

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Special Programs 6-FLP	Amendment 26
-----------------------------------	---------------------

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 13 H, 174 F, 174 N, 174 O, and 175 C have been amended to change references from CAIVRS to DNP.

Subparagraph 175 C has been amended to remove reference to RD Instruction 1940-G.

Page Control Chart		
TC	Text	Exhibit
	2-5 through 2-26 8-7, 8-8 8-11, 8-12 8-17, 8-18	1, pages 3, 4

13 Application Processing (Continued)

G Subsequent Loans

A subsequent loan may be made to a borrower for the same purposes and under the same conditions as the initial loan made to the borrower under this part. In addition to the requirement of subparagraphs B through F, the Agency official must ensure the following:

- that the tribe has demonstrated it has complied with past requests for financial information
- that the existing loans are current.

H Delinquent Federal Debt

--Agency officials shall use the automated DNP portal in determining whether the applicant-- is delinquent on any Federal debt.

14-20 (Reserved)

--174 Buyer Eligibility Requirements (Continued)*E Agency Loss**

[7 CFR 763.5 (b) (4)] The buyer, and all entity members in the case of an entity, must not have caused the Agency a loss by receiving debt forgiveness on all or a portion of any direct or guaranteed loan made under the authority of the Act by debt write-down or write-off; compromise, adjustment, reduction, or charge off under the provisions of section 331 of the Act; discharge in bankruptcy; or through payment of a guaranteed loss claim on more than three occasions on or prior to April 4, 1996 or any occasion after April 4, 1996. If the debt forgiveness is resolved by repayment of the Agency's loss, the Agency may still consider the debt forgiveness in determining the applicant's (buyer's) creditworthiness.

Debt forgiveness does **not** include any write-down provided as part of a resolution of a discrimination complaint.

The authorized agency official will verify that the buyer and all entity members in the case of an entity have not caused previous loss to the government, or have not received debt forgiveness as follows.

- In DLS Customer Profile enter buyer's name or TIN to verify both current/past debts and any prior debt forgiveness.

Note: A list of paid codes can be found in 3-FLP, Exhibit 10.

- The View Loan Screen in GLS will be used to verify previous debt forgiveness for guaranteed loans. At the Loan List Screen, enter the random ID/account number or name of the buyer and all entity members in the case of an entity. The Loan List Screen will display previous and current loan information for the individuals entered. Detail information for a specific loan can be accessed by selecting the View Loan Screen from the "Action" drop-down box and clicking on the loan number hyperlink.

Note: See the GLS Users Guide for guidance on obtaining random ID/account number using the tax ID number.--*

174 Buyer Eligibility Requirements (Continued)

F Federal Debt

[7 CFR 763.5 (b) (5)] The buyer, and all entity members in the case of an entity, must not be delinquent on any Federal debt, other than a debt under the Internal Revenue Code of 1986, when the guarantee is issued.

Non-tax Federal debt not paid within 90 calendar days of the due date is considered delinquent. Federal debts include but are not limited to student loans, CCC loans, FSA direct loans, VA loans, and SBA loans.

FSA guaranteed loans are not Federal debts. FSA guaranteed loans become a delinquent Federal debt upon the payment of a final loss claim if the loans were made using:

- FSA-1980-25 or FSA-1980-28 with the 07-20-01 or later revision date
- FSA-2211 or FSA-2212.

Land Contract Guarantees become a delinquent Federal debt of the buyer upon FSA's notification to the buyer that a loss claim has been paid to the seller under the prompt payment plan or the standard guarantee plan.

--Verification through DNP, the credit report, DLS Current/Past Debt, Borrower Cross-- Reference Inquiry screens, and GLS View Loan Screen is sufficient. However, if it becomes known, and verified, through other means that the buyer is delinquent on a Federal debt, this information must be considered when making an eligibility determination.

Note: Delinquent Federal tax debt only affects eligibility as it relates to credit history.

G Outstanding Unpaid Judgments

[7 CFR 763.5 (b) (6)] The buyer, and all entity members in the case of an entity, may have no outstanding unpaid judgment awarded to the United States in any court. Such judgments do not include those filed as a result of action in the United States Tax Courts.

Buyers must provide evidence that all Federal judgments have been released or paid in full to be eligible for a land contract guarantee. Questions about outstanding judgments should be directed to OGC.

174 Buyer Eligibility Requirements (Continued)

M Test for Credit

[7 CFR 763.5 (b)] (12) The buyer is unable to enter into a contract unless the seller obtains an Agency guarantee to finance the purchase of the farm at reasonable rates and terms.

The seller certifies unwillingness to sell the farm on a land contract basis without an FSA guarantee by signing FSA-2680.

The buyer certifies inability to obtain other credit by signing FSA-2683.

N Federal Crop Insurance Violation

[7 CFR 763.5 (b) (13)] The buyer, and all entity members in the case of an entity, must not be ineligible due to disqualification resulting from Federal Crop Insurance violation, according to 7 CFR part 718.

