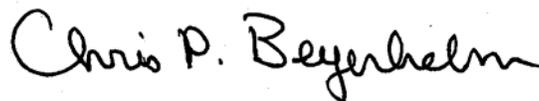


**For:** FSA Offices

**Managing the Streamlining Transition**

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



**1 Overview**

**A Background**

On December 31, 2007, the final rule titled “Regulatory Streamlining of the Farm Service Agency’s Direct Farm Loan Programs” becomes effective. Implementing the final rule includes releasing the following, which also become effective on December 31, 2007:

- 1-FLP (Revision 1)
- 2-FLP (Revision 1)
- 3-FLP (Revision 1)
- 4-FLP
- 5-FLP
- an amendment to 6-FLP
- new and renumbered FLP forms.

It is important that FSA minimize the final rule’s impact on applicants and borrowers with loan applications and servicing requests pending to the extent legally possible.

**B Purpose**

This notice provides guidance on:

- continued processing of loan applications and servicing requests pending on December 31, 2007
- continued processing of loan applications and servicing requests which have been approved, but not closed before December 31, 2007
- automated systems used to track or process loan applications and servicing requests.

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

1 Overview (Continued)

C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact:
  - LMD at 202-720-1632 for loan making issues
  - LSPMD at 202-720-4572 for loan servicing issues.

2 Implementation of New CFR and Handbooks

A Impact of New CFR and Handbooks on Pending Actions

Actions approved or denied on or after December 31, 2007, must be based on the new CFR and handbooks.

B Impact of New CFR and Handbooks on Approved Actions

The provisions and requirements contained in the new CFR and handbooks do not impact actions approved before December 31, 2007, including, but not limited to:

- approved loan applications and servicing requests, including those not yet closed

**Example:** A youth loan was approved for the purchase of a lawn mower and FSA-1940-1 was sent on December 27, 2007, but was not closed as of December 31, 2007. Under section 1941.13 of FmHA Instruction 1941-A, the purchase of a lawn mower was an authorized loan purpose for a youth loan. Under paragraph 212 of 3-FLP (7 CFR 764.301), the purchase of a lawn mower is no longer an authorized loan purpose. However, since the loan was approved before streamlining became effective; the loan may still be closed since it was for an authorized purpose at the time of approval and obligation of funding.

**Note:** If the loan was not approved before December 31, 2007, the loan could not be made even though it was for an authorized purpose at the time the application was received.

- offers of loan servicing that have been accepted by the borrower, but not closed by December 31, 2007.

### 3 Implementing New and Renumbered Forms

#### A Using New National Forms

Beginning December 31, 2007, the new and renumbered forms will be:

- used for actions initiated by FSA
- provided to applicants requesting FLP assistance.

**Exceptions:** Loan applications and servicing actions scheduled to be closed immediately after the December 31, 2007, effective date may be completed using existing forms if the documents have already been prepared.

If an applicant submits a request for assistance on or after December 31, 2007, but does not complete the new forms, the application will be accepted; however, the application will be processed under the provisions of the new CFR and handbooks.

State-specific and State-issued forms may be used according to subparagraph 3 B.

FSA 440-4A and FSA 440-21 may be used in FBP according to subparagraph 4 C.

**Example:** A borrower is notified of loan servicing by FmHA Instruction 1951-S, Exhibit A and Attachments 1 and 2 on December 17, 2007. On January 10, 2008, the borrower submits everything required except RD 1910-5 (Request for Verification of Employment). Instead of referring to FmHA Instruction 1951-S, the Authorized Agency Official will refer to 5-FLP and, on January 16, 2008, the borrower will be sent FSA-2516 (30 Day Reminder of the Notice of Availability of Loan Servicing), with new FSA-2004 (Authorization to Release Information.). The borrower must then submit the required information, using the new forms by February 15, 2008, to complete the application within the 60-day timeframe. Once returned, a copy of FSA-2004 will be sent to the borrower's employer along with FSA-2014 (Verification of Employment).

#### B Continued Use of State-Specific FSA 1927-1 and Other State-Specific Forms

State and County Offices shall continue to use their State-specific version of FSA 1927-1 (Mortgage/Deed of Trust), as well as any other State-specific form posted on the FFAS Employee Forms/Publications Online Website. The National Office will contact each State Office about converting these forms using the newly established form numbering system. Revised forms will be posted to the FFAS Employee Forms/Publications Online Website upon completion.

State Offices shall ensure that other State-created forms comply with subparagraph 3 F of the appropriate FLP handbook.

## Notice FLP-489

### 3 Implementing New and Renumbered Forms (Continued)

#### C Exhibits to FLP Handbooks

Many of the exhibits to FLP handbooks are being posted to the FFAS Employee Forms/Publications Online Website in a fillable format. However, some will not be available before December 31, 2007.

### 4 Automated Systems

#### A DALR\$

A separate notice will be issued to address DALR\$.

#### B AgCredit

The AgCredit flowcharts and application logic will be revised to match 5-FLP after December 31, 2007. The revised software is scheduled to be available on January 7, 2008. While AgCredit is being updated, the application will not be available. County Offices shall manually track servicing applications which will need to be entered when AgCredit has been revised.

County Offices are urged to update all current servicing applications in AgCredit by COB December 28, 2007. If current applications are not updated and entered by this date, certain activities may not be allowed or may be obsolete under the revised software.

#### C FBP

FSA-2028 (Security Agreement) and FSA-2160 (Appraisal of Chattel Property) will not be updated in FBP before December 31, 2007. It is anticipated the automated version of the new forms will be implemented in FBP shortly thereafter. Offices may continue using the old version of the forms in FBP until the software is revised.

The credit actions in FBP are being revised to reflect the new eligibility criterion about Federal Crop Insurance violations. Until the eligibility section in the credit action is revised; this eligibility criterion should be addressed in the comment box at the end of the eligibility section.