

General Program Administration

To access the transmittal page click on the short reference.

For State and County Offices

SHORT REFERENCE

1-FLP (Revision 1)

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

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency Washington, DC 20250

General Program Administration	
1-FLP (Revision 1)	Amendment 163

Approved by: Acting Deputy Administrator, Farm Loan Programs

William S. abb

Amendment Transmittal

A Reasons for Amendment

Subparagraphs 4 B, C, and D have been amended to update National Office contacts.

Subparagraphs 5 B and C have been amended to update NFAOC contacts.

Subparagraph 23 F has been amended to update SED authorities that may be redelegated.

Exhibit 5, subparagraph B has been amended to update the forms list.

Exhibit 17 has been amended to update FLP interest rates.

	Page Control Chart	
TC	Text	Exhibit
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UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency 441 South Salina Street Room 536 Syracuse, New York 13202-2455

	Program Administration -FLP (Revision 1)	NY Amendment 8
Approved by:	State Executive Director	
Approved by:	State Executive Director	Charace

Amendment Transmittal

A Reasons for Amendment

NY Exhibit 5 has been amended to update 2018 prices for Farm Business Plan projections.

B Page Control Chart

New York Amendments will be on blue paper

	Page Control Chart	
TC	Text	Exhibit
		Exhibit 5

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Part 1 Introduction and Purpose

1 Purpose and Sources of Authority

A Handbook Purpose

[7 CFR 761.1(d)] This part describes the Agency's general and administrative policies for its guaranteed and direct Farm Loan Programs. In general, this part addresses issues that affect both guaranteed and direct loan programs.

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 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 CFR
- may be used to support FSA adverse decisions.

*--D FLP Objectives

7 CFR Parts 761 through 767 set forth FSA's regulations for FLP's. The objective of these programs is to provide supervised credit and management assistance to eligible farmers to become owners or operators, or both, of family farms, to continue such operations when credit is not available elsewhere, or to return to normal farming operations after sustaining substantial losses as a result of a designated or declared disaster. These regulations apply to loan applicants, borrowers, lenders, holders, Agency personnel, and other parties involved in making, guaranteeing, holding, servicing, or liquidating such loans. The programs are designed to allow those who participate to transition to private commercial credit or other sources of credit in the shortest period of time practicable through the use of supervised credit, including farm assessments, borrower training, market placement, and borrower graduation requirements.--*

2 Related References

A Related FSA Handbooks

The following FSA handbooks concern FLP.

IF the area of concern is about	THEN see
State and county organization and administration policies, procedures,	16-AO.
principles, and standards, such as work organization	
civil rights compliance and administration for FSA programs	18-AO.
appeals and mediation	1-APP.
State and county records management	32-AS
policies and procedures for the acquisition of supplies, equipment, and services	42-AS.
common management and operating provisions for program management activities, functions, and automated applications, such as forms that cannot be accepted by FAX	1-CM.
environmental requirements	1-EQ.
processing collections and canceling loan checks and payments	3-FI.
guaranteed loan making and servicing	2-FLP.
direct loanmaking	3-FLP.
direct loan regular or routine servicing	4-FLP.
direct loan special servicing and inventory property management	5-FLP.
the Emergency Loan Seed Producers Program, Horse Breeder Loan Program, ITLAP, SALP, Land Contract Guarantee Program, and servicing of minor loan programs	6-FLP.
debt collection and resolution	7-FLP.
procedures for making records available to the public, other Federal agencies, and Congress	2-INFO.
procedures for collecting, maintaining, or disclosing data or information about an individual	3-INFO.
personnel management, such as employee conflict of interest	3-PM.
employee development and training	6-PM.

B Helpful Links

The Helpful Links web site at https://fsaintranet.sc.egov.usda.gov/flp/links_0515.htm provides links to useful web sites.

For FLP-related historical directives, including notices and Administrative Notices, click http://www.fsa.usda.gov/FSA/flpNotices?area=newsroom&subject=landing&topic=foier-flp.

2 Related References (Continued)

C State Supplements

See Exhibit 4 for State supplements required by this handbook. SED's are authorized to issue State supplements to this handbook in addition to State supplements listed in Exhibit 4.

Note: Additional State supplements may:

- **not** be issued to simply state verbatim, policies already established in the national handbook
- be issued:
 - when the national handbook does not provide complete guidance
 - to provide additional guidance for employees with limited experience
 - when State law requirements are not specifically addressed in the national 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
- •*--submit for prior approval State supplements requiring the use of State-modified national forms and State-created forms

Exception: State-specific FSA-2029's do not require issuance of State supplement.

• follow guidance in subparagraph 3 H for clearance of State modified national forms and State-created forms.--*

3 FLP Forms

A Form References

--Except as provided in this paragraph, this handbook references forms according to the forms numbering system that became effective December 31, 2007. Forms executed before--

December 31, 2007, may have a number different from that referenced. See Exhibit 5 for a comparison of form numbers before and after December 31, 2007.

Note: See Exhibit 1 for titles of forms referenced in this handbook.

With the exception of FSA-2510, FSA-2512, and FSA-2514, form numbers are not referenced in CFR (**bold**) text. CFR refers to forms by either:

• the common name of the form

Example: CFR may state "a promissory note" instead of stating "FSA-2026".

• purpose or the information collected.

Example: CFR may state "a conservation contract" instead of stating "FSA-2535".

This handbook may refer to the following forms by title and/or form number.

Form Number	Form Title
FSA-2026	Promissory Note
FSA-2543	Shared Appreciation Agreement

B FSA-2029

All references to FSA-2029 within this handbook are intended as a reference to the applicable State-specific Mortgage or Deed of Trust. State-specific Mortgages or Deeds of Trust are available on the FFAS Employee Forms/Publications Online Website at http://intranet.fsa.usda.gov/dam/ffasforms/forms.html and are numbered FSA-2029 "ST".

Notes: "ST" represents the appropriate State acronym.

SED is not required to issue a State supplement for the State-specific version of FSA-2029.

C Notary Acknowledgement

Forms do not include preprinted text for the Notary Acknowledgement because numerous States have State-specific laws establishing required text. Therefore, a fillable text area is provided under the "Acknowledgement" heading. SED's shall issue State supplements providing the appropriate Notary Acknowledgement text to be inserted.

3 FLP Forms

C Notary Acknowledgement

Refer to Exhibit 1 of NY 3-FLP Amendment for Guidance on Notary Acknowledgements

D Applicant and Borrower Signatures

Forms completed by applicants or borrowers include a signature box to accommodate multiple signatures. Separate signature lines are not provided because the number of signatures required for an entity applicant or borrower cannot be determined in advance. Instructions for completing forms will provide guidance to applicants or borrowers on signature requirements.

Forms prepared by FSA for the applicant or borrower's signature include a fillable area instead of preprinted signature lines. County Offices shall insert a signature line and the name of each applicant, borrower, entity member, or other individual required to sign the form.

SED's shall issue a State supplement addressing State-specific signature requirements.

*--E State-Modified National Forms

State and County Offices shall use national forms unless their use is prohibited by State law. In such cases, the State Office may modify the national form. Follow guidance in subparagraph H for obtaining clearance for State-modified national forms.

Note: State-modified national forms based on national forms will be made available on--* the FFAS Employee Forms/Publications Online Website at **http://intranet.fsa.usda.gov/dam/ffasforms/forms.html** with the same form number as the national form, followed by the State acronym.

D Applicant and Borrower Signatures

Refer to Exhibit 2 of NY 3-FLP Amendment for Signature Requirements for Promissory Notes and Security Agreements and Mortgages.

F State-Created Forms

State Offices may create forms, as necessary, when a national form is not available. State-created forms shall be assigned a 5-digit number establishing linkage to the appropriate FLP handbook, followed by the State acronym, according to the following.

IF the form pertains to	THEN the form number shall be
more than one FLP handbook	FSA-2000-1 ST, FSA-2000-2 ST, FSA-2000-3 ST, etc.
1-FLP	FSA-2100-1 ST, FSA-2100-2 ST, FSA-2100-3 ST, etc.
2-FLP	FSA-2200-1 ST, FSA-2200-2 ST, FSA-2200-3 ST, etc.
3-FLP	FSA-2300-1 ST, FSA-2300-2 ST, FSA-2300-3 ST, etc.
4-FLP	FSA-2400-1 ST, FSA-2400-2 ST, FSA-2400-3 ST, etc.
5-FLP	FSA-2500-1 ST, FSA-2500-2 ST, FSA-2500-3 ST, etc.
6-FLP	FSA-2600-1 ST, FSA-2600-2 ST, FSA-2600-3 ST, etc.
7-FLP	FSA-2700-1 ST, FSA-2700-2 ST, FSA-2700-3 ST, etc

Notes: "ST" represents the appropriate State acronym.

Before using State-created forms imposing information collections on 10 or more--* persons per year, State Offices shall work with the National Office to obtain OMB approval.

State-created forms will be made available on the FFAS Employee Forms/Publications Online Website at

http://intranet.fsa.usda.gov/dam/ffasforms/forms.html.--*

G Other Sources of Forms

FSA does not provide forms that establish an agreement or contract between applicants/borrowers and third parties only, such as leases. Advise applicants/borrowers to obtain such forms from other sources, such as Extension Service, on-line services, attorney, etc.

*--H Clearance of State-Modified National Forms and State-Created Forms

The following provides guidance on obtaining approval of State-modified and State-created forms.

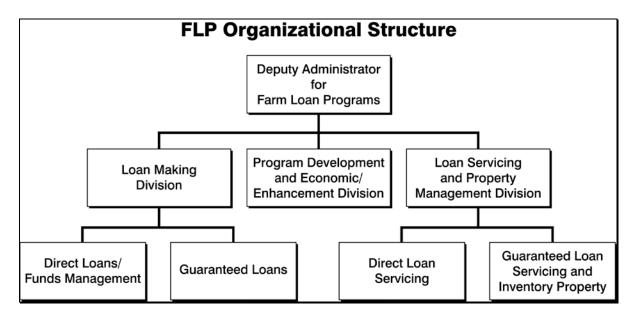
Instrument	State Office Action	National Office Action
New	In SDMS, submit the following for prior approval:	Coordinate the
State-modified		development of the form
and	• State supplement that requires using the form	with the appropriate
State-created forms.	Notes Culturit somewately all the Ctate	National Office area.
TOTHIS.	Note: Submit separately all the State supplements for forms in the 2000 series.	Review and ensure nondiscrimination, privacy act, and public
	electronic or scanned copy of National or State-created form, providing modifications needed	burden statements are included, as needed.
	revised instructions for completion for National forms if analizables as instructions for	Send proposal to State for approval.
	form, if applicable; or instructions for completion for State-created form.	Coordinate uploading form and instructions for
	Notes: Include margins, font size, and any other specific requirements for forms that will be filed.	completion to http://intranet.fsa.usda. gov/dam/ffasforms/form s.html when state
	State-obtained OGC approval of form may be requested during National Office review.	supplement is approved.
Existing State-modified	In SDMS, submit the following for prior approval:	Review and ensure that current
and State-created forms	electronic or scanned copy of form indicating needed changes	nondiscrimination, privacy act, and public burden statements are
	electronic or scanned copy of instructions for completion, as needed	included, as needed.
	• State supplement that requires using the form, only if changes are needed.	Send proposal to State for approval.
		Coordinate uploading form and instructions for completion to http://intranet.fsa.usda. gov/dam/ffasforms/form s.html.

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4 FLP Organizational Structure

A National Office FLP Organizational Structure

The following is the National Office FLP organizational structure.



B Contacts for the Office of the Deputy Administrator

The following provides the address for the Office of the Deputy Administrator.

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

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

The following provides names, titles, and telephone and FAX numbers for the Office of the Deputy Administrator.

Office of the Deputy Administrator FAX Number 202-690-3573		
Name Title Phone Number		
* * *	* * *	* * *
Melody Hinmon	Administrative Support Specialist	202-720-4671
William Cobb	Assistant Deputy Administrator	202-720-1059
Dana Richey	Assistant to the Deputy Administrator	202-260-8163

C LMD Contacts

The following provides names, address, and telephone and FAX numbers for LMD.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LMD STOP 0522	USDA FSA DAFLP LMD ROOM 3629
1400 INDEPENDENCE AVE SW	SOUTH BUILDING
WASHINGTON DC 20250-0522	1400 INDEPENDENCE AVE SW
	WASHINGTON DC 20250-0522

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

LMD FAX Number 202-720-6797			
Office of the Director			
Name	Title	Phone Number/Address	
John Tamashiro	Deputy Director	202-720-5199	
Mike Moore	Assistant to the Director	202-690-0651	
Carrie Novak	Senior Loan Officer	202-720-1643	
Fernando Pineiro	Program Analyst	202-720-2558	
Crystal Davis	Secretary	202-720-3889	
	Direct Loans/Funds Manage	ment Branch	
Russ Clanton	Branch Chief	202-690-0214	
Norman Cummins	Senior Loan Officer	202-720-3168	
* * *	* * *	* * *	
Jerry Moseman	Senior Loan Officer	202-690-4006	
Joseph Scott	Senior Loan Officer	202-690-2854	
Ann Smith	Senior Loan Officer	202-720-1656	
Anne Steppe	Senior Loan Officer	202-690-4017	
	Guaranteed Loans B	Branch	
Randi Sheffer	Branch Chief	202-205-0682	
Misty Crigger	Senior Loan Officer	202-690-5297	
Steve Ford	Senior Loan Officer	202-304-7932	
Matthew Henderson	Senior Loan Officer	202-720-5847	
Heather Lutman	Senior Loan Officer	202-401-0143	

D PDEED Contacts

The following provides names, address, and telephone and FAX numbers for PDEED.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP PDEED	USDA FSA DAFLP PDEED
STOP 0521	ROOM 3622 SOUTH BUILDING
1400 INDEPENDENCE AVE SW	1400 INDEPENDENCE AVE SW
WASHINGTON, DC 20250-0521	WASHINGTON, DC 20250-0521

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

PDEED FAX Number 202-690-3573			
Office of the Director			
Name	Title	Phone Number/Address	
Courtney Dixon	Director	202-720-1360	
Niki Chavez	Deputy Director	202-690-6129	
Thomas Dobbin	Chief Appraiser	208-378-5671	
Linda Baldwin	Program Analyst	202-720-5489	
Lorraine Campbell	Senior Writer/Editor	202-690-2850	
Robert Fleming	LRA-Southeast	803-696-3410	
	States covered:	Manning-Clarendon USDA Service Center	
	AL, AR, FL/VI, GA, LA,	7 W Rigby St.	
	MS, NC, PR, SC, and TN	Manning SC 29102	
* * *	* * *	* * *	
Jennifer Haley	Program Analyst	202-720-9898	
Donald Howard	LRA-West	503-404-1123	
	States covered:	Oregon FSA State Office 7620 SW Mohawk	
	AK, AZ, CA, CO, ID, KS,	Tualatin, Oregon 97062	
	HI-Guam, MT, ND, NE,		
	NM, NV, OK, OR, SD, TX,		
	UT, WA, and WY		
Shwe Htee	Program Assistant	202-690-2549	
Mike Ittel	LRA-Midwest	320-251-7800, Ext. 117	
	States covered:	Stearns USDA Service Center 110 2nd Street South, Suite 125	
	IA, IL, IN, MI, MN, MO, and WI	Waite Park, MN 56387	

D PDEED Contacts (Continued)

PDEED FAX Number 202-690-3573			
Office of the Director			
Name	Title	Phone Number/Address	
Tracy Jones	Agricultural Loan and	202-720-6771	
	Grants Program		
	Specialist		
Kristina Martorano	Program Analyst	202-690-2517	
Dirk Nysveen	Senior Loan Officer	701-893-2239	
Sheila Oellrich	Program Analyst	202-720-2990	
Marquita Peoples	Program Analyst	202-720-8320	
Chris Tarr	LRA-Northeast	* 315-835-6034 *	
	States covered: CT, DE, KY, MA, ME, MD, NH, NJ, NY, PA, OH, RI, VA, and WV	Seneca Falls USDA Service Center 2041 US Route 20, Suite 1 Seneca Falls, NY 13148	
Vernon Tesch	RRA-West States covered: AK, AZ, CA, CO, ID, KS,	406-629-3226 Big Horn USDA Service Center 724 3rd ST W Hardin, MT 59034-1604	
	HI-Guam, MT, ND, NE, NM, NV, OK, OR, SD, TX, UT, WA, and WY		
Gretchen Thomas	National Office FLP Training Coordinator	205-553-1733, Ext. 115	

Notes: Regional Appraiser can refer to a LRA or RRA.

See Exhibit 6 for Regional Appraiser area of responsibility map.

E LSPMD Contacts

The following provides names, address, and telephone and FAX numbers for LSPMD.

For USPS delivery	For FedEx or UPS delivery
USDA FSA DAFLP LSPMD	USDA FSA DAFLP LSPMD
STOP 0523	ROOM 3627 SOUTH BUILDING
1400 INDEPENDENCE AVE SW	1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0523	WASHINGTON DC 20250-0523

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				
Branch E-n	Branch E-mail: RA.dcwashing2.FSA-AdmException			
Name				
Craig Nehls	Deputy Director	202-720-1984		
Catrina Collins-Shultz	Program Support Assistant	202-720-4572		
Direct Loan Servicing Branch FAX Number 202-720-5804 e-mail SM.FSA.DCWa2.AdmException or adminexception@usda.gov e-mail SM.FSA.DCWa2.DirectLoans or fsa-directloans@wdc.usda.gov				
Bruce Mair	Branch Chief	202-720-1645		
Jacqueline King	Program Analyst	202-720-2820		
* * *	* * *	* * *		
Richard Cardona-Diaz	Senior Loan Officer	202-720-0078		
Mary Durkin	Senior Loan Officer	202-720-1658		
Sharilyn Hashimoto	Sharilyn Hashimoto Senior Loan Officer 202-720-2743			
Jonathan (Lee) Nault	Senior Loan Officer	202-720-6834		
* * *	* * *	* * *		
Creg Ivison	Senior Loan Officer	202-720-1557		
Susan (Sue) Eilertson	Program Analyst	202 690-9142		

E LSPMD Contacts (Continued)

Guaranteed Loan Servicing and Inventory Property Management Branch FAX Number 202-720-5804			
Name Title Phone Number			
Jeff King	Branch Chief	202-720-1651	
Patricia Elzinga	Senior Loan Officer	202-690-1729	
Rebecca Minter	Senior Loan Officer	202-690-9200	
Theresa Null	Senior Loan Officer	202-720-7862	
Cynthia Pawlikowski	Senior Loan Officer	202-720-0900	
Matthew Richter	Senior Loan Officer	202-720-8768	
Megan Everswick	Loan Officer	202-720-7205	

5 NFAOC Contacts

A NFAOC Contact Information

The following provides name, address, telephone, and FAX numbers for the main points of contact in NFAOC.

Note: There are now different contacts for Direct Loan Servicing and Guaranteed Loan Servicing.

B Direct Loan Servicing

The following provides the Direct Loan Servicing address.

*__

For USPS Delivery	For FedEx or UPS Delivery
USDA Rural Development	USDA Rural Development
NFAOS, FaSB,	Attn: NFAOC FaSB, FC-1311
Fc-1311	Building 105E - Dock Delivery
Building 104	4300 Goodfellow Blvd.
4300 Goodfellow Blvd. #1321	St. Louis, MO 63120-1703
St. Louis, MO 63120-1703	

-->

B Direct Loan Servicing (Continued)

The following provides contact information for the Direct Loan, FaSB.

Direct Loan, FaSB Telephone Number 314-457-6404 ECM FAX Number 314-457-4539						
Name	Title Phone Number State Assignment					
Cynthia Haas	Branch Chief	314-457-4121				
Shantaye Gladney	Lead Accountant	314-679-6716				
Sharon Maull	Lead Accountant	314-457-4146				
Betty Nunnery	Accountant	314-679-6850				
Joseph Council	Accountant	314-679-6837	*ND			
Samuel Kayser	Accountant, Intern	314-679-6734				
Susan Pennock	Accounting Technician	314-679-6835	TX, PR			
Tracy Bozzo	Accounting Technician	314-457-4193	DE, GA, IA, MD, UT			
Kathleen Farid	Accounting Technician	314-679-6826	CO, ME, OR, VT, WY*			
Lawrence Mullen	Accounting Technician	314-679-6834	KS, MA, MI, MO, MT, PA, RI, SC, WV, WI			
Barbara Lee	Accounting Technician	314-679-6846	AL, AZ, CT, IL, IN, LA, NH, OK, VA			
Byron Luster	Accounting Technician	314-679-6848	AR, MN, MS, NE, NV, NJ, OH, WA, GU, WP			
Brenda Williamson	Accounting Technician	314-679-6829	*CA, NY, NM, SD, TN			
Stephon Jenkins	Accounting Technician	314-457-4127	ID, KY, NC			
Nora Nelson	Accounting Technician	314-457-4131	AK, FL, HI, VI*			

C Guaranteed Loan Servicing

The following provides the Guaranteed Loan Servicing address.

For USPS, FedEx, or UPS Delivery		
USDA, Rural Development		
Farm and Community Services Branch, FC-1321		
NFAOC, Building 104		
4300 Goodfellow Blvd		
St. Louis, MO 63120		

C Guaranteed Loan Servicing (Continued)

The following provides contact information for the Guaranteed Loan, FCSB.

Guaranteed Loan, FCSB					
	Main Line 314-457-6402 ECM FAX Number 314-457-4539				
Name Title Phone Number Assignments					
Sharon Sachs	Branch Chief	314-679-6804			
Richard Lahr	Lead Accountant	314-457-4206			
Kim Dixon	Accountant	314-457-4325	RD programs only		
Katrina Holloway	Accountant	314-457-4080	RD programs only		
Monique Kelly	Accountant	314-457-4103	*AR, CO, IA, LA, MN,		
			NY, ND, TN, WV, PR		
Mary Jordan	Accounting	314-679-6831	AK, AZ, CA, CT, DE, FL,		
	Technician		GA, HI, IL, KS, ME, MD,		
			MA, MT, NE, NH, NM,		
			NV, RI, SC, SD, VT, WP,		
			VI		
Barbara Jungenberg	Financial Specialist	314-679-6805	AL, ID, IN, KY, MI, MS,		
			MO, NC, NJ, OH, OK,		
			OR, PA, TX, UT, VA,		
			WA, WI, WY*		
* * *	* * *	* * *	* * *		

D Debt Collection

The following provides DCIB address.

For USPS Delivery	For FedEx or UPS Delivery
USDA, RURAL DEVELOPMENT,	USDA, RURAL DEVELOPMENT
NFAOC, DCIB, FC-1331	ATTN: (Insert Name), NFAOC, DCIB, FC-1331
BUILDING 104	BUILDING 105E - DOCK DELIVERY
4300 GOODFELLOW BLVD # 1331	4300 GOODFELLOW BLVD
SAINT LOUIS MO 63120-1703	ST. LOUIS, MO 63120

D Debt Collection (Continued)

The following provides contact information for DCIB.

DCIB				
Telephone Number 314-679-6870				
ECM FAX Number 314-457-4478				
	_	umber 314-679-687	-	
*D	CIB E-Mail Address:			
Name				
Lisa Randolph	Branch Chief	314-679-6851		
Mariella Harstick	Accountant	314-679-6863	FLP Internal Administrative	
			Offset (IAO) Reporting; FLP	
			IAO Refund Notifications	
Wyvone Haymon	Accountant	314-679-6864	FLP TOP Timeline Notifications	
			and ADPS Screen Messages;	
			FLP Cross Servicing Cash,	
			Recalls, Repayment Agreements	
			and Compromise Offers	
Shanna Jones	Accountant	314-457-4027	FLP Cross Servicing Referrals;	
			FSA-2721 Analysis	
Katina Mims	Accountant	314-679-6833	FLP TOP Referrals, FLP TOP	
			Weekly Updates, FLP	
			Commercial Credit Bureau	
			Reporting	
Charles Spencer	Accountant	314-679-6868	FLP TOP Refunds (FSA-2722);	
			FLP Debt Exposure Report;	
			Bankruptcy Notifications	
Karen Johnisee	Financial Specialist	314-679-6865	FLP Federal Salary Offset; FLP	
			Cross Servicing Proof of Debt	
			and Disputes; FLP and RD	
			CAIVRS; PLAS Coupons	
Karen Warr	Lead Accountant	314-457-4291*		

E Program Reporting

The following provides PRB address.

For USPS Delivery	For FedEx or UPS Delivery
USDA, RURAL DEVELOPMENT,	USDA, RURAL DEVELOPMENT
NFAOC, PRB, FC-1332	ATTN: (Insert Name), NFAOC, PRB, FC-1332
BUILDING 104	BUILDING 105E - DOCK DELIVERY
4300 GOODFELLOW BLVD # 1332	4300 GOODFELLOW BLVD
SAINT LOUIS MO 63120-1703	ST. LOUIS, MO 63120

E Program Reporting (Continued)

The following provides contact information for PRB.

PRB				
Telephone Number 314-457-4310				
	FA	X Number 1-844-2	241-4641	
Name	Title	Phone Number	Assignments	
Debra Deters	Branch Chief	314-457-4307		
Liz Ecker	Accountant	314-679-6704	RC 531, RC 533, RC 534, RC 535,	
			RC 540, RC 541, RC 542, RC 543,	
			RC 544, RC 547, RC 565, RC 606,	
			RC 655, RC 676, RC 692, RC 830,	
			RC 950; FSA-2065;	
			IRS Form 1099-INT, IRS Form 1098	
Jaemi Lovellette	Accountant	314-457-4321	RC 960/961; FSA-2585;	
			IRS Form 1099-A	
Jessica Ly	Accountant	314-457-4319	RC 970/971; County Information	
			File; IRS Form 1099-C	
Timothy Orf	Accountant	314-457-4256	RC 573, RC 593, RC 595, RC 597,	
			RC 661	
Eric Ray	Accountant	314-457-4323	RC 980/981; IRS Form 1099-G	

F Cash Management Disbursement Branch

The following provides CMDB address.

Mailing Address

*--USDA/RURAL DEVELOPMENT

NFAOC, CMDB, FC-1412

4300 GOODFELLOW BLVD

ST. LOUIS, MO 63120--*

The following provides contact information for CMDB.

Note: For EFT validations, call the CMDB main line at 314-457-4031.

Cash Management Disbursement Branch Main Line 314-457-4031			
	ECM Fax Number 314-457-437	71	
Name Title Phone Number			
*Edwin Henry	Branch Chief	314-457-4037	
Deborah Stokes	Lead Accountant	314-679-6840	
Wilfredo DeLaTorre	Lead Accountant	314-457-4003	
Charles Butler	Accountant	314-457-4173	
Julie Carlson	Accounting Technician	314-457-4022	
Sylvester Cooks	Financial Specialist	314-457-4034	
JoAnn Fults	Accountant	314-457-4025	
Erin Greco	Accountant	314-679-6728	
Teressa Henry	Accountant	314-457-4011	
Curtis Hunt	Accounting Technician	314-457-4093	
Nicole Loepker	Accountant Intern	314-679-6624	
Dorothy Wise	Financial Specialist	314-457-4016*	

G Cash Management Collections Branch

The following provides Cash Management Collections Branch address.

g A	g Add

USDA/RURAL DEVELOPMENT

NFAOC, CMCB, FC-1411

4300 GOODFELLOW BLVD

ST. LOUIS, MO. 63120-1703

G Cash Management Collections Branch (Continued)

The following provides contact information for Cash Management Collections Branch.

Cash Management Collections Branch Main Line 314-457-4023 ECM Fax Number 314-457-4370					
*Sharon Gottlieb	Branch Chief	314-457-4026			
Candy Wall	Accountant Team Leader	314-457-4017			
Janet Pearson	Financial Specialist	314-457-4004	WA		
CeSandera Shumpert	Accountant	314-457-4035	ND		
BethAnn Willis	Accountant Intern	314-457-4054			
Lanita Blanks	Accounting Technician	314-457-4188	HI, MI, MS, NC, TN, VA, WV		
Becky Crossin	Accounting Technician	314-457-4033	AK, CA, FL, GU, IL, KS, KY, MN, MT, OH, OK, PR, SD, TX, UT, VI		
Jacqueline Hackney	Accounting Technician	314-457-4013	AR, CO, CT, DE, ID, IN, LA, MA, ME, MO, NE,NH, NJ, NM, NV, OR, RI, SC, WI, WY		
Donna Trice	Accounting Technician	314-457-4213	AL, AZ, DE, GA, IA, MD, NY, PA, VT*		
William Shelton	Lockbox Accounting Technician	314-457-4019			

6-20 (Reserved)

Part 2 FLP Authorities

21 Overview

A Purpose

This Part provides information and guidance on:

- FSA's authority to administer FLP
- delegating loan approval, loan servicing, 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 FFAS 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.

[7 CFR 761.1] (a) The Administrator delegates the responsibility to administer Farm Loan Programs of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) to the Deputy Administrator for Farm Loan Programs subject to any limitations established in 7 CFR 2.16 (a) (2) and 7 CFR 2.42.

*--(b) The Deputy Administrator:

(1) Delegates to each State Executive Director within the State Executive Director's jurisdiction the authority, and in the absence of the State Executive Director, the person acting in that position, to act for, on behalf of, and in the name of the United States of America or the Farm Service Agency to do and perform acts necessary in connection with making and guaranteeing loans, such as, but not limited to, making advances, servicing loans and other indebtedness, and obtaining, servicing, and enforcing or releasing security and other instruments related to the loan. For actions that do not result in a loss to the Farm Service Agency, a State Executive Director may redelegate authorities received under this paragraph to a Farm Loan Chief, Farm Loan Specialist, District Director, Farm Loan Manager, or Senior Farm Loan Officer, Farm Loan Officer, Loan Analyst, Loan Resolution Specialist, or Program Technician.

(2) May establish procedures for further redelegation or limitation of authority.--*

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; the format provided in subparagraph B may be used.

Note: When a delegation is made to a specific individual, a specific memorandum must be sent to that person, with copies maintained in the appropriate files. However, if SED delegates a position, such as "All DD's" or "All FLP Specialists", then a State Supplement to the handbook should be issued establishing the delegation. Only positions should be used and not individual names.

• 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 revised or revoked 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, FLC, or FLM who issued the original delegation changes. The new SED, FLC, or FLM may modify delegations according to subparagraph C.

•*--Delegated authority for procurement of appraisal services is obtained from the AMD Director. The AMD Director may revoke the delegation.--*

General Delegation Requirements (Continued)

B Sample Delegation Letter

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

To: Name	
Title	
Subject: D	elegation of Authority
In my author authority(ies	ity as (Title of Delegator), I hereby delegate to you the following):
•	
•	
•	•
This/these de	elegation(s) will continue until revoked or revised in writing.
(Signature)	
(Title)	
(Date)	
cc: State Off	ice (2 copies)

C Revising and Revoking Delegated Authority

SED, FLC, 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 or FLC 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.

*--D Delegation of Authority for APOC

APOC delegation is provided according to subparagraph 141 J.--*

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. FLC may delegate authorities in Exhibit 7, subparagraph B to AS, LOA, or LRS, who have demonstrated experience and have received adequate training.

C Service Center Employees

FLP authorities, except those in Exhibit 7, subparagraph A, are inherent to the positions of FLM and SFLO. FLM and SFLO may delegate authorities in Exhibit 7, subparagraph B to FLO, LOA, 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, in consultation with FLC, may delegate authorities to CED's who are deemed by them to have demonstrated experience and have received adequate training.

--Note: FLOT's are FLO's in training, therefore, may be delegated authorities according to Exhibit 7 as proficiencies are demonstrated. Caution should be taken, however, not to overburden FLOT's with duties not associated with their current position.--

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.

*--However, SED may increase the loan approval authority of FLO-GS-11 who is acting FLM for an extended period of time, because of a vacancy or illness, to that of FLM-GS-11 or FLM-GS-12 level, if justified by the employee's performance and FSA's need.

The loan approval authority for employees temporarily promoted, according to 3-PM, paragraph 47, will increase for the duration of the temporary promotion.--*

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: The 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	
Subj	ect: D	elegation of Authority
You	are herel	by designated to serve as Acting (Title of Delegator), from (Starting Date) to
*	_	e). I hereby delegate to you all rights, privileges, and powers of the position
(exc	ept the fo	ollowing:
•		
•		
• _)
(Sign	nature)	
(Titl	le)	
(Dat	te)	
cc: S	State Offi	ice (2 copies)

23 State Office and Service Center Authorities (Continued)

E Limitations on Inherent Authorities

SED must:

- provide a State Office employee, FLM, or SFLO written notification of any limitations on inherent authorities
- limit inherent authorities of employees selected as DD, FLS, FLM, or SFLO who have not completed required training.

F Redelegating SED Authorities

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 designated State staff appraiser
- authority to approve subordinations, or release and refiling lien instruments instead of subordinations, to FLC, FLS, or DD
- authority to approve severance agreements to FLC, FLS, or DD
- authority to approve surface leases for farm property no longer in use (such as old barns)
 or for nonfarm purposes (such as wind turbines, communication towers, or other similar
 installations) to FLC, FLS, or DD
- authority to approve transfer and assumption to FLC, FLS, or DD
- •*--authority to waive real estate appraisal (requirement for CMVB when chattel security appraised value exceeds total) debt to FLC, FLS, and/or DD--*
- authority to approve PLS where the borrower (or any entity member) has received PLS two or more times in the previous 5 years to FLC.

23 State Office and Service Center Authorities (Continued)

F Redelegating SED Authorities (Continued)

SED's may **not** redelegate their authority to:

- approve any action that will result in a loss to the Government
- approve voluntary conveyance
- approve subordination of real estate security for operating-type loan purposes
- approve release of chattel or real estate security because of mutual mistakes, valueless liens or without compensation
- approve cancellation of undisbursed loan funds after all PLS options have been exhausted
- approve alternative repayment agreements in lieu of offset
- request an Administrator's exception.

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 Administrative Appraisal Reviews

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

25 Delegating Loan Approval Authority

A Receiving Approval Authority

Loan approval authority must be obtained by:

- employees hired as FLO's
- employees who have not been previously delegated loan approval authority and are selected for a DD or FLS position
- CED's designated to obtain loan approval authority according to subparagraph C.

To obtain loan approval authority, employees must:

- complete Phase 1 of the FLOT program according to 6-PM, Part 13
- *--Note: All trainees (DD, FLS, FLM, FLO, FLOT and CED) have 1 calendar year to complete Phase 1 required training and testing, as stated in 6-PM, subparagraph 198 A.
- complete Phase 2 of the FLOT program as follows:
 - FLM's, FLO's, FLOT's and CED's working toward obtaining loan approval authority shall:
 - meet the State-established credit quality standards on a minimum of 5 but not more than 7 independently prepared files, of which at least 2 must be term loans
 - be required to submit additional loan files meeting the State-established credit quality standards, until the trainee demonstrates the ability to make good credit decisions and analyze the operation proficiently

Note: The trainer, DD, and FLC will establish the number of files required.

• be placed on OTI or PIP, as appropriate, if the trainee's 3 of the maximum of 7, independently prepared loan files fail to meet the State-established credit quality standards

Note: If the trainee is placed on OTI or PIP because of failure to meet the State-established credit quality standards on the required independently prepared loan files, this action must be documented in the comments section of FLOTRACK.

• submit, at the end of the OTI or PIP, a new set of loan files that meet the State-established credit quality standards. If the trainee's 3 of the maximum of 7 independently prepared loan files again fail to meet the State-established credit quality standards, follow 6-PM, subparagraph 198 D to determine next action--*

A Receiving Approval Authority (Continued)

- have an additional 1 calendar year to complete Phase 2 and be delegated loan approval authority, after completing Phase 1, training
- DD's and FLS' working toward obtaining loan approval authority shall:
 - meet the State-established credit quality standards on a minimum of 3 files of which at least 1 must be a term loan. Not more than 4 files may be submitted to meet this requirement
 - submit a minimum of 4 acceptable file reviews. Not more than 6 file reviews may be submitted to meet this requirement

Note: When recording trainee file reviews in FLOTRACK Docket information, *--choose "Docket Type:

- File Review Direct Loan
- File Review Guaranteed Loan (SEL)
- File Review: PLS.--*
- be placed on an OTI or PIP as appropriate, if the trainee's:
 - 3 of the maximum of 4 independently prepared loan files fail to meet the State-established credit quality standards
 - 4 of the maximum of 6 file reviews are not acceptable.

Note: If trainee is placed on an OTI or PIP due to failure to meet the State-established credit quality standards on the independently prepared loan files or file reviews, this action must be documented in the "Comments" section of FLOTRACK.

• submit, at the end of the OTI or PIP, a new set of loan files that meet the State credit quality standards

Note: If the trainee's 3 of the maximum of 4 independently prepared loan files again fail to meet the State-established credit quality standards, or 4 of the maximum of 6 file reviews are not acceptable, follow 6-PM, subparagraph 198 D to determine next action.

• have an additional 6 months to complete Phase 2 and be delegated loan approval authority, after completing Phase 1 training.

A Receiving Approval Authority

Employees selected for positions designated to obtain loan approval authority must submit the required loan and servicing actions for delegated authorities to the State Office for review within 12 months of completing the comprehensive test unless outlined differently in their Individual Development Plan (IDP). SED may extend this timeframe based on extenuating circumstances.

Required files to be submitted to receive loan approval authority will be 2 direct loans (not youth loans), 2 primary loan servicing and 1 guaranteed loan (SEL only). FLC may make substitutions per national handbook.

Files submitted for receiving loan approval authority will be reviewed prior to loan and/or servicing approval (pre-approval) and after the loan and/or servicing is closed (post-closing). The pre-approval review is to capture the quality of the loan official's independent work before any necessary corrections are made for approval of the loan and/or servicing. Items marked "No" on the pre-approval review are expected to be corrected prior to approval but will not change in the post-closing review. The credit quality score will be finalized after the post-closing review is completed.

A Receiving Approval Authority (Continued)

The files trainees submit for State Office review and approval must be of sufficient complexity to reflect the ability to make good credit decisions and analyze an applicant's or borrower's operation. The files submitted must include **all** of the following types of loans:

direct loans

--Notes: May submit no more than 1 Microloan.--

May **not** submit youth loans.

- guaranteed loan applications from SEL only
- PLS applications.

Notes: In cases where SEL and/or PLS applications are **not** available, FLC may substitute direct loans, excluding youth loans, to meet this requirement.

When substituting a direct loan for SEL and/or PLS, note "File Substitution for SEL or PLS" in the "Comments" section.

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

B Failure to Receive Loan Approval Authority

Follow 6-PM, subparagraph 198 D if an employee (DD, FLS, FLM, FLO, or FLOT) whose position description requires the employee to obtain loan approval authority, or CED designated to obtain loan approval authority, does not successfully meet the criteria in subparagraph A.

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
- while completing the FLOT program and working toward obtaining loan approval authority, agrees to have added to the performance plan under Program Management, Execution of Duties, or similar element the following standard, "Successfully completes assigned training and training activities within established timeframes"

C CED Loan Approval Authority (Continued)

• is able to perform the duties according to 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 FLOT program
- meets the requirements established in subparagraph A.

CED's, who held FLP loan approval authority **within** the previous 12 months immediately before the SED designation, may submit a statement requesting waiver of additional training. SED, in consultation with FLC and DD, shall determine any training required before CED is delegated loan approval authority.

CED's, who held FLP loan approval authority but **not** within the previous 12 months immediately before the SED designation, must submit the number of independently prepared files required under subparagraph A. SED, in consultation with FLC and DD, shall evaluate the CED's knowledge of **current** FLP loan requirements, financial analysis, and FBP to determine required training before CED is delegated loan approval authority.

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, SFLO, or FLP team servicing the office or area needs additional help.

Notes: The requirement established in subparagraph 27 D shall be considered when evaluating this condition.

D Circumstances for Designating CED's (Continued)

FLM or SFLO is responsible for managing loan making and servicing activity in Service Centers considered to be Type 1 offices when CED with loan approval authority is headquartered in the office.

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

E COC Concurrence

COC will be required to concur in writing:

- with the additional FLP responsibilities that CED will be incurring
- that while CED is completing the FLOT program and working toward obtaining loan approval authority, has added to the performance plan under Program Management, Execution of Duties, or similar element the following standard, "Successfully completes assigned training and training activities within established timeframes".

F National Office Approval for CED's Receiving Loan Approval Authority

SED's shall submit FSA-2127 to the National Office to request approval for all CED's designated to obtain loan making and servicing authority by e-mailing the completed *--FSA-2127 to Gretchen Thomas, National Office FLOT Coordinator, at gretchen.thomas@wdc.usda.gov.--*

The National Office FLOT Coordinator will notify SED when DAFO and DAFLP approval has been granted.

26 Delegating Loan Servicing Authority

A Delegations to FLO

FLM or SFLO may delegate loan servicing authorities to FLO according to Exhibit 7, subparagraph B.

Note: Loan servicing authorities may be delegated to FLOT's who have the appropriate training and experience. Use caution in delegating authority to employees still in training.

B Delegations to PT

FLM or SFLO may delegate loan servicing authorities to PT, who has the appropriate training and experience, according to Exhibit 7, subparagraph B.

Delegating Loan Servicing Authority (Continued)

C Delegations to CED

See 27-PM, Exhibit 4.4 for FLP responsibilities that may be performed by CED's designated by SED to obtain loan servicing authority.

D Delegations to AS, LOA, and LRS

FLC, FLM, or SFLO may delegate loan servicing authorities to AS, LOA, or LRS who has the appropriate training and experience, according to Exhibit 7, subparagraph B.

27 Maintaining Approval Authority

A Employee Who Accepts New FLP Position Within the State

When an FLP employee with 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 in Another State

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 following:

- necessary actions for obtaining FLP loan approval in the new State
- •*--determining whether the employee will be required to submit dockets for review, and if so, the number of dockets to be submitted in the new State to determine whether approval authority will 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 files 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 FLM's, SFLO's, FLO's, and CED's Maintaining Loan Approval Authority

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

This will require that FLM's, SFLO's, FLO's, and CED's submit files that meet the credit quality standard established by SED and FLC in subparagraph 28 A, on a sufficient number of independently prepared files to show continued proficiency. Each State will set a minimum number, no less than 3, of files that must meet the standard. The files submitted for review must be of sufficient complexity to reflect the ability to make good credit decisions and analyze an applicant's or borrower's operation. Files submitted must meet the requirements in subparagraph 25 A.

D CED's Maintaining Responsibility for FLP Activities

SED, in conjunction with FLC, must determine whether circumstances warranting the granting of loan approval to CED continue to exist according to subparagraph 25 D. If the circumstances warranting the granting of loan approval authority no longer exist, CED should be advised their loan approval authority will be suspended. Suspension of loan approval authority based on these circumstances will not be considered as a performance issue.

CED's, with only loan servicing responsibilities, will be required at a minimum to service 10 case files according to their servicing authorities each year.

To meet the minimum number of files required each year, CED may be required to process cases outside of their immediate County Office area.

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

- PLS
- disaster set-aside
- subordinations
- partial releases.

E Failure to Maintain Loan Approval Authority

Follow appropriate PM directives for guidance if an employee, whose position description requires the employee to maintain loan approval authority, does not successfully meet the criteria in subparagraphs C and D.--*

^{*--}DD will be responsible for tracking the number of case files on which CED completed loan servicing actions.

27 Maintaining Approval Authority (Continued)

E Failure to Maintain Loan Approval Authority

Loan approval officials who fail to maintain loan approval authority will be placed on an Opportunity to Improve (OTI) within 30 days of having their loan approval authority revoked and performance reviews will reflect the failure to maintain loan approval authority.

If loan approval authority has been revoked, the loan approval official will receive training in the identified area(s) and be required to submit 1-2 files in the area(s) where issues were identified to the State Office for pre-approval credit quality review and approval of the action. These files will be reviewed prior to loan and/or servicing approval (pre-approval) and after the loan and/or servicing is closed (post-closing). The pre-approval review is to capture the quality of the loan official's independent work before any necessary corrections are made for approval of the loan and/or servicing. Items marked "No" on the pre-approval review are expected to be corrected prior to approval but will not change in the post-closing review. The credit quality score will be finalized after the post-closing review is completed.

The number of files to be reviewed during the OTI period will be a minimum of 2 and the maximum of 5 based on the identified documented weakness. The timeframe to submit the number of required files will be consistent with the employee's OTI. Employees will submit required files to the State Office for review and approval. If an employee does not obtain or maintain their loan approval authority within the specified timeframe of the OTI then the employee is subject to appropriate personnel action which may include reduction in grade or removal from service.

A Credit Quality Reviews

SED, after consulting with FLC, shall issue a State supplement establishing the method and standards, including what constitutes an acceptable score, for monitoring and evaluating the State's credit quality standards. The supplement must identify the minimum and maximum number of files that will be reviewed, as well as the frequency of credit quality reviews to obtain and maintain loan approval and servicing authority. These credit quality reviews will determine whether an employee's loan approval and/or servicing authority will be granted, revised, limited, or revoked.

Note: The State supplement must specify that if the office being reviewed made any loans using ARRA funds, a minimum of 1 file that used ARRA funds must be included in credit quality reviews.

In developing credit quality standards and completing reviews, States may use FSA-2103, FSA-2104, FSA-2119, FSA-2129, or any other alternative evaluation guide provided, and, at a minimum, must include the critical items from each of the following:

- FSA-2103, items 2M, 2Q, 2S, and 2U
- FSA-2104, items 2A, 2H, and 2I
- FSA-2119, items 2A, 2B, 2H, 2J, and 2M.
- •*--FSA-2129, items 2L, 2P, and 2R.--*

Each quarter FLC will review at least 2 restructured accounts, if available, to ensure that they are processed correctly. These reviews will be completed in conjunction with or in addition to reviews completed under subparagraph 27 C.

Notes: All completed FSA-2103's, FSA-2104's, FSA-2119's, FSA-2129's, and/or alternative evaluations must be filed in operational file FLP 1-4. No original or copy will be filed in the borrower case file.

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 FLP underwriting staff with loan approval and servicing authority, if resources are available
- 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.

28 Establishing Credit Quality Standards

A Credit Quality Reviews

Refer to NY Exhibit 1 of NY 1-FLP Amendment.

28 Establishing Credit Quality Standards (Continued)

B Continuing Education Requirements

- *--Employees who deliver FLP are strongly encouraged to complete at least one continuing education training activity each year. The training activity may include completing FSA-developed courses available in AgLearn, participating in National Office FLP hot topics training, or any other available courses in financial analysis and production management such as:
 - Extension Service webinars and workshops
 - non-FSA developed AgLearn courses
 - ABA or Farm Credit sponsored workshops and seminars
 - local community college workshops.

FSA-developed courses in AgLearn include the following.

Course Title	Target Audience		
Structuring Agricultural Loans	 Loan approval officials with 		
(AgLearn ID# FSA-HQ-DAFLP-19)	less than 3 years' experience		
	• FLOT's		
Problem Loan Identification and Workout	Employees with loan approval		
(AgLearn ID # FSA-HQ_DAFLP-20)	authority		
Financial Statement Consolidation			
(AgLearn ID# FSA-HQ-DAFLP-21)			
Lender File Reviews	Employees currently enrolled		
(AgLearn ID# FSA-HQ-DAFLP-LenderFileReview)	in FLOT training		
Servicing Bankrupt Borrowers			
(AgLearn ID# FSA-HQ-DAFLP-ServicingBankrupt)	• Loan approval officials, AS,		
	loan analyst and LRS with less		
	than 3 years' experience		

__*

29 Maximum Loan Authorities

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

Limitations on maximum loan amounts for OL, FO, and EM 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 and FO by providing for an annual adjustment based on the rate of inflation applicable to FY.

[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 at the time of loan closing or assumption of indebtedness. If the outstanding principal balance exceeds any of the limits at the time of approval, the farm operating plan must reflect that funds will be available to reduce the indebtedness prior to loan closing or assumption of indebtedness.

- (1) Farm Ownership, Down payment loans, Conservation loans, and Soil and Water loans:
- (i) Direct--\$300,000;
- (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);

--Notes: FY 2018 loan limit is \$1,399,000.--

This limit includes land contract guarantees.

- 29 Maximum Loan Authorities (Continued)
 - A OL, FO, CL, and EM Program Loan Limitations (Continued)
 - (iii)Any combination of a direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, and guaranteed Soil and Water loan-\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B);

--Notes: FY 2018 loan limit is \$1,399,000.--

This limit includes land contract guarantees.

- (2) Operating loans:
- (i) Direct--\$300,000;
- (ii) Guaranteed--\$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section) (subparagraph B);
- *--Note: FY 2018 loan limit is \$1,399,000.--*
- (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: FY 2018 loan limit is \$1,399,000.--*
- (3) Any combination of guaranteed Farm Ownership loan, guaranteed Conservation 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);

--Notes: FY 2018 loan limit is \$1,399,000.--

This limit includes land contract guarantees.

(4) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, and guaranteed Operating loan--the amount in paragraph (a)(1)(ii) of this section plus \$300,000;

--Notes: FY 2018 loan limit is \$1.699.000.--

This limit includes land contract guarantees.

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

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

(6) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan--the amount in paragraph (a)(1)(ii) of this section plus \$800,000.

--Notes: FY 2018 loan limit is \$2,199,000.--

This limit includes land contract guarantees.

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 LOC 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 according to 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: PLP and CLP lenders may provide future years' funds without prior FSA approval.

D Official Loan Approval Limitations for OL, FO, CL, and EM

The following identifies the maximum loan approval authority for OL, FO, CL, and EM by grade and title of 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. An 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 approval official for action.

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

D Official Loan Approval Limitations for OL, FO, CL and EM

The ability to raise loan approval authority limits for FLM's and senior FLO's who routinely show a higher than average loan making proficiency will be done through a Preferred Loan Official Status.

To obtain the Preferred Loan Official Status the following will be considered:

- Minimum of 3 years of experience after receiving loan approval authority
- DD recommendation of FLM or senior FLO for this status to FLC
- Average credit quality review scores of 90% or higher over past 3 year history
- Overall work quality and proven performance

Loan officials who have had loan approval or servicing authorities revoked or limited will not be considered for Preferred Loan Official Status until 3 years after having full authority reinstated and acceptable credit quality scores during that time.

Review of Preferred Loan Official loans for approval will be limited to eligibility, authorized loan purposes, feasibility and security. Monitoring of loans approved by Preferred Loan Officials will be done through the state's credit quality review process for all loan officials along with DD oversight visits, FLPRA and COR Reviews.

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

				FLM, DD, FLS, FLC,		
				or Senior		
Type of Loan		FLO	1	FLO	SED	
	GS-7	GS-9	GS-11	GS-11/12/13		
			tance type – l			
Guaranteed OL	\$100,000	\$200,000	\$400,000	\$700,000	*\$1,399,000	
Direct OL	\$50,000	\$100,000	\$175,000	\$225,000	\$300,000	
Guaranteed FO+SW+CL	\$0	\$175,000	\$400,000	\$700,000	\$1,399,000	
Land Contract Guarantee	\$0	\$125,000	\$150,000	\$225,000	\$500,000	
Direct FO+SW+CL	\$0	\$125,000	\$150,000	\$225,000	\$300,000	
Direct EM	\$50,000	\$100,000	\$150,000	\$300,000	\$500,000	
Maximum a	pproval for	combined a	ssistance typ	es – Limitatior	ı II	
OL Total Direct &	\$100,000	\$200,000	\$400,000	\$700,000	\$1,399,000	
Guaranteed						
FO+CL+SW+ Land	\$0	\$200,000	\$400,000	\$700,000	\$1,399,000	
Contract Total Direct &						
Guaranteed						
Total approval for multiple assistance types – Limitation III						
OL+FO+CL+SW+ Land	\$0	\$400,000	\$550,000	\$850,000	\$1,699,000	
Contract Total Direct						
and Guaranteed						
Total Guaranteed	\$100,000	\$400,000	\$550,000	\$850,000	\$1,399,000	
Total approval for FO, CL, OL, EM and Land Contract – Limitation IV						
OL+FO+CL+SW+EM+	\$0	\$400,000	\$550,000	\$850,000	\$2,199,000*	
Land Contract Total						
Direct and Guaranteed						

SED, in consultation with FLC, may raise the loan approval authority limits for FLM's and senior FLO's who routinely show a higher than average loanmaking proficiency by the following:

- direct loanmaking, increase up to an additional \$50,000
- guaranteed or a combination of direct and guaranteed loanmaking, increase up to an additional \$200,000.

SED, after consulting with FLC, shall issue a State supplement establishing the method and standards, including what constitutes higher than average proficiency, for monitoring and evaluating the basis for raising loan approval authorities. This State supplement must be submitted for preapproval.

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

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

Four loan approval criteria need to be considered when determining whether a loan is within an 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.

A loan official can determine an applicant eligible when the loan request exceeds the official's loan approval authority at the time eligibility is determined. This decision of eligibility will be reviewed by the approval official at the time of approval. However, a loan official cannot determine an applicant ineligible if the loan request exceeds their approval level at the time the decision is made. They can recommend that the applicant be determined ineligible, but since this determination will result in a loan being rejected it can only be made by an approval official whose approval authority level would allow them to approve the loan.

* * *

E Official Loan Approval Limitations for Nonprogram Loans

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

Type of Loan	FLM, SFLO GS-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 nonprogram loans. Any outstanding nonprogram loan balances will not affect the amount an applicant is eligible to receive under any other FLP.

*--F Loan Servicing Actions

See 4-FLP, 5-FLP, and 7-FLP for loan servicing authorities.--*

* * *

30-40 (**Reserved**)

G Limitations for Loan Servicing Actions

PLS actions may be approved by the FLC, FLS, DD, and FLM unless loan servicing authorities have been revised, limited or revoked. FLOs must have delegated authorities as listed in FSA Handbook 1-FLP Exhibit 7 to approve loan restructuring.

Part 3 Miscellaneous Procedures and Systems

41 Nondiscrimination in FLP

A Federal ECOA

FLP must comply with the provisions of ECOA and the implementing regulations of the Federal Reserve System published in 12 CFR Part 202, which requires in part, the following notice be included on all adverse decisions.

[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.

B USDA Nondiscrimination Policy

*--[7 CFR 15d.3(a)] No agency, officer, or employee of the USDA shall, on the ground of race, color, national origin, religion, sex, sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or gender identity, 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 USDA.

[7 CFR 15d.3(b)] No person shall be subjected to reprisal for opposing any practice(s) prohibited by this part, for filing a complaint, or for participating in any other--* manner in a proceeding under this part.

C ECOA Notice and USDA Nondiscrimination Statement on Adverse Decisions

Include the following combined ECOA notice and USDA 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.

*--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 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. USDA is an equal opportunity provider, employer, and lender.--*

D Nondiscrimination Statement on Advertisement of Sale for Inventory Property

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

*--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 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. USDA is an equal opportunity provider, employer, and lender.

If the material is too small to permit the full statement to be included, the material will at a minimum include the statement in print no smaller than the text.

"The USDA is an equal opportunity provider, employer, and lender."--*

E Nondiscrimination Statement on Materials for Public Information, Public Education or 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, brochures, and press releases. The statement shall be in English and languages appropriate to the local population.

*--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 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. USDA is an equal opportunity provider, employer, and lender.

If the material is too small to permit the full statement to be included, the material will at a minimum include the statement in print no smaller than the text.

"The USDA is an equal opportunity provider, employer, and lender."--*

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 complaints. The complainant will be notified of the final determination on his or her complaint.

--Note: If the borrower files a discrimination complaint with FLP personnel, FLP personnel will immediately submit it according to 18-AO, Part 7.--

[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.

* * *

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 agency 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 Monitoring Discrimination Complaints

State Offices will monitor accepted discrimination complaints to ensure compliance with subparagraphs G and I. LSPMD will maintain a file on all accepted discrimination complaints. LSPMD will notify the State Office when notified by the OCR:

- of an accepted discrimination complaint
- that a discrimination complaint has been closed.--*

I 2008 Farm Bill Acceleration and Foreclosure Moratorium

[7 CFR 766.358(a)]Notwithstanding any other provisions of this subpart, borrowers who file or have filed a program discrimination complaint that is accepted by USDA Office of Adjudication or successor office (USDA), and have been serviced to the point of acceleration or foreclosure on or after May 22, 2008, will not have their account accelerated or liquidated until such complaint has been resolved by USDA or closed by a court of competent jurisdiction. This moratorium applies only to program loans made under subtitle A, B, or C of the Act (for example, CL, FO, OL, EM, SW, or RL). Interest will not accrue and no offsets will be taken on these loans during the moratorium. Interest accrual and offsets will continue on all other loans, including, but not limited to, non-program loans.

Under the 2008 Farm Bill, there is a moratorium on the acceleration or foreclosure for certain borrowers who have a pending program discrimination complaint, or file a program discrimination complaint that is accepted as valid by OA.

When the State Office is notified by OCR or LSPMD that the borrower has an accepted complaint, it will process DLS Transaction "5G", using Descriptive Code "7" to establish the indicator for accounts that may be eligible for a moratorium. The effective date of the "5G" transaction will be the date the complaint was accepted by OA.

Note: State Offices will monitor all accounts flagged "OAC1". The State Office will process DLS Transaction "5H", using Descriptive Code "7" at the conclusion of the moratorium.

If the borrower has an accepted complaint at OA and the account is at the point of acceleration or in foreclosure, interest will not accrue and no offsets will be taken on any CL's, FO's, SW's, RL's, OL's, and EM's and any recoverable costs associated with these loans.

The moratorium will end on the date the claim is resolved.

If any requests for debt settlement or payoff during the moratorium are received, contact LSPMD.

*--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)

For the purpose of the 2008 Farm Bill noted in this subparagraph:

- FSA was not directed to suspend interest or offsets on any loans other than CL's, FO's, SW's, RL's, OL's, and EM's
- interest accrual and offsets will continue to be taken on other loans, including NP loans
- accounts that have no security remaining that have been accelerated or where all loans are
 mature, such as those classified as CNC, also will continue to accrue interest and be
 subject to offset.

Note: Other moratoriums as directed by the Secretary of Agriculture or the Administrator will be followed on their own terms and in some cases will interact with accounts affected by the 2008 Farm Bill.

[7 CFR 766.358(a)(1)] If the Agency prevails on the program discrimination complaint, the interest that would have accrued during the moratorium will be reinstated on the account when the moratorium terminates, and all offsets and servicing actions will resume.

[7 CFR 766.358(a)(2)] If the borrower prevails on the program discrimination complaint, the interest that would have accrued during the moratorium will not be reinstated on the account, unless specifically required by the settlement agreement or court order.

[7 CFR 766.358(b)] The moratorium will begin on:

- (1) May 22, 2008, if the borrower had a pending program discrimination claim that was accepted by USDA as valid and the account was at the point of acceleration or foreclosure on or before that date or
- (2) The date after May 22, 2008, when the borrower has a program discrimination claim accepted by USDA as valid and the borrower's account is at the point of acceleration or foreclosure.--*

*--I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)

For borrowers who:

- had a pending program discrimination claim **and** were at the point of acceleration or foreclosure as of May 22, 2008, the moratorium was effective as of May 22, 2008
- have a program discrimination claim accepted by OA after the effective date of the 2008 Farm Bill (May 22, 2008) **and** later reach the point of acceleration or foreclosure, the moratorium will begin at the point of acceleration or foreclosure
- are at the point of acceleration or foreclosure **and** then have a program discrimination claim accepted by OA after the effective date of the 2008 Farm Bill (May 22, 2008), the moratorium will begin on the date the claim is accepted by OA.

[7 CFR 766.358(c)] The point of acceleration under this section is the earliest of the following:

- (1) The day after all rights offered on the Agency notice of intent to accelerate expire if the borrower does not appeal;
- (2) The day after all appeals resulting from an Agency notice of intent to accelerate are concluded if the borrower appeals and the Agency prevails on the appeal;
- (3) The day after all appeal rights have been concluded relating to a failure to graduate and the Agency prevails on any appeal;
- (4) Any other time when, because of litigation, third party action, or other unforeseen circumstance, acceleration is the next step for the Agency in servicing and liquidating the account.