The buyer certifies compliance with Federal crop insurance requirements by signing FSA-2683.

Notes: See 7 CFR 718.11 for additional information on disqualifications.

--Guidance on generating reports on individuals and entities disqualified can be found in 1-FLP, Exhibit 15.6. Searchable databases relating to DNP can be found in 1-FLP, paragraph 53.--

O Debarment or Suspension

[7 CFR 763.5 (b) (14)] The buyer, and all entity members in the case of an entity, must not be suspended or debarred under 2 CFR parts 180 and 417.

--Guidance on generating reports on individuals and entities suspended or debarred can be found in 1-FLP, Exhibit 15.6. Searchable databases relating to DNP Policy can be found in 1-FLP, paragraph 53.--

*--175 Application Requirements

A Obtaining Land Contract Guarantee Program Forms

Forms applicable to the Land Contract Guarantee Program may be obtained from:

- any FSA office
- FSA's web site at www.fsa.usda.gov
- eGov's web site at www.sc.egov.usda.gov.

Agency officials will:

- not refuse to provide Land Contract Guarantee Program forms to any person
- not discourage prospective sellers or buyers to apply for the Land Contract Guarantee Program even when loan funds are limited or unavailable
- not make oral or written statements that would discourage any individual from applying for a Land Contract Guarantee based on any ECOA prohibited basis (race, color, religion, national origin, sex, marital status, age, applicant's income deriving from public assistance, or because the applicant has in good faith exercised any right under the Consumer Protection Act)
- provide Exhibit 37 to buyer and/or seller expressing interest in the Land Contract Guarantee Program

Note: Exhibit 37 is available in a fillable format at <http://intranet.fsa.usda.gov>. CLICK "FFAS Employee Forms/Publications Site" and CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "6-FLP Exhibit 37".

- advise potential sellers and buyers that an application is not complete until all information required in subparagraphs B and C is received
- provide assistance as necessary to help sellers and buyers complete the Land Contract Guarantee request.--*

175 Application Requirements (Continued)

C Buyer Application Requirements (Continued)

- may obtain this information with any of the following as long as the required information is provided:
 - credit report
 - *--DNP--*
 - completed FSA-2015
 - most recent billing statement for the debt (e.g., credit card debt)
 - DLS Customer Profile verification of both current/past debts and any prior debt forgiveness
 - any other form of verification that provides the required information.

[7 CFR 763.7(b) (11) Payment of the credit report fee;

The agency official will order the credit report using FBP.

[7 CFR 763.7(b) (12) Documentation of compliance with the environmental regulations *--in part 799 of this chapter.--*

A buyer must have AD-1026 on file for all real estate operated.

See * * * 1-EQ for additional information on environmental regulations and requirements.

Some applications will require additional information from other USDA agencies or organizations to fulfill NEPA or other special law requirements. Land contract guarantees that involve highly erodible land, wetlands, historical, or archaeological sites require information from other organizations. In these cases, the authorized agency official must notify the buyer, with a copy to the seller, regarding the additional information required and request the information from the organization or agency. A copy of the request will be maintained in the file.

The need for this information will indicate an incomplete application.

--175 Application Requirements (Continued)*C Buyer Application Requirements (Continued)**

[7 CFR 763.7(b) (13)] A copy of the proposed land contract; and

[7 CFR 763.7(b) (14)] Any additional information deemed necessary by the Agency to effectively evaluate the applicant's eligibility and farm operating plan.

Examples of additional information include:

- divorce or separation decree
- child support or alimony payments
- 2 additional years for farm production or financial records (in extenuating circumstances).

176 Processing Applications**A Application Tracking**

Applications for the Land Contract Guarantee Program will be entered into GLS as they are received.

In GLS:

- In the place of borrower, enter the buyer's information.
- Enter escrow or servicing agent's information in the place of lender, with lender type of "broker". Escrow or servicing agents must provide TIN. Escrow or servicing agents may obtain a Level 2 eAuthentication to access LINC. See 2-FLP, Exhibit 5 for additional information.

Note: The seller's information will **not** be entered in GLS at this time. Guidance on entering seller's information will be provided in a forthcoming amendment.

B Notification of Complete Application

After determining that the application is complete, the authorized agency official will notify the buyer, with a copy to the seller, using FSA-2688.--*

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

Forms (Continued)

Number	Title	Display Reference	Reference
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
RD-440-9	Supplementary Payment Agreement		184
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 Redelegations 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
DNP	Do Not Pay	13, 174, 175
IMP	Individual-type Minor Program	Part 4, Ex. 2
ITLAP	Indian Tribal Land Acquisition Program	11, 41, 42
RDBCSO	Rural Development Business Center Servicing Office	192
SDMS	State Directive Management System	67

Re delegations of Authority

None