

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Special Programs
6-FLP**

Amendment 24

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reason for Amendment

Subparagraphs 1 A and B have been amended to spell out SALP to Special Apple Loan Program.

Subparagraph 2 A has been amended to:

- update reference from 25-AS to 32-AS for records management
- include references to:
 - 2-EQ for environmental risk quality
 - 7-FLP for debt collection and resolutions.

Subparagraph 2 B has been amended to update the link to the handbook website.

Paragraph 85 has been amended to provide that the Special Apple Loan Program has been discontinued and FSA has no more accounts requiring servicing under the specific requirements of this program.

Paragraphs 86 through 99 have been withdrawn because the Special Apple Loan Program has been discontinued.

Paragraph 110 has been amended to provide that the Emergency Loan for Seed Producers Program has been discontinued and FSA has no more accounts requiring servicing under the specific requirements of this program.

Paragraphs 111 through 120 have been withdrawn because the Emergency Loan for Seed Producers Program has been discontinued.

Exhibit 2 has been amended to remove definitions related to Parts 5 and 6.

Exhibit 4 has been amended to remove State supplements or references for Parts 5 and 6.

Amendment Transmittal (Continued)

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Part 1 Introduction and Purpose

1 Purpose and Sources of Authority

A Handbook Purpose

This handbook is designed to assist FSA in understanding:

- regulations governing special loan programs implemented under DAFLP
- roles and responsibilities for processing loans under these programs.

The loan programs addressed in this handbook include the:

- ITLAP
- ~~--Special Apple Loan Program--*~~
- Emergency Loan for Seed Producers Program
- HBL Program
- Land Contract Guarantee Program
- Minor Program loans.

B Sources of Authority

The sources of authority for this handbook include:

- 7 CFR Part 763 for Land Contract Guarantee Program
- 7 CFR Part 770 for Indian Tribal Land Acquisition Loans
- 7 CFR Part 772 for servicing Minor Programs
- ~~--7 CFR Part 773 for Special Apple Loan Program--*~~
- 7 CFR Part 774 for Emergency Loans to Seed Producers Program
- NOFA for HBL Program
- other Agency regulations that may be referenced throughout this handbook
- various laws and statutes passed by Congress including CONTACT.

1 Purpose and Sources of Authority (Continued)

C Regulation References

Text in this handbook that is published in CFR is printed in **bold** text. The CFR citation is *-printed in brackets in front of the text. The references and text:

- are intended to highlight the requirement spelled out in CFR
- may be used to support adverse FSA decisions.

Notes: NOFA is not incorporated into CFR. Therefore, the **bold** text in Part 7 is from NOFA published in the Federal Register on July 5, 2002.

Cross-references printed in **bold** are citing a CFR section. The handbook paragraph or subparagraph where the cross-referenced CFR text can be found is printed in nonbold text in parenthesis within the bold text.

Example: Subparagraph 12 C provides “[**7 CFR 770.3 (b)**] **Except for refinancing activities authorized in 770.4 (c) (subparagraph 21 A), obtain an option or other acceptable purchase agreement for land to be purchased with loan funds;**”.

The nonbold reference indicates that 7 CFR 770.4(c) is included in subparagraph 21 A.--*

2 **Related References**

A Related FSA Handbooks

The following FSA handbooks concern FLP.

IF the area of concern is about...	THEN see...
State and county organization and administration policies, procedures, principles, and standards, such as work organization	16-AO.
civil rights compliance and administration for FSA programs	18-AO.
appeals and mediation	1-APP.
State and county records management	*--32-AS.--*
policies and procedures for the acquisition of supplies, equipment, and services	42-AS.
common management and operating provisions for program management activities, functions, and automated applications, such as forms that cannot be accepted by FAX	1-CM.
environmental requirements	1-EQ.
--environmental risk management	2-EQ.--
processing collections and canceling loan checks and payments	3-FI.
General and administrative regulations governing FLP and implementation of NAD final determinations	1-FLP.
Guaranteed loan making and servicing	2-FLP.
Direct loan regular or routine servicing	4-FLP.
Direct loan special servicing and inventory property management	5-FLP.
--debt collection and resolutions	7-FLP.--
procedures for making records available to the public, other Federal agencies, and Congress	2-INFO.
procedures for collecting, maintaining, or disclosing data or information about an individual	3-INFO.
personnel management, such as employee conflict of interest	3-PM.
employee development and training	6-PM.

