

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

**Notice FLP-899**

**For:** State and County Offices

**Application Fast Track Pilot Program**

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



**1 Overview**

**A Background**

Notification of the Application Fast Track Pilot Program (AFT) was published in the Federal Register on August 3, 2023 (FR Doc. 2023-16489).

AFT provides an accelerated underwriting process using financial data to benchmark and identify applicants least likely to default. The expedited underwriting provided through AFT will result in significant time savings anticipated to benefit the entire FLP portfolio, as staff redistribute time and resources toward other priorities, including additional attention to applicants most in need of technical assistance.

**B Purpose**

This notice announces AFT:

- effective date
- initial pilot offices
- training resources
- processing guidance.

**C Contacts**

County Offices may contact their State Office with questions.

State Offices may contact either of the following:

- Brian Rueckl, National Farm Business Plan Coordinator, Program Operations and Appraisals Division (POAD), by e-mail to [brian.rueckl@usda.gov](mailto:brian.rueckl@usda.gov)
- Robert White, Deputy Director, Loan Making Division (LMD), by e-mail to [robert.white3@usda.gov](mailto:robert.white3@usda.gov).

Disposal Date	Distribution
July 1, 2024 8-3-23	State Offices; State Offices relay to County Offices

## 2 AFT Program Information

### A Effective Date

AFT is active August 7, 2023, and is anticipated to be in effect through September 30, 2024.

### B Initial Pilot Offices

See Exhibit 1 for service centers identified as initial pilot offices for AFT. Applications that if approved would be reflected on the RC 540 report of these listed service centers will be processed according to AFT guidance provided in this notice.

**Note:** As announced in the FR notice, AFT is anticipated to expand to all service centers nationwide beginning January 1, 2024. Updated information will be forthcoming before the end of calendar year 2023 to confirm the nationwide expansion of AFT.

### C Training Resources

Recordings of live event trainings and all other training material will be posted and maintained in an Application Fast Track Folder on the Farm Loan Programs Training SharePoint site at **Farm Loan Programs Training - Application Fast Track**. Employees may view:

- training recordings
- AFT training slides
- AFT Informational Video
- AFT Information Document
- AFT FAQ's
- other materials relevant to AFT.

### D Processing Guidance

See Exhibit 2 for guidance on processing loan requests in accordance with AFT.

**Initial Pilot Offices**

The following are the service centers identified as initial pilot offices for AFT.

State	FLP Service Center
ALABAMA	ELMORE
	TUSCALOOSA
ALASKA	PALMER
ARIZONA	PINAL
ARKANSAS	BOONE
	LINCOLN
	SEVIER
	SHARP
	CROSS
CALIFORNIA	FRESNO
	SAN JOAQUIN
	SANTA BARBARA
	SISKIYOU
	MONTEREY
COLORADO	ALAMOSA
CONNECTICUT	NORWICH
DELAWARE	SUSSEX
FLORIDA	HOLMES
	MIAMI-DADE
GEORGIA	COFFEE
	DODGE
	TERRELL
HAWAII	AMERICAN SAMOA
	HONOLULU
IDAHO	MINIDOKA
	NEZPERCE
ILLINOIS	CHAMPAIGN
	JERSEY
	JOHNSON
	LIVINGSTON
	MACOUPIN
INDIANA	GRANT
	JASPER
	PARKE

## Initial Pilot Offices (Continued)

State	FLP Service Center
IOWA	BUCHANAN
	CERRO GORDO
	GUTHRIE
	HARDIN
	IDA
	PALO ALTO
	POCAHONTAS
	SIOUX
	TAMA
	VAN BUREN
KANSAS	LYON
	PRATT
	RUSSELL
	SHERMAN
	STEVENS
	SUMNER
KENTUCKY	ADAIR
	HARRISON
	LOGAN
	MONTGOMERY
	WARREN
LOUISIANA	ACADIA
	AVOUELLES
	JEFFERSON DAVIS
	ST LANDRY
MAINE	KENNEBEC
MARYLAND	CAROLINE
MICHIGAN	GRAND TRAVERSE
	HURON
	ISABELLA
	MECOSTA
	OTTAWA
	HILLSDALE
MINNESOTA	BLUE EARTH
	FILLMORE
	MORRISON
	OLMSTED
	ROSEAU
	WEST OTTERTAIL

## Initial Pilot Offices (Continued)

State	FLP Service Center
MISSISSIPPI	FORREST
	JONES
	NESHOBA
	PIKE
	WARREN
MISSOURI	CARROLL
	DUNKLIN
	GRUNDY
	HARRISON
	PETTIS
	POLK
MONTANA	GLACIER
	YELLOWSTONE
NEBRASKA	CEDAR
	CHERRY
	HALL
	OTOE
	PLATTE
	SCOTTS BLUFF
	BUTLER
NEVADA	FALLON
NEW JERSEY	CUMBERLAND
NEW MEXICO	CURRY
	DONA ANA
NEW YORK	GENESEE
	STEUBEN
NORTH CAROLINA	CRAVEN
	WILKES
NORTH DAKOTA	BOTTINEAU
	CASS
	EMMONS
	RAMSEY
	TRAILL
	SIOUX
OHIO	DEFIANCE
	LOGAN
	PREBLE
	TUSCARAWAS

## Initial Pilot Offices (Continued)

State	FLP Service Center
OKLAHOMA	CHOCTAW
	CRAIG
	HARMON
	JOHNSTON
	LEFLORE
	NOWATA
OREGON	BAKER
	DOUGLAS
	KLAMATH
	UMATILLA
	WASCO
PENNSYLVANIA	HUNTINGDON
	MERCER
	SOMERSET
	TIOGA
PUERTO RICO	LARES
	PONCE
SOUTH CAROLINA	FLORENCE
SOUTH DAKOTA	BROWN
	BRULE
	CHARLES MIX
	HAAKON
	POTTER
	TRIPP
TENNESSEE	CARROLL
	DICKSON
TEXAS	DONLEY
	GUADALUPE
	HASKELL
	HIDALGO
	HOPKINS
	OCHILTREE
	PARMER
	PECOS
	SWISHER
UTAH	EMERY
	MILLARD
	SEVIER
	SUMMIT
	UTAH

## Initial Pilot Offices (Continued)

State	FLP Service Center
VERMONT	ADDISON
VIRGINIA	ACCOMACK
	FREDERICKSBURG
	PITTSYLVANIA
WASHINGTON	GRANT
	OKANOGAN
	SPOKANE
WEST VIRGINIA	WHITE HALL
	GRANT
	HARRISON
	ROANE
WISCONSIN	CLARK
	FOND DU LAC
	TREMPEALEAU
WYOMING	PARK

## Application Fast Track Pilot Program (AFT) – Processing Guidance

### A Objective

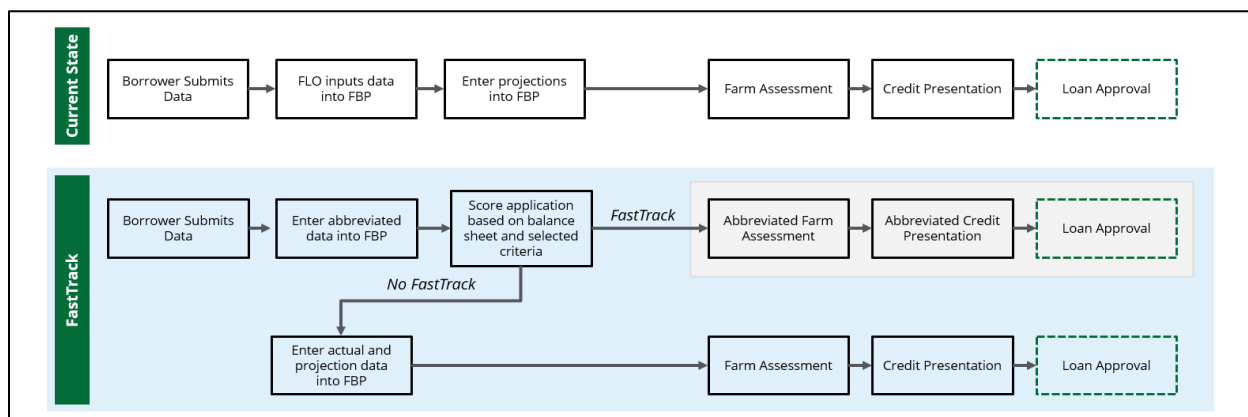
The Objective of the AFT Pilot Program is to test a model that uses financial data to identify applicants who are statistically least likely to default and who may undergo an accelerated underwriting process, i.e., processing AFT applicants without an analysis of the applicant's cash flow projection adequate to determine if the projection meets FSA's definition of a feasible plan. Additionally, the minimal cash flow analysis will allow for abbreviated Farm Business Plan (FBP) Credit Presentation documentation. It is presumed that AFT will result in reductions in processing times for fast-tracked applicants; staff time savings from accelerated underwriting; and redistribution of staff time and resources towards applicants most in need of technical assistance, benefitting the entire FLP portfolio.

