibit
9, 10 11	3-31 through 3-34 22-65 23-1 through 23-12 (remove)	1, pages 1-6 79, pages 1, 2 (remove) 80, page 1 (remove)



## Table of Contents (Continued)

### Page No.

#### **Part 22      Selling and Leasing Inventory Real Property With Special Characteristics**

##### **Section 1      Inventory Property Containing Important Environmental Resources**

801	Overview .....	22-1
802	Leasing or Selling Inventory Property With Important Environmental Resources .....	22-2
803	Wetland Conservation Easements.....	22-3
804	Mandatory Conservation Easements.....	22-5
805	Discretionary Easements.....	22-6
806	Conservation Transfers .....	22-7
807-820	(Reserved)	

##### **Section 2      Inventory Property Located in Special Hazard Areas**

821	Selling or Leasing Inventory Property Located in Special Hazard Areas .....	22-31
822-835	(Reserved)	

##### **Section 3      Inventory Real Property Containing Environmental Risks**

836	Overview .....	22-61
837	Environmental Risk Management.....	22-62
838	Properties Containing Hazardous Waste .....	22-63
839	Properties Containing Underground Storage Tank Systems or Petroleum Products .....	22-64
840	Properties Containing Medical Waste, Lead-Based Paint, or Asbestos .....	22-65
841	Real Property That Is Unsafe .....	22-65
842-900	(Reserved)	

#### **Part 23      (Withdrawn--Amend. 52)**

901-905	(Withdrawn--Amend. 52)	
906-949	(Reserved)	

#### **Part 24      (Withdrawn--Amend. 34)**

950-955	(Withdrawn--Amend. 34)	
956	(Withdrawn--Amend. 30)	

## Table of Contents (Continued)

### Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority
2	Definitions of Terms Used in This Handbook
3	(Reserved)
4	State Supplements
5-8	(Reserved)
9	Notification of the Availability of the Disaster Set-Aside Program
10	Notice of Approval for Disaster Set-Aside (DSA)
10.5	Notification of Potential Nonmonetary Default
11	Account Description Flag and Code Reference
12	Addendum to the Promissory Note or Assumption Agreement Revising the Installment Due Date
13	Third Party Pledge of Security Notification Letter
14	Youth Loan Notification Letter
15	Reversal of Adverse Determination Notification
16	(Withdrawn--Amend. 34)
17	Instructions for Using eDALR\$
18-24	(Reserved)
25	Shared Appreciation Agreement Reminder
26	Calculation of Shared Appreciation Recapture
27-29	(Reserved)
30	Initial Letter to Borrowers Who Received Unauthorized Assistance
31	Letter to Borrowers Who Received Unauthorized Assistance – Final Determination
32, 33	(Reserved)
34	Notice to Borrower's Attorney Regarding Loan Servicing Options
34.5	Notice to Borrowers Who Did Not Reaffirm FSA's Debt Prior to Receiving a Chapter 7 Discharge
35	Notice to Borrowers Who Are 90 Days Past Due Who Did Not Reaffirm FSA's Debt Prior to Receiving a Chapter 7 Discharge
36	(Withdrawn--Amend. 34)
37	Worksheet for Accepting a Voluntary Conveyance of Farm Loan Programs Security Property Into Inventory
38	10-Day Notice of Non-Program Loan Delinquency
39	30-Day Reminder of Non-Program Loan Delinquency
40	Notice of Acceleration of Your Debt (Non-Program) to the Farm Service Agency (FSA) and Demand for Payment of That Debt
41	Notice of Acceleration of Your Farm Service Agency (FSA) Account (Non-Program) (for use after bankruptcy discharge)
42, 43	(Reserved)
44, 45	(Withdrawn--Amend. 34)
46	(Reserved)
47	Statute of Limitations for Requesting Deficiency Judgements

