

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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

**Amendment 61**

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



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**Amendment Transmittal**

**A Reasons for Amendment**

Paragraph 41 has been amended to:

- rename the paragraph
- require annual notification of the DSA and DBSA programs via GovDelivery article that will be sent to all subscribers.

Paragraph 42 has been amended to:

- rename the paragraph
- provide information on the intent of the DSA program
- remove the requirement to mail the “Notification of the Availability of the Disaster Set-Aside Program” letter.

Subparagraph 51 C has been removed because there is no requirement to send the DBSA GovDelivery article.

Exhibit 9 has been amended to display a sample template of the annual DSA and DBSA GovDelivery article.

Subparagraphs 741 A, 742 B, 742 C, and 742 F have been amended to reflect a CFR change that removed socially disadvantaged farmers for priority consideration for leasing inventory property.

Subparagraph 777 A has been amended to reflect a CFR change that removed socially disadvantaged farmers from the exception when the Agency has direct or guaranteed loan funds available to finance the transaction.

## Amendment Transmittal (Continued)

### A Reasons for Amendment (Continued)

Subparagraph 778 B has been amended to reflect a CFR change that removed socially disadvantaged farmers from the exception of the requirement to make a 10 percent down payment.

Subparagraphs 778 H and 781 C have been amended to remove references to socially disadvantaged farmers.

Exhibit 10.4 has been withdrawn.

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**Part 2 Disaster Set-Aside (DSA) and Distressed Borrower Set-Aside (DBSA)**

**\*--41 Notifying Borrowers of DSA and DBSA**

**A How and When FSA Must Notify Borrowers**

Borrowers will be notified annually of the existence of both DSA and DBSA by the GovDelivery Article entitled “Disaster Set-Aside and Distressed Borrower Set-Aside Programs” which must be sent in January of each year to all subscribers in each State. Exhibit 9 provides a sample of the GovDelivery article. The corresponding template within GovDelivery has been approved by FPAC Public Affairs.

Depending on how a particular State handles GovDelivery communications, State and/or County Office staff will collaborate with their respective FSA Communications Coordinator to ensure that the Exhibit 9 GovDelivery article is properly completed and sent to all subscribers statewide by the end of January in each year.

**Note:** The DSA section of the Exhibit 9 GovDelivery article includes an area to list any outstanding disaster designations at the time of sending the notification.

Service centers may send this GovDelivery article more frequently as determined by the FLC or SED.

**Note:** The DBSA Fact Sheet must separately still be included in all loan servicing notification packets sent according to paragraphs 66 and 67.--\*

**\*--42 Disaster Set-Aside (DSA)**

**A Intent of DSA**

**[7 CFR 766.51] (a) DSA is available to borrowers with FLP program loans who suffered losses as a result of a natural disaster.**

**(b) DSA is not intended to circumvent other servicing available under this part.**

**DSA will not be used to circumvent the servicing available under Parts 3 and 4.**

**Note:** Accounts with loans on full or partial deferral may not be considered for DSA.

**(c) Non-program loans may be serviced under this subpart for borrowers who also have FLP program loans.**

FLP loans that may be serviced under this part are FO, OL, CL, SW, EM, EE, ST, RL, and RHF. NP's may be serviced under this part for borrowers who also have any program loans as noted in this subparagraph.

**Note:** YL's are **not** eligible for servicing under this part.

DSA is only intended to relieve some of the borrower's immediate and temporary financial stress caused by a disaster. When the operation has demonstrated that it cannot make the payments due and requires restructure, primary loan servicing under Parts 3 and 4 will be used. DSA will not be used with PLS.