The point of acceleration is the **earliest** of the following:

- the day after all rights offered on FSA-2521 or FSA-2525 have expired, if the borrower does not appeal
- the day after all appeals resulting from FSA-2521 or FSA-2525 are concluded, if the borrower did appeal and FSA prevailed on the appeal
- the day after any appeal rights have concluded relating to the failure to graduate under 4-FLP, paragraph 48
- any other time when, because of litigation, third party action, or other unforeseen circumstance, acceleration is the next step for FSA in liquidating the account.--*

I 2008 Farm Bill Acceleration and Foreclosure Moratorium (Continued)

[7 CFR 766.358(d)]A borrower is considered to be in foreclosure status under this section anytime after acceleration of the account.

A borrower is considered to be at the point of foreclosure any time **after** acceleration.

The borrower will be notified of the temporary moratorium of interest accrual and offset by SED, or State Office designee, using FSA-2120 with a courtesy copy FAXed to FaSB according to subparagraph 5 B.

Note: The offset is **not** canceled, but only temporarily suspended until the claim is resolved.

FaSB will update the borrower's account to suspend interest accrual and offset activity.

[7 CFR 766.358(e)] The moratorium will end on the earlier of:

- (1) The date the program discrimination claim is resolved by USDA or
- (2) The date that a court of competent jurisdiction renders a final decision on the program discrimination claim if the borrower appeals the decision of USDA.

FSA-2121 will be used by SED, or State Office designee, to inform the borrower that the moratorium has ended. FaSB will be FAXed a courtesy copy and notified by separate correspondence of the requirements of any Settlement Agreement about interest accrual and offsets.

If FSA prevails, the suspended interest will be reinstated and interest accrual and offsets will immediately resume.

Nondiscrimination in FLP (Continued)

*--J Obtaining Civil Rights Clearance Prior to Acceleration

State Offices must contact the National Office for civil rights filing clearance prior to acceleration. Under no circumstance will FSA accelerate an account with an accepted civil rights complaint.

- See 5-FLP, subparagraph 533 B for requirements which must be met prior to submitting an account for civil rights filing clearance.
- See Exhibit 12 for an outline of the process to complete the civil rights filing clearance.
- See Exhibit 13 for information to be included in email to the National Office of civil rights clearance.
- See Exhibit 13.5 for instructions on servicing settlement claimants and National Office FLP programmatic reviews.--*

Nondiscrimination in FLP (Continued)

*--K Discrimination Complaints Accepted After Acceleration

If a discrimination complaint is accepted after the amount has been accelerated (or classified CNC if not accelerated), the account will be serviced according to subparagraph I and as follows.

- Foreclosure: if a discrimination complaint is accepted after referral to DOJ, then DOJ will
 decide if the foreclosure will proceed. Otherwise, under no circumstance will FSA
 foreclose an account with an accepted civil rights complaint. Foreclosure action may
 resume on an accelerated account after the discrimination complaint is closed and then
 only with the consent of DAFLP.
- <u>CNC</u>: an accelerated, foreclosed, or fully mature account which has an accepted discrimination complaint will not be classified as CNC until the discrimination complaint is closed and then only with the consent of DAFLP.
- <u>Cross-servicing</u>: an account at cross-servicing will be recalled if a discrimination complaint is accepted subsequent to referral to the Department of Treasury. See 7-FLP, subparagraph 222 A. After the discrimination complaint is closed, the account may be returned to Treasury for cross-servicing with the consent of DAFLP. See 7-FLP subparagraph 223 D.

State Office requests for DAFLP consent should be sent to **fsa-directloans@wdc.usda.gov** in a format similar to that shown in Exhibit 13. The email subject block should read "Requested for DAFLP Consent to ____(enter "Foreclose," "CNC," or "Return to Cross-Servicing," as appropriate) - Borrower's Name and State." The DAFLP Consent Clearance Process will be similar to Exhibit 12 --*

42 Appeals

A General Requirements

FLP 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. See 1-APP for FSA's appeal procedure.

Exceptions: For adverse decisions on:

• loan servicing requests under 5-FLP, use the appropriate forms and exhibits to notify borrowers

Note: Appraisals used for homestead protection, including appraisals used in exercising the option to purchase homestead property, or used to determine the amount due under shared appreciation agreements under 5-FLP, may be appealed according to paragraph 144 and 1-APP.

• nonprogram loan borrowers, see 4-FLP, paragraph 248.

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

See 1-APP for mandatory language about reconsideration, appeal, and ADR, to be included in adverse decision letters. Additional guidance may be issued under the APP notice series.

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:

- the appraisal is for PLS or preservation servicing and 5-FLP requires using a specific form or exhibit
- 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.

See 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.

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 State-certified general 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.

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 in subparagraph 41 C must be included in all adverse decision letters.

*--G Actions When Loan Servicing Denial Is Overturned in NAD Final Determination

1-APP, subparagraph 135 A requires that FSA implement a final determination not later than 30 calendar days after the effective date of the notice of final determination. An appeal determination is administratively final when the provisions of 1-APP, subparagraph 135 B have been met.

The authorized agency official will advise the borrower of the next steps to be taken in the loan servicing request within 5 workdays of the date the appeal decision becomes administratively final, or the date FSA determines that it will not pursue a further review of the hearing officer's decision, whichever comes first. The contact will be by telephone or in person, with a written followup.

1-APP, subparagraph 135 D provides that, according to FSA regulations, FSA may consider changes in the borrower's condition in implementing NAD's final determination. If there have been significant changes to the borrower's financial or farming situation since the date of the original FSA decision, only the information that has changed needs to be submitted or revised. Any revised or new documents must be initialed or signed, as appropriate, by both the borrower and the authorized agency official.

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

FSA may request updated financial or production information as the borrower's circumstances may have changed during the pendency of the appeal that may adversely affect the borrower's farming operation.

Note: Adversely affect means that a change unrelated to the issue resolved through the appeal will result in the borrower no longer being eligible for the loan servicing action requested, or the previously developed FBP not being feasible.

After completing the review and evaluation of all necessary revisions, the authorized agency official will approve or deny the loan servicing request according to the applicable FLP handbook. Any loan servicing denial will be handled according to 1-APP, subparagraph 135 E.

The State appeals coordinator will monitor receipt and implementation of final NAD determinations to ensure that they are properly and timely implemented.--*

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 2 CFR 180.115 and 417.10.

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

Obtain current copy of 2 CFR Parts 180 and 417 from the Internet at http://ecfr.gpoaccess.gov.

--See 1-APP, subparagraph 2 B for additional information.--

B Direct Loanmaking

Loan approval officials shall check the debarment and suspension list before providing FSA-2341 or FSA-2342, 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 https://www.sam.gov/portal/public/SAM. It is not necessary to create an account to search the Excluded Parties List System database. On the SAM Home Page, CLICK "Search Records". On the Search Records Screen, enter the name or DUNS number of the person or entity being checked for exclusion. SAM does not have DUNS or Cage Code identifiers for every record.

When matches are found, there may be instances where an individual or entity has the same or similar name as the search request but is actually a different party. Therefore, it is important to verify the intended search to the returned results. If the attorney, title company, title insurance company, or closing agent selected is debarred or suspended, the applicant must make a new selection.

A copy of the returned search record will be filed in the applicant's case file.

43 Debarment and Suspension (Continued)

C Guaranteed Loanmaking

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

- before submitting 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-2201 to the lender for the first time and then annually thereafter.--*

D Causes for Debarment or Suspension

The causes for initiating and the actions required to initiate:

- debarment are in 2 CFR Part 180, Subparts F and H, and 2 CFR Part 417, Subpart H
- suspension are in 2 CFR Part 180, Subparts F and G, and 2 CFR Part 417, 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 2 CFR 180.135.

44 Collecting and Coding Ethnicity, Race, and Gender Information

A Purpose

FSA collects ethnicity, race, and gender information for reporting purposes and to ensure that targeted funds are made available to SDA's and monitor SDA participation rates in FLP.

B Procedure for Collecting and Coding Ethnicity, Race, and Gender Information

FSA-2001, FSA-2211, FSA-2212, FSA-2301, FSA-2330, and FSA-2683 are used to request ethnicity, race, and gender information of the applicant. This information may be requested only on an FSA approved form. An applicant's response to this request is optional. However, the authorized agency official must inform all applicants that for an applicant to be *--eligible for targeted funds, FSA will need his or her ethnicity, race, and gender information.

When FSA receives a loan application, FSA will enter the ethnicity, race, and gender information into BP and GLS if guaranteed customer.--*

44 Collecting and Coding Ethnicity, Race, and Gender Information (Continued)

C Ethnicity, Race, and Gender Classifications

An applicant, including individual entity members, may identify:

- his or her ethnicity as either of the following:
 - Hispanic or Latino a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish Culture or origin, regardless of race
 - not Hispanic or Latino
- himself or herself as a member of 1 or more of the following races:
 - Asian a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam
 - American Indian or Alaskan Native a person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment
 - Black or African American a person having origins in any of the black racial groups of Africa
 - Native Hawaiian or other Pacific Islander a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands
 - White a person having origins in any of the original peoples of Europe, North Africa, or the Middle East
- his or her gender as male or female.

45 Allocating Loan Program Funds

A General

[7 CFR 761.201(a)] This subpart addresses:

- *--(1) The allocation of funds for direct and guaranteed FO, CL, and OL loans:--*
 - (2) The establishment of socially disadvantaged target participation rates; and
 - (3) The reservation of loan funds for beginning farmers.

[7 CFR 761.201(b)] The Agency does not allocate EM loan funds to State Offices but makes funds available following a designated or declared disaster. EM loan funds are available on a first-come first-served basis.

*--B Timing of the Allocation of FO, CL, and OL Funds

[7 CFR 761.202] The Agency's National Office allocates funds for FO, CL, and OL--* loans to the State Offices on a fiscal year basis, as made available by the Office of Management and Budget. However, the National Office will retain control over the funds when funding or administrative constraints make allocation to State Offices impractical.

[7 CFR 761.201(c)] State funding information is available for review in any State Office.

C National Reserves for FO and OL Funds

[7 CFR 761.203(a)] At the start of each fiscal year, the National Office reserves a portion of the funds available for each direct and guaranteed loan program. These reserves enable the Agency to meet unexpected or justifiable program needs during the fiscal year.

[7 CFR 761.203(b)] The National Office distributes funds from the reserve to one or more State Offices to meet a program need or Agency objective.

- 45 Allocating Loan Program Funds (Continued)
 - **D** Methods of Allocating Funds to State Offices
 - *--[7 CFR 761.204] FO, CL, and OL loan funds are allocated to State Offices using one--* or more of the following allocation methods:

[7 CFR 761.204(a)] Formula allocation, if data, as specified in § 761.205 (subparagraph 45 E), is available to use the formula for the State.

[7 CFR 761.204(b)] Administrative allocation, if the Agency cannot adequately meet program objectives with a formula allocation. The National Office determines the amount of an administrative allocation on a case-by-case basis.

[7 CFR 761.204(c)] Base allocation, to ensure funding for at least one loan in each State, District, or County Office. In making a base allocation, the National Office may use criteria other than those used in the formula allocation, such as historical Agency funding information.

- **E** Computing a Formula Allocation
- *--[7 CFR 761.205(a)] The formula allocation for FO, CL, or OL loan funds is equal to:--*
 - (1) The amount available for allocation by the Agency minus the amounts held in the National Office reserve and distributed by base and administrative allocation, multiplied by:

formula allocation = (amount available for allocation - national reserve - base allocation - administrative allocation) x State Factor

- (2) The State Factor, which represents the percentage of the total amount of the funds for a loan program that the National Office allocates to a State Office.
- [7 CFR 761.205(b)] To calculate the State Factor, the Agency:
- (1) Uses the following criteria, data sources, and weights:

E Computing a Formula Allocation (Continued)

CRITERIA	LOAN TYPE CRITERION IS USED FOR	DATA SOURCE	WEIGHT FOR *FO AND CL (percent)	WEIGHT FOR OL LOANS* (percent)
Farm operators with sales of \$2,500-\$39,999 and less than 200 days work off the farm	*FO, CL, and OL loans	U.S. Census of Agriculture	15	15
Farm operators with sales of \$40,000 or more and less than 200 days work off farm	FO, CL, and OL loans	U.S. Census of Agriculture	35	35
Tenant farm operators	FO, CL, and OL loans	U.S. Census of Agriculture	25	20
Three-year average net farm income	FO, CL, and OL loans	USDA Economic Research Service	15	15
Value of farm real estate assets	FO and CL*	USDA Economic Research Service	10	N/A
Value of farm non-real estate assets	OL loans	USDA Economic Research Service	N/A	15

- (2) Determines each State's percentage of the national total for each criterion;
- (3) Multiplies the percentage for each State determined in paragraph (b)(2) of this section by the applicable weight for that criterion;
- (4) Sums the weighted criteria for each State to obtain the State factor.
- F Pooling of Unobligated Funds Allocated to State Offices
- *--[7 CFR 761.206] The Agency periodically pools unobligated FO, CL, and OL loan--* funds that have been allocated to State Offices. When pooling these funds, the Agency places all unobligated funds in the appropriate National Office reserve. The pooled funds may be retained in the national reserve or be reallocated to the States.

A FLP notice will be issued before pooling of funds occurs.

G Distribution of Farm Loan Funds by State Offices

[7 CFR 761.207] A State Office may distribute its allocation of loan funds to District or County level using the same allocation methods that are available to the National Office. State Offices may reserve a portion of the funds to meet unexpected or justifiable program needs during the fiscal year.

H Target Participation Rates for Socially Disadvantaged Target Groups

[7 CFR 761.208(a)] (1) The Agency establishes target participation rates for providing *--FO, CL, and OL loans to members of socially disadvantaged groups.--*

- (2) The Agency sets the target participation rates for State and County levels annually.
- (3) When distributing loan funds in counties within Indian reservations, the Agency will allocate the funds on a reservation-wide basis.
- (4) The Agency reserves and allocates sufficient loan funds to achieve these target participation rates. The Agency may also use funds that are not reserved and allocated for socially disadvantaged groups to make or guarantee loans to members of socially disadvantaged groups.

*--I FO and CL's Based on Ethnicity or Race

[7 CFR 761.208(b)] The FO and CL loan target participation rate based on ethnicity--* or race in each:

- (1) State is equal to the percent of the total rural population in the State who are members of such socially disadvantaged groups.
- (2) County is equal to the percent of rural population in the county who are members of such socially disadvantaged groups.

J OL Based on Ethnicity or Race

[7 CFR 761.208(c)] The OL loan target participation rate based on ethnicity or race in each:

- (1) State is equal to the percent of the total number of farmers in the State who are members of such socially disadvantaged groups.
- (2) County is equal to the percent of the total number of farmers in the county who are members of socially disadvantaged ethnic groups.

K Target Participation Rate for Women Farmers

[7 CFR 761.208(d)] (1) The target participation rate for women farmers in each:

- (i) State is equal to the percent of farmers in the State who are women.
- (ii) County is equal to the percent of farmers in the county who are women.
- (2) In developing target participation rates for women, the Agency will consider the number of women who are current farmers and potential farmers.

L Loan Funds for Beginning Farmers

[7 CFR 761.209] Each fiscal year, the Agency reserves a portion of direct and guaranteed FO and OL loan funds for beginning farmers in accordance with section 346(b)(2) of the Act.

Direct FO and OL funds are reserved until September 1 of each FY. Beginning farmer downpayment funds are reserved until April 1 of each FY.

Note: Between April 1 and September 1 of each FY, beginning farmer downpayment funds may be used by any eligible beginning farmer.

Guaranteed FO and OL funds are reserved until April 1 of each FY.

Note: An FLP notice will be issued before the lifting of targets.

*--M CL Funds

[7 CFR 761.210(a)] The following applicants and conservation projects will receive priority for CL funding:

- (1) Beginning farmer or socially disadvantaged farmer;
- (2) An applicant who will use the loan funds to convert to sustainable or organic agriculture production system as evidenced by one of the following:
 - (i) A conservation plan that states the applicant is moving toward a sustainable or organic production system, or
 - (ii) An organic plan, approved by a certified agent and the State organic certification program, or
 - (iii) A grant awarded by the Sustainable Agriculture Research and Education (SARE) program of the National Institute of Food and Agriculture, USDA.--*

M CL Funds (Continued)

(3) An applicant who will use the loan funds to build conservation structures or establish conservation practices to comply with 16 U.S.C. 3812 (section 1212 of the Food Security Act of 1985) for highly erodible land.

N Transfer of Funds

[7 CFR 761.211] If sufficient unsubsidized guaranteed OL funds are available, then beginning on:

- (a) August 1 of each fiscal year, the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers and socially disadvantaged farmers under the Downpayment loan program; and
- (b) September 1 of each fiscal year the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers.

46 Maintaining Borrower Addresses and Service Center Office Codes

A Changing Borrower Address Records

An authorized agency official must maintain correct addresses for all direct and guaranteed loan borrowers within the authorized agency official's jurisdiction and caseload.

An authorized agency official should make borrower address changes for borrowers with the following:

- •*--direct loans only, by updating BP
- both direct and guaranteed loans, by updating BP and by processing a PLAS TC 4C in GLS
- guaranteed loans only, by updating BP and processing a PLAS TC 4C in GLS.

Note: Name and address data entered in GLS for a customer should exactly match BP--* data for the same customer.

See 1-CM, paragraph 198 for documenting customer data changes * * *.

Forms for requesting updated addresses include FSA-470, which FSA mails to the borrower's last known address, and FSA-137, which requests address information from USPS.

46 Maintaining Borrower Addresses and Service Center Office Codes

A Changing Borrower Address Records –

It is important to make a diligent effort to locate missing borrowers. Loan officials should use all sources specified in section 1956.70 (b)(2) of RD Instruction 1956-B Instruction to locate a missing borrower. The names of persons contacted, dates of contact and information furnished by each person will be documented in the Notes Section of the Farm Business Plan. The Form FSA-137 will be sent to the local Postmaster. In addition, the following sources will also be used: former employers, known relatives, neighbors, county committee members, free online searches, utility companies, etc.

After exhausting all attempts to locate borrowers through the United States Postal Service and the sources outlined, additional attempts to locate borrowers can be made through the Internal Revenue Service when attempting to collect or compromise a debt. Pertinent regulations concerning debt collection by Federal agencies are now found in 31 CFR 901.11. This regulation specifically allows agencies to request a debtor's mailing address from the records of the IRS when attempting to locate a debtor in order to collect or compromise a debt. Loan officials will prepare the letter in NY Exhibit 2 of NY 1-FLP Amendment (Request to IRS for Debtor's Mailing Address) then zip, encrypt and email to the State Office FLP staff for the SED to sign and mail. The appropriate IRS Disclosure Office and address can be located on the IRS website at: www.irs.gov

46 Maintaining Borrower Addresses and Service Center Office Codes (Continued)

B Maintaining the Accuracy of Name and Address Information * * *

SCIMS information is matched nightly against PLAS information to detect variances. Any variances between SCIMS and PLAS systematically generate TC 4C to update PLAS.

County Offices shall view the following reports, available through the FSA Data Marts, using the Oracle EPM 11 Data Mart, at least monthly to ensure name and address

- *--information in BP and SCIMS is accurate:--*
 - SCIMS-PLAS Exception
 - SCIMS-PLAS Update
 - SCIMS-PLAS Discrepancy.

Notes: County Offices shall contact State Offices regarding questions about how to process corrections.

BP is a multi-agency database shared by FSA, NRCS, and RD. Consult CED and other agency representatives, as applicable, before making changes/corrections in BP.--*

C Related Instructions

See 4-FLP, Part 12 for transferring servicing responsibilities when an existing borrower moves to an area serviced by a different County Office.

D Changing Servicing Office Codes

FSA-2125 will be used by State Offices to change servicing office codes and mail codes when all files for 1 or more County Office are moved.

^{*--}Any necessary corrections to BP or PLAS must be made immediately. See Exhibit 14 for guidance on accessing and using the reports, and correcting data.

47 Ensuring Borrower Compliance With Restrictions on Lobbying

A Overview

[7 CFR 761.5] A person who applies for or receives a loan made or guaranteed by the *--Agency must comply with the restrictions on lobbying in 2 CFR Part 418.

USDA regulations about restrictions on lobbying are published in 2 CFR Part 418. This paragraph provides guidance for implementing 2 CFR Part 418 for FLP loan applicants--* and borrowers.

Note: CFR citations refer to Departmental regulations.

B Applicant and Lender Certification

Any applicant for a direct or guaranteed loan exceeding \$150,000 must certify compliance with lobbying activities requirements. The certification is obtained from all loan applicants on FSA-2001, FSA-2211, FSA-2212, FSA-2301, and FSA-2683.

Lenders applying for a loan guarantee exceeding \$150,000 must certify compliance with lobbying activities requirements. The certification is obtained from all lenders on FSA-2201.

--Additional information on certification requirements is available in 2 CFR 418.110, which-- is included in subparagraph D.

47 Ensuring Borrower Compliance With Restrictions on Lobbying (Continued)

C Disclosure of Lobbying Activities

Any person or entity that is required to certify compliance with lobbying activities requirements may have to complete SF-LLL. In particular, any person or entity must complete SF-LLL if they have made or have agreed to make any payment using funds other than appropriated funds to influence a decision in connection with the loan or loan guarantee. This requirement also applies to any person who requests or receives a contract or subcontract of at least \$100,000 under a loan or loan guarantee exceeding \$150,000.

SF-LLL must be submitted at the time of loan or guarantee application and in each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person *--under paragraphs (a) or (b) of 2 CFR 418.110 (subparagraph D). An event that materially--* affects the accuracy of the information reported includes 1 or more of the following.

- A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action.
- A change in the persons or individuals influencing or attempting to influence a covered Federal action.
- A change in the officers, employees, or members contacted to influence or attempt to influence a covered Federal action.

A new SF-LLL must be submitted if and when a borrower changes contractors or subcontractors.

All involved contractors, subcontractors, and grantees must collect disclosures from lower tiers and submit them to higher tiers. The borrower or lender must submit all the disclosures to FSA.

The authorized agency official must file all original disclosures and immediately send copies to the following:

- SED
- •*--USDA FSA AMD
 355 E STREET SW
 10TH FLOOR
 WASHINGTON DC 20024.--*

47 Ensuring Borrower Compliance With Restrictions on Lobbying (Continued)

D USDA Certification and Disclosure Requirements

***_**_

2 CFR 418.110 Certification and Disclosure*

- (a) Each person shall file a certification, and a disclosure form, if required, with each submission that initiates agency consideration of such person for:
 - (1) Award of a Federal contract, grant, or cooperative agreement exceeding \$100,000;

or

- (2) An award of a Federal loan or a commitment providing for the United States to insure or guarantee a loan exceeding \$150,000.
- (b) (1) Each person shall file a certification, and a disclosure form, if required, upon receipt by such person of:
 - (i) A federal contract, grant, or cooperative agreement exceeding \$100,000; or
 - (ii) A Federal loan or a commitment providing for the United States to insure or guarantee a loan exceeding \$150,000,
 - (2) Unless such person previously filed a certification, and a disclosure form, if required, under paragraph (a) of this section.
- (c) Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under paragraphs (a) or (b) of this section. An event that materially affects the accuracy of the information reported includes:
 - (1) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or
 - (2) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
 - (3) A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.
- (d) Any person shall file a certification, and a disclosure form, if required, to the next tier above who requests or receives from a person referred to in paragraphs (a) or (b) of this section:
 - (1) A subcontract exceeding \$100,000 at any tier under a Federal contract;
 - (2) A subgrant, contract, or subcontract exceeding \$100,000 at any tier under a Federal grant;
 - (3) A contract or subcontract exceeding \$100,000 at any tier under a Federal loan exceeding \$150,000; or
 - (4) A contract or subcontract exceeding \$100,000 at any tier under a Federal cooperative agreement,

--*

47 Ensuring Borrower Compliance With Restrictions on Lobbying (Continued)

D USDA Certification and Disclosure Requirements (Continued)

*__

- (e) All disclosure forms, but not certifications, shall be forwarded from tier to tier until received by the person referred to in paragraphs (a) and (b) of this section. That person shall forward all disclosure forms to the agency.
- (f) Any certification or disclosure form filed under paragraph (e) of this section shall be treated as a material representation of fact upon which all receiving tiers shall rely. All liability arising from an erroneous representation shall be borne solely by the tier filing that representation and shall not be shared by any tier to which the erroneous representation is forwarded. Submitting an erroneous certification or disclosure constitutes a failure to file the required certification or disclosure, respectively. If a person fails to file a required certification or disclosure, the United States may pursue all available remedies, including those authorized by section 1352, title 31, U.S. Code.
- (g) For awards and commitments in process prior to December 23, 1989, but not made before that date, certifications shall be required at award or commitment, covering activities occurring between December 23, 1989, and the date of award or commitment. However, for awards and commitments in process prior to the December 23, 1989 effective date of these provisions, but not made before December 23, 1989, disclosure forms shall not be required at time of award or commitment but shall be filed within 30 days.
- (h) No reporting is required for an activity paid for with appropriated funds if that activity is allowable under either Subpart B or C [of 2 CFR Part 418].

*

48 Credit Reports

A Overview

FSA uses credit reports to assist in determining:

- eligibility of applicants and borrowers requesting FSA loans and loan servicing options
- feasibility of the applicant's farming operation
- debt settlement eligibility and feasibility.

See 3-FLP for direct loanmaking and 4-FLP and 5-FLP for direct loan servicing to specify when credit reports are required.

B Confidentiality

The information in a credit report is confidential and is used only as an aid in conducting FSA business. FSA must make credit reports available to the subject of the report in response to a request made under the Privacy Act of 1974. See 3-INFO.

C Mortgage Credit Reports

The following are the 2 types of mortgage credit reports:

- an individual report provides information on 1 person only
- a joint report provides information on a married couple.

FSA will order a mortgage credit report to obtain all credit and public record information available for at least the previous 2 years.

D Commercial Credit Report

A commercial credit report provides information on an entity. A commercial credit report is available only for a separate legal entity. Thus, FSA will order a mortgage credit report rather than a commercial credit report when the applicant is an informal partnership. FSA also may order an individual mortgage credit report on the majority owners (principal members) of an entity.

A commercial credit report normally consists of BIR. BIR is a component of a commercial credit report that includes the following:

- summary section that highlights important data elements
- historical background on the business entity's principals and the entity itself
- review of the entity's financial condition and trend of sales and earnings
- payment record reported by suppliers
- brief description of related entities
- public filings
- special events
- description of the entity's operation.

48 Credit Reports

D Commercial Credit Reports

All credit bureau reports for direct loan borrowers will be odered through the FBP. (Refer to Exhibit 15, Section A, Part 11 for ordering credit reports in the FBP)

In New York, FSA will order individual mortgage credit reports on all owners (principal members) of an entity.

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.

E Ordering Mortgage Credit Report

Authorized agency officials who have access to FBP will access Equifax, Experian, and Trans Union data through the FBP "General" menu screen.

See Exhibit 15 for ordering credit reports through FBP.

* * *

F When Mortgage and Commercial Credit Reports Are Not Acceptable

If a County Office has problems with a credit report or credit reporting agency (e.g. data on the report is incomplete or the contractor is not complying with contract terms), then the County Office will contact the State Office for assistance.

Note: Agency officials will not intervene on behalf of the applicant/borrower in matters about disputed information, balances, or credit scores or ratings. These disputes will be handled according to subparagraph H.

If the issue is significant and the State Office needs assistance in resolving, the State Office shall contact DAFLP according to subparagraph 4 D.

G When the Applicant Disputes Information on the Credit Report

If the applicant/borrower disagrees with or disputes information reflected on the credit report, refer the applicant/borrower to the company or companies issuing the credit report at the following phone numbers:

- Trans Union at 312-258-1717 to obtain a copy of their credit report or 800-916-8800 for customer service
- Experian at 888-397-3742 to obtain a copy of their credit report or 800-831-5614, extension 3 for customer service
- Equifax at 800-685-1111 to obtain a copy of their credit report or 800-685-5000, extension 2 for customer service.

Note: Agency officials will not intervene on behalf of the applicant/borrower in matters concerning disputed information, balances, credit scores, or ratings.

F Ordering Credit Reports for Nonapplicants

Credit reports will be obtained for cosigners including nonapplicant spouses through the FBP after entering the cosigners/nonapplicants as related entities. (Note: Nonapplicants must sign FSA-2007)

H Credit Report Fees - Cost to the Applicant

Applicants will be charged for reports according to the following.

Applicant	Cost
Individual	*\$16.00
Joint	\$24.50
Entity	\$50.00*

Notes: A husband and wife, who are members of an entity, **will** be charged a joint credit report fee. Individual credit reports will then be obtained for each.

No fee will be collected for servicing only applications according to 4-FLP, subparagraph 116 A or 5-FLP, subparagraph 81 C.

I Recording Fees

The appropriate fee for credit reports collected will be recorded on FSA-2001, FSA-2301, FSA-2314, FSA-2330, and FSA-2683.

J Processing Credit Report Fees

See 3-FI to process credit report fees.

K Payment of Invoices for Credit Reports

The National Office will:

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

^{*--}The credit report fee change is effective on October 17, 2016.--*

I Credit Report Fees – Cost to the Applicant

If processing a loan servicing application in conjunction with a new loan request, the applicant will be charged the appropriate fee for the credit report.

**(Refer to 1-FLP, par. 48 (I) for schedule of fee's to charge for Credit Reports)

49 DLS

--A DLS Uses--

DLS is the required system for loan making and * * * servicing information and activities.

DLS:

- tracks each loan request in an application package from receipt to final disposition
- obligates loans through its interaction with PLAS
- submits check/EFT requests through PLAS
- submits loan closings to PLAS
- provides an interactive tasks checklist
- monitors the disbursement of loan funds
- provides reports of loanmaking activities and processing timeframes
- tracks routine loan servicing activities, and timeframes
- has automated follow-up reminders to assist County Office employees in meeting deadlines for routine loan servicing activities
- provides loan account information, such as principal and interest amounts, and account flags
- provides the ability to manage case numbers and mail codes for customer accounts
- warehouses information for reporting purposes
- has automated reporting capabilities.

The National Office uses DLS data in reports to Congress, CR, and FSA senior management. In addition, the data is used to determine whether FSA loan servicing goals are being/have been met.

49 DLS (Continued)

B User Assistance

The DLS Loan Making and Loan Servicing User's Guides can be referenced for any specific questions. They may be obtained by accessing the FLP web site's manuals page located at https://amistad.sc.egov.usda.gov/flp/IndexServlet and then selecting manuals on the left navigation bar.

C Maintaining and Updating DLS

FCAO is responsible for computer implementation and upgrades. The National Office is responsible for user requirements, updates to accommodate regulatory and statutory changes, and other revisions as needed. State and County Office employees are responsible for data entry of customer and loan information as it is received.

D Security

To obtain an ID and password, users must submit requests according to appropriate IRM directives.

*--E Important Calendar Year 2017 Year-End Dates

Various transactions are suspended or disabled as needed to perform calendar year-end activities. The following dates are applicable to the availability of DLS.

Action	Date	
Loan Activity Cutoff – the last day that loan	Monday, January 8, 2018	
activity dated in calendar year 2017 can be		
processed to be reflected on FSA-2065 for 2017		
and related IRS forms		
Transactions, Suspension,	and Enabled Dates	
Transactions	Suspension Date	Enabled Date
• TC 4A	December 28, 2017	January 11, 2018
• TC 4D		
SCIMS to PLAS data upload to create TC 4C		
Notes: SCIMS data must be entered by December 27, 2017, to generate TC 4C on December 28, 2017.		
Until TC 4A and TC 4D are enabled, do not use the following DLS sections:		
Transfer and Assumption		
Manage case number under Customer Management.		

A Purpose and Overview

GLS was designed to account for all loan making and servicing activity for guaranteed loans. GLS is used to:

- track the processing of guaranteed loan applications, including obligation and loan closing
- process all loan servicing transactions, including interest assistance claims, transfers and assumptions, repurchases, reamortizations, and loss claims
- record guaranteed loan status and default status reports
- maintain lender information, including lender status
- obtain reports for monitoring the guaranteed loan portfolio.

The data entered into GLS is used to monitor individual loan accounts, as well as to provide reports to Congress, CR, Executive Branch, FSA senior management, and parties making FOIA requests. It is FSA's accounting tool for the Guaranteed Loan Program.

B GLS User Assistance

*--For specific guidance, the GLS User Guide can be found by doing either of the following:

- logging in the GLS web site using required eAuthentication permissions and selecting "Help"
- selecting the GLS User Guide from the Farm Loan Programs Home Page.--*

50 GLS (Continued)

C Responsibility for Maintaining and Updating GLS

FCSB is responsible for system upgrades. The National Office is responsible for user requirements, updates to accommodate regulatory and statutory changes, and other revisions as needed. County Office and FCSB employees are responsible for data entry of customer and loan information.

D Security

To obtain a GLS ID and password, users must submit requests according to appropriate IRM directives.

*--E Important Calendar 2017 Year-End Dates

Various transactions are suspended or disabled as needed to perform calendar year-end activities. The following dates are applicable to the availability of GLS.

Action	Date		
Loan Activity Cutoff – the last day that loan	Monday, January 8, 2018		
activity dated in calendar year 2017 can be			
processed to be reflected on 2017 IRS forms.			
Transactions, Suspension, and Enabled Dates			
Transactions	Suspension Date	Enabled Date	
• TC 4A	December 28, 2017	January 11, 2018	
• TC 4C			
• TC 4D			
Note: Transactions for Debt Offset Collection,			
Refund, and Write-off maintenance			
cannot be processed during this period.			

>

51 FOCUS

A Purpose and Overview

FOCUS is an ad-hoc reporting system used by the National and State Offices for monitoring purposes. Users may choose to use "canned" reports or may prepare specific reports, as needed, using:

- direct loan data entered through ADPS
- application data entered in DLS.

B User Assistance

Refer to the USDA FOCUS Ad Hoc Reporting System Manual – Field Office User's Manual for guidance. The User's Manual may be obtained by ordering Item 257 from the Kansas City Warehouse.

C Training

State Office employees shall submit requests for training, through SED, to either of the following:

- USDA FSA DAFLP STOP 0520 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0520
- FAX: 202-690-3573

D Security

To obtain an ID and password, users must submit requests according to appropriate IRM directives.

52 ADPS

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 FaSB, FCSB, and PLAS. Authorized users shall--* enter and use information in ADPS for both loan making and servicing purposes.

B Overview

ADPS is used to:

- manuscript select transactions and analyze and correct those transactions if rejected from PLAS (discrepancies)
- view a borrower's loan status information, which lists the following:
 - unpaid balances of existing direct loans along with basic information about each loan
 - cross-reference data from throughout the nation
 - detailed history of transactions
- route selected ADPS-manuscripted or discrepancy transactions that are only processed *--by FaSB using special routing codes--*
- view received, processed, and corrected payment activity
- view acquired property information and detailed history of transactions processed for an acquired property.

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.

The online material 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 information on ADPS, contact the State Office Automation Coordinator or, if authorized, the Help Desk at 1-800-457-3642. The Help Desk will provide information, guidance, and technical assistance in resolving problems about 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 *--4300 GOODFELLOW BOULEVARD--* ST LOUIS MO 63120

E Maintaining Program Records

When submitting transaction information through ECM to FaSB and FCSB, 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.

ADPS screen printouts must be retained in position 2 of the case folder according to *--32-AS retention requirements for the folder and its entire contents.--*

When applicable, users must access ADPS to determine that the selected transactions 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 Using "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 32-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.

H State Office Action

SED shall ensure timely automation processing and that a County Office is at an acceptable level by:

- training at least 2 employees to process transactions
- processing ADPS 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 and DLS TC's and Titles

The following provides ADPS TC's and titles.

TC Title	
1A <u>2</u> /	Direct or Guaranteed Loan - Obligation Only
1C <u>2</u> /	Check Request
1D <u>2</u> /	Cancellation of Loan/Grant - Obligation Only
1E <u>1</u> /	Check Cancellation - Obligation Retained

^{*--1/} Transactions processed by FaSB only.--*

^{2/} Transactions processed through DLS to PLAS.

TC	Title		
1F <u>2</u> /	Loan Closing		
1G	Credit Sale		
1H	Cash Sale/Transfer - Acquired Property		
1I	Judgment Cost		
1J <u>1</u> /	Cancellation of Loan and/or Check		
1K <u>1</u> /	Nonrecoverable Cost		
1L/L1	Recoverable Loan Cost		
1M <u>2</u> /	Assumption		
1M <u>2</u> /	Consolidation		
1M <u>2</u> /	Reamortization		
1M <u>2</u> /	Reschedule		
10 <u>1</u> /	Natural Resource Conservation Service Advance		
1P <u>1</u> /	Insurance Charge		
1R <u>1</u> /	Default Charge		
1S	Lease of Real Property		
1T	Correction of Statistical Information		
1W <u>1</u> /	Loan Charge Adjustment		
1X	Acquired Property Cost		
1Y <u>1</u> /	Loan/Grant Cancellation - Obligation and Check		
2A <u>1</u> /	Field Office Cash Collection - Initial Update		
2B <u>1</u> /	Field Office Cash Collection - Subsequent Update		
2C <u>1</u> /	Cash Uncollectible - Field Office Payment		
2E <u>1</u> /	Cash Collection - Acquired Property or Lease Payment		
2F <u>1</u> /	Reversal and Reapplication of Payment - Same Borrower		
2R <u>1</u> /	Cash Collection Refund		
2U <u>1</u> /	Reversal and Reapplication of Payment - Different Borrower		
2W <u>1</u> /	Cash Uncollectible - Direct Payment		
2X <u>1</u> /	Direct Payment Cash Collection - Initial Update		
2Y <u>1</u> /	Direct Payment Cash Collection - Subsequent Update		
2Z <u>1</u> /	Reapplication - Correct Payment Type		
3B	Notice of Judgment		
3C <u>1</u> /	Default Credit		

^{*--1/} Transactions processed by FaSB and FCSB.--*
2/ Transactions processed through DLS to PLAS.

TC	Title
3E	Acquisition - Property
3F <u>1</u> /	Employee Defalcation
3G <u>1</u> /	Noncash Credit - Administrative Adjustment
3H 2 /	Conservation Contract
3K	Debt Settlement
3L	Writeoff Lease Account
3N <u>1</u> /	Noncash Application - Assumption Agreement
3O <u>1</u> /	Equity Receivable Amortization - Shared Appreciation Loan
3P <u>1</u> /	Noncash Credit - 3 rd Party Judgment
3Q	Net Recovery Buyout/SFH Equity Recapture
3Q <u>2</u> /	Market Value Buyout
3R	Shared Appreciation Writedown
3T	Notice of 3 rd Party Judgment
3V <u>2</u> /	Equity Receivable - Full Sale
3V <u>2</u> /	Equity Receivable - Maturity
3V 2/ Equity Receivable - Maturity With Partial Sale	
3V <u>2</u> /	Equity Receivable - Partial Sale
3Y	Acquired Property - Conservation Easement
4A <u>2</u> /	Loan Transfer
4A <u>2</u> /	Manage Case Number - Loan
4C <u>1</u> /	Change in Name and Address
4D <u>2</u> /	Customer Transfer
4D <u>2</u> /	Manage Case Number - Customer
4E <u>1</u> /	Replacement of Interim Instruments - Amortized/Bond Accounts
4F <u>1</u> /	Change in Loan Number
4G <u>1</u> /	Assumption Agreement - Same Rates and Terms
4J <u>1</u> /	Focal Interest Adjustment
4K <u>1</u> /	Reopen Closed Property/Lease Account
4K/K4	Reopen Closed Borrower/Holder/Equity Account - Establish Settlement Code
4L <u>1</u> /	Correction of Annual Installments
4M <u>1</u> /	Maturing of Account
4N <u>1</u> /	Acceleration of a Borrower Account
4O <u>1</u> /	Deceleration of a Borrower Account

^{*--} $\underline{1}$ / Transactions processed by FaSB and FCSB.--*

²/ Transactions processed through DLS to PLAS.

TC	Title
4P <u>1</u> /	Schedule Status Adjustment
4Q <u>1</u> /	Loan Bond Installments
4R <u>1</u> /	Adjustment of Bond Installments
4S <u>1</u> /	Miscellaneous Adjustments
4U <u>1</u> /	Reestablish Loan Account - Name and Address
5A	Case Reclassification - Collection Only to Active
5B	Case Reclassification - Active to Collection Only
5C <u>1</u> /	Change in Kind Code
5D	Change in Veteran Status - to Veteran
5E <u>1</u> /	Establish Suspend Code
5F <u>2</u> /	Remove Suspend Code
5G <u>2</u> /	Add Customer Flag
5H <u>2</u> /	Remove Customer Flag
5J <u>1</u> /	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 <u>1</u> /	Correction of Association/Bond/Document/Payment Code
5R <u>1</u> /	File Adjustment

^{*--1/} Transactions processed by FaSB only.--*

^{2/} Transactions processed through DLS to PLAS.

TC	Title
5S <u>1</u> /	Record Debt Set-Aside
5S <u>2</u> /	Record Disaster Set-Aside
5T <u>1</u> /	Reverse Debt Set-Aside
5T 2 /	Cancel Disaster Set-Aside
5W <u>2</u> /	Record Loan Deferral
5X <u>1</u> /	Reverse Loan Deferral Expiration/Cancellation
5Y <u>2</u> /	Cancel Loan Deferral
8H <u>1</u> /	Split/Combine Loans - Account Status
8M	Limited Resource Loan Review
8N	Record Borrower/Loan Classification Data
8P	Acquired Property - Subdivision
8R <u>2</u> /	Interest Rate Adjustment
9E	Suspend Code - Acquired Property
9G <u>2/</u>	Change in Borrower/Property Mail Code
* * *	* * *

^{*--1/} Transactions processed by FaSB only.--*

^{2/} Transactions processed through DLS to PLAS.

*--J Important Calendar 2017 Year-End Dates

Various transactions are suspended or disabled as needed to perform calendar year-end activities. The following dates are applicable to the availability of ADPS.

Action	Da	ite	
Loan Activity Cutoff – the last day that loan	Monday, January 8, 2018		
activity dated in calendar year 2017 can be	-		
processed to be reflected on FSA-2065 for			
2017 and related IRS forms.			
Availability of A	DPS Terminals		
Holiday Schedule: Terminals available until	Friday, December 29, 2017		
3 p.m. c.t. because of the holiday			
Transaction Processing: Terminals will be	Saturday, December 30, 2017 and		
available to provide additional time for initial Saturday, January 6, 2018		018	
transaction entry and discrepancy correction	Terminals available from 6 a.m. to		
before preparing the Annual Statements.	3 p.m. c.t.		
Loan Activity Cutoff: Transactions	Monday, January 8, 2018		
processed through the terminals before the	Terminals available from 6 a.m. to		
Loan Activity Cutoff will be reported for	7 p.m. c.t.		
2017.			
Transaction suspens	sion/Enabled Dates		
Transactions	Suspension Date	Enabled Date	
TC 4A	December 28, 2017	January 11, 2018	
TC 4C			
TC 4D			
TC 4F			
TC 4G			
TC K4			

__*

A Requesting CAIVRS ID and Password

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

Step	Action		
1	*Access the CAIVRS web site at		
	https://entp.hud.gov/caivrs/public/home.html*		
2	CLICK "Using CAIVRS".		
3	Under "Government Agencies", CLICK "Registration for Government User ID".		
4	Follow the instructions to obtain a government user ID.		
	For "Select Agency/Program", CLICK "USDA/Farm Service" and continue entering the required information.		
5	CLICK "Send Application" and the request for a government user ID will be		
	processed.		

Once the CAIVRS ID and password request has been completed, users must:

- complete FSA-13-A, items 1 through 13 and item 37
- forward the completed FSA-13-A to the State SLR.

The State SLR must enter FSA-13-A information into ERSR before a CAIVRS ID and password can be issued.

Upon receiving ERSR from the State SLR, the FSA CAIVRS administrator will provide by e-mail, a CAIVRS ID and password to the requesting employee within 3 working days.

Note: CAIVRS passwords are valid for 21 calendar days and must be reset before expiring. *--Passwords must be exactly 8 characters, are case sensitive, and must contain at least 1 letter, 1 number, and 1 special character. For forgotten or expired password--* assistance, contact the Security Operations Help Desk at 800-255-2434, option 2.

53 CAIVRS (Continued)

B Using CAIVRS

Perform a CAIVRS inquiry according to the following.

Step	Action
1	Access the CAIVRS web site at https://entp.hud.gov/caivrs/public/home.html.
2	CLICK "Government User Menu".
3	Enter CAIVRS ID and password.
4	Select the function to perform when prescreening an applicant, such as "CAIVRS"
	Authorization".
5	Select the agency or program that is prescreening the applicant from the agency
	list.
6	Enter the applicant's Social Security number or EIN and select the appropriate
	Social Security number or EIN indicator.
7	CLICK "Submit".
8	Print the "CAIVRS Authorization Results" and place in case file.

Note: If there are no claims, defaults, or foreclosures reported to CAIVRS, then CAIVRS will respond that there are no cases and provide a confirmation number.

54 Oracle EPM 11 Data Mart

A Purpose and Overview

The Oracle EPM 11 Data Mart is an ad-hoc reporting system used by the National Office and State Offices for monitoring purposes. FLP users who request and are granted access to the Oracle EPM 11 Data Mart will be given access to the FLP Data Mart folder within the Oracle EPM 11 Data Mart. A user with access to the FLP Data Mart folder can pull direct loanmaking and loan servicing data as entered through DLS. Reports can be downloaded to Hyperion, Excel, or PDF format.

B User Assistance

The Oracle EPM 11 Data Mart may be accessed on the FSA Data Warehouse Home Page at *--http://fsaintranet.sc.egov.usda.gov/fsa/fsa-datamarts/fsadatamartshomepage.htm--* by clicking "Oracle EPM 11 Data Marts".

The Oracle EPM 11 Reports User Guide for FLP Data Mart may be accessed on the FSA - Farm Loan Programs Systems Manual web site at https://inside.fsa.usda.gov/program-areas/daflp/index by clicking "Software User Guides", and then by clicking "Oracle EPM 11 Reports User Guide".

C Security

Authorized users may access the Oracle EPM 11 Data Mart reporting system using their eAuthentication ID. New users can be requested by completing and submitting FSA-13-A according to appropriate IRM directives.

D Available Reports

See Exhibit 18 for a list of available reports.

55 Type of Assistance and Fund Codes

A Fund Codes

Fund codes are used to identify a type of loan. For example, Fund Code 44 indicates OL.

Obsolete fund codes are not used for new loans; however, obsolete fund codes will be reassigned if the loan is assumed.

See Exhibit 16 for a list of fund codes.

B Type of Assistance Codes

Type of assistance codes identify the specific type of loan for DLS obligation purposes. For example, a Type of Assistance Code 152 is a 1-year Youth loan for an SDA applicant.

See Exhibit 16 for a list of types of assistance codes.

56-59 (**Reserved**)

60 Interest Rates

A Interest Rates for Direct Loans

[7 CFR 761.9] Interest rates for all direct loans are set in accordance with the Act. A copy of the current interest rates may be obtained in any Agency Office.

Note: See Exhibit 17 for current interest rates.

* * *

61-100 (Reserved)

Part 4 Supervised Bank Accounts

101 Overview

A Supervised Bank Account

A <u>supervised bank account</u> is an account with a financial institution established through a deposit agreement entered into between the borrower, FSA, and the financial institution.

B Establishing a Supervised Bank Account

[7 CFR 761.51 (a)] Supervised bank accounts will be used to:

- (1) Assure correct use of funds planned for capital purchases or debt refinancing and perfection of the Agency's security interest in the assets purchased or refinanced when electronic funds transfer or treasury check processes are not practicable;
- (2) Protect the Agency's security interest in insurance indemnities or other loss compensation resulting from loss or damage to loan security; or
- (3) Assist borrowers with limited financial skills with cash management, subject to the following conditions:
- (i) Use of the supervised bank account for this purpose will be temporary and infrequent;
- (ii) The need for a supervised bank account in this situation will be determined on a case-by-case basis; and
- (iii) The borrower agrees to the use of a supervised bank account for this purpose by executing the deposit agreement.

*--Until CFR is amended, supervised bank accounts may be used to:

- protect the Agency's security interest in insurance indemnities or other loss compensation resulting from loss or damage to loan security
- assure correct use of funds planned with proceeds from the sale of basic security and perfection of the Agency's security interest in the assets purchased
- assure correct use of funds planned for performing construction and other development work.--*

101 Overview (Continued)

B Establishing a Supervised Bank Account (Continued)

*--FSA-2140 will be signed by all borrowers.

A supervised bank account will be used, only when necessary, to ensure that loan or security proceeds are used according to the farm operating plan, agreement to use proceeds, construction and development plan, or other agreement with FSA.

Note: Supervised bank accounts must **not** be used in place of EFT or Treasury checks, according to 7 CFR 764.402(e)(3) (3-FLP, subparagraph 431 A), if practicable.--*

C Justification for Using a Supervised Bank Account

County Offices must:

- ensure that a supervised bank account is established according to this Part
- document in FBP Credit Presentation the reason a supervised bank account was established.

Note: For servicing actions that do not require a Credit Presentation be completed, justification will be documented in FBP.

See 3-FLP, 4-FLP, and 5-FLP for specific loan making and servicing situations where a supervised bank account is needed.

DD's and State Offices must review case files of borrowers with supervised bank accounts during County Office reviews to:

- verify that documentation is in place
- document in FBP their concurrence that the supervised bank account is needed.

If the review determines that the supervised bank account is not needed, DD or State Office must:

- document the results of the review in FBP
- instruct the authorized agency official to close the supervised bank account.

A Selecting a Financial Institution

[7 CFR 761.51(b)] The borrower may select the financial institution in which the account will be established, provided the institution is Federally insured. If the borrower does not select an institution, the Agency will choose one.

[7 CFR 761.51(c)] Only one supervised bank account will be established for any borrower.

[7 CFR 761.51(d)] If both spouses sign an FLP note and security agreement, the supervised bank account will be established as a joint tenancy account with right of survivorship from which either borrower can withdraw funds.

B Opening a Supervised Bank Account

The authorized agency official must provide the financial institution with FSA-2140, which addresses:

- services to be provided
- frequency and method of transmission for account statements
- countersignature requirements
- waiving of service charges whenever possible.

The authorized agency official, the financial institution, and any borrower authorized to write checks must sign FSA-2140. File the original in the borrower's case file and provide 1 copy to the borrower and 1 copy to the financial institution.

The authorized agency official is not required to provide his or her SSN to the financial institution. Government agencies are exempt from the requirements of the Customer *--Identification Program. See 3-FI and 64-FI.--*

Note: Supervised bank accounts shall remain open no longer than 12 months, unless justified by the loan official, and concurrence by DD. DD must document the reason in the FBP running record.

C Type of Account

[7 CFR 761.53(a)] A supervised bank account, if possible, will be established as an interest bearing deposit account provided that funds will not be immediately disbursed, and the account is held jointly by the borrower and the Agency if this arrangement will benefit the borrower.

The authorized agency official, the borrower, and the financial institution must complete FSA-2141 when an interest bearing account is used.

A Selecting a Financial Institution

[7 CFR 761.51(b)] The borrower may select the financial institution in which the account will be established, provided the institution is Federally insured. If the borrower does not select an institution, the Agency will choose one.

[7 CFR 761.51(c)] Only one supervised bank account will be established for any borrower.

[7 CFR 761.51(d)] If both spouses sign an FLP note and security agreement, the supervised bank account will be established as a joint tenancy account with right of survivorship from which either borrower can withdraw funds.

B Opening a Supervised Bank Account

The authorized agency official must provide the financial institution with FSA-2140, which addresses:

- services to be provided
- frequency and method of transmission for account statements
- countersignature requirements
- waiving of service charges whenever possible.

The authorized agency official, the financial institution, and any borrower authorized to write checks must sign FSA-2140. File the original in the borrower's case file and provide 1 copy to the borrower and 1 copy to the financial institution.

The authorized agency official is not required to provide his or her SSN to the financial institution. Government agencies are exempt from the requirements of the Customer Identification Program. FSA-2139 will be sent to financial institutions that require documentation of the exempt status of Government agencies on this issue.

--Note: Supervised bank accounts shall remain open no longer than 12 months, unless justified by the loan official, and concurrence by DD. DD must document the reason in the FBP running record.--

C Type of Account

[7 CFR 761.53(a)] A supervised bank account, if possible, will be established as an interest bearing deposit account provided that funds will not be immediately disbursed, and the account is held jointly by the borrower and the Agency if this arrangement will benefit the borrower.

The authorized agency official, the borrower, and the financial institution must complete FSA-2141 when an interest bearing account is used.

D Account Balance Exceeding the Maximum Amount Insured by the Government

[7 CFR 761.51(e)] If the funds to be deposited into the account cause the balance to *--exceed the maximum amount insurable by the Federal Government, the financial--* institution must agree to pledge acceptable collateral with the Federal Reserve Bank for the excess over the insured amount, before the deposit is made.

* * *

Agency officials should use EFT or multiple advances when possible to minimize instances where the balance in supervised bank accounts will exceed the maximum insurable amount.

If an account balance will exceed \$250,000, County Offices must complete FSA-2144 and forward it to the State Office. The State Office shall submit FSA-2144 to:

- FMD FINANCIAL SYSTEMS AND PROCEDURES BRANCH STOP 0581 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0581
- FAX: 703-305-1144.

FMD will coordinate the collateralization with the financial institution.

[7 CFR 761.51(e)] (1) If the financial institution is not a member of the Federal Reserve System, the institution must pledge acceptable collateral with a correspondent bank that is a member of the Federal Reserve System. The correspondent bank must inform the Federal Reserve Bank that it is holding securities pledged for the supervised bank account in accordance with 31 CFR Part 202 (Treasury Circular 176).

(2) When the balance in the account has been reduced, the financial institution may request a release of part or all of the collateral, as applicable, from the Agency.

Requests for release of collateral will be forwarded to FMD, Financial Systems and Procedures Branch.

103 Supervised Bank Account Transactions and Monitoring

A Deposits

[7 CFR 761.52(a)] Checks or money orders may be deposited into a supervised bank account provided they are not payable:

- (1) Solely to the Federal Government or any agency thereof; or
- (2) To the Treasury of the United States as joint payee.

The authorized agency official must prepare the deposit slip and deliver the deposit to the financial institution. Copies are distributed to the borrower and the borrower's case file.

FSA must maintain a record of all deposits, including funds from other sources, on FSA-2142.

B EFT Transactions

[7 CFR 761.52(b)] Loan proceeds may be deposited electronically.

The authorized agency official should use EFT to deposit loan funds to a supervised bank account.

The authorized agency official will make the initial deposit to the supervised bank account with a paper check only when required by the financial institution or if an EFT waiver is on file. FSA may then make subsequent advances by initiating EFT transactions.

103 Supervised Bank Account Transactions and Monitoring (Continued)

C Withdrawals from a supervised bank account

[7 CFR 761.54(a)] The Agency will authorize a withdrawal from the supervised bank account for an approved purpose after ensuring that:

- (1) Sufficient funds in the supervised bank account are available;
- (2) No loan proceeds are disbursed prior to confirmation of proper lien position, except to pay for any lien search if needed;
- (3) No checks are issued to "cash"; and
- (4) The use of funds is consistent with the current farm operating plan or other agreement with the Agency.

[7 CFR 761.54(b)] A check must be signed by the borrower with countersignature of the Agency, except as provided in Paragraph (c) of this section (subparagraph 103 D). All checks must bear the legend "countersigned, not as co-maker or endorser."

D Withdrawal Without Borrower Signature

[7 CFR 761.54(c)] The Agency will withdraw funds from a supervised bank account without borrower counter signature only for the following purposes:

- (1) For application on Agency indebtedness;
- (2) To refund Agency loan funds;
- (3) To protect the Agency's lien or security;
- (4) To accomplish a purpose for which such advance was made; or
- (5) In the case of a deceased borrower, to continue to pay necessary farm expenses to protect Agency security in conjunction with the borrower's estate.

The authorized agency official must submit recommendations for withdrawal to SED, in writing. SED may withdraw funds from a supervised bank account using FSA-2145.

103 Supervised Bank Account Transactions and Monitoring (Continued)

E Documentation

The authorized agency official may retain copies of invoices, receipts, or other documentation, as necessary, to support withdrawals from the supervised bank account.

F Interest

[7 CFR 761.53(b)] Interest earned on a supervised bank account will be treated as normal income security.

See 4-FLP for further information on normal income security.

G Reconciliation

The authorized agency official must reconcile the supervised bank account statement with FSA-2142. Items to be reconciled are the payee, amount of each check, and the balance in the account. Deposits and withdrawals verified during the reconciliation will be initialed and dated. Any discrepancies must be resolved and documented in the FBP running record.

The authorized agency official must return the statement and canceled checks to the borrower after the reconciliation has been completed. The results of the reconciliation must be documented in the FBP running record.

Note: Signing checks and reconciliation must be completed by separate agency officials.

H Annual Report

--The State Office will review all SBA's at least annually. Each State Office with 10 or more outstanding SBA's will submit the annual SBA Review Report, as of September 30-- through SDMS, documenting the number of SBA accounts that are open, total present balance in all accounts, and justification for all accounts open longer than 12 months no later than October 31.

Note: See 1-AS, Exhibit 8 for guidance on using SDMS. ENTER "SBA Review Report" as the title.

103 Supervised Bank Account Transactions and Monitoring (Continued)

E Documentation

In New York State the authorized agency official will retain copies of invoices, receipts or other documentation as necessary to support withdrawals from the supervised bank account.

104 Closing Accounts

A Account No Longer Needed

[7 CFR 761.55(a)] If the supervised bank account is no longer needed and the loan account is not paid in full, the Agency will determine the source of the remaining funds in the supervised bank account. If the funds are determined to be:

- (1) Loan funds:
- (i) From any loan type, except Youth loan, and the balance is less than \$1000, the Agency will provide the balance to the borrower to use for authorized loan purposes;
- (ii) From a Youth loan, and the balance is less than \$100, the Agency will provide the balance to the borrower to use for authorized loan purposes;
- (2) Loan funds:
- (i) From any loan type, except Youth loan, and the balance is \$1000 or greater, the Agency will apply the balance to the FLP loan;
- (ii) From a Youth loan, and the balance is \$100 or greater, the Agency will apply the balance to the FLP loan;
- (3) Normal income funds, the Agency will apply the balance to the remaining current year's scheduled payments and pay any remaining balance to the borrower; and
- (4) Basic security funds, the Agency will apply the balance to the FLP loan as an extra payment or the borrower may apply the balance toward the purchase of basic security, provided the Agency obtains a lien on such security and its security position is not diminished.

B Uncooperative Borrowers

[7 CFR 761.55(b)] If the borrower is uncooperative in closing a supervised bank account, the Agency will make written demand to the financial institution for the balance and apply it in accordance with paragraph (a) (subparagraph 104A) of this section.

Written demand will be made by SED according to subparagraph 103 D.

104 Closing Accounts (Continued)

C Death of Borrower

[7 CFR 761.55(c)] In the event of a borrower's death, the Agency may:

- (1) Apply the balance to the borrower's FLP loan;
- (2) Continue with a remaining borrower, provided the supervised bank account was established as a joint tenancy with right of survivorship account;
- (3) Refund unobligated balances from other creditors in the supervised bank account for specific operating purposes in accordance with any prior written agreement between the Agency and the deceased borrower; or
- (4) Continue to pay expenses from the supervised bank account in conjunction with the borrower's estate.

Deceased borrower's supervised bank accounts will be handled according to 4-FLP. SED may withdraw funds according to subparagraph 103 D after obtaining approval from OGC.

