

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Special Programs
6-FLP**

Amendment 29

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 1 A and 1 B have been amended to remove references to obsolete programs.

Subparagraphs 21 B, 68 A, 70 A, and 175 C have been amended to update CFR reference to 7 CFR 1b.

Subparagraphs 24 B and 174 F have been amended to remove obsolete form numbers.

Subparagraphs 67 C and 192 C have been amended to update the reference to RD Business Center.

Subparagraphs 69 B, 69 C, 72 B, and 75 A have been amended to update CFR references to “chattel” and replacing them with “personal property”.

Parts 5 and 6 have been withdrawn because the information is no longer valid.

Subparagraph 180 C has been amended to update CFR reference to 7 CFR 1b, to remove obsolete form numbers, and to add a reference to 2-EQ.

Subparagraph 194 A has been amended to update the reference to 2-EQ.

Exhibit 2 has been amended to:

- update CFR language from “chattel” to “personal property” in the definitions for:
 - Lien
 - Security Value
- add CFR definitions for:
 - Appraisal
 - Personal Property Security.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibit 37 has been amended to remove the reference to RD 1940-20.

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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
* * *
- 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
* * *
- other Agency regulations that may be referenced throughout this handbook
- various laws and statutes passed by Congress including CONACT.

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.

***--Note:** 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.

Section 2 Loan Purposes, Terms, and Security Requirements**21 Loan Purposes and Limitations****A Loan Purposes**

[7 CFR 770.4] Loan funds may only be used to:

- (a) Acquire land and interests therein (including fractional interests, rights-of-way, water rights, easements, and other appurtenances (excluding improvements) that would normally pass with the land or are necessary for the proposed operation of the land) located within the Native American tribe's reservation which will be used for the benefit of the tribe or its members.**
- (b) Pay costs incidental to land acquisition, including but not limited to, title clearance, legal services, land surveys, and loan closing.**
- (c) Refinance non-United States Department of Agriculture preexisting debts the applicant incurred to purchase the land provided the following conditions exist:**
 - (1) Prior to the acquisition of such land, the applicant filed a loan application regarding the purchase of such land and received the Agency's approval for the land purchase;**
 - (2) The applicant could not acquire an option on such land;**
 - (3) The debt for such land is a short term debt with a balloon payment that cannot be paid by the applicant and that cannot be extended or modified to enable the applicant to satisfy the obligation; and**
 - (4) The purchase of such land is consistent with all other applicable requirements of this part.**

[7 CFR 770.4 (d)] Pay for the costs of any appraisal conducted pursuant to this part.

--Appraisals must be completed according to 1-FLP, Part 6.--

Note: Although these costs may be included in a loan, the cost of the appraisal and land may not exceed the present market value of the property.

21 Loan Purposes and Limitations (Continued)**B Loan Limitations**

[7 CFR 770.5 (a)] Loan funds may not be used for any land improvement or development purposes, acquisition or repair of buildings or personal property, payment of operating costs, payment of finder's fees, or similar costs, or for any purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands
--to produce an agriculture commodity as further established in part 1b of this title.--

[7 CFR 770.5 (b)] The amount of loan funds used to acquire land may not exceed the market value of the land (excluding the value of any improvements) as determined by a current appraisal.

[7 CFR 770.5 (c)] Loan funds for a land purchase must be disbursed over a period not to exceed 24 months from the date of loan approval.

Note: The 24-month period begins from the date of the loan or loans approval. Sixty days before the end of the 24-month period, a letter shall be mailed to the tribal office responsible for land purchases providing notification that if the funds are not used before the end of this period, the remaining obligation will be canceled.

22 Interest Rates and Terms**A Terms**

[7 CFR 770.6(a)] Each loan will be scheduled for repayment over a period not to exceed 40 years from the date of the note.

B Interest Rate

[7 CFR 770.6(b)] The interest rate charged by the Agency will be the lower of the interest rate in effect at the time of the loan approval or loan closing, which is the current rate available in any FSA office. The rate will be equal to the interest rate for direct farm ownership loans not to exceed 5 percent. Except as provided in § 770.10(b) (paragraph 39) of this chapter, the interest rate will be fixed for the life of the loan.

The interest rate is published in 1-FLP, Exhibit 17.

--23 Security Requirements*A Applicant Responsibilities**

[7 CFR 770.7 (a)] The applicant will take appropriate action to obtain and provide security for the loan. However small the parcel purchased, the tribe or tribal corporation will provide the legal description of the parcel purchased for future loan servicing requests or actions.