**B Authority**

Any authorized agency official may approve or reject all disaster set-aside transactions in accordance with instructions.--\*



**51 Distressed Borrower Set-Aside (DBSA)****A Intent of DBSA**

**[7 CFR 766.451] (a) DBSA is available to borrowers with at least one program loan authorized in subtitle A, B, or C of the CONACT (the loan must be an OL, FO, CL, SW or EM) and who are a delinquent borrower or financially distressed borrower.**

**Note:** YL's, NP's, and loans that are only partially advanced are **not** eligible for servicing under this part.

**(b) DBSA is not intended to circumvent other servicing options available under this part.**

DBSA is only intended to relieve some of the borrower's immediate and temporary financial stress. When the operation has demonstrated that it cannot make the payments due and requires restructure or other special servicing options, primary loan servicing under Parts 3 and 4 will be used. DBSA will not be used with PLS.

**Note:** Accounts with loans on full or partial deferral may not be considered for DBSA.

**B Authority**

\*--Any authorized agency official may approve or reject all DBSA transactions in accordance with instructions.--\*

\* \* \*

**\*--52 DBSA Applications****A Requests for DBSA**

**[7 CFR 766.454(a)] (1) A borrower must submit a request for DBSA to the Agency in writing.**

Unlike DSA, a borrower does not have to have been affected by a disaster to qualify but must only demonstrate their financial distress.

**(2) All borrowers liable for the loan must sign the DBSA request.**

**B Required Financial Information**

**[7 CFR 766.454(b)] (1) The borrower must submit actual production, income, and expense records for the current and upcoming production cycle unless the Agency already has that information for the borrower.**

**(2) The borrower must provide any additional information requested by the Agency.**

The borrower must also provide any documentation required to support the farm operating plan as required in paragraph 54, such as 3 years of production, income, and expense records.

Records provided by the borrower will be retained in the case file.--\*

**Part 20 Leasing Inventory Real Property****741 General Policy for Leasing Inventory Real Property****A When FSA May Lease Inventory Real Property**

[7 CFR 767.101(a)] The Agency may lease inventory real property:

**(1) To the former owner under the Homestead Protection Program**

The former owner should be notified according to subparagraph 281 B.

**(2) To a beginning farmer \* \* \* selected to purchase the property but who was unable to purchase it because of a lack of Agency direct or guaranteed loan funds.**

**(3) When the Agency is unable to sell the property because of lengthy litigation or appeal processes.**

**B Property Condition**

[7 CFR 767.101(b)] The Agency will lease inventory real property in an “as is” condition.

**C Advertising Requirements for Leases Because of Lengthy Litigation and Appeals**

When FSA cannot sell inventory property because of lengthy litigation and appeals, FSA offers to lease it to the public. The advertisement must state that FSA still intends to sell this property when the litigation has concluded and the property will be sold subject to the lease if it is still in place on the date of closing. Advertising requirements are discussed further in paragraph 781.

**D Environmental Considerations**

Lessees may not use inventory real property for any purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity as further explained in Part 22. Lease terms will include language to this effect.

FSA will place restrictions about the use of underground storage tanks and storage of hazardous waste substances in the lease according to Part 22, Section 3.

**742 Entering Into the Lease Agreement****A Rent Amounts**

**[7 CFR 767.101(e)] The Agency leases inventory real property for a market rent amount charged for similar properties in the area.**

To set the market rent amount, the authorized agency official must consider the income producing capability of the property during the term of the lease. The authorized agency official surveys lease amounts of farms in the immediate area with similar soils, capabilities, and income potential. The authorized agency official maintains this rental data in an operational file as well as in the running record of case files for leased inventory properties.

If FSA is leasing the property because of lengthy litigation and appeals and advertising the property to the public, SED has the authority to enter into a lease with the highest bidder if it is in FSA's best financial interest.

