

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

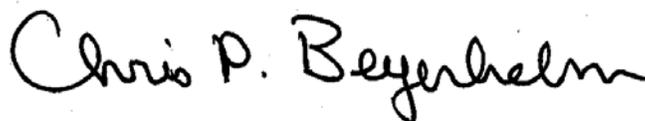
Notice FLP-627

1-FLP, 2-FLP, 3-FLP,
4-FLP, 5-FLP, 6-FLP

For: State and County Offices

Projecting USDA Payments

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

Many USDA programs were authorized by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) that expired on September 30, 2012. These include a great number of programs impacting millions of American farmers, such as programs for farm commodities, disaster, price support, and conservation.

Beginning October 1, 2012, the authority or funding provided under the 2008 Farm Bill for FSA to operate a number of programs expired, and the authority and funding for additional programs will expire in the coming months. Until Congress passes a new Farm Bill or provides other statutory extension of USDA’s program authority, FSA **cannot** make new commitments for programs for which the authority or funding has expired.

B Purpose

This notice provides guidance on projecting USDA payments for direct and guaranteed applicants and borrowers.

C Contacts

If there are questions about this notice:

- County Offices shall contact their State Office
- State Offices shall telephone:
 - 202-720-3889 for direct and guaranteed loan making inquiries
 - 202-720-1984 for direct and guaranteed loan servicing inquiries.

Disposal Date	Distribution
October 1, 2013	State Offices; State Offices relay to County Offices

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2 Projecting USDA Payments for Direct and Guaranteed Applicants and Borrowers

A Consideration of USDA Payments in Direct Loan Making and Servicing

1-FLP, subparagraph 242 A [7 CFR 761.104(c)] provides that the applicant must submit a farm operating plan that is based on accurate and verifiable information. USDA payments that cannot be verified will **not** be included in the development of FBP's. While some USDA payments may resume in the future, FBP's currently under development for any direct loan making or servicing action may not include payments that are not considered a reliable source of income.

Note: Authorized Agency officials will consult with CED, NRCS, or other applicable USDA Agency to determine which USDA payments are considered a reliable source of income and can be included in FBP. USDA payments to be made based on applications and contracts approved before the expiration of the 2008 Farm Bill should be included in FBP.

B Consideration of USDA Payments in Guaranteed Loan Making and Servicing

The method a lender may use to determine the financial feasibility of a guaranteed loan depends on the lender status. CLP and PLP lenders are provided greater flexibility in estimating the projected income and expenses of an operation than SEL lenders. In all cases, the cash flow budget must reflect, as closely as possible, the projected cash flow for the operating cycle. No budget should include income that is not likely to be received.

2-FLP, subparagraph 151 B provides that the authorized Agency official shall determine if the projected cash inflows have been overstated. If the USDA payments are overstated, the authorized Agency official will recalculate the debt coverage. If the cash flow projection is feasible, this will be documented in the case file and processing of the request will continue. If the cash flow projection is no longer feasible, the lender will be notified and given up to 10 calendar days to revise the projection.

Note: Questions from lenders about USDA payments should be directed to CED, NRCS, or other applicable USDA Agency.