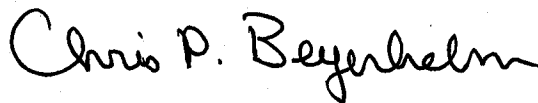


For: State and County Offices

**FY 2008 Farm Loan Programs (FLP) Credit Report Fees**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

In FY 2007, FLP implemented the Farm Business Plan (FBP) credit report feature nationwide to generate credit reports on applicants and borrowers. As a result, FLP announced new credit report fees to be charged to applicants. Those fees were announced in Notice FLP-450.

**B Purpose**

This notice:

- announces an increased fee for Dun and Bradstreet and Experian Business Reports effective October 1, 2007
- notifies users that fees for individual and joint credit reports will **not** change.

**C Contact**

Direct questions about this notice to Ann Smith, LMD, at 202-720-1656.

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2008	State Offices; State Offices relay to County Offices

**Notice FLP-475**

**2 Responsibilities**

**A State Office Responsibilities**

State Offices shall ensure that loan approval officials are notified of the fee for entity applicants.

**B Cost to Applicants**

Applicants will be charged credit report fees according to the following table.

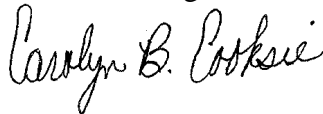
<b>TransUnion, Experian, and Equifax Credit Report Fees</b>		<b>Dun and Bradstreet and Experian Business Reports Fees</b>	
Individual Applicant	\$13.50	Entity Applicant	\$75.00
Joint Applicant	\$20.25		

**Note:** Credit report fees will be processed according to 3-FI.

For: State Offices

**Farm Business Plan (FBP) Database Management**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

FBP centralized database:

- includes current and historical producer information, including debts, assets, and operating information related to income, expenses, and production
- is available, real time, to management
- must not include duplicated records, temporary files, accounts that are paid in full, or accounts where the application from a new applicant has either been rejected or withdrawn
- data is uploaded daily to the reporting database and used to generate management reports, provide information for FLP Risk Assessment (FLPRA), and is shared with other FLP web based applications.

Users **must** take responsibility to ensure that data residing in the active database represents the true picture of FSA’s direct loan portfolio.

Currently, there are over 270 duplicate accounts residing in the FBP active database. Borrower accounts may have been duplicated to perform ‘what if’ scenarios, make changes to the critical forms, and/or to generate chattel security agreements. These actions only require 1 FBP account. FBP allows a borrower to have an unlimited number of balance sheets, income and expense schedules, and credit actions. Given this capability, duplicate FBP records for a borrower should **not** be maintained. Service Centers using the FBP consolidation feature should only have 1 account for each member of the entity and 1 “shell” account used for the consolidation.

**B Purpose**

This notice provides guidance to Farm Loan Chiefs (FLC) and FBP State Coordinators to better manage the FBP data base.

<b>Disposal Date</b>	<b>Distribution</b>
January 1, 2008	State Offices

## Notice FLP-473

### 1 Overview (Continued)

#### C Contact

Any questions about this notice should be directed to Steven I. Rubin, Senior Loan Officer, PDEED by either of the following:

- e-mail at [steven.rubin@wdc.usda.gov](mailto:steven.rubin@wdc.usda.gov)
- telephone at 202-690-8595.

### 2 Service Center Responsibilities

#### A FLP Borrowers

All borrowers listed on Report Code 540 shall have an FBP account established in the active database. For flagged accounts, where financial and production data is not readily available, **only** the General Information page shall be completed. All accounts, including those with just Farm Ownership (FO) loans that are still paying off their indebtedness shall be entered in FBP with current financial and production information. FO only borrowers will be entered into FBP and classified using the Credit Presentation, Classification/LReview/YEA. A list of FLP accounts that do **not** have an existing FBP account will be provided to each FLC under separate cover.

For accounts where current financial data is not available, such as foreclosure and bankruptcy cases, a new Credit Presentation, D-Loan/Special Classification has been developed and included in FBP. This Credit Presentation will require Service Centers to complete the FBP, General Information Section and input values for FSA Security Margin and Percent of FSA Loss that will be calculated from the best information available for the borrower. The basis for these values will be documented in the borrower's case file. From the Assigned Classification Level drop-down box the Service Center will then select "5", "Not Classified".

A future version of FBP will calculate the FSA Security Margin and Percent FSA Loss when total FSA collateral, prior liens, and total FSA debts are entered for this type of FBP account.

#### B FSFL Borrowers

Farmers who only have Farm Storage Facility Loan (FSFL) accounts are **not** to reside in the FBP system. When evaluating repayment ability and loan security for FSFL applicants, Service Centers are to follow 1-FSFL. FSFL loans made to existing FLP borrowers shall use the established FBP account. **Only** the FLP staff shall update these accounts to include FSFL information.

## Notice FLP-473

### 2 Service Center Responsibilities (Continued)

#### C Moving Accounts to the Recycle Bin

When a borrower's account is paid in full, debt is settled or otherwise determined to be inactive, or when a new applicant's loan request is withdrawn or rejected, their FBP accounts will be moved to the recycle bin. **Before** transferring these accounts to the recycle bin, the Service Center shall, on FBP General Information Screen for the borrower:

- delete the borrower's case number from the "Case #" field
- enter 1 of the following in the "Case #" field, as appropriate:
  - Paid in Full, mm/dd/yyyy (date)
  - Withdrawn, mm/dd/yyyy (date)
  - Rejected, mm/dd/yyyy (date)
  - Loss to the Government, mm/dd/yyyy (date)
  - Debt Settled, mm/dd/yyyy (date).

**Web EQUITY MANAGER®** Locator | Calculators | Log Out | eHelp | FBP Forum | ProLearnUniversity.Com  
~Briggs 28200310160021038250 2

File | General | Credit Action | Bal. Sheet | Inc / Exp | Notes | Reports

### General Information

Default Model changed

[Save & Stay](#) | [Save & Menu](#)

Entity Type: C Corporation

Case #: Paid in Full, 06/21/2005

Type of Operation - Primary: [Select](#) Description: SIC: NAICS:

Individual Name: Matt ~Briggs 28200310160021038250 2  
Company Name: ~Briggs 28200310160021038250 2  
Common Name:  
Address 1:  
Address 2:  
City, State, Zip:  
County:  
SSN / Federal Tax I.D. #: 11-1223333  
Borrower Type:  Direct  Guaranteed  Both  
Contact Name:  
Contact Phone:  
Contact E-mail Address:  
Date of Birth:  
Marital Status:  
Year Started Farming: Select Year

Home Phone:  
Business Phone:

[Save & Stay](#)

## 2 Service Center Responsibilities (Continued)

### D Duplicate Accounts

Duplicate accounts shall **not** reside in FBP active database. Service Centers will move duplicate accounts to the recycle bin and notify FBP State Coordinator to permanently delete the duplicate accounts from the recycle bin. These accounts shall be labeled “Duplicate Destroy file” in the case number field in General Information before transferring the account to the recycle bin.

**Note:** When Service Center staff is generating chattel security agreements in FBP, they shall do so in the existing customer accounts for the borrower/applicant. FBP accounts shall **not** be duplicated to create subsequent chattel security agreements or to generate “what if” scenarios.

All States have been allowed to establish 2 FBP accounts to generate temporary/training/sample accounts. Temporary/training/sample account files generated by Service Center users shall be deleted from the FBP system. Any temporary files generated for training purposes need to be deleted from the FBP system at the conclusion of the training.

### E Classification of Youth Loans

For new Youth Loans, a score of “3”, “Acceptable,” will be assigned when completing the Youth Loan Credit Action. For existing Youth Loans, that are current, Service Centers shall complete a D-Loan/Special Classification Credit Action. A score of “3”, “Acceptable” will be assigned. For existing Youth Loans that are delinquent, the D-Loan/Special Classification Credit Action shall be used and will be assigned a score of “5”, “Not Classified”. The values of FSA’s Security Margin and Percent of FSA Loss will be calculated from the best information available for the borrower. The basis for these values will be documented in the borrower’s case file.

### F FBP Account Type Flags

FBP is being further enhanced to include an account type flag. Accounts may be flagged:

- 1-Active Account
- 2-Credit Rpt./Elig. Only Act.
- 3-Special Classification
- 4-Guaranteed Loan Import
- 5-Producer Import.

## Notice FLP-473

### 2 Service Center Responsibilities (Continued)

#### F FBP Account Type Flags (Continued)

The field identifying the account type flag will be located in the General Information section. The account type flag will be used to track which accounts were generated for:

- credit reports and eligibility determination only, D-Loan/Special classification
- guaranteed loan imports from another lender
- producer generated import files.

Only active accounts are counted toward FSA's record limit in FBP. Once this process has been implemented, Service Centers shall ensure that accounts are given the proper account type flag.

**Note:** The initial version of this process is **not** automated; Service Centers will need to select the appropriate account type flag. A future version of FBP will automate this process.

Account Type Flags	Description
Active	<p>This will represent the majority of accounts residing in FBP. Active accounts are those customers that have an active loan or loan application with FSA.</p> <p><b>Note:</b> Active accounts will <b>not</b> include "flagged accounts", such as BAP, FAP, CO, etc.</p>
Credit Rpt./Elig. Only Act.	<p>Accounts that were established for the purpose of determining eligibility and/or ordering credit reports. No financial or production information shall be entered in accounts flagged as "Credit Rpt./Elig. Only Act.".</p> <p><b>Note:</b> Once an applicant is determined eligible and FSA is moving forward with the loan process, the FBP Account Type flag shall be changed to "Active Account".</p>
Special Classification	<p>Accounts where financial and production data is <b>not</b> available and FBP is only used to generate a Special Classification code.</p>

## Notice FLP-473

### 3 FLC, FBP Coordinator, and National Office Responsibilities

#### A FLC and FBP Coordinator Responsibilities

FLC's and FBP State Coordinators shall ensure that all accounts that no longer have a credit relationship with FLP are moved to the recycle bin. If the account has not been properly identified by the Service Center, the account shall be labeled as described in subparagraph 2 C.

FBP State Coordinators will periodically monitor the recycle bin and the active database to ensure that duplicate accounts are **not** being created. The recycle bin shall be reviewed at least every other month to ensure that files generated in error, and duplicate accounts sent to the recycle bin, are permanently deleted from the system.

Each State is allowed to have 2 temporary/training/sample accounts in the FBP system. These accounts are used for training and demonstrating different scenarios. FBP State Coordinators will ensure that Service Centers are **not** generating temporary/training/sample accounts. If Service Center generated temporary/training/sample accounts are found in the active database, FBP State Coordinators shall remove these accounts.

By March 1 and September 1 of each year, FBP State Coordinators shall submit a report to Steven Rubin, National Office FBP Administrator at [steven.rubin@wdc.usda.gov](mailto:steven.rubin@wdc.usda.gov), confirming that:

- all duplicate FBP accounts, except the 2 authorized per state, have been removed
- all direct accounts have been classified in FBP
- all accounts that no longer have a credit relationship with FSA have been properly labeled using the Case # field and moved to the recycle bin
- accounts residing in the State's recycle bin that were closed over 1 FY prior have been moved to archive account; during FY 2007, States shall **only** move accounts closed out from FY's 2004, 2005, and 2006
- accounts have the correct FBP account type flag.

#### B National Office Responsibilities

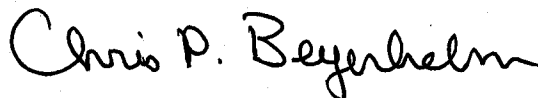
The National Office FBP Administrator shall continue to monitor the FBP active database to ensure that accounts are managed as described in this notice. Periodically, the National Office will generate reports to identify duplicate records, FLP accounts not found in FBP, accounts that should not be active in FBP, and accounts needing to be updated and/or classified. These reports will be provided to the States to assist them in accomplishing their responsibilities.



For: State and County Offices

**Implementation of Farm Business Plan (FBP) Credit Report Feature**

Approved by: Acting Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

State and County Offices were notified in Notice FLP-445 of the pending nationwide implementation of FBP credit report feature. The pilot phase for individual and joint credit reports has been completed.

**Note:** Arrangements to obtain commercial reports through FBP are still being finalized. Until further notice, States will continue to follow State supplements for ordering credit reports on entity applicants.

**B Purpose**

This notice:

- announces that ongoing problems with FSA’s software applications necessitates a delay of the **March 1, 2007**, nationwide implementation of FBP credit report feature
- announces that a new implementation date has not been selected, and State Offices will be notified by separate notice of the new implementation date
- provides guidance to users on generating credit reports through FBP
- obsoletes Notice FLP-448.

**C Contact**

Direct questions about this notice to Ann Smith, LMD, at 202-720-1656.

Disposal Date	Distribution
January 1, 2008	State Offices; State Offices relay to County Offices

## Notice FLP-450

### 2 Responsibilities

#### A State Office Responsibilities

State Offices shall ensure that loan approval officials order “merge” credit reports that include data from Equifax, Experian, and TransUnion.

#### B Accessing Reports

Loan approval officials who have access to FBP shall access Equifax, Experian, and TransUnion data through FBP General Menu Screen. Users shall select “Credit Report” item and choose the applicant’s name as well as all individuals who are a “Related Entity” from the 1st Fly-Out Menu. Users shall select all credit reporting bureaus to obtain 1 merged report. Any reports generated will be available on a 2nd Fly-Out Menu from the “Credit Report” item and will include the date, time, and bureaus that provided the information.

**Note:** Complete instructions on ordering credit reports through FBP will be included in a future amendment to 1-FLP.

When ordering a joint report for applicant and spouse, the spouse must be entered as “spouse” and “co-applicant” in the “Related Entity” section in general information of FBP.

For new applicants where FBP accounts are established solely for ordering credit reports and determining eligibility on applicants, FBP account type shall be set to “Credit Report Eligibility Only Act.”

## Notice FLP-450

### 2 Responsibilities (Continued)

#### B Accessing Reports (Continued)

There may be a delay in receiving reports because of network or modem speed. As credit reports on applicants are generated, reports will be added to the “Existing Reports” table. Access reports by clicking the hyperlink in the “Credit Report Date” column. To print reports, right-click the mouse within the report and then left-click the Print Menu item that appears on the window.

**Note:** Loan approval officials may enter notes about applicant credit reports in the “Notes” link in the “Existing Reports” table.

If no information is available from the selected bureau or erroneous data is contained in the report, then the system will generate a “No Hit” or “Error” indicator in the reports table.

**Note:** Farm Storage Facility Loan (FSFL) accounts are **not** to reside in FBP. Therefore, credit reports will **not** be ordered through FBP for FSFL applicants.

#### C Cost to Applicant

Applicants will be charged according to the following table.

Credit Report Prices for TransUnion, Experian, and Equifax	
Individual Applicant	\$13.50
Joint or Commercial	\$20.25

**Note:** Credit report fees will be processed according to 3-FI.

#### D National Office Responsibilities

The National Office shall:

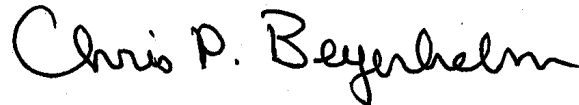
- receive monthly invoices showing State usage
- submit payment to vendor for credit reports generated through FBP based on invoices received.



For: FSA Offices

**Interim Policy for Safeguarding Privacy Act Protected Data**

Approved by: Acting Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

All FSA employees have a significant responsibility to ensure that Privacy Act protected data entrusted to FSA is:

- secure
- not divulged to unauthorized personnel, lost, or stolen.

FSA’s commitment to fulfilling this responsibility has been communicated with the:

- issuance of Notices IRM-371, IRM-372, and IRM-378
- requirement to complete Privacy Act training as required by Notice IRM-373.

OMB recently asked Federal agencies to review their processes for collecting, storing, and controlling access to data. In response, FLP established a taskforce to review its overall policies regarding the gathering and protection of Privacy Act protected data provided by FLP applicants and borrowers.

For the short term, the taskforce is focusing its efforts on restricting access and ensuring the protection of Privacy Act protected data:

- included in reports and correspondence
- maintained:
  - in borrower case folders
  - FLP files established according to 25-AS, Exhibit 40.5
  - on CCE portable computers
  - on FSA information systems, such as PLAS, GLS, and FBP.

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2007	All FSA Offices; State Offices relay to County Offices

## Notice FLP-447

### 1 Overview (Continued)

#### A Background (Continued)

For the long term, using a random, system-generated number instead of the borrower's SSN/Employer Identification Number (EIN) when establishing the case number was considered; however, significant implementation costs would be incurred. Therefore, the first 5 digits of SSN/EIN portion of the case number will be suppressed on system-generated reports, forms, and correspondence (except for IRS related and payment disbursement documents). The suppression of the first 5 digits of SSN/EIN will be implemented incrementally over the upcoming months, beginning with Report Code 540.

#### B Purpose

This notice provides interim guidance regarding Privacy Act protected data collected or maintained in the administration of FLP.

### 2 Interim Policies

#### A Definition of Privacy Act Protected Data

**For purposes of this notice, Privacy Act protected data** is defined as any data about an individual maintained by the Agency in a system of records that contains the individual's name identifying number, symbol, or other identifying particular assigned to the individual, and any of the following:

- SSN
- EIN
- date of birth
- home address
- financial information
- other items, collections, or groupings of information about an individual such as education (excluding training information for government employees), medical history, and criminal or employment history.

## Notice FLP-447

### 2 Interim Policies (Continued)

#### B Reports

Copies of reports will be filed according to 25-AS, Exhibit 40.5.

**Note:** Refer to 25-AS, subparagraph 43 B and 3-INFO, paragraph 3 for information about safekeeping files that include sensitive documents.

#### C Correspondence

Internal or external correspondence generated by offices other than the St. Louis Farm Loan Operations Office (STFLOO), should **not** include the full SSN/EIN in the case number unless it is necessary for the recipient of the correspondence to take action, to properly identify the customer, or is legally required or advised.

**Example:** The full SSN or EIN is required for notice to potential purchasers under 7 CFR 1962.13.

#### D Borrower Case Folders and Other FLP Files

Before March 30, 2007, State and County Offices shall modify the labels on **all** active and closed:

- borrower case folders by either:
  - printing and attaching a new label with the with first five digits of the SSN/EIN in the case number replaced by X's

**Example:** If the borrower's full case number is 24-07-123456789, enter 24-07-XXXXX6789.

- using a marker to conceal the first five digits of the SSN/EIN in the case number

**Note:** 25-AS, subparagraph 82 D does not include "address" in the information to be included on the label for a borrower's case folder. If the borrower's address is listed on the label, it shall:

- not be included when the label is reprinted
- be concealed using a marker, if a new label is **not** printed.

2 **Interim Policies (Continued)**

**D Borrower Case Folders and Other FLP Files (Continued)**

- property acquisition folders by either:
  - printing and attaching a new label:
    - with the first 5 digits of the SSN/EIN in the former borrower's case number replaced by "X"s
    - without the property address
  - using a marker to conceal the first 5 digits of the SSN/EIN in the case number and the property address.

As provided by 25-AS, subparagraph 43 B, files containing Privacy Act protected data:

- need to be stored in locked file cabinets
- should **not** be left out on desks when leaving the office for a short time or at the end of the day.

**E Delivery or Transfer of Borrower Case Folders**

When a borrower case folder must be delivered to another location, the transfer shall be completed using any method of delivery authorized in 5-AS that provides for both the tracking and confirmation of delivery.

**F Transmitting Privacy Act Protected Data**

Effectively immediately, County, State, and National Offices, as well as STFLOO, shall only transmit data by FAX if the first 5 digits of SSN/EIN portion of the borrower's case number and other sensitive data can be concealed (without altering the original document).

**Exception:** The borrower's full case number may be included when the recipient of the document requires the full SSN/EIN to process a transaction or action, such as funding, Treasury requirements, etc.

**Note:** Refer to 6-IRM, paragraph 44 for additional guidance about using a FAX to transmit or receive data.

Privacy Act protected data may be transmitted:

- electronically across a USDA LAN
- over the Internet, by e-mail, CD, or floppy disk **only** if encrypted according to Notices IRM-372 and IRM-378.



## Notice FLP-447

### 2 Interim Policies (Continued)

#### G Restrictions on Downloading and Storing Privacy Act Protected Data

All employees:

- shall follow the policies in Notice IRM-371 about downloading and storing Privacy Act protected data
- with CCE portable computers shall ensure files containing sensitive data are encrypted according to Notice IRM-378.

#### H FSA Information Systems

Employees are responsible for ensuring Privacy Act protected data and other sensitive information maintained in FSA information systems is safeguarded. As required by 6-IRM, subparagraph 56 B, employees shall:

- restrict access to FSA computer rooms and equipment to authorized users only
- ensure computer equipment in public areas is placed so that a customer cannot see the screen without permission
- ensure that workstations are locked, use a screen saver that is password protected, or shut down when unattended.

Supervisors will ensure the provisions of Notice IRM-382 are met when requesting employees be granted access privileges to electronic records systems.

#### I Contacts

The following table provides contacts if there are questions about this notice.

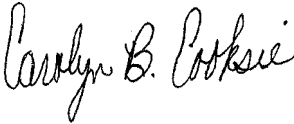
<b>IF located in a...</b>	<b>THEN contact...</b>
County Office	State Office.
State Office	State Offices shall contact: <ul style="list-style-type: none"><li>• ITSD staff or help desk as provided in Notices IRM-371, IRM-272, and IRM-378 for IT related issues</li><li>• Chris Beyerhelm at 202-720-7597 for FLP related issues.</li></ul>



For: State and County Offices

**Implementation of Web Access to the Credit Alert Interactive Voice Response System (CAIVRS)**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

Each year, the Deputy Chief Financial Officer issues a letter to provide guidance about use and access of the Department of Housing and Urban Development’s (HUD) CAIVRS. Currently a desktop system is used **before** approving a direct or guaranteed loan. The loan approval official or any Agency employee with FLP responsibilities checks CAIVRS to determine if an applicant is delinquent or in default on a Federal debt.

**As of December 29, 2006, HUD and Rural Development (RD) will discontinue the current system used for accessing CAIVRS and move to a web-based CAIVRS system. Users must request a CAIVRS connection ID and password to access the system through the web. If access is not requested before the end of the year, users will no longer be able to access CAIVRS.**

**B Purpose**

This notice provides:

- detailed instructions on requesting a CAIVRS ID and password
- instructions for accessing and using web-based CAIVRS.

**C Contact**

If there are questions about this notice, State Offices shall contact Anne Steppe, LMD, at 202-690-4017.

<p><b>Disposal Date</b></p> <p>October 1, 2007</p>	<p><b>Distribution</b></p> <p>State Offices; State Offices relay to County Offices</p>
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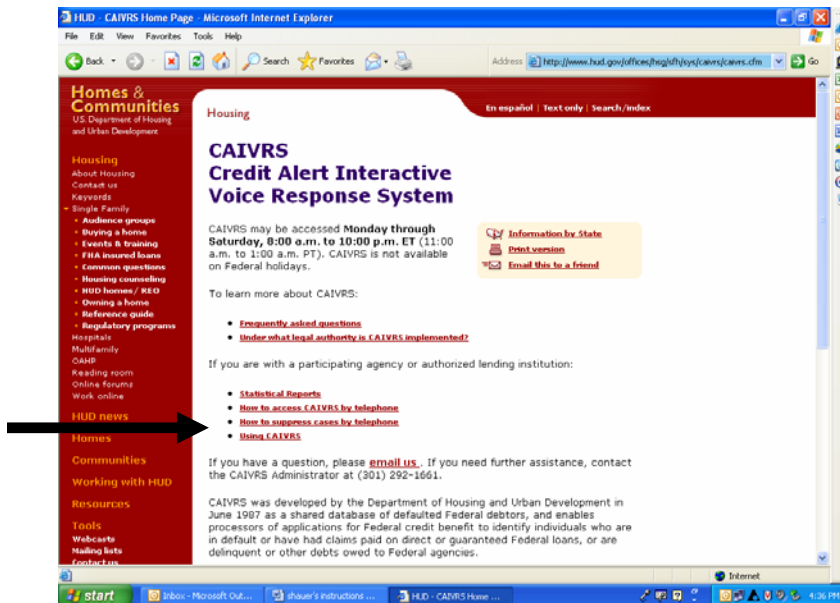
# Notice FLP-444

## 2 Access to CAIVRS

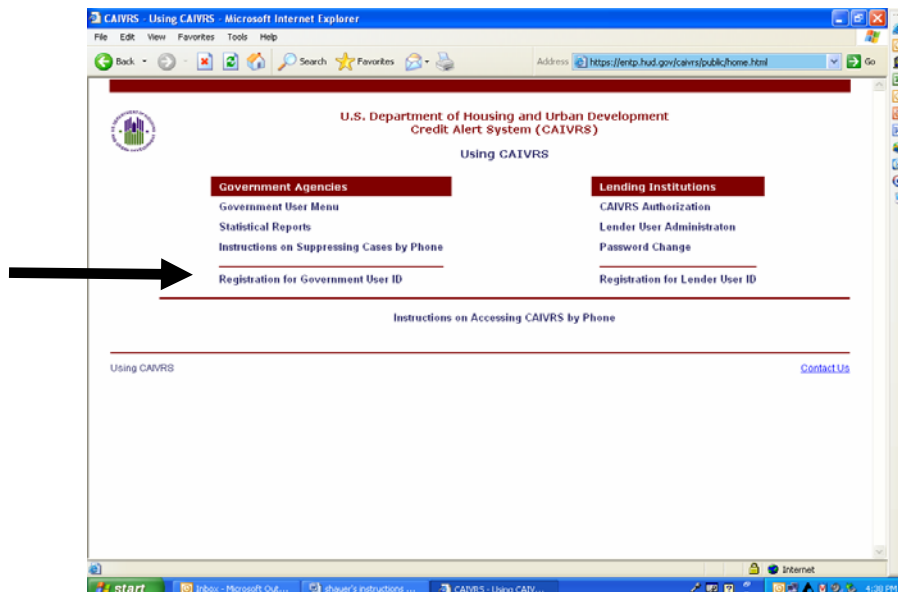
### A Requesting CAIVRS ID and Password

Employees who perform CAIVRS checks shall do the following to request a CAIVRS ID and password.

- Go to the CAIVRS web site at <http://www.hud.gov/offices/hsg/sfh/sys/caivrs/caivrs.cfm>.
- Click the “Using CAIVRS” option to access the CAIVRS Home Page. Users may bookmark this page as a favorite site.



- Under the "Government Agencies" column, CLICK “Registration for Government User ID”.



## Notice FLP-444

### 2 Access to CAIVRS (Continued)

#### A Requesting CAIVRS ID and Password (Continued)

- Follow instructions at the top of the page to obtain a government user's ID.

The screenshot shows a web browser window titled "CAIVRS Registration for External Government Agency - Microsoft Internet Explorer". The address bar shows "https://enb.hud.gov/idapp/html/caivrs\_g\_register.cfm". The page content is titled "CAIVRS User Registration for Non-HUD Federal Government Employees". It features a form with the following fields: "Select Agency/Program" (a dropdown menu), "First Name", "Middle Initial", "Last Name", "Social Security Number", "Password", "Re-enter Password", "Phone Number", "Email", and "Mother's Maiden Name". There are "Send Application" and "Clear Fields" buttons at the bottom of the form. A "Warning" message is displayed: "Warning! Misuse of Federal Information at this Web site falls under the provisions of Title 18, United States Code, section 1030. This law specifies penalties for exceeding authorized access, alteration, damage or destruction of information residing on Federal Computers." A note about password requirements is also present: "You will enter your password each time you use this service. Your password must be exactly 6 characters in length and should be comprised of letters and numbers (for example, brad88). Do not use punctuation or special characters. Important: Your password will be recorded EXACTLY as you type it, so make a note if you enter in upper and lower case." The browser's taskbar shows the "start" button and several open applications, including "Inbox - Microsoft Out...", "shauer's instructions...", and "CAIVRS Registration...". The system clock shows "4:39 PM".

- Enter the required personal data and select “USDA/FSA” as the agency.
- Enter the 6-character password of your choice.

**Note:** Passwords are case sensitive and must contain a mix of letters and numbers, at least 1 of each. See subparagraph C.

- CLICK “Send Application” to process the ID request.
- After users have completed the registration request, users **must** complete FSA-13-A, with all applicable information entered into items 1 through 20 and item 42, CAIVRS. See Notice IRM-382. Forward the completed FSA-13-A to the State Security Liaison Representative (SLR).
- Upon receipt of “Electronic Repository of Security Requests” (ERSR) from SLR, the CAIVRS administrator for FSA will provide, by e-mail, a CAIVRS ID to the requesting employee within 3 working days.

## Notice FLP-444

### 2 Access to CAIVRS (Continued)

#### B SLR Responsibilities

The State SLR will complete the following actions.

- Enter FSA-13-A information into ERSR according to Notice IRM-382. CAIVRS ID **cannot** be issued until FSA-13-A is input into ERSR.
- Notify Anne Steppe, LMD, at [anne.steppe@wdc.usda.gov](mailto:anne.steppe@wdc.usda.gov) when the State's CAIVRS access requests are fully entered into ERSR. Identify the State that is reporting.

#### C Passwords

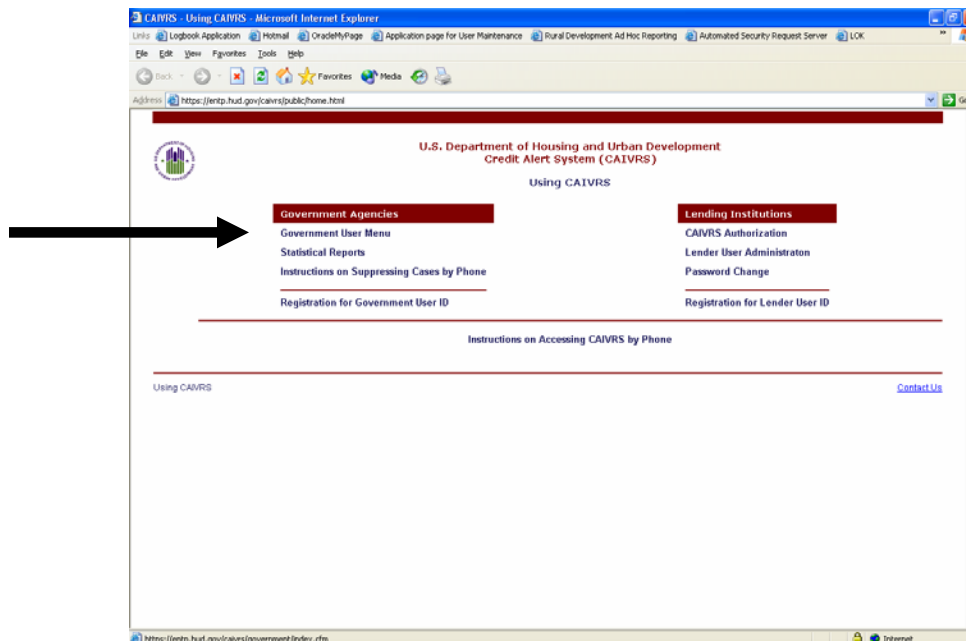
CAIVRS connection passwords are good for 21 calendar days, and **must** be reset **before** they expire. Passwords must be exactly 6 characters, are case sensitive, and **must** contain at least 1 letter and 1 number.

For forgotten or expired password assistance, contact the Security Operations Help Desk at 800-255-2424, Option 2.

#### D Using CAIVRS

**After** obtaining a CAIVRS ID and password, users shall do the following to use CAIVRS.

- Go to the CAIVRS Home Page and click the "Government User Menu" option.

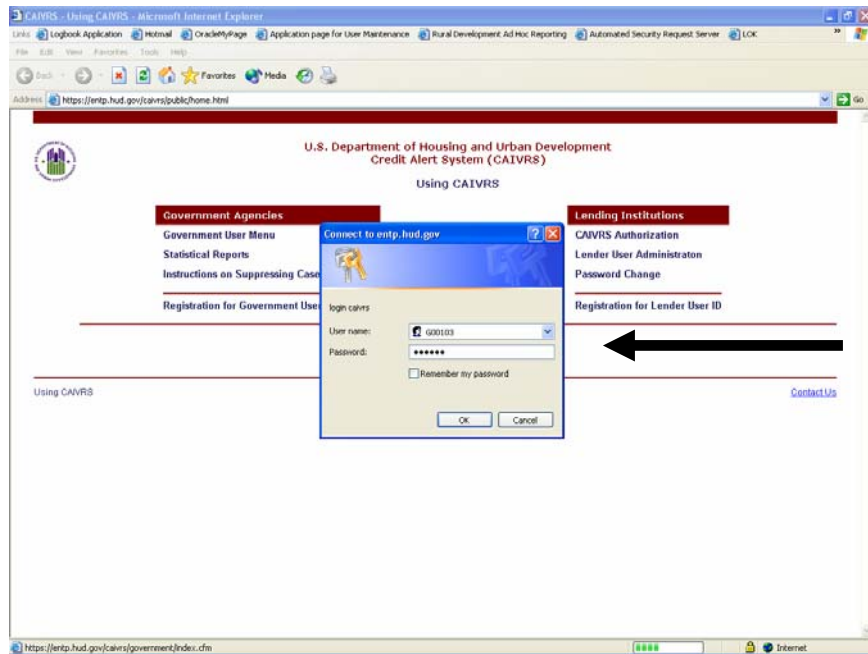


## Notice FLP-444

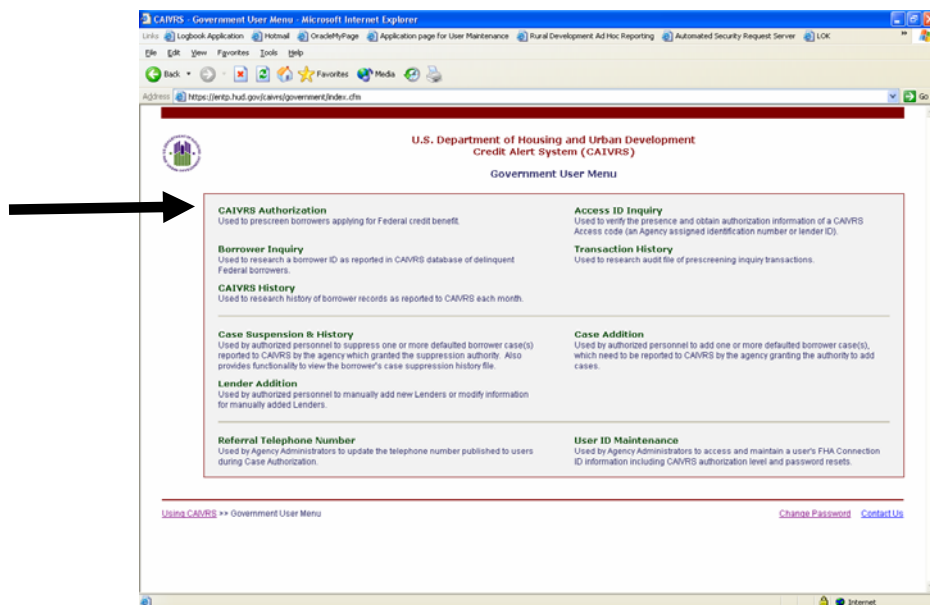
### 2 Access to CAIVRS (Continued)

#### D Using CAIVRS (Continued)

- Enter CAIVRS ID and password, then CLICK “OK”.



- Select the function to perform. For example, select the “CAIVRS Authorization” option to prescreen an applicant.



## Notice FLP-444

### 2 Access to CAIVRS (Continued)

#### D Using CAIVRS (Continued)

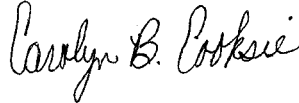
- Select the agency or program prescreening the applicant from the Agency list.
- Enter the applicant's SSN or employer ID number (EIN) and select the appropriate SSN or EIN indicator.
- CLICK "SUBMIT" to obtain the CAIVRS authorization code. A response should be received in less than 10 seconds.
- If there are no claims, defaults, or foreclosures reported to CAIVRS, the system will respond that there are no cases and provide a confirmation number. This information and the confirmation number **must** be noted in the loan application documentation.



For: State and County Offices

**Management of Agricultural Credit (MAC) Data Conversion to Direct Loan System (DLS)**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

DLS is part of the FLP’s Information Delivery System (FLPIDS). The direct loan making portion of DLS is currently being tested and will soon be piloted in Kentucky and Wisconsin. Nationwide implementation is scheduled for December.

MAC direct application and borrower data will be converted to DLS direct loan making.

**Note:** All MAC direct application and borrower data **must** be accurate and current **before** conversion.

The following 5 problems with MAC data will cause data conversion errors:

- customers with blank or temporary (“T”) tax ID type on the Basic Borrower Information (BBI) file
- duplicate tax ID’s
- invalid servicing office mail codes
- incorrect direct operating loan (OL) and farm ownership (FO) eligibility years remaining(term limit) information
- unresolved entries on MAC Unprocessed Report.

<b>Disposal Date</b>  October 1, 2007	<b>Distribution</b>  State Offices, State Offices relay to County Offices
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## Notice FLP-443

### 1 Overview (Continued)

#### B Purpose

This notice:

- provides County Offices with guidance on actions required before DLS implementation to insure that MAC direct application and borrower data converted to DLS is accurate and current
- supplements guidance provided in DLS Loan Making User's Guide and Notice FLP-392.

#### C Contacts

Direct questions about this notice to Kathleen Miller by either of the following:

- e-mail at [kathleen.miller@wdc.usda.gov](mailto:kathleen.miller@wdc.usda.gov)
- telephone at 202-720-1643.

### 2 Data Cleanup

#### A Blank or "T" Tax ID Type

The following table provides tax ID guidance.

IF tax ID...	THEN...
is blank	establish a legacy link in the Service Center Information Management System (SCIMS).  <b>Note:</b> When users create legacy links in SCIMS, MAC BBI file is updated with the tax ID during AS/400 end-of-day process.
downloaded is invalid	delete the borrower.
is "T"	do either of the following: <ul style="list-style-type: none"><li>• correct SCIMS with the permanent tax ID and tax ID type</li><li>• delete the borrower if the tax ID is invalid.</li></ul>

## Notice FLP-443

### 2 Data Cleanup (Continued)

#### B Duplicate Tax ID's

Servicing offices **must** resolve entries on MAC Duplicate Tax ID Report. The report should **only** reflect borrower/co-borrower names that have both **active** direct and guarantee loans outstanding in multiple servicing offices.

**Example:** Accounts where 1 servicing office services an active direct loan and 1 servicing office is assigned PLP active guarantee loan.

Servicing offices can determine payment-in-full (PIF) date or settlement based on the fully paid code on the ADPS LA Screen. The date of last payment will indicate a PIF date or the OH Screen will display the date a loan was settled (any fully paid code such as S00, S03, etc.).

The purpose of the Duplicate Tax ID Report is to ensure that MAC data is consolidated onto 1 AS/400.

<b>IF...</b>	<b>THEN...</b>
a servicing office receives a name on the report	be aware that another servicing office is also getting the name because this report is showing that more than 1 AS/400 has MAC data on this borrower/co-borrower.  <b>Note:</b> Servicing offices on the report need to determine which servicing office MAC data should be maintained and use "MAC Move" option to consolidate the data into the servicing office with the <b>active</b> loan activity.
both the direct and guarantee loans are inactive	Servicing offices will move MAC data to the direct loan servicing office.

"MAC Move" option will move all the account data from the sending servicing office's AS/400 to another AS/400. The borrower data will be completely removed from the sending servicing office's AS/400. However, "MAC Move" option will **not** remove the co-borrower data in case the co-borrower also has loans as a borrower. A **copy** of the co-borrower data will be transferred, but the **original** co-borrower data will reside on the sending servicing office's AS/400. After "MAC Move" option is complete the co-borrowers will probably show up on the Duplicate Tax ID Report.

**Note:** To remove co-borrowers data, the sending servicing office will need to take the "borrower delete" option on co-borrowers. Do **not** remove any co-borrower that has loans in the sending servicing office as a borrower.

**Notice FLP-443**

**2 Data Cleanup (Continued)**

**C Invalid Servicing Office Mail Codes**

Servicing offices **must** review the Servicing Office Mail Code Report from MAC “Administrative Functions” option. Corrections to the borrower account information **must** be made in MAC through the “Basic Borrower Information”, “Update Applicant/Borrower Information” option.

Servicing offices may need to:

- review ADPS LA Screens to determine the following:
  - PLAS Mail Code currently on the account
  - whether there may be outstanding direct loans located in another County Office.
- access through GLS block mode, the LL Screen for a listing of the guaranteed status and the current Servicing Office Mail Code for the guarantee.

**Note:** SCIMS **must** have a legacy link to the receiving County Office.

The following table provides DLS data conversion preparation instructions.

<b>IF...</b>	<b>THEN...</b>
borrower has outstanding loans in PLAS	DLS Loan Making will pre-fill the county code and servicing office PLAS Mail Code with the codes currently in PLAS.
current PLAS Mail Code is incorrect	process a 9G transaction to correct PLAS Mail Code through either of the following: <ul style="list-style-type: none"> <li>• ADPS for a borrower who has only direct loans</li> <li>• GLS for a borrower who has either of the following:                             <ul style="list-style-type: none"> <li>• both direct and guaranteed loans</li> <li>• only guaranteed loans.</li> </ul> </li> </ul>
county code is incorrect	process a 4D transaction to correct county code through either of the following: <ul style="list-style-type: none"> <li>• ADPS for a borrower who has only direct loans</li> <li>• GLS for a borrower who has either of the following:                             <ul style="list-style-type: none"> <li>• both direct and guaranteed loans</li> <li>• only guaranteed loans.</li> </ul> </li> </ul>

## Notice FLP-443

### 2 Data Cleanup (Continued)

#### D Term Limits

Servicing offices **must** verify the term limits in MAC as of the end of CY 2005 and report those borrowers with incorrect data to their DLS coordinator. If the eligible period remaining is not correct in MAC for direct OL loans and/or the date is not correct for direct FO loans, then manual adjustments **must** be made during data conversion.

**Note:** MAC is not always adding the 1-time, 2-year extension for direct OL loans. Check **all** borrowers who have received an extension.

#### E MAC Unprocessed Report

Servicing Offices need to ensure that all entries on the report are resolved to the extent possible.

### 3 Action

#### A SED Action

SED's shall ensure that MAC data is ready for conversion to DLS direct loan making.

#### B DLS Coordinator Action

DLS coordinators shall spotcheck MAC data to ensure that the data is accurate, up-to-date, and ready for conversion to DLS direct loan making.

#### C Servicing Office Action

Servicing offices shall ensure that MAC data entry is up-to-date and accurate by **December 15, 2006**.



**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

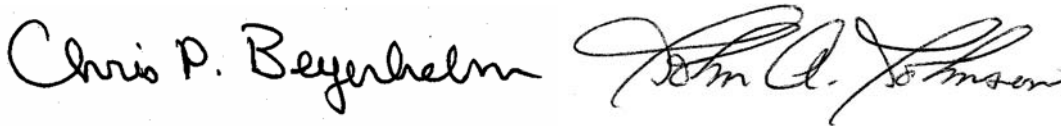
**Notice FLP-433**

**For:** State and County Offices

1910-A, 1924-B, 1941-A,  
1943-A, 1951-S, 1962-A,  
1965-A, 1-FLP, 2-FLP, 3-FLP

**Review of Producers Who Participate in Both  
Farm Loan Programs (FLP) and Farm Programs (FP)**

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



**1 Overview**

**A Background**

Payment limitation and payment eligibility provisions for multiple programs are addressed in 1-PL. 1-PL, subparagraph 50 A provides that a producer must file CCC-502, CCC-526, and related forms unless otherwise provided, before they can be considered eligible for benefits. CCC-502's are used to collect information to determine whether the producer is operating as an individual, joint operation, or entity. This information is the basis for all payment eligibility and payment limitation determinations.

Applications for FLP loans are processed according to FmHA Instruction 1910-A and 2-FLP. FmHA Instruction 1910-A, Section 1910.4(b) requires a completed FSA 410-1 as part of a complete direct loan application. 2-FLP, subparagraphs 69.5 B and 70 A require completion of either FSA-1980-25 or FSA-1980-28, as applicable, as part of a complete guaranteed loan application. Producers must identify whether they are operating as an individual or entity on FSA-410-1, FSA-1980-25, or FSA-1980-28. The type of farming operation impacts FLP loan eligibility, feasibility, and security requirements.

1-PL, paragraph 52.5 provides for information exchange between COC's and FLP approval officials about producers who participate in both FP and FLP. This information exchange is needed to maintain the integrity of records and representations for participation in all program areas. Therefore, the differences must be resolved when the producer's representation of their farming operation varies between that made for FP benefits, such as DCP and CRP, and that made for direct or guaranteed FLP assistance.

**B Notice Issuance**

This notice was also issued as Notice PL-144.

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2007	State Offices; State Offices relay to County Offices

## Notice FLP-433

### 1 Overview (Continued)

#### C Purpose

This notice provides guidance to FLP and FP staff about:

- reviewing the farming operations of producers who are currently FLP direct borrowers and participating in FP to:
  - ensure consistency in the farming operation represented to FP and FLP
  - resolve any differences identified
- reviewing the farming operations of producers who request FP or FLP (direct or guaranteed) benefits to ensure consistent representation of the farming operation before approval
- requirements for maintaining a producer's full legal name in the Service Center Information Management System (SCIMS).

#### D Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact:
  - LMD at 202-720-1632 about FLP loan application issues
  - LSPMD at 202-720-4572 about existing FLP borrowers
  - PECD at 202-720-7641 about FP payment eligibility and payment limitation issues.

### 2 Ensuring Consistency in Representations to FLP and FP

#### A Producer Responsibilities

Producers are responsible for:

- providing true, complete, and correct information about their farming operation when requesting FLP and/or FP benefits
- resolving any differences in representations to FLP and FP officials.



## Notice FLP-433

### 2 Ensuring Consistency in Representations to FP and FLP (Continued)

#### B Review of Producers Currently Participating in FP and FLP

CED's and Farm Loan Managers (FLM's) shall:

- review all producers participating in FP who have outstanding **direct** FLP loans to ensure consistent representations between programs

**Notes:** This paragraph does **not** apply to guaranteed loans.

Possible actions that may be completed as part of the review include, but are **not** limited to:

- comparing the most recent RC-540 with the CCC-502 data
  - reviewing the subsidiary and entity files for related interests
  - ensuring SCIMS data, such as the type of operation (individual or business), Social Security numbers, or taxpayer identification numbers match information provided by producers on CCC-502 or FSA 410-1
  - comparing FP applications and contracts, MABDIG diagnostic listing, and entity ownership reports, with FLP loan applications or borrower loan records.
- jointly certify to DD, completion of review and notification of affected producers, by COB **October 27, 2006**.

DD's shall:

- ensure CED's and FLM's in their districts work together to complete the required review and resolve any differences
- certify to SED that all existing direct FLP loans in their district have been reviewed by COB **November 3, 2006**.

SED's shall certify to the DAFLP, by FAX at 202-690-3573, compliance with the requirements of this notice by COB **November 17, 2006**.

**Notice FLP-433**

**2 Ensuring Consistency in Representations to FLP and FLP (Continued)**

**C Resolution of Differences**

When the representations of a producer vary between direct FLP borrowers and FP records under subparagraph B, any differences will be resolved according to the following table.

<b>Situation</b>	<b>IF the difference...</b>	<b>THEN...</b>
1	<p>is the result of a husband and wife representing themselves as joint operation for FLP assistance, but combined as a single person for FP</p> <p><b>Note:</b> If a husband and wife represent themselves as a partnership, corporation, or other form of entity, the representations to FLP and FP must be resolved according to situation 2 or 3 in this table, as appropriate.</p>	<ul style="list-style-type: none"> <li>• no further action is required from the producer</li> <li>• the FLP approval officials and CED shall document the findings in the FLP case file and producer’s CCC-502 file, and continue processing the requested assistance according to the appropriate regulations and directives.</li> </ul>
2	<p>did <b>not</b> result in the producer receiving FLP or FP benefits for which they were <b>not</b> entitled</p>	<p>the producer will be provided notice similar to Exhibit 1, signed by both CED and FLM, requiring they resolve the differences before receiving any additional FSA benefits. Producers will have the choice of either resolving the difference now or when they apply for additional benefits by either:</p> <ul style="list-style-type: none"> <li>• providing updated payment limitation and eligibility information according to 1-PL, subparagraph 50 C</li> <li>• reporting changes in the farm operation to the FLP loan official as required by their loan agreements and security instruments.</li> </ul> <p>CED’s shall provide updated information regarding payment limitations and payment eligibility to FLM’s or appropriate FLP staff according to 1-PL, paragraph 52.5.</p> <p>FLM shall take appropriate action according to RD Instruction 1962-A or FmHA Instruction 1965-A.</p>

**Notice FLP-433**

**2 Ensuring Consistency in Representations to FP and FLP (Continued)**

**C Resolution of Differences (Continued)**

<b>Situation</b>	<b>IF the difference...</b>	<b>THEN...</b>
3	resulted in the producer receiving FP or FLP benefits to which they were <b>not</b> entitled	<p>the producer received FP and/or FLP benefits to which they were not entitled:</p> <ul style="list-style-type: none"> <li>• CED shall follow 1-PL, Part 5</li> <li>• FLM shall proceed according to FmHA Instruction 1951-L.</li> </ul> <p><b>Note:</b> The resolution of benefits for which the producer was not entitled will be considered when evaluating the producer's eligibility, and feasibility if applicable, for any additional benefits.</p> <p>Provisions at 7 CFR 1400.5 and procedure in 1-PL, paragraph 71 may also apply.</p> <p>Appeal rights will be provided for any adverse decisions according to 1-APP.</p>

**Exception:** No action is necessary if the difference in representations is the result of a producer participating in 2 separate and distinct operations.

**Notice FLP-433**

**2 Ensuring Consistency in Representations to FP and FLP (Continued)**

**D Review of Producers Requesting New FP or FLP Benefits**

CED’s shall provide new or updated information about payment limitations and payment eligibility for any producer that is an FLP borrower to the FLM or appropriate FLP staff according to 1-PL, paragraph 52.5.

Upon receipt of a request for **direct or guaranteed** FLP loan, loan approval officials shall ensure that the type of farming operation reflected on FSA-410-1, FSA-1980-25, or FSA-1980-28, is consistent with any representation previously made by the producer for FP benefits. Review options provided in subparagraph B may be used to complete this requirement. If any differences in representations of the farming operation are identified, provide notification according to the following table.

<b>IF the application is for...</b>	<b>THEN notify the...</b>
direct loan assistance	applicant that their application is incomplete according to section 1910.4(e) of FmHA Instruction 1910-A. Include text similar to the following in FmHA Guide Letters 1910-A-1 and 1910-A-2, as applicable:  “A review of your FSA records revealed inconsistent representations of how your farming operation is conducted. (Provide details of different representations identified in FSA records.) Documentation must be provided to resolve the inconsistencies identified.”
guaranteed loan assistance	lender that the application is incomplete according to 2-FLP, paragraph 97. Include language similar to the following in the applicable notification letters:  “A review of our records revealed inconsistent representations of how the applicant’s farming operation is conducted. (Provide details of different representations identified in FSA records.) Documentation must be provided to resolve the inconsistencies identified.”

**Exception:** A direct or guaranteed loan application will not be considered incomplete if the difference in representations is the result of:

- a husband and wife representing themselves as a joint operation for FLP assistance, but combined as a single person for FP
- a producer participating in 2 separate and distinct operations.

**Note:** DD’s shall ensure compliance with 1-PL and this notice.

## **Notice FLP-433**

### **3 SCIMS**

#### **A Using Producer's Full Legal Name**

Once the producer's full legal name has been entered in SCIMS, it shall be used for all future requests for FLP or FP benefits unless it is legally changed.

**Sample Notification Letter**

This is a sample of a letter that should be modified and sent to producers if differences in representations of the farming operation are identified.

Dear (Insert producer's name.)

A review of your existing FSA records revealed inconsistent representations of how your farming operation is conducted (provide details). This inconsistency must be resolved before any further benefits/assistance may be received.

Please contact this office within 14 calendar days of the date of this letter. Failure to do so may result in FSA being unable to complete the processing of any future requests for benefits/assistance. In addition, further action may be taken by the Agency as to your current benefits/assistance when warranted.

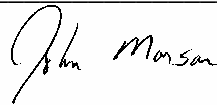
Sincerely,

CED

Farm Loan Manager

**For: Minnesota Farm Service Agency Offices**

## **Farm Loan Program Goals – 2007**



**Approved by:** John Monson, State Executive Director

### **1 Overview**

#### **A Background**

Farm Loan Programs provides assistance to eligible individuals and families in becoming successful farmers and ranchers through supervised credit, outreach and technical assistance.

Goals are very important if we are to effectively carry out the Agency's mission for Farm Loan Programs and provide a high level of customer service. When used with the implementation of the FLP strategic Plan, goals ensure that our tools are as fully known and available to the public as possible. Accomplishment of program goals improves the success for our customers, reduces program costs, and strengthens family farms. These goals also reflect the goals submitted to Congress under the Government Performance and Results Act (GPRA).

#### **B Purpose**

The purpose of this notice is to provide USDA Service Centers with the 2007 performance goals and goal accomplishments for 2006.

There have been changes to the goals for 2007 – 2011. The goal for percentage of loan dollars obligated to Socially Disadvantaged Applicants has been combined with percentage of loan dollars obligated to Beginning Farmers. The direct loan processing timeframe is now measured from receipt of application to final disposition. A goal was added for 2007 – 2011 called guaranteed loan delinquency rate.

<b>Disposal</b>	<b>Distribution</b>
September 30, 2007	All Minnesota FSA County Offices

# Minnesota Notice FLP-320

## C Questions

Please direct any questions you may have regarding this notice to Michael Walzak at the FLP State Office Section.

## 2 2006 Goal Accomplishments

### A Reduce 1<sup>st</sup> year delinquency rates by 10% over 5 years (2001 base year).

FY 2006 Goal:	9.3%	Actual:	<b>6.3%</b>
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### B Increase the % of loan dollars obligated to SDA applicants by 25% (2001 base year).

FY 2006 Goal:	2%	Actual:	<b>2%</b>
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### C Increase the % of loan dollars obligated to Beginning Farmers by 25%.(2001 base year)

FY 2006 Goal:	22%	Actual:	<b>32%</b>
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### D Maintain direct loan processing time at or below to 11 calendar days.

FY 2006 Goal:	11 days	Actual:	<b>8 days</b>
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### E Maintain guaranteed processing time at or below to 14 calendar days.

FY 2006 Goal:	14 days	Actual:	<b>9.96 days</b>
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### F Maintain direct loan delinquency rate.

FY 2006 Goal:	9.3%	Actual:	<b>1.3%</b>
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### G Maintain direct loan loss rate.

FY 2006 Goal:	2.9%	Actual:	<b>.30%</b>
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### H Maintain guaranteed loan loss rate.

FY 2006 Goal:	1.70%	Actual:	<b>.10%</b>
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# Minnesota Notice FLP-320

## 3 2007 – 2011 Performance Goals

### A Reduce 1<sup>st</sup> year delinquency rates on new loans.

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
7.3%	<b>8.0%</b>	8.0%	8.0%	8.0%	8.0%

### B Increase lending to Minorities, Women, and Beginning Farmers and Ranchers.

FY 2004-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
29.1%	<b>29.5%</b>	29.9%	30.3%	30.7%	31.1%

### C Reduce average processing time for direct loans.

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
33.7 days	<b>33.3 days</b>	32.9 days	32.6 days	32.2 days	31.8 days

### D Reduce average processing time for guaranteed loans.

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
12.1 days	<b>11.9 days</b>	11.7 days	11.5 days	11.3	11.0 days

### E Maintain direct loan delinquency rate.

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
2.4%	<b>8.5%</b>	8.5%	8.5%	8.5%	8.5%

# Minnesota Notice FLP-320

## **F Maintain direct loan loss rate.**

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
1.7%	<b>3.0%</b>	3.0%	3.0%	3.0%	3.0%

## **G Maintain guaranteed delinquency rate.**

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
.91%	<b>1.99%</b>	1.99%	1.99%	1.99%	1.99%

## **H Maintain guaranteed loan loss rate.**

FY 2003-2005 Average	<b>FY 2007 Goal</b>	FY 2008 Goal	FY 2009 Goal	FY 2010 Goal	FY 2011 Goal
.168%	<b>1.0%</b>	1.0%	1.0%	1.0%	1.0%

## **4 County Office Goal Action Plans**

The State Office is not requiring copies of any Goal Action Plans. However, County Offices and District Directors are encouraged to develop plans action plans as deemed necessary.

## **5 Monitoring and Measuring Goal Accomplishments**

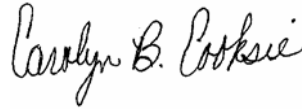
The State Office will provide periodic data on goal accomplishments. District Directors are to review the data and assist County Offices who are not meeting goal levels by determining if the reason for not meeting the goal(s) is within the control of the County Office and taking appropriate corrective actions. State Office Farm Loan Programs staff will provide management and technical advice to District Directors and County Office staff as needed.

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 72</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		10, pages 1-4

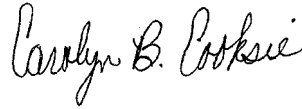


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 71</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		10, pages 1-4



**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 70</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs

*Chris P. Beyershelm*

**Amendment Transmittal**

**A Reasons for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		10, pages 1-4



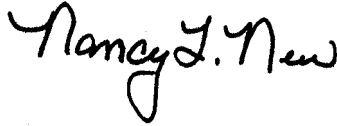


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 69</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Paragraph 3 has been amended to update the list of contacts.

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	1-3, 1-4 1-4.5, 1-4.6 1-5, 1-6	10, pages 1-4

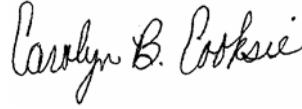


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 68</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Paragraph 3 has been amended to update the list of contacts.

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	1-4.5, 1-4.6 1-5 through 1-8 1-9	10, pages 1, 2

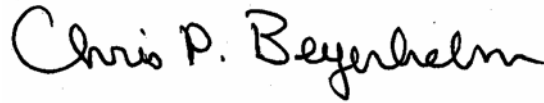


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 67</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 17 has been amended to:

- remove all information about “Conversion of Data from FHP to FBP System”
- provide detailed instructions for ordering credit reports from the Farm Business Plan.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		17, pages 1-4 pages 13, 14 pages 14.5 through 14.20 (add)

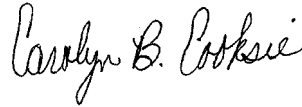


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 66</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		10, pages 1-4





**UNITED STATES DEPARTMENT OF AGRICULTURE**

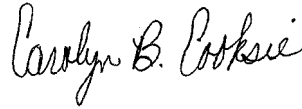
Farm Service Agency  
Washington, DC 20250

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<b>General Program Administration 1-FLP</b>	<b>Amendment 65</b>
---	---------------------

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



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**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		10, pages 1, 2

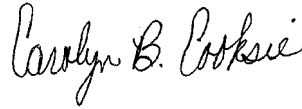


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 64</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		10, pages 1-4



**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

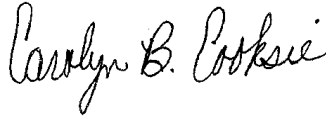
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**General Program Administration**  
**1-FLP**

**Amendment 63**

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



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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraphs 401 A and 404 B have been amended to replace ‘corrective action’ with ‘risk mitigation’.

Subparagraph 402 B has been amended to include requirement to review each Service Center at least once every 5 years.

Subparagraph 402 C has been amended to remove reference to annual oversight assurance sessions.

Subparagraph 403 A has been amended to:

- remove requirement for sending Service Center reports to the National Office
- change Exhibit reference numbers
- add a requirement to include documentation in the automated FLPR system Add Service Center Review Score Page comment box.

Subparagraph 403 B has been amended to change the reporting date to November 1.

Subparagraph 404 A has been amended to:

- delete requirement for National Office to provide State Offices a summary score
- replace ‘corrective’ with ‘mitigative’
- eliminate requirement for State’s to respond to National Office report within 60 calendar days of receiving report
- include additional information about the National Office reporting requirements.

**Amendment Transmittal (Continued)**

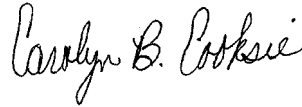
<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
1, 2	9-1 through 9-50	1, pages 1, 2

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 62</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 17 has been amended to provide that Margin After Debt Service is not applicable for Youth Loans.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		17, pages 51, 52



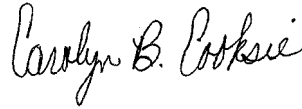


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 61</b>
---	---------------------

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



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4		10, pages 1-4 page 5

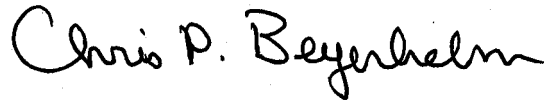


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 60</b>
---	---------------------

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



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4		10, pages 1-4 page 5





General Program Administration  
1-FLP

MINNESOTA  
AMENDMENT 5

Approved by: Stuart Shelstad, Acting State Executive Director

**AMENDMENT TRANSMITTAL**

**A**

**Reason for Amendment**

- This amendment will facilitate the use of electronic filing of 1-FLP and makes minor editing changes throughout MN 1-FLP.
- This amendment revises the method and standards for completing credit quality reviews for field employees with loan approval authorities.
- This amendment updates the list of publications that document market values.
- This amendment updates guidance for administrative and technical appraisal reviews.
- This amendment to FSA Handbook 1-FLP, General Program Administration, Exhibit 17, provides guidance on setting up the Reports Setup Menu, so the State Office is able to run reports in the Farm Business Plan using Data Manager. This will allow the user to setup the Reports Setup Menu once for the applicable Credit Presentation. It also provides guidance on when Credit Presentations need to be locked.
- This amendment removes obsolete MN Exhibit 1, “Administrative Real Estate Appraisal Review” and MN Exhibit 3, “Guaranteed Appraisal Review Log” and renumbers the remaining Exhibits.

**B**

**Action**

**County Offices shall:**

- Add 1-FLP MN Amend. 5, Page 2-6.5, 2-10.6, 6-2.1, 6-2.8, 6-6.4, 6-6.7, 6-6.8, 6-8.5, 6-8.6 and 9-52.6.
- Add 1-FLP MN Amendment 5, Exhibit 17 Pages 20.5 & 74.5.
- Add MN Exhibits 1 and 2 dated September 6, 2006.
- Remove 1-FLP MN Amendments 1-4.

Page Control Chart		
TC	Text	Exhibits
MN TC Page 1	Page 2-6.5, 2-10.6, 6-2.1, 6-2.8, 6-6.4, 6-6.7, 6.6.8, 6-8.5, 6-8.6, 9-52.6	Exhibit 17 Pages 20.5 & 74.5 MN Exhibits 1 & 2

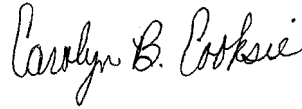
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**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 59</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Paragraph 3 has been amended to update FLP contacts.

Subparagraph 25 A has been amended to remove the last bullet.

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4	1-4.5, 1-4.6 1-5 through 1-8 1-9 2-7, 2-8	10, pages 1-6



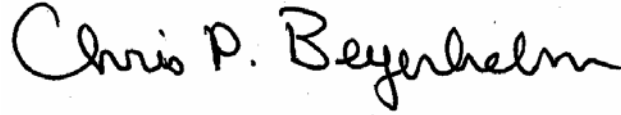


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 58</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Exhibit 17 has been amended to:

- include the credit action model for youth loans
- provide guidance on maintaining FBP customer records.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
		17, pages 1-4 pages 15, 16 pages 19-83 page 84 (add) page 85, 86 (add)



**UNITED STATES DEPARTMENT OF AGRICULTURE**

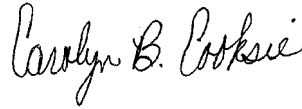
Farm Service Agency  
Washington, DC 20250

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<b>General Program Administration 1-FLP</b>	<b>Amendment 57</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



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**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4		10, pages 1-4 page 5

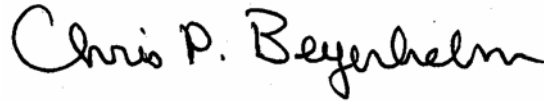


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 56</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraphs 29 A and D have been amended to update the statutory loan limits for guaranteed loans.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	2-11 through 2-14	

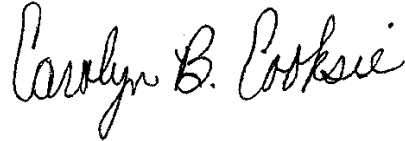


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 55</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Paragraph 3 has been amended to update DAFLP contacts.

Paragraph 42 has been amended to update GPO's web site address.

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4	1-4.5, 1-4.6 1-5 through 1-8 1-9 3-5, 3-6	10, pages 1-4 page 5





**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 54</b>
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**Approved by:** Acting Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4		10, pages 1-4 page 5



**UNITED STATES DEPARTMENT OF AGRICULTURE**

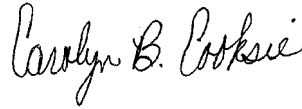
Farm Service Agency  
Washington, DC 20250

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<b>General Program Administration 1-FLP</b>	<b>Amendment 53</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



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**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4		10, pages 1-4 page 5

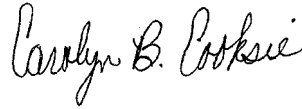


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>General Program Administration 1-FLP</b>	<b>Amendment 52</b>
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**Approved by:** Deputy Administrator, Farm Loan Programs



**Amendment Transmittal**

**A Reason for Amendment**

Exhibit 10 has been amended to provide the monthly interest rates applicable to FLP.

Exhibit 49 has been amended to update contacts.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
3, 4		10, pages 1-4 page 5 49, pages 1, 2





General Program Administration  
1-FLP

MINNESOTA  
AMENDMENT 4

Approved by: John Monson, State Executive Director

**AMENDMENT TRANSMITTAL**

**A**

**Reason for  
Amendment**

This amendment to FSA Handbook 1-FLP, General Program Administration authorizes and provides guidance on adding intended users to direct loan real estate appraisal requests.

This amendment to FSA Handbook 1-FLP also provides an updated list of reputable publications that can be used to establish chattel market values.

This amendment to FSA Handbook 1-FLP also provides updated guidance regarding the frequency and formatting of DD reviews.

**B**

**Action**

County Offices shall:

- Add 1-FLP MN Amendment 4, Pages 6-2.1, 6-2.2; Pages 6-2.7, 6-2.8; Pages 9-52.5, 9-52.6.
- Remove 1 FLP MN Amendment 3, Pages 6-2.5, 6-2.6; Pages 9-52.5, 9-52.6

Page Control Chart		
TC	Text	Exhibits
-	Pages 6-2.1, 6-2.2, 6-2.7, 6-2.8 9-52.5, 9-52.6	-

Farm Service Agency is an Equal Opportunity Agency  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

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General Program Administration  
1-FLP

MINNESOTA  
AMENDMENT 3

Approved by: John Monson, State Executive Director

**AMENDMENT TRANSMITTAL**

**A**

**Reason for  
Amendment**

This amendment to FSA Handbook 1-FLP, General Program Administration provides guidance regarding the frequency and formatting of DD reviews. This amendment obsoletes FLP UNNUMBERED LETTER - MN FLP 03-174.

This amendment to FSA Handbook 1-FLP also provides a list of reputable publications that establish chattel market values.

**B**

**Action**

County Offices shall:

- Add 1-FLP MN Amendment 3, Pages 6-4.5, Page 9-52.6 and MN Exhibit 4.

Page Control Chart		
TC	Text	Exhibits
-	Pages 6-2.6 and 9-52.6	MN 1-FLP Exhibit 4

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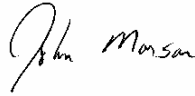
**UNITED STATES DEPARTMENT OF AGRICULTURE**  
FARM SERVICE AGENCY  
Minnesota State Office  
St. Paul, MN 55101-1852

**GENERAL PROGRAM ADMINISTRATION  
FARM LOAN PROGRAMS  
1-FLP**

**MINNESOTA  
AMENDMENT 2**

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APPROVED BY: John Monson, State Executive Director



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**Amendment Transmittal**

**A**

**Purpose**

The purpose of this amendment is to incorporate implementation guidance into FSA 1-FLP pertaining to Guaranteed Appraisal Reviews.

**B**

**Revisions**

- Reporting requirements have been identified
- Methods for obtaining information have been set forth.
- An exhibit is provided to allow for electronic transfer of information
- The number of reviews is re-emphasized

**C**

**Action**

County Offices shall:

Add to 1-FLP MN Amendment 2, pages 6-6.5, 6-6.6, 6-8.5, 6-8 and MN Exhibit 1, 2, and 3.

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Page Control Chart		
TC	Text	Exhibits
None	Pages 6-6.5, 6-6.6, 6-8.5, and 6-8.6	Minnesota Exhibits 1, 2, and 3

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General Program Administration  
1-FLP

MINNESOTA  
AMENDMENT 1

Approved by: John Monson, State Executive Director

AMENDMENT TRANSMITTAL

**A**  
**Reason for Amendment** This amendment to FSA Handbook 1-FLP, General Program Administration, replaces Minnesota 2-FLP Amendment 1, Paragraph 244A.

**B**  
**Action** County Offices shall:

- Add 1-FLP MN Amend. 1, Page 2-6.5

Page Control Chart		
TC	Text	Exhibits
None	Page 2-4.5	None

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**FSA**  
**HANDBOOK**

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**General Program Administration**

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To access the transmittal page click on the short reference

**For State and County Offices**

SHORT REFERENCE

**1-FLP**

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
Washington, DC 20250





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19	(Reserved)
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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:

- general and administrative regulations governing FLP's
- roles and responsibilities in implementing those regulations and other general and administrative responsibilities.

**B Sources of Authority**

The sources of authority for this handbook include:

- 7 CFR Part 761 and other Agency regulations that may be referenced throughout this handbook
- the various laws and statutes passed by Congress, including CONACT.

**C Regulation References**

Text in this handbook that is published in the 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 the CFR
- may be used to support FSA adverse decisions.

**2 Related References****A \* \* \* FmHA and RD Instructions**

\* \* \* FmHA and RD Instructions about loan making and loan servicing activities are listed in 1-AS, Exhibit 7.

## 2 Related References (Continued)

### B Related FSA Handbooks

The following FSA handbooks concern FLP.

<b>IF the area of concern is about...</b>	<b>THEN see...</b>
addressing the making and servicing of FLP guaranteed loans	2-FLP.
addressing the Emergency Loan Program	3-FLP.
addressing ITLAP, SALP, the Emergency Loan Seed Producers Program, and the Horse Breeder Loan Program	6-FLP.
canceling loan checks and payments	3-FI.
Confidentiality	2-INFO.
*--contractual services	27-AS. <u>1</u> /--*
employee conflict of interest	3-PM.
forms that cannot be accepted by FAX	1-CM.
maintenance of general and administrative files	25-AS.
Privacy Act	3-INFO.
Reports	20-AS.
reviews and appeals	1-APP.

1/ Revision 1 is forthcoming.

### C State Supplements

Exhibit 4 lists State supplements required by this handbook. SED's shall:

- issue required supplements, and any additional supplements, according to 1-AS, paragraph 216
- obtain approval of State supplements according to 1-AS, paragraph 220.

### D Web Sites

The FSA web site at <http://www.fsa.usda.gov> contains basic program information and program updates for Agency programs, including those covered by this handbook.

The FSA intranet web site at <http://intranet.fsa.usda.gov> provides electronic access to some FSA handbooks and forms.

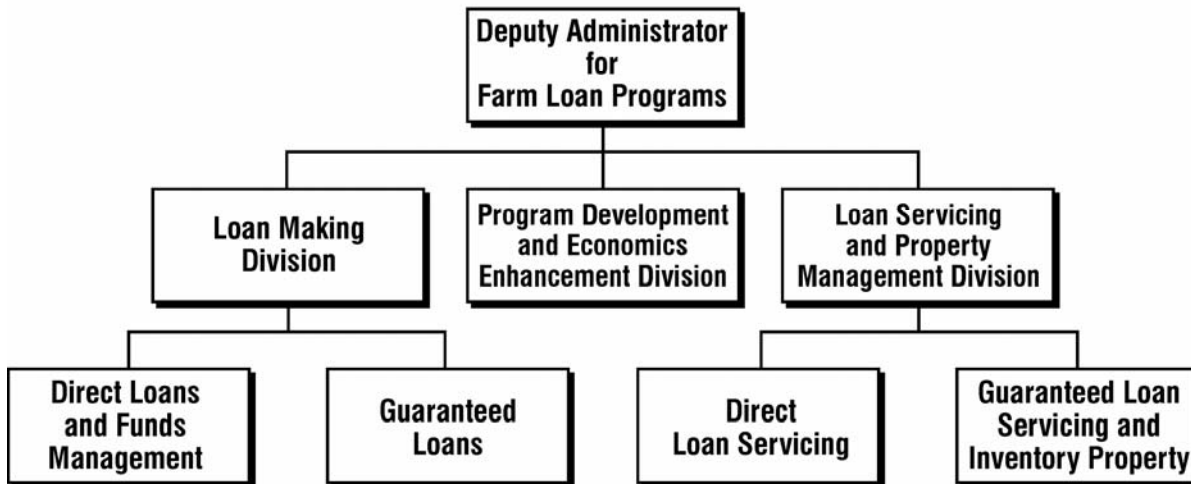
The USDA eForms web site at <http://www.sc.egov.usda.gov> contains downloadable Agency forms for use by the public.

3 FLP Organizational Structure

A National Office FLP Organizational Structure

Following is the National Office FLP organizational structure.

**FLP Organizational Structure**



B Contacts for the Office of the Deputy Administrator

\*--The address for the Office of the Deputy Administrator is as follows.--\*

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP STOP 0520 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520	*--USDA FSA DAFLP ROOM 3605 SOUTH BUILDING 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520--*

**Note:** County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

3 FLP Organizational Structure (Continued)

B Contacts for the Office of the Deputy Administrator (Continued)

Names, titles, and telephone and FAX numbers for the Office of the Deputy Administrator are as follows.