105-120 (Reserved)

Part 5 Planning and Performing Construction and Other Development

121 Overview

A Purpose

[7 CFR 761.10(a)] This section describes Agency policies regarding the planning and performing of construction and other development work performed with:

- (1) Direct FLP loan funds; or
- (2) Insurance or other proceeds resulting from damage or loss to direct loan security.

A Applicability

An applicant for an FLP loan for construction or repair of farm dwellings, service buildings, *--or land development must submit a construction and development plan to FSA before loan approval.--*

A borrower using insurance or other proceeds resulting from the damage or loss of loan security for construction, repair, or land development must submit a construction and development plan to FSA before the release of any proceeds.

B Funds for Development Work

[7 CFR 761.10(b)] The applicant or borrower:

(1) Must provide the Agency with an estimate of the total cash cost of all planned development prior to loan approval.

Note: Estimates must be provided from the supplier or contractor who will provide services or perform the repair.

- (2) Must show proof of sufficient funds to pay for the total cash cost of all planned development at or before loan closing.
- (3) Must not incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from Agency funds.

Acceptable sources of funds to pay for the planned development include loan proceeds, any cash furnished by the borrower, proceeds from cost sharing programs, or proceeds from the sale of property.

C Scheduling, Planning, and Completing Development Work

[7 CFR 761.10(c)] The applicant or borrower:

(1) Is responsible for scheduling and planning development work in a manner acceptable to the Agency and must furnish the Agency information fully describing the planned development, the proposed schedule and the manner in which it will be accomplished.

Construction and development work may be performed either by the contract method or the borrower method.

Under the contract method, construction and development contractors perform work according to a written contract with the applicant or borrower. Under the borrower method, the applicant or borrower will perform the construction and development work.

The borrower method may only be used when the authorized agency official determines, based on information from the applicant, that both of the following conditions apply.

- The applicant possesses or arranges to obtain the necessary skill and managerial ability to complete the work satisfactorily
- Such work will not interfere with the applicant's farming operation or work schedule.

An applicant or borrower must submit FSA-2150 along with the following information:

- cost estimates that fully describe the materials to be used and the work to be performed according to subparagraph B
- certified drawings, specifications, or contract documents that completely describe the work, including all landscaping, repairs, and site development
- technical data, tests, or engineering evaluations, if requested by FSA.

D Qualified Technical Services

The applicant or borrower:

[7 CFR 761.10(c)(5)] Is responsible for obtaining any required technical services from qualified technicians, trades-people, and contractors.

The applicant should be advised to review copies of license, liability insurance, and bond coverage; however, copies are not required for the borrower's file.

^{*--}The applicant or borrower must identify and inform FSA of the authorities or professionals who will perform inspections before initiating conservation or development projects.--*

E Construction and Repair Standards

[7 CFR 761.10(d)] (1) The construction of a new building and the alteration or repair of an existing building must conform with industry-acceptable construction practices and standards.

- (2) All improvements to a property must conform to applicable laws, ordinances, codes, and regulations.
- (3) The applicant or borrower is responsible for selecting a design standard that meets all applicable local and state laws, ordinances, codes, and regulations, including building, plumbing, mechanical, electrical, water, and waste management.
- (4) The Agency will require drawings, specifications, and estimates to fully describe the work as necessary to protect the Agency's financial interests. The drawings and specifications must identify any specific development standards being used. Such information must be sufficiently complete to avoid any misunderstanding as to the extent, kind, and quality of work to be performed.
- (5) The Agency will require technical data, tests, or engineering evaluations to support the design of the development as necessary to protect its financial interests.
- (6) The Agency will require the applicant or borrower to provide written certification that final drawings and specifications conform with the applicable development standard as necessary to protect its financial interests. Certification must be obtained from individuals or organizations trained and experienced in the compliance, interpretation, or enforcement of the applicable development standards, such as licensed architects, professional engineers, persons certified by a relevant national model code organization, authorized local building officials, and national code organizations.

- permits issued by local building authorities, based on review of detailed plans and specifications
- licensed general contractor
- local building company.--*

^{*--}Certification required may vary based on type of construction and amount needed and may include, but not be limited to:

F Scheduling Construction

The applicant or borrower:

[7 CFR 761.10(c)(4)] Must schedule development work to start as soon as feasible after the loan is closed and be completed as quickly as practicable.

Development work should be completed no later than 12 months from the date of loan closing. The authorized agency official must document any extension beyond 12 months in *--FBP.--*

G Approvals and Permits

The applicant or borrower:

[7 CFR 761.10(c)(2)] Is responsible for obtaining all necessary State and local construction approvals and permits prior to loan closing.

All necessary State and local construction approvals and permits should be obtained before loan closing. Failure to obtain such approvals and permits in a timely manner may delay the project and increase costs. In some cases, all approvals and permits may not be available until after construction.

H Environmental Review

The applicant or borrower:

[7 CFR 761.10(c)(3)] Must ensure that all development work meets the environmental *--requirements established in 7 CFR 799.--*

See 1-EQ and the State Natural Resources Guide for additional guidance.

I Warranty and Lien Waivers

[7 CFR 761.10(f)] The applicant or borrower must obtain and submit all lien waivers on any construction before the Agency will issue final payment.

The borrower must submit a completed FSA-2153 and FSA-2154 or other documentation acceptable to FSA before FSA will issue final payment. The authorized agency official must place the completed FSA-2153 or other acceptable documentation in the borrower's case file.

The borrower should obtain warranties as applicable.

123 Review of Proposed Construction and Development Plans

A Review Process and Criteria

FSA will review the proposed method of doing the work and determine whether the work can be performed satisfactorily under the proposed method. To facilitate its review, FSA will visit the farm or site of the proposed construction or development.

In this review, the authorized agency official must:

- review the cost estimate for reasonableness
- analyze the adequacy of the planned construction or development in achieving applicant goals according to the farm assessment, as outlined in Part 8, Section 2
- determine that the applicant has adequate funds to complete the project according to subparagraph 122 B
- determine whether the contractor will be able to obtain surety according to paragraph 126
- determine whether the applicant will be able to obtain a warranty and a lien waiver according to subparagraph 122 I
- determine that the location is appropriate and adequate for the proposed development
- examine the project for compliance with environmental (e.g., lead paint, water, waste disposal), and cultural protection requirements, consistent with 1-EQ
- determine that the proposed schedule is realistic and results in completion as quickly as practicable and within no more than 12 months according to subparagraph 122 F
- if required, determine that the applicant has obtained a written certification from a State-licensed engineer or architect that final drawings and specifications meet appropriate development standards according to subparagraph 122 E.

123 Review of Proposed Construction and Development Plans (Continued)

B Security Considerations

The authorized agency official should ensure that the Government's security interest in the development is adequately protected by completing inspections and monitoring progress, as appropriate. Examples of potential lending risks include the following:

- incomplete construction caused by undisclosed or undiscovered site characteristics, structural problems arising from inadequate or incompetent engineering or design, local opposition to the project, or environmental problems
- cost overruns resulting from delays, changes in building materials or labor markets, changes in cost or failure to estimate properly, unexpected increases in financing costs
- financial failure because of unfavorable market conditions or inability of the borrower to complete the project.

124 Inspections

A Applicant/Borrower Inspections

[7 CFR 761.10(e)(1)] The applicant or borrower is responsible for inspecting development work as necessary to protect their interest.

The borrower's inspection ascertains that the actual construction and development work conforms with all plans, applicable design standards, and local, State, and Federal laws and regulations. In addition, an inspection helps to ensure that contractors and subcontractors comply with the contract terms and that structures are in livable and operable condition before final payment.

The authorized agency official will evaluate the following in determining if FSA inspections are needed:

- total cost of construction
- complexity of project
- whether State or local Government inspections address the full scope of design or performance issues of concern to FSA
- cost of obtaining inspections and availability of professional inspection services.

--[7 CFR 761.10(e)(2)] The applicant or borrower must provide the Agency written-- certification that the development conforms to the plans and good construction practices, and complies with applicable laws, ordinances, codes and regulations.

Where required by applicable State or local laws, ordinances, codes, and regulations, the borrower must have inspections performed by responsible State or other Government authorities. The borrower must provide a copy of the written certification obtained from the State or local authorities as appropriate.

* * *

Complex projects may require several inspections. For example, inspections may be appropriate for major building components (e.g., wiring) that would not be visible when construction is complete. At a minimum, inspections of most new construction should include mechanical, plumbing, electrical, and all applicable requirements about water and sewage disposal. Inspections for repairs and some types of new construction (e.g., service buildings without utilities) are more limited in scope.

124 Inspections (Continued)

B Other Inspections

[7 CFR 761.10(e)(3)] The Agency will require the applicant or borrower to obtain professional inspection services during construction as necessary to protect its financial interests.

(4) Agency inspections do not create or imply any duty or obligation of the Government to the applicant or borrower.

When performed, FSA inspections are for FSA's benefit, not to assure the borrower that the construction is according to plans and specifications. The purpose of an inspection is to determine that FSA has adequate security for its loan and loan funds or security proceeds are used as planned.

Inspections by FSA staff are not mandatory. However, to protect the interest of the Government, an authorized agency official should participate in final inspections, accompanied by the borrower if practicable. FSA inspections will be to certify that funds were used for authorized purposes and not to guarantee workmanship or construction soundness.

--Inspections will be documented in FBP.--

C Correction of Deficiencies

The borrower is responsible for following up on the correction of deficiencies noted in any inspection and must provide FSA with documentation of follow-up and correction of deficiencies.

If the borrower or the contractor refuses to correct the deficiencies, the authorized agency official will contact the State Office for guidance.

D Reviewing Incomplete Developments

If the borrower has not completed development work within a reasonable time after the date of loan closing or receipt of security proceeds and the authorized agency official has determined that the borrower cannot or will not complete the development, the authorized agency official must contact the State Office for guidance.

Note: Any funds remaining in the supervised bank account should be handled according to subparagraph 103 D.

125 Changing the Planned Development

A Permissible Changes

[7 CFR 761.10(h)] An applicant or borrower must request, in writing, Agency approval for any change to a planned development. The Agency will approve a change if all of the following are met:

- (1) It will not reduce the value of the Agency's security;
- (2) It will not adversely affect the soundness of the farming operation;
- (3) It complies with all applicable laws and regulations;
- (4) It is for an authorized purpose;
- (5) It is within the scope of the original loan proposal;
- (6) If required, documentation that sufficient funding for the full amount of the planned development is approved and available;
- (7) If required, surety to cover the full revised development amount has been provided; and,
- (8) The modification is certified in accordance with paragraph (d)(6) (subparagraph 122 E) of this section.

B Change Orders Procedures

When a borrower completing construction or development under the borrower method requests FSA approval of changes, the authorized agency official and the borrower will revise, date, and initial FSA-2150. Revised plans and specifications will be obtained as appropriate when a borrower completing construction or development under the contract method requests FSA approval of changes.

The borrower will submit revised contract documents, plans, and specifications, as appropriate.

The borrower and the borrower's contractors and subcontractors may not proceed with a proposed change and may not reflect the change in payment requests until FSA approves the requested change.

126 Surety Bonds

A Surety

[7 CFR 761.10(g)] The Agency will require surety to guarantee both payment and performance for construction contracts as necessary to protect its financial interests.

An applicant for a direct loan to finance a construction project must obtain from a construction contractor a surety bond that guarantees both payment and performance in the amount of the construction contract when 1 or more of the following conditions exist:

- contract exceeds \$100,000
- authorized agency official determines that a surety bond appears advisable to protect the borrower against default of the contractor
- contract provides for partial payments in excess of the amount of 60 percent of the value of the work in place.

When the surety is required, the applicant's contract with the contractor must indicate that the contractor will furnish a properly executed surety bond before starting any work.

FSA will incur no liability to a surety bond issued in connection with a construction contract. The contractors must name FSA as a co-beneficiary in all surety bonds unless prohibited by State law.

B Sources of Surety

A contractor must obtain the surety bonds from a corporate bonding company listed on the current Department of Treasury Circular 570.

Note: The Treasury Department publishes this circular in the Federal Register annually. A current copy may be obtained from http://www.fms.treas.gov/c570/index.html.

The contractor may use a corporate bonding company not listed on Department of Treasury Circular 570 with SED approval. In no case may the applicant or any person or organization with an interest in the applicant's operation provide the required surety bond.

126 Surety Bonds (Continued)

C Exceptions to Surety Requirements

If the contractor is unable to obtain a surety bond meeting the requirements in subparagraphs A and B, the applicant may submit a written request for an exception from SED. The request must specifically state why the contractor is unable to obtain an acceptable surety bond and why it is financially advantageous for the applicant to proceed with the proposed contractor without such a bond.

SED may grant an exception if the proposed contractor is reliable and experienced in the construction of projects of similar size, design, scope, and complexity and has financial assurance comparable to being bonded.

127-140 (Reserved)

Part 6 Appraisals

141 General Appraisal Requirements

*--A General

[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 FLP loans and Nonprogram loans
- (2) Appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans.

B Purpose

Appraisals are an integral part of determining whether there is adequate security to support a loan or servicing action.

FSA uses appraisals to determine the current market value of real and personal property or other security pledged, or to be pledged to support direct loans and loan servicing actions. The value of real estate is based on the highest and best use of the property determined through the appraisal process.

FSA requires a lender to obtain an appraisal in certain guaranteed loan making and servicing cases.

C Appraisal Issues

The State staff appraiser will provide support for appraisal issues, appraisal training, real estate appraisal and technical appraisal review requests. State staff appraisers will contact RA or CA for assistance or guidance.

States that do not have a State staff appraiser will refer their appraisal issues, appraisal training, real estate appraisal and technical appraisal review requests to RA or CA for assistance.-*

*--D USPAP Compliance

[7 CFR 761.7(b)(1)] Real estate appraisals, technical appraisal reviews and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific FLP activity involved. Applicable procedures and regulations are available for review in each Agency State Office.

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.

E Appraisal Costs

Responsibility for payment of appraisal costs is as follows:

• FSA, for cost of obtaining an appraisal associated with direct loan making and loan servicing activities

Note: See Part 7 for information on FSA appraisal costs and payments.

• the applicant or borrower for costs associated with appealing or negotiating FSA appraisals.

Note: See paragraph 144 for information on appraisal appeals.--*

E Obtaining Appraisals

Refer to NY Exhibit 3 of NY1-FLP Amendment 2 – forthcoming

*--F 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.

For direct credit transactions, other than a direct FO micro loan and EM loan according to 3-FLP, subparagraph 248 A, a real estate appraisal is obtained according to the following table.

IF type of property is	THEN appraisal can be completed by
residential properties; including 1 to 4	State-certified residential or State
single family units or vacant parcel, rural	licensed appraiser, if within the scope of
residential properties, small agricultural	the appraiser's State appraisal license:
property, or bare land	
	State-certified general contract
Note: Rural residential properties are	appraiser, or
properties located in rural area with	
highest and best use as residential	FSA full-time or part-time designated
property.	appraiser/reviewer.
property other than residential, small	State-certified general contract appraiser or
agricultural property, or bare land	FSA full-time or part-time appraiser/reviewer.

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

The property must be determined to be within the scope of the State license authority in which the subject property is located. Any other properties usually will be beyond the scope of a State-certified residential or State licensed appraiser. If there are concerns whether the property under consideration may be appraised by a State-certified residential appraiser, consult a State staff appraiser.

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 by the appraiser to complete real estate appraisals.--*

*--G Using an Existing Appraisal

[7 CFR 761.7(c)] Except where specified elsewhere, when a real estate appraisal is required, the Agency will 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) 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 appraiser's firm and original intended users agree.

An existing chattel appraisal may be used if it was completed within the previous 24 months and:

- FSA determines that the appraisal meets the loan making and/or servicing requirements
- market values have remained stable since the appraisal was completed.--*

H Using Third Party Appraisals

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

- appraisal was completed within the previous 12 months
- •*--administrative review is completed and the appraisal is found acceptable.--*

* * *

Notes: If the administrative review concludes the appraisal is not acceptable for FSA use, the reviewer will consult with the State staff appraiser or RA before rejecting the appraisal. A technical review should not be completed without consultation with the FLC. If the findings are not acceptable, the report will not be used and an FSA appraisal will be completed or ordered.

FSA does not need to be listed as an intended user in a third party appraisal report for any direct loan making or servicing action; however, FSA must verify that the appraisal was ordered by and prepared for a financial institution or land trust. Borrower-ordered appraisals are not acceptable for loan making or servicing actions except as provided in 5-FLP for special servicing actions.

I Sharing Appraisals with BIA

Upon BIA's written request, FSA may provide a copy of the appraisal report, approved for FSA use after any applicable review, even if FSA is named as the only client, obtained for *--any direct loan transaction. OGC consent will be obtained for release if appraisal was obtained as a result of litigation.--*

142 Appraisal Reports

A Chattel Appraisals

The appraised value of chattel property must be based on public sales of the same or similar property in the market area of the property being appraised. Our goal is to primarily base chattel property values on public sales information.

Loan officials are requested to collect sales data for livestock, machinery/equipment, fixtures, etc. from the following sources:

- •Borrower public auction sales;
- •FSA chattel property financed and any borrower private sales reflective of market value
- •Other non-FSA public auctions or consignments sales

To facilitate the collection and distribution of chattel sales data, loan officials are encouraged to complete the FSA Sales Summary Blank Template posted on the NY Sharepoint site under FLP-Direct Loans-Chattel Appraisal Information when any of the above events occur and email to State Office FLP staff. Machinery, equipment and livestock codes are contained on the second sheet of the template excel workbook for data input. State Office FLP staff will copy and paste the information submitted and maintain it on the NY Sharepoint site for all offices to use when completing chattel appraisals. Loan officials are encouraged to submit some or all of the sale data collected.

Reputable publications are intended to be a secondary source of data used in the absence of local auction data, as long as the property sales data reflects wholesale values and not retail values. There are several weblinks available on the NY Sharepoint site under FLP-Direct Loans-Chattel Appraisal Information including the Hot Line Guides AgDeal Website can be accessed by using the national office provided userID and password.

The NY Exhibit 4 of NY 1-FLP Amendment provides the required addendum to FSA-2160. This addendum will be completed by all appraisers and attached to FSA-2160.

*--J Contracts for Appraisal Services

FSA uses SAP, as described by FAR, to acquire appraisal services. Contracts for appraisal services may be obtained for real estate appraisals, technical reviews, or chattel appraisals.

Note: The procurement of a technical review for appraisal services can only be approved by the RA in consultation with CA. SED will consult with RA for guidance and, if appropriate, will submit the procurement request to RA.

FSA-2128 will be used for obtaining PLCE funding. Guidance on processing PLCE micropurchase at or below micropurchase threshold or above the micropurchase threshold is provided in Part 7.

Exhibits 41, 42, 43 and 44 provide guidance for SOW development for appraisal services. SED, after consulting with FLC, shall issue a State supplement establishing the method and standards needed to obtain appraisal services.

Note: States are encouraged to adopt the SOW Exhibits as provided. This will allow for consistency of standards and requirements for appraisal services between state boundaries and within an appraisal region.

The State supplement will:

• Define SOW for each appraisal service, i.e. real estate appraisal, and chattel appraisal. SOW should contain at a minimum the subparagraphs in Exhibits 41, 42, 43 and 44.

SOW may reference appraisal report guidelines as follows:

- Exhibit 50, Direct Loan Appraisal Assignment Guidelines
- Exhibit 51, Dairy Addendum To FSA Appraisal Guidelines
- Exhibit 52, Hog Addendum to FSA Appraisal Guidelines
- Exhibit 53 Poultry Addendum to FSA Appraisal Guidelines.

Note: Upon SED request, RA will provide:

- further guidance on work and reporting requirements for specialized properties
- technical assistance
- approval of additional SOWs and exhibits created for specialized properties.--*

*--J Contracts for Appraisal Services (Continued)

• Identify APOC.

SED, in consultation with the FLC, will select service center and/or state office employees to be the APOC.

APOC provides oversight of the micropurchase process for appraisal services. APOC has the authority to commit the Agency for purchasing appraisal services when the cost of services are less than or equal to the micro-purchase threshold. See Exhibit 2, for definition of micropurchase.

APOC will complete the required training according to Exhibit 60 and provide the self-certification using Exhibit 61. After completing the training, SED will submit Exhibit 62 by e-mail to:

Ernest Williams FFAS Acquisition Career Manager (ACM) Ernest.Williams@wdc.usda.gov

The Director, AMD will provide SED with the delegation of authority memorandum for APOC's.

- Establish and maintain a vendor registry as follows:
 - describe the process to establish a vendor list
 - provide criteria the vendor must meet to be on the registry
 - establish when a vendor may be removed from the registry
 - provide at a minimum business name, personal name, address, phone number, e-mail address, service area described by county(ies), licenses information, SAM number and registration date.

Note: FSA-2155 will be used for vendor registration.--*

*--J Contracts for Appraisal Services (Continued)

At a minimum, the vendor may remain on the FSA vendor registry if:

- registered in SAM and properly maintains information required by SAM
- provides and maintains vendor information as requested by FSA
- signs the SOW
- provides acceptable appraisal product that meets SOW requirements and consistently meets agreed upon timeframes
- attends required meetings with FSA.

Notes: Contact CO for guidance if a vendor is proposed to be removed from the registry. A vendor may request to be removed from the registry at any time.

FSA or a vendor may update the vendor registry information at any time. FSA should encourage that vendors update their information annually.

Processing and acquiring appraisal services.

SED will determine if appraisal service requests will be processed at the Service Center, District or State Office level.

SED is encouraged to use the FAR Simple Acquisition authority for purchasing appraisal services that are at or below the micro-purchase threshold and are considered direct purchase.

Note: To minimize the contractual burden and to improve processing, BPA's or other contractual agreements are not encouraged.

SED will contact the CO for guidance on County Office procedure for processing contractual acquisition for services when the cost of the service exceeds the micropurchase threshold.--*

*--J Contracts for Appraisal Services (Continued)

• At a minimum, establish work order request form and engagement letter for services.

SED will continue to use the appraisal ordering documents that the State has established for appraisal services for real estate or chattel. Further, SED is encouraged to adopt the appraisal service engagement letter as provided in Exhibit 64.

Note: Exhibit 64 may be modified to meet State specific needs with RA review and approval.

• Describe where, when and the acceptable method of delivery of the appraisal services product.

PDF with a digital signature or e-signature of the appraisal is acceptable for use by the Agency. The security of a PDF appraisal services product is the responsibility of the vendor.

SED is encouraged to adopt the following Exhibits.

- Exhibit 66, Applicant/Borrower Notification of Appraisal Services
- Exhibit 67, Appraisal Services Award Log
- Exhibit 68, Appraisal Services Rotation List
- Exhibit 69, Notice to Vendor For Cause.

Contract appraisers must remain independent from other FSA processes that are not appraisal-related.

Note: FSA processes that are not appraisal-related include completion of environmental screening questionnaires or forms.--*

*--K APOC Responsibilities

APOC's:

- follow and ensure that SAP is met for purchases of appraisal services at or below the SAP threshold limit
- review FSA-2128, Part B, to ensure that there is adequate documentation and support and provide approval of the selected or recommended vendor
- assist field offices and vendors with basic procurement issues
- coordinate issues that need further clarification by either County Office or State staff appraisers
- provide oversight for appraisal services requests to ensure that requests for procurement are needed and meet the Agency's mission
- ensure that documentation and concerns are clarified to adequately obtain a quote from vendor
- ensure proper rotation of vendors within their service area and that the best value is the basis of selection of vendor.

Note: Best value is defined in Exhibit 2.

• issue work order and engagement letter to vendor to proceed with assignment as described by the work order.--*

142 Appraisal Reports

*--A Chattel Appraisals

[7 CFR 761.7(b)(2)] When a chattel appraisal is required it must be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

FSA may use FSA-2160. If FSA-2160 is not used, the chattel appraisal, as a minimum, will identify all chattel items appraised, including the following details:

• documentation of the appraiser's physical on-site inspection of the chattel property

Note: Physical inspection of the chattel property is required unless a written exception is provided.

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

Note: Weight is not required for breeding stock.

• 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 or wholesale values 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.--*

142 Appraisal Reports (Continued)

*--B Real Estate Appraisals

A real estate appraisal, as a minimum, will be an appraisal report as defined by USPAP. Any exception to allow the use of a restricted report requires prior written approval by SED and after RA or CA consultation. 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 physical onsite inspection of the subject and comparable properties by the appraiser

Note: Physical inspections are required for the appraisal unless an exception in writing is provided by an FSA appraiser.

- documentation of the results of the following 3 approaches to estimating value, as
 determined to be applicable and necessary, except as provided in the scope of work in
 USPAP:
 - sales comparison approach
 - cost approach
 - income approach
- if adjustments are made, the basis for these adjustments as recognized by the market and supported by adequate documentation within the appraisal report
- at least a 3-year sales history of the property
- the comparable sales used, including a breakdown of land and improvement features and photographs of improvements and land.

Note: Using the subject property's pending sale as a comparable is prohibited without written consent from the LRA or CA. FLC may contact LRA or CA for guidance and written approval.--*

142 Appraisal Reports (Continued)

*--B Real Estate Appraisals (Continued)

Before the passage of the Agricultural Act of 2014 (Pub. L. 113-79) on February 7, 2014, CONACT provided for direct FO loans secured by real estate after December 23, 1985, the appraisal **must** consider the value of oil, gas, and other minerals for FSA to perfect its lien on the minerals. FSA is no longer required to include the value, even if nominal, of oil, gas, and other minerals to perfect its lien.

When the value of mineral rights is needed to adequately collateralize the loan, FSA-2164, Part D or other formats that provide the same information, will be included in the appraisal report to support the market value arrived at by the appraiser.

C Real Estate Appraisals Completed by State Staff Appraiser

Real estate appraisals completed by State staff appraisers must meet the same work and reporting requirements as provided in the State's SOW for contract appraisals.

If States without State staff appraiser are unable to obtain appraisal services through SAP, SED will request assistance from RA.

When a State staff appraiser determines, in consultation with the supervisor, that an appraisal request is beyond their position description, the assignment must be contracted out or conducted by a qualified State staff appraiser of a higher grade.

The State staff appraiser will:

- contact RA for guidance
- assist in developing the SOW if it is determined after consultation with RA that the appraisal assignment will be contracted out.

D Approved Appraisal Formats

Any appraisal format that meets USPAP requirements is acceptable. The preferred format for State staff appraiser appraisal report is the UAAR format.

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

- FSA-2161
- FSA-2162
- FSA-2163
- FSA-2164.--*

142 Appraisal Reports (Continued)

*--E Real Estate Appraisal Software

FSA has appraisal software available for full-time, part-time and State staff appraisers/reviewers. State staff appraisers use the software provided for appraisal reports and sales documentation and management.

Information on the most current version of software, source of software, installation instructions and user guides can be obtained from the appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx. The "Appraiser Software" section is located at the right side of the home page.

To obtain a copy of the software, or if there are questions about the software, contact Thomas Dobbin, Chief Appraiser, by either of the following:

- e-mail at thomas.dobbin@wdc.usda.gov
- telephone at 208-378-5671.--*

143 FSA Review of Appraisal Reports

*--A Overview

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

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

Chattel appraisal administrative reviews will be completed on FSA-2167.

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 completed training on conducting appraisal reviews, according to paragraph 147, before receiving this delegation.

An administrative appraisal review is performed as a due diligence function in the context of a loan making or servicing decision and to ensure 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 SOW requirements.

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

The administrative reviewer will refer to the designated State staff appraiser 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-2165 and for residential properties on RD 1922-15, or in any other format containing, at a minimum, the same information.--*

*--C Conducting Administrative Appraisal Reviews

FSA will complete an administrative appraisal review:

- within 7 workdays of receiving a contracted appraisal obtained for any direct loan purpose
- during CLP and PLP lender reviews based on the loans selected for review
- 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
- before loan closing of guaranteed loans from CLP or PLP upon request of the loan approval official.--*

*--D Technical Appraisal Reviews Overview

A technical appraisal review will be in writing to address all requirements of USPAP, Standard 3. 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.

Unless written authority is granted by DAFLP, a technical appraisal review must be completed by a State-certified general appraiser, whose services are obtained under a contract, or FSA full-time or part-time State-designated appraiser/reviewer who will determine whether the appraisal is in compliance with USPAP Standards. The appraiser/reviewer must certify as to the type and extent of the review process. A technical appraisal review may include a desk review and/or a field review. The appraiser/reviewer may express a different opinion of value from the appraiser, only after complying with USPAP Standards 1 and 2.

The technical appraisal review is completed for agriculture properties on FSA-2166, or any other format containing, at minimum, the same information and complies with USPAP standards.

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.--*

*--D Technical Appraisal Reviews Overview (Continued)

A technical field review involves an examination of all aspects of developing and reporting the appraisal. 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.

RA will be consulted and will provide assistance when:

- State staff appraiser receives a request for a technical appraisal review and determines, in consultation with their supervisor, that the appraisal assignment is beyond their position description
- the state does not have a State staff appraiser.

The appraiser completing the technical review will provide the SED a memorandum summarizing the findings.

IF technical review	AND	THEN
finds appraisal acceptable		the memorandum will:
		state that the appraisal is acceptable
		describe major and minimum areas of
		concern, if clarification is needed, and provide
		recommended corrective actions, if applicable
		or any modifications needed.
Finds appraisal unacceptable		the memorandum will:
		itemize USPAP discrepancies
		• provide the USPAP standard rule, as well as state the standard
		include explanation of the concern.

__*

*--D Technical Appraisal Reviews Overview (Continued)

IF technical review	AND	THEN
finds appraisal	appraisal was	SED will notify the appraiser who conducted
unacceptable (cntd)	completed for a direct loan or	the appraisal of the discrepancies found
	servicing action	SED may contact the appraiser who
		conducted the appraisal and request the
		appraiser provide information correcting the
		discrepancies.
		Note: SED may request the State staff
		appraiser or RA to provide technical
		support to explain discrepancies found
		to the appraiser who conducted the
		appraisal under review.
	appraisal was	SED will notify the guaranteed lender about
	completed for a	the findings as provided by the
	guaranteed loan, before issuance of	memorandum from the review appraiser
	the guarantee, or	 SED may request the review appraiser to
	for a servicing	assist in providing technical support to
	action	explain discrepancies found to the lender.
		Note: An unacceptable appraisal is a
		determination that the guaranteed loan
		conditions have not been met.
		Therefore, if an acceptable appraisal
		report cannot be obtained, FSA will
		inform the lender that appraisal is
		unacceptable and provide the lender
		appeal rights, according to 2-FLP. The
		issue for appeal will be whether
		lender's appraisal is consistent with
		USPAP. The lender may only provide
		an independent technical appraisal review of the lender's appraisal.
	appraisal was	SED will notify the lender of the findings
	completed for a	- 522 win notify the lender of the findings
	guaranteed loan,	SED may request the review appraiser to
	after the issuance	assist in providing technical support to
	of the guarantee,	explain discrepancies found to the lender
	or for a servicing	
	action	• SED will advise and remind the lender of
		their responsibilities under the Lender's
		Agreement.

D Technical Appraisal Reviews Overview (Continued)

Technical appraisal reviews will be kept by the State staff appraiser that conducted the review. Technical review reports will not be released except with written consent of the State staff appraiser as required by an appeal according to 1-APP or as directed by RA or CA. The technical review memorandum will be filed in the applicant or borrower case file *--with the appraisal report according to 32-AS.--*

Technical appraisal reviews may be used to evaluate risk assessment of direct and guaranteed loans to ensure:

- quality necessary to support loan security and loan servicing needs, and
- compliance with USPAP standards and FSA's appraisal regulations.

*--E Conducting Technical Appraisal Reviews

FSA will complete a technical appraisal review:

- on direct or guaranteed loan appraisals when an administrative review detects serious problems
- upon request of the loan approval official after an administrative review is completed and before loan approval.

After loan closing technical appraisal reviews will be completed for the following:

- first direct loan appraisal completed by a contract appraiser and then 1 every 2 FY's thereafter
- first third party appraisal used for direct loan making action completed by an appraiser with whom FSA has had no appraisal experience and then 1 appraisal every 2 FY's thereafter

Note: If an appraisal has been technically reviewed under any of the previous bullets, it is **not** necessary to conduct another review of another appraisal completed by the same appraiser on a different category, such as appraisal reviewed with a direct loan and the same appraiser subsequently completes another assignment that is submitted to FSA as a third party appraisal. A review would **not** be necessary.

• 1 appraisal (or technical review when an appraisal has not been completed during the cycle) completed by State staff appraisers every 2 FY's

Note: The National Office will coordinate State staff appraiser desk type reviews and monitor completion and results. State staff appraiser reviewers and appraisal/technical reviews selected for review will be on a random basis.

• of appraisals conducted by contractors and State staff appraisers 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 spot check review.--*

F Recordkeeping and Internal Management Controls

Each State must maintain a recordkeeping system and internal management controls *--according to 32-AS, and File Maintenance and Disposition Manual, to ensure that all--* administrative, technical (desk and field) reviews, and compliance activities are accomplished.

G USPAP Records Retention

USPAP requires that appraisers retain documentation at a minimum about appraisal reports 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 State staff appraisers and RAs at their official duty station for the duration of the required documentation retention period.

H FLP Appraisal Work Files

Appraisal work files **must**:

- **not** be destroyed or otherwise removed from FSA when USPAP retention requirements expire unless authorized by RA
- be relinquished to FSA when appraisers leave FSA employment positions.

Note: Appraisers may make copies of their work files at no cost before departing. Appraisers will be provided access to their work files on an as-needed basis to address State board concerns.

144 Appeals of Decisions Based on Appraisals

*--A Scope

This paragraph provides general information on appealing a direct loan making or loan servicing decision based on an appraisal. See 1-APP and paragraph 42 for additional information on appeals.

B When a Decision Based on an Appraisal May Be Challenged

An applicant or borrower may request reconsideration or appeal of any adverse decision based on an FSA appraisal. However, when the appraisal was obtained in connection with a request for PLS and negotiation of the appraisal has been completed according to 5-FLP, paragraph 230, the negotiated value is not appealable.

C Reconsideration of Real Estate Appraisals

An applicant or borrower may request reconsideration of an adverse decision based on a real estate appraisal and provide an independent technical appraisal review, completed by a State-certified general appraiser.

The 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 and/or a field review.

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

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

FSA will review the independent technical appraisal review, as well as the appraisal used to make the decision, and determine if corrections are needed to the original appraisal report. If corrections are necessary, FSA will request the original appraisal be corrected. The authorized agency official will notify the applicant or borrower of the outcome of reconsideration according to 1-APP and provide a copy of the corrected appraisal report.--*

144 Appeals of Decisions Based on Appraisals (Continued)

*--D Reconsideration of Chattel Appraisals

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.

FSA will review the chattel independent appraisal received from the applicant or borrower, along with a copy of the appraisal, and decide the chattel's final appraised value. The authorized agency official will notify the applicant or borrower of the outcome of reconsideration according to 1-APP.

E Real Estate and Chattel Appraisal Appeals

[7 CFR 761.7(e)] Challenges to an appraisal used by the Agency are limited as follows:

(1) When an applicant or borrower challenges a real estate appraisal used by the Agency for any loan making or loan servicing decision, except primary loan servicing decisions as specified in § 766.115 of this chapter (5-FLP, paragraph 230), the issue for review is limited to whether the appraisal used by the Agency complies with USPAP. The applicant or borrower must submit a technical appraisal review prepared by a State Certified General Appraiser that will be used to determine whether the Agency's appraisal complies with USPAP. The applicant or borrower is responsible for obtaining and paying for the technical appraisal review.

Notes: The applicant or borrower does **not** have the right to provide a second independent appraisal for consideration.

The issue for review is the appraisal of the subject property's current market value based on the development of an opinion of the highest and best use of the real estate as required by USPAP.

(2) When an applicant or borrower challenges a chattel appraisal used by the Agency for any loan making or loan servicing decision, except for primary loan servicing decisions as specified in § 766.115 of this chapter (5-FLP, paragraph 230), the issue for review is limited to whether the appraisal used by the Agency is consistent with present market values of similar items in the area. The applicant or borrower must submit an independent appraisal review that will be used to determine whether the appraisal is consistent with present market values of similar items in the area. The applicant or borrower is responsible for obtaining and paying for the independent appraisal review.

Note: FSA will review the qualifications of the appraiser selected by the applicant or borrower.--*

144 Appeals of Decisions Based on Appraisals (Continued)

*--E Real Estate and Chattel Appraisal Appeals (Continued)

If the borrower:

• is being considered for PLS under 5-FLP, the appeal challenging FSA's appraisal may include the borrower's independent appraisal according to 5-FLP, paragraph 230

Note: In Homestead Protection under 5-FLP, Part 7, the borrower 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 borrower may only provide an independent technical appraisal review of FSA's appraisal. The borrower does **not** have the right to provide a second independent appraisal for consideration or negotiation of the appraisal.

• disagrees with the appraised value used to determine the 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 borrower may only provide an independent technical appraisal review of FSA's appraisal.

Note: 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)

*--F Releasing FSA Appraisal Reviews

Administrative appraisal reviews performed by an FSA employee:

- before an initial decision are part of the FSA record and must be submitted to NAD as part of the appeal process
- after an initial decision are not part of the FSA 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 is deleted.

Technical appraisal reviews performed before or after an initial decision are part of the FSA record and must be submitted to NAD as part of the appeal process.

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 staff appraiser. The State staff appraiser shall review the nature of the discrepancy and make a determination to:

- contact the appraiser to correct the appraisal
- determine whether the discrepancies are 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 property 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.

Notes: A contract appraiser's qualifications shall be documented by the appraiser and maintained in the contract file.

Contract appraisers must meet any State licensing requirements if required by state law.

B Real Estate Contract Appraisers

Contract appraisers:

- must meet license requirements as described by subparagraph 141 F
- must be licensed 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 5 years of being designated as an appraiser/reviewer.--*

* * *

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 5 years from being designated as an appraiser/reviewer. To acquire this status, the appraiser/reviewer must meet their respective State licensing requirements and complete the following categories, at a minimum.

Category	Description
1	220 hours of appraisal 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.

If a designated appraiser/reviewer cannot acquire State-certified general appraiser status within 5 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 e-mailed to Thomas Dobbin, Chief Appraiser,

at thomas.dobbin@wdc.usda.gov.--*

146 Appraiser Training Requirements (Continued)

*--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.--*

146 Appraiser Training Requirements (Continued)

*--C Payment of Training Fees

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

For State staff appraiser/reviewers who are:

- not State-certified or have not completed FSA'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
 - number of hours required by State for continuing education per license cycle
 - number of hours of continuing education completed for the current license cycle.

Note: Training fee requests should only be courses in aggregate that provide the minimum hours necessary to meet basic qualification or continuing education requirements. Requests in excess of basic qualification or continuing education requirements will be denied.

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 and their supervisor's 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.

When claiming reimbursement of dues and fees, appraisers/reviewers must complete SF-1164 together with proof of payment and follow guidance in the appropriate FI directive.--*

146 Appraiser Training Requirements (Continued)

*--D Maintaining Appraisal Skills

Appraisers are required to maintain their appraisal skills by remaining actively engaged in all areas of real estate appraisal work. To maintain skills, appraisers holding an active certified general appraiser credential in any State or Territory must schedule work with their supervisor in a manner so as to complete a minimum of 10 appraisal work credits each FY. Work credits may be earned at the following rate:

- 2 credits for completing each agricultural property appraisal
- 1 credit for completing each agricultural property desk or field technical review.

Notes: Appraiser may earn the minimum credits from any mixture of real estate appraisal work (that is, completion of 3 appraisals (6 credits) and 4 technical reviews (4 credits) would satisfy the annual requirement).

This requirement does not pertain to appraiser trainees.--*

147 Training Requirements for Performing Administrative Appraisal Reviews

*--A State Responsibility

State Offices are responsible for developing and delivering a training program to an adequate number of employees to perform administrative appraisal reviews.

B Available National Training

An online course has been developed to supplement State-developed training. The online course is optional and can be accessed as follows:

- log into AgLearn at http://www.aglearn.usda.gov
- enter user ID and password
- CLICK "Catalog" tab
- CLICK "Browse Catalog"
- on left side of the page under Subject Area Menu, CLICK "+" next to **AgLearn Original** Courseware Structure
- on left side of the page, CLICK "+" next to Farm Service Agency
- navigate to and select "Farm Loan"
- on right side locate **Administrative Appraisal Review**, select "**To Do**" list, and take later or select "**Launch Content**" to begin training course.--*

148 Release of Appraisal Report

A General

An appraisal report, paid by FSA, is considered an administrative document for the purpose of collateral valuation and may not be released to the public or other parties except through FOIA, in accordance with subparagraph 141 I and this subparagraph.

B Release to Applicant or Borrower

--Upon an applicant or borrower's written request, FSA will provide a copy of the appraisal-- obtained for the loan.

An appraisal report that was completed for a loan servicing action is not released unless:

- the release meets the requirements in subparagraph 144 F
- there is foreclosure action pending on the real estate security
- it is in the best interest of the Government to facilitate alternative source of financing to satisfy all debts to FSA to avoid forbearance action.

C Release to Lender

--An appraisal report may be released to a lender if either:--

• an intended user stated in the report

Note: A lender that is listed as an intended user in the appraisal report may not request changes or add requirements to the appraisal assignment. FSA, as the client, is the only party that may request changes or add requirements to the appraisal assignment.

• participating in a loan transaction and has a participation arrangement with FSA.

Note: The participation arrangement will be in writing with the applicant or borrower's acknowledgement.

148 Release of Appraisal Report

*--D Release to Peer Review Committee or Regulatory Authority

A real estate appraisal report may be released to a peer review committee or regulatory authority upon written request with consultation with CA. The SED shall inform the review committee in writing that, appraisal information developed for USDA is protected from unauthorized use and unauthorized disclosure pursuant to the administrative and/or civil remedies/criminal penalties identified in applicable Federal statutes to include the Privacy Act of 1974 (5 U.S.C. 552a - as amended).

To ensure proper awareness, individuals/organizations granted access to federally protected information are advised that they may be held legally liable should they commit an unauthorized use/unauthorized disclosure of the protected information in violation of Federal statute.--*

149-160 (Reserved)

Part 7 PLCE's

161 Overview

A Purpose

This part describes procedures for:

- obligating and paying PLCE items
- processing PLCE requests for normal servicing and for purchases above and below Micropurchase thresholds
- handling concerns about vendor payments.

B Program Authority

Program authorities to request goods and services are located in Exhibit 25. Employees with program authority may redelegate their authority to any qualified employee.

If a State needs additional program authority above those granted in Exhibit 25, SED must send an e-mail to the appropriate point of contact as shown in subparagraph 161 C or by written request sent by FAX to 202-720-6797.

C PLCE and FMMI Help Desk Information

The National Office is the first point of contact for all PLCE and FMMI related inquiries as follows.

Point of Contact for PLCE and FMMI Inquiries		
PLCE Funding	Joe Marcoccia	joe.marcoccia@wdc.usda.gov
	Jerry Moseman (primary)	jerry.moseman@wdc.usda.gov
	Ann Smith	ann.smith@wdc.usda.gov
User Access	Ann Smith (primary)	anne.steppe@wdc.usda.gov
	Anne Steppe	
General Inquiries	Ann Smith	
	Anne Steppe	
Vendor Inquiries	Ann Smith	
	Anne Steppe (primary)	
Lost Payments	Ann Smith	
	Anne Steppe	

161 Overview (Continued)

C PLCE and FMMI Help Desk Information (Continued)

Point of Contact for PLCE and FMMI Inquiries		
Emergency FMMI	Ann Smith	* * *
ZMY, TY, or PPA	* * *	
Approvals	Anne Steppe (primary)	
* * *	* * *	* * *
FMMI Remedy	Ann Smith	
Tickets	Anne Steppe	

When requesting PLCE funds, be sure to send an e-mail to all 3 points of contact according to the table.

--Note: FMMI transaction approvals by the National Office are limited to those transactions that are true emergencies in which the financial and/or security interests of the Government will be negatively impacted if the FMMI document is not approved at the time and the State's FMMI approver is expected to be out of the office for an extended period of time.--

D State Office Responsibilities

SED must issue a State supplement that:

- identifies the State PLCE Monitor responsible for overseeing PLCE and FMMI activity as described in subparagraph 161 E
- identifies APOC responsibilities for providing approval and oversight of appraisal services Micropurchase as described in subparagraph 141 K
- establishes and identifies method of certifying fund availability
- if applicable, covers State-specific requirements for handling UCC filings and lien searches **not** covered by the guidance in subparagraph 164 C
- covers State requirements for processing and accepting Micropurchases (as defined by Federal Acquisition Regulation (FAR) Part 13.1), as necessary.

E State PLCE Monitor Responsibilities

The State PLCE Monitor is not required to be a State Office FLP employee member; however, the State PLCE Monitor must be a person familiar with FLP loan making and loan servicing functions. The State PLCE Monitor is responsible for the following:

- ensuring the proper use of PLCE allocations and providing guidance to the Field Office as necessary
- working with the FLC in determining and documenting how the State's allocation will best be used to meet program goals and objectives
- certifying funds availability

161 Overview (Continued)

E State PLCE Monitor Responsibilities (Continued)

- overseeing the obligations and disbursements of PLCE-allocations by account to avoid violating the Anti-Deficiency Act
- creating and modifying non-SAM vendor records in FMMI
- oversees processing FMMI purchase orders (ZMY), invoices (TY), and modifications
- except for appraisal services, acts as a liaison between FLP, and contracting official, and appraisal staff to ensure that all involved parties follow Micropurchase request procedures, documentation requirements are met, and applicable Micropurchase review processes are followed
- post-payment adjustments
- responding to vendor inquiries, except for appraisal services.

Note: The APOC will provide assistance with appraisal vendor inquiries.

162 Understanding PLCE

A PLCE Spending Chain

The components of the PLCE spending chain are defined as follows.

Component	Action
1	Allocation is funds that are apportioned to the agency and subsequently allocated to
	each State in 4 separate funds. Allocation to the State level is required before
	spending can occur.
	Note: See paragraph 163 for funds explanation.
2	Internal Budget Pre-approval means authorized agency officials contact the State
	PLCE Monitor to certify availability of funds before incurring an expense on behalf
	of the agency or a borrower.
	Note: This step is by-passed when a delinquent real estate tax notice or delinquent
	personal property tax notice is received in the County Office.
3	Obligation means once an order is placed, the agency has a legal responsibility or
	obligation to pay for the ordered goods or services. A purchasing document is used
	to purchase goods and services or pay for costs associated with servicing a farm
	loan and preservation of the agency's security according to the signed loan
	documents. Obligations draw down available funds in the associated account in
	FMMI.
4	<u>Invoice</u> is an accounts payable document that is used to pay for goods and services
	received and the disbursement of funds. Depending upon the type of expenditure,
	disbursements may occur after or simultaneously with the obligation document.
	Invoices reference and liquidate documents in the PLCE spending chain.
5	<u>Disbursement</u> is handled by the National Finance Center. This step is driven by the
	vendor record and invoice document.

162 Understanding PLCE (Continued)

B Definition of PLCE

PLCE are expenditures that relate to loan making, loan servicing, and inventory property activities and the provisions of the Promissory Note and Security Agreement for the preservation and protection of any security for the loan.

The way each authorized PLCE expense is handled depends upon the individual item cost and the type of goods or service needed.

- Routine Loan Account Maintenance, or "noncontractuals," are those items exempt from FAR and Agriculture Acquisition Regulation provisions and not subject to a purchase threshold. These items have fixed costs and specific vendors, all of which are outside FSA's control. Items in the "noncontractual" category include the following:
 - all items listed in Exhibit 25 under "Loan Account Maintenance"
 - State Database Access Fees

* * *

- •*--law enforcement services when paying the US Marshall's Office, police or sheriff's department--*
- ground rents

* * *

- masters in equity
- •*--trustee agency (foreclosure) **only** when trustee is court-appointed--*

Note: If a cost item is not found in the list above, it is not considered a Routine Loan Account Maintenance or "noncontractual" item.

PLCE expenses with a per item cost at or below the Micropurchase threshold as defined
in the FAR may be considered Micropurchases. Any PLCE cost item that exceeds the
defined Micropurchase thresholds shown below will be referred to as "contractuals" for
purposes of this Part.

The current Micropurchase thresholds are as follow.

• Supplies - \$3,500

The Maintenance and Management purpose category located in Exhibit 25 is the **only** area of PLCE under which supplies might be purchased.

162 Understanding PLCE (Continued)

B Definition of PLCE (Continued)

• Services - \$2,500

Almost everything related to loan making and loan servicing PLCE expenses falls under Services. Services include inspections, appraisals, analysis, and professional services. Credit reports also come under this category.

• Construction - \$2,000

Construction items are those needed for authorized repairs or maintenance to real property separate from supplies or services.

•*--Any PLCE cost item that **exceeds** the defined Micropurchase thresholds according to this subparagraph will be referred to as "**contractuals**" for purposes of this Part. Assistance from a warranted Contracting Officer is **required** for all "contractual" PLCE activity.

FAR 13.1 should be consulted to ensure that offices use the current Micropurchase thresholds at the time of action. Consulting the FAR is not a function of the State PLCE Monitor; State PLCE Monitors should work with their State contracting staff.--*

Note: Any PLCE item associated with an environmental issue will be discussed with the State Environmental Coordinator before proceeding under these instructions. Consultation with the National Office, the National Environmental Coordinator, and the State Contracting staff may be necessary.

C Expense Types

There are 2 types of PLCE's:

- Recoverable PLCE's are chargeable to either a borrower or inventory property account
- Nonrecoverable PLCE's are **not** chargeable to a borrower or inventory property account.

See:

- Exhibit 25 for recoverable and nonrecoverable PLCE designations.
- subparagraphs 164 E and 164 F for additional guidance on recoverable cost items.

162 Understanding PLCE (Continued)

D PAC

Exhibit 25 provides a list of each authorized PLCE expense. Each expense item has an assigned unique 3-digit alphanumeric-character, which is required to obligate and control funds and track expenses. If there is a "Comment" annotated for the selected PAC, County Offices and State PLCE Monitors should review the Exhibit 25 "Note" section for usage clarification or application.

PAC's are based upon whether the cost is related to loan making, loan servicing, or inventory property. All transactions fall under 1 of the following 3 categories.

- Loan Making PAC's are applicable during the loan application process only. Once a loan is closed, it becomes a loan servicing action.
- Loan Servicing PAC's are applicable from the point of loan closing through the final disposition of the loan.
- Inventory Property PAC's are applicable only after FSA has taken the property into inventory, not during the acquisition process. Any PLCE item incurred on behalf of FSA during the acquisition process (foreclosure, voluntary conveyance, etc.) is a loan servicing action and is charged to the borrower's account, not the inventory property. This includes accrued or delinquent taxes, attorney fees, or any other expense related to the security prior to the date taken into Government inventory.

*--E Use of Government Purchase Card

At no time may a government purchase card be used for anything related to PLCE's for FLP applicants, borrowers, or inventory property. There are **no** exceptions. --*

F Historical PAC Reference

PACs found in Exhibit 26 were made obsolete effective October 1, 2010. For loan servicing purposes, Exhibit 26 is retained for historical reference only.

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. PLCE funds are not suballocated to the County Office level. The most recent allocations and balances are available in FMMI using the Availability of Funds Control Report which may be accessed according to the following FMMI pathway: Funds Management > Reports > Budget Preparation and Planning > Budget Availability Control.

A National Office Allocation of PLCE Funds to States (Continued)

The National Office divides each State allocation into 4 accounts that correspond to their respective Treasury symbols. 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. The "A" account fund code is identified as "FA00B1140D" in the FMMI environment.
- 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. The "R" account fund code is identified as "FA00B4212D" in the FMMI environment.
- 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. The primary "L" account fund code is identified as "FA00B4140D" in the FMMI environment.

There are 2 different appropriated line items for "L" funds, each with their own functional area:

- FA02FL2040000000: Loan Servicing "L" account
- FA02FL2140000000: Inventory Property "L" account.

Both line items use the same fund identifier of FA00B4140D. Only the loan servicing "L" funds are allocated to the State level. The inventory property "L" funds are maintained at the National Office level. The PLCE Monitor will contact LMD when "L" funds are needed for servicing inventory property.

Recovery Act - Direct Financing Account - Capital Investment (recoverable). This "S" account is used to pay PLCE's that are chargeable to a borrower or inventory property account in which the loan was obligated using ARRA ("Stimulus") identified loan funds. "S" loans are identified with Type of Assistance codes 564 through 583. The "S" account fund code is identified as "FA00B4284D" in the FMMI environment.

* * *

B State Office Allocation of PLCE's

*--All PLCE obligations and disbursements must occur on a "requirement and consideration" basis, because there must be a specific need for a specific loan applicant or borrower.

Obligating lump sum amounts or "banking" PLCE funds for a specific vendor is prohibited and a violation of the Anti-Deficiency Act. The obligation of PLCE funds in one FY for use in another FY without a specific requirement also violates the Anti-Deficiency Act and is not permitted.

Examples of permissible and not permissible are as follows:

- **Permissible** On September 25, 2014, the County Office requests a title opinion in preparation for an upcoming foreclosure sale for a particular borrower. The PLCE commitment is created the same day **and work begins**; however, it is November 1, 2014, when the vendor delivers the title opinion and requests payment.
- **Not Permissible** On September 25, 2014, the State Office decides to set aside \$xxx for real estate appraisals needed in the next FY. There is no immediate need for the obligation; however, the State wants to "use up" the remaining FY 2014 "L" allocation and draw-down funds from the one ZMY obligation on an as-needed basis in FY 2015.

Note: For electronic UCC filings with the Secretary of State's office see subparagraph 164 D.

C Using PLCE Allocations

Before any PLCE item can be obtained or an expense incurred on behalf of the Government, the State PLCE Monitor must certify fund availability and ensure the State budget reflects that potential commitment. PLCE obligations should be entered into FMMI **before** goods or services are received.

Note: Notices about delinquent real estate taxes and property taxes are exempt from funds certification. It is not possible to know when a borrower will not pay their taxes in a timely manner. All other items found under Loan Account Maintenance in Exhibit 25, or those identified as "noncontractual", require prior budget approval from the State PLCE Monitor before committing the Agency. Reimbursement for an unapproved cost item is not guaranteed.--*

164 Obtaining PLCE Items

A Current Employees as Vendors

Employees are permitted to incur costs on behalf of FSA to obtain copies of courthouse documents provided **prior budget approval is obtained** from the PLCE Monitor. If preapproval of the expenditure is not received from the PLCE Monitor, the cost may not be reimbursable.

--FLC or designee will sign FSA-2126 or FSA-2128 for all employee reimbursement-- requests.

Employees will **not**:

- act as a vendor for "convenience" of the office, applicant, or borrower
- act as a vendor whenever "L", "R", or "S" funds are used
- be asked or required to use personal funds for miscellaneous expenses with repayment through PLCE funding at a later time
- be a vendor when an expense can be handled through normal PLCE processes, i.e., ordering a Treasury check
- file for reimbursement of any PLCE on a travel voucher, SF-1164, or by any other means *--other than the FSA-2126 or FSA-2128.--*

Notes: FSA employee records are already in FMMI. A Federal employee requesting reimbursement will **not** have a vendor record created using the FSA-2173.

See 3-PM, paragraph 131 for additional guidance about restrictions on outside employment and activities.

B Former Employees as Vendors

For guidance on post-employment restrictions about using former FSA employees as PLCE vendors, see 3-PM, paragraph 139, and 18 U.S.C. 207.

Former FSA employees should contact the USDA ethics counselors for informal assistance with interpreting and applying the post-employment restrictions. FLP State Office staff may also contact the USDA ethics counselors for guidance before selecting a former FSA employee as a vendor, through the Administrative Officer or State Office ethics advisor. The Office of Ethics may be reached by e-mail at **Ethics-Farm-FSA-@oe.usda.gov**.

Notes: Additional post-employment information is available at http://www.ethics.usda.gov/rules/postemployment.htm.

Former FSA employees are not exempt from the SAM registration requirement and must be registered in SAM if working in a vendor capacity.

164 Obtaining PLCE Items (Continued)

C Guidance for Electronic UCC Transactions

State Offices may establish accounts with the Secretary of State's office using a draw-down process to meet UCC electronic and central filing requirements. "R" funds are used for this purpose.

--States with Secretary of State accounts must establish and use a tracking system to monitor that billing is accurate and ensure FLP UCC activity is not commingled with CCC or FP activity. PLCE funds may be used only for FLP applicants and borrowers.--

In States where the Office of the Secretary of State has decided to use credit card only transactions, the PLCE Monitor will work with the Secretary of State to find an alternative to credit card transactions. If there is no alternative payment option available, third party processors may be used, for an additional fee, to handle FLP UCC needs.

When using third party processors, third party processor fees are an administrative cost of doing business and paid using "A" funds separate from the UCC filing and lien search fees. Loan applicants and borrowers are responsible only for the cost of the UCC filing, **not** the processing fee. FSA must incur the processor fee because it **cannot** comply with a credit card requirement.

If a UCC is being renewed for an account in foreclosure using "L", "R", or "S" funds, separate FMMI transactions will be processed for that specific UCC filing. The PAC to use is '2N5'. Likewise, if there is no collection of UCC fees, the cost is charged against a borrower's account, using PAC '2N5'.

When the borrower remits payment for an electronic UCC filing which is sent to the Finance Office with a miscellaneous collection code of 36 or 38, the PAC code '1NE' or '2NE' is used.

If an error is made on a UCC or other legal document, the cost of the correction is a nonrecoverable item. "A" funding and the PAC code "2N5" are used.

164 Obtaining PLCE Items (Continued)

D Refunding Credit Report Fees

When credit report fees are collected and deposited, and the credit report is never obtained, reimbursement to the applicant is **not** a PLCE function. Whenever money is transmitted successfully to NFC, the refund **must** come from the same office. County Offices shall submit a request for refund to their account technician who services their Sate according to paragraph 5.

E Using Recoverable Cost Items

FSA charges recoverable PLCE's to specific loans, except ARRA ("Stimulus") loans.

Only "S" account funds are used to obligate and pay PLCE expenses for ARRA ("Stimulus") loans. The use of "L" or "R" funds for ARRA ("Stimulus") loans is **not** authorized.

*--When a specific recoverable PLCE applies to more than 1 loan, the oldest outstanding closed loan, for which the security associated with the charge is attached, will determine which recoverable account ("L" or "R") is used. For a rescheduled or reamortized loan, always use the **original loan date** to determine which account is used.--*

Note: Interest accrues at the same interest rate as the loan associated with the charge.

F ADPS Transactions for Recoverable Cost Items

When a recoverable cost item is charged back to a direct OL, ML, or EM loan, a new "loan" is created on the borrower's account. The loan number will be between 75 and 99, starting backwards from 99. The ADPS TC 1L is associated with the charge.

When the loan being charged is a direct FO loan, the PLCE charge is reflected as an advance on the loan; a separate "loan" is not created. The transaction is identified by ADPS TC 1L in the borrower's online history.

When a PLCE charge falls under Inventory Property, ADPS TC 1X reflects the charge.

PLCE charges on Judgment accounts are shown as a ADPS TC 1I transaction.

165 Processing Routine Loan Account Maintenance PLCE's

A Forms

Forms associated with processing Routine Loan Account Maintenance PLCE's include the following.

• **FSA-2126**, which is the only form required to initiate PLCE requests for routine loan account maintenance, or "noncontractuals" as described in subparagraph 162 A.

* * *

- **FSA-2171**, which is the substitute invoice and will be used only in instances where there is **no** existing vendor invoice; vendor invoice information is never transferred to FSA-2171.
- **FSA 2172**, see subparagraph 169 G for guidance on requesting Emergency PLCE vendor checks.
- **FSA 2173**, which is used when necessary to establish a vendor record (PVND) in FMMI. See the FMMI User Guide for guidance on PVND entries.