During the period of the pilot, all pilot offices will complete the "Application Fast Track Evaluation" Credit Action Model in FBP for all direct loan applications other than Emergency Loan (EM), Youth Loan (YL), and those loan applications submitted in conjunction with a servicing request.

Applications in pilot offices which do not meet the requirements for AFT will immediately be processed according to existing handbook guidance without consideration of AFT revisions or exceptions addressed within this notice and exhibits.

Applications in pilot offices which the FBP Application Fast Track Evaluation Credit Action Model determines meets the requirements for AFT will be processed according to these instructions. However, if the applicant requests in writing to opt out of AFT at any time before or after a loan decision, the FLP office will immediately process the loan application according to existing handbook guidance without consideration of AFT revisions or exceptions addressed within this notice and exhibits. In an FLP office designated as a pilot site for AFT, AFT analysis replaces the feasibility determination. Any denial of an AFT loan application will be for reason(s) other than feasibility.

**Note:** All FBP users have access the FBP Application Fast Track Evaluation and the D-Loan Making; Application Fast Track Credit Action Models. Only applications originating in pilot offices will be entered into either of these Credit Actions.





**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****B AFT Process**

The following is the process flow when new applications are received in a pilot office.

Applications that include a YL, EM, or servicing request will not be considered for AFT and will be assessed based on the traditional process.

**1. Collecting an Application**

1.1 The requirements for a complete application are the same as traditional underwriting.

**2. Collecting and Inputting Data****2.1 Balance Sheet**

2.1.1 Relies on accurate balance sheet(s) as typically completed.

2.1.2 No change from current process when entering balance sheet(s) (see FBP User Guide, section D.1).

2.1.3 Create current and/or post close as required in FBP User Guide.

2.1.4 Collateral analysis will be required as with traditional underwriting. However, it will not be required to determine if the applicant qualifies for AFT. A collateral analysis is not required for AFT evaluation credit model but will be required for the loan decision model.

**2.2 Income and Expense**

2.2.1 No need to input any actual or projected I&E.

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

### B AFT Process (Continued)

#### 2. Collecting and Inputting Data (Continued)

##### 2.3 Trends Setup

2.3.1 Correct balance sheet loaded in the correct column of trends manager (see FBP User Guide, section B.4.4).

2.3.2 The Income & Expense information is not used for the Application Fast Track Evaluation. For new customers it can remain blank, for existing customers please ensure column 1 in I&E is blank as no I&E projection is available.

Balance Sheet & Income/Expense Trends Manager							View
	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	
Balance Sheet <a href="#">Flip</a>   <a href="#">Clear</a>	8/7/2023 After Close	8/7/2023 Before Close	<a href="#">Create New</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	
Income/Expense <a href="#">Flip</a>   <a href="#">Clear</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	<a href="#">Create New</a>	

2.4 Pull Credit Report as typically completed (FBP User Guide, section A.11.2).

#### 3. Application Fast Track Evaluation Credit Action

##### 3.1 Credit Action Description

3.1.1 Use year, dollar amount requested, loan type(s) requested, and “AFT Evaluation” in the description.

##### 3.2 Create Fast Track Evaluation Model

3.2.1 Under Credit Action Model Select “Application Fast Track Evaluation”.

3.2.2 Select “Add”.

Description	Credit Action Model	
2023 \$50,000 D-OL AFT Evaluation	D-Loan Making; Application Fast Track	<a href="#">Add</a>
<a href="#">X</a> Description	<div> <div>Select</div> <div>Application Fast Track Evaluation</div> <div>D-Loan Making; Application Fast Track</div> <div>D-Loan Making</div> </div>	Environmental

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****B AFT Process (Continued)****3. Application Fast Track Evaluation Credit Action (Continued)****3.3 Application Fast Track Questions**

- 3.3.1 Does the application include a request for loan servicing, a youth loan, or an emergency loan?
- 3.3.2 Loan Amount Requested for Approval – Add the total amount of all loans requested.
- 3.3.3 Excluding individuals that do not have a credit score or whose score is “0”, what is the lowest average credit score of all individual applicant’s and related entities? – Select the appropriate category of credit score. It should be the lowest of any individuals average of the three credit bureau scores. Only select “0” if no applicant has a credit score (e.g. the score shows “0” or shows “No Hit”).
- 3.3.4 Has the applicant or any related entity ever been 90 days past due on an FSA direct loan? – Review records on the DLS>Special Servicing> Borrower History Dashboard to determine if a 90 day past due notice has been sent to the applicant or any related entity or other verifiable source that can be documented to show if the borrower has ever been 90 days past due. If the applicant or any related entity has never had a direct FSA loan before select NA.
- 3.3.5 Has the applicant or any related entity ever restructured an FSA direct loan? – Review the DLS>Customer Profile to determine if the applicant or any related entity has ever had a loan restructured. If the applicant or any related entity has never had a direct FSA loan before select NA.
- 3.3.6 If the request includes an A-OL, click the plus symbol and answer the 3 additional questions.
- 3.3.7 Annual operating loan amount requested for approval? – Enter the total amount of A-OL funds requested.
- 3.3.8 What is the projected Gross Farm Income in the applicant's cash flow projection for the period which Annual OL funds are to be advanced? (See FSA-2001, Part I II minus totals in 1H.)
- 3.3.9 What is the Gross Farm Income reported on the applicant's most recent available Federal tax return? (See Schedule F, Part I, Line 9 and/or other applicable schedules.)
- 3.3.10 Comments – Not required, enter any comments that may help to further document the questions in this section.

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

### B AFT Process (Continued)

#### 3. Application Fast Track Evaluation Credit Action (Continued)

### Application Fast Track Questions

Does the application include a request for loan servicing, a youth loan, or an emergency loan? ☐ Yes ☐ No

Loan Amount Requested for Approval

Excluding individuals that do not have a credit score or whose score is "0", what is the lowest average credit score of all individual applicant's and related entities?  ▼

*If no applicant has a credit score, select "0"*

Has the applicant or any related entity ever been 90 days past due on a FSA direct loan? ☐ Yes ☐ No ☐ NA

*Select NA if this is the applicants first FSA loan*

Has the applicant or any related entity ever restructured an FSA direct loan? ☐ Yes ☐ No ☐ NA

*Select NA if this is the applicants first FSA loan*

**If the request includes an A-OL, click the plus symbol and answer the 3 additional questions**

Annual operating loan amount requested for approval?

What is the projected Gross Farm income in the applicant's cash flow projection for the period which Annual OL funds are to be advanced? [FSA-2001, Part I (11 minus totals in 1H)]

What is the Gross Farm Income reported on the applicant's most recent available Federal tax return? (Schedule F Part I, Line 9 and/or other applicable schedules)

Comments

Format ▼

Font ▼

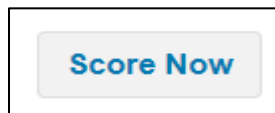
Size ▼

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****B AFT Process (Continued)****3. Application Fast Track Evaluation Credit Action (Continued)****3.4 Balance Sheet**

- 3.4.1 To load financial information from the Balance Sheet Trends, select “Save & Update” in the upper left or bottom left corner of the AFT Evaluation credit action and check both “Ultra Financial” and “General Information”.