<b>Office of the Deputy Administrator FAX Number 202-690-3573</b>		
<b>Name</b>	<b>Title</b>	<b>Phone Number</b>
Carolyn B. Cooksie	Deputy Administrator	202-720-4671
Chris Beyerhelm	Assistant Deputy Administrator	202-720-7597
Thomas Kalil	Assistant to the Deputy Administrator	202-720-9876
* * *	* * *	* * *
Clara Moore	Secretary to the Assistant Deputy Administrator	202-720-7597
Niki Chavez	Senior Loan Officer	202-690-6129
William Cobb	Special Programs Coordinator	202-720-1059



3 FLP Organizational Structure (Continued)

C LMD Contacts

Names, address, and telephone and FAX numbers for LMD are as follows.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LMD STOP 0522 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0522	USDA FSA DAFLP LMD SUITE 240 1280 MARYLAND AVE SW WASHINGTON DC 20024

**Note:** County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

LMD FAX Number 202-690-1117		
Office of the Director		
Name	Title	Phone Number
James Radintz	Director	202-720-1632
Mark Falcone	Deputy Director	202-720-1632
Cheryl Marbury-Spence	Division Secretary	202-720-1632
Clarence (Sam) Snyder	Senior Loan Officer	202-720-0599
Direct Loans/Funds Management Branch		
Michael R. Hinton	Branch Chief	202-720-1472
Latasha Comer	Branch Secretary	202-720-1472
Linda L. Baker	Senior Loan Officer	202-720-1647
Jonathan Howard	Senior Loan Officer	202-720-0588
Orlando Kilcrease	Senior Loan Officer	202-690-0756
Kathleen Miller	Senior Loan Officer	202-720-1643
Mike Moore	Senior Loan Officer	202-690-0651
Jerry Moseman	Senior Loan Officer	202-690-4006
Catherine (Cathy) Quayle	Senior Loan Officer	202-690-4018
Ann Smith	Loan Officer	202-720-1656
Ann Steppe	Loan Officer	*--202-690-4017--*
Corena Williams	Office Assistant	202-720-1638



## 3 FLP Organizational Structure (Continued)

## C Guaranteed Loans Branch

<b>Guaranteed Loans Branch</b>		
<b>Name</b>	<b>Title</b>	<b>Phone Number</b>
Robert (Bob) Bonnet	Branch Chief	202-720-3889
*--Shanita Staten--*	Branch Secretary	202-720-3889
Patricia Elzinga	Senior Loan Officer	202-690-1729
Kenneth Hill	Program Analyst	202-720-5199
Tracy Jones	Senior Loan Officer	202-720-6771
Trent Rogers	Senior Loan Officer	202-720-1657
Charles Russell	Loan Officer	202-720-3309
Galen VanVleet	Senior Loan Officer	202-720-1186

3 FLP Organizational Structure (Continued)

D PDEED Contacts

Names, address, and telephone and FAX numbers for PDEED are as follows.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP PDEED STOP 0521 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0521	USDA FSA DAFLP PDEED SUITE 270 1280 MARYLAND AVE SW WASHINGTON DC 20024

**Note:** County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

PDEED FAX Number 202-720-8474		
Name	Title	Phone Number
Nancy L. New	Director	202-720-7719
James Flickinger	Deputy Director	202-720-3647
Pamela Wagner	Program Assistant	202-690-4983
***	***	***
Teresa Martin	Program Analyst	202-690-0431
Bruce Peters	Senior Loan Officer	202-720-7003
Clarence (Chuck) Ropp	Senior Loan Officer	202-690-4008
Steven Rubin	Senior Loan Officer	202-690-8595
Vacant	Chief Appraiser	202-720-1652
Gail Wargo	Senior Loan Officer	202-690-4003

3 FLP Organizational Structure (Continued)

E LSPMD Contacts

Names, address, and telephone and FAX numbers for LSPMD are as follows.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LSPMD STOP 0523 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523	USDA FSA DAFLP LSPMD SUITE 500 1250 MARYLAND AVE SW WASHINGTON DC 20024

**Note:** County Offices shall address questions to the State Office. State Offices shall contact the National Office as needed.

Office of the Director FAX Number 202-720-5804		
Name	Title	Phone Number
Arthur (Veldon) Hall	Director	202-720-4572
Craig Nehls	Deputy Director	202-720-4572
*--Joyce McKnight--*	Division Secretary	202-720-3646
Rebecca Carpenter	Program Analyst	202-720-9398
Brenda McNeill	Program and Management Assistant	202-720-4572
Sheila Oellrich	Program Analyst	202-720-2990
Marquita Peoples	Program Analyst	202-720-8320

## 3 FLP Organizational Structure (Continued)

## E LSPMD Contacts (Continued)

<b>Direct Loan Servicing Branch FAX Number 202-690-0949</b>		
<b>Name</b>	<b>Title</b>	<b>Phone Number</b>
James Rowe	Branch Chief	202-720-6834
Nina Wilburn	*--Branch Secretary--*	202-720-6293
Gene Christie	Senior Loan Officer	202-690-2517
Michael Cumpton	Senior Loan Officer	202-690-4014
Shelley Davis	Senior Loan Officer	202-720-0078
Mary Durkin	Senior Loan Officer	202-720-1658
Sharilyn Hashimoto	Senior Loan Officer	202-720-2743
Bruce Mair	Senior Loan Officer	202-720-1645
Marilyn McMullen	Senior Loan Officer	202-720-0900
L.D. Pletcher	Senior Loan Officer	202-720-1654
Constance Rime	Senior Loan Officer	202-690-4012
Gary Wheeler	Senior Loan Officer	202-690-4021

3 FLP Organizational Structure (Continued)

E LSPMD Contacts (Continued)

<b>Guaranteed Loan Servicing and Inventory Property Management Branch</b> <b>FAX Number 202-720-7686</b>		
<b>Name</b>	<b>Title</b>	<b>Phone Number</b>
*--Jeff King	Branch Chief	202-720-1651--*
Kim Franklin	Branch Secretary	202-720-1984
Polly Anderson	Senior Loan Officer	202-720-2558
Courtney Dixon	Senior Loan Officer	202-720-1360
Marcus Graham	Senior Loan Officer	202-720-3103
* * *	* * *	* * *
Mark Krinke	Senior Loan Officer	202-720-4938
Marilyn Meese	Senior Loan Officer	202-690-4002
Joseph Pruss	Senior Loan Officer	202-690-2854
Mel Thompson	Senior Loan Officer	202-720-7862

4-20 (Reserved)





**Part 2 FLP Authorities****21 Introduction****A Overview**

This Part provides information and guidance on:

- FSA's authority to administer FLP
- delegating loan approval and appraisal authorities
- redelegating SED authority
- maximum loan approval authority by grade and position
- maximum loan limits.

**B Program Authority**

CONACT, Section 339 provides the Secretary of Agriculture authority to issue regulations and make delegations of authority as necessary to administer FLP. The Secretary delegated FLP authorities to the Under Secretary for Farm and Foreign Agricultural Services in 7 CFR 2.16. The Under Secretary further delegated these authorities to the FSA Administrator in 7 CFR 2.42. The Administrator delegates authorities to SED's, as applicable.

\*--CONACT, Section 376 provides the Secretary of Agriculture authority to use CED's to make and service FLP loans to the extent CED's have been trained to do so.--\*

22 General Delegation Requirements

A General Provisions

The following general provisions apply to FLP delegations of authority:

SED shall consult with FLC before issuing, revising, or revoking delegations of authority

authority should be delegated to the lowest level possible, consistent with employee training and experience, program requirements, and available resources

all delegations of authority must be in writing

\*--an employee who has been delegated an authority listed in Exhibit 7, may--\*  
not redelegate their authority to another employee

**Note:** This does not apply when designating acting officials.

once authority is delegated, it is retained until revoked or revised according to subparagraph C.

**Notes:** See subparagraph 27 A for information about the impact of a change in grade or position on loan approval authority.

A new delegation of authority is not required when SED or FLM who issued the original delegation changes. The new SED or FLM may modify delegations according to subparagraph C.

**\*--22 General Delegation Requirements (Continued)**

**B Sample Delegation Letter**

The following letter may serve as a template for delegating authority.

To:	Name Title of Position
From:	Name Title of Delegator
Subject:	Delegation of Authority
In my authority as <b>(Title of Delegator)</b> , I hereby delegate to you the following authority(ies):	
_____	
_____	
_____.	
This/these delegation(s) will continue until revoked or revised in writing.	
<b>(Signature)</b>	
<b>(Title)</b>	
<b>(Date)</b>	
cc:	State Office (2 copies)

**C Revising and Revoking Delegated Authority**

SED or FLM may revise or revoke any authority they have delegated to an employee as justified by the employee’s performance and need for the authority. FLM may not revise or revoke any authority delegated by SED. Any revision or revocation of authority must be in writing. When an individual’s authority is reduced or revoked, the employee must be given specific reasons for the action.--\*

**23 State Office and Service Center Authorities**

**A Overview**

FSA’s decisions to approve or reject a loan or servicing request have broad implications for the applicant or borrower and FSA. These decisions affect the applicants’ lives, the achievement of program objectives, and FSA’s risk exposure. Therefore, it is imperative that certain authorities be limited to those employees who have met the training and experience requirements and have been formally delegated authority. \* \* \*

**B State Office Employees**

FLP authorities, except those in Exhibit 7, subparagraph A, are inherent to the position for FLC, FLS, and DD.

**C Service Center Employees**

FLP authorities, except those in Exhibit 7, subparagraph A, are inherent to the position for FLM. FLM may delegate authorities in Exhibit 7, subparagraph B to FLO or PT.

\*--Authorities listed in Exhibit 7, subparagraph B may be delegated to other Service Center employees, if necessary, based on the State organizational structure, as follows:

FLM, in consultation with CED, may delegate authorities to CO PT’s  
SED may delegate authorities to CED’s who have:

successfully completed the appropriate FLO training modules on loan making and loan servicing

submitted 2 loan servicing dockets that meet a credit quality level established by SED and FLC.--\*

23 State Office and Service Center Authorities (Continued)

D Acting Officials

Acting officials, other than SED, have the inherent authorities of their regular position and the inherent authorities of the acting position, unless otherwise restricted on the designation document. An acting designation does not increase an employee’s loan approval authority. Loan approval authority may only be revised according to subparagraph 22 C.

Acting SED is authorized to approve:

loans up to the maximum limits established in subparagraph 29 D actions which will result in a loss to the Government.

\*--Note: Acting FLM will be designated according to 16-AO, subparagraph 287 E.--\*

The following letter may serve as a template for designating acting officials.

To:	Name Title of Position
From:	Name Title of Delegator
Subject:	Delegation of Authority
<p>You are hereby designated to serve as Acting (<b>Title of Delegator</b>), from (Starting Date) to (Ending Date). I hereby delegate to you all rights, privileges, and powers of the position (except the following:</p> <p>_____</p> <p>_____</p> <p>_____.)</p>	
<b>(Signature)</b>	
<b>(Title)</b>	
<b>(Date)</b>	
cc:	State Office (2 copies)

**\*--23 State Office and Service Center Authorities (Continued)****E Limitations on Inherent Authorities**

SED must provide a State Office employee or FLM with written notification of any limitations on inherent authorities.

SED must limit inherent authorities of employees selected as DD, FLS, or FLM who have not completed required training.

**F Redelegating SED Authorities**

SED's may:

redelegate their loan approval authority to FLC, FLS, or DD

redelegate their authority to allow the use of a restricted appraisal report to the State appraisal staff

not redelegate their approval authority for any action that will result in a loss to the Government.

**24 Delegating Appraisal Authority****A General Requirements**

Only SED's may delegate appraisal authority according to Exhibit 7, subparagraph A. SED's may delegate appraisal authority to FSA employees who have completed the required training and have the necessary experience.

**B Chattel Appraisals**

SED may delegate chattel appraisal authority to employees who have completed the training requirements in subparagraph 145 A.

**C Real Estate Appraisals Involving Transactions of \$100,000 or Less**

SED may delegate authority to prepare real estate appraisals when the total credit transaction is less than \$100,000 to employees who have completed the training requirements in subparagraph 146 C.

**D Administrative Appraisal Reviews**

SED may delegate authority to complete administrative appraisal reviews to employees who have completed the training requirements in subparagraph 143 B.--\*

**F**

**Loan  
Approval  
Limits**

State Executive Director's authority, authorized in this paragraph is hereby delegated to the Farm Loan Chief and State Farm Loan Specialists who individually have loan approval authority.

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## 25 Delegating Loan Approval Authority

### A Receiving Approval Authority

Employees must meet the following requirements to receive loan approval authority.

- Employees selected for GS FLO positions, other GS employees, including DD's and FLS's, and CED's designated to obtain loan approval authority, must:

- complete the formal FLO training program

**Note:** The FLO training program is designed to combine classroom type training and hands-on experience within a 1-year period. FLOT, other GS employee, or CED will work under the guidance of an experienced loan approval official.

- successfully complete the Credit and Financial Analysis Training course that is part of the formal FLO training program
- pass the FLP Training Program comprehensive test.

**\*--Note:** Follow 6-PM, subparagraph 198 B for actions if an employee fails to pass the second comprehensive test.

- FLOT's may or may not receive delegated loan approval during the designated training \*--period. FLOT's may receive career ladder promotions up to and including GS-9 without loan approval authority as long as FLOT meets the time-in-grade requirement and the performance warrants the promotion, based on the performance rating completed by the immediate supervisor. To achieve promotion to the GS-11, FLO must have completed the FLO training program, obtained loan approval authority, and shown proficiency in completing the duties and responsibilities of an FLO with limited supervision, meet time-in-grade requirements, and the performance warrants promotion to the GS-11,--\* based on the performance rating completed by their immediate supervisor.

## 25 Delegating Loan Approval Authority (Continued)

### A Receiving Approval Authority (Continued)

- FLM's, FLO's, and CED's must submit a minimum of 5, but no more than 10, independently prepared loan dockets that meet a credit quality level set by SED and FLC. The files submitted for review must be of sufficient complexity to reflect the ability to make good credit decisions and analyze an applicant or borrower's operation. Files submitted must include:

- at least 3 direct term loans

**Note:** Do **not** submit youth loans or annual operating loans.

- guaranteed loan applications from SEL only
- 1951-S servicing applications.

**Note:** Files submitted for review may include credit actions recommended for approval or rejection.

- DD's and FLS's must submit 3 independently prepared loan dockets, and 4 independently completed docket reviews which meet a credit quality level set by SED and FLC. The files submitted for review must be of sufficient complexity to reflect the ability to make good credit decisions and analyze an applicant or borrower's operation. In addition, 3 of the dockets must be for term loans and none may be youth loans.
- DD's hired after January 1, 2000, have 1 calendar year from assuming the position of DD to complete the required training and all testing and an additional 6 months to be delegated loan making authority.

\* \* \*

### B Failure to Receive Loan Approval Authority

If an employee required to receive loan approval authority does not successfully meet the criteria in subparagraph A within the specified time frame, the supervisor must develop an Opportunity to Improve Plan or a Performance Improvement Plan, as appropriate, with the guidance of the trainer and Administrative Officer.

**\*--25 Delegating Loan Approval Authority (Continued)**

**C CED Loan Approval Authority**

SED's, in consultation with FLC and the appropriate DD, may designate CED's to obtain loan approval authority if CED:

agrees to maintain competency with ongoing FLP activity

is able to perform the duties outlined in 27-PM, Exhibit 4.4

**Note:** 27-PM, Exhibit 4.4 will be attached to the CED's position description when loan approval authority has been delegated.

completes the formal FLO training.

**D Circumstances for Designating CED's**

SED's, in conjunction with FLC, should identify areas of their State that could justify and benefit from CED having loan approval and servicing authority.

The office or area where CED would be designated by SED to obtain loan making and servicing approval authority must meet both of the following conditions.

Direct and/or guaranteed caseload in the office or area is high, complex, or geographically challenging and FLM or FLP team servicing the office or area needs additional help.

**Note:** The requirement established in subparagraph 27 C shall be considered when evaluating this condition.

CED has the time to take on the additional responsibilities required to obtain and maintain loan making and servicing authority and responsibilities without negatively impacting CED's current farm program obligations.

**E COC Involvement**

COC involvement in FLP already established in other FSA directives is not modified, except that COC will be required to concur in writing with the additional FLP responsibilities that CED will be incurring.--\*



**26 Delegating Loan Servicing Authority**

**A Delegations to FLO**

FLM may delegate loan servicing authorities to FLO as provided in Exhibit 7, subparagraph B. Loan servicing authorities shall not be delegated until FLO has successfully completed the FLO Training Program.

**B Delegations to PT**

FLM may delegate loan servicing authorities to PT, who has the appropriate training and experience, as provided in Exhibit 7, subparagraph B.

**C Delegations to CED**

\*--27-PM, Exhibit 4.4 addresses FLP responsibilities that may be performed by CED's designated by SED to obtain loan approval authority.--\*

**27 Maintaining Approval Authority**

**A Employee Who Accepts New GS FLP Position**

When a GS FLP employee with prior FLP loan approval and servicing authority accepts a new FLP position within the State, a new delegation of authority is not required.

Loan approval authority is automatically increased when the employee's grade increases, unless:

- SED issues a new delegation of authority limiting the authority
- the original delegation of authority established limitations on approval authority.

**B Hires With Prior Loan Approval Authority**

Employees who held FLP loan approval authority for at least 1 year immediately before the selection to the new position, may submit a copy of the previous delegation letter, and a statement from the previous FLC, reflecting the quality of docket reviews based upon \*--Credit Quality Review guidelines.--\*

This information shall be used to establish the:

- necessary actions for obtaining FLP loan approval in the new State
- number of dockets to be submitted in the new State to determine whether approval authority should be delegated to the employee.

New employees who did not hold FLP loan approval authority for at least 1 year immediately before the selection to the position, must submit the number of independently prepared loan dockets required under subparagraph 25 A. SED, in consultation with FLC, shall determine any training required for the employee to be delegated approval authority.

**\*--27 Maintaining Approval Authority (Continued)**

**C Maintaining Loan Approval and Servicing Authority**

CED's, for whom FLP is a secondary responsibility, will be required at a minimum to make and/or service 10 case files according to their loan approval and servicing authorities each year.

To reach the minimum amount of files required each year, CED may be required to handle cases outside of their immediate County Office area.

**Note:** Actions that may be counted include, but are not limited to the following:

- loan making
- 1951-S servicing
- 1951-T servicing
- subordinations
- partial releases.

DD will be responsible for tracking the number of completed case files per CED.--\*





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**B**  
**Credit Quality**  
**Reviews**

\*--The purpose of the Credit Quality Review process is to maintain the integrity of FLP loan approval authorities. Credit Quality Reviews focus on the employee's ability to make sound credit decisions with acceptable supporting documentation.

Credit Quality Reviews will generally be conducted every third year simultaneously with County Office FLPRA reviews. In addition, reviews may be conducted at any time at the discretion of the FLC. FLO's who have received loan approval authority within the previous 3 years may be excluded at the discretion of the FLC. Employees not reviewed in the normal course of FLPRA reviews (for example, due to an employee's relocation) should be reviewed no less than every fourth year.

Multiple dockets from each category may be reviewed with scores tallied and averaged to arrive at a cumulative score for determining "passing scores".

If an employee does not pass a review category, the employee's loan and/or servicing authorities will be restricted. The employee will need to submit all future dockets for that category to a Farm Loan Specialist for pre-approval review until the employee has adequately demonstrated proficiency in docket preparation for that category. The minimum number of dockets to be reviewed will be determined by the FLC on a case-by-case basis.

Employees and their District Director will be provided a copy of all file reviews. The FLC will maintain a copy of each employee's most current file reviews plus any related correspondence.--\*

## 28 Establishing Credit Quality Standards

### A Introduction

After loan approval and servicing authority is granted, FLC's will continue to monitor the loan making and servicing activity of employees to ensure that loan making and servicing actions meet the established State credit quality standards.

### B Credit Quality Reviews

SED, after consulting with FLC, shall issue a State supplement establishing the method and standards for completing credit quality reviews. \* \* \* The credit quality reviews will determine whether an employee's loan approval and/or servicing authority needs to be \*--revised, limited, or revoked. An acceptable level of performance by the employee will be based on the applicable questions on FSA-2103, FSA-2104, or FSA-2119. Only files that attain a score of 90 percent or higher and do not receive a "No" answer on any question identified as critical, will receive a passing score. The critical questions on:

- FSA-2103 are questions 13, 17, 19, and 21
- FSA-2104 are questions 1, 8, and 9
- FSA-2119 are questions 1, 2, 9, and 13.--\*

**Notes:** SED should take into consideration available staff and resources when developing the credit quality review process. SED and FLC may consider establishing a credit quality team in the State Office or using existing underwriting staffs, if resources are available. They may also want to consider establishing the process on a district or FLP team basis.

All employees completing credit quality reviews must have approval authority and a good background in loan making and servicing.

\*--The Credit Quality Review Guide in Exhibit 20 will be used to complete FSA-2103, FSA-2104, and FSA-2119.--\*

## 29 Maximum Loan Authorities

### A OL, FO, and EM Program Loan Limitations

Limitations on maximum loan amounts for OL, FO and EM loans are established in CONACT. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 (Pub. L. 105-277), amended the limitations applicable to guaranteed OL's and FO's by providing for an annual adjustment based on the rate of inflation applicable to the fiscal year.

**[7 CFR 761.8 (a)] The outstanding principal balances for a farm loan applicant or anyone who will sign the promissory note cannot exceed any of the following:**

**(1) Farm Ownership loans, Beginning Farmer Down payment loans and Soil and Water loans:**

**(i) Direct--\$200,000;**

**(ii) Guaranteed--\$700,000 (for fiscal year 2000 and increased at the beginning of each fiscal year in accordance with paragraph (b) of this section (subparagraph B);**

**\*--Note:** The fiscal year 2007 loan limit is \$899,000.--\*

**(iii) Any combination of a direct Soil and Water loan, direct Farm Ownership loan, guaranteed Soil and Water loan, and guaranteed Farm Ownership loan--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section (subparagraph B);**

**\*--Note:** The fiscal year 2007 loan limit is \$899,000.--\*

**(2) Operating loans:**

**(i) Direct--\$200,000;**

**(ii) Guaranteed--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section (subparagraph B);**

**\*--Note:** The fiscal year 2007 loan limit is \$899,000.--\*

**(iii) Any combination of a direct Operating loan and guaranteed Operating loan--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section (subparagraph B);**

**\*--Note:** The fiscal year 2007 loan limit is \$899,000.--\*

## 29 Maximum Loan Authorities (Continued)

## A OL, FO, and EM Program Loan Limitations (Continued)

(3) Any combination of guaranteed Farm Ownership loan, guaranteed Soil and Water loan, and guaranteed Operating loan--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section (subparagraph B);

\*--Note: FY 2007 loan limit is \$899,000.--\*

(4) Any combination of direct Farm Ownership loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Soil and Water loan, and guaranteed Operating loan--the amount in paragraph (a)(1)(ii) (subparagraph A) of this section plus \$200,000;

\*--Note: The fiscal year 2007 loan limit is \$1,099,000.--\*

(5) Emergency loans--\$500,000;

(6) Any combination of direct Farm Ownership loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan--the amount in paragraph (a)(1)(ii) (subparagraph A) of this section plus \$700,000.

\*--Note: The fiscal year 2007 loan limit is \$1,599,000.--\*

## B Adjustment for Guaranteed Loans

[7 CFR 761.8 (b)] The dollar limits of guaranteed loans will be increased each fiscal year based on the percentage change in the Prices Paid by Farmers Index as compiled by the National Agricultural Statistics Service, USDA. The maximum loan limits for the current fiscal year are available in any FSA office and on the FSA website at <http://www.fsa.usda.gov>.

## C Line of Credit Advances

[7 CFR 761.8 (c)] The total dollar amount of guaranteed line of credit advances and income releases cannot exceed the total estimated expenses, less interest expense, as indicated on the borrower's cash flow budget, unless the cash flow budget is revised and continues to reflect a feasible plan.

A Standard Eligible Lender must obtain Agency approval before issuing future year's funds as provided in 2-FLP, subparagraph 265 C. Approval may be provided by any Agency official with loan approval authority, and is not subject to the maximum loan limits established in subparagraph D.

**Note:** Preferred Lender Program and Certified Lender Program lenders may provide future years' funds without prior Agency approval.

29 Maximum Loan Authorities (Continued)

**D Official Loan Approval Limitations for OL, FO, and EM Loans**

This table identifies the maximum loan approval authority for OL, FO, and EM loans by grade and title of loan approval officials at the time of loan closing. All loan approval limitations include the loan being made plus any outstanding principal balances owed by anyone who will sign the promissory note. For LOC's, the maximum amount of the LOC ceiling will be considered the outstanding principal balance. A loan approval official cannot approve or reject a loan request that will exceed the official's approval authority at the time of loan closing. The official must forward the loan and recommendations to the appropriate loan approval official for action.

CO County Office employees who have loan approval authority may not exceed the authority of the equivalent grade FLO or FLM.

Type of Loan	FLO			FLM, DD, FLS or FLC	SED
	GS-7	GS-9	GS-11	GS-11/12/13	
<b>Maximum Approval by Assistance Type - Limitation I</b>					
Guaranteed OL	\$100,000	\$160,000	\$300,000	\$500,000	*--\$899,000
Direct OL	\$50,000	\$80,000	\$125,000	\$175,000	\$200,000
Guaranteed FO + SW	\$0	\$120,000	\$300,000	\$500,000	\$899,000
Direct FO + SW	\$0	\$80,000	\$100,000	\$175,000	\$200,000
Direct EM	\$50,000	\$100,000	\$150,000	\$300,000	\$500,000
<b>Maximum Approval for Combined Assistance Types - Limitation II</b>					
OL Total Direct & Guaranteed	\$100,000	\$160,000	\$300,000	\$500,000	\$899,000
FO + SW Total Direct and Guaranteed	\$0	\$120,000	\$300,000	\$500,000	\$899,000
<b>Total Approval for Multiple Assistance Types - Limitation III</b>					
OL + FO + SW Total Direct and Guaranteed	\$100,000	\$280,000	\$400,000	\$600,000	\$1,099,000
Total Guaranteed	\$100,000	\$280,000	\$400,000	\$600,000	\$899,000
<b>Total Approval for FO, OL, and EM - Limitation IV</b>					
OL + FO + SW + EM Total Direct and Guaranteed	\$100,000	\$280,000	\$400,000	\$600,000	\$1,599,000--*

**Note:** Loans to County Office employees must be approved by the State Office.  
Loans to State Office employees must be approved by the National Office.

29 Maximum Loan Authorities (Continued)

**D Official Loan Approval Limitations for OL, FO, and EM Loans (Continued)**

Four loan approval criteria need to be considered when determining whether a loan is within a loan approval official's authority. Each loan approval decision must meet all applicable criteria. Approval limitation I establishes the maximum by assistance type. Approval limitation II establishes the maximum for combinations of direct and guaranteed by assistance type. Approval limitation III establishes the maximum for combinations of all direct and guaranteed assistance types, except EM. In addition, it provides total guaranteed assistance limits. Approval limitation IV establishes the maximum for combinations of all direct and guaranteed assistance types.

**E Official Loan Approval Limitations for Special Apple Loan Program and Emergency Loans for Seed Producers**

The following table identifies the maximum loan approval authority for Special Apple Loan Program and Emergency Loans for Seed Producers by grade and title of loan approval officials.

Type of Loan	FLO			FLM, DD, FLS, or FLC	SED
	GS-7	GS-9	GS-11	GS-11/12/13	
Special Apple Loan	\$50,000	\$100,000	\$150,000	\$200,000	\$200,000
Emergency Loan for Seed Producers	\$50,000	\$100,000	\$150,000	\$200,000	Over \$200,000

Outstanding loan balances from other direct or guaranteed FLP loans will not affect the amount an applicant is eligible to receive under these programs or the amount a loan approval official is authorized to approve. \* \* \* Any outstanding Special Apple Loan Program or Emergency Loan for Seed Producers loan balances will not affect the amount an applicant is eligible to receive under any other FLP loan program.

## 29 Maximum Loan Authorities (Continued)

**F Official Loan Approval Limitations for Non-Program Loans**

The following table identifies the maximum loan approval authority for Non-Program loans by grade and title of loan approval officials.

Type of Loan	FLMGS-11/12	*--DD, FLS, or FLC--*	SED
Real Estate	\$400,000	\$500,000	Any amount
Chattels	\$200,000	\$300,000	Any amount
Recreation Loans to Individuals	\$175,000	\$300,000	Any amount

**Note:** Approval authority for Recreation loans to individuals applies only to property that secured a Recreation loan to an individual or farming corporation, not a Recreation Association.

Outstanding loan balances from other direct or guaranteed FLP loans will not affect the amount an applicant is eligible to receive under Non-Program loans. Any outstanding Non-Program loan balances will not affect the amount an applicant is eligible to receive under any other FLP.

**G Limitations for Loan Servicing Actions**

Approval authority for certain loan servicing actions, such as subordinations, is limited to the approval official's maximum loan approval limitations, as specified in the applicable FLP directives. Approval officials who have not been delegated loan approval authority may not approve these loan servicing actions.

A servicing official cannot approve or reject a servicing request that exceeds the official's approval authority. The official must forward the servicing action and recommendations to the appropriate servicing official for action.

**Exception:** See RD Instruction 1956-B, Exhibit A for action on debt settlement applications that exceed the approval official's authority.

**Note:** SED authority to approve servicing actions is limited to \$1 million total EM indebtedness.

**30-40 (Reserved)**



## Part 3 Miscellaneous Procedures and Systems

**\*--41 Nondiscrimination in FLP**

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**A****Federal Equal  
Credit  
Opportunity Act  
(ECOA)**

FLP must comply with the provisions of ECOA and the implementing regulations of the Federal Reserve System published in 12 CFR 202.

**[12 CFR 202.9(b)(1)] The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.**

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**B****USDA  
Nondiscrimination  
Policy**

**[7 CFR 15d.2(a)] No Agency, officer, or employee of the United States Department of Agriculture shall, on the ground of race, color, religion, sex, age, national origin, marital status, familial status, sexual orientation, or disability, or because all or part of an individual's income is derived from any public assistance program, exclude from participation in, deny the benefits of, or subject to discrimination any person in the United States under any program or activity conducted by the United States Department of Agriculture.**

**[7 CFR 15d.2(b)] No person shall be subjected to reprisal for opposing any practice prohibited by this part or for filing a complaint or participating in any manner in a proceeding under this part.--\***

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Continued on the next page

**41 Nondiscrimination in FLP (Continued)**

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**C**

**Nondiscrimination Statement on Notice of Adverse Decision \* \* \*** Include the following nondiscrimination statement on all adverse decision letters.  
\* \* \*

*The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.*

*USDA regulations prohibit discrimination in USDA programs because of your race, color, religion, sex, age, national origin, marital status, familial status, sexual orientation, disability; or because all or part of your income is derived from any public assistance program; or because you have filed a program complaint, participated in any program complaint proceeding, or opposed a prohibited practice.*

*If you believe that you have been discriminated against for any of the reasons stated above, you may file a complaint with the Director, Office of Civil Rights, United States Department of Agriculture, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410.*

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Continued on the next page

**41 Nondiscrimination in FLP (Continued)****\*--D Nondiscrimination Statement on Advertisement of Sale for Inventory Property**

Include the following nondiscrimination statement on advertisements announcing the sale of inventory property.

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audio tape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).*

*To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.*

When the dimensions of the advertisement will not permit, or it is cost-prohibitive to include the full statement, the following statement may be used in its place.

*The USDA Farm Service Agency is an equal opportunity lender and provider. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410.--\**

**E Nondiscrimination Statement on Materials for Public Distribution**

Departmental Regulation 4300-3, Equal Opportunity Public Notification Policy, requires that the following nondiscrimination statement be included on all materials produced for public information, public education, or public distribution, such as program fact sheets and brochures. The statement shall be in English and languages appropriate to the local population.

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audio tape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TTD).*

*To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TTD). USDA is an equal opportunity provider and employer.*

## 41 Nondiscrimination in FLP (Continued)

**F Discrimination Complaints**

**[7 CFR 15d.4(a)] Any person who believes that he or she (or any specific class of individuals) has been, or is being, subjected to practices prohibited by this part may file on his or her own, or through an authorized representative, a written complaint alleging such discrimination. No particular form of complaint is required. The written complaint must be filed within 180 days from the date the person knew or reasonably should have known of the alleged discrimination, unless the time is extended for good cause by the Director of the Office of Civil Rights or his or her designee. Any person who complains of discrimination under this part in any fashion shall be advised of his or her right to file a complaint as herein provided.**

**[7 CFR 15d. 4(b)] All complaints under this part should be filed with the Director of the Office of Civil Rights, United States Department of Agriculture, Washington, D.C. 20250, who will investigate the complaints. The Director of the Office of Civil Rights will make final determinations as to the merits of the complaints under this part and as to the corrective actions required to resolve program complainants. The complainant will be notified of the final determination on his or her complaint.**

**Note:** If the borrower files a civil rights complaint with FLP personnel, they will immediately submit it to the Office of Civil Rights.

**[7 CFR 15d.4(c)] Any complaint filed under this part alleging discrimination on the basis of disability will be processed under 7 CFR Part 15e.**

**G Processing Loan and Servicing Applications When an Applicant Files a Discrimination Complaint**

Under no circumstances will FSA:

- delay the processing of a loan or servicing application pending the outcome of a filed discrimination complaint
- deny a loan or servicing request because a discrimination complaint has been filed
- accelerate or foreclose a loan before a discrimination complaint is closed.

**\*--Note:** See subparagraph H for guidance on determining if a discrimination complaint has been filed.--\*

## 41 Nondiscrimination in FLP (Continued)

**G Processing Loan and Servicing Applications When an Applicant Files a Discrimination Complaint (Continued)**

If an applicant or borrower files, or has filed, a discrimination complaint against the official responsible for processing the loan or servicing application, DD or SED will assign a different official to process the request. Processing responsibility may be reassigned to:

- an authorized agency official from either of the following:
  - \* \* \* same district, but a different county
  - \* \* \* another district
- DD.

**Note:** Reassignment of processing loan or servicing applications is temporary. When \*--the investigation is closed, and if it is determined that discrimination did not occur, the loan or servicing application will be returned to the appropriate office.

**H Determining if a Discrimination Complaint Has Been Filed at CR**

FLC or designee will contact the National Office by e-mail to ensure a discrimination complaint has not been filed before borrower account acceleration **and** again before borrower account foreclosure. Before:

- acceleration, State Office **must** contact the National Office for civil rights filing clearance after conclusion of all 1951-S servicing and related appeal rights, and **before** account acceleration.
- foreclosure, States with:
  - judicial foreclosure, FLC **must** contact the National Office after account acceleration and **before** referring the account to OGC for liquidation action

**Note:** If a discrimination complaint is filed after referral to DOJ, then DOJ will decide if the foreclosure shall proceed.

- non-judicial foreclosure, FLC **must** contact the National Office after the account has been accelerated and **before** the collateral is advertised for foreclosure sale.

**Note:** Exhibit 48 provides flow charts of the process used to determine if a discrimination complaint has been filed and is open at CR.

Exhibit 49 provides information to be included in e-mail to the National Office for civil rights clearance.

Discrimination complains will be processed according to 18-AO, Part 7.--\*

## 42 Appeals

### A General Requirements

FLP loan applicants and borrowers have the right to request reconsideration, file appeals, and enter into ADR about adverse decisions according to 7 CFR Part 780 and 7 CFR Part 11. FSA's operating procedure is in 1-APP.

**Exceptions:** For adverse decisions on:

- loan servicing requests under FSA transferred Instruction 1951-S, use the appropriate exhibits and attachments to notify borrowers

**Note:** Appraisals used for preservation loan servicing under FSA transferred Instruction 1951-S, including appraisals used in exercising option to purchase the homestead property, and appraisals used to determine amount due under shared appreciation agreement may be appealed according to paragraph 144 and 1-APP.

- nonprogram loan borrowers, see FSA transferred Instruction 1951-J.

**Note:** Regulations published in 7 CFR are available on the GPO web site at  
\*--<http://www.gpoaccess.gov/cfr/index.html>--\*

### B Mandatory Language for Adverse Decision Letters

Mandatory language about reconsideration, appeal, and ADR, to be included in adverse decisions letters, is addressed in 1-APP. Additional guidance may be issued under the APP notice series.

**\*--42 Appeals (Continued)**

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**C****Adverse  
Decisions  
Involving  
Appraisals**

Text on appraisal reviews provided in subparagraphs D and E will be added to the reconsideration language provided in 1-APP or APP notices, as applicable, when an adverse decision is based on real estate or chattel appraisal, except when either of the following applies:

- using FSA transferred Instruction 1951-S exhibits or attachments is required
- the appraisal in question was associated with or connected to, an FSA decision wherein appeal rights were previously offered and concluded.

**Notes:** Appraisals may only be reconsidered or appealed. Mediation is not available on real estate or chattel appraisals.

Refer to subparagraph 144:

- D for additional guidance about handling real estate independent technical appraisal reviews received from an applicant or borrower
- E for additional guidance about handling chattel independent appraisal reviews received from an applicant or borrower
- G for additional guidance when an applicant or borrower identifies errors in an appraisal.--\*

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Continued on the next page

## 42 Appeals (Continued)

**D**  
**Real Estate**  
**Appraisals**

The following text shall be added to the reconsideration paragraph in adverse decision letters involving a real estate appraisal.

*You may request a copy of the real estate appraisal used in our decision. We will provide you with a copy within five days of your request. If you would like to discuss the appraisal, or you believe there are errors, including mathematical or property description errors in the appraisal, you should request reconsideration.*

***Independent Technical Appraisal Review***

*If you believe the real estate appraisal FSA obtained is incorrect for reasons other than those stated above, you may obtain an independent technical appraisal review. The issue under reconsideration will be whether FSA's real estate appraisal is consistent with the Uniform Standards of Professional Appraisal Practice. If you want this option, you must include a copy of the independent technical appraisal review, or notify this office of your intent to obtain an independent technical appraisal review, in your request for reconsideration. \*--This review must be provided to this office at the time of or before the reconsideration meeting. You must pay to obtain a current independent--\* technical appraisal review from a qualified appraiser. The appraiser and the independent technical appraisal review must meet the standards contained in FSA regulations. You may request a copy of the regulations from this office. If you cannot find a qualified appraiser to conduct the independent technical appraisal review, a list of qualified appraisers is available in this office.*

*\*--If you do not submit an independent technical appraisal review at the time of or before the reconsideration meeting, you waive your right to have us--\* reconsider the appraisal. If you submit an independent technical appraisal review, we will determine whether the appraiser and the independent technical appraisal review meet FSA requirements. If the independent technical appraisal review meets FSA requirements, we will consider all comments contained in the independent technical appraisal review and determine if the appraisal obtained by FSA should be revised.*

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Continued on the next page



**42 Appeals (Continued)****E Chattel Appraisals**

The following text shall be added to the reconsideration paragraph in adverse decision letters involving a chattel appraisal.

*You may request a copy of the chattel appraisal used in our decision. We will provide you with a copy within five days of your request. If you would like to discuss the appraisal, or you believe there are errors, including mathematical or property description errors in the appraisal, you should request reconsideration.*

***Independent Appraisal Review***

*If you believe the chattel appraisal FSA obtained is incorrect for reasons other than those stated above, you may obtain an independent appraisal review. The issue under reconsideration will be whether FSA's chattel appraisal is consistent with the present market value of like items in your area. If you want this option, you must include a copy of the independent appraisal review, or notify this office of your intent to obtain an independent appraisal review, in your request for reconsideration. You must pay to obtain a current \*--independent appraisal review from a qualified appraiser. This review must be provided to this office at the time of or before the reconsideration meeting. The appraiser and the appraisal review must meet standards contained in FSA regulations. You may request a copy of the regulations from this office. If you cannot find a qualified appraiser to conduct the independent appraisal review, a list of qualified appraisers is available in this office.*

*If you do not submit an independent appraisal review at the time of or before the reconsideration meeting, you waive your right to have us reconsider the appraisal. If you--\* submit an independent appraisal review, we will determine whether the appraiser and the appraisal review meet FSA requirements. If the independent appraisal review meets FSA requirements, we will consider all comments contained in the independent appraisal review and determine if the appraisal obtained by FSA should be revised.*

**F Nondiscrimination Statement**

The nondiscrimination statement contained in subparagraph 41 C must be included in all adverse decision letters.

**43 Debarment and Suspension****A Purpose**

\* \* \*

Individuals and entities, other than loan recipients, who have been debarred or suspended from government procurement or nonprocurement programs cannot participate in \*--transactions with FSA. See 7 CFR 3017.115.--\*

**Notes:** This does not apply to individuals and entities entering into transactions with applicants and borrowers without FSA involvement.

\*--Obtain current copy of 7 CFR Part 3017 from the Internet at <http://ecfr.gpoaccess.gov>.--\*

**B Direct Loan Making**

Loan approval officials shall check the debarment and suspension list before providing RD 1927-19 or RD 1927-20, as appropriate, to attorneys, title companies, title insurance companies, or closing agents conducting loan closing activities.

**Notes:** Loan approval officials may obtain reports containing debarment and suspension lists from the Internet at <http://epls.arnet.gov>. When prompted, enter the user's name and read and accept the Privacy Act terms and conditions. After accepting the terms and conditions, access will be granted to view, download, or print the available Excluded Parties List System reports.

If the attorney, title company, title insurance company, or closing agent selected is debarred or suspended, the applicant must make a new selection.

**43 Debarment and Suspension (Continued)**

**C Guaranteed Loan Making**

SED shall review CLP and PLP lenders and their officers and agents for debarment or suspension as follows:

- before submission to DAFLP for approval to obtain status
- during the annual review of lender's status according to 2-FLP, paragraph 267.

Loan approval officials shall review SEL's and their officers and agents before issuing FSA-1980-15.

**D Causes for Debarment or Suspension**

The causes for initiating and the actions required to initiate:

- \*--debarment are in 7 CFR Part 3017, Subpart H
- suspension are in 7 CFR Part 3017, Subpart G.

**E Exceptions**

The Secretary of Agriculture or designee may grant a written exception permitting a debarred or suspended person or entity to participate in a covered transaction according to 7 CFR 3017.120.--\*

**44-51 (Reserved)**



**52 Automated Discrepancy Processing System****A Purpose**

ADPS is a terminal application system that allows users to process FLP accounting transactions and view borrower or acquired property information. ADPS connects users located at State and County Offices to the Finance Office. Authorized users can access this system with a System 36 (or 3B2) computer terminal. Authorized users shall enter and use information in ADPS for both loan making and loan servicing purposes.

**B Overview**

ADPS is used to:

- manuscript transactions and analyze and correct transactions rejected from updates (discrepancies)
- view a borrower's loan status information, which lists the following:
  - unpaid balances of existing direct and/or guaranteed loans along with basic information about each loan
  - cross-reference data from throughout the nation
  - detailed history of transactions
- view guaranteed loan account information and lender cross-reference data
- route selected ADPS-manuscripted or discrepancy transactions that have to be processed by the Finance Office using special routing codes
- create a transaction suspense file for transactions awaiting the processing of other actions
- code transactions for automatic update, eliminating the need to take any further action to process the transactions
- view received, processed, and corrected payment activity
- view guaranteed interest assistance rate averaging information
- calculate interest assistance and view the results of the calculations
- view acquired property information and detailed history of transactions processed for an acquired property.

**52 Automated Discrepancy Processing System (Continued)****C ADPS Assistance**

ADPS Online Help is:

- a computer-based system that provides ADPS processing information in the form of online reference material (Reference) and Pop-Up Windows
- accessed from the terminal screen.

Reference provides general information about ADPS transactions, definitions, and code values for all short descriptions and mnemonics on transaction detail screens and status screens, discrepancy code definitions, and corrective actions. Pop-Up Windows provide information for pre-manuscripting validations and manuscript transactions.

For detailed information about ADPS Online Help, refer to the ADPS Online Help User Guide, dated September 1996, which can be obtained by sending a request to the following.

USDA FSA  
ATTN ADPS  
MAIL CODE 533  
PO BOX 200003  
ST LOUIS MO 63120-0003

The ADPS System Operating Instructions and Supplemental Information for Online Help Manual, dated May 1996, is updated by the Finance Office. Manual updates are distributed to County Offices.

For information on ADPS, contact the State Office Automation Coordinator or, if authorized, the Help Desk at 1-800-457-3642. The Help Desk provides information, guidance, and technical assistance in resolving problems related to ADPS operations.

**D Requesting Changes to the User Documentation**

To initiate a change to the user documentation, submit FmHA 2006-21 to the following.

USDA RURAL DEVELOPMENT  
USER DOCUMENTATION STAFF  
MAIL CODE 421  
1520 MARKET STREET  
ST LOUIS MO 63103

**52 Automated Discrepancy Processing System (Continued)****E Maintaining Program Records**

If an ADPS transaction does not have a related input document or authorizing form, such as a check request or name and address change form, Service Centers shall generate a printout of the completed input screen. The approving official or delegate must sign and date the printout.

When routing or mailing transactions to the Finance Office, the Authorized Agency Official must retain the original documents, screen printouts, and transmittal letters. These will be filed in the case folder after verifying that the transaction has been processed.

Screen printouts must be retained in position 2 of the case folder according to 25-AS retention requirements for the folder and its entire contents.

Each workday, users must access ADPS to determine the transactions that have been processed or rejected. Users must file processed transaction screens, correct discrepancies, and annotate the related source/input document with the corrected information. Users must generate screen printouts of all corrections and file them with the original input document.

**F OK to Apply Codes**

OK to Apply Codes are used to process a transaction or correct a discrepancy as required by the online assistance for processing transactions. The user shall file a copy of the screen printout to verify the use of an OK to Apply Code. Screen printouts will be retained in the case folder according to 25-AS retention requirements for the folder and its entire contents.

**G Processing Schedule**

Users must process transactions within 10 calendar days of the effective date. If a discrepancy occurs, the transaction must be corrected within 5 calendar days of the initial rejection date. An additional 15 calendar days are allowed for correcting discrepancies with a suspend code on the borrower account. An exception to this standard is allowed for TC 8M. Limited resource reviews performed during the month must be processed by the 5<sup>th</sup> calendar day of the following month to be considered timely.

52 Automated Discrepancy Processing System (Continued)

**H State Office Action**

State Offices shall monitor the use of OK to Apply Codes using FOCUS Discrepancy Report DS-04, “Use of OK to Apply Codes”. This report should be reviewed annually to ensure that OK to Apply Codes are being used properly and not in excess. Borrower case files should be reviewed on TC’s 1A, 1B, 1G, and 1M.

State Offices should monitor the timely processing of transactions by using FOCUS Discrepancy Reports DS-03, “Report of Manuscripted Transactions by Jurisdiction Code, Transaction Code, and Borrower Case Number”, and DS-01, “Aging of Discrepancies in Field Office Jurisdictions”.

A rating of less than 80 percent of the jurisdictional transactions filed timely is unacceptable. SED shall ensure timely initial processing and that a County Office is at an acceptable level by:

- training at least 2 employees to process transactions
- requiring loan closing agents to return documents the day of loan closing
- processing transactions as of the effective date or the next workday thereafter
- using Action Pending Codes from Online Help when necessary to delay initial processing or make discrepancy corrections.

**I ADPS TC’s and Titles**

ADPS TC’s and titles are listed in this table.

TC	Title
1A	Insured Loan or Grant - Obligation Only
1A	Guaranteed Loan - Obligation Only
1B	Loan/Grant - Obligation With Check Request
1C	Check Request
1D	Cancellation of Loan/Grant - Obligation Only
1E*	Check Cancellation - Obligation Retained



## 52 Automated Discrepancy Processing System (Continued)

## I ADPS TC's and Titles (Continued)

<b>TC</b>	<b>Title</b>
1F	Loan Closing
1G	Credit Sale
1H	Cash Sale/Transfer - Acquired Property
1I	Judgment Cost
1J*	Cancellation of Loan and/or Check
1K*	Nonrecoverable Cost
1L/L1	Recoverable Loan Cost
1M	New Rates and Terms - Real Estate/Operating Loan
1O*	Natural Resource Conservation Service Advance
1P*	Insurance Charge
1R*	Default Charge
1S	Lease of Real Property
1T	Correction of Statistical Information
1W*	Loan Charge Adjustment
1X	Acquired Property Cost
1Y*	Loan/Grant Cancellation - Obligation and Check
2A*	Field Office Cash Collection - Initial Update
2B*	Field Office Cash Collection - Subsequent Update
2C*	Cash Uncollectible - Field Office Payment

## 52 Automated Discrepancy Processing System (Continued)

## I ADPS TC's and Titles (Continued)

<b>TC</b>	<b>Title</b>
2E*	Cash Collection - Acquired Property or Lease Payment
2F*	Reversal and Reapplication of Payment - Same Borrower
2R*	Cash Collection Refund
2U*	Reversal and Reapplication of Payment - Different Borrower
2W*	Cash Uncollectible - Direct Payment
2X*	Direct Payment Cash Collection - Initial Update
2Y*	Direct Payment Cash Collection - Subsequent Update
2Z*	Reapplication - Correct Payment Type
3B	Notice of Judgment
3C*	Default Credit
3E	Acquisition - Property
3F*	Employee Defalcation
3G	Noncash Credit - Administrative Adjustment
3H*	Noncash Credit - Conservation Contract
3K	Debt Settlement
3L	Writeoff Lease Account
3N*	Noncash Application - Assumption Agreement
3O	Equity Receivable Amortization - Shared Appreciation Loan
3P*	Noncash Credit - 3 <sup>rd</sup> Party Judgment

## 52 Automated Discrepancy Processing System (Continued)

## I ADPS TC's and Titles (Continued)

<b>TC</b>	<b>Title</b>
3Q	Net Recovery Buyout/SFH Equity Recapture
3R	Shared Appreciation Writedown
3T	Notice of 3 <sup>rd</sup> Party Judgment
3V	Equity Receivable
3Y	Acquired Property - Conservation Easement
4A	Change in Case Number and Loan Number
4B	Change in ZIP Code
4C	Change in Name and Address
4D	Change in Case Number, Name, and Address
4E*	Replacement of Interim Instruments - Amortized/Bond Accounts
4F*	Change in Loan Number
4G*	Assumption Agreement - Same Rates and Terms
4J*	Focal Interest Adjustment
4K*	Reopen Closed Property/Lease Account
4K/K4	Reopen Closed Borrower/Holder/Equity Account - Establish Settlement Code
4L*	Correction of Annual Installments
4M*	Maturing of Account
4N*	Acceleration of a Borrower Account
4O*	Deceleration of a Borrower Account

## 52 Automated Discrepancy Processing System (Continued)

## I ADPS TC's and Titles (Continued)

<b>TC</b>	<b>Title</b>
4P*	Schedule Status Adjustment
4Q*	Loan Bond Installments
4R*	Adjustment of Bond Installments
4S*	Miscellaneous Adjustments
4U*	Reestablish Loan Account - Name and Address
4X	Direct Payment Plan Change
5A	Case Reclassification - Collection Only to Active
5B	Case Reclassification - Active to Collection Only
5C*	Change in Kind Code
5D	Change in Veteran Status - to Veteran
5E*	Establish Suspend Code
5F	Remove Suspend Code
5G	Establish Descriptive Code
5H	Remove Descriptive Code
5J	Change Purchase Code
5K	Change in Veteran Status - to Nonveteran
5L	Acquired Property Maintenance
5M	Change in Race/Type of Applicant/Collateral/Acceleration Date/Training Code and Dates
5N	Change in Statistical Codes
5Q*	Correction of Association/Bond/Document/Payment Code
5R*	File Adjustment

## 52 Automated Discrepancy Processing System (Continued)

## I ADPS TC's and Titles (Continued)

TC	Title
5S*	Record Debt Set-Aside
5S	Record Installment Set-Aside
5T*	Reverse Debt Set-Aside
5T	Reverse/Cancel Installment Set-Aside
5W	Record/Reverse Loan Deferral
5X*	Reverse Loan Deferral Expiration/Cancellation
5Y	Record Loan Deferral Expiration/Cancellation
8H*	Split/Combine Loans - Account Status
8M	Limited Resource Loan Review
8N	Record Borrower/Loan Classification Data
8P	Acquired Property - Subdivision
8R	Interest Rate Adjustment
9E	Suspend Code - Acquired Property
9G	Change in Borrower/Property Mail Code
GA(4030)	Guaranteed Loan Closing Report
GB(4031)	Request Interest Assistance/Interest Rate Buydown/Subsidy Payment to Guaranteed Loan Lender
HA(4930)*	Reverse a Guaranteed Loan Closing Report
HB(4931)*	Reverse/Adjust a Subsidy Payment to Guaranteed Loan Lender

**Note:** The asterisk (\*) denotes transactions processed by the Finance Office only.

**\*--53 Interest Rates**

**A Establishing Interest Rates**

Interest rates for all direct loans are set according to CONTACT. See Exhibit 10 for current interest rates.

**B Interest Rates Available on the FFAS Intranet**

Access interest rates applicable to FLP on the FFAS Intranet at <http://intra4.fsa.usda.gov/edso/flpwdc/default.asp>.--\*

**54-80 (Reserved)**

**Parts 4 and 5 (Reserved)**

**81-140 (Reserved)**

## Part 6 Appraisals

## 141 General Appraisal Requirements

## A Scope

[7 CFR 761.7(a)] This section describes the requirements for:

- (1) real estate and chattel appraisals made in connection with the making and servicing of direct Farm Loan Programs loans and nonprogram loans
- (2) appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed Farm Loan Programs and nonprogram loans.

## B Purpose

FSA uses appraisals to determine the value of real and personal property or other security pledged or to be pledged to support direct loans and loan servicing actions. FSA requires a lender to obtain an appraisal in certain guaranteed loan making and loan servicing cases.

Appraisals are an integral part of the loan evaluation and servicing processes to determine whether there is adequate security to support a loan or servicing action.

## C USPAP Compliance

[7 CFR 761.7(c)(1)] Real estate appraisals, technical appraisal reviews of real estate appraisals, and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific Farm Loan Program activity involved. A current copy of USPAP along with other applicable appraisal procedures and regulations is available for review in each Agency State Office.

\*--A current copy of USPAP may be viewed at <http://www.appraisalfoundation.org>. --\*

\* \* \*

To comply with OMB Circular No. A-129, the employee making a real estate appraisal may not approve any action in which the real estate appraisal was used, including loan approval or any servicing action.

## 141 General Appraisal Requirements (Continued)

**D Appraisal Costs**

FSA is responsible for the costs of obtaining an appraisal associated with direct loan making and loan servicing activities, except for appeal and negotiation of appraisals. For information on FSA appraisal costs and payments, refer to Part 7.

The applicant or borrower is responsible for costs associated with appealing FSA appraisals. Refer to paragraph 144 for information on appraisal appeals.

**E Obtaining Appraisals**

A chattel appraisal may be conducted by either an FSA employee who has been delegated chattel appraisal authority from SED or a contract appraiser.

A real estate appraisal may be conducted by either an FSA employee or contract appraiser, subject to the following:

for all direct credit transactions equal to or over \$100,000, the appraisal must  
\*--be completed by a State-certified general contract appraiser, or an FSA full-time or--\*  
part-time designated appraiser/reviewer

for all direct credit transactions under \$100,000:

an appraisal of noncomplex property may be completed by a licensed or certified general contract appraiser, a full-time or part-time designated appraiser/reviewer, or an FSA limited authority appraiser

an appraisal of complex property must be completed by a certified general contract appraiser or an FSA full-time or part-time appraiser/reviewer.

\*--**Note:** A credit transaction includes any action or existing debt secured by real--\*  
estate and any proposed loans, subordinations, prior liens, or guarantees.

SED shall issue a State supplement providing guidance on the process to request:

a chattel appraisal from a contract appraiser  
a real estate appraisal.

FSA offices shall release information requested to complete real estate appraisals.



**E**  
**Obtaining**  
**Appraisals**

When FSA has determined that a FSA real estate appraisal will be used by another lender in a proposed loan transaction, the lender should be listed as an Intended User. This would include situations such as participation financing, bridge loans, subordinations, etc.

The Scope of Work should not change from which would have ordinarily been requested. If a situation arises where it appears it may be beneficial to change the Scope of Work, the Farm Loan Specialist should be contacted for guidance and concurrence.

The FLM should be sure there is an agreement from the lender and the customer for the lender to be included as an Intended User. The specific name of the lender should be provided at the time of ordering the appraisal.

The appraiser must know at the time of ordering the appraisal that there will be an Intended User other than FSA. The FLM should order the appraisal in CATS as normal with the addition of the specific Intended User in the “Appraisal Data, Comments and Instructions” box.

If the other lender has not yet been identified, then order the appraisal in CATS using the same box as above including the comment, “A specific lender will be added to the appraisal report”. The ordering official will contact the appraiser before final preparation of the report with the specific lender to be added as an Intended User.

If the planned Intended User lender changes after the appraisal has been completed, contact the State Appraisal Coordinator for guidance on how to proceed.

The appraiser is to be requested to supply two copies of the appraisal, which are to be sent to the County Office. Any administrative review that needs to be completed will be conducted before sending a copy to the other lender.

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## 141 General Appraisal Requirements (Continued)

**F Using an Existing Appraisal**

**[7 CFR 761.7(d)] The Agency may use an existing real estate appraisal to reach loan making or servicing decisions under either of the following conditions:**

- (1) the appraisal was completed within the previous 12 months and the Agency determines that:**
  - (i) the appraisal meets provisions of this section and applicable Agency loan making and servicing requirements, and**
  - (ii) current market values have remained stable since the appraisal was completed;**  
or
- (2) the appraisal was not completed in the previous 12 months, but has been updated by the appraiser or appraisal firm that completed the appraisal and both the update and original appraisal were completed in accordance with USPAP.**

**Note:** Current USPAP requirements provide that an update of an appraisal is a new appraisal assignment. The appraiser may provide a new report:

- without incorporating the prior report
- by incorporating the prior report by attachments
- by incorporating the prior report by reference only if the original appraisers firm and original intended users are involved.

**141 General Appraisal Requirements (Continued)****\*--G Using Third Party Appraisals**

FSA may use an appraisal that has been completed by a third party for any direct or guaranteed loan making or servicing action, provided the appraisal meets all of the following:

- appraisal was completed within the previous 12 months
- appraisal was signed by a State certified general appraiser licensed in the State where the property is located
- intended use stated in the report is consistent with FSA's need.

**Notes:** An administrative review **must** be conducted by the appropriate Agency official according to subparagraph 143 B.

FSA does not need to be listed as an intended user in a third party appraisal report for any direct or guaranteed loan making or servicing action; however, FSA must verify that the appraisal was ordered by and prepared for a federally-regulated financial institution. Borrower-ordered appraisals are **not** acceptable for loan making or loan servicing actions except as provided in FSA regulations involving special servicing actions.--\*

**H Contracts for Appraisal Services**

Contracts for obtaining real estate or chattel appraisals shall be established according to Part 7.

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**A**

**Chattel  
Appraisals**

The following is a list of reputable publications that establish market values.

NAME	WEB
FACTS Report	<a href="http://www.machinerypete.com/">http://www.machinerypete.com/</a>
Central Livestock Association – access to South St. Paul, Albany, Zumbrota, West Fargo & Sioux Falls markets	<a href="http://cridata.crinet.com/cla/">http://cridata.crinet.com/cla/</a>
Hotline Farm Equipment Guide	Copy of Monthly Update is issued to FSA offices.
Official Guide – Iron Solutions	<a href="http://www.ironsearch.com/IRONSearch/content.aspx">http://www.ironsearch.com/IRONSearch/content.aspx</a>
USDA Livestock, Grain & Hay Reports	<a href="http://www.ams.usda.gov/LSMNPubs/index.htm">http://www.ams.usda.gov/LSMNPubs/index.htm</a>
Chicago Mercantile Exchange	<a href="http://www.cme.com/">http://www.cme.com/</a>
National Agricultural Statistics Service	<a href="http://www.nass.usda.gov/Publications/index.asp">http://www.nass.usda.gov/Publications/index.asp</a>
Chicago Board of Trade	<a href="http://www.cbot.com/">http://www.cbot.com/</a>
Minneapolis Grain Exchange	<a href="http://www.mgex.com/">http://www.mgex.com/</a>
Bagley, Motley, Fergus Falls & Pierz Auctions Results	<a href="http://www.cattle-hay.com/">http://www.cattle-hay.com/</a>
Steffes Auctioneers	<a href="http://www.steffesauctioneers.com/">http://www.steffesauctioneers.com/</a>
*--Kelley Blue Book--*	<a href="http://www.kbb.com/">http://www.kbb.com/</a>

142 Appraisal Reports

A Chattel Appraisals

**[7 CFR 761.7(c)(2)] An appraisal of chattel property may be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.**

FSA may use RD-440-21. If RD-440-21 is not used, the chattel appraisal, as a minimum, will identify all chattel items appraised, including the following details:

the quantity, kind, sex, breed, color, weight or average weight, brands or other identification, and value of livestock

the quantity, kind, manufacturer, size and type, condition, year of manufacture, serial or motor number, and value of machinery and other equipment.

The appraised value of chattel property will be based on public sales of the same or similar property in the market area. In the absence of public sale data, reputable publications may be used to establish market value provided the:

SED has issued a State supplement authorizing the use of the publication

appraisal is documented to reflect that the market value was established based on wholesale values, rather than retail values.

**Note:** Retail values include the cost of rehabilitation and other factors that are not typically included in a public sale.

## 142 Appraisal Reports (Continued)

### B Real Estate Appraisals

A real estate appraisal, as a minimum, will be a complete or limited appraisal, summary appraisal report as defined by USPAP. Any exception to allow the use of a restricted report requires prior written approval by SED. SED may redelegate this authority to the State appraisal staff. Approval of restricted reports will only be granted under extraordinary circumstances, limited to situations where there will be only a single user of the report.

Real estate appraisals must include, as a minimum, the following details:

documentation of the results of the following 3 approaches to estimating value, except as provided in the departure rule of USPAP:

- sales comparison approach
- cost approach
- income approach

if adjustments are made, the basis for these adjustments, including land mix, time, water, buildings, depreciation, soils, and any other applicable adjustments recognized by the market and supported by adequate documentation in the appraisal

\*--at least a 3-year sales history of the property--\*

the comparable sales used, including a breakdown of land contribution by land class, building contribution by improvement, derived depreciation rates, basis for the cost of new improvements, remaining life of improvements, timber, mineral value, water rights and volume, water delivery system, photographs of improvements and land, etc.

the value of any mineral rights.

When part or all of the mineral rights can:

be appraised and minerals are known to exist, the appraised value in FSA-1922-11, Part VI or other formats that provide the same information, will be included in the final market value arrived at by the appraiser

not be appraised or no known minerals or potential exist, the appraisal value in FSA-1922-11, Part VI or other formats that provide the same information, will reflect zero and document the appraiser's findings and reasons for making this valuation.



**142 Appraisal Reports (Continued)**

**C Approved Appraisal Formats**

Any appraisal format that meets USPAP requirements is acceptable.

FSA has available formats that may be used along with additional documentation to meet USPAP requirements:

- FSA-1922-1, Appraisal Report - Farm Tract
- FSA-1922-2, Supplemental Report
- FSA-1922-9, Real Estate Sales Data
- FSA-1922-10, Appraiser's Worksheet - Farm Tracts - Study of Comparable Properties
- FSA-1922-11, Appraisal for Mineral Rights.

**D Real Estate Appraisal Software**

\*--FSA has appraisal software available for full-time and part-time staff--\* appraisers/reviewers. To obtain a copy of the software, or if there are questions about the software, contact the Appraisal Software Coordinator at 202-720-3647 or at the following address.

USDA FSA PDEED STOP 0521  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0521

**\*--143 FSA Review of Appraisal Reports--\*****A Overview**

**[7 CFR 761.7(e)(1)] With respect to a real estate appraisal, the Agency may conduct a technical appraisal review or an administrative appraisal review, or both.**

**[7 CFR 761.7(e)(2)] With respect to a chattel appraisal, the Agency may conduct an administrative appraisal review.**

Real estate appraisals used for any direct or guaranteed FLP loan making or servicing purpose are subject to a technical appraisal review or an administrative appraisal review by FSA for compliance with applicable FSA regulations and procedures.

**B Administrative Appraisal Reviews**

Administrative appraisal reviews are conducted by FSA employees, other than an FSA full-time or part-time State-designated appraiser/reviewer, delegated the responsibility by SED. Employees must have received training on completing appraisal reviews according to USPAP AO-6 before receiving this delegation.

An administrative appraisal review is performed as a due diligence function in the context of a loan making or loan servicing decision and ensuring compliance with organizational requirements. After the administrative appraisal review, the appraisal user will be in a position to understand the strengths and weaknesses of the information in the report. An administrative appraisal review is completed to verify that the:

- correct property was appraised
- math is correct
- appraisal is logical and understandable
- appraisal complies with FSA contracting requirements.

**Note:** An administrative appraisal review does not include a determination of compliance with USPAP.

The administrative reviewer will refer to the State appraisal staff any areas of concern or problems detected. An administrative reviewer may not express a different opinion of \*--value and may not certify to the type and extent of review.--\*

The administrative appraisal review is completed for farm properties on FSA-1922-16 and for residential properties on RD 1922-15, or in any other format containing, at a minimum, the same information.

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**C**

**When  
Administrative  
Appraisal Reviews  
May  
Be Conducted**

\*--Chattel and real estate appraisal Administrative Reviews will be completed on all appraisals of primary security obtained by CLP and PLP lenders. The reviews will normally be completed when the lender's file is first reviewed in accordance with Paragraph 267 of FSA Handbook 2-FLP. Reviews may be done prior to loan approval or issuing a Guarantee in cases where there are highly specialized facilities or other reasons to question the adequacy of the appraisal or security.

Chattel reviews will be completed utilizing Minnesota 1-FLP Exhibit 2, "Chattel Appraisal Administrative Review". Real estate reviews will be completed utilizing Form FSA 1922-16, "Administrative Appraisal Review".--\*

**143 FSA Review of Appraisal Reports (Continued)**

**C When Administrative Appraisal Reviews May Be Conducted**

FSA shall complete an administrative appraisal review:

- within 7 workdays of receipt of a contracted appraisal obtained for any direct loan purpose
- on 20 percent of appraisals obtained during each FY by CLP and PLP lenders for any guaranteed loan purpose
- on all appraisals obtained during each FY by SEL's for any guaranteed loan purpose
- of chattel and real estate appraisals completed by FSA employees, as determined by SED
- \*--on all third party appraisals.--\*



**D**

**Technical  
Appraisal  
Reviews  
Overview**

\*--Some FSA Staff Appraiser technical reviews have found lender appraisals that have not met USPAP and FSA standards. In some instances, FSA has been unable to timely have the report corrected. When a lender is unable or unwilling to timely obtain USPAP compliant appraisals the lender's eligibility for participation in the Guaranteed Loan Program may be seriously compromised. However, in certain circumstances, FSA may rely on other options in lieu of obtaining an USPAP compliant report from the lender. The objective is not to relieve the lender of their responsibility for obtaining USPAP compliant appraisal reports. Rather, the objective is to mitigate a problem and provide an acceptable level of customer service to the borrower, who through no fault of their own, may otherwise be adversely affected by an appraiser or lender problem.

If reasonable efforts fail to produce an acceptable lender-provided appraisal, the Approval Official may determine the most suitable course of action from among the following options:

- Order a FSA-contract appraiser to complete a new appraisal for FSA and the lender (for a FSA-participating loan scenario only).
- Order the FSA Staff Appraiser to provide a "Technical Review with Opinion of Value" which will be used in lieu of the lender's appraisal.
- Proceed with the proposed FSA action after documenting that FSA is adequately secured despite the report's weakness. There must be at most an 85% debt to asset ratio based on the Approval Official's estimated value. This option should be used only when other practical options fail to produce acceptable mitigation.
- Deny the proposed loan, loss claim or other servicing action.
- For routine post-closing CLP/PLP lender file reviews, the lender may be advised of the problem(s) and encouraged to work with the appraiser to mitigate the problem(s). FSA recognizes the lender's ability to correct the report after the Guaranteed Loan has been closed may be limited. The lender will be cautioned that FSA reserves the right at a future date to take into account the lack of an acceptable appraisal. Specific consequences will be determined if/when needed, but could include revoking CLP/PLP status or a reduction or denial of a loss claim.

In order to establish a systematic procedure leading up to a mitigation decision, the following steps will be followed:

- The FLM will ensure that FSA is listed as an Intended User of the report. If not, the lender will be instructed to timely provide FSA with the appraiser's written authorization to share the report with FSA.
- The FLM will notify the lender when a report is being submitted for a technical review and that the lender should notify the appraiser that they may be contacted by a FSA Staff Appraiser.
- The FSA Staff Appraiser will conduct a review.

**D**  
**Technical Appraisal**  
**Reviews Overview**  
**(Cont.)**

- *For proposed loans, loss claim or other servicing actions, the FSA Staff Appraiser will contact the appraiser to discuss the report if problems are encountered and obtain a commitment from the appraiser to correct the report. The FSA Staff Appraiser will summarize deficiencies via letter or e-mail to the appraiser, lender, FLM and FLPS.*
- *For post-closing CLP/PLP lender file reviews, the problems will be reported to the appraiser who conducted the appraisal, but correction is not required. The FLM will be advised of the problem(s) so an action plan may be determined for the loan.*
- *For proposed loans, loss claim or other servicing actions, the FSA Staff Appraiser may complete a field review and/or meet with the appraiser and/or lender, involving the FLM, FLPS, DD, FLPC and/or SAC as appropriate to obtain an acceptable report from the lender's appraiser. When it appears that there will be difficulties with correcting the report, the Staff Reviewer will then summarize the situation and email the FLM with courtesy copies to the FLPS, DD, FLPC and SAC. The FLPS is expected to become fully engaged in working with the FLM and FSA Staff Reviewer to resolve appraisal problems.*
- *If the decision is to have the FSA Staff Reviewer provide an Opinion of Value, the FLM will prepare a Letter of Engagement which sets forth the new assignment conditions for the FSA Staff Appraiser. After the Opinion of Value is completed a copy will be provided to the lender by the FLM along with an explanation for how FSA will use the report. Appeal rights will be provided to the lender if necessary.--\**



## 143 FSA Review of Appraisal Reports (Continued)

**D Technical Appraisal Reviews Overview**

\*--A technical appraisal review will be in writing to address all requirements of USPAP, Standard 3 and any additional Agency requirements. Under the scope of the technical appraisal review, the appraiser/reviewer forms an opinion as to:

- the adequacy and relevance of the data used
- the propriety of any adjustments to the data
- the appropriateness of the appraisal methods and techniques used
- whether the analysis and conclusion of the appraisal under review is credible, and if not, the reason for expressing different opinion of value.

A technical appraisal review must be completed by an FSA full-time or part-time--\* State-designated appraiser/reviewer who will determine whether the appraisal is in compliance with USPAP Standards 1 and 2. \* \* \* The appraiser/reviewer must certify as to the type and extent of the review process. A technical appraisal review may include a desk review, a field review, or both. The appraiser/reviewer may express a different opinion of value from the appraiser, only after complying with USPAP Standards 1 and 2.

A technical desk review:

- is an analysis of the material presented in the appraisal report as to the adequacy of the documentation of the final value estimate
- may reveal concerns, such as math errors, discrepancies of legal descriptions, comparable sales used that are not recent or similar to the subject property, failure to give value consideration to all items located on the subject property, and failure to address the condition of the subject and comparable sales.

A technical field review involves an examination of all aspects of making the appraisal, including a mental reappraisal of the subject property. All information contained in the appraisal report is verified, inspected, and researched. Other information, such as other comparable sales, not included in the report may be addressed.

Problems or areas of concern detected during the technical appraisal review will be referred to the appraiser who conducted the appraisal.

\* \* \*

## 143 FSA Review of Appraisal Reports (Continued)

**\*--E When Technical Appraisal Reviews May be Conducted--\***

FSA completes a technical appraisal review of the following:

- first 2 direct loan appraisals completed by a contract appraiser with whom FSA has had no appraisal experience within the past 2 FY's
- \*--first 2 third party appraisals used for direct loan appraisals completed by an appraiser with whom FSA has had no appraisal experience within the past 2 FY's
- at least once per FY for direct loan contract appraisers who have previous FSA appraisal experience
- at least once per FY for each appraiser who conducted third party appraisals with whom FSA has previous appraisal experience
- at least once per FY for either of the following:
  - appraiser that prepares appraisals for guaranteed loans
  - lending institution that processes guaranteed loans
- direct or guaranteed loan appraisals when an administrative review detects serious problems
- all appraisals completed by limited authority appraisers--\*

\* \* \*

- of appraisals conducted by both contractors and FSA employees in a random spot check method that is established by SED

**Note:** Each year, SED will vary the method used to select appraisals for review to ensure that adequate internal controls are established.

- on a more frequent basis, if problems have been detected in the scheduled annual and spot check review
- upon request of the loan approval official anytime before loan approval.

**E**  
**When Technical**  
**Appraisal**  
**Reviews May**  
**Be Conducted**

\*--FSA will complete a technical appraisal review at least once per year of guaranteed lenders' real estate appraisers who have had reviews completed in previous years. In certain situations FSA may conduct additional reviews as determined by the SED or designee.

In order to set a schedule for these reviews it is necessary for Farm Loan Managers to provide certain information to the County Office Tracking System (CATS) for CLP and PLP lender appraisal activity. Either through routine contacts, correspondence or via the Conditional Commitment, the County Office must obtain and then input into CATS:

- **The name of the real estate appraiser**
- **The effective date of the appraisal**
- **The appraised value**

Upon receipt of the information go into the CATS program and click on;



143 FSA Review of Appraisal Reports (Continued)

Select the Current FY from the Drop Down menu.



Complete the following screen in CATS when the information is received. The name of Appraiser should be the individual that signed the report, not the company name. You could insert the Appraiser name and then the company name if it would be helpful in identifying who did the work. For example; “Sue Value; Rural Appraisal Associates”. The Date Received by FSA will be left blank if the appraisal was not received and administratively reviewed by FSA.

Open up the 1922-16 and insert the market value in the “Reconciliation Value” box. ONLY fill out this part of the form when NOT doing an admin review on CLP and PLP lenders.

Transmit data at the end of the month. If there has been no activity there is no need to transmit the monthly report using CATS.--

**143 FSA Review of Appraisal Reports (Continued)****F Recordkeeping and Internal Management Controls**

Each State must maintain a recordkeeping system and internal management controls to ensure that all administrative, technical, and field reviews and compliance activities are \*--accomplished according to 25-AS, Exhibit 40.5.--\*

\* \* \*

**G USPAP Records Retention**

USPAP requires that appraisers retain documentation about appraisal reviews and technical appraisal reviews they conduct for whichever of the following is longer:

5 years from date of completion

2 years from the date all appeals and litigation about the appraisal are concluded.

SED's shall provide adequate storage space to staff appraisers for the duration of the required documentation retention period.

**144 Appeals of Decisions Based on Appraisals****A Scope**

This paragraph provides general information on appealing a direct loanmaking or loan servicing decision based on an appraisal. For additional information on appeals, refer to paragraph 42 and 1-APP.

**B When a Decision Based on an Appraisal May Be Appealed**

An applicant or borrower may appeal any adverse decision based on an FSA appraisal. However, when the appraisal was obtained in connection with a request for primary loan servicing and negotiation of appraisal has been completed according to §1951.909(i)(4) of FSA transferred Instruction 1951-S, the negotiated value is not appealable.