B Filing Requirements

FSA-2126 * * * and any documents related to recoverable cost items should be filed in the borrower's case file and treated as a debt instrument.

It is recommended that PLCE documents involving the use of "A" funds be filed in the borrower's case file as part of the running record of actions taken on behalf of the borrower or applicant. Documents for nonrecoverable cost items are not debt instruments.

County and State Offices should establish and maintain an operational file for PLCE activity *--according to 32-AS.

Tracking systems to monitor State PLCE budget activity is recommended.

C Vendor Selection

There is no vendor selection process for routine loan account maintenance. For an item to fall under this category, the Agency must be paying a bill related to a borrower or inventory property for which both of the following exist:

- the vender and the cost is outside of Agency's control
- not paying the bill negatively impacts the Agency's financial and/or security interests.--*

D FMMI

The PLCE Monitor and State FMMI users should refer to the FMMI User Guide for additional guidance and automation instructions, which are not addressed in the administrative workflow process provided in subparagraph 165 E.

165 Processing Routine Loan Account Maintenance PLCE's (Continued)

E Workflow Process for "Noncontractual" Expenses

In general, routine loan account maintenance PLCE requests are immediately due and payable. Simultaneous obligations and disbursements for "noncontractual" items are common and permissible.

Note: Tax notices and other documents from the vendor source are considered invoices and this information should **not** be transferred to FSA-2171. Always use the original documentation to support the obligation whenever possible.

Authorized Agency Officials shall take the following steps for routine loan account maintenance PLCE items.

Step	With Invoice	Invoice Pending
1	Authorized Agency Official is notified or receives notification of PLCE need and refers to Exhibit 25 for authorization and terms. If AAO is uncertain if or how to proceed, AAO will contact State PLCE Monitor for guidance.	Authorized Agency Official determines, or is notified of, PLCE need and refers to Exhibit 25 for authorization and terms. If AAO is uncertain if or how to proceed, AAO will contact State PLCE Monitor for guidance.
		Note: State PLCE Monitor must be contacted before incurring an expense not triggered by an automatic billing (tax notice, for example). AAO's may not commit the Agency to, or expect reimbursement without proper prior authorization.
2	Authorized Agency Official completes and signs FSA-2126 * * * and attaches invoice, and any other necessary documentation related to the PLCE. Documents are sent to the State PLCE Monitor for further processing.	Authorized Agency Official completes FSA-2126 * * * and, along with any other necessary documentation related to the PLCE, sends request to the State PLCE Monitor for processing.
3	State PLCE Monitor receives and reviews FSA-2126 * * * for accuracy, completeness, and validity, consulting with the Farm Loan Chief, as necessary.	State PLCE Monitor receives and reviews FSA-2126 * * * for accuracy, completeness, and validity, consulting with the Farm Loan Chief, as necessary.
4	State PLCE Monitor certifies budget availability. If approved, the PLCE process continues.	State PLCE Monitor certifies budget availability. If approved, the PLCE process continues.

165 Processing Routine Loan Account Maintenance PLCE's (Continued)

E Workflow Process for "Noncontractual" Expenses (Continued)

Step	With Invoice	Invoice Pending
5	PLCE request is processed and posted in FMMI, creating a ZMY obligation using	PLCE request is processed and posted in FMMI, creating a ZMY obligation using
	the FMMI User Guide as reference.	the FMMI User Guide as reference.
	Note: National Office support is	Note: National Office support is
	available for approvals only on	available for approvals only on
_	an as-needed basis.	an as-needed basis.
6	Invoice is processed and posted in	A copy of the budget-approved
	FMMI, creating a TY payment document as shown in the FMMI User Guide.	FSA-2126 * * * and associated FMMI transaction documents are returned to the
	as shown in the Fivivii User Guide.	requesting office.
7	A C4 1 1 1 1 1	· •
7	A copy of the-approved and completed FSA-2126 * * * and FMMI ZMY and	Once county office receives invoice, using FSA-2126 * * * forwards invoice
	TY transaction documents are returned to	to the State PLCE Monitor with a signed
	the requesting office for placement in	request for payment and copy of the
	file(s).	original FSA-2126 * * *.
	Note: National Office support is	
	available for approvals only on	
	an as-needed basis.	
8	End.	Invoice is processed and posted in
		FMMI, creating a TY payment document
		as shown in the FMMI User Guide.
9		A copy of the completed FSA-2126 * * *
		and FMMI TY invoice transaction
		document are returned to the requesting
10		office for placement in file(s). End .

166 Processing Micropurchase and "Contractual" PLCE

A Forms

Forms associated with processing micropurchase and "contractual" PLCE cost items include the following.

- •*--FSA-2126, required for purchases except for appraisal services that PLCE requests are at or **below** the Micropurchase threshold limits described in subparagraph 162 A. For Micropurchases determined to be **above** the threshold limits, FSA 2126 is used to **initiate** PLCE requests. Any additional documents required to complete the purchasing process will be prepared by the State CO or State contracting staff.
- FSA-2128, which is **only used for appraisal service purchases** and is the form required to initiate PLCE requests for Micropurchase or "contractuals" purchases as described in subparagraph 162 B--*
- **FSA-2172**, see subparagraph 169 G for guidance on requesting Emergency PLCE vendor checks.

All vendors operating under this subpart are expected to provide their own invoice document; therefore, FSA-2171 should not be necessary.

FSA-2173 is **not** used in this process; all vendors operating under this subpart **must register in SAM**. Agency officials should **not** collect this information.

B Additional Requirements

--Additional documentation to FSA-2126 or FSA-2128 may be required depending upon the-- PLCE need. Authorized Agency Officials will follow established procedures according to paragraph 141 and subparagraph 161 D, as applicable.

C Filing Requirements

FSA-2126 or FSA-2128, which is **only used for appraisal service purchases** and is required to initiate PLCE requests for Micropurchase or "contractuals" purchases according to subparagraph A, documents related to recoverable cost items should be treated as a debt instrument and filed in the borrower's case file.

It is recommended that PLCE documents involving using "A" funds be filed in the borrower's case file as part of the running record of actions taken on behalf of the borrower or loan applicant. Documents for nonrecoverable cost items are not debt instruments.

County and State Offices should establish and maintain operational files for Micropurchase *--PLCE activity according to 32-AS.--*

Tracking systems to monitor State PLCE budget, Micropurchase transactions, and vendor selections should be established.

D Vendor Selection

--In addition to requesting PLCE obligations and disbursements, FSA-2126 or FSA-2128 is-- used to record associated vendor contacts and quotes.

Authorized Agency Officials will contact appropriate vendors to obtain quotes for the required good or service. The amount of the cost quote provided by the vendors determines how many quotes must be obtained.

If the first vendor provides a cost quote *below* the given Micropurchase threshold, and that vendor is qualified and able to perform the task within the given timeframe, additional vendor quotes are **not** necessary. Single source vendor selection may be justified on *--FSA-2126 or FSA-2128.--*

If the first vendor contacted provides a cost quote above the Micropurchase threshold, authorized agency officials must obtain 2 additional quotes from qualified vendors, for a total of 3 cost quotes.

Note: All Authorized Agency Officials must ensure that vendor selections are rotated so no 1 vendor receives all requests for goods or services. Low bid is **not** a sufficient reason to select repeatedly 1 particular vendor over others; equal consideration to

--other qualified and available vendors must be given. Except for appraisal service purchases, the PLCE Monitor will work with the contract team, as necessary, to ensure that vendor selection is fair and equitable, and that the Government receives a fair and reasonable price. For appraisal service purchases, the APOC ensures that the vendor selection is fair and equitable and the Government receives the best value as defined by Exhibit 2.--

E FMMI

The PLCE Monitor and State FMMI users shall see the FMMI User Guide for additional guidance and automation instructions, which are not addressed in the administrative workflow process provided in subparagraph 166 F.

F Workflow for Micropurchases

*__

Step	Below Threshold	Above Threshold
1	Authorized Agency Official determines	Authorized Agency Official determines
	PLCE need and refers to Exhibit 25 for	PLCE need and refers to Exhibit 25 for
	authorization and terms. If AAO is	authorization and terms. If AAO is
	uncertain if or how to proceed, AAO will	uncertain if or how to proceed, AAO will
	contact State PLCE Monitor for guidance.	contact State PLCE Monitor for
		guidance.
2	Authorized Agency Official calls or	Authorized Agency Official calls or
	e-mails vendor(s) for price quote and	e-mails vendor(s) for price quote and
	availability. Vendor contacts are	availability. Vendor contacts are
	recorded on the FSA-2126 or FSA-2128.	recorded on the FSA-2126 or FSA-2128.
3	FSA-2126 or FSA-2128 is completed,	FSA-2126 or FSA-2128 is completed,
	signed, and forwarded to State PLCE	signed, and forwarded to State PLCE
	Monitor for budget approval, along with	Monitor for budget approval, along with
	supporting documentation as applicable.	supporting documentation as applicable.
4	State PLCE Monitor receives and reviews	State PLCE Monitor receives and
	FSA-2126 or FSA-2128 for accuracy,	reviews FSA-2126 or FSA-2128 for
	completeness, and validity, consulting	accuracy, completeness, and validity,
	with the Farm Loan Chief or other	consulting with the Farm Loan Chief or
	Agency Official as necessary.	other Agency Official as necessary.

--*

F Workflow for Micropurchases (Continued)

*__

Step	Below Threshold	Above Threshold
5	State Office certifies budget availability and	State Office certifies budget
	approves FSA-2126 or FSA-2128.	availability and forwards the approved
		and signed FSA-2126 or FSA-2128,
		along with other required information,
		to the State's Authorized Contracting
		Official according to procedures
		provided in paragraph 141 or
		subparagraph 161 D.
6	State Office inputs FMMI purchase order	Authorized Contracting Official
	(ZMY), as provided in the FMMI User	coordinates with other Agency
	Guide, and annotates the ZMY document	Officials as necessary. Authorized
	number on the FSA-2126 or FSA-2128.	Contracting Official sends the purchase
		order to selected vendor for vendor's
	Note: National Office support is available	acceptance signature.
	for approvals only on an as-needed	
	basis.	
7	Original signed and approved FSA-2126 or	Authorized Contracting Authority
	FSA-2128 and copy of the FMMI ZMY	sends the signed purchase order with
	document is returned to the Service Center.	award letter to the vendor, with copies
		to the State PLCE Monitor and others,
		for placement in file(s) and additional
0	Camina Canton Authorized A canon Official	processing.
8	Service Center Authorized Agency Official	State Office inputs FMMI purchase
	sends selected vendor an e-mail confirming quoted price and authorization to perform	order (ZMY) as provided in the FMMI User Guide and annotates the ZMY
	work, along with any additional directions	document number on FSA-2126 or
	necessary for the completion of the work.	FSA-2128.
	necessary for the completion of the work.	15A-2126.
		Note: National Office support is
		available for approvals only on
		an as-needed basis.
9	Vendor completes PLCE task and submits	FSA-2126 or FSA-2128 and copy of
	invoice with completed goods or services to	the FMMI ZMY document are
	the Service Center.	returned to the Service Center for
		placement in file(s) and to Contracting
		Official and others as determined by
		established procedures.
10	Service Center Authorized Agency Official	Vendor completes PLCE task and
	follows established procedures as provided	submits invoice with completed goods
	in paragraphs 141 or 161 D to certify	or services to the Service Center.
	receipt and acceptance of goods or services.	

__*

F Workflow for Micropurchases (Continued)

*__

Step	Below Threshold	Above Threshold
11	Upon accepting PLCE goods or services,	Service Center Authorized Agency
	Authorized Agency Official will attach a	Official follows established State
	copy of vendor invoice to FSA-2126 or	procedures as provided in paragraph
	FSA-2128 and request payment. FSA-2126	141 or subparagraph 161 D to certify
	or FSA-2128 with invoice, is sent to PLCE	receipt and acceptance of goods or
	Monitor for vendor payment.	services.
12	State Office inputs FMMI invoice	Upon completing the formal review
	document TY and annotates the TY	process, FSA-2126 or FSA-2128
	document number on FSA-2126 or	requesting payment to vendor and copy
	FSA-2128 as provided in the FMMI User	of vendor invoice is forwarded to the
	Guide.	PLCE Monitor for entry into FMMI.
	Note: National Office support is available for approvals only on an as-needed basis.	
13	Completed FSA-2126 or FSA-2128 and	State Office inputs FMMI invoice
	copy of the FMMI TY document is	document TY as provided in the FMMI
	returned to the Service Center for	User Guide and annotates the TY
	placement in file(s).	document number on FSA-2126 or FSA-2128.
		Note: National Office support is available for approvals only on an as-needed basis.
14	End.	Completed FSA-2126 or FSA-2128 and
		copy of the FMMI TY document is
		returned to the Service Center and other
		Agency Officials, as applicable, for
		placement in file(s).
15		End.

--;

A Background

FMMI is a commercial off-the-shelf web-based financial management system that provides online, real-time transaction and on-demand query capabilities. FMMI is a comprehensive system for all of USDA's financial and accounting functions.

PLCE data recorded in FMMI includes:

- State allocations in 4 PLCE funding accounts
- purchase order obligations
- invoices
- disbursements
- accounting adjustments made through purchase order or invoice modifications
- penalty interest
- manual disbursements
- post payment adjustments
- canceled checks
- vendor records
- FSA client records.

Borrower and property loan information is validated and stored in the BOPR table in FMMI to ensure that applicable customer data is accurate at obligation and back-fed correctly to PLAS.

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 FMMI, which requires 2 employees to successfully process all transactions. Any FLP employee, as identified by FLC, may be selected and trained as a FMMI user. A contracting warrant is not needed for FMMI access or to process any PLCE transaction in FMMI.--*

167 FMMI (Continued)

B User Assistance

The FMMI User's Guide can be referenced for specific questions and may be obtained by accessing the FLP web site at

http://fsaintranet.sc.egov.usda.gov/fcad/Manuals/FMM_%20User_Guide_V109272012.pdf. CLICK "Manuals" located on the left navigation bar.

C Requesting FMMI Access

Access to FMMI is obtained by the following steps.

Step	Action	
1	Log-in to the FMMI portal and complete the self-certification.	
2	Using secure e-mail procedures, submit the following documents:	
	* * *	
	self-certification that the online training guides have been reviewed	
	• completed and signed FSA 13-A	
	• completed and signed FSA-FM1, which is obtained from the contacts listed in subparagraph 161 C.	
	The documents shall be submitted to either of the following:	
	Anne Steppe at anne.steppe@wdc.usda.gov	
	Ann Smith at ann.smith@wdc.udsa.gov.	
3	Upon receipt of the required documents, the National Office will process a user	
	access request through the FMMI portal.	
4	NFC completes the user access request and notifies employee.	

*--167 FMMI (Continued)

D FMMI Vendor Identification Number

All vendors must have a FMMI vendor identification number assigned before processing FMMI obligations and disbursements. The FMMI vendor identification number is a FMMI-generated unique number used to identify vendors, organizations, and persons to whom USDA makes payments or from whom USDA collects receivables.

Vendors who do not fall within the SAM exemptions given in subparagraph 167 F must register in SAM as required. Use the FMMI-generated vendor ID number associated with the SAM record containing the vendor's remittance information for FMMI obligations and disbursements.

Note: The State Office will not create another vendor record using the Pre-Approval Vendor process for a SAM-registered vendor.

Additional information about SAM registration may be found at https://www.sam.gov/portal/public/SAM/.

State Offices shall access the FMMI vendor table using the FMMI View Vendor Master Data function found in FMMI at:

- Purchasing
- Commercial Vendor and Customer Master Data Evaluation
- Vendor/Customer Master Data > View Vendor Master Data.

A search may be conducted on the vendor's Social Security number, TIN, vendor's name, city and State of vendor location, or a combination of these identifiers. When searching by name, an asterisk (*) may be used as a wild card in the search string.

If the vendor is SAM-exempt, and is not located in FMMI, the vendor shall complete FSA-2173. Enter vendor requests into FMMI using the Vendor and Customer Master Data Request Screen. Concerns about FMMI vendor identification numbers can be addressed with LMD.--*

*--167 FMMI (Continued)

E Using EFT

DCIA of 1996 mandates using EFT as the payment method for Government disbursements. EFT enables FSA to pay for goods and services electronically by direct deposit.

FAR and Treasury regulations at 31 CFR Part 208 allows the following exemptions to the EFT requirement:

- Federal, State and local Government vendors
- Federal employees
- nonemployee travelers
- foreign vendors not operating on U.S. soil
- individuals that do not have an account at a financial institution
- operational hardship.

Note: Operational hardship applies if the vendor's regular business process will be severely hindered by receiving payment through EFT.

F SAM Exemptions

Prospective vendors must be registered in SAM **before** the award of a basic ordering agreement.

*--There are only 3 exemptions to this requirement for PLCE transactions, as follows:

- PLCE "noncontractual" vendor
- "Current" Federal employees
- vendors paid for Micropurchases that do not use EFT.--*

168 Modification or Cancellation of Obligation

A Modifying or Canceling an Obligation

State Office shall see the **FMMI Document Chain Report** to confirm the status of the Purchase Order or Invoice requiring modification.

Note: If making a Vendor change, a new Purchase Order and ZMY transaction is required. The original ZMY must be modified in FMMI to reflect a \$0.00 line item amount.

To initiate a modification or cancellation of an obligation, the County Office will submit *** FSA-2126 to the PLCE Monitor for processing in FMMI. Contracting Officers should be informed of any modification or cancellations of contractual requests.

The process for modifications or cancellations of current FY obligations is as follows.

Document Status	Action
Obligation (ZMY) with No Disbursement.	Obligation Modification/Obligation Change.
Obligation (ZMY) with Partial	Obligation Modification/Obligation Change.
Disbursement – 1 Line Item.	
	If changing Amount , new line amount may not go below available balance.
Obligation (ZMY) with Partial	If line item(s) have been paid and remaining
Disbursement – Multiple Line Items.	line item(s) require change, process
	Obligation Modification/Obligation Change.
	If line item to be changed has been paid in full, process Post-Payment Modification for that line item only.
Obligation (ZMY) with Full Disbursement	Post-Payment Modification.
of All Line Items.	
Invoice TY with No Treasury Activity.	Pre-Payment Modification/Invoice Change.
Invoice TY with Treasury- in-Transit (TI) or TC.	Post-Payment Modification.

Additional guidance is located in the FMMI User Guide.

*--169 Stopping, Canceling, or Replacing Payments and Requesting Emergency Payments

A Stopping Payments for Funds Not Issued

If the scheduled pay date for the posted TY document is within **3 workdays** of the current date, a payment **cannot** be stopped. The scheduled date is found using the FMMI Document Chain Report and is calculated based on the payment terms and "Baseline Date."

Example: The Document Chain Report shows a baseline date of 03-16-2012. The current date is 04-18-2012. Payment terms are PP30. The payment cannot be stopped because the current date is within 3 workdays of the baseline date and payment terms of "net 30 days."

If the invoice TY document:

- has not been posted, process a purchase order modification to cancel the original ZMY transaction
- is posted, and the FMMI Document Chain Report does **not** reflect TI or TC entries for the TY:
 - process an invoice modification to cancel the original TY transaction
 - if the purchase order is no longer wanted, a purchase order modification to cancel the obligation will be necessary
- is posted, and TI or TC entries **are** found in the FMMI Document Chain Report, contact the vendor for the return of funds.

B Inquiring on Mishandled or Lost Disbursement

When a vendor notifies the Agency that a payment was not received, the PLCE Monitor should:

- run the document Chain Report for the TY transaction
- fully expand the report to see every entry

Note: Look for a TC entry. The payment date must be **more than 10 business days** from the current date to be considered missing.

- verify that there is no TR or KZ for the TY
- determine if the funds were sent to the vendor's correct "Remit To" address, if paid by paper check
- determine if the funds were sent to the vendor's current bank account, if paid by EFT.--*

*--169 Stopping, Canceling, or Replacing Payments and Requesting Emergency Payments (Continued)

B Inquiring on Mishandled or Lost Disbursement (Continued)

If there is a TR or KZ reflected on the Document Chain Report for either a paper check or EFT disbursement, a replacement check or subsequent EFT transaction **cannot** be processed until funds are restored to the original obligation. If the payment is no longer needed, the original ZMY must be cancelled. If payment is needed, mailing and EFT information will be verified before issuing another TY. NFC will cancel the invoice associated with a return.

If time is critical and funding levels permit, a new ZMY and TY may be generated while waiting for prior transactions to be reversed or cancelled.

To have the mishandled or lost disbursement researched, the PLCE Monitor will send an email to the appropriate points of contact as listed in subparagraph 161C. The e-mail must contain:

- ZMY and TY Document Numbers
- Name of Vendor and FMMI Vendor ID number
- Payment Date
- Check Number information, if available
- Dollar Amount Invoiced.

Note: PLCE payments are subject to the U.S. Treasury Offset Program. If a vendor payment is reported as being offset, vendors will be informed to contact the Treasury Offset Program Call Center at 1-800-304-3107. This is no longer an FSA matter.

C Canceling EFT Payments

When canceling an EFT payment, the vendor must contact their banking institution and arrange for the bank to return the electronic funds to the U.S. Treasury. From Treasury, the funds are electronically returned to NFC. NFC will cancel the invoice and notify AFCB of the cancellation. AFCB will then e-mail the State Office to cancel the obligation in FMMI. Both the invoice and obligation cancellations will be back-fed through the ADPS to the borrower's account.

If the cancellation is for same fiscal year funds, the returned money is returned to the State's allocation once the ZMY transaction is modified in FMMI to reflect \$0.00 for the line item.--*

*--169 Stopping, Canceling, or Replacing Payments and Requesting Emergency Payments (Continued)

D Canceling U.S. Treasury Check

When cancelling a U.S. Treasury check issued for a PLCE vendor payment that was **not** issued for an emergency check:

• the County Office or PLCE Monitor will mail the check directly back to Treasury using the following address:

Department of the Treasury Philadelphia Regional Finance Center P.O. Box 51320 Philadelphia, PA 19154

• a completed and signed FSA-2072 and **fully expanded** Document Chain Report for the transaction being cancelled is FAXed to the State's Finance Office account technician according to paragraph 5.

From Treasury, the funds are returned to NFC. NFC will cancel the invoice and notify AFCB of the cancellation. AFCB will then e-mail the State Office to cancel the obligation in FMMI. Both the invoice and obligation cancelations will be back-fed through ADPS to the borrower's account.

If the U.S. Treasury check needing to be cancelled **was** issued for an **emergency check**, the check and FSA-2072 will be mailed to:

USDA/Rural Development Cash Management Collections Branch 4300 Goodfellow Boulevard, FC 1411 St. Louis, MO 63120

The Cash Management Collections Branch (CMCB) will provide the cancellation information to the AFCB. AFCB will manually input the cancellation in to FMMI. AFCB will notify the State Office of the cancellation. Upon notification of the cancellation, the State PLCE Monitor will ensure the obligation is cancelled in FMMI.--*

*--169 Stopping, Canceling, or Replacing Payments and Requesting Emergency Payments (Continued)

E Canceling Non-U.S. Treasury Check

Do not send personal checks or third party checks back to Treasury.

Along with a completed and signed FSA-2072 for the transaction being cancelled, the third-party or personal check for full or partial refund will be sent to:

USDA/Rural Development Cash Management Collections Branch 4300 Goodfellow Boulevard, FC-1411 St. Louis, MO 63120

The Cash Management Collections Branch will then provide the information to the AFCB to manually input the cancellation into FMMI. AFCB will notify the State Office of the cancellation so the State Office can cancel the obligation in FMMI.

F Requesting an Emergency Check

Using the **ACCP payment term** on the TY document works as quickly as an emergency check request and is the **preferred** method of processing emergency check requests.

Emergency checks will **not** be requested for items covered by DLS workflows, such as UCC renewals. Field Offices should request assistance through the normal PLCE process at least **30 days in advance** of the UCC deadline to ensure that timely payment is received. Using the ACCP payment term on the invoice should be used in these instances; see the FMMI User Guide for guidance on processing an invoice under ACCP terms.

Emergency check requests should be a rarity and used **only** in true emergency situations, such as:

- an **unexpected** foreclosure sale, U.S. Marshal's sale, or similar
- •*--delinquent real estate taxes (to protect FSA's interest, and **only** in States with **no** Right of Redemption)--*
- FMMI system issue or other problem affecting the ability to process a timely TY document.

169 Stopping, Canceling, or Replacing Payments and Requesting Emergency Payments (Continued)

F Requesting an Emergency Check (Continued)

To order an emergency check, the State Office will do **all** of the following:

- post the ZMY document before requesting the emergency check from NFAOC
- FAX the completed FSA-2126, completed FSA-2172, and the Document Chain Report to the Direct Loan Division at ECM FAX number 314-457-4539
- Send an e-mail to **all 4** of the following contacts notifying them of the emergency check request and request that copies are sent of FSA-2126, FSA-2172, and the Document Chain Report to AFCB at **RD.DCFO.FCB2@STL.USDA.GOV** for the manual input of the check request into FMMI:
 - Shantaye Gladney shantaye.gladney@stl.usda.gov
 - Kathryn White kathryn.white@stl.usda.gov
 - Betty Nunnery betty.nunnery@stl.usda.gov
 - •*--Sharon Maull sharon.maull@stl.usda.gov.--*

Note: State Offices will **not** enter the TY transaction into FMMI.

G Missing Vendor 1099

Vendors inquiring about a 1099 tax form are to be directed to the 1099 Help Desk. The 1099 Help Desk may be reached by either of the following:

- e-mail to 1099helpdesk@usda.gov
- telephone at 1-800-421-0323.

170-200 (Reserved)

Part 8 Supervised Credit

Section 1 Introduction

201 Overview

A Applicability

[7 CFR 761.101] This subpart applies to all direct FLP applicants and borrowers, except borrowers with only Non-program loans.

FSA's direct loan programs assist family farmers with temporary financial supervisory assistance to improve their potential to graduate to securing credit from commercial lenders. To ensure that this program objective is met, FLP direct loan programs:

- have in place:
 - term limits (3-FLP)
 - graduation requirements (4-FLP)
 - market placement to assist eligible borrowers to obtain guaranteed loans (2-FLP)

Note: CL's are **not** subject to term limits or graduation.

- require:
 - borrower training to ensure that guaranteed loans or commercial credit can be *--obtained in the future (3-FLP, Part 18)--*
 - FSA and the loan applicant or borrower to complete farm assessments and assessment updates as needed (Section 2)
 - the loan applicant or borrower to prepare a farm operating plan, with FSA assistance as needed (Section 3)
 - FSA to classify accounts (Section 4)
 - FSA, with borrower input, to complete a year-end analysis as required (Section 5).

201 Overview (Continued)

B FSA's Role

FSA's role is to help its direct loan applicants and borrowers in the supervised credit process:

- identify short-, intermediate-, and long-term goals consistent with financial success
- pinpoint and prioritize problem areas
- develop strategies and an operating plan to:
 - meet operational goals
 - graduate to commercial credit
- provide objective credit counseling
- evaluate progress and adjust the action plan as needed.

C Applicant/Borrower's Role

The applicant or borrower has the ultimate responsibility for success of the farming operation. FSA serves in an advisory role, providing temporary assistance. Therefore, it is especially important for the applicant or borrower to prepare to graduate to guaranteed or commercial credit by:

- identifying the goals for the operation
- pinpointing and prioritizing problem areas
- developing strategies and a farm operating plan to meet the operation's goals
- evaluating progress and adjusting operating plan as needed
- complying with the borrower responsibilities according to paragraph 202.

202 Borrower Responsibilities

A Recordkeeping and Reporting

[7 CFR 761.102(a)] A borrower must maintain accurate records sufficient to make informed management decisions and to allow the Agency to render loan making and servicing decisions in accordance with Agency regulations. These records must include the following:

- (1) Production (e.g., total and per unit for livestock and crops);
- (2) Revenues, by source;
- (3) Other sources of funds, including borrowed funds;
- (4) Operating expenses;
- (5) Interest;
- (6) Family living expenses;
- (7) Profit and loss;
- (8) Tax-related information;
- (9) Capital expenses;
- (10)Outstanding debt; and
- (11)Debt repayment.

FSA will not dictate or promote using any particular recordkeeping system, so long as the borrower uses 1 that provides the required information.

--Note: The authorized agency official will document in FBP whether the applicant has-- selected, established, and maintains the recordkeeping system.

Using OL funds is authorized to purchase a computer and/or recordkeeping software and to attend recordkeeping courses.

202 Borrower Responsibilities (Continued)

B Other Borrower Responsibilities

[7 CFR 761.102(b)] A borrower also must agree in writing to:

- (1) Cooperate with the Agency and comply with all supervisory agreements, farm assessments, farm operating plans, year-end analyses, and all other loan-related requirements and documents;
- (2) Submit financial information and an updated farm operating plan when requested by the Agency;
- (3) Immediately notify the Agency of any proposed or actual significant change in the farming operation, any significant changes in family income, expenses, or the development of problem situations, or any losses or proposed significant changes in security.

Note: FSA-2313 addresses loan approval conditions and borrower responsibilities.

C Borrower Failure to Comply

[7 CFR 761.102(c)] If the borrower fails to comply with these requirements, unless due to reasons outside of the borrower's control, the non-compliance may adversely impact future requests for assistance.

203-220 (Reserved)

Section 2 Farm Assessment

221 Overview

A Objective

[7 CFR 761.103(a)] The Agency, in collaboration with the applicant, will assess the farming operation to:

- (1) Determine the applicant's financial condition, organizational structure, and management strengths and weaknesses;
- (2) Identify and prioritize training and supervisory needs; and
- (3) Develop a plan of supervision to assist the borrower in achieving financial viability and transitioning to private commercial credit or other sources of credit in the shortest time practicable, except for CL.

An assessment:

- is an evaluation of the applicant's operation, developed jointly with the applicant
- is completed after an applicant, not currently indebted to FSA, has been determined eligible for a direct loan
- identifies weaknesses in the operation, prioritizes them from most to least critical, and determines their impact on the operation's needs and goals
- helps to identify operational goals, positive and negative trends in the applicant's management, earnings and capital positions, productivity, and physical assets
- builds a strategy in the areas of planning, counseling, loan controls, analysis, monitoring, borrower training, and other supervisory needs
- •*--identifies the strategy to ensure that a borrower graduates to commercial credit before term limits are met, as well as provides for farm transition and estate planning.--*

The assessment process enables FSA to determine the kind and amount of financial and supervisory assistance needed by the applicant. In conducting assessments, authorized agency officials need to draw upon their knowledge, expertise, and judgment to arrive at conclusions on local economic conditions, production constraints and capabilities, the farm's historical performance, productive capabilities, adequacy of equipment and facilities, business goals, and project performance. Listening to the applicant's perceptions of the operation is critical to the assessment process.

221 Overview (Continued)

A Objective (Continued)

All available resources shall be used when developing the plan to assist the borrower to address any operational weaknesses and achieve the borrower's goals, including:

- local farm management consultants
- the Extension Service
- educational institutions
- producer associations
- successful local farmers
- fellow FSA employees.

222 Elements of an Initial Assessment

A Type of Farming Operation

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(2) Type of farming operation.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

- (1) Type of farming operation and adequacy of resources;
- *--For ML's made for FO purposes, the adequacy of resources must include an evaluation establishing the value of the real estate.--*

A Type of Farming Operation (Continued)

(4) The financial viability of the entire operation, including a marketing plan, and available production history, as applicable;

The initial assessment must identify or describe the type of farming operation, including:

- the business focus of the operation, including major types of crops, livestock, or other output produced by the farm
- minor commodities being produced, such as fat steers from a dairy operation
- size of the operation, such as number of milking herd and herd average, number of acres being farmed, and projected yields
- market conditions, environmental concerns, and other external factors
- production contracts, capital leases, or other special contractual arrangements that affect the farming operation
- the effects of special circumstances, if any, related to the applicant's family and organization.

<u>Production Levels.</u> Evaluation of production levels, such as bushels per acre, percent calf crop, pounds of milk per animal, and pounds of grain, shall include a determination of:

- whether there is sufficient capacity to generate projected income
- if present levels of production will attain the goals set by the applicant.

If production is below area standards, the authorized agency official must discuss with the applicant why this is so and develop plans to improve production. Possible strategies for improvement may include feed analysis, soil testing, or investment in different equipment. If applicable, credit needs for additional investments should be discussed.

Reporting of yields may not be practical or applicable for some operations. For example, an operation producing vegetables on a plot of land, whose production is measured in rows, partial rows, or raised beds in greenhouses, would be better measured by the income for that production space. Also, a producer of eggplants and tomatoes who switches to bell peppers and salad greens for the current production cycle will not have available yields for this cycle and the yields for eggplant and tomato production will not be applicable to the projections for the current cycle. Additional guidance on developing projections for these types of operations is provided in subparagraph 242 A where the use of historical information is discussed.

A Type of Farming Operation (Continued)

Applicability and Appropriateness of Practices. The initial assessment must:

- evaluate existing farm practices, such as herd health and cropping practices, breeding and milking programs, and soil and feed testing
- determine applicability and appropriateness of practices based on what is typical for the area, cost effectiveness of the practice, type of operation, and demonstrated effectiveness.

If the authorized agency official does not know enough about a particular enterprise to make this evaluation, the authorized agency official must consult other resources, such as the Extension Service.

A Type of Farming Operation (Continued)

<u>Timeliness of Operations.</u> The initial assessment must evaluate the timeliness of the farm's operations. For example, the authorized agency official shall determine if each of the following operations, as applicable, is conducted in a timely manner and how this affects the performance of the operation:

- planting
- fertilizer and herbicide application
- harvesting
- calving
- marketing (weight and/or condition)
- breeding
- vaccination.

Appropriateness of Marketing Plan. The authorized agency official must assist the borrower in developing and evaluating a marketing plan. This plan must describe marketing practices and strategies, especially for any unique commodities the operation produces. The plan shall address whether marketing is accomplished so as to lock in a profit when possible or whether it is done speculatively as the accruing interest on operating loans may surpass a price increase obtained by holding back on the sale of commodities.

B Goals for the Farming Operation

*--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(3) Goals for the farming operation.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(3) The goals of the operation;--*

Setting goals is essential for the success of any farming operation. The applicant's goals provide the direction for the applicant's business. FSA uses the applicant's goals to help identify the need for financial and supervisory assistance. The authorized agency official must learn the personal and business aspirations of the farm family and work with the applicant to prioritize goals from most to least important. In many situations, the authorized agency official must have in-depth discussions with the applicant to identify these business aspirations.

The authorized agency official shall work with the applicant to incorporate short, intermediate-, and long-term goals into the comprehensive farm business planning process. For example, the farm operating plan, supervisory plan, and training plan must facilitate achieving these goals. A farm operation might set goals for reducing expenses or for increasing yields and production level. Corrective measures and goals should be divided into stages for implementation over several years, when appropriate.

If the farm operation is an entity, the authorized agency official must meet with all the principals to ensure that the organization's goals are compatible with those of each principal.

The authorized agency official must also:

- identify and evaluate any changes the applicant intends to make, such as expansion of farmland, new buildings, and new management techniques
- identify increased credit needs, increased management skills, growth opportunities, and operating efficiency required to accomplish the planned changes
- determine how planned changes relate to the applicant's business goals.

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C Adequacy of Real Estate, Including Facilities, to Conduct the Operation

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(4) Adequacy of real estate, including facilities, to conduct the operation.

In evaluating the adequacy and appropriateness of real estate used in the applicant's operations, the authorized agency official must consider the following:

- location and size, including efficiency of location to markets and farm supply dealers
- improvements and repairs needed for improved efficiency
- presence of wetlands, hazardous waste, and underground storage tanks, the adverse effects of their presence, and possible solutions

If a wetland determination has not been previously completed for the project area and is not available from NRCS, the authorized loan official will follow the flow chart in *--1-EQ and complete FSA-858 to document their findings. When wetland indicators are found to be present notify the applicant as provided in 1-EQ.--*

Note: The wetland project area to be evaluated is limited to the specific geographical area(s) within which an FLP funded activity actually takes place and/or those where an environmental resource is influenced as a result of the project. That is, causes changes in use or character. It does not include all farm or related tracts that may be owned or operated by the applicant.

* * *

 conservation practices and measures and implementation of conservation plans for program compliance

C Adequacy of Real Estate, Including Facilities, to Conduct the Operation (Continued)

- probability of continued use
- external factors, such as urban encroachment and new zoning ordinances
- ownership and leasing agreements, especially leasing arrangements relating to both land and chattel.

Note: For ML, see subparagraph A for adequacy of resources.

D Adequacy of Chattel Property Used to Conduct the Operation

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(5) Adequacy of chattel property used to conduct the operation.

The initial assessment must evaluate the adequacy of the chattel property, such as equipment and livestock used in the operation, relative to the applicant's goals and the planned level of production. As appropriate, the initial assessment should include comments on ownership, condition, probability for continued use, and any external factors, such as:

- operation life of chattel property relative to loan period
- necessary repairs
- improvements in operating efficiency with use of hired, leased, or owned equipment
- numbers, condition, breed suitability, and age of livestock.

Note: For ML, see subparagraph A for adequacy of resources.

E Farm Organization and Key Personnel Qualifications

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(1) Farm organization and key personnel qualifications.

To provide adequate supervision and training recommendations, the authorized agency official must know who is performing key tasks within the farming operation. The initial assessment must identify the key individuals involved in operating the farm, including any seasonal labor. It also must:

- discuss the specific duties of each person, noting who is responsible for management, labor, resource allocation, and decision making
- evaluate the use of managerial resources and determine whether management choices are contributing to or hampering success in the operation
- determine if the time and effort spent on an enterprise or particular commodity is commensurate with the gains realized.

F Supervisory Plan

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

--(8) Supervisory plan, except for streamlined CL.--

The authorized agency official must tailor the supervisory plan to the applicant's individual needs and risks associated with the operation. An applicant's involvement and understanding of FSA's supervisory responsibilities in providing supervised credit are essential to successful supervision. The authorized agency official must work with the applicant to develop practical plans and realistic timetables for realizing improvements in critical areas. The supervisory plan shall:

- identify and recommend areas of training which will help the applicant address operational weaknesses, according to 3-FLP, paragraph 472
- schedule the farm visit and record review and track through DLS by using the Farm Visit scheduling, tracking, and monitoring workflow activities
- ensure that the operational analysis will be done in FBP.

[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(5) Supervisory plan; and

G Historical Performance

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(6) Historical performance, except for Streamlined CL;

The authorized agency official must consider and analyze significant aspects of the operation's historical production and financial performance, trends, and current condition.

<u>Production Data</u>. The initial assessment must include and evaluate at least the last 3 years of production data for the farm, where possible. The applicant has the discretion to provide up to the last 5 years of production records. The evaluation must consider current production levels (e.g., bushels per acre, percent calf crop, pounds of milk per animal, and pounds of grain). It also must consider whether the farm has a capacity sufficient to generate projected production and to attain the applicant's goals. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of production data for the existing operation.

G Historical Performance (Continued)

<u>Financial Data</u>. The initial assessment must include and evaluate at least the last 3 years of financial data for the farm or applicant. The applicant has the discretion to provide up to the last 5 years of financial records. Financial data can be gathered from tax returns, applicant records, or FSA records. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of financial data for the existing operation, if available, along with the applicant's own living expenses.

Trend analysis must use comparable data for each year. For example, a trends analysis using balance sheets can be done properly only when the balance sheets from different years are "as of" approximately the same dates. Even though the balance sheets may not be submitted on, for example, December 31, 2XXX, the balance sheet may still be prepared "as of" that date.

The initial assessment must evaluate the current management and use of financial resources (income and credit), and how they contribute to or detract from the operation. The assessment shall determine how well financial resources are used in meeting goals and whether the applicant stays within the budget, considering the following:

- appropriateness of income sources
- adequacy of dedicated resources
- appropriateness of credit use
- productivity levels as related to profitability
- effectiveness of income use
- existence of other income opportunities.

Numerous indicators based on actual performance must be considered red flags when analyzing an operation. For example:

- increasing expense-to-income ratio for several years and a large debt load without considerable nonfarm income, especially if the applicant has not suffered from natural disasters
- increasing current liabilities from year to year without corresponding increases in current assets, especially if the applicant has not suffered from natural disasters
- increasing trend in debt-to-asset ratio, while considering fluctuations in land values, the economy, and price levels
- declining working capital position
- declining repayment margins.

G Historical Performance (Continued)

The following illustrates how some financial indicators can alert the authorized agency official to potential problems or immediate concerns about the farming operation. For instance, an expense-to-income ratio that stays at 70 percent or higher for several years could indicate a potential problem. The same ratio at 80 percent or more coupled with minimal off-farm income is a cause for immediate concern.

Financial Indicator	Potential Problem	Immediate Concern
Expense-to-income	70 percent or more for	More than 80 percent with minimal
ratio (without interest)	several years	off-farm income
Increased accounts	Sudden increase in accounts	Accounts payable extended over
payable	payable	2 months without cash-generating
		assets/ receivable accounts
Liquidity	Ratio less than 1.5 to 1	Ratio less than 1 to 1
Solvency	Ratio of 60 percent or more	Ratio of 75 percent or more
Family living	Unsubstantiated estimates	Unsubstantiated estimates below
expenses	below \$20,000 for an	\$10,000 for an average family
	average family	

H Farm Operating Plan

--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a-- minimum, the:

(7) Farm operating plan.

The initial assessment must include a balance sheet and provide a projected farm budget (1-year pro forma). The automated FBP system is the primary tool used in budget planning, but other systems acceptable to FSA may also be used.

A breakdown of per-acre expenses by commodity item is ideal when developing a plan of action regarding operating expenses. Examining per-unit costs assists in identifying whether expenses are being applied properly toward those income-generating areas. A per-unit cost breakdown also is useful with livestock production.

- *--[7 CFR 761.103(c)] For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:
 - (2) Amount of assistance necessary to cover expenses to carry out the proposed farm operating plan, including building an adequate equity base;--*

I Training Plan

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

--(9) Training plan.--

The authorized agency official must describe FSA's initial recommendations for borrower training. The recommendations must assist the applicant in addressing operational weaknesses. See 3-FLP, Part 18 for borrower training requirements.

 $[7\ CFR\ 761.103(c)]$ For ML, the Agency will complete a narrative that will evaluate, at a minimum, the:

(6) Training plan.

* * *

J Graduation Plan

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a minimum, the:

(10) Graduation plan, except for CL.

FLP's, except for CL, are designed to allow borrowers to transition to private commercial credit or other sources of credit in the shortest period of time practicable through the use of supervised credit, including the farm assessment and:

- borrower training, 3-FLP, Part 18
- market placement, 2-FLP, paragraph 72
- borrower graduation, 4-FLP, Part 4.

The authorized agency official must document the borrower's status about graduation and the consideration given each item in this subparagraph. The borrower's progress toward graduation should be noted with any recommendations for further action to achieve graduation.

*--K Farm Transition and Estate Planning

Farm transition and estate planning involves many personal, and often complex, decisions and should be developed in conjunction with a will and the assistance of attorneys and accountants, as needed, who have knowledge and expertise in agricultural operations.

The authorized agency official will counsel applicants on the importance of establishing a farm transition and estate plan. Applicants should consider the vision, values, and expectations for the future of their farming operation. Identifying successors who will operate the farm, non-farm heirs, and others involved parties, location of important documents, distribution of assets, and resolution of liabilities are important considerations. In addition, a plan to transfer management, ownership, income and labor as part of retirement should be addressed.

The initial assessment may address the actions an applicant will take to develop the farm transition and estate plan. The assessment update documents that plans have been developed and are updated, as needed.

Note: The assessment will not address the actual contents nor include the actual documents of the farm transition and estate plans.--*

L Term Limits

Term limits are part of the assessment and are recorded in FBP. The authorized agency official will complete the Term Limits Screen within the Farm Assessment Narrative each time the assessment is completed or updated.

--A more detailed reference with examples for term limits can be found in 3-FLP, subparagraphs 132 E and 202 D.--

Notes: Term limits for current borrowers are provided in the Customer Profile.

By signing the assessment report, applicants and borrowers indicate receipt and acknowledgement of the term limits.

223 Annual Review and Assessment Update

A Objective of Annual Review

[7 CFR 761.103(e)] The Agency reviews the assessment to determine a borrower's progress at least annually. The review will be in the form of an office visit, field visit, letter, phone conversation, or year-end analysis, as determined by the Agency. For Streamlined CLs, the borrower must provide a current balance sheet and income tax records. Any negative trends noted between the previous years' and the current years' information must be evaluated and addressed in the assessment of the Streamlined CL borrower.

[7 CFR 761.103(f)] If a CL borrower becomes financially distressed, delinquent, or receives any servicing options available under part 766 of this chapter (5-FLP), all elements of the assessment in paragraph (b) of this section (paragraph 222) must be addressed.

In times of LR's the authorized agency official may prioritize the completion of the assessment according to current agency directives.

The annual review:

- monitors the borrower's progress towards the operation's goals
- evaluates supervisory assistance provided to assist borrower graduation to commercial credit.

B Scope of Annual Review

The annual review must address any significant changes to the borrower's farming operation, expenses, or financial condition that have occurred since the most recent assessment update or annual review. The authorized agency official shall pay particular attention to the following:

- changes in operations or goals
- status of progress toward goals
- need for changes in plan of supervision
- need for additional borrower training
- •*--term limits
- real estate evaluation, if a new FO ML is requested
- remind borrower to review farm transition and estate planning documents.

Note: The assessment update will not address the actual contents nor include the actual documents of the farm transition and estate planning.--*

223 Annual Review and Assessment Update (Continued)

C Assessment Updates

[7 CFR 761.103(d)] An assessment update must be prepared for each subsequent loan. The update must include a farm operating plan and any other items discussed in paragraph (b) of this section (subparagraphs 222 B through F and I through J) that have significantly changed since the initial assessment.

This assessment update serves as a gauge for measuring the borrower's progress and the effectiveness of FSA assistance.

D Documentation

If significant changes have occurred, the authorized agency official must document the nature of each change and the reason for the change.

The documentation must address only new or changed information. Documentation in FBP must be adequate to record the type of supervision given, the findings of the review, and any items requiring follow-up.

224-240 (Reserved)

241 Overview

A Objective

The primary objective of the farm planning process is to develop a plan that most accurately reflects the expected cash flow and business activities for the operating cycle. The farm operating plan documents the operation's:

- financial position
- cash flow
- repayment ability.

The applicant or borrower must use a FBP system. FSA primarily uses FBP to evaluate loan feasibility and the likelihood of achieving financial viability. An applicant or borrower may use an alternative format for the farm operating plan, if approved by FSA. An original signed copy of the farm operating plan must be retained in the case file.

B Farm Operating Plan Format

FSA uses FBP to perform financial planning, analysis, loan origination and servicing functions, and manage the FLP portfolio. See Exhibit 15 for instructions on using FBP.

Borrowers may use other automated or manual FBP's if they are approved by FSA. The authorized agency official may approve using other systems and formats for the farm operating plan, if formats contain the same information as required by FBP and the following statement is signed by the applicant or borrower:

"I agree to follow this plan and to discuss with the authorized agency official, any important changes that may become necessary. This is a projected plan and does not release the security interest of the Government in any security referred to in this plan. I recognize that making any false statement on this plan or any other loan document may constitute a violation of Federal criminal law."

C Timing of Farm Operating Plan

The period of time covered by a farm operating plan should reflect the norm for the type of commodity or agricultural enterprise being farmed in a particular area, considering climate conditions and other factors vital to the successful production of the commodity or agricultural enterprise. If there are any changes to the operation during the cycle of the plan, the changes will be noted on the plan. The revised operating plan will be signed and dated

--by the borrower and the authorized agency official, and will be documented in FBP. In-- most cases, the period covered by the plan should not exceed 18 months unless special circumstances dictate a longer planning period.

*--242 Developing Farm Operating Plans

A General

[7 CFR 761.104(a)] An applicant or borrower must submit a farm operating plan to the Agency, upon request, for loan making or servicing purposes.

A farm operating plan used for loanmaking or loan servicing decisions will be based on:

- a typical year's plan for existing farm operations or enterprises without changes
- accurate, verifiable, reliable, and realistic information for new enterprises.

[7 CFR 761.104(b)] An applicant or borrower may request Agency assistance in developing the farm operating plan.

Applicants will be encouraged to obtain technical assistance. Sources of technical assistance include Extension Service, Land Grant Universities, State Programs, USDA 2501 grant recipient organizations and institutions, and private consultants.

[7 CFR 761.104(c)] The farm operating plan will be based on accurate and verifiable information.

Poultry or hog production contracts are the basis of grower income and facility value. The dependability of production contracts has a profound impact on the prospect for loan repayment. "Flock-to-flock" or "turn-by-turn" type arrangements alone may not be a dependable source of income or a reasonable projection of income for poultry or hog applicants who do **not** have current financial performance history with FSA.

Note: For contract income to be considered dependable, the contract must:

- be for a minimum period of 3 years
- provide for termination based on objective "for cause" criteria only
- require that the grower be notified of specific reasons for cancellation
- provide assurance of the grower's opportunity to generate income to ensure loan repayment, by incorporating requirements, such as a minimum number of flocks or turns per year, minimum number of bird or hog placements per year, or similar quantifiable requirements.--*

A General (Continued)

Applicants requesting loans to expand their poultry or hog operation by adding more houses/barns or purchasing additional land to increase the size of the poultry or hog operation, and who **are** presently indebted to FSA, will be required to have a contract with a minimum 3-year term. The contract must at least cover the facilities financed with the FSA loan. When contract income **cannot** be determined to be dependable and likely to continue, that is **cannot** be used to reasonably project future income, the authorized agency official shall:

- inform the grower of the contract provisions that result in the determination
- provide an opportunity for the submission of a revised contract before a final decision on the request.

Note: Whenever possible, loan requests should be approved subject to modification of unacceptable contract provisions.

[7 CFR 761.104(c)(1)] Historical information will be used as a guide.

The authorized agency official will review the farm operating plan to ensure that it is reasonable, relative to historical performance and local practices and conditions.

--To report past yields, documentation, such as operator's sales receipts, financial statements, contracts, and tax returns, may be used by applicants whose operations' past yields do not provide pertinent information for the projected plan. Such operations include vegetable operations in which different crops are grown to meet changing market demands, operations that produce crops using measures such as rows or partial row instead of acres, or operations that grow crops that sell in volumes, such as bunches. For such operations, past reliable history of income and expenses or cash receipts may be used to project the field, greenhouse, or operations' production revenue.--

[7 CFR 761.104(c)(2)] Positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be taken into consideration when arriving at reasonable projections.

The impact of industry trends must be assessed when developing farm operating plans used in loan requests from poultry and/or hog growers, and can be based on standard production budgets developed by contractors, consultants, or extension specialists. While these budgets are accepted starting points, the authorized agency official must ensure that the farm operating plan reflects realistic performance assumptions for each individual situation, including but not limited to the following:

- increased input costs
- changes in unit numbers and weights
- increased idle time between flocks of poultry or turns of hogs
- other relevant factors that affect net income.

A General (Continued)

The impact of age, condition, and potential obsolescence of the facilities must be assessed for loans to purchase or refinance existing facilities. The farm operating plan must factor in any reduced efficiency as well as the potential costs for required modernization of existing facilities to comply with the contract's requirements.

[7 CFR 761.104(c)(3)] Projected yields will be calculated according to the following priorities:

- (i) The applicant or borrower's own production records for the previous 3 years;
- (ii) The per-acre actual production history of the crops produced by the farming operation used to determine Federal crop insurance payments, if available;

Notes: This does not mean that averages will be the projection used in every plan. Positive and negative trends will be considered when projecting production levels. The primary focus should always be on developing a realistic projection. If production has been increasing each year for the past 3 years, using the most recent year's production level or a higher level consistent with the trend will, in most cases, be the most realistic projection.

Conversely, if the trend is negative, the average may overstate production, and the most recent year's level is probably the most realistic projection. However, a higher production level may be projected if the negative trend is the result of disaster conditions, or if actions have been taken that will definitively reverse the trend.

Additionally, 3 years is the minimum years of records to be considered, if available. The applicant, at their discretion, can provide more than 3 years of records if these additional records provide a more realistic yield projection. The basis for the yield used should be adequately documented in FBP * * *.

When the production of a growing commodity can be estimated, that estimate must be considered in production projections.

- (iii)FSA Farm Program actual yield records;
- (iv) County averages;
- (v) State averages.

A General (Continued)

[7 CFR 761.104(c)(4)] If the applicant or borrower's production history has been substantially affected by a disaster declared by the President or designated by the Secretary of Agriculture, or the applicant or borrower has had a qualifying loss from such disaster but the farming operation was not located in a declared or designated disaster area, the applicant or borrower may:

- (i) Use county average yields, or state average yields if county average yields are not available, in place of the disaster year yields; or
- (ii) Exclude the production year with the lowest actual or county average yield if their yields are affected by disasters during at least 2 of the 3 years.

Note: SED will issue a State supplement containing the 3-year history of disaster declarations for all counties in their State, along with the type of disaster and the incident period.

7 CFR 761.104(d)] Unit prices for agricultural commodities established by the Agency will generally be used. Applicants and borrowers that provide evidence that they will receive a premium price for a commodity may use a price above the price established by the Agency.

- *--FSA-established prices will be used in all farm operating plans developed, unless the--* applicant provides evidence that they will receive a premium price or a price other than that established by the State. Evidence of this may include, but is not limited to, contracts or other written agreements that guarantee the price for the commodity being produced. If the applicant has historically received a premium price because of above average quality or grade of the product produced, the premium will be taken into account when determining the expected price to be received for that product.
- *--produced in their State, including resources for pricing and marketing strategies for commodities that have not traditionally been commercially produced or marketed in the past. Examples may include organic production, locally or regionally produced agricultural food products, direct marketing to restaurants and grocery stores, CSA, and farmers markets.--*

A General (Continued)

The 3 year history of disaster declarations for all counties in New York along with the type of disaster and the incidence period is maintained by the State Office Farm Program (FP) staff and is available on the NY Sharepoint site under Emergency OP-STORM EM Loan Disaster Designation Information.

Unit prices for New York agricultural commodities established by the SED are established annually and listed in NY Exhibit 5 of NY1-FLP Amendment.

A General (Continued)

Pricing data for alternative production and marketing methods may be available from the following:

- NASS, through its 2008 organic production survey at http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Organics/index.php
- AMS:
 - grain and foodstuffs at http://www.ams.usda.gov/mnreports/lsbnof.pdf
 - fruit and vegetables at http://www.marketnews.usda.gov/portal/fv
 - •*--wholesale terminal markets at http://usdareports.com
- RMA provides price for organically grown commodities--*
- National Agricultural Library has resources available on sustainable and organic agriculture at http://afsic.nal.usda.gov/organic-production
- nonprofit organizations such as Rodale Institute's New Farm Organic Price Report
- local sources such as the State Department of Agriculture, farmers market organizations, State organic farmers and gardeners associations, roadside stand organizations, local retail outlets, and State universities.

--Note: See Exhibit 28 for a guide to determining projected prices.--

[7 CFR 761.104(e)] For MLs, when projected yields and unit prices cannot be determined as set forth in paragraphs (c) and (d) of this section because the data is not available or practicable, documentation from other reliable sources may be used.

[7 CFR 761.104(f)] Except as provided in paragraph (g) of this section, the applicant or borrower must sign the final farm operating plan prior to approval of any loan or servicing action.

[7 CFR 761.104(g)] If the Agency believes the applicant or borrower's farm operating plan is inaccurate, or the information upon which it is based cannot be verified, the Agency will discuss and try to resolve the concerns with the applicant or borrower. If an agreement cannot be reached, the Agency will make loan approval and servicing determinations based on the Agency's revised farm operating plan.

A General (Continued)

If a loan making/servicing decision is based on a revised farm operating plan the applicant *--does not agree with, the authorized agency official will enter the plan on which the applicant does not agree in FBP along with the plan submitted by the applicant. The authorized agency official will document in FBP the differences in the plans and the fact that the loan--* making/servicing decision was based on a revised farm operating plan on which the applicant does not agree.

In FBP, the plans should be named such that it is clear which plan is the applicant's plan and which plan is developed by FSA.

B Consideration of New Enterprises

For new enterprises that are **not** a part of the applicant's history, the authorized agency official may use reliable sources, such as enterprise budgets from Extension Service and Land Grant Universities, as acceptable documentation to support the farm operating plan. Farm operating plans developed for new enterprises must use acceptable State or county average production levels. In addition, the local conditions (soil productivity, climate, etc.) that will affect the enterprise and current realistic income and expense information will be considered when State or county averages are used.

Note: Program loan cost contracting funds are available and may be used to procure technical assistance for applicants planning new enterprises if public sector institutions (Extension Service, State Government, Land Grant Universities, etc.) cannot provide the assistance necessary.

C Consideration of Farm Program Payments

The authorized agency official shall:

- determine whether the applicant has applied for and may be eligible to receive any type of program payment assistance
- contact CED to determine the type and amount of program payment assistance the applicant has received or can expect to receive during the period covered by the farm operating plan
- include typical program payments and subsidies that are included in the President's annual appropriations budget in the cash flow projection of the farm operating plan
- not include any:
 - disaster related payments in the cash flow projections of long range and/or typical year farm operating plans, as disasters and any related type of payment assistance are ad-hoc and are not considered typical for a farming operation
 - 1-time payment assistance appropriated as a result of special legislation by Congress and the President in the cash flow projections of long range and/or typical year farm operating plans, as 1-time payment assistance is not considered typical for a farming operation.--*

*--243 Revising Farm Operating Plans

A Revising Plans

The authorized agency official and the applicant or borrower must revise the farm operating plan when changes occur in the farming operation or in the planned or actual use of loan funds. Any revisions made to the plan must be circled, dated, and initialed by the borrower and the authorized agency official. If major revisions cannot be accommodated in the original farm operating plan, a new plan must be completed and attached to the original. This new plan must be labeled, "Revision I, II, III," etc. to reflect the latest revision under consideration.

B FSA Responsibility for Revisions

The authorized agency official will meet with the applicant or borrower to discuss, date, and sign the revised farm operating plan. The revised plan must be placed in the applicant's or borrower's file and followup actions posted to DLS. The authorized agency official will provide a copy of the revised farm operating plan to the applicant.--*

244-246 (Withdrawn--Amend. 67)

247-250 (Reserved)

251 Overview

A CONACT Requirements

CONACT requires FSA to classify borrower accounts and to review annually for graduation each direct loan borrower classified as "commercial" or "standard". FSA uses the borrower account classification system to identify borrowers with the best potential to obtain commercial credit, except CL. See 4-FLP, Part 4 for graduation. Classification also identifies borrowers in need of special loan servicing and helps the National Office evaluate the quality of FSA's direct loan portfolio.

Classifications are not disclosed to credit bureaus or other lenders. A borrower cannot appeal an account classification.

B Classification Categories

Accounts will be identified as 1 of the following.

Classification	Classification Category		
1	Commercial		
2	Standard		
3	Acceptable		
4	Marginal		
5	Not Classified		

C When Classification Is Required

All classifications will be completed using FBP. For guidance on completing the classification, see Exhibit 15, subparagraph J 7 b. If the account is classified as commercial or standard, the authorized agency official must thoroughly document that the borrower has met the test for credit and therefore meets the eligibility requirements for the loan being granted.

Direct loans will be classified using the FBP credit presentation that is used to analyze and approve the loan.

At the end of YEA, done according to Section 5, the authorized agency official must also classify the account.

Subsequently, the authorized agency official at minimum must classify the account every 2 years with the updated data collected according to 4-FLP, subparagraph 47 B.

^{*--}Before an account is identified as "Currently Not Collectible (CNC)", the current classification will be reviewed.--*

251 Overview (Continued)

C When Classification Is Required (Continued)

- •*--Accounts which have not been previously classified, or those with a classification score of 1 or 2 will be assigned a score of "5," "Not Classified" using the D-Loan/Special Classification Credit Action.
- Accounts previously scored 3, 4, or 5 will not be reclassified prior to CNC.