**3.5 Score**

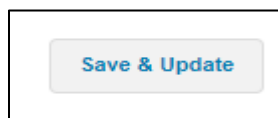
- 3.5.1 Select “Score Now”.



- 3.5.2 Select the balance sheet associated with the loan request. The balance sheet you intend to score with must be listed in column 1 of the Reports Setup (FBP User Guide, section J.8.2).

- 3.5.3 Select “None” for the Income & Expense.

- 3.5.4 Select “Update & Score”.

A screenshot of a web form titled "Update Application Fast Track Evaluation" in blue text. Below the title is a section labeled "Select Financial Statements and Forms to copy from:". Under this, there are two rows. The first row is labeled "Copy From" and has a dropdown menu showing "08/07/2023 After Close". The second row is labeled "Balance Sheet" and has a dropdown menu showing "None". Below these rows are two buttons: "Update & Score" and "Cancel & Back".

Update Application Fast Track Evaluation	
Select Financial Statements and Forms to copy from:	
Copy From	
Balance Sheet	08/07/2023 After Close ▼
Income & Expense	None ▼
Update & Score Cancel & Back	

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****B AFT Process (Continued)****3. Application Fast Track Evaluation Credit Action (Continued)**

- 3.5.5 If the application meets AFT requirements, then the message “YES – Does Qualify for Application Fast Track” will be displayed.

Model Used:	<a href="#">Score Now</a>	Last Scored : 04/06/2023 - 9:59AM Brian D. Rueckl
Application Fast Track Evaluation		
YES - Does Qualify for Application Fast Track		

- 3.5.6 If the application does not meet AFT requirements, then the message “NO – Does Not Qualify for Application Fast Track” will be displayed.

Model Used:	<a href="#">Score Now</a>	Last Scored : 04/06/2023 - 9:57AM Brian D. Rueckl
Application Fast Track Evaluation		
NO - Does NOT Qualify for Application Fast Track		

**3.6 Application Fast Track Result**

- 3.6.1 Select the “Application Fast Track Result” button.

<a href="#">Application Fast Track Result</a>
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- 3.6.2 Choose the “Select” button to select the appropriate results of the AFT Evaluation.

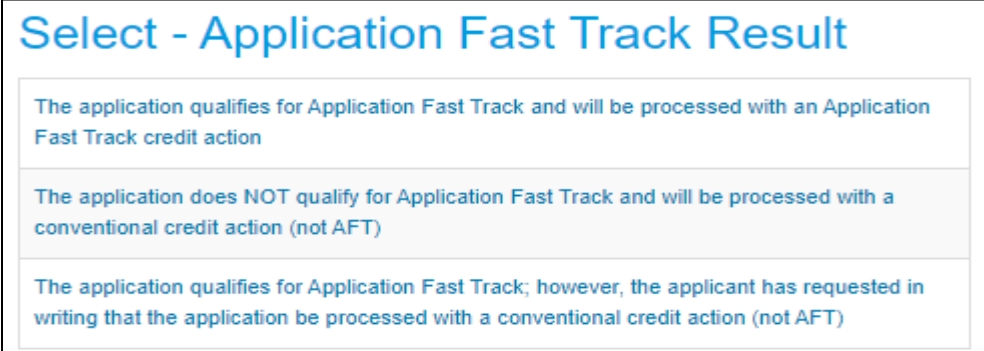
<a href="#">Select</a>
------------------------

- 3.6.2.1 The application qualifies for Application Fast Track and will be processed with an Application Fast Track credit action.

- 3.6.2.2 The application does NOT qualify for Application Fast Track and will be processed with a conventional credit action (not AFT).

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****B AFT Process (Continued)****3. Application Fast Track Evaluation Credit Action (Continued)**

3.6.2.3 The application qualifies for Application Fast Track; however, the applicant has requested in writing that the application be processed with a conventional credit action (not AFT).



**Select - Application Fast Track Result**

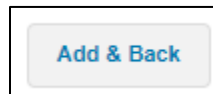
The application qualifies for Application Fast Track and will be processed with an Application Fast Track credit action

The application does NOT qualify for Application Fast Track and will be processed with a conventional credit action (not AFT)

The application qualifies for Application Fast Track; however, the applicant has requested in writing that the application be processed with a conventional credit action (not AFT)

3.6.3 Comments – Required, enter any comments that may help to further document AFT Evaluation as well as documentation of the conversation with the applicant that they wish to proceed with AFT if they meet the requirements.

3.6.4 Select “Add & Back”.



3.6.5 If the application will be processed in AFT proceed to Step 4.

3.6.6 If the application does not qualify for AFT or opts out in writing proceed to Step 5.

**4. D-Loan Making; Application Fast Track Credit Action** Complete Collateral Analysis (FBP User Guide, section I.3).

4.2 Complete the Farm Assessment (FBP User Guide, section C.5).

4.2.1 Historical Performance, Farm Operating Plan, and Training Plan sections of the Farm Assessment should be completed to state that the section is not applicable because of AFT.

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

### B AFT Process (Continued)

#### 4. D-Loan Making; Application Fast Track Credit Action

##### 4.3 Credit Action Description

- 4.3.1 Use year, dollar amount requested, loan type(s) requested and “AFT” in the description.

##### 4.4 Create Credit Action Model

- 4.4.1 Under Credit Action Model Select “D-Loan Making; Application Fast Track”.

- 4.4.2 Select “Add”.

Description	Credit Action Model	
2023 \$50,000 D-OL AFT	Select	Add
	Select	
	Application Fast Track Evaluation	
	D-Loan Making; Application Fast Track	
	D-Loan Making	
⌵ Description		Environmental Farm Assmt.

##### 4.5 Complete Credit Presentation as normal with the following exceptions:


- 4.5.1 The Servicing Eligibility section has been removed as new loan requests submitted with servicing do not qualify for AFT.
- 4.5.2 All Application Fast Track Credit Action Models will be auto classified as “3”.
- 4.5.3 The capacity section has been prefilled and no additional narrative is required.
- 4.5.4 A statement which must be included on the FSA-2313 has been prefilled in the Conditions as well as the Loan Closing and Document Requirements section.
- 4.5.5 A statement that the AFT version of form FSA-2040 has been prefilled in the loan closing and document requirement section.
- 4.5.6 The Borrower Production and Financial Training only allows entry of the date borrower training was waived, as all AFT approvals will be waived of borrower training. Enter the date of the disposition of the application.



## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

### B AFT Process (Continued)

#### 4. D-Loan Making; Application Fast Track Credit Action

Borrower Production Training: (Enter date of disposition)	
Production Training Date Waived	<input type="text"/> 
Borrower Financial Training: (Enter date of disposition)	
Financial Training Date Waived	<input type="text"/> 

#### 4.6 FSA-2313 Approval Letter

- 4.6.1 Ensure that the statement prefilled in the Conditions as well as the Loan Closing and Document Requirements section transfers to the FSA-2313 to get the borrowers certification they understand that their request we processed under AFT.

#### 5. Traditional Credit Action Input Actual and Projected Cash Flow Data (FBP User Guide, section F).

5.2 Complete Collateral Analysis (FBP User Guide, section I.3).

5.3 Complete the Farm Assessment (FBP User Guide, section C.5).

5.4 Create appropriate Credit Action Model (FBP User Guide, section J).

5.5 Complete Credit Presentation as done traditionally (FBP User Guide, section J.8).

#### 6. Other

6.1 Populating the Security Agreement – Since there is not a Projected Cash Flow in FBP for those applications that qualify for AFT, complete the following steps to populate a security agreement when required.

6.1.1 Create a projected Income & Expense

6.1.1.1 Use a description such as Security Agreement Only.

6.1.1.2 If using the land rent schedule to populate the security agreement you can create a I&E that has landlords listed and then duplicate that going forward to retain that information.

Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

B AFT Process (Continued)

6. Other (Continued)

- 6.1.2 Tie the projection to the appropriate balance sheet that was created for the loan request.