## 144 Appeals of Decisions Based on Appraisals (Continued)

## C Appeals

If the appellant:

\*--chooses to challenge the appraisal obtained by FSA for any loan making or loan servicing activities other than primary loan servicing under FSA transferred Instruction 1951-S, the issue on appeal will be whether FSA's appraisal is consistent with USPAP and the appellant may provide an independent technical appraisal review of FSA's appraisal

**Note:** The appellant does not have the right to provide a second independent appraisal for consideration.

is being considered for primary loan servicing under FSA transferred Instruction 1951-S, the appeal challenging FSA's appraisal may include the appellant's independent appraisal according to §1951.909(i)(3)

**Notes:** A homestead protection lease is serviced under §1951.911(b)(6) and §1951.909(b)(7)(ii) of FSA transferred Instruction 1951-S. The appellant has the right to select an independent appraiser from a list of appraisers provided by the Authorized Agency Official. The issue on appeal will be whether FSA's appraisal is consistent with USPAP and the appellant may only provide an independent technical appraisal review of FSA's appraisal. The appellant does not have the right to provide a second independent appraisal for consideration--\* or negotiation of the appraisal.

Leaseback/buyback is no longer addressed in FSA transferred Instruction 1951-S. Therefore, if the appellant is exercising their right to purchase inventory property at the conclusion of a leaseback/buyback lease, the issue on appeal will be whether FSA's appraisal is consistent with USPAP and the appellant may only provide an independent technical appraisal review of FSA's appraisal.

\*--disagrees with the appraised value used to determine amount due under a shared appreciation agreement or net recovery buyout recapture agreement, the issue on appeal will be whether FSA's appraisal is consistent with USPAP, and the appellant may only provide an independent technical appraisal review of FSA's appraisal.

**Notes:** The appellant does not have the right to provide a second independent appraisal for consideration or negotiation of the appraisal.

Subparagraphs 42 D and E provide text to be added to the reconsideration paragraph in adverse decision letters involving appraisals.--\*

**144 Appeals of Decisions Based on Appraisals (Continued)****\*--D Real Estate Independent Technical Appraisal Review**

An independent technical appraisal review:

is performed to determine whether the analysis, opinions, and conclusions in the appraisal report obtained by FSA are appropriate and reasonable

may include either a desk review, field review, or both.

**Note:** The appraiser conducting the technical appraisal review must certify as to the type and extent of the review process.

At the appellant's request, the Authorized Agency Official shall provide a list of State-certified general appraisers. The appellant may select an appraiser from the list or retain any other State-certified general appraiser to conduct an independent technical appraisal review according to USPAP Standard 3. The appellant must pay the cost of the independent technical appraisal review.

The Authorized Agency Official shall forward any independent technical appraisal review received from the appellant, along with a copy of the appraisal, to the State appraisal staff to be reviewed by a full-time or part-time appraiser/reviewer. The State appraisal staff will notify the Authorized Agency Official of the final decision about the independent technical appraisal review and the final appraised value. The Authorized Agency Official will notify the appellant of the outcome of reconsideration according to 1-APP.

**E Chattel Independent Appraisal Review**

An independent appraisal review is performed to determine whether the analysis, opinions, and conclusions in the appraisal report obtained by FSA are appropriate and reasonable.

The Authorized Agency Official shall forward any independent appraisal review received from the appellant, along with a copy of the appraisal, to the State Office to be reviewed. FLC will request a review by an employee delegated the authority to perform independent appraisal reviews. Upon completing the review, FLC will notify the Authorized Agency Official of the final decision about the independent appraisal review and the final appraised value. The Authorized Agency Official will notify the appellant of the outcome of reconsideration according to 1-APP.--\*





**144 Appeals of Decisions Based on Appraisals (Continued)****F Releasing FSA Appraisal Reviews**

Technical appraisal reviews or administrative appraisal reviews performed by an FSA \*--FSA employee **before** an FSA initial decision are part of the agency record and must be submitted to NAD as part of the appeal process.

Technical appraisal reviews or administrative appraisal reviews performed by an FSA employee **after** an FSA initial decision are not part of the agency record and would not--\* be releasable except under a subpoena from NAD according to 7 CFR §11.8(a) and only after any information prohibited from disclosure by the Privacy Act or other law is deleted.

**G Errors Identified in an Appraisal**

If either the Authorized Agency Official or borrower discovers any mathematical or property description errors in the appraisal, the discrepancies must be reported to SED or State appraisal staff. State appraisal staff shall review the nature of the discrepancy and make a determination to:

contact the appraiser to correct the appraisal

determine that the discrepancies are not material to the final value determined in the appraisal report.

The appraiser may make corrections to the appraisal up until the time the appeal hearing begins or as a result of the appeal hearing.

**145 Appraiser Qualifications****A Chattel Appraisals**

An FSA employee delegated chattel appraisal authority from SED, or a contractor hired to complete chattel appraisals, must:

\*--possess sufficient experience or training to establish market value of chattel properly based on public sales of the same or similar property in the market area

demonstrate, to SED's or designee's satisfaction, sufficient experience and training to establish market values of chattel property.

**Note:** A contract appraiser's qualifications shall be documented by the appraiser and maintained in the contract file.--\*

**B Real Estate Contract Appraisers**

Real estate contract appraisers must be State-certified general appraisers in the State in which the property to be appraised is located.

**C Full-Time and Part-Time FSA Real Estate Appraisers/Reviewers**

A full-time appraiser/reviewer is an FSA employee who is responsible only for real estate appraisals and technical real estate appraisal reviews, and who has or is fulfilling the training requirements in paragraph 146.

A part-time appraiser/reviewer is an FSA employee who has significant responsibilities for real estate appraisal and technical real estate appraisal reviews, but has other FSA program responsibilities as well, and who has or is fulfilling the training requirements in paragraph 146.

Both full-time and part-time appraisers/reviewers must be a State-certified general appraiser or obtain State-certified general appraiser status within 3 years of being designated as an appraiser/reviewer.

**D FSA Limited Authority Real Estate Appraisers**

An FSA limited authority appraiser is an employee who is primarily responsible for the administration of FSA programs, but has been delegated limited authority to perform real estate appraisals when the total credit transaction is less than \$100,000, as described in subparagraph 141 E.

FSA limited authority appraisers are not:

required to obtain State-certified general appraiser status  
authorized to complete technical real estate appraisal reviews.

146 Appraiser Training Requirements

**A Obtaining State-Certified General Appraiser Status**

Both full-time and part-time FSA appraisers/reviewers must acquire State-certified general appraiser status within 3 years from being designated as an appraiser/ reviewer. To acquire this status, the appraiser/reviewer must complete the following categories, at a minimum.

Category	Description
1	126 * * * hours of training, of which a majority must concentrate in farm real estate-related courses, in:  sales comparison approach cost approach income approach.
2	16 * * * hours of training in USPAP.
3	24 * * * hours of training in narrative report writing.
4	A minimum of 40 * * * hours of technical appraisal review.

Required courses may be taken from approved institutions, such as:

- colleges or universities
- community or junior colleges
- real estate appraisal or real estate-related organizations
- State or Federal agencies or commissions
- proprietary schools
- other providers approved by the State certification-licensing agency.

The appraiser/reviewer, with supervisor approval, should select courses accredited by the State Appraisal Board and meet required general course guidelines and directions.

In addition, the appraiser/reviewer must meet State experience requirements for obtaining a State-certified general license.

**146 Appraiser Training Requirements (Continued)**

**A Obtaining State-Certified General Appraiser Status (Continued)**

If a designated appraiser/reviewer cannot acquire State-certified general appraiser status within the required 3 years because of State requirements, SED or FLC must request an extension from the National Office for the appraiser/ reviewer to complete the requirements. The request should be submitted to the following.

APPRAISAL TRAINING EDUCATION  
USDA FSA DAFLP PDEED STOP 0521  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0521

**B Maintaining State-Certified General Appraiser Status**

Full-time and part-time appraisers/reviewers are required to maintain their State-certified general appraiser status by completing continuing education courses according to the standards established by the State Appraisal Board.

These courses must be:

taken from approved institutions  
accredited by the State Appraisal Board.

The appraiser/reviewer, with supervisor approval, should select the continuing education course topics.

\* \* \*

**C Training Requirements for FSA-Limited Authority Appraisers**

SED or full-time appraisers/reviewers shall establish the minimum training needs for FSA-limited authority appraisers.

The training must ensure satisfaction of the following:

ethics  
competency  
departure rule  
jurisdictional exception rule  
USPAP Standards 1 and 2  
appropriate FSA appraisal requirements.

Full-time or part-time appraisers/reviewers shall provide in-house or on-the-job training to FSA-limited authority appraisers.

146 Appraiser Training Requirements (Continued)

D Payment of Training Fees

\*--By August 1 of each FY, each SED must request, in writing, from the National Office appraisal training funds for the following FY for both basic and continuing education costs.

For staff appraiser/reviewers who are:

**not** State-certified or have not completed the Agency’s basic education, request shall include the following:

- name of individual to receive training
- date hired into position
- dates and courses to be taken in the coming FY
- category in which course applies
- course hours accredited by the State Appraisal Board for each course
- cost of tuition, books, site fee, travel, and per diem

State-certified and are fulfilling continuing education requirements, requests shall include the following:

- name of individual to receive training
- dates and courses to be taken in the coming FY
- course hours accredited by the State Appraisal Board for each course
- cost of tuition, books, site fee, travel and per diem.

The travel and per diem costs requested will be added to the State’s normal allotment of travel funds by BUD. It is the appraisers/reviewers responsibility to communicate to the State administrative section of the travel funds requested for appraisal training and to establish a basis to use those funds for the intended purpose.

SED must complete and submit Report FLP1 for all appraisers/reviewers who are not State certified general at the end of the 2<sup>nd</sup> and 4<sup>th</sup> quarters of each FY.--\*

146 Appraiser Training Requirements (Continued)

D Payment of Training Fees (Continued)

SED must mail the request for training funds and FSA-1922-17 to the following.

APPRAISAL TRAINING FUNDING  
USDA FSA DAFLP PDEED STOP 0521  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0521

Upon successful completion of the required education, experience, and receipt of State-certified general appraiser status, FSA shall award a certificate of training to the appraiser/reviewer.

FSA shall reimburse all full-time and part-time appraisers/reviewers for the ongoing dues and fees associated with obtaining and maintaining State-certified general appraiser status. \* \* \*

\*--When claiming reimbursement of dues and fees, appraisers/reviewers must complete SF-1164 together with proof of payment and submit it to the following address unless otherwise directed in the annual notice of Reimbursement of Dues and Fees for State--\* Certified General Appraisers and 3 Year Training Program Expense Authorization. \* \* \*

FINANCIAL ACCOUNTING DIVISION  
USDA FSA  
PO BOX 419205  
KANSAS CITY MO 64141-6205

\* \* \*

FSA-limited authority appraisers do not incur any training costs because they are trained in-house or on-the-job by full-time or part-time appraisers/reviewers and are not State-certified.

147-160 (Reserved)

**Part 7 Program Loan Cost Expenses****161 Introduction to PLCE's****A Purpose and Overview**

This part describes procedures for obligating, paying, and reporting noncontractual expenses and special handling processes for noncontractual and contractual PLCE's. Procedures for purchasing and reporting contractual goods and services are covered in a forthcoming 27-AS revision.

There are 2 types of PLCE's:

- recoverable PLCE's are chargeable to either a borrower or property account
- nonrecoverable PLCE's are not chargeable to a borrower or property account.

**B Program Authority**

Program authorities to request goods and services by contract and make noncontractual payments are in Exhibit 14. Employees with program authority may redelegate their authority to any qualified employee.

If additional program authority is needed above the levels granted in Exhibit 14, SED must forward a written request to the Director, LMD by FAX at 202-690-1117 or mail to:

DIRECTOR  
USDA FSA DAFLP LMD STOP 0522  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0522.

## 162 Foundation Financial Information System

### A Background

FFIS is a mainframe software package for authorized agency users to record, monitor, and control all activities in the Type 60 spending process. Throughout the remainder of this part, and Exhibit 14, "Type 60" shall be referred to as "PLCE".

\*--PLCE data recorded in FFIS includes obligations, invoices, disbursements, and--\*  
post-payment modifications. Borrower and property loan information is validated and stored in FFIS to ensure that data backed to KCFO is accurate.

SED shall ensure that an adequate number of employees are trained, delegated authority, and have the proper security clearance, user ID, and password to input and approve transactions using FFIS.

\*--The Program Loan Cost Expense - Foundation Financial Information System Fast Facts Desktop Reference Guide and Procedure Guide for Financial Foundation Information System (FFIS) Program Loan Cost Expense - Field Users Guide are available electronically at <https://indianocean.sc.egov.usda.gov/flp/ManualsServlet?caller=index>. Individuals--\* should use the guides to:

- process obligations and invoices
- \*--respond to vendor inquiries related to invoice and disbursement activity.--\*

The guides provide instructions for:

- processing obligations
- modifying obligations
- canceling obligations
- \*--processing invoices--\*
- navigating through inquiry tables to verify updates
- understanding the spending chain
- understanding document referencing
- responding to vendor inquiries
- \*--error code inquiries.--\*



**\*--162 Foundation Financial Information System (Continued)****B Using EFT**

The Debt Collection Improvement Act of 1996 mandates using the EFT payment method for government disbursements. EFT enables FSA to pay for goods and services electronically by direct deposit of the payment. FAR and Treasury regulations at 31 CFR Part 208 allow for the following exceptions to the EFT requirement:

- Federal vendors
- employees
- non-employee travelers
- foreign vendors not operating on U.S. soil
- individuals that do not have an account at a financial institution
- where the Agency does not expect to make more than 1 payment to the same recipient within a 1-year period
- operational hardship. This applies if the vendor's regular business process will be severely hindered by receiving payment via EFT.--\*

## 162 Foundation Financial Information System (Continued)

**C VID**

All vendors must have a VID number assigned before processing FFIS obligations and disbursements. The VID number is a:

- unique number used to identify vendors, organizations, and persons to whom USDA makes payments or from whom USDA collects receivables
- combination of the vendor's TIN, SSN, or EIN plus a 2-position character for identifying multiple addresses for those vendors operating under a single TIN, but at multiple locations.

State Office employees will access the State Office Vendor Research Report to check the FFIS vendor table for vendors in their State using the vendor's TIN/SSN/EIN to determine whether the vendor has been assigned a VID number. State Office employees who do not have access to the report shall contact Rose Lawson at 816-926-6424 for assistance.

\*--If the vendor is not in the FFIS vendor table, complete FSA-845 and enter requests through FFIS in the pre-approved vendor request data entry table and review the vendor request inquiry table. Refer any issues or concerns with VID numbers to Terry Luehrs, KCFO, Financial Accounting Division, Administrative Operations Branch by:

- telephone at 816-926-1142
- FAX at 816-926-5466
- e-mail at **terry.luehrs@kcc.usda.gov**--\*

## 163 Allocating PLCE Funds

### A National Office Allocation of PLCE Funds to States

\*--The National Office allocates PLCE funds to each State or group of States that has FLC. The most recent allocations and balances are available in FFIS on the Allocation (ALOC) Screen.--\*

The National Office divides each State allocation into 3 accounts. Each account has its own purpose and designated loan cohort.

- ACIF Program Account (nonrecoverable). This “A” Account is used to pay PLCE’s that are not chargeable to a borrower or inventory property account.
- ACIF Direct Loan Financing Account (recoverable). This “R” Account is used to pay PLCE’s that are chargeable to a borrower or inventory property account in which the loan was obligated in FY 1992 or subsequent years.
- ACIF Liquidating Account (recoverable). This “L” Account is used to pay PLCE’s that are chargeable to a borrower or inventory property account in which the loan was obligated before FY 1992.

\*--**Note:** Always use the original loan obligation date on rescheduled or reamortized loans when determining the proper recoverable (“R” or “L”) account to be charged.--\*

FSA assigns recoverable PLCE’s to specific loans. When a specific recoverable PLCE applies to more than 1 loan, the oldest outstanding loan, which is the one with the earliest obligation date, of the same type will determine which recoverable account (“L” or “R”) will be charged.

A State Office cannot shift funds among the “A”, “R”, and “L” Accounts. Each State Office must keep these fund purposes and amounts in mind when planning the timing of obligations and disbursements.

Because of anticipated demand for “A” Account funds, State Offices should spend “A” Account funds only for services that cannot be performed internally by FSA.

**163 Allocating PLCE Funds (Continued)****A National Office Allocation of PLCE Funds to States (Continued)**

If additional funds are required, SED must submit a written request to the Director, LMD by FAX at 202-690-1117 or mail to:

DIRECTOR  
USDA FSA DAFLP LMD STOP 0522  
1400 INDEPENDENCE AVE SW  
WASHINGTON DC 20250-0523.

The National Office does not allocate funds from the Guaranteed Account (recoverable) to State Offices. Requests for funds to pay PLCE's chargeable to a guaranteed loan or property account obligated in FY 1992 and subsequent years must be submitted to LMD at the above address.

**B State Office Allocation of PLCE's**

Each State Office must certify PLCE fund availability through the State Office PLCE Liaison and process payments electronically using FFIS with a digital signature.

The PLCE Liaison is responsible for monitoring obligations and disbursements of PLCE-allocated monies by account to avoid violating the Anti-Deficiency Act. Specifically, the State Office FLP staff is:

- responsible for determining and documenting how these monies will best be used to meet program goals and objectives
- accountable for the proper use of these monies.

SED must issue a State supplement that:

- covers the proper handling of requests for appraisals, advertising, title opinions, legal services, and credit reports
- distributes the amounts by program and account, if the State Office suballocates these funds
- identifies its method of certifying fund availability
- identifies the PLCE Liaison responsible for certifying fund availability.

164 Program Authority Codes

**A Purpose**

To obligate and control funds, track expenses, and determine program authority, each type of expense must be identified by a unique 4-alphanumeric-character PAC.

PAC's are used to determine:

- if a particular expense can be authorized
- who can authorize it
- whether it must be obtained through contractual or noncontractual means
- whether the expense is recoverable or nonrecoverable.

**B PAC's First Character**

The first character will always be "F" for FLP.

**C PAC's Second Character**

The second character identifies the program activity phase as follows.

Code	Program Activity
1	<b>Loan Processing</b> - all costs associated with applying for a loan. Costs in this category include loan application reviews, appraisals of potential collateral, credit history checks (credit bureau reports), etc. This code is appropriate to use until a loan is actually closed.
2	<b>Loan Servicing</b> - all costs associated with normal servicing of a loan. Costs in this category include protective advances, year-end analysis, taxes, etc. This code cannot be used for custodial property or when the acquisition/liquidation process has begun, that is, after the date of acceleration.

164 Program Authority Codes (Continued)

C PAC's Second Character (Continued)

Code	Program Activity
3	<b>Custodial Property Management</b> - all costs associated with managing and maintaining property when FSA has custodial responsibility. Costs in this category include utilities, mowing, changing of locks, etc. Custodial responsibility begins when a borrower has abandoned collateral property and FSA is maintaining it to protect the Government's security interest.
4	<b>Property Acquisition/Liquidation</b> - all costs associated with voluntary or involuntary acquisition/liquidation of security property. Costs in this category include appraisals, foreclosure expenses, etc. This code would be applicable when FSA has accelerated the loan or loans and should be used until the date of foreclosure or date title is transferred to FSA (acquired) or the property is sold to a third party.
5	<b>Inventory Property Management</b> - all costs associated with managing acquired/inventory property. Costs in this category include sales commissions, appraisals, repairs, improvements, taxes, mowing, and utilities.

D PAC's Third and Fourth Characters

The third and fourth characters identify the general purpose and detailed description and are obtained from Exhibit 14.

**165 Using PLCE for Contractual Purchases or Services**

**A Obtaining Contractual Services**

FSA uses FAR (48 CFR Part 1), Agriculture Acquisition Regulation (48 CFR Parts 401-453), USDA DR's and notices, and FSA notices to manage acquisitions.

All contractual documents must have the signature of a warranted Contracting Officer. As specified by FAR 1.602-1(b), only the Contracting Officer has the authority to enter into an agreement with a vendor for contractual supplies or services. All documents signed by the Contracting Officer must be within the limits of the Contracting Officer's authority.

Approved contractual documents will be processed in FFIS by an employee with delegated authority and the required \* \* \* security login and passwords.

\*--For guidance on providing contractual services refer to 27-AS (Rev. 1 is forthcoming).

**Note:** See paragraphs 163 and 164 for FLP responsibilities for PLCE monitoring and budget approval for contractals and noncontractuals.--\*

\* \* \*

166 Using PLCE for Noncontractual Purchases or Services

**A Obligating Funds for Noncontractuals**

Follow this table when obligating funds for noncontractual purchases or services.

Step	Action
1	<p>County Offices shall:</p> <ul style="list-style-type: none"> <li>• maintain a copy of all FSA-2126's in chronological order using the initial obligation (MY) document number</li> </ul> <p><b>Note:</b> Certification of Services Received (TY) documents should be filed with the associated MY document.</p> <ul style="list-style-type: none"> <li>• FAX a request for funding approval to the State Office FLP, Attn: PLCE Liaison. The request must include the following:                             <ul style="list-style-type: none"> <li>• completed FSA-2126 signed by the authorized Agency official</li> <li>• the ADPS Online Borrower History (OH) Inquiry (1<sup>st</sup> page) or AP Status Screens may be attached for verification of the “L” or “R” account.</li> </ul> </li> </ul>
2	<p>State Offices shall:</p> <ul style="list-style-type: none"> <li>• check Exhibit 14 for proper PAC and authority to complete the request</li> <li>• check the BOPR table in FFIS to verify PLCE account “L” or “R”</li> <li>• review and approve use of funds by signing and dating FSA-2126</li> <li>• establish new vendors with a VID number</li> <li>• use electronic payment whenever possible</li> <li>• enter the information into FFIS for obligation (MY)</li> <li>• enter the MY document number on FSA-2126 and return a copy to the initiating office.</li> </ul>

For many noncontractual expenses the cost item will be submitted for obligation and payment at the same time. In these instances, submit one FSA-2126 with both the obligation and certification of services parts completed. Submit the invoice with FSA-2126 and check the box at the top of FSA-2126 to indicate that the invoice is attached.



**\*--166 Using PLCE for Noncontractual Purchases and Services (Continued)**

**B Making Payments for Noncontractuals**

Follow this table when making payments for non-contractual purchases or services.

**Note:** No action is required if the invoice and supporting documentation were submitted with the initial obligation and the "Certification of Services Received" box was checked.

Step	Action
1	<p>The County Office shall:</p> <ul style="list-style-type: none"> <li>• receive or obtain an invoice from the vendor or prepare FSA-838-C with supporting documentation, if not available</li> <li>• check the "Certification of Services Received" box and complete "Date of Certification" field on the copy of the initial approved FSA-2126 which was received back from the State Office</li> <li>• FAX the completed invoice or supporting documentation with the copy of FSA-2126, to the State Office, to certify services received and request a payment through FFIS</li> <li>• file a copy of all FSA-2126 requests in the operational file and all pertinent documents in the case file.</li> </ul>
2	<p>The State Office shall:</p> <ul style="list-style-type: none"> <li>• verify the information on the invoice</li> <li>• enter the information into FFIS for payment (TY)</li> <li>• maintain logs and file all pertinent documents as necessary.</li> </ul>

For multiple payments on a single obligation, submit a separate FSA-2126 to certify services received and indicate that the request is for a partial payment. Include the obligation MY document number when requesting each payment.--\*

**\*--167 Modification or Cancellation of Obligation**

**A Modifying or Canceling an Obligation**

\*--Contractual or noncontractual modifications or cancellations of the financial obligations that have not been fully liquidated in FFIS will be initiated on a new FSA-2126. On FSA-2126, check “No” in item 4A and complete items 11A, 11B, and Part D. FAX FSA-2126 to the State Office for processing. See FFIS-PLCE Field Office Users Guide, sections 3.4 and 3.5 for additional guidance.

If the funds have been disbursed with a TY transaction, a “Post Payment Modification” must be processed by KCFO. These will include changes to borrower information, PAC codes, and PLCE account. The “Post Payment Modification” will be initiated on FSA-2126. The State Office must FAX FSA-2126 and a copy of the PVHT and PVLТ Screens to FFIS Team at 314-539-6960 for transaction processing.

**Notes:** Contracting Officers should be informed of any modification or cancellations of financial obligations to contractual requests.--\*

## 168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments

### A Stopping Payments for Funds Not Issued

If the TY document has not been processed delete the miscellaneous order (MY) document.

If the TY document has been processed, contact FFIS Team by FAX at 314-539-6960 at least 3 workdays in advance of the scheduled date and provide the MY and TY document numbers and the reason for stopping the payment. \* \* \*

**\*--Note:** KCFO cannot stop a check from being issued if the scheduled date is within 3 workdays of the current date. The scheduled date is found in the "Schd Date" field of the FFIS PVHT Screen.

### B Inquiring on Mishandled/Lost Disbursement

Before inquiring on a mishandled disbursement, the authorized Agency official should determine whether the funds were sent to the vendor's appropriate "Remit To" address if paid by paper check, or the vendor's current bank account if paid by EFT. The authorized Agency official may do this by reviewing the appropriate vendor record in the FFIS vendor table.

If all information is correct on the vendor's record and the current date is 10 business days after the "Closed Date" field displayed on the FFIS PVHT screen, the authorized Agency official shall FAX an inquiry request that contains the following information to the FFIS Team at 314-539-6960:

- TY document identification number
- schedule number
- check or EFT number
- check or EFT date
- VID number.

The FFIS team will initiate an inquiry to NFC about the disbursement and will notify the State Office after receiving a response on the inquiry.

**Note:** If the vendor's financial institution has returned an EFT disbursement to Treasury or the physical Treasury check has been returned to the Agency, a replacement disbursement cannot be issued until funds are restored to the original obligation.--\*

**168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments (Continued)****C Canceling Checks and EFT Payments**

\*--The Field User's Guide provides instructions on canceling checks.

From the Treasury, the funds will be electronically returned to NFC and applied back to the original obligation (MY) document. If the funds should be returned to the State allocation, the obligation (MY) document must be canceled in FFIS.

When canceling an EFT payment, the vendor must contact their bank and ask the bank to return the electronic funds back to the Treasury.

**Note:** FAX RD-1940-10 and PVHT and PVLТ screen prints that correspond with EFT being cancelled to the FFIS Team at 314-539-6960. --\*

**D Requesting Emergency Payments**

The authorized Agency official must use the following procedure to obtain an emergency payment.

- \*--The funds **must** be obligated in FFIS by the State Office before requesting an emergency payment.

**Note:** An emergency payment will **not** be issued if the funds are not obligated in FFIS by the State Office.

- KCFO must receive a copy of the OBLH/OBLL screens, invoice, and FSA-2126 for noncontractuals, before making emergency payments.--\*

**168 Stopping Payments, Substituting or Replacing Checks, Canceling Checks, and Requesting Emergency Payments (Continued)**

**D Requesting Emergency Payments (Continued)**

- The authorized Agency official should express mail or FAX these documents to the applicable LOD contact in this table.

<b>State Code</b>	<b>Contact</b>	<b>Address</b>	<b>Telephone</b>	<b>FAX</b>
States 01 - 32	Loan and Grant Servicing Branch I	Farm Service Agency Loan Operations Division Mail Code 532 PO Box 200003 St. Louis MO 63120	314-539-3114 or 314-539-3967	314-539-3111
States 33 - 64	Loan and Grant Servicing Branch II	Farm Service Agency Loan Operations Division Mail Code 533 PO Box 200003 St. Louis MO 63120	314-539-6321 or 314-539-6647	314-539-6447

- After sending the documents, the authorized Agency official should call the appropriate LOD branch to confirm receipt.
- The authorized Agency official also must send a completed FSA-839.
- To authorize the emergency payment, SED or designee must sign FSA-839.
- The Department of Treasury shall transfer the funds approximately 2 workdays after receiving the request. FSA may request same-day electronic disbursements.
- If EFT is not available, the Finance Office shall ensure that a Treasury check is issued within 2 workdays after receipt of the request.

**169-200 (Reserved)**



**\*--Part 8 Supervised Credit****201-240 (Reserved)****241 Farm Business Plan****A Using FBP**

FSA is using the FBP system to perform financial planning, analysis, loan origination and servicing functions, and manage the FLP portfolio. This allows FSA to:

- assist customers in planning their business operations
- improve the timeliness and quality of service
- thoroughly analyze credit decisions with an improved process
- document credit and servicing decisions in a standard Credit Action format
- ultimately use accrual analysis, when appropriate, in analyzing credit decisions
- improve loan documentation and compliance with audits
- empower States to proactively manage their loan portfolio by providing access to a data mart of financial information.

FBP worksheets have been developed to collect financial data from loan applicants and borrowers. Use:

- FSA-2037 to collect balance sheet data
- FSA-2038 to collect projected and/or actual income and expense data.

**Notes:** FSA-2037 and FSA-2038 are accessible from the following:

- FFAS Employee Forms Web Site at **<http://165.221.16.90/dam/ffasforms/forms.html>**
- Service Center eForms Web Site at **[http://www.sc.egov.usda.gov/...\\*](http://www.sc.egov.usda.gov/...)**

**241 Farm Business Plan (Continued)**

**A Using FBP (Continued)**

The following forms are no longer used when making or servicing loans:

- FSA 431-2, including System 36 FHP and PCFHP
- FSA-440-2
- FSA-1960-12
- FSA-2006-20.

**Note:** These forms, or similar text, are referenced throughout numerous FSA handbooks and FSA/RD Instruction Manuals. FSA-2037, FSA-2038, and FBP shall be used in place of these items.

**B eAuthentication Requirements for FBP**

The authentication and authorization of users is made using USDA’s eAuthentication application. To use the FBP system, users must have a valid eAuthentication ID and password. Users may obtain an eAuthentication ID according to 6-IRM, subparagraph 76 E. New FSA users should contact their State FBP Coordinator with their eAuthentication ID.

**C FSA User Handbook**

The FSA User Handbook (Exhibit 17) is designed as a starting point to provide overall FSA policy in farm planning and analysis, and discuss policies and business practices when using FBP. Follow the instructions in this table to access the FSA User Handbook on the FFAS Intranet Online Site.

Step	Action
1	*--Access the FFAS Intranet Online Site at <a href="http://intranet.fsa.usda.gov/fsa">http://intranet.fsa.usda.gov/fsa</a> .--*
2	Click on "FSA Intranet" on the left side bar.
3	Click on "Farm Loan Programs System" on the right side.
4	Click "Logon" and click "Continue".
5	Logon using eAuthentication ID and password.
6	Click on "Manuals" on the left side bar.
7	*--Click on "Farm Business Plan User Handbook".--*



241 Farm Business Plan (Continued)

**\*--D FLC's and FBP State Coordinator's Data Manager User Handbook**

FLC's and FBP State Coordinator's Data Manager User Handbook (Exhibit 18) is a reference guide to assist FLC's and FBP State Coordinators when generating canned management reports using FBP Data Manager. FBP Data Manager is a reporting tool available through FBP. Use the instructions in the following table to access the FBP Data Manager User Handbook on the FSA Intranet Online Site.

Step	Action
1	Access the FSA Intranet Online Site at <a href="http://intranet.fsa.usda.gov/fsa">http://intranet.fsa.usda.gov/fsa</a> .
2	Click on "FSA Applications" on the left side under "Links".
3	Click on "Farm Loan Programs System" on the right side.
4	Click "Logon" and click "Continue".
5	Logon using eAuthentication ID and password.
6	Click on "Manuals" on the left side bar.
7	Click on "Farm Loan Chiefs and FBP State Coordinators Data Manager User ".

--\*

242-400 (Reserved)



**Part 9 Internal Controls****Section 1 Farm Loan Programs Risk Assessment****401 Introduction****A Background**

FSA is mandated by the Federal Managers Financial Integrity Act of 1982 (Pub. L. 97-255) to maintain an efficient and effective internal control system. FLPRA fulfills this mandate by:

- establishing program evaluation criteria and reporting requirements
- providing a method to administer program evaluations
- \*--providing a framework for performance analysis, risk mitigation identification, risk mitigation implementation, and annual reporting.--\*

**B Overview**

FLPRA is the primary tool that FLP uses for ongoing reviews and oversight of field office operations. FLPRA evaluates FLP programs using a risk-based approach and provides the framework for evaluating FLP management and oversight by State Offices and FLP delivery by Service Centers.

FLPRA evaluates the potential for risk in the following 3 areas.

- Program Objectives – assessing whether or not the objectives of the program, as set forth in agency policies and procedures, are being met.
- Financial Integrity – determining the soundness and quality of the loan program.
- Program Management – evaluating the effectiveness of the leadership and guidance provided in delivering FLP.

**401 Introduction (Continued)****B Overview (Continued)**

FLPRA is divided into 3 review areas identified as:

- Direct Loan Making
- Direct Loan Servicing.
- Guaranteed Loan Programs

**Note:** This area includes both guaranteed loan making and guaranteed loan servicing.

**C Objective**

The primary objectives of FLPRA are to evaluate the effectiveness of FLP delivery systems and ensure compliance with applicable statutes, regulations, and directives. To promote a consistent and effective approach to conducting reviews, FLPRA focuses on:

- evaluating program delivery by assessing the condition and performance in the risk areas of program objective, financial integrity, and program management
- determining the overall degree of risk existing in FLP programs and identifying the factors contributing to the risk
- \*--recommending or requiring management to take mitigation action, as needed, to strengthen FLP programs and/or ensure compliance with applicable regulations.

**D SED Responsibilities**

SED is responsible for implementing FLPRA process in their State by ensuring that all required reviews, analyses, applicable risk mitigation plans, and reports are completed--\* according to this part.

402 FLPRA Review Process

**A Administering FLPRA Reviews**

FLPRA reviews will be administered and the results reported both at the State Office and National Office levels. State Offices and the National Office can access the FSA Intranet at <http://intranet.fsa.usda.gov/fsa/> to obtain guides detailing the process to complete the reviews. Follow instructions in this table after accessing the FSA Intranet.

Step	Action
1	Under the “Links” section on the left side of the homepage, click on “FSA Applications”.
2	On the FSA Applications page, click on “Farm Loan Program Systems”.
3	On the Farm Loan Program Systems homepage under the “Informational Links” section, click on “Manuals” and select “FLPRA National Office Review Process Guide” or “FLPRA State Office Review Process Guide”.

**B State Office Review Responsibilities**

State Offices will be required to complete FLPRA reviews in not less than one third of the \*--FLP Service Centers each year. However, each Service Center **must** be reviewed at least once every 5 years. The process for selecting the Service Centers and high risk program--\* areas to be reviewed is set forth in the FLPRA State Office Review Process Guide.

**C National Office Review Responsibilities**

The National Office will complete FLPRA reviews in 10 to 12 States per year. The reviews evaluate State FLP delivery and include visits to a limited number of Service Centers. The process used by the National Office to select States to be reviewed is set forth in the FLPRA National Office Review Process Guide.

\* \* \*

**403 State Office Reporting Requirements****A Service Center Report**

State Offices will provide a report to each Service Center reviewed within 30 calendar days after completing the review. \* \* \* The reports will be developed in the format set forth in FLPRA State Office Review Process Guide, Exhibit 2. Reports for each Service Center \*--will include FLPRA State Office Review Process Guide, Exhibits 4 through 7 that will:

- rate each Service Center reviewed in the 3 risk areas
- provide a composite score for the Service Center.

The scores for each Service Center will be:

- input in the automated FLPRA system within 30 calendar days of completing the review
- documented in the box provided to support the scores reported.

**B Annual Report**

No later than November 1, each State will submit an annual report to PDEED using the--\* template provided in the State Office Review Process Guide, Reports Section.

**404 National Office Reporting Requirements****A State Visit Reports**

The National Office will provide a findings report from on-site visits to State management within 30 calendar days after completing the review. The format of this report is detailed in \*--the National Office Review Process Guide, Section 6. This report will:

- provide scoring sheets for each of the 3 risk areas
- include recommended mitigative actions.

Mitigative actions will:

- be developed in conjunction with State management during the on-site visit
- have a specified date to provide an update on the State's progress in mitigating identified risks.

**B PDEED Action**

Upon receipt of a State's risk mitigation plans, PDEED shall:

- evaluate and approve risk mitigation plans
- establish a follow-up system to ensure that risk mitigation plans are implemented
- assess the success of the risk mitigation plan on reducing identified high risks--\*
- provide an annual report to DAFLP summarizing the area of potential risk in the States visited.

**405-407 (Withdrawn--Amend. 47)**

**408-440 (Reserved)**





**Section 2 DD FLP Oversight Activities**

**441 DD FLP Oversight Reviews**

**A Overview**

This section covers the FLP oversight activities to be completed by DD's in Type 1 and Type 2 Service Centers.

**B Purpose**

This section:

- establishes the methodology for DD oversight of FLP activities
- provides guidance for documenting findings and results of DD FLP Oversight Reviews.

**\*--C Relationship Between DD Oversight and FLPPRA**

DD's shall:

- become familiar with and use FLP's internal control system
- have a clear understanding of the relationship between the FLPPRA process and the DD--\* FLP Oversight Review process.

**441 DD FLP Oversight Reviews (Continued)****D Oversight Reviews**

DD's shall:

- complete FLP Oversight Reviews using FSA-2101 or other format according to subparagraph 442 C

**\*--Note:** Once a particular file or case has been reviewed for a particular review item during the review period, this file or case need to only be reviewed again to check correction of any deficiencies found.--\*

- conduct reviews according to FSA-2102
- coordinate and plan FLP Oversight Review visits with the State Office FLP Section so that participation by FLC or FLS can be arranged when necessary
- notify SED or FLC of any apparent problems that may require immediate attention.

FLM's or FLO's shall:

- obtain the MAC Reports and other reports needed for items to be reviewed
- be available to discuss specific cases or to answer questions from DD.

**E Forms Availability**

FSA-2101 and FSA-2102 are available on the FFAS Employee Forms Online Intranet site. Access the site from the FSA Intranet at <http://intranet.fsa.usda.gov>.

**\*--F DD Oversight Review Manual**

The DD Oversight Review Manual (Exhibit 25) contains instructions and guidance for completing FSA-2101.--\*

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**442 Reporting Requirements**

**C**

**State Office Responsibilities**

DD’s may reduce to the following minimums, the frequency of specific review items in FLP Service Centers that consistently show no deficiencies for a Form FSA-21-1 review item:

ITEM	MINIMUM REVIEW
5. Review complete Direct applications for “date received” & “date complete”	*--Annually--*
6. Notification to Direct applicants of incomplete applications	*--Annually--*
7a. Documentation of Direct eligibility	***Annually***
7b. Review denied Direct loans	Semiannually
8. Review Direct applications on hand that are past the 45-day timeframe & review processing timeframes	Quarterly
9. Review RC-540 >90 Days Past Due borrowers	Quarterly
10. Review RC-540 May Require Attn borrowers	Quarterly
11. Review RC-540 <90 Days Past Due borrowers	Quarterly
12. Review collections	Annually
13. Review Classifications	Annually
14a. YEA needs analysis	Annually
14b. Review YEA progress	Semiannually
15. Review 1962-1’s & 440-4’s	*--Annually--*
16. Conduct joint farm visits	Annually
17. Review LR reviews	Annually
18. Review graduation process	Annually
19. Review inventory files	Annually
20. Review Guaranteed application processing timeframes	Semiannually
21. Review existing IA loans	Annually
22. Review delinquent/problem Guaranteed loans	Quarterly
23. Verify FLP Handbook updates are timely filed	Annually
24. Review Operational Files for compliance w/25-AS	Annually
25. Review chattel security documents	Annually
26. Conduct field outings with newer FLO’s	*--Annually--*
27. Review COR & *--FLPFA--* reviews & FU’s	Within 3 months

The original Forms MN 1-FLP Exhibit 4 and Form FSA-2102, “Report and Summary Schedule for DD Oversight Reviews” will be submitted quarterly to the State Executive Director through the Farm Loan Chief with a copy to the Farm Loan Manager. The fourth quarter’s report will also include any appropriate yearend comments. DD’s have discretion as to the format, content, style and need for attachments to the FSA-2102. FSA-2101’s will be submitted to the Chief at the end of the fiscal year.

MN 1-FLP Exhibit 4, “REVIEW OF FLAGGED & MORE THAN ONE INSTALLMENT DELINQUENT BORROWERS” should be used during the second and fourth quarters for appropriate borrowers.

**442 Reporting Requirements****A Preparing Reports**

DD's shall:

- document specific findings for each case file or operational file reviewed by \*--using FSA-2101 as a guide for the items to be reviewed--\*
- indicate the date of review on FSA-2102.

**B Submitting Reports**

As a minimum, DD's shall:

- submit a copy of FSA-2102 and summary of findings from reviews completed during the quarter to SED on a quarterly basis, within 15 calendar days of the end of each quarter of FY
- submit a signed original FSA-2102 and summary of findings to SED, within 15 calendar days of the end of the last quarter of each FY
- send a copy of the quarterly and yearend reports, along with summary of findings to:
  - FLC
  - the appropriate Service Center.

**C State Office Responsibilities**

SED's shall issue a State Supplement about:

- the frequency of reviews to be completed by DD's for specific review items in FLP Service Centers that consistently show no deficiencies for a review item
- the frequency for submitting findings
- the documentation format to be used by DD's when summarizing findings from oversight reviews.

443 **Reviewing Reports**

**A State Office Responsibilities**

SED's shall establish and maintain operational files for quarterly and yearend reports.

**Notes:** A separate file will be maintained for each Type 1 and Type 2 Service Center, and these files will be further grouped by District.

The files will contain FSA-2102 and the findings reported by DD's.

FLC's shall:

- follow up on any concerns reported by DD's, as necessary
- fully document actions taken to remedy problems or deficiencies identified, as necessary.

**Note:** Documentation may include copies of State notices, training agendas, etc., and shall be filed in the operational file established for the applicable Service Center.

**B National Office Responsibilities**

State Office operational files shall be reviewed during field reviews conducted in connection with the FLPRA process. Review of the operational files will verify that:--\*

- consistent and timely oversight reviews are being conducted by DD's
- SED's and FLC's are monitoring and addressing any deficiencies or apparent problems identified by DD's.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

This table lists the required reports of this handbook.

Reports Control Number	Title	Reporting Period	Submission Date	Negative Reports	Reference
FLP1 (FSA-1922-17)	Appraisal Certification Program Semi-Annual Report	Semi-Annually	10 workdays after end of the 2 <sup>nd</sup> and 4 <sup>th</sup> quarter of each FY	Required	146
FLP4	FLPRA Annual Report	Annually	By November 1 each year	Required	403

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-663	Request for Issuance of Substitute or Replacement Check		168
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		Ex. 20
AD-1026A	Supplemental to AD-1026 (Continuation)		Ex. 20
CCC-257	Schedule of Deposit		Ex. 25
FmHA 1940-1	Request for Obligation of Funds		Ex. 20, 25
FmHA 1940-22	Environmental Checklist for Categorical Exclusions		Ex. 20

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

## Forms (Continued)

Number	Title	Display Reference	Reference
FmHA 2006-21	Information Systems Management (ISM) Request for Changes to User Documentation		41
FSA-410-1	Request for Direct Loan Assistance		Ex. 20, 25
FSA-431-2 <u>1/</u>	Farm and Home Plan		241, Ex. 7, 25
FSA-440-2	Eligibility Certification or Recommendation		241
FSA-440-4	Security Agreement (Chattels and Crops)		Ex. 25
FSA-440-4A	Security Agreement (Chattels and Crops)		Ex. 25
FSA 440-13	Report of Lien Search		Ex. 20
FSA-440-32	Verification of Debts and Assets		Ex. 20
FSA-580	Primary and Preservation Loan Servicing Checklist		Ex. 20
FSA-603	Collection Register for State and County Offices		Ex. 25
FSA-838-C	Substitute Invoice		165, 166
FSA-839	Request for Emergency Payment		168
FSA-845	Foundation Financial Information System (FFIS) Vendor Code Request		162
FSA-1922-1	Appraisal Report - Farm Tract		142
FSA-1922-2	Supplemental Report		142
FSA-1922-9	Real Estate Sales Data		142
FSA-1922-10	Appraiser's Worksheet - Farm Tracts - Study of Comparable Properties		142
FSA-1922-11	Appraisal for Mineral Rights		141, 142

1/ This form is obsolete.



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

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-1922-16	Administrative Appraisal Review		143
FSA-1922-17	Appraisal Certification Program Semi-Annual Report		146
FSA-1940-3	Request for Obligation of Funds Guaranteed Loans		Ex. 20
FSA-1940-38	Request for Lender's Verification of Loan Application		Ex. 20
FSA-1945-22	Certification of Disaster Losses		Ex. 20
FSA-1945-26	Calculation of Actual Losses Worksheet		Ex. 20
FSA-1960-12	Financial and Production Farm Analysis Summary		241
FSA-1962-1	Agreement for the Use of Proceeds/Release of Chattel Security		Ex. 7, 20, 25
FSA-1980-15	Conditional Commitment		43, Ex. 20
FSA-1980-22	Lender Certification		Ex. 20
FSA-1980-25	Application for Guarantee		Ex. 20
FSA-1980-27	Loan Guarantee		Ex. 7, 20
FSA-1980-28	Preferred Lender Application for Guarantee		Ex. 20
FSA-1980-36	Assignment of Guarantee		Ex. 7
FSA-1980-38	Lender's Agreement		Ex. 25
FSA-1980-64	Interest Assistance Agreement		Ex. 25

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

## Forms (Continued)

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
FSA-2006-20	Classification of Farmer Program Borrower Account		241
FSA-2037	Farm Business Plan Worksheet (Balance Sheet)		201, Ex. 7
FSA-2038	Farm Business Plan Worksheet (Projected/Actual Income and Expense)		201, Ex. 7
FSA-2101	DD FLP Oversight Report Guide		441, 442, Ex. 25
FSA-2102	Summary Schedule for DD FLP Oversight Reviews		441-443
FSA-2103	Direct Loan Making File Review Questionnaire		28, Ex. 20
FSA-2104	Guaranteed Loan Making File Review Questionnaire		28, Ex. 20

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

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2119	Delinquent Borrower Servicing (1951-S) File Review Questionnaire		28, Ex. 20
FSA-2126	Program Loan Cost Expense (PLCE) Request (Non-Contractuals only)		166-168
NRCS-CPA-026E	Highly Erodible Land and Wetland Conservation Determination		Ex. 20
RD 440-15	Security Agreement (Direct Loans to Individuals)		Ex. 25
RD 440-21	Appraisal of Chattel Property		142
RD 1910-5	Request for Verification of Employment		Ex. 20
RD 1922-15	Administrative Appraisal Review for Single Family Housing		143
RD 1927-19	Certification of Attorney		43
RD 1927-20	Certification of Title Insurance Company		43
RD 1940-10	Cancellation of U.S. Treasury Check and/or Obligation		168
RD 1956-1	Application for Settlement of Indebtedness		Ex. 25
SF-3881	ACH Vendor/Miscellaneous Payment Enrollment Form		161
W-2	Wage and Tax Statement		Ex. 20
W-9	Payer's Request for Taxpayer Identification Number and Certification		161

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

## Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

<b>Approved Abbreviation</b>	<b>Term</b>	<b>Reference</b>
ACIF	Agricultural Credit Insurance Fund	163
ADPS	Automated Discrepancy Processing System	41, Ex. 25, 39, 40
ADR	alternative dispute resolution	42
BOPR	Borrower Property Table	166
CDAT	Consent Decree Action Team	Ex. 48
CLP	Certified Lender Program	43, 143, 403, 407, Ex. 25
CMS	Credit Management Systems	Ex. 20
CMT	Constant Maturity Treasury	Ex. 10
CONACT	Consolidated Farm and Rural Development Act	1, 21, 29, 53, Ex. 25
DLM	Direct Loan Making	Ex. 20
DLS	Direct Loan Servicing	Ex. 20
DOJ	Department of Justice	41
ECOA	Equal Credit Opportunity Act	Ex. 25
EFT	electronic funds transfer	162, 167, 168, Ex. 7
EIN	employer identification number	162
EM	emergency loans	29, Ex. 20, 25
FAR	Federal Acquisitions Regulation	165
FBP	Farm Business Plan	201, Ex. 20
FFIS	Foundation Financial Information System	162, 163, 166, 167, 168
FFIS Team	KCFO, LAD, Financial Control Branch	167, 168
FLC	Farm Loan Chief	Text
FLM	Farm Loan Manager	Part 2, 441, Ex. 7, 20, 25
FLO	Farm Loan Officer	23, 25, 26, 29, 403, 441, Ex. 7, 25
FLOT	Farm Loan Officer Trainee	25
FLPRA	Farm Loan Programs Risk Assessment	Part 9, Ex. 25
FLS	Farm Loan Specialist	23, 25, 29, 441

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

## Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
FmHA	Farmers Home Administration	2, Ex. 25
FO	Farm Ownership	29, Ex. 20, 25
FP	Farm Programs	Ex. 20
GLM	Guaranteed Loan Making	Ex. 20
GLS	Guaranteed Loan System	Ex. 25
IA	interest assistance	Ex. 20, 25
ITLAP	Indian Tribal Land Acquisition Program	2
LAD	Loan Accounting Division	167, 168
LMD	Loan Making Division	161, 163
LOC	line of credit	29
LOD	Loan Operations Division	168, Ex. 20
MAC	Management of Agricultural Credit	Ex. 25-27, 29-35, 38, 43-45, 47
MADS	Margin After Debt Servicing	Ex. 20
OL	Operating Loans	29, Ex. 20, 25
PAC	Program Authority Code	164, 166, 167
PLCE	Program Loan Cost Expense	Part 7, Ex. 4, 13, 14
PLP	Preferred Lender Program	43, 143, Ex. 20, 25
PLS	Primary Loan Servicing	Ex. 20
PT	program technician	23, 26, Ex. 7

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

## Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
PVHT	Voucher Header Inquiry Table	167, 168
PVLT	Voucher Line Inquiry Table	167, 168
RD	Rural Development	2, 142, 143, 168, Ex. 25
SALP	Special Apple Loan Program	2
SDA	socially disadvantaged applicant	Ex. 20
SEL	standard eligible lender	43, 143, Ex. 20, 25
SLKCFO	St. Louis Kansas City Finance Office	168
SSN	Social Security number	Ex. 49
SW	soil and water	Ex. 25
TC	transaction code	41
TIN	taxpayer identification number	162, Ex. 49
TY	payment voucher transaction	166, 167, 168
USPAP	Uniform Standards of Professional Appraisal Practice	Part 6, Ex. 2
VID	vendor identification	162, 166
VXP	Vendor Express Program	161, 164
WLS	workload scheduling	Ex. 25, 31-35, 38, 45, 47

## Redelegations of Authority

SED's may redelegate their:

- loan approval authority to FLC, FLS, or DD
- authority to allow the use of a restricted appraisal report to the State appraisal staff.

## Definitions of Terms Used in This Handbook (7 CFR 761.7 (b))

### Administrative Appraisal Review

Administrative appraisal review is a review of an appraisal to determine whether the appraisal:

**meets applicable Agency requirements  
is accurate outside the requirements of USPAP Standard 3.**

### Agency

Agency is the Farm Service Agency, including its employees, States, and committee members, and any successor Agency.

### Authorized Agency Official

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

### Complex Properties

Complex properties are properties exceeding 1 to 4 single family units that have income-producing potential, which typically includes business and agricultural properties.

### FLP Loan

FLP loan refers to Farm Ownership (FO), Soil and Water (SW), Recreation (RL), Economic Opportunity (EO) loans, Operating (OL), Emergency (EM), Economic Emergency (EE), Softwood Timber (ST), and Rural Housing loans for farm service buildings (RHF).

### Noncomplex Properties

Noncomplex properties are properties including 1 to 4 single family units and agricultural properties, such as a small parcel of bare land without improvements, minerals, water, timber, or other income-producing attributes.

### Technical Appraisal Review

Technical appraisal review is a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to Standard 3 of USPAP.

**Definitions of Terms Used in This Handbook (7 CFR 761.7 (b)) (Continued)**

**\*--Treasury Judgement Rate**

The treasury judgment rate is the interest rate applicable to deficiency judgments for all loan types (pursuant to 28 U.S.C. Section 1961).--\*

**USPAP**

USPAP are **standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recover and Enforcement Act of 1989.**



**State Supplements**

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<b>Subparagraph</b>	<b>State Supplement</b>
28 B	Guidance on completing Credit Quality Reviews.
141 E	Guidance on the process to request: <ul style="list-style-type: none"> <li>• chattel appraisal from a contract appraiser</li> <li>• real estate appraisal.</li> </ul>
*--142 A	List of reputable publications that establish chattel market values.--*
162 B	Guidance on PLCE funds allocated to State Offices.
442 C	Guidance on reporting findings of DD oversight reviews.

**Note:** SED's shall:

- issue State supplements according to 1-AS, paragraph 216
  - obtain approval of State supplements according to 1-AS, paragraph 220.
-



**Delegating FLP Authority**

**A SED Delegations**

SED may delegate the following authorities to employees who have experience and completed the required training:

- authority to prepare chattel appraisals
- authority to prepare real estate appraisals when the total credit transaction is less than \$100,000
- authority to complete administrative appraisal reviews
- loan approval authority
- authority to establish and document the estimated value of real estate security when an appraisal has been waived for an EM loan according to 3-FLP, subparagraph 171 A.

**B FLM Delegations**

This table lists the authorities FLM may delegate to FLO or PT who have experience and completed any required training.

<b>Authority</b>	<b>FLO</b>	<b>PT</b>
Sign correspondence as regular signing official	X	
Sign correspondence "for"	X	X
Establish supervised bank account and deposit loan checks	X	X
Countersign supervised bank account checks/withdrawals	X	X
Input pre-note information for EFT	X	X
Plan and inspect site development work	X	
Check preliminary title opinion for exceptions	X	X
Check final title opinion or mortgage policy for proper lien position	X	X
Review loan closing statement for proper funds disbursement	X	X
Execute financing statements or other legal instruments to obtain and preserve security on chattel loans	X	X
Approve FSA-1980-36	X	X

**Delegating FLP Authority (Continued)**

**B FLM Delegations (Continued)**

<b>Authority</b>	<b>FLO</b>	<b>PT</b>
Review loan closing and issue FSA-1980-27	X	
Approve satisfaction/release of security instruments	X	X
Prepare FSA-1962-1	X	
Release chattel/crop security per approved FSA-1962-1	X	X
*--Revise Farm Business Plan and FSA-1962-1 when necessary--*	X	
Approve replacement/development - use of insurance proceeds	X	
Approve servicing actions, including liquidation plans submitted by lenders	X	
Requests for contractual services and noncontractual payments	X	X
Approve loan restructuring	X	
Approve emergency advance requests	X	
Complete lender reviews	X	
Ordering credit reports	X	X
Execute FSA-1980-15	X	
Execute FSA-1980-27	X	

**FLP Rates**

**A Interest Rates for FLP's**

\*--The following table provides interest rates for FLP's as of September 1, 2007.--\*

<b>Loan Type</b>	<b>Current Rate (%)</b>	<b>Date Set</b>
Rural Housing – Farm Loan Purposes	6.125	8/1/07
Operating	5.50	8/1/07
Operating – Limited Resource	5.00	12/1/90
Farm Ownership	*--5.75	9/1/07--*
Farm Ownership – Limited Resource	5.00	4/1/86
Farm Ownership – Beginning Farmer Down Payment	4.00	4/1/86
Farm Ownership – Joint Financing	5.00	3/24/97
Soil and Water	*--5.75	9/1/07--*
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	*--5.75	9/1/07
Farmer Program – Homestead Protection	5.75	9/1/07
Shared Appreciation Amortization	4.75	9/1/07
Softwood Timber Loans	5.75	9/1/07--*
Economic Emergency – Operating	5.50	8/1/07
Economic Emergency – Real Estate	*--5.75	9/1/07--*
Emergency – Amount of Actual Loss	3.75	1/25/94
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	8.375	7/1/07
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	*--8.625	9/1/07
Emergency – Annual Production	8.625	9/1/07
Nonprogram - Chattel Property	8.625	9/1/07--*
Nonprogram - Real Property	8.375	7/1/07
Apple Loans	*--4.875	9/1/07
Association – Grazing	5.75	9/1/07
Association – Irrigation and Drainage	5.75	9/1/07--*
Indian Land Acquisition	5.00	2/1/91

**FLP Rates (Continued)**

**B Treasury Rates**

The following table provides the applicable Treasury rates.

Treasury Rates	Current Rate (%)	Date Set
90-Day Treasury Bill	*--4.875	9/1/07
Treasury Judgment Rate (see Note)	4.83	9/1/07--*

**Notes:** The 90-Day Treasury Bill rate is entered in DALR\$ as the “Discount Rate” and is used to calculate present value and net recovery value.

The treasury judgment rate is the interest rate applicable to deficiency judgments for all loan types (pursuant to 28 U.S.C. Section 1961). The rate is based on the weekly average 1-year CMT yield published by the Federal Reserve System, Board of Governors. The rate shown is the most current rate posted to the Federal Reserve web site and is dated the \*--week ending August 3, 2007. The actual judgment rate is the rate for the calendar--\* week preceding the date the defendant becomes liable for interest. Access the Federal Reserve web site [www.federalreserve.gov/releases/H15/current](http://www.federalreserve.gov/releases/H15/current) for the weekly average 1-year CMT yield.

**C Historical 90-Day Treasury Bill Rates**

The following table provides the historical 90-day Treasury bill rates.

Effective Date	Rate (%)	Effective Date	Rate (%)
December 1, 1988	7.500	December 1, 1990	7.500
January 1, 1989	7.875	January 1, 1991	7.375
February 1, 1989	8.250	February 1, 1991	7.125
March 1, 1989	8.500	March 1, 1991	6.500
April 1, 1989	8.750	April 1, 1991	6.250
May 1, 1989	9.000	May 1, 1991	6.125
June 1, 1989	9.150	June 1, 1991	5.875
July 1, 1989	8.750	July 1, 1991	5.750
August 1, 1989	8.625	October 1, 1991	5.625
September 1, 1989	8.250	November 1, 1991	5.375
October 1, 1989	8.125	December 1, 1991	5.250
December 1, 1989	8.000	January 1, 1992	4.875
February 1, 1990	7.875	February 1, 1992	4.375
April 1, 1990	8.000	March 1, 1992	3.875
May 1, 1990	8.125	May 1, 1992	4.125
July 1, 1990	8.000	June 1, 1992	4.000
October 1, 1990	7.750	July 1, 1992	3.750
November 1, 1990	7.625	September 1, 1992	3.500

FLP Rates \* \* \* (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
October 1, 1992	3.250	August 1, 1996	5.250
November 1, 1992	3.125	December 1, 1996	4.875
December 1, 1992	2.875	February 1, 1997	5.000
January 1, 1993	3.125	March 1, 1997	4.875
February 1, 1993	3.375	May 1, 1997	5.250
March 1, 1993	3.125	June 1, 1997	5.375
April 1, 1993	3.000	July 1, 1997	5.250
August 1, 1993	3.125	August 1, 1997	4.875
November 1, 1993	3.000	October 1, 1997	5.250
January 1, 1994	3.125	November 1, 1997	4.875
April 1, 1994	3.250	December 1, 1997	5.000
May 1, 1994	3.500	January 1, 1998	5.250
June 1, 1994	3.625	June 1, 1998	4.875
July 1, 1994	4.125	November 1, 1998	4.875
August 1, 1994	4.250	December 1, 1998	4.250
September 1, 1994	4.375	January 1, 1999	4.375
October 1, 1994	4.500	February 1, 1999	4.500
November 1, 1994	4.750	May 1, 1999	4.625
December 1, 1994	5.000	June 1, 1999	4.375
January 1, 1995	5.250	July 1, 1999	4.625
February 1, 1995	5.750	September 1, 1999	4.750
April 1, 1995	6.000	November 1, 1999	4.875
May 1, 1995	5.875	January 1, 2000	4.875
August 1, 1995	5.750	February 1, 2000	5.375
September 1, 1995	5.625	April 1, 2000	5.625
November 1, 1995	5.500	May 1, 2000	5.875
February 1, 1996	5.375	July 1, 2000	6.000
March 1, 1996	4.875	August 1, 2000	5.875
April 1, 1996	5.000	September 1, 2000	6.000
June 1, 1996	4.875	October 1, 2000	6.250

FLP Rates (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
January 1, 2001	6.375	October 1, 2004	1.500
February 1, 2001	6.125	November 1, 2004	1.625
March 1, 2001	5.500	December 1, 2004	1.750
April 1, 2001	4.875	January 1, 2005	2.000
May 1, 2001	4.750	February 1, 2005	2.250
June 1, 2001	4.125	April 1, 2005	2.50
July 1, 2001	3.750	May 1, 2005	2.75
August 1, 2001	3.625	June 1, 2005	2.875
October 1, 2001	3.500	July 1, 2005	2.875
November 1, 2001	3.125	August 1, 2005	3.000
December 1, 2001	2.250	September 1, 2005	3.125
January 1, 2002	2.000	October 1, 2005	3.50
February 1, 2002	1.750	December 1, 2005	3.625
March 1, 2002	1.625	January 1, 2006	4.00
April 1, 2002	1.750	March 1, 2006	4.125
October 1, 2002	1.625	April 1, 2006	4.500
January 1, 2003	1.375	May 1, 2006	4.625
February 1, 2003	1.250	July 1, 2006	4.875
April 1, 2003	1.125	September 1, 2006	5.00
August 1, 2003	1.000	October 1, 2006	5.125
September 1, 2003	0.875	November 1, 2006	5.00
October 1, 2003	1.000	January 1, 2007	5.125
December 1, 2003	0.875	February 1, 2007	5.00
January 1, 2004	1.000	April 1, 2007	5.125
February 1, 2004	0.875	June 1, 2007	5.00
May 1, 2004	1.000	July 1, 2007	4.875
August 1, 2004	1.250	August 1, 2007	4.75
September 1, 2004	1.375	*--September 1, 2007	4.875--*



**FLP Rates \* \* \* (Continued)**

**D Current Percentage – Cash Preference**

The following table provides the current percentage for cash offers in purchasing inventory property.

<b>Property Type</b>	<b>Percentage</b>
Real Property	97
Chattel Property	96



**Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's**

Third Character: Purpose

Fourth Character: Detail

**Program Activity**

Code	Contract Purpose	Code	Detail	1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
				(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
A	Inspection	1	Real Estate	S	N	S	N	S	R	S	R	S	N
		2	Chattel	S	N	S	N	S	R	S	R	S	N
		3	Crop	S	N	S	N	S	R	S	R	S	N
		4	Repairs										
		5	Construction										
		6	Supervisory										
B	Appraisals	1	*--Real Estate (Note 11)	S	N	S	N	S	R	S	R	S	N
		2	Chattel (Note 11)	S	N	S	N	S	R	S	R	S	N
		3	Crop (Note 11)--*	S	N	S	N	S	R	S	R	S	N
C	Analysis & Audits	1	Year-end Analysis/Reports/Audits			S	N						
		2	Subordination			S	N						
		3	Graduation			S	N						
		4	Farm Management Specialist	S	N	S	N	S	R	S	R		
		5	Debt Settlement			S	N	S	R	S	R		
		6	Budget Plan	S	N	S	N	S	R	S	R	S	N
		7	Financial Analysis	S	N	S	N	S	R	S	R		
		8	Interest Credit Renewal										
		9	Account Auditing/CPA Studies										
		A	Other Than Above	S	N	S	N	S	R	S	R	S	N

**Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's  
(Continued)**

Third Character: Purpose

Fourth Character: Detail

**Program Activity**

Code	Contract Purpose	Code	Detail	1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
				(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
D	Information Services	1	Tax Report & Record Documentation	S	N	S	N						
		2	Data Processing/Info Gathering	S	N	S	N	S	R	S	R	SDC	N
		3	Comparable and Market Studies	S	N	S	N	S	R	S	R	S	N
		4	Advertising	SDC	N	SDC	N	SDC	R	SDC	R	SDC	R
		5	Cost Estimators										
		6	Cost Certification										
		7	Review of Annual Reports										
		8	Wage Match										
E	Other Services	1	Architect & Engineering										
		2	Surveying			S	N	S	R	S	R	S	N
		3	Investigation			S	N	S	R	S	R	S	N
		4	Bankruptcy			S	N	S	R	S	R		
		5	Foreclosure (Non-Judicial State) (Note 1)			S	N	S	R	S	R		
		6	Title Search			SDC	N/R	SDC	R	SDC	R	SDC	N
		7	Trustee Agency (Foreclosure Actions)			S	R	S	R	S	R		
		8	Auctioneer (Note 7)					SDC	R	SDC	R	SDC	R
		9	Interpreter Services	S	N	S	N	S	N	S	N	S	N
		A	Mediation (No State Program)	SDC	N	SDC	N	SDC	R	SDC	R	SDC	N
		B	Attorney Serv. Foreclosure (Judicial) (Note 1)			S	R	S	R	S	R	S	N
		C	Evictions										
		D	Spec. Writing										
E	Supervisory Visits												

**Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's  
(Continued)**

Third Character: Purpose

Fourth Character: Detail

**Program Activity**

Code	Contract Purpose	Code	Detail	1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
				(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
F	Maintenance/ Management	1	Property Management/Caretaking					SDC	R	SDC	R	SDC	N
		2	Hauling					SDC	R	SDC	R	SDC	N
		3	Temporary Custodial					SDC	R	SDC	R		
		4	Other					S	R	S	R	S	N
G	Repairs/ Improvements	1	Onsite (Note 3)					SDC	R	SDC	R	SDC	R
		2	Offsite					SDC	R	SDC	R	SDC	R
H	Real Estate Broker (Exclusive Listing)	1	Commission					SDC	R	SDC	R	SDC	R
		2	Bonus					S	R	S	R	S	R
I	Real Estate Broker (Open Listing)	1	Commission					SDC	R	SDC	R	SDC	R
		2	Bonus					S	R	S	R	S	R
J	Environmental (Contractual or Noncontractual) (Note 2)	1	NEPA - Environmental Assessments	S	N	S	N					S	N
		2	NEPA - Environmental Impact Statements	A	N	A	N					A	N
		3	Miscellaneous NEPA Studies	S	N	S	N					S	N
		4	Archaeological Surveys	S	N	S	N					S	N
		5	Miscellaneous Historical Preservation Activities	S	N	S	N					S	N
		6	Endangered Species Studies	S	N	S	N					S	N
		7	Wetland Delineations	S	N	S	N					S	N
		8	Preliminary Assessments (Notes 3 & 5)									S	R
		9	Site Inspections and Remedial Investigations/Feasibility Studies (Notes 3 & 5)									S	R

**Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's  
(Continued)**

Third Character: Purpose

Fourth Character: Detail

**Program Activity**

Code	Contract Purpose	Code	Detail	1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
				(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
J	Environmental (Contractual or Noncontractual) (Note 2) (Continued)	A	Remedial Actions (Notes 3 & 5)									S	R
		B	Removal Actions (Notes 3, 5, & 6)					S	R			S	R
		C	Emergency Response Activities (Notes 3, 5, & 6)					S	R			S	R
		D	Underground Storage Tank Removals (Notes 3, 5, & 6)					S	R			S	R
		E	Underground Storage Tank Corrective Actions (Notes 3 & 5)									S	R
		F	Lead Based Paint Testing and Inspections (Note 5)									S	N
		G	Lead Based Paint Abatement Activities (Note 5)									S	R
		H	Transaction Screen Questionnaire (Note 4)	S	N	S	N	S	R	S	R	S	N
		I	Phase I Environmental Site Assessments (Note 4)	S	N	S	N	S	R	S	R	S	N
		J	Phase II Environmental Site Assessments (Note 4)	S	N	S	N	S	R	S	R	S	N
K	Asset Investigation	1	Large Debt Settlement			S	N						
		2	Debt Settlement			S	N						
L-M	Reserved												
N	Noncontractual Payments (Note 2)	1	Real Estate Taxes			SDC	R	SDC	R	SDC	R	SDC	R
		2	Personal Property Taxes			SDC	R	SDC	R	SDC	R	SDC	R
		3	Insurance			SDC	R	SDC	R	SDC	R	SDC	R
		4	Prior and Junior Liens (Note 8)			SDC	N/R	SDC	R	SDC	R	SDC	R
		5	*--Recording, Filing (Notes 8 & 10)--*	SDC	N	SDC	N/R	SDC	R	SDC	R	SDC	N
		6	Mediation (State Certified Program)	SDC	N	SDC	N	SDC	R	SDC	R	SDC	N
		7	Land Acquisition									S	R
		8	Authorized Selling Expenses			SDC	R	SDC	R	SDC	R	SDC	R
		9	Protective Advance (Note 8)			S	N/R	S	R	S	R	S	N

**Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's  
(Continued)**

Third Character: Purpose

Fourth Character: Detail

**Program Activity**

Code	Contract Purpose	Code	Detail	1-Processing		2-Servicing		3-Custodial		4-Acquired		5-Inventory	
				(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
N	Noncontractual Payments (Note 2) (Continued)	A	Utilities					SDC	R	SDC	R	SDC	N
		B	Other										
		C	Selling Points									S	R
		D	Co-Pay/Homestead Appraisals *--(Note 11)--*			S	N						
		E	UCC Recording and Filing (Note 9)	SDC	R	SDC	R						
O-X	Reserved												
Y	Managerial	1	Credit Reports	S	R	S	N						
Z	Other	1	Miscellaneous	A	N/R	A	N/R	A	R	A	R	A	N

**Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - FLP's**  
**(Continued)**

- Notes:**
- 1) Includes cost reimbursement.
  - 2) An employee does not need a Contracting Officer warrant to process noncontractual charges.
  - 3) These activities are applicable for response actions conducted pursuant to the Comprehensive Environmental Response Compensation and Liability Act, Resource Conservation and Recovery Act, and Toxic Substance Control Act or State laws governed by these statutes. All response actions shall be conducted by environmental professionals.
  - 4) These activities refer to due diligence investigations conducted to evaluate real property for the presence of contamination in loan processing/servicing activities.
  - 5) These activities are conducted on inventory properties and refer to pre-remedial and remedial actions conducted pursuant to environmental statutes listed in Note 3.
  - 6) These activities may be conducted on custodial property to protect the Agency's security interest.
  - 7) For auctioneer services District (D) and County (C) program authority is limited to \$15,000 per property for auctioneer services; Administrator (A) and State Executive Director (S) have no limit.
  - 8) Servicing activities should be charged as a recoverable cost, except when a State supplement based on the State law and an opinion from the Regional Attorney provides otherwise.
  - 9) Use for UCC recording and filing in situations when funds have been collected from the applicant or borrower and remitted with Miscellaneous Code 36 or 38 (Ref 3-FI, Exhibit 5), to pay the Secretary of State or third party processors monthly invoices, or to replenish prepaid accounts. (F1NE, F2NE)
  - 10) Use for UCC recording and filing in situations when funds have not been collected from the borrower, to pay the Secretary of State or third party processors monthly invoices, or to replenish prepaid accounts. (F2N5)
  - 11) For appraisals completed in homestead servicing use (F2ND). Co-Pay/Homestead appraisals are not authorized for inventory property. (For inventory property use F5B1.)

Column (a) - Authorities: A = Administrator; S = State Executive Director; D = District Director; C = Farm Loan Manager; Blank = No Authority

Column (b) - Recoverability: N = Nonrecoverable; R = Recoverable; Blank = No Authority



# Farm Business Plan System

with *Web* EQUITY MANAGER®

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A component of *eLoans*

## FSA User Handbook



*USDA... electronically available any place, any time.*



Farm Service Agency

Revised 10-19-06

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# Overview

## Farm Business Planning

FSA is using the Farm Business Plan (FBP) system to perform financial planning, analysis, loan origination and servicing functions, and manage the FLP loan portfolio. This will allow FSA to:

- assist customers in planning their business operations, either on-line or through traditional business methods
- improve the timeliness and quality of service
- thoroughly analyze Credit Actions with an improved, yet consistent process
- use accrual analysis, when appropriate, in analyzing credit decisions and preparing plans
- improve loan documentation and compliance with audits
- empower states to proactively manage their loan portfolio by providing access to a data mart of financial information.

Because the FBP is flexible, there are many ways to deal with different circumstances. This handbook is designed as a starting point to provide overall FSA policy in farm planning and analysis, and discuss policies and business practices FSA has implemented in the usage of FBP. Additional information about actual software usage is available in two forms, the on-line eHelp or the Web Equity Manager (WEM) user guide available from ECI at 1-800-264-0787. The information in both sources of help is the same. Web Equity Manager is the software used to create the FBP.

The term “FBP” is used in two contexts:

- The **collection of documents** that compose the “Farm Business Plan”
- The **system** used to create the document “Farm Business Plan.”

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## Farm Business Plan - FSA User Handbook (Continued)

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### System Access & Security

FSA authorized users can access the system using Microsoft Internet Explorer 6.0+ directly through the internet at [https://wem.sc.egov.usda.gov/fem\\_web\\_webcaaf.asp](https://wem.sc.egov.usda.gov/fem_web_webcaaf.asp) or through the FSA intranet at <http://intranet.fsa.usda.gov/> by:

- Selecting the **Farm Loan Program Systems** link
- Select **Log on**
- Enter your **eAuthentication** credentials
- Select **Farm Business Plan** menu option.

The authentication and authorization of users is made using USDA's eAuthentication application. To use the FBP system, users must have both:

- A valid eAuthentication ID and password; and
- Access authorized by the national FBP systems administrator.

**NOTE:** For problems logging in, see "Getting Help."

### *FSA Employees Obtaining Access to FBP System*

New FSA users should contact the FBP Coordinator with their eAuthentication ID so that they may obtain account authorization from the national office systems administrator. Unless otherwise determined by the FBP Coordinator or FLC, the following employees will be provided with access to the FBP System:

- Farm Loan Managers
- Farm Loan Officers
- Farm Loan Officer Trainees
- Farm Loan Program Technicians
- District Directors
- County Office Reviewers
- Farm Loan Chief and staff
- County Executive Directors with Loan Approval Authority.

Once provided with system access, it is the responsibility of the Supervisor to notify the FBP Coordinator when an employee departs from the Agency so that security access is accurately maintained. If an employee transfers to another location, the FBP Coordinator should notify the national FBP systems administrator so that their location can be changed in the FBP system.

### *Customers Obtaining Access to FBP System*

Customer access to the system is not currently available.

## **Privacy of Information**

All data communications between the client web browser and server, including user IDs, passwords, and all financial information, is protected by industry standard 128-bit secure socket layer (SSL) encryption. For more information on eSignatures, see “Electronic File Maintenance, Reports and Signatures.”

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## Farm Business Plan - FSA User Handbook (Continued)

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### Defaults

Most system defaults are controlled at either the national or state level. The defaults listed below are relevant to field office users.

#### *Creditors*

A default list of commonly used creditors has been established nationally. Users should always use a default creditor from the drop-down list if the creditor appears there.

Service centers can also add frequently used creditors. To add default creditors for a service center:

- Locate the **Defaults** menu option. This option is only available after logging into FBP, but before selecting a customer file
- Select **Defaults → Creditors** from the menu
- Enter in applicable creditor information either at the summary or detail level. Address and phone number entries are optional, although it is preferred as future business processes may utilize this information.