CNC accounts returned from cross servicing are not required to be classified.--*

D Classification of Youth Loans

New youth loans will be classified as "3" when completing the Youth Loan Credit Action. For existing youth loans, that are current, 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 FBP.

E Classification of CL's

CL's will be classified using the FBP credit presentation that is used to analyze and approve the loan. There is no test for credit for CL's, so a classification of commercial or standard is acceptable without further documentation.

At the time of YEA, completed according to Section 5, the authorized agency official must classify the account.

Subsequently, the authorized agency official at minimum must classify the account every 2 years with the updated data collected according to 4-FLP, subparagraph 47 B.

Streamlined CL's will be classified as "2" using the D-loan/special classification credit action.

If CL, including Streamlined, subsequently becomes delinquent or financially distressed, all documents will be obtained to complete an analysis and the account will be classified using the updated information.

F Classification Reporting

Field Offices must use the Active FLP Borrowers Report from FLP Data Mart at https://fsadwhouse.sc.egov.usda.gov/FSA-DataMarts/FSAdataMartsHomePage.htm to monitor classifications. This report identifies the classification category and date for the most recent classification for each borrower. When a new classification is completed in FBP, the authorized agency official must update the Classification Review Workflow in DLS as soon as it is possible to do so.

252 Borrower Account Classification System

*--A Calculating Account Classifications

Borrower account classifications are completed using the most current balance sheet and income/expense statements available. FBP calculates the financial indicators used in the classification analysis and assigns a score for the 4 ratios addressed in subparagraphs B through E. A weighted percentage of each score is used to obtain the total overall score that determines the account's classification according to subparagraph F.

B Current Ratio (Liquidity)

This ratio indicates the extent to which current farm assets, if liquidated, would cover current farm liabilities.

FBP calculates the current ratio as follows.

Current Ratio = Total current farm assets ÷ Total current farm liabilities.

Current Ratio	Score
1.25 or greater	1
1.16 to 1.24	2
1.00 to 1.15	3
0.99 or less	4

C Debt to Asset Ratio (Solvency)

This ratio measures the operation's solvency by comparing total farm debt obligations owed against the value of total farm assets. The ratio expresses what proportion of total farm assets is owed to creditors and is 1 way to express the risk exposure of the farm business.

FBP calculates the debt to asset ratio as follows.

Debt to Asset Ratio = Total farm liabilities ÷ Total farm assets.

Debt to Asset Ratio	Score	
40 or less	1	
40.01 to 69	2	
69.01 to 99	3	
99.01 or greater	4	

--*

Borrower Account Classification System (Continued)

*--D Return on Assets Ratio (Profitability)

This ratio measures the rate of return on farm assets and is often used as an overall index of profitability.

FBP calculates the return on assets ratio as follows.

Return on Assets Ratio = Net farm income from operations + Farm interest expense – Owner withdrawals ÷ Total farm assets.

Note: FBP calculates net farm income from operations as follows.

Net farm income from operations = Total operating income – Purchases for resale – Total operating expenses.

Return on Assets Ratio	Score
7 or greater	1
3.6 to 6.99	2
0.01 to 3.59	3
0 or less	4

E TDCLC Ratio (Repayment Capacity)

This ratio measures the operation's ability to cover all term debt and capital lease payments.

FBP calculates TDCLC ratio as follows.

TDCLC Ratio = Net farm income from operations + Non-farm income + Depreciation expense + Term debt/capital lease interest – Income tax expense – Owner withdrawals – Non-farm expense ÷ Term debt/capital lease annual principal/interest payments.

TDCLC Ratio	Score
1.15 or greater	1
1.08 to 1.14	2
1.00 to 1.07	3
0.01 to 0.09	4
-0.01 to 0	1
-0.02 or less	4

__*

252 Borrower Account Classification System (Continued)

F Account Classification

A weighted percentage of the score for each of the 4 measures of financial performance and operation stability identified in subparagraphs B through E, are used in the FBP to calculate the total overall score.

Total Overall Score = weighted current ratio score + weighted debt to asset ratio score + weighted return on assets ratio score + weighted TDCLC ratio score.

The following table provides the borrower account classification based on the total overall score.

Total Overall Score	Classification	Classification Category
1 to 1.59	1	Commercial
1.6 to 2.19	2	Standard
2.2 to 2.79	3	Acceptable
2.8 to 4	4	Marginal

* * *

253-260 (Reserved)

Section 5 Year-End Analysis

261 Overview

A Introduction

YEA provides an opportunity for the borrower and FSA to discuss and evaluate a borrower's financial and production performance, progress toward goals, effectiveness of operational management, and FSA supervision and oversight. It also provides an opportunity to modify the plan of supervision and to address other changes in the borrower's operations or situation.

YEA must coincide with the borrower's production and marketing cycle.

YEA may be used in place of an annual review.

YEA must be performed in as much detail as is presented in the farm operating plan.

--In times of LR's, the authorized agency official may prioritize the completion of YEA-- within the requirements of the applicable statutes and regulations.

B Overview

FSA and the borrower jointly prepare YEA. YEA has the following 4 steps.

- The authorized agency official will identify and evaluate any significant changes to the borrower's operation or situation.
- The borrower and the authorized agency official will obtain the borrower's actual production data and financial data for the completed year and compare the actual data to the projections made in the prior year's farm operating plan by calculating variances from the projections.
- The borrower and the authorized agency official will determine and document the reasons for variances.
- The borrower and the authorized agency official will analyze how the borrower's performance can be improved in the coming year and the borrower prepares an updated farm operating plan.

When completed, the authorized agency official must place a copy of each YEA in the borrower's case file.

262 Preparing for the Year-End Analysis

A Schedule for YEA

The authorized agency official will schedule YEA to occur as close as possible to the end of the production cycle. It must be within the 60-calendar-day period after the borrower's production cycle ends. Borrowers must be prioritized according to need, with the greatest need cases being addressed first.

When the authorized agency official determines that YEA will be required according to subparagraph 263 A, a new YEA workflow will be created in DLS.

B Before the Appointment

--The authorized agency official must review existing assessments, FBP, written correspondence, and FSA-2040. If this review raises issues or questions, the authorized agency official must record these items in FBP to use when meeting with the borrower.--

The authorized agency official must send a copy of the farm operating plan to a borrower if the borrower uses FSA's system. This farm operating plan must be sent to the borrower before the end of the production cycle. The authorized agency official shall ask the borrower to have the actuals completed and to bring record books, tax information, and other verifying documents that may be needed to the meeting. Inventories, asset values, and debts must be calculated as of the COB cycle.

C Documenting YEA's Not Completed As Scheduled

When the authorized agency official determines that a scheduled YEA will not be completed as required, the YEA workflow in DLS shall be terminated. The terminated workflow must be documented as to why the workflow was not completed as scheduled. A new YEA workflow must be created and scheduled immediately as applicable.

A Operations Requiring YEA

[7 CFR 761.105(a)] The Agency conducts a year-end analysis at its discretion or if the borrower:

- (1) Has received any direct loan, except for Streamlined CLs, chattel subordination, or primary loan servicing action within the last year;
- (2) Is financially distressed or delinquent;
- (3) Has a loan deferred, excluding deferral of an installment under Subpart B of part 766; or
- (4) Is receiving a limited resource interest rate on any loan.
- *--Completion of YEA is mandatory for any borrower meeting the criteria above. A new YEA workflow will be created and scheduled in DLS when a new loan has been closed or upon determination that a borrower meets any other requirements for a mandatory YEA.--*

The decision to perform YEA on other borrowers is at the discretion of the authorized agency official. YEA is not required for borrowers with:

- youth loans only
- loans flagged as having bankruptcy, foreclosure, or court action pending
- streamlined CL's unless they have been delinquent or are financially distressed.

The authorized agency official shall use knowledge, experience, and judgment to identify high-risk operations requiring such additional supervisory attention. Supervisory judgments must be objective and apply sound credit and financial management principles.

Operations that may require YEA include those that are:

- undergoing major changes
- experiencing adverse production or financial conditions
- subject to volatile changes in the business climate.

B Timing

[7 CFR 761.105(b)] To the extent practicable, the year-end analysis will be completed within 60 days after the end of the business year or farm budget planning period and must include:

- (1) an analysis comparing actual income, expense, and production to projected income, expense, and production for the preceding production cycle; and
- (2) an updated farm operating plan.

C Identifying and Evaluating Significant Changes

YEA must identify and evaluate any significant changes to the borrower's farming operation, expenses, or financial condition that have occurred since the most recent initial assessment, assessment update, or annual review. In most cases, however, significant changes will not have occurred or, if such changes have occurred, they will be limited to 1 or 2 aspects of the borrower's situation. The authorized agency official shall pay particular attention to the following:

- changes in operations or goals
- status of progress toward goals
- need for changes in the plan of supervision
- need for additional borrower training.

D Comparing Actual Performance to Projections and Calculating Variances

The year-end analysis must present the borrower's actual production data and financial data for the completed year and compare the actual data to the projections made in the prior year farm operating plan. Based on this comparison, the analysis must calculate variances from the projections.

The authorized agency official will collect other pertinent information related to the farm's operation, such as changes or improvements in real estate, changes in key personnel, and any other alterations that significantly impact the operation. The authorized agency official must briefly explain the process, emphasizing the borrower' benefits rather than FSA requirements.

The evaluation of actual performance can be enhanced by:

- obtaining and reviewing the borrower's actuals using pertinent information about the farm operation, such as changes or improvements in real estate, changes in key personnel, and any other alterations that significantly impact the operation
- reviewing production by obtaining and/or calculating yields (production), price per unit, and the amounts in inventory (held for sale)

Note: Production numbers should roughly correspond with the new balance sheet and numbers sold

• evaluating debt service margin.

Note: If greater than 1.10 for a borrower on a limited resource interest rate, the interest rate may need to be increased according to 4-FLP, Part 3.

The authorized agency official must consider the following issues when comparing actual performance to projections and calculating variances.

- The authorized agency official must review planned versus actual expenses for family living, farm operating, and capital expenditures.
- The year-end analysis must discuss credit used for farm operating, capital, and family living expenses.
- Sometimes proceeds are recorded as net figures with commission, sales expenses, yardages, seed, and storage costs removed. Using gross proceeds with the associated costs captured under operating expenses is preferable.

D Comparing Actual Performance to Projections and Calculating Variances (Continued)

- The analysis must calculate yields (production), price per unit, and amounts in inventory (held for sale). Numbers should roughly correspond with the new balance sheet and numbers sold.
- FSA-2040 must be reconciled with the farm operating plan (or other plan) and the security agreement. Differences from projections and the need to amend the security agreement must be discussed.
- Interest figures must include all interest, not just operating interest.
- Any proceeds from the sale of capital items must be subtracted when evaluating income from operations.
- The analysis must evaluate and document the sources of nonfarm income. Income and tax information must be verified as applicable.
- The analysis must consider debts and debt repayments to FSA and other lenders. Breakdowns of principal and interest can serve as a cross check for interest actually paid by the borrower. This information must match FSA-2040.
- The analysis must report expenditures net of trade-ins.
- Income and Social Security taxes must be included in the analysis.

E Determining and Documenting Reasons for Variances

After variances between the projected budget in the farm operating plan and the borrower's actual performance have been identified, the borrower and the authorized agency official must determine and concisely document the reasons for the variances. The analysis must:

- consider both the borrower's and the authorized agency official's perceptions of the borrower's successes, failures, and the reasons that specific items were not completed
- determine why income was not used as planned
- discuss operational performance, achievement of short-term goals, progress toward medium-term and long-term goals, and living expenses.

F Analyzing How Performance Can Be Improved

After determining the reasons for any deviations in the preceding year's performance, the borrower and the authorized agency official together must analyze how the borrower's performance can be improved in the coming year. The authorized agency official and borrower may identify areas for improvement based on the reasons for the variances between actual and planned performance. The analysis shall address concerns in the following areas:

- unplanned sales
- changes in marketing plans
- sales of basic security
- use of proceeds
- debts paid
- amount of money released for family living and farm operating expenses.

The analysis must consider whether the borrower is making adequate progress towards established goals. Ratios, historical trends, and production records are good sources of information for evaluating business goal achievements. Alternatively, if the borrower's goals (for either business or family) were unrealistic, the analysis must reevaluate them and establish new, obtainable goals.

Areas for improvement also might follow from recent changes in farm operations and family conditions. Therefore, the authorized agency official shall work with the borrower to identify any changes or alterations that significantly affect the operation.

If the authorized agency official determines that the borrower's production or financial performance may be improved by training, the authorized agency official may require that *--the borrower meet training requirements. See 3-FLP, Part 18 for more information on--* borrower training.

If performance is better than projected, the analysis should evaluate repayment issues, as well as income taxes and Social Security taxes.

F Analyzing How Performance Can Be Improved (Continued)

The authorized agency official should remind the borrower that deviations from the agreed-upon farm operating plan must be discussed with FSA.

G Preparing an Updated Farm Operating Plan

--The year-end analysis must include a current farm operating plan. The farm operating plan is prepared by the borrower, with FSA's assistance if needed.--

264-400 (Reserved)

Part 9 Internal Controls

Section 1 FLPRA

401 Overview

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 Purpose

FLPRA is the primary tool that FLP uses for ongoing reviews and oversight of field office operations. FLPRA evaluates FLP 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 Overview (Continued)

B Purpose (Continued)

FLPRA is divided into the following 3 review areas:

- Direct Loan Making
- Direct Loan Servicing.
- Guaranteed Loan Programs.

Note: This area includes both guaranteed loanmaking 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 the FLPRA process in their State by ensuring that all required reviews, analyses, applicable risk mitigation plans, and reports are completed according to this Part.

A Administering FLPRA Reviews

FLPRA reviews will be administered and the results reported both at the State Office and National Office levels. The National Office and State Offices can access the FSA Intranet at http://intranet.fsa.usda.gov/fsa/ to obtain guides detailing the process to complete the reviews according to the following.

Step	Action
1	On the FSA Intranet Home Page, under "Resources", CLICK "FSA Applications".
2	On the FSA Applications Page, CLICK "Farm Loan Programs Systems".
3	On the Farm Loan Programs Systems Home Page, under "Informational Links",
	CLICK "Manuals" and CLICK "FLPRA National Office Review Process Guide"
	or "FLPRA State Office Review Process Guide", as applicable.

B State Office Review Responsibilities

State Offices will be required to complete FLPRA reviews as follows:

- States with 9 or more FLP Service Centers will be required to review a minimum of 20 percent of the Service Centers each year, with all Service Centers being reviewed at least once every 5 years
- States with 8 or fewer FLP Service Centers will be required to conduct at least 1 Service Center each year, with all Service Centers being reviewed at least once every 5 years
- •*--any Service Center with a review score of 4 or 5 in Program Objectives, Program Management, Financial Integrity, and/or Composite Rating must have a follow-up review within 24 months to determine if the risk has been mitigated. The follow-up review will be scored in the FLPRA website.--*

The process for selecting the FLP 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 13 States per year. The reviews evaluate State FLP delivery and include visits to a limited number of FLP 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 FLP Service Center Report

State Offices will provide a report to each FLP 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 FLP Service Center will include FLPRA State Office Review Process Guide, Exhibits 4 through 7 that will:

- rate each FLP Service Center reviewed in the 3 risk areas
- provide a composite score for the FLP Service Center.

The scores for each FLP Service Center will be:

- input in the automated FLPRA system within 30 calendar days of completing the review
- documented in the comment box provided to support the scores reported
- input in the automated FLPRA system no later than January 15.

B Annual Report

No later than February 1, each State Office will submit the annual FLP4 Report using the template provided in the State Office Review Process Guide, Reports Section, by e-mail to *--SM.FSA.DCWa2.FLPRA.--*

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:

- •*--clearly present conclusions that are supported by facts obtained during the review--*
- 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 receiving 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.

405-440 (Reserved)

Section 2 DD FLP Oversight

441 General Provisions

A Overview

It is incumbent upon DD's to monitor the FLP delivery in Service Centers to ensure adherence to appropriate laws, policies, and procedures.

B Purpose

The DD FLP oversight process provides a standardized and consistent reporting format and means by which DD can:

- document results from quarterly FLP oversight reviews
- view previously completed quarterly reports
- monitor and followup on actions to be taken by FLP Service Center staff.

442 DDORS

A Overview

Reporting of FLP oversight reviews will be completed on a quarterly basis. DDORS is the official record documenting the results of the quarterly reviews.

DDORS:

- was developed to assist DD with completing FLP oversight reviews conducted in the FLP Service Centers online
- provides the means by which DD can document and submit review results to State and Field Offices electronically
- contains the review items for each reporting quarter
- •*--archives oversight reports for five FY's.

B System Access

Access DDORS from the Farm Loan Programs Systems Home Page, located at https://amistad.sc.egov.usda.gov/flp/IndexServlet.

DDORS may also be accessed at

https://wdcprod80.sc.egov.usda.gov/Ddors/homepage.aspx.

Note: See Exhibit 36 for detailed instruction on accessing DDORS.--*

B System Access (Continued)

Users who need access to DDORS should contact their State DDORS Administrator. The authentication and authorization of users is made using USDA's eAuthentication application.

To access DDORS users must have the following:

- valid eAuthentication ID and password
- eAuthentication Level 2 account
- authorized access by the DDORS Administrator.

C Report Statuses

Report Status will be as follows:

- "Archived", Service Center closed during FY
- "Not Started", the report is empty and can only be accessed by DD
- "In Progress", the report is partially completed
- "Submitted", the report was completed and certified before its due date
- "Auto-Submitted", the report was not certified before its due date. The report may be partially completed or empty.

Note: "Submitted" and "Auto-Submitted" reports cannot be modified; however, pending action items can be followed up and closed.

D Service Center Progress Reports

Progress reports provide counts of "Not Started", "In Progress", "Submitted", and "Auto-Submitted" oversight reports that are in the State and in each district.

E Reporting Timeframes

The first quarter report:

- •*--will be available for completion in DDORS starting December 1 and ending on--*
 January 31
- should reflect first quarter data gathered between October 1 and December 31
- is comprised of quarterly review items, additional review items, and certification.

E Reporting Timeframes (Continued)

The second quarter and first semi-annual report:

- will be available for completion in DDORS starting February 1 and ending on April 30
- should reflect:
 - second quarter data gathered between January 1 through March 31 for quarterly review items
 - data gathered between October 1 through March 31 for the first semi-annual review items
- is comprised of quarterly review items, first semi-annual review items, additional review items, and certification.

The third quarter report:

- will be available for completion in DDORS starting May 1 and ending on July 31
- should reflect third quarter data gathered between April 1 and June 30
- is comprised of quarterly review items, additional review items, and certification.

The fourth quarter, second semi-annual, and annual report:

- will be available for completion in DDORS starting August 1 and ending on *--November 30--*
- should reflect:
 - fourth quarter data gathered between July 1 and September 30 for quarterly review items
 - data gathered between April 1 and September 30 for the second semi-annual review items
 - data gathered between October 1 at the beginning of FY through September 30 at the end of FY to complete the annual review items

*--E Reporting Timeframes (Continued)

• is comprised of quarterly review items, second semi-annual review items, and items, additional review items, and certification.

Notes: The quarterly report that corresponds to the current reporting period will be displayed when DD selects the link for the Service Center to be reviewed from the DDORS Home Page.

Results for all review areas corresponding to each quarter will be captured when the report is submitted or auto-submitted by DDORS when the reporting period has ended.

Oversight reports are locked when DD submits the report or after the due date. DDORS does not allow anyone to add, modify, or delete review information.

F Action Items

An action item is a note attached to a review area, a review record, or a review item in an oversight report. Action items allow users to document concerns and issues about oversight reviews.

DD's are highly encouraged to use action items to bring awareness to the Service Center and State Office, of problems and deficiencies discovered during the oversight review.

Only DD or proxy assigned to an oversight report can add action items to and close action items in the report. DD or proxy can add an action item anytime before submitting the report.

After an oversight report is submitted or auto-submitted, any DDORS user who can view a report can also followup on action items in the report by adding their own comments. Users can add followup comments to an action item until it is closed by DD or proxy.

Follow this table to add comments to a pending action item.

Step	Action
1	Go to the review area, review record, or review item with the pending action item.
2	CLICK " Follow up pending action item".
3	CLICK "Add Follow-Up Comments".
4	Enter followup comments in the box.
5	CLICK "Save Follow-Up".
6	CLICK "Save Follow-Up".

__*

*--G User Roles

There are 6 user roles, as follow. User's role will be displayed under "DDORS Menu", under user's name.

Example: If user is an administrator, then "Administrator" will be displayed under "DDORS Menu", under user's name.

National User Role

National users are DAFLP, Assistant DAFLP, Directors, Deputy Directors, FLPRA review teams, and national administrators. A national user role allows users to:

- view in progress, submitted, and auto-submitted oversight reports for all Service Centers
- followup pending action items in submitted and auto-submitted reports by adding followup comments.

For all States, national administrators can:

- manage:
 - proxy assignments
 - specialist assignments
 - user accounts
- assign user roles in 1 State to another State.

Example: DD in Maryland needs to manage a district in Delaware. National administrator can make the assignment.--*

*--G User Roles (Continued)

• State User Role

State users may include SED's, FLC's, FLS's, COR's, or State administrators. A State user role allows users to:

- view-only, in progress, submitted, and auto-submitted oversight reports for specified Service Centers
- followup pending action items in submitted and auto-submitted reports by adding followup comments
- act as a proxy for DD, if assigned
- act as specialist, if assigned to a Service Center.

State administrators:

- can activate or deactivate user accounts
- can assign and manage proxy and specialist assignments
- are limited to assigning user roles for Service Centers and districts within their State.

District User Role

DD's are assigned by the State administrator:

- to the districts that he or she manages
- read-only access to oversight reports from another district, as determined by the State Office
- a floating DD role to act as a proxy for other DD's.

A district user role allows users to:

- complete and edit oversight reports for their Service Centers
- add action items to their oversight reports
- followup and close pending action items in their reports.--*

*--G User Roles (Continued)

• Service Center User Role

Service Center user role allows users to:

- view submitted and auto-submitted oversight reports for their Service Center
- followup pending action items in submitted and auto-submitted reports by adding followup comments.

• Proxy User Role

Proxy user's:

- are temporarily assigned to a Service Center to manage its oversight reports
- can complete, certify, and submit oversight reports for the assigned Service Center
- can followup and close the assigned Service Center's action items.

Proxy assignments are terminated if DD's district assignment changes or if DD or proxy's account is inactivated.

Note: During the time period a proxy is assigned to a Service Center, DD can view, but cannot edit, the Service Center's oversight reports.

• Specialist User Role

Specialist users are State users who are assigned to work on a Service Center's oversight report along with DD or proxy. Specialist users can add and modify review information anywhere in the oversight report.

Specialist users cannot:

- delete review records added by others
- add new action items or close existing action items
- certify (sign) or submit oversight reports.--*

443 Responsibilities

A DD Responsibilities

--See Exhibit 36 for detailed guidance on completing the oversight report online and creating various Hyperion and GLS reports.--

DD's shall:

- coordinate and plan all FLP oversight review site visits with FLP State Office staff so that participation by FLC or FLS can be arranged when necessary
- notify SED and FLC of any apparent problems that may require immediate attention
- •*--use DDORS to:
 - complete reviews for each Service Center quarterly
 - document specific findings for each case file or operational file reviewed
 - record and followup on any noted problems or inconsistencies as an "Action Item"
 - submit completed Service Center oversight reports.

Note: Submitting the report online in DDORS is the:

- certification for that report
- DD's signature.--*

B Service Center Responsibilities

Service Center staff shall:

- •*--assist as needed with items to be reviewed--*
- be available to discuss specific cases or to answer questions from DD
- followup on any action items identified by DD's in DDORS.

443 Responsibilities (Continued)

C State Office Responsibilities

SED's shall ensure that timely FLP oversight reviews are completed by DD's in DDORS.

FLC's shall:

- assign a State System Administrator for DDORS
- •*--review quarterly reports submitted--*
- followup on any identified action items
- discuss concerns with DD and SED
- •*--document the actions taken to remedy identified deficiencies in the operational file.--*

D National Office Responsibilities

DDORS oversight reports shall be reviewed with the FLPRA process. Reports for each FLP Service Center within a State shall be reviewed to ensure that:

- consistent oversight reviews are being conducted by DD's in the State
- SED's and FLC's are monitoring and addressing any deficiencies or apparent problems identified by DD's.

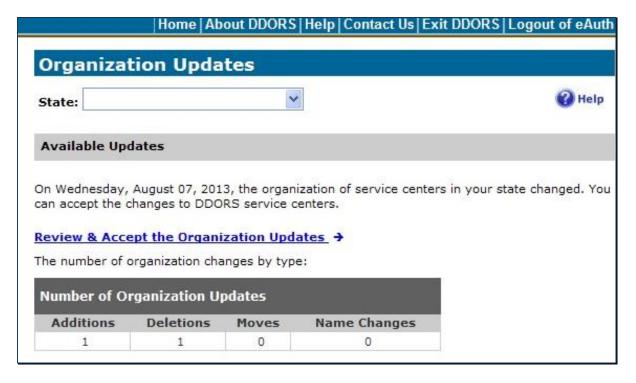
444 DDORS Organization Updates

A About Organization Updates

The MRT database is the system of record for all organizational data in DDORS. State *--Offices must submit FSA-2125 to DCIB to add, delete, or move Service Centers and/or--* districts. These changes are processed in the PLAS database that populates MRT.

Each Tuesday evening, DDORS searches MRT for changes. Any changes found will flow into DDORS and become organization updates.

DDORS automatically generates an e-mail to the State DDORS administrator when changes have been found, alerting the State DDORS administrator that the pending changes are ready for review and acceptance. The e-mail includes a hyperlink to the DDORS Organization Updates Screen for quick and easy access.



The State administrator must click "**Review & Accept the Organization Updates**" link and accept the pending changes in DDORS before any changes are made to the Service Centers and/or districts in DDORS.

*--444 DDORS Organization Updates (Continued)

B Accepting Organization Updates

Follow this table to review and accept organization updates changes.

Step		Action				
1	From DDORS Home Page, under "Menu", CLICK "Organization Updates".					
2	From "State" drop-down list, select a State if user has access to more than 1 State.					
	IF organizational updates are	THEN the				
	available	"Available Updates" section will be displayed.				
	not available	"Current DDORS Organization Structure"				
		section will be displayed.				
3		lisplayed, CLICK "Review & Accept the				
	Organization Updates" link.					
4	·	changes to Service Centers and districts.				
5	If changes within a district require a	a new DD assignment:				
		Change the DD" link for the district				
	• select another DD or the "Abser	nt District Director" option and CLICK "Save".				
6	1	ntly assigned to the Service Center" link to				
	determine which, if any, users are a	ffected and need to be reassigned.				
	If users need to be reassigned, do the	ne following:				
	if users need to be reassigned, do tr	ic following.				
	• print the user assignment inform	nation on the "Users currently assigned to the				
	Service Center" window	·				
	• using the "User Management" module that is accessed by clicking "Home"					
	1 1 0	d then under "Menu", clicking "User				
	Management", find and modify					
7	CLICK "Accept Organization Up	dates" to accept the changes.				

Important: Users cannot undo organization changes after they have been accepted. DDORS cannot revert back to an earlier organization structure.--*

Reports

This table lists the required reports of this handbook.

Reports Control		Reporting		Negative	
Number	Title	Period	Submission Date	Reports	Reference
FLP4	FLPRA Annual	Annually	By February 1 each	Required	403
	Report		year		
FLP5	SBA Review Report	Annually	By October 31 each	Required	103
			year		

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-10	Representations for Commodity Credit Corporation or		Ex. 36
	Farm Service Agency Loans and Authorization to File a		
	Financing Statement and Related Documents		
CCC-257	Schedule of Deposit		Ex. 36
FmHA 2006-21	Information Systems Management (ISM) Request for		52
	Changes to User Documentation		
FD-258	Fingerprint Chart		Ex. 41, 42,
			43, 44
FM1	Data Security Access Authorization Form		167
Form-1004	Uniform Residential Appraisal Report (Fannie Mae)		Ex. 42
Form-1007	Square Foot Appraisal Form (RD or CoreLogic		Ex. 41, 42
	Marshall & Swift)		
FSA-13-A	Data Security Access Authorization Form		53, 54, 166,
	·		Ex. 15, 36
FSA-137	Address Information Request		46
FSA-159	Request for Supplies, Forms, and/or Publications		Ex. 17
FSA-470	Tractor Feed Post Card for Metered Postage		46
FSA-603	Collection Register for State and County Offices		Ex. 36
FSA-850	Environment Screening Worksheet		Ex. 15, 36
FSA-851	Environmental Risk Survey Form		Ex. 36
FSA-858	Determining if a Wetland May Be Present		222
FSA-2001	Request for Direct Loan Assistance		44, 47, 48,
			Ex. 36
FSA-2028	Security Agreement		Ex. 36
FSA-2037	Farm Business Plan Worksheet Balance Sheet		Ex. 15
FSA-2038	Farm Business Plan Worksheet Projected/Actual Income		Ex. 15
	and Expense		
FSA-2040	Agreement and Record of the Disposition of FSA		262, 263,
	Security/Release of Proceeds		Ex. 7, 36
FSA-2045	Record of the Disposition of FSA Security/Release of		Ex. 36
	Proceeds		
FSA-2065	Annual Statement Loan Account		5, 49, 52

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

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2072	Cancellation of U.S. Treasury Check and/or Obligation		169
FSA-2101	DD FLP Oversight Report Guide		Ex. 36
FSA-2103	Direct Loan Making File Review Questionnaire		28
FSA-2104	Guaranteed Loan Making File Review Questionnaire		28
FSA-2119	Delinquent Borrower Servicing File Review		28
	Questionnaire		
FSA-2120	Moratorium Notice		41
FSA-2121	Termination of Moratorium		41
FSA-2125	Farm Loan Program County Information File Changes		46, 444
FSA-2126	Program Loan Cost Expense (PLCE) Request		162, 166-169
FSA-2127	Request for CED FLP Loan Approval Authority		25
FSA-2128	Appraisal Program Loan Cost Expense (PLCE) Request		141, 164,166, 168
FSA-2129	Microloan Making File Review Questionnaire		28
FSA-2140	Deposit Agreement		101, 102, Ex. 15, 36
FSA-2141	Interest-Bearing Deposit Agreement		102
FSA-2142	Statement of Deposits and Withdrawals		103, Ex. 36
FSA-2144	Designated Financial Institution Pledge of Collateral		102
FSA-2145	Demand for Withdrawal of Supervised Bank Account Funds		103
FSA-2150	Development Plan		122, 125
FSA-2153	Release by Claimants		122
FSA-2154	Release by Contractor		122
FSA-2155	Vendor Appraiser Registration		141
FSA-2160	Appraisal of Chattel Property		142
FSA-2161	Appraisal Report - Agricultural Tract		142
FSA-2162	Real Estate Sales Data		142
FSA-2163	Supplemental Forms-Agricultural Appraisal		142
FSA-2164	Appraisal for Mineral Rights		142
FSA-2165	Administrative Appraisal Review		143
FSA-2166	Technical Appraisal Review and Certification		143
FSA-2167	Administrative Appraisal Review for Chattel Appraisals		143
FSA-2171	Substitute Invoice		167, 169
FSA-2172	Request for Emergency Payment		169
FSA-2173	Program Loan Cost Expense (PLCE) Vendor Code Request		166, 167
FSA-2198	Claimants With Closed Settlement Claims With No Appeal Hearing in Suspension		Ex. 13.5

Forms (Continued)

		Display	
Number	Title	Reference	Reference
FSA-2199	Claimants With Closed Settlement Claims With		Ex. 13.5
	Appeal Hearing in Suspension		
FSA-2201	Lender's Agreement		43, 47
FSA-2211	Application for Guarantee		44, 47, Ex. 36
FSA-2212	Preferred Lender Application for Guarantee		44, 47, Ex. 36
FSA-2232	Conditional Commitment		Ex. 7
FSA-2235	Loan Guarantee		Ex. 7
FSA-2242	Assignment of Guarantee		Ex. 7
FSA-2292	Guaranteed Loan Processing Checklist		Ex. 36
FSA-2301	Request For Youth Loan		44, 47, 48, Ex.
			15
FSA-2304	Notice of Incomplete Application		Ex. 36
FSA-2305	Second Notice of Incomplete Application		Ex. 36
FSA-2306	Notice of Application Withdrawal/Pending		Ex. 36
	Withdrawal		
FSA-2307	Notice of Complete Application		Ex. 36
FSA-2308	Notice of Eligibility for FSA Assistance		Ex. 36
FSA-2311A	Emergency Loan Calculations		Ex. 15
FSA-2313	Notification of Loan Approval and Borrower		202
	Responsibilities		
FSA-2314	Streamlined Request for Direct OL Assistance		48
FSA-2330	Request for Microloan Assistance		44, 48
FSA-2341	Certification of Attorney		43
FSA-2342	Certification of Title Insurance Company		43
FSA-2510	Notice of Availability of Loan Servicing to		3
	Borrowers Who Are 90 Days Past Due		
FSA-2512	Notice of Availability of Loan Servicing to		3
	Borrowers Who Are Current, Financially		
	Distressed, or Less Than 90 Days Past Due		
FSA-2514	Notice of Availability of Loan Servicing to		3
	Borrowers Who Are in Non-Monetary Default		
FSA-2535	Conservation Contract		3
FSA-2543	Shared Appreciation Agreement		3
FSA-2544	Request for Information on Capital Improvements		Ex. 36
FSA-2545	Borrower Notification of Shared Appreciation		Ex. 36
	Due		
FSA-2585	Acquisition or Abandonment of Secured Property		5
FSA-2721	List of Currently Not Collectible (CNC) Debts		5
	Eligible to be Referred to Treasury for		
	Cross-Servicing		
FSA-2722	Update to TOP and Cross-Servicing Information		5

Forms (Continued)

		Display	
Number	Title	Reference	Reference
IRS 1098	Mortgage Interest Statement		5
IRS 1099-A	Acquisition or Abandonment of Secured Property		5
IRS 1099-C	Cancellation of Debt		5
IRS 1099-G	Statement for Recipient of Certain Government		5
	Payments		
IRS 1099-INT	Interest Income		5
OF-347	Order for Supplies and Services		165
RD 1922-15	Administrative Appraisal Review for Single Family		143
	Housing		
SF-87	Fingerprint Chart		Ex. 41-44
SF-1449	Solicitation/Contract/Order for Commercial Items		165

Note: SF-1449 is available on GSA's form web site at www.gsa.gov/portal/forms/type/TOP.

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AASM	Application Authorization Security Management	Ex. 18
ACCP	accelerated payment	169
ACIF	Agricultural Credit Insurance Fund	163
ADR	alternative dispute resolution	42
AFCB	Administrative Funds Control Branch	169
ARRA	American Recovery and Reinvestment Act of 2009	28, 163, Ex. 16
APOC	Appraisal Point of Contact	22, Ex. 2, 41-44, 60, 62
AS	Agricultural Specialist	23, 26, Ex. 7
BIR	Business Information Report	48
BP	Business Partner	44, 46, Ex. 14, 15
BPA	Blanket Purchase Agreement	161, 162, 165, 166
BOPR	Borrower Property Table	166
CA	Chief Appraiser	141-143, 148, Ex. 41, 42
CAFO	confined animal feed operation	Ex. 51
CCR	Central Contractor Registration	162
CDAT	Consent Decree Action Team	Ex. 12, 13.5
CL	conservation loan	Text, Ex. 2, 15, 16
CMDB	Cash Management Disbursement Branch	5
CMT	Constant Maturity Treasury	Ex. 17
CMVB	current market value buyout	23
CNC	currently not collectible	251, Ex. 5, 13, 13.5, 15
CO	Contracting Officer	141, 166, Ex. 41-44, 60, 69
CONACT	Consolidated Farm and Rural Development Act	1, 21, 29, 142, 251

Forms List (Continued)

B Forms (Continued)

Old Form	New Form	Date Made		
Number	Number	Title	Obsolete	
FmHA 449-23		Guaranteed Loan Evaluation Farmer Programs	12-31-07	
RD 449-30	FSA-2254	Guaranteed Loan Report of Loss		
FSA-449-34	*FSA-2235*	Loan Note Guarantee		
FmHA 449-36		Assignment Guarantee Agreement	7-26-04	
RD 450-5	FSA-2495	Application to Move Security Property and Verification of Address		
RD 450-6		Notice of Transmittal of Form RD-450-5 12-31-07		
FmHA 450-7		Address Inquiry 4-16-99		
FmHA 450-10		Advice of Borrower's Change of Address, Name, Case Number, or Loan Number		
RD 450-12		Bill of Sale (Transfer by Withdrawing 7-Member)		
FmHA 450-13		Request for Assignment of Income from Trust Property 12-3		
FmHA 451-1		Acknowledgement of Cash Payment 12-31-07		
RD 451-1		Acknowledgement of Cash Payment 7-8-98		
FmHA 451-2		Schedule of Remittances 12-31-07		
FmHA 451-3		Reminder of Payment to be Made 12-31-07		
FmHA 451-8		Journal voucher for loan account adjustments 12-31-0'		
FSA 451-10	FSA-2560	Request for Statement of Account		
FSA 451-11	FSA-2561	Statement of Account		
FSA 451-18	FSA-2434	Consent and Release of Interest of United States (Farm Ownership Loans)	4-30-18	
FmHA 451-26		Transaction Record	12-31-07	
FmHA 451-27		Review of CollectionOnly Accounts	12-31-07	

Abbreviations Not Listed in 1-CM (Continued)

Approved		
Abbreviation	Term	Reference
PLS	Primary Loan Servicing	23, 25, 27, 29, 42, 144,
		Ex. 5, 36
PPA	Post payment adjustment	161
PRB	Programs Report Branch, NFAOC	5
PVND	Term in the FMMI User Guide representing the	165
	creation of a vendor record	
RA	Regional Appraiser	141, 142, 143, Ex. 43
RCI	recoverable cost items	Ex. 15
RCN	replacement cost new	Ex. 51
RRA	Regional Review Appraiser	4
SALP	Special Apple Loan Program	2, 29
SAM	System for Award Management	43, 141, 161, 164-166,
		Ex. 41-44
SAP	Simplified Acquisition Procedure	60, 61, 141, 142,
		Ex. 60-62
SDMS	State Directives Management System	3, 103
SEL	standard eligible lender	25, 43, 143, Ex. 5, 36
SLR	Security Liaison Representative	53, Ex. 14, 15
SOW	Statement of Work	141, 142, 143, Ex. 41-44,
		64, 69
TC	transaction code	46, 49, 50, 52, 164, 169
		Ex. 14
TDCLC	term debt capability lease coverage	252, Ex. 15
TI	treasury in transit	169
TR	treasury reversal	169
TY	payment voucher transaction	161, 165-169
UAAR	Uniform Agriculture Appraisal Report	142
WEM	Web Equity Manager	Ex. 15
WP	Western Pacific	5
YEA	year-end analysis	162, 201, 251, 261-263,
		Ex. 15, 26, 36
ZMY	Obligating document or purchase order created in	161, 163, 165-166,
	FMMI.	168-169

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 designated State staff appraiser.

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

Redelegations of Authority (Continued)

- authority to approve subordinations, or release and refiling lien instruments instead of subordinations, to FLC, FLS, or DD
- authority to approve surface leases for farm property no longer in use (such as old barns) or for nonfarm purposes (such as wind turbines, communication towers, or other similar installations) to FLC, FLS, or DD
- authority to approve PLS where the borrower (or any entity member) has received PLS 2 or more times in the previous 5 years to FLC.

Review Method

Specific New York credit quality review forms and instructions have been developed for all loan approval officials to follow which are modified versions of the national credit quality review forms. Forms FSA-2103-1 NY Direct Loan Making, FSA-2103-2 NY Direct Loan Servicing with New Loan, FSA-2104 NY Guarantee Loan Making, FSA-2119 NY Direct Loan Servicing Only and FSA-2129 NY Microloan Making. The forms and instructions are included in this exhibit and available on the New York FSA Share Point – NY Home – NY Amendments – Farm Loan – 1-FLP NYS Handbook Amendments and Exhibits. The review forms and instructions are available to aid the loan approval official in preparing loans and servicing actions and will more clearly explain what constitutes a yes or no answer for reviewers.

Each Fiscal Year:

- 1. FLM's will be responsible to complete credit quality review forms for each of the FLO's they supervise on 2 files (Direct Loan Making, Guaranteed Loan Making or Direct Loan Servicing) and email them to the FLC with cc: STO FLP staff on or before August 1st of each year. (This does not limit a supervisor's review of an employee's work to ensure good work product is being maintained.)
- 2. DD's will be responsible to complete credit quality review forms for each of the FLM's they supervise on 2 files (Direct Loan Making, Guaranteed Loan Making or Direct Loan Servicing) and email them to the FLC with cc: STO FLP staff on or before August 1st of each year. (This does not limit a supervisor's review of an employee's work to ensure good work product is being maintained.)
- 3. State Office FLS/FLC will complete the credit quality review form on 1 file (Direct Loan Making, Guaranteed Loan Making, or Direct Loan Servicing) for each FLM and FLO on or before March 31st of each year for mid-year performance review purposes. Completed reviews will be emailed to the FLC with cc: STO FLP staff and saved in the State Office shared drive. (This does not limit the State Office FLP staff reviews of an employee's work to ensure good work product is being maintained.)
- 4. DD's will review 1 FLS review and State Office FLS will review 1 DD review by August 1st for a second party review. These second party reviews will be emailed to the FLC with cc: STO FLP staff and saved in the State Office shared drive.
- 5. The areas of review by each level (FLM/DD/State Office) will be rotated by fiscal year at the direction of the FLC.

If a FLM, DD, FLS does not have loan approval authority or loan approval and/or loan servicing authority has been revoked or limited that employee will not be able to complete credit quality reviews until their authorities are fully reinstated. The next level supervisor will be responsible for completing the required reviews for all employees.

Review Standards

- 1. Each loan approval official will be evaluated for credit quality purposes on at least one file from each of the following categories each FY: Direct Loan Making, Direct Loan Servicing, and Guaranteed Loan Making.
 - If the loan official has not conducted one of the above types of actions during the fiscal year, a subsequent loan file from an alternative category will be selected so that each loan official is evaluated on a minimum of 3 loan actions each year.
 - Additional reviews may be performed as deemed necessary by the FLC and DD during FLPRA reviews, COR reviews, or regular office visits.
- 2. The loan official must score an 80% with all critical questions marked "Yes" on the post-close review to have a passing credit quality review score and maintain their loan approval and servicing authority.
- **3.** If 2 or more occasions within a fiscal year, a loan approval official does not obtain a passing credit quality review score, 2 additional files will be reviewed by the State Office FLS/FLC in the area where issues were identified (Direct Loan Making, Guaranteed Loan Making and/or Direct Loan Servicing)
- **4.** If 1 of the additional 2 files does not obtain a passing credit quality review score the loan approval official's loan approval authority will be revoked and they will be placed on an OTI in accordance with 1-FLP NY Amendment 1 Par. 27 E.
- **5.** The final decision to revise, limit or revoke loan approval and/or servicing authority will be determined by the SED in consultation with the FLC, DD and XO if necessary.
- **6.** State Office FLC will be reviewing 2 restructuring loan actions per quarter in addition in accordance with 1-FLP Par 28 A.

Review Format

1. Forms FSA-2103-1 NY Direct Loan Making Only, FSA-2103-2 NY Direct Loan Making with Servicing, FSA-2104 NY Guaranteed Loan Making, FSA-2119 NY Direct Loan Servicing Only and FSA-2129 Micro Loan Making will be used for credit quality reviews – they are available in excel format on the New York Share Point – NY Home – NY Amendments – Farm Loan – 1-FLP NYS Handbook Amendments and Exhibits.

Loan approval officials should familiarize themselves with the instructions which clarify what and where the reviewer will be looking for details of the loan or servicing action.

- **2.** FLM/FLS/FLC will discuss any 'No' answers with the applicable District Director when answering 'No' to any question.
- **3.** Before any 'No' answers and scoring are finalized, the questions and file will be reviewed with the loan official, DD and FLC/FLS.
- **4.** Files selected for review should first be from loan and servicing actions that were within the loan approval official's authority.

Review Format (Continued)

5. All Credit Quality Reviews will be completed using the electronic versions of the forms and will be emailed to the FLC with cc: to STO FLP staff to be saved in the State Office shared drive and entered into the Credit Quality Review Access database.

Reporting

- 1. State Office FLP staff will summarize the credit quality review scores and provide to the SED, DDs and XO for any needed follow up.
- **2.** Credit quality reviews and scores will be distributed to the DDs and then through the FLM. The review forms with scores and reviewer name shall be filed in operational file FLP 1-4 according to 1-FLP par. 28.
- **3.** Findings and deficiencies will be summarized and discussed with FLP staff and review results will be used to determine training needs based on deficient patterns.
- **4.** Deficiencies noted in credit quality reviews will also be documented in DD Oversight Report and DD's will be responsible to follow up on correction of deficiencies. State Office FLP staff may also follow up on findings.

FSA-2103-1 NY for Direct Loan Making Only

Use Excel Electronic Version of this form posted on the NY SharePoint website NY Home – NY Amendments – Farm Loan – 1-FLP

FSA-2103-1 NY (02-01-17)		U.S. DE		ENT OF AGRICULTUR Service Agency	E					
				RECT LOAN MAK						
		FILE R	REVIEV	W QUESTIONNAIR	RE					
1. GENERAL INFORMATION										
A. LAST NAME OF BORROW	EK	B. FIRST NAM	IE OF B	ORROWER	C. MIDDLE IN	IIIAL	D. DAT	NTE .		
E. Loan Work Up Official		F. CREDIT TEAM G. DISTRICT NU				IUMBER				
H. Approval Official	L TYPE OF AS	SISTANCE CO	DF	J. LOAN AMOUNT		KIOA	C LOAN TYPE			
2. REVIEWER'S INSTRUC	TIONS									
All "NO" answers (and N/A w		aggary by the r	ovlower) require a detailed ex	planation of the	wookno	0000			
identified. General statement								VE0		l
Remarks, on Page 2.) If any o			, 24 ог 2	5 is marked "NO", the	file will fall cred	iit qualit	y	YES	NO	N/
standards, regardless of the f	inai numerical	score.								
1. Were all components of the	assessment add	dressed by the i	FLM with	direct input from the bo	rrower? (2pts)					
2. Is there sufficient document										
has each member provided suff before credit is extended? (2pts		ation to meet the	e test for	credit requirements, as	well as the entity	y as a wr	iole,			
3. Is the loan made to the prope	er authorized indi	vidual or entity?	(2pts)							
4. Is the applicant within the ten				(2pts)						Г
5. Were non-essential assets a										
6. Was the applicant correctly	dassified as a be	eginning farmer?	(2pts)							
7. Was a proper determination	made and was	the loan funded	as a SD	A? (2pts)						
Has the FLM determined an record keeping system? (2pts)	d documented tr	hat the applicant	has sel	ected, established, and	is maintaining th	e require	d			
9. Have the environmental reg	ulations been fol	llowed? (5pts)								
10. Were realistic commodity	prices used to de	evelop FBP? (5p	ts)							
11. Were realistic commodity/	lvestock yleids u	sed in the proje	cted FBI	P and was the basis for	their use docume	ented? (5	ipts)			
12. Were realistic owner without	frawais used to d	develop FBP? (5	ipts)							
13. Were realistic operating ex	openses used to	develop FBP? (5pts)							
14. Was nonfarm and other-fa	rm income verific	ed and properly	included	14. Was nonfarm and other-farm income verified and properly included on FBP? (5pts)						
15. Has the Balance Sheet Loan Schedule been completed correctly in FBP? (3pts)								ı		
	16. Was FBP feasible at the time of the loan approval? (9pts)									
16. Was FBP feasible at the ti		pproval? (9pts)								
16. Was FBP feasible at the ti 17. Does the file contain verific	cation of the app	pproval? (9pts) licant's debts, ar	nd the cr	editor's security interest	in collateral? (2)	ots)				
16. Was FBP feasible at the til 17. Does the file contain verific 18. Has FSA-2040 been prop	cation of the appi erly completed a	oproval? (9pts) licant's debts, ar nd is the FSA-2	nd the cr	editor's security interest	in collaterai? (2)	ots)				
16. Was FBP feasible at the ti 17. Does the file contain verific 18. Has FSA-2040 been prop 19. Have lien searches and/or	cation of the app erly completed a title opinions be	pproval? (9pts) licant's debts, ar nd is the FSA-2 en obtained? (5)	nd the cr 045 in th	editor's security interest e file? (3pts)		ots)				
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Credit Quality Reviews NY Ex DIRECT LOAN MAKING ONLY FILE REVIEW QUESTIONNAIRE

INSTRUCTIONS FOR PREPARATION FOR FORM FSA-2103-1 NY

Purpose:		
This form is used to document internal reviews of direct loan making for credit quality.		
Handbook Reference:	Number of Copies:	
1-FLP	Original	
Signatures Required:		
One - Reviewer		
Distribution of Copies:		
Original – Operational file FLP 1-4		
ADPS/DLS/FBP/GLS Related Transactions: N/A		

Field Name/ Item No.	Instruction
Were all components of the assessment	The assessment of the agricultural operation, as found in the Credit Action Section of FBP, should address all components required by 1-FLP, Part 8.
addressed by FLM with direct input from the borrower?	1. Assessment has to be signed by the borrower/applicant to evidence direct input from borrower(s) in addition to signature of loan official.
from the borrower.	2. Farm assessments should be a direct dialogue between the borrower and FSA official. Reviewer will consider par. 221 A of 1 FLP to see if all required elements of assessment are addressed. Reviewer will consider complexity of loan when considering what is actually required and what is offered as examples and for consideration in the 1 FLP handbook par. 222.
	3. Is the Farm Assessment <u>up to date</u> for the current credit Presentation?
	If documentation can be found in the file or FBP to support that the assessment considered all components, the reviewer will answer "YES". If not, the reviewer will answer "NO". If an assessment is not required, the reviewer will answer N/A.
2 Is there sufficient	3-FLP, Part 4 sets forth the test for credit requirements. If documentation is found in the file, the reviewer will answer "YES".
documentation to meet the test for	Documentation and/or lender denial letters must be in file. If
credit requirement	letters are too general, written documentation must also be
before credit is extended? For an	available noting that lenders were contacted to also discuss the availability of subordinations and guarantee credit. This must be
entity applicant, has	noted in the Eligibility section of the Credit Presentation in the box
each member provided sufficient	labeled "Loan Specific Eligibility"
documentation to	OR
meet the test for credit requirements,	If it is apparent that the applicant cannot obtain credit elsewhere
as well as the entity	the loan official can summarize lender lending criteria that is

	Credit Quanty Reviews NY Exhib
Field Name/ Item No.	Instruction
as a whole, before credit is extended?	located in the operational filing system and refer to this information in the Eligibility section of the Credit Presentation in the box labeled "Loan Specific Eligibility" General statements are not acceptable unless the statements refer to
	information located in the Service Center operational file on other credit. If not, the reviewer will answer "NO".
Is the loan made to the proper authorized individual or entity?	 Para 41B of 3-FLP explains who should be considered applicants. The loan application should be submitted in the name of the actual operator of the farm. This should be consistent with any representations previously made by the applicant for farm program benefits. Reviewer will compare application and documents with existing FSA documents (CCC 902, AD 1026, PRODUCER FARM DATA REPORT) to ensure the loan application submitted and approved loan is made to the correct operator of the farm. If a participant is not involved in FP programs such as ARC/PLC, and does not have a CCC 902 on file, the reviewer should review the AD 1026 to see that the name/operator corresponds with the information provided in connection with the FLP loan. Does file contain copy of entity paperwork and resolution to borrow?
	If not, the reviewer will answer "NO".
Is the applicant within the term limits for the type of loan(s) requested?	See Par. 132E of 3 FLP for FO loans. (eligible if Beg. Farmer, No FO in previous 10 years, Never had an FO loan) See Par. 202 D of 3 FLP for OL loans. (eligible if meets Beginning Farmer or has had OL close in no more than 7 different calendar years prior to this application. Reviewer may also check DLS Customer Profile Information section for details on eligible term limits remaining.
	If not, the reviewer will answer 'no'. If ok, reviewer will answer, 'Yes'.
5 Were non-essential assets addressed?	Par 91E of 3 FLP states FSA is required to take a lien on all assets that are not essential to the farming operation and are not being converted to cash to reduce the loan amount when each such asset, or aggregate value

Field Name/ Item No.	Instruction
	of like assets (such as stocks), has a value in excess of \$5,000. The value of this security is not included in the Agency's additional security requirement.
	Non-essential assets are assets in which the borrower has an ownership interest, that:
	(1) Do not contribute to:
	i. Income to pay essential family living expenses, or
	ii. The farming operation; and
	(2) Are not exempt from judgment creditors or in a bankruptcy action.
	A comparison of previous appraisals, documentation of previously identified nonessential assets and current data, as described in 5-FLP, will need to be made to determine if nonessential assets existed at the time the servicing action was offered to the borrower.
	If nonessential assets were properly considered and documented in the credit presentation of FBP , the reviewer will answer YES . If not, the reviewer will answer NO . If there were no nonessential assets, the reviewer will answer N/A .
6 For beginning farmer loans, was the applicant correctly classified as a beginning farmer?	Exhibit 2 of 3-FLP contains the definition of beginning farmer. 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 acreage at the time of loan approval. This should be documented in the Eligibility section of the credit presentation. Reviewer should confirm by viewing "year started farming" in the General section of the FBP.
	 Basic Definition: Has not operated a farm for more than 10 years. This requirement applies to all members of an entity.

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	Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities, owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture, as stated in the applicable NY FLP Notice. Was the loan properly coded a BF loan in the obligation for type of assistance? Fund Codes can be pulled from Direct Loan Making by Program Technician for reviewer reference. If loan officer made the correct determination that the applicant is or is not BF and the loan was coded correctly, the reviewer will answer "YES". If not, the reviewer will answer "NO".
7 For SDA's, was a proper determination made and was the loan funded as a SDA?	Exhibit 2 of 3-FLP contains the definition of SDA. The applicant must meet all requirements established under the definition to be considered for SDA funding. Documentation that an applicant qualifies as a SDA must be included in the case file running record or on FSA-2001. 1. The applicable type of assistance code must be used in the obligation to reflect the loan being funded as a SDA. Fund Codes can be pulled from Direct Loan Making from DLS by Program Technician for reviewer reference. Socially disadvantaged group is a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of: American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women. If loan officer made the correct determination that the applicant is or is not SDA and the loan was coded correctly, the reviewer will answer "YES". If not, the reviewer will answer "NO".

Field Name/ Item No.	Instruction
Has the FLM determined and documented that the applicant has selected, established, and is maintaining the required record keeping system?	1-FLP, Part 8 cites borrower responsibilities to maintain accurate farm records. The record system may be any system of the borrower's choice that provides the required record keeping and reporting information. The 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. 1. The type of record keeping selection must be made in the Eligibility text box section of the Credit Presentation. OR Farm Organization and Key Personnel Qualifications of the Farm Assessment. Is there evidence of year end summary or year-to-date records from borrower's system in the casefile? If FLM has determined and documented that the applicant has selected, established and is maintaining a record keeping system that provides the required information, the reviewer will answer "YES". If not, the reviewer will answer "NO".
9 Have the environmental regulations been followed?	For all loans, the reviewer will ascertain if FSA-850 is in the file, properly completed, and supported by NRCS-CPA-026 and/or AD-1026A, which shows all determinations have been made if required, that Category I and II Environmental Assessments have been properly completed when necessary and that FSA-851 forms have been properly completed for all real estate secured loans (both primary and further securing). Listed CATEX • A completed and signed FSA-850 (by the preparer and concurring official, which may be the same person) in the FBP • AD 1026; (including youth loans) and • if required PRODUCER FARM DATA REPORT or CPA-026. Supported CATEX • FSA-850 with Environmental Assessment (EA) and documentation (as applicable per FSA-850 instructions). For all real estate secured loans (both primary and further securing) a properly completed FSA-851 will also be placed in the file. If FSA-850 was properly completed with appropriate attachments, or if a Listed or supported CATEX was properly completed and if the FSA-851 was

Field Name/ Item No.	Instruction
	completed as required the reviewer will answer "YES". If not, the reviewer will answer "NO".
Were realistic commodity prices used to develop FBP	The source of prices used in FBP must be according to 1-FLP, Part 8. States are to issue established unit prices for all commodities commercially produced within the State. If State-established prices are not used, the prices used must be fully documented.
	Information must be documented with reference to price sources in the Income and Expense section of FBP's Footnote or Memo Pad sections.
	Program Payments must be documented in accordance with the current New York FLP Notice that addresses prices.
	If realistic commodity prices were used and documented, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Were realistic commodity/livestock yields used in the projected FBP and was the basis for their use documented?	Source of yields in the Projected Income and Expense Schedules of FBP must be clearly documented in the file and be according to 1-FLP, Part 8 for significant variances from three-year production trends. • Information on yields used must be documented with reference in the Income and Expense section of FBP's Footnote or Memo Pad sections. • Reviewer will consider par. 242 A of 1 FLP to see that loan officer and applicant considered available reliable information when projecting yields. Note: More weight can often be given in reviewing the previous year's production versus a full three-year history. If realistic commodity/livestock yields were used and documented, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Were realistic owner withdrawals used to develop FBP?	Owner withdrawals in the Projected Income and Expense Summary of FBP will consider planned activities, using historical information as a guide. Positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be taken into consideration when arriving at reasonable projections. Owner withdrawals must include all nonfarm liability payments for the planned period. Note: Personal debts from Personal Balance Sheet of borrower need to be shown in the detail level in Owner withdrawal level of Income and Expense section.