## Table of Contents (Continued)

### Exhibits (Continued)

48	Notice of Acceleration of Farm Loan Programs Accounts That Are Unsecured
49	Notice of Acceleration of Farm Loan Programs Accounts Secured by Real Estate and/or Chattels in Cases Not Involving Bankruptcy
50	Notice of Intent to Foreclose on Your Property Serving as Security for the United States of America and Acceleration of Your Loan Accounts After Chapter 7 Discharge
51	Notice of Acceleration of Your Debt to the Farm Service Agency Based on Confirmed Bankruptcy Plan With Discharge and Demand for Payment of That Debt
52	Notice of Acceleration for FLP Accounts Held by American Indian Borrowers and Secured by Real Estate Located Within a Recognized Reservation and Borrower Rights
53	Notification of Options Available to the Tribe
54	Information on American Indian Borrower Rights Under the Consolidated Farm and Rural Development Act
55	Notification to a Tribe of an American Indian Borrower's Request to Have a Loan Assigned to the Tribe (With Example Information)
56	Notification to an American Indian Borrower of Acceptance of an Assignment Request
57	Notification to an American Indian Borrower of Denial of an Assignment Request
58, 59	(Reserved)
60	Worksheet for Determining Farm Loan Programs Maximum Bid on Real Estate Property
61	Acquisition of Real Estate Check Sheet
62-64	(Reserved)
65	Notification of Personal Property
66	Notification of Transmittal to the Internal Revenue Service (IRS)
67-69	(Reserved)
70	Notice of Sale
71	Notification to Tribe of Availability of Farm Property for Purchase
72, 73	(Reserved)
74	Conservation Easement for Wetlands
75	Conservation Easement for Floodplains
76, 77	(Reserved)
78	Notice of Special Flood, Mudslide, or Earthquake Hazard Area
79, 80	(Withdrawn--Amend. 52)



**Section 2 Completing the Loan Servicing Application****81 Required Information****A General Application Requirements and Signatures**

**[7 CFR 766.102(a)] Except as provided in paragraph (e) (subparagraph 83 A) of this section, an application for primary loan servicing, conservation contract, current market value buyout, homestead protection, or some combination of these options, must include the following to be considered complete:**

FSA will consider an application complete when the borrower has completed, signed, dated, and submitted to the servicing office, the forms and reports listed in subparagraphs B through I to the extent that the borrower is responsible.

The authorized agency official will date stamp, on the date received, all material received from the borrower. Date of complete application is entered on FSA-2001.

**\*--Note:** Until the CFR has been updated, FSA-2510 has been revised to remove reference to PLS forms that are replaced by the new FSA-2001.--\*

**B Acknowledgement Form**

**[7 CFR 766.102(a)(1)] Completed acknowledgement form provided with the Agency notification and signed by all borrowers;**

To request loan servicing, all delinquent or distressed borrowers must sign and submit FSA-2511, FSA-2513, or FSA-2515 as appropriate unless the borrower is a divorced spouse seeking a release of liability.

**C Application Form**

**[7 CFR 766.102(a)(2)] Completed Agency application form;**

The borrower and, in the case of an entity, all entity members must complete FSA-2001. The authorized agency official will order personal and/or commercial credit reports immediately upon receipt of the signed FSA-2001 and acknowledgement form. No credit report fee is collected for applications for servicing only. \* \* \*

**Note:** For FSA-2001 without initials only, authorized agency official will obtain initials before closing the servicing action requested.

## 81 Required Information (Continued)

**D Financial Records**

**[7 CFR 766.102(a)(3)] Financial records for the three most recent years, including income tax returns;**

The borrower must provide all farm and nonfarm income and expense records, including \*--family living expenses. Financial records will be submitted through FSA-2001 or other--\* similar format. FSA does not release a borrower's income tax records without OGC's consent. Failure to provide income tax records is considered an incomplete application. Follow subparagraph 83 C for notification requirements. However, there are circumstances when an individual may not be required to submit income tax returns, such as certain tribal members or operations that do not meet minimum income thresholds.

**E Production Records**

**[7 CFR 766.102(a)(4)] The farming operation's production records for the 3 most recent years or the years the borrower has been farming, whichever is less;**

\*--Farm production records will be submitted using FSA-2003 or similar format.--\*

**F Compliance With Environmental Requirements**

**[7 CFR 766.102(a)(5)] Documentation of compliance with the Agency's environmental regulations contained in subpart G of 7 CFR part 1940;**

**Note:** At 81 FR 51285, Aug. 3, 2016, §766.102, in paragraph (b)(3)(ii), the words "subpart G of 7 CFR part 1940" were removed and the words "part 799 of this chapter" were added in their place. However, paragraph (b)(3)(ii) does not exist, and this amendment could not be incorporated.

\*--AD-1026 and NRCS-CPA-026e, which accurately reflect the current farm operation, must--\* be used. FSA will not require new forms unless the existing forms no longer reflect the current operation.

**G Verification of Nonfarm Income**

**[7 CFR 766.102(a)(6)] Verification of all non-farm income;**

Nonfarm income will be verified and documentation included in the case file according to 3-FLP, subparagraph 42 A.