Note: A legal description of the parcel purchased shall be included in the case file position relating to real estate.

Example: A real estate mortgage and or assignment of income.

B Mortgage/ Deed of Trust

[7 CFR 770.7 (b)] A mortgage or deed of trust on the land to be purchased by the applicant will be taken as security for a loan, except as provided in paragraph (c) of this section.

- (1) If a mortgage or deed of trust is to be obtained on trust or restricted land and applicant's constitution or charter does not specifically authorize mortgage of such land, the mortgage must be authorized by tribal referendum.**
- (2) All mortgages or deeds of trust on trust or restricted land must be approved by the Department of the Interior.**

Ordinarily, security will be a first lien on the real estate plus an assignment of income. However, the filing of a mortgage or deed of trust may be waived if the Agency determines that an assignment of income from the applicant provides as good or better security. The Agency shall first look to determine whether the filing of a real estate mortgage would be more advantageous to its security position and repayment of the loan.

If the purchase is for a fractionated interest, in addition to any real estate collateral, income assignments shall be used to secure the loan.--*

23 Security Requirements (Continued)

C Assignment of Income

[7 CFR 770.7 (c)] The Agency may take an assignment of income in lieu of a mortgage or deed of trust provided:

- (1) the Agency determines that an assignment of income provides as good or better security; and**
- (2) prior approval of the Administrator has been obtained.**

Note: See subparagraph 25 A for information about loan closing on assignments of income.

24 Approval or Denial Decision

A Evaluating Loan Requirements

The loan request will be approved if:

- all eligibility requirements have been met
- loan funds will be used for an authorized purpose
- all security requirements have been met, or will be met at closing
- DD has reviewed and signed FSA-2620
- SED has reviewed and signed FSA-2620.

B Loan Approval

SED's are authorized to approve all loans of \$500,000 or less. Loans greater than \$500,000 will be approved by the Administrator. Information to be provided to the National Office includes the following:

- the completed loan docket
- a proposed letter of conditions to be met by the applicant
- a copy of any comments from OGC
- SED's recommendations.

***--**After approval, SED will notify RD Business Center for each loan approved.

Note: If approval was authorized by the National Office, SED must send a copy of the memorandum authorizing approval to RD Business Center.**--***

67 Compliance Reviews (Continued)

D Violations

[7 CFR 772.3(d)] If a borrower refuses to provide information or access to their premises as requested by a review official during a compliance review, or is determined by the Agency to be not in compliance in accordance with this section or Departmental regulations and procedures, the Agency will service the loan in accordance with the provisions of section 772.16 of this part (paragraph 80).

68 Environmental Requirements

A Review

**[7 CFR 772.4] Servicing activities such as transfers, assumptions, subordinations, sale or exchange of security property, and leasing of security will be reviewed for
*--compliance with 7 CFR part 1b.--***

69 Security Maintenance**A General**

[7 CFR 772.5(a)] Borrowers are responsible for maintaining the collateral that is serving as security for their Minor Program loan in accordance with their lien instruments, security agreement, and promissory note.

B Inspections

[7 CFR 772.5(b)] The Agency will inspect real estate that is security for a Minor *--Program loan at least once every three years, and personal property security at least--* annually. More frequent security inspections may be made as determined necessary by the Agency. Borrowers will allow representatives of the Agency, or any agency of the U.S. Government, in accordance with statutes and regulations, such access to the security property as the agency determines is necessary to document compliance with the requirements of this section.

C Violations

[7 CFR 772.5(c)] If the Agency determines that the borrower has failed to adequately maintain security, made unapproved dispositions of security, or otherwise has placed the repayment of the Minor Program loan in jeopardy, the Agency will:

- *--(1) For personal property security, service the account according to part 765 of this--* chapter. If any normal income security as defined in that subpart secures a Minor Program loan, the reporting, approval, and release provisions in that subpart shall apply.**
- (2) For real estate security for AMP loans, contact the Regional Office of General Counsel for advice on the appropriate servicing including liquidation if warranted.**
- (3) For real estate security for IMP loans, service the account according to part 765 of this chapter.**

If the violation results in a monetary or nonmonetary default, IMP loans will be serviced according to 5-FLP. AMP loans will be serviced according to paragraph 77.