Field Name/ Item No.	Instruction
	Information must be discussed/documented on living expenses in general. <u>Deviations</u> from the previous year's history must be fully documented in the:
	Income and Expense section of FBP's Footnote or Memo Pad sections.
	Note: More weight should be given in reviewing the previous year's living expense versus a full three-year history.
	If realistic owner withdrawals were used, the reviewer will answer "YES". If not, the reviewer will answer "NO". If the borrower is an entity, the reviewer will answer "N/A".
Were realistic operating expenses	Operating expenses in the Projected Income and Expense Summary of FBP will be based on accurate, verifiable information. Historical information will be used as a guide, according to 1-FLP, Part 8.
used to develop FBP?	The reviewer will look at the Credit Presentation's Income Statement's 'Operating Expense Ratio'. If the 3-year average varies by more than 5% from the Current plan, the loan officer should document in the footnote section or memo pads for items with significant changes.
	The reviewer will also note if the loan officer reconciled previous year's income and expense figures to current year plan.
	Do the tax return numbers match those input into the FBP?
	If realistic operating expenses were used, the reviewer will answer "YES". If not, the reviewer will answer "NO".
14 Was Nonfarm and Other-farm income verified and properly	Nonfarm income must be verified when used in the Projected Income and Expense Summary of FBP. Verification of nonfarm income is required as provided in 3-FLP, Part 3.
included in the FBP?	 Verifications must be in the case file with the following documentation: If self-employed verified by 3 years of income tax returns Applicant employed outside of the farm: FSA-2004 authorizing FSA to send FSA-2014 to the applicant's Employer OR 2 most recent earning statements
	Calculations of any Custom Work or Other-Farm income should be fully and correctly documented in the Foot Notes Section or memo pads of FBP Income and Expense section.
	and correctly documented in the Foot Notes Section or memo pads of FBF

Field Name/ Item No.	Instruction
	If non-farm income and other-farm income are realistically completed, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Has the Balance Sheet Loan Schedule been completed correctly in FBP?	1-FLP, Exhibit 15 provides guidance on entering various assets, debts and proposed loans in FBP. Verify that all debts are listed in the schedules and correct schedule items (i.e. intermediate, Long Term, NF current and NF non-current). Note: Special Attention should be given to current assets and liabilities and their distribution into the Income and Expense Projections. Examples: Current Liabilities needing to be refinanced need to be in the loan schedule showing as 'Refinanced'. Current liabilities not being refinanced need to be shown as projected into the current Credit Presentations of the Income and Expense for the operation. Did the Borrower sign the Balance Sheet? If the Loan Schedule Balance Sheets have been completed according to 1-FLP, Exhibit 15 and the borrower signed the balance sheet, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Was FBP feasible at the time of the loan approval?	The loan approval official will determine if FBP is feasible according to 3-FLP. The reviewer must review the Projected Income/Expense plan and the Credit Action narrative to determine the type of financing proposed or approved and analyze MADS and Ending Cash from the projected column of the Income/Expense Trends report to determine if the plan was feasible. If any of the questions 10 through 14 were noted as not being realistic (too high or too low), the reviewer must describe clearly in section 4E of form the reason used to determine a non-feasible plan. Did the Borrower sign the Income and Expense Trend? If FBP was feasible at the time of loan approval and the Income and Expense trend is signed, the reviewer will answer "YES". If not, the reviewer will answer "NO". CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Does the file contain verification of the applicant's debts,	3-FLP, Part 3 provides direction for obtaining credit information, including debt balances and collateral interest from creditors and merchants for OL and FO applicants. Generally, FSA-2015 is used for this purpose. FSA-2310 is to be used for all EM loan applications, unless an exception is made. If FSA-

Field Name/ Item No.	Instruction
and the creditor's security interest in collateral?	2015 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.
	<u>Unsecured debts</u> , in excess of \$1,000, must be verified thru FSA 2015, Creditor's account statement, billing statement, online statement, CAIVRS, FSA 2310, or other document that provides similar informationOR <u>current credit report</u> .
	All <u>Secured</u> Debts (Chattel or RE) must be verified via the FSA-2015, FSA-2310, Creditors Statement of account with similar information OR running case record in the FBP of creditor call/visit in order to ascertain the security interest of the creditor.
	Note: UCC lien search can be used to clarify liens (not verify).
	Loan official will use footnote or memo feature to document source of verification.
	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 "YES". If not, the reviewer will answer "NO".
18 Was FSA-2040 properly completed?	According to 3-FLP, FBP and FSA-2040 and FSA-2045 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.
Is the FSA-2045 in the file with the 2040?	4-FLP provides guidance as to when FSA-2045 will be revised. When chattel security property is disposed of, its disposition will be recorded on FSA-2045, and authorized by initialing FSA-2045. This includes, for example, sale proceeds on hand and crops in storage.
	 FSA 2040 must be completed to show all income on the Farm being projected. Note: <u>All crops</u> produced that FSA has a lien on need to be addressed. For example: If a crop is being stored to be fed, loan officer can designate, "To be used for farm use and not sold" Installments and Annual Operating Loans that are coming due
	should be shown. • Always address Basic Security disposition and Capital
	Expenditures if these are planned. Only list items that FSA has a valid lien (crops, chattels, FSA)
	Program Payments etc.). Other income items can be addressed in the Credit Presentation (custom work, hunting lease, etc.).

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	 The beginning date of the FSA-2040 must coincide with the beginning date of the FBP. Are Assignments utilized if appropriate? If Currently a Borrower, was previous FSA 2040 reconciled and all security accounted for on the FSA-2045? Note: The FSA-2040 must be updated to reflect new payment amounts when interest rates change between approval and closing dates. If the reviewer finds deviations in completion of FSA-2040 and FSA-2045, the reviewer will answer "NO". If all requirements are met, the reviewer will answer "YES". If real estate is the only security for the loan being reviewed, the reviewer will answer "N/A".
Have lien searches and/or title commitments been obtained?	3-FLP states that a lien search will be completed after a financing statement has been filed to show that FSA has the required lien position. FSA-2360 is to be used to record the results of the lien search. Under UCC, lien searches are necessary in making subsequent loans or subordinations if an additional financing statement is required. Lien searches also may be obtained in connection with processing applications when FLM determines such searches are necessary on an individual case basis. Requirements for obtaining title insurance for real estate secured loans are set out in Part 16 of 3-FLP. Title policies do not have to be obtained on real estate that is being taken as additional security. Chattel and Crop Loans • Dept. of State UCC lien search must be obtained prior to loan approval using the "other debtor" search option, which is a broad search to show all variations of the name. • Agency official will file a UCC1 and complete a subsequent lien search to verify FSA has the required lien position. • UCC terminations requested, obtained and filed when applicable RE Secured Loans • Commitment for Title Insurance will be obtained on Primary RE security. All Loans • FSA-2360 Report of Lien Search must be obtained prior to loan approval
	• LandMax search for all applicants who own real estate If lien searches and/or title policies have been obtained as required, 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 "YES". If not, the reviewer will answer "NO".

	Credit Quanty Reviews NY Exmin
Field Name/ Item No.	Instruction
Have the required security instruments been properly prepared, filed, and	3-FLP sets forth the preparation and maintenance of security instruments for loans secured by chattels and real estate. The final title policy, lien search documents, financing statements, termination statements, and security agreements will indicate FSA's lien priority.
maintained?	Chattel Security and Crop Secured Loans
	• Security Agreement and FSA 2040 must be signed by all parties including spouse.
	 Promissory Note- if spouse is a Co-applicant or income is used/needed, that spouse will also sign the Note. All members of the entity will sign individually and as their capacity in the entity. UCC Filing must include all parties that were included in the Security Agreement Owned and rented land detailed on security agreement and in FBP
	RE Secured Loans
	 Promissory Note - if spouse is Co-applicant or their income is used/needed, that spouse will also sign the Note. All members of the entity will sign individually and as their capacity in the entity. RE Title insurance policy must be obtained on primary security. Mortgage signed by all record owners of property? NY 1927-8 Prior Lienholder Agreement form obtained and signed when FSA taking junior lien position
	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 "YES". 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 "NO".
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Are appraisals prepared when required and in accordance with prescribed	3-FLP sets forth the requirements for completing chattel appraisals for loans secured with chattels and real estate appraisals when real estate is taken as the primary security for OL, EM or FO loans. Chattel appraisals are to be completed in FBP, printed and signed in case file with signed NY Addendum form.
procedures?	Note: Chattel Appraisal must not be more than two years old for subsequent chattel loans. Must be new for initial loans. Par 95A 3, FLP. • Is the NY Addendum completed and signed in file? • Is the Appraisal in FBP?

Field Name/ Item No.	Instruction
	Items to be purchased should not be included in the chattel appraisal – should only appear in the collateral analysis
	RE - Appraisal must not be more than 1 year old.
	Farm Visit and Chattel inspection documented in RCR notes section within past 12 months prior to approval?
	If the appraisal was obtained when required and is completed according to 1-FLP, the reviewer will answer "YES". If not, the reviewer will answer "NO". If not required, the reviewer will answer N/A.
Was security adequate for the Type, Amount and Term of loan?	Security requirements for OL, FO, and EM loans are set forth in 3-FLP. The reviewer should ensure that adequate security for the loan has been obtained considering the loan and security type, loan term, amount of security and the purposes for which the loan funds are being used. Evaluate the collateral analyses in FBP to determine compliance with requirements.
	The determination of adequate security must be reflected in the Collateral Section of the Credit Presentation in FBP.
	Does the Collateral analysis in FBP properly list prior liens and available security value to FSA?
	Does the life expectancy of the security equal or exceed the term of the loan (i.e. were crops or cash on hand used to secure a term loan)?
	Is there adequate insurance coverage with FSA listed as a loss payee?
	If the security requirements have been met, the reviewer will answer "YES". If not, the reviewer will answer "NO".
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Is there a properly completed FSA-2309 in the file? (EM loans only.)	The applicant's statement of loss or damage will be obtained in support of their application on FSA-2309. Guidance in determining the normal year production yields and other EM loan application requirements is provided in 3-FLP.
(EW loans only.)	Note: Properly Completed FSA-2309 – NEED TO ASSURE THAT THE APPLICANT HAS COMPLETED ALL BLOCKS, SIGNED AND DATED THE FORM.
	If the file does not have a properly completed FSA-2309, and all requirements are not met, the reviewer will answer "NO". If all requirements are met, the

Field Name/ Item No.	Instruction
	reviewer will answer "YES" . If not an EM loan, the reviewer will answer N/A .
Are disaster losses properly calculated by using the correct acreage, yields and unit prices on FSA-2311 and does the form include other disaster compensation?	FSA-2311 must include acreage, disaster year, and normal year yield that matches the information entered on FSA-2309. The correct unit price, as published in a State supplement, must also be included on FSA-2311. FSA-2311 must also include other disaster compensation and benefits. Documentation should be made in the case file. See 3-FLP for additional guidance on the proper calculation of disaster losses. Note: • Assure that Yields are used in correct priority, as outlined in Par 244 B of 3 FLP.
	 The reviewer will answer "YES" if: acreage and yield information on FSA-2311 matches the information on FSA-2309 or, if the information does not match and the reason is documented on the form or in the case file the correct unit price per State supplement issued was included on FSA-2311 all disaster compensation was entered on FSA-2311 appropriate contacts were made to verify such benefits received or to be received. If the reviewer finds deviations and cannot find the required verification or documentation in the case file, the reviewer will answer "NO". If not an EM loan, the reviewer will answer N/A. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
25 Loan Closing Follow up	 Reviewer will be sure loan funds were used for intended and authorized purposes. (Changes from credit presentation will be documented in RCR.) Was documentation such as paid receipts obtained when funds were released directly to borrower? If single or multiple advances of loan funds were not used, was a Supervised Bank Account properly used according to 1 FLP? Were funds released to borrower after Security Agreement and Promissory Note were signed? If Loan exceeded \$250,000, did loan officer restrict amount of advances and follow 1 FLP par. 102D? Were inspections of development work documented in FBP Notes section as per 1-FLP Para 124B?

Field Name/ Item No.	Instruction
	If answers to above questions are Yes, reviewer will answer 'YES'. If any answers are 'No', Reviewer will answer 'NO'.
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.

Credit Quality Reviews FSA-2103-2 NY for Direct Loan Making with Servicing

Use Excel Electronic Version of this form posted on the NY SharePoint website NY Home – NY Amendments – Farm Loan – 1-FLP

This form is available electro	nically		BEBA	DELICENT OF ACOUS	III TUBE				
FSA-2103-2 NY	U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency								
(02-01-17)	Farm Service Agency								
	NEV			LOAN SERVICIN		OAN			
		FILE	EREV	IEW QUESTION	NAIRE				
I. GENERAL INFORMATION									
A. LAST NAME OF BORROW	ER	B. FIRST NAM	E OF E	BORROWER	C. MIDDLE IN	NITIAL I	D. DATE		
E. Loan Workup Official		<u> </u>	F CRE	DIT TEAM		T.G. DISTRICT NU	MBER		
2. Zodii Workap Olliciai			1.0112	DIT TEM		O. DIOTIGOT NO	mber.		
H. Approval Official	I. TYPE OF AS	SISTANCE COL	Œ	J. LOAN AMOUNT		K. LOAN TYPE			
2. REVIEWER'S INSTRUC	TIONS								
All "NO" answers (and N/A when	udged pecesser	by the reviewer) r	nomuleo e	a detailed explanation a	f the week peeces i	dentified Conoral			
statements are not acceptable. (F suestions 1, 2, 7, 18, 21, 23, 25, 27	urnish attachmer	nts and statements	s to sup	port findings in Item E,	Remarks, on Page	2.) If any one of the	YES	NO	N/A
		•			iuo, regardiess Of t	no imai numericai sco	ard.		
Did loan official complete F3									
2. Did loan official properly not	, ,		٠.	11.7		2-4-1			
 Were all components of the Is there sufficient documen 							_	_	_
 Is there sufficient document each member provided sufficient 									
. Is the loan made to the prop					The state of the state of	as a miore, seroic			
. Is the applicant within the ter	m limits for the	type of loans req	uested	? (2pts)					
7. Were non-essential assets a	ddressed for bo	th loan making a	nd loar	servicing? 3-FLP P	ara 91E? (3pts)				
3. Was the applicant correctly									
Was a proper determination									
 Has the FLM determined a seeping system? (2pts) 	and documented	that the applica	nt has	selected, established	and is maintainin	ig the required reco	rd		
11. Have the environmental re	gulations been	followed? (4pts)							
12. Were realistic commodity	prices clearly do	ocumented and u	ised to	develop FBP? (4pts)					
13. Were realistic commodity/	livestock yields	clearly documen	ted and	d used to develop FB	?? (5pts)				
Were realistic owner with	drawals used to	develop FBP? (3	3pts)						
Were realistic operating e	xpenses used to	develop FBP? (5pts)						
Was nonfarm and other-fa				* * *					
Has the Balance Sheet Lo			_						
Was FBP feasible at the t	ime of the loan a	and servicing app	proval/s	support the final outco	me of loan servici	ng? (7pts)			
19. Does the file contain verification of the applicant's debts, and the creditor's security interest in collateral? (2pts)									
20. Has FSA-2040 been prop	, ,								
21. Does the DLS Customer F				the FSA-2026 "Prom	ssory Note"? (2pt	5)			
22. Have lien searches and/or title opinions been obtained? (4pts)									
23. Have the required security instruments been properly prepared, filed, and maintained? (7pts) 24. Are appraisals prepared when required and in accordance with prescribed procedures? (2pts)									
					(Zpts)				
25. Was security adequate for	**								
26. Is there a properly completed FSA-2309 in the file? (EM loans only.) (2pts)									
27. Are disaster losses properly calculated by using the correct acreage, yields and unit prices on FSA-2311 and does the form include other disaster compensation? (5pts)									
28. Did the servicing official process the application and run e-DALRS within 60 days? (2pts)									
19. If a feasible plan was developed, was the borrower sent FSA 2517 or FSA-2519? (2pts)									
If FSA was unable to provide primary loan servicing was the borrower sent FSA-2521, FSA-2523 or FSA-2525? (2pts)									
31. For Delinquent borrowers, did the loan official take a lien on all assets as a condition of receiving primary loan servicing? (2pts)									
 For Delinquent borrowers, or 	32. Did the loan official clearly document the reasons the borrower is eligible for primary loan servicing? (2pts)				n servicing? (2pts	i)			
	33. After loan closing, were proper procedures followed? (5pts)								
32. Did the loan official clearly	oper procedures	followed? (5pts)							
32. Did the loan official clearly	oper procedures	followed? (5pts))						(
 Did the loan official clearly After loan closing, were presented. 	oper procedures	followed? (5pts))		3C. SIGNATU	JRE			(

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Form FSA-2103-2 NY DIRECT LOAN MAKING <u>WITH SERVICING</u> FILE REVIEW QUESTIONNAIRE

INSTRUCTIONS FOR PREPARATION

Purpose: This form is used to document internal reviews of direct loan servicing with new loan(s) for credit quality.			
Handbook Reference:	Number of Copies:		
1-FLP	Original		
Signatures Required:			
One - Reviewer			
Distribution of Copies:			
Original – Operational file FLP 1-4			
ADPS/DLS/FBP/GLS Related Transactions: N/A			

Field Name/	Instruction
Item No. 1 Did FLM complete FSA-2580 and include it as part of the documentation?	The processes for delinquent account servicing are detailed in 5-FLP. If a completed FSA-2580 is included, the reviewer will answer YES. If not, the reviewer will answer NO. NOTE: All liable parties including ex-spouses, not released from liability, and any co-signors must be listed on FSA 2580 CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards
Did FLM properly notify all liable parties of their servicing options?	If the reviewer finds supporting documentation that all liable parties were timely notified of their servicing options, the reviewer will answer YES. If not, the reviewer will answer NO. Reviewer will be sure all liable parties that signed all notes are included. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards
Were all components of the assessment addressed by FLM with direct input from the borrower?	The assessment of the agricultural operation, as found in the Credit Action Section of FBP, should address all components required by 1-FLP, Part 8. 1. Assessment has to be signed by the borrower/applicant to evidence direct input from borrower(s) in addition to signature of loan official. 2. Farm assessments should be a direct dialogue between the borrower and FSA official. Reviewer will consider par. 221 A of 1 FLP to see if all required elements of assessment are addressed. Reviewer will consider complexity of loan when considering what is actually required and what is offered as examples and for consideration in the 1-FLP handbook par. 222. 3. Is the Farm Assessment up to date for the current credit Presentation?

Field Name/ Item No.	Instruction				
Tem No.	If documentation can be found in the file or FBP to support that the assessment considered all components, the reviewer will answer "YES". If not, the reviewer will answer "NO". If an assessment is not required, the reviewer will answer N/A.				
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?	 3-FLP, Part 4 sets forth the test for credit requirements. If documentation is found in the file, the reviewer will answer "YES". Documentation and/or lender denial letters must be in file. If letters are too general, written documentation must also be available noting that lenders were contacted to also discuss the availability of subordinations and guaranteed credit. This must be noted in the Eligibility section of the Credit Presentation in the box labeled "Loan Specific Eligibility" OR If it is apparent that the applicant cannot obtain credit elsewhere the loan official can summarize lender lending criteria that is located in the operational filing system and refer to this information in the Eligibility section of the Credit Presentation in the box labeled "Loan Specific Eligibility" 				
	General statements are not acceptable unless the statements refer to information located in the Service Center operational file on other credit. If not, the reviewer will answer "NO".				
5 Is the loan made to the proper authorized individual or entity?	 Para 41B of 3-FLP explains who should be considered applicants. The loan application should be submitted in the name of the actual operator of the farm. This should be consistent with any representations previously made by the applicant for farm program benefits. Reviewer will compare application and documents with existing FSA documents (CCC 902, AD 1026, PRODUCER FARM DATA REPORT) to ensure the loan application submitted and approved loan is made to the correct operator of the farm. If a participant is not involved in FP programs such as ARC/PLC, and does not have a CCC 902 on file, the reviewer should review the AD 1026 to see that the name/operator corresponds with the information provided in connection with the FLP loan. Does file contain copy of entity paperwork and resolution to borrow? If not, the reviewer will answer "NO". 				

Field Name/ Item No.	Instruction
6 Is the applicant within the term limits for the type of loan(s) requested?	See Par. 132E of 3-FLP for FO loans. (eligible if Beg. Farmer, No FO in previous 10 years, Never had an FO loan) See Par. 202 D of 3-FLP for OL loans. (eligible if meets Beginning Farmer or has had OL close in no more than 7 different calendar years prior to this application. Reviewer may also check DLS Customer Profile Information for details on eligible term limits remaining.
	If not, the reviewer will answer 'no'. If ok, reviewer will answer, 'Yes'.
Were non-essential assets addressed for both loan making and loan servicing?	Par 91E of 3-FLP states FSA is required to take a lien on all assets that are not essential to the farming operation and are not being converted to cash to reduce the loan amount when each such asset, or aggregate value of like assets (such as stocks), has a value in excess of \$5,000. The value of this security is not included in the Agency's additional security requirement.
	Non-essential assets are assets in which the borrower has an ownership interest, that:
	(1) Do not contribute to: (i) Income to pay essential family living expenses, or (ii) The forming expension, and
	 (ii) The farming operation; and (2) Are not exempt from judgment creditors or in a bankruptcy action. A comparison of previous appraisals, documentation of previously identified nonessential assets and current data, as described in 5-FLP, will need to be made to determine if nonessential assets existed at the time the servicing action was offered to the borrower.
	If nonessential assets were properly considered and documented in the credit presentation of FBP , the reviewer will answer YES . If not, the reviewer will answer NO . If there were no nonessential assets, the reviewer will answer N/A .
For beginning farmer loans, was the applicant correctly classified as a beginning farmer?	Exhibit 2 of 3-FLP contains the definition of beginning farmer. 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 acreage at the time of loan approval.
	This should be documented in the Eligibility section of the credit presentation. Reviewer should confirm by viewing "year started farming" in the General section of the FBP.
	Basic Definition:
	Has not operated a farm for more than 10 years. This requirement applies to all members of an entity.

Field Name/ Item No.	Instruction
	• Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities, owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture, as stated in the applicable NY FLP Notice. Was the loan properly coded a BF loan in the obligation for type of assistance? Fund Codes can be pulled from Direct Loan Making by Program Technician for reviewer reference. If loan officer made the correct determination that the applicant is or is not BF and the loan was coded correctly, the reviewer will answer "YES". If not, the reviewer will answer "NO".
9 For SDA's, was a proper determination made and was the loan funded as a SDA?	Exhibit 2 of 3-FLP contains the definition of SDA. The applicant must meet all requirements established under the definition to be considered for SDA funding. Documentation that an applicant qualifies as a SDA must be included in the case file running record or on FSA-2001. The applicable type of assistance code must be used in the obligation to reflect the loan being funded as a SDA. Fund Codes can be pulled from Direct Loan Making from DLS by Program Technician for reviewer reference. Socially disadvantaged group is a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of: American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women. If loan officer made the correct determination that the applicant is or is not SDA and the loan was coded correctly, the reviewer will answer "YES". If not, the reviewer will answer "NO".
10 Has the FLM determined and documented that the applicant has selected, established, and is maintaining	1-FLP, Part 8 cites borrower responsibilities to maintain accurate farm records. The record system may be any system of the borrower's choice that provides the required record keeping and reporting information. The 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.

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the required record keeping system?	The type of record keeping selection must be made in the Eligibility text box section of the Credit Presentation. OR Farm Organization and Key Personnel Qualifications of the Farm Assessment. Is there evidence of year end summary or year-to-date records from borrower's system in the casefile? If FLM has determined and documented that the applicant has selected, established and is maintaining a record keeping system that provides the required information, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Have the environmental regulations been followed?	For all loans, the reviewer will ascertain if FSA-850 is in the file, properly completed, and supported by NRCS-CPA-026 and/or AD-1026A, which shows all determinations have been made if required, that Category I and II Environmental Assessments have been properly completed when necessary and that FSA-851 forms have been properly completed for all real estate secured loans (both primary and further securing). Listed CATEX • A completed and signed FSA-850 (by the preparer and concurring official, which may be the same person) in the FBP • AD 1026; (including youth loans) and • if required PRODUCER FARM DATA REPORT or CPA-026. Supported CATEX • FSA-850 with Environmental Assessment (EA) and documentation (as applicable per FSA-850 instructions). For all real estate secured loans (both primary and further securing) a properly completed FSA-851 will also be placed in the file. If FSA-850 was properly completed with appropriate attachments, or if a Listed or supported CATEX was properly completed and if the FSA-851 was completed as required the reviewer will answer "YES". If not, the reviewer will answer "NO".
Were realistic commodity prices used to develop FBP?	The source of prices used in FBP must be according to 1-FLP, Part 8. States are to issue established unit prices for all commodities commercially produced within the State. If State-established prices are not used, the prices used must be fully documented. Information must be documented with reference to price sources in the Income and Expense section of FBP's Footnote or Memo Pad sections.

Field Name/ Item No.	Instruction
Tem I (v)	Program Payments must be documented in accordance with the current New York FLP Notice that addresses prices.
	If realistic commodity prices were used and documented, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Were realistic commodity/livestock yields used in the projected FBP and was the basis for their use documented?	 Source of yields in the Projected Income and Expense Schedules of FBP must be clearly documented in the file and be according to 1-FLP, Part 8 for significant variances from three-year production trends. Information on yields used must be documented with reference in the Income and Expense section of FBP's Footnote or Memo Pad sections. Reviewer will consider par. 242 A of 1-FLP to see that loan officer and applicant considered available reliable information when projecting yields. Note: More weight can often be given in reviewing the previous year's production versus a full three-year history. If realistic commodity/livestock yields were used and documented, the
	reviewer will answer "YES". If not, the reviewer will answer "NO".
Were realistic owner withdrawals used to develop FBP?	Owner withdrawals in the Projected Income and Expense Summary of FBP will consider planned activities, using historical information as a guide. Positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be taken into consideration when arriving at reasonable projections. Owner withdrawals must include all nonfarm liability payments for the planned period. Note: Personal debts from Personal Balance Sheet of borrower need to be shown in the detail level in Owner withdrawal level of Income and Expense section. Information must be discussed/documented on living expenses in general. Deviations from the previous year's history must be fully documented in the Income and Expense section of FBP's Footnote or Memo Pad sections. Note: More weight should be given in reviewing the previous year's living expense versus a full three-year history. If realistic owner withdrawals were used, the reviewer will answer "YES". If not, the reviewer will answer "NO". If the borrower is an entity, the reviewer will answer "N/A".
Were realistic operating expenses	Operating expenses in the Projected Income and Expense Summary of FBP will be based on accurate, verifiable information. Historical information will be used as a guide, according to 1-FLP, Part 8.

Field Name/ Item No.	Instruction
used to develop FBP?	The reviewer will look at the Credit Presentation's Income Statement's 'Operating Expense Ratio'. If the 3-year average varies by more than 5% from the Current plan, the loan officer should document in the footnote section or memo pads for items with significant changes. The reviewer will also note if the loan officer reconciled previous year's
	income and expense figures to current year plan. Do the tax return numbers match those input into the FBP?
	If realistic operating expenses were used, the reviewer will answer "YES". If not, the reviewer will answer "NO".
16 Were Nonfarm and Other-farm income verified and properly	Nonfarm income must be verified when used in the Projected Income and Expense Summary of FBP. Verification of nonfarm income is required as provided in 3-FLP, Part 3.
included in the FBP?	 Verifications must be in the case file with the following documentation: If self-employed verified by 3 years of income tax returns Applicant employed outside of the farm: FSA-2004 authorizing FSA to send FSA-2014 to the applicant's Employer OR 2 most recent earning statements
	Calculations of any Custom Work or Other-Farm income should be fully and correctly documented in the Foot Notes Section or memo pads of FBP Income and Expense section.
	If nonfarm income and other-farm income are realistically completed, the reviewer will answer "YES". If not, the reviewer will answer "NO".
17 Has the Balance	1-FLP, Exhibit 15 provides guidance on entering various assets, debts and proposed loans in FBP.
Sheet Loan Schedule been completed correctly in FBP?	Verify that all debts are listed in the schedules and correct schedule items (i.e. intermediate, Long Term, NF current and NF non-current).
	Note: Special Attention should be given to current assets and liabilities and their distribution into the Income and Expense Projections. Examples: Current Liabilities needing to be refinanced need to be in the loan schedule showing as 'Refinanced'. Current liabilities not being refinanced need to be shown as projected into the current Credit Presentations of the Income and Expense for the operation.
	Did the Borrower sign the Balance Sheet?
	If the Loan Schedule Balance Sheets have been completed according to 1-FLP, Exhibit 15 and the borrower signed the balance sheet, the reviewer will answer "YES". If not, the reviewer will answer "NO".

Field Name/ Item No.	Instruction
18 Was FBP feasible at the time of the loan approval?	The loan approval official will determine if FBP is feasible according to 3-FLP. The reviewer must review the Projected Income/Expense plan and the Credit Action narrative to determine the type of financing proposed or approved and analyze MADS and Ending Cash from the projected column of the Income/Expense Trends report to determine if the plan was feasible. If any of the questions 12 through 16 were noted as not being realistic (too high or too low), the reviewer must describe clearly in section 4E of form the reason used to determine a non-feasible plan. Did the Borrower sign the Income and Expense Trend? If FBP was feasible at the time of loan approval and the Income and Expense trend is signed, the reviewer will answer "YES". If not, the reviewer will answer "NO". CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Does the file contain verification of the applicant's debts, and the creditor's security interest in collateral?	3-FLP, Part 3 provides direction for obtaining credit information, including debt balances and collateral interest from creditors and merchants for OL and FO applicants. Generally, FSA-2015 is used for this purpose. FSA-2310 is to be used for all EM loan applications, unless an exception is made. If FSA-2015 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. Unsecured debts, in excess of \$1,000, must be verified thru FSA 2015, Creditor's account statement, billing statement, online statement, CAIVRS, FSA 2310, or other document that provides similar informationOR current credit report. All Secured Debts (Chattel or RE) must be verified via the FSA-2015, FSA-2310, Creditors Statement of account with similar information OR running case record in the FBP of creditor call/visit in order to ascertain the security interest of the creditor. Note: UCC lien search can be used to clarify liens (not verify). Loan official will use footnote or memo feature to document source of verification. 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 "YES". If not, the reviewer will answer "NO".

Field Name/ Item No.	Instruction
20 Was FSA-2040 properly completed?	According to 3-FLP, FBP and FSA-2040 and FSA-2045 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.
Is the FSA-2045 in the file with the 2040?	4-FLP provides guidance as to when FSA-2045 will be revised. When chattel security property is disposed of, its disposition will be recorded on FSA-2045, and authorized by initialing FSA-2045. This includes, for example, sale proceeds on hand and crops in storage.
	 FSA 2040 must be completed to show all income on the Farm being projected. Note: <u>All crops</u> produced that FSA has a lien on need to be addressed. For example: If a crop is being stored to be fed, loan officer can designate, "To be used for farm use and not sold" Installments and Annual Operating Loans that are coming due should be shown.
	Always address Basic Security disposition and Capital Expenditures if these are planned.
	 Only list items that FSA has a valid lien (crops, chattels, FSA Program Payments etc.). Other income items can be addressed in the Credit Presentation (custom work, hunting lease, etc.). The beginning date of the FSA-2040 must coincide with the beginning date of the FBP. Are Assignments utilized if appropriate? If Currently a Borrower, was previous FSA 2040 reconciled and all
	security accounted for on the FSA-2045?
	Note: The FSA-2040 must be updated to reflect new payment amounts when interest rates change between approval and closing dates.
	If the reviewer finds deviations in completion of the FSA-2040 and FSA-2045, the reviewer will answer "NO". If all requirements are met, the reviewer will answer "YES". If real estate is the only security for the loan being reviewed, the reviewer will answer "N/A".
21 Does the DLS Customer Profile (Outstanding Debt- Direct) match the	1-FLP, Paragraph 28, verify that the figures from the DLS Customer Profile (Outstanding Debt-Direct) match the restructured FSA-2026 "Promissory Note" signed by the borrower. If the figures match the reviewer will answer YES . If, not, the reviewer will answer NO .
FSA-2026 "Promissory Note"	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Have lien searches and/or title commitments been	3-FLP states that a lien search will be completed after a financing statement has been filed to show that FSA has the required lien position. FSA-2360 is to be used to record the results of the lien search.
obtained?	Under UCC, lien searches are necessary in making subsequent loans or subordinations if an additional financing statement is required. Lien searches also may be obtained in connection with processing applications when FLM

Field Name/	Instruction
Item No.	determines such searches are necessary on an individual case basis. Requirements for obtaining title insurance for real estate secured loans are set out in Part 16 of 3-FLP. Title policies do not have to be obtained on real estate that is being taken as additional security. Chattel and Crop Loans • Dept. of State UCC lien search must be obtained prior to loan approval using the "other debtor" search option, which is a broad search to show all variations of the name. • Agency official will file a UCC1 and complete a subsequent lien search to verify FSA has the required lien position. • UCC terminations requested, obtained and filed when applicable RE Secured Loans • Commitment for Title Insurance will be obtained on Primary RE
	security. All Loans • FSA-2360 Report of Lien Search must be obtained prior to loan approval • Land Max search for all applicants who own real estate If lien searches and/or title policies have been obtained as required, 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 resistance of SYES?
Have the required security instruments been properly prepared, filed, and maintained?	the reviewer will answer "YES". If not, the reviewer will answer "NO". 3-FLP sets forth the preparation and maintenance of security instruments for loans secured by chattels and real estate. The final title policy, lien search documents, financing statements, termination statements, and security agreements will indicate FSA's lien priority. Chattel Security and Crop Secured Loans
	 Security Agreement and FSA 2040 must be signed by all parties including spouse. Promissory Note- if spouse is a Co-applicant or income is used/needed, that spouse will also sign the Note. All members of the entity will sign individually and as their capacity in the entity. UCC Filing must include all parties that were included in the Security Agreement Owned and rented land detailed on security agreement and in FBP
	 Promissory Note - if spouse is Co-applicant or their income is used/needed, that spouse will also sign the Note. All members of the entity will sign individually and as their capacity in the entity. RE Title insurance policy must be obtained on primary security.

Field Name/ Item No.	Instruction
	 Mortgage signed by all record owners of property? NY 1927-8 Prior Lienholder Agreement form obtained and signed when FSA taking junior lien position 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 "YES". 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 "NO". CRITICAL ELEMENT: If the questions is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Are appraisals prepared when required and in accordance with prescribed procedures?	3-FLP sets forth the requirements for completing chattel appraisals for loans secured with chattels and real estate appraisals when real estate is taken as the primary security for OL, EM or FO loans. Chattel appraisals are to be completed in FBP, printed and signed in casefile with signed NY Addendum form. Note: Chattel Appraisal must not be more than two years old for subsequent chattel loans. Must be new for initial loans. Par 95A 3, FLP. • Is the NY Addendum completed and signed in file? • Is the Appraisal in FBP? • Items to be purchased should not be included in the chattel appraisal – should only appear in the collateral analysis RE - Appraisal must not be more than 1 year old. Farm Visit and Chattel inspection documented in RCR notes section within past 12 months prior to approval? If the appraisal was obtained when required and is completed according to 1-FLP, the reviewer will answer "YES". If not, the reviewer will answer "NO". If not required, the reviewer will answer N/A.
Was security adequate for the Type, Amount and Term of loan?	Security requirements for OL, FO, and EM loans are set forth in 3-FLP. The reviewer should ensure that adequate security for the loan has been obtained considering the loan and security type, loan term, amount of security and the purposes for which the loan funds are being used. Evaluate the collateral analyses in FBP to determine compliance with requirements. The determination of adequate security must be reflected in the Collateral Section of the Credit Presentation in FBP. Does the Collateral analysis in FBP properly list prior liens and available security value to FSA?

Field Name/ Item No.	Instruction					
Tem 110.	Does the life expectancy of the security equal or exceed the term of the loan (i.e. were crops or cash on hand used to secure a term loan)?					
	Is there adequate insurance coverage with FSA listed as a loss payee?					
	If the security requirements have been met, the reviewer will answer "YES". If not, the reviewer will answer "NO".					
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.					
Is there a properly completed FSA-2309 in the file? (EM loans only.)	The applicant's statement of loss or damage will be obtained in support of their application on FSA-2309. Guidance in determining the normal year production yields and other EM loan application requirements is provided in 3-FLP.					
(EM Iouns only)	Note: Properly Completed FSA-2309 – NEED TO ASSURE THAT THE APPLICANT HAS COMPLETED ALL BLOCKS, SIGNED AND DATED THE FORM.					
	If the file does not have a properly completed FSA-2309, and all requirements are not met, the reviewer will answer "NO". If all requirements are met, the reviewer will answer "YES". If not an EM loan, the reviewer will answer N/A.					
Are disaster losses properly calculated by using the correct acreage, yields and	FSA-2311 must include acreage, disaster year, and normal year yield that matches the information entered on FSA-2309. The correct unit price, as published in a State supplement, must also be included on FSA-2311. FSA-2311 must also include other disaster compensation and benefits.					
unit prices on FSA-2311 and does the form include	Documentation should be made in the case file. See 3-FLP for additional guidance on the proper calculation of disaster losses.					
other disaster compensation?	Note: • Assure that Yields are used in correct priority, as outlined in Par 244 B of 3-FLP.					
	 The reviewer will answer "YES" if: acreage and yield information on FSA-2311 matches the information on FSA-2309 or, if the information does not match and the reason is documented on the form or in the case file the correct unit price per State supplement issued was included on FSA-2311 					
	 all disaster compensation was entered on FSA-2311 appropriate contacts were made to verify such benefits received or to be received. 					

Field Name/ Item No.	Instruction
	If the reviewer finds deviations and cannot find the required verification or documentation in the case file, the reviewer will answer "NO". If not an EM loan, the reviewer will answer N/A. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
If a complete application was submitted, did the servicing official process the application and run DALR\$ within 60 days?	If the documentation in the case file indicates that eDALR\$ was run and the borrower was notified of the results within the required timeframe the reviewer will answer YES. If not, the reviewer will answer NO.
If a feasible plan was developed, was the borrower sent FSA-2517 or FSA- 2519?	Plan feasibility will determine the appropriate servicing form to be mailed to the borrower. 5-FLP provides guidance on forms to be mailed. If a feasible plan was developed and the borrower was mailed the appropriate form the reviewer will answer YES . If not, the reviewer will answer NO . If no feasible plan was found, the reviewer will answer N/A .
30 If FSA was unable to provide PLS assistance, was the borrower sent FSA-2521, FSA-2523 or FSA-2525?	If FSA was unable to provide PLS assistance, the borrower must be notified using the appropriate form as per 5-FLP. If the borrower was notified with the appropriate form, the reviewer will answer YES. If not, the reviewer will answer NO. If the borrower received PLS, the reviewer will answer N/A. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
31 For delinquent borrowers, did the loan official take a lien on all assets as a condition of receiving primary loan servicing?	Par. 211 of 5-FLP requires that FSA will take the best lien obtainable on all assets the borrower owns at the time of a primary loan servicing action. If the borrower is an entity, FSA will take the best lien obtainable on all assets owned by the entity and all assets owned by the individual members of the entity. These assets are additional security for the restructured loans and for any FSA-2543 that may be executed according to paragraph 249. An appraisal is not required to take security as a best lien obtainable unless the property will be covered by FSA-2543. If the loan officer properly took the best lien position possible on borrower and entity members, reviewer will answer, 'Yes'. If not the reviewer will answer "No". If the borrower was not delinquent, the review will answer "N/A".

Field Name/	Instruction
Item No.	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
32 Did the loan official clearly document the reasons the borrower is eligible for primary loan servicing?	Par 102 of 5-FLP provides the eligibility criteria a borrower must meet to be considered for PLS. The loan officer must indicate a borrower meets these criteria by selecting the radio button in the Credit Presentation of the FBP and then addressing each of the criteria in the text block for eligibility. The loan officer must specifically state the reason for the delinquency or financial distress was beyond the borrower's control. The loan officer must also state whether there are any nonessential assets.
	It is not sufficient for the loan officer to make a general statement that all eligibility criteria have been met.
	If answers to above questions are Yes, reviewer will answer 'YES'. If any answers are 'No', Reviewer will answer 'NO'.
33 Loan Closing Follow up	 Reviewer will be sure loan funds were used for intended and authorized purposes. (Changes from credit presentation will be documented in RCR.) Was documentation such as paid receipts obtained when funds were released directly to borrower? If single or multiple advances of loan funds were not used, was a Supervised Bank Account properly used according to 1-FLP? Were funds released to borrower after Security Agreement and Promissory Note were signed? If Loan exceeded \$250,000, did loan officer restrict amount of advances and follow 1-FLP par. 102D? Were inspections of development work documented in FBP Notes section as per 1-FLP Para 124B? If answers to above questions are Yes, reviewer will answer 'YES'. If any answers are 'No', Reviewer will answer 'NO'. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.

FSA-2119-1 NY for Direct Loan Servicing Only

Use Excel Electronic Version of this form posted on the NY SharePoint website NY Home – NY Amendments – Farm Loan – 1-FLP

FSA-2119 NY (02-01-17)			OF AGRICULTUI rvice Agency	RE					
	NEW	YORK DIRECT I	OAN SERVIO	CING ONLY					
		FILE REVIEW	QUESTIONNA	AIRE					
1. GENERAL INFORMATION A. LAST NAME OF BORROWER	I.B. E	IRST NAME OF BOR	DOWED	C MIDDLE IN	ITIAI	D D4			
A. LAST NAME OF BORROWER	B. F	IRST NAME OF BOI	RROWER	C. MIDDLE IN	IIIIAL	D. DA	IE		
E. Work Up Official	<u>'</u>	F CRED	IT TEAM	<u> </u>	G. DIS	TRICT	NUMBE	R	
H. Approval Official		I.	Type of Loans						
2. REVIEWER'S INSTRUCTION	s								
All "NO" answers (and N/A when ju identified. General statements are E, Remarks, on Page 2.) If any one quality standards, regardless of the	not acceptable of the question	e. (Furnish attachn ns 1, 2, 4, 12, 15, 1	ents and statem	ents to support fir	ndings i	n Item	YES	NO	N/A
Did loan official complete FSA-258	0 and include i	t as part of the docu	mentation? (2pts)						
2. Did loan official properly notify all li	able parties of	their servicing option	ns? (8pts)						
3. Were all components of the assessment updated by the loan official with direct input from the borrower? (2pts)									
Were non-essential assets addressed for loan servicing? (7pts)									
Have the environmental regulation	s been followe	d? (5pts)							
Were realistic commodity prices clearly documented and used to develop FBP? (5pts)									
7. Were realistic commodity/livestock yields clearly documented and used to develop FBP? (5pts)									
Were realistic owner withdrawals	used to develo	p FBP? (5pts)							
Were realistic operating expenses	used to devel	pp FBP? (5pts)							
10. Was nonfarm and other-farm inc	ome verified ar	nd properly included	on FBP? (5pts)						
11. Has the Balance Sheet Loan Sch	nedule been co	mpleted correctly in	FBP? (3pts)						
12. Using realistic inputs, does the F	BP support the	final outcome of loa	n servicing? (9pts	5)					
13. Does the file contain verification of the applicant's debts, and the creditor's security interest in collateral? (2pts)									
14. Has FSA-2040 been properly co	mpleted and is	the FSA-2045 in the	file? (3pts)						
15. Does the DLS Customer Profile (Outstanding De	ebt-Direct) match the	FSA-2026 "Prom	issory Note"? (2pts)				
16. Have lien searches and/or title o	pinions been ol	otained? (5pts)							
17. Have the required security instru	ments been pr	operly prepared, filed	, and maintained	l? (9pts)					
18. Are appraisals prepared when required and in accordance with prescribed procedures? (2pts)									
19. Did the servicing official process	the application	and run e-DALRS wi	thin 60 days? (2p	its)					
20. If a feasible plan was developed, was the borrower sent FSA 2517 or FSA-2519? (2pts)									
21. If FSA was unable to provide primary loan servicing was the borrower sent FSA-2521, FSA-2523 or FSA-2525? (2pts)					2525? (2	pts)			
If FSA was unable to provide prin	22. For delinqunet borrowers, did loan official take a lien on all assets as condition of receiving primary loan servicing? (8pts)								
	n official take a	lien on all assets as	condition of rece		ci violing .	(opts)	_		l
						. (ор.5)			

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, manifal status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require afternative means for communication of program information (Braille, large print, audiotage, etc.) should contact USDA's TARREPT Center at (202) 720-2600 (voice and TDD). To file a compliation of discrimination, write to USDA, Director, Office of Child Rights, 1400 Independence Avenue, SW., Washington, DC 20280-9410, or call (800) 796-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Form FSA-2119-1 NY New York Direct Loan Servicing Only File Review Questionnaire

INSTRUCTIONS FOR PREPARATION

Purpose: This form is used to document internal reviews of direct loan servicing	g for credit quality.
Handbook Reference:	Number of Copies:
1-FLP	Original
Signatures Required:	
Reviewer	
Distribution of Copies:	
Original – Operational file FLP 1-4	
ADPS/DLS/FBP/GLS Related Transactions: N/A	

This form is completed by FSA employees. Items 1A-1I, 3A-3C and 4A-4E are self-explanatory and instructions for completion are not provided here.

Field Name/ Item No.	Instruction
1 Did FLM	The processes for delinquent account servicing are detailed in 5-FLP.
complete FSA- 2580 and include it as part of the	NOTE: All liable parties including ex-spouses, not released from liability, and any co-signors must be listed on 2580
documentation?	If a completed FSA-2580 is included, the reviewer will answer YES . If not, the reviewer will answer NO .
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
2	Reviewer will be sure all liable parties that signed all notes are included.
Did FLM properly notify all liable parties of their servicing options?	If the reviewer finds supporting documentation that all liable parties were timely notified of their servicing options, the reviewer will answer YES . If not, the reviewer will answer NO .
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
3	The assessment of the agricultural operation, as found in the Credit Action Section of
Were all components of the assessment	FBP, should address all components required by 1-FLP, Part 8.
updated by the loan official with	1. Assessment has to be signed by the borrower/applicant to evidence direct input from borrower(s) in addition to signature of loan official.
direct input from the borrower?	2. Farm assessments should be a direct dialogue between the borrower and FSA official. Reviewer will consider par. 221 A of 1-FLP to see if all required
	elements of assessment are addressed. Reviewer will consider complexity of loan

examples and tation?
tation?
sessment ne reviewer will wer N/A .
ntified o be made to was offered to
ne credit wer will answer
will fail credit
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d concurring
CPA-026.
ocumentation
ecuring) a
s, or if a SSA-851 was ne reviewer

Field Name/ Item No.	Instruction
6 Were realistic commodity prices clearly documented and used to develop FBP?	The source of prices used in FBP must be according to 1-FLP, Part 8. States are to issue established unit prices for all commodities commercially produced within the State. If State-established prices are not used, the prices used must be fully documented. Information must be documented with reference to price sources in the Income and Expense section of FBP's Footnote or Memo Pad sections.
	Program Payments must be documented in accordance with the current New York FLP Notice that addresses prices.
	If realistic commodity prices were used and documented, the reviewer will answer "YES". If not, the reviewer will answer "NO".
8 Were realistic	Owner withdrawals in the Projected Income and Expense Summary of FBP will consider planned activities, using historical information as a guide.
withdrawals used to develop FBP?	Positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be taken into consideration when arriving at reasonable projections. Owner withdrawals must include all non-farm liability payments for the planned period.
	Note: Personal debts from Personal Balance Sheet of borrower need to be shown in the detail level in Owner withdrawal level of Income and Expense section.
	Information must be discussed/documented on living expenses in general. Deviations from the previous year's history must be fully documented in the: Income and Expense section of FBP's Footnote or Memo Pad sections.
	Note: More weight should be given in reviewing the previous year's living expense versus a full-three year history.
	If realistic owner withdrawals were used, the reviewer will answer "YES". If not, the reviewer will answer "NO". If the borrower is an entity, the reviewer will answer "N/A".
9 Were realistic operating expenses used to develop FBP?	Operating expenses in the Projected Income and Expense Summary of FBP will be based on accurate, verifiable information. Historical information will be used as a guide, according to 1-FLP, Part 8.
	The reviewer will look at the Credit Presentation's Income Statement's 'Operating Expense Ratio'. If the 3-year average varies by more than 5% from the Current plan, the loan officer should document in the footnote section or memo pads for items with significant changes.
	The reviewer will also note if the loan officer reconciled previous year's income and expense figures to current year plan.
	If realistic operating expenses were used, the reviewer will answer "YES". If not, the reviewer will answer "NO".

Field Name/ Item No.	Instruction
10 Was nonfarm and other-farm income verified and properly included	Nonfarm income must be verified when used in the Projected Income and Expense Summary of FBP. Verification of nonfarm income is required as provided in 3-FLP, Part 3. Verifications must be in the case file with the following documentation:
on FBP?	 If self-employed verified by 3 years of income tax returns Applicant employed outside of the farm: FSA-2004 authorizing FSA to send FSA-2014 to the applicant's Employer OR 2 most recent earning statements
	Calculations of any Custom Work or Other Farm income should be fully and correctly documented in the Foot Notes Section or memo pads of FBP Income and Expense section.
	If nonfarm income and other-farm income are realistically completed, the reviewer will answer "YES". If not, the reviewer will answer "NO".
11 Has the Balance Sheet Loan	1-FLP, Exhibit 15 provides guidance on entering various assets, debts and proposed loans in FBP.
Schedule been completed correctly in FBP?	Verify that all debts are listed in the schedules and correct schedule items (i.e. intermediate, Long Term, NF current and NF non-current).
	Note: Special Attention should be given to current assets and liabilities and their distribution into the Income and Expense Projections. Examples: Current Liabilities needing to be refinanced need to be in the loan schedule showing as 'Refinanced'. Current liabilities not being refinanced need to be shown as projected into the current Credit Presentations of the Income and Expense for the operation.
	Did the Borrower sign the Balance Sheet?
	If the Loan Schedule Balance Sheets have been completed according to 1-FLP, Exhibit 15 and the borrower signed the balance sheet, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Using realistic inputs, does the FBP support the final outcome of loan servicing?	Feasibility is determined by the projected income and expenses for the planned business period and will be dependent upon the type of financing proposed, if any. 5-FLP outlines the items to consider in determining feasibility for various servicing options. If any of the data input for questions 6 – 9 were noted as <u>not</u> being realistic, the reviewer must describe clearly in section 4E of form the reason used to determine a non-feasible plan.
	If FBP was feasible at the time of loan servicing approval, the reviewer will answer YES . If not, the reviewer will answer NO .
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of final numerical score.
Does the file contain	3-FLP, Part 3 provides direction for obtaining credit information, including debt balances and collateral interest from creditors and merchants for OL and FO applicants. Generally, FSA-2015 is used for this purpose. FSA-2310 is to be used for

Field Name/ Item No.	Instruction
verification of the applicant's debts, and the creditor's security interest in collateral?	all EM loan applications, unless an exception is made. If FSA-2015 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. <u>Unsecured debts</u> , in excess of \$1,000, must be verified thru FSA 2015, Creditor's account statement, billing statement, online statement, CAIVRS, FSA 2310, or other document that provides similar informationOR <u>current credit report</u> .
	All <u>Secured Debts</u> (Chattel or RE) must be verified via the FSA-2015, FSA-2310, Creditors Statement of account with similar information OR running case record in the FBP of creditor call/visit in order to ascertain the security interest of the creditor.
	Note: UCC lien search can be used to clarify liens (not verify).
	Loan official will use footnote or memo feature to document source of verification.
	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 "YES". If not, the reviewer will answer "NO".
14 Has FSA-2040 been properly completed?	According to 3-FLP, FBP and FSA-2040 and FSA-2045 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.
Is the FSA-2045 in the file with the 2040?	4-FLP provides guidance as to when FSA-2040 and FSA-2045 will be revised. When chattel security property is disposed of, its disposition will be recorded on FSA-2045, and authorized by initialing FSA-2045. This includes, for example, sale proceeds on hand and crops in storage.
	 FSA 2040 must be completed to show all income on the Farm being projected. Note: <u>All crops</u> produced that FSA has a lien on need to be addressed. For example: If a crop is being stored to be fed, loan officer can designate, "To be used for farm use and not sold" Installments and Annual Operating Loans that are coming due should be
	shown. • Always address Basic Security disposition and Capital Expenditures if these are planned.
	 Only list items that FSA has a valid lien (crops, chattels, FSA Program Payments etc.). Other income items can be addressed in the Credit Presentation (custom work, hunting lease, etc.). The beginning date of the FSA-2040 must coincide with the beginning
	date of the FBP.
	 Are Assignments utilized if appropriate? If Currently a Borrower, was previous FSA 2040 reconciled and all
	security accounted for? Note: The FSA-2040 must be updated to reflect new payment amounts when interest rates change between approval and closing dates.
	If the reviewer finds deviations in completion of FSA-2040 and FSA-2045, the reviewer will answer "NO". If all requirements are met, the reviewer will answer

Field Name/ Item No.	Instruction			
20022	"YES". If real estate is the only security for the loan being reviewed, the reviewer will answer "N/A".			
Does the DLS Customer Profile (Outstanding Debt-Direct) match the FSA- 2026 "Promissory Note"?	Verify that the figures from the DLS Customer Profile (Outstanding Debt-Direct) match the restructured FSA-2026 "Promissory Note" signed by the borrower. If the figures match the reviewer will answer YES. If, not, the reviewer will answer NO. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of final numerical score.			
16 Have lien searches and/or title opinions been obtained?	Reviewer will check to see that when original loans were made proper procedures were followed. 3-FLP states that a lien search will be completed after a financing statement has been filed to show that FSA has the required lien position. FSA-2360 is to be used to record the results of the lien search.			
ootuned:	Under UCC, lien searches are necessary in making subsequent loans or subordinations if an additional financing statement is required. Lien searches also may be obtained in connection with processing applications when FLM determines such searches are necessary on an individual case basis. Requirements for obtaining title insurance for real estate secured loans are set out in Part 16 of 3-FLP. Title policies do not have to be obtained on real estate that is being taken as additional security.			
	 Chattel and Crop Loans Dept. of State UCC lien search must be obtained prior to loan approval using the "other debtor" search option, which is a broad search to show all variations of the name. Agency official will file a UCC1 and complete a subsequent lien search to verify FSA has the required lien position. UCC terminations requested, obtained and filed when applicable 			
	Were there any liens filed on FSA secured items between original loan making and this servicing action that were not addressed? If all liens were addressed in the servicing action, the reviewer will answer "Yes", if not the reviewer will answer "No".			
17 Have the required security instruments been properly prepared, filed, and maintained?	3-FLP sets forth the preparation and maintenance of security instruments for loans secured by chattels and real estate. The final title policy, lien search documents, financing statements, termination statements, and security agreements will indicate FSA's lien priority. Chattel Security and Crop Secured Loans			
	 Security Agreement and FSA 2040 must be signed by all parties including spouse. Promissory Note- if spouse is a Co-applicant or income is used/needed, the spouse will also sign the Note. All members of the entity will sign individually and as their capacity in the entity. UCC Filing must include all parties that were included in the Security Agreement 			

Field Name/ Item No.	Instruction			
Tem 110.	Owned and rented land detailed on security agreement and in FBP			
	RE Secured Loans			
	 Promissory Note - if spouse is Co-applicant or their income is used/needed, that spouse will also sign the Note. All members of the entity will sign individually and as their capacity in the entity. RE Title insurance policy must be obtained on primary security. Mortgage signed by all record owners of property? NY 1927-8 Prior Lienholder Agreement form obtained and signed when FSA taking junior lien position 			
	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 "YES". 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 "NO".			
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.			
Are appraisals prepared when required and in accordance with	3-FLP sets forth the requirements for completing chattel appraisals for loans secured with chattels and real estate appraisals when real estate is taken as the primary security for OL, EM or FO loans. Chattel appraisals are to be completed in FBP, printed and signed in casefile with signed NY Addendum form.			
prescribed procedures?	Note: Chattel Appraisal must not be more than two years old for subsequent chattel loans. Must be new for initial loans. 3-FLP Par 95A. • Is the NY Addendum completed and signed in file? • Is the Appraisal in FBP? • Items to be purchased should not be included in the chattel appraisal –			
	should only appear in the collateral analysis Real Estate - Appraisal must not be more than 1 year old and meet the requirements of 5-FLP Par 104.			
	Farm Visit and Chattel inspection documented in RCR notes section within past 12 months prior to approval?			
	If the appraisal was obtained when required and is completed according to 1-FLP, the reviewer will answer "YES". If not, the reviewer will answer "NO". If not required, the reviewer will answer N/A.			
Did the servicing official process the application and run e-DALRS within 60 days?	If the documentation in the case file indicates that eDALR\$ was run and the borrower was notified of the results within the required timeframe the reviewer will answer YES . If not, the reviewer will answer NO .			
20 If a feasible plan was developed,	Plan feasibility will determine the appropriate servicing form to be mailed to the borrower. 5-FLP provides guidance on forms to be mailed.			

Field Name/	Instruction		
was the borrower sent FSA 2517 or FSA-2519?	If a feasible plan was developed and the borrower was mailed the appropriate form the reviewer will answer YES . If not, the reviewer will answer NO . If no feasible plan was found, the reviewer will answer N/A .		
If FSA was unable to provide primary loan servicing was the borrower sent FSA-2521, FSA-2523 or FSA-2525?	If FSA was unable to provide PLS assistance, the borrower must be notified using the appropriate form as per 5-FLP. If the borrower was notified with the appropriate form, the reviewer will answer YES If not, the reviewer will answer NO. If the borrower received PLS, the reviewer will answer N/A. CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of final numerical score.		
For delinquent borrowers, did the loan official take a lien on all assets as a condition of receiving primary loan servicing?	Par. 211 of 5-FLP requires that FSA will take the best lien obtainable on all assets the borrower owns at the time of a primary loan servicing action. If the borrower is an entity, FSA will take the best lien obtainable on all assets owned by the entity and all assets owned by the individual members of the entity. These assets are additional security for the restructured loans and for any FSA-2543 that may be executed according to paragraph 249. An appraisal is not required to take security as a best lien obtainable unless the property will be covered by FSA-2543. If the loan officer properly took the best lien position possible on borrower and entity members, reviewer will answer, 'Yes'. If not the reviewer will answer "No". If the borrower was not delinquent, the review will answer "N/A". CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.		
Did the loan official clearly document the reasons the borrower is eligible for primary loan servicing?	Par 102 of 5-FLP provides the eligibility criteria a borrower must meet to be considered for PLS. The loan officer must indicate a borrower meets these criteria by selecting the radio button in the Credit Presentation of the FBP and then addressing each of the criteria in the text block for eligibility. The loan officer must specifically state the reason for the delinquency or financial distress was beyond the borrower's control. The loan officer must also state whether there are any nonessential assets. It is not sufficient for the loan officer to make a general statement that all eligibility criteria have been met. If answers to above questions are Yes, reviewer will answer 'YES'. If any answers are 'No', Reviewer will answer 'NO'.		

FSA-2104-1 NY for Guaranteed Loan Making

Use Excel Electronic Version of this form posted on the NY SharePoint website NY Home – NY Amendments – Farm Loan – 1-FLP

This form is available electronically FSA-2104 NY (02-01-17)			ENT OF AGRICULTURE Service Agency				
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,							
			RANTEE LOAN MA				
1. GENERAL INFORMATION		ILE REVIEW	QUESTIONNAIR	E			
A. LAST NAME OF BORROWER		B. FIRST NAME	OF BORROWER	C. MIDDLE INITIA D.	DATE		
D FOLLOW OFFICIAL			ODEDIT TEAM	LE DIOTEIL			
D. FSA LOAN OFFICIAL			CREDIT TEAM	F. DISTRIC	INUMBE	К	
G. TYPE OF ASSISTANCE CODE	H. LOAN AMO	UNT	I. NAME OF LEND	DER J. LENDER	TYPE		
2 DEVIEWEDIS INSTRUCTION							
2. REVIEWER'S INSTRUCTION							
All "NO" answers (and N/A when ju							
identified. General statements are i Remarks, on Page 2.) If any one of					YES	NO	N/
standards, regardless of the final n			marked "NO", the file w	nii faii credit quality			
Was the loan approved for authoriz	ted purposes? (1	Opts)					
2. Is the loan made to the proper auth	orized individua	or entity? (10pts)					\vdash
							\vdash
 Does applicant meet all eligibility or 	riteria for the typ	e of loan being req	quested (including family size	e farm, test for credit, etc.)? (10pt	5)		
4. Was FSA-2211 or FSA-2212 prope	Was FSA-2211 or FSA-2212 properly completed and all the required items for a complete application submitted? (4pts)						
5. Was the applicant correctly classified as a beginning farmer? (3pts)							
8. Was a proper determination made	and was the loa	n funded as a SDA	\? (3pts)				
7. Has a loan narrative been complet financial resources? (2pts)	ted by the lender	which thoroughly	evaluates the operation's	physical, managerial and			
8. Is there a properly completed bala	nce sheet includ	ed with the applica	ation, including verification	ns where applicable?			
9. Does the file contain a properly cor	mpleted cash flo	w budget? (2pts)					
10. Is income supported? (2pts)							\vdash
11. Are expenses supported? (2pts)							
 Is the applicant's repayment cap assumptions, did the lender's cash flo adequately justify repayment? (10pts) 					ive		
13. Is the loan security appropriate a	13. Is the loan security appropriate and adequate? (10pts)						
14. Were non-essential assets addre	4. Were non-essential assets addressed? (4pts)						
15. Have the environmental regulation	ns been followed	? (5pts)					
16. If IA is involved, does the file den	nonstrate adequ	ate need? (5pts)					
17. Was FSA-2232 properly execute	d? (5pts)						
18. Has the guaranteed loan been pro	perly closed FS	A-2236 signed by	lender and FSA-2235 pro	perly issued? (8pts)			
19. Was the application approved or	disapproved with	nin the required tin	ne frame? (3pts)				
SCORE							
3A. REVIEWER NAME		3B. TITLE		3C. SIGNATURE			

Form FSA-2104-1 NY

NEW YORK GUARANTEED LOAN MAKING FILE REVIEW QUESTIONNAIRE INSTRUCTIONS FOR PREPARATION

Purpose:			
This form is used to document internal reviews of guaranteed loan making for credit quality.			
Handbook Reference: Number of Copies:			
1-FLP	Original		
Signatures Required:			
Reviewer			
Distribution of Copies:			
Original – Operational file FLP 1-4			
ADPS/DLS/FBP/GLS Related Transactions: N/A			

Items 1A-1M, 3A-3C and 4A-4E are self-explanatory and instructions for completion are not provided.