* * *

B Helpful Links

--The Handbook website at <http://intranet.fsa.usda.gov/dam/handbooks/handbooks.asp> provides access to handbooks and handbook amendments.--

2 Related References (Continued)

*--C State Supplements

See Exhibit 4 for State supplements required by this handbook. SED's are authorized to issue State supplements to this handbook in addition to State supplements listed in Exhibit 4.

Note: Additional State supplements may:

- **not** be issued to simply state verbatim, policies already established in the national handbook
- be issued:
 - when the national handbook does not provide complete guidance
 - to provide additional guidance for employees with limited experience
 - when State law requirements are not specifically addressed in the national handbook.

SED's shall:

- issue required supplements, and any additional supplements, according to 1-AS, paragraph 231--*
- obtain approval of State supplements according to 1-AS, paragraph 220.

3-10 (Reserved)

Part 5 Special Apple Loan Program

***--85 Status**

A Discontinued Program

This program was for the purpose of assisting orchardists who produced apples on not less than 10 acres for sale in 1999 or 2000. FSA has no more loans requiring servicing under the specific requirements of this program.

B Regulations

7 CFR Part 773 will be removed from the Code of Federal Regulations.--*

86-99 (Withdrawn--Amend. 24)

100-109 (Reserved)

Part 6 Emergency Loan for Seed Producers Program

***--110 Status**

A Discontinued Program

This program was for the purpose of assisting seed producers with contracts with AgriBiotech in 1999, which were adversely affected by AgriBiotech's bankruptcy. FSA has no more loans requiring servicing under the specific requirements of this program.

B Regulations

7 CFR Part 774 will be removed from the Code of Federal Regulations.--*

111-120 (Withdrawn--Amend. 24)

121-135 (Reserved)

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

This table lists the required report of this handbook.

Reports Control Number	Title	Reporting Period	Submission Date	Negative Reports	Reference
FLP-5R	Summary Report of Civil Rights Compliance Reviews	Annually	By November 30 each year	Not required	67

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
FmHA 1940-1	Request for Obligation of Funds - Direct Loans		24, 149
FmHA 1940-21	Environmental Assessment for Class I Action		140, 175
FmHA 1940-22	Environmental Checklist for Categorical Exclusions		140, 175
FSA-440-4	Security Agreement (Chattels and Crops)		150
FSA-440-4A	Security Agreement (Chattels and Crops)		150
FSA-410-1	Request for Direct Loan Assistance		137, 142, 143
FSA 431-2	Farm and Home Plan		142, 145
FSA-440-2 <u>1</u> /	Eligibility Certification or Recommendation		149
FSA-440-32	Verification of Debts and Assets		137, 177
FSA-1927-1	Real Estate Mortgage for (State)		150
FSA-1927-1M	Mortgage for _____		150
FSA-1927-ID	Real Estate Deed of Trust for _____		150
FSA-1940-38	Request for Lender's Verification of Loan Application		137

1/ Form is obsolete.