Income / Expense

ABC FARMS INC

Projected/Actual	Beg. Date	End. Date	Description	Beg. Bal. Sht.	End. Bal. Sht.	Monthly CF Setup # Mths	
Proj. ▾	05/01/2023	04/30/2024	Security Agreement Only	05/01/2023 Post Close		None ▾	<div>Add</div>

- 6.1.3 Populate the Security Agreement in the D-Loan Making; Application Fast Track Credit action using the “Security Agreement Only” Income & Expense projection.

Update Security Agreement

Update & Back

Cancel & Back

Select Financials and Forms to copy from:

Copy From

☒ USDA - Inc / Exp

Select

05/01/2023 - 04/30/2024 Security Agreement Only

Last Updated

-12:00:00 AM

-12:00:00 AM

-

04/06/2023-11:42:58 AM

Forms

☐ Farm Assmt. - Farm Assmt.

☐ Credit Presentation - App Fast Track Credit Presentation

☒ General Information - General Information

Update & Back

Cancel & Back

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

## C Table of Contents (Topical AFT Deviations from Handbook)

Subject	1-FLP	3-FLP	4-FLP
Assessment	<ul style="list-style-type: none"> <li>• <a href="#">Subparagraph 201 B</a></li> <li>• <a href="#">Paragraph 221</a></li> <li>• <a href="#">Paragraph 222</a></li> </ul>	<a href="#">Subparagraph 352 A</a>	
Borrower Training		<a href="#">Part 18 Section 1</a>	
Changes After Loan Approval		<a href="#">Paragraph 354</a>	
Classification	<a href="#">Part 8 Section 4</a>	<a href="#">Subparagraph 432 C</a>	
Complete Loan Application		<a href="#">Part 3</a>	
Cosigner		<a href="#">Subparagraph 371 C</a>	
CQR Dockets	<a href="#">Paragraph 28</a>		
Delay in Loan Closing		<a href="#">Subparagraph 371 B</a>	
Eligibility Requirements		<a href="#">Part 4 Section 1</a>	
Emergency Loan		<a href="#">Part 10</a>	
Feasibility	<ul style="list-style-type: none"> <li>• <a href="#">Subparagraph 201 B</a></li> <li>• <a href="#">Part 8 Section 3</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Subparagraph 351 C</a></li> <li>• <a href="#">Subparagraph 352 C</a></li> <li>• <a href="#">Subparagraph 356 A</a></li> </ul>	
FLOT Dockets	<a href="#">Paragraph 25</a>		
FSA-2040		<a href="#">Subparagraph 419 A</a>	<ul style="list-style-type: none"> <li>• <a href="#">Subparagraph 20 A</a></li> <li>• <a href="#">Subparagraph 163 B</a></li> <li>• Part K of <a href="#">AFT Exhibit</a> AFT Version FSA-2040</li> </ul>
Limited Resource Interest Rates, FO		<a href="#">Subparagraph 135 A</a>	
Limited Resource Interest Rates, OL		<a href="#">Subparagraph 204 A</a>	
Loan Narrative (Credit Presentation)		<a href="#">Subparagraph 351 F</a>	
Maximum Loan Authorities	<a href="#">Paragraph 29</a>		
NAD Determination		<a href="#">Paragraph 357</a>	
Proportionality		<a href="#">Subparagraph 132 A</a>	
Security, AOL		<a href="#">Subparagraph 95 A</a>	
Security, ML AOL		<a href="#">Subparagraph 205 A</a>	
Streamlined, OL		<a href="#">Part 9 Section 2</a>	
Terms, FO		<ul style="list-style-type: none"> <li>• <a href="#">Subparagraph 135 B</a></li> <li>• <a href="#">Subparagraph 135 C</a></li> <li>• <a href="#">Subparagraph 154 B</a></li> </ul>	
Terms, OL		<a href="#">Paragraph 204</a>	
Year-End Analysis	<a href="#">Section 5</a>		
Youth Loan		<a href="#">Part 9 Section 3</a>	

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****D Deviations from 1-FLP****1. Part 2 FLP Authorities**

Paragraph 25 addresses prepared loan dockets and loan docket reviews necessary for employees receiving loan approval authority. AFT approvals are not satisfactory dockets for these purposes.

Subparagraph 27 B addresses prepared loan dockets and Loan docket reviews applicable to hires with prior loan approval authority. AFT approvals are not satisfactory dockets for these purposes.

Subparagraphs 28 A, B, C, E, and F address Credit Quality Review requirements for employees to maintain loan approval authority. AFT approvals are not acceptable dockets for these purposes.

Paragraph 29 [7 CFR 761.8(a)] requires that if the outstanding principal balance exceeds any of the loan limits at the time of approval, the farm operating plan must reflect that funds will be available to reduce the indebtedness before loan closing or assumption of indebtedness. Since FSA will not be determining a feasible plan on AFT approved loans, when this situation is applicable the pilot office will state in the Loan Closing and Document Requirements section of the FSA-2313, Notification of Loan Approval and Borrower Responsibilities, that any outstanding loans must be paid down before or at loan closing to the amount necessary for loan limits to be met at loan closing.

**2. Part 8 Progression Lending****Section 1 Introduction**

Subparagraph 201 B references FSA's role in developing an operating plan. FSA's development of an operating plan is not applicable to processing a loan application within the FBP D-Loan Making; Application Fast Track Credit Action Model.

**Section 2 Farm Assessment**

Paragraph 221 addresses a Farm Assessment. In pilot offices, an assessment at the time of loan processing will not include the completion or analysis of a feasible plan for AFT approved loans.

Subparagraphs 222 G Historical Performance, H Farm Operating Plan, and I Training Plan are not applicable to processing a loan application within the FBP D-Loan Making; Application Fast Track Credit Action Model in AFT pilot offices.

AFT will have no impact on the remaining requirements of Paragraph 222, Elements of an Initial Assessment.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****D Deviations from 1-FLP (Continued)****2. Part 8 Progression Lending (Continued)****Section 3 Farm Operating Plan**

Section 3 is not applicable to processing a loan application within the FBP D-Loan Making; Application Fast Track Credit Action Model in pilot offices.

**Section 4 Borrower Account Classification**

Subparagraph 251 B and paragraph 252 are not applicable to a loan application processed under AFT. Instead, all borrowers approved within an FBP D-Loan Making; Application Fast Track Credit Action Model will be classified as “3”.

**Section 5 Year-End Analysis**

Section 5 states that a Year-End Analysis will be completed when an applicant is being considered for a new direct loan, and that as part of the Year-End Analysis, actuals will be compared to projections made in the prior year farm operating plan. Also, that the year-end analysis will include a current farm operating plan. Loans approved under AFT will not require analysis of the provided actuals or cash flow projection.

Section 5 of 1-FLP also refers to 4-FLP, paragraph 22, which includes “If there was a cash flow prepared in the previous production cycle, the year-end analysis will compare previous year projections to the actuals. If there was not a cash flow prepared in the previous production cycle, use previous year actuals to assure projections are realistic.” During the first year-end analysis following a loan closed under AFT, there will be no projected cash flow for comparison. As such, FSA will follow 4-FLP, paragraph 22 direction applicable to there being no cash flow from the previous production cycle.

AFT will have no impact on the remaining requirements of 1-FLP.

**E Deviations from 2-FLP**

AFT will have no impact on the requirements of 2-FLP.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP****1. Part 1 Introduction**

Paragraph 1 addresses the purpose and sources of authority. Authority for the AFT Pilot will be as published in the Federal Register.

**2. Part 3 Loan Application**

AFT will have no impact on requirements of Part 3, including items needed for a complete application and FSA's processing of incomplete applications.

**3. Part 4 General Eligibility and Loan Limitations****Section 1 Eligibility Requirements**

AFT is an alternative means to address feasibility and does not directly impact an eligibility determination. All applicants must meet applicable general eligibility and loan limitations, including those applicants who meet AFT requirements. AFT pilot offices will require a complete application for all applications. With the exception of paragraph 66, Credit Elsewhere, analysis of all general eligibility or limitation requirements are not anticipated to be impacted.