**81 Required Information (Continued)****H Farm Operating Plan**

**[7 CFR 766.102(a)(7)] A current financial statement and the operation's farm operating plan, including the projected cash flow budget reflecting production, income, expenses, and debt repayment plan. In the case of an entity, the entity and all entity members must provide current financial statements; and**

**\*--FBP will be prepared from FSA-2001 using the borrower's historical data.--\***

**I Verification of Debt and Collateral**

**[7 CFR 766.102(a)(8)] Verification of all debts and collateral.**

Debts will be verified and documentation included in the case file according to 3-FLP, subparagraph 42 A.

**82 Additional Information Required if Applying for Other Loan Servicing Programs****A Debt Settlement**

**[7 CFR 766.102(c)] To be considered for debt settlement, the borrower must provide the appropriate Agency form, and any additional information required under**

**\*--7 CFR Part 761 subpart F of this chapter. (7-FLP, Part 12)--\***

To apply for debt settlement, a borrower must complete and submit FSA-2732 and may do so at any time. The loan account does not need to be delinquent and the borrower does not need to apply for primary loan serving before applying for debt settlement. See 7-FLP, Parts 8 and 12.

**B Conservation Contract**

**[7 CFR 766.102(b)] In addition to the requirements contained in paragraph (a) (paragraph 81) of this section, the borrower must submit an aerial photo delineating any land to be considered for a conservation contract.**

To apply for a conservation contract, a borrower must submit to the County Office:

- a complete application as described in paragraph 81
- an aerial photo or map of the tract and approximate legal description, outlining the proposed boundaries of the conservation area.

See Part 5 for more information on conservation contracts.

## 83 Borrower Response Timeframes

### A Borrower Response Timeframes

**[7 CFR 766.101(d)] To be considered for loan servicing, a borrower who is:**

**(1) Current or financially distressed may submit a complete application any time prior to becoming 90 days past due;**

If a distressed borrower becomes 90 calendar days past due before closing a loan restructure, processing will stop and the authorized agency official will send the 90-calendar-day past due notification.

**[7 CFR 766.102(d)] If a borrower who submitted a complete application while current or financially distressed is renotified as a result of becoming 90 days past due, the borrower must only submit a request for servicing in accordance with paragraph (a)(1) (subparagraph 81 B) of this section, provided all other information is less than 90 days old and is based on the current production cycle. Any information 90 or more days old or not based on the current production cycle must be updated.**

**[7 CFR 766.102(e)] The borrower need not submit any information under this section that already exists in the Agency's file and is still current as determined by the Agency.**

**[7 CFR 766.101(d)(2)] Ninety (90) days past due must submit a complete application within 60 days from receipt of FSA-2510;**

**[7 CFR 766.101(d)(3)] In non-monetary default with or without monetary default must submit a complete application within 60 days from receipt of FSA-2514.**

**\*--For borrowers who are 90 calendar days past due or in non-monetary default, all items--\*** required from the borrower according to paragraph 81 must be received in the office by close of business on the last day. If the 60th calendar day is a Saturday, Sunday, or Federal holiday, FSA will accept the borrowers completed application the next workday.

**840 Properties Containing Medical Waste, Lead-Based Paint, or Asbestos**

**A General Requirements**

See 2-EQ for guidance on properties containing medical waste, lead-based paint, or asbestos.

**841 Real Property That Is Unsafe**

**A General Requirements**

If FSA has real property in its inventory that is unsafe because of reasons not addressed in this part or in 2-EQ and which cannot feasibly be made safe, SED submits the case file, documentation of the hazard, and a recommended course of action to the National Office for review and guidance.

**842-900 (Reserved)**

**Part 23 (Withdrawn--Amend. 52)**

**901-905 (Withdrawn--Amend. 52)**

**906-949 (Reserved)**

**Part 24 (Withdrawn--Amend. 34)**

**950-955 (Withdrawn--Amend. 34)**

**956 (Withdrawn--Amend. 30)**



## Reports, Forms, Abbreviations, and Delegations of Authority

### Reports

None.