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

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-1980-25	Application for Guarantee		172, 178, 179
FSA-1980-28 <u>1/</u>	Preferred Lender Application for Guarantee		174
FSA-2002	Three-Year Financial History		178
FSA-2003	Three-Year Production History		178
FSA-2004	Authorization to Release Information		178
FSA-2005	Creditor List		178
FSA-2007	Statement Required by the Privacy Act for Non-Applicants		178
FSA-2014	Verification of Income		142, 178
FSA-2015	Verification of Debts and Assets		137, 178
FSA-2026	Promissory Note		25
FSA-2027	Supplemental Payment Agreement		194
FSA-2029	Mortgage/Real Estate Deed for _____		25, 43
FSA-2037	Farm Business Plan Worksheet Balance Sheet		175
FSA-2038	Farm Business Plan Worksheet Projected/Actual Income and Expense		175
FSA-2060	Application for Partial Release, Subordination, or Consent		25, 70
FSA-2211	Application For Guarantee		174
FSA-2212	Preferred Lender Application For Guarantee		174
FSA-2231	Request For Obligation of Funds Guaranteed Loans		182
FSA-2254	Guaranteed Loan Report of Loss		192
FSA-2476	Transfer of Real Estate Security		72
FSA-2489	Assumption Agreement		74
FSA-2620	Indian Tribal Land Acquisition Program Loan Application		12, 24, 25
FSA-2621	Indian Tribal Land Acquisition Program Tribal Council Resolution and Certification		13, 25, 43
FSA-2622	Indian Tribal Land Acquisition Program Assignment of Tribal Income and Funds		13, 25
FSA-2623	Indian Tribal Land Acquisition Program Subordination Agreement		13, 25
FSA-2648	Civil Rights Compliance Review		67

1/ Form is obsolete.

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

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2670	Horse Breeder Loan Program Promissory Note		150
FSA-2680 <u>2/</u>	Letter of Interest		177
FSA-2681 <u>3/</u>	Loan Payment Guarantee Agreement and Contract Modification		172, 173, 174, 177, 182
FSA-2680	Notice of Interest in Land Contract Guarantee		174, 175
FSA-2681	Land Contract Agreement Prompt Payment Guarantee		171, 175, 182
FSA-2682	Land Contract Agreement For Standard Guarantee		175, 182
FSA-2683	Request for Land Contract Guarantee Assistance		174, 175, 178, 179
FSA-2684	Land Contract Recapture Agreement		192
FSA-2685	Notice of Incomplete Land Contract Guarantee Program Application		176
FSA-2686	Second Notice of Incomplete Land Contract Guarantee Program Application		176
FSA-2687	Notice of Land Contract Guarantee Program Application Withdrawal/Pending Withdrawal		176
FSA-2688	Notice of Complete Land Contract Guarantee Program Application		176, 180
I-94	Arrival - Departure Record		137
I-151	Alien Registration Receipt Card		137
I-551	Alien Registration Receipt Card		137
I-571	Refugee Travel Document		137
I-688B	Employment Authorization Card		137
I-765	Employment Authorization Document		137
RD-440-9	Supplementary Payment Agreement		184
RD 440-15	Security Agreement (Insured Loans to Individuals)		150
RD 1910-5	Request for Verification of Employment		142, 177

2/ FSA-2680 dated "9-26-05" or earlier is no longer used.

3/ FSA-2681 dated "11-6-03" or earlier is no longer used.

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

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	137
ITLAP	Indian Tribal Land Acquisition Program	11, 41, 42
MRLS	Mare Reproductive Loss Syndrome	136, 138, 144, Ex. 16
NFAOC	National Financial and Accounting Operations Center	192
NOFA	Notice of Funds Availability	1, Part 7
SDMS	State Directive Management System	67
WLS	workload scheduling	142, 143, 149

Delegations of Authority

None

Definition of Terms Used in This Handbook

Note: The programs administered according to this handbook are supported by a number of CFR parts, as well as NOFA that was published in FR. Definitions that cite:

- 7 CFR Part 761 is about Part 8, Land Contract Guarantee Program
- 7 CFR Part 770 is about Part 2, Indian Tribal Land Acquisition Program
- 7 CFR Part 772 is about Part 4, Servicing of Minor Program loans, including Grazing Association, Irrigation and Drainage, Non-Farm Enterprise, and Recreation loans

* * *

- NOFA are about Part 7, HBL Program.

Act

[7 CFR 761.2] **Act** is the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*).

Additional Security

[NOFA I.] **Additional security** is property that provides security in excess of the amount of security value equal to the loan amount.

Adequate Security

[NOFA I.] **Adequate security** is property that provides a security value at least equal to the amount of the loan.

Adjustment

[7 CFR 761.2] **Adjustment** is a form of settlement that reduces the financial obligation to the Agency, conditioned upon the completion of payment of a specified amount at a future time. An adjustment is not a final settlement until all payments have been made under the agreement.