70 Subordination

A Eligibility

[7 CFR 772.6(a)] The Agency shall grant a subordination of Minor Program loan security when the transaction will further the purposes for which the loan was made, and all of the following are met:

- (1) The loan will still be adequately secured after the subordination, or the value of the loan security will be increased by the amount of advances to be made under the terms of the subordination.**
- (2) The borrower can document the ability to pay all debts including the new loan.**
- (3) The action does not change the nature of the borrower's activities to the extent that they would no longer be eligible for a Minor Program loan.**
- (4) The subordination is for a specific amount.**
- (5) The borrower is unable, as determined by the Agency, to refinance its loan and graduate in accordance with this subpart.**
- (6) The loan funds will not be used in such a way that will contribute to erosion of highly erodible land or conversion of wetlands for the production of an agricultural *--commodity according to part 1b of this title.--***
- (7) The borrower has not been convicted of planting, cultivating, growing, producing, harvesting or storing a controlled substance under Federal or State law. "Borrower," for purposes of this subparagraph, specifically includes an individual or entity borrower and any member of an entity borrower. "Controlled substance," for the purpose of this subparagraph, is defined at 21 CFR part 1308. The borrower will be ineligible for a subordination for the crop year in which the conviction occurred and the four succeeding crop years. An applicant must attest on the Agency application form that it, and its members if an entity, have not been convicted of such a crime.**

70 Subordination (Continued)**B Application**

[7 CFR 772.6(b)] To request a subordination, a Minor Program borrower must make the request in writing and provide the following:

- (1) The specific amount of debt for which a subordination is needed;**
- (2) An appraisal prepared in accordance with section 761.7 (1-FLP, Part 6) of this chapter, if the request is for a subordination of more than \$10,000, unless a sufficient appraisal report, as determined by the Agency, that is less than one year old, is on file with the Agency; and**

Note: The cost of the appraisal is the responsibility of the borrower.

- (3) Consent and subordination, as necessary, of all other creditors' security interests.**

--The borrower must complete FSA-2062.--

“Borrower”, for purposes of this application, specifically includes an individual or entity borrower and any member of an entity borrower.

C Approval or Rejection

SED is authorized to approve subordination requests. If a subordination request does not meet the requirements of this paragraph, SED may reject the request and offer appeal rights or recommend it to the Administrator, FSA for approval.

Rejection of the subordination request is appealable. The regulations at 7 CFR parts 11 and 780 apply to decisions made under this paragraph. SED decision not to recommend the action to the Administrator is not appealable.

72 Sale or Exchange of Security Property (Continued)**A AMP Loans (Continued)**

(iii) The AMP loan will be as adequately secured after the transaction as before; and

(iv) It is necessary to develop or enlarge the facility, improve the borrower's debt-paying ability, place the operation on a more sound financial basis or otherwise further the loan objectives and purposes, as determined by the Agency.

FSA-2476 will be completed by the transferor and transferee for approval by FSA.

B IMP Loans

--[7 CFR 772.8(b)] For IMP loans, a sale or exchange of real estate or personal property-- that is serving as security must be done as specified in part 765 of this chapter.

73 Releases**A Security**

[7 CFR 772.9(a)] Security. Minor Program liens may be released when:

- (1) The debt is paid in full;
- (2) Security property is sold for market value and sale proceeds are received and applied to the borrower's creditors according to lien priority; or
- (3) An exchange in accordance with section 772.8 (paragraph 72) has been concluded.

SED is authorized to approve releases of Minor Program security.

B Borrower Liability

[7 CFR 772.9(b)] The Agency may release a borrower from liability when the Minor Program loan, plus all administrative collection costs and charges are paid in full. IMP borrowers who have had previous debt forgiveness on a farm loan program loan as defined in 7 CFR 1951.906, however, cannot be released from liability by FSA until the previous loss to the Agency has been repaid with interest from the date of debt forgiveness. An AMP borrower may also be released in accordance with section 772.10 (paragraph 74) in conjunction with a transfer and assumption.

74 Transfer and Assumption of AMP Loans

A Eligibility

[7 CFR 772.10(a)] The Agency may approve transfers and assumptions of AMP loans when:

- (1) The present borrower is unable or unwilling to accomplish the objectives of the loan;**
- (2) The transfer will not harm the Government or adversely affect the Agency's security position;**
- (3) The transferee will continue with the original purpose of the loan;**
- (4) The transferee will assume an amount at least equal to the present market value of the loan security;**

Note: The market value will be determined by an appraisal according to 1-FLP, Part 6. The cost of the appraisal will be paid by the transferee or transferor.