Field Name/ Item No.	Instruction
Was the loan approved for authorized purposes?	Authorized loan purposes for guaranteed operating, line of credit, and farm ownership loans are outlined in 2-FLP, part 8, par 122 & 123. The reviewer ensures that the specific purposes for which the loan funds will be used are listed on FSA-2232 and any agreed modifications are included. If the loan purposes listed on FSA-2232 are authorized, the reviewer will answer "YES". If not, the reviewer will answer "NO". Critical Element: If this question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Is the loan made to the proper authorized individual or entity?	 The loan application should be submitted in the name of the actual operator of the farm. This should be consistent with any representations previously made by the applicant for farm program benefits. Reviewer will compare application and documents with existing FSA documents (CCC 902, AD 1026, PRODUCER FARM DATA REPORT) to ensure the loan application submitted and approved loan is made to the correct operator of the farm. If a participant is not involved in FP programs such as ARC/PLC, and does not have a CCC 902 on file, the reviewer should review the AD 1026 to see that the name/operator corresponds with the information provided in connection with the FLP loan. Does file contain copy of entity paperwork and resolution to borrow If not, the reviewer will answer "NO". Critical Element: If this question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Does applicant meet all eligibility for the type of	Does the applicant meet all eligibility requirements as defined in 2-FLP Part 8 section 1?
loan being requested (including family	If the applicant meets all eligibility requirements, the reviewer will answer "Yes". If not the reviewer will answer "No".

Field Name/ Item No.	Instruction	
size farm, test for credit, etc)/	Critical Element: If this question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.	
4 Was FSA-2211 or FSA-2212 properly completed and all the required items	Reviewers must verify that all necessary information has been submitted. The information will vary depending on both loan amount and lender type. The information required for each lender type is outlined in 2-FLP, part 5, par 68 for SEL & CLP. PLP, found in par 70. Insure all applicable documents are signed by lender and borrower as required	
for a complete application submitted?	to validate document. If all required application information is in the file and the applicable form has been	
	properly completed, the reviewer will answer "YES". Information need not be provided on the form if it is otherwise made available. If not, the reviewer will answer "NO".	
	If questions not critical to the loan decision were not completed, the reviewer will answer "YES" and provide specific remarks in the comments section.	
Was the applicant correctly classified as a beginning farmer?	Exhibit 2 of 2-FLP contains the definition of beginning farmer. If there is no narrative in the running record 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 acreage at the time of loan approval.	
	 Has not operated a farm for more than 10 years. This requirement applies to all members of an entity. Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities, owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant's residence is not located on the farm or if the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture, as stated in the applicable NY FLP Notice. If loan officer made the correct determination that the applicant is or is not BF and the loan was coded correctly, the reviewer will answer "YES". If not, the reviewer will answer "NO". 	
Was a proper determination made and was the loan funded as a SDA?	As Defined in 2 FLP exhibit 2, a Socially disadvantaged applicant or farmer is an individual or entity who is a member of* a socially disadvantaged group. For entity applicants, the majority interest must be held by socially disadvantaged individuals. For married couples, the socially disadvantaged individual must have at least 50 percent ownership in the farm business and make most of the	

Field Name/ Item No.	Instruction
	management decisions, contribute a significant amount of labor, and generally be recognized as the operator of the farm. Socially Disadvantaged Group Socially disadvantaged group is a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of: American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women. If the loan officer made the correct determination that the applicant is or is not SDA
	and the loan was coded correctly, the reviewer will answer "Yes". If not the reviewer will answer "No".
Has a loan narrative been completed by the lender which thoroughly evaluates the operation's physical, managerial and financial resources?	2-FLP provides the information that a SEL , CLP or PLP lender must provide with a complete application. A complete application will include a narrative that describes the lender's underwriting of the loan and key aspects of the farming operation. The lender type will dictate the amount and kind of information provided in the narrative. SEL and CLP lenders required to address all items listed in 2-FLP, Part 5, par 66-C. PLP address the 5-Cs of credit. See Par. 70B If the lender's narrative is sufficient to support the approval decision, the reviewer will answer "YES". If not, the reviewer will answer "NO".
8 Is there a properly completed balance sheet included with the application, including verifications where applicable?	Insure Balance Sheet is dated within 90 days of loan request and signed by the applicant (s). If Entity, are there current individual balance sheets? 2-FLP describes this requirement for SEL and CLP lenders. If the file includes a properly completed balance sheet with balances and payments correctly reported, the reviewer will answer "YES". If not, the reviewer will answer "NO". For PLP lenders, if a completed balance sheet is not included in the file, the reviewer will answer "N/A". If a balance sheet has been provided to FSA, reviewers will answer "YES" and make a comment that the lender has exceeded the requirements.
9 Does the file contain a properly completed cash flow budget?	2-FLP requires 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. The total amount of 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.
	Revolving line of credits must have a monthly income and expense cash flow. Reviewer should verify that the proposed LOC amount does not exceed the maximum need for any period of the operating cycle.

Field Name/ Item No.	Instruction			
	For SEL and CLP lenders, if the file includes a properly completed cash flow budget as described above, the reviewer will answer " YES ". If not, the reviewer will answer " NO ".			
	For PLP lenders, if a completed cash flow budget is not included in the file, the reviewer will answer " N/A ". If a cash flow budget has been provided to FSA, the reviewer will answer " YES " and make a comment that the lender has exceeded the requirements.			
10 Is income supported?	Reviewers should examine the file to determine whether yield history and commodity prices are supported and non-farm income and FSA program payments have been verified according to the requirements for the lender type and loan amount.			
	These income items are to be consistent with historic performance. Any deviation must be well documented and supported by the lender and/or FSA loan official.			
	If the SEL file includes documentation or discussion to support the projected yields, the reviewer will answer " YES ". If the documentation or discussion is inadequate, missing, or does not support the projected yields, the reviewer will answer " NO ".			
	If the CLP file includes discussion to support the projected yields, the reviewer will answer " YES ". 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 " NO ". If there is no explanation from a CLP lender about how the cash flow was developed, the reviewer will also answer " NO ".			
	If the CLP lender based its cash flow projections on financial history only, the reviewer will answer "N/A".			
	For PLP lenders, the reviewer will answer " N/A ". If historical data was provided, the reviewer will answer " YES " and include a comment that the lender exceeded the requirements.			
11 Are expenses supported?	2-FLP outlines the methodology for developing realistic projected expenses. The documentation in the file should be appropriate for each lender type.			
supported:	Expenses are to be consistent with historic performance. Any deviation must be well documented and supported by the lender and/or FSA loan official.			
	If the SEL file includes documentation or a discussion to support the projected expenses, the reviewer will answer " YES ". If the documentation or discussion is inadequate, missing, or does not support the projected expenses, the reviewer will answer " NO ".			
	For CLP lenders, 2-FLP 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. If the file includes a discussion to support the projected expenses, the reviewer will answer " YES ". If historical information was provided to FSA, the reviewer will include a comment that			

Field Name/ Item No.	Instruction
Team 1100	the lender exceeded the requirements. If the discussion is inadequate or does not support the projected expenses, the reviewer will answer "NO".
	For PLP lenders, the reviewer will answer " N/A ". If historical information was provided to FSA, the reviewer will answer " YES " and include a comment that the lender exceeded the requirements.
Is the applicant's repayment capacity adequate? For SEL and CLP lenders: Using proper expense and income assumptions, did the lender's cash	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. If the SEL or CLP application shows a feasible plan at the time of loan approval, using realistic income and expense figures before or after necessary adjustments, the reviewer will answer " YES ". If not, the reviewer will answer " NO ".
flow budget show a feasible plan at the time of loan	If the PLP loan narrative adequately justified the applicant's repayment ability, the reviewer will answer " YES ". If not, the reviewer will answer " NO ".
approval? For PLP lenders	Critical Element: If this question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
Is the loan security appropriate and adequate?	2-FLP discusses the amount and quality of security required for a guaranteed loan. Reviewers should examine the appraisal, loan narrative, and FSA-2211 for SEL and CLP lenders or, FSA-2212 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.
	If security is adequate and appropriate, given the level of risk involved, loan terms, loan type, and collateral available, the reviewer will answer "YES". If the appraisal documentation is insufficient, but security is adequate, the reviewer will answer "YES", but provide comments in the remarks section. If the security is inadequate or inappropriate, the reviewer will answer "NO".
	Critical Element: If this question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
14. Were non- essential assets addressed?	Par. 108J and 224C (if IA Requested) of 2 FLP requires loan officials to consider non-essential assets when considering loan applicant eligibility. Nonessential assets are assets in which the borrower and any members (if entity) have an ownership interest, that: (1) Do not contribute to: (i) Income to pay essential family living expenses, or (ii) The farming operation; and
	(2) Are not exempt from judgment creditors or in a bankruptcy action.

Field Name/ Item No.	Instruction
2022 2 ()	If nonessential assets were properly considered and documented in the Lender's application , the reviewer will answer YES . If not, the reviewer will answer NO . If there were no nonessential assets, the reviewer will answer N/A .
Have the environmental regulations been followed?	For all loans, the reviewer will ascertain if FSA-850 is in the file, properly completed, and supported by NRCS-CPA-026 and/or AD-1026A, which shows all determinations have been made if required, that Category I and II Environmental Assessments have been properly completed when necessary and that FSA-851 forms have been properly completed for all real estate secured loans (both primary and further securing).
	 Listed CATEX A completed and signed FSA-850 (by the preparer and concurring official, which may be the same person) in the FBP AD 1026; (including youth loans) and if required PRODUCER FARM DATA REPORT or CPA-026.
	Supported CATEX
	• FSA-850 with Environmental Assessment (EA) and documentation (as applicable per FSA-850 instructions).
	For all real estate secured loans (both primary and further securing) a properly completed FSA-851 will also be placed in the file.
	If FSA-850 was properly completed with appropriate attachments, or if a Listed or supported CATEX was properly completed and if the FSA-851 was completed as required the reviewer will answer "YES". If not, the reviewer will answer "NO".
16 If IA is involved, does the file demonstrate adequate need?	2-FLP discusses eligibility and the general rules for the IA program 2-FLP, part 9, par. 223. 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.
aucquate need:	Note: Loan applicants can qualify for IA based on either a first year or a typical year plan.
	If IA was granted and the required budget or budgets is present and supports the approval of the subsidy, the reviewer will answer "YES". If any of the required cash flows are missing or the projections do not support approval of IA, the reviewer will answer "NO". If IA was not granted, the reviewer will answer "N/A".
Was FSA-2232 properly executed?	2-FLP discusses the proper execution of FSA-2232 by FSA and the lender. FSA-2232 should not be issued until after funds have been obligated for the loan. Loan purposes included in section 14 and security (if different than listed of FSA 2211 & 2212 or additional security is required by the loan approval official) should be listed on FSA-2232. The authorized agency official should enter the expiration date on FSA-2232. The lender should accept the conditions, close the loan, and request a guarantee before FSA-2232 expires. Reviewers should consider whether any

Field Name/ Item No.	Instruction
	additional conditions listed on FSA-2232, are excessive or inadequate. Any additional conditions should be specific to the loan, rather than boilerplate language. If FSA-2232 is properly executed, the reviewer will answer "YES". If not, the
	reviewer will answer "NO".
Has the guaranteed loan been properly closed FSA-2236 signed by lender and FSA-2235 properly issued?	2-FLP describes FSA and lender responsibilities prior to the issuance of FSA-2235 and outlines the procedure for issuing FSA-2235. Reviewers should verify that the lender has signed FSA-2236. The case file should contain a copy of the promissory note or LOC agreement referenced on FSA-2235. For entities, the promissory note should be executed by the member authorized to sign for the entity, and by all entity members as individuals, as applicable. The reviewer should determine if the terms of the note are consistent with the application and FSA-2235. FSA-2235 should be properly completed as described in 2-FLP. If the requirements are met, the reviewer will answer "YES". If not, the
	reviewer will answer "NO".
Was the application approved or disapproved within the	2-FLP outlines application processing timeframes. The reviewer should compare the date the application was completed to the date FSA-2231 was signed. For PLP and CLP lenders, FSA-2231 should be signed within 14 days of a complete application. For SEL , FSA-2231 should be signed within 30 days from receipt of a complete application.
required time frame?	If the application was approved within the proper timeframes, the reviewer will answer "YES". If not, the reviewer will answer "NO".

FSA-2129-1 NY for Microloan Making

Use Excel Electronic Version of this form posted on the NY SharePoint website NY Home – NY Amendments – Farm Loan – 1-FLP

H. Approval Official J. TYP 2. REVIEWER'S INSTRUCTIONS All "NO" answers (and N/A when judidentified. General statements are reflected in the standards, regardless of the final number of the final number of the final number of the final required components of the component of the componen	B. FIRS B.	F. CRE T. NAME OF B F. CRE CE CODE The reviewer of the red to update to to u	J. LOAN AMOUNT er) require a detailed chments and statem marked "NO", the file to the Farm Assessme to loan official with direct the test for credit reas a beginning farmer ded as a SDA? (3pts	G. DISTR G. DISTR G. DISTR K. LOAN d explanation of the weakness to support findings in it is will fail credit quality ent or to copy into the narrative extended? For an entity equirements, as well as the entity equirements, as well as the entity equirements.	TYPE sses tem YES 5pts)		N/A
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L. Is the applicant's total outstanding	sted from the appl	licant was it sp	pecifically needed to r	make a determination? (3pts)			
	dule been comple	eted correctly i	in the FBP? (5pts)				
M. Was the FBP feasible at the time	direct OL balance	e to be \$ 50,00	00 or less at the time	of loan closing? (5pts)			
	of loan approval?	(9pts)					
N. If one of the ML alternatives for medocumented and correctly applied? (3		erial ability req	quirement was used by	y the applicant was this			
O. Has the FSA-2040 been properly	completed? and Is	s the FSA -204	45 in the file? (5pts)				
P. Have lien searches been obtained	? (5pts)						
Q. Have the required security instrum	ents been proper	ly prepared, fil	led, and maintained?	(9pts)			
R. Are appraisals prepared when req	uired and in accor	dance with pre	escribed procedures?	(5pts)			
S. Was security adequate but not exc	essive for loan ty	pe (term ML 1	100%; Annual ML 100	-150%)? (9pts)			
T. Is the correct collateral being taker	n for the ML (5pts	i)					
SCORE							

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braile, large print, audiotape, etc.) should contact USDA/ INFO-ETC center at (202) 720-600 (volce and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 796-3272 (volce) or (202) 720-6302 (TDD). USDA is an equal opportunity provider and employer.

FSA-2129

Date of Modification (11-05-2014)

MICROLOAN MAKING FILE REVIEW QUESTIONNAIRE INSTRUCTIONS FOR PREPARATION

Purpose:					
This form is used to document internal reviews of microloan making for credit quality.					
Handbook Reference:	Number of Copies:				
1-FLP	Original				
Signatures Required:					
One - Reviewer					
Distribution of Copies:					
Original - Operational file FLP 1-4					
ADPS/DLS/FBP/GLS Related Transactions: N/A					

This form is completed by FSA employees.

Items 1A - 1L, 3A - 3C, and 4A - 4E are self-explanatory and instructions for completion are not provided here.

Field Name/ Item No.	Instruction
Is FBP General Information sufficiently completed to update to the Farm Assessment or to copy into the narrative?	Is FBP General Information sufficiently completed to update to the Farm Assessment or to copy to the narrative? The General Information screen allows for input of applicant / operation information and for input into the Farm Assessment Narrative section. Note: In many cases it is more efficient to update the Farm Assessment from information already entered into the General Information screen. However, if the required ML information has been entered into the narrative or the Farm Assessment areas of the credit presentation it is not expected that staff will duplicate work by back-filling the General Information areas. One objective of the ML application process is a reduction of paperwork burden on staff and streamlining of application processing. If the ML narrative elements described in 1 FLP, Part 8 are addressed the reviewer will answer "YES". If not, the reviewer will answer "NO". If, alternatively, the ML narrative elements described in 1 FLP, Part 8 are addressed in the narrative or the Farm Assessment areas of the credit
2B Were all	The assessment of the agricultural operation, as found in the Credit Presentation Section of FBP, should address all components required for microloans per
components of the assessment	1-FLP, Part 8.
addressed by the loan official with direct input from the borrower?	If documentation can be found in the file or FBP to support that the assessment considered all components, the reviewer will answer "YES". If not, the reviewer will answer "NO". If an assessment is not required, the reviewer will answer N/A.

Field Name/ Item No.	Instruction
20022 2 100	
2 C Is there sufficient documentation to meet the test for credit requirement	3-FLP, Part 4 sets forth the test for credit requirements. If documentation is found in the file, the reviewer will answer "YES". General statements are not acceptable unless the statements refer to information located in the Service Center operational file on other credit. If not, the reviewer will answer "NO".
2 D For beginning farmer loans, was the applicant correctly classified as a beginning farmer?	Exhibit 2 of 3-FLP contains the definition of beginning farmer. 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. If the applicant meets all the requirements to be classified as a beginning farmer, the reviewer will answer "YES". If not, the reviewer will answer "NO". If the applicant is not a beginning farmer, the reviewer will answer "NA".
2 E For SDA's, was a proper determination made and was the loan funded as a SDA?	Exhibit 2 of 3-FLP contains the definition of SDA. The applicant must meet all requirements established under the definition to be considered for SDA funding. Documentation that an applicant qualifies as a SDA must be included in the case file running record or on FSA-2330. The applicable type of assistance code must be used in the obligation to reflect the loan being funded as a SDA. If the applicant is SDA and the loan was coded correctly, the reviewer will answer "YES". If not, the reviewer will answer "NO". If the applicant did not request nor receive SDA assistance, the reviewer will answer "N/A".
2 F Has the loan official determined and documented that the applicant has selected, established, and is maintaining the required record keeping system?	1-FLP, Part 8 sites borrower responsibilities to maintain accurate farm records. The record system may be any system of the borrower's choice that provides the required record keeping and reporting information. The loan official will determine and document in the running record or farm assessment whether applicants have selected, established, and are maintaining the required record keeping system. If loan official has determined and documented that the applicant has selected, established and is maintaining a record keeping system that provides the required information, the reviewer will answer "YES". If not, the reviewer will answer "NO".
2 G Have the environmental regulations been followed?	For all loans, the reviewer will ascertain if FSA-850 is in the file, properly completed, and supported by NRCS-CPA-026 and/or AD-1026A, which shows all determinations have been made if required, that Category I and II Environmental Assessments have been properly completed when necessary and that FSA-851 forms have been properly completed for all real estate secured loans (both primary and further securing). Listed CATEX • A completed and signed FSA-850 (by the preparer and concurring official, which may be the same person) in the FBP • AD 1026; (including youth loans)

Field Name/ Item No.	Instruction
	 if required PRODUCER FARM DATA REPORT or CPA-026. Supported CATEX FSA-850 with Environmental Assessment (EA) and documentation (as applicable per FSA-850 instructions). For all real estate secured loans (both primary and further securing) a properly completed FSA-851 will also be placed in the file. If FSA-850 was properly completed with appropriate attachments, or if a Listed or supported CATEX was properly completed and if the FSA-851 was completed as required the reviewer will answer "YES". If not, the reviewer will answer "NO".
2 H Were cash flow projections for the operating cycle reasonable based on the information provided and/or available?	1-FLP, Part 8 includes guidance on the cash flow budget reflecting production, income, expenses, and other relevant factors that affect net income. Historical performance will be used as a guide along with local practices and conditions. The ML application process allows for summary level entry of information to the Projected Annual Income and Expenses section of FSA-2330. If realistic cash flow projections were used, the reviewer will answer "YES". If not, the reviewer will answer "NO".
Is there verification of nonfarm income in cases where this income was relied upon for repayment?	Per 3-FLP Part 3 non-farm income must be verified if relied upon for repayment. If non-farm income is relied upon for repayment and income is verified, the reviewer will answer "YES". If non-farm income is relied upon for repayment and income is not verified, the reviewer will answer "NO". The reviewer will answer "NA" if non-farm income is not needed for repayment.
2J If additional information was requested from the applicant was it specifically needed to make a determination?	Per 3-FLP, Part 3 additional information may be requested from applicant if specifically needed to make a determination on application. If additional information was requested the reviewer will answer "YES" if the information was needed to make a determination. If additional information requested was not needed for the determination, the reviewer will answer "NO". If no additional information was requested the reviewer will answer "N/A".
2K Has the Balance Sheet Loan Schedule been completed correctly in FBP?	1-FLP, Exhibit 15 provides guidance on entering various assets, debts and proposed loans in FBP. If the Loan Schedule Balance Sheets have been completed according to 1-FLP, Exhibit 15, the reviewer will answer "YES". If not, the reviewer will answer "NO".
2L Was the applicant's total	Per 3-FLP, Part 9, Section 2, the applicant's total outstanding Agency OL debt at the time of ML closing will be \$50,000 or less.

Field Name/ Item No.	Instruction
outstanding direct OL balance \$50,000 or less at time of closing?	If the applicant's total outstanding Agency OL debt at the time of ML closing was \$50,000 or less, the reviewer will answer "YES". If not, the reviewer will answer "NO".
2M Was FBP feasible at the time of the loan approval?	The loan approval official will determine if FBP is feasible according to 3-FLP. The reviewer must review the Projected Income/Expense plan and the Credit Action narrative to determine the type of financing proposed or approved and analyze MADS and Ending Cash from the projected column of the Income/Expense Trends report to determine if the plan was feasible. If the questions 2H, 2I, and 2K 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. If FBP was feasible at the time of loan approval, the reviewer will answer "YES". If not, the reviewer will answer "NO". CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
2 N If one of the ML alternatives for meeting the managerial ability requirement	The ML alternatives for meeting eligibility requirements are described in 3-FLP, Part 4. If one of these options was used by the applicant to meet the managerial ability requirement the reviewer will review the 2330 and any other supporting documentation. The reviewer will answer "YES" if the method used was applied correctly and the supporting documentation is satisfactory. If not, the reviewer will answer "NO". If not applicable to this loan, the reviewer will answer "N/A".
2 O Was FSA-2040 properly completed? And was the FSA- 2045 in the file.	The completion and revision of FSA-2040 is addressed in paragraph 162 of 4-FLP. The FBP and FSA-2040 must be consistent with one another reflecting the planned amount of proceeds from the sale of security and when payments are to be made to each creditor. The beginning date of FSA-2040 and FBP must be the same. When chattel security property is disposed of, its disposition will be recorded on FSA-2045, and authorized by initialing FSA-2045. This includes, for example, sale proceeds on hand and crops in storage. If the reviewer finds deviations in completing FSA-2040 or the FSA-2045 was not in the file, the reviewer will answer "NO". If all requirements are met, the reviewer will answer "YES". If real estate is the only security for the loan being reviewed, the reviewer will answer "N/A".
2 P Have lien searches and/or title opinions been obtained?	3-FLP states that a lien search will be completed after a financing statement has been filed to show that FSA has the required lien position. FSA-2360 is to be used to record the results of the lien search. Under UCC, lien searches are necessary in making subsequent loans or subordinations if an additional financing statement is required. Lien searches also

Field Name/ Item No.	Instruction
	may be obtained in connection with processing applications when FLM determines such searches are necessary on an individual case basis. Requirements for obtaining title opinions or title insurance for real estate secured loans are set out in Part 16 of 3-FLP. Title opinions do not have to be obtained on real estate that is being taken as additional security. If lien searches and/or title opinions have been obtained as required, 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 "YES". If not, the reviewer will answer "NO".
2 Q Have the required security instruments been properly prepared, filed, and maintained?	3-FLP sets forth the preparation and maintenance of security instruments for loans secured by chattels and real estate. The final title opinion, lien search documents, financing statements, termination statements, and security agreements will indicate FSA's lien priority. 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 "YES". 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 "NO". The reviewer will answer "N/A" if question 2P was answered "NO". CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.
2 R Are appraisals prepared when required and in accordance with prescribed procedures?	3-FLP sets forth the requirements for completing chattel appraisals for loans secured with chattels and real estate appraisals when real estate is taken as the primary security for a loan. Chattel appraisals are to be completed in FBP. If the appraisal was obtained when required and is completed according to 1-FLP, the reviewer will answer "YES". If not, the reviewer will answer "NO". If not required, the reviewer will answer N/A.
2 S Was security adequate but not excessive for loan type (term ML 100%; annual ML 100-150%)?	Security requirements for MLs are set forth in 3-FLP. MLs made for term purposes have different security requirements than MLs made for annual operating purposes. The reviewer should ensure that security was adequate and not excessive for the loan type. Evaluate the credit presentation in FBP to determine compliance with requirements. If the security was adequate and not excessive for the ML, the reviewer will answer "YES". If security was excessive for the ML, the reviewer will answer "NO".
	CRITICAL ELEMENT: If the question is marked "NO", the file will fail credit quality standards, regardless of the final numerical score.

Field Name/	Instruction
Item No.	
2 T	Security requirements for MLs are set forth in 3-FLP. The reviewer should
Is correct collateral	ensure that appropriate security for the loan has been obtained considering the
being taken for the	loan type, and the purposes for which the loan funds are being used. Evaluate the
ML-type?	credit presentation in FBP to determine compliance with requirements.
	If the security requirements have been met, the reviewer will answer "YES". If
	not, the reviewer will answer "NO".

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b))

Administrative Appraisal Review

<u>Administrative appraisal review</u> is a review of an appraisal to determine whether the appraisal:

- meets applicable Agency requirements; and
- is accurate outside the requirements of Standard 3 of USPAP.

Adversely Affect

<u>Adversely affect</u> means that a change unrelated to the issue resolved through the appeal will result in the borrower no longer being eligible for the loan servicing action requested, or the previously developed FBP not being feasible.

Agency

Agency is the FSA.

Agency Official

The <u>agency official</u> is any employee with the agency. This term is used when the action does not require inherent or delegated authority.

*--Appraisal Point of Contact (APOC)

The authorized agency official selected to be the point of contact for obtaining appraisal services under the micro purchase threshold and is authorized to complete micro-purchases for appraisal services within their delegated authority. This authorization will be provided by delegation per FAR 1.603-3 by AMD Director.

Note: Duties and responsibilities include reviewing requests for purchase of appraisal services that does not involve the use of a Government purchase card. APOC has the authority to commit the Agency to purchase a good or service.--*

Approval Official

The <u>approval official</u> is the specific employee who has the authority to approve or deny the described action.

Authorized Agency Official

The <u>authorized agency official</u> is the FSA official that is authorized to perform specific tasks related to loanmaking or loan servicing. The appropriate official is determined by inherent authorities or delegations applicable to a particular task.

Beginning Farmer

- *--Beginning farmer is an individual or entity who:
 - (1) Meets the loan eligibility requirements for a direct or guaranteed CL, FO, or OL, as applicable;
 - (2) Has not operated a farm for more than 10 years. This requirement applies to all members of an entity;
 - (3) Will materially and substantially participate in the operation of the farm:
 - (i) In the case of a loan made to an individual, individually or with the family members, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm, consistent with the practices in the county or State where the farm is located.
 - (ii) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm. Material and substantial participation requires that the member provide some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm would be seriously impaired;
 - (4) Agrees to participate in any loan assessment and borrower training required by Agency regulations;
 - (5) Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities owns real farm property, the aggregate acreage of which does not exceed 30 percent of the median farm acreage of the farms in the county where the property is located. If the farm is located in more than one county, the median farm acreage of the county where the applicant's residence is located will be used in the calculation. If the applicant's residence is not located on the farm or if the applicant is an entity, the median farm acreage of the county where the major portion of the farm is located will be used. The median county farm acreage will be determined from the most recent Census of Agriculture;
 - (6) Demonstrates that the available resources of the applicant and spouse (if any) are not sufficient to enable the applicant to enter or continue farming on a viable scale; and
 - (7) In the case of an entity:
 - (i) All the members are related by blood or marriage; and
 - (ii) All the members are beginning farmers.--*

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

*--Best Value

Best value involves selecting a vendor of whom the agency solicits a price for services through FAR based on the evaluation of the following factors:

- equitable selection of vendor on a rotational selection basis of all entity vendors in the service area
- the most reasonable price
- greatest competency to provide such service
- best education and experience to provide such service
- vendor past performance
- ability to meet requested time frames for the delivery of the product.

Note: Service area is the location of the subject property that is normally defined by county. Vendors identify counties in which they will provide services.--*

Conservation Loan (CL)

<u>CL</u> means a loan made to eligible applicants to cover the costs to the applicant of carrying out a qualified conservation project.

Conservation Plan

Conservation plan means an NRCS-approved written record of the land user's decisions and supporting information, for treatment of a land unit or water as a result of the planning process, that meets NRCS Field Office Technical Guide (FOTG) quality criteria for each natural resource (soil, water, air, plants, and animals) and takes into account economic and social considerations. The conservation plan describes the schedule of operations and activities needed to solve identified natural resource problems and takes advantage of opportunities at a conservation management system level. This definition only applies to the direct loans and guaranteed loans for the Conservation Loan Program.

Conservation Practice

Conservation practice means a specific treatment, such as a structural or vegetative measure, or management technique, commonly used to meet specific needs in planning and implementing conservation, for which standards and specifications have been developed. Conservation practices are contained in the appropriate NRCS Field Office Technical Guide (FOTG), which is based on the National Handbook of Conservation Practices (NHCP).

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

Conservation Project

<u>Conservation project</u> means conservation measures that address provisions of a conservation plan or Forest Stewardship Management Plan.

Forest Stewardship Management Plan

Forest Stewardship Management Plan means a property-specific, long-term, multi-resource plan that addresses private landowner objectives while recommending a set and schedule of management practices designed to achieve a desired future forest condition developed and approved through the USDA Forest Service or its agent.

FSA

FSA means Farm Service Agency, an Agency of the USDA, including its personnel and any successor Agency.

Graduation

<u>Graduation</u> means the payment in full of all direct FLP loans, except for CLs, made for operating, real estate, or both purposes by refinancing with other credit sources either with or without an Agency guarantee.

Loan Activity

Loan activity is any transactions processed in GLS, DLS or PLAS to a borrower's loan.

Microloan (ML)

<u>ML</u> is a type of OL of \$50,000 or less made under reduced application, eligibility, and security requirements.

PLCE Expenses

PLCE expenses are defined as financial transactions and procurement items.

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

Program Loans

<u>Program loans</u> include FO, CL, OL, and EM. In addition, for loan servicing purposes the term includes existing loans for the following programs no longer funded: SW, RL, EE, ST, and RHF.

Streamlined Conservation Loan

<u>Streamlined conservation loan</u> means a direct or guaranteed CL made to eligible applicants based on reduced documentation.

Supervised Bank Account

<u>Supervised bank account</u> is an account with a financial institution established through a deposit agreement entered into between the borrower, the Agency, and the financial institution.

Technical Appraisal Review

<u>Technical appraisal review</u> is a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to Standard 3 of USPAP.

Treasury Judgment Rate

The <u>treasury judgment rate</u> is the interest rate applicable to deficiency judgments for all loan types (pursuant to 28 U.S.C. Section 1961).

Uniform Standards of Professional Appraisal Practice

<u>Uniform standards of professional appraisal practice</u> 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.

Menu and Screen Index

The following menus and screens are displayed in this handbook.

Menu or		
Screen	Title	Reference
	Classification Review Workflow Report Screen	Ex. 36
	Complete/Approved Application file reviews Screen	
	DDORS Home Page	
	Direct Application Report Selection Page	Ex. 36
	Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports/Loan Making Reports/Direct Applications Screen	Ex. 36
	Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports/Loan Making Reports Screen	Ex. 36
	Farm Loan Programs Data Mart/Direct Loan System (DLS) OnDemand Reports Screen	Ex. 36
	Farm Loan Programs Systems Home Page	Ex. 36
	Farm Loan Programs Systems Main Menu	Ex. 36
	Farm Loans Programs Data Mart Screen	Ex. 36
	Farm Visit Workflow Report Screen	Ex. 36
	FLP - Risk Assessment Screen	Ex. 36
	FSA Applications Screen	Ex. 36
	FSA Data Warehouse Home Page	Ex. 36
	FSA Data Warehouse Production Home Page	Ex. 36
	FSA Intranet Home Page	Ex. 36
	GLS Farm Loan Application Package List Screen	Ex. 36
	GLS Farm Loan Application Package View Screen	Ex. 36
	GLS Farm Service Agency Reports Screen	Ex. 36
	GLS FSA GLSAPP02 - Guaranteed Loan Applications Detail Screen	Ex. 36
	GLS Guaranteed Loan System & CBP Direct Loans and Grants Screen	Ex. 36
	GLS Guaranteed Loan System Screen	Ex. 36
	Graduation Review Monitoring Report Screen	
	Lending To Beginning Farmers and Ranchers - Goal 4 Screen	Ex. 36
	Limited Resource Review Monitoring Report Screen	Ex. 36

Menu and Screen Index (Continued)

Menu or			
Screen	Title		
	Organization Updates Screen	444	
	Outstanding Subordination Report Screen	Ex. 36	
	Print Options Screen	Ex. 36	
	Reduce 1st Year Delinquency Rate on New Loans by 25% Over 5 Years	Ex. 36	
	Screen		
	Reduce Average Processing Times for Direct Loans - Goal 2 Screen	Ex. 36	
	Report Outline Screen	Ex. 36	
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	Service Center Review Scoring	Ex. 36	
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	Socially Disadvantaged Farmers and Ranchers - Goal 5 Screen	Ex. 36	
	Subordination Request Report Screen	Ex. 36	
	Year End Analysis Workflow Report Screen	Ex. 36	

This exhibit provides guidance to the field for acquisition of appraisal services and other PLCE requests for taxes, advertising, etc. Appraisal Point of Contact (APOC) provides oversight of the micro-purchase process for purchasing appraisal services. The APOC will assist field offices in ordering appraisals ensuring that all requirements are met for ordering appraisal services including clarification and documentation of the request. Will ensure proper rotation of the vendors within their service area and select the appraiser based on "Best Value". PLCE Monitors will ensure the proper use of PLCE allocations, certifying PLCE funds availability, and processes PLCE requests in the FMMI system.

New York State PLCE Monitors are:

Elaine Ruggiero, Loan Analyst – Jamestown – handling District 1 Jeanette O'Connor, Loan Analyst – Auburn – handling District 2 Colleen Rudolph, Loan Analyst – Batavia – handling District 3 & 4

Donna Price, Farm Loan Support Specialist – State Office (State PLCE Funds Approval Official)

State PLCE Funds Approval Official will be the first line of approval official to maintain separation of duties – in the absence of State Funds Approval Official another Loan Analyst PLCE Monitor can approve the request in FMMI.

This exhibit provides the procedure to the field in procuring contract real estate and chattel appraisals and other PLCE requests for taxes, etc. All real estate and chattel appraisals PLCE requests must be made on the current version of the FSA-2128 form dated 01/03/17. All other PLCE requests for taxes, etc must be made on the current version of the FSA-2126 form date 12/09/15.

Real Estate Appraisals

The Farm Service Agency requires the services of New York State Certified General Appraisers to provide appraisal reports on rural properties to estimate their market value in consideration of collateral administration. Loan officials should review the "Guide for Ordering Real Estate Appraisals" posted on the NY SharePoint Site – Direct Loans – Real Estate Appraisal Information and consult with Regional Appraiser or STO FLP staff if have any questions or before ordering complex appraisal assignments (i.e. mineral rights, life use, etc.).

Loan officials will complete the following and save them electronically to their service center share drive in FLP_STO PLCE-Appraisals folder and add the request to the FLP PLCE Tracking list on the NY SharePoint (NOT THE STO TRACKING LIST):

- 1. FSA-2128 Appraisal Program Loan Cost Expense (PLCE) Request Part A and Part C items 15, 16, 18A, 18B, 18C and 22 only. Only fillable PDF versions of FSA-2128 will be accepted.
- 2. Real estate appraisal Work Order (Attachment 1)

APOC/PLCE Monitors and Funds Approval Officials will receive an automatic SharePoint alert when items are added to the FLP PLCE Tracking. Upon receipt of a request for a real estate appraisal, the applicable APOC/PLCE monitor will review the request for accuracy and need according to the following:

For Loan Making Requests:

- 1. Verify loan is obligated in DLM
- 2. Check the Farm Business Plan be sure credit presentation is approved and locked, check the collateral analysis to see if real estate is included as security for the FSA loan(s) and the that loan closing conditions state the approval was subject to obtaining an appraisal

For Loan Servicing Requests:

- 1. Review the current 540 report to determine the status of the borrower
- 2. Review the special servicing borrower history report to determine status of servicing

For Partial Releases/ Real Estate Subordinations:

- 1. Verify by email with the credit team requesting the appraisal that they have a signed FSA 2060 form, signed sales contract (if applicable) and that the request has been entered into DLS
- 2. Review the Farm Business Plan to see if a credit presentation has been established for the request (does not have to be completed)

The applicable APOC/PLCE monitor will contact the next real estate appraiser vendor by email on the appraiser rotation log (maintained electronically in the State Office S: FSA_FLP_PLCE folder) to solicit a price quote and availability to complete the appraisal by the date needed – this email will also include a cc: to all APOC/PLCE Monitors. The email will include the Real Estate Appraisal Work Order (Attachment 1) and all applicable attachments with map of the property – encrypted with the standard encryption password. Appraiser vendors will be given 2 business days to provide a response back to the applicable PLCE monitor with cc: to all APOC/PLCE monitors by completing Section D of the Real Estate Appraisal Work Order. If the appraiser has questions regarding the appraisal assignment, they will contact the Loan Official making the request for the appraisal, FSA Regional Appraiser or the FLC/FLS staff.

For Quotes Under \$2,500

The applicable APOC/PLCE Monitor will:

- 1. Review/evaluate the quote based on "Best Value" as outlined in the Appraisal Work Order
- 2. Determine that PLCE funds are available (update the PLCE funding spreadsheet maintained electronically in the State Office S; FSA_FSA_PLCE folder)
- 3. Review the FSA-2128 for accuracy and complete Part B and Part C items 17, 19, 20 and 21
- 4. Update the real estate appraiser vendor rotation log in S: FSA_FSA_PLCE folder
- 5. Enter the request in FMMI to obligate the funds
- 6. Complete FSA 2128 Part E items 24A, 24B and 24C
- 7. Send the FSA 2128 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State APOC/PLCE Funds Approval Official will then:

- 1. Complete the approval in FMMI
- 2. Complete FSA 2128 Part D with digital signature
- 3. E-mail the FSA 2128 back to the applicable PLCE Monitor

The applicable APOC/PLCE Monitor will then:

- 1. E-mail the appraiser vendor the "Appraisal Service Engagement Letter" (1-FLP Exhibit 64) to advise them to begin work encrypted with the standard encryption password
- 2. Mail the property owner the "Introduction of Vendor" letter (1-FLP Exhibit 66) with a copy to the applicant, requesting loan official and Farm Loan Manger. If the owner is our borrower and is in bankruptcy the letter will be sent to the bankruptcy attorney with a copy to the owner, applicant, requesting loan official and Farm Loan Manager.
- 3. E-mail a copy of the FSA 2128 and Engagement Letter to the requesting loan official with cc: to FLM.

For Quotes Over \$2,500

The applicable APOC/PLCE Monitor will contact 2 additional appraiser vendors by email simultaneously to solicit a price quote and availability to complete the appraisal by the date needed. The email will include the Real Estate Appraisal Work Order (Attachment 1) and all applicable attachments with map of the property – encrypted with the standard encryption password. Appraiser vendors will be given 2 business days to provide a response back to the applicable PLCE monitor with cc: to all PLCE monitors by completing Section D of the Real Estate Appraisal Work Order. If the appraiser has questions regarding the appraisal assignment, they will contact the Loan Official making the request for the appraisal, FSA Regional Appraiser or the FLC/FLS staff.

- 1. Complete FSA 2128 Part B
- 2. E-mail the FSA-2128 to the Contracting Officer with "Best Value" recommendation as outlined in the Appraisal Work Order
- 3. Contracting Officer will select awardee and send an e-mail back to the APOC/PLCE monitor naming the selected awardee.
- 4. APOC/PLCE Monitor will determine that PLCE funds are available (update the PLCE funding spreadsheet maintained electronically in the State Office S; FSA_FSA_PLCE folder)
- 5. Review the FSA-2128 for accuracy and complete Part C item 17, 19, 20, 21 and 22.
- 6. Update the real estate appraiser vendor rotation log in S: FSA_FSA_PLCE folder
- 7. Enter the request in FMMI to obligate the funds
- 8. Complete FSA 2128 Part E
- 9. Send the FSA 2128 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State APOC/PLCE Funds Approval Official will then:

- 1. Complete the approval in FMMI
- 2. Complete FSA 2128 Part D with digital signature
- 3. E-mail the FSA 2128 back to the applicable PLCE Monitor

The PLCE monitor will then:

- 1. E-mail the appraiser vendor the "Appraisal Service Engagement Letter" (1-FLP Exhibit 64) to advise them to begin work encrypted with the standard encryption password
- 2. Mail the property owner the "Introduction of Vendor" letter (1-FLP Exhibit 66) with a copy to the applicant, requesting loan official and Farm Loan Manger. If the owner is our borrower and is in bankruptcy the letter will be sent to the bankruptcy attorney with a copy to the owner, applicant, requesting loan official and Farm Loan Manager.
- 3. E-mail a copy of the FSA 2128 and Engagement Letter to the requesting loan official with cc: to FLM.
- 4. E-mail notification to all unsuccessful vendor bidders

Upon Completion of the Real Estate Appraisal

The vendor appraiser is to encrypt and email the electronic appraisal report and invoice to the requesting loan official and cc: Regional Appraiser. The county office staff will complete an administrative review using form FSA 2165 IAW 1-FLP Para 143B within 7 workdays of receipt of the appraisal. If the administrative review determines that the appraisal is acceptable, the reviewer will email the applicable administrative review form, invoice and FSA-2128 completing Part K Items 55 – 59C e-mail to the FSA-FLP-PLCE email group and cc: to Regional Appraiser. The applicable APOC/PLCE Monitor will then email the appraiser vendor to advise that the appraisal was reviewed and accepted and again request a copy of the invoice if not previously submitted. The applicable PLCE Monitor will process the payment for the invoice in FMMI, completing FSA-2128 Part K and email a copy of the completed FSA-2128 to the county office staff. If the amount is over \$2,500 a copy of the completed FSA-2128 will also be e-mailed to the Contracting Officer. A copy of FSA-2128 will be filed in the borrower's case according to 1-FLP par 165B.

If the administrative review identifies problems or the reviewer has concerns/noted issues with the report, the reviewer will forward by email a copy of the review to the FLC, contracting officer and cc: Regional Appraiser to request further guidance.

Administrative review officials should not contact contract appraisers either by phone or email. The FLC and Regional Appraiser will then discuss the appraisal/review and determine whether the appraisal report is acceptable or not. If the report is not acceptable, the Regional Appraiser and/or Contracting Officer will advise of the options and process to follow.

Chattel Appraisals

Loan officials will complete the following and save them electronically to their service center share drive in FLP_STO PLCE-Appraisals folder and add the request to the FLP PLCE Tracking list on the NY SharePoint (NOT THE STO TRACKING LIST):

- 1. FSA-2128 Appraisal Program Loan Cost Expense (PLCE) Request Part A and Part C items 15, 16, 18A, 18B, 18C and 22 only. Only PDF versions of FSA-2128 will be accepted.
- 2. Chattel appraisal Work Order (Attachment 2)

APOC/PLCE Monitors and Funds Approval Officials will receive an automatic SharePoint alert when items are added to the FLP PLCE Tracking. Upon receipt of a request for a real estate appraisal, the applicable APOC/PLCE monitor will review the request for accuracy and need according to the following:

For Loan Making Requests:

- 1. Verify loan is obligated in DLM
- 2. Check the Farm Business Plan be sure credit presentation is approved and locked, check the collateral analysis to see if chattels are included as security for the FSA loan(s) and the that loan closing conditions state the approval was subject to obtaining an appraisal

For Loan Servicing Requests:

- 1. Review the current 540 report to determine the status of the borrower
- 2. Review the special servicing borrower history report to determine status of servicing

For Chattel Subordinations:

- 1. Verify by email with the credit team requesting the appraisal that they have a signed FSA 2001 requesting the subordination from the borrower and determine that the request has been entered into DLS
- 2. Review the Farm Business Plan to see if all applicable financial statements have been entered, cash flow projection show request to be feasible and that a credit presentation has been established for the request (does not have to be completed)

The applicable APOC/PLCE monitor will contact the next chattel appraiser vendor by email on the appraiser rotation log (maintained electronically in the State Office S: FSA_FLP_PLCE folder) to solicit a price quote and availability to complete the appraisal by the date needed – this email will also include a cc: to all APOC/PLCE Monitors. The email will include the Chattel Appraisal Work Order (Attachment 2) and all applicable attachments with a map to the property – encrypted with the standard encryption password. Appraiser vendors will be given 2 business days to provide a response back to the applicable APOC/PLCE monitor with cc: to all APOC/PLCE monitors by completing Section D of the Chattel Appraisal Work Order. If the appraiser has questions regarding the appraisal

assignment, they will contact the Loan Official making the request for the appraisal, FSA Regional Appraiser or the FLC/FLS staff.

For Quotes Under \$2,500

The applicable APOC/PLCE Monitor will:

- 1. Review/evaluate the quote based on "Best Value" as outlined in the Appraisal Work Order
- 2. Determine that PLCE funds are available (update the PLCE funding spreadsheet maintained electronically in the State Office S; FSA_FSA_PLCE folder)
- 3. Review the FSA-2128 for accuracy and complete Part B and Part C items 17, 19, 20 and 21
- 4. Update the chattel estate appraiser vendor rotation log in S: FSA_FSA_PLCE folder
- 5. Enter the request in FMMI to obligate the funds
- 6. Complete FSA 2128 Part E items 24A, 24B and 24C
- 7. Send the FSA 2128 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State APOC/PLCE Funds Approval Official will then:

- 1. Complete the approval in FMMI
- 2. Complete FSA 2128 Part D with digital signature
- 3. E-mail the FSA 2128 back to the applicable PLCE Monitor

The applicable APOC/PLCE Monitor will then:

- 1. E-mail the appraiser vendor the "Appraisal Service Engagement Letter" (1-FLP Exhibit 64) to advise them to begin work encrypted with the standard encryption password
- 2. Mail the property owner the "Introduction of Vendor" letter (1-FLP Exhibit 66) with a copy to the applicant, requesting loan official and Farm Loan Manger. If the owner is our borrower and is in bankruptcy the letter will be sent to the bankruptcy attorney with a copy to the owner, applicant, requesting loan official and Farm Loan Manager.
- 3. E-mail a copy of the FSA 2128 and Engagement Letter to the requesting loan official with cc: to FLM.

For Quotes Over \$2,500

The applicable APOC/PLCE Monitor will contact 2 additional appraiser vendors by email simultaneously to solicit a price quote and availability to complete the appraisal by the date needed. The email will include the Chattel Appraisal Work Order (Attachment 2) and all applicable attachments with map of the property – encrypted with the standard encryption password. Appraiser vendors will be given 2 business days to provide a response back to the applicable APOC/PLCE monitor with cc: to all APOC/PLCE monitors by completing Section D of the Chattel Appraisal Work Order. If the appraiser has questions regarding the appraisal

assignment, they will contact the Loan Official making the request for the appraisal, FSA Regional Appraiser or the FLC/FLS staff.

- 1. Complete FSA 2128 Part B
- 2. E-mail the FSA-2128 to the Contracting Officer with "Best Value" recommendation as outlined in the Appraisal Work Order
- 3. Contracting Officer will select awardee and send an e-mail back to the APOC/PLCE monitor naming the selected awardee.
- 4. APOC/PLCE Monitor will determine that PLCE funds are available (update the PLCE funding spreadsheet maintained electronically in the State Office S; FSA FSA PLCE folder)
- 5. Review the FSA-2128 for accuracy and complete Part C item 17, 19, 20, 21 and 22.
- 6. Update the real estate appraiser vendor rotation log in S: FSA_FSA_PLCE folder
- 7. Enter the request in FMMI to obligate the funds
- 8. Complete FSA 2128 Part E
- 9. Send the FSA 2128 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State APOC/PLCE Funds Approval Official will then:

- 1. Complete the approval in FMMI
- 2. Complete FSA 2128 Part D with digital signature
- 3. E-mail the FSA 2128 back to the applicable PLCE Monitor

The PLCE monitor will then:

- 1. E-mail the appraiser vendor the "Appraisal Service Engagement Letter" (1-FLP Exhibit 64) to advise them to begin work encrypted with the standard encryption password
- 2. Mail the property owner the "Introduction of Vendor" letter (1-FLP Exhibit 66) with a copy to the applicant, requesting loan official and Farm Loan Manger. If the owner is our borrower and is in bankruptcy the letter will be sent to the bankruptcy attorney with a copy to the owner, applicant, requesting loan official and Farm Loan Manager.
- 3. E-mail a copy of the FSA 2128 and Engagement Letter to the requesting loan official with cc: to FLM.
- 4. E-mail notification to all unsuccessful vendor bidders

Upon Completion of the Chattel Appraisal

The vendor appraiser is to encrypt and email the electronic appraisal report and invoice to the requesting loan official and cc: Regional Appraiser. The county office staff will complete an administrative review on form FSA 2167 IAW 1-FLP Para 143B within 7 workdays of receipt of the appraisal. If the administrative review determines that the appraisal is acceptable, the reviewer will email the applicable administrative review form, invoice and FSA-2128 completing Part K items 55 – 59C and email to the FSA-FLP-PLCE email group and cc: to Regional Appraiser. The applicable APOC/PLCE Monitor will then email the appraiser

vendor to advise that the appraisal was reviewed and accepted and again request copy of the invoice if not previously submitted. The applicable PLCE Monitor will process the payment for the invoice in FMMI, completing FSA-2128 Part K and email a copy of the completed FSA-2128 to the county office staff. If the amount is over \$2,500 a copy of the completed FSA-2128 will also be emailed to the Contracting Officer. A copy of FSA-2128 will be filed in the borrower's case according to 1-FLP par 165B.

If the administrative review identifies problems or the reviewer has concerns/noted issues with the report, the reviewer will forward by email a copy of the review to the FLC, contracting officer and cc: Regional Appraiser to request further guidance.

Administrative review officials should not contact contract appraisers either by phone or email. The FLC and Regional Appraiser will then discuss the appraisal/review and determine whether the appraisal report is acceptable or not. If the report is not acceptable, the Regional Appraiser and/or Contracting Officer will advise of the options and process to follow.

Other PLCE requests

Real Estate Taxes and Special Request (ie mortgage discharge, etc)

Loan officials will complete the following and save them electronically to their service center share drive in FLP_STO PLCE-Other Requests folder and add the request to the FLP PLCE Tracking list on the NY SharePoint (NOT THE STO TRACKING LIST):

- 1. FSA-2126 Program Loan Cost Expense (PLCE) Request completing please use PDF version to allow for digital signatures
 - a. Part A (checking both obligation and invoice payment boxes in item 3)
 - b. Part C items 12-17. Item 16 will be the vendor name with the county office address
 - c. Part C Item 18 Additional Comments insert justification for request
 - d. Part F Items 25 28
 - e. Part G item 29A obligation and item 29D invoice payment with digital signature.
- 2. Copy of tax bill or statement for special request

PLCE Monitors and Funds Approval Officials will receive an automatic SharePoint alert when items are added to the FLP PLCE Tracking. Upon receipt of PLCE requests to pay real estate taxes and other special requests, the applicable PLCE monitor will review the request for accuracy and need according to the following:

The applicable PLCE Monitor will:

1. Review the FSA-2126 for accuracy. Verifying the correct PAC code, PLCE account and FMMI vendor ID. All checks for taxes and special requests will be payable to the vendor name at the county office address.

- 2. Determine that PLCE funds are available (update the PLCE funding spreadsheet maintained electronically in the State Office S; FSA_FSA_PLCE folder).
- 3. Enter the request in FMMI to obligate the funds
- 4. Complete FSA 2126 Part H items 30A & 30B
- 5. Send the FSA 2126 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State PLCE Funds Approval Official will then:

- 1. complete the approval in FMMI
- 2. complete FSA 2126 Part D with digital signature
- 3. email the FSA 2126 back to the applicable PLCE Monitor

The applicable PLCE Monitor will then:

- 1. Process the invoice for payment. For tax and special request payment terms will be ACCP and the PPA box will be checked.
- 2. Complete FSA 2126 Part H Items 31A & 31B, send the FSA 2126 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State PLCE Funds Approval Official will then:

1. complete the approval in FMMI

The applicable PLCE Monitor will then:

- 1. Email a copy of the FSA 2126 to the requesting loan official with cc: to FLM.
- 2. A copy of FSA-2126 will be filed in the borrower's case according to 1-FLP par 165B.

Advertising / Property Maintenance/Farm Management Requests

Loan officials will complete the following and save them electronically to their service center share drive in FLP_STO PLCE-Other Request folder and add the request to the FLP PLCE Tracking list on the NY SharePoint (NOT THE STO TRACKING LIST):

- 1. FSA-2126 Program Loan Cost Expense (PLCE) Request completing please use PDF version to allow for digital signatures
 - a. Part A (checking obligation box in item 3)
 - b. Part B
 - c. Part C Items 12 17
 - d. Part G all item 29A with digital signature

PLCE Monitors and Funds Approval Officials will receive an automatic SharePoint alert when items are added to the FLP PLCE Tracking. Upon receipt of a PLCE request for

advertising and property maintenance, the applicable PLCE monitor will review the request for accuracy and need according to the following:

The applicable PLCE Monitor will:

- 1. Review the FSA-2126 for accuracy. Verifying the correct PAC code, PLCE account and FMMI vendor ID.
- 2. Determine that PLCE funds are available (update the PLCE funding spreadsheet maintained electronically in the State Office S; FSA_FSA_PLCE folder).
- 3. Enter the request in FMMI to obligate the funds
- 4. Complete FSA 2126 Part H items 30A & 30B
- 5. Send the FSA 2126 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State PLCE Funds Approval Official will then:

- 1. complete the approval in FMMI
- 2. complete FSA 2126 Part D with digital signature
- 3. email the FSA 2126 back to the applicable PLCE Monitor

The applicable PLCE Monitor will then:

1. Email a copy of the FSA 2126 to the requesting loan official with cc: to FLM.

Upon completion of the services by the vendor the county office will complete and save electronically to their service center share drive in FLP_STO PLCE Other Requests folder and add the request to the FLP PLCE tracking list on the NY SharePoint (NOT THE STO TRACKING LIST):

- 1. FSA 2126 completing Part F and Part G item 29D signing with digital signature
- 2. Copy of vendor invoice

The applicable PLCE Monitor will then:

- 1. Process the invoice for payment.
- 2. Complete FSA 2126 Part H items 31A & 31B, send the FSA 2126 by email to the FSA-FLP-PLCE email group advising that there is a request in FMMI that needs approval

State PLCE Funds Approval Official will then:

1. complete the approval in FMMI

The applicable PLCE Monitor will then:

- 1. Email a copy of the FSA 2126 to the requesting loan official with cc: to FLM.
- 2. A copy of FSA-2126 will be filed in the borrower's case according to 1-FLP par 165B.

Real Estate Appraisal Work Order

Section A County Office	:	Date of Reque	est:	
Loan Official:	Phone:	Email:		
Date Appraisal needed: (at l	east 45 days from da	te ordered):		
Property to be appraised:	Farm NO	N-FARM		
Appraised value needed:	As Is (to determine	SAA recapture will be	an as-is valuatio	on)
	As Improved			
	Single Unit includi	ng all acreage and parc	els	
	Single unit with on	ly specific parcels as lis	sted:	
Fixtures: Not applicable		1 1 1' .1 1		
The following	nxtures snould be in	cluded in the value of t	ine real estate:	
The following	fixtures should be ex	xcluded from the valua	tion of the real e	estate:
Multiple appraisals (D			ing property):	
Intended Users: (List Users	of appraisal other th	an FSA):		
Distance furthest parcels are	e apart:	re tracts contiguous?	YES I	No
Property Information: Cour	nty Property is locate	ed in: To	own:	
Number of Parcels:				
List Tax Map Numbers for a	ll parcels:			
Property Address:	City	7:	State:	
Owner Information: Name:		Phone:	Cell:	
Address:				
Applicant Information: Nan	ne:	Phone:	Cell:	
Attorney if bankruptcy is involv	ved:	Phone:	Cell:	
Address:				
Person to Contact to Obtain	Access: Owner	☐ Buyer/Applicant	t 🗌 Other	
	☐ FSA	☐ Attorney		
Property/Building: Occu	ıpied 🗌 Vacant 🔲 I	Rented 🗌 Unknown		
Property/Building: Uccu Occupied by whom?	ıpied 🗌 Vacant 🔲 I	Rented 🗌 Unknown		

Section B	Attached Documents	(Complete for all prope	erties)
☐ FSA Mortgage and an	y Partial Releases if applicab	le Legal Description	/Deed
☐ Sales Contract/Purch	ase Agreement 🔲 Lease A	greements 🗌 Tax map	☐ Title Report
☐ WRP/GRP/CRP contr	acts and maps if any (review	FSA 156-EZ)	
☐ Copy of last environm	ental review FSA-851/850 if	any 🔲 Debt for Nature	map and description
☐ GIS map (using Pytho SharePoint-Env-NYS env	on Map Series User Guide citr vironmental Guide)	ix version FLP template (In	nstructions on NY
☐ Other (refer to unusu	al circumstances section belo	ow):	
☐ Building Improvemen	nt section of last appraisal (se	ee section C below)	
☐ Planned Improvement specs & cost estimates:	ts (new buildings, permanen	t plantings, etc.) Describe a	and include plans,
Section C Fa	arm Information		
Intended Use of Appraisa	al: 🗌 Loan/Transfer & Assu	mption 🗌 Prima	ry Loan Servicing
☐ Partial Release	☐ Subordination ☐	Conservation Contract	☐ Bankruptcy
☐ Inventory sale	☐ Foreclosure ☐	Voluntary Conveyance	
during the term of the SA	(loan official to inform appra AA – appraiser must also spec ements mad to the real estate	cifically identify the contrib	outory value of the
☐ Homestead Protection	n 🗌 Leaseback/Buyback	☐ Other	
Acre/Units to be appraise	ed:	e land (no improvement or	home site).
Approx. Total Acres:	Approx. Cropland Acres:	Can pull from FS	SA 156EZ
Building Information:			
Type of Building	Size/Capacity	Type of Building	Size/Capacity

The information provided on this Work Order relating to the subject's land and building characteristics is being provided to assist the vendor in visualizing the property for bidding purposes. FSA, however makes no representations of its accuracy and vendors needs to conduct site inspections of the subject's land and buildings to form their own opinions and conclusions of the subject's land and building characteristics to avoid being misleading in the reporting of their conclusions.

Describe any unusual circumstances: i.e. Gas leases/wells/mineral rights/conservation easements/life estates/sale of development rights/wind leases/gravel pits, etc. (Copies of leases or contracts to be provided to contractor also).

