

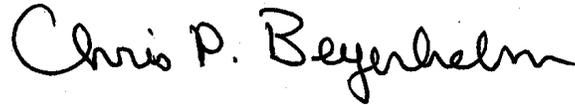
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Special Programs
6-FLP

Amendment 15

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reason for Amendment

Subparagraphs 67 B, 97 A, 97 C, 118 A, 118 C, and 149 A have been amended to add the newly established Senior Farm Loan Officer (SFLO) position references.

Page Control Chart		
TC	Text	Exhibit
	4-1, 4-2 5-21, 5-22 6-15, 6-16 7-29, 7-30	1, page 3 page 4 (remove)

--Part 4 Servicing Minor Program Loans*66 Overview****A Scope**

[7 CFR 772.1(a)] This part contains the Agency's policies and procedures for servicing Minor Program loans which include Grazing Association loans, Irrigation and Drainage Association loans, and Non-Farm Enterprise and Recreation loans to individuals.

B Objectives

The purpose is to assist borrowers of Minor Program loans to continue to meet the objectives of the loan programs, repay the loans on schedule, comply with all pertinent regulations and policies, and to protect the Agency's financial interest.

Supervision by FSA includes, but is not limited to, reviewing financial information, performing inspections, evaluating proposed actions by the borrower, and performing graduation and compliance reviews.

C Appeals

[7 CFR 772.1(b)] The regulations at 7 CFR parts 11 and 780 apply to decisions made under this part.

D Equal Opportunity and Nondiscrimination Requirements

[7 CFR 772.17] With respect to any aspect of a credit transaction, the Agency will comply with the requirements of the Equal Credit Opportunity Act as implemented in 7 CFR section 1910.2, and the Department's civil rights policy in 7 CFR part 15d.--*

67 Compliance Reviews**A Requirements**

[7 CFR 772.3(a)] No Minor Program borrower shall directly, or through contractual or other arrangement, subject any person or cause any person to be subjected to discrimination on the basis of race, color, national origin, or disability. Borrowers must comply with all applicable Federal laws and regulations regarding equal opportunity in hiring, procurement, and related matters. AMP borrowers are subject to the nondiscrimination provisions applicable to Federally assisted programs contained in 7 CFR part 15, subparts A and C, and part 15b. IMP loans are subject to the nondiscrimination provisions applicable to Federally conducted programs contained in 7 CFR parts 15d and 15e.

B Conducting Reviews

[7 CFR 772.3(b)] In accordance with Title VI of the Civil Rights Act of 1964, the Agency will conduct a compliance review of all Minor Program borrowers, to determine if a borrower has directly, or through contractual or other arrangement, subjected any person or caused any person to be subjected to discrimination on the basis of race, color, or national origin. The borrower must allow the review official access to their premises and all records necessary to carry out the compliance review as determined by the review official.

***--FLM's and SFLO's may conduct compliance reviews for IMP loans. Results will be--* recorded in the case file running record with a copy sent to DD. DD's or an Agency Review Official designated by SED, who has training or experience in completing compliance reviews, will complete reviews for AMP loans. Results will be recorded on FSA-2648.**

96 Summary of Documentation and Security Requirements

A Summary Chart

Use the following table to determine security, appraisal, and repayment documentation requirements.

Loan Characteristics	Security	Appraisal Required	Repayment Documentation
<ul style="list-style-type: none"> • less than \$30,000 • net worth greater than 3 times the loan amount 	best lien obtainable on real estate or chattels	No	not required
<ul style="list-style-type: none"> • less than \$30,000 • net worth less than 3 times the loan amount 	best lien obtainable on real estate or chattels	No	projected cash flow budget
<ul style="list-style-type: none"> • greater than \$30,000 • net worth greater than 3 times the loan amount 	must at least equal loan amount	No Use tax assessment/ depreciation schedules.	projected cash flow budget
<ul style="list-style-type: none"> • greater than \$30,000 • net worth less than 3 times the loan amount 	must at least equal loan amount	Yes	projected cash flow budget

97 Loan Processing/Approval or Denial Decisions

A Approval Authorities

Use this table to determine approval authorities.

FLO GS-7	FLO GS-9	FLO GS- 11	*--FLM/SFLO--*	SED and Delegated State Office
\$50,000	\$100,000	\$150,000	\$200,000	\$500,000

An Agency employee must have been delegated FLP loan approval authority to exercise the approval authorities in this part.

County Office employees will not be given approval authority without authorization from DAFLP, and may not exceed the loan approval authority equivalent to that of the equivalent *--grade for FLO, SFLO, or FLM.--*

SED may delegate approval authority to qualified State Office employees.

B Other FSA Loans

SALP loans may be approved up to \$500,000. Outstanding loan balances from other FLP's, direct or guaranteed, will not affect the amount an applicant is eligible to receive or the amount an Agency employee with approval authority is able to approve within the appropriate authority. Likewise, outstanding SALP loans will not affect the amount an *--applicant is eligible to receive under any other FLP.--*

C Processing Timeframes

The Approval Official must make the decision to approve or deny the loan and notify the applicant within 30 calendar days after the loan application is complete.

--All applications will be entered into MAC. SED, DD, FLM, and SFLO will monitor the-- processing of all loan applications to ensure that all applications are processed in a timely manner.