- (5) The transferee documents the ability to pay the AMP loan debt as provided in the assumption agreement and has the legal capacity to enter into the contract;**
- (6) If there is a lien or judgment against the Agency security being transferred, the transferee is subject to such claims. The transferee must document the ability to repay the claims against the land; and**
- (7) If the transfer is to one or more members of the borrower's organization and there is no new member, there must not be a loss to the Government.**

--FSA-2489 will be completed by FSA and signed by the assuming party.--

B Transfer of Withdrawing Member's Interest

[7 CFR 772.10(b)] Withdrawal of a member and transfer of the withdrawing member's interest in the Association to a new eligible member may be approved by the Agency if all of the following conditions are met:

- (1) The entire unpaid balance of the withdrawing member's share of the AMP loan must be assumed by the new member;**
- (2) In accordance with the Association's governing articles, the required number of remaining members must agree to accept any new member; and**
- (3) The transfer will not adversely affect collection of the AMP loan.**

***--74 Transfer and Assumption of AMP Loans (Continued)**

C Requesting Transfer and Assumption

[7 CFR 772.10(c)] Requesting a transfer and assumption. The transferor/borrower and transferee/applicant must submit:

- (1) The written consent of any other lienholder, if applicable.**
- (2) A current balance sheet and cash flow statement.**

D Terms

[7 CFR 772.10(d)] The interest rate and term of the assumed AMP loan will not be changed. Any delinquent principal and interest of the AMP loan must be paid current before the transfer and assumption will be approved by the Agency.

E Release of Liability

[7 CFR 772.10(e)] Transferors may be released from liability with respect to an AMP loan by the Agency when:

- (1) The full amount of the loan is assumed; or**
- (2) Less than the full amount of the debt is assumed, and the balance remaining will be serviced in accordance with section 772.9(c) (paragraph 81).**

F Approval

SED is authorized to approve transfers and assumptions of AMP loans.--*

75 Transfer and Assumption of IMP Loans

A Conditions

[7 CFR 772.11] Transfers and assumptions for IMP loans are processed in accordance *--with 7 CFR part 1962, subpart A for personal property secured loans and 7 CFR part--* 1965, subpart A for real estate secured loans. Any remaining transferor liability will be serviced in accordance with section 772.9(c) (paragraph 81) of this subpart.

76 Graduation Requirements

A General

[7 CFR 772.12(a)] This section (paragraph 76) only applies to Minor Program borrowers with promissory notes which contain provisions requiring graduation.

Agency loan programs do not supplant or compete with credit available to borrowers from non-Governmental credit sources.

Agency credit is intended to be available for a temporary period of time until the borrower has made sufficient progress to obtain credit from commercial lenders.

B Review Period

Graduation Reviews should be completed by July 1 of each year.

C Frequency and Information Required for Graduation Review

[7 CFR 772.12(b)] Borrowers shall provide current financial information when requested by the Agency or its representatives to conduct graduation reviews.

(1) AMP loans shall be reviewed at least every two years. In the year to be reviewed, each borrower must submit, at a minimum, a year-end balance sheet and cash flow projection for the current year.

(2) All IMP borrowers classified as “commercial” or “standard” in accordance with 7 CFR part 1951, subpart F shall be reviewed at least every two years. In the year to be reviewed, each borrower must submit a year-end balance sheet, actual financial performance for the most recent year, and a projected budget for the current year.

After screening out the noncommercial and nonstandard borrowers, the Agency will conduct a thorough review of the financial information provided by the borrower and request additional information as needed to determine whether borrower is able to graduate.

Part 5 (Withdrawn--Amend. 29)

85 (Withdrawn--Amend. 29)

86-99 (Withdrawn--Amend. 24)

100-109 (Reserved)

Part 6 (Withdrawn--Amend. 29)

110 (Withdrawn--Amend. 29)

111-120 (Withdrawn--Amend. 24)

121-135 (Reserved)

Part 7 (Withdrawn--Amend. 25)

136-151 (Withdrawn--Amend. 25)

152-170 (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-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.

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 1b of this title.--

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.--*

--180 Reviewing and Evaluating Applications (Continued)*B Feasibility (Continued)**

- (b) The projected income, expenses, and production estimates:**
 - (1) Must be based on the buyer's last 3 years actual records of production and financial management unless the buyer has been farming less than 3 years;**
 - (2) For those farming less than 3 years, a combination of any actual history and other reliable sources of information may be used. Sources must be documented and acceptable to the Agency; and**
 - (3) May deviate from historical performance if deviations are the direct result of specific changes in the operation, reasonable, justified, documented, and acceptable to the Agency.**
- (c) Price forecasts used in the plan must be reasonable, documented, and acceptable to the Agency.**
- (d) The Agency will analyze the buyer's business ventures other than the farm operation to determine their soundness and contribution to the operation.**
- (e) When a feasible plan depends on income from sources other than from owned land, the income must be dependable and likely to continue.**
- (f) When the buyer's farm operating plan is developed in conjunction with a proposed or existing Agency direct loan, the two farm operating plans must be consistent.**