#### *Crop and Livestock NAICS Codes*

Commonly used crop and livestock categories have been established and will appear as defaults on income/expense drop-down lists. At this time, users cannot add additional crop or livestock categories to the commonly used list for a **service center or state**. However, users can add additional crop and livestock defaults for **individual customers**. Additional categories can be added when actual or projected income/expenses are entered on the crop or livestock schedules or when inventories are entered on balance sheet schedules.

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## Farm Business Plan - FSA User Handbook (Continued)

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### Adding a New Customer

New customers must first be entered into the SCIMS database before being added to the FBP system, if they don't already exist in SCIMS. If the customer is an entity, all entity members must also be in SCIMS. Ensure that the customer record is not duplicated in SCIMS.

New customer files can be added after logging into the FBP system from the **Locator** screen, but before another customer's file is selected. Use the **File → Add New Customer** option.

Enter the tax ID number of the customer as it is entered into SCIMS. This tax ID number must match what is entered into SCIMS. For FLP, it will usually be described as either:

- "Social Security Number" for individuals
- "Employer Identification Number" for entities.

The service center location and FSA loan official will default to the information relating to the user adding the new customer. If the location or FSA lender is incorrect, it must be changed by clicking on the corresponding link and selecting the correct location or FSA lender from the pop-up box.

The following models must also be selected from the drop-down menus for a new customer:

- General Information
- Balance Sheet
  - Market Value – Used for most circumstances when the balance sheet is based upon market values.
  - Costs Basis – Used typically for entities who keep records on a cost basis.
  - Personal – Used for collecting personal financial statements from entity members.
- Income/Expense

The remaining General Information fields will be populated from the SCIMS database and will be read-only.

**NOTE:** If the customer profile information is incorrect, i.e. address, phone number, etc., the customer profile record must be updated in SCIMS.

**NOTE:** If the FBP system uses the incorrect SCIMS record due to duplicate records, a different SCIMS record may be associated with the customer by using the "Change SCIMS Customer" link at the bottom of the **General → General Information** page.

## Farm Business Plan - FSA User Handbook (Continued)

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### Importing/Exporting Data

Financial information can be imported from other sources that use WEM, in addition to being exported in a form that other lenders using WEM can use. The data file is created in XML format and is contained within a ZIP file. As a security precaution, the system will ensure that only recognized data files are accepted; all other files will be rejected.

#### *Exporting Files*

To export customer data, the customer's file must be open within FBP:

- With the customer's file open, select **File → Export Selected Data**
- Use the checkboxes to select the financial data to be exported
- The file name may have the following format: **LastName,FirstName.ZIP**
- This file can be imported by FSA or another lender using WEM.

#### *Importing Files*

To import customer data, the customer's file must be open within the FBP system. New customers must first be added to FBP. See "[Adding a New Customer](#)."

- With the customer's file open, select **File → Import Selected Data**
- The "Select Customer File to Import" dialog box appears. Locate the customer data file on the local computer or network using the "Browse" button
- The file name may have the following format: **LastName,FirstName.ZIP**
- Use the checkboxes to select the financial data to be imported.

#### *Exporting Reports*

Reports can also be exported into multiple formats for further analysis and use. They can be exported into the following formats:

- Crystal Reports
- Microsoft Excel (formatted or data only)
- Microsoft Word
- Rich Text Format (RTF)
- Adobe Acrobat (PDF)

Reports cannot be imported into FBP.

See "[Electronic File Maintenance, Reports & Signatures](#)" for more information on how to export reports.

## Transfers and Assumptions, and Deceased/Released of Liability Borrower Records

### *Transfers and Assumptions*

When an existing or new customer (transferee) applies to assume the existing debt of another FSA customer (transferor), the FSA loan official may determine that the transferor's historical financial records may be used to develop a projection. In accordance with the agency's policy, the records may be exported into the transferee's FBP customer record.

Steps for transfers and assumptions:

- The transferee's customer record must already exist in the FBP system. If it does not, see "[Adding a New Customer](#)" to add a new customer record.
- **Export** the selected transferor's records into a ZIP file on your PC. See "[Importing/Exporting Data](#)" for the export process.
- **Import** the created ZIP file from your PC into the transferee's record. See "[Importing/Exporting Data](#)" for the import process.

### *Deceased or Released of Liability Borrowers*

When the primary customer in the FBP system, who is jointly liable with another, becomes deceased or is released of liability, the customer file must be pointed to the other customer's SCIMS data.

Steps for deceased or released of liability borrowers:

- From the locator screen, access the primary customer's record.
- Access the **General → General Information** page.
- At the bottom of the page, under the farm assessment information, click on the "Change SCIMS Customer" link.
- Enter the tax ID number of the customer that should now be associated with the record and select the ID type.

**Farm Business Plan - FSA User Handbook (Continued)**

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## Calculators

Several loan and amortization table calculators are available on-line by using the **Calculators** link in the upper right hand corner of the window.

The results of the calculations, i.e. amortization table, can be printed by RIGHT clicking anywhere within the pop-up calculator window and selecting “Print” from the menu.

## Customer Worksheets & Providing Data to FSA

Customers can provide balance sheet or projected and actual income/expense data to FSA with two types of FBP worksheets:

Type of Worksheet	How to Access	Description
Forms FSA-2037 and FSA-2038	USDA eForms website	These blank worksheets are useful to provide to new customers where existing financial information in FBP is not available, and to place in application packages.
Existing Customer Worksheets	Reports → Customer Worksheets	The existing customer worksheets provide an easy way for customers to supply information needed to complete the FBP. These worksheets allow customers to make manual entries and compare them to what was entered in the previous year.

**NOTE:** Customers may also provide signed balance sheets, actuals, and projections, in alternative formats, provided it contains substantially similar information as the worksheets.

Farm Business Plan - FSA User Handbook (Continued)

**\*--Instructions for Ordering Credit Reports**

It is now possible to request credit reports for Farm Loan Programs (FLP) customers through the Farm Business Plan (FBP) system. Before ordering a credit report, a customer account must be established in FBP with completed General Information. Only the General Information page needs to be completed. The Eligibility Only Credit Action can also be completed if so desired.

When establishing a new customer account to order a credit report and to determine eligibility, only the General Information section and the Eligibility Only Credit Action should be completed. In General Information, click on the *FBP Account Type* link and select *Credit Rpt./Elig. Only Act.* If the applicant is determined eligible and the information from the credit report is satisfactory, the balance sheet and income/expense schedules shall be completed to document feasibility/security. At this point of the process, the *FBP Account Type* should be re-set to *Active Account* by the servicing official. Accounts developed for credit reports and eligibility purposes only do not count toward the agency’s active FBP accounts. Balance sheets and income/expense schedules should not be established unless needed in accordance with Agency regulations.

For existing active borrowers, credit reports will be ordered using the existing borrower account. Be sure the Related Entities’ information is complete. **DO NOT CREATE A NEW ACCOUNT WHEN ORDERING CREDIT REPORTS FOR AN EXISTING BORROWER.**

**FIGURE #1**

Once the credit report has been received, if the applicant is determined ineligible, do not complete a balance sheet or income/expense schedules on the applicant. Complete the Eligibility Only credit action and identify that the applicant is ineligible.--\*

## \*--FBP Account Type Lookup Choices

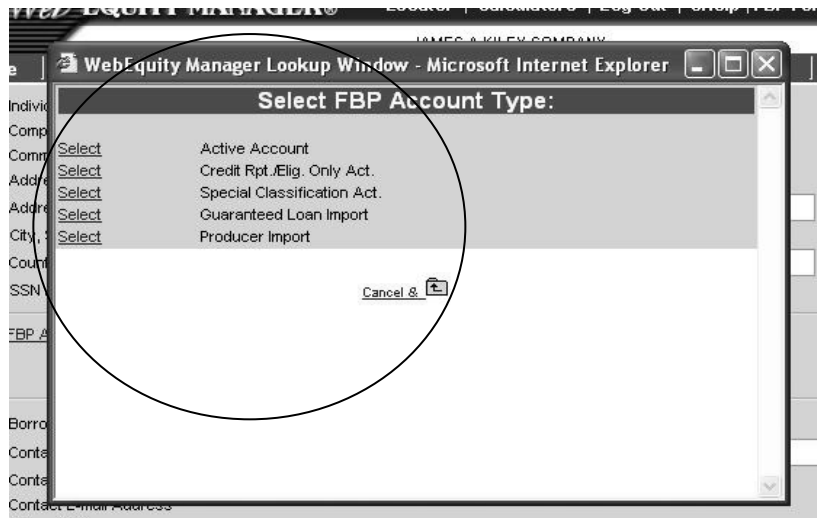


FIGURE #2

- Active Account - Use for Active borrower accounts in FBP
- Credit Rpt./Elig. Only Act. - Use this flag when ordering credit reports and eligibility only
- Special Classification Account – Used to classify flagged accounts and non-active accounts
- Guaranteed Loan Import – Used for accounts that were imported from guaranteed lenders
- Producer Import – Imported files from outside the FBP system

## Accessing Credit Reports Feature

To access the Credit Reports options, select a customer account, and then:

1. Go to **General** → **Credit Reports** → “name of the applicant.” All applicants needing a credit report for an account must be listed as Related Entities on the General Information page. The primary applicant of the account, as well as the related entities, will be listed on the Credit Reports fly out menu options.
2. Highlight the name of the applicant you are requesting the credit report for. Any credit reports that were previously obtained will be listed plus the Add/Delete option.

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Farm Business Plan - FSA User Handbook (Continued)

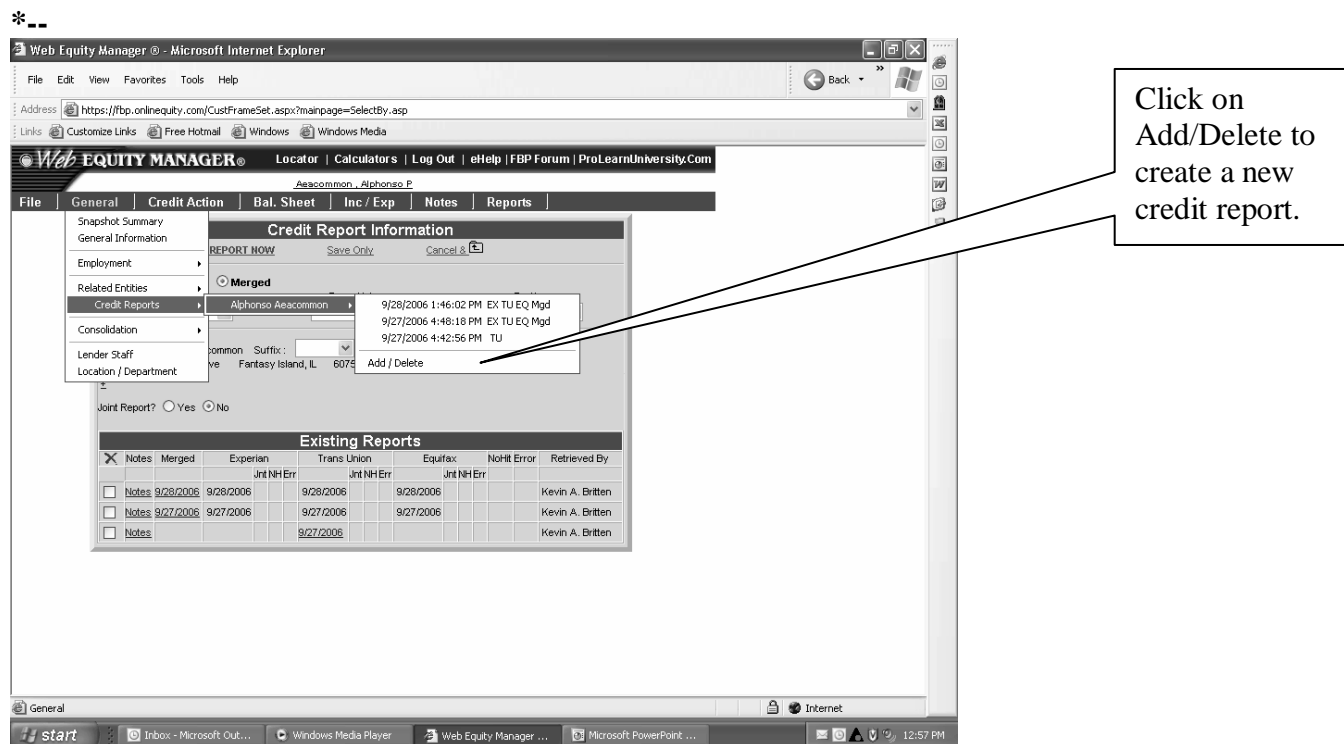


Figure #3

## Ordering Credit Reports For Individuals

To order a credit report for an individual, complete the steps under Accessing Credit Reports Feature. Select the Add/Delete option for the individual for whom you need a credit report. The Credit Report Information window will display with the applicant's name, address, and tax ID from General Information, which originates in SCIMS.

The system will allow users to order either single credit reports or merged reports (from more than one credit reporting company). If *Single* is selected, click on the radio button of the reporting company you want to use to provide the credit report. If *Merged* is selected, click on the drop down boxes and select *Get New Report* from all three companies being used. Normally, a merged report should be ordered to ensure that full and complete information on the applicant's credit is received. There are very few instances when a single bureau report should be ordered.

For individual type accounts, a joint report which includes a spouse can be ordered. To do this, the related entity must be marked as *Spouse* and *Co-Applicant* on the General Information page. Although the FBP allows a related entity to be identified as *Co-Owner*, in order to obtain a joint credit report, the related entity must be marked as *Spouse* and *Co-Applicant*. For a joint report, highlight the primary applicant from the Credit Reports fly out menu and select Add/Delete. On the Credit Report Information window, select the Joint Report "Yes" radio button. The name and tax ID of the Spouse/Co-Applicant will display.

Farm Business Plan - FSA User Handbook (Continued)

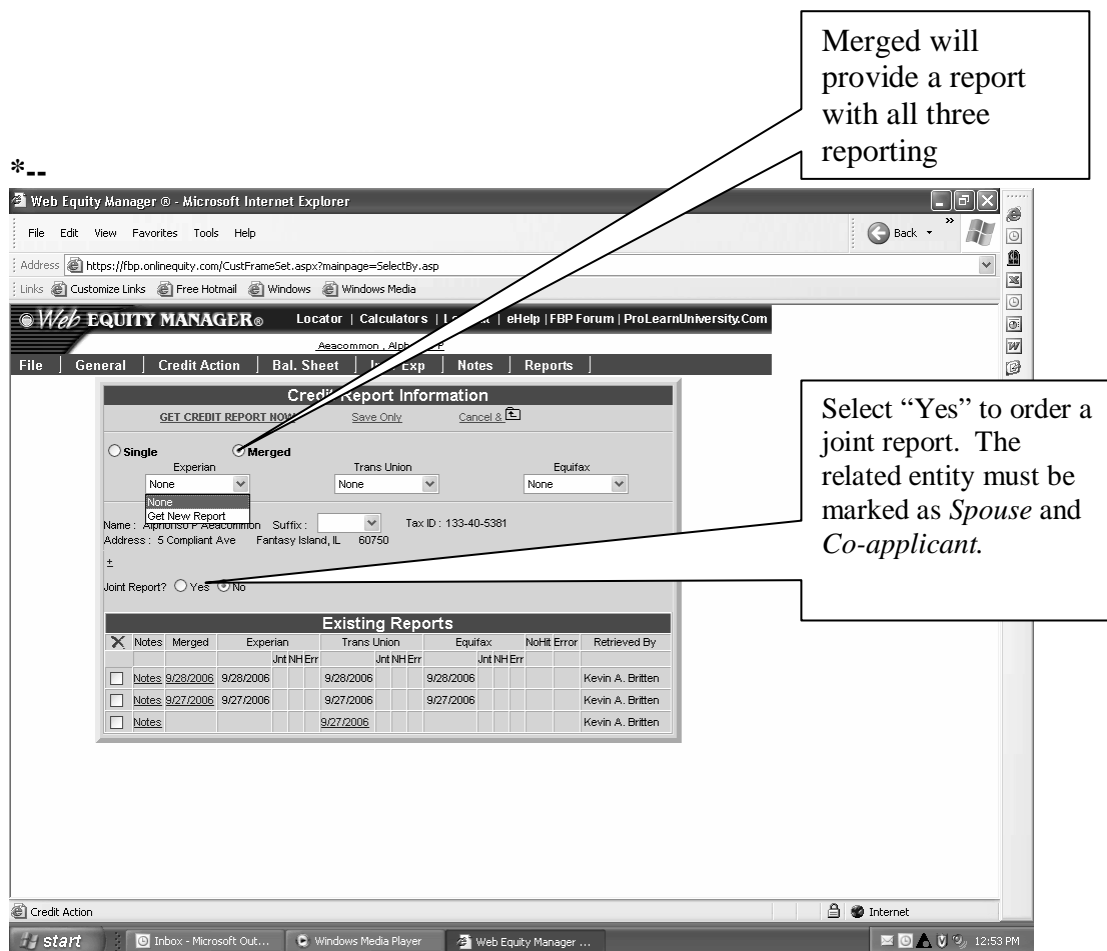


Figure #4

Once all needed options have been selected, click on "GET CREDIT REPORT NOW". After a short interval, the Credit Report Information window will redisplay with a section at the bottom titled Existing Reports. A date link will display under the credit reporting company names indicating there is a credit report that was obtained on that date from that company. If a merged report was requested, the blue date link displays in the Merged column. Click on the date link to see a copy of the report.

## Ordering Credit Reports For Entities - Currently Not Available

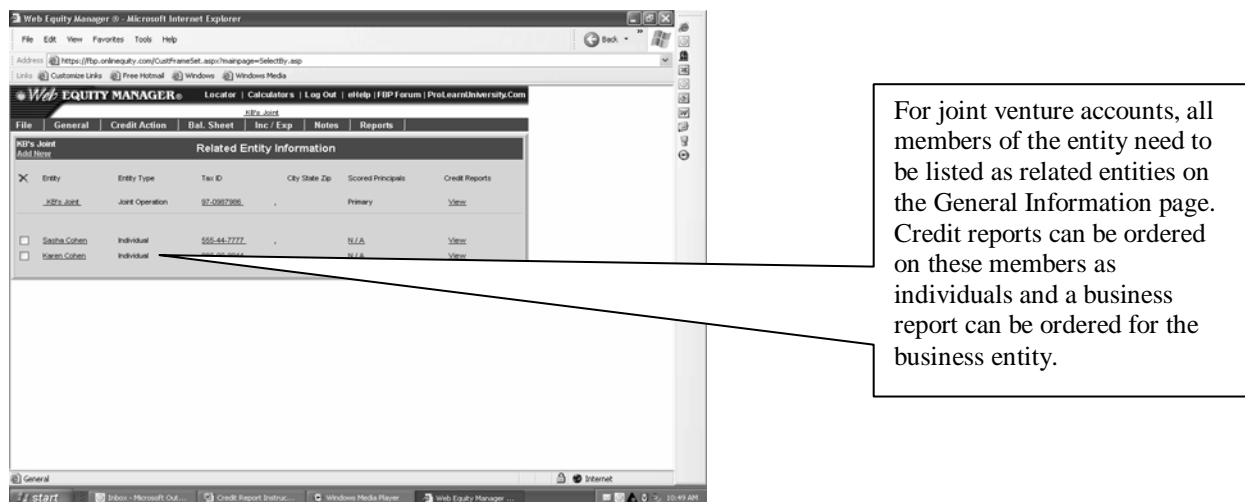
To order a credit report for an entity, complete the steps under Accessing Credit Reports Feature. Highlight the name of the entity applicant and select the Add/Delete option. To obtain credit reports for the members of the entity, each member must be entered as a Related Entity on the General Information page. Enter each Related Entity as an Individual.



**Farm Business Plan - FSA User Handbook (Continued)**

\*--Users have the option to either select Experian Business Reports or Dun and Bradstreet. When accessing the credit report screen for the first time, click on the *Dun & Bradstreet* or *Experian* radio button. If the D-U-N-S Number or Experian File Number is not known for the entity, from the *Product* drop down list, select *List of Similar*s on the Credit Report Information page then click "GET CREDIT REPORT NOW". A blue date link will display in the Credit Report Date column. Click on the link and look for a match to the name and address of the FBP entity customer in the list of possible companies displayed on the screen. When a match is found, note the D-U-N-S Number or Experian File Number associated with this entity. Enter that number in the field provided on the General Information screen and select the *Save* link.

For those accounts classified as a Joint Venture in SCIMS, each member must be entered as an Individual in the Related Entity section of General Information. Credit reports can then be ordered on these members as described in the Ordering Credit Reports for Individuals section. Remember that joint credit reports can be ordered if the Related Entity is marked as both a *Spouse* and *Co-Applicant*.



**Figure # 5**

To complete the process to obtain an entity report, navigate back to the Credit Report Information page. The name and address will populate the screen from General Information. Users will select *Business Information Report* from the Product drop down list and click "GET CREDIT REPORT NOW".

Verify the report is for the correct entity. If the D-U-N-S Number should happen to be entered incorrectly on the General Information page, the resulting report could be for the wrong entity. If the entity is not registered with Dun & Bradstreet or Experian, no report will be generated because there is no available business data to report.

Farm Business Plan - FSA User Handbook (Continued)

\*\_\*

**Credit Report Information**

GET CREDIT REPORT NOW    Save Only    Cancel & [X]

Select Bureau     Experian Business     Dun & Bradstreet    Product:

Name: James A Kiley Company    Tax ID: 111111111    Phone: \_\_\_\_\_  
 Address: 15 Linwood Street    Somerville, MA    02143  
 File Number: 001000553

**Credit Bureaus use a very specific address format. Please enter all applicable data.**

Street, R.R., or P.O. Box #:     Street Direction:     Street Name:   
 Street Type:     Address Type:     Suite #:

**Existing Reports**

<input checked="" type="checkbox"/>	Credit Report Date	Notes	Dun & Bradstreet	NoHit	Error	Retrieved By
<input type="checkbox"/>	12/11/2006 1:04:57 PM	Notes	X			Kevin A. Britten
<input type="checkbox"/>	12/7/2006 10:28:50 AM	Notes	X			ECl Login

For new entity accounts, select the Dun & Bradstreet or Experian radio button and then select "List of Similar's" from the Product drop down list. Click the Get Credit Report Now link. Identify the D-U-N-S or Experian Number and enter and save in General Information. Access the Credit Report option to order the business report.

Figure #6

## To Print A Report

With the report displayed, right click with the mouse and select the Print option.

### Failed Attempt

On rare occasions, an attempt to pull a credit report will not be successful and will generate an error. If an error occurs, the pull process will stop and the screen will display a cryptic error message. When this happens, it is important to navigate back to the Credit Report Information page to investigate the cause of the error.

As shown below in Figure #7, the attempted pull event will display the word "Error" after the pull date. Click on this link to see a more descriptive message.

If the message refers to a problem with address information, it is possible that the credit bureau did not recognize something in the format of the address which was populated here from the General Information screen.

To resolve an address format problem, click on the "±" link above the text "Joint Report," shown in Figure 7. This will display additional input fields on the screen as shown in Figure 8.

**NOTE:** Using the "±" link to display additional fields is only required when requesting consumer bureau reports. The additional fields are always viewable when requesting business bureau reports.

Farm Business Plan - FSA User Handbook (Continued)

\*--

**Credit Report Information**

GET CREDIT REPORT HOW    Save Only    Cancel & [X]

Single     Merged

Experian     Trans Union     Equifax

Name : Alphonso P. Aeacommon    Suffix : [v]    Tax ID : 133-40-5381  
Address : 5 Compliant Ave    Fantasy, Island, IL    60750

Joint Report?     Yes     No

X	Notes	Merged	Experian	Trans Union	Equifax	NoHit	Error	Retrieved By
			Jnt NH Err	Jnt NH Err	Jnt NH Err			
<input type="checkbox"/>	Notes				12/15/2006 Error		X	X Kevin A. Britten
<input type="checkbox"/>	Notes				12/15/2006			Kevin A. Britten
<input type="checkbox"/>	Notes				12/1/2006			Kevin A. Britten

Figure # 7

**Credit Report Information**

GET CREDIT REPORT HOW    Save Only    Cancel & [X]

Single     Merged

Experian     Trans Union     Equifax

Name : Alphonso P. Aeacommon    Suffix : [v]    Tax ID : 133-40-5381  
Address : 5 Compliant Ave    Fantasy, Island, IL    60750

**Credit Bureaus use a very specific address format. Please enter all applicable data.**

House #, R.R., or P.O. Box # : 5    Street Direction : [v]    Street Name : Compliant Ave  
Street Type : [v]    Address Type : Standard    Apt # : [v]

Joint Report?  Yes     No

X	Notes	Merged	Experian	Trans Union	Equifax	NoHit	Error	Retrieved By
			Jnt NH Err	Jnt NH Err	Jnt NH Err			
<input type="checkbox"/>	Notes				12/15/2006 Error		X	X Kevin A. Britten
<input type="checkbox"/>	Notes				12/15/2006			Kevin A. Britten
<input type="checkbox"/>	Notes				12/1/2006			Kevin A. Britten

Figure #8

These additional input fields allow the user to provide the address in a format that is standard to the credit bureau.

**NOTE:** These fields pertain only to the street address, not to the city, State or ZIP Code.

## Farm Business Plan - FSA User Handbook (Continued)

\*--Once you have re-entered the address in the fields above, click the “GET CREDIT REPORT NOW” link to attempt to obtain the report. If this does not resolve the error, or if the original error does not refer to an address issue, pursue resolution through normal FBP help channels.

**NOTE:** The additional information provided in the credit report address fields will be stored on the “Credit Report Information” screen. After the initial credit report is pulled, the address will not repopulate from General Information on any subsequent visits to the Credit Report Information screen.

If the borrower does have a change of address, the new address will need to be entered in the fields above and saved using the “Save Only” link. This pertains only to the street address, not to the name, tax ID, city, State or ZIP Code.

The name, tax ID, city, State and ZIP Code will repopulate each time the Credit Report Information screen is accessed.

## Accessing Existing Reports, Providing Notes and Deleting Reports

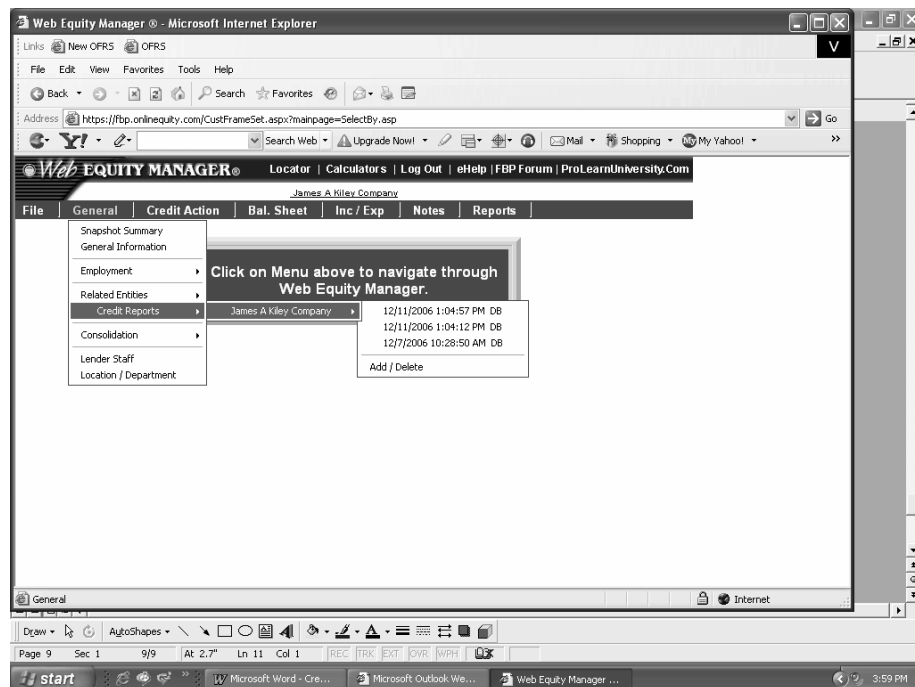


Figure #9

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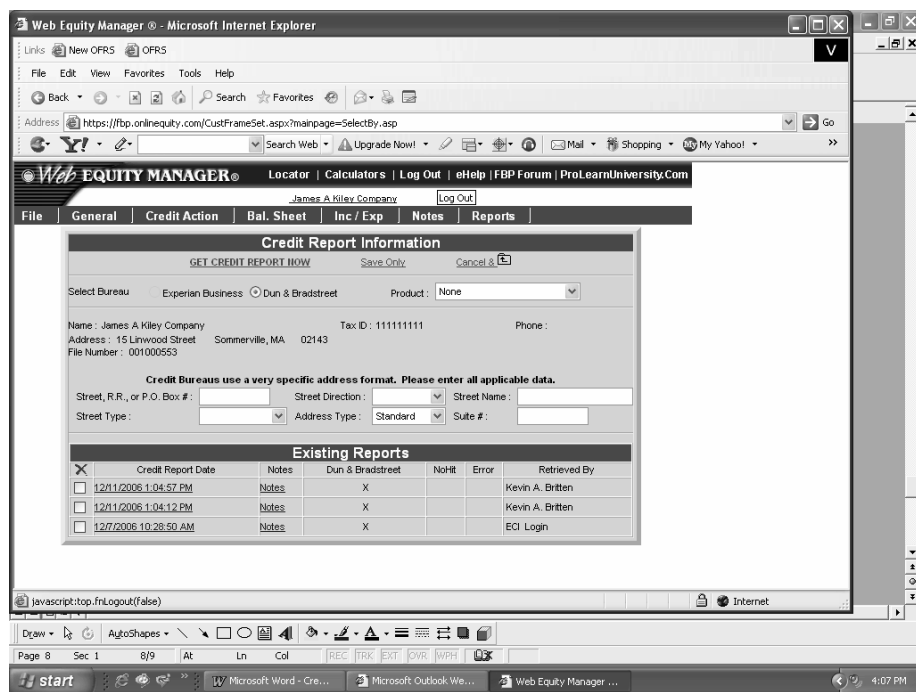
**Farm Business Plan - FSA User Handbook (Continued)**

**\*--Accessing Existing Reports**

Go to **General** → **Credit Reports** → “name of the applicant” → Click on desired date of credit report. Once the report appears on the screen, it can be printed by using the right click on the mouse and selecting Print from the drop down menu.

**Notes and Deleting Reports**

There is a “note pad” attached to each credit report date that will allow users to enter additional notes and messages related to that report. To access the note pad, go to **General** → **Credit Reports** → “name of the applicant” → click on “Add/Delete” from the drop down menu.



**Figure #10**

Once in the Credit Report Information page, click on the Notes button in blue hypertext to access the note pad.

Credit reports can be deleted from this screen, too. To delete a report, click on the “check box” to the left of the date field and then click on the red colored “X” above the check boxes. Multiple reports can be marked for deletion at the same time. On the confirmation pop-up box, click on OK to confirm the deletion of the selected report(s).

**Farm Business Plan - FSA User Handbook (Continued)**

**\*--Reading The Credit Report**

We'll take a look at a credit report starting with the header. In each section, all of the possible fields that could be returned will be included on the report. If the field has no data, it is because none of the bureaus you requested reported the data.

**Header**

<b>PROVIDED FOR</b> <b>Toontown Credit Services</b> 1123 Disney Ave Toontown, CA 90010 210.555.1212	<b>MicroMerge Credit Profile</b> Reported: 04/27/05  SOURCES <input checked="" type="checkbox"/> EQUIFAX <input checked="" type="checkbox"/> EXPERIAN <input checked="" type="checkbox"/> TRANS UNION
---	--

The header data displays the company that requested the report, date the report was created and the list of bureau sources for the report requested.

**Personal Information/Application Data**

APPLICATION DATA					
<b>APPLICANT</b>	NAME	AEACOMMON, ALFONSO	SOCIAL	133-40-5381	DEPENDENTS
	AKA				
	ADDRESS	5 COMPLIANT , TOMORROW IL 60750			LENGTH
	PREV ADDRESS				LENGTH
	EMPLOYER		SINCE		
	POSITION		PHONE		
	VERIFIED BY		INCOME		
<b>CO-APPLICANT</b>	NAME	AEACOMMON, KELLY	SOCIAL	050-60-5998	
	AKA				
	EMPLOYER		SINCE		
	POSITION		PHONE		
	VERIFIED BY		INCOME		

The Application Data section returns all available applicant data from the selected bureaus.

**Public Records**

PUBLIC RECORDS			
COURT	<b>COURT UNKNOWN</b>	AMOUNT	
PLAINTIFF		FILED	12/03
TYPE	Civil judgement	PAID	
REF NO.	98643314	REPORTED BY	Trans Union

This section includes the name of the reporting Court, Plaintiff, Type of record, court Reference Number, Amount associated with the record, date Filed in MM/YY format, if the record has been Paid, and which credit bureau the public record was Reported By.

**Score Models**

The Score Models section is for information purposes only. FSA does not consider credit report scores when evaluating credit reports for creditworthiness determination.

Farm Business Plan - FSA User Handbook (Continued)

\*--Credit

CREDIT									
ECOA	CREDITOR ACCOUNT NUMBER	REPORTED OPENED	HIGH CREDIT	BALANCE PAST DUE	MO PAYM TERMS	MONS RATED	30   60   90+ PAYMENT PATTERN	T Y P E	
OPEN ACCOUNTS									
<input checked="" type="radio"/>	C WACH BKCRD 43272	03/06 03/00	\$3000	\$1886 -	\$10 MIN	19	0x30 0x60 0x90 -1111-1111-1 -111	R1	
AT:Revolving or Option (open-end account). KB:Banks and S and Ls SD:Pays account as agreed OD:Co Maker									
*** TRANS UNION ***									
<input type="radio"/>	C WACH BKCRD 43272	03/06 03/00	\$3000	\$1886 -	\$10 MIN	19	0x30 0x60 0x90 1111X1111X1X 111	R01	
<input checked="" type="radio"/>	C GMAC 5555555555	06/02 06/97	\$68000	CLOSED -	- 360 Mth	20	8x30 1x60 3x90 ----222-2222 21-554311	I3	
02/02 - I2, 01/02 - I2, 12/01 - I2, 10/01 - I2, 09/01 - I2									
*** TRANS UNION ***									
<input type="radio"/>	C GMAC 5555555555	06/02 06/97	\$68000	\$0 -	\$758 360 Mth	20	8x30 1x60 3x90 XXX222X2222 1X554311	I03	

Accounts in the Credit section are sorted by account balance. This section also includes information for Open Accounts, Collections, Other Derogatory, and Closed Accounts. Each section type is comprised of several fields covered in the table below. Optional fields are chosen in the Access Code setup.

Field	Description
<b>ECOA – Account Designator Code</b>	Applicable codes are: A Authorized User B On behalf of another C CoMaker I Individual J Joint M Maker P Participant S Shared T Terminated U Undesignated X Consumer Deceased
<b>Creditor</b>	Name of the trade line reporting
<b>Account Number</b>	Account number as reported by creditor
<b>Reported</b>	Date this trade line last reported to the bureau
<b>Opened</b>	Date this trade line opened

Farm Business Plan - FSA User Handbook (Continued)

\*..

Field	Description
High Credit	Amount of high credit on account
Balance	Balance on account as reported by trade line
Past Due	Amount of payments past due
Mo Paym	Amount of monthly payment for trade line
Terms	Terms of the account
Mons Rated	Number of months this trade line has been rated
30   60   90+	Number of 30 day, 60 day, and 90+ day late for trade line.
Payment Pattern	Consumer payment history for the past 24 months, beginning with Reported Date <ul style="list-style-type: none"> <li>- No Rating</li> <li>1 Current</li> <li>2 30 days late</li> <li>3 60 days late</li> <li>4 90 days late</li> <li>5 120+ days late</li> <li>7 Making payments in Wage Earner Plan</li> <li>8 Repossession/Foreclosure</li> <li>9 Charge Off</li> </ul>
Type	<p><b>Type of Account</b></p> <ul style="list-style-type: none"> <li>R Revolving or Option (open-end account)</li> <li>I Installment (fixed number of payments)</li> <li>O Open Account (30, 60, or 90 day account)</li> </ul> <p><b>Status</b></p> <ul style="list-style-type: none"> <li>- No rating</li> <li>1 Pays account as agreed</li> <li>2 30 days past due</li> <li>3 60 days past due</li> <li>4 90 days past due</li> <li>5 120 days past due</li> <li>6 Wage Earner or similar plan</li> <li>7 Repossession</li> <li>8 Collection/Bad Debt/Charge Off</li> </ul>
Codes	<ul style="list-style-type: none"> <li>OD Show Ownership Description</li> <li>AT Show Account Type Description</li> <li>SD Show Account Status Description</li> <li>TT Show Trade Type Description</li> <li>KB Show Kind of Business Description</li> <li>N1 Show Narrative Description 1</li> <li>N2 Show Narrative Description 2</li> </ul>



Farm Business Plan - FSA User Handbook (Continued)

\*--

Field	Description
Late Dates	Format = MM/YY – Type & Status, multiples are delimited with a comma, options include from None to 5 dates

*Credit Summary*

CREDIT SUMMARY									
	COUNT	W/BAL	BALANCE	PAYMENTS	PASTDUE	30	60	90	LAST LATE
MORTGAGE	0	0	0	0	0	0	0	0	0
INSTALLMENT	2	2	27,860	796	0	0	0	0	0
REVOLVING	7	3	2,594	40	0	0	0	0	0
COLLECTION	1	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>10</b>	<b>5</b>	<b>\$30,454</b>	<b>\$836</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
PAID AS AGREED	9			0					
CURR DELINQUENT	1			1					
TOTAL DELINQUENT	1			0					
INQUIRES	1			0					
PUBLIC RECORDS	1			0					
				0					
				1					
				0					
				0					
				0					
				0					

**64% Available**

This section summarizes all of the tradelines in the Credit section by trade type.

Field	Description
Type of Tradeline	Mortgage Installment Revolving Collection Other
Count	Count of trades by type
W/Bal	Count of trades that have a balance
Balance	Sum of trade balance by type
Payments	Sum of payments by type
Pastdue	Sum of payments that are past due by type
30	Count of trades by type that are currently past due
60	Count of trades by type that are 60 days past due
90	Count of trades by type that are 90 days past due
Last Late	Date the account was last reported late
Paid as agreed	Count of satisfactory trades
Curr Delinquent	Count of trades that are currently past due
Total Delinquent	Count of trades that have ever been delinquent
Inquiries	Number of inquiries
Public Records	Count of public records
Liens	Count of liens
Judgements	Count of judgments
Foreclosures	Count of foreclosures

**Farm Business Plan - FSA User Handbook (Continued)**

\*--

Field	Description
<b>Bankruptcies</b>	Count of bankruptcies
<b>Garnishments</b>	Count of payroll garnishments
<b>Other Public Records</b>	Count of other public records
<b>% Available</b>	Percentage of revolving credit available for all open trades ((High Credit – Balance) ÷ High Credit)

**Employment**

In the case of a joint application, this section will include a section for the Applicant and Co-Applicant.

EMPLOYMENT			
APPLICANT			
COMPANY NAME	BANK	OCCUPATION	
DATE HIRED		SEPARATION DATE	
INCOME			
COMPANY NAME	HAL	OCCUPATION	MGR
DATE HIRED		SEPARATION DATE	
INCOME			
CO-APPLICANT			
COMPANY NAME	QSASF	OCCUPATION	ASFD
DATE HIRED		SEPARATION DATE	
INCOME			
COMPANY NAME	ASDAS	OCCUPATION	ADASDA
DATE HIRED		SEPARATION DATE	
INCOME			

This section includes known current and former employers and status of employment for each.

**Inquiries**

INQUIRIES					
DATE	SUBSCRIBER NAME	TYPE	SUBSCRIBER NO.	AMOUNT	
04/26/05	CENTRIX FINA	Miscellaneous and public record	01000725		

This is a list of the inquiries by the bureaus requested. This list is restricted to only the inquiries in the last 90 days.

**Sources**

SOURCES
EQUIFAX P O BOX 740241 ATLANTA, GA 30374-0241 800-685-1111
EXPERIAN P O BOX 2002 ALLEN, TX 75013-00036 888-397-3742
TRANS UNION 555 W. ADAMS CHICAGO, IL 60661 312-258-1717

The Sources section is a list of the bureaus that are included in the credit report.

**Farm Business Plan - FSA User Handbook (Continued)**

**\*--Messages**

MESSAGES
APPLICANT
*** EQUIFAX ***
SAFESCAN Warning: Social Security number is issued to person who has been reported deceased. INQR Subject's SSN is 133405381 Year Issued: 1965; State: NY OFAC: No match found in OFAC Database.
*** EXPERIAN ***
FACS+ Message: Inquiry Address Message - CKPT: BUSINESS SERVICE ON FACS+ FILE/JOHNS PREMIERE LANDSCAPING/5 EAST AVE/TOMMORROW IL 60750/847.555.1336 FACS+ SOCIAL COUNTER: Social has been used 2 times since 02/01/03 FACS+ SOCIAL ERROR: Indicates that no error conditions occur. FACS+ ADDRESS COUNTER: Address has been used 6 times since 02/01/03 FACS+ ADDRESS ERROR: Indicates that no error conditions occur. FACS+ POSSIBLE YEARS SSN ISSUED: 1994 - 1996 FACS+ Fraud Services Indicator: FACS+ Fraud Services Indicator: FACS+ Message: Onfile Address Message - CKPT: TRADE CONTRACTOR-SPECIAL TRADE ON FACS+ FILE/ROCKY ELECTRIC SERVICE/7 EAST AVE/TOMMORROW IL 60750 FACS+ Message: Onfile Address Message - CKPT: AUTOMOBILE SERVICE ON FACS+ FILE/RJF AUTOMOTIVE SERVICES INC./7 5TH AVE/TOMMORROW IL 60750/847.555.1818
*** TRANS UNION ***
SSN Match: Exact match between SSN on input and SSN on file Phone Append: Default product delivered; Search Status - Area code and phone number not found on new source. Phone number on CRONUS database is returned. HAWK: Requested product delivered HAWK: Input SSN issued:1965-1967; state: NY; (est. Age obtained: 00 to 00) HAWK: File SSN issued:1965-1967; state: NY; (est. Age obtained: 00 to 00) Add-on Product Code - 00P02: Default product delivered Geo Code: Requested product delivered; Search Status - Insufficient Current Address Geo Code: Requested product delivered; Search Status - No Future Address Entered OFAC Advisor: Default product delivered; Search Status - OFAC Advisor Clear.
CO-APPLICANT
*** EQUIFAX ***
SAFESCANNED: Your inquiry has gone through our SAFESCAN data base. Subject Former Name: HYH EHUFRYLFL INQR Subject's SSN is 050605998 Year Issued: 1976; State: NY OFAC: No match found in OFAC Database.
*** TRANS UNION ***
SSN Match: Exact match between SSN on input and SSN on file Phone Append: Default product delivered; Search Status - Area code and phone number not found on new source. Phone number on CRONUS database is returned. HAWK: Requested product delivered HAWK: Input SSN issued:1976-1978; state: NY; (est. Age obtained: 00 to 00) HAWK: File SSN issued:1976-1978; state: NY; (est. Age obtained: 10 to 10) Add-on Product Code - 00P02: Default product delivered Geo Code: Requested product delivered; Search Status - Insufficient Current Address Geo Code: Requested product delivered; Search Status - No Future Address Entered OFAC Advisor: Default product delivered; Search Status - OFAC Advisor Clear.

The message section includes the warning messages from each of the bureaus requested, for both the applicant and the co-applicant when requesting a joint application.

## Payment of Invoices for Credit Reports

The National Office will process all credit report invoices. The National Office will receive monthly invoices showing the State usage and will submit payment to the vendor for credit reports generated through FBP.

## \*--When Mortgage and Commercial Credit Reports Are Not Acceptable

If a County Office has a minor problem with a credit report (e.g., data on the report are incomplete), the County Office should contact the reporting company (Equifax, Experian or TransUnion) directly.

Credit Reporting Agencies can be contacted at the following phone numbers:

Trans Union Customer Service 800-916-8800

Experian Customer Service 800-831-5614, ext. 3

Equifax Customer Service 800-685-5000, ext. 2.

**NOTE:** County Offices will need to obtain a subscriber code from their State Office before contacting the vendor. Subscriber codes are for Agency use **only** and **will not** be given to the applicant/borrower.

If the issue or problem is significant (e.g., contractor is not complying with contract terms), the County Office will contact the State Office for additional assistance.

As appropriate, the State Office will inform DAFLP about any significant problems.

FSA/DAFLP/PDEED  
1280 Maryland Ave. S.W.  
Suite 270  
Washington, DC 20024  
Telephone: 202-720-3647

## When the Applicant Disputes Information on the Credit Report

If the applicant/borrower disagrees with or disputes information reflected on the credit report they will be referred to the company or companies issuing the credit report at the following phone numbers:

Trans Union 312-258-1717 to obtain a copy of their credit report or customer service at 800-916-8800

Experian 888-397-3742 to obtain a copy of their credit report or customer service at 800-831-5614 ext. 3.

Equifax 800-685-1111 to obtain a copy of their credit report or customer service at 800-685-5000, ext. 2.

**Farm Business Plan - FSA User Handbook (Continued)**

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\*--**NOTE:** Agency officials **will not** intervene on behalf of the applicant/borrower in matters concerning disputed information, balances, credit scores or ratings.

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## Electronic File Maintenance, Reports & Signatures

### Customer File

All electronic information stored within the FBP system is considered part of the customer file and record as if it were in written form.

### Running Record & Footnotes

The running case record and electronic footnotes maintained in the FBP system are designed to be reviewed online by Agency personnel during the course of normal business operations.

The **Notes → Running Record** feature of the system may be used to record entries that would have traditionally been written in the file, i.e. farm visit notes and comments on interactions with customers except for:

- The narratives and comments related to the following actions, which must be documented in the applicable FBP credit presentation:
  - Direct loan making
  - Classification/LR Review/YEA
  - Special loan servicing
  - Regular loan servicing
  - Eligibility only
  - \*--Youth loans.--\*

**NOTE:** The Credit Presentation is designed to encompass the entire loan narrative and analysis documentation of loan making or servicing actions. Therefore, it is not expected that the **Notes → Running Record** will be used to store narrative comments relating to a loan making or servicing action when a Credit Presentation is prepared.

- Comments and entries which are exempt from disclosure pursuant to FOIA.

See “Balance Sheet – Footnotes” and “Income/Expenses – Footnotes” for information about footnotes.

**Farm Business Plan - FSA User Handbook (Continued)**

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***FOIA Running Record***

For accounts where comments and entries are required that are exempt from disclosure pursuant to FOIA, a separate running record WordPad will be created using the **Notes → Add/Modify/Delete** menu. The description of the new WordPad should be similar to “FOIA Running Record.” All comments and entries that are exempt from disclosure pursuant to FOIA shall be made in this notes section instead of the standard electronic running record.

***Printing Running Records***

Running case records and electronic footnotes will be printed and placed in the County Office file under the following circumstances:

- preparation for NAD appeals
- preparation for civil and criminal inquiries, investigations, audits, and litigations in conjunction with OIG, OGC, OCR, GAO, and the Consent Decree Action Team.

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## Reports & Forms – Signature and Filing Requirements

### *General – Generating Reports*

Reports are generated using a Crystal Reports ActiveX component. When selecting a report from the **Reports** menu, a new browser window will open to display the report. The report can be printed using the printer icon.

Reports can also be exported into various other file format types for further analysis and use. While the report is open, click on the envelope icon button and select the export format.

Reports can be exported into the following programs or formats:

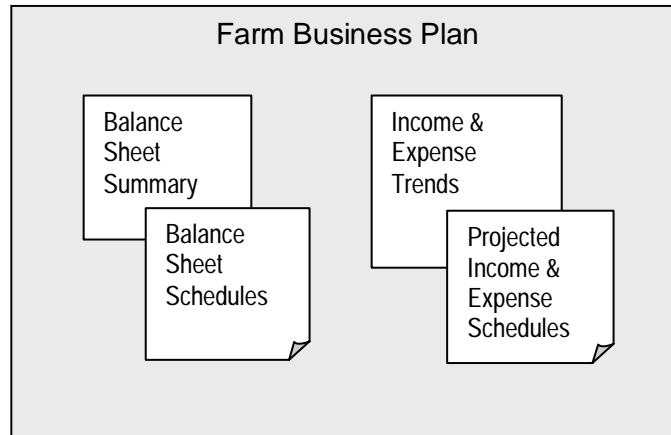
- Crystal Reports
- Microsoft Excel (formatted or data only)
- Microsoft Word
- Rich Text Format (RTF)
- Adobe Acrobat (PDF)

Color charts can also be generated using the “Chart” links on the Reports selection page next to the other report options.

**Farm Business Plan - FSA User Handbook (Continued)**

***The Farm Business Plan Document***

At a minimum, the Farm Business Plan (FBP) document consists of the balance sheet and support schedules, if any, and income & expense trends and projection schedules, if any.



***Reports and Signature Requirements***

The following table details which reports or forms must be signed, locked, and printed:

Report or Form Name	Customer Signature* Required	FSA Signature* Required	Must be Locked After eSignature*	Report Must be Printed**
Farm Business Plan				
• Balance Sheet Summary	Yes	No	N/A	Yes
• Balance Sheet Schedules	No	No	N/A	Yes
• Income & Expense Trends	Yes	No	N/A	Yes
• Projected Income & Expense Schedules	No	No	N/A	Yes

*Continued on the next page*

**Farm Business Plan - FSA User Handbook (Continued)**

*Continuation*

Report or Form Name	Customer Signature Required*	FSA Signature Required*	Must be Locked After eSignature*	Report Must be Printed**
Farm Assessment	Farm assessments will be signed and dated by the customer to acknowledge participation in the completion of the document.	Yes	Yes	Yes, if completed or updated
All Credit Presentations (Direct loan making, Classification/LR Review/ YEA, Special loan servicing, Regular loan servicing, *--Eligibility only, and Youth loans)--*	No	Yes, eSigned	Yes	Optional
DALR\$ Input Report	No	Yes, eSigned	Yes	Optional
Environmental Checklist (FmHA 1940-22)	No	Yes, eSigned	Yes	Optional
Security Agreement	Yes	No	No	Yes
Chattel Appraisal	No	Yes or notation made in the Credit Presentation. See <u>"Credit Actions."</u>	N/A	Optional
Analysis Reports & Charts	No	No	N/A	Optional
Running Record and Electronic Footnotes	No	No	N/A	Optional; See <u>"Running Record &amp; Footnotes"</u>

\*The term "Signature" includes "eSignature," if available.

\*\*When the printing of certain credit actions and reports is **optional**, the electronic versions stored in the FBP system are considered to be the equivalent of a paper version for all purposes, including source documents for ADPS transactions and other purposes.

**NOTE:** Customers may also provide signed balance sheets, actuals, and projections, in alternative formats, provided it contains substantially similar information as the FBP components.

**Farm Business Plan - FSA User Handbook (Continued)**

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***Reports Setup***

**Reports → Reports Setup** contains many options to control the appearance of reports and what records are included in generated analysis. Options selected affect each customer only. Up to 6 balance sheets and 6 projections/actuals can be included in reports. Options selected in **Reports → Reports Setup** affect what balance sheets and projections/actuals are available to be used in credit actions.

**CAUTION:** The options in the **Reports → Reports Setup** block titled “Analysis Based On” should not be changed. FSA has established these defaults on the national level and has established that “Value of Farm Production” and “Ag Only” will be used in all ratios and for classifications.

Reports should be set-up from **left to right** with the **most current to least current** information, respectively. At a minimum, the following will be included in reports:

- Income/Expenses
  - After deferral plan for primary loan servicing actions, if completed
  - Current-year Projected Plan, if completed
  - Typical-year Projected Plan, if completed
  - Most recent years of actual history.

**NOTE:** The FSA loan official will select which years are most relevant to include in the average from the **Reports → Reports Setup** menu by checking the checkbox above that year.

- Balance Sheets
  - Post-close balance sheet, if completed
  - Most recent years of balance sheets.

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**Farm Business Plan – FSA User Handbook (Continued)**

\*--

**Reports Setup**

All users will setup the Reports Setup Menu for customer's accounts using this format from this point in time forward. County Offices are expected to setup all of their customer's accounts using this format as soon as possible.

- Income/Expenses
  - The first column (Column 1) in the Reports Setup Menu will be the most current available year's income/expense projection. Enter the income/expenses for preceding year's, in descending order, in Columns 2-6.
  
- Balance Sheets
  - The first column (Column1) in the Reports Setup Menu will be the most current available year's balance sheet or the post-close balance sheet if completed. Enter the balance sheets for the preceding years, in descending order in Columns 2-6.

**Note:** If multiple balance sheets and income/expense projections are needed for a loan decision, they will be printed and placed in the county office file. For example, if in year 2006, 1951-S is occurring, the Reports Setup Menu would look as follows:

Web EQUITY MANAGER						
Locator   Calculators   Log Out   eHelp   FBP Forum						
File   General   Credit Action   Bal. Sheet   Inc / Exp   Notes   Reports						
~Walzak [redacted], Michael						
<b>Reports Setup</b>						
	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Balance Sheets	<a href="#">1/1/2006</a>	<a href="#">1/1/2005</a>	<a href="#">1/1/2004</a>	<a href="#">1/1/2003</a>	<a href="#">1/1/2002</a>	<a href="#">1/1/2001</a>
Description	2006 - Post Close	2005	2004	2003	2002	2001
Value						
Included in Average	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<a href="#">1/1/2006</a>	<a href="#">1/1/2005</a>	<a href="#">1/1/2004</a>	<a href="#">1/1/2003</a>	<a href="#">1/1/2002</a>	<a href="#">1/1/2001</a>
Income/Expense	To	To	To	To	To	To
	<a href="#">12/31/2006</a>	<a href="#">12/31/2005</a>	<a href="#">12/31/2004</a>	<a href="#">12/31/2003</a>	<a href="#">12/31/2002</a>	<a href="#">12/31/2001</a>
Description	2006 - Post Dalr\$	2005	2004	2003	2002	2001

The current balance sheet, typical year balance sheet, pre-DALR\$ income/expense projection and typical year projection would all be printed and placed in the county office file as needed.--\*

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## eSignature Policy

The FBP system uses electronic signatures (“eSignatures”) for some documents that comply with the federal ESIGN act. An eSignature involves electronically authenticating the user, and using an unalterable signature that contains a date and time stamp.

**FSA considers a locked eSignature within FBP to be the equivalent of a written signature.**

**IMPORTANT: NEVER SHARE YOUR eAUTHENTICATION PASSWORD WITH ANYONE.** The eAuthentication user ID and password combination represents an eSignature, which is equivalent to a written signature. Sharing your password has the same effect as authorizing someone else to sign your name. Users are responsible for maintaining the authenticity of their own credentials.

See “[Overview](#)” for more information on system access and security.

## Maintaining FBP Customer Records

### *\*--Moving FBP Customer Accounts to the Recycle Bin*

When a customer record no longer needs to be maintained, i.e. they no longer have a credit relationship with FSA, have paid off all loans, etc., the customer’s file should be deleted from the **Locator** screen. Deleting from the **Locator** screen provides the option of either archiving the customer account or moving it to the recycle bin. Users shall move customer files no longer needed to the recycle bin according to the following:

- On the **General Information** screen for the borrower:
  - Delete the borrower’s case number from the “Case #” field
  - Enter one of the following in the “Case #” field, as appropriate:
    - Paid in full, XX/XX/XXXX
    - Withdrawn, XX/XX/XXXX
    - Rejected, XX/XX/XXXX
- On the **Locator** screen:
  - Select the account to be moved to the recycle bin by clicking on the box located in front of their name  
Note: Individual or multiple accounts may be moved at one time.
  - Click on the red “X” located above the list of names
  - Verify the radio button for “Recycle Bin” is selected
  - Click on “Send--\*"

**Farm Business Plan - FSA User Handbook (Continued)**

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***\*--Archiving FBP Customer Accounts***

Once a paid in full account, or withdrawn or rejected application, is over one year old, the account shall be archived. Only the FBP Coordinator and FLP Chief have the ability to access the recycle bin and archived accounts. States shall develop their own schedule to review the recycle on at least a quarterly basis.

***Moving or Deleting FBP Customer Accounts from Archive or the Recycle Bin***

FBP State Coordinators and FLP Chiefs can select the Archive or Recycle Bin options from the file drop down box on the **Locator** screen. Querying for accounts on the Archive or Recycle Bin screens works the same as on the **Locator** screen. A search can be performed using the individual name, tax id or case number, or for multiple accounts, the first letter of the last name.

From the **Recycle Bin** screen, FBP State Coordinators can:

- move an account to:
  - **archive**
  - the **Locator** screen (back into production)
- permanently delete the account from the system.

From the **Archive** screen, FBP State Coordinators and FLP chiefs can:

- move an account to the:
  - **Recycle Bin**
  - **Locator** screen (back into production)
- permanently delete the account from the system.

Note: States must obtain National Office approval prior to permanently deleting any accounts from the system.--\*



**Farm Business Plan - FSA User Handbook (Continued)**

## General Information

General Information includes basic information about the customer, borrower training, employment, associated person(s) or entities, and Farm Assessment details.

Some of this information is populated from SCIMS. Examples of data populated from SCIMS:

- Entity type
- Name, Address, City, State, Zip+4
- Tax ID
- Email, Phone Number, Fax, Date of Birth.

Data that is populated from SCIMS cannot be changed within FBP. Each time a customer record is selected, the relevant SCIMS data is transferred to General Information. Any changes to this data must be made in SCIMS, not in FBP.

Enter the following in General Information:

Field	Notes
Case #	Enter the PLAS case number. Enter it without hyphens, i.e. 580220309876543.
Type of Operation – Primary	The initial time a new or existing customer record is accessed, the “Type of Operation – Primary” must be designated. Select the customer’s predominant enterprise by: <ul style="list-style-type: none"> <li>• Clicking on “Select” link and selecting it from the list in the pop-up box; or</li> <li>• Enter the NAICS code manually, which can be obtained from either the <b>Inc/Exp → Income Sch. → Crop Sales</b> schedule or <b>Inc/Exp → Income Sch. → Livestock Sales</b> and then clicking on the “Description” link.</li> </ul>
County	Enter the customer’s county of residence.
Borrower Type	Use the radio buttons to select “Direct,” “Guaranteed,” or “Both” to designate the customer’s FLP involvement.
Year Started Farming	Use the drop-down list to indicate the year the customer started farming.

## Borrower Training

When a new Credit Presentation is prepared for existing customers, the dates when borrower training was required, completed, and/or waived should be entered and/or updated. For new customers, enter the applicable dates when known.

**CAUTION:** Borrower training dates should always be entered into General Information. The Credit Presentation is updated from General Information; changing the dates in other parts of FBP will not change the information in General Information.

At this time, these dates are informational only.

## Employment Information

In addition to basic customer information, the outside employment of each customer and a related person and/or entity can be entered. This information should be entered when a Credit Presentation is prepared. It will also be used in future loan origination and servicing functions.

## Related Entities

Related entities include spouses, co-applicants, co-owners of the business, co-signors, and other entities that the customer is a member or owner of. All related entities should be associated with each customer record.

If the customer is an entity itself, it is important that the members of the entity be shown in this section. The person(s) or related entities placed in this section must be in SCIMS before they can be entered as a related entity. Associating related entities will allow the consolidation of financial data of the members and the entity.

## Lender Information

### *Lender Staff*

Each customer should have one or more FSA loan official(s) designated as the customer's lender. This item is informational and will assist in preparing reports and future loan servicing functions. It will usually be the primary FSA loan official who services the account, i.e. FLM, FLO, or both. There is no limit to number of lenders identified with each account.

- **New Customers.** The user adding a new customer will automatically appear as the lender staff. It can be changed by selecting the FSA lender's name on the **General → General Information** page by selecting the "Lender Staff" link.
- **Existing Customers.** Customers with data converted from FHP to FBP will not have a FSA loan official designated as a customer's lender. Therefore, the first time a converted customer is accessed, the FSA lender should be designated on the **General → General Information** page by selecting the "Lender Staff" link.

**Farm Business Plan - FSA User Handbook (Continued)**

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***Location/Department***

The “Location/Department” on the **General → General Information** page is the service center where the customer currently receives FLP services.

- The customer’s service center can be changed by selecting the new service center from the pop-up list. The lender location should only be changed when the account is transferred to another location or is an employee relationship/restricted account.
- The service center location is not required to be selected when a new customer is added as it will default to the location of the user adding the customer. The service center can be changed by selecting a new service center from the pop-up list.
- The “restricted loans” location, visible only to administrative users, is reserved for employee relationship and sensitive accounts. Once an account has its location designated as “restricted loans,” only the FLC, FBP Coordinator, and those employees specifically designated by the FBP Coordinator as the customer’s “lender staff” can access the account, provided they do not have an employee relationship with the customer.

***Special Handling of Employee Relationship Accounts***

Any existing or prospective customer that has been or will be designated with an Employee Relationship Code (ERLC) in ADPS, as defined by §1900.155 of Instruction 1900-D and 3-PM, para. 141(E), will have their location/department designated as “restricted loans.”

**Existing customers**

The FBP Coordinator will place all existing customer accounts with an ERLC into the restricted loans area. In addition, the lender staff designated by the SED or DD to service this account will be associated by the FBP Coordinator as the customers’ “lender staff.”

**New customers and applicants**

The FBP Coordinator will create a new customer record for accounts that have an employee relationship. The service center designated to process the application must immediately notify the FBP Coordinator upon application and provide the applicant’s tax ID number. Unless otherwise determined by the FBP Coordinator or FLC, the FBP Coordinator will:

- Create the customer account
- Designate the customer’s location/department as “restricted loans”
- Add the necessary FLP employees to the customer’s lender staff using the “lender staff” link
- Notify the designated service center when the account is created and restricted.

## Farm Assessment Information

Initial Farm Assessments and updates must always be entered in **General → General Information**. Use the WordPad below each topic of the assessment to enter the information and make changes.

Farm assessments do not document loan feasibility. The farm assessment is intended to summarize and describe the operational business, resources, and assets of the business, and not to duplicate those areas addressed in the Credit Presentation. For example, the historical and projected cash flow components of the farm assessment will likely not be updated when a credit action is completed because that information will be contained in the Credit Presentation.

### *Existing Customers*

If the existing assessment is available in an electronic format, i.e. Microsoft Word (MS Word), the text can be cut and pasted from that document into General Information.

**NOTE:** To copy and paste from MS Word, strip away the special formatting that MS Word applies to many documents so that the text appears correctly. To do that:

1. Highlight desired text in MS Word. Select **Edit → Copy** to copy the text to the clipboard.
2. Open notepad by **Start → All Programs → Accessories → Notepad**.
3. In Notepad, select **Edit → Paste**. Reselect the text in Notepad and select **Edit → Copy**.
4. In the appropriate WordPad block of General Information, click on the paste icon (clipboard).

Additional changes can then be made in the corresponding WordPad block of General Information. Many of the historical financials and projected cash flow components of the Farm Assessment do not need to be updated in the assessment, because they are addressed in the Credit Presentation when a Credit Action is made. Farm assessments, if completed or updated, will be signed and dated by the customer to acknowledge participation in the completion of the document.

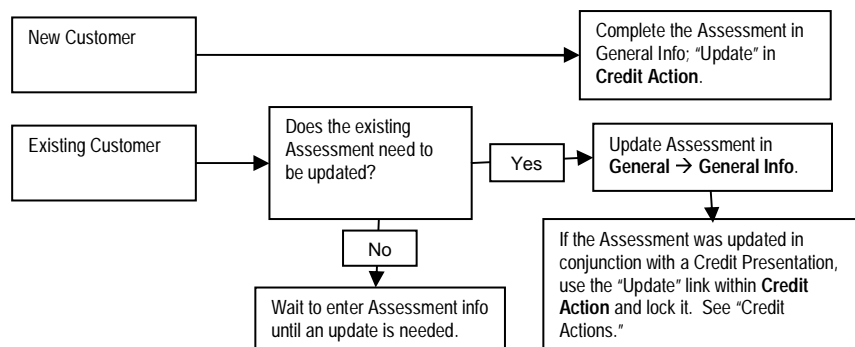
**Farm Business Plan - FSA User Handbook (Continued)**

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***New Customers***

Enter the Farm Assessment information in the appropriate WordPad areas of General Information. Many of the historical financials and projected cash flow components of the Farm Assessment don't need to be duplicated in the assessment as they are addressed in the Credit Presentation when a Credit Action is made. Farm assessments, if completed or updated, will be signed and dated by the customer to acknowledge participation in the completion of the document.

See "Credit Actions" for information on printing, locking, and associating a Farm Assessment update with a Credit Presentation. Example of Farm Assessment workflow:



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## Balance Sheet

Balance sheets can be created either for a current date, future date, or for previous dates in order to reconstruct a customer's historical financial position. In most cases, obtaining balance sheets as of the end of each business year is preferable, if possible.

### *Balance Sheet Descriptions*

A meaningful description should be used when a balance sheet is created, especially for years in which multiple balance sheets, post-close or pro-forma balance sheets are created. For example, "FYE 12/31/04" is a useful description.

### *Current & Forward Looking Balance Sheets*

Type of Balance Sheet	Additional Details
Current	A balance sheet prepared as of the current date. It is generally a snap-shot of the customer's assets and debts as of a certain date, assuming no credit action will take place.
Post-Close	<p>A balance sheet prepared assuming that the planned loan making or servicing action has just taken place.</p> <p><b>NOTE:</b> The credit action does <u>not</u> have to be closed before a post-close balance sheet is created to classify the account.</p> <p>A post-close balance sheet must be completed for the following Credit Actions:</p> <ul style="list-style-type: none"> <li>• D-Loan Making (for term loans only)</li> <li>• D-Loan Regular Servicing</li> <li>• D-Loan Special Servicing.</li> </ul>
Pro-Forma	A balance sheet prepared assuming that the projected income and expenses have occurred during the plan period. A pro-forma balance sheet can be prepared to analyze what a customer's financial position would be in the future, i.e. after a 1 year period.

### *Number of Balance Sheets*

There is no limit to the number of balance sheets that can be created or maintained. However, old balance sheets that lack any expected usefulness may be deleted from FBP. See "[Electronic File Maintenance, Reports and Signatures](#)" section for more information on file maintenance.

### *Footnotes*

Footnotes are narrative comments to balance sheets that can be added in the WordPad block of the balance sheet summary below the "Personal" categories. Footnotes can include assumptions in the balance sheet, any contingent liabilities, or capture other information not noted elsewhere. The footnotes can appear on the printed balance sheet report if that option is selected in **Reports → Reports Setup**.

**Farm Business Plan - FSA User Handbook (Continued)**

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*When Customer and FSA Balance Sheet Values/Amounts Differ*

- Balance sheets are sometimes submitted with values that FSA may disagree with. This situation can be handled in several different ways in the FBP:
- 

Method	Additional Details
Revised Balance Sheet	Revise the balance sheet the customer submitted and use the value that FSA determines when entering the data into the FBP.
Dual Value Balance Sheet	Enter one balance sheet into the FBP using the secondary column. This option will allow dual values to be entered on one balance sheet; the borrower's value, and an adjusted value. The value and adjusted values can be entered as summary input or on each schedule for each item.

**IMPORTANT:** When using the secondary column with adjusted values, ensure that the “Adjusted Values” option is **always** selected as the “Primary” column in **Reports → Reports Setup**. This will ensure that the correct values are transferred to the Credit Presentation, collateral analysis, and chattel appraisal.

**NOTE:** In the future, when customers have on-line access to FBP, using the “dual value” method may be preferable.

Whatever method is selected, care must be taken to ensure the balance sheet with FSA’s accepted values is selected to flow into the collateral analysis and Credit Presentation for loan making and servicing decisions.

See “**Collateral Analysis/Chattel Appraisals**” for more information on completing a chattel appraisal.

## Assets

The asset accounts used on the balance sheet are standardized and are similar to the categories that most lenders use. However, for each asset grouping there is always the option of adding “other” assets at the summary or schedule level.

Asset values can be entered on the balance sheet as a summary dollar value for each asset type, or on detailed schedules where the calculated total transfers to the balance sheet. Frequently, a mix of summary and scheduled input is appropriate.

**NOTE:** Breeding livestock must be categorized as either “raised” or “purchased.” For existing customers, AS/400 FHP data will be converted as raised breeding livestock. However, future balance sheets should separate livestock by category, if possible. FBP makes this distinction for accrual analysis; changes in raised breeding livestock will affect accrual-adjusted income, while purchased livestock will not.

### *Relationship of Asset Values for Chattel Appraisals/Collateral Analysis*

The asset values entered into the balance sheet also populate the chattel appraisal and collateral analysis. See “When Customer and FSA Balance Sheet Values/Amounts Differ” for information about how to enter dual values.



**Farm Business Plan - FSA User Handbook (Continued)**

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## Debts

All debts are categorized as either Farm or Personal.

### *Debt Arising From Unpaid and/or Accrued Expenses*

Unpaid or accrued farm expenses are expenses incurred by the farm business, but have not yet been paid. These expenses will be entered on the balance sheet as accounts payable; however, they should not be transferred to the projected loan schedules.

**CAUTION:** Do not include any unpaid or accrued expenses in the loan schedules, as that will distort the capacity analysis and feasibility determination.

### *Loans and Notes*

Farm related loans and notes should be input into the “Loan Schedule” so that the proper accounting and calculation of interest, principal reduction, and capacity and feasibility analysis can occur.

### *Personal Debts*

Personal debts should always be entered in the personal section of the balance sheet, however, payments are considered to be included in Owner Withdrawals.

**CAUTION:** Do not include personal debt payments in the Loan Schedules, as that will distort the capacity analysis and feasibility determination.

**CAUTION:** Do not include FSA debt under the personal debts section.

See “Income/Expense - Projected” for more information on how debt repayment is handled in the FBP and if certain debt payments should be designated to appear in the projection.

### *Additional Information about Debts*

Type of Debt	Includes	Additional Details
<i>Farm Business or Ag Debts</i>		
Accounts Payable	Unpaid expenses, payables, bills, accrued leases, etc.	<ul style="list-style-type: none"> <li>Use summary input or scheduled input, depending upon the number of debts in each category or if more detail is needed.</li> <li>Do <u>not</u> include loans or notes in any of these categories.</li> </ul>
Income Taxes Payable	Accrued or owing federal and state income tax, FICA tax, employment taxes, etc.	
Real Estate Taxes Payable	Accrued or billed real estate taxes	
Other Current Liabilities	Judgments, liens, etc.	

*Continued on the next page*

**Farm Business Plan - FSA User Handbook (Continued)**

Continuation

Type of Debt	Includes	Additional Details
FSA Direct Loans	Principal and accrued interest, including the principal portion of Disaster Set-Aside (also called Installment Set-Aside or "ISA")	<ul style="list-style-type: none"> <li>• Should use the "Loan Schedule" <b>detail</b> input option, if necessary.</li> <li>• Add any principal ISA to the principal balance of the loan. Enter the resulting total as the principal balance for that loan.</li> <li>• Interest rate drop-down box:               <ul style="list-style-type: none"> <li>• Limited Resource loans should be designated as "Variable"</li> <li>• Regular Rate and all other loans should be designated as "Fixed."</li> </ul> </li> </ul> <p>Enter either LR or REG or similar identifier in the text box to the right of the interest rate drop-down box.</p> <ul style="list-style-type: none"> <li>• Select the "Pmt. Method"</li> <li>• "Purpose of Loan" may be completed including relevant information, i.e. purchase tractor, refinance, chattel loan, reamortized, rescheduled, deferred, etc.</li> <li>• The "To Credit Relationship" check-box is checked by default for FSA loans.</li> <li>• Enter as much other additional information as necessary.</li> <li>• For past due loan payments, see "<a href="#">All Loans</a>" in this table.</li> </ul>
	Recoverable Cost Items (RCI) not already rolled into FSA loan balances	<ul style="list-style-type: none"> <li>• Should use the "Loan Schedule" <b>detail</b> input option, if necessary.</li> <li>• The "Loan Type" should be "Cur."</li> <li>• Interest rate drop-down box:               <ul style="list-style-type: none"> <li>• Limited Resource loans should be designated as "Variable"</li> <li>• Regular Rate and all other loans should be designated as "Fixed."</li> </ul> </li> </ul> <p>Enter either LR or REG or similar identifier in the text box to the right of the interest rate drop-down box.</p> <ul style="list-style-type: none"> <li>• The "Pmt. Method" should be "Non Rev."</li> <li>• The payment amount should include the entire principal and interest balance, as the RCI is immediately due.</li> <li>• "Purpose of Loan" may be used to indicate that it is an RCI, i.e. "41-99 RCI."</li> <li>• The "To Credit Relationship" check-box is checked by default for FSA loans.</li> <li>• Enter as much other additional information as necessary.</li> </ul>

*Continued on the next page*

Farm Business Plan - FSA User Handbook (Continued)

Continuation

Type of Debt	Includes	Additional Details
FSA Direct Loans (continued)	FSA deferred interest, non-cap interest, deferred non-cap interest, interest on ISA	<ul style="list-style-type: none"> <li>• Should use the “Loan Schedule” <b>detail</b> input option, if necessary.</li> <li>• Add all of these types of interest for each loan, and list the resulting total as a <u>principal</u> balance on a separate FSA loan.</li> <li>• The interest rate is 0%.</li> <li>• Interest Rate designation: Fixed</li> <li>• “Purpose of Loan” may be left blank.</li> <li>• Enter in the “Loan #” a description of what it includes, i.e. “41-07 ISA.”</li> <li>• Do <u>not</u> check the send to I/E box.</li> <li>• The “To Credit Relationship” check-box is checked by default for FSA loans.</li> <li>• Enter as much other additional information as necessary.</li> </ul>
Other Loans	Other notes, intermediate and long-term financing.	<ul style="list-style-type: none"> <li>• Use the “Loan Schedule” summary or detail input option.</li> <li>• Enter as much information as necessary.</li> </ul>
All Loans		<b>CAUTION:</b> The “past-due” box is informational only and is not added to any payment amount. Add past due loan payments to the normal payments for the year, and enter the total as the payment due for the year.
<b>Personal Debts</b>		
All personal debts	Credit cards, personal vehicle loans, home loans, student loans, personal loans, etc.	<ul style="list-style-type: none"> <li>• Do <u>not</u> use the loan schedule.</li> <li>• Enter principal balances under the categories “Personal Current Liabilities” if the debt is short-term, or “Personal Non-Current Liabilities” if it is intermediate or long-term.</li> <li>• Do <u>not</u> select the option to have the payments appear on the “Proj I/E;” personal debt payments are considered to be included in total owner withdrawals.</li> </ul>

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**Farm Business Plan - FSA User Handbook (Continued)**

***Example of Loan with Disaster Set-Aside***

The following is an example of how an FSA loan with Disaster Set-Aside (also called Installment Set-Aside or “ISA” in FSA accounting transactions and records) would be entered. The same concept applies to loans with deferred, deferred non-cap, and non-cap interest.