Eligibility requirements of paragraph 66 Credit Elsewhere can often be determined without reliance on a cash flow projection that meets the 3-FLP Exhibit 2 definition of a feasible plan. The basis for a Credit Elsewhere determination without a feasible plan determination might include:

- a lender's statement on FSA-2015 Verification of Debts and Assets that the lender would not extend additional credit;
- an FSA employee's FBP documentation of an email, in person, or telephone conversation with a commercial lender regarding the ability of the lender to finance the applicant's requested FSA loan; and/or
- an analysis of the applicant's ability to obtain credit elsewhere based on the balance sheet.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****3. Part 4 General Eligibility and Loan Limitations (Continued)****Section 1 Eligibility Requirements (Continued)**

When the pilot office approval official is unable to document paragraph 66 eligibility of an applicant who meets the requirements of AFT without an analysis of the applicant's feasibility; FSA will document an email, in person, or telephone conversation with the loan applicant. The discussion with the applicant will convey that the authorized agency official will give the applicant who meets AFT requirements the option to:

- apply for credit from a commercial lender; or

**Note:** This option is supported by paragraph 66.

- provide a written statement that the applicant wishes to opt out of AFT.

If the applicant refuses either option, a Paragraph 66 Credit Elsewhere eligibility determination will be based upon available information.

**4. Part 5 Loan Security**

Subparagraph 95 A [7 CFR 764.107(b)(1)] states that the security value of annual livestock and crop production is presumed to be 100 percent of the amount loaned for annual operating and family living expenses, as outlined in the approved farm operating plan. The following questions have been included in the FBP Application Fast Track Evaluation Credit Action Model to address this requirement when the request includes an annual OL:

- Annual OL amount requested for approval?
- What is the gross farm income reported on the applicant's most recent available Federal tax return? (Schedule F, Part I, Line 9 and/or any other applicable schedule.)
- What is the projected gross farm income in the applicant's cash flow projection for the period which Annual OL funds are to be advanced? [FSA-2001, Part I (1I minus totals in 1H)] (FSA's analysis and confirmation of the applicant's cash flow projection is not required.)

The Application Fast Track Evaluation Credit Action Model will calculate:

- 1) Does the amount of total Annual OL funds requested exceed 75% of the Gross Farm Income reported on the most recent available Federal Tax Return?
  - a. No – Proceed to question #2
  - b. Yes – Not eligible for further AFT consideration

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****4. Part 5 Loan Security (Continued)**

- 2) Does the amount of total Annual OL funds requested exceed the total projected Gross Farm Income in the applicant's Cash Flow projection?
  - a. No – Proceed to consider AFT
  - b. Yes – Not eligible for further AFT consideration

Annual OL applicants in pilot offices are considered to meet the requirements of subparagraph 95 A [7 CFR 764.107(b)(1)] if the Application Fast Track Evaluation Credit Action Model answers questions 1 and 2 as “No”.

**5. Part 7 Farm Ownership Loan (FO) Programs****Section 1 FO (Regular and Microloan)**

Subparagraph 132 A requires that the gross farm income generated by the farming operation must be proportionate to the purchase price. As a guide to determine if a proposal is proportionate, 132 A provides that projected typical year gross farm income should normally be at least equal to the annual installments for any debts associated with the real estate purchase or improvement. FSA will not be developing a feasible plan within AFT. For FO loan applications processed under AFT, the projected gross farm income in the applicant's cash flow projection [FSA-2001, Part I (1I minus totals in 1H)] should normally be at least equal to the annual installments for any debts associated with the real estate purchase or improvement. (FSA's analysis and confirmation of the applicant's cash flow projection is not required.) If the loan request does not meet proportionality based on this analysis, FSA will document an email, in person, or telephone conversation with the loan applicant. The discussion with the applicant will convey that the applicant does not meet eligibility requirements as processed within AFT, but the applicant may wish to opt out of AFT in writing so that FSA may address proportionality under traditional underwriting.

Subparagraph 135 A [7 CFR 764.154(a)(2)] provides that the limited resource FO interest rate is available to applicants who are unable to develop a feasible plan at regular interest rates. Since FSA will not be determining a feasible plan on AFT approved loans, a limited resource rate will not be offered for FO loan applications closed under AFT.



**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****5. Part 7 Farm Ownership Loan (FO) Programs (Continued)****Section 1 FO (Regular and Microloan) (Continued)**

Subparagraph 135 B [7 CFR 764.154(b)] states that the Agency schedules repayment of an FO loan based on the applicant's ability to repay and the useful life of the security. Since FSA will not be determining a feasible plan on AFT approved loans, except for ML's made for FO purposes, the term offered will be the lesser of 40 years or the useful life of the security. For ML's made for FO purposes, the term offered for AFT approvals will be the lesser of the maximum ML FO term or the useful life of the security. Repayment terms less than the standard term must be requested by the applicant in writing.

Before sending FSA-2313 to applicants with approved loans under AFT, the pilot site office will document in the comments section of the Application Fast Track Evaluation an e-mail, in person, or telephone conversation with the loan applicant to explain that a limited resource rate (if applicable) or a reduced loan term is not available under AFT, and that the applicant may choose to opt out of AFT. Additionally, the D Loan Making; Application Fast Track Credit Action Model has been pre-loaded to include the following:

**Conditions:**

Your loan application was approved under FSA's Application Fast Track Pilot Program (AFT), which was announced in the Federal Register on 8/3/2023. In accordance with AFT processes, FSA did not validate your farm operating plan or available financial and production records. Please note that any loan application approved under the AFT has not been considered for:

- a limited resource interest rate, unequal installments, or balloon payments as applicable
- if approval is an Operating Loan for purposes other than annual operating expenses, any repayment term other than the useful life of security or 7 years, whichever is less; unless you request a shorter term in writing
- if approval is a Farm Ownership Loan, any repayment term other than the useful life of security or the maximum authorized FO term, whichever is less; unless you request a shorter term in writing.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****5. Part 7 Farm Ownership Loan (FO) Programs (Continued)****Section 1 FO (Regular and Microloan) (Continued)****Loan Closing and Document Requirements:**

You accept loan approval under the AFT if you agree to the terms and conditions of loan approval in Part E below. If you do not wish to accept the approval of your loan under the AFT, please check that you do NOT agree with all of the terms and conditions of loan approval in Part E below. If you choose that you do NOT agree with all of the terms and conditions of loan approval, FSA will further consider your loan request outside of the AFT and this loan approval determination is void.

If applicable, all signatories must initial each statement that has been lined out and sign the AFT version of form FSA-2040, Agreement for the Use of Proceeds and Security.

If a loan applicant who meets the requirements of AFT opts out, FSA will process the application under traditional underwriting without consideration of AFT revisions or exceptions addressed within this notice and exhibits.

Subparagraph 135 C provides that the minimum scheduled FO annual payment for the first 5 years must be the interest accrued on the principal balance. Since FSA will not be addressing a feasible plan, only equal amortized installments will be applicable to loans closed under AFT.

**Section 2 Down Payment Program**

Subparagraph 154 B states that the Agency schedules repayment of down payment loans in equal, annual installments over a term not to exceed 20 years. Subparagraph 154 B continues to state that the authorized agency official may schedule repayment over a period of less than 20 years if requested by the applicant and the farm operating plan indicates that the loan can be repaid within the period requested. Under AFT, FSA will not be developing a projected farm operating plan. Repayment terms less than 20 years will be provided if requested by the applicant in writing.

**6. Part 8 Conservation Loan (CL) Program**

On May 13, 2011, FR notice was published to inform the public that, because of a lack of funding for the CL program, CL applications will not be accepted until further notice. Thus, at this time, AFT will have no impact on part 8.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****7. Part 9 Operating Loan (OL) Program****Section 1 OL's**

Subparagraph 204 A [7 CFR 764.254(a)(2)] provides that the limited resource OL interest rate is available to applicants who are unable to develop a feasible plan at regular interest rates. Since FSA will not be determining a feasible plan on AFT approved loans, a limited resource rate will not be offered for OL applications closed under AFT.