Feasibility is documented in FBP. An assessment and classification will be completed according to 1-FLP, part 8.--*

180 Reviewing and Evaluating Applications (Continued)

C Environmental Regulation Compliance

--[7 CFR 763.16] (a)The environmental requirements contained in part 1b of this title must be met prior to approval of guarantee request.--

(b) The Agency determination of whether an environmental problem exists will be based on:

- (1) The information supplied with the application;**
- (2) Environmental resources available to the Agency including, but not limited to, documents, third parties, and government agencies;**
- (3) Other information supplied by the buyer or seller upon Agency request; and**
- (4) A visit to the farm.**

--The authorized agency official will complete the appropriate environmental review according to 1-EQ and 2-EQ.--

192 Delinquent Servicing (Continued)**B Standard Guarantee Plan (Continued)**

- It is an improvement to the real estate with a useful life of over 1 year and is affixed to the property, and the following conditions must be met.
 - The item must have been capitalized and not taken as an annual operating expense on the seller's Federal income tax returns. The seller must provide copies of appropriate tax returns to verify that capital improvements claimed for shared appreciation recapture reduction are capitalized.
 - If the new item is affixed to the real estate as a replacement for an item that existed on the real estate at the time the recapture agreement was originally executed, only the value added by the new item will be deducted from the market value.

C Loss Claim Processing

Standard guarantee and prompt payment guarantee must meet the following criteria for loss claim processing.

- For the standard guarantee, the servicing agent will provide documentation of the loss to the authorized agency official upon liquidation or the completion of an appraisal according to subparagraph B. The authorized agency official will complete the loss claim form. The principal loss will be shown in FSA-2254, item 19. Line through the word "balance" and replace with the word "loss." Enter the same principal loss amount on FSA-2254, item 40, enter the percent guarantee in item 41 and enter the loss payable in item 42 and again in item 46 marking through the word "Lender" and replacing with the *--word "Seller". A memorandum will be prepared for RD Business Center that will--* identify the loss as a standard guarantee that includes the name and TIN of the seller to whom the loss payment is to be made, and the name and address of the servicing agent who will receive the payment on behalf of the seller. The memorandum will be attached *--to the manually completed FSA-2254 and sent to RD Business Center.--*

192 Delinquent Servicing (Continued)**C Loss Claim Processing (Continued)**

- For the prompt payment guarantee, the escrow agent will provide documentation of the necessity for an installment, taxes, or insurance payment to the authorized agency official according to subparagraph A. The authorized agency official will complete the loss claim form. For installment payments the amount of loss claimed will be shown in FSA-2254, item 19 by lining through the word “balance” and replacing with the word “loss”. For taxes or insurance payments the amount of loss will be entered into item 23. Use item 60, “Comment”, to note whether the payment amount in item 23 is for taxes or insurance. For all losses enter the same loss amount that was entered into item 19 or 23 in item 40. Enter the percent guarantee in item 41 and enter the loss payable in item 42 and again in item 46, marking through the word “Lender” and replacing with the word *--“Seller”. A memorandum will be prepared for RD Business Center that will identify--* the loss as a prompt payment guarantee and will indicate whether the payment is for an installment, taxes, or insurance. The memorandum will include the name and TIN of the seller to whom the loss payment is to be made and the name and address of the escrow agent who will receive the payment on behalf of the seller. The memorandum will be *--attached to the manually completed FSA-2254 and sent to RD Business Center.--*
- For both the standard guarantee and the prompt payment guarantee the Finance Office will process a Lender Substitution to change the servicing lender to the seller’s name and TIN. The servicing lender’s address will remain the mailing address of the escrow or servicing agent.

193 Negligent Servicing**A Denial of Loss Claim Due to Negligence**

[7 CFR 763.22 (a)] The Agency may deny a loss claim in whole or in part due to negligence that contributed to the loss claim. This could include, but is not limited to:

- (1) The escrow or servicing agent failing to seek payment of a missed installment from the buyer within the prescribed timeframe or otherwise does not enforce the terms of the land contract;**
- (2) Losing the collateral to a third party, such as a taxing authority, prior lien holder, etc.;**
- (3) Not performing the duties and responsibilities required of the escrow or servicing agent;**
- (4) The seller’s failing to disclose environmental issues; or**
- (5) Any other action in violation of the land contract or guarantee agreement that does not terminate the guarantee.**

194 Federal Debt and Recovery of Loss Claims

A Establishing Federal Debt

[7CFR 763.21 (a)] Any amount paid by FSA as a result of an approved loss claim is immediately due and payable by the buyer after FSA notifies the buyer that a loss claim has been paid to the seller. If the debt is not restructured into a repayment plan or the obligation otherwise cured, FSA may use all remedies available, including offset as authorized by the Debt Collection Improvement Act of 1996 (DCIA), to collect the debt.