Definition of Terms Used in This Handbook (Continued)

Administrative Appraisal Review

[7 CFR 761.2] Administrative appraisal review is a review of an appraisal to determine if the appraisal:

- (1) Meets applicable Agency requirements; and
- (2) Is accurate outside the requirements of standard 3 of USPAP.

Administrator

[7 CFR 770.2 (b)] Administrator is the head of the Farm Service Agency.

Agency

[7 CFR 770.2 (b)] Agency is Farm Service Agency (FSA).

--[NOFA I] Agency is the Farm Service Agency, its employees, and any successor agency.--

[7 CFR 761.2] Agency is the FSA.

* * *

Agricultural Commodity

[7 CFR 761.2] Agricultural commodity is livestock, livestock products, grains, cotton, oilseeds, dry beans, tobacco, peanuts, sugar beets, sugar cane, fruit, vegetable, forage, tree farming, nursery crops, nuts, aquaculture species, and other plant and animal production, as determined by the Agency.

Annual Installment

Annual installment is the total amortized amount of principal and interest due to the seller on a land contract every 12 months.

Definition of Terms Used in This Handbook (Continued)

* * *

Applicant (Applies to Part 2)

[7 CFR 770.2 (b)] **Applicant** is a Native American tribe or tribal corporation established pursuant to the Indian Reorganization Act seeking a loan under this part.

***--Applicant**

[NOFA I.] **Applicant** is the individual or business entity applying for the loan.--*

Applicant (Applies to Part 8)

[7 CFR 761.2] **Applicant** is the individual or entity applying for a loan or loan servicing under either the direct or guaranteed loan program.

Appraisal

[7 CFR 770.2 (b)] **Appraisal** is an appraisal for the purposes of determining the market value of land (less the value of any existing improvements that pass with the land) that meets the requirements of part 761 of this chapter.

Approval Official

[NOFA I.] **Approval official** is an Agency official who has been delegated approval authorities within applicable loan programs.

AMP Loans

[7 CFR 772.2(b)] **AMP loans** are loans to grazing associations and irrigation and drainage associations.

Definition of Terms Used in This Handbook (Continued)

***--Assistance**

[7 CFR 761.2] Assistance is financial assistance in the form of a direct or guaranteed loan or interest subsidy or servicing action.

Assumption

[7 CFR 761.2] Assumption is the act of agreeing to be legally responsible for another party's indebtedness.

Assumption Agreement

[7 CFR 761.2] Assumption agreement is a written agreement on the appropriate Agency form to pay the FLP debt incurred by another.--*

Authorized Agency Official

The authorized agency official is the FSA official that is authorized to perform specific tasks about loan making or servicing. The appropriate official is determined by inherent authorities or delegations applicable to a particular task.

Definition of Terms Used in This Handbook (Continued)

***--Beginning Farmer (Applies to Part 8)**

[7 CFR 761.2] **Beginning farmer** is an individual or entity who:

- (1) Meets the loan eligibility requirements for a direct or guaranteed CL, FO, or OL, as applicable;**
- (2) Has not operated a farm for more than 10 years. This requirement applies to all members of an entity;**
- (3) Will materially and substantially participate in the operation of the farm:**
 - (i) In the case of a loan made to an individual, individually or with the family members, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm, consistent with the practices in the county or State where the farm is located.**
 - (ii) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm. Material and substantial participation requires that the member provide some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm would be seriously impaired;**
- (4) Agrees to participate in any loan assessment and borrower training required by Agency regulations;**
- (5) Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median farm acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant's residence is not located on the farm or if the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture;**
- (6) Demonstrates that the available resources of the applicant and spouse (if any) are not sufficient to enable the applicant to enter or continue farming on a viable scale; and**
- (7) In the case of an entity:**
 - (i) All the members are related by blood or marriage; and**
 - (ii) All the members are beginning farmers.--***

Definition of Terms Used in This Handbook (Continued)

Borrower

[7 CFR 761.2] **Borrower** (or debtor) is an individual or entity that has an outstanding obligation to the Agency or to a lender under any direct or guaranteed FLP loan, without regard to whether the loan has been accelerated. The term “borrower” includes all parties liable for such obligation, including collection-only borrowers, except for debtors whose total loans and accounts have been voluntarily or involuntarily foreclosed, sold, or conveyed, or who have been discharged of all such obligations owed to the Agency or guaranteed lender.