**B Lease Terms**

**[7 CFR 767.101(c)] The Agency will lease property for:**

**(1) Homestead protection in accordance with part 766, subpart D (Part 7) of this chapter.**

**742 Entering Into the Lease Agreement (Continued)****B Lease Terms (Continued)**

**[7 CFR 767.101(c)] (2) A maximum of 18 months to a beginning farmer \* \* \* the Agency selected as purchaser when no Agency loan funds are available; or**

The following language will be inserted into the special stipulation section of the lease agreement for all leases under this heading:

“This lease will expire 18 months from the date of the inception of the lease or sooner should Farm Ownership funds become available before expiration of the lease. As soon as funds are available, the tenant will be expected to immediately furnish updated financial information if requested by the Agency. The sale will be expected to close within 30 calendar days of the date funds become available unless extended in writing by the Agency upon mutual agreement of both parties. The purchase price will be the price agreed to in the purchase agreement dated MM-DD-YYYY. In the case of the tenant being determined ineligible for Agency financing or being unable to present a feasible plan of operation at the time the funds become available, this lease agreement will be null and void. Any growing crops will be allowed to be removed at the normal harvest time. Any lease installments remaining to be paid for that crop year will need to be paid in full before removal of any crop. The tenant is required, as part of the lease agreement, to provide a first lien position on all crops growing or to be grown on this land equal to the amount of the rent due for the term of the lease.”

**[7 CFR 767.101(c)] (3) The shortest possible duration for all other cases subject to the following:**

**(i) The maximum lease term for such a lease is 12 months.**

**(ii) The lease is not subject to renewal or extension.**

FSA may not lease inventory property because of lengthy litigation and appeals for more than 12 months. These leases are not subject to renewal and extension. The authorized agency official must re-advertise property for lease to the general public because of lengthy litigations and appeals when a lease term ends.

When a lease term ends for a beginning farmer \* \* \*, the authorized agency official must proceed according to Part 21.

**742 Entering Into the Lease Agreement (Continued)****C Purchase Options**

**[7 CFR 767.101(g)] Only leases to a beginning farmer \* \* \* or Homestead Protection Program participant will contain an option to purchase the property.**

FSA does not extend purchase options to a lessee who is not a beginning farmer \* \* \* or a Homestead Protection Program participant.

Terms of this option are included in the special stipulation section of the lease. The lease payments are not applied toward the purchase price. The purchase price is the advertised sales price as determined by an appraisal.

When a lease with an option to purchase is signed, FSA advises the lessee in writing that FSA may not be in a position to finance the purchase of the property because of lack of funding.

**D Security Deposit**

**[7 CFR 767.101(f)] The Agency may require the lessee to provide a security deposit.**

The amount of any security deposit will be determined by considering only the improvements or facilities that might be subject to misuse or abuse during the term of the lease. The amount of any required security deposit will be included in any advertisement of the property for lease.

Security deposits will be remitted according to 3-FI and held by RDBCSO, FLB until the authorized agency official makes the determination to return or otherwise dispose of the security deposit.

RDBCSO, FLB will be requested by memorandum to return the deposit to the servicing office for delivery to the lessee; or, if the deposit is to be retained by FSA, to apply it to the borrower's account (for custodial property) or to the inventory account, as appropriate after all appeal rights are exhausted.

**742 Entering Into the Lease Agreement (Continued)****E Lease Termination**

The lease may be terminated by either party upon 30 calendar day's written notice to the other party at that party's address set forth in the lease. If the property is sold subject to the lease, the new owner may terminate the lease by giving 30 calendar days notice to the lessee in the same manner, but in any event, the lessee shall retain the right to harvest any existing crops.

When a lease is terminated or when the property is sold before the expiration of the lease term, the authorized agency official notifies RDBCSO, FLB of the termination and the effective date of the termination.

The lessee may appeal this termination according to 1-APP. During the period of any appeal, the tenant will still be responsible for payment of any accumulating lease payments according to the terms of the lease that was in force before the termination.

**F Acceptable Forms of Lease Payment**

**[7 CFR 767.101(d)] The lessee may pay:**

**(1) A lump sum;**

**(2) On an annual installment basis; or**

**(3) On a crop-share basis, if the lessee is a beginning farmer \* \* \* under paragraph (a) of this section.**

FSA prefers lump-sum or annual installment payment methods, but may approve a farm lease on a crop-share basis for a beginning farmer \* \* \* if it is the customary practice in the area.