(1) Interest on the debt will be at the FLP non-program real property loan rate in effect at the time of the first Agency payment of a loss claim.

(2) The debt may be scheduled for repayment consistent with the buyer's repayment ability, not to exceed 7 years. Before any payment plan can be approved, the buyer must provide the Agency with the best lien obtainable on all of the buyer's assets. This includes the buyer's ownership interest in the real estate under contract for guarantees using the prompt payment guarantee plan. When the buyer is an entity, the best lien obtainable will be taken on all of the entity's assets, and all assets owned by individual members of the entity, including their ownership interest in the real estate under contract.

The agency will take the best lien obtainable on all assets the buyer owns except when:

- taking a lien on such property will prevent the buyer from obtaining credit from other sources
- the property could have significant environmental problems or costs as described in *--2-EQ--*
- FSA cannot obtain a valid lien
- the property is subsistence livestock, cash, special collateral accounts the buyer uses for the farming operation, retirement accounts, personal vehicles necessary for family living, household contents, or small equipment such as hand tools and lawn mowers
- a contractor holds title to a livestock or crop enterprise, or the buyer manages the enterprise under a share lease or share agreement.

Under the standard guarantee plan, if a loss claim is paid, either liquidation has been or will be completed, or the seller is receiving a payment using the appraisal method. The buyer no longer has any present or future interest in the land contract property.

The buyer will be notified according to 7 CFR 762.149(m) and 2-FLP, paragraph 363.

If the buyer fails to repay the debt, FSA will offset the buyer's Federal benefits to recover the debt owed by payment of the loss claim.

194 Federal Debt and Recovery of Loss Claims (Continued)**B Repayment Plan**

Immediately after FSA has paid a loss claim, the authorized agency official will notify the buyer, through the escrow or servicing agent, of the paid claim, the requirements of repayment, and the consequences if the buyer fails to repay the claim. The authorized agency official will schedule an office meeting and request the buyer to provide the information needed to determine if an acceptable repayment plan is feasible.

[7 CFR 763.21 (b)] Annually, buyers with an Agency approved repayment plan under this section will supply the Agency a current balance sheet, income statement, cash flow budget, complete copy of Federal income tax returns, and any additional information needed to analyze the buyer's financial condition.

The authorized agency official will contact the buyer annually by letter to request the information needed to analyze the buyer's financial condition.

--FSA may use FSA-2027 when establishing a repayment agreement with the buyer after each claim payment is made by the Agency.--

C Buyer Failure to Make Payments

[7 CFR 763.21 (c)] If a buyer fails to make required payments to the Agency as specified in the approved repayment plan, the debt will be treated as a non-program loan debt, and servicing will proceed as specified in §766.351(c) of this chapter (5-FLP, subparagraph 444 B).

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
FSA-1980-25 <u>1</u> /	Application for Guarantee		174
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

1/ Form is obsolete.

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

Forms (Continued)

Number	Title	Display Reference	Reference
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-2061	Application for Partial Release or Consent		25
FSA-2062	Application for Subordination of Security for Commercial Credit		70
FSA-2211	Application For Guarantee		174
FSA-2212	Preferred Lender Application For Guarantee		174
FSA-2231	Guaranteed Loan Evaluation and Obligation Request		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

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

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
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
SDMS	State Directive Management System	67

Delegations of Authority

None

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 (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 761.2] **Appraisal** means a written statement independently and impartially prepared, setting forth an opinion as to the value of an adequately described property as of a specific date(s), supported by the presentation and analysis of relevant market information. Real estate appraisals must comply with the Uniform Standards of Professional Appraisal Practice (USPAP).

Appraisal (Applies to Part 2)--*

[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

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)**IMP Loans**

[7 CFR 772.2(b)] IMP loans are nonfarm enterprise or recreation loans to individuals.