Subparagraph 204 B provides that the applicant will repay an annual OL when normal security income becomes available. FSA will not be determining a feasible plan on AFT approved loans. However, FSA should discuss with the applicant and assess from the applicant's cash flow projection within FSA-2001 the timing of normal security income, and schedule repayment of an annual OL loan according to the applicant's production and marketing plans. FSA will document the basis for the annual OL term provided.

Subparagraph 204 C [7 CFR 764.254(b)(2)] clarifies that the Agency schedules the repayment of all other OL loans based on the applicant's ability to repay and the useful life of the security. Repayment schedules may include equal, unequal, or balloon installments. Since FSA will not be determining a feasible plan on AFT approved loans, only a 7-year equally amortized repayment (subject to the maximum life of collateral) with no balloon will be offered for term OL applications closed under AFT. Repayment terms less than 7-years must be requested by the applicant in writing.

Before sending FSA-2313 to applicants with approved loans under AFT, the pilot site office will document in the comments section of the Application Fast Track Evaluation an e-mail, in person, or telephone conversation with the loan applicant to explain that a limited resource rate (if applicable) or a reduced loan term is not available under AFT, and that the applicant may choose to opt out of AFT. Additionally, the D Loan Making; Application Fast Track Credit Action Model has been pre-loaded to include the following:

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****7. Part 9 Operating Loan (OL) Program (Continued)****Section 1 OL's (Continued)****Conditions:**

Your loan application was approved under FSA's Application Fast Track Pilot Program (AFT), which was announced in the Federal Register on 8/3/2023. In accordance with AFT processes, FSA did not validate your farm operating plan or available financial and production records. Please note that any loan application approved under the AFT has not been considered for:

- a limited resource interest rate, unequal installments, or balloon payments as applicable
- if approval is an Operating Loan for purposes other than annual operating expenses, any repayment term other than the useful life of security or 7 years, whichever is less; unless you request a shorter term in writing
- if approval is a Farm Ownership Loan, any repayment term other than the useful life of security or the maximum authorized FO term, whichever is less; unless you request a shorter term in writing.

**Loan Closing and Document Requirements:**

You accept loan approval under the AFT if you agree to the terms and conditions of loan approval in Part E below. If you do not wish to accept the approval of your loan under the AFT, please check that you do NOT agree with all of the terms and conditions of loan approval in Part E below. If you choose that you do NOT agree with all of the terms and conditions of loan approval, FSA will further consider your loan request outside of the AFT and this loan approval determination is void.

If applicable, all signatories must initial each statement that has been lined out and sign the AFT version of form FSA-2040, Agreement for the Use of Proceeds and Security.

If a loan applicant who meets the requirements of AFT opts out, FSA will process the application under traditional underwriting without consideration of AFT revisions or exceptions addressed within this notice and exhibits.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****7. Part 9 Operating Loan (OL) Program (Continued)****Section 1 OL's (Continued)**

Subparagraph 205 A includes For ML's used for OL purposes:

**[7 CFR 764.255(c)(1)] For annual operating purpose loans must be secured by a first lien on farm property or products having a security value of at least 100 percent of the loan amount, and up to 150 percent, when available.**

This exhibit addresses 3-FLP subparagraph 95 A, and provides three questions that have been included in the FBP Application Fast Track Evaluation Credit Action Model. From those three questions, the Application Fast Track Evaluation Credit Action Model will calculate:

- 1) Does the amount of total Annual OL funds requested exceed 75% of the Gross Farm Income reported on the most recent available Federal Tax Return?
  - a. No – Proceed to question #2
  - b. Yes – Not eligible for further AFT consideration
- 2) Does the amount of total Annual OL funds requested exceed the total projected Gross Farm Income in the applicant's Cash Flow projection?
  - a. No – Proceed to consider AFT
  - b. Yes – Not eligible for further AFT consideration

The security value of a ML for annual livestock and crop production is presumed to be 100 percent of the amount loaned for annual operating and family living expenses if the Application Fast Track Evaluation Credit Action Model answers questions 1 and 2 as "No".

**Section 2 Microloan OL's and Streamlined OL's**

The AFT Pilot will place no additional requirements on paragraph 216, DOL-ML Process.

AFT Pilot offices will complete the FBP Application Fast Track Evaluation Credit Action Model for all Streamlined OL applications received (other than those which include a request for EM, YL, or servicing). 3-FLP subparagraph 217 B, General Requirements for all Streamlined OL Requests includes the requirement "The updated cash flow for the new loan is positive for repayment to FSA and all creditors". This requirement is not applicable for AFT approved Streamlined OL applications.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****7. Part 9 Operating Loan (OL) Program (Continued)****Section 2 Microloan OL's and Streamlined OLs (Continued)**

3-FLP subparagraph 217 B, General Requirements for all Streamlined OL Requests allows that “The loan amount for the new loan may be increased if it is supported by the cash flow and the applicant continues to meet the Streamlined OL requirements”. 3-FLP subparagraph 217 C, Streamlined OL – Annual OLs includes “The loan request may be increased beyond the previously closed annual operating loan when supported by a feasible cash flow”. FSA will not be determining a feasible plan on AFT approved loans. Thus, increased Streamlined OL's are permissible when the loan application meets both AFT standards and all remaining requirements of 3-FLP paragraph 217.

**Section 3 Youth Loans**

Youth Loans (YL) are not eligible for AFT. Thus, AFT will have no impact on part 9 section 3.

**8. Part 10 Emergency Loan (EM) Program**

Emergency Loans (EM) are not eligible for AFT. Thus, AFT will have no impact on part 10.

**9. Part 15 Loan Decision**

Subparagraph 351 C, Feasibility does not apply to applications closed under AFT.

Subparagraph 351 F addresses the Loan Narrative. With reference to loans closed under AFT, the D-Loan Making; Application Fast Track Credit Action Model has been revised to address AFT specific requirements.

Subparagraph 352 A addresses the Assessment. With reference to loans closed under AFT, the Historical Performance, Farm Operating Plan, and Training Plan sections of the Farm Assessment should be completed to state that the section is not applicable because of AFT. The Type of Farming Operation, Goals for the Farming Operation, Adequacy of Real Estate, Adequacy of Chattel Property, Farm Organization and Key Personnel Qualifications, Progression Lending Plan, Graduation Plan, Farm Transition and Estate Planning, and Term Limits sections of the Farm Assessment should be completed as the Approval Official would for any non-AFT case.

For loans closed under AFT, the Subparagraph 352 C requirement that applicant's farm operating plan reflect a feasible plan and the statements addressing a limited resource rate [7 CFR 764.401(a)(1)(i) and the following 3-FLP guidance] are not applicable. The remaining items under subparagraph 352 C [including 7 CFR 764.401(a)(1)(ii)-(vii)] are applicable.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****9. Part 15 Loan Decision (Continued)**

AFT will have no impact on the stated requirements of paragraph 354.

There is the additional possibility that an applicant approved under AFT will choose to opt out after receipt of the FSA-2313, Notification of Loan Approval and Borrower Responsibilities. In such a case, FSA will notify the applicant in writing that the FSA-2313 is no longer applicable, and will issue a replacement 2313 Notification of Loan Approval and Borrower Responsibilities or denial letter based on traditional underwriting processes.

For loans denied based on an FBP D-Loan Making; Application Fast Track Credit Action Model, the Subparagraph 356 A requirement that applicant's farm operating plan reflect a feasible plan [7 CFR 764.401(b)(1)] is not applicable. The remaining items under subparagraph 356 A [including 7 CFR 764.401(b)(2)-(7)] are applicable.

Subparagraph 357 C addresses Obtaining Updated or Revised Information, and includes:

**[7 CFR 764.40(c)] If an Agency loan denial is overturned on administrative appeal, the Agency will not automatically approve the loan. Unless prohibited by the final appeal determination or otherwise advised by the Office of General Counsel, the Agency will:**

- (1) Request current financial information from the applicant as necessary to determine whether any changes in the applicant's financial condition or agricultural conditions which occurred after the Agency's adverse decision was made will adversely affect the applicant's farming operation;**

**Note:** Adversely affect means that a change unrelated to the issue resolved through appeal will result in an applicant no longer being eligible, the previously developed FBP not being feasible, or in the proposed security being inadequate for the type of loan requested.