For a crop-share lease, FSA must stipulate the lease amount and terms in the special stipulations section of the lease. In this case, the lessee markets the crops, provides FSA with documented evidence of crop income, and pays FSA the pro-rata share of the income. The authorized agency official is responsible for ensuring that FSA properly accounts for crops and for collecting the lease payments.

FSA applies the proceeds from inventory property leases to the lease account.

## 743 FSA Procedures for Leasing Inventory Real Property

### A Preparing the Lease Agreement

The authorized agency official uses FSA-2591 or another form approved by OGC to lease property.

### B Establishing a Lease Account

\*--On receipt of an inventory property lease, RDBCSO, FLB establishes a lease account in--\* the lessee's name. In servicing the lease account, the authorized agency official may establish or remove a suspend code from a lease record by completing FSA-2587 according to the instructions.

### C Management of Leased Inventory Property

**[7 CFR 767.103] (a) The Agency will pay for repairs to leased real estate inventory property only when necessary to protect the Agency's interest.**

**(b) If the lessee purchases the real estate inventory property, the Agency will not credit lease payments to the purchase price of the property.**

Generally, FSA pays only for repairs, such as replacing broken fixtures or repairing a leaking roof. FSA does not pay operating costs associated with leased inventory property.

When necessary, FSA may use management services, in addition to a lease to fully protect FSA's interest in a property. In all cases, the authorized agency official makes a determination of what types of services are needed and obtains prior written approval from SED.

## 744 Leasing Other Types of Properties

### A Lease of Inventory Nonreal Estate Property

**[7 CFR 767.102] The Agency does not lease non-real estate property unless it is attached as a fixture to inventory real property that is being leased and it is essential to the farming operation.**

### B Lease of Custodial Property

If FSA cannot acquire title to custodial property in a timely manner, the authorized agency official may lease the property upon concurrence from the National Office.

## 745-775 (Reserved)



## 777 Exceptions to General Policies

### A Property Leased to Beginning Farmers \* \* \*

**[7 CFR 767.152] The Agency's disposition procedure under § 767.151 (paragraph 776) is subject to the following:**

**\*--(a) If the Agency leases real estate inventory property to a beginning farmer in--\* accordance with § 767.101(a)(2) (subparagraph 741 A), and the lease expires, the Agency will not advertise the property if \* \* \* the Agency has direct or guaranteed loan funds available to finance the transaction.**

If the selected beginning farmer \* \* \* develops a feasible plan and FSA funding is not available to close the sale, then the authorized agency official will lease the property to the beginning farmer \* \* \* according to Part 20.

If the beginning farmer \* \* \* chooses not to enter into a lease, the property will be offered to the next person on the list of eligible applicants.

### B Homestead Protection Notification

**[7 CFR 767.152(b)] The Agency will not advertise a property for sale until the Homestead Protection rights have terminated in accordance with part 766, subpart D (Part 7) of this chapter.**

Before the authorized agency official initiates the sale of the property, the authorized agency official verifies and documents in the file that FSA has properly notified the borrower of their homestead protection rights and these rights have expired according to Part 7.

### C Conservation Easements or Environmental Contamination Reviews

**[7 CFR 767.152(c)] The Agency may allow an additional 60 days if needed for conservation easements or environmental reviews.**

Before initiating the sale of inventory property, the authorized agency official acts according to Part 22 to protect environmental and cultural resources.

**777 Exceptions to General Policies (Continued)****D Negative Effect on Value of Farms**

**[7 CFR 767.152(e)] If Agency analysis of farm real estate market conditions indicates the sale of Agency farm inventory property will have a negative effect on the value of farms in the area, the Agency may withhold inventory farm properties in the affected area from the market until further analysis indicates otherwise.**

**\*--SED conducts this analysis as often as necessary based on market conditions. SED--\***  
notifies, through an FLP notice, the appropriate Field Offices servicing those areas that are restricted from selling inventory property.