***--Indian Land**

[7 CFR 761.2] Indian land, for the purposes of the definition of “family farm” in this section, means land, or an interest therein, that is:

- (i) Owned by an Indian tribe;
- (ii) Owned by an Indian tribe and is subject to restrictions against alienation or encumbrance by the United States; or
- (iii) Held in trust by the United States for an Indian tribe.

Indian Tribe

[7 CFR 761.2] Indian tribe means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.--*

Joint Operation

[7 CFR 761.2] Joint operation is an operation run by individuals who have agreed to operate a farm or farms together as an entity, sharing equally or unequally land, labor, equipment, expenses, or income, or some combination of these items. The real and personal property is owned separately or jointly by the individuals.

Land Contract

[7 CFR 761.2] Land contract is an installment contract drawn between a buyer and a seller for the sale of real property, in which complete fee title ownership of the property is not transferred until all payments under the contract have been made.

Lien

--[7 CFR 761.2] Lien is a legally enforceable claim against real or personal property of-- another obtained as security for the repayment of indebtedness or an encumbrance on property to enforce payment of an obligation.

Liquidation

[7 CFR 761.2] Liquidation is the act of selling security for recovery of amounts owed to the Agency or lender.

Definition of Terms Used in This Handbook (Continued)**Liquidation Expenses**

[7 CFR 761.2] **Liquidation expenses** are the costs of an appraisal, due diligence evaluation, environmental assessment, outside attorney fees, and other costs incurred as a direct result of liquidating the security for a direct or guaranteed loan. Liquidation expenses do not include internal Agency expenses for a direct loan or in-house expenses for a guaranteed loan.

Livestock

[7 CFR 761.2] **Livestock** is a member of the animal kingdom, or product thereof, as determined by the Agency.

Loan Funds

[7 CFR 770.2(b)] **Loan Funds** refers to money loaned under this part. Loan funds include protective advances.

Loss Claim

[7 CFR 761.2] **Loss claim** is a request made to the Agency by a lender to receive a reimbursement based on a percentage of the lender's loss on a loan covered by an Agency guarantee.

Majority Interest

[7 CFR 761.2] **Majority interest** is more than a 50 percent interest in an entity held by an individual or group of individuals.

Member

[7 CFR 772.2(b)] A **member** is any individual who has an ownership interest in the entity which has received the Minor Program loan.

Minor Program

[7 CFR 772.2(b)] **Minor Program** is a nonfarm enterprise, individual recreation, grazing association, or irrigation and drainage loan program administered or to be administered by FSA.

Definition of Terms Used in This Handbook (Continued)

Participated In the Business Operations of a Farm

[7 CFR 761.2] **Participated in the business operations of a farm** means that an individual has:

- (i) Been the manager or operator of a farming operation for the year's complete production cycle as evidenced by tax returns, FSA farm records or similar documentation;
- (ii) Been employed as a farm manager or farm management consultant for the year's complete production cycle; or
- (iii) Participated in the operation of a farm by virtue of being raised on a farm or having worked on a farm (which can include a farm-related apprenticeship, internship, or similar educational program with applied work experience) with significant responsibility for the day-to-day decisions for the year's complete production cycle, which may include selection of seed varieties, weed control programs, input suppliers, or livestock feeding programs or decisions to replace or repair equipment.

Partnership

[7 CFR 761.2] **Partnership** is any entity consisting of two or more individuals who have agreed to operate a farm as one business unit. The entity must be recognized as a partnership by the laws of the State in which the partnership will operate a farm. It also must be authorized to own both real and personal property and to incur debt in its own name.

*--Personal Property Security

[7 CFR 761.2] **Personal property security** is property that may consist of, but is not limited to: Crops; livestock; aquaculture species; farm equipment; inventory; accounts; contract rights; general intangibles; and supplies that are covered by financing statements and security agreements, personal property mortgages, and other security instruments.--*

Production Cycle

[7 CFR 761.2] **Production cycle** is the time it takes to produce an agricultural commodity from the beginning of the production process until it is normally disposed of or sold.

Protective Advance

[7 CFR 761.2] **Protective advance** is an advance made by the Agency or a lender to protect or preserve the collateral from loss or deterioration.

Redemption Rights

[7 CFR 761.2] **Redemption right** is a Federal or state right to reclaim property for a period of time established by law, by paying the amount paid at the involuntary sale plus accrued interest and costs.

Definition of Terms Used in This Handbook (Continued)

Related by Blood or Marriage

[7 CFR 761.2] **Related by blood or marriage** is being connected to one another as husband, *--wife, parent, child, brother, sister, uncle, aunt, grandparent, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, nephew, niece, cousin, grandson, granddaughter, or the spouses of any of those individuals. “Related by blood or marriage” is used for consistency with a requirement in the CONACT. It has the same meaning as the word “relative” for the Farm Loan Programs regulations in this Chapter.