			<u>Interest</u>	<u>Principal</u>	<u>Scheduled Annual Installment</u>
0101	41 17		219	162,987	12,413
ISA	41 17		15,954	5,059	
	Total		16,173	168,046	

***Example of FSA Loan Information***

***How FSA Loan with DSA Will Appear in FBP***

**Reports**

The following balance sheet reports are available:

- Balance Sheet Trends
- Trends – Common Size
- Balance Sheet Summary
- Balance Sheet Schedules
- Machinery & Equipment Only
- Collateral Only
- Balance Sheet - \$ Value Only
- Schedules - \$ Value Only
- Collateral Analysis
- Earned Equity Statement
- Earned Equity Reconciliation

Analysis reports related to capital:

- Ratios & Indicators
- Statement of Owner Equity

## Refinancing & Restructuring

Refinancing and restructuring requires the special handling of debts within the balance sheet loan schedule.

### Refinancing

Cash flow plans and balance sheets sometimes must reflect proposed refinance scenarios. There are two ways of showing a refinance within FBP. The choice of either option depends upon the needs of the plan.

**Example #1 – Current Balance Sheet Method.** This method has the following features:

- Does not show the refinancing sources and uses of funds in the cash flow
- Requires the user to document the sources and uses of funds in the credit presentation
- Requires an “as is” and “post-close” balance sheet
- Cannot be used if using an accrual-adjusted projected income/expense statement
- Least complicated.

**Example #2 - Balance Sheet Accounting Method.** This method has the following features:

- Shows all refinancing sources and uses of funds in the cash flow. All cash flow transactions are included in the projection in the appropriate categories for proper accounting when using accrual analysis and when comparing projections to actual income tax records.
- Requires that the user document the sources and uses of funds in the credit presentation
- An “as is” and a quasi “post-close” balance sheet must be prepared
- Creates a “current” projection, and also requires a “typical” year projection if accrual adjustments aren’t being made to the current year projection to substantiate feasibility
- Is required to complete an accrual-adjusted projected income/expense statement
- The “old money” and “new money” portions of the new loan must be treated differently
- More complicated.

In both of these examples, assume the following debts are going to be refinanced by a term FSA loan of \$143,000:

- Imperial Bank crop loan of \$18,000 with \$1,000 of accrued interest
- Ford Credit term loan of \$41,000 with \$600 of accrued interest
- JD Credit term loan of \$80,000 with \$1,400 of accrued interest
- Repair Bill of \$1,000.

Farm Business Plan - FSA User Handbook (Continued)

**Example #1 - Current Balance Sheet Method**

**Step 1: Create the existing “as is” balance sheet loan schedule** without the new loan. It is helpful, when creating the balance sheet, to include a meaningful description such as “1/1/2004 – Before.” **Do not attach this “as is” balance sheet as the beginning balance sheet for the projection.** This balance sheet is for informational purposes only and will be the balance sheet that the customer signs.

*Step 1: “As Is” Balance Sheet Loan Schedule*

Also, enter the Repair Bill of \$1,000 in the **Bal. Sheet → Other Liabilities → Accounts Payable** section and leave the drop-down box set to “None.”

*Step 1: Accounts Payable Schedule*

**Farm Business Plan - FSA User Handbook (Continued)**

**Step 2: Duplicate the Balance Sheet and Create a “Post Close” Balance Sheet. Attach this balance sheet to the projection.** On this duplicated balance sheet, make the following changes to make it appear as if the refinance transaction has taken place:

- On the loan schedule:
  - For the existing loans being refinanced:
    - Change the “Pmt. Method” to “Refi.” The “Refi” payment method removes the loan from the balance sheet.
    - Uncheck the “To I/E” check-box so that the P&I payments do not appear on the projection.
  - For the new loan:
    - Uncheck the advance amount “To I/E” check-box so that the advance does not appear on the projection. However, keep the second payment “To I/E” check-box checked so that the new loan payment will appear on the projection.
    - Check the “Post Close?” check-box so that the loan now appears on this balance sheet.
- Delete the Repair Bill from the **Bal. Sheet → Other Liabilities → Accounts Payable** schedule.

The screenshot displays two sections of the Loan Schedule software: "Existing Loans" and "New Loans".

**Existing Loans Section:**

Creditor	Loan Type	Prin. Bal	Int. %	Accr. Int.	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #
Imperial Bank	Cur.	18000	9	000	Refi.	19000	1	1000	18000	<input type="checkbox"/>	
Ford Motor Cr.	Int.	41000	5	600	Refi.	41600	1	600	41000	<input type="checkbox"/>	
John Deere Cr.	Int.	80000	6	1400	Refi.	81400	1	1400	80000	<input type="checkbox"/>	
<b>Totals:</b>		139000		3000		142000		3000	139000		

**New Loans Section:**

Creditor	Loan Type	Adv. Amt.	To I/E ?	Int. %	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E ?	Loan #	Post Close?
FSA	Int.	143000	<input type="checkbox"/>	4	Equal	23825	1	5720	18105	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>Totals:</b>		143000				23825		5720	18105			

Annotations in the screenshot include circles around the "Refi." method dropdowns in the existing loans table, the "To I/E ?" checkboxes in both tables, and the "Post Close?" checkbox in the new loans table.

*Step 2: “Post Close” Balance Sheet Loan Schedule*

Farm Business Plan - FSA User Handbook (Continued)

**Step 3: Verify that the new FSA term loan payment is included in the cash flow.** Note, however, that the sources and uses of funds of the refinancing are not included in the cash flow.

Operating Interest	0	0
<u>Term Interest</u>	5720	0
Total Operating Expense	5720	0
Net Oper. Income	-5720	0
Save & Stay   Save &    Save & Menu		
<b>Non-Operating</b> Copy Avg. Projected Avg.(0) None		
Owner Withdrawal	<input type="text" value="0"/>	0
Income Taxes	<input type="text" value="0"/>	0
Non-Farm Income	<input type="text" value="0"/>	0
Non-Farm Expense	<input type="text" value="0"/>	0
<b>Financing</b>		
<u>Term Principal Payment</u>	18105	0
Margin after Debt Servicing	-23825	0
Operating Loan Advance	0	0
Term Loan Advance	0	0
Operating Loan Pmt. & Refi.	0	0

Note none shown

**Step 4: Complete the Credit Presentation “Credit Relationship” section from Credit Action → [Name] → Credit Presentation menu with the sources and uses of funds.** Note that when the loan was added to the loan schedules using the “detail” mode, you could also enter in the loan purposes there.

Loan Amount Requested for Approval		<input type="text" value="143000"/>																			
<b>Credit Relationship</b>																					
Loan #	Purpose	Loan Type	Principal Balance	Present Commit.	Incr./Decr.	Proposed Commit.	Int. %	Pmt Amt P & I	# Pmts /Yr	Orig. Date	Maturity Date										
New																					
NEW Loan	Ref Imp Bank 19K, Ford 41.6K, JD 81.4K, Repairs 1K		0	0	143000	143000	4	23825	1												
Totals:			0	0	143000	143000		23825													
* Refinanced																					
** Grand Totals:			0	0	143000	143000		23825													
** Post Close																					
Save & Stay																					
Comments																					
<div style="border: 1px solid black; padding: 5px;"> <p>Normal <input type="text" value="10"/> </p> <p>For new loans indicate loan purpose(s):</p> <table border="0"> <tr> <td>Refi Imperial Bank,</td> <td>\$19,000</td> </tr> <tr> <td>Refi Ford Credit</td> <td>41,600</td> </tr> <tr> <td>Refi JD Credit</td> <td>81,400</td> </tr> <tr> <td>Refi Repair Bill</td> <td>1,000</td> </tr> <tr> <td>Total</td> <td>143,000</td> </tr> </table> </div>												Refi Imperial Bank,	\$19,000	Refi Ford Credit	41,600	Refi JD Credit	81,400	Refi Repair Bill	1,000	Total	143,000
Refi Imperial Bank,	\$19,000																				
Refi Ford Credit	41,600																				
Refi JD Credit	81,400																				
Refi Repair Bill	1,000																				
Total	143,000																				

Step 4: Complete Credit Relationship Section  
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**Farm Business Plan - FSA User Handbook (Continued)**

**Example #2 – Balance Sheet Accounting Method**

**Step 1: Create the existing “as is” balance sheet loan schedule,** before any new loans. It is helpful, when creating the balance sheet, to include a meaningful description such as “1/1/2004 – Before Refi.” Note that the existing loans will appear on the balance sheet. At this point, do not enter the new FSA loan in the loan schedule. This balance sheet is for informational purposes only and will be the balance sheet that the customer signs.

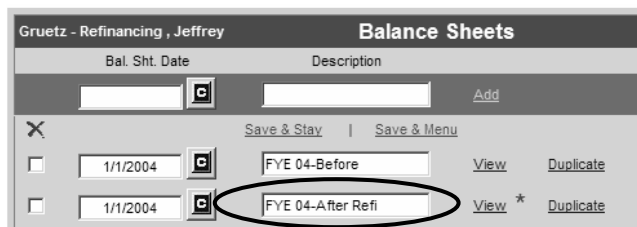
**Step 1: Enter “As Is” Loan Schedules**

Also, enter the Repair Bill of \$1,000 in the **Bal. Sheet → Other Liabilities → Accounts Payable** schedule and use the drop-down box to send the payable to projected I/E as repairs and maintenance.

**Step 1:- Enter “As Is” Accounts Payable**

Farm Business Plan - FSA User Handbook (Continued)

**Step 2: Duplicate the Balance Sheet and create a quasi “Post Close” Balance Sheet** by going to the **Bal. Sheet → As of [Date] → Add/Modify/Delete** menu and clicking on the “duplicate” link. It is helpful, when duplicating the balance sheet, to rename it to a meaningful description such as “1/1/2004 – After Refi.”

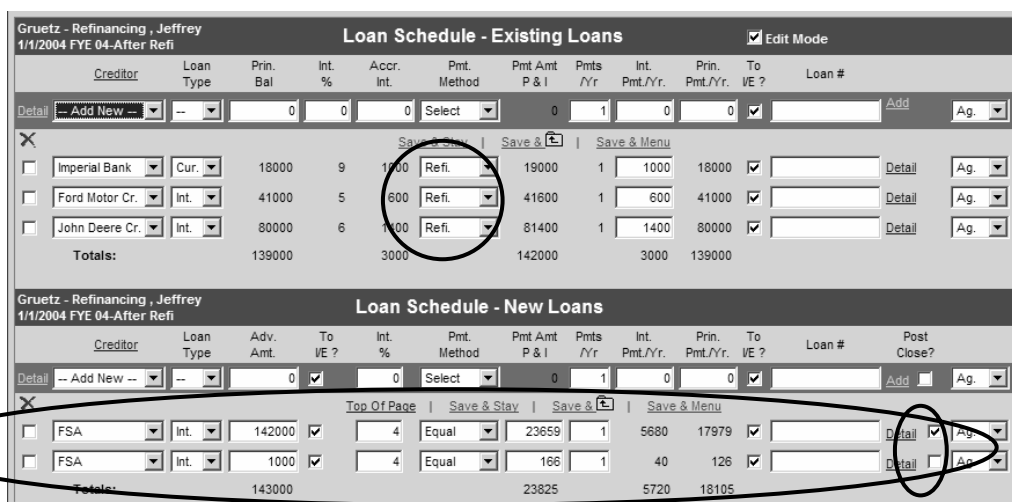


*Step 2: Duplicate Balance Sheet and Rename*

**Step 3: Create the Refinance Scenario in the quasi Post Close Balance Sheet Loan Schedules.** For the loans that are going to be refinanced, change the Pmt. Method to “Refi.” The “Refi” function removes these loans from the balance sheet.

Also, include the new term loan advance. In order to correctly indicate the sources and uses of funds, the new \$143,000 term loan must be divided into two loans, even though it will be closed as one loan (add the two parts of the loan together when completing the note):

- A term loan of \$142,000, which includes refinancing all of the “old money,” or refinancing of old loans. Check the “Post Close” check-box. By checking this, the loan will now appear on the balance sheet;
- A term loan of \$1,000, which includes “new money” to payoff the accounts payable-repair bill. Do not check the “Post Close” check-box to ensure that the loan does not appear on the balance sheet. The accounts payable must continue to appear on the balance sheet so that the accrual adjustments can be calculated. Note that the \$1,000 portion of the loan being used to refinance the payable should not appear on the balance sheet because it would double-count the liability.



*Step 3: Create Refi Scenario with Quasi-Post Close Balance Sheet*

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**Farm Business Plan - FSA User Handbook (Continued)**

**Step 4: Create the Income/Expense Projection**, ensuring that the Beginning Balance Sheet is the **After Refi** or quasi Post Close balance sheet.

*Step 4: Create Income/Expense Projection*

**Step 5: Complete the projected cash flow plan.** Notice, when the repairs expense schedule is accessed that the accounts payable is listed as available to be paid in the projection. Enter \$1,000 in the \$ Pmt text box as the amount of the repair bill to be paid. In addition, be sure to include the “typical year” amount of expenses as another line item in the expense schedule.

*Step 5: Complete the Cash Flow Projection*

**Step 6: Verify** that the refinance transactions are included in the cash flow projection properly. Note the following in the projected cash flow summary:

- A. The \$1,000 repair bill being refinanced is included in the expenses to be paid.

Rent - Land / Animals	0	0
<b>Repairs &amp; Maintenance</b>	<b>1000</b>	0
Seeds & Plants	0	0
Supplies	0	0
Taxes - Real Estate	0	0
Utilities	0	0

*Step 6(A): Verify Expense and Payable Are Properly Included*  
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**Farm Business Plan - FSA User Handbook (Continued)**

B. The operating interest being paid represents the sum of the interest on the loans being refinanced. The term interest and term principal payment amounts represent the interest and principal on the new FSA term loan.

Operating Interest	3000	0
Term Interest	5720	0
<b>Total Operating Expense</b>	<b>9720</b>	<b>0</b>
<hr/>		
<b>Net Oper. Income</b>	<b>-9720</b>	<b>0</b>
<hr/>		
<a href="#">Save &amp; Stay</a>   <a href="#">Save &amp; </a>   <a href="#">Save &amp; Menu</a>		
<b>Non-Operating</b> <small>Copy Avg.</small>		
	Projected	Avg.(0)
Owner Withdrawal	<input type="text" value="0"/>	0
Income Taxes	<input type="text" value="0"/>	0
Non-Farm Income	<input type="text" value="0"/>	0
Non-Farm Expense	<input type="text" value="0"/>	0
<b>Financing</b>		
Term Principal Payment	18105	0

*Step 6(B): Verify Operating and Term Interest, and Term Principal Payments are Properly Shown*

C. The sum of the new FSA term loan advance of \$143,000 is included in the cash flow as a source of funds, and the sum of the principal being refinanced is shown as a use of funds.

Operating Loan Advance	0	0
Term Loan Advance	143000	0
Operating Loan Pmt. & Refi.	139000	0

*Step 6(C): Verify Term Loan Advance and Principal Amount Being Refinanced is Properly Shown*

**Step 7: For a loan making action involving term loans, create a Typical Year Income/Expense Projection** if accrual adjustments aren't being made to the Current Year Projection to substantiate feasibility.

**Farm Business Plan - FSA User Handbook (Continued)**

**Summary.** In the Balance Sheet Accounting Method, the sources and uses of funds were as follows:

Loan Type	Shown on “As Is” Balance Sheet	Shown on quasi “Post Close” Balance Sheet	Appears on Projection As	
			Principal	Interest
<b>SOURCE OF FUNDS</b>				
FSA Term Loan	Not shown	Advances of \$142K + 1K = \$143,000	Advance \$143,000	
		\$142,000 loan – “Old money;” will show on post close bal sheet; pmts appear on inc/exp	Payments:	
		\$1,000 loan – “New money;” not shown on post close balance sheet; pmts appears on inc/exp	Term \$17,979	Term 5,680
			Term 126	Term 40
		<b>Total</b>	<b>18,105</b>	<b>5,720</b>
<b>USE OF FUNDS</b>			<b>Principal Pmt</b>	<b>Interest Pmt</b>
Imperial Bank crop loan	18,000 + 1,000	P: 18,000 + I: 1,000	Oper Loan Pmt & Refi: \$18,000	Op \$1,000
	Pmt Method is Non Rev	Pmt Method is Refi; Doesn’t appear on balance sheet		
Ford Credit term loan of \$41,000 with \$600 of accrued interest	\$41,000 + 600	P: \$41,000 + I: \$600	Oper Loan Pmt & Refi: \$41,000	Op 600
	Pmt Method is Equal	Pmt Method is Refi Doesn’t appear on balance sheet		
JD Credit term loan of \$80,000 with \$1,400 of accrued interest	\$80,000 + 1,400	P: \$80,000 + I: \$1,400	Oper Loan Pmt & Refi: \$80,000	Op 1,400
	Pmt Method is Equal	Pmt Method is Refi Doesn’t appear on balance sheet		
		<b>Subtotal “Old Money” Being Refinanced</b>	<b>139,000</b>	<b>3,000</b>
			<b>Expenses</b>	
Repair Bill of \$1,000	Accounts payable: \$1,000	Accounts payable: \$1,000	Repairs & Maint. expense: 1,000	
		<b>Subtotal of “New Money” Being Refinanced</b>	<b>1,000</b>	

Farm Business Plan - FSA User Handbook (Continued)

## Restructuring

Sometimes FSA debt is reamortized, rescheduled, or otherwise restructured. When showing these types of transactions, both an “as is” and a “post close” balance sheet must be created. The concept and practices indicated below can also be applied to deferrals and debt write-downs, and when other creditors restructure their debt.

**Example:** Make the following assumptions and also assume that the customer cannot make the existing debt payments and that FSA will use DALR\$ to restructure the debt:

- FSA 44-01 loan was for annual operating purposes, and has a balance of \$20,000 with \$2,000 of accrued interest. DALR\$ indicated rescheduling the loan over 15 years with equal payments, which turns the loan into an intermediate loan.
- FSA 44-02 loan was for term loan purposes, and has a principal balance of \$100,000 with \$1,000 of accrued interest. DALR\$ indicated rescheduling the loan with a 15 year term and equal payments.
- FSA 41-03 loan was for a real estate purchase, and has a principal balance of \$150,000 and no accrued interest. DALR\$ indicated reamortizing the loan with a 30 year amortization and equal payments.

**Step 1: Create the existing “as is” balance sheet loan schedule.** It is helpful, when creating the balance sheet, to include a meaningful description such as “1/1/2005 – Before.” **You must attach this balance sheet to the “before restructure” cash flow projection so that you can input it into DALR\$.**

Creditor	Loan Type	Prin. Bal	Int. %	Accr. Int.	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To I/E?	Loan #
FSA	Cur.	20000	5	2000	Non Rev	22000	1	2000	20000	✓	44-01
FSA	Int.	100000	5	1000	Equal	19702	1	5000	14702	✓	44-02
FSA	L.T.	150000	5	0	Equal	12036	1	7500	4536	✓	41-03
<b>Totals:</b>		270000		3000		53738		14500	39238		

Step 1: “As Is” Loan Schedule

**Step 2: Create the D-Loan/Special Serv. Credit Action, access and “Update” the DALR\$ Input Report,** and use the results to run DALR\$.

**Farm Business Plan - FSA User Handbook (Continued)**

**Step 3: Duplicate the Balance Sheet and Create a “Post Close” Balance Sheet with the DALR\$ Results.** You must attach this balance to a duplicated projection that will reflect the restructure results from DALR\$. On this “Post Close” balance sheet, make the following changes to make it appear as if the restructure transaction has taken place by changing the:

- “Loan Type” of the current loan to intermediate, to reflect that the account has been rescheduled and it now has a term of greater than 1 year. Change the “Pmt. Method” to equal.
- Principal balance to reflect any capitalized interest, if any
- “Pmt. Amount” to reflect the new restructured payment according to DALR\$
- “Loan #” field to a description that reflects the restructure action.

Jeff ~Gruetzmacher JG033078 8																																																																								
1/1/2005 05 BS After DALR\$																																																																								
Loan Schedule - Existing Loans <span style="float:right">Edit Mode</span>																																																																								
Creditor	Loan Type	Prin. Bal	Int. %	Accr. Int.	Pmt. Method	Pmt Amt P & I	Pmts /Yr	Int. Pmt./Yr.	Prin. Pmt./Yr.	To IE ?	Loan #																																																													
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<div style="display: flex; justify-content: space-between; border-top: 1px solid black; border-bottom: 1px solid black;"> <span>X</span> <span>Save &amp; Stay   Save &amp;    Save &amp; Menu</span> </div> <table border="0" style="width:100%"> <tr> <td><input type="checkbox"/></td> <td>FSA</td> <td>Int.</td> <td>22000</td> <td>3.75</td> <td>0</td> <td>Equal</td> <td>1944</td> <td>1</td> <td>825</td> <td>1119</td> <td><input checked="" type="checkbox"/></td> <td>Old 44-01 Resch</td> <td>Detail</td> <td>Ag.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>FSA</td> <td>Int.</td> <td>101000</td> <td>3.75</td> <td>0</td> <td>Equal</td> <td>8926</td> <td>1</td> <td>3788</td> <td>5139</td> <td><input checked="" type="checkbox"/></td> <td>Old 44-02 Resch</td> <td>Detail</td> <td>Ag.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>FSA</td> <td>L.T.</td> <td>150000</td> <td>5</td> <td>0</td> <td>Equal</td> <td>9758</td> <td>1</td> <td>7500</td> <td>2258</td> <td><input checked="" type="checkbox"/></td> <td>Old 41-03 Ream</td> <td>Detail</td> <td>Ag.</td> </tr> <tr> <td colspan="2"><b>Totals:</b></td> <td></td> <td>273000</td> <td></td> <td>0</td> <td></td> <td>20629</td> <td></td> <td>12113</td> <td>8516</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													<input type="checkbox"/>	FSA	Int.	22000	3.75	0	Equal	1944	1	825	1119	<input checked="" type="checkbox"/>	Old 44-01 Resch	Detail	Ag.	<input type="checkbox"/>	FSA	Int.	101000	3.75	0	Equal	8926	1	3788	5139	<input checked="" type="checkbox"/>	Old 44-02 Resch	Detail	Ag.	<input type="checkbox"/>	FSA	L.T.	150000	5	0	Equal	9758	1	7500	2258	<input checked="" type="checkbox"/>	Old 41-03 Ream	Detail	Ag.	<b>Totals:</b>			273000		0		20629		12113	8516				
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*Step 3: “Post Close” Loan Schedule*

See “Income/Expenses – Projected – Feasibility” for information on feasibility of restructured plans.

## Income/Expenses

### *Income/Expense Record Description*

A meaningful description should be entered in the “Description” text box when a projected or actual income/expense record is created. This description will appear on reports. For example, “FYE-Act 12/31/03” or “FYE-Proj 12/31/04” are useful descriptions.

### *Associating Projections or Actuals with Balance Sheets*

When a projection or actual record is created, a beginning and ending balance sheet should be associated with it, if possible, so that certain ratios are correctly calculated. If beginning and ending balance sheets cannot be matched for an actual income/expense record, then select the same balance sheet as both the beginning and ending.

**CAUTION:** Converted AS/400 FHP actual records will not automatically have an ending balance sheet attached to them. See “[Overview](#)” for more information on how to associate them.

### *Number of Projections or Actuals*

There is no limit to the number of projected or actual income/expense records that can be created or maintained for each customer. However, old projections or actuals that lack any expected usefulness may be deleted from FBP. See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on file maintenance.

### *Footnotes*

Footnotes are narrative comments that can be added in the WordPad block of either the actual or projected income/expense summary.

**Actuals.** Footnotes can include additional information about the income/expenses that are not indicated in the summary or scheduled information.

**Projections.** Agreements reached with borrowers, like the source of funds for certain debt payments, can be entered into the footnotes block, although use of the notes for these purposes is not required. Footnotes can also include additional information about the projection that is not indicated in the summary or scheduled information. The footnotes will appear on the printed income/expense trends report if the footnotes option is selected in **Reports → Reports Setup**.

**NOTE:** If a Credit Presentation is being prepared in conjunction with a projection, ensure all plan assumptions are placed in the Credit Presentation, not the footnotes, because the Credit Presentation represents the decision making document.



### *Copy Average*

The “Copy avg” feature will copy the average of the previously selected years to the projected summary input column. Using this feature can be a time-saving tool for preparing a projection. It should not be used when creating actual records.

In order to select the years to be included in the average, go to **Reports → Reports Setup** and check the boxes of the years to be included in the average.

**CAUTION:** Be careful when selecting the years to be included so that atypical years or years that include different enterprises compared to the projection are not included.

### *Using Income/Expense Categories*

The income/expense categories have been standardized and are similar to the categories that most commercial lenders use and similar to schedule F of the Federal income tax return. However, for each income or expense grouping, other categories can be added to fit the needs of the situation by using the schedule under “Other income” or “Other expenses.”

Projected and actual categories can be entered as a summary dollar value or on detailed schedules where the calculated total transfers to the income/expense summary. Sometimes a mix of summary and scheduled input is appropriate. Scheduled information is especially appropriate when tracking projected or actual production and yields.

The projection and actuals are categorized into four parts:

- Operating income and expenses
- Non-operating, i.e. owner withdrawals, income and social security taxes, non-farm income and expenses
- Financing, i.e. term and operating advances and operating principal repayments
- Capital sales, expenditures, contributions, and withdrawals.

Farm Business Plan - FSA User Handbook (Continued)

## Income/Expenses - Actuals

### General

Actual income and expenses, together with production information (“actuals”) contain important information with which future plans can be developed. Suggestions for handling categories of actual income/expenses:

Category	What to Do
<i>Operating</i>	
Crop / Livestock Production and Sales	<p><b>Crop/livestock sales</b> can be entered as a summary dollar amount when the production details are not known, or on schedules to record the production and the details of each crop/livestock production category and its sale.</p> <p><b>Yield and production can be recorded even if dollar sales for each scheduled item are not broken down.</b> If the total crop or livestock production does not correspond to the dollar sales shown on income tax returns or farm records, users can still preserve the actual production on a per-crop level. Enter the crop production information on the schedule, but uncheck the “To I/E” check box. Then enter the total dollar sales for all crops on the actual summary page. This will preserve production on a scheduled per-crop level, but not require a break down of income on a per-crop level.</p>
Crop Production	<p><b>Crop production/yields can be tracked on a per-farm basis.</b> To do so, enter the farm name or FSA farm number under the “Type” text box each year. FBP will combine the yields and production in the production trends report for each like-identified farm. The “Type” text box is name and case sensitive, so it should be the same each year to take advantage of that option.</p>
Purchases for Resale (i.e. market livestock, poultry)	Enter detailed purchases for resale within the “Livestock & Poultry Sales” schedule. If no detail of purchases is needed, a summary dollar amount of purchases can be entered on the summary page.
Operating Expenses (except depreciation and interest)	Enter operating expenses as summary amounts for each expense category, or as details for separate enterprises in the schedules. Summary input is recommended.
Depreciation	<p>Enter actual depreciation from the income tax return, if known, or estimate if it is unknown.</p> <p><b>CAUTION:</b> Do <u>not</u> ignore depreciation, as it will be used in the accrual adjusted income statement later. It does not affect Margin After Debt Service (MADS), ending cash, or loan feasibility.</p>
Interest	See <u>Financing</u> , below.
<i>Non-Operating</i>	
Owner Withdrawals	Include living expenses and personal debt payments, i.e. credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc, in this category. Entries can be made on the schedules or as one summary entry. No itemization is required.
Income Taxes	Enter actual income and social security taxes paid during the year, unless net wages after taxes are entered in non-farm income.

Continued on next page

Farm Business Plan - FSA User Handbook (Continued)

Continuation

Category	What to Do
Non-farm Income and Expense	Include gross wages (or net wages if no income taxes are entered), net business income, other non-farm income or expense. Enter either as summary amounts or enter the details of the source or use of each type of funds in the schedule. Do <u>not</u> enter personal debt payments here. Generally, the non-farm expense category will not be used.
<b>Financing</b>	
Loan Advances, Repayments, Interest Expense – Operating and Term	<p>Loan advances, repayments, and interest payments can either be entered as summary amounts or as details in the “Loan Payments” schedule.</p> <p>Interest Expense:</p> <ul style="list-style-type: none"> <li>▪ If the breakdown between operating and term interest is known, enter both in their respective expense category. This is the preferred method.</li> <li>▪ If the breakdown is not known, enter the estimate of operating interest. Deduct the estimate from the total actual interest and enter the balance as term interest.</li> <li>▪ If the breakdown is not known and can’t be estimated, enter all actual interest as <u>term</u> interest. This will allow a conservative analysis of Margin After Debt Service.</li> </ul> <p><b>CAUTION:</b> It is <i>never</i> recommended to enter all actual interest as operating interest, unless it actually is.</p>
<b>Capital</b>	
Capital Expenditures & Sales	<p>Enter as summary amounts or as details in the schedule. If entered on the schedule, ensure that the correct asset description is used from the drop-down box.</p> <p><b>CAUTION:</b> If collateral was sold or purchased, using the actual capital expenditure or sales schedules will not automatically add or subtract those items from the balance sheet schedules, appraisals, or Security Agreements.</p>
Capital Gains & Losses	Enter capital gains and losses, if applicable. Entries are optional and do not affect the cash flow or the income/expense trends, but do affect an accrual-adjusted income statement.
Capital Contributions and Withdrawals	<p>Capital contributions are <b>inflows</b> of capital that are not the result of business operations or other income. Capital contributions usually include gifts, inheritance, lottery winnings, the gift-value of substantial asset purchases for less than market value, and the capital contributions of partners or stockholders to an entity.</p> <p>Capital withdrawals are <b>outflows</b> of capital that are not the result of business operations or owner withdrawals. Capital withdrawals usually include gifts, the gift-value of substantial sales of assets for less than market value, and withdrawals of capital by partners or stockholders of an entity.</p> <p>Entering capital contributions and withdrawals is important to correctly construct a pro-forma balance sheet, if accrual analysis is completed.</p> <p><b>CAUTION:</b> Ensure that capital contributions and withdrawals are not double-counted in capital sales and purchases.</p>

## Income/Expenses - Projected

The projected farm income and expenses, non-operating income and expenses, financing, and capital plans for a future period are the components of the Farm Business Plan (FBP) that determine feasibility.

## Feasibility

### *Loan Making, Regular Loan Servicing, and Special Loan Servicing Actions (Disaster Set-Aside only)*

The way feasibility is determined depends upon the needs of the projection. FSA uses short-run or annual projections when making or servicing loans that match that time period. However, long-run feasibility in a typical year is required for loan making or regular servicing decisions for a longer time period. See "[Feasibility Definition](#)" for more information about feasibility.

- For **term loans**, feasibility is a long-run concern. On-going farm business operations and reliable non-farm income must be sufficient to pay for on-going farm and non-farm expenses, and term debts. It is not acceptable to use the liquidation of inventory, other assets, cash reserves or atypical income sources to demonstrate long-run feasibility.
- For **annual operating loans**, feasibility is a short-run concern. FSA must ensure that the annual loan can be repaid during the annual period, irrespective of future years.
- For decisions involving **both term and annual loans**, each loan must be considered individually. For example, FSA could approve an annual crop input loan for the upcoming year provided that loan can be repaid that year (*positive ending cash*), even though a loan for a tractor purchase that has a 5 year term might not be approved because the on-going ability of the customer to service this debt cannot be shown (*negative margin after debt service*).

### *Special Loan Servicing Actions (Primary Loan Servicing only)*

Feasibility for **primary loan servicing actions** is defined by the Debt and Loan Restructuring System (DALR\$). See "[Feasibility Definition](#)" for more information about feasibility.

**Farm Business plan - FSA User Handbook (Continued)**

***Feasibility Definition***

A **feasible plan or projection** is demonstrated by:

<b>Loan or Projection Type</b>	<b>Margin After Debt Service (MADS)*</b>	<b>Ending Cash</b>
<b>Loan Making, Regular Loan Servicing, and Special Loan Servicing Actions ( Disaster Set-Aside only)</b>		
Term loan or typical plan, and accrual-adjusted income statements	Must be positive	Must be positive
Annual operating loan or current plan	May be positive or negative	Must be positive
Youth loans	*--Is not applicable--*	Must be positive
<b>Special Loan Servicing Actions (Primary Loan Servicing only)</b>		
Current/typical plan and after deferral plan, if applicable	May be positive or negative	Must be positive

\* A positive (zero or greater) MADS is equivalent to a Term Debt and Capital Lease Coverage Ratio (TDCLCR) of 1.00 or greater. The terms can be used interchangeably.

**Note:** Youth loans:

- **cannot** receive disaster set-aside, limited resource rates, write-downs, or buyouts
- may be considered for rescheduling or deferral.

## Projected Income/Expense Categories

Projections can be entered using summary dollar values for each category or on schedules where the calculated total transfers to the income/expense summary. Sometimes a mix of summary and scheduled input is appropriate. Scheduled information is especially appropriate when planning with production and yields. See “Income/Expenses-Actuals” for a description of each category and what should be included.

The income/expense projection is categorized into four parts:

- **Operating income and expenses**
- **Non-operating, i.e. owner withdrawals, income and social security taxes, non-farm income and expenses**

**CAUTION:** Projected owner withdrawals must include living expenses and personal debt payments, i.e. credit cards, personal vehicle payments, home mortgage payments, student loans, personal loans, etc. The amount can be entered on the schedules or in the summary. No itemization is required. Ensure that owner withdrawal expenses in historical data converted from the AS/400 FHP system includes non-farm debt payments.

- **Financing, i.e. term and operating advances and operating principal repayments**
- **Capital sales, expenditures, contributions, and withdrawals.**

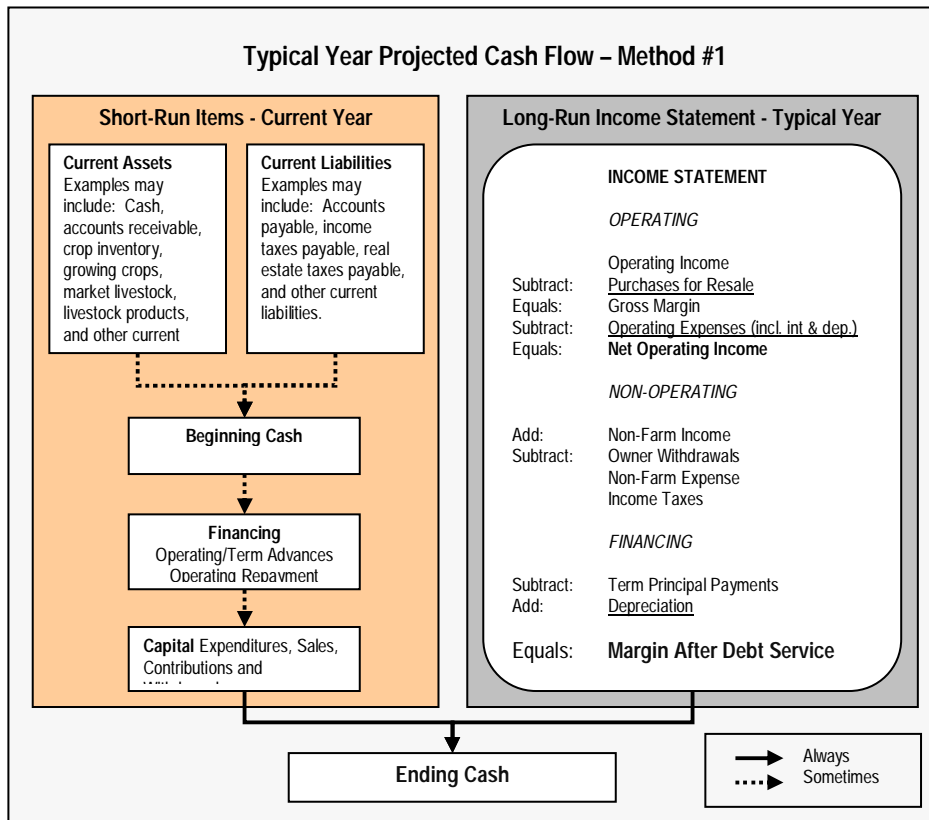
Current assets and current liabilities can generally be handled in three (3) ways, depending upon the needs of the plan and at the discretion of the FSA loan official:

- Do not send to the projection
- Send to or include in the Beg. Cash on Hand schedule of the projection
- Send to the income and expense part of the projection.

## Typical Projections

A **typical projection** can be created for both short and long-run feasibility decisions. There are generally two ways of creating a projection for a typical year.

### Method #1 - Separate Short-Run Items from Typical Year

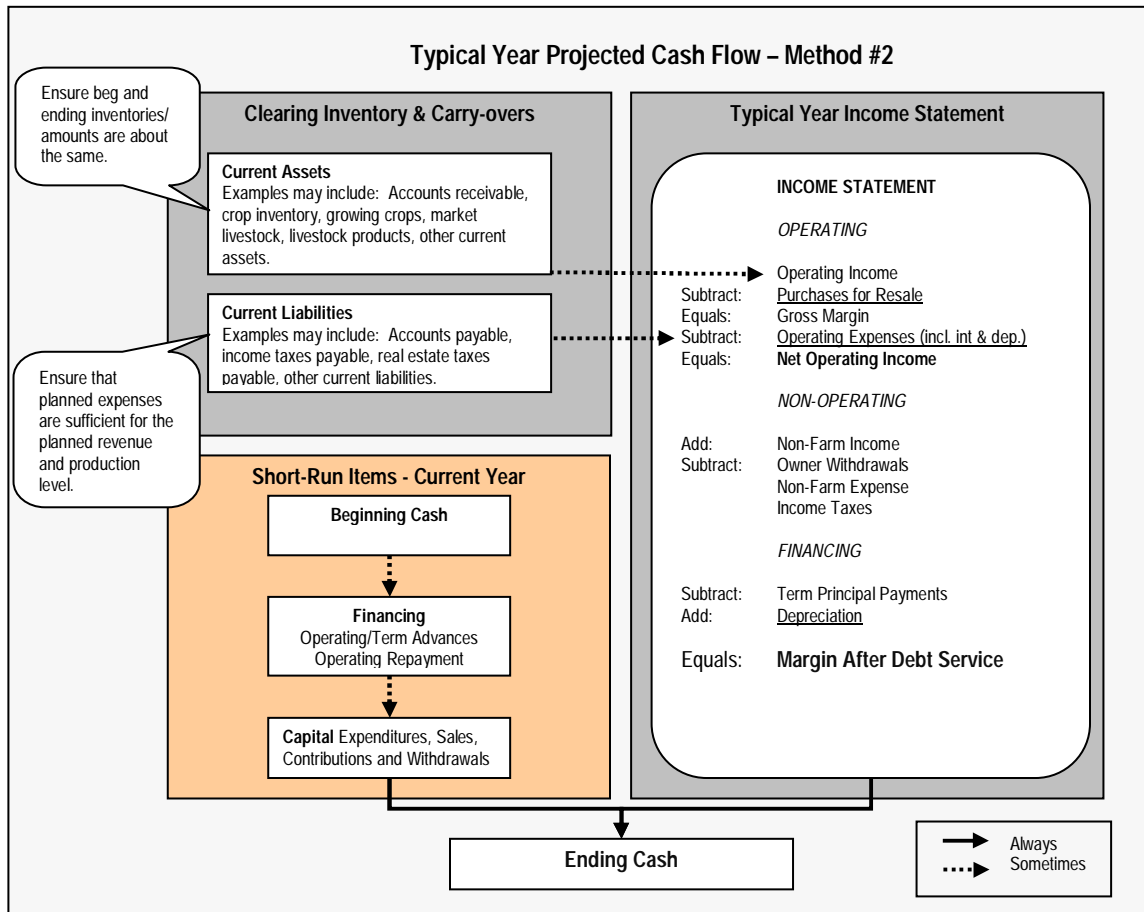


This method has the following features:

- The cash flow categories included in the **Margin After Debt Service (MADS)** are derived from long-run operations and/or a typical year. If a projection is developed with the income and expenses representing a typical year, a positive MADS means feasibility has been demonstrated in a typical year. In order for the business to be viable in the long-run, it must have a positive MADS.
- The categories contributing to **Ending Cash** may include current assets and inventories, current liabilities and unpaid expenses, current year financing activity, and any net residual from MADS. A positive ending cash position means that the projection is feasible in the current year as well.
- Using this method would eliminate the need for separate typical and annual plans unless entries into the income statement portion of the cash flow are atypical. When including sales of inventory in beginning cash, ensure that those sales are not double counted in operating income.

Farm Business Plan - FSA User Handbook (Continued)

Method #2 - Transfer Current Assets & Payables into Operating



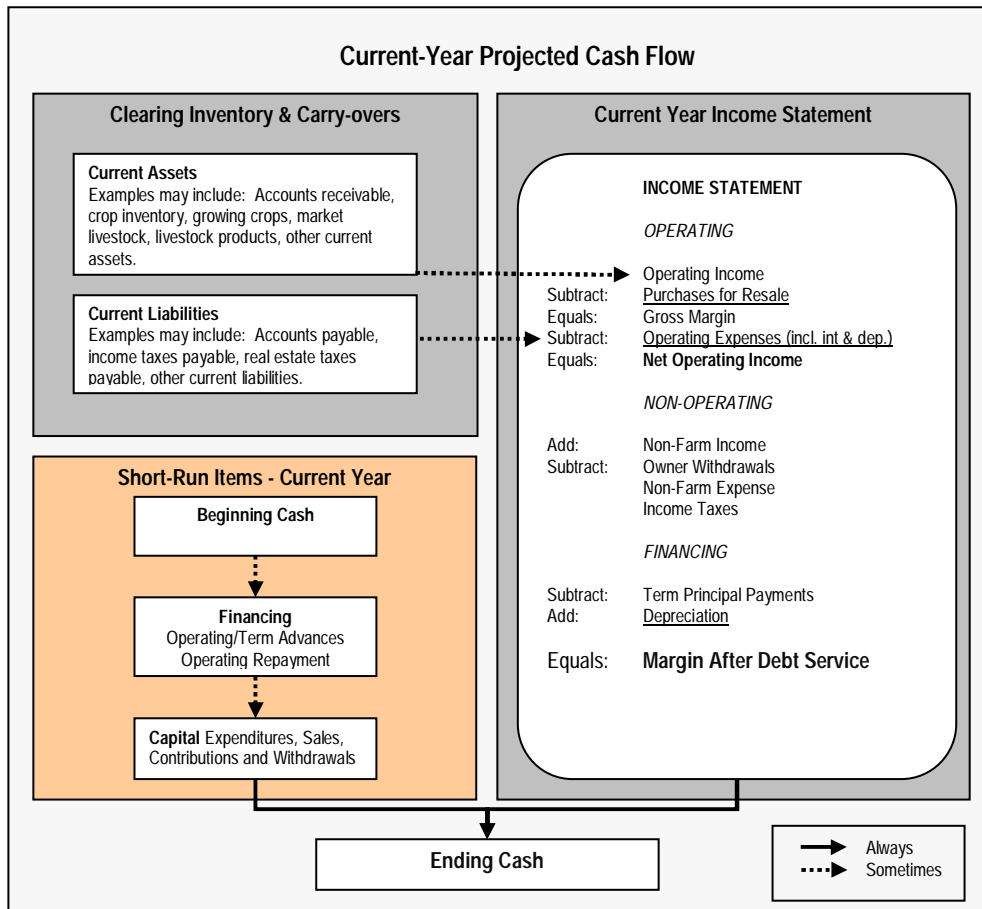
This method has the following features:

- Current asset inventories may be sent to the projected operating income. However, because this is a typical year projection, ensure that the beginning and ending inventories/amounts are about the same.
- Accounts payable, income taxes payable, real estate taxes payable, and other current liabilities may be included in operating expenses. However, ensure that planned expenses are sufficient for the planned revenue and production level.
- Like method #1, a positive **MADS** means feasibility has been demonstrated in a typical year because the projection was developed with the income and expense levels representing a typical year. In addition, a positive **ending cash** position means that the projection is feasible in the current year as well.



## Current-Year Projections

A **current-year projection** can be created in circumstances where the only concern is short-run feasibility.



A current plan is used to determine short-run feasibility. A positive **ending cash** position means that the projection is feasible in the current year only.

## Monthly Cash Flow

Monthly cash flows are sometimes completed to assist in determining the annual operating credit needs from FSA, or revolving line of credit needs from another lender. The Projected Annual Cash Flow and Projected Monthly Cash Flow reports help the user determine the amount of borrowing needs in these circumstances. These reports, by themselves, are not intended to be used to determine feasibility. The use of monthly cash flows is optional.

### Setting-up Monthly Projections

When a projection is added or duplicated, the user must designate in the “Monthly CF Setup” drop-down box how many months the projection will cover. Options include a 12, 18, or 24 month projection.

Once the projection is created, enter the projection using either the summary method or the schedule method. However, note the following about the two methods:

Method	Additional Details
Summary	If an inflow or outflow category is entered using the summary method, the total for that category will appear in the last month of the projection and in the total for the period covered by the projection.
Schedule	<p>To plan a cash inflow or outflow category to appear in particular month(s) in addition to the overall total:</p> <ul style="list-style-type: none"> <li>• The amount must be entered at the schedule level.</li> <li>• Once the entire amount planned for the period is entered on the schedule, add that entry to the schedule using the “Add” link.</li> <li>• Depending on the type of category, either 1) the total amount for that entry will either appear as a blue link on the schedule or, 2) a blue link with the abbreviation “Mth” will appear.</li> <li>• Click on the either the blue dollar amount link or blue “Mth” to select which method is used to divide that amount between the projection months.</li> </ul> <p style="text-align: center;"><b>NOTE:</b> Pre-defined ways of dividing amounts between the months are available in addition to custom entries.</p> <ul style="list-style-type: none"> <li>• To plan loan payments and advances, use the blue “detail” link on the Balance Sheet Loan Schedule. Payments are auto-calculated based upon the frequency of payment and next payment due date entered into the loan schedule. These values can be over-ridden using the blue “Mth” link in the loan detail screen.</li> </ul>

## **Reports**

See “Electronic File Maintenance, Reports and Signatures” for more information on what reports require signatures or need to be printed.

### **Income/Expense Reports:**

- Trends – Inc/Exp.
- Inc/Exp Common-Size
- Income Statement
- Production Trends.
- Projected Annual Cash Flow
- Projected Monthly Cash Flow
- Inc/Exp Schedules
- Enterprise Analysis
- Actual Inc/Exp Schedules

### **Analysis Reports related to capacity:**

- Ratios & Indicators
- Repayment Capacity/Sensitivity
- Statement of Cash Flows

3-15-05

**Page 6-12**

## Collateral Analysis/Chattel Appraisals

Collateral analysis involves assessing the adequacy of collateral pledged for a loan. It is completed when a loan making or servicing action is completed. Collateral analysis must be completed whenever a Credit Presentation is prepared.

In addition to populating the Credit Presentation, a separate collateral analysis report can be printed that shows the calculations involved in the analysis.

For all direct FSA loans, the default collateral discount factor is **100%**. This must not be changed.

## Describing the Collateral Position

The collateral position is usually described in two ways:

Description	Calculation
Margin of Collateral to Loan	$(\text{Amount of collateral} - \text{Prior liens}) \div \text{Total FSA loans}$
Percent Loan to Collateral	$(\text{Total FSA loans} \div (\text{Amount of collateral} - \text{Prior liens})) \times 100$

For new chattel loans, use the **Margin of Collateral to Loan** to determine if the 150% (1.50) security requirement is met.

## Chattel Appraisals/Origin of Collateral Values

The values in the collateral analysis are derived from the associated balance sheet summary and schedules. The descriptions and values in the chattel appraisal are derived from the balance sheet schedules.

When a chattel appraisal is completed, enter the appraised values in the balance sheet schedules. For more information on what to do when appraised values are different than those shown on the balance sheet, see "[Balance Sheet - When Customer and FSA Balance Sheet Values/Amounts Differ.](#)"

The chattel appraisal can be printed and signed. In the alternative, if the chattel appraisal is completed by the same official recommending/approving the Credit Presentation, the appraisal form does not need to be printed or signed if the "Collateral" section of the Credit Presentation contains a notation that it was appraised, date of appraisal, and that the eSignature stamp of the recommending or approving official represents the person who appraised it. In all adverse actions, the chattel appraisal must be printed and signed. To generate the printed chattel appraisal:

- Enter the values of the chattel property on the corresponding balance sheet schedules
- Update the chattel appraisal information on **Balance Sheet → Chattel Appraisal**
- Print the chattel appraisal from the **Reports → Balance Sheet → Chattel Appraisal** menu, if it is required to be printed and signed.

## Building the Collateral Analysis

Loans can be grouped together by creditor and what collateral secures their loans. There can be a loan group for each prior lien holder or for all prior lien holders. When FSA loans are cross-collateralized, all FSA loans will be grouped together. Separate FSA loan groups may be necessary when different collateral secures different FSA loans. A description for each loan group is helpful, i.e. "FSA Loans" or "JD Prior Lien."

Loans are added to loan groups by selecting "Add From Loan Schedule." Ensure that proposed loans are included in the appropriate loan group. Do not include loans to be paid off with proposed loans. Any loans marked "refi" in the Loan Schedule are also not included in the collateral analysis.

The scoring and rating checkbox is checked by default.

### Other Creditors' Prior Liens

If there are other creditors who have prior liens to FSA, the prior lien loan group must be added before the FSA loan group. One or more prior lien groups can be added, at the user's discretion.

**Example:** Assume that John Deere Credit is owed \$26,000 secured by a tractor worth \$35,000, and that FSA has a lien on all equipment. All equipment, including that tractor, is worth \$150,000.

#### Step 1: Add the JD Credit Prior Lien group

Gruetzmacher, Jeffrey J 1/1/2004 FYE 1/1/04		JD Credit Prior Liens					
Add From Loan Schedule							
Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose	
X	John Deere Credit	Int.	26000	26000	26000		
Totals			26000	26000	26000		
**Denotes "New" Loans			*Total Of Loans For Collateral Analysis:			26000	
Add Collateral							
Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used	Available
		0	0	0	0	<input checked="" type="checkbox"/>	
		Save & Stay	Save &	Save & Menu			
X Machinery & Equipment		150000	100	150000	35000	<input type="checkbox"/>	26000
Totals		150000		150000	35000		124000
Analysis							
Total Loan Amount \$	26000		Margin of Collateral to Loan		1.35		
Total Collateral Amount \$	35000		% Loan to Collateral		74.29%		

Step 1: JD Credit Prior Lien Loan Group

**Farm Business Plan - FSA User Handbook (Continued)**

Note that in order to enter the collateral amount belonging to JD Credit, the user must uncheck the “Auto Calc” box and enter the **value of the asset securing that loan**. Even if there is equity left in that asset available to FSA for collateral, enter the value of the asset securing that prior lien in the Collateral Amount box.

**Step 2: Add the FSA loan group** by adding the FSA loan from the loan schedule. Then add the collateral securing those loans. In this example, even though all equipment is securing the FSA loan, there is only \$124,000 of collateral available for FSA (value of all equipment of \$150,000 – JD Prior Lien of \$26,000 = \$124,000). This amount is calculated automatically and captures any remaining equity in the tractor.

Gruetzmacher , Jeff 12/31/2003 FYE03							
FSA Loans							
Add From Loan Schedule							
Loans							
Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose	
X	FSA	Int.	90000*	90000	90000	Equipment	
Totals			90000	90000	90000		
**Denotes "New" Loans			*Total Of Loans For Collateral Analysis:			90000	
Add Collateral							
Collateral							
Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used	Available
		0	0	0	0	<input checked="" type="checkbox"/>	
X Machinery & Equipment		150000	100	150000	124000	<input checked="" type="checkbox"/>	34000
Totals		150000		150000	124000		34000
Analysis							
Total Loan Amount \$		90000		Margin of Collateral to Loan		1.38	
Total Collateral Amount \$		124000		% Loan to Collateral		72.58%	

*Step 2: FSA Loan Group*

**Step 3: Verify that the collateral analysis summary page** correctly shows the margin of collateral to loan from **Balance Sheet → Collateral Analysis → Add/Modify/Delete**.

Gruetzmacher , Jeff 12/31/2003 FYE03								
Collateral Analysis								
Loan(s) Description	Lien?	Scoring & Rating	\$ Amt to Use	# Of Loans	Amt	Collateral Value	Margin Ln / Coll	% Loan to Coll.
X FSA Loans	<input checked="" type="checkbox"/>	Ours	As Marked On Schedule	1	90000	124000	1.38	72.58%
Total Scoring & Rating				1	90000	124000	1.38	72.58%
Total				1	90000	124000	1.38	72.58%
<input type="checkbox"/> JD Prior Liens	<input type="checkbox"/>	Prior	As Marked On Schedule	1	26000	35000	1.35	74.29%

*Step 3: Verify Collateral Analysis Summary Page*

**Farm Business Plan - FSA User Handbook (Continued)**

***FSA Cross-Collateralized Loans***

Sometimes the same assets are collateral for multiple FSA loans. This is called cross-collateralization. In order to correctly show the available collateral, the loan group that has the primary security interest in that asset should be added first.

**Example:** Assume that FSA has a FO loan with a balance of \$165,000 secured by a first mortgage on a farm worth \$280,000. The farm also serves as collateral for an FSA operating loan.

**Step 1: Add the real estate loan group** first because it is a lien ahead of the operating loan.

Web EQUITY MANAGER®						
Gruetzmacher, Jeffrey J						
File	General	Credit Action	Bal. Sheet	Inc / Exp	Notes	Reports
Gruetzmacher, Jeffrey J 1/1/2004 FYE 1/1/04						
<b>FSA Real Estate Loans</b>						
Add From Loan Schedule						
Loans						
Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose
X	FSA	L.T.	165000	165000	165000	
Totals			165000	165000	165000	
**Denotes "New" Loans						*Total Of Loans For Collateral Analysis: 165000
Add Collateral						
Collateral						
Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount	Copy Default %
		0	0	0	0	<input checked="" type="checkbox"/>
X Real Estate - Land		280000	100	280000	165000	<input type="checkbox"/>
Totals		280000		280000	165000	
Analysis						
Total Loan Amount \$	165000			Margin of Collateral to Loan		1
Total Collateral Amount \$	165000			% Loan to Collateral		100%

***Step 1: FSA Real Estate Loans Group***

In order to ensure that the real estate security value is not double counted, the “Auto Calc” box must be unchecked. In the Collateral Amount box, enter the Total of Loans For Collateral Analysis. For this loan group, it will appear as if the loan is secured on a 1:1 basis.

Farm Business Plan - FSA User Handbook (Continued)

Step 2: Add the FSA chattel loan group.

**Web EQUITY MANAGER®** Locator | Calculators | Log Out | eHelp  
Gruetzmacher, Jeffrey J

File | General | Credit Action | Bal. Sheet | Inc / Exp | Notes | Reports

Gruetzmacher, Jeffrey J  
1/1/2004 FYE 1/1/04

### FSA Chattel Loans

Add From Loan Schedule

Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose
X	FSA	Int.	90000	90000	90000	
<b>Totals</b>			90000	90000	90000	

\*\*Denotes "New" Loans      \*Total Of Loans For Collateral Analysis: 90000

Add Collateral

Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used	Available
		0	0	0	0	<input checked="" type="checkbox"/>	
X Machinery & Equipment		150000	100	150000	124000	<input checked="" type="checkbox"/>	72695
X Real Estate - Land		280000	100	280000	115000	<input checked="" type="checkbox"/>	208305
<b>Totals</b>		430000		430000	239000		149000

Save & Stay | Save & [F5] | Save & Menu

Analysis			
Total Loan Amount \$	90000	Margin of Collateral to Loan	2.66
Total Collateral Amount \$	239000	% Loan to Collateral	37.66%

Step 2: FSA Chattel Loans Group

When real estate is selected to be collateral for the chattel loan group, note that even though the farm is worth \$280,000, the amount of collateral for this loan group is only \$115,000. This amount is calculated and represents the difference between the value of the farm (\$280,000) and the FSA FO loan secured by a first lien on the farm (\$165,000).

Step 3: Verify that the overall FSA collateral position is correctly identified in the summary analysis and Credit Presentation.

**Web EQUITY MANAGER®** Locator | Calculators | Log Out | eHelp  
Gruetzmacher, Jeffrey J

File | General | Credit Action | Bal. Sheet | Inc / Exp | Notes | Reports

Gruetzmacher, Jeffrey J  
1/1/2004 FYE 1/1/04

### Collateral Analysis

Loan(s) Description	Lien?	Scoring & Rating	\$ Amt to Use	# Of Loans	Amt	Collateral Value	Margin Ln / Coll	% Loan to Coll.
X FSA Chattel Loans	Ours	<input checked="" type="checkbox"/>	As Marked On Schedule	1	90000	239000	2.66	37.66%
X FSA Real Estate Loans	Ours	<input checked="" type="checkbox"/>	As Marked On Schedule	1	165000	165000	1	100%
<b>Total Scoring &amp; Rating</b>				2	255000	404000	1.58	63.12%
<b>Total</b>				2	255000	404000	1.58	63.12%
X JD Credit Prior Liens	Prior		As Marked On Schedule	1	26000	35000	1.35	74.29%

Step 3: Verify Overall Collateral Position  
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Farm Business Plan - FSA User Handbook (Continued)

*Negative Equity “Upside-down” Prior Liens*

Sometimes, other creditors have loans that are undersecured. These loans are sometimes called “upside-down” or negative equity loans. The fact that another lender is undersecured should not adversely affect FSA’s collateral position.

**Example:** Assume that the customer owes JD Credit \$26,000, secured by a purchase-money interest in a tractor worth only \$19,000. They also have an FSA OL loan with a balance of \$189,000 secured by a first lien on all equipment worth \$275,000, including the tractor. Note that FSA is secured, however, JD Credit is undersecured by \$7,000 (tractor value of \$19,000 – loan balance of \$26,000).

**Step 1: Add the JD Prior Lien Group** first because it is a lien ahead of the operating loan.

Web EQUITY MANAGER						
Jeffrey Gruetzmacher						
File	General	Credit Action	Bal. Sheet	Inc / Exp	Notes	Reports
Jeffrey Gruetzmacher 1/1/2004 FYE 04						
<b>JD Credit Upside Down Loan</b>						
Add From Loan Schedule						
Loans						
Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose
X	John Deere Credit	Int.	26000*	26000	26000	
Totals			26000	26000	26000	
**Denotes "New" Loans			*Total Of Loans For Collateral Analysis:			26000
Add Collateral						
Collateral						
Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used Available
		0	0	0	<input checked="" type="checkbox"/>	
Save & Stay   Save & [F]   Save & Menu						
X Machinery & Equipment		275000	100	275000	19000	19000 256000
Totals		275000		275000	19000	19000 256000
Analysis						
Total Loan Amount \$	26000		Margin of Collateral to Loan			0.73
Total Collateral Amount \$	19000		% Loan to Collateral			136.84%

*Step 1: JD Credit Prior Lien Group*

When the JD Credit loan is added to the loan group, the loan shows a balance of \$26,000. All machinery and equipment is added as collateral using the “Add Collateral” link. However, only the JD tractor is collateral for this loan. The “Auto Calc” box must be unchecked and the value of the tractor entered as the collateral amount. The tractor is worth \$19,000. When the “Save & Stay” link is clicked, the value of the tractor is deducted from the total of machinery and equipment. Note that no equity from the equipment is used to secure the JD Credit loan. Now, there is \$256,000 of net collateral value (\$275,000 all equipment – tractor of \$19,000) available for the FSA OL loan.

**Step 2: Add the FSA chattel loan group.** When the “Add Collateral” link is clicked, the “Select Collateral” pop-up box appears. Note that the amount of collateral available is \$256,000 (Value of equipment of \$275,000 – value of tractor secured by prior lien of \$19,000). This amount is automatically calculated. Note that although there is negative equity in the tractor, JD Credit’s adverse collateral position does not impact FSA’s position.

**Farm Business Plan - FSA User Handbook (Continued)**

Assets From Balance Sheet	Summary \$ Value	Coll. From B.S. Sched.	Discounted %	Discounted \$ Value	Available
Ag. Machinery & Equipment		275000	100	275000	256000
<b>Totals</b>			189000	189000	189000

\*\*Denotes "New" Loans      \*Total Of Loans For Collateral Analysis: 189000

Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used	Available
		0	0	0	<input checked="" type="checkbox"/>	0	0
<b>Totals</b>		0	0	0	0	0	0

Analysis			
Total Loan Amount \$	189000	Margin of Collateral to Loan	0
Total Collateral Amount \$	0	% Loan to Collateral	0%

**Step 2: FSA Chattel Loans Group**

**Step 3: Enter correct Collateral Amount** in the FSA Loan group collateral text box. To do this, uncheck the "Auto Calc" checkbox, and enter in the available collateral amount that appeared in the pop-up box. (Note: This step will be eliminated in a future release of WEM.)

Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose
X	FSA	Int.	189000*	189000	189000	
<b>Totals</b>			189000	189000	189000	

\*\*Denotes "New" Loans      \*Total Of Loans For Collateral Analysis: 189000

Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used	Available
		0	0	0	<input checked="" type="checkbox"/>	0	0
X Machinery & Equipment		275000	100	275000	256000	208000	67000
<b>Totals</b>		275000		275000	256000	208000	67000

Analysis			
Total Loan Amount \$	189000	Margin of Collateral to Loan	1.35
Total Collateral Amount \$	256000	% Loan to Collateral	73.83%

**Step3: Enter Correct Collateral Amount**

Farm Business Plan - FSA User Handbook (Continued)

**Step 4:** Verify that the overall FSA collateral position is correctly identified in the summary analysis and Credit Presentation.

Loan(s) Description	Lien?	Scoring & Rating	\$ Amt to Use	# Of Loans	Amt	Collateral Value	Margin Coll / Ln	% Loan to Coll.
<input type="checkbox"/> FSA OL Loan	Ours <input checked="" type="checkbox"/>	As Marked On Schedule		1	189000	256000	1.35	73.83%
<b>Total Scoring &amp; Rating</b>				<b>1</b>	<b>189000</b>	<b>256000</b>	<b>1.35</b>	<b>73.83%</b>
<b>Total</b>					<b>189000</b>	<b>256000</b>	<b>1.35</b>	<b>73.83%</b>
<input type="checkbox"/> JD Credit Upside Down Loan	Prior	As Marked On Schedule		1	26000	19000	0.73	136.84%

*Step 4: Verify Overall Collateral Position*

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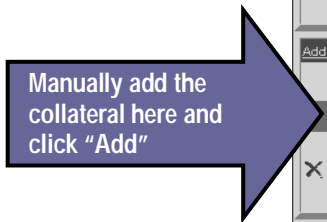
Farm Business Plan - FSA User Handbook (Continued)

*Third-Party Pledges of Security*

Sometimes, outside individuals or entities may provide third-party pledges of collateral. Because the customer does not own the collateral, it does not appear on their balance and is therefore not available to be selected when building the collateral analysis. In these circumstances, the collateral pledged by the third party must be manually entered in the loan group that it secures.

**Example:** Assume that Dad pledges a tractor worth \$15,000 as collateral for an FSA loan. In the FSA loan group, manually add the tractor, description, and value in the text boxes, and click the “Add” link.

New Loan							
Loans							
Loan #	Creditor	Type	Prin. Bal / Request Amt.	Present Commit.	Proposed Commit.	Purpose	
X **	FSA	Int.	143000*	0	143000		
			Totals	143000	0	143000	
**Denotes "New" Loans			<b>*Total Of Loans For Collateral Analysis:</b>			143000	
Collateral							
Description	Type	\$ Value	%	Disc \$ Value	Collateral Auto Amount Calc	Used	Available
Dad's JD 4440 Tractor	3rd Party Pledge	15000	100	15000	15000 <input checked="" type="checkbox"/>		<input type="button" value="Add"/>
		Save & Stay	Save &	Save & Menu			
X Machinery & Equipment		140000	100	140000	140000 <input checked="" type="checkbox"/>	140000	0
<b>Totals</b>		140000		140000	140000	140000	0
Analysis							
<b>Total Loan Amount \$</b>	143000			<b>Margin of Collateral to Loan</b>		0.98	
<b>Total Collateral Amount \$</b>	140000			<b>% Loan to Collateral</b>		102.14%	



*Third Party Pledge of Security*

**Farm Business Plan - FSA User Handbook (Continued)**

## Credit Actions

In the FBP system, a Credit Action generates forms and other documentation containing the information necessary to approve, decline, and support a loan making or servicing decision.

\*--There are currently 7 Credit Actions that can be completed:--\*

Credit Action Type	Used For	Type of Forms				
		Farm Assessment	Other	DALRS Input Report	Credit Presentation	Security Agreement
D-Loan Making*	Origination of direct loans	Available	Environmental Checklist	N/A	Cred. Pres / Borr. Class.	Available
D-Loan/Sec. Agr. Only	Only a Security Agreement needs to be generated	N/A	N/A	N/A	N/A	Available
D-Loan/Class/LR/YEA Only	Account classification, year-end analysis, limited resource review, and/or graduation review outside of the Credit Presentation	Available	N/A	N/A	Classification/YEA/LR Review	Available
D-Loan/Special Serv.*	Special loan servicing actions, i.e. primary & preservation loan servicing, DSA	Available	Environmental Checklist	Available	Cred. Pres / Borr. Class.	Available
D-Loan/Regular Serv.*	Partial releases of real estate, approval of subordinations, transfer & assumption	Available	Environmental Checklist	N/A	Cred. Pres / Borr. Class.	Available
D-Loan/Eligibility Only	Eligibility determinations outside of the Credit Presentation	N/A	N/A	N/A	Eligibility Only	Available
*--D-Loan/Youth Loans	Processing and approving youth loan applications and requests	N/A	Eligibility Only	Available	Youth Loan	Complete Form Manually--*

\* **NOTE:** In cases where a loan is being made in conjunction with a special servicing request (primary and preservation loan servicing, and DSA), use the D-Loan/Special Serv. Credit Action. In cases where a loan is being made in conjunction with a regular servicing request, use the D-Loan/Regular Serv. Credit Action.

## Creating a Credit Action

A Credit Action is created from the **Credit Action → Add/Modify/Delete** menu. Enter a meaningful description of the action in the text box, i.e. “YEA 2/04,” “2005 OL loan-tractor,” “8/04 Rescheduling,” etc.

## Credit Action Status

When a Credit Presentation is acted upon, the status of the Credit Action will automatically be updated to indicate it was:

- Approved or Declined
- Recommend Approval or Decline
- Withdrawn
- Pending.

**IMPORTANT:** After a Credit Action form has been eSigned, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → [Form Name]**.

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## Farm Assessment

Initial Farm Assessments and updates must always be entered in General Information. However, because the Farm Assessment is a living document that will change over time, it is important that changes and updates get “frozen” in time when a Credit Action is completed. This serves two important purposes:

- A snap-shot of the Farm Assessment is taken, recorded, and can't be changed when locked
- The Farm Assessment will be associated with the Credit Action that was completed at that point in time.

**CAUTION:** Do not make changes to the Farm Assessment from within the Credit Action. All changes and updates must be made within **General → General Information**. Making updates and changes within the Credit Action itself will not transfer the changes in General Information.

To associate the updated Farm Assessment within a Credit Action and lock it:

- Open the Farm Assessment by **Credit Action → [Credit Action Name] → Farm Assmt**
- Click the “update” link
- In the pop-up box, check the box to copy from General Information and select the update link
- Lock the Farm Assessment by **Credit Action → [Credit Action Name] → Lock Forms → Farm Assmt**.

The Farm Assessment can be printed by **Reports → Credit Action**.

**IMPORTANT:** After a Farm Assessment Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Farm Assmt**.

Farm assessments, if completed or updated, will be signed and dated by the customer to acknowledge participation in the completion of the document.

See “[General Information](#)” and “[Electronic File Maintenance, Reports and Signatures](#)” for more information on when a Farm Assessment needs to be printed and/or signed.

## Environmental Checklist

The Environmental Checklist for Categorical Exclusions (Form FmHA 1940-22) is prepared to document the environmental review and concurrence, when required.

To complete the Environment form:

- Open the form by **Credit Action** → [Credit Action Name] → **Environmental Checklist**
- Select the “Update” link. An Update dialog box will appear. Check only the following boxes and when done, click the update link:
  - General Information
- Complete the remaining portion of the form and answer the applicable questions
- Click the “Signature of Preparer” link to eSign the form
- If the form needs concurrence, the concurring official must click the “Signature of Concurring Official” to eSign the form.

**IMPORTANT:** After the Environmental form has been created or updated and final concurrence is given to it, when necessary, lock the form to prevent changes by using **Credit Action** → [Credit Action Name] → **Lock Forms** → **Environmental**.

See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on when the Environmental checklist needs to be printed and/or signed.



## DALR\$ Input Report

A DALR\$ Input Report can be prepared that calculates the financial categories needed to be input into the DALR\$ program for special servicing actions. It also includes the relevant collateral description from the collateral analysis completed in conjunction with a balance sheet.

Once the DALR\$ Input Report is selected from the **Credit Action** → [Credit Action Name] → **Other - DALR\$ Input Rpt.** menu:

- Select the “Update” link. An Update dialog box will appear. Check the following boxes and when done, click the update link:
  - Ultra Financials
  - Collateral Analysis [Select date of Balance Sheet to use from the drop-down box]
  - General Information.

**CAUTION:** Do not check the “Farm Assmt” or Environmental check box.

- All calculations will automatically flow from the selected balance sheets and income/expense projections to the report. The **Reports** → **Reports Setup** menu controls which balance sheets and projections appear in the report. The following dates must be input into the DALR\$ Input Report Credit Action:
  - Proposed Loan Servicing Date
  - Plan Approval Date. This is the date the Credit Presentation was approved.
- The “Completed By” link must be selected to eSign the form.

**NOTE:** When projections are initially added, a description like “2004-First Year Proj” or “2009-Aft Defrl” will be helpful when selecting them in **Reports** → **Reports Setup**.

**IMPORTANT:** After a DALR\$ Input Report Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action** → [Credit Action Name] → **Lock Forms** → **DALR\$ Input Rpt.**

See “Electronic File Maintenance, Reports and Signatures” for more information on when a DALR\$ Input Report needs to be printed and/or signed.

## Credit Presentation & Classification

A Credit Presentation is prepared to communicate and document a loan making or servicing decision. It encompasses the various aspects of analyzing the financial information, collateral position, eligibility, classification, and the loan narrative. The Credit Presentation should be viewed as the primary loan decision document that contains all relevant information involved in a loan decision.

A Credit Presentation must be prepared and eSigned for the following actions:

- Direct loan making

**NOTE:** The documentation requirements for youth and lo-doc loans are very low. Therefore, minimal completion of the Credit Presentation is expected according to FSA handbooks.

- Special loan servicing:
  - Primary & preservation loan servicing
  - Disaster Set-Aside
- Regular loan servicing:
  - Partial releases of real estate
  - Subordinations
  - Transfer & Assumption
- Classification/LR Review/YEA
- Eligibility only
- \*--Youth loans.--\*

Completing the Credit Presentation eliminates the need for:

- Form FSA 440-2 “Eligibility”
- Loan narrative
- Collateral analysis
- Form FSA 2006-20 “Classification.”

Eventually, the Credit Presentation will also obsolete Form RD 1940-1.

### *Preparing the Credit Presentation*

When a blank Credit Presentation is created, it must be “updated” with certain information from other parts of the FBP system using the “Update” link. An “Update” dialog box will appear and the user must check the following boxes:

- Ultra Financials
- Collateral Analysis [Select the Balance Sheet from which the collateral analysis will be calculated]
- Credit Relationship [Select the Balance Sheet from which the credit relationship information will come from]
- General Information.

**CAUTION:** Do not check the “Farm Assmt” or “Environmental” box.

**Farm Business Plan - FSA User Handbook (Continued)**

*Components of the Credit Presentation*

Component	Details
General Information	<ul style="list-style-type: none"> <li>• Most of this information will be pre-filled and not need further completion.</li> <li>• Select the radio button to designate whether the Farm Assessment was completed/updated or no update is required.</li> </ul>
Credit Relationship	<ul style="list-style-type: none"> <li>• Loan Amount Requested For Approval. For new loans, indicate the total amount of new loans being requested. For subordinations, indicate the total amount of subordination being requested. For all other purposes, leave blank.</li> <li>• Ensure that the credit relationship information transferred in is correct.</li> <li>• In the text box indicate:               <ul style="list-style-type: none"> <li>• Loan purposes and use of loan funds for direct loan making and for subordination actions.                   <ul style="list-style-type: none"> <li>▪ For loan making, transfer this information to form RD 402-1 when a SBA will be used to disburse loan funds.</li> <li>▪ For subordinations, transfer this information to the applicable subordination agreement.</li> </ul> </li> <li>• Any other information relevant to FSA’s credit relationship with the customer.</li> </ul> </li> </ul>
Collateral Analysis	<ul style="list-style-type: none"> <li>• Ensure that the collateral and loan information transferred into this section is correct.</li> </ul>
Employment Information, Related Entities, Balance Sheet, Income Statement, Repayment Capacity	<ul style="list-style-type: none"> <li>• Use the <b>Reports → Reports Setup</b> menu to select which balance sheets and income/expense statements appear in the Credit Presentation.</li> <li>• See “<u>Reports Setup</u>” under the “<u>Reports &amp; Forms – Signature and Filing Requirements</u>” section for information on what financial data should be included.</li> <li>• Ensure that the correct information was transferred into these sections.</li> </ul>
Classification	<ul style="list-style-type: none"> <li>• See the “<u>Classification Component</u>” table of the “<u>Classification/LR Review/YEA</u>” credit action for an explanation of the how to complete the classification section for ADPS transactions. An explanation of the scores is also within the “<u>Classification/LR Review/YEA</u>” credit action.</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>• Answer the applicable eligibility questions with the radio buttons.</li> <li>• Address any additional eligibility issues in the WordPad, if needed.</li> </ul>
Credit Worthiness	<ul style="list-style-type: none"> <li>• Answer the question with the radio button.</li> <li>• Address any additional credit worthiness issues in the text box.</li> </ul>

*Continued on the next page*

**Farm Business Plan - FSA User Handbook (Continued)**

*Continuation*

Component	Details
Collateral	<p><u>What is Collateral?</u> Collateral or guarantees are forms of security the customer can provide to secure an FSA loan. If for some reason, the business cannot repay its loan through business operations, there needs to be a second source of repayment. Assets such as equipment, livestock, real estate and in some cases inventory are considered possible sources of repayment if they are liquidated and sold for cash. Both business and personal assets can be sources of collateral for a loan according to FSA handbooks.</p> <ul style="list-style-type: none"> <li>• In the WordPad, describe the adequacy of the collateral.</li> <li>• If the chattel was appraised by the same official recommending/approving the Credit Presentation, the appraisal form does not need to be printed or signed if the “Collateral” section of the Credit Presentation contains a notation that it was appraised, date of appraisal, and that the eSignature stamp of the recommending or approving official represents the person who appraised it.</li> <li>• Answer the security questions with the radio button.</li> </ul>
Capacity	<p><u>What is Capacity?</u> FSA must know how the customer intends to repay the loan. Consider the cash flow from the business, the timing of the repayment, and the probability of successful repayment of the loan. Discuss all the assumptions (marketing, pricing, income, production, expenses, withdrawals, etc.) in preparing the farm business plan, the basis for the assumptions, and comparisons to the financial history. Payment history on existing credit relationships--personal and business--is considered an indicator of future payment performance. Also consider contingent sources of repayment, if available.</p> <ul style="list-style-type: none"> <li>• In the WordPad, discuss the repayment capacity of the borrower, and any assumptions used in the income/expense projection.</li> <li>• Answer the questions about limited resource rates with the radio button. See the “<u>Classification/LR Review/YEA</u>” credit action for information on determining if limited resource rates are justified and for ADPS transactions.</li> </ul>
Capital	<p><u>What is Capital?</u> Capital is the money the customer has personally invested in the business and is an indication of how much they have at risk should the business fail. Most lenders generally expect some contribution of the customer’s own assets and that they have undertaken personal financial risk in order to establish the business before asking a lender to commit any funding. In addition, many lenders believe if the customer has a significant personal investment in the business they are more likely to do everything in their power to make the business successful. Lack of accumulated net worth could be a danger signal unless the applicant is fairly new. Consider that capital also can:</p> <ul style="list-style-type: none"> <li>• Provide a cushion for repayment in the event having a financial setback.</li> <li>• Indicate an ability and willingness of the customer to save and accumulate assets.</li> <li>• Confirm that the borrower manages his/her financial affairs adequately and within his/her income.</li> </ul> <ul style="list-style-type: none"> <li>• In the WordPad, discuss the customer’s capital position which may include their working capital, debt to asset level, and other elements of available capital.</li> </ul>
Conditions	<p><u>What are Conditions?</u> Conditions are loan covenants and conditions that are placed upon approval and/or closing. Conditions may also include observations about local and general economic conditions affecting the business.</p> <ul style="list-style-type: none"> <li>• Enter the approval conditions into the WordPad; the radio buttons and date fields should be answered to include additional conditions relating to borrower training, SBA accounts, and hazard insurance.</li> </ul>

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**Farm Business Plan – FSA User Handbook (Continued)**

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**Locking Credit Presentations**

- \*--After a Credit Presentation has been approved/denied and e-signed, the Loan Approval Official will lock the form to prevent any changes by using **Credit Action – Credit Action Name – Lock Forms – Credit Presentation**. In the case where the financial information may need to be updated, the Loan Official will duplicate the Balance Sheet(s) and Income/Expense Projection(s) and make a separate Credit Presentation.