Bred

[NOFA XII.] **Bred** is the attempt to produce offspring by sexual union or artificial insemination.

Business Entity

*--[NOFA I.] A **business entity** is a corporation, partnership, joint operation, trust, limited liability company, or cooperative.

Cash Flow Budget

[NOFA I.] **Cash flow budget** is a projection listing all anticipated cash inflows --* (including all farm income, nonfarm income and all loan advances) and all cash outflows (including all farm and nonfarm debt service and other expenses) to be incurred by the borrower during the period of the budget. A cash flow budget may be completed either for a 12-month period, a typical production cycle or the life of the loan, as appropriate.

Cash Flow Budget (Applies to Part 8)

[7 CFR 761.2] **Cash flow budget** is a projection listing all anticipated cash inflows (including all farm income, nonfarm income and all loan advances) and all cash outflows (including all farm and nonfarm debt service and other expenses) to be incurred during the period of the budget. Advances and principal repayments of lines of credit may be excluded from a cash flow budget. Cash flow budgets for guaranteed loans under \$125,000 do not require income and expenses itemized by categories. A cash flow budget may be completed either for a 12-month period, a typical production cycle, or the life of the loan, as appropriate. It may also be prepared with a breakdown of cash inflows and outflows for each month of the review period and include the expected outstanding operating credit balance for the end of each month. The latter type is referred to as a “monthly cash flow budget.”

Definition of Terms Used in This Handbook (Continued)**Disaster**

[7 CFR 761.2] **Disaster** is an event of unusual and adverse weather conditions or other natural phenomena, or quarantine, that has substantially affected the production of agricultural commodities by causing physical property or production losses in a county, or similar political subdivision, that triggered the inclusion of such county or political subdivision in the disaster area as designated by the Agency.

* * *

Downpayment Loan

[7 CFR 761.2] **Downpayment loan** is a type of FO loan made to beginning farmers and socially disadvantaged farmers to finance a portion of a real estate purchase under part 764, subpart E of this chapter.

Embedded Entity

[7 CFR 761.2] **Embedded entity** means an entity that has a direct or indirect interest, as a stockholder, member, beneficiary, or otherwise, in another entity.

Entity (Applies to Part 4)

[7 CFR 772.2(b)] **Entity** is a cooperative, corporation, partnership, joint operation, trust, or limited liability company.

Entity (Applies to Part 8)

[7 CFR 761.2] **Entity** means a corporation, partnership, joint operation, cooperative, limited liability company, trust, or other legal business organization, as determined by the Agency, that is authorized to conduct business in the state in which the organization operates. Organizations operating as non-profit entities under Internal Revenue Code 501 (26 U.S.C. 501) and estates are not considered eligible entities for Farm Loan Programs purposes.

Entity Member

[7 CFR 761.2] **Entity member** means all individuals and all embedded entities, as well as the individual members of the embedded entities, having an ownership interest in the assets of the entity.

Definition of Terms Used in This Handbook (Continued)**False Information**

***--[NOFA I.] False information is information provided by an applicant, borrower, or--* other source to the Agency which information is known by the provider to be incorrect and was provided to the Agency to obtain benefits for which the applicant or borrower would not otherwise have been eligible.**

*** * ***

Family Farm

[7 CFR 761.2] Family farm is a business operation that:

- (1) Produces agricultural commodities for sale in sufficient quantities so that it is recognized as a farm rather than a rural residence;**
- (2) Has both physical labor and management provided as follows:**
 - (i) The majority of day-to-day, operational decisions, and all strategic management decisions are made by:**
 - (A) The borrower and persons who are either related to the borrower by blood or marriage, or are a relative, for an individual borrower; or**
 - (B) The members responsible for operating the farm, in the case of an entity.**
 - (ii) A substantial amount of labor to operate the farm is provided by:**
 - (A) The borrower and persons who are either related to the borrower by blood or marriage, or are a relative, for an individual borrower; or**
 - (B) The members responsible for operating the farm, in the case of an entity.**
- (3) May use full-time hired labor in amounts only to supplement family labor.**
- (4) May use reasonable amounts of temporary labor for seasonal peak workload periods or intermittently for labor intensive activities.**

Family Members

[7 CFR 761.2] Family members are the immediate members of the family residing in the same household with the borrower.

Definition of Terms Used in This Handbook (Continued)**Farm**

[7 CFR 761.2] **Farm** is a tract or tracts of land, improvements, and other appurtenances that are used or will be used in the production of crops, livestock, or aquaculture products for sale in sufficient quantities so that the property is recognized as a farm rather than a rural residence. The term “farm” also includes the term “ranch.” It may also include land and improvements and facilities used in a non-eligible enterprise or the residence which, although physically separate from the farm acreage, is ordinarily treated as part of the farm in the local community.

Farmer

[7 CFR 761.2] **Farmer** is an individual, corporation, partnership, joint operation, cooperative, trust, or limited liability company that is the operator of a farm.

Farm Loan Programs

[7 CFR 761.2] **Farm Loan Programs** are Agency programs to make, guarantee, and service loans to family farmers authorized under the Act or Agency regulations.

Farm Ownership Loan

[7 CFR 761.2] **Farm Ownership loan** is a loan made to eligible applicants to purchase, enlarge, or make capital improvements to family farms, or to promote soil and water conservation and protection. It also includes Downpayment loans.

Feasible Plan

[7 CFR 761.2] **Feasible plan** is when an applicant or borrower's cash flow budget or farm operating plan indicates that there is sufficient cash inflow to pay all cash outflow. If a loan approval or servicing action exceeds one production cycle and the planned cash flow budget or farm operating plan is atypical due to cash or inventory on hand, new enterprises, carryover debt, atypical planned purchases, important operating changes, or other reasons, a cash flow budget or farm operating plan must be prepared that reflects a typical cycle. If the request is for only one cycle, a feasible plan for only one production cycle is required for approval.

* * *

[NOFA I.] **Feasible plan** is a plan that demonstrates that the loan will be repaid as agreed, as determined by the Agency. The plan must demonstrate that the applicant will meet all other credit needs and obligations, including judgments, for which the applicant is legally responsible.

Definition of Terms Used in This Handbook (Continued)**Financial Needs**

[NOFA I.] **Financial needs** are ordinary and necessary expenses, and financial obligations which are incurred, in connection with the horse breeder business.

Financial Obligations

[NOFA I.] **Financial obligations** are the debts owed by the horse breeder that are directly related to the horse breeder business.

***--Floodplains**

[7 CFR 761.2] **Floodplains** are lowland and relatively flat areas adjoining inland and coastal waters, including flood-prone areas of offshore islands, including at a minimum, that area subject to a one percent or greater chance of flooding in any given year. The base floodplain is used to designate the 100-year floodplain (one percent chance floodplain). The critical floodplain is defined as the 500-year floodplain (0.2 percent chance floodplain).

Good Faith

[7 CFR 761.2] **Good faith** is when an applicant or borrower provides current, complete, and truthful information when applying for assistance and in all past dealings with the Agency, and adheres to all written agreements with the Agency including, but not limited to, loan agreement, security instruments, farm operating plans, and agreements for use of proceeds. The Agency considers a borrower to act in good faith, however, if the borrower's inability to adhere to all agreements is due to circumstances beyond the borrower's control. In addition, the Agency will consider fraud, waste, or conversion actions, when substantiated by a legal opinion from OGC, when determining if an applicant or borrower has acted in good faith.--*

Graduation

[7 CFR 772.2(b)] **Graduation** is the requirement contained in loan documents that borrowers pay their FSA loan in full with funds received from a commercial lending source as a result of improvement in their financial condition.