118 Loan Processing/Approval or Denial Decisions

A Approval Authorities

Use this table to determine approval authorities.

FLO GS- 7	FLO GS-9	FLO GS-11	*--FLM/SFLO--*	SED and Delegated State Office
\$50,000	\$100,000	\$150,000	\$200,000	over \$200,000

An Agency employee must have an existing FLP loan approval authority to exercise the approval authorities in this part.

County Office employees will not be given approval authority without authorization from DAFLP, and may not exceed the loan approval authority equivalent to that of the equivalent *--grade for FLO, SFLO, or FLM.--*

SED may delegate approval authority to qualified State Office employees.

118 Loan Processing/Approval or Denial Decisions (Continued)**B Other FSA Loans**

Loans made under the Emergency Loan for Seed Producers Program may be approved for any amount that the applicant is eligible to receive. Outstanding loan balances from other FLP's, direct or guaranteed, will not affect the amount any applicant is eligible to receive or the Agency employee with approval authority for the loan request. Likewise, outstanding Emergency Loans for Seed Producers loans will not affect the amount an applicant is eligible to receive under any other FLP.--*

C Processing Timeframes

[7 CFR 774.19] Applications will be processed until such time that funds are exhausted, or all claims have been paid and the bankruptcy involving AgriBiotech has been discharged. When all loan funds have been exhausted or the bankruptcy is discharged, no further applications will be accepted and any pending application will be considered withdrawn.

Applicants will be notified by letter if loan funds have been exhausted and that, as a result, their application is being withdrawn.

The Approval Official must make the decision to approve or deny the loan and notify the applicant within 30 calendar days after the loan application is determined complete.

--All applications will be entered into MAC. SED, DD, FLM, and SFLO will monitor the-- processing of all loan applications to ensure that all applications are processed in a timely manner.

***--149 Loan Processing/Approval or Denial Decisions**

A Approval Authorities

Use the following table to determine loan approval authorities.

FLO			*--FLM, SFLO, DD, FLS, or FLC--*	SED
GS-7	GS-9	GS-11	GS-11/12/13	
\$50,000	\$100,000	\$150,000	\$300,000	\$500,000

An FSA employee must have been delegated FLP loan approval authority according to 1-FLP to exercise the approval authorities in this part.

County Office employees:

- will not be given approval authority without authorization from DAFLP
- may not exceed the loan approval authority equivalent to that of the equivalent grade for *--FLO, FLM, or SFLO.--*

B Evaluating Loan Requirements

The loan approval official is responsible for evaluating the application to determine whether the proposed request complies with established FSA policies, the HBL Program NOFA, and all pertinent regulations. Final disposition of the application will occur no later than 60 calendar days from the date the application is determined to be complete. The loan approval official will prepare a loan narrative that will indicate:

- the basis for determination of the applicant’s eligibility
- the amount of the loan and any other FSA program assistance
- if additional non-FSA credit is planned, the proposed amount, source, and intended use of those funds
- the planned use of the loan funds, type of loss suffered, and term of the loan
- the description of the loan security and value.

Note: If repayment ability is used as security, documentation of the requirements of subparagraph 146 G shall be included in the narrative.

--149 Loan Processing/Approval or Denial Decisions (Continued)*C Loan Approval**

The Agency will place conditions upon loan approval as necessary to protect its interest. A loan requiring a real estate appraisal for the determination of adequate security may be approved subject to an appraisal. The authorized agency official will:

- document the loan approval by completing and executing FmHA 1940-1

Note: The applicant will not be required to sign FmHA 1940-1.

- notify the applicant of loan approval using the Notification of Loan Approval letter in subparagraph D.

The Agency will approve a loan if it determines that:

- the loan can be repaid
- the proposed use of loan funds is authorized
- the applicant is eligible
- all security requirements have been, or will be met at closing
- all other pertinent requirements have been, or will be met at closing.--*

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

Forms (Continued)

Number	Title	Display Reference	Reference
RD-440-9	Supplementary Payment Agreement		184
RD 440-15	Security Agreement (Insured Loans to Individuals)		150
RD 440-22	Promissory Note (Association or Organization)		25
RD 442-20	Right-of-Way Easement		25
RD-465-1	Application for Partial Release, Subordination, or Consent		70
RD-465-5	Transfer of Real Estate Security		72
RD 1910-5	Request for Verification of Employment		142, 177
UCC-1	Financing Statement		94, 118

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AMP	Association-type Minor Program	Part 4, Ex. 2
HB	Horse Breeder	136, 137, 144
HBL	Horse Breeder Loan	1, Part 7, Ex. 4
IMP	Individual-type Minor Program	Part 4, Ex. 2
INS	Immigration and Naturalization Service	86, 111, 137
ITLAP	Indian Tribal Land Acquisition Program	11, 41, 42
MRLS	Mare Reproductive Loss Syndrome	136, 138, 144, Ex. 16
NHPA	National Historic Preservation Act	89, 114, 115
NOFA	Notice of Funds Availability	1, Part 7
SALP	Special Apple Loan Program	1, 2, 86-88, 97
SDMS	State Directive Management System	67
WLS	workload scheduling	142, 143, 149

Redelegations of Authority

None