*Note:* National Office has now given State Coordinators the authority to unlock Credit Presentations. In the event a Credit Presentation is locked prematurely the State Coordinator can unlock it for the Loan Official.--\*

### *Approving or Declining a Credit Presentation*

See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on eSigning and printing reports.

#### **When the recommending and approving official are the same:**

- The FSA loan official will use the “Loan Approval” link to approve or decline the plan or credit decision. The user’s eSignature and the date/time stamp will appear on the Credit Presentation. Use the drop-down box to indicate the action taken.
- The approving official must lock the Credit Presentation by **Credit Action → [Name of Credit Action] → Lock Forms → Credit Presentation.**

#### **When the recommending official is different than the approval official:**

- The recommending official will use the “Loan Approval” link to recommend approval or denial of the plan or credit decision. The user’s eSignature and the date/time stamp will appear on the Credit Presentation. Use the drop-down box to indicate the recommended action.
- The recommending official will notify the approval official to review the Credit Presentation.
- The approving official will review the Credit Presentation on-line and indicate the approval or denial decision, using the “Loan Approval” link, including any additional approval requirements in the text box. Use the drop-down box to indicate the action taken.
- The approving official must lock the Credit Presentation by **Credit Action → [Name of Credit Action] → Lock Forms → Credit Presentation.**

When a Credit Presentation is acted upon, the status of the Credit Action will automatically be updated to indicate it was:

- Approved
- Declined
- Pending
- Withdrawn

See “[Electronic File Maintenance, Reports and Signatures](#)” for more information on when a Credit Presentation needs to be printed and/or signed.

**Farm Business Plan - FSA User Handbook (Continued)**

## Classification/LR Review/YEA

A subcategory of a Credit Presentation is the “Classification/YEA/LR Review” model. This model should be completed to document and perform any or all of the following business processes when **not** already documented within a direct loan making, regular loan servicing, or special loan servicing Credit Presentation:

- Classification
- Year-end analysis (YEA)
- Limited Resource (LR) Reviews
- Graduation Reviews.

### *Preparing the Classification/LR Review/YEA*

When a blank Classification/LR Review/YEA credit presentation is created, it must be “updated” with certain information from other parts of the FBP system. Click the “Update” link to copy in information from other parts of the FBP system. An “Update” dialog box will appear and the user must check the following boxes:

- Ultra Financials
- General Information

**CAUTION:** Do not check the “Farm Assmt” box.

Component	Details																
Balance Sheet, Income Statement, Repayment Capacity	<ul style="list-style-type: none"> <li>• Use the <b>Reports → Reports Setup</b> menu to select which balance sheets and income/expense statements appear in the Credit Presentation.</li> <li>• Use the “Update” link to transfer in the financials.</li> <li>• Ensure that the correct information was transferred into these sections.</li> </ul>																
Classification	<ul style="list-style-type: none"> <li>• Click on “Score Now” to calculate the classification score.</li> <li>• An “Update” pop-up box will appear. Select the balance sheet and income/expense projection from which the classification score will be calculated.</li> <li>• Select the current or post-close balance sheet according to the type of credit action: <table border="1" style="width: 100%; margin: 10px 0;"> <thead> <tr> <th style="background-color: #e0e0e0;">Type of Credit Action</th> <th style="background-color: #e0e0e0;">Type of Balance Sheet for Classification</th> </tr> </thead> <tbody> <tr> <td>Classification/LR Review/YEA Credit Presentation</td> <td>Current</td> </tr> <tr> <td>Credit Presentation prepared for:</td> <td></td> </tr> <tr> <td>• D-Loan Making (annual operating *--loans, excludes youth loans)--*</td> <td>Current</td> </tr> <tr> <td>• Credit Presentation prepared for:</td> <td>Post Close</td> </tr> <tr> <td>• D-Loan Making (term loans and combination term &amp; annual loans, *--excludes youth loans)--*</td> <td></td> </tr> <tr> <td>• D-Loan Regular Servicing</td> <td></td> </tr> <tr> <td>• D-Loan Special Servicing</td> <td></td> </tr> </tbody> </table> </li> </ul> <p><b>NOTE:</b> These accounts should be classified at the time of credit action approval based upon a post-close balance sheet. The credit action does <u>not</u> have to be closed before the account is classified.</p> <ul style="list-style-type: none"> <li>• Select the appropriate income/expense projection.</li> <li>• The user’s name and the date/time stamp will appear on the classification. Use this date of classification for all ADPS transactions. See “<u>Classification Scores</u>” for more information on inputting transactions into ADPS.</li> </ul>	Type of Credit Action	Type of Balance Sheet for Classification	Classification/LR Review/YEA Credit Presentation	Current	Credit Presentation prepared for:		• D-Loan Making (annual operating *--loans, excludes youth loans)--*	Current	• Credit Presentation prepared for:	Post Close	• D-Loan Making (term loans and combination term & annual loans, *--excludes youth loans)--*		• D-Loan Regular Servicing		• D-Loan Special Servicing	
Type of Credit Action	Type of Balance Sheet for Classification																
Classification/LR Review/YEA Credit Presentation	Current																
Credit Presentation prepared for:																	
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• Credit Presentation prepared for:	Post Close																
• D-Loan Making (term loans and combination term & annual loans, *--excludes youth loans)--*																	
• D-Loan Regular Servicing																	
• D-Loan Special Servicing																	

*Continued on the next page*



**Farm Business Plan - FSA User Handbook (Continued)**

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*Continuation*

Component	Details
LR Review/YEA Narrative	<ul style="list-style-type: none"> <li>The WordPad should be used to document the assumptions relating to the year-end analysis, classification, and/or limited resource review, as applicable.</li> </ul>
Graduation Review	<ul style="list-style-type: none"> <li>Answer the applicable questions related to the graduation review, if applicable.</li> <li>Use the eSignature date stamp as the date of graduation review for ADPS transactions.</li> </ul>
Limited Resource Rates	<ul style="list-style-type: none"> <li>Answer the applicable questions related to the limited resource rate review, if applicable. See "<u>Limited Resource Rates</u>" for more information about determining if rates are justified.</li> <li>Use the eSignature date stamp as the date of the limited resource review for ADPS transactions.</li> </ul>
Year-end Analysis	<ul style="list-style-type: none"> <li>Answer the applicable question related to completion of the year-end analysis, if applicable.</li> </ul>
Farm Assessment Status	<ul style="list-style-type: none"> <li>Select the radio button to designate whether the Farm Assessment was completed/updated or no update is required.</li> </ul>

- The "Completed By" link must be selected to eSign the form.

**IMPORTANT:** After this Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Classification/LR Review/YEA**

See "Electronic File Maintenance, Reports and Signatures" for more information on when this credit action needs to be printed and/or signed.

**Farm Business Plan - FSA User Handbook (Continued)**

***Classification Scores***

The classification selection under Routine Servicing in Management of Agriculture Credit will no longer be used to classify borrower accounts. The **only** system that will be used to classify borrower accounts will be FBP. Security margin was removed and collateral is no longer considered during the account classification process. The new classification process generates the following ratios:

- Liquidity Ratio
- Debt to Assets Ratio
- Return on Assets Ratio
- Term Debt and Capital Lease Coverage Ratio.

**NOTE:** Click the “detail” link of the borrower classification within FBP for an explanation of how the system calculates scores for each of these ratios.

The FBP system generates the following account classification codes:

Classification Score	Description of Score
1 - Commercial	Commercial classified accounts are FSA’s highest rated direct loan accounts. The debt/asset ratio, cash flow, and general financial health of a commercial-grade farming operation allow it to withstand adverse farming conditions while maintaining loan payments.
2 - Standard	Standard classified accounts are financially sound, cash flow is adequate, and on-time loan repayment is probable.
3 - Acceptable	Acceptable classified accounts are those that present some degree of financial risk. These loans have adequate to marginal security and are generally experiencing some financial stress.
4 – Marginal	<p>A marginal borrower account is one that poses a high degree of financial risk. These loans may or may not be secured and repayment ability is marginal.</p> <p><b>IMPORTANT:</b> If the result of the classification is 4 and the loan is not secured, enter the under-secured amount in the “Loss Amount” field when completing the 8N transaction. If the result of the classification is 4 and the loan is secured, enter \$1 in the “Loss Amount” field when completing the 8N transaction. A review of the FBP Collateral Analysis Report will indicate if a loan is secure or under-secured. Collateral will be analyzed under the Collateral Analysis section of the FBP system.</p>

*Limited Resource Rates*

Section 1951.25(b)(3) of RD Instruction 1951-A provides the Farm and Home Plan projections for the coming year must show that the “balance available to pay debts” exceeds the amount needed to pay debts by at least 10 percent before an increase in interest rate is put into effect. Since FBP does not use these figures to determine feasibility, the information that will be used is the **Term Debt and Capital Lease Coverage Ratio**. This ratio is located in the Repayment Capacity/Sensitivity and the Ratios/Indicators Reports within FBP. If the ratio is greater than 110 percent, the interest rate may be increased. All other policies established in RD Instruction 1951-A, such as incremental increases, and the form of borrower notification remain in effect.

3-15-05

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## Eligibility Only

A sub-category of the Credit Presentation is the “Eligibility Only” mode. This form should be only be used:

- To document that an applicant is **ineligible** for FSA loan assistance; **and**
- When a credit presentation will **not** be prepared.

Complete this Credit Presentation by:

- Answering the applicable eligibility questions with the radio buttons.
- Addressing any additional eligibility issues in the WordPad, if needed.
- The “Completed By” link must be selected to eSign the form.

**IMPORTANT:** After this Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Eligibility Only**

See “Electronic File Maintenance, Reports and Signatures” for more information on when a Security Agreement needs to be printed and/or signed.

3-15-05

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Farm Business Plan - FSA User Handbook (Continued)

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## \*-- Youth Loans

The youth loan credit action model should be used to process application requests for youth loans. This credit action consists of the following:

- Eligibility Only
- Credit Presentation – Youth Loan
- Security Agreement (Completed Manually)

Complete this credit action by completing all the above and by e-signing all forms where applicable.

**IMPORTANT:** After this Credit Action has been created or updated, lock the form to prevent changes by using **Credit Action → [Credit Action Name] → Lock Forms → Credit Presentation – Youth Loan**

See “Electronic File Maintenance, Reports and Signatures” for more information on when this credit action needs to be printed and/or signed.

Other youth loan requirements:

### ***FBP Information***

Youth loan applicants are **not** required to provide either FSA 2037 or FSA 2038. A properly completed FSA-2301 should provide all information necessary to process the loan request, including completion of the youth loan credit presentation within the FBP, since most youth loan projects are very simple enterprises. However, FSA-2037 and FSA-2038 may still be requested by the loan official in individual cases that:

- are usually complex for a youth loan project
- require additional information for proper analysis.

When FSA-2037 and FSA 2038 are required, a loan official will meet with the applicant to provide technical assistance in completing FSA-2037 and FSA-2038.

### ***Farm Assessments***

Farms assessments, addressed in FmHA Instruction 1924-B, 1924.55 are **not** required for youth loans. However, some discussion of strengths, potential problems, and goals should be included in the narrative section of the youth loan credit presentation.--\*

10-19-06

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## Farm Business Plan - FSA User Handbook (Continued)

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### *\*--Loan Classifications*

Youth loans will be classified as follows:

- all youth loans will automatically be classified as 3

**Note:** This classification **will not** be completed in the FBP, but will be entered into ADPS using an 8N transaction.

- if a youth loan borrower reaches the age of majority **and** subsequently gets a direct OL and/or farm ownership loan, all loans including any outstanding youth loans will be entered into the FBP and classified based upon the financial data collected.

### *Security Agreement*

FBP currently does not capture information needed to complete FSA-440-4A for youth loans; therefore, FSA-440-4A must be completed manually.

### *Servicing Youth Loans*

Youth loan borrowers who submit a complete application for delinquent loan servicing within the required time frame may be considered for rescheduling or deferral according to FmHA Instruction 1951-S. The CONACT does not provide for limited resource rates, write downs, or buyouts for Youth Loans. In addition, Youth Loans are not eligible to receive Disaster Set-Aside under FmHA Instruction 1951-T.

If a feasible plan cannot be developed with rescheduling or deferral, then liquidation and collection through administrative offset, referral for Treasury Offset Program (TOP) offset, and cross-servicing must be pursued, including offset against any adult cosigner when Social Security numbers of cosigners can be obtained. Cosigner information should be entered into Management of Agricultural Credit software. Any debt remaining after liquidation may be debt settled according to RD Instruction 1956-B or referred to Treasury for collection under TOP and cross-servicing.

See “Electronic File Maintenance, Reports and Signatures” for more information on when a Security Agreement needs to be printed and/or signed.--\*

10-19-06

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## Security Agreement

A new Security Agreement can be generated from within any Credit Action model. In addition, a separate Credit Action called “D-Loan/Sec Agr. Only” can be added when only a Security Agreement is desired and no other Credit Action is required.

In the “Update From” dialog box, select the following sources of information:

- Current income/expense projection

**NOTE:** Chattel information from the balance sheet that has been previously associated with the selected income/expense projection will also be transferred to the Security Agreement. It is important that a beginning balance sheet be associated with an income/expense projection.

- General Information

**NOTE:** The name and address of the primary customer will always appear on the security agreement. The name(s) and address(es) of related entities and entities that pledge third-party security will also appear on the security if any one of the following boxes are checked in

**General → Related Entities → [Entity Name]:**

- Spouse
- Co-Applicant
- CoOwner.

**CAUTION:** Do not check the “Farm Assmt” box

Once the Security Agreement page is displayed, click on the “Update” link to transfer in the source information.

**NOTE:** By default, all real estate descriptions on the security agreement will be populated from the **Balance Sheet → Assets → Real Estate-Land** and the **Inc/Exp → Expense Sch. → Rent-Land/Animals** schedules. The “To SA” checkbox in those schedules may be unchecked to stop the transfer of real estate descriptions to the security agreement.

The table below outlines additional information to be entered into the Security Agreement page.

Field	Details
Security Agreement Date	Effective date of the Security Agreement.
Equipment States and Livestock States	Enter the name of the state(s) where the applicable chattel property is located. For example: Wisconsin, Illinois, and Iowa.
Fixtures	Enter a description of fixtures, etc. taken as collateral, if any.
Accounts, deposit agreements, general intangibles, etc.	Enter additional information about specific accounts, contract rights, general intangibles, etc., as required by state handbooks, if any.

See “Electronic File Maintenance, Reports and Signatures” for more information on when a Security Agreement needs to be printed and/or signed.

**Farm Business Plan - FSA User Handbook (Continued)**

## Getting Help

For help using the FBP software, select the “eHelp” option from the upper right hand menu of the FBP screen or consult the software user guide. For questions about issues not available on-line or in the user guide, field office employees should first contact their FBP Coordinator. References to “FBP Coordinator” include state and field FBP Coordinators, as appropriate.

Hardware, network, and CCE software issues are routed through the National FSA Help Desk. FBP software issues are routed to ECI. Policy issues are handled by the FBP Coordinator.

Examples of who to contact:

Type of Issue or Question	Field Offices Should Contact	Second Level of Support
<b><i>Hardware/Network/CCE Software</i></b>		
eAuthentication or user ID problems; add users; password problems or expired passwords; security levels	FBP Coordinator	<ul style="list-style-type: none"> <li>• FBP systems administrator for granting access.</li> <li>• FSA Help Desk 800-255-2434 – Option 5 for security.</li> </ul>
Network or connection problems; can’t connect; system performance	FBP Coordinator	If isolated to one site, contact state IT staff.
		If affecting multiple sites, contact FSA Help Desk 800-255-2434 – Option 3, then 4
Java or Crystal Reports applet installations	FBP Coordinator	State IT Staff
<b><i>Web Equity Manager Software or Farm Business Planning Policies</i></b>		
Overall usage of FBP; menu structure; printing reports; setting-up customers	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
“How to” questions	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
Importing/exporting data	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
Moving service centers in the location hierarchy, redistricting, etc.	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
Setting-up access to employee-only & restricted accounts	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
“Checking-in” a customer record that has been checked-out by another user	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>

*Continued on the next page*



**Farm Business Plan - FSA User Handbook (Continued)**

*Continuation*

<b>Type of Issue or Question</b>	<b>Field Offices Should Contact</b>	<b>Second Level of Support</b>
"Unlocking" a customer record	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
Retrieving deleted customer records from the recycle bin	FBP Coordinator	<ul style="list-style-type: none"> <li>• FSA Help Desk 800-255-2434 – option 3 then 4</li> <li>• ECI 800-264-0787 ext. 5</li> </ul>
FBP Coordinators system administration & defaults	FSA Help Desk 800-255-2434 - option 3 then 4	ECI 800-264-0787 ext. 5
FBP Coordinators usage of Data Mart	FSA Help Desk 800-255-2434 – option 3 then 4	ECI 800-264-0787 ext. 5

## **FBP Forum**

In addition to live support, users also have access to a FBP forum. A national FSA forum is available, in addition to a forum for each state to use. The FBP coordinator in each state is a forum moderator. The forum is located at <http://fbpforum.onlineequity.com>.

## **E-Mail Help**

E-mail help is also available by e-mailing the parties above. Help for unresolved issues is available from ECI at [support@eci-equity.com](mailto:support@eci-equity.com). In the e-mail, please include:

- Specific question or problem
- Your Name
- Your Location
- Your Phone Number and extension

Farm Business Plan - FSA User Handbook (Continued)

## Glossary of Terms

Term	Definition
Ag or Farm Debt	Any debt incurred for which the majority was for farm or ag related purposes.
eAuthentication	The system used to authenticate and authorize users of USDA web-based applications. Previously referred to as "WebCAAF."
Ending Cash	MADS + beginning cash + operating and term loan advances – operating principal repayment – capital expenditures + capital sales + capital contributions – capital withdrawals
eSignature	An electronic signature that conforms to the ESIGN act. An eSignature requires electronically authenticating the user, and using an unalterable signature that contains a date and time stamp.
FBP	Farm Business Plan. The FBP document, at a minimum consists of a balance sheet with schedules, and income/expense trends with projected cash flow schedules.
Loan Group	A term used in collateral analysis. A group of loans grouped together by creditor and the collateral that secures those loans.
Margin After Debt Service (MADS)	Operating income – purchases for resale – operating expenses including interest and depreciation + non-farm income – owner withdrawals – non-farm expense – income taxes – term principal payments + depreciation
NAICS	North American Industry Classification System. Most government and commercial businesses have moved toward NAICS as a way of classifying U.S. and Canadian businesses based upon a standardized coding system.
Personal or Non-Farm Debt	Any debt incurred for which the majority was for non-farm purposes.
PLAS	Program Loan Accounting System
Post Close Balance Sheet	A balance sheet prepared assuming that the planned loan making or servicing transaction has just taken place.
Pro-Forma Balance Sheet	A balance sheet prepared assuming that the projected plan year has taken place and all assumptions in that plan occurred.
Regular Loan Servicing	Loan servicing actions including subordinations, partial releases of real estate, transfer and assumptions, etc.
Scheduled Input	A method of inputting data into FBP where details are entered and the total of the details are transferred to the summary.
SIC	Standard Industry Classification. This classification system is being phased out in favor of NAICS.
Special Loan Servicing	Loan servicing actions that are identified as 1951-S primary and preservation loan servicing, and Disaster Set-Aside.
Summary Input	A method of inputting data into FBP where detailed information is not used.
Term Debt and Capital Lease Coverage Ratio (TDCLCR)	(Net farm income from operations + non-farm income + depreciation + interest on term debt – income taxes – owner withdrawals – non-farm expense) ÷ Total principal and interest on term debts. TDCLCR is sometimes referred to as "Capital Debt Repayment Capacity" or "CDRC" by FSA and other lenders.
WEM	Web Equity Manager, the software used to generate the FBP.

# Farm Business Plan Data Manager

***A Management Reporting Tool***

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A component of *eLoans*

## Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook



*USDA... electronically available any place, any time.*



Farm Service Agency  
Revised January 25, 2006

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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**Overview**

<b>Data Manager</b>	<b>3</b>
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**Sample Reports**

<b>Classification Report</b>	<b>10</b>
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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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## Overview

### Data Manager

Data Manager is a reporting tool available from the Farm Business Plan (FBP). For the first time, Farm Loan Programs (FLP) has producers' financial and production information centrally located, that includes balance sheets, planned/actual production/income and financial ratios. Data Manager extracts selected data elements from the production server and moves this data to a separate reporting server. The data is updated hourly. Data Manager queries data elements in order to generate various reports. This tool does not manipulate the data and does not perform any calculations. Data is stored within numerous tables on a reporting server. When queried, the data elements come over as "table groupings". Tables are common data element types such as "Client Information," "Balance Sheet Information" and "Credit Action Scoring Information." Therefore, once executed, a report may have three or four different data tables as part of a report. To complete the reporting process the queried data must be "dumped" in an Excel Spreadsheet. On several reports users will need to use the sort option from Excel to sort the report by Service Center. The initial reports will be "canned" and will provide management with information to better manage their portfolio. Canned reports are packaged queries that will produce workable management reports for state and service center levels.

### Intended Users

Data Manager will only be made available to Farm Loan Chiefs (FLC) and FBP State Coordinators. These users will only have access to generated "canned reports". The option to generate Ad Hoc reports will not be provided at this time. Network limitations precluded making this tool available to District Directors and service centers, as having the reporting capabilities available at all levels would tax the web infrastructure and decrease web performance at the service center. State offices will be able to electronically share Data Manager Reports by emailing the Excel reports to service centers.

### System Access

Data Manager users must be logged into FBP/Web Equity to access the reporting tool. At the "LOCATOR" screen, place the cursor on the 'DataMgr' menu item at the center of the screen and click on the drop down box labeled, 'Queries and Reports'. See figure #1 below. The 'DataMgr' menu selection will only appear when either a FLC or FBP State Coordinator logs into the FBP system. Data Manager is not linked to an individual customer account. Therefore, there is no need to query on a customer's account prior to accessing Data Manager.--\*

**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

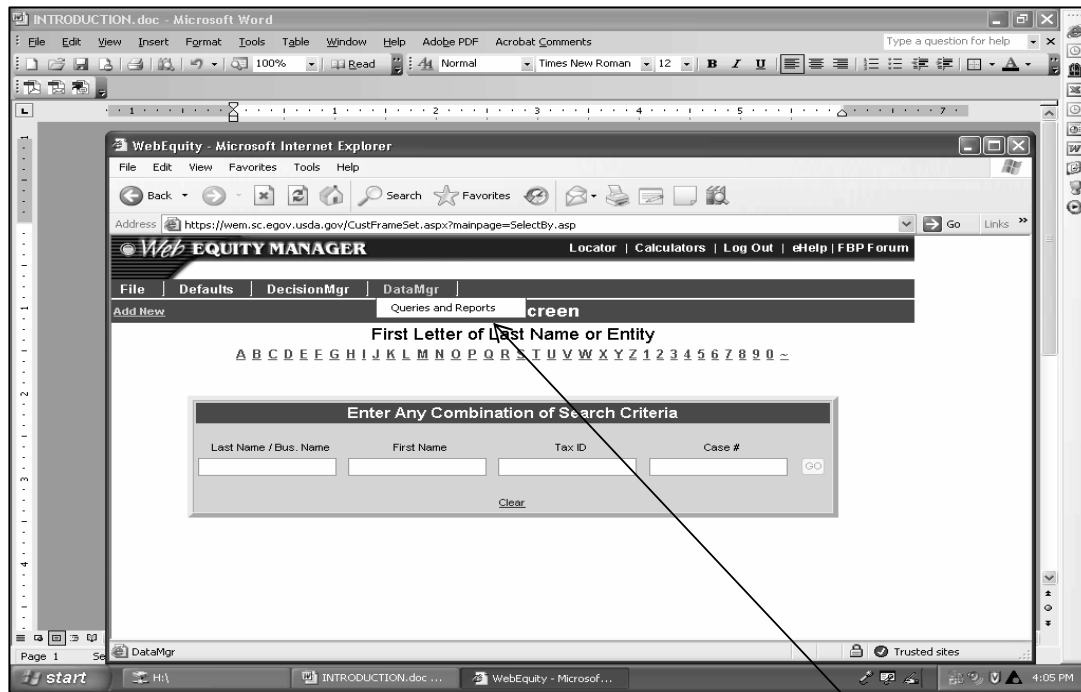


Figure #1 – FBP/ Web Equity Locator Screen

Click on Queries and Reports to start Data Manager

**Canned Reports vs Ad Hoc Reports**

Similar to FBP, Data Manager users will only have access to their respective State’s data. FLC’s and FBP State Coordinators will have access to all states/areas for which they are responsible. Canned reports were developed based on data requests obtained from a group of FLC’s surveyed. A working group of FLC’s and State FBP Coordinators will identify additional reports for future use. (see **Chiefs Working Group** section) Ad Hoc reports will only be generated at the national level. Special requests for Ad Hoc reports can be made by emailing requests to [Steven.Rubin@wdc.usda.gov](mailto:Steven.Rubin@wdc.usda.gov). Specific requests for reports will be submitted to the Chiefs Working Group for consideration of release as a canned report.

**Accessing Canned Reports**

The person who develops a query for a report owns the query. Canned queries being released for use are owned by Steven Rubin. In order for others to generate these canned reports, users must select and save requested queries to be run during that Internet session. This section will discuss how to access canned queries that will generate desired reports.

At the Data Manager screen, click on the first drop down box shown under *Select Query* area under the Data Manager menu-bar. Click on **Other Queries** selection. When **Other Queries** appear as selected, click on the second drop down box and select **Search Other Queries**. Once selected, a--\*

**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

**Accessing Canned Reports (Continued)**

pop-up box titled, 'Query Search – Web Page Dialog' will appear. At the pop-up screen the user will select the owner of the reports they want to run. See figure #2 below. Click on the drop down box for *Owner* and click on **Steven Rubin**. At the "Query Search" pop-up screen, check-mark desired reports by clicking once in the box provided to the left of the query. After all selections are made, click on the *Save* button on the pop-up screen menu bar. This will make the queries available for selection under the <Select a query or 'search other queries' to find other queries> drop down. Click on <Select a query or 'search other queries' to find other queries> and all the queries selected will appear and be available for use.

The queries will be temporarily saved and made available in the drop down box only for the immediate Internet session. Users will need to re-select queries from Steven Rubin each time they access Data Manager. Future versions of the tool will save the queries under the user's name.

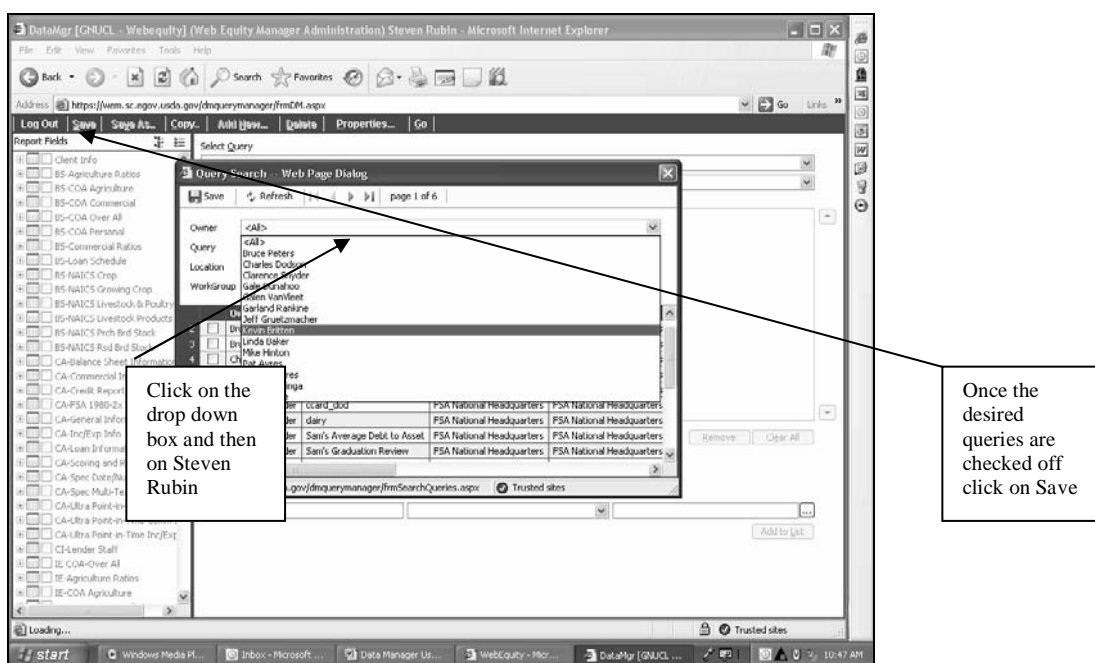


Figure #2 - Selecting owner of queries

The current list of available reports includes the following:

- Classification Report
- Credit Action Status FYE 9-30-05
- Credit Action Status FYE 9-30-06
- Ending Cash < \$1,000 Report
- Ending Cash < \$10,000 Report
- Ending Cash < \$5,000 Report
- FSA Average Owner Withdrawal Report
- Producer Report
- Production Report
- Graduation Report--\*

**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

**Running the Reports**

To run reports, first click on the desired query from the drop down box. Once that query is shown on the screen, click on the “Go” button on the green menu bar. Users will be prompted with two additional message boxes, click on the ‘yes’ or ‘Ok’ buttons for both messages, respectively. The report may take several seconds to run depending on the amount of data.

The information generated will be grouped by the table it was selected from. There may be several tables used for each report. The number in bold on the bottom of the tables represents the total number of records that came over from each data table. Data Manager only extracts data, it does not have the ability to manipulate the data. To view each table, click on the grayed out text at the top of the report. Note that the selected table name is highlighted in green. See figure # 3 below.

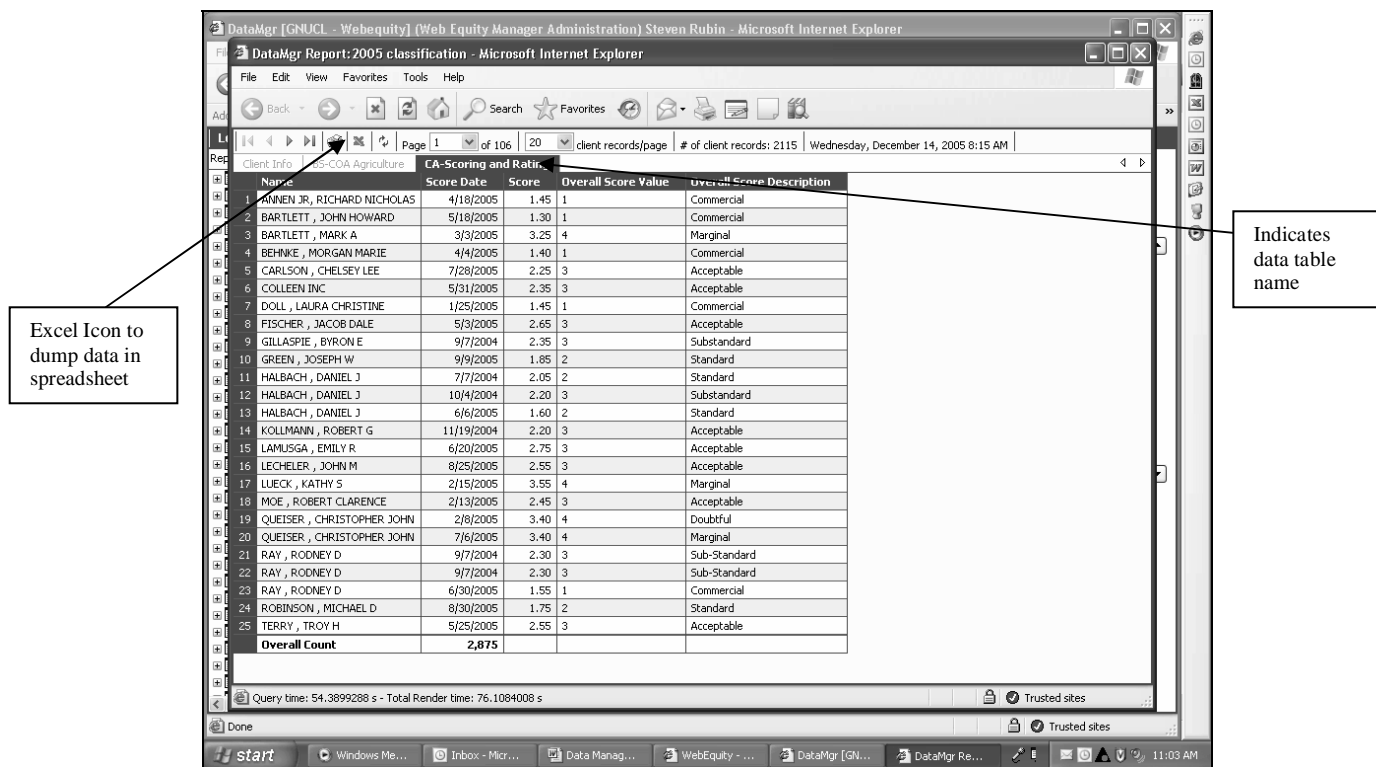


Figure #3 – data tables extracted by Data manager, note the three tables of information available for this report.

**Working in Excel**

In order to generate a report, users will need to “dump” the data tables generated from Data Manager into an Excel spreadsheet. To do this the user will need to click on the Excel icon found on the Datamgr Report screen (looks like a green ‘X’, see figure 3) located to the right of the printer icon of the menu bar. Clicking on this will automatically move the data tables into Excel. The multiple data tables generated with Data Manager will become multiple spreadsheets in Excel for each query run. Each producer has a unique identifier number that allows users to link producer’s information together from the multiple spreadsheets. To do this, users will need to download an Excel macro, “DataMgr--\*"



**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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**Working in Excel (Continued)**

Combine Data” into Excel. This macro along with downloading instructions has been sent to FLC’s and FBP State Coordinators by email, Users who have not received this Excel macro may contact Steven Rubin, Senior Loan Officer, at the National Office, (202)-690-8595. Once downloaded and saved in the correct directory, a “DataMgr Combine Data” button will be available each time you bring up an Excel spreadsheet.

Once executed, the “DataMgr Combine Data” button will link the multiple spreadsheets together using the producer’s unique identifier and will generate a new spreadsheet, labeled as ‘Combined Data’. Users will need to edit this spreadsheet in order to make it into a workable format. The following are some helpful tasks that will need to be done to make a clean printable report:

- Delete the top header row with Table Names (blue text). These headers are not needed and will interfere with the report data when a sort is performed.
- Delete unwanted columns such as unique identifier columns, account numbers and state abbreviations. Almost all reports will have a column with the state abbreviation that should be deleted to increase reporting space.
- Reduce the font size to 8 point and change the font style to *Times New Roman* for the entire spreadsheet to make it easier to fit all columns on the same page.
- Adjust the column widths and center the data for better reading, when appropriate.
- Delete shaded blue columns created by the macro to conserve space.
- Insert two lines on top of the report and type in a report title.
- Edit column headings when appropriate.
- Reformat column headings to allow for ‘text wrapping.’ (see samples 2-6)
- Sort reports by location, loan officer or credit action status, as necessary.
- Eliminate the color filled cells generated by the DataMgr Combine Data macro. Use the “Color Fill” feature in Excel and select no fill for the entire spreadsheet.
- Use the “Print Preview” feature under the “File” menu selection to view your report prior to printing. Set the “Page Setup” feature for “Landscape” for those reports having many data columns.
- Use the “Help” modules to learn more about Excel.

**FLP Chiefs Working Group**

From time to time State Offices may want to generate various reports not available as a canned report. The National Office intends to release future reports. The National Office is also considering establishing a working group of FLC’s and FBP State Coordinators to recommend additional canned reports and who will review requested Ad Hoc reports from other States to determine if those reports should become canned reports.--\*

**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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**Description of the Canned Reports**

- Classification Report (see sample #1 – Page 10)

This report provides users with classification scores generated from FBP. The report includes producer's name, FSA loan balance information, Overall Score Value (1, 2, 3, 4), actual calculated score and Score Description (Marginal, Standard, etc.). County Office location, account number and date scored are also included in the spreadsheet. Users may want to delete unwanted columns such as account number, and the calculated score. The data can be sorted by County Office Location. Once sorted, the county information can be cut and pasted to make up Service Center areas.

- Credit Action Status FYE 9-30-05 and Credit Action Status FYE 9-30-06 (see sample #2 – Page 11)

These reports will be very useful for tracking status activities for credit actions. The report includes producer's name, credit action description, forms package description ( D-Loan Making, D-Loan Special Serv., etc.), location, loan request amount, status information and loan officer information. The report can be sorted by location, by loan officer name or status description (approved, recommended approval, etc). Users may also use the Excel SUM feature to add up the column for Loan Amount Request.

- Ending Cash < \$1,000 Report (see sample #3 – Page 12)

This report will provide users with a list of producers who have projected ending cash on hand of less than \$1,000. Ending cash on hand is the projected Margin after Debt Servicing (MADS) plus or minus capital sales/expenditures plus any beginning cash on hand. The report will include borrower case number, borrower name, NAICS code, loan officer name, amount of ending cash, and county office location. Users may want to sort this report by location then cut and paste locations together on individual spreadsheets to email to area service centers. The "Ending Cash on Hand" column can be sorted to show smallest to largest amounts of cash. Negative dollar amounts can be printed in red. Use this report to flag potential high risk borrowers and to plan supervised credit activities.

- Ending Cash < \$5,000 Report (same format as sample #3)

This report will provide users with a list of producers who have projected ending cash on hand of less than \$5,000. Ending cash on hand is the projected Margin after Debt Servicing (MADS) plus or minus capital sales/expenditures plus any beginning cash on hand. The report will include borrower case number, borrower name, NAICS code, loan officer name, amount of ending cash, and county office location. Users may want to sort this report by location then cut and paste locations together on individual spreadsheets to email to area service centers. The "Ending Cash on Hand" column can be sorted to show smallest to largest amounts of cash. Negative dollar amounts can be printed in red. Use this report to flag potential high risk borrowers and to plan supervised credit activities.

- Ending Cash < \$10,000 Report (same format as sample #3)

This report will provide users with a list of producers who have projected ending cash on hand of less than \$10,000. Ending cash on hand is the projected Margin after Debt Servicing (MADS) plus or minus capital sales/expenditures plus any beginning cash on hand. The report will include borrower case number, borrower name, NAICS code, loan officer name, amount of ending cash, and county office location. Users may want to sort this report by location then cut and paste locations together on individual spreadsheets to email to area service centers. The "Ending Cash on Hand" column can be sorted to show smallest to largest amounts of cash. Negative dollar amounts can be printed in red. Use this report to flag potential high risk borrowers and to plan supervised credit activities.--\*

**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User  
Handbook (Continued)**

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**Description of the Canned Reports (Continued)**

- FSA Average Owner Withdrawal Report (see Sample #4 – Page 13)

This report will provide the average owner withdrawal (family living expense) by borrower. To make a workable report, users should sort the spreadsheet by county office location. Once sorted, use the average function key in Excel for each location grouping.

- Producer Report (see sample #5 – page 14)

This report contains useful financial ratios. Users may select various ratios to populate different reports. In addition, the report includes the borrower's primary type of farming operation. This will allow users to sort by either location, type of operation or both. The spreadsheet will provide the following ratios and data elements:

Working Capital

Liquidity Ratio

Debt/Asset Ratio

Operating Expense Ratio

Rate of Return on Assets

Rate of Return on Equity

Term Debt and Capital Lease Coverage

Margin after Debt Service

Primary Type of Operation

Producer Name

Office Location

Users will need to cut and paste columns to generate various reports using different financial ratios.

- Production Report (see sample #6 – Page 15)

This report will provide commodity production information related to crops, livestock, and dairy and livestock products. Users can generate separate reports for crops, livestock, etc. The information is linked to borrower name and office location. Report data includes NAICS code descriptions, number of units, acre numbers, number of head, milk sales, etc. Reports can be sorted by commodity type, office location or both.

- Graduation Report (see sample #7 – Page 16)

The Graduation report will produce the same data elements, column headings are the same as in the Classification Report described above, except this report will only provide the user with those producers scoring a 1 or 2 Overall Score Value (Standard or Commercial). This report may assist a State or service center when reviewing their direct loan portfolio for graduation.--\*

**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

**SAMPLE #1**

**BORROWER CLASSIFICATION REPORT**

Name	Location	Current Notes Payable - Ours	Current Portion Term Debt - Ours	Intermediate Term Debt - Ours	Long Term Debt - Ours	Score Date	Overall Score	Description
JOHNS, MIKE	Ashland Service Center, WI	0.00	1453.00	0.00	30476.00	6/1/2005	2	Standard
GRIMES, RICHARD	Ashland Service Center, WI	0.00	690.00	3030.00	0.00	3/10/2005	4	Marginal
FRIENDLY FARM	Ashland Service Center, WI	0.00	690.00	3030.00	0.00	3/10/2005	2	Standard
GREEN ACRES	Ashland Service Center, WI	0.00	622.00	0.00	19573.00	6/2/2004	3	Acceptable
RUBIN DAIRY	Ashland Service Center, WI	0.00	3598.00	63218.00	0.00	10/4/2005	2	Standard
HINTON HAY	Ashland Service Center, WI	0.00	2301.00	38314.00	0.00	3/8/2005	3	Acceptable
NORTHERN FARM	Ashland Service Center, WI	0.00	4506.00	76644.00	104422.00	6/24/2004	2	Standard
PETERS, BRUCE	Ashland Service Center, WI	0.00	3381.00	8743.00	6852.00	8/10/2005	1	Commercial
NICKS, HAROLD	Ashland Service Center, WI	0.00	0.00	0.00	0.00	5/16/2005	4	Marginal
SMITH, ROBERT	Ashland Service Center, WI	0.00	0.00	0.00	0.00	1/11/2005	1	Commercial
SHAW, HERB A	Ashland Service Center, WI	8100.00	3602.00	51445.00	87134.00	9/12/2005	2	Standard
GALEN FARMS INC	Ashland Service Center, WI	0.00	4301.00	0.00	74302.00	6/27/2005	1	Commercial
FRANKLIN, RON	Ashland Service Center, WI	0.00	631.00	4369.00	0.00	3/22/2005	2	Standard
BANCOURT, JOSE	Ashland Service Center, WI	0.00	7871.00	46849.00	102120.00	1/30/2004	2	Standard
DAY, PATRICK	Ashland Service Center, WI	0.00	5944.00	42375.00	55035.00	5/13/2005	1	Commercial
SMALL, RICHARD	Ashland Service Center, WI	0.00	2322.00	24802.00	86514.00	9/1/2005	1	Commercial

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

**SAMPLE #2**

FISCAL YEAR 2006 Credit Actions as of December 2, 2005

Name	Forms Pkg Description	CA Description	Status Date	Status Description	Loan Officer	Loan Officer Location
JOHNS, MIKE GRIMES, RICHARD	D-Loan Making	OL 2005 loan request	10/26/2005	Approved	Diane Jackson	Ashland Service Center, WI
ONE FRIENDLY FARMS	D-Loan Making	Youth loan	11/25/2005	Approved	Diane Jackson	Ashland Service Center, WI
GREEN ACRES	D-Loan Making	2005 OI youth loan	10/14/2005	Approved	Diane Jackson	Ashland Service Center, WI
	D-Loan Making	OI youth loans	10/14/2005	Approved	Diane Jackson	Ashland Service Center, WI
RUBIN DAIRY	D-Loan Making	2005 D-OL for herd expansion	11/14/2005	Approved	Diane Jackson	Ashland Service Center, WI
HINTON GRAIN AND HAY NORTHERN FARM INC	D-Loan Making	\$30000 FO loan	10/28/2005	Approved	Carl Beckman	Ashland Service Center, WI
PETERS, BRUCE	D-Loan Making	\$60.5K FO loan	10/6/2005	Approved	Carl Beckman	Ashland Service Center, WI
NICKS, HAROLD	D-Loan Making	2005 OL	10/24/2005	Approved	David Borman	Barron Service Center, WI
SMITH, ROBERT	D-Loan Making	2005 Operating Loan	11/14/2005	Approved	Patricia Mandel	Barron Service Center, WI
SHAW, HERB A	D-Loan Making	2005 S-OLs	11/15/2005	Approved	Patricia Mandel	Barron Service Center, WI
GALEN FARMS INC	D-Loan/Special Serv.	2005 Operating Loan 10/01/05 new loan/serv	11/7/2005	Approved	Patricia Mandel	Barron Service Center, WI
FRANKLIN, RONNIE	D-Loan Making	loan/serv	10/31/2005	Approved	David Borman	Barron Service Center, WI
BANDONCOURT, JOSE	D-Loan Making	2005 OL	10/12/2005	Approved	David Borman	Barron Service Center, WI
DAY, PATRICK	D-Loan/Special Serv.	2005 51-S and New Loan	11/29/2005	Approved	Patricia Mandel	Barron Service Center, WI
SMALL, RICHARD	D-Loan Making	2005 S-OL	10/7/2005	Approved	David Borman	Barron Service Center, WI
	D-Loan Making	10/1/05 loan request	10/19/2005	Approved	David Borman	Barron Service Center, WI

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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**SAMPLE #3**

**Borrowers With Less Than \$1,000 in Ending Cash by County Office**

Case Number	Name	Ending Cash on Hand	Location
58-61-4930202	JONES , JEREMIAH P	0.00	Ashland Service Center, WI
58047493240505	GREEN , ANDREW CARL	89.00	Ashland Service Center, WI
58-016-59302040	HINTON , ANNA ELIZABETH	89.00	Ashland Service Center, WI
5802250394957	BENJAMIN , YVONNE J	(2062.00)	Ashland Service Center, WI
580645949495960	SHAW , SILAS L	(13333.00)	Ashland Service Center, WI
58022059584848	GREENBURG , LISA ANN	863.00	Ashland Service Center, WI
58022059596979	BLOCK , KEASHA M	0.00	Ashland Service Center, WI
580450399862771	GROSS , ROGER V	897.00	Ashland Service Center, WI
580100391703466	MICHAELS , RICHARD A	(1469.00)	Ashland Service Center, WI
58061397905903	GREER , GAROLD L	87.00	Ashland Service Center, WI
58064596969593	BROWN , LEWIS J	9.00	Ashland Service Center, WI

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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**SAMPLE #4**

Owner Withdrawal by Location

Name	Location	Owner Withdrawal	
<b>Overall Average</b>	Ashland Service Center, WI	\$	<b>18,606.25</b>
JOHNS, MIKE	Ashland Service Center, WI	\$	15,000.00
GRIMES, RICHARD	Ashland Service Center, WI	\$	15,000.00
ONE FRIENDLY FARMS	Ashland Service Center, WI	\$	15,000.00
GREEN ACRES	Ashland Service Center, WI	\$	15,300.00
RUBIN DAIRY	Ashland Service Center, WI	\$	15,600.00
HINTON GRAIN AND HAY	Ashland Service Center, WI	\$	16,000.00
NORTHERN FARM INC	Ashland Service Center, WI	\$	17,000.00
PETERS, BRUCE	Ashland Service Center, WI	\$	18,000.00
NICKS, HAROLD	Ashland Service Center, WI	\$	18,000.00
SMITH, ROBERT	Ashland Service Center, WI	\$	19,000.00
SHAW, HERB A	Ashland Service Center, WI	\$	19,000.00
GALEN FARMS INC	Ashland Service Center, WI	\$	19,800.00
FRANKLIN, RONNIE	Ashland Service Center, WI	\$	20,000.00
BANDONCOURT, JOSE	Ashland Service Center, WI	\$	20,000.00
DAY, PATRICK	Ashland Service Center, WI	\$	20,000.00
SMALL, RICHARD	Ashland Service Center, WI	\$	20,000.00

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

**SAMPLE #5**

**Producer Information by Service Center**

Name	Type of Operation-Primary	Location	Working Capital	Liquidity Ratio	Debt/Assets Ratio	Margin After Debt Service	Oper Exp Ratio	Rate of Return on Assets	Rate of Return on Equity	Term Debt & Cap Lease Cov Ratio
JOHNS, MIKE		Ashland Service Center, WI	(29837.00)	0.03	24.14	3627.00	61.52	4.76	6.8	0.23
GRIMES, RICHARD	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(733.00)	0.00	63.44	89.00	53.58	(1.17)	(8.02)	0.41
ONE FRIENDLY FARMS	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(733.00)	0.00	63.44	89.00	79.81	11.64	5.6	1.01
GREEN ACRES	Beef Cattle Ranching and Farming	Ashland Service Center, WI	16723.00	2.69	42.35	651.00	113.89	0.00	0.00	1.22
RUBIN DAIRY	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(15911.00)	0.24	127.00	(2062.00)	0.00	(3.98)	4.46	1.09
HINTON GRAIN AND HAY	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(45920.00)	0.13	29.51	6795.00	344.06	(2.44)	(19.68)	1.02
NORTHERN FARM INC	Dairy Cattle and Milk Production Support	Ashland Service Center, WI	(6315.00)	0.15	29.03	6343.00	51.57	4.02	5.89	(2.23)
PETERS, BRUCE	Activities for Animal Production	Ashland Service Center, WI	(358.00)	0.00	280.73	0.00	19.28	(2.06)	(4.68)	1.88
NICKS, HAROLD	Beef Cattle Dairy Cattle and Milk Production	Ashland Service Center, WI	2537.00	1.22	42.61	3897.00	36.12	7.33	4.67	4.06
SMITH, ROBERT	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(79240.00)	0.11	64.81	874.00	53.49	0.00	0.00	0.00
SHAW, HERB A	Beef Cattle Ranching and Farming	Ashland Service Center, WI	1167.00	1.24	30.12	87.00	62.35	(0.38)	3.77	5.11
GALEN FARMS INC	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(2896.00)	0.00	33.89	9.00	(660.40)	(10.73)	(16.47)	2.38
FRANKLIN, RONNIE	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(5236.00)	0.40	51.07	993.00	68.79	15.26	5.88	0.49
BANDONCOURT, JOSE	Beef Cattle Ranching and Farming	Ashland Service Center, WI	2989.00	1.49	6.05	1628.00	232.45	16.46	29.23	1.08
DAY, PATRICK	Beef Cattle Ranching and Farming	Ashland Service Center, WI	(7887.00)	0.41	66.94	656.00	456.34	2.15	117.9	0.64
SMALL, RICHARD	Hog and Pig Farming	Ashland Service Center, WI	2799.00	2.86	44.65	13.00	12.78	3.48	0.42	1.58

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

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**SAMPLE #6**

**STATE CROP PRODUCTION DIRECT BORROWERS**

Name	Location	NAICS Code	NAICS Crop Description	NAICS Type	# Units	Acres
JOHNS, MIKE	Jones Service Center	11111-01	Soybeans	rented	23000.00	560.00
GRIMES, RICHARD	Green Service Center	11111-01	Soybeans	stored	45700.00	0.00
ONE FRIENDLY FARMS	West Service Center	11111-01	Soybeans		12000.00	450.00
GREEN ACRES	West Service Center	11111-01	Soybeans		6545.00	300.00
RUBIN DAIRY	Green Service Center	11111-01	Soybeans		6000.00	70.00
HINTON GRAIN AND HAY	Jones Service Center	11111-01	Soybeans	rented	7000.00	70.00
NORTHERN FARM INC	Jones Service Center	11111-01	Soybeans		6500.00	50.00
PETERS, BRUCE	Jones Service Center	11111-01	Soybeans	stored	50000.00	0.00
NICKS, HAROLD	Green Service Center	11111-01	Soybeans		23000.00	560.00
SMITH, ROBERT	West Service Center	11111-01	Soybeans		45700.00	560.00
SHAW, HERB A	Green Service Center	11111-01	Soybeans		12000.00	450.00
GALEN FARMS INC	West Service Center	11111-01	Soybeans		6545.00	300.00
FRANKLIN, RONNIE	West Service Center	11111-01	Soybeans		6000.00	70.00
BANDONCOURT, JOSE	West Service Center	11111-01	Soybeans	stored	7000.00	0.00
DAY, PATRICK	West Service Center	11111-01	Soybeans		6500.00	50.00
SMALL, RICHARD	West Service Center	11111-01	Soybeans		50000.00	200.00
AGUIRRE, TONY	West Service Center	11111-01	Soybeans		6800.00	450.00

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**\*--Farm Business Plan - Farm Loan Chiefs and FBP State Coordinators Data Manager User Handbook (Continued)**

**SAMPLE #7**

**GRADUATION REVIEW REPORT**

Name	Location	Current Notes Payable - Ours	Current Portion Term Debt - Ours	Intermediate Term Debt - Ours	Long Term Debt - Ours	Score Date	Overall Score	Description
JOHNS, MIKE	Ashland Service Center, WI	0.00	1453.00	0.00	30476.00	6/1/2005	2	Standard
GRIMES, RICHARD	Ashland Service Center, WI	0.00	690.00	3030.00	0.00	3/10/2005	2	Standard
ONE FRIENDLY FARMS	Ashland Service Center, WI	0.00	690.00	3030.00	0.00	3/10/2005	2	Standard
GREEN ACRES	Ashland Service Center, WI	0.00	622.00	0.00	19573.00	6/2/2004	2	Standard
RUBIN DAIRY	Ashland Service Center, WI	0.00	3598.00	63218.00	0.00	10/4/2005	2	Standard
HINTON GRAIN AND HAY	Ashland Service Center, WI	0.00	2301.00	38314.00	0.00	3/8/2005	2	Standard
NORTHERN FARM INC	Ashland Service Center, WI	0.00	4506.00	76644.00	104422.00	6/24/2004	2	Standard
PETERS, BRUCE	Ashland Service Center, WI	0.00	3381.00	8743.00	6852.00	8/10/2005	1	Commercial
NICKS, HAROLD	Ashland Service Center, WI	0.00	0.00	0.00	0.00	5/16/2005	2	Standard
SMITH, ROBERT	Ashland Service Center, WI	0.00	0.00	0.00	0.00	1/11/2005	1	Commercial
SHAW, HERB A GALEN FARMS	Ashland Service Center, WI	8100.00	3602.00	51445.00	87134.00	9/12/2005	2	Standard
INC	Ashland Service Center, WI	0.00	4301.00	0.00	74302.00	6/27/2005	1	Commercial
FRANKLIN, RONNIE	Ashland Service Center, WI	0.00	631.00	4369.00	0.00	3/22/2005	2	Standard
BANDONCOURT, JOSE	Ashland Service Center, WI	0.00	7871.00	46849.00	102120.00	11/30/2004	2	Standard
DAY, PATRICK	Ashland Service Center, WI	0.00	5944.00	42375.00	55035.00	5/13/2005	1	Commercial
SMALL, RICHARD	Ashland Service Center, WI	0.00	2322.00	24802.00	86514.00	9/1/2005	1	Commercial

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**\*--FLP Credit Quality Review Guide**

**A Contents of This Exhibit**

Use the following table for completing the following forms as required in subparagraph 28 B.

<b>IF completing...</b>	<b>THEN go to...</b>	<b>ON...</b>
FSA-2103 (DLM)	subparagraph B	page 1.
FSA-2104 (GLM)	subparagraph C	page 17.
FSA-2119 (DLS)	subparagraph D	page 25.

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**B Completing FSA-2103, Part B**

Follow this table to complete FSA-2103, Part B for reviewing **direct loan making**.

<b>Question</b>	<b>Instructions</b>
1	<p><b><u>Were all components of the assessment addressed by FLM with direct input from the borrower?</u></b></p> <p>The assessment of the agricultural operation, as found in the Credit Presentation Section of FBP, will address the following components as required by FmHA Instruction 1924-B, Section 1924.55(b):</p> <ul style="list-style-type: none"> <li>• type of operation</li> <li>• goals</li> <li>• real estate and facilities</li> <li>• chattel property</li> <li>• business organization and key personnel</li> <li>• historical financial performance</li> <li>• projected budget</li> <li>• planned changes, if any</li> <li>• ability to obtain guaranteed credit.</li> </ul>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>1 (CNTD)</p>	<p>Information may be summarized or restated in an assessment, but the objective of the assessment is to determine the meaning of information and <b>not</b> merely restate facts found elsewhere in the file or FBP.</p> <p>The assessment must have input from the borrower and this input must be clearly documented in the file or FBP.</p> <p>If documentation can be found in the file or FBP to support that the assessment considered all the above components, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If an assessment is not required, the reviewer will answer <b><u>N/A</u></b>.</p>
<p>2</p>	<p><b><u>Is there sufficient documentation to meet the test for credit requirement before credit is extended? For an entity applicant, has each member provided sufficient documentation to meet the test for credit requirements, as well as the entity as a whole, before credit is extended?</u></b></p> <p>FmHA Instruction 1910-A, Sections 1910.4(b)(4) and (c); FmHA Instruction 1941-A, Section 1941.6; FmHA Instruction 1943-A, Section 1943.6; and 3-FLP, subparagraph 163 J set forth the test for credit requirements.</p> <p><b>Individual</b></p> <ul style="list-style-type: none"> <li>• OL and FO loans</li> </ul> <p>Credit elsewhere points to check include: (1) availability of a guarantee and (2) letters or other written evidence from lenders that the applicant is unable to obtain satisfactory private credit. The above cited instructions provide that FLM must determine by documentation that the applicant cannot obtain a guaranteed loan or if 1 or more of the lenders contacted indicates by written evidence that they would provide credit with a guarantee, the applicant must be advised to apply for a guaranteed loan with that lender.</p> <ul style="list-style-type: none"> <li>• EM loans</li> </ul> <p>Applicants requesting EM loans are required to apply for other credit in a manner which is different from other farm loan programs. According to 3-FLP, subparagraph 163 J, FSA-1940-38 must be used unless an exception is made. If FSA-1940-38 is not used, documentation must be in the running record to support the exception not to use FSA-1940-38. For further guidance, refer to 3-FLP, subparagraph 163 J about test for credit requirements for EM loans.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>2 (CNTD)</p>	<p><b>Entity</b></p> <ul style="list-style-type: none"> <li>• OL and FO loans</li> </ul> <p>In addition to credit elsewhere points to check as cited for individual applicants, is there documented evidence that the assets and liabilities of <b>all</b> entity members were considered and used by an entity applicant in obtaining credit from other sources? FmHA Instruction 1910-A, Sections 1910.4(b)(2)(ii) and (iii) set forth the requirements concerning financial statements for an entity and each member. A current personal financial statement from each of the members of an entity is required.</p> <p>An entity must be unable to obtain sufficient credit elsewhere, either as an entity or as individual members to finance actual needs at reasonable rates and terms, taking into account prevailing private and cooperative rates and terms in or near the community for loans for similar purposes and periods of time.</p> <p>The applicant is required to certify on appropriate forms, and FLM is to verify and document, that credit elsewhere is not available to finance the applicants actual needs.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>2 (CNTD)</p>	<ul style="list-style-type: none"> <li>• EM loans</li> </ul> <p>Entity applicants requesting EM loans are required to apply for other credit in a manner which is different from other farm loan programs. For specific guidance, refer to 3-FLP, subparagraph 163 J about test for credit requirements for EM loans.</p> <p><b>Both Individual and Entity Applicants</b></p> <ul style="list-style-type: none"> <li>• Assessment</li> </ul> <p>FmHA Instruction 1910-A, Section 1910.4(c) states that if the farm assessment, completed according to FmHA Instruction 1924-B, Section 1924.55, concludes that guaranteed assistance may be available, with or without interest assistance, a prospectus will be sent to area lenders. If a lender indicates interest in providing and financing a guarantee, the application will be handled under the market placement program in 2-FLP, paragraph 72.</p> <ul style="list-style-type: none"> <li>• Documentation</li> </ul> <p>Written documentation, including letters from lenders or records of telephone calls or comments written in the file's running record must indicate the specific reasons, such as 20-percent repayment margin, 50-percent debt-to-asset ratio, or need of a secondary source of collateral, etc., why other credit, including a guarantee or subordination, is not available.</p> <p>FSA-440-32 can be used for test for guarantee and extension of credit if items 25 and 26 are properly completed.</p> <p>FLM's will require FSA-1940-38 for EM loans, unless an exception is made under 3-FLP, subparagraph 163 J. If FSA-1940-38 is not used, documentation must be in the running record to support the exception not to use FSA-1940-38.</p> <p>If documentation is found in the file, the reviewer will answer <b><u>YES</u></b>. General statements are not acceptable unless the statement refers to information located in the Service Center operational file on other credit. If not, the reviewer will answer <b><u>NO</u></b>.</p>
<p>3</p>	<p><b><u>For beginning farmer loans, was the applicant correctly classified as a beginning farmer?</u></b></p> <p>FmHA Instruction 1941-A, Section 1941.4 and FmHA Instruction 1943-A, Section 1943.4 contain the definition of beginning farmer. Applicants must meet the requirements established under the definition to be considered a beginning farmer.</p> <p>For OL and FO loans, in addition to regular eligibility requirements, an individual or entity must have operated a farm for not more than 10 years. For FO loans, an individual or entity must not own more than 30 percent of the average farm or ranch acreage in the county.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>3 (CNTD)</p>	<p>The beginning farmer applicant must have also agreed to participate in a loan assessment, borrower training unless a waiver is granted, and financial management program as required by regulations.</p> <p>FLM will determine whether an applicant classified as a beginning farmer meets all the criteria set forth in FmHA Instructions 1941-A and 1943-A.</p> <p>If there is no narrative in the running record or no documentation in FBP, the reviewer should review the application to determine how many years the applicant has farmed. For FO loans, there also should be documentation that the applicant did not own more than 30 percent of the average farm or ranch acreage at the time of loan approval.</p> <p>If the applicant meets all the requirements to be classified as a beginning farmer, the reviewer will answer <b>YES</b>. If not, the reviewer will answer <b>NO</b>. If the applicant is not a beginning farmer, the reviewer will answer <b>N/A</b>.</p>
<p>4</p>	<p><b><u>For SDA's, was a proper determination made and was the loan funded as a SDA?</u></b></p> <p>FmHA Instruction 1943-A, Section 1943.4 contains the definition of SDA. The applicant must meet the requirements established under the definition to be considered for SDA funding.</p> <p>SDA applicants must meet all eligibility requirements according to FmHA Instruction 1941-A, Section 1941.12 and FmHA Instruction 1943-A, Section 1943.12. Documentation that an applicant qualifies as a SDA must be included in the case file running record or on FSA-410-1. The applicable type of assistance code must be entered on FmHA 1940-1 to reflect the loan being funded as a SDA.</p> <p>If the applicant is SDA and the loan was coded correctly, the reviewer will answer <b>YES</b>. If not, the reviewer will answer <b>NO</b>. If the applicant did not request nor receive SDA assistance, the reviewer will answer <b>N/A</b>.</p>
<p>5</p>	<p><b><u>Has the FLM determined and documented that the applicant has selected, established, and is maintaining the required record keeping system?</u></b></p> <p>FmHA Instruction 1924-B, Section 1924.58 states that all borrowers engaged in farming must maintain and use farm records. Borrowers must select and are required to maintain a record keeping system which provides, as a minimum, a record of cash receipts and expenditures, end of year balance sheets, and an income statement. Failure to use and maintain an adequate record keeping system is grounds for denial of loanmaking and servicing assistance.</p> <p>The record system may be any system of the borrower's choice that provides similar information.</p> <p>FLM will determine and document in the running record or farm assessment whether applicants have selected, established, and are maintaining the required record keeping system.</p> <p>If FLM has determined and documented that the applicant has selected, established and is maintaining the required record keeping system, the reviewer will answer <b>YES</b>. If not, the reviewer will answer <b>NO</b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
6	<p><b><u>Have the environmental regulations been followed?</u></b></p> <p>For all loans, the reviewer will ascertain if FmHA 1940-22 is in the file, properly completed, and supported by NRCS-CPA-026E and/or AD-1026A, which shows all determinations have been made, and that Category I and II Environmental Assessments have been properly completed when necessary.</p> <p>RD Instruction 1940-G, Exhibit M, Section 8 requires that FLM will document on the reverse of FmHA 1940-22 as applicable: (a) whether or not highly erodible land, wetland, or converted wetland is present; (b) if any exemption(s) applies; (c) the status of the applicant’s eligibility for a FSA loan under this exhibit; and (d) any steps the applicant must take before loan approval to retain or regain its eligibility.</p> <p>FmHA 1940-22, question 3 requires that a copy of NRCS-CPA-026E be attached to the document. If NRCS-CPA-026E is not found in the file, an AD-1026A will be acceptable in its place as long as AD-1026A shows that wetland and highly erodible land determinations have been made on all annually tilled cropland tracts. AD-1026 serves as a continuous certification unless the applicant gives written notice that changes in the operation occurred that may affect compliance.</p> <p>In some cases, there may be documentation on FmHA 1940-22 that the producer’s file (former ASCS file) was checked and the appropriate NRCS-CPA-026E and AD-1026A were up-to-date. This is acceptable.</p> <p>If FmHA 1940-22 was properly completed with appropriate attachments, or if a Class I/II Environmental Assessment has been properly completed, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
7	<p><b><u>Were realistic commodity prices used to develop FBP?</u></b></p> <p>The source of prices used in FBP must be according to FmHA Instruction 1924-B, Section 1924.56(b)(2) (State-established unit prices). If State-established prices are not used, the prices used must be fully documented.</p> <p>If realistic commodity prices were used and documented, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>



\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
8	<p><b><u>Were realistic commodity/livestock yields used in the projected FBP and was the basis for their use documented?</u></b></p> <p>Source of yields in the Projected Income and Expense Schedules of FBP must be clearly documented in the file and be according to FmHA Instruction 1924-B, Section 1924.56(b)(1).</p> <p>If realistic commodity/livestock yields were used and documented, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
9	<p><b><u>Were realistic owner withdrawals used to develop FBP?</u></b></p> <p>Owner withdrawals in the Projected Income and Expense Schedules of FBP will be based on the borrower's own records. Any changes to this must be clearly documented in the running record. Owner withdrawals must include all nonfarm liability payments for the planned period.</p> <p>If realistic owner withdrawals were used, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If the borrower is an entity, the reviewer will answer <b><u>N/A</u></b>.</p>
10	<p><b><u>Were realistic operating expenses used to develop FBP?</u></b></p> <p>Operating expenses in the Projected Income and Expense Schedules of FBP will be based on accurate, verifiable information. Historical information will be used as a guide, according to FmHA Instruction 1924-B, Section 1924.56(b)(1).</p> <p>If realistic operating expenses were used, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
11	<p><b><u>Was nonfarm and other-farm income verified and properly included on FBP?</u></b></p> <p>Nonfarm income must be verified when used in the Projected Income and Expense Schedules of FBP. Verification of nonfarm income is required as set out in FmHA Instruction 1910-A, Section 1910.4(b)(8) and may include RD 1910-5, copies of W-2's, documentation in the running record, etc. The file should contain documentation of other farm income. Verification may include written or verbal projection of FP benefits, tax records, documentation in the running record, historical records to support custom work, etc. The reviewer should also check past history of employment and nonfarm income.</p> <p>If nonfarm income and other-farm income are realistically completed, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
12	<p><b><u>Has the Balance Sheet Loan Schedule been completed correctly in FBP?</u></b></p> <p>All debts are categorized as either farm or personal. See FBP-FSA User Handbook pages 15-17 for guidance on entering various debts and proposed loans in FBP.</p> <p>The FBP Loan Schedule is part of the balance sheet. The loan official may have prepared more than 1 type of balance sheet depending on the situation. The loan request may have warranted a current balance sheet and a post close balance sheet. Review the FBP system and the loan narrative to determine the balance sheets completed.</p> <p>All existing farm-related loans and notes, and proposed new farm-related loans, must be entered on the Loan Schedule. The "To I/E" box must be checked on the detail screen for each of the existing and proposed loans to include the payments in the Projected Income and Expense for the planned period. See the FBP-FSA User Handbook pages 16-17 for detailed guidance on entering various types of FSA loans into the Loan Schedule.</p> <p>For the proposed new farm-related loans, the "To I/E" box must be checked to include the advances in the Projected Income and Expense for the planned period.</p> <p>If debt is refinanced in the plan period, review the Refinancing Options on the FBP Forum and/or FBP-FSA User Handbook for acceptable methods of entering existing loans, proposed loans, payments, and loan advances.</p> <p>Accounts payable, income taxes payable, real estate taxes payable, and other current liabilities are entered in the appropriate categories on the balance sheet, but not in the Loan Schedule.</p> <p>Nonfarm or personal debts now existing or proposed should not be entered on the balance sheet Loan Schedule. Existing nonfarm or personal debts will be shown on the balance sheet personal section. Proposed new nonfarm loans will not be shown in the balance sheet Loan Schedule. However, the scheduled payments for all existing and proposed new nonfarm loans will be added to the owner withdrawals in the Projected Income and Expense for the planned period.</p> <p>If the Loan Schedule Balance Sheets have been completed according to the FBP-FSA User Handbook, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
13	<p data-bbox="410 359 1101 394"><b><u>Was FBP feasible at the time of the loan approval?</u></b></p> <p data-bbox="410 432 1430 646">According to FmHA Instruction 1941-A, 1943-A, and 3-FLP, the loan approval official will determine whether the proposed budget is feasible. According to FmHA Instruction 1924-B, Section 1924.55(a), a feasible plan must show the applicant will be able to: (1) pay all operating expenses and taxes, (2) meet necessary payments on all debts, and (3) provide family living expenses for the individual or entity.</p> <p data-bbox="410 684 1446 831">With the introduction of FBP, feasibility is determined by the Projected Income/Expenses for the planned business period. The projection includes farm income and expenses, non-operating income and expenses, financing, and capital plans.</p> <p data-bbox="410 869 1471 1016">The feasibility determination will be dependent on the type of financing proposed (short term vs. long term). The reviewer must view the Projected Income/Expense plan and the Credit Action narrative to determine the type of financing proposed or approved.</p> <p data-bbox="410 1054 1393 1121">MADS and Ending Cash are 2 components of the projection used to evaluate feasibility. Feasibility is defined as follows.</p> <ul data-bbox="410 1159 1438 1453" style="list-style-type: none"> <li>• For short term financing such as an annual operating loan, MADS may be positive or negative, but Ending Cash must be positive.</li> <li>• For long term financing, both MADS and Ending Cash must be positive.</li> <li>• If the proposal includes both short and long term financing, both MADS and Ending Cash must be positive. However, the plan would be feasible for the short term loan only if MADS is negative, but Ending Cash is positive.</li> </ul> <p data-bbox="410 1491 1455 1558">The reviewer will analyze MADS and Ending Cash from the projected column of the Income/Expense Trends report to determine if the plan was feasible.</p> <p data-bbox="410 1596 1479 1705">If any of the questions 7 through 11 were noted as not being realistic (too high or too low), the reviewer must make mathematical computations to determine whether realistic inputs would have changed the cash flow outcome.</p> <p data-bbox="410 1743 1471 1810">If FBP was feasible at the time of loan approval, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
14	<p><b><u>Does the file contain verification of the applicant’s debts, and the creditor’s security interest in collateral?</u></b></p> <p>FmHA Instruction 1910-A, Section 1910.4(b) requires FSA to verify information provided by the applicant. Section 1910.4(b)(12) references using FSA-440-32 to obtain credit information, including debt balances and collateral interest from creditors and merchants for OL and FO applicants. FSA-1940-38 is to be used for all EM loan applications, unless an exception is made.</p> <p>If FSA-440-32 is not used, the reviewer should search the running record, written correspondence, credit reports, and lien searches to verify debt balances and liens on collateral.</p> <p>If the reviewer finds the loan approval official has verified debt balances and creditor collateral interest which corresponds to the applicant’s financial statement, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
15	<p><b><u>Has FSA-1962-1 been properly completed?</u></b></p> <p><b>Important:</b> FSA-1962-1 must not be completed in pencil.</p> <p>RD Instruction 1962-A, Section 1962.16 states that FLM is responsible for maintaining a current record of each borrower’s security. This includes all dispositions and acquisitions of security. FmHA Instruction 1924-B, Section 1924.56(a)(1) states that FSA-1962-1 does not expire until proper disposition of the listed chattel security has been accomplished, or the remaining chattel security has been transferred to a new FSA-1962-1.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>15 (CNTD)</p>	<p>FBP and FSA-1962-1 must be consistent with one another reflecting the amounts and when payments are to be made to each creditor, and cover the same time period. FmHA Instruction 1924-B, Sections 1924.56(b)(3) and (4) state when FSA-1962-1 will be revised.</p> <p>When chattel security property is disposed of, its disposition will be recorded on FSA-1962-1, and authorized by initialing FSA-1962-1. This includes, for example, sale proceeds on hand and crops in storage.</p> <p>If the reviewer finds deviations in completing FSA-1962-1, the reviewer will answer <b>NO</b>. If all requirements are met, the reviewer will answer <b>YES</b>. If real estate is the only security for the loan being reviewed, the reviewer will answer <b>N/A</b>.</p>
<p>16</p>	<p><b><u>Have lien searches and/or title opinions been obtained?</u></b></p> <p>FmHA Instruction 1941-B, Section 1941.63(a) states that “a lien search will be obtained usually at the time the financing statement is filed or recorded. FSA 440-13 or other lien search forms will be used.”</p> <p>Under UCC, lien searches are necessary in making subsequent loans or subordinations if an additional financing statement is required.</p> <p>Lien searches also may be obtained in connection with processing applications when FLM determines such searches are necessary on an individual case basis. Title opinions or title insurance for real estate secured loans are generally obtained as set out in RD Instruction 1927-B, Sections 1927.55(d) and (e). Title opinions do not have to be obtained on real estate that is being taken as additional security.</p> <p>If lien searches and/or title opinions have been obtained, or if the reviewer determines that lien searches were not necessary for subsequent loans, or State laws and State supplements reflect that they were not necessary, the reviewer will answer <b>YES</b>. If not, the reviewer will answer <b>NO</b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
17	<p><b><u>Have the required security instruments been properly prepared, filed, and maintained?</u></b></p> <p>RD Instruction 1927-B, Section 1927.57 and FmHA Instruction 1941-B set forth the preparation and maintenance of security instruments for loans secured by real estate. RD Instruction 1962-A, Section 1962.5 sets forth the preparation and maintenance of security instruments for loans secured by chattels. The final title opinion, lien search documents, financing statements, termination statements, and security agreements will indicate FSA's lien priority.</p> <p>If FSA prepared, filed, and maintained the proper lien instruments on chattel and real estate security to protect the Government's interest, the reviewer will answer <b><u>YES</u></b>. If FSA does not have the proper lien instruments, FSA's lien is not recognized on legal instruments, financing statements have expired, or the original security agreements have been adulterated, the reviewer will answer <b><u>NO</u></b>. The reviewer will answer <b><u>N/A</u></b> if question 16 was answered <b><u>NO</u></b>.</p>
18	<p><b><u>Are appraisals prepared when required and in accordance with prescribed procedures?</u></b></p> <p>FmHA Instruction 1941-A, Section 1941.25(a) sets forth the requirements for completing chattel appraisals for loans secured with chattels. When chattels are taken as the primary security for an initial OL loan a chattel appraisal will be completed. Chattel appraisals are also required on subsequent OL loans, (1) when refinancing chattel debts; and (2) if the appraisal is more than 2 years old.</p> <p>FmHA Instruction 1941-A, Section 1941.25(a)(4) and FmHA Instruction 1943-A, Section 1943.25(c)(1) provide that when real estate is taken as the primary security for an OL or FO loan, a real estate appraisal will be completed.</p> <p><b>For EM loans only</b>, refer to 3-FLP, paragraph 171 for guidance on appraisals.</p> <p>FmHA Instruction 1941-A, Section 1941.25(a)(3) and FmHA Instruction 1943-A, Section 1943.25(c)(1) provide that real estate appraisals are not required on property taken as additional security for OL or FO loans.</p> <p>Chattel appraisals are to be completed in FBP.</p> <p>If the appraisal was obtained when required and is completed according to 1-FLP, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If not required, the reviewer will answer <b><u>N/A</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
19	<p data-bbox="423 359 919 394"><b><u>Was security adequate for the loan?</u></b></p> <p data-bbox="423 432 1354 537">FmHA Instruction 1941-A, Section 1941.19; FmHA Instruction 1943-A, Section 1943.19; and 3-FLP, paragraphs 169 and 170 set forth security requirements for OL, FO, and EM loans.</p> <ul style="list-style-type: none"> <li data-bbox="423 583 594 611">• OL loans</li> </ul> <p data-bbox="472 653 1466 793">Security must be available for the loan. Any additional security available up to and including 150 percent of the loan amount also will be taken. Security in excess of 150 percent will be taken only when it is not practical to separate the property.</p> <p data-bbox="472 835 1419 905">The loan must be secured by a first lien on all chattel property or products acquired, produced, or refinanced with loan funds.</p> <p data-bbox="472 947 1406 1016">A lien will be required on an applicant's real estate when chattel security alone is not at least equal to 150 percent of the amount of the loan.</p> <ul style="list-style-type: none"> <li data-bbox="423 1058 594 1085">• FO loans</li> </ul> <p data-bbox="472 1127 1455 1268">Each FO loan will be adequately secured by real estate. The total amount of security taken will be 150 percent of the loan amount, or all the real estate owned by the applicant. A loan will be considered adequately secured when all real estate is taken and the security is at least equal to the loan amount.</p> <ul style="list-style-type: none"> <li data-bbox="423 1310 594 1337">• EM loans</li> </ul> <p data-bbox="472 1379 1479 1562">For operating type purposes, a first lien on all chattel property or products acquired, produced, or refinanced must be obtained. Additional chattel security available up to and including 150 percent of the loan amount also will be taken. A lien on the applicant's real estate will be required when chattel security alone is not at least equal to 150 percent of the amount of the loan.</p> <p data-bbox="472 1604 1479 1850">For real estate type purposes, a mortgage will be taken on all real estate repaired or rehabilitated, refinanced, or improved with EM funds. The total amount of security required will be the lesser of either 150 percent of the loan amount, or all the real estate owned by the applicant. A loan will be adequately secured when the real estate security for the loan is at least equal to the loan amount. Chattel security will be obtained when the best lien obtainable on all real estate does not provide primary security for the loan.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>19 (CNTD)</p>	<p>A lien will be taken on all nonessential assets, with an aggregate value exceeding \$5,000, if an applicant cannot or will not dispose of the assets and use the proceeds to reduce the FSA credit needs before loan closing.</p> <p>If adequate security is not available because of the disaster, under certain conditions repayment ability along with available security can be considered as adequate collateral for loan approval. Refer to 3-FLP, subparagraph 168 F for guidance when adequate security is not available.</p> <p>The reviewer should ensure that adequate security for the loan has been obtained depending upon the loan program, and the purposes for which the loan funds are being used. Analyze the collateral analyses in FBP to determine compliance with the requirements outlined above.</p> <p>If all requirements have been met, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
<p>20</p>	<p><b><u>Is there a properly completed FSA-1945-22 in the file? (EM loans only.)</u></b></p> <p>3-FLP, subparagraph 165 A requires that the applicant’s statement of loss or damage will be obtained in support of their application on FSA-1945-22.</p> <p>3-FLP, subparagraph 165 A requires that physical and production losses because of disaster will be reported by applicants on FSA-1945-22. The applicant will report, on FSA-1945-22, total acres and actual yields for all crops planted and/or grown in the disaster year. This information will come from the applicant’s own records or from FSA records of acres grown and proven actual yields in the disaster year. These records are maintained by FSA in the producer’s acreage, production, and benefit files.</p> <p>For guidance in determining the normal year production yield to be used in completing FSA-1945-22, refer to 3-FLP, subparagraph 165 B.</p>



\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>20 (CNTD)</p>	<p>Applicants are required to certify, subject to penalties of law, that the accuracy and completeness of the information provided in FSA-1945-22 can be supported by written records. Applicants are asked to identify on FSA-1945-22 any single farming enterprise they consider basic to the success of their total farming operation, and in which they have suffered a disaster loss. When an applicant's certified production loss claims seem unreasonable, they will be verified and the findings documented. Physical loss claims will be verified by requiring the applicant to provide evidence of ownership and proof of the property loss or damage. Proof of ownership could be by deeds, mortgages, financial statements, insurance policies, and the like. Proof of the loss or damage could be by the applicant's own pictures, written certification by other persons, or when practical by visual inspections by FSA employees.</p> <p>If the file does not have a properly completed FSA-1945-22, and all requirements are not met, the reviewer will answer <b>NO</b>. If all requirements are met, the reviewer will answer <b>YES</b>. If not an EM loan, the reviewer will answer <b>N/A</b>.</p>
<p>21</p>	<p><b><u>Are disaster losses properly calculated by using the correct acreage, yields, and unit prices on FSA-1945-26 and does the form include other disaster compensation?</u></b></p> <p>3-FLP, subparagraph 165 A provides that losses will be calculated using FSA-1945-26. FSA-1945-26 must include acreage, disaster year, and normal year yield that matches the information entered on FSA-1945-22. The correct unit price, as published in a State supplement, must also be included on FSA-1945-26.</p> <p>FSA-1945-26 must also include other disaster compensation and benefits. Disaster related compensation includes, but is not limited to, crop insurance payments, CAT, NAP, and other FSA disaster program payments, such as Emergency Feed Assistance Program, Crop Disaster Program, Emergency Conservation Programs, and any other special disaster program payments. Disaster assistance provided through other agencies, such as FEMA and SBA, must also be included on FSA-1945-26. It is imperative that all sources that provide any type of disaster and indemnity benefits be checked for verification of benefits received or to be received, to eliminate duplication of benefits, with documentation being made in the case file.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**B Completing FSA-2103, Part B (Continued)**

Question	Instructions
<p>21 (CNTD)</p>	<p>The reviewer will answer <b><u>YES</u></b> if:</p> <ul style="list-style-type: none"> <li>• acreage and yield information on FSA-1945-26 matches the information on FSA-1945-22 or if the information does not match and the reason is documented on the form or in the case file</li> <li>• the correct unit price per State supplement issued was included on FSA-1945-26</li> <li>• all disaster compensation was entered on FSA-1945-26</li> <li>• appropriate contacts made to verify such benefits received or to be received.</li> </ul> <p>If the reviewer finds deviations and cannot find the required verification or documentation in the case file, the reviewer will answer <b><u>NO</u></b>. If not an EM loan, the reviewer will answer <b><u>N/A</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**C Completing FSA-2104, Part B**

Follow this table to complete FSA-2104, Part B for reviewing **guaranteed loanmaking**.