### Forms

This table lists the forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		81
FSA-137	Address Information Request		67, 386
FSA-2001	Request for Direct Loan Assistance		81, 344
FSA-2003	Three-Year Production History		81
FSA-2025	Notice of Approval, Terms and Conditions and Borrower Responsibilities		346
FSA-2026	Promissory Note		Text
FSA-2027	Supplemental Payment Agreement		161
FSA-2029	Mortgage/Deed of Trust		Text
FSA-2037	Farm Business Plan Worksheet Balance Sheet		194
FSA-2038	Farm Business Plan Worksheet Projected/Actual Income and Expenses		194
FSA-2040	Agreement and Record of the Disposition of FSA Security/Release of Proceeds		464, 465, 581, 582
FSA-2060	Application for Partial Release, Subordination, or Consent		462, 463
FSA-2070	Bill of Sale		516, 517, 519
FSA-2080	Release From Personal Liability		84
FSA-2489	Assumption Agreement		Text
FSA-2501	Addendum to the Promissory Note or Assumption Agreement for the Disaster Set-Aside Program		44-46, 48

## Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2510	Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due		3, 67, 81, 83, 85, 401, 702
FSA-2511	Borrower Response to Notice of the Availability of Loan Servicing		81, 702
FSA-2512	Notice of Availability of Loan Servicing to Borrowers Who Are Current, Financially Distressed, or Less Than 90 Days Past Due		3, 67, 68, 85, 102
FSA-2513	Borrower Response to Notice of the Availability of Loan Servicing		81
FSA-2514	Notice of Availability of Loan Servicing to Borrowers Who Are in Non-Monetary Default		3, 67, 68, 83, 85, 444, 702
FSA-2515	Borrower Response to Notice of the Availability of Loan Servicing for Borrowers Who Received Form FSA-2514		81, 444, 702
FSA-2516	30 Day Reminder of the Notice of Availability of Loan Servicing		83
FSA-2517	Offer of Primary Loan Servicing for Borrowers Who Received Form FSA-2510 or FSA-2514 and Applied for Servicing		116, 172
FSA-2518	Acceptance of Primary Loan Servicing for Borrowers Who Received Form FSA-2510 or FSA-2514 and Applied for Servicing		116, 172
FSA-2519	Offer of Primary Loan Servicing for Borrowers Who Received Form FSA-2512 and Applied for Servicing		116
FSA-2520	Acceptance of Primary Loan Servicing for Borrowers Who Received Form FSA-2512 and Applied for Servicing		116
FSA-2521	Denial of Primary Loan Servicing and Intent to Accelerate for Borrowers Who Received Form FSA-2510 or FSA-2514 and Applied for Servicing		116, 229, 322
FSA-2522	Borrower Response to Denial of Primary Loan Servicing and Intent to Accelerate for Borrowers Who Received Form FSA-2510 or FSA-2514 and Applied for Servicing		116, 229, 322

## Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2523	Denial of Primary Loan Servicing for Borrowers Who Received Form FSA-2512 and Applied for Servicing		116, 229, 322
FSA-2524	Borrower Response to Denial of Primary Loan Servicing for Borrowers Who Received Form FSA-2512 and Applied for Servicing		116, 229, 322
FSA-2525	Intent to Accelerate for Borrowers Who Received Form FSA-2510 or FSA-2514 and Did Not Apply for Servicing or Did Not Accept Servicing		85, 343, 344
FSA-2526	Borrower Response to and Intent to Accelerate for Borrowers Who Received Form FSA-2510 or FSA-2514 and Did Not Apply for Servicing or Did Not Accept Servicing		85
FSA-2529	Negotiated Appraisal Agreement		230
FSA-2535	Conservation Contract		Text
FSA-2537	Notification of Consideration for Homestead Protection		281
FSA-2538	Response to Notification of Consideration for Homestead Protection for Borrowers Who Received FSA-2537		281
FSA-2539	Homestead Protection Program Agreement		283, 284
FSA-2540	Notice of the Availability of Homestead Protection – Post Acquisition		281, 568
FSA-2543	Shared Appreciation Agreement		Text
FSA-2544	Shared Appreciation Agreement Recapture Appraisal Notice		343, 344
FSA-2545	Borrower Notification of Shared Appreciation		344
FSA-2547	Notice of Shared Appreciation Payment Agreement Delinquency		67
FSA-2548	2 <sup>nd</sup> Notice of Shared Appreciation Payment Agreement Delinquency		67
FSA-2550	Report of Problem Case		421, 533
FSA-2551	Request for Non-monetary Default Determination		421
FSA-2560	Request for Statement of Account		536

## Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2561	Statement of Account		536
FSA-2562	Borrower Account Description Flag		67, 248, 401, 421, 534, 567, Ex. 11
FSA-2569	Warranty Deed		496-499
FSA-2570	Offer to Convey Security		284, 496, 497, 499, 500, 516, 517
FSA-2571	Agreement for Voluntary Liquidation of Chattel Security		464, 465, 516, 518, 581
FSA-2572	Agreement of Secured Parties to Sale of Security Property		581
FSA-2574	Confirmation Reorganization Plan Worksheet		404, 406
FSA-2576	Notice of Judgment		551, 567, 568, 582, 604
FSA-2580	Primary Loan Servicing and Preacquisition Homestead Protection Checklist		67, 533
FSA-2581	Inequitable Treatment Review Data		533
FSA-2585	Acquisition or Abandonment of Secured Property		708, Ex. 66
FSA-2587	Advice of Property Acquired		568, 743
FSA-2588	Acquired Property Maintenance		568
FSA-2591	Lease of Real Property		281, 284, 568, 743
FSA-2592	Invitation, Bid and Acceptance Sale of Real Property by the United States		776, 778, 782
FSA-2593	Standard Sales Contract Sale of Real Property by the United States		778
FSA-2594	Advice of Inventory Property Sold		778
FSA-2595	Quitclaim Deed		778
FSA-2596	Bill of Sale "A" (Sale of Government Property)		780
FSA-2597	Farmer Programs Noncash Credit for Purchase of Easement Rights		197
FSA-2716	Notice Advising of Potential Referral to Treasury for Cross-Servicing and the Availability of Debt Settlement		Ex. 48
FSA-2717	Notice Advising of Potential Referral to Treasury for Cross-Servicing		Ex. 48
FSA-2731	Cancellation of Debt Without Application		406, 407
FSA-2732	Debt Settlement Application		82



## Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

## Forms (Continued)

Number	Title	Display Reference	Reference
NRCS-CPA-026 NRCS-CPA-026e	Highly Erodible Land and Wetland Conservation Determination		81, 801
RD 3550-28	Authorization Agreement for Preauthorized Payments		50
SF-750	Claims Collection Litigation Report (CCLR)		403

## Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
ACL	Accelerated	534, Ex. 11
BAP	Bankruptcy Action Pending	42, 401, Ex. 11
CAP	Court Action Pending	421, Ex. 11
CCLR	Claims Collection Litigation Report	403
CL	Conservation Loan	41, 131, 145, Ex. 2, 17
CONACT	Consolidated Farm and Rural Development Act	1, 193, 537, Ex. 2
DEF	Deferral	248, Ex. 11
eDALR\$	electronic Debt and Loan Restructuring System	Text, Ex. 17
FAP	Foreclosure Action Pending	567, Ex. 11
FaSB	Farm Service Branch	Text
FLMAC	Farm Land Market Advisory Committee	Ex. 17
ISA	installment set-aside	46, 48, 131
ITLAP	Indian Tribal Land Acquisition Program	2, 537
LR	limited resource	132, 146
NFAOC	National Financial and Accounting Operations Center	Text, Ex. 11
NP	nonprogram loan	Text
NRBRA	Net Recovery Buyout Recapture Agreement	321, 361, 363, 365
NRV	net recovery value	102, 321, 462
PACER	Public Access to Court Electronic Records	403
PLS	primary loan servicing	67, 68, 401, Ex. 11
POC	proof of claim	401, 403
PRB	Program Reports Branch	708

## Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

## Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
SA	shared appreciation loan	66, 67, 102, 145, 146, 191, 346
SAA	shared appreciation agreement  <b>Note:</b> When reference is made to a signed agreement as a condition of receiving debt writedown.	197, 249, 343, 344, 346, 403, Ex. 2, 4, 25, 26
SAA	subject to approved adjustment  <b>Note:</b> When reference is made to the financial “flag”/designation for an account where FSA has approved a borrower’s debt settlement offer as documented on FSA-2732.	172, 249, 343, 404, 406, Ex. 11
SCRRG	State Civil Rights Review Group	533
SEC	State Environmental Coordinator	802, 821, 837, 839
SI	Security Instrument	344, 346
SOL	Statute of Limitations	533, Ex. 47
ST	softwood timber loan	41
TOA	type of assistance	131
TPJ	third party judgment	421, Ex. 11
YL	youth loan	41, 42, 68, 132

## Delegations of Authority

SED may redelegate to FLC authority to approve PLS where a borrower has received PLS at least 2 times in the previous 5 years or is receiving a second or subsequent consecutive restructure with a deferral.

SED may redelegate to FLC, FLS, and/or DD the authority to waive real estate and/or non-essential asset appraisals for current market value buyout when the chattel appraisal shows that chattel security value exceeds the debt, and security has been cross-collateralized.