**E American Indian Borrower**

**[7 CFR 767.152(d)] If the property was owned by an American Indian borrower and is located on an Indian reservation, the Agency will:**

**(1) No later than 90 days after acquiring the property, offer the opportunity to purchase or lease the property in accordance with:**

**(i) The priorities established by the Indian Tribe having jurisdiction over the Indian reservation;**

**(ii) In cases where priorities have not been established, the following order:**

**(A) A member of the Indian Tribe that has jurisdiction over the Indian reservation;**

**(B) An Indian entity;**

**(C) The Indian Tribe.**

**(2) Transfer the property to the Secretary of the Interior if the property is not purchased or leased under paragraph (1) of this section.**

**778 Sale of Inventory Real Property****A Pricing**

**[7 CFR 767.153(a)] (1) The Agency will advertise property for sale at its current market value, as established by an appraisal obtained in accordance with § 761.7 (1-FLP, Part 6).**

**(2) Property sold by auction or sealed bid will be sold for the best obtainable price. The Agency reserves the right to reject any and all bids.**

It must be clearly documented that the property received adequate exposure and the reasons why this price represents the best price obtainable.

The authorized agency official obtains an appraisal according to 1-FLP, Part 6 if the current appraisal is more than 1 year old. SED will base the decision on the minimum acceptable price on the following criteria:

- the length of time the property has been in inventory
- previous marketing efforts
- the type of property involved
- market value
- cost to continue holding such as taxes, maintenance and depreciation.

The authorized agency official prices inventory property containing environmental risks according to Part 22.

**778 Sale of Inventory Real Property (Continued)**

**B Agency-Financed Sales**

**[7 CFR 767.153(b)] The Agency may finance sales to purchasers if:**

- (1) The Agency has direct or guaranteed FO loan funds available;**
- (2) All applicable loan making requirements are met; and**
- (3) All purchasers who are not beginning farmers \* \* \* make a 10 percent down payment.**

FSA may offer financing to program eligible applicants at program interest rates and terms, subject to the availability of funds.

If FSA finances the sale, the applicant must provide the necessary financial information to assist the authorized agency official to determine the applicant's repayment ability and creditworthiness. The authorized agency official should refer to 3-FLP, Part 3 for information concerning what constitutes a complete application and how to evaluate the application.

**778 Sale of Inventory Real Property (Continued)****H Closing an Inventory Property Sale**

If the selected beginning farmer \* \* \* develops a feasible plan and FSA funding is available or becomes available during the term of the lease, then the authorized agency official proceeds with closing the sale transaction. The authorized agency official closes the transaction according to 3-FLP if direct loan funds are involved, or according to 2-FLP if guaranteed funds are involved. The following occurs in addition to the applicable closing procedures.

- The authorized agency official provides title to the buyer using FSA-2595 or other nonwarranty deed approved by OGC.
- The buyer pays attorney fees, title insurance costs, recording fees, and other customary fees, unless the fees and costs are included in a subsequent or participation loan. FSA may not make a subsequent loan for the primary purpose of paying closing costs and fees.
- The buyer and the authorized agency official execute FSA-2593 before closing the sale.

After the authorized agency official closes the transaction and FSA conveys the property, the authorized agency official completes FSA-2594.

**779 Conveying Easements, Rights of Way, and Other Interests in Inventory Property****A General Requirements**

SED is authorized to convey easements, rights-of-way, and other interests in inventory property for roads, utilities, and other purposes according to this paragraph. Conservation easements are handled according to Part 5.

**B Appraisals**

**[7 CFR 767.154(a)] The Agency will determine the value of real property and real property interests being transferred in accordance with § 761.7 (1-FLP, Part 6) of this chapter.**

FSA determines the value of real property and real property interests through an appraisal conducted according to 1-FLP, Part 6.