Question	Instructions
1	<p><b><u>Was the loan approved for authorized purposes?</u></b></p> <p>2-FLP, subparagraphs 122 A through F and 123 B outline authorized loan purposes for guaranteed operating, line of credit, and farm ownership loans. 2-FLP, subparagraph 245 C instructs the Authorized Agency Official to ensure that the specific purposes for which the loan funds will be used are listed on FSA-1980-15, item 14, including any agreed modifications.</p> <p>If the loan purposes listed on FSA-1980-15 are authorized, the reviewer will answer <b>YES</b>. If not, the reviewer will answer <b>NO</b>.</p>
2	<p><b><u>*--Has FSA-1980-25 or FSA-1980-28 been properly completed and all the required items for a completed application submitted?--*</u></b></p> <p><b>SEL's and CLP lenders:</b> 2-FLP, paragraph 69 discusses the submission requirements for applications from SEL and CLP lenders. This information is also summarized in the table in 2-FLP, subparagraph 69.7 A.</p> <p>Reviewers must verify that all necessary information has been submitted. The information will vary depending on both loan amount and lender type. * * *</p> <p>All applicable blanks on FSA-1980-25 should be completed, and the lender and the loan applicant or applicants must sign the form in the spaces provided. Details in FSA-1980-25, Parts C through G, if applicable, should be accurate and complete.</p> <p>If all required application information is in the file and the form has been properly completed, the reviewer will answer <b>YES</b>. Information need not be provided on the form if it is otherwise made available. If not, the reviewer will answer <b>NO</b>. If questions not critical to the loan decision were not completed, the reviewer will answer <b>YES</b> but provide specific remarks in the comments section.</p> <p><b>PLP lenders:</b> 2-FLP, paragraph 70 requires that PLP lenders submit FSA-1980-28, a loan narrative, and any other items agreed to by the lender in the lender's CMS. All applicable blanks on FSA-1980-28 should be completed, and the lender and the loan applicant or applicants must sign the form in the spaces provided.</p> <p>*--If the lender submits the application electronically, the application will be processed. However, the original, completed FSA-1980-25 or FSA-1980-28, with appropriate loan applicant signatures, must be provided to FSA before the Agency will issue the guarantee.--*</p> <p>If all required information is in the file, the reviewer will answer <b>YES</b>. Information need not be provided on the form if it is otherwise made available. If not, the reviewer will answer <b>NO</b>. If questions not critical to the loan decision were incomplete, the reviewer will answer <b>YES</b> but provide specific remarks in the comments section.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
3	<p data-bbox="425 359 1360 415"><b><u>Has a loan narrative been completed by the lender which thoroughly evaluates the operation's physical, managerial, and financial resources?</u></b></p> <p data-bbox="425 449 1479 659"><b>SEL's and CLP lenders:</b> 2-FLP, subparagraph 69.5 C states that a complete application will include a narrative description of the lender's underwriting of the loan. The narrative must contain analysis of any application data that are out of the ordinary or at variance with normal practices for the type of operation and region. The narrative must show evidence that the credit has been analyzed. It should contain information specific to the loan in question, rather than boilerplate language. However, information may be less detailed for a producer who already has a guaranteed or direct loan. The narrative should address the following, as applicable:</p> <p data-bbox="425 695 1451 726"><b>Note:</b> All of the following items do <b>not</b> have to be addressed for the reviewer to answer <b><u>YES</u></b>.</p> <ul data-bbox="425 762 1479 1388" style="list-style-type: none"> <li>• description of the farming operation</li> <li>• *--description of the land being farmed--*</li> <li>• assessment of adequacy of the collateral</li> <li>• discussion of applicant's financial condition and projected repayment ability</li> <li>• short and long-term goals of the operation</li> <li>• applicant's reporting requirements</li> <li>• lender's servicing plan</li> <li>• conditions related to loan renewal if loan contains balloon payments</li> <li>• description of how applicant meets eligibility criteria</li> <li>• *--name, Social Security number, and current address for the co-borrower, co-signer, and anyone else required to sign the promissory note.--*</li> </ul> <p data-bbox="425 1419 1479 1539">SEL narratives should focus on describing those items not supplied with the application, such as the type of operation, producer history, and cash flow assumptions that are not apparent from looking at the historical documentation. It is not necessary to restate information otherwise known to FSA or supplied elsewhere in the application.</p> <p data-bbox="425 1570 1471 1751">CLP lender narratives will be more detailed than SEL narratives since there will be no history or verifications for FSA to consider when analyzing the applicant's financial condition. The CLP narrative should describe how the cash flow budget was developed and any assumptions that were used, and should answer questions that would typically be asked by a credit official. Reviewers should also expect to see a description of the operation, financial trends, and the strengths and weaknesses of the loan.</p> <p data-bbox="425 1782 1459 1871"><b>PLP lenders:</b> 2-FLP, subparagraph 70 A states that a complete application for PLP lenders will consist of a loan narrative which includes a discussion of the 5 C's of credit - character, capacity, capital, collateral, and conditions which are described as follows.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
<p>3 (CNTD)</p>	<p><b><u>Character</u></b></p> <ul style="list-style-type: none"> <li>• Has the lender discussed the loan applicant’s credit history and any other factors about the borrower’s willingness to repay the loan?</li> <li>• Has the lender included a general description of the proposed loan and of the farming operation?</li> </ul> <p><b><u>Capacity</u></b></p> <p>Has the lender demonstrated the loan applicant will be able to repay the loan?</p> <p><b><u>Capital</u></b></p> <ul style="list-style-type: none"> <li>• Has the lender discussed the loan applicant’s present financial condition?</li> <li>• Are ratios such as debt to asset, working capital, etc. trending upward?</li> </ul> <p><b><u>Collateral</u></b></p> <ul style="list-style-type: none"> <li>• Has the lender demonstrated that the proposed collateral for the loan is adequate?</li> <li>• Is the life of the collateral consistent with the term of the loan? Would other collateral have been more appropriate?</li> <li>• If collateral is weak, were assets left unencumbered that the lender should have taken as security to better protect its and the Government’s interests?</li> </ul> <p><b><u>Conditions</u></b></p> <ul style="list-style-type: none"> <li>• Has the lender described any special conditions, limitations, or reporting requirements that will be placed on the producer?</li> <li>• Has the lender described any unique servicing actions that it plans to use to monitor this loan?</li> </ul> <p><b>Note:</b> Routine servicing requirements described in the PLP lenders CMS do not need to be discussed.</p> <p>PLP lender narratives should focus on describing how the loan proposal conforms to the standards in the lender’s CMS and why the lender considers the loan to be viable. Reviewers should expect to see a description of the operation and the strengths and weaknesses of the proposal. The depth of the narrative, along with the information supplied, should be such that a reasonable person, knowledgeable and experienced in the extension of credit, would understand the loan and conclude that the credit risk was sufficiently analyzed.</p> <p>If the lender’s narrative is sufficient to support the approval decision, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
4	<p><b><u>Is there a properly completed balance sheet included with the application, including verifications where applicable?</u></b></p> <p>2-FLP, subparagraphs 69.5 A and D require SEL and CLP lenders to submit a balance sheet for the loan applicant. Reviewers should confirm that significant debts listed on the balance sheet have been verified with a credit report and that balances and payments have been correctly listed. Guarantee requests over \$125,000 from SEL will contain verification of all debts over \$1,000.</p> <p><b>For SEL's and CLP lenders</b>, if the file includes a properly completed balance sheet, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p> <p><b>For PLP lenders</b>, if a completed balance sheet is not included in the file, the reviewer will answer <b><u>N/A</u></b>. If a balance sheet has been provided to FSA, reviewers will answer <b><u>YES</u></b> and make a comment that the lender has exceeded the requirements.</p>
5	<p><b><u>Does the file contain a properly completed cash flow budget?</u></b></p> <p>2-FLP, subparagraphs 69.5 A and E require that SEL and CLP lenders submit a cash flow budget that lists all anticipated cash inflows and outflows to be incurred by the producer during the budgeted period. For loans of \$125,000 or more, the budget must itemize income and expenses by category.</p> <p><b>For SEL's and CLP lenders</b>, if the file includes a properly completed cash flow budget as described above, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p> <p><b>For PLP lenders</b>, if a completed cash flow budget is not included in the file, the reviewer will answer <b><u>N/A</u></b>. If a cash flow budget has been provided to FSA, the reviewer will answer <b><u>YES</u></b> and make a comment that the lender has exceeded the requirements.</p>
6	<p><b><u>Is income supported?</u></b></p> <p>Reviewers should examine the file to determine whether yield history and commodity prices are supported and nonfarm income and FSA program payments have been verified.</p> <p><b>For SEL's</b>, 2-FLP, subparagraph 152 B requires that projected income and expenses used to determine a feasible plan must be based on the applicant's proven record of production and financial management. Yields must be based on the applicant's 3-year history or within the range of a typical operation. These yields must be supported by reliable data, and should reflect production trends, changes in the operation, capacity of the soil and facilities, and industry norms for the type of operation. Deviations from the norm should be appropriate and justified by the lender and the FSA loan official. Reviewers should determine whether an adjustment should have been made instead of using a simple 3-year average. Yield history and supporting documentation must be in the FSA file for loans in excess of \$125,000. If nonfarm income is being relied upon for repayment, verification of that income should also be included in the file for loans in excess of \$125,000.</p> <p>If the file includes documentation or discussion to support the projected yields, the reviewer will answer <b><u>YES</u></b>. If the documentation or discussion is inadequate, missing, or does not support the projected yields, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
<p>6 (CNTD)</p>	<p><b>For CLP lenders</b>, 2-FLP, subparagraph 153 B requires that the applicant’s historical performance should be discussed in the loan narrative, addressing the information above, as appropriate. Income projections may be based on financial history only. Supporting documentation and yield history does not need to be in the file; but the lender’s narrative should include an analysis of the applicant’s financial condition and projected repayment, including any deviations from historical performance.</p> <p>If the file includes discussion to support the projected yields, the reviewer will answer <b><u>YES</u></b>. If the file contains historical data, the reviewer should include a comment that the lender exceeded the requirements. If the discussion is inadequate or does not support the projected yields, the reviewer will answer <b><u>NO</u></b>. If there is no explanation from a CLP lender about how the cash flow was developed, the reviewer will also answer <b><u>NO</u></b>. If the CLP lender based its cash flow projections on financial history only, the reviewer will answer <b><u>N/A</u></b>.</p> <p><b>For PLP lenders</b>, the reviewer will answer <b><u>N/A</u></b>. If historical data was provided, reviewers will answer <b><u>YES</u></b> and include a comment that the lender exceeded the requirements.</p>
<p>7</p>	<p><b><u>Are expenses supported?</u></b></p> <p><b>For SEL’s</b>, 2-FLP, subparagraph 152 B requires that expenses be based on the applicant’s proven record of production and financial management. Expenses should be based on the operation’s past 3 years’ data, which must be in the file. Expenses should reflect production trends, changes in the operation, capacity of the soil and facilities, and industry norms for the operation. If the projected income/expense ratio is not consistent with the producer’s history, deviations should be appropriate and justified in the narrative by the lender and the FSA loan official. Reviewers should determine whether an adjustment should have been used instead of using the simple 3-year average.</p> <p>If the file includes documentation or a discussion to support the projected expenses, the reviewer will answer <b><u>YES</u></b>. If the documentation or discussion is inadequate, missing or does not support the projected expenses, the reviewer will answer <b><u>NO</u></b>.</p> <p><b>For CLP lenders</b>, 2-FLP, subparagraph 153 B requires that expenses be based on the applicant’s financial history and proven record of financial management. Supporting documentation does not need to be in the file, but the lender’s narrative should describe the method used to project expenses and the information above, as appropriate.</p> <p>If the file includes a discussion to support the projected expenses, the reviewer will answer <b><u>YES</u></b>. If historical information was provided to FSA, the reviewer will include a comment that the lender exceeded the requirements. If the discussion is inadequate or does not support the projected expenses, the reviewer will answer <b><u>NO</u></b>. * * *</p> <p><b>For PLP lenders</b>, the reviewer will answer <b><u>N/A</u></b>. If historical information was provided to FSA, the reviewer will answer <b><u>YES</u></b> and include a comment that the lender exceeded the requirements.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
8	<p><b><u>Is the applicant’s repayment capacity adequate?</u></b></p> <p><b><u>For SEL and CLP lenders: Using proper expense and income assumptions, did the lender’s cash flow budget show a feasible plan at the time of loan approval?</u></b></p> <p>Reviewers should examine the file to determine whether the plan of operation is feasible based on accurate and complete information. If the lender’s income and/or expense assumptions were unrealistic, did this result in a guarantee being issued on a loan without adequate repayment capacity? The reviewer may have to make adjustments in the cash flow projection to make this determination.</p> <p>If the application shows a feasible plan, after only necessary adjustments, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p> <p><b><u>For PLP lenders: Did the lender adequately justify the applicant’s repayment ability in the loan narrative?</u></b></p> <p>If the loan narrative adequately justified the applicant’s repayment ability, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
9	<p><b><u>Is the loan security appropriate?</u></b></p> <p>2-FLP, paragraph 166 discusses the amount and quality of security required for a guaranteed loan. Reviewers should examine the appraisal, loan narrative, and FSA-1980-25, Part E for SEL and CLP lenders, or FSA-1980-28, Part D for PLP lenders to determine if security is adequate when considering the total security available, prior liens, and the lender’s normal practices. If the primary security is marginal, the cash flow is below average, production capability is suspect, management history is limited, or the operation is not firmly established, the lender should obtain additional security. Reviewers should also consider whether the security is identifiable and if the life of the security is consistent with the term of the loan.</p> <p>If security is adequate and appropriate, given the level of risk involved, loan terms, loan type, and collateral available, the reviewer will answer <b><u>YES</u></b>. If the appraisal documentation is insufficient, but security is adequate, the reviewer will answer <b><u>YES</u></b>, but provide remarks in the comments section. If the security is inadequate or inappropriate, the reviewer will answer <b><u>NO</u></b>.</p>



\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
10	<p><b><u>If IA is involved, does the file demonstrate adequate need?</u></b></p> <p>2-FLP, paragraph 224 discusses eligibility and the general rules for the IA program. Reviewers should determine whether a cash flow was completed with and without IA. To be eligible for the subsidy, the cash flow must show less than a feasible plan without IA and a feasible plan with the subsidy.</p> <p><b>Note:</b> Loan applicants can qualify for IA based on either a first year or a typical year plan.</p> <p>If IA was granted and the required budget or budgets is present and supports the approval of the subsidy, the reviewer will answer <b><u>YES</u></b>. If any of the required cash flows are missing or the projections do not support approval of IA, the reviewer will answer <b><u>NO</u></b>. If IA was not granted, the reviewer will answer <b><u>N/A</u></b>.</p>
11	<p><b><u>Was FSA-1980-15 properly executed?</u></b></p> <p>2-FLP, subparagraphs 245 C and 246 A and B discuss proper execution of FSA-1980-15 by FSA and the lender. FSA-1980-15 should not be issued until after funds have been obligated for the loan. List loan purposes and security in FSA-1980-15, items 14 and 16, respectively. The FSA official should enter the expiration date in FSA-1980-15, item 18. The lender should accept the conditions, close the loan, and request a guarantee before FSA-1980-15 expires. Reviewers should consider whether additional conditions listed in FSA-1980-15, item 17 are excessive or inadequate. These conditions should be specific to the loan, rather than boilerplate language.</p> <p>If FSA-1980-15 meets the standards explained above, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

C Completing FSA-2104, Part B (Continued)

Question	Instructions
12	<p><b><u>Has the guaranteed loan been properly closed and FSA-1980-27 properly issued?</u></b></p> <p>2-FLP:</p> <ul style="list-style-type: none"> <li>• paragraph 247 describes FSA’s and the lender’s responsibilities before FSA-1980-27 is issued</li> <li>• paragraph 248 outlines the procedure for issuing FSA-1980-27.</li> </ul> <p>Reviewers should verify that the lender signed FSA-1980-22. The case file should contain a copy of the promissory note or LOC agreement, which is referenced on FSA-1980-27. For entities, the promissory note should be executed by the member authorized to sign for the entity, and by all entity members as individuals.</p> <p><b>Note:</b> FSA may waive this requirement for individuals holding 10 percent interest or less.</p> <p>The reviewer should determine whether the terms of the note are consistent with the application and FSA-1980-15. FSA-1980-27 should be properly completed as described in 2-FLP, paragraph 248.</p> <p>If the requirements described above are met, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
13	<p><b><u>Was the application approved or disapproved within the required timeframe?</u></b></p> <p>2-FLP, paragraph 83 outlines application processing timeframes. The reviewer should compare the date the application was completed to the date FSA-1940-3 was signed. For PLP and CLP lenders, FSA-1940-3 should be signed within 14 days of a complete application. For SEL’s, the FSA-1940-3 date should be 30 days from receipt of a complete application.</p> <p>If the application was approved within the proper timeframes as described above, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

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\*--FLP Credit Quality Review Guide (Continued)--\*

**D Completing FSA-2119, Part B**

Follow this table to complete FSA-2119, Part B for reviewing **delinquent borrower servicing (1951-S)**.

Question	Instructions
1	<p><b><u>Did FLM complete FSA-580 and include it as part of the documentation?</u></b></p> <p>If a completed FSA-580 is included, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
2	<p><b><u>Did FLM properly notify all liable parties of their servicing options?</u></b></p> <p>FmHA Instruction 1951-S, Section 1951.907(c) provides that borrowers 90 days past due will be mailed Exhibit A with attachments 1 and 2 by certified mail, return receipt requested. FmHA Instruction 1951-S, Section 1951.907(a) provides that borrowers who have filed bankruptcy will be serviced with guidance from the Regional OGC. Borrowers in nonmonetary default, delinquent, and in nonmonetary default or with a prior or junior lienholder foreclosing will be mailed Exhibit A with Attachments 1, 3, and 4. FmHA Instruction 1951-S, Section 1951.908(a) addresses notifying financially distressed current borrowers. FSA-580, Part A should detail the notice process and be supported by documentation in the case file.</p> <p>If the reviewer finds supporting documentation that all liable parties were timely notified of their servicing options, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

**D Completing FSA-2119, Part B (Continued)**

Question	Instructions
3	<p><b><u>Were realistic commodity prices clearly documented and used to develop FSA 431-2 or FBP?</u></b></p> <p>The source of prices used must be according to FmHA Instruction 1924-B, Section 1924.56(b)(2) (State-established unit prices). If State-established prices are not used, the prices used must be fully documented.</p> <p>If realistic commodity prices were clearly documented and used to develop FSA 431-2 or FBP, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
4	<p><b><u>Were realistic commodity/livestock yields clearly documented and used to develop FSA 431-2 or FBP?</u></b></p> <p>Source of yields must be clearly documented in the file and be according to FmHA Instruction 1924-B, Section 1924.56(b)(1).</p> <p>If realistic commodity/livestock yields were used in the projected FBP, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
5	<p><b><u>Were realistic owner withdrawals clearly documented and used to develop FSA 431-2 or FBP?</u></b></p> <p>Owners withdrawals in FSA 431-2 or FBP will be based on the borrower's proven records. Any changes to this must be clearly documented in the running record. They must include all payments due on nonfarm liabilities for the plan period.</p> <p>If realistic owner withdrawals were clearly documented and used to develop FSA 431-2 or FBP, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If the borrower is an entity, the reviewer will answer <b><u>N/A</u></b>.</p>
6	<p><b><u>Were realistic operating expenses used to develop FSA 431-2 or FBP?</u></b></p> <p>Operating expenses in FSA 431-2 or FBP will be based on borrower records of past operating performance that are clearly documented in the file, according to FmHA Instruction 1924-B, Section 1924.56(b)(1).</p> <p>If realistic operating expenses were used to develop FSA 431-2 or FBP, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
7	<p><b><u>Were nonfarm income and other-farm income verified and properly included in FSA 431-2 or FBP?</u></b></p> <p>Nonfarm income must be verified when used in FSA 431-2 or FBP. Verification of nonfarm income is required as set out in FmHA Instruction 1951-S, Section 1951.907(e)(5)(v) and may include RD 1910-5, copies of W-2's, documentation in the running record, etc. The file should contain documentation of other-farm income. Verification may include written or verbal projection of FP benefits, tax records, documentation in the running record, historical records to support custom work, etc. The reviewer should also check past history of employment and nonfarm income.</p> <p>If nonfarm income and other-farm income are verified and included in FSA 431-2 or FBP, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

D Completing FSA-2119, Part B (Continued)

Question	Instructions
8	<p><b><u>Has the Balance Sheet Loan Schedule been completely correctly?</u></b></p> <p>All debts are categorized as either farm or personal. See FBP-FSA User Handbook pages 15-17 for guidance on entering various debts and proposed loans in FBP.</p> <p>The FBP Loan Schedule is part of the balance sheet. The loan official may have prepared more than 1 type of balance sheet depending on the situation. The loan servicing request may have warranted a current balance sheet and a post close balance sheet. You must review the FBP system and the loan narrative to determine what was completed.</p> <p>All existing farm-related loans and notes plus proposed new farm-related loans must be entered on the Loan Schedule. The "To I/E" box must be checked on the detail screen for each of the existing and proposed loans to include the payments in the Projected Income and Expense for the planned period. See the FBP-FSA User Handbook pages 16-17 for detailed guidance on entering various types of FSA loans into the Loan Schedule.</p> <p>For proposed new loans, the "To I/E" box must be checked to send the advances to the Projected Income and Expense for the planned period.</p> <p>If the plan period includes refinancing of some non-FSA debts, review the Refinancing Options on the FBP Forum and/or FBP-FSA User Handbook for acceptable methods of entering existing loans, proposed loans, payments, and loan advances.</p> <p>Accounts payable, income taxes payable, real estate taxes payable, and other current liabilities are entered in the appropriate categories on the balance sheet, but not in the Loan Schedule.</p> <p>Nonfarm or personal debts now existing or proposed should not be entered on the balance sheet Loan Schedule. Existing nonfarm or personal debts will be shown on the balance sheet personal section. Proposed new nonfarm loans will not be shown in the balance sheet Loan Schedule. However, the scheduled payments for all existing and proposed new nonfarm loans will be added to the owner withdrawals in the Projected Income and Expense for the planned period.</p> <p>If the plan involves restructuring of FSA debts, additional steps are required as follows.</p> <ul style="list-style-type: none"> <li>• A current balance sheet must be developed to flow existing scheduled loan payments including any delinquency into the Projected Income and Expense.</li> <li>• The current balance sheet may have been duplicated to develop a plan for after deferral, if necessary.</li> <li>• The loan official must then prepare the DALR\$ Input Report in the FBP Credit Action to include the projected plan and after deferral plan.</li> <li>• The information from the FBP DALR\$ Input Report is then entered in the DALR\$ software program to determine restructuring options for FSA debts.</li> <li>• Once a feasible plan is found using the DALR\$ software program, the loan official will duplicate the current balance sheet and prepare a post close balance sheet to adjust the balance sheet loan schedules to reflect the proposed restructured FSA loans from the DALR\$ software program.</li> </ul> <p>If the Loan Schedule Balance Sheets have been completed according to the FSA FBP User Handbook, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

D Completing FSA-2119, Part B (Continued)

Question	Instructions
9	<p><b><u>Using realistic inputs, does FSA 431-2 or FBP support the final outcome of loan servicing?</u></b></p> <p>FmHA Instruction 1951-S, Section 1951.909 requires a feasible plan for loan restructuring. A feasible plan must show the applicant will be able to: (1) pay all operating expenses and taxes, (2) meet necessary payments on all debts, and (3) provide family living expenses. If a feasible plan is not found or the borrower is determined ineligible for loan servicing, the borrower should have received FmHA Instruction 1951-S, Exhibit E according to Section 1951.909(h)(3).</p> <p>The following guidance applies to FBP.</p> <p>With the introduction of FBP, feasibility is determined by the Projected Income/Expenses for the planned business period. The projection includes farm income and expenses, non-operating income and expenses, financing, and capital plans.</p> <p>The feasibility determination will be dependent on the type of financing proposed (short term vs. long term). The reviewer must view the Projected Income/Expense plan and the Credit Action narrative to determine the type of financing proposed or approved.</p> <p>MADS and Ending Cash are 2 components of the projection used to evaluate feasibility. Feasibility is defined as follows.</p> <ul style="list-style-type: none"> <li>• For short term financing such as an annual operating loan, MADS may be positive or negative, but Ending Cash must be positive.</li> <li>• For long term financing, both MADS and Ending Cash must be positive.</li> <li>• If the proposal includes both short and long term financing, both MADS and Ending Cash must be positive. However, the plan would be feasible for the short term loan only if MADS is negative, but Ending Cash is positive.</li> <li>• For those cases involving primary loan servicing requests only, an FBP feasible plan is demonstrated by the following: MADS may be positive or negative, but Ending Cash must be positive. This will apply to the current year plan, typical year plan, and after deferral plan whichever is applicable.</li> </ul>

\*--FLP Credit Quality Review Guide (Continued)--\*

**D Completing FSA-2119, Part B (Continued)**

Question	Instructions
<p>9 (CNTD)</p>	<p>When the plan involves restructuring of FSA debts, DALR\$ determines feasibility and additional steps are required as follows.</p> <ul style="list-style-type: none"> <li>• A current balance sheet must be developed to flow existing scheduled loan payments including any delinquency into the Projected Income and Expense.</li> <li>• The current balance sheet may have been duplicated to develop a plan for after deferral, if necessary.</li> <li>• The loan official must then prepare the DALR\$ Input Report in the FBP Credit Action to include the projected plan and after deferral plan.</li> <li>• The information from the FBP DALR\$ Input Report is then entered in DALR\$ to determine restructuring options for FSA debts.</li> <li>• Once a feasible plan is found using DALR\$, the loan official will duplicate the current balance sheet and prepare a post close balance sheet to adjust the balance sheet loan schedules to reflect the proposed restructured FSA loans from DALR\$.</li> <li>• The original Projected Income/Expense plan must then be duplicated to reflect the cash flow after DALR\$.</li> <li>• The post close balance sheet should be linked to the duplicated Projected Income/Expense plan (after DALR\$), which reflects the FSA restructured loan payments.</li> </ul> <p>The reviewer will analyze the projected plan column of the Income/Expense Trends report to determine if the plan reflects the cash flow after DALR\$.</p> <p>If any of the data input for questions 3 through 8 were noted as not being realistic (too high or too low), the reviewer must make mathematical computations to determine whether realistic inputs would have changed the cash flow outcome.</p> <p>If FBP was feasible at the time of loan approval, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

D Completing FSA-2119, Part B (Continued)

Question	Instructions
10	<p><b><u>If a complete application was submitted, did the servicing official process the application and run DALR\$ within 60 days?</u></b></p> <p>FmHA Instruction 1951-S, Section 1951.908(c) requires the servicing official to process a completed application and notify the borrower of the decision within 60 calendar days with FmHA Instruction 1951-S, Exhibit F, if a feasible plan was found. If a feasible plan was not found, the borrower will be sent Exhibit E.</p> <p>If the borrower was mailed Exhibit E or F, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
11	<p><b><u>If the borrower was sent FmHA Instruction 1951-S, Exhibit A, Attachments 3 and 4, but did not respond, did FLM initiate liquidation?</u></b></p> <p>FmHA Instruction 1951-S, Section 1951.907(e)(2) states that if the borrower was sent Attachments 3 and 4 and does not request servicing within 60 calendar days, liquidation will be initiated.</p> <p>If foreclosure was initiated, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If the borrower was not sent Attachments 3 and 4, the reviewer will answer <b><u>N/A</u></b>.</p>



\*--FLP Credit Quality Review Guide (Continued)--\*

D Completing FSA-2119, Part B (Continued)

Question	Instructions
12	<p><b><u>If a feasible plan was developed, was the borrower sent Exhibit F or Exhibit B? If no feasible plan was developed, was the borrower sent Exhibit E?</u></b></p> <p>If a feasible plan can be developed, FmHA Instruction 1951-S, Section 1951.909(h)(1) requires that FLM notify the borrower of FSA’s offer to restructure using Exhibit F. Exhibit B is used to notify distressed borrowers. This notification should be sent within 60 calendar days after receipt of a complete application.</p> <p>If a feasible plan cannot be developed, FmHA Instruction 1951-S, Section 1951.909(h)(3) requires that the borrower will be notified of mediation and other options with Exhibit E. This notification should be sent within 15 calendar days from the date of the determination that the borrower’s account cannot be restructured.</p> <p>If the appropriate notice was sent timely, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>.</p>
13	<p><b><u>If FSA was unable to provide PLS assistance, was the borrower sent Attachments 5-A and 6-A or 9-A and 10-A?</u></b></p> <p>If the borrower submitted a complete application and is unable to develop a feasible plan after mediation or voluntary meeting of creditors, FmHA Instruction 1951-S, Section 1951.909(h)(3)(ii) requires that the borrower be sent Attachments 5-A and 6-A, within 15 calendar days of the unsuccessful mediation or meeting of creditors.</p> <p>If the borrower did not submit a complete application within the required timeframe, FmHA Instruction 1951-S, Section 1951.907 requires that the borrower be sent Attachments 9-A and 10-A. Attachments 9-A and 10-A will also be sent if the borrower does not respond timely to Exhibit F as set forth under FmHA Instruction 1951-S, Section 1951.909(h)(1)(ii).</p> <p>If the proper notice was sent timely, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If FSA was able to provide PLS assistance , the reviewer will answer <b><u>N/A</u></b>.</p>

\*--FLP Credit Quality Review Guide (Continued)--\*

D Completing FSA-2119, Part B (Continued)

Question	Instructions
14	<p><b><u>Did the FLM consider the application of sale proceeds from other nonessential assets before offering PLS or current market value buyout?</u></b></p> <p>FmHA Instruction 1951-S, Section 1951.910 requires that if the borrower can sell other nonessential assets and apply the proceeds to bring the account current, the borrower is not eligible for PLS or current market value buyout. If the proceeds are not sufficient to bring the account current, the nonessential assets will be included in FmHA Instruction 1951-S, Exhibit F with Attachment 5-A to Exhibit A and will be added to the net recovery value.</p> <p>The reviewer will compare the last FSA appraisal before the notices were sent with FSA lien instruments to determine what security FSA holds. A comparison will then be made with the borrower's financial statement to determine whether the borrower had other assets unencumbered by an FSA lien. If these assets existed, the reviewer will determine whether or not the assets were essential or nonessential as defined in FmHA Instruction 1951-S, Section 1951.906. If the reviewer finds any nonessential assets, there should be documentation that they were considered as required.</p> <p>If nonessential assets are properly considered, the reviewer will answer <b><u>YES</u></b>. If not, the reviewer will answer <b><u>NO</u></b>. If there were no nonessential assets, the reviewer will answer <b><u>N/A</u></b>.</p>

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**DD Oversight Review Manual**

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**A**  
**Use** This exhibit is to be used by DD's in conjunction with FSA-2101 when conducting FLP oversight reviews.

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**B**  
**Purpose** This exhibit provides specific samples and instructional references that will acquaint DD's with the information and reports needed to conduct FLP oversight reviews.

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**C**  
**Sample Data** Exhibits 26 through 47 are referenced for FSA-2101, items 5 through 27 and are numbered sequentially.

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**D**  
**Instruction and Handbook References** Instruction and handbook references are made to assist with ready identification of the applicable paragraphs to the item of review. Modern terminology or language is noted for convenience although it has not yet been incorporated into the National Instruction.

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**E**  
**Use in Conjunction With State Supplements** The frequency of review for a particular review item, as provided in subparagraph 442 C, may change according to the State Supplement. Review items in this exhibit provide the minimum review to be completed. States that have added review items will need to prepare instructions to supplement those items.

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Continued on the next page

DD Oversight Review Manual (Continued)

F

Completing  
FSA-2101,  
Part A

Follow this table to complete FSA-2101, Part A, Direct Loan Making.

Item	Review Explanation
5	<p><b>Review a minimum of 5 (or all if there are less than 5) complete applications for notation of “date received” and “date complete” as required by FmHA Instruction 1910-A, Section 1910.4. If dates have not been marked, inform FLM of needed action. Note review results.</b></p> <p>FmHA Instruction 1910-A, Section 1910.4(b) provides that if the application is complete when it is first received, a Service Center Official will enter the filing date on FSA-410-1. FSA-410-1, items 28 A and 28 B should be checked to verify that each item has been completed as appropriate. Review any omissions with FLM or appropriate staff member.</p> <p>Section 1910.4(b) also directs the Service Center employee to enter the date in the “Application Received” and “Application Completed” fields in the Application Processing/Loan Making Screen of MAC. Sections 1910.4(e)(1) and (2) address applications that are incomplete when received and completing FSA-410-1, item 28 B.</p> <p>MAC Report UAA911-R009, “Application Report, All Farm Loan Programs - Direct for Fiscal Year _____”, which can be used to obtain a list of all direct loan applications on hand. This report is obtained by selecting option “9” of the Farm Loan Programs Applications Reports Menu in the MAC system. Use this report to select the sample of files to be reviewed.</p> <p>An example of MAC Report UAA911-R009 is provided in Exhibit 26. Note the column headings indicating, “DATE APPL REC” (date application received) and “DATE COMP APPL” (date of completed application). These fields should be completed for all applications received and all complete applications.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

**F**  
**Completing**  
**FSA-2101,**  
**Part A**  
**(Continued)**

Item	Review Explanation
6	<p><b>Review a minimum of 5 (or all if there are less than 5) incomplete applications. Verify that the required notifications have been sent to the applicants regarding items still required for a complete application. Also verify that the applicants have been advised of the appropriate timeframes in which information is to be received by the Service Center, as required in FmHA Instruction 1910-A, Section 1910.4(e)(3). Discuss needed corrective actions with FLM. Note review results.</b></p> <p>The “DATE COMP APPL” field will be blank on MAC Report UAA911-R009 (Exhibit 26) for incomplete applications. Use this report to select the sample of files to be reviewed.</p> <p>FmHA Instruction 1910-A, Section 1910.4(e)(3) establishes the FSA notification requirements to applicants who submit an incomplete application for EM, FO, and OL loans. Section 1910.4(e)(3)(i) provides that “No later than 10 calendar days after receipt of the application, the Agency official will send the applicant a letter similar to FmHA Guide Letter 1910-A-1. The letter will:</p> <ul style="list-style-type: none"> <li>(A) List the additional information needed.</li> <li>(B) State that the application cannot be processed until all required information is received in the County Office.</li> <li>(C) Set a specific due date for the information. This date will be 20 calendar days after the date of the letter.”</li> </ul>

Continued on the next page

DD Oversight Review Manual (Continued)

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**F**  
**Completing**  
**FSA-2101,**  
**Part A**  
**(Continued)**

Item	Review Explanation
6 (Cntd)	<p>Section 1910.4(e)(3)(iii) provides that “If the necessary information has not been received from the applicant 20 calendar days after the date of the first written notification of an incomplete application, the Agency official will immediately send the applicant a letter similar to FmHA Guide Letter 1910-A-2.</p> <p>(A) The letter will again list the additional information needed, and state that the application cannot be processed until all the required information is received.</p> <p>(B) The letter will set a due date of 10 calendar days from the date of the letter. It will further state that unless the applicant supplies the required information or contacts the County Office by that date, the application will be withdrawn without further notice.”</p> <p>(C) This letter shall contain the ECOA statement established in subparagraph 41 C.</p> <p>(D) A copy of the letter must be sent to DD at the same time it is sent to the applicant.</p> <p>Section 1910.4(e)(3)(iv) provides that “If the applicant has not contacted the County Office by the due date set in the second notification letter, the Agency official will withdraw the application.”</p> <p><b>Note:</b> Withdrawn applications shall be handled according to 25-AS, subparagraphs 84 B and C.</p>

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DD Oversight Review Manual (Continued)

F  
Completing  
FSA-2101,  
Part A  
(Continued)

Item	Review Explanation
7a	<p><b>Review complete applications on hand to ensure that an eligibility determination has been made and to verify that the applicant has received notification of the decision within prescribed timeframe as required in FmHA Instruction 1910-A, Sections 1910.6(a) and/or (b), as applicable. <i>Note review results.</i></b></p> <p>FmHA Instruction 1910-A, Section 1910.6(a) provides that the Agency official will notify an eligible “applicant within 5 calendar days of the determination”. Section 1910.6(b)(1) provides that in the case of an ineligible applicant, the Agency official “will notify the applicant in writing of the unfavorable decision within 5 calendar days of the determination”.</p> <p>MAC Report UAA911-R009 (Exhibit 26) includes the date of the eligibility determination in the “ELIG DET DATE” column. Compare this date to the date that the eligibility notification, provided under Section 1910.6(a) or 1910.6(b)(1), was sent.</p>
7b	<p><b>Review all applications that have been denied and/or rejected since last review. Ensure that the reasons for an ineligibility or disapproval decision have been documented. Also ensure that the appropriate appeal or review rights and ECOA statement have been included in the letter of notification to the applicant. Reference 1-FLP, subparagraph 41 C, FmHA Instruction 1910-A, Sections 1910.6(b)(1), (2), and (d), and 1-APP. Discuss with FLM actions needed to ensure that application processing is completed correctly and applicant has been notified within prescribed timeframe. <i>Note review results.</i></b></p> <p>Sections 1910.6(b)(1) and 1910.6(d) require that written notice of an ineligibility or unfavorable decision include the “specific reasons and factual basis for the denial”. Both sections further require that the ECOA statement and appeal rights be included on all notifications of unfavorable decisions. Refer to subparagraph 41 C for the ECOA statement and 1-APP for appeal procedures.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

F  
Completing  
FSA-2101,  
Part A  
(Continued)

Item	Review Explanation
7b (Cntd)	<p>Section 1910.6(b)(2) provides the letter advising an ineligible “applicant or borrower of the decision will contain only those reasons pertaining to the ineligibility determination”. This section further requires that “the specific reasons for the rejection and the factual basis will be clearly documented in the county case file”.</p> <p>MAC Report UAA911-R009 (Exhibit 26) also shows the final disposition action in the “FINL DISP” column, by an indication of “A” for approval, “W” for withdrawn, and “R” for rejected applications. Applications coded with an “R” will be reviewed for this item.</p>
8	<p><b>As a follow-up to the requirements of FmHA Instruction 1910-A, Section 1910.4(j)(1)(ii)(B), discuss with FLM final actions necessary to approve or disapprove complete applications on hand past the 45-calendar-day timeframe prescribed in FmHA Instruction 1910-A, Section 1910.4(j)(1). Provide comments addressing the last action taken, current action in progress, the next action to be taken and the anticipated completion date for processing. Also review average processing timeframes and discuss with FLM. Use MAC report “Application Statistics for FY ____” to view average processing intervals. <i>Note review results.</i></b></p> <p>FmHA Instruction 1910-A, Section 1910.4(j)(1) provides that “Each application must be approved or disapproved and the applicant notified in writing of the action taken, not later than 60 days after receipt of a complete application.” Section 1910.4(j)(ii) further provides that “If a complete application is not approved or disapproved 45 calendar days after all necessary information is received”, the reason the application remains pending will be noted in MAC. Section 1910.4(j)(ii)(B) requires that “Every week the District Director will generate a report, using the FOCUS Ad-Hoc Reporting System, based on the weekly upload of information from each county office (MAC) data base. The District Director will note each complete application pending more than 45 calendar days, and immediately take steps to ensure that final disposition on the application is taken no later than 60 calendar days after receipt of the complete application.”</p>

Continued on the next page



DD Oversight Review Manual (Continued)

**F**  
**Completing**  
**FSA-2101,**  
**Part A**  
**(Continued)**

Item	Review Explanation
8 (Cntd)	<p>Applications with a complete date, "DATE COMP APPL", shown on MAC Report UAA911-R009 (Exhibit 26) and without a day count under the days to final disposition column entitled, "DAYS TO FINAL DISP", need to be reviewed for any potential problems with the loan processing. Discuss information necessary to continue application processing with FLM.</p> <p>MAC Report UAA9A4-R004, "Application Statistics for FY ____", will provide specific information for the number of applications in each stage of loan processing. This report can be obtained by choosing option 10 from the Application Reports Menu, then option 4 for "Application Statistics". An example of MAC Report UAA9A4-R004 is provided in Exhibit 27.</p>

**G**  
**Completing**  
**FSA-2101,**  
**Part B**

Follow this table to complete FSA-2101, Part B, Direct Loan Servicing and Property Management.

Item	Review Explanation
9	<p><b>Review "BORROWERS WITH LOANS 90 DAYS OR MORE PAST DUE" category of the current month's Report Code 540, "Status of Farm Credit Programs". Review MAC Report UAA395-R001, "1951-S History Report". Compare these reports to ensure that required servicing and administrative offset notifications are being mailed out by the Service Center staff as prescribed in FmHA Instruction 1951-S, Section 1951.907 and RD Instruction 1951-C, Section 1951.104. Discuss any concerns with FLM to determine the appropriate actions needed to resolve delinquencies and complete servicing within the statutory timeframes. <i>Record findings as necessary.</i></b></p>

Continued on the next page

DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
9 (Cntd)	<p>Report Code 540 lists the names and case numbers of “BORROWERS WITH LOANS 90 DAYS OR MORE PAST DUE” as the first category of accounts on the report. The letter “A” will be located to the left of the name the first month the borrower is included in this category.</p> <p>FmHA Instruction 1951-S, Section 1951.907(c) provides that “Within 15 days of receiving the Finance Office monthly status report of Farm Loan Programs borrowers, servicing officials will review the report and send FLP borrowers, who are 90 days past due (60 days delinquent), Exhibit A of this Instruction with Attachments 1 and 2 by certified mail, return receipt requested.”</p> <p>FmHA Instruction 1951-S, Section 1951.903(a) requires that servicing officials “make full use of the National automated tracking system to track and manage the FLP primary and preservation loan servicing and debt settlement”. Therefore when servicing notices are sent to borrowers, the information must be entered into the MAC system. This information can then be retrieved from MAC Report UAA395-R001, which is generated for an individual borrower. It reflects servicing actions that have been completed as well as those pending. On this report, the “Open” activities are annotated to the left of the servicing action and have an annotation of “I” indicating that the action is incomplete to the right of the date. Check this report to see that all borrowers with loans 90 calendar days or more past due have been entered into the MAC system, and that the servicing notices have been sent.</p> <p>Section 1951.104 states that “The responsible Agency official will notify all borrowers that are 90 days past due (60 days delinquent) on their FLP loans, by sending RD Form Letter 1951-C-1 and that if the account remains in default, any Federal payment to them, including those from the Agency, will be offset and applied on their debt.” This section also provides for the 30-calendar-day response time that borrowers are allowed.</p> <p>Verify that all borrowers listed in the “BORROWERS WITH LOANS 90 DAYS OR MORE PAST DUE” section of Report Code 540 who were sent the servicing notices, were also sent the appropriate offset letters. Offset notices are tracked on MAC Report UAA395-R001.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
<p>9 (Cntd)</p>	<p>MAC Report UAA921-R001, “Direct Loan Servicing Report, All Open Activities”, provides a comprehensive list of all accounts in the Service Center area with open activities. Use this report, along with MAC Report UAA395-R001, as necessary, to track progress in resolution of delinquencies to ensure that servicing applications are processed according to the statutory timeframes of FmHA Instruction 1951-S.</p> <p>An example of Report Code 540, MAC Report UAA395-R001, and MAC Report UAA921-R001 are provided in Exhibits 28 through 30.</p>
<p>10</p>	<p><b>Review “BORROWERS WITH LOANS THAT MAY REQUIRE ATTENTION” category of the current month’s Report Code 540 report. Review “Subject to Approved Adjustment” (SAA) accounts with FLM to ensure that all payments are being made per the confirmed bankruptcy plan or, an approved adjustment plan under the provisions of RD Instruction 1956-B, and that these payments are current. If payments are not being made according to plan, discuss appropriate actions to be taken with FLM. Record findings as necessary.</b></p> <p>Report Code 540 (Exhibit 28) lists “BORROWERS WITH LOANS THAT MAY REQUIRE ATTENTION” as the third loan category of this report. SAA accounts, if any, will be shown in this category. The installments due on these accounts have been either modified in bankruptcy according to a confirmed plan or have been debt settled by an approved adjustment plan. The borrower case file should contain a copy of the scheduled payments as per the bankruptcy plan and a letter to notify the Finance Office of the installment change or a copy of FmHA 1956-1. Review collections to see if payments have been made on the borrower loans according the schedule as provided in the confirmed plan or FmHA 1956-1.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
11	<p><b>Review accounts in the “BORROWERS WITH LOAN LESS THAN 90 DAYS PAST DUE” on current month’s Report Code 540. Discuss accounts with FLM to facilitate early resolution of delinquencies wherever possible, and to prevent accounts from entering the “90 day or more” category. <i>Note review results.</i></b></p> <p>The second loan category on Report Code 540 (Exhibit 28) lists “BORROWERS WITH LOAN LESS THAN 90 DAYS PAST DUE”. Discuss any actions FLM is taking with any accounts listed in this category. Accounts in this category may need closer attention and servicing actions, such as analysis, development of FSA-431-2, or security servicing. Investigating the reasons for delinquency early can save the borrower and the government unnecessary expenses in the future.</p>
12	<p><b>Review a sample of at least 5 collections from the previous quarter using FSA-603 and CCC-257 to verify that payments on borrower accounts are being processed timely. Verify that payments are being applied correctly to the various borrower loans per RD Instruction 1951-A, Section 1951.9 and according to 3-FI. Note: This review should also be completed in type 3 offices where collections for loan payments have been made. <i>Note review results.</i></b></p> <p>Procedure for handling State and County Receipts and Deposits are addressed in 3-FI. Remittances on loan accounts are to be recorded on FSA-603 immediately and deposited according to 3-FI. Remittances should be recorded on CCC-257 the same day of deposit. Compare date of collections on FSA-603 with dates of deposit on CCC-257 to determine whether timeframes of 3-FI, subparagraph 18 C are being met. CCC-257 and FSA-603 are to be filed according to 25-AS, Exhibit 41.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
12 (Cntd)	<p>RD Instruction 1951-A, Section 1951.9 provides guidance on the “Distribution of payments when a borrower owes more than one type of (FSA) loan”. This section assigns priorities to the distribution of regular payments, distribution of extra payments and application of payments. “Distribution” is defined in this section as “dividing a payment into parts according to the rules set out in this section”.</p> <p>RD Instruction 1951-A, Sections 1951.10 and 1951.11 further describe the “Rules for selection of accounts”. The rules in this section “govern the selection of accounts and installments to which payments will be applied”.</p> <p>Careful attention to payment applications can avoid unnecessary delinquencies and prevent a loss of equity on security property by maintaining principal pay down on a loan. DD will sample collections in all Service Centers where payment collections are taken to ensure that correct and efficient payment application is made.</p>
13	<p><b>Review a sample of at least 5 borrower files to verify that borrower accounts are being classified as required in FmHA Instruction 2006-W, Section 2006.1103. <i>Note review results.</i></b></p> <p>FmHA Instruction 2006-W, Section 2006.1103 provides the “Servicing official responsibilities for classification of direct borrower accounts”. Section 2006.1103(a) provides that “Servicing officials will ensure that all FLP borrower accounts are classified annually”. Section 2006.1103(b) provides that “Loan accounts for new borrowers will be classified after the borrower receives the initial FLP loan, and will be based on a financial statement which includes the initial loan and any changes in debt and assets..., including refinancing and assets purchased with new loan funds.”</p> <p>Section 2006.1103(c) requires the annual update of borrower classification is required by the earlier of October 1 of each year or when a borrower obtains a new loan (from FSA or another lender), an account becomes delinquent or is in default, an account is restructured or adjusted through bankruptcy, a subordination of FSA’s lien priority is approved, or when other loan servicing actions involving financial analysis occurs.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
14a	<p><b>Obtain the following information from Report Code 540, MAC, or other Service Center Tracking Systems and employees to evaluate status of completed year-end analysis. Year-end analysis is required for borrowers as indicated in FmHA Instruction 1924-B, Section 1924.55(d).</b></p> <p>(1) <b>Number of borrowers with limited resource loans. (<i>Report Code 540</i>)</b></p> <p>(2) <b>Number of borrowers who received chattel subordinations previous fiscal year. (<i>MAC Report</i>)</b></p> <p>(3) <b>Number of borrowers who received new loans in the previous fiscal year. (<i>MAC Application Report from previous FY</i>)</b></p> <p>(4) <b>Number of borrowers with accounts that had received servicing under FmHA Instruction 1951-S within the last year. (<i>Report Code 540 – 1M and 3R within previous year</i>)</b></p> <p>(5) <b>Number of borrowers with deferred loans. (<i>Report Code 540</i>)</b></p> <p>(6) <b>Number of borrowers requesting servicing per FmHA Instruction 1951-T. (<i>Tally Sheet - forthcoming in MAC</i>)</b></p> <p>(7) <b>All borrowers who are financially distressed or delinquent. (<i>Report Code 540 and MAC “Direct Loan Servicing Report - All Open Activities Report”</i>)</b></p> <p>FmHA Instruction 1924-B, Section 1924.55(d) provides a summary of borrowers required to have year-end analysis of their farming operations. The situations listed above are specifically identified in this section. In addition to those listed, Section 1924.55 also provides that “All other borrowers will receive a year-end analysis at the discretion and judgement of the” FLM. This section further provides that the annual analysis should be completed, “whenever possible, within the 60-day period after completion of the borrower’s business year or farm budget planning period”.</p>

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**DD Oversight Review Manual (Continued)**

**G  
Completing  
FSA-2101,  
Part B  
(Continued)**

<b>Item</b>	<b>Review Explanation</b>
<p>14a (Cntd)</p>	<p>The references made in parentheses after each of the categories of borrowers requiring analysis reflect the sources for identifying borrowers included in the category. Report Code 540 (Exhibit 28) identifies the limited resource loans with an “LR” code under the borrower’s name for each limited resource loan.</p> <p>A report of all subordinations for a Service Center can be obtained by using the MAC WLS code 4030. An example of the MAC WLS code 4030 report is provided in Exhibit 31.</p> <p>All borrowers who received loans in the previous fiscal year will be listed in MAC Report UAA911-R009 (Exhibit 26). This report, obtained for the prior fiscal year, shows all approved and closed loans in that fiscal year.</p> <p>Report Code 540 should be used to identify borrowers who received servicing on their loan accounts under FmHA Instruction 1951-S. ADPS transaction codes “1M” and “3R” annotated to the far right of the borrower name and case number indicate that the borrower has had loan servicing or restructuring. These codes are also accompanied by date (2-digit month and 2-digit year). The “1M” code indicates that the account has been rescheduled or reamortized with new rates and terms. The “3R” code indicates that the account has received a writedown. The date just to the right of the code indicates when the transaction took place. Accounts that are deferred will have a “DFRL” notation below the borrower’s name and in front of the deferred loan.</p>

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DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
14a (Cntd)	<p>A list of borrowers who have requested servicing according to FmHA Instruction 1951-T can be obtained by using MAC WLS code 5013. A list of those who have received servicing under this instruction can be obtained using MAC WLS code 5017. Year-end analysis should be performed in the year the servicing is requested and the year after. In the first case, the borrower is financially distressed or delinquent, and in the later case, the borrower's account has received a deferral of a loan installment.</p> <p>Finally, as provided by Section 1924.55(d), annual analysis is required for borrowers who are financially distressed or delinquent. Use Report Code 540 (Exhibit 28) to find the names of borrowers in the "BORROWERS WITH LOANS 90 DAYS OR MORE PAST DUE" and "BORROWERS WITH LOANS LESS THAN 90 DAYS PAST DUE" categories. MAC Report UAA921-R001 (Exhibit 30) will provide the names of others who are financially distressed and have requested servicing.</p>
14b	<p><b>Discuss and plan with FLM any needed actions to complete all required year-end analyses. Review MAC WLS 4025 report to verify that completed analyses have been entered in MAC. Provide comments as to the timeliness of completion of year-end analyses required for this office for this fiscal year.</b></p> <p>A list of analyses that have been completed and entered into the MAC system can be obtained using MAC WLS code 4025. Review of this list and discussion with FLM will provide insight as to the number of analyses that have been completed year to date and the anticipated time for completion of all required annual analyses for the service area. A sample of the MAC WLS code 4025 report is provided in Exhibit 32.</p>

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DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
15	<p><b>Review MAC WLS code 4010 report and MAC WLS code 4015 report with FLM to determine the number of FSA-1962-1's and Security Agreements (FSA-440-4, FSA-440-4A, and/or RD 440-15) required to be in effect. Review the greater amount of 5 files or 10 percent of the borrower files requiring chattel and/or security agreements to ensure that these required agreements are being generated and signed by the borrowers and FLM or FLO. <i>Note review results.</i></b></p> <p>FmHA Instruction 1962-A, Section 1962.17(a)(2) provides that “Section 1924.56 requires that there must always be a current” FSA 1962-1 “in the file of a borrower with a loan secured by chattels”. Section 1924.56 cites the responsibility of FLM. It provides that “At least 60 days prior to the end of the borrower’s business year, or farm budget planning period, send borrowers with loan secured by chattels a letter similar to Exhibit A and Attachment 1 of this subpart along with blank” copies of FSA 431-2 and FSA-1962-1. It further provides that FSA-1962-1 “does not expire until the proper disposition of the listed chattel security has been accomplished, or the remaining security has been transferred to a new” FSA-1962-1.</p> <p>MAC WLS code 4010 can be used to obtain a list of accounts that need “Follow Up 1962-1”. MAC WLS code 4015 can be used to obtain information on those accounts that will require “Follow-Up With Security Agreement”. Examples of the MAC WLS code 4010 and MAC WLS code 4015 reports are provided in Exhibits 33 and 34.</p> <p>FmHA Instruction 1941-B, Section 1941.57 establishes the requirements, including the security instruments, for closing loans secured by chattels. This section directs that a new security agreement will be required for all initial loans and subsequent loans when the property to serve as security is not specifically described in the previous security agreement. “An additional security agreement may also be executed to reflect significant changes in security”, and “An additional security agreement is not necessary if the existing security agreement covers all types of chattels that will serve as security for the subsequent loan, describes the land on which the crops or fixtures are or will be located, and was executed within 1 year before the crops which are offered as security became growing crops.”</p>

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DD Oversight Review Manual (Continued)

**G**  
**Completing**  
**FSA-2101,**  
**Part B**  
**(Continued)**

Item	Review Explanation
15 (Cntd)	Review a sampling of the files that have been identified as needing a new FSA-1962-1 and Security Agreements (FSA-440-4, FSA-440-4A, or RD 440-15), as appropriate, to ensure that the appropriate actions are being completed in the Service Center.
16	<p><b>Coordinate and schedule field visits to problem and delinquent borrowers with FLM to assess farming operations. Make at least 1 farm visit per Service Center per year. Use MAC WLS code 2050, “Delinquency Visit (Field)”, for a listing of scheduled field visits, both pending and completed. <i>Note review results.</i></b></p> <p>FmHA Instruction 1924-B, Section 1924.73 provides for follow-up supervisory actions. It states that “The District Director or designated parties will see that the County Office staff correctly assesses agricultural operations in accordance with section 1924.55, and develops and adheres to a supervisory plan leading to borrower graduation, with or without Agency guarantee assistance. They will ensure that an effective supervised credit program is carried out. This responsibility requires visits to evaluate a sufficient number of such cases to determine what additional training is needed by the” FLM “to improve the quality of assessments and supervision described in this subpart. Follow-up actions will be performed periodically to obtain the desired results in each County Office area.”</p> <p>The MAC WLS code 2050 provides a list of those accounts which may need additional help in over coming problems. This WLS report should be updated when farm visits are made to these borrowers. An example of the MAC WLS code 2050 report is provided in Exhibit 35.</p>

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DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
17	<p><b>Limited Resource Reviews:</b></p> <p><b>Review a minimum of 5 (or all if less than 5) accounts identified on the Report Code 660D, “Limited Resource Loan Review”, and Report Code 660A, “Limited Resource Loan Review Report Past Due Reviews”, as applicable, to ensure that:</b></p> <ul style="list-style-type: none"> <li><b>a. LR reviews are being scheduled and completed by FLM or FLO</b></li> <li><b>b. MAC WLS code 4000 is being updated upon review completion</b></li> <li><b>c. reviews are being documented in case files for continued need of LR rate as per RD Instruction 1951-A, Section 1951.25</b></li> <li><b>d. the 8M or 8R ADPS transactions are processed.</b></li> </ul> <p><i>Note review results and discuss any needed follow-up action with FLM.</i></p> <p>RD Instruction 1951-A, Section 1951.25 provides for the review of limited resource FO, OL, and SW loans. The frequency of reviews are set out as follows, “OL, FO, and SW loans will be reviewed each year at the time the analysis is conducted in accordance with Subpart B of Part 1924 of this chapter and any time a servicing action such as consolidation, rescheduling, reamortization or deferral is taken”.</p> <p>FmHA Instruction 1924-B, Section 1924.55 requires that documentation be entered into the borrower’s case file as to the reason for the year-end analysis. As was explained in item 14a, all limited resource accounts are required to have an year-end analysis. The documentation should include a summary of the outcome of the analysis. A review of a sampling of these borrower case files will reveal if this documentation has been completed.</p>

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**DD Oversight Review Manual (Continued)**

**G  
Completing  
FSA-2101,  
Part B  
(Continued)**

<b>Item</b>	<b>Review Explanation</b>
<p>17 (Cntd)</p>	<p>Report Code 660D, “Limited Resource Loan Review”, identifies borrower loans with limited resource rates and is provided to the County Office on a quarterly basis. Use all reports for the fiscal year to date to select the review sample. An example of Report Code 660D is provided in Exhibit 36.</p> <p>Report Code 660A, “Limited Resource Loan Review Report Past Due Reviews”, identifies borrower loans requiring limited resource rate review that have not yet been completed or have not yet had the ADPS transaction completed. Discuss any needed actions with FLM. An example of Report Code 660A is provided in Exhibit 37.</p> <p>A review of the MAC WLS code 4000 report, “1-Year Limited Resource Review”, will indicate if these reviews have been completed and entered into the MAC system. If these reviews have not been completed by the “DUE DATE” reflected on the report, check with FLM to see if these reviews have been scheduled. An example of the MAC WLS code 4000 report is provided in Exhibit 38.</p> <p>The screen prints of ADPS transaction codes 8M, “Limited Resource Loan Review”, or 8R, “Interest Rate Adjustment”, will provide confirmation of the review transaction completions and the date of entry into the ADPS system. Paragraph 52 states that “Screen printouts must be retained in position 2 of the case folder according to 25-AS retention requirements for the folder and its entire contents”. Review documents in position 2 of the borrower case file to see if this documentation is present. An example of the ADPS screen print of the 8M and 8R transactions are provided in Exhibits 39 and 40, respectively.</p>

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DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
18	<p><b>Graduation Review:</b></p> <p><b>Review County Office Graduation Operational File established according to 25-AS, Exhibit 40.5, WLS Reports, and January Report Code 736, “Annual Review and Classification of Farm Loan Borrowers”, to verify:</b></p> <ul style="list-style-type: none"> <li><b>a. lender surveys are being completed annually as per RD Instruction 1951-F, Section 1951.261</b></li> <li><b>b. borrowers are being reviewed for potential to graduate as per RD Instruction 1951-F, Section 1951.262</b></li> <li><b>c. documentation of graduation efforts as per RD Instruction 1951-F, Section 1951.262 is being completed.</b></li> </ul> <p><i>Note review results and discuss any needed follow-up action with FLM.</i></p> <p>RD Instruction 1951-F provides guidance for analyzing credit needs and borrower graduation. Section 1951.261 requires that Service Center officials contact commercial lenders to explain FSA graduation requirements and obtain information on the lender’s underwriting criteria. Lender contacts must be documented in either a narrative format or on Exhibit A of the instruction and maintained in the FLP program files according to 25-AS.</p>

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**DD Oversight Review Manual (Continued)**

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**G**  
**Completing**  
**FSA-2101,**  
**Part B**  
**(Continued)**

<b>Item</b>	<b>Review Explanation</b>
<p>18 (Cntd)</p>	<p>Section 1951.262 provides instruction for annual notification to all direct FLP borrowers, creating a list of prospective lenders and the graduation review period. This section states that “The Finance Office will furnish each Servicing Office, by each January, a loan classification report identifying all direct FLP borrowers. Graduation reviews should be completed by July 1 of each year.” Report Code 736, “Annual Review and Classification of Farm Loan Borrowers as of January”, will be used for the graduation review. An example of Report Code 736 is provided in Exhibit 41.</p> <p>This section also provides documentation requirements for those borrowers who, upon initial screening, “obviously cannot graduate” and for those borrowers who are determined to be graduation candidates but are unable to graduate. It provides that “Borrowers who are classified "commercial" or "standard" are considered graduation candidates after screening out the borrowers that obviously cannot graduate”. “Agency Official will perform a desk review of the borrower’s case file. If the borrower is still unable to graduate, the reasons will be documented in the case file.” A sample review of the case files for borrowers who were considered obviously unable to graduate as well as those who were considered graduation candidates will indicate if the documentation requirements are being met.</p>

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DD Oversight Review Manual (Continued)

**G**  
**Completing**  
**FSA-2101,**  
**Part B**  
**(Continued)**

Item	Review Explanation
19	<p><b>Review most current Report Code 597-A, “Farm Credit Programs Inventory”, and Inventory Property Files for each inventory property to verify that:</b></p> <ul style="list-style-type: none"> <li><b>a. ADPS transaction 3E was processed promptly as per RD Instruction 1955-A, Section 1955.18(a), which requires immediate reporting of any acquisition of real or chattel property</b></li> <li><b>b. Homestead Protection was offered to the former borrower and/or owner as per RD Instruction 1955-A, Sections 1955.18(h) and (i), if the property has a dwelling</b></li> <li><b>c. the suitability determination has been documented</b></li> <li><b>d. the property was inspected, secured, and any necessary maintenance was performed as per RD Instruction 1955-B, Section 1955.64</b></li> <li><b>e. the property was advertised for sale in a timely manner as per RD Instruction 1955-C, Section 1955.107(a)</b></li> <li><b>f. the property was sold within the required timeframe as per RD Instruction 1955-C, Section 1955.107(a)(2)(i)</b></li> <li><b>g. ADPS transaction 1G and/or 1H (as appropriate) was processed promptly upon sale of the property.</b></li> </ul> <p><i>Note review results for items a through g.</i></p> <p>Report Code 597-A lists all properties held in inventory with a Service Center. A review of each former borrower or inventory case file is necessary to ensure that items a through g are completed. A sample of Report Code 597-A is provided in Exhibit 42.</p>

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DD Oversight Review Manual (Continued)

G  
Completing  
FSA-2101,  
Part B  
(Continued)

Item	Review Explanation
19 (Cntd)	<p>“3E” is the ADPS transaction code for “Acquisition - Property”. Subparagraph 52 E requires that screen prints of each transaction be retained in position 2 of the case file.</p> <p>Subparagraph 52 G also requires that “Users must process transactions within 10 calendar days of the effective date. If a discrepancy occurs, the transaction must be corrected within 5 calendar days of the initial rejection date.” RD Instruction 1955-A, Section 1955.18 also requires that “For FSA properties only, the date of acquisition will be the date the deed to the Government is recorded for a voluntary conveyance or foreclosure sale; or for chattels, the date the bill of sale (and title, if applicable) is executed transferring ownership to FSA. Form RD 1955-3 and Form RD 1955-3A or Form RD 1965-19 will be processed promptly without waiting for the final report on sale from OGC where required.” Check the date of the ADPS 3E transaction screen print, contained in position 2 of the inventory file, to verify compliance with these requirements.</p> <p>Section 1955.18(h) provides that “Not later than the date of acquisition of a real property by FSA, the County official will notify the borrower-owner of homestead protection rights by sending Exhibit M of Subpart S of Part 1951 of this chapter to the borrower-owner certified mail, return receipt requested”. Review correspondence in position 4 of the former borrower or inventory file to verify that this requirement was met.</p> <p>Section 1955.63(d)(2) provides that “The District Director will assist the” FLM “in determining suitability of farm and SFH property as provided in this section”. Review the inventory file to check for documentation or any other evidence of inspection, suitability classification, notations of needed repairs or actions required by this section.</p> <p>RD Instruction 1955-B, Section 1955.64 provides requirements for securing, maintaining and repairing inventory property. It provides that “When property is acquired, the servicing official shall inspect the property and take the necessary steps to see that it is secured and maintained” and that “The servicing official is responsible for initiating actions to assure that the value of the inventory property is preserved”. In addition, Section 1955.64(a) provides the basic repair policy. After the a suitability determination of is made, repairs will be made to acquired properties as described in this section.</p>

Continued on the next page



DD Oversight Review Manual (Continued)

**G**  
**Completing**  
**FSA-2101,**  
**Part B**  
**(Continued)**

Item	Review Explanation
19 (Cntd)	<p>RD Instruction 1955-C, Section 1955.107 governs the sale of FSA property (CONACT). It provides the parameters for the sale of property classified as suitable and property classified as surplus. In both cases, suitable or surplus, the property must be advertized or offered for sale within 15 calendar days of acquisition. This section sets forth the pricing, selection of purchaser and credit sale procedures for the sale of suitable property. Review the inventory property file for compliance with these requirements.</p> <p>For inventory properties that have been sold, a screen print of ADPS transaction 1G, "Credit Sale", or 1H, "Cash Sale/Transfer - Acquired Property", should be found in position 2 of the inventory property file. Check the file for 1 of these 2 screen prints.</p>

**H**  
**Completing**  
**FSA-2101,**  
**Part C**

Follow this table to complete FSA-2101, Part C, Guaranteed Loan Making and Servicing.