**Note:** A significant change is a change that would materially affect the feasibility of, or the eligibility or security for, the proposed loan.

Subparagraph 357 E requires the authorized agency official shall:

**[7 CFR 764.401(c)(3)] Determine whether the applicant's farm operating plan, as modified based on the appeal decision, reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met.**

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****9. Part 15 Loan Decision (Continued)**

A loan processed under AFT will not be denied because of feasibility. For any denial of a loan application based on reasons other than feasibility (denial for eligibility, loan purposes, security, etc.) and overturned by NAD, these 357 C and 357 E references to a feasible plan will not be applicable. Instead, the FLP office will request current financial information from the applicant. FSA will re-run Application Fast Track Evaluation Credit Action Model following the directions provided in the FBP Users Guide, J.8.4 Documenting Changes after Approval, with the exception that actions within the “Duplicate I&E Projection ...” and “Reclassify the account?” columns are not applicable. If the revised Application Fast Track Evaluation Credit Action Model states that the application no longer meets AFT requirements, FSA will notify the applicant in writing that the FSA-2313 is no longer applicable and that the application will be considered under traditional underwriting, providing appeal rights according to Exhibit 8 of 1-APP. FSA will issue a replacement 2313 Notification of Loan Approval and Borrower Responsibilities or denial letter based on traditional underwriting processes.

If an updated FastTrack FBP D-Loan Making; Application Fast Track Credit Action Model determines the applicant no longer meets the requirements for AFT, FSA will consider feasibility requirements for the application according to 3-FLP guidance, without consideration of AFT revisions or exceptions addressed within this notice and exhibits.

AFT will have no impact on the remaining requirements of part 15.

**10. Part 16 Loan Closing****Section 1 General**

Subparagraph 371 B [7 CFR 764.402(e)(2)] requires that if the loan is not closed within 90 calendar days of loan approval or if the applicant’s financial condition changes significantly, the Agency must reconfirm the requirements for loan approval before loan closing. Additionally, subparagraph 371 B explains if the authorized agency official determines that the applicant is no longer eligible for the loan or that the farm operating plan is no longer feasible, the authorized agency official will decline to close the loan and the applicant will be notified according to paragraph 356. For any loan application approved based on AFT, this 371 B reference to a feasible plan will not be applicable. Instead, the FLP office will request current financial information from the applicant. FSA will re-run Application Fast Track Evaluation Credit Action Model following the directions provided in the FBP Users Guide, J.8.4 Documenting Changes after Approval, with the exception that actions within the “Duplicate I&E Projection ...” and “Reclassify the account?” columns are not applicable.



**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****10. Part 16 Loan Closing (Continued)****Section 1 General (Continued)**

If the revised Application Fast Track Evaluation Credit Action Model states that the application no longer meets AFT requirements, FSA will notify the applicant in writing that the FSA-2313 is no longer applicable and that the application will be considered under traditional underwriting, providing appeal rights according to Exhibit 8 of 1-APP. FSA will issue a replacement 2313 Notification of Loan Approval and Borrower Responsibilities or denial letter based on traditional underwriting processes.

Subparagraph 371 C [7 CFR 764.402(a)(4)] requires that a cosigner will be required to sign the promissory note if they assist the applicant in meeting the repayment requirements for the loan requested. This requirement is not applicable to loans closed under AFT.

**Section 3 Preparing for and Completing Loan Closing for Chattels**

Subparagraph 419 A states that when closing a chattel secured loan, FSA will prepare FSA-2040 according to 4-FLP, subparagraph 20 A. When closing an AFT approved chattel secured loan, certain verbiage in the standard FSA-2040 is not relevant and must be lined-out, with the borrower(s) initialing each change to the standard language. Part K of this Exhibit provides a template which is to be used for AFT accounts, “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY”.

In “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY”, item (g), Source of Proceeds, FSA will enter from FSA-2001, Part I – Cash Flow Projection, description(s) of the source(s) from which the borrower plans to use proceeds to make FSA installments during the production year.

Each lined-out portion of the form must be initialed by each FSA 2040 signee.

**Section 4 Actions After Loan Closing**

Subparagraph 432 C requires a Loan Classification. All borrowers approved within an FBP D-Loan Making; Application Fast Track Credit Action Model will be classified as “3”.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)****F Deviations from 3-FLP (Continued)****11. Part 18 Borrower Training****Section 1 Borrower Training Requirements**

For loans closed under AFT, the applicant will be waived for both financial management and production training. The applicant is not required to submit an FSA-2370 Request for Waiver of Borrower Training Requirements / Borrower Training Assessment. The loan approval official will document waiver of borrower training by inserting the date of FBP D-Loan Making; Application Fast Track Credit Action Model first disposition in the “Production Training Date Waived” and “Financial Training Date Waived” within the FBP D-Loan Making; Application Fast Track Credit Action Model.

AFT will have no impact on the remaining requirements of 3-FLP.

**G Deviations from 4-FLP****1. Part 2 Operational Reviews**

Subparagraph 20 A includes that for established operations, where significant changes are not planned and with the borrower’s input and consent, the previous FBP may be used to complete the FSA-2040 for a second operating year. FSA will not be developing a cash flow projection when processing a loan to be closed under AFT. As such, in the second year following closing of a loan under AFT, there may be no cash flow projection from the previous year. When this is applicable, complete “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY” as addressed in the above reference to 3-FLP subparagraph 419 A.

**2. Part 7 Disposition of Security****Section 1 Disposition of Normal Income and Basic Chattel Security**

Subparagraph 163 B states that the borrower must contact FSA for approval if the borrower wants to use proceeds to pay for farm operating expenses for future operations not included in the current FBP, so that FSA may work with the borrower to develop a feasible FBP. Loans approved and closed by AFT may not have a current cash flow projection in FBP. In such case, the borrower must contact FSA for approval if the borrower wants to use proceeds to pay for farm operating expenses for future operations not included FSA-2001, Part I – Cash Flow Projection. It may be necessary for FSA to work with the borrower to develop a feasible cash flow projection to address the proposed use of proceeds.

AFT will have no impact on the remaining requirements of 4-FLP.

**Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)**

**H Deviations from 5-FLP**

AFT will have no impact on the requirements of 5-FLP.

**I Deviations from 6-FLP**

AFT will have no impact on the requirements of 6-FLP.

**J Deviations from 7-FLP**

AFT will have no impact on the requirements of 7-FLP.

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

## K “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY”

This form is available electronically. <b>FSA-2040</b> (11-23-16)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Farm Service Agency	Form Approved - OMB No. 0560-0236 Position 1
<b>AGREEMENT FOR USE OF PROCEEDS AND SECURITY</b>		
<i>See page 5 for Privacy Act and Paperwork Burden Statements</i>		
1. Account Name		

This Agreement is between the Farm Service Agency (FSA) and the undersigned.

I understand that in addition to this Agreement, FSA must comply with its governing statutes and regulations.

On (a) \_\_\_\_\_, I signed a Farm Business Plan (FBP) or FSA 2301 “Request for Youth Loan” covering the (b) \_\_\_\_\_ production cycle (s). I worked together with FSA to project the planned income and expenses of my farming operation in the FBP. I am in agreement that the plan accurately reflects the planned income and expenses of my operation including the projection of (c) \$ \_\_\_\_\_ for owner’s withdrawal/family living expenses and my plan to make the following FSA scheduled payments from the following sources.

(d) FLP Loan Number	(e) Due date (MM-DD-YYYY)	(f) Amount	(g) Source of Proceeds	(h) Amount of Proceeds to be Released Prior to Payment of FLP Loan
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$
		\$		\$

\_\_\_\_\_  
Initial/Date

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov). USDA is an equal opportunity provider, employer, and lender.