Relative

[7 CFR 761.2] **Relative** means the spouse and anyone having one of the following relationships to an applicant or borrower: parent, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, uncle, aunt, nephew, niece, cousin, grandparent, grandson, granddaughter, or the spouses of the foregoing. Relative has the same meaning as the term “related by blood or marriage” for the Farm Loan Programs regulations in this Chapter.--*

Rental Value

[7 CFR 770.2(b)] **Rental value** for the purpose of rental value write-down’s, equals the average actual rental proceeds received from the lease of land acquired under ITLAP. If there are no rental proceeds, then rental value will be based on market data according to Sec. 770.10(e)(4).

Reservation

[7 CFR 770.2(b)] **Reservation** is lands or interest within:

- (1) The Native American tribe’s reservation as determined by the Department of the Interior; or
- (2) A community in Alaska incorporated by the Department of the Interior pursuant to the Indian Reorganization Act.

Reserve

[7 CFR 770.2(b)] **Reserve** is an account established for loans approved in accordance with regulations in effect prior to February 8, 2001, which required that an amount equal to 10 percent of the annual payment be set aside each year until at least one full payment is available.

Note: Regulations in effect before February 8, 2001, were published in 7 CFR 1823, Subpart N. Further guidance was contained in FmHA Instruction 442.11.

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

[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.”

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 personal property--
(less the value of any prior liens) used as security for an Agency loan.

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.

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.

***--Information Needed to Request a Land Contract Guarantee**

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”.

[Name and Address]

[Date]

Dear _____:

Thank you for your interest in the Farm Service Agency’s (FSA) Land Contract Guarantee Program. This program provides certain financial guarantees to the seller of a farm through a land contract sale to a beginning or socially disadvantaged farmer.

To apply for a Land Contract Guarantee:

A. The Seller must complete and submit the enclosed FSA-2680, “Interest in Land Contract Guarantee.”

B. The Buyer must complete and submit the following enclosed forms:

1. FSA-2683, “Request for Land Contract Guarantee Assistance”

2. If the Buyer is an entity:

a. a copy of the entity’s charter or entity agreement (e.g. Articles of Incorporation, Bylaws, certificate or evidence of registration)

b. a resolution adopted by the Board of Directors or entity members authorizing specified officers to apply for and obtain the land contract and execute required debt, security, and other instruments and agreements

3. FSA-2037, “Balance Sheet”, or similar form that provides a current financial statement.

Notes: If the Buyer is an entity a current financial statement is required for each entity member and the entity itself. If there are no individually owned assets, then a husband and wife joint operation may submit a consolidated financial statement.

A current financial statement is not older than 90 days.

4. FSA-2038, “Income and Expenses”, or similar form that provides a farm operating plan.

5. FSA-2002, “Three-Year Financial History”, or similar form that provides the same information. In addition, tax returns for the past three years or each year the Buyer has been in business. If needed, we may ask for supporting documents or more detailed information. If the financial history has been previously provided, complete only for those years not previously provided.

--*

Information Needed to Request A Land Contract Guarantee (Continued)

*--

6. FSA-2003, "Three-Year Production History", or similar form that provides the same information, for the past three years or each year the Buyer has been in business. If production history has been previously provided, complete only for those years not previously provided.
7. FSA-2004, "Authorization to Release Information".
8. FSA-2005, "Creditor List".
9. FSA-2302, "Description of Farm Training and Experience".
10. Most recent account statement for credit cards, loans, and other bank accounts. Original documents will be returned to the Buyer.
11. Verification of non-farm income.
12. Credit report fee made payable to the Farm Service Agency for the type of Buyer:
Individual \$ _____ Joint \$ _____ or Commercial \$ _____
13. AD-1026, "Highly Erodible Land Conservation and Wetland Conservation Certification" for all real estate to be operated.
14. A copy of the proposed land contract.
15. Other

It is not necessary for the Buyer and Seller to submit their forms at the same time; however, the request for a Land Contract Guarantee will not be complete until all the needed forms have been received, and we approve the Seller's choice of the escrow or servicing agent.

Thank you for your interest in the Land Contract Guarantee Program. Please contact this office if you need help. We can help you complete the required forms, explain what information is needed, and answer any questions you may have about the Land Contract Guarantee Program. If we cannot assist you by phone, we will schedule an appointment to meet with you.

Sincerely,

Enclosures

--*