Item	Review Explanation
20	<p><b>Use MAC Report UAA90100, "All Farm Loans Guaranteed", to review the greater of 10 percent or 5 guaranteed loan applications received or pending since last review. Determine lender type using the lender status code indicated on MAC Application Information Screen UAA20601 or FSA-1980-38 on file in Service Center operational lender files. Check application processing timeframe for compliance with 2-FLP, Part 6. Note any deficiencies and discuss with FLM.</b></p> <p>2-FLP, paragraph 83 provides the application processing timeframes by lender type. Complete applications from SEL need to be approved or rejected no later than 30 calendar days after receipt. Complete applications from CLP and PLP lenders must be approved or rejected no later than 14 calendar days after receipt.</p>

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**DD Oversight Review Manual (Continued)**

**H  
Completing  
FSA-2101,  
Part C  
(Continued)**

<b>Item</b>	<b>Review Explanation</b>
<p>20 (Cntd)</p>	<p>2-FLP, subparagraph 84 B describes the DD responsibilities for overseeing the approval process and monitoring unprocessed applications. It states that “DD shall take all steps necessary to ensure that applications are processed as quickly as possible”. It also suggests some steps that DD can take to adhere to this requirement.</p> <p>MAC Report UAA917-R008, “Application Report, All Farm Loan Programs - Guaranteed for Fiscal Year __”, provides the name of the applicant and the lender name. The “DYS TO FINAL DISP” field indicates the number of days to approve, reject, or withdraw. An example of MAC Report UAA917-R008 is provided in Exhibit 43.</p> <p>MAC Application Information Screen UAA20601 shows the “Lender Status Code” that was input with the application information. This code indicates the type of lender submitting the application. The letter “E” is entered for SEL, the letter “C” is entered for a CLP lender, and the letter “P” is entered for a PLP lender. An example of Screen UAA20601 is provided in Exhibit 44.</p> <p>FSA-1980-38, item 4 establishes the type of lender that the agreement covers. These forms should be on file for each lender in the lender operations files, filed according to 25-AS, Exhibit 40.5. Check FSA-1980-38 for each lender that has an application on file to find the lender type.</p>

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DD Oversight Review Manual (Continued)

H  
Completing  
FSA-2101,  
Part C  
(Continued)

Item	Review Explanation
21	<p><b>Review the greater of 5 files or 20 percent of interest assistance (IA) loan caseload for compliance with the requirements of 2-FLP, Part 9. Use MAC WLS code 4046, “Interest Assistance Review”, data for guaranteed loans with IA. <i>Note review results and discuss needed changes with FLM.</i></b></p> <p>MAC WLS code 4046, “Interest Assistance Review”, will provide a list of accounts with interest assistance. An example of the MAC WLS code 4046 report is provided in Exhibit 45.</p> <p>2-FLP, paragraph 224 provides the eligibility guidelines, repayment terms, interest rates, feasible plan requirement, term of FSA-1980-64, and the treatment of nonessential assets for new IA requests.</p> <p>Annual requests for IA payment or continuation is governed by 2-FLP, paragraph 228. A table for the steps of the FSA review is provided in 2-FLP, subparagraph 228 F. Step 1 of this table provides that “The Agency will review the claim and the supporting documentation within 3 workdays of receipt. If the information and the supporting documentation is not complete and correct, the reviewing official will notify the lender in writing of the actions needed to correct the request.” Step 2 of this table describes the documentation required for the review. It states that “The reviewing official shall document a comparison of actual and projected income and expenses. Any major differences from previous projections to actual performance as well as major changes from the previous year’s balance sheet should be noted.” Check for the documentation for this information, as well as the timeliness of processing, when reviewing the sampling.</p>

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DD Oversight Review Manual (Continued)

H  
Completing  
FSA-2101,  
Part C  
(Continued)

Item	Review Explanation
22	<p><b>Review the GLS2001 report, “Listing of Delinquent Borrowers”, and discuss with FLM any problem-guaranteed loan accounts, loss claims, and servicing actions needed or currently being implemented according to 2-FLP, Part 12. <i>Note review results and any actions for follow-up.</i></b></p> <p>GLS is an automated records management and accounting system for guaranteed loans. The record for each loan request is initiated at the time the application is received at the Service Center. If the loan request is approved, the obligation for funds will also be processed in this system, setting up an account for a borrower with the lender. This system provides a myriad of reports that can be used to manage the guaranteed loan portfolio of the Service Center.</p> <p>The GLS2001 report provides a concise list of those guaranteed loans that are delinquent. This report also allows for a brief description of the servicing actions that are in process. In addition to this report, the GLS2002 report, “Guaranteed Loans Behind Schedule”, and the GLSNT06 report, “Notice of Final Maturity Date of Guaranteed Loan”, can also be used for early detection of other potential problem accounts. Early recognition of potential problems can reduce the number of distressed or delinquent accounts and stave off lengthy servicing processes for the lender and FSA staff. An example of the GLS2001 report is provided in Exhibit 46.</p> <p>2-FLP, Part 12 provides instruction guiding the servicing of distressed accounts or delinquent loans. 2-FLP, Part 12, Section 1 covers monetary and nonmonetary defaults. 2-FLP, paragraph 300 states that “(borrowers are) in default when they are 30 days past due on a payment or in violation of provisions of the loan documents”. Also provided in 2-FLP, paragraph 300 is a table with the required timeframes for lender actions on loans in monetary default.</p> <p>2-FLP, subparagraph 266 B establishes the general reporting requirements of lenders, describing the type of reports and the timeframe that reports must be submitted by lenders. Lenders must submit semiannual status reports of all guaranteed loan accounts and default status reports when a loan becomes 30 calendar days past due and every 60 calendar days until the default is cured. These reports need to be reviewed to ensure that lenders are meeting these requirements.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

**H**  
**Completing**  
**FSA-2101,**  
**Part C**  
**(Continued)**

Item	Review Explanation
22 (Cntd)	<p>Restructuring requirements and options for guaranteed loans are covered in 2-FLP, Part 12, Sections 2 and 3. If liquidation is imminent, the liquidation process is discussed in 2-FLP, Part 14. 2-FLP, Part 14 also governs mediation, foreclosure and acceleration, liquidation plans, and the submission of estimated and final loss claims.</p> <p>2-FLP, paragraph 359 states that “An estimated loss claim will be submitted by the lender with the liquidation plan if the liquidation is expected to exceed 90 days”. 2-FLP, paragraph 360 states that “Lenders may submit a final loss claim when the security has been liquidated and all proceeds have been received and applied to the account”.</p> <p>Review the GLS2001 report, GLS2002 report, and GLSNT06 report to identify accounts that may need attention and discuss the status of these accounts with FLM to ensure that any needed action is being completed according to the regulatory requirements.</p>

**I**  
**Completing**  
**FSA-2101,**  
**Part D**

Follow this table to complete FSA-2101, Part D, General: Service Center Organization Management.

Item	Review Explanation
23	<p><b>Refer to the National Procedure Checklists, and by a sampling or spot review, verify that procedure notices and FLP handbook amendments are being filed in a timely manner, and consistent with 1-AS. Note review results.</b></p> <p>1-AS defines the National Procedure Checklist and provides for the compilation, preparation and issuance of this checklist every week. The checklist is electronically distributed to the State Offices and is uploaded to the internet. A copy can be obtained at <a href="http://www.fsa.usda.gov/dam/msd/notices/fsa.htm">http://www.fsa.usda.gov/dam/msd/notices/fsa.htm</a>. 1-AS, paragraph 190 requires the prompt filing of directives and provides the method of filing temporary and permanent directives for County Offices.</p>

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DD Oversight Review Manual (Continued)

I  
Completing  
FSA-2101,  
Part D  
(Continued)

Item	Review Explanation
24	<p><b>Review operational files for compliance with 25-AS, Exhibit 40.5. <i>Note review results.</i></b></p> <p>Review 25-AS, Exhibit 40.5 for a current list of the FLP operational files that should be in the Service Center. Check the FLP operational files to ensure compliance with this directive.</p>
25	<p><b>Review new chattel and/or crop loan docket (identified from MAC Application Report UAA911-R009) and verify that the appropriate security instruments have been filed. Review MAC Financing Statement Completion for Period of Review (WLS code 4020) to verify that Service Center staff are filing continuations for all security instruments in a timely manner. <i>Note review results.</i></b></p> <p>FmHA Instruction 1941-B provides instruction for the closing of loans secured by chattels. Paragraph 1941.57(g) of this subpart provides instruction for the filing or recording of security instruments.</p> <p>MAC Report UAA911-R009 (Exhibit 26) indicates the final disposition in a column heading labeled as “FINL DISP”, the loan closing date in the “DATE LOAN CLOSED” column heading, and the operating type (OL or EM) or chattel secured loans in the “TYPE OF LOAN” column heading. The type of assistance codes are listed under “TYPE OF ASST” column heading and are provided in the Form Manual Insert for FmHA 1940-1 for OL and EM chattel type loans.</p> <p>Look at all loan requests that have the coding “A” for approved in the “FINL DISP” column, check the loan closing date and the loan type for each loan. Review the files for all operating type loan (OL or EM) requests that have been approved and closed. Position 1 of the case file should contain copies of the filed UCC financing statements, stamped with the date and time of filing. If a first lien position was to be obtained by a subordination or assignment of another lender’s security interest, these documents should also be filed in the case file with the UCC financing statements. A copy of the executed Security Agreement (FSA-440-4, FSA-440-4A, or RD 440-15) should also be located in position 1 of the case file. If these security instruments have not been properly filed or executed, discuss this with FLM to make arrangements for correction.</p>

Continued on the next page

DD Oversight Review Manual (Continued)

I Completing FSA-2101, Part D (Continued)

Item	Review Explanation
25 (CNTD)	<p>The MAC WLS code 4020 report will provide a list of follow-up dates for financing statement renewals. Check to make sure that these borrowers with new chattel loans have been entered into this system for the appropriate follow-up dates. To maintain the lien priority, a continuation statement must be filed within 6 months before the expiration date of the original financing statement, which is 5 years from the stamped date of filing. Review all other financing statement renewals on the MAC WLS code 4020 report to ensure that the appropriate follow-ups are being completed and that the continuation statements are being filed as necessary. Follow-up is also needed for any financing statements that are assigned or subordinated by another lender. Ensure that the Service Center staff have also made provisions for follow-up of these situations as well. An example of the MAC WLS code 4020 report is provided in Exhibit 47.</p>
26	<p><b>Conduct field outings with new FLO’s (less than 2 years with FLP) to ascertain any potential weaknesses in training or experience that FLO’s are receiving at the County Office. Discuss observations with FLM to determine whether any additional training or case work is necessary. Document findings.</b></p> <p>Section 361 of the Consolidated Farm and Rural Development Act requires the Secretary to ensure proper supervision of FLP loans and adequate training of FSA credit employees in credit and financial analysis and farm management. 6-PM, paragraph 6 requires the unit heads and immediate supervisors to “evaluate results of employee development and training programs” and “report on training activities in their units”. Field outings with new FLO’s will provide insight to the strength of knowledge gained by FLO’s in training at the County Office.</p>

DD Oversight Review Manual (Continued)

J Completing FSA-2101, Part E

Follow this table to complete FSA-2101, Part E, Additional Reviews.

Item	Review Explanation
27A	<p><b>*--Review COR and FLRA Service Center reports, to ensure that the--* appropriate follow-up has been completed by the Service Center staff. Perform WITHIN ONE MONTH subsequent to review of the Service Center. Note review results.</b></p> <p>16-AO, subparagraph 111 B cites the DD responsibilities for conducting County Office internal reviews. When weaknesses or errors in methodology are found in other internal control review processes, the Service Center staff is to respond to those findings in a timely manner as required by the particular review. DD will conduct reviews of these findings to ensure that the internal controls required by the Federal Managers' Financial Integrity Act, OMB Circular A-123, and Departmental Regulations are effective.</p>



MAC Report UAA911-R009, "Application Report, All Farm Loan Programs - Direct for Fiscal Year \_\_\_\_"

Kentucky Somewherein Report ID: UAA911-R009		U.S. Department of Agriculture Farm Service Agency Application Report All Farm Loan Programs - Direct For Fiscal Year 2001										Prepared: 4-19-2001 Page: 1	
APPLICANT NAME	DATE APPL REC	DATE COMP APPL	DYS CMP	ELIG DET DATE	DAYS TO ELIG	DATE FINAL DISP	FINL DISP	FINL DISP	DATE LOAN CLOSED	TYPE OF ASST	TYPE OF LOAN	AMT OF EMRG DESIG LOAN	
FARMER JOHN	11-01-2000	11-16-2000	15	11-30-2000	14	11-30-2000	A	14	12-14-2000	151	OL	2,000.00	
RIDEONA TRACTOR	11-07-2000	11-17-2000	10			12-27-2000	W	40		106	OL		
HARVEST CROPS	11-09-2000	11-30-2000	21			02-01-2001	W	63		036	FO		
IMA FARMER	11-28-2000	12-19-2000	21	11-30-2000	0	12-19-2000	A	0	12-29-2000	051	OL	34,000.00	
JUSTIN TIME	01-16-2001	01-19-2001	3	02-14-2001	26	02-14-2001	A	26	03-05-2001	051	OL	32,000.00	
JACK HAMMER	01-22-2001	02-26-2001	35	02-27-2001	1	03-12-2001	A	14	03-12-2001	112	OL	75,000.00	
KATIE DID	01-22-2001	01-31-2001	9	01-30-2001	0	02-03-2001	A	6	02-15-2001	112	OL	40,000.00	
STORMY WEATHER	02-02-2001	02-07-2001	5	02-08-2001	1	02-12-2001	A	5	02-26-2001	209	OL	25,000.00	
GOOD WEATHER	02-27-2001	03-27-2001	28	03-26-2001	0	3-29-2001	A	2	04-12-2001	117	OL	10,650.00	
GOOD WEATHER	02-27-2001	03-27-2001	28	03-26-2001	0	3-29-2001	A	2	04-12-2001	050	OL	21,200.00	
FARMER JANE	03-05-2001	03-27-2001	22	04-12-2001	16	04-12-2001	R	16		209	OL		
TONY TRENCHER	03-06-2001									203	FO		
HARRY HUMOR	03-12-2001									112	OL		
GREG GRADER	03-13-2001	03-29-2001	16	04-10-2001	12	04-10-2001	R	12		211	OL		
GREG GRADER	03-13-2001	03-29-2001	16	04-10-2001	12	04-10-2001	R	12		209	OL		
BOBBY BALER	03-28-2001	04-02-2001	5	04-04-2001	2	04-04-2001	A	2		117	OL		
BOBBY BALER	03-28-2001	04-02-2001	5	04-04-2001	2	04-04-2001	A	2		050	OL		
DREDDED LOCUST	04-04-2001	04-04-2001	0							112	OL		
CORN BORER	04-05-2001	04-05-2001	0	04-05-2001	0	04-05-2001	A	0		112	OL		
RUSTY TRUCK	04-09-2001									209	OL		
GRAND TOTALS:	(COUNT) 20	(CNT) 17	(AVG) 9	(CNT) 16	(AV) 14	(TOTAL) 239,850.00							
	FINAL DISP COUNTS: A = 14	R = 0	W = 2	TOTAL = 16									



MAC Report UAA9A4-R004, "Application Statistics for FY \_\_\_\_"

Nowherein Somewherein Report ID: UAA9A4-R004		U. S. Department of Agriculture Farm Service Agency Application Report Application Statistics for FY 2001				Prepared: 04-21-2001 Page: 1		
						DIR	GUAR	
APPLICATIONS ON HAND		Unclosed Applications from Prior FY: .....				2	2	
		Unprocessed Applications from Prior FY: .....				1	0	
		Applications Received This FY To Date: .....				20	2	
		Total Applications for This FY: .....				20	2	
		Total Applications Carried Forward Into Next FY: .....				3	17	
COMPLETION OF APPLICATIONS		Applications Withdrawn Before Completion: .....				2	0	
		Applications Incomplete: .....				3	0	
		Applications Complete: .....				17	2	
ELIGIBILITY ACTION ON COMPLETE APPLICATIONS		Complete Applications Withdrawn Before Eligibility Action: .....				1	0	
		Complete Applications That Have Not Yet Received Eligibility Action: .....				2	0	
		Complete Applications That Have Received Eligibility Action: .....				14	2	
ELIGIBILITY DETERMINATIONS ON COMPLETE APPS		Complete Applications Determined Not Eligible/Rejected: .....				3	0	
		Complete Applications Determined Eligible: .....				16	N/A	
FINAL DECISION ON ELIGIBLE APPLICANTS		Eligible Applicants Withdrawn: .....				0	0	
		Eligible Applicants With No Final Actions: .....				0	0	
		Applications Rejected: .....				0	0	
		Applications Approved: .....				11	2	
CLOSING OF APPROVED APPLICATIONS		Approved Applications Withdrawn: .....				0	1	
		Approved Applications With Loan Not Closed: .....				3	2	
		Approved Applications With Loans Closed: .....				8	0	
AVERAGE INTERVALS		Average Days Receipt To Complete Application: .....				24.0	4.5	
		Average Days Complete to Eligibility/Action: .....				3.3	N/A	
		Average Days Eligibility to Approval/Rejection: .....				3.7	N/A	
		Average Days Complete to Approval/Rejection: .....				3.3	0.0	
		Average Days Approval to Closing: .....				14.0	0.0	
SUMMARY	TOTAL	CARRYOVER	RECEIVED	REJECTED	WITHDRAWN	APPROVED	CLOSED	IN PROCESS
Direct:	26		20		2	17	12	10
Guaranteed:	4		2			4		2



Report Code 540, "Status of Farm Credit Programs"

UNITED STATES DEPARTMENT OF AGRICULTURE										REPORT CODE 540	PAGE 1
FARM SERVICE AGENCY											
STATUS OF FARM CREDIT PROGRAMS											
AS OF APRIL 02, 2001											
SERVICING OFFICE LOCATION - SOMEWHEREIN , KENTUCKY										(21-320)	
CASE NUMBER											
BORROWER NAME ST CO BORR-ID											
LOAN SERVICING INFORMATION CODES	FD LN CD NO	UNPAID BALANCES INTEREST	PRINCIPAL	DAILY INTEREST ACCRUAL	INTEREST RATE	DATE OF LAST CASH PAYMENT	PAYMENT STATUS A=AHEAD B=BEHIND	SCHEDULED ANNUAL INSTALLMENT			
BORROWERS WITH LOANS 90 DAYS OR MORE PAST DUE :											
TRACTOR, RIDEONA 20 34 111223333											
FYLN.	44 01	\$ .11	\$ 10.00	.0014	5.2500	01/19/01	\$ 1,106.61 B	\$ .00			
ISA	44 01	4.40	1,092.10								
0101	44 03	49.80	4,149.88	.6822	6.0000	01/19/01	.00	2,329.00			
ISA	44 03	633.88	1,832.49								
TOTAL		688.19	7,084.47	.6836			1,106.61 B	2,329.00			
A FARMER, IMA 20 57 444556666 GL											
LR,0101	44 01	7,006.74	147,830.00	20.2507	5.0000	NONE	25,548.00 B	25,548.00			
A TIME, JUSTIN 20 34 777889999											
0101	44 09	296.46	19,602.84	3.0881	5.7500	12/27/00	1M 06/97 5,252.00 B	5,252.00			
BORROWERS WITH LOANS LESS THAN 90 DAYS PAST DUE :											
SCI, FI 20 84 111111111											
	44 15	5432.89	121,256.01		4.7500	11/02/00	1M 05/89 592.00 B	6,220.00			
	44 16	1231.28	58,592.29		5.0000	09/28/00	200.00 A	1,824.00			
BORROWERS WITH LOANS THAT MAY REQUIRE ATTENTION (OTHER):											
BORER, CORN 20 84 000112222 BAP SAA 3R 05/89											
LR,0101	41 06	22,486.23	74,496.37	8.1640	4.0000	10/12/00	25,083.01 B	5,313.00			
NCAP,	41 06	36.52									
TOTAL		22,522.75	74,496.37	8.1640			25,083.01 B	5,313.00			
BORROWERS WITH ALL LOANS ON OR AHEAD OF SCHEDULE:											
ACE, GRIM 20 57 444444444											
LR,0101	41 06	299.42	29,143.75	3.9923	5.0000	01/17/01	.00	2,507.00			
ISA	41 06	1,874.01	803.76								
TOTAL		2176.43	29,947.51	3.9923				2,507.00			
BALER, BOBBY 20 84 666778888											
0101	29 07	23,393.02	112,124.78	19.9674	6.5000	02/02/01	.00	12,554.00			
DFRL,	29 07	23,313.56									
TOTAL		23,393.02	112,124.78	19.9674			.00	12,554.00			



MAC Report UAA395-R001, "1951-S History Report"

Kentucky Somewherein Report ID:UAA395-R001	U.S. Department of Agriculture Farm Service Agency 1951-S History Report	Prepared: 04-26-2001  Page: 1
Borrower Name: RIDEONA TRACTOR Category Code: CAT020 Name: 90 DAYS PAST DUE Date Initialed: 04-26-01 Time Initialed: 10:54:12		Case Number: 21-020-000112222 Default Date: 01-01-2001 Open Activities: Yes
-----		
A. CBDT302 DETERMINE IF BORROWER HAS BEEN DISCHARGED OF FLP DEBT 03 BORROWER HAS NOT PREVIOUSLY FILED BANKRUPTCY		04-25-2001 C III A A1-CBS301
AI. CBS3 SEND EXH A & ATT 1&2 & 1951-C OFFSET LTR TO B BY SEP CERT MAIL 01 EXH A, ATT 1&1 & 1951-C OFFSET LTR SENT TO B BY SEPARATE CERT MAIL		04-25-2001 C III B B-CBW309 C-CBC-301 D-CBN302
=====		
Branch B Generated from A1 CBS301 01		
Open B. CBW309 WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER 01 CERTIFIED MAIL ACCEPTED 02 CERTIFIED MAIL UNCLAIMED OR UNDELIVERABLE		05-05-2001 I III D CBW310 CBS302
=====		
Branch C Generated from A1 CBS301 01		
Open C. CBC301 WAIT FOR CERTIFIED MAIL FROM EXH A. ATT 1&2 01 CERTIFIED MAIL ACCEPTED 02 CERTIFIED MAIL UNCLAIMED OR INDELIVERABLE		05-05-2001 I III E CBW301 CBS302
=====		
Branch D Generated from A1 CBS301 01		
Open D. CBN302 NOTIFY B W/IN 10 DAYS ABOUT 51-S NOTICES BEING SENT 01 B NOTIFIED BY PHONE 02 B NOTIFIED IN PERSON 03 UNABLE TO REACH B AFTER SEVERAL ATTEMPTS. SENT COURTESY LTR REG MAIL 04 UNABLE TO REACH B AFTER SEVERAL ATTEMPTS. DOCUMENTED IN RR ENTRY		05-05-2001 I III AN END END END END





MAC Report UAA921-R001, "Direct Loan Servicing Report, All Open Activities"

Kentucky  
Somewherein  
Report ID: UAA921-R001

U. S. Department of Agriculture  
Farm Service Agency  
Direct Loan Servicing Report  
All Open Activities

Prepared: 2001  
Page: 1

BORROWER NAME	CATEGORY ACTIVITY	CODE/DESCRIPTION CODE/NAME	DUE DATE	PLAN DATE
IMA FARMER	CAT020	90 DAYS PAST DUE		
	CBW301	WAIT FOR B'S RESPONSE TO EXH. A, ATT 1&2 60 DAYS	04-20-2001	04-20-2001
JUSTIN TIME	CAT020	90 DAYS PAST DUE		
	CBW309	WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER	05-05-2001	05-05-2001
	CBC301	WAIT FOR CERTIFIED MAIL FROM EXH A, ATT 1&2	05-05-2001	05-05-2001
RIDEONA TRACTOR	CBN302	NOTIFY B W/IN 10 DAYS ABOUT 51-S NOTICES BEING SENT	05-05-2001	05-05-2001
	CAT020	90 DAYS PAST DUE		
	CBW309	WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER	05-05-2001	05-05-2001
CORN BORER	CBC301	WAIT FOR CERTIFIED MAIL FROM EXH A, ATT 1&2	05-05-2001	05-05-2001
	CBN302	NOTIFY B W/IN 10 DAYS ABOUT 51-S NOTICES BEING SENT	05-05-2001	05-05-2001
	CAT020	90 DAYS PAST DUE		
CORN BORER	BANKRUPT	BORROWER FILED BANKRUPTCY AFTER BEING INITIALIZED IN ANOTHER CATEG	08-08-2000	08-08-2000
	CERB301	WAIT FOR RESULTS OF BANKRUPTCY	04-23-2001	04-23-2001



MAC WLS Code 4030 Report

KENTUCKY Somewherein Report ID: UAA700-R001		U. S. Department of Agriculture Farm Loan Program - MAC WORKLOAD SCHEDULE REPORTING			Prepared Time Page	: 04-01-2001 : 13:25:10 1
Select By: ITEM CODE 4030 Subordination Review		ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DAT	ASSGN TO
20084000000000 FARMER JANE	4030	Subordination Review *****	10-07-2001 09-07-2001	09-15-2001 00-00-0000	NRM	
20084111111111 FI SCI	4030	Subordination Review *****	11-15-2001 10-15-2001	10-20-2001 00-00-0000	NRM	
20003222222222 RANCHER DAVE	4030	Subordination Review *****	11-31-2001 11-01-2001	11-01-2001 00-00-0000	NRM	
20034333333333 JACK FROST	4030	Subordination Review *****	11-31-2001 11-01-2001	11-01-2001 00-00-0000	NRM	
20057444444444 IMA FARMER	4030	Subordination Review *****	12-13-2001 11-13-2001	11-16-2001 00-00-0000	NRM	
20084666666666 JACK HAMMER	4030	Subordination Review *****	01-05-2002 12-05-2001	01-03-2002 00-00-0000	ARM	
20034555555555 JUSTIN TIME	4030	Subordination Review *****	02-03-2002 01-03-2002	01-03-2002 00-00-0000	NRM	
21020777777777 RIDEONA TRACTOR	4030	Subordination Review *****	02-28-2002 01-28-2002	02-28-2002 00-00-0000	NRM	
20057888888888 GOOD WEATHER	4030	Subordination Review *****	03-31-2002 02-28-2002	02-28-2002 00-00-0000	NRM	
20084000112222 CORN BORER	4030	Subordination Review *****	04-15-2002 03-15-2002	03-17-2002 00-00-0000	NRM	



MAC WLS Code 4025 Report

KENTUCKY Somewherein Report ID: UAA700-R001		U. S. Department of Agriculture Farm Loan Program - MAC WORKLOAD SCHEDULE REPORTING			Prepared Time Page	: 04-01-2001 : 13:25:10 1
Select By: ITEM CODE 4025		Year_End Analysis				
ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST)	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DAT	ASSGN TO	
2005744444444 GRIM ACE	4025	Year_End Analysis *****	07-03-2001 06-03-2001	06-10-2001 00-00-0000	BST	
2008411111111 FI SCI	4025	Year_End Analysis *****	07-20-2001 06-20-2001	06-30-2001 00-00-0000	ARM	
2008466677888 BOBBY BALER	4025	Year_End Analysis *****	01-05-2002 12-05-2001	01-05-2002 00-00-0000	NRM	
2008433333300 PEAT MOSS	4025	Year_End Analysis *****	02-02-2002 01-02-2002	01-28-2002 00-00-0000	NRM	
2003433333333 JACK FROST	4025	Year_End Analysis *****	02-15-2002 01-15-2002	02-03-2002 00-00-0000	BST	
2005744455666 IMA FARMER	4025	Year_End Analysis *****	02-17-2002 01-17-2002	02-10-2002 00-00-0000	NRM	
2003477788999 JUSTIN TIME	4025	Year_End Analysis *****	03-02-2002 02-02-2002	02-28-2002 00-00-0000	ARM	
2008466666666 JACK HAMMER	4025	Year_End Analysis *****	03-10-2002 02-10-2002	03-05-2002 00-00-0000	BST	
2003411122333 RIDEONA TRACTOR	4025	Year_End Analysis *****	03-12-2002 02-12-2002	03-12-2002 00-00-0000	NRM	
2005788888888 GOOD WEATHER	4025	Year_End Analysis *****	03-21-2002 02-21-2002	03-15-2002 00-00-0000	NRM	
2008400011222 CORN BORER	4025	Year_End Analysis *****	04-01-2002 03-01-2002	03-23-2002 00-00-0000	BST	
2005799999999 RUSTY TRUCK	4025	Year_End Analysis *****	04-15-2002 03-15-2002	04-05-2002 00-00-0000	ARM	



MAC WLS Code 4010 Report, "Follow Up 1962-1"

KENTUCKY  
Somewherein  
Report ID: UAA700-R001

U. S. Department of Agriculture  
Farm Loan Program - MAC  
WORKLOAD SCHEDULE REPORTING

Prepared : 04-01-2001  
Time : 13:25:10  
Page : 1

Select By: COMPLETION DATE  
FROM: 07-01-2000 TO: 12-31-2002

ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST )	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DATE	ASSGN TO
20084000000000 SPLIT ENDS	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	04-30-2001 04-01-2001	00-00-0000 00-00-0000	BST
20084111111111 FI SCI	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	07-20-2001 06-20-2001	06-30-2001 00-00-0000	ARM
20084666778888 BOBBY BALER	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	01-05-2002 12-05-2001	01-05-2002 00-00-0000	
20003422222222 DAVE RANCHER	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	01-28-2002 12-28-2001	01-26-2002 00-00-0000	NRM
20084333333300 PEAT MOSS	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	02-02-2002 01-02-2002	00-00-0000 00-00-0000	NRM
20034333333333 JACK FROST	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	02-15-2002 01-15-2002	02-03-2002 00-00-0000	BST
20057444556666 IMA FARMER	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	03-02-2002 02-02-2002	02-28-2002 00-00-0000	NRM
20034777889999 JUSTIN TIME	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	03-10-2002 02-10-2002	03-05-2002 00-00-0000	ARM
20084666666666 JACK HAMMER	4010	Follow up 1962-1 PURCHASED CATTLE	03-10-2002 02-10-2002	03-05-2002 00-00-0000	BST
20034111122333 RIDEONA TRACTOR	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	03-12-2002 02-12-2002	03-12-2002 00-00-0000	NRM
20057888888888 GOOD WEATHER	4010	Follow up 1962-1 FOLLOW UP ON SECURITY AGREEMENT	03-21-2002 02-21-2002	03-15-2002 00-00-0000	NRM
20057999999999 RUSTY TRUCK	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	04-15-2002 03-15-2002	04-05-2002 00-00-0000	BST
20084000112222 CORN BORER	4010	Follow up 1962-1 FOLLOW UP ON 1962-1	04-30-2002 03-30-2002	03-23-2002 00-00-0000	ARM





MAC WLS Code 4015 Report, "Follow-Up With Security Agreement"

KENTUCKY Somewherein Report ID: UAA700-R001		U. S. Department of Agriculture Farm Loan Program - MAC WORKLOAD SCHEDULE REPORTING		Prepared Time Page	: 04-01-2001 : 13:25:10 1
-----					
Select By: ITEM CODE					
4015 Follow-up on Security Agreement					
ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST)	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DAT	ASSGN TO
2008400000000 SPLIT ENDS	4015	Follow-up on Security Agreement *****	10-07-2001 08-03-2001	09-08-2001 00-00-0000	NRM
2008411111111 FI SCI	4015	Follow-up on Security Agreement *****	11-31-2001 11-01-2001	11-05-2001 00-00-0000	NRM
2000342222222 DAVE RANCHER	4015	Follow-up on Security Agreement *****	11-31-2001 11-01-2001	11-05-2001 00-00-0000	NRM
2008433333300 PEAT MOSS	4015	Follow-up on Security Agreement *****	11-31-2001 11-01-2001	11-07-2002 00-00-0000	NRM
2003433333333 JACK FROST	4015	Follow-up on Security Agreement *****	11-31-2001 11-01-2001	11-07-2002 00-00-0000	NRM
2005744455666 IMA FARMER	4015	Follow-up on Security Agreement *****	12-31-2001 12-01-2001	12-05-2001 00-00-0000	NRM



MAC WLS Code 2050 Report

KENTUCKY Somewherein Report ID: UAA700-R001		U. S. Department of Agriculture Farm Loan Program - MAC WORKLOAD SCHEDULE REPORTING		Prepared : 04-01-2001 Time : 13:25:10 Page 1	
-----					
Select By: ITEM CODE 2050 Delinquency Visit(Field)					
ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST )	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DATE	ASSGN TO
20057444556666 IMA FARMER	2050	Delinquency Visit(Field) FOLLOW UP VISIT	04-30-2001 04-01-2001	00-00-0000 00-00-0000	EDT
20084111111111 FI SCI	2050	Delinquency Visit(Field) FOLLOW UP VISIT	04-30-2001 04-01-2001	00-00-0000 00-00-0000	EDT
2003477889999 JUSTIN TIME	2050	Delinquency Visit(Field) FOLLOW UP VISIT	04-30-2001 04-01-2001	00-00-0000 00-00-0000	EDT
20034111223333 RIDEONA TRACTOR	2050	Delinquency Visit(Field) FOLLOW UP VISIT	04-30-2001 04-01-2001	00-00-0000 00-00-0000	EDT



Report Code 660D, "Limited Resource Loan Review"

NAME	CASE NUMBER	LOAN TYPE	LOAN CODE	DATE OF LOAN	INTEREST RATE	TOTAL ADVANCE	UNPAID PRINCIPAL	SCHEDULE STATUS	DATE OF LAST REVIEW	8M/8R ORIG PROCESS DATE
FURT, FRANK S.	20 024 404004404	OL	41-21	08/27/98	5.0000	26,851.76	25,259.88	0.00	02/01/00	
LASS, BONN E.	21 011 1012003	OL	41-02	12/22/98	5.0000	156,000.00	155,935.59	0.00	02/29/00	
LASS, BONN E.	21 011 1012003	OL	44-01	11/06/98	5.0000	26,500.00	23,577.54	0.00	02/29/00	
ONE, SOME	20 024 303003330	OL	44-15	11/07/98	5.0000	31,975.50	22,655.72	2,500.00 A	03/14/00	
RIGHTS, BRAG N.	20 024 550005053	OL	41-14	11/25/92	5.0000	191,189.46	153,281.22	0.00	02/02/00	
SOIL, DEEP N.	20 054 033033333	FO	41-28	03/03/93	5.0000	78,706.68	66,613.38	0.00	03/08/00	
WEATHER, FAIR R.	20 024 001022003	FO	41-26	06/19/89	5.0000	104,256.35	83,063.46	0.00	02/01/00	
WIRE, BARBED	20 054 770007770	OL	41-29	06/15/94	5.0000	135,000.00	124,365.03	0.00	03/08/00	
TOTALS FOR SRVCG OFC	TOTAL NUMBER OF BORROWERS	TOTAL LOANS				TOTAL AMOUNT OF ADVANCES	TOTAL UNPAID PRINCIPAL	TOTAL SCHEDULE STATUS	TOTAL REVIEWS DUE	
	7	8				750,479.75	654,751.82	2,500.00 A	7	



Report Code 660A, "Limited Resource Loan Review Report Past Due Reviews"

FORM FSA		389-600		UNITED STATES DEPARTMENT OF AGRICULTURE						RUN DATE		05/08/01
REPORT CODE		660A		FARM SERVICE AGENCY						AS OF DATE		02/01/01
PROGRAM		KLBS07		FINANCE OFFICE						PAGE		1
		LIMITED RESOURCE LOAN REVIEW REPORT						MAIL CODE				
SRVCG OFC		SRVCG OFC NAME		PAST DUE REVIEWS						20-324		
20-324		SOMEWHEREIN, KENTUCKY										
NAME	CASE NUMBER	LOAN TYPE	LOAN CODE	DATE OF LOAN	INTEREST RATE	TOTAL ADVANCE	UNPAID PRINCIPAL	SCHEDULE STATUS	DATE OF LAST REVIEW	8M/8R ORIG PROCESS DATE		
AFIELD, FARTHER	20 017 101023303	FO	41-05	08/25/89	5.0000	185,147.03	149,527.87	0.00	11/10/00			
ENDS, SPLIT	20 084 000000000	OL	44-01	04/30/99	5.0000	70,500.00	23,211.54	22,678.37 B	04/30/00			
GRAPH, SEISMO	20 017 101020003	FO	41-08	09/15/87	5.0000	27,515.70	20,364.36	0.00	11/10/00			
TOTALS FOR SRVCG OFC	TOTAL NUMBER OF BORROWERS		TOTAL LOANS			TOTAL AMOUNT OF ADVANCES	TOTAL UNPAID PRINCIPAL	TOTAL SCHEDULE STATUS		TOTAL PAST DUE REVIEWS		
	3		3			283,162.73	193,103.77	22,678.37 B		3		





MAC WLS Code 4000 Report, "1-Year Limited Resource Review"

KENTUCKY SOMEWHEREIN Report ID: UAA700-R001		U. S. Department of Agriculture Farm Loan Program - MAC WORKLOAD SCHEDULE REPORTING		Prepared Time Page	: 04-01-2001 : 13:25:10 1
Select By: COMPLETION DATE					
FROM: 10-01-2000 TO: 12-31-2002					
ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST)	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DAT	ASSGN TO
2005744444444 GRIM ACE	4000	1-Year Limited Resource Review *****	07-03-2001 06-03-2001	06-10-2001 00-00-0000	NRM
2008400000000 SPLIT ENDS	4000	1-Year Limited Resource Review *****	04-30-2001 03-30-2001	06-30-2001 00-00-0000	NRM
2008411111111 FI SCI	4000	1-Year Limited Resource Review *****	07-20-2001 06-20-2001	06-30-2001 00-00-0000	NRM
2000342222222 DAVE RANCHER	4000	1-Year Limited Resource Review *****	01-28-2002 12-28-2001	01-26-2002 00-00-0000	NRM
2008433333300 PEAT MOSS	4000	1-Year Limited Resource Review *****	02-02-2002 01-02-2002	01-28-2002 00-00-0000	NRM
2002440400404 FRANK FURT	4000	1-Year Limited Resource Review *****	02-28-2002 02-01-2002	02-28-2002 00-00-0000	NRM
2003455555555 BRAG N. RIGHTS	4000	1-Year Limited Resource Review *****	03-31-2002 03-01-2002	03-15-2002 00-00-0000	NRM
2101110120033 BONN E. LASS	4000	1-Year Limited Resource Review *****	03-31-2002 03-01-2002	03-15-2002 00-00-0000	NRM
2005799999999 RUSTY TRUCK	4000	1-Year Limited Resource Review *****	04-15-2002 03-15-2002	03-15-2002 00-00-0000	NRM
2005788888888 RIDEONA TRACTOR	4000	1-Year Limited Resource Review *****	03-31-2002 03-01-2002	03-15-2002 00-00-0000	NRM
20024001022003 FAIR R. WEATHER	4000	1-Year Limited Resource Review *****	04-30-2002 04-01-2002	03-20-2002 00-00-0000	
20084000112222 CORN BORER	4000	1-Year Limited Resource Review *****	04-30-2002 04-01-2002	3-23-2002 00-00-0000	







ADPS Transaction Code 8R, "Interest Rate Adjustment"

ADMU8R01	TRANSACTION CODE 8R		01/06/01
ADPS	INTEREST RATE ADJUSTMENT		13:40:36
OPR ID K72024			PAGE 001
			**MORE**

CASE NUMBER	20 084 000000000	NAME	SPLIT ENDS
OK CODE		FUND CODE	41
LOAN NUMBER	05	DATE OF REVIEW	010201
KIND CODE	00	UNPAID PRINCIPLE	- 014952787
FINAL YEAR OF LOAN	23	INTEREST RATE	065000
EFFECTIVE DATE	122100	NUMBER OF INSTALLMENTS	03

INSTLMT NBR-----AMOUNT-----DATE-----TYPE	INSTLMT NBR-----AMOUNT-----DATE-----TYPE
01) 01164400 010101 1	02) 01312700 010102 2
03)	04)
05)	06)
07)	08)

SEQ	PR	DL	AP	JURDCTN	DISCREPANCY	TIMES	BLOCK-NBR	PROC-DTE
NBR	CDE	CDE	CDE	ST-UNIT	** CODES **	REJTD	ORIG - 5624	010601
000	P	00	00	KO 24		000	CURR - 5624	010601

VERIFY OK TO UPDATE?(RESPOND Y OR N) Y

OPTN# (1-MENU 2-STAT 3-NXBO 4-NWTX 5-NXTX 6-PRTX 7-RCAP 8-XREF 9-ONHL P-PROP)

TRANSACTION HAS BEEN UPDATED



Report Code 736, "Annual Review and Classification of Farm Loan Borrowers as of January"

MAILG : 20-324		UNITED STATES DEPARTMENT OF AGRICULTURE						REPORT CODE 736		
PROGRAM : ECBR05		FARM SERVICE AGENCY						RUN DATE : 03/04/01		
ANNUAL REVIEW AND CLASSIFICATION OF FARM LOAN BORROWERS								AS OF DATE : 01/02/01		
AS OF JANUARY 2, 2001								Page 1		
SERVICING OFFICE LOCAT ON: SOMEWHEREIN , KENTUCKY										
BORROWER NAME	CASE NUMBER			LOAN CLSFCTN CODE	ESTIMATED LOSS AMOUNT	UNPAID BALANCES		DATE LAST CLASSIFIED	DATE OF 8N ORIGINAL	REVIEW/ PROCESS DATE
	ST	CO	BORR - ID			INTEREST	PRINCIPAL			
FARMING, BIN	20	57	010-00-1111	1		\$ 378.52	\$ 141,702.17	12/31/00		
RANCHER, LARGE	20	57	222-32-2222	1		\$ 4,827.06	\$ 244,265.21	04/20/99		
YOUTH, JOHNNY	20	84	333-44-5550	1		\$ 429.78	\$ 3,600.00	05/10/00		
YOUTH, PATSY	20	84	660-06-0001	1		\$ 315.93	\$ 2,500.00	05/25/00		
BETCHA, U.	20	57	009-99-9000	2		\$ 348.40	\$ 121,108.82	03/20/00		
FRIDAY, FINALLY	20	57	888-88-8888	2		\$ 1,824.66	\$ 40,000.00	02/09/00		
TIME, WRONG	20	84	999-99-9999	2		\$ 2,537.40	\$ 67,850.00	02/08/00		
TIME, THIS	20	24	222-22-2222	2		\$ 100.17	\$ 37,500.00	03/15/00		
ACE, GRIM	20	57	444-44-4444	3		\$ 7,495.67	\$ 31,819.06	04/25/00		
BALER, BOBBY	20	84	667-77-8888	3		\$ 24,280.33	\$ 114,756.61	06/01/00		
DID, KATIE	20	84	889-89-9889	3		\$ 3,362.11	\$ 118,139.03	06/03/00		
LIGHTS, TURNONDE	20	52	90-000-9999	3		\$ 35.26	\$ 155,991.08	06/10/00		

LOAN CLASSIFICATION CODE:  
 COMMERCIAL : 1  
 STANDARD : 2  
 SUB-STANDARD : 3  
 DOUBTFUL : 4  
 LOSS : 5





Report Code 597-A, "Farm Credit Programs Inventory"

PROGRAM : KNBR03		UNITED STATES DEPARTMENT OF AGRICULTURE						RUN DATE		05/01/01	
FORM FSA : 389-871		FARM SERVICE AGENCY						AS OF DATE		04/30/01	
REPORT CODE : 597-A		FINANCE OFFICE						PAGE		1	
FARM CREDIT PROGRAMS INVENTORY											
STATE/COUNTY CODE : 21-314		SOURCE: FSA FORM 1955-3									
DISTRICT CODE : 21-502		FSA FORM 1955-50									
FORMER BORROWER/ PROPERTY ID CONG DIST	DATE ACQUIRED/ MKT VLU ACQSTN	DATE OF 1955-3	METHOD ACQUIRED/ SUITBLTY STATUS	DATE APPRAISED/ CUR MKT VLU TYPE BUSINESS	ACREAGE CROP PASTURE WOODS OTHER	DATE SOLD SUB TOTAL SALE NET SALES SALES COMM OTH SELLG EXP	MKT VLU ACQSTN PROP INCOME PROP EXPENSE GAIN/(LOSS)	DATE OF 1955-50/ SALES TERM SALES CODE SALES TYPE	*LESSEE* TOTAL PAID LEASE END LEASE TYPE	MOS IN INV	
VERDE, MESA 200310096 02	07/03/95 \$ 200,000	08/11/95	VC SUIT	01/11/95 \$ 200,000 GRAIN	190.2 120.0 \$ 0.0 \$ 61.2 \$ 9.0 \$		\$ 200,000 42,602 0 0		\$ 41,287	70.9	
CANYON, GRAND 2001400101 02	08/22/00 9980	08/23/00 3P	SURPLUS SOLD	08/08/00 \$ 12,000 LVSTK	10.6 0.0 \$ 9.6 \$ 0.0 1.0	11/22/00 25,000 \$ 25,000 \$ 0 \$	\$ 9,980 0 0 15,020.00	12/01/00 CASH COMPLETE FSA	\$ 0	3.1	
VALUE INVENTORY UNSOLD			\$ 200,000				VALUE INVENTORY SOLD		\$ 25,000		
NUMBER INVENTORY UNSOLD			1				NUMBER INVENTORY SOLD		1		
NUMBER ACQUIRED			0								
ACRES ACQUIRED			0.0				ACRES SOLD		10.6		
ACREAGE REMAINING IN INVENTORY			190.2								



MAC Report UAA917-R008, "Application Report, All Farm Loan Programs - Guaranteed for Fiscal Year \_\_\_\_\_"

Kentucky Somewherein Report ID: UAA917-R008	U. S. Department of Agriculture Farm Service Agency Application Report All Farm Loan Programs - Guaranteed For Fiscal Year 2001						Prepared: 04-24-2001 Page: 1			
APPLICANT NAME NAME AND CITY/STATE	DATE APPL REC	DATE COMP APPL	DYS CMP	DATE DFINAL DISP	FINL DISP	DYS TO FINAL DISP	DATE LOAN CLOSED	TYPE OF ASST	TYPE OF LOAN	AMT OF LOAN
FARMER JOHN FARM CREDIT SERVICES	11-17-2000	11-17-2000	0	11-22-2000	A	5	12-19-2000	36	FO	\$ 29,500.00
SPLIT ENDS AREA BANK	03-12-2001	03-12-2001	0	03-13-2001	A	1	04-04-2001	48	LOC	\$ 70,000.00
GRAND TOTALS:	(COUNT) 2	(COUNT) 2			(AVG) 9				(COUNT)	\$ 99,500.00
	FINAL DISP COUNTS: A = 2 R = 0 W = 0 TOTAL = 2									



MAC Application Information Screen UAA20601

Farm Loan Pgms - MAC  
Application Information Screen

Update  
Version: AA33

UAA20601  
04-24-2001Term X

FARMER JOHN

Case Number: 20-024-555588333  
Screen 1 of 2

Date Received: 11-17-2000  
Direct/Guar: G  
Lndr ID: 0050055  
Lndr Status Code: E  
Sex Code: 2  
Veteran: 2  
Marital Status: 1  
Requested Loan Amount: 29,500.00  
Incomplete Appl Ltr2 Date:  
Eligibility Decision Dt1:  
Eligibility Decision Dt2:  
Eligibility Decision Dt3:  
Elig Decision Letter Date: 11-20-2000  
Final Disposition Date: 11/22-2000  
Reason Code:

Init/Sub: 1  
Fund Code: 41      Type of Assistance: 3  
Lndr Name: Farm Credit Services  
Race/Ethnic: 1  
Applicant Type: 01  
Emp Relationship Cd:  
Servicing Ofc Cd: 20324  
Incomplete Appl Ltr1 Date:  
Application Completed Date: 11-17-2000  
Action Description 1: E  
Action Description 2  
Action Description 3  
Beginning Farmer (Y or N): N  
Final Disposition Action: A

Explanation: \_\_\_\_\_

Enter=Continue    Cmd3=Previous Menu    Cmd 7=End    Cmd13=More Date    Help=Help Text



MAC WLS Code 4046, "Interest Assistance Review"

KENTUCKY  
SOMEWHEREIN  
Report ID: UAA700-R001

U. S. Department of Agriculture  
Farm Loan Program - MAC  
WORKLOAD SCHEDULE REPORTING

Prepared : 04-01-2001  
Time : 13:25:10  
Page 1

Select By: ITEM CODE  
4046 Interest Assistance Review

ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST )	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DA1	ASSGN TO
20084000110011 FARMER JANE	4046	Interest Assistance Review *****	10-31-2001 10-01-2001	11-23-2001 00-00-0000	NRM
200841111111111 FI SCI	4046	Interest Assistance Review *****	10-31-2001 10-01-2001	12-19-2001 00-00-0000	NRM
200032222222222 DAVE RANCHER	4046	Interest Assistance Review *****	10-31-2001 10-01-2001	12-23-2001 00-00-0000	NRM
200843333333300 PEAT MOSS	4046	Interest Assistance Review *****	10-31-2001 10-01-2001	12-23-2001 00-00-0000	NRM
200343333333333 JACK FROST	4046	Interest Assistance Review *****	02-28-2002 02-01-2002	03-03-2002 00-00-0000	NRM
200574444444444 GRIM ACE	4046	Interest Assistance Review *****	03-31-2002 03-01-2002	03-03-2002 00-00-0000	NRM
200345555555555 JUSTIN TIME	4046	Interest Assistance Review *****	03-31-2002 03-01-2002	03-31-2002 00-00-0000	NRM
200846666666666 JACK HAMMER	4046	Interest Assistance Review *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
200341112233333 RIDEONA TRACTOR	4046	Interest Assistance Review *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
200578888888888 GOOD WEATHER	4046	Interest Assistance Review *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
200579999999999 RUSTY TRUCK	4046	Interest Assistance Review *****	04-30-2002 04-01-2002	00-00-0000 00-00-0000	
200840001122222 CORN BORER	4046	Interest Assistance Review *****	04-30-2002 04-01-2002	00-00-0000 00-00-0000	





GLS2001 Report, "Listing of Delinquent Borrowers"

CAC627 GLS2001		UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY Listing of Delinquent Borrowers										06/06/01 10.54.56 PAGE 2
BORR NAME/ BORR TAX ID	ST CD	CNTY CD	LENDER ID/BRCH	LOAN NUM	LOAN TYPE	DELINQUENT EFFECTIVE DATE	LOAN AMOUNT	UNPAID PRIN. BALANCE	UNPAID ACRU. INTEREST	PAST DUE AMT	MOS DLQ	
CANYON, GRAND 444556566	20	024	UOME BANK	54	FO	06/09/1998	\$ 50,000.00	\$ 39,981.61	\$ 5,995.27	\$ 45,976.88	36	
FORCED LIQUIDATION PENDING												
MARK, HITDA 111111112	20	024	FARMERS	50	FO	05/01/2000	\$ 290,000.00	\$ 290,000.00	\$ 11,274.61	\$ 316,858.78	13	
FORCED LIQUID PENDING EST LOSS CLAIM FILED												
TOTALS FOR MAIL CODE 20-324							\$ 340,000.00	\$ 340,000.00	\$ 17,269.88	\$ 362,835.66		
TOTALS FOR LOAN TYPE FO							\$ 340,000.00	\$ 340,000.00	\$ 17,269.88	\$ 362,835.66		
APPLESEED, JOHNNY 000060000	20	024	GIMME	53	OL	04/01/2000	\$ 128,000.00	\$ 90,999.14	\$ 14,225.17	\$ 108,939.01	14	
VOLUNTARY LIQUIDATION PENDING												
HOME, GONE 600050099	20	024	CREDIT BANK	51	OL	05/01/2000	\$ 65,000.00	\$ 64,832.61	\$ 7,689.44	\$ 72,522.05	13	
FORCED LIQUID PENDING EST LOSS CLAIM FILED												
TOTALS FOR MAIL CODE 20-324							\$ 193,000.00	\$ 155,831.75	\$ 21,914.61	\$ 101,461.06		
TOTALS FOR LOAN TYPE OL							\$ 193,000.00	\$ 155,831.75	\$ 21,914.61	\$ 101,461.06		
COLUMBUS, CHRISTOPHER 333556666	21	011	UOME	50	OL-LOC	04/26/1492	\$ 186,600.00	\$ 156,321.47	\$ 38,448.62	\$ 195,215.50	26	
FORCED LIQUID PENDING EST LOSS CLAIM FILED												
FROST, JACK 666889999	21	011	FARMERS	54	OL-LOC	04/01/1999	\$ 65,000.00	\$ 46,387.66	\$ 5,618.77	\$ 1,019.89	14	
VOLUNTARY LIQUIDATION PENDING												
JESSE, JAMES 20	024	CREDIT BNK	52	OL-LOC	05/01/2000	\$ 190,000.00	\$ 43,222.45	\$ 13,618.39	\$ 55,882.14	13		
FORCED LIQUIDATION PENDING												
TOTALS FOR MAIL CODE 20-324							\$ 441,600.00	\$ 245,931.58	\$ 57,685.78	\$ 252,117.53		
TOTALS FOR LOAN TYPE OL-LOC							\$ 255,000.00	\$ 89,610.11	\$ 19,237.16	\$ 56,902.03		



MAC WLS Code 4020 Report

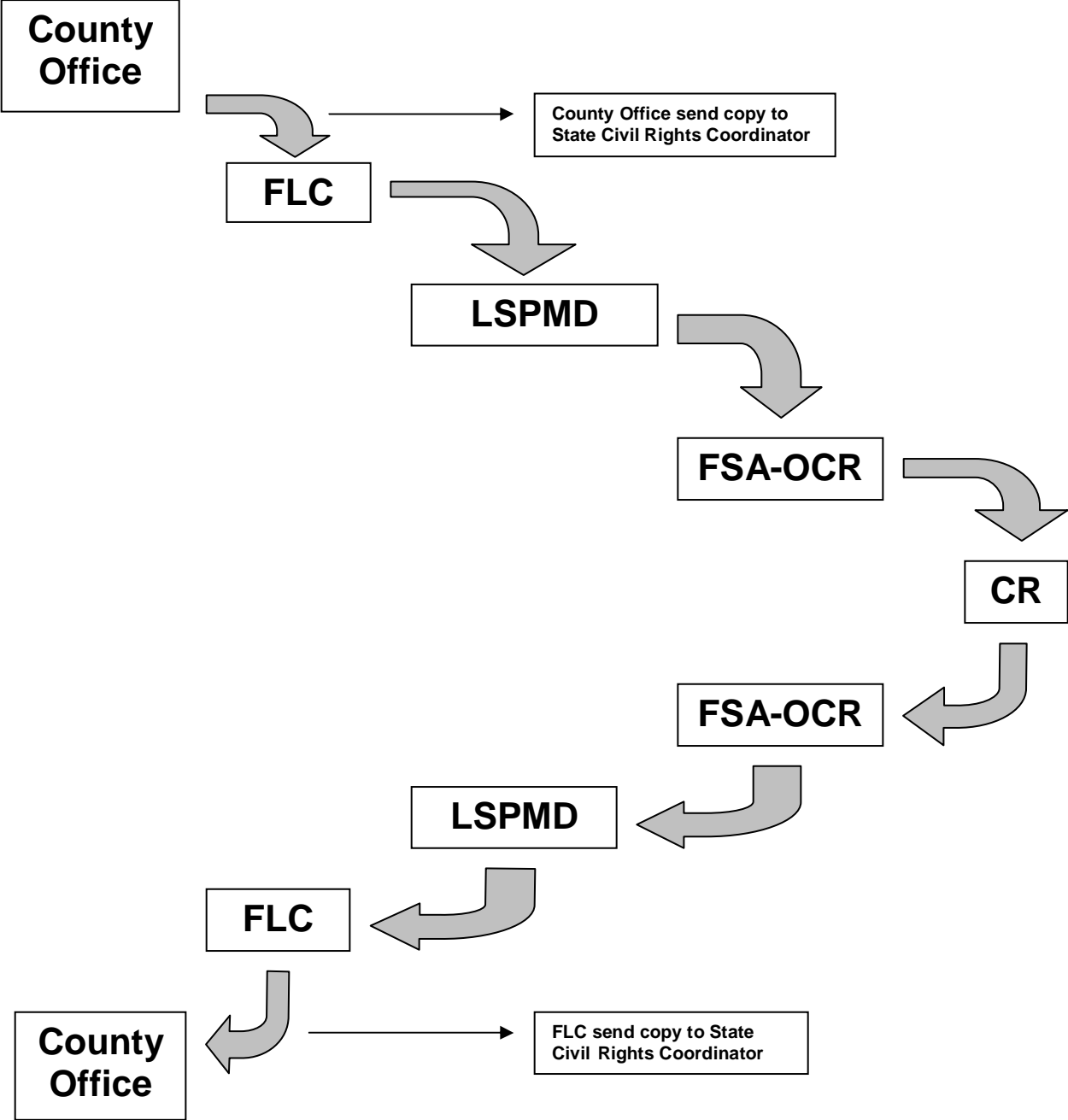
KENTUCKY SOMEWHEREIN Report ID: UAA700-R001		U. S. Department of Agriculture Farm Loan Program - MAC WORKLOAD SCHEDULE REPORTING		Prepared Time Page	: 04-01-2001 : 13:25:10 1
-----					
Select By: ITEM CODE					
4020 Financing Statement Renewal					
ST-CNTY LOAN APPL/BORROWER I.D. NAME (FIRST / MIDDLE / LAST)	ITEM CODE	WLS ACTIVITY NAME COMMENTS	DUE DATE/ FOL DATE	CMP DATE/ CANCEL DAT	ASSGN TO
2008400000000 SPLIT ENDS	4020	Financing Statement Renewal *****	10-31-2001 10-01-2001	00-00-0000 00-00-0000	NRM
2008411111111 FI SCI	4020	Financing Statement Renewal *****	10-31-2001 10-01-2001	00-00-0000 00-00-0000	NRM
2000322222222 DAVE RANCHER	4020	Financing Statement Renewal *****	10-31-2001 10-01-2001	00-00-0000 00-00-0000	NRM
2008433333300 PEAT MOSS	4020	Financing Statement Renewal *****	10-31-2001 10-01-2001	00-00-0000 00-00-0000	NRM
2003433333333 JACK FROST	4020	Financing Statement Renewal *****	02-28-2002 02-01-2002	00-00-0000 00-00-0000	NRM
2005744455666 IMA FARMER	4020	Financing Statement Renewal *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
2003455555555 JUSTIN TIME	4020	Financing Statement Renewal *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
2008466666666 JACK HAMMER	4020	Financing Statement Renewal *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
2003411122333 RIDEONA TRACTOR	4020	Financing Statement Renewal *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
2005788888888 GOOD WEATHER	4020	Financing Statement Renewal *****	03-31-2002 03-01-2002	00-00-0000 00-00-0000	NRM
2005799999999 RUSTY TRUCK	4020	Financing Statement Renewal *****	04-30-2002 04-01-2002	00-00-0000 00-00-0000	NRM
2008400011222 CORN BORER	4020	Financing Statement Renewal *****	04-30-2002 04-01-2002	00-00-0000 00-00-0000	NRM



**\*--Discrimination Complaint E-mail Clearance System**

**A General Clearance Process**

The following illustrates the clearance process used before acceleration and foreclosure for all accounts, except American Indian and African American borrowers as provided in subparagraphs B and C.

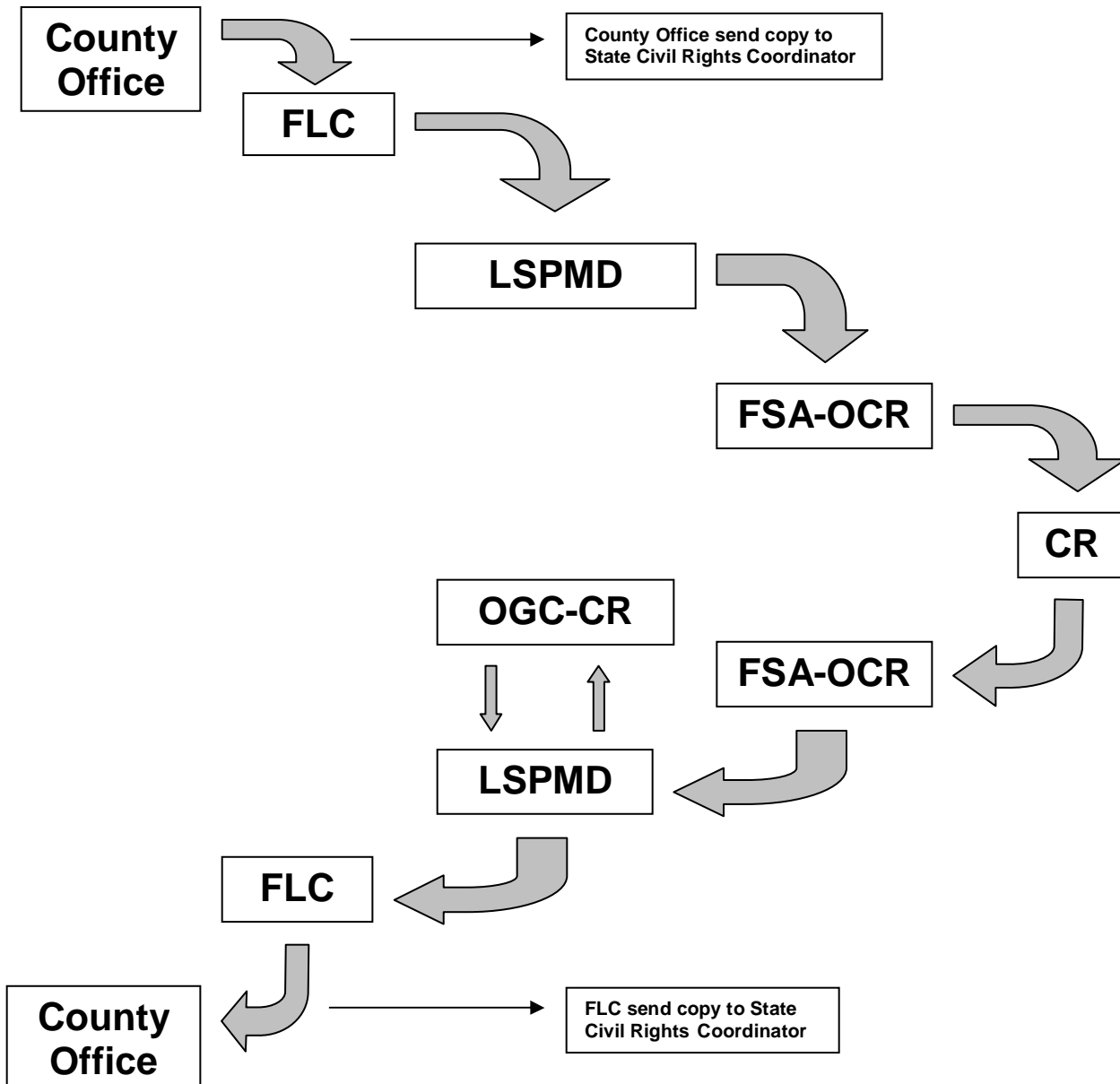


--\*

**\*--Discrimination Complaint E-mail Clearance System (Continued)**

**B Clearance Process for American Indian Borrower's Account**

The following illustrates the clearance process for American Indian borrower's account.



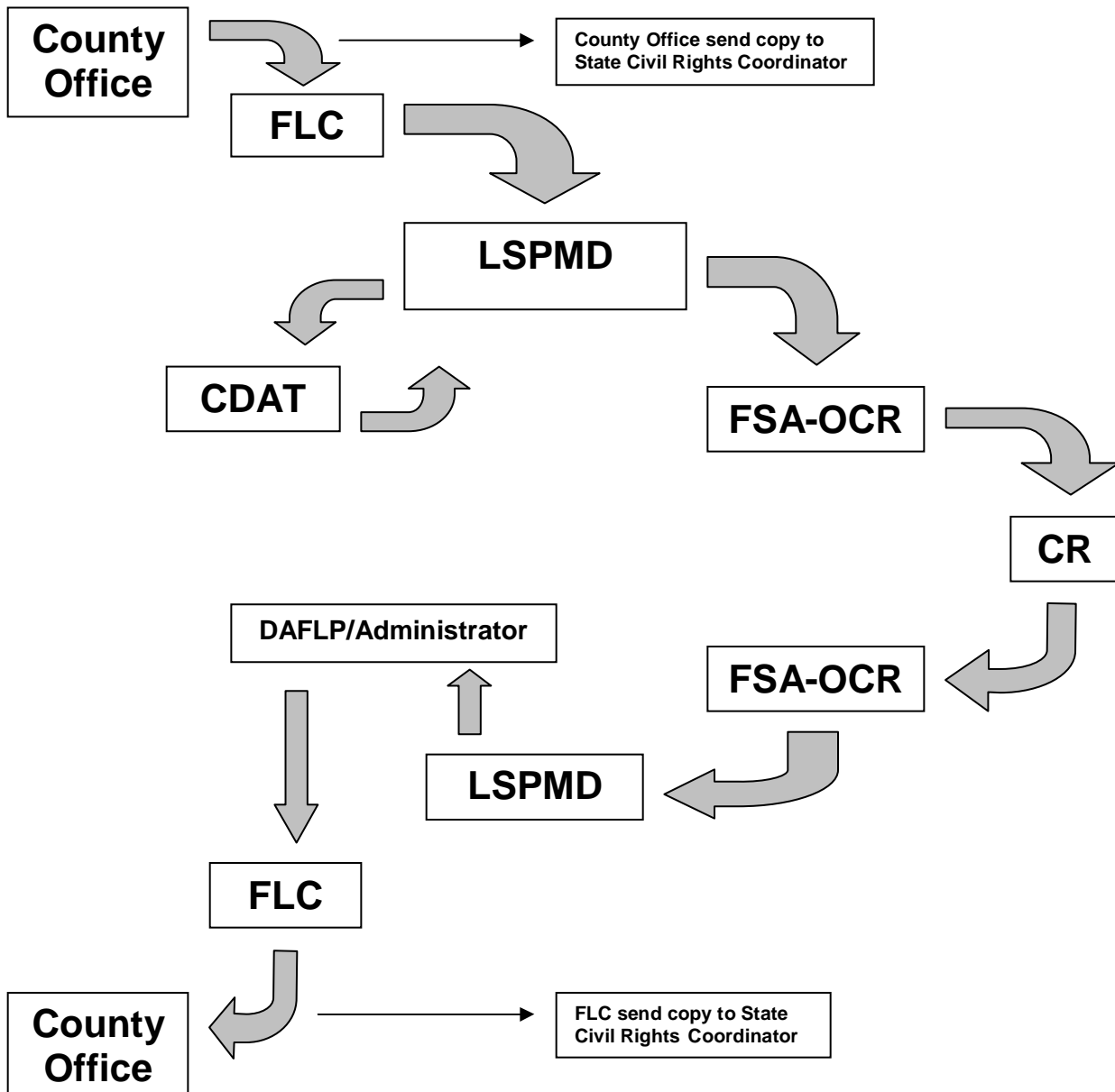
**Note:** When a review has been completed through this process for pre-acceleration the OGC civil rights review will not be completed for the pre-foreclosure clearance. See subparagraph A for pre-foreclosure clearance process.--\*

**\*--Discrimination Complaint E-mail Clearance System (Continued)**

**C Clearance Process for African American Borrower's Account**

The following illustrates the clearance process for African American borrower's account.

**Note:** Follow current and applicable FLP notices for submitting the borrower case file of African American borrowers who are claimants under the Pigford vs. Johans Consent Decree.



**Note:** When a review has been completed through this process for pre-acceleration the CDAT and DAFLP/Administrator reviews will not be completed again for the pre-foreclosure clearance. See subparagraph A for pre-foreclosure clearance process.--\*





## **Instructions for E-mail to the National Office for Discrimination Complaint Status**

### **A E-mail Recipients**

FLC or designee shall provide the following information in an e-mail to **all** of the following:

- \*--Marilyn Jo McMullen - **Marilyn.McMullen@wdc.usda.gov**--\*
- Bruce Mair - **Bruce.Mair@wdc.usda.gov**
- James Rowe - **James.Rowe@wdc.usda.gov**.

### **B E-mail Subject**

The e-mail subject block should read, "Pre-acceleration/Pre-foreclosure (as applicable) Civil Rights Complaint Clearance - Borrower's Name and State."

### **C E-mail Message**

The body of the e-mail message shall include the following:

- borrower's name, SSN or TIN, and address
- the name, SSN or TIN, and address of all individuals that signed the note
- if borrower is known to be involved in, or a part of, any of the current class action lawsuits against FSA, provide the lawsuit name, as appropriate

**Note:** Currently, there are 3 class action lawsuits pending: Keepseagle, Garcia, and Love. In addition, the Pigford vs. Johanns Consent Decree is still active.

- if borrower is American Indian, Hispanic, or female, even if known not to be listed as a complainant in the above class action lawsuits
- status of any civil rights complaint reflected in the State's records, for reference purposes, with the:
  - civil rights filing number
  - date of the latest correspondence

- \*--if borrower is involved in an Administrative Law Judge proceeding, if known--\*

**Instructions for E-mail to the National Office for Discrimination Complaint Status (Continued)**

**C E-mail Message (Continued)**

- if the case is for African American borrowers who are not known to be claimants under the Pigford vs. Johanns Consent Decree, copy of completed FSA-580 and FSA-581 must be \*--FAXed to 202-690-0949, Attention: Marilyn McMullen or Bruce Mair--\*

**Note:** If the case involves an African-American borrower who is a claimant under the Pigford vs. Johanns Consent Decree, FLC shall follow guidance provided under applicable FLP Notices.

- timetable for acceleration or foreclosure, as appropriate

\* \* \*

- any additional information deemed helpful.

## **MN 1-FLP Exhibits Table of Contents**

- 1 Chattel Appraisal Administrative Review
- 2 Review of Flagged & More Than One Installment Delinquent Borrowers

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## CHATTEL APPRAISAL ADMINISTRATIVE REVIEW

Appraisal Purpose: \_\_\_\_\_ Name of Lender: \_\_\_\_\_  
 Loan Making (LM) Name of Appraiser: \_\_\_\_\_  
 Loan Servicing (LS) Name of Owner/Applicant: \_\_\_\_\_  
 Date Reviewed: \_\_\_\_\_ Effective Date of Appraisal: \_\_\_\_\_

		YES	NO																														
1.	Was the appraisal less than 12 months old on date of loan approval?	___	___																														
2.	Is there evidence that the appraisal was based upon public sales data?	___	___																														
3.	Is there evidence of how the values were determined?	___	___																														
4.	Is there evidence in the case file that the appraiser viewed the property appraised?	___	___																														
5.	(guaranteed loans only) Has the appraiser been approved by the Agency to complete chattel appraisals? (7CFR 762.127 c)	___	___																														
6.	Was the machinery adequately identified :	___	___																														
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 10%; text-align: center;">Yes</th> <th style="width: 10%; text-align: center;">No</th> <th style="width: 30%; text-align: left;">Factors considered:</th> <th style="width: 10%; text-align: center;">Yes</th> <th style="width: 10%; text-align: center;">No</th> </tr> </thead> <tbody> <tr> <td>Condition</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td>Manufacturer</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> </tr> <tr> <td>Size and type</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td>Year</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> </tr> <tr> <td>Serial and/or motor number</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td>Quantity</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> </tr> <tr> <td>Kind</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Yes	No	Factors considered:	Yes	No	Condition	___	___	Manufacturer	___	___	Size and type	___	___	Year	___	___	Serial and/or motor number	___	___	Quantity	___	___	Kind	___	___					
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Size and type	___	___	Year	___	___																												
Serial and/or motor number	___	___	Quantity	___	___																												
Kind	___	___																															
7.	Was the livestock adequately described by:	___	___																														
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 10%; text-align: center;">Yes</th> <th style="width: 10%; text-align: center;">No</th> <th style="width: 30%; text-align: left;">Factors considered:</th> <th style="width: 10%; text-align: center;">Yes</th> <th style="width: 10%; text-align: center;">No</th> </tr> </thead> <tbody> <tr> <td>Color</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td>Weight</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> </tr> <tr> <td>Brands or other identification</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td>Condition</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> </tr> <tr> <td>Sex</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> <td>Number</td> <td style="text-align: center;">___</td> <td style="text-align: center;">___</td> </tr> </tbody> </table>		Yes	No	Factors considered:	Yes	No	Color	___	___	Weight	___	___	Brands or other identification	___	___	Condition	___	___	Sex	___	___	Number	___	___								
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Color	___	___	Weight	___	___																												
Brands or other identification	___	___	Condition	___	___																												
Sex	___	___	Number	___	___																												
8.	Did the appraisal exclude non-farm items, hand tools, and junk machinery?	___	___																														
9.	Did the values suggested appear reasonable and/or were any unusually high or low values supported by narrative comments?	___	___																														
10.	Were the mathematical calculations correct?	___	___																														
11.	In your opinion is the appraisal of acceptable quality?	___	___																														

Any items answered **NO** should be discussed in the comment section below. If Question 11 is answered "NO" a copy of this report and the appraisal shall be forwarded to the FSA State Appraisal Coordinator.

Comments:

Reviewer's name and title: \_\_\_\_\_ Date \_\_\_\_\_

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REVIEW OF FLAGGED & MORE THAN ONE INSTALLMENT DELINQUENT BORROWERS

County Office: \_\_\_\_\_ Date: \_\_\_\_\_

Borrower Name: \_\_\_\_\_

Account Status as of: \_\_\_\_\_ RC-540 Report Flag(s): \_\_\_\_\_

RC-540 Information

UNPAID INTEREST	UNPAID PRINCIPAL	PAYMENT STATUS	SCHEDULED INSTALLMENT

Estimated Loss \$ \_\_\_\_\_

Security: Real Estate \_\_\_\_\_ Chattels \_\_\_\_\_  
(Y/N) (Y/N)

Will the statute of limitations bar judicial collections \_\_\_\_\_  
on a deficiency judgment within the next 24 months? (Y/N)

Comments on security values, cross securing of loans, prior liens, etc.

**Servicing Plan:**

- 1. The next specific FSA action(s) to be done:
  
- 2. Who\* will do it:
  
- 3. Date by which action will be completed:

---

Farm Loan Manager                      District Director                      \*Servicing Official, if different than FLM

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