**C Easements and Rights of Way on Inventory Property**

**[7 CFR 767.154(b)] (1) The Agency may grant or sell an easement or right-of-way for roads, utilities, and other appurtenances if the conveyance is in the public interest and does not adversely affect the value of the real property.**

**(2) The Agency may sell an easement or right-of-way by negotiation for market value to any purchaser for cash without giving public notice if:**

**(i) The sale would not prevent the Agency from selling the property; and**

**(ii) The sale would not decrease the value of the property by an amount greater than the price received.**

**(3) In the case of condemnation proceedings by a State or political subdivision, the transfer of title will not be completed until adequate compensation and damages have been determined and paid.**

FSA handles sale proceeds according to 4-FLP, Part 5.

## 781 Advertising Property

### A Authority

When FSA sells property in a manner that requires FSA to advertise the property, the authorized agency official is responsible for ensuring adequate advertising to achieve a timely sale.

### B General Requirements

The authorized agency official must ensure that all advertising meets these general requirements.

- The advertisement must describe the property being sold. Real property must have a legal description unless a lengthy legal description is cost prohibitive. Then a general legal description will suffice provided purchasers can understand where the property is \*--located. The advertisement must then disclose that the actual legal description is available.

- \*--The advertisement must be publicly distributed using at least 2 different widely circulated methods in the area where the potential purchasers will reside, such as newspapers, GovDelivery, online marketplaces, community bulletin boards, and print media.--\*

\* \* \*

- The advertisement must run at least once per week for 2 successive weeks.
- The advertisement for real property must describe any use restrictions or easements on the property.
- The advertisement must include a statement that the property is being sold “as is.”
- The advertisement must state that the Government reserves the right to cancel the sale at any time during the sale process and also reserves the right to reject any or all applications or bids.
- The advertisement may list the market value of the property or a minimum acceptable price.
- \*--The advertisement will indicate whether FSA financing is available to purchase the property. The advertisement will also indicate where to obtain an application or submit a bid, how to receive more information, and the deadline for submitting applications or bids.

**781 Advertising Property (Continued)****B General Requirements (Continued)**

The authorized agency official must use other appropriate forms of advertising to maximize publicity, including posting Exhibit 70. The authorized agency official posts these advertisements in the local Field Office, adjoining Field Offices, the Farms for Sale Web Site, and other appropriate locations as necessary to ensure that the sale receives adequate exposure to the market.

**C Advertising and Selling to Beginning and Socially Disadvantaged Farmers**

All inventory property will continue to be advertised for sale to beginning and socially disadvantaged farmers unless it meets the criteria identified in subparagraph 776 A. Advertising must meet the general advertising requirements in subparagraph B and additionally must state:

- that beginning farmers \* \* \* may lease the property for up to 18 months if FSA loan funds are not available at the time of the scheduled sale
- that the lease of property may be subject to environmental use restrictions
- where to obtain an application, how to receive more information, and the deadline for submitting applications
- the market value of the property.

The initial paragraph in the advertisement must state the following:

“The property is being offered for sale to those individuals whom the Farm Service Agency (FSA) considers qualified beginning and/or socially disadvantaged farmers or ranchers. Qualified beginning and socially disadvantaged farmers or ranchers must be in need of FSA credit assistance either in the form of direct FSA financing or an FSA guaranteed loan. For other requirements and information on how to qualify as a beginning and/or socially disadvantaged farmer or rancher, you may contact your local FSA office.”

Priority consideration will be given to beginning farmers and/or socially disadvantaged farmers.



\*--Sample DSA and DBSA GovDelivery Article

The following is a sample GovDelivery article that is readily available to your local Communications Coordinator as an existing template within GovDelivery, which has been approved by FPAC Public Affairs.