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

## K “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY” (Continued)

**1. Acknowledgement of Lien**

In exchange for loans I received from FSA, I signed a Security Agreement(s) with the United States of America. By signing the Security Agreement(s), I have given FSA a security interest in all the property described in the Security Agreement(s), in addition to any after acquired property. This property is called collateral. Collateral is categorized as either:

**Basic security**, which is all farm machinery, equipment, vehicles, foundation and breeding livestock herds and flocks, including replacements, and real estate that serves as security for the loans; or

**Normal income security** which is all security not considered basic security, including but not limited to crops, livestock poultry products, other property covered by FSA liens that is sold in conjunction with the running of my operation, and FSA Farm Program payments.

I agree that I will dispose of collateral for its market value.

I understand that the proceeds from the sale of normal income security must always be used to pay expenses and loan payments ~~as agreed to in the FBP.~~

For basic security, both FSA and my name as payee must always be listed on all checks, drafts, or money orders which I receive.

For normal income security, both FSA and my name as payee must be listed on all checks, drafts, or money orders which I receive unless all installments due, including any past due installments, in the above table have been paid or unless I have a current assignment in place to pay FSA annual installments in full. Checks made in accordance with an assignment do not have to include both names.

**2. Do I Have Written Consent To Sell?**

Yes. By signing ~~the FBP and~~ this agreement, FSA and I have agreed on ~~the projected income and expenses of the operation, and the source of income to pay FLP installments. If actual income and expenses are in accordance with what we projected, I may sell commodities and use the proceeds to pay planned expenses and payments as identified in the FBP.~~

~~If the actual income and/or expenses are not in accordance with what we originally projected, FSA and I must discuss the changes and make any needed changes to the FBP and/or this agreement.~~

I may request and report ~~these changes to the FBP~~ by telephone, letter, or visit to the FSA office. A trip to the office is not always necessary. However, if my requested or reported changes would result in a major change in my operation, FSA may request that I attend a conference. ~~At that conference, FSA and I will develop a new FBP.~~

**3. What if FSA and I Do Not Agree?**

If FSA and I disagree on how to complete or make changes on ~~the FBP or~~ this Agreement, FSA must send me a letter which describes the items on which we do not agree. The letter must explain why we do not agree. The letter must also tell me how I may appeal FSA's decision.

Until the appeal is decided, FSA must release any other proceeds on which FSA and I have agreed.

When my appeal is decided, FSA may ask me to sign ~~a revised FBP and/or~~ a revised Agreement reflecting the decision on the appeal.

If I do not sign, FSA will give me a copy of ~~the farm operating plan and~~ the revised agreement. FSA will consider the revised Agreement to be binding. If I violate this Agreement, FSA will take the actions described below in the Item 9, entitled, "What Happens if I Violate This Agreement?"

\_\_\_\_\_  
Initial / Date

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

**K “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY” (Continued)****1. What Collateral Disposed Of and How May Proceeds Be Used?**

~~I have listed in the FBP the normal income and/or basic security I expect to sell, exchange, consume, or otherwise dispose of. I understand that FSA does not expect me to list each animal, bushel, bale or pound of security I plan to dispose of, but that I must keep a record of collateral disposed of, and the proceeds thereof, in an approved record keeping system. I understand that if I sell normal income security, the proceeds will be applied to my FLP installments according to the table on page 1 or released to pay normal expenses and liens as outlined in the FBP.~~

If I sell Basic security I understand I must do one or a combination of the following with the proceeds:

- 1) Apply the proceeds, including any amount in excess of the market value, to lien holder debts in the order of lien priority. I understand proceeds received by FSA will be applied as an extra payment on my FLP loans. This payment will be applied on the end of my loan and I will be required to make my regularly scheduled payment.
- 2) Use the proceeds to purchase chattel property suited to the needs of my operation provided FSA acquires a lien on the new property at least equal in value to the lien on the security sold.
- 3) If I have replacement security, the proceeds may be used as normal security income. For example: If I sell a cull cow and have a heifer of equal production capabilities to replace the cow.

**2. When Can Collateral Be Sold to Pay Essential Family Living and Farm Operating Expenses?**

FSA agrees to allow me to sell or exchange normal income security, such as crops, livestock, and livestock products marketed in the regular course of business so that I can pay essential family living and farm operating expenses. Essential expenses are those which are basic, crucial, or indispensable. ~~However, I understand that if I wish to use proceeds from sale or exchange of normal income security to pay for farm operating expenses for future operations not included in the current FBP, I must contact FSA for approval and development of a feasible FBP.~~

FSA also agrees to allow me to feed crops to livestock, if the livestock or livestock produce are collateral for my loan with FSA. FSA also agrees to allow me to use livestock for food for my family.

I understand releases for essential family living and farm operating expenses will be terminated if my account is accelerated.

\_\_\_\_\_  
Initial/Date

Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

**K “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY” (Continued)**

<b>6. Who Are the Potential Purchasers of My Farm Products?</b> This is a list of purchasers who often buy farm products from me. I have included grain elevators, auction barns, and others who I expect might buy from me.		
A. Farm Product	B. Potential Purchaser	C. Purchaser's Address
FSA realizes that I do not always know in advance who will buy my products. If I cannot identify specific potential purchasers, I have described below how the farm products will be sold; for example, at a roadside stand, by advertising in the newspaper, or to neighbors.		
D. Farm Product	E. Method of Sale	
_____ Initial / Date		

## Application Fast Track Pilot Program (AFT) – Processing Guidance (Continued)

**K “AFT Version, FSA-2040, AGREEMENT FOR THE USE OF PROCEEDS AND SECURITY” (Continued)****7. Can I sell to Purchasers Not Listed on This Form?**

I understand that I may sell collateral to purchasers other than those listed on this form. If I do this, then I must immediately notify you of what has been sold and the name and business address of the purchaser. I do not need your prior approval, but I understand FSA's name must be on the check unless all FSA payments for the period covered by this agreement have been paid.

**8. What Records Must I keep?**

I must keep records of how I actually dispose of collateral and how I use the proceeds. I must provide these records to you on request.

**9. What Happens if I Violate This Agreement?**

If I sell, exchange, or dispose of collateral for less than its present market value, or use the money in a way not listed in this Agreement ~~or the FLP~~ without your permission, I will have violated this loan Agreement and your security interest in the collateral will not be released. You will ask me to pay you an amount equal to the greater of the present market value or the amount I received for the collateral involved. I understand that if I pay as requested by you or provide enough information to allow you to approve the sale and use of proceeds; this will cure my violation if it is a first offense. I understand that if I do not so cure a first offense, or if I commit a second offense, you may bring legal action against me. I realize that you may start legal procedures to sell all of my other collateral and refer my case for possible criminal action against me. I understand that if I do not pay as requested, FSA may also request that the purchaser of the collateral pay FSA.

**10. What Happens If My Loan Accounts are Accelerated?**

If I receive an Acceleration Notice from FSA, this Agreement automatically ends and FSA will not afterwards release any proceeds from the disposition of collateral.

**11. SIGNATURES**

*This signature is to acknowledge that I (we) understand this Agreement and will abide by it.*

11A. SIGNATURE	11B. TITLE	11C. DATE (MM-DD-YYYY)
12A. FSA AGENCY OFFICIAL'S SIGNATURE	12B. FSA AGENCY OFFICIAL'S TITLE	12C. DATE (MM-DD-YYYY)

**NOTE:** The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a): The Farm Service Agency (FSA) is authorized by the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 et seq), or other Acts, and the regulations promulgated thereunder, to solicit the information requested on its application forms. The information requested is necessary for FSA to determine eligibility for credit or other financial assistance, service our loan, and conduct statistical analyses. Supplied information may be furnished to other Department of Agriculture agencies, the Internal Revenue Service, the Department of Justice or other Federal, State, or local agencies as required permitted by law. In addition, information may be referred to interest parties under the Freedom of Information Act (FOIA), to financial consultants, advisors, lending institutions, packagers, agents, and private or commercial credit sources, to collection or servicing contractors, to credit reporting agencies, to private attorneys under contract with FSA or the Department of Justice, to business firms in the trade area that buy chattel or crops or sell them for commission, to Members of Congress or Congressional staff members, or to courts or adjudicative bodies. Disclosure of the information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Tax Identification Number, may result in a delay in the processing of an application or its rejection.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0236. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**