***--Highly Erodible Land**

[7 CFR 761.2] **Highly erodible land** is land as determined by Natural Resources Conservation Service to meet the requirements provided in section 1201 of the Food Security Act of 1985.--*

Horse

[NOFA I.] **Horse** is any mammal in the genus Equus, to include but not limited to ass, mule, pony and donkey.

Definition of Terms Used in This Handbook (Continued)

Review Official

[7 CFR 772.2(b)] **Review official** is an Agency employee, contractor, or designee who is authorized to conduct a compliance review of a Minor Program borrower under this part.

Security (Applies to Part 7)

[NOFA I.] **Security** is property or right of any kind that is subject to a real or personal property lien. Any reference to “collateral” or “security property” will be considered a reference to the term “security.”

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[7 CFR 761.2] **Security** is property or right of any kind that is subject to a real or personal property lien. Any reference to “collateral” or “security property” will be considered a reference to the term “security.”

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Security Instrument

[7 CFR 761.2] **Security instrument** includes any document giving the Agency a security interest on real or personal property.

Security Value

[7 CFR 761.2] **Security value** is the market value of real estate or chattel property (less the value of any prior liens) used as security for an Agency loan.

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Definition of Terms Used in This Handbook (Continued)

*--Socially Disadvantaged Applicant or Farmer

[7 CFR 761.2] Socially disadvantaged applicant or farmer is an individual or entity who is a member of a socially disadvantaged group. For an entity, the majority interest must be held by socially disadvantaged individuals. For married couples, the socially disadvantaged individual must have at least 50 percent ownership in the farm business and make most of the management decisions, contribute a significant amount of labor, and generally be recognized as the operator of the farm.

Socially Disadvantaged Group

[7 CFR 761.2] Socially disadvantaged group is a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of: American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.--*

States or U.S.

[NOFA I.] States or U.S. is the U.S. itself, any of the 50 States, the Commonwealth of Puerto Rico, the Virgin Islands of the U.S., Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

*--Transfer and Assumption

[7 CFR 761.2] Transfer and assumption is the conveyance by a debtor to an assuming party of the assets, collateral, and liabilities of a loan in return for the assuming party's binding promise to pay the debt outstanding or the market value of the collateral.--*

Tribal Corporation

7 CFR 770.2 (b)] Tribal Corporation is a corporation established pursuant to the Indian Reorganization Act.

*--Trust

[7 CFR 761.2] Trust is an entity that under applicable state law meets the criteria of being a trust of any kind but does not meet the criteria of being a farm cooperative, private domestic corporation, partnership, or joint operation.

Uniform Standards of Professional Appraisal Practice

[7 CFR 761.2] Uniform Standards of Professional Appraisal Practice are standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.--*

Definition of Terms Used in This Handbook (Continued)

United States

[7 CFR 761.2] **United States** is any of the 50 States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, Republic of Palau, Federated States of Micronesia, and the Republic of the Marshall Islands.

U.S. Non-Citizen National

[NOFA I.] **U.S. non-citizen national** is a person born in an outlying possession of the U.S. (American Samoa or Swain's Island) on or after the date the U.S. acquired the possession, or a person whose parents are U.S. non-citizen nationals (subject to certain residency requirements).

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Wetlands

[7 CFR 761.2] **Wetlands** are those lands or areas of land as determined by the Natural Resources Conservation Service to meet the requirements provided in section 1201 of the Food Security Act of 1985.

State Supplements

Subparagraph	State Supplement
<p>*** 141 A</p>	<p>Additional instructions about laws, rules, and regulations which are presently in existence, or which may be later adopted including, but not limited to, those governing the following:</p> <ul style="list-style-type: none"> • borrowing money • pledging security and raising revenues for repayment of debt • accounting and financial reporting • protection of the environment.
<p>***</p>	<p>***</p>
<p>136 A</p>	<p>Advice on special HBL closing requirements.</p>
<p>175 C</p>	<p>Additional guidance on information requirements when a married couple applies as a joint operation for a land contract guarantee.</p>