**Article Title:**

Disaster Set-Aside and Distressed Borrower Set-Aside Programs

**Article Body:**

The Farm Service Agency (FSA) offers two types of set-aside programs to assist FSA direct loan borrowers. The set-aside programs are intended to help distressed borrowers as well as borrowers impacted by natural disasters.

**Disaster Set-Aside Program**

The Disaster Set-Aside Program (DSA) assists existing FSA direct loan borrowers who have been impacted by natural disasters. The DSA program provides short-term financial relief by allowing eligible borrowers to delay FSA direct loan payments that are due this year or next year (but not both). You may delay up to one full annual payment per loan and the delayed payment will be moved to the end of the loan term. You will not be required to pay this set-aside installment until the loan's final due date.

The principal portion of the amount set-aside will continue to accrue interest at your loan's existing interest rate.

To be eligible, borrowers must have operated a farm in a county declared a disaster area or a contiguous county at the time of the disaster. In addition, the borrower's inability to make their upcoming payment must be due to the disaster.

To apply for DSA, borrowers must provide their local USDA Service Center with a letter requesting DSA, which must be signed by all parties liable for the debt. The letter must be provided to your local Service Center within eight months of the disaster declaration date. The application process also includes providing your actual production, income, and expense records for the last three years. FSA may also request additional information as needed to make an eligibility decision.

*[Complete and Insert the following only if there are active disaster designations in your area. This section is optional for states that decide to send a single statewide article through GovDelivery]*

Below is a list of the current disaster designations in your area and their respective application deadlines:

**Current Disaster Designations for Name County**

Date Declared	Code	Disaster Description	Final Date to Apply for DSA
(Insert date)	(Insert code)	(Insert description)	(Insert deadline)
(Insert date)	(Insert code)	(Insert description)	(Insert deadline)
(Insert date)	(Insert code)	(Insert description)	(Insert deadline)

**Distressed Borrower Set-Aside Program**

FSA Direct Farm Loan Program borrowers whose loans were closed before Sept. 25, 2024, may be eligible for assistance under the Distressed Borrower Set-Aside Program (DBSA). Similar to DSA, DBSA also provides short-term financial relief by allowing eligible borrowers to delay FSA direct loan payments that are due this year or next year (but not both). You may delay up to one full annual payment per loan and the delayed payment will be moved to the end of the loan term. You will not be required to pay this set-aside installment until the loan's final due date.

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\*--Sample DSA and DBSA GovDelivery Article (Continued)

An increased benefit with DBSA is that the principal portion of the set-aside will accrue interest at a reduced rate of 0.125% rather than your loan's existing interest rate.

To be eligible for DBSA, the borrower must demonstrate financial distress, but their inability to make the upcoming payment does not need to be due to a disaster.

The DBSA application process is similar to DSA as borrowers must provide their local USDA Service Center with a letter requesting DBSA, which must be signed by all parties liable for the debt. The application process also includes providing your actual production, income, and expense records for the last three years. FSA may also request additional information as needed to make an eligibility decision.

**Important Factors for Both DSA and DBSA:**

FSA direct loan borrowers are not able to obtain more than one set-aside per loan. Borrowers also cannot obtain both a DSA and DBSA simultaneously on the same loan. In addition, FSA direct loans with less than two years remaining are not eligible for a DSA or DBSA. Other eligibility requirements apply; we encourage you to contact your local Service Center for more information.

Both DSA and DBSA are intended to provide short-term relief for situations where borrowers anticipate the ability to resume paying their full annual installment(s) in the following year. If you require a more long-term form of financial relief, FSA has other potential options available through primary loan servicing (PLS).

For more information on DSA, DBSA, or PLS, please contact your the *(insert county name)* County Service Center at *(insert phone number)*. You may also visit [fsa.usda.gov](https://fsa.usda.gov).

Additional information, eligibility criteria and program limitations may be found within the [Disaster Set-Aside](#) and [Distressed Borrower Set-Aside Program](#) fact sheets.

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