Contact Regional Appraiser or Farm Loan Chief if appraisal is for complex, unusual circumstances

Vendor's Name:		Quote Amount: \$
Address:		Delivery Date:
City:	State:	Quote Good For: (FSA assumes that quote is good
Zip Code:		for 30 days)
Email Address:		FAX:
to be the controlling of contractor education similar properties in to must be a Certified Go. The contractor is to in the assignment. This then their qualification associates or subcontour The specific contribute the appraisal report. proposal is assume and writing.		In price; contractor past performance; have previous experience in appraising Order that adhered to USPAP; contractor certification in the State of assignment. associates or subcontractors will play in sor subcontractors are contemplated, etor is awarded the assignment, no other authorization from the review appraiser. For than the signer(s), must be detailed in roviding assistance, then the percent of the research, analysis
		

Appraiser Vendor's Signature

Date

Chattel Appraisal Work Order

Date of Request:		Office Requesting:	
Loan Official Requesting Appraisa	al:		
Phone:	Email:		
Date Appraisal Needed:			
Name of Applicant/Borrower:			
Borrower Address:			
Town:		County:	
Phone Number of Applicant/Bor	rower to arrang	ge inspection:	
Attorney if bankruptcy is involve	Address:		
Intended Use of the Appraisal:	Phone:		
Loan/Transfer & Assumption		Primary Loan Servicing	
Subordination Ban	kruptcy	Foreclosure	Voluntary Conveyance
Location of Chattels (if different	from above):		
Are all chattels at 1 location?	Yes No		
List any other locations where cl	nattels are store	ed or kept:	
Describe any unusual circumstar	nces or other iss	sues:	

Provide a copy of the current equipment & livestock list from the current Security Agreement, or for new applicants, a copy of the list from the FSA-2006, "Property Owned or Leased" and map to the property.

SECTION D	Vendor Appraiser Quote Response – Deadline of 2 Business Days from date sent by agency	(Complete d by Vendor only)
Vendor's Name:	J A J	Quote Amount: \$
Address:		Delivery Date:
		Quote Good Days
Cityy	State:	For: ————————————————————————————————————
City:	State.	for 30 days)
Zip Code:		
Email Address:		FAX:
expected to be the copast performance; of previous experience. Statement of Work obtain a temporary. The contractor is to will play in the assignare contemplated, the awarded the assignment written authorization all individuals, other not list anyone elette contractor do		ffers based upon price; contractor gnment; contractor must have graphical area as described in this tified General Appraiser or must If any, associates or subcontractors is proposal. If the contractor is work on the project without prior ution(s) to the appraisal of any and aisal report. If the contractor does sal is assumed to be based upon and writing.
Appraiser	· Vendor's Signature	Date

List of Real Estate Appraisers

Richard Edmunds
Box 295, 36 N. Main Street
Delevan, NY 14042
(716) 492-5727 phone
(716) 492-5750 fax
redmunds@edmundsenterprises.com
FMMI Vendor ID # 1100880643

Miller Appraisals
Duane Miller
106 Grandview Drive
Cobleskill, NY 12043
(518) 234-4213 phone
(518) 234-4213 fax
farmappraisals@gmail.com
FMMI Vendor ID # 1100853337

CNY Pomeroy Appraisers, Inc Don Fisher Liberty Square 100 E Seneca St, Suite 200 Manlius, NY 13104 (315) 471-3111 phone (315) 471-4009 fax dfisher@pomeroyappraisal.com FMMI Vendor ID # 1104891085

Hubbell and Associates, Inc. 41 Old Post Road North Red Hook, NY 12571 (845) 758-5274 phone (845) 454-6359 fax pete@rphubb.com FMMI Vendor ID # **1105172975**

Common Sense, LLC Clarence Snyder 115 Christine Ct Sudlersville, MD 21668 (717) 919-0697 phone sam5258@aol.com FMMI Vendor ID # **1103041463** Stephen Bolt 183 Valimont Lane Mansfield, PA 16933 457-404-9595 phone sbolt58@gmail.com FMMI Vendor ID # 1102942517

Farm Credit East

Batavia – Sarah Sweeney, Krista Snell sarah.sweeney@farmcrediteast.com krista.snell@farmcrediteast.com 4363 Federal Drive Batavia, NY 14020-4105 (585) 815-1900 phone (585) 815-1901 fax

Claverack - Paul Herrington paul.herrington@farmcrediteast.com 190 State Route 9H Hudson, NY 12534-3819 (518) 851-3313 phone (518) 851-3319 fax

Cobleskill – Ann Aulita ann.aulita@farmcrediteast.com 2668 State Route 7, Suite 21 Cobleskill, NY 12043-9707 (518) 296-8188 phone (518) 296-8187 fax

Cortland – Fred Hudson <u>fred.hudson@farmcrediteast.com</u> One Technology Place, Suite 2 Homer, NY 13077-1526 (607) 749-7177 phone (607) 749-7264 fax

Geneva – John Nicholas, Alex Patterson john.nicholas@farmcrediteast.com alex.patterson@farmcrediteast.com 1450 Route 14 PO Box 69 Phelps, NY 14532-9542 (315) 781-7100 phone (315) 781-7117 fax Greenwich – Rick Percoco rick.percoco@farmcrediteast.com 394 State Rte. 29 Greenwich, NY 12834-2650 (518) 692-0269 phone (518) 692-0291 fax

Mayville – Doug Ploetz douglas.ploetz@farmcrediteast.com 28 E Chautauqua St PO Box 163 Mayville, NY 14757-0613 (716) 753-2144 phone (716) 753-2151 fax

Middletown – Patrice Miller Patrice.miller@farmcrediteast.com 669 East Main St Middletown, NY 10940-2640 (845) 343-1802 phone (845) 343-0919 fax

Potsdam – Robert Hostetter, Nancy Putnam Robert.hostetter@farmcrediteast.com nancy.putnam@farmcrediteast.com One Pioneer Dr Potsdam, NY 13676-3273 (315) 265-8452 phone (315) 265-8450 fax

Sangerfield – Laura Shoemaker <u>laura.shoemaker@farmcrediteast.com</u> 995 State Route 12 Sangerfield, NY 13455 (315) 841-3394 phone (315) 841-3397 fax Riverhead – Robert Andrews

Robert.andrews@farmcrediteast.com

1281 Route 58

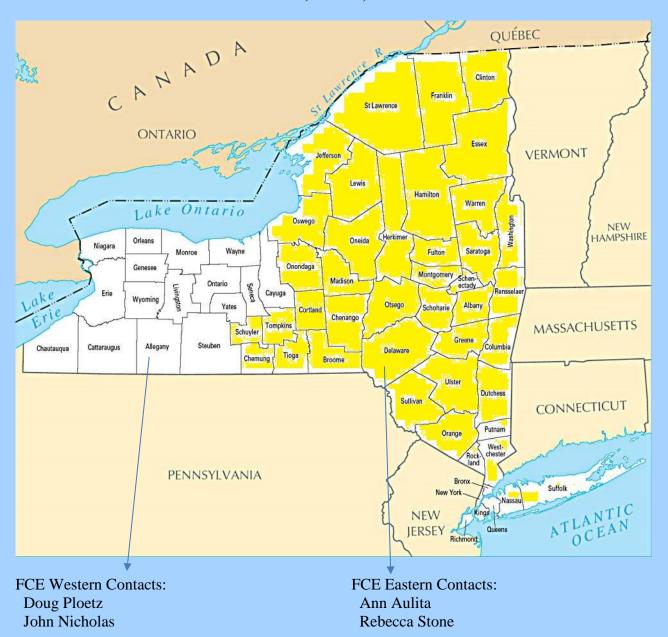
Riverhead, NY 11901-2097

(631) 727-2188 phone

(631) 727-0603 fax

Watertown – Rebecca Stone rebecca.stone@farmcrediteast.com 25417 NYS Route 12 Watertown, NY 13601-5730 (315) 782-6050 phone (315) 782-6732 fax

FMMI Vendor ID#1100752056 for all Farm Credit East offices – contact Enfield, CT office for billing issues with these offices at 240 South Road, Enfield, CT 06082



List of Chattel Appraisers

Michael C. Brunn 159 Franklin Bellinger Rd. Sharon Springs, NY 13459 brunnja@gmail.com (518) 234-4006 phone

Ronald C Moore rcmoore941@gmail.com 5149 Henderson Rd, Lot 136 Erie, PA 16509 (716) 640-1975 phone

Robert Patterson rlp_ent@blomand.net 550 Templeton Rd Rock Island, TN 38581-7415 (931) 686-7010 phone

Farm Credit East – same list of appraisers as on Attachment 3

State Supplements

Subparagraph	State Supplement			
3 C	Guidance on notary acknowledgement.			
3 D	Guidance on signature requirements.			
28 A	Guidance on completing Credit Quality Reviews.			
* * *	* * *			
29 D	Establish method and standards for raising the loan approval authority limits for FLM's and SFLO's who routinely show a higher than average loanmaking proficiency.			
	Note: This State supplement must be submitted for preapproval.			
141 E	Guidance on the process to request: • chattel appraisal from a contract appraiser			
4.64	• real estate appraisal.			
161	 Guidance on: State PLCE monitor fund availability UCC filings and lien searches Micropurchases. 			
242 A	 List of unit prices for all commodities produced in the State. 3-year history of disaster declarations by: county type of disaster incident period. 			

Note: SED's shall:

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

CHATTEL APPRAISAL INSTRUCTION

Addendum to Form FSA-2160 Appraisal of Chattel Property

Α.	Property Appraised	
	Owner	
	Livestock	Crops
	Machinery _	Fixtures
	Inventory	
	Ownership Interest	The property appraised is valued at Fee Simple estate unless
	otherwise noted.	
R	Appraisal Purpose	The purpose of the appraisal is to estimate the current
ъ.	Appraisar rurpose	market value of the items listed on the Attached Form
		FSA 2160 as of the date of inspection.
		· · · · · · · · · · · · · · · · · · ·
C	Definition of Market Value	Other → Explain
C.		
		The most probable price, in cash, terms equivalent to cash, or
		n other precisely revealed terms for which the appraised
		property should sell, in a competitive and open market, under
		onditions requisite to a fair sale, with the buyer and seller each
		cting prudently, knowledgeably and for their own best
		nterest, and assuming that neither is under undue duress.
		mplicit in this definition is the consummation of a specific
		ata and the passing of Title from seller to buyer whereby:
		the buyer and seller are typically motivated.
		both parties are well informed or well advised, and acting in
		what they consider their own best interest.
		a reasonable time is allowed for exposure in the open market.
	•	payment is in terms of cash or in comparable financial
		rrangements.
		the price represents the normal consideration for the property
		old, unaffected by special or creative financing or sales
	c	oncessions granted by anyone associated with the sale.

CHATTEL APPRAISAL INSTRUCTION (Continued)

D. Scope and Process

Unless otherwise noted, the appraisal process included a personal inspection of all items listed on the effective date of the appraisal. Information relating to yields or production was obtained from actual records or from recognized sources who collect production data. Live-stock are categorized by class according to age, condition, production level, and/or weight. Machinery, equipment and motor vehicles are individually listed together with condition, manufacturer, size and type. Crops are valued at the unit cost invested for growing crops, and the current

D. Scope and Process (Continued)

market value, less shipping if applicable, for crops in storage.
Reference sources for determining market value include the
following:
FSA and/or Farm Credit auction data
Interviews with local auctioneers and dealers.
Hot Line Farm Equipment Guide.
North American Equipment Dealers Association,
Northeast Official Guide
Country Folks
AgDealer.com
Other List

The chattel property was inspected by the appraiser and compared to like property recently sold. Condition, age, options and type were considered. The sources listed above were used to establish a range of values for the subject items. The appraiser's judgment and opinion were the determining factors in the final value assigned to each item, taking into account all sales data, sales prices and local factors which may affect value.

E. <u>Assumptions and Limiting Conditions</u> <u>List any assumptions or limiting conditions:</u>

CHATTEL APPRAISAL INSTRUCTION (Continued)

	Reconciliation of Value	
	Three approaches to valuation were considered in this assignment. However, only the	
	sales comparison approach was developed as it provides a credible basis to value chattel	
	property. The income and cost approaches are not relied upon to value this type of	
	property.	
G.	<u>Highest and Best Use</u>	
	Highest and best use is defined as the most reasonably probable use which is physically	
	possible, legally permissible, financially feasible and maximally productive. Unless	
	otherwise noted, the Highest and Best Use of this chattel property is considered to be as	
	farm chattel property.	
H.	Marketing Time	
	Unless otherwise noted, the marketing time for exposure to the market is considered	
	sufficient time to schedule and advertise an on farm auction (4-6 weeks).	
I.	Approaches to Value	
	Sale Approach Cost Approach Income Approach	
	If any not used, explain why - (The sales comparison approach is the primary valuation	
	approach for chattel property and provides a credible basis for its valuation. Typically,	
	neither the cost or income approach to value are developed in the valuation of chattel	
	property.)	
J.		
	Date of Inspection	
	Date of Inspection	
	Date of Report	
MEM	Date of Report Signed Title	
мем	Date of Report Signed Title	
MEMO	Date of Report Signed Title	
мем	Date of Report Signed Title	
мем	Date of Report Signed Title	
мем	Date of Report Signed Title	
мем	Date of Report Signed Title	
MEMO	Date of Report Signed Title	
MEMO	Date of Report Signed Title	
MEM	Date of Report Signed Title	
MEMO	Date of Report Signed Title	
MEM	Date of Report Signed Title	
MEMO	Date of Report Signed Title	
MEM	Date of Report Signed Title	

Forms List

A General Information

*--This exhibit provides:

- information on forms that were renumbered or made obsolete as part of FLP Streamlining
- RD forms that are still used by FLP
- some forms, but is not all inclusive of forms used in FLP delivery.--*

See subparagraph:

- B for FmHA, FSA, and RD forms
- C for FmHA, FSA, and RD form and guide letters
- D for FmHA and RD Instruction exhibits
- E for items and publications
- F for a numerical list of new FSA forms
- G for a list of new handbook exhibits.

The following is applicable to this exhibit.

- The "Old Form Number" column provides the prefix and number used before December 31, 2007.
- The "New Form Number" column provides the prefix and number to be used after December 31, 2007.

Note: An asterisk (*) in the "New Number" column indicates the document will remain under the current number.

• The "Title" column provides the title of the document.

Note: This column provides the form's title that will be used after December 31, 2007.

B Forms

The following lists * * * FmHA, FSA, and RD forms used for FLP delivery.

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 021-1		Request for Procedure	8-29-01
RD 021-1		Request for Procedure	12-31-07
FmHA 021-46		Procedure Notice	12-31-07
FmHA 070-1		A Program to Recognize the Farm Family of the	2-17-99
		Year of the FHA, USDA	
FmHA 102-1		Request for Check Delivery	12-31-07
FmHA 104-1		Public Information Transmittal and/or Receipt	4-16-99
RD 140-4	FSA-2071	Transmittal of Documents	
FmHA 160-3		Request for Travel Authorization or Amendment	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 336		Continuation Sheet	12-31-07
FSA-386	FSA-2202	Certified Lender Sticker	
FSA-386-1	FSA-2203	Preferred Lender Sticker	
FmHA 400-1		Equal Opportunity Agreement	12-31-07
FmHA 400-3		Notice to Contractors and Applicants	7-26-04
FmHA 400-4		Assurance Agreement	7-26-04
FmHA 400-6		Compliance Statement	7-26-04
FmHA 400-7		Compliance Review for Recreational Loans to	12-31-07
FmHA 400-8		Associations (FHA Borrowers)	7 26 04
RD 402-1	FSA-2140	Compliance Review	7-26-04
RD 402-1 RD 402-2	FSA-2140 FSA-2142	Deposit Agreement	
FmHA 402-6	FSA-2142	Statement of Deposits and Withdrawals	12-31-07
FIIIHA 402-0		Termination of Interest in Supervised Bank Account	12-31-07
FmHA 403-1		Debt Adjustment Agreement	7-8-98
FmHA 404-1		Case Reclassification	11-10-99
FmHA 405-A1		Operating Type Loans Maturity Schedule	12-31-07
FmHA 410-07		Notification to Applicant on Use of Financial Information from Financial Institution	2-17-99
FSA 410-1	FSA-2001	Request for Direct Loan Assistance	
FmHA 410-8		Applicant Reference Letter	12-31-07
RD 410-9	FSA-2007	Statement Required by the Privacy Act	
FmHA 410-10		Privacy Act Statement to References	12-31-07
FmHA 426-1		Valuation of Building	12-31-07
RD 426-2	FSA-2320	Property Insurance Mortgage Clause	
FmHA 426-4		Notice of Expiration of Insurance	12-31-07
RD 426-6		Transmittal of Property Insurance Mortgage Clause	12-31-07
FmHA 431-1		Long-Time Farm and Home Plan	12-31-07
FmHA 431-2		Farm and Home Plan	12-31-07
FmHA 431-4		Business Analysis - Nonagricultural Enterprise	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 432-1	FSA-2036	Farm Family Record Book	7-14-08
FmHA 432-1-,		FHP Supplement 1 - Money Received	8-22-07
Supp 1			
FmHA 432-1,		FHP Supplement 2 - Expenses Paid	8-22-07
Supp 2			
FmHA 432-1,		FHP Supplement 3 - Expense Distribution Codes	8-22-07
Supp 3			
FmHA 432-2		Five-Year Inventory Record	12-31-07
FmHA 432-10		Business and Family Record Book	12-31-07
FmHA 440-2		County Committee Certification or	7-24-02
		Recommendation	
FSA-440-2		Eligibility certification or recommendation	12-31-07
FmHA 440-4		Security Agreement (Chattels and Crops)	9-9-03
FSA-440-4A	FSA-2028	Security Agreement	
FmHA 440-8		Notice of Check Delivery	12-31-07
FSA 440-9	FSA-2027	Supplementary Payment Agreement	
RD 440-11		Estimate of Funds Needed For 3- Day Period	12-31-07
		Commencing	
FmHA 440-12		Acknowledgement of Payment for Recording,	12-31-07
		Lien, Search, and Releasing Fees	
RD 440-13	FSA-2360	Report of Lien Search	
FmHA 440-15		Security Agreement (Insured Loans to Individuals)	12-31-07
FmHA 440-21		Appraisal of Chattel Property	12-31-07
FSA 440-21	FSA-2160	Appraisal of Chattel Property	
RD 440-22		Promissory Note (Association or Organization)	12-31-07
FSA-440-25		Financing Statement	12-31-07
FmHA 440-A25		Financing Statement (Carbon-Interleaved)	12-31-07
FSA 440-26	FSA-2317	Consent and Subordination Agreement	
FmHA 440-29		Semiannual Labor Compliance Report	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 440-32		Request for Statement of Debts and Collateral	2-17-99
FSA-440-32	FSA-2015	Verification of Debts and Assets	
FmHA 440-34		Option to Purchase Real Property	12-31-07
FmHA 440-35		Acceptance of Option	11-17-03
FmHA 440-45		Nondiscrimination Certificate (Individual Housing)	12-31-07
FmHA 440-47		Statement of Account	12-31-07
RD 440-57A		Supplemental Installment Information	10-14-88
FmHA 440-58		Estimate of Settlement Costs	12-31-07
FSA 441-5	FSA-2361	*Subordination to the Government*	
FSA 441-8	FSA-2041	Assignment of Proceeds from the Sale of Products	
FmHA 441-10		Nondisturbance Agreement	12-31-07
RD 441-12	FSA-2318	Agreement for Disposition of Jointly Owned Property	
FmHA 441-13		Division of Income and Nondisturbance Agreement	12-31-07
FmHA 441-17		Certification of Obligation to Landlord	12-31-07
FSA 441-18	FSA-2042	Consent to Payment of Proceeds from Sale of Products	
FSA-441-25	FSA-2043	Assignment of Proceeds from the Sale of Dairy	
		Products and Release of Security Interest	
RD 442-2		Statement of Budget, Income and Equity	7-26-04
RD 442-3		Balance Sheet	7-26-04
RD 442-4		District Directors Report	7-26-04
RD 442-7		Operating Budget	7-26-04
RD 442-20		Right of way easement	12-31-07
RD 442-21		Right of way certificate	12-31-07
RD 442-22		Opinion of Counsel relative to rights of way	12-31-07
RD 443-16	FSA-2044	Assignment of Income from Real Estate Security	
FmHA 443-17		Agreement to sell nonessential real estate	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 449-23		Guaranteed Loan Evaluation Farmer Programs	12-31-07
RD 449-30	FSA-2254	Guaranteed Loan Report of Loss	
FSA-449-34	(*)	Loan Note Guarantee	
FmHA 449-36		Assignment Guarantee Agreement	7-26-04
RD 450-5	FSA-2495	Application to Move Security Property and Verification of Address	
RD 450-6		Notice of Transmittal of Form RD-450-5	12-31-07
FmHA 450-7		Address Inquiry	4-16-99
FmHA 450-10		Advice of Borrower's Change of Address, Name,	12-31-07
		Case Number, or Loan Number	
RD 450-12		Bill of Sale (Transfer by Withdrawing Member)	7-8-98
FmHA 450-13		Request for Assignment of Income from Trust Property	12-31-07
FmHA 451-1		Acknowledgement of Cash Payment	12-31-07
RD 451-1		Acknowledgement of Cash Payment	7-8-98
FmHA 451-2		Schedule of Remittances	12-31-07
FmHA 451-3		Reminder of Payment to be Made	12-31-07
FmHA 451-8		Journal voucher for loan account adjustments	12-31-07
FSA 451-10	FSA-2560	Request for Statement of Account	
FSA 451-11	FSA-2561	Statement of Account	
FSA 451-18	FSA-2434	Consent and Release of Interest of United States	
		(Farm Ownership Loans)	
FmHA 451-26		Transaction Record	12-31-07
FmHA 451-27		Review of CollectionOnly Accounts	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
RD 455-1	FSA-2550	Report of Problem Case (Request for	
RD 455-22		Foreclosure/Legal Action)	
RD 1955-2			
FSA 455-2	FSA-2551	Evidence of Conversion, Fraud or Waste (Request	
		for Lack of Good Faith Determination/Legal	
		Action)	
FmHA 455-3		Agreement for Sale by Borrower (Chattels and/or	12-31-07
		Real Estate)	
FmHA 455-4	FSA-2571	Agreement for Voluntary Liquidation of Chattel	
		Security (Generic Version)	
FmHA 455-5	FSA-2572	Agreement of Secured Parties of Sale of Security	
		Property	
FSA 455-11	FSA-2070	Bill of Sale "B" (Sale by Private Party)	
FmHA 455-12		Bill of Sale "C" (Sale Through Government as	12-31-07
		Liquidating Agent)	
FSA 455-17	FSA-2490	Report on Deceased Borrower	
FmHA 455-21		Notice of Acceleration and Demand for Payment	7-8-98
RD 455-1	FSA-2550	Report of Problem Case (Request for	
RD 455-22		Foreclosure/Legal Action)	
RD 1955-2			
FmHA 460-1		Partial Release	2-13-02
RD 460-1	FSA-2470	Partial Release	
FSA 460-2	FSA-2455	Subordination by the Government	
RDA 460-4	FSA-2433	Satisfaction of Lien	
FmHA 460-5		Assumption Agreement	7-26-04
FSA 460-8	4-FLP,	Notice of Termination of Security Interest in Farm	
	Exhibit 27	Products	
FmHA 460-9		Assumption Agreement	12-23-96
FmHA 460-10		New Promise to Pay	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FSA 462-4	FSA-2465	Assignment, Acceptance, and Release (Wool and	
		Mohair)	
FmHA 462-7		Continuation Statement (Generic Version)	12-31-07
(State)			
FSA 462-11	4-FLP, Exhibit 28	Request for Continuation Statement Filing Fee	
FmHA 462-12		Statements of Continuation, Partial Release, Assignment, Etc.	12-31-07
FmHA 462-12 (State)		Continuation of Termination Statement	12-31-07
FmHA 462-14		Change in List of Farmers Home Administration Borrowers	5-18-04
		Note: Reinstated as Exhibit 30 to 4-FLP.	
RD 465-1	FSA-2060	Application for Partial Release, Subordination, or Consent	
RD 465-5	FSA-2476	Transfer of Real Estate Security	
FmHA 465-12 (State)		Quitclaim Deed	12-31-07
FSA-580	FSA-2580	Primary and preservation Loan Servicing Checklist	
FSA-581	FSA-2581	Review data for inequitable treatment	
FmHA 838-B		Invoice - Receipt Certification	12-31-07
FSA-838-C	FSA-2171	Substitute Invoice	
FSA-839	FSA-2172	Request for Emergency Payment	
FSA-845	FSA-2173	Foundation Financial information System (FFIS) Vendor Code Request	
FmHA 1007		Square Foot Appraisal Form	12-31-07
FmHA 1900-1		Request for Appeal of Adverse Action	7-8-98
FmHA 1902-7		Financial Institution Summary For CBS	7-8-98
FmHA 1905-1		Management System Card-Individual	12-31-07
FmHA 1905-4		Application and Processing CardIndividual	12-31-07
RD 1905-12		Monthly Expirations	12-31-07

Old Form	New Form	T241-	Date Made
Number	Number	Title	Obsolete
RD 1910-5	FSA-2014	Verification of Income	0.0.02
FmHA 1910-11		Applicant Certificate Federal Collection	9-9-03
EIIA 1000 1		Policies For Consumer or Commercial Debts	10.00
FmHA 1922-1	EGA 0161	Appraisal Report - Farm Tract	10-99
FSA-1922-1 &	FSA-2161	Appraisal Report - Agricultural Tract	
Addendum			* 10.00 *
FmHA 1922-2		Supplemental Report-Irrigation Drainage, Levee, and Mineral	*10-99*
FmHA 1922-3		Map of Property	4-12-00
& L3			
FmHA 1922-4		Township Plate Map	4-12-00
FmHA 1922-5		Appraisal Review	1-9-04
		Note: Reinstated as FSA-2166.	
FmHA 1922-6		Multiple Township Plat Map	4-12-00
FmHA 1922-8		Uniform Residential Appraisal report	4-12-00
FSA 1922-9	FSA-2162	Real Estate Sales Data	
FSA 1922-10	FSA-2163	Supplemental Forms-Agricultural Appraisal-	
FSA 1922-11	*FSA-2164*	Appraisal for Mineral Rights	
RD 1922-12		Nonfarm Tract Comparable Sales Data	12-31-07
RD 1922-14		Residential appraisal review for SFH	1-9-04
RD 1922-15	(*)	Administrative Appraisal Review For Single Family Housing	
FSA 1922-16	FSA-2165	Administrative Appraisal Review	
FSA-1922-17		Appraisal certification program semiannual	6-17-08
		report	
RD 1924-1	FSA-2150	Development Plan	
FmHA 1924-2		Description of Materials	12-31-07
FmHA 1924-3		Service Building Specifications	12-31-07
FmHA 1924-5		Invitation for Bid (Construction Contract)	12-31-07
FmHA 1924-6		Construction Contract	12-31-07
FmHA 1924-7		Contract Change Order	12-31-07
FmHA 1924-9		Release by Contractor	7-26-04
			5 5 .
		Note: Reinstated as FSA-2154.	
RD 1924-10	FSA-2153	Release by Claimants	

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 1924-11		Statement of Labor Performed	12-31-07
FmHA 1924-12		Inspection Report	12-31-07
FmHA 1924-13		Estimate and Certificate of Actual Cost	12-31-07
FmHA 1924-16		Record of Pre-Construction Conference	12-31-07
FmHA 1924-18		Partial Payment Estimate	12-31-07
FmHA 1924-19		Builder's Warranty	12-31-07
FmHA 1924-21		Notice of Expiration of First Year of Warranty	12-31-07
FSA 1924-22	FSA-2376	Borrower Training Course Evaluation	
FSA 1924-23	FSA-2371	Agreement to Complete Training	
FSA 1924-24	FSA-2375	Agreement to Conduct Production and Financial	
		Management Training for FmHA Borrowers	
FmHA 1924-25		Plan Certification	12-31-07
FmHA 1924-26		Cost Certification Worksheet	12-31-07
FSA 1924-27	FSA-2370	Request for Waiver of Borrower Training	
		Requirements	
FSA 1927-1D	FSA-2029-D	Real Estate Mortgage or Deed of Trust	
FSA 1927-1M	FSA-2029-M		
FmHA 1927-2		Transmittal of Form FmHA 1927-19/1927-20	12-11-96
RD 1927-4	FSA-2343	Transmittal of Title Information	
RD 1927-5	FSA-2351	Certification of Improvement of Property	
RD 1927-8	FSA-2319	Agreement With Prior Lienholder	
RD 1927-9	FSA-2344	Preliminary Title Opinion	
RD 1927-10	FSA-2352	Final Title Opinion	
FmHA 1927-11	FSA-2569	Warranty Deed (Generic Version)	
(State)			
FmHA 1927-12		Warranty Deed (Generic Version)	12-31-07
(State)			
RD 1927-15	FSA-2350	Loan Closing Instruction	
FmHA 1927-16		Notification of Loan Closing	7-8-98
RD 1927-19	FSA-2341	Certification of Attorney	
RD 1927-20	FSA-2342	Certification of Title Insurance Company	

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 1940-1		Request for Obligation of Funds	6-21-05
FSA-1940-1	FSA-2313	Notification of Loan Approval	
	FSA-2025	Notification of Approval, Terms and	
		Conditions and Borrower Responsibilities	
FSA-1940-3	FSA-2231	Request for Obligation of Funds Guaranteed	
		Loans	
RD 1940-10	FSA-2072	Cancellation of U.S. Treasury Check and/or	
		Obligation	
FSA 1940-17	FSA-2026	Promissory Note	
FmHA 1940-18		Promissory Note for Softwood Timber Loans	12-31-07
RD 1940-20	(*)	Request for Environmental Information	*8-3-16*
RD 1940-21	(*)	Environmental assessment for Class I Action	* 8-3-16 *
RD 1940-22	(*)	Environmental Checklist for Categorical	* 8-3-16 *
		Exclusions	
FSA 1940-38	FSA-2310	Request for Lender's Verification of Loan	
		Application	
FmHA 1940-39		Declaration of Registrant	7-31-96
FSA-1940-40		Quarterly Declaration of Registrant	7-31-96
FmHA 1940-41		Truth in Lending Disclosure Statement	12-31-07
FmHA 1940-51		Crop-Share-Cash Farm Lease	12-31-07
FmHA 1940-53		Cash Farm Lease	12-31-07
FmHA 1940-55		Livestock-Share-Farm Lease	12-31-07
FmHA 1940-56		Annual Supplement to Farm Lease	12-31-07
RD 1940-59		Settlement Statement	12-31-07
FmHA 1941-1		Criteria for Continuing Assistance to 12-31-0	
		Delinquent Borrowers	
FmHA 1942-9		Loan Resolution Security Agreement	7-26-04
RD 1942-14		Association Project Fund Analysis	3-19-03
RD 1942-46		Letter of Intent to Meet Conditions	7-26-04
FmHA 1943-2		Small Farmer Outreach Training and	7-26-04
		Technical Assistance Program (Evaluation)	
RD 1944-3		Budget And/Or Financial Statement	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 1945-15		Value Determination Worksheet (EM Loans Only)	9-25-02
FSA 1945-22	FSA-2309	Certification of Disaster Losses	
FSA 1945-26	FSA-2311	Calculation of Actual Losses	
FmHA 1945-27		Report of Natural Disaster	12-31-07
FmHA 1945-29		ASCS Verification of Farm Acreage's, Production and Benefits	2-14-02
FmHA 1950-8		Double Post Card	7-8-98
RD 1951-6	FSA-2562	Borrower Account Description Flag	
FmHA 1951-7	FSA-2429	Request For Change In Application	
RD 1951-9	FSA-2065	Annual Statement of Loan Account	
FmHA 1951-12		Correction of Loan Account	12-31-07
FmHA 1951-13		Change in Interest Rate	12-31-07
FmHA 1951-14		Debt Set-Aside	7-8-98
FmHA 1951-14A		Full Debt Set-Aside Installment Information	7-8-98
RD 1951-15		Community Programs Assumption Agreement	7-26-04
FmHA 1951-16		Detail Report of Administrative Offsets	5-04
RD 1951-17		Consolidated Report of Administrative Offset	7-26-04
FmHA 1951-24		Result of Borrower Graduation Review	7-26-04
FmHA 1951-33		Reamortization Request	7-26-04
FmHA 1951-34		Direct Payment Plan Change	7-8-98
FSA 1951-39	FSA-2535	Conservation Contract	
FmHA 1951-39A		Grant of Easement	3-14-97
FmHA 1951-43		Adjustment of Accounts Referred for IRS Offset	9-14-01
FmHA 1951-44		Annual Review of District/County Collection /activities Concentration Banking System	10-28-03
FmHA 1951-46		Concentration Banking Uncollectible Item	10-28-03
FmHA 1951-47	FSA-2597	Farmer Programs-Noncash Credit for Purchase of Easement Rights	
FmHA 1951-48		Concentration Banking Daily Activity Report	10-28-03
FmHA 1951-49		Register Of Collections	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 1951-54		Multiple Family Housing Annual Statement of	12-31-07
		Loan Account	
FmHA 1951-57		Request for loan summary statement	12-31-07
FmHA 1951-58		Basis for Loan Account Payment Application for Farmer Programs Loans	12-31-07
FmHA 1951-60		Field Office Remittance Reconciliation Report	12-31-07
RD 1951-61	FSA-2445	Control of Problem Case Correspondence	
RD 1951-62	FSA-2446	Explanation of Problem Case	
FmHA 1951-63		Delinquency Audit Worksheet	12-31-07
RD 1955-1	FSA-2570	Offer to Convey Security	
RD 1955-2,	FSA-2550	Report of Problem Case (Request for	
FmHA 455-1,		Foreclosure/Legal Action)	
FmHA 455-22			
FmHA 1955-3	FSA-2587	Advice of Property Acquired	
FmHA 1955-	FSA-2588	Acquired Property-Maintenance	
3A			
FmHA 1955-20	FSA-2591	Lease of Real Property	
FmHA 1955-40		Notice of Real Property For Sale	12-31-07
RD 1955-41	5-FLP,	Notice of Sale	
	Exhibit 70		
FmHA 1955-42		Open Real Property Master Listing Agreement	12-31-07
FmHA 1955-45	FSA-2593	Standard Sales Contract - Sale of Real Property By The US	
RD 1955-46	FSA-2592	Invitation Bid and Acceptance-Sale of Real Property by the US	

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
RD 1955-47	FSA-2596	Bill of Sale "A" (Sale of Government Property)	
RD 1955-49	FSA-2595	Quitclaim Deed	
FmHA 1955-50	FSA-2594	Advice of Inventory Property Sold	
FmHA 1955-62		Request for Contract Services for	12-31-07
		Custodial/Inventory Property or Program Services	
* RD 1956-1	FSA-2732	Debt Settlement Application (RD-1956-1	
		Application for Settlement of Indebtedness)	
FSA-1956-10	FSA-2733	Review, Certification and Recommendation on	
		Debt Settlement Application	
FSA-1956-20	FSA-2720	Checklist for Currently Not Collectible Debt	
FSA-1956-21	FSA-2721	List of Currently Not Collectible (CNC) Debts	
		Eligible to Be Referred to Treasury for	
		Cross-Servicing	
FSA-1956-22	FSA-2722	Update to TOP and Cross-Servicing Information*	
FmHA 1960-12		Financial and Production Farm Analysis Summary	12-31-07
FSA 1962-1	FSA-2040	Agreement For the Use of Proceeds/Release of	
		Chattel Security	
FSA 1962-3	4-FLP,	List of FmHA Borrowers	
	Exhibit 29		
FSA 1962-9	FSA-2450	Temporary Amendment of Consent to Payment of	
		Proceeds From Sale of Farm Products	
RD 1962-20	FSA-2576	Notice of Judgment	
FSA-1962-21	FSA-2574	Confirmed reorganization plan worksheet and	
and 1962-21A		cancellation of unsecured debt	
RD 1965-8	FSA-2080	Release From Personal Liability	
FmHA 1965-11		Accelerated Repayment Agreement	12-31-07
FSA-1965-13	FSA-2489	Assumption Agreement (Farm Loan Programs)	
RD 1965-14		Proof of Claim of the United States of America	12-31-07
		(Individual)	
FmHA 1965-15		Assumption Agreement	12-23-96

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FSA-1980-01	FSA-2291	Lenders Processing Checklist	
FSA-1980-02	FSA-2292	Guaranteed Loan Processing Checklist	
FSA-1980-03	FSA-2293	Annual File Review Checklist for SEL	
		and CLP Lenders	
FSA-1980-04		Annual File Review Checklist for PLP	12-31-07
		Lenders	
FSA-1980-05	*FSA-2294*	Debt Writedown Review Checklist	
FSA-1980-06	FSA-2295	Guaranteed Estimated Loss Review	
		Checklist for SEL and CLP Lenders	
FmHA 1980-07		Notification of Transfer and Assumption	7-26-04
		of a Guaranteed Loan	
FSA-1980-07	FSA-2296	Guaranteed Loan Final Loss Review	
		Checklist	
FSA 1980-15	FSA-2232	Conditional Commitment	6-8-07
RD 1980-19	FSA-2236	Guaranteed Loan Closing Report	
FSA-1980-22	FSA-2233	Lender Certification	
FSA-1980-24	FSA-2222	Request for Interest Assistance Payment	6-8-07
FSA-1980-25	FSA-2211	Application for Guarantee	
FSA-1980-26	FSA-2261	Report On Collection Activities On	
		Liquidation Accounts	
FSA-1980-27	FSA-2235	Loan Guarantee	
FSA-1980-28	FSA-2212	Preferred Lender Application for	
		Guarantee	

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA-1980-36	FSA-2242	Assignment of Guarantee	Obsolete
FSA-1980-37	FSA-2250	FSA Purchase of a Guaranteed Loan Portion	
FSA-1980-38	FSA-2201	Lenders Agreement	
FmHA 1980-40	1511 2201	Reverse A Report of Liquidation Expense	3-19-99
FSA-1980-41	FSA-2241	Guaranteed Farm Loan Status Report	0 13 33
FSA-1980-42	FSA-2243	Notice of Substitution of Lender	
RD 1980-43	FSA-2251	Lender's Guaranteed Loan Payment To USDA	
FSA 1980-44	FSA-2248	Guaranteed Loan Borrower Default Status	
RD 1980-45	FSA-2262	Notice of Liquidation Responsibility	
FmHA 1980-46		Report of Liquidation Expense	7-26-04
RD 1980-47	FSA-2247	Guaranteed Loan Borrower Adjustments	
FSA-1980-48	FSA-2249	Request for Restructuring Guaranteed Loans	
FSA-1980-49	FSA-2244	Guaranteed Loan Status Adjustment	
FmHA 1980-50		Add, Delete, or Change Guaranteed Loan Borrower Information	4-16-99
FmHA 1980-51		Add, Change or Delete Guaranteed Loan Record	7-26-04
FmHA 1980-52		Report Request	7-26-04
FmHA 1980-56		Guaranteed Loan Borrower Deferment	7-26-04
FmHA 1980-57		Reverse Guaranteed Loan Borrower Deferment	7-26-04
FmHA 1980-58		Interest Rate Buydown Agreement	7-26-04
FmHA 1980-59		Quarterly Delinquent/Problem Loan Report	10-29-97
FSA 1980-64	FSA-2221	Interest Assistance Agreement (Farmer Programs)	6-8-07
FmHA 1980-74		Application for Loan and Guarantee-Agricultural Resources Conservation Demonstration Program	12-31-07
FmHA 1980-75		Conditional Commitment for Guarantee- Agriculture Resource Conservation Demonstration Program	12-31-07
FmHA 1980-76		Lender's Agreement-Agricultural Resources Conservation Demonstration Program	12-31-07
FmHA 1980-77		Loan Note Guarantee-Agricultural Resource Conservation Demonstration Program	12-31-07
FmHA 1980-78		Interest Assistance Agreement -Agricultural Resource Conservation Demonstration Program	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 1980-83		Request for Waiver of Borrower Training	3-19-99
		Requirements for Guaranteed Loan Applications	
FmHA 1980-84		Modification of New Contract Relating to Farm	2-17-99
EGA 1000 04	EG A 2245	Credit Programs Guaranteed loan/line of credit	
FSA-1980-84	FSA-2245	Modification of Loan Guarantee	2 10 00
FmHA 1980-85		Modification of Existing Contract Relating to Farm Credit Program Guaranteed loan/line of credit	3-19-99
FSA-1980-86	FSA-2246	Notification of Transfer and Assumption of a	
		Guaranteed Loan	
FSA-1980-88	FSA-2252	Farm Loan Programs Guaranteed Writedown	
		Worksheet	
FSA-1980-89	FSA-2253	Shared Appreciation Agreement for Guaranteed Loans	
RD 1992-6	FSA-2585	Acquisition or Abandonment of Secured Property	
FSA-2006-3		Instruction and Form Justification	12-31-07
FmHA 2006-8		Procedure Notice Material	12-31-07
FSA 2006-9		Notice of Visit or Meeting	12-31-07
FmHA 2006-10		State Annual Planning Calendar	2-2-00
RD 2006-10		State Annual Planning Calendar	12-22-99
FmHA 2006-11		County Office Operating Report	12-31-07
FmHA 2006-12		County Office Operating Report Tally Sheet	12-31/07
RD 2006-15	(*)	Request for Automation	
FmHA 2006-16		Report of PRA Office Review	4-30-96
FmHA 2006-20		Classification of Farmer Program Borrower	4-12-00
		Account	
FSA-2006-20		Classification of Farmer Program Borrower Account	12-31-07
FmHA 2006-21	(*)	Information Systems Management (ISM) Request	
		for Changes to User Documentation	
FmHA 2006-23		State Evaluation Review Guide for District Office	4-30-96
FmHA 2006-24		State Evaluation Review Guide for County Offices	4-30-96
RD 2006-25		Production Problem Report	12-31-07

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
RD 2006-38		Civil Rights Impact Analysis Certification	7-8-98
RD 2021-6	FSA-2125	Farm Loan Programs - County Information File Changes	
FmHA 2027-3		Request and Justification for Reproduction Equipment	12-11-96
RD 2030-6		Record of telephone call or office visit	12-31-07
RD 2033-3		Correspondence Charge and Routing Slip	7-8-98
FmHA 2033-5		Request for Future Delivery of File(s) and/or Establishing a Follow-up	2-17-99
FmHA 2033-6		File Cover Sheet-Restricted (For Official Use only	4-9-97
RD 2036-1		Travel Record	9-27-00
FmHA 2039-1		Request for Authorization to Incur Transfer Expense	5-8-96
FmHA 2039-4		Service Agreement	5-8-96
FmHA 2051-1		Application for Change in Tour of Duty	12-31-07
FmHA 2051-5		Record of FLSA Travel Time	7-8-98
FmHA 2054-1		Letter to Nominees	7-8-98
FmHA 2054-2		Letter to Elected County Committee Member	7-8-98
FmHA 2054-3		County Committee Membership Record	7-8-98
FmHA 2054-4		Separation Notice to County/Area Committee Members	7-8-98
FmHA 2054-5		Nominating Petition	7-8-98
FmHA 2054-6		Mileage Certification for County Committee Member	7-8-98
FmHA 2054-7		Record of County/Area Committee Meeting	7-8-98

Old Form	New Form		Date Made
Number	Number	Title	Obsolete
FmHA 2057-9		Executive-Management-Supervisory (E-M-S)	7-8-98
		Individual Development Plan	
RD 2057-10		Executive-Management-Supervisory (E-M-S)	7-8-98
		Individual Development Planning Report	
RD 2057-11		Individual Development Plan ADP	7-8-98
		Coordinator/ADPC Assistant	
FmHA 2057-13		Individual Development Plan	7-8-98
* * *	* * *	* * *	
FSA-2037	(*)	Farm Business Plan Worksheet, Balance Sheet	
FSA-2038	(*)	Farm Business Plan, Projected Income and	
		Expenses	
FSA-2039	(*)	Farm Business Plan Worksheet - Summary of	
		Year's Business	
FSA-2101	(*)	DD FLP Oversight Report Guide	
FSA-2102		Report and Summary Schedule for DD FLP	12-31-07
		Oversight Reviews	
FSA-2103	(*)	Direct loan making file review questionnaire	
FSA-2104	(*)	Guaranteed loan making file review questionnaire	
FSA-2105		Routine Direct loan servicing of current borrowers	3-3-06
		file review questionnaire	
FSA-2106		Guaranteed loan servicing file review questionnaire	3-6-06
FSA-2107		Collection and resolution of direct FLP debts file	3-6-06
		review questionnaire	
FSA-2108		Guaranteed loan loss claims file review	3-6-06
		questionnaire	
FSA-2109		Farm inventory property file review questionnaire	6-8-04

B Forms (Continued)

Old Form	New Form	TOTAL	Date Made
Number	Number	Title	Obsolete
FSA-2110		State Office FLP Management File Review	3-6-06
		Questionnaire	
FSA-2111		State Office Civil Rights FLP File Review	3-6-06
		Questionnaire	
FSA-2112		Service Center FLP Management Review	3-6-06
		Questionnaire Direct Loans	
FSA-2113		Service Center FLP Management Review	3-6-06
		Questionnaire Guaranteed Loans	
FSA-2114		Service Center FLP Civil Rights File Review	3-6-06
		Questionnaire	
FSA-2115		Service Center FLP Civil Rights File Review	6-6-06
		Worksheet	
FSA-2116		Financial Data Input Form for Direct Loans	12-6-04
FSA-2117		Financial Data Input Form for Guaranteed Loans	12-6-04
FSA-2118		Lo-Doc Direct Loanmaking File Review	3-24-04
		Questionnaire	
FSA-2119	(*)	Delinquent Borrower Servicing File Review	
		Questionnaire	
FSA-2120		Disaster Set-Aside (1951-T) File Review	1-9-04
		Questionnaire	
FSA-2121		Guaranteed Loan Restructuring File Review	3-6-06
		Questionnaire	
FSA-2122		Seriously Delinquent Borrower Servicing File	3-6-06
		Review Questionnaire	
	FSA-2123	Farm Loan Programs Testing Certification	*3-10-17*
	FSA-2126	Program Loan Cost Expense (PLCE) Request	
	FSA-2129	Microloan Making File Review Questionnaire	
FSA-2130		Farm Loan Programs Training Report	3-24-04
FSA-2131		Registration for Farm Loan Programs (FLP)	3-24-04
		Orientation and/or CFAT	

B Forms (Continued)

Old Form Number	New Form Number	Title	Date Made Obsolete
FSA-2300		Notice of Farm Loan Programs Application Received	Obsolete
FSA-2301	(*)	Youth Loan Application	
	FSA-2425	Request to Cancel Undisbursed Loan Funds	
FSA-2620	(*)	Indian Tribal Land Acquisition Program Loan Application	
FSA-2621	(*)	Indian Tribal Land Acquisition Program Tribal	
	()	Council Resolution and Certification	
FSA-2622	(*)	Indian Land Acquisition Program Assignment of	
		Tribal Income and Funds	
FSA-2623	(*)	Indian Tribal Land Acquisition Program	
		Subordination Agreement	
FSA-2648	(*)	Civil Rights Compliance Review	
FSA-2651	(*)	Request for Special Apple Loan Program Assistance	
FSA-2652	(*)	Special Apple Program Promissory Note and Security Agreement	
FSA-2661	(*)	Request for Emergency Loan for Seed Producers Program Assistance	
FSA-2662	(*)	Emergency Loans for Speed Producers Promissory Note and Security	
FSA-2663	(*)	Subordination Agreement in Favor of the Government Emergency Loans for Seed Producers	
FSA-2664	(*)	Emergency Loans for Seed Producers Program Notice of Claim Assignment	
FSA-2670	(*)	Horse Breeder Loan Program Promissory Note	
FSA-2680	(*)	Letter of Interest	
FSA-2681	(*)	Loan Payment Guarantee Agreement and Contract	
		Modification	
FSA-2683		Request for Land Contract Guarantee Assistance	

C Form and Guide Letters

The following lists all FmHA, FSA, and RD form or guide letters used for FLP delivery.

Notes: Forms and guide letters that will be used after December 31, 2007, have been converted to either a form or exhibit to the appropriate handbook.

The "Old Number" column provides the prefix and number of the form or guide letter used before December 31, 2007.

The "New Number" column provides the form or handbook and exhibit number.

The "Title" column provides the title of the document.

An asterisk (*) in the "New Number" column indicates the form or guide letter will remain under the current number.

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA FL 1902-06		Letter to Financial institution	12-31-07
FmHA FL 1902-A-2	FSA-2144	Designated Financial Institution's Collateral Pledge	
FmHA FL 1940-G-1		Notification of Exhibit M Requirements	* 11-4-16*
FmHA FL 1941-A-1		Advice to Borrower of Financial Condition	3-24-97
FmHA FL 1941-A-2		Conditional Commitment to Provide Special	3-24-97
		Operating Loan Assistance to Beginning Farmer or Ranchers	

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA FL 1951-5		Refund Request of Offset	*6-3-15*
FmHA FL 1951-6		Certification of Indebtedness of Debtors to	*4-10-14*
		Non-USDA Agencies	
FmHA FL 1951-7		Notification of Salary Offset From Non-	*4-10-14*
		USDA Credit Agency	
FmHA FL 1951-8		Request From Employee for Different	10-8-03
		Repayment Schedule	
RD FL 1951-8		Employee's Notice to the Agency Requesting	*6-3-15*
		a Different Repayment Schedule	
FmHA FL 1951-C-1		Administrative Offset Notice	10-20-00
* RD FL 1951-C-1	FSA-2701	Notice of Intent to Collect by Administrative	
		Offset	
RD FL 1951-C-2	FSA-2703	Notice of Debtor That Administrative Offset	
		Has Been Exercised and Intent to Collect by	
		Administrative Offset	
FmHA FL 1951-C-3		Administrative Offset Referral Letter	4-10-14
RD FL 1951-C-4	FSA-2710	Notification of Salary Offset (RD Guide	
		Letter 1951-C-4)	
RD FL 1951-C-8	FSA-2711		
		Federal Employee Salary Offset (RD Form	
		Letter 1951-8)	
FmHA FL 1951-C-9		Borrowers Notification of IRS Offset Review	6-3-15 *
FmHA FL 1951-F-3		Letter Providing Borrower Prospectus	12-31-07
		Information	
FmHA FL 1951-F-9		Letter to request permission to provide	3-14-97
		prospectus to other lenders	

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA FL 1951-J-3		Notice to Non-program applicants of adverse	12-31-07
		decision and their review rights	
FSA FL 1951-S-2		Shared Appreciation Agreement opportunity to	12-31-07
		Suspend payment	
FmHA FL 1951-T-1	5-FLP,	Notification of the Availability of the Disaster	
	Exhibit 10	Set-Aside Program	
FSA FL 1951-T-2		Notice of opportunity for a second installment	PN 113
		set-aside due to declared disaster or low	
		commodity prices	
FmHA FL 1955-C-1		Letter to Advise Beginning Farmer or Rancher	12-31-07
		Applicants/Borrowers in the Special Operating	
		Loan Assistance Loan Program of the	
		Availability of Equipment in FmHA Inventory	
FmHA FL 1992-1		Report of Total Cash Payments in Excess of	11-13-96
T. III. T. 1002.2		\$10,000	
FmHA FL 1992-2	5-FLP,	Notification of Transmittal to the Internal	
DD 57 4000 5 4	Exhibit 66	Revenue Service (IRS)	12.21.05
RD FL 1992-E-1		Report of Total Cash Payments in Excess of	12-31-07
GT 1000 D 1		\$10,000	
FmHA GL 1900-B-1		Notification of Further Appeal Rights	7-8-98
FmHA GL 1900-D-1		Notice of Relationship or Association with a	7-8-98
		Recipient of FmHA Assistance	
FmHA GL 1900-D-2		Request to Review FmHA Assistance to an	12-1-06
		Employee, Relative or Associate	
FmHA GL 1900-D-3		Requirements for FmHA Assistance to an	12-1-06
		Employee, Relative or Associate	40 40 5
FmHA GL 1900-D-4		Certification for FmHA Assistance to an	12-1-06
		Employee, Relative or Associate	

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA GL 1910-A-1	FSA-2304	Notice of Incomplete Application	
FmHA GL 1910-A-2	FSA-2305	Second Notice of Incomplete Application	
FmHA GL 1910-A-3	FSA-2307	Notification of Complete Application	
FmHA GL 1924-B-1		County Supervisor Notification to Applicants and Borrowers About Limited Resource Loans	7-8-98
FmHA GL 1927-B-1		Request for Title Opinion and Legal Services	12-31-07
FmHA GL 1943-A-1	3-FLP, Exhibit 16	Memorandum of Understanding Between FSA and [Enter Name of State Beginning Farmer Program]	
FmHA GL 1951-1		Notification to Borrower of Eligibility of Loan Graduation Review	12-31-07
FmHA GL 1951-2		Final Notice to Borrower to Provide Current	12-31-07
FmHA GL 1951-3	4-FLP, Exhibit 24	Borrower Prospectus	
FmHA GL 1951-5		To Notify a Borrower to Refinance the FmHA Indebtedness	7-9-96
FmHA GL 1951-6		Notification of Consequences Should Borrower Fail to Respond or Refinance the FmHA Indebtedness	12-31-07
FmHA GL 1951-7		To Notify a Borrower That FmHA will Continue With Loan(s)	12-31-07
FmHA GL 1951-C-4		Notice of Intent to Employee About Salary Offset	5-28-03
RD GL 1951-C-4	(*)	Notice of Intent to Employee About Salary Offset	

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA GL 1951-F-5	4-FLP,	Notice to Borrower to Refinance FSA	
	Exhibit 25	Indebtedness	
FmHA GL 1951-F-8		Letter Reminding Borrowers of Graduation	9-28-00
		Requirement and OL and FO Time Restrictions	
FSA GL 1951-F-8	4-FLP,	Notice of Time Restrictions on Eligibility for	
	Exhibit 21	OL and FO Programs and the Graduation to	
		Commercial Credit Requirement	
FSA GL 1951-F-9	4-FLP,	Request for Graduation Information	
	Exhibit 23		
FmHA GL 1951-J-1	5-FLP,	Notice of Acceleration of Your Debt (Non-	
	Exhibit 40		
		and Demand for Payment of That Debt	
FmHA GL 1951-J-2	5-FLP,	Notice of Acceleration of Your Farm Service	
	Exhibit 41	Agency (FSA) Account (Non-Program)	
FmHA GL 1951-J-3	4-FLP,	Denial of Non-Program Assistance	
	Exhibit 51		
FSA GL 1951-S-1		Reminder to Borrowers of Shared Appreciation	12-31-07
		Obligation	
FSA GL 1951-S-2	5-FLP,	Shared Appreciation Reminder	
	Exhibit 25		

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA GL 1962-A-1	4-FLP,	Initial Notification of 3 rd -Party Purchaser	
	Exhibit 32		
FmHA GL 1962-A-2		County Supervisor Notification to Purchaser	12-31-07
		of FmHA Security Property of Possible	
FmHA GL 1962-A-3		Notification to Receivers of FmHA 1962-A-2	12-31-07
		that No Action Will be Taken Against Them	
FmHA GL 1962-A-4	4-FLP,	SED Notification of 3 rd -Party Purchaser	
	Exhibit 33		
FmHA GL 1962-A-5	4-FLP,	Notification of Unauthorized Use of Proceeds	
	Exhibit 31		
FmHA GL 1980-B-1		First Notification of Incomplete Farmer	12-31-07
		Programs Guaranteed Application	
FmHA GL 1980-B-2		Second Notification of Incomplete Farmer	12-31-07
		Programs Application	
FmHA GL 1980-B-3		Certification of Complete Application	12-31-07
FmHA GL 1980-B-4		Letter to Lenders for Collection Activity on	12-31-07
		Liquidated Accounts	
FmHA GL 2006-K-1		Request for New or Modification to the AD	12-31-07
		HOC Reporting System	

D Exhibits

The following lists all exhibits to FmHA or RD Instructions used for FLP delivery.

Notes: Exhibits to FmHA or RD Instructions that will be used after December 31, 2007, have been converted to either a form or Exhibit to the appropriate handbook.

The "Old Number" column provides the FmHA or RD Instruction number and Exhibit.

The "New Number" column provides the new number to be used after December 31, 2007.

The "Title" column provides the title of the document.

	New		Date Made
Old Number	Number	Title	Obsolete
426.1, Exhibit A		Escrow Agreement, Real Property Insurance (to	12-31-07
		collect proceeds from insurance and redistribute	
		to selected payees)	
442.11, Exhibit B		Tribal Council Resolution	1-28-02
442.11, Exhibit C		Assignment of Tribal Income and Funds	1-28-02
442.11, Exhibit D		Subordination Agreement	1-28-02
442.11, Exhibit E		Project Summary (Loans to Indian Tribes and	1-28-02
		Tribal Corporations)	
1901-E, Exhibit A		Memo RE Civil Rights Compliance Reviews	12-31-07
		completed	
1901-E, Exhibit B		Memo RE: Summary Report of Civil Rights	12-31-07
		Compliance Reviews	
1901-E, Exhibit C		Memo RE: FmHA Financed Contracts	12-31-07
1902-A, Exhibit B	FSA-2141	Interest-Bearing Deposit Agreement	

	New		Date Made
Old Number	Number	Title	Obsolete
1910-A, Exhibit A	3-FLP,	Information Needed to Submit An FSA Direct	
	Exhibit 5	Loan Application	
1910-A, Exhibit B		Letter to Notify Socially Disadvantaged	12-31-07
		Applicants/Borrowers Regarding the Availability	
		of Direct Farm Ownership (FO) Loans	
1910-A, Exhibit C		Letter to Notify Applicant(s)/Borrower(s) of	12-31-07
		Their Responsibilities in Connection with FmHA	
		Farmer Program Loans	
1910-C, Exhibit A		Request for Commercial Credit Report	12-31-07
1922-A, Exhibit D		Farmers Home Administration Appraisal	4-12-00
		Certification Program , Semi-Annual Report	
1924-B, Exhibit A		Letter to Borrower Regarding Releases of Farm	12-31-07
		Income to Pay Family Living and Farm	
		Operating Expenses	
1951-A, Exhibit B	4-FLP,	Notice of Change in Interest Rate	
	Exhibit 20		
1951-D, Exhibit A	4-FLP,	Notification of Payoff Amount	
	Exhibit 26		
1951-F, Exhibit A	4-FLP,	Lender Agricultural Loan Underwriting	
	Exhibit 22	Standards	
1951-L, Exhibit A	5-FLP,	Initial Letter to Borrowers Who Received	
	Exhibit 30	Unauthorized Assistance	
1951-L, Exhibit B	5-FLP,	Letter to Borrowers Who Received Unauthorized	
	Exhibit 31	Assistance - Final Determination	

	New		Date Made
Old Number	Number	Title	Obsolete
1951-S, Exhibit	FSA-2510	Notice Of Availability Of Loan Servicing to	
A, Attachment 1		Borrowers Who Are 90 Days Past Due	
1951-S, Exhibit	FSA-2512	Notice of Availability of Loan Servicing to	
A, Attachment 1		Borrowers Who are Current, Financially Distressed,	
		or Less Than 90 Days Past Due	
1951-S, Exhibit	FSA-2511	Borrower Response to Notice of the Availability of	
A, Attachment 2		Loan Servicing - For Borrowers Who Received	
		FSA-2510	
1951-S, Exhibit	FSA-2513	Borrower Response to Notice of the Availability of	
A, Attachment 2		Loan Servicing - For Borrowers Who Received	
		FSA-2512	
1951-S, Exhibit	FSA-2514	Notice of the availability of loan servicing to	
A, Attachment 3		Borrowers Who Are in Non-Monetary Default	
1951-S, Exhibit	FSA-2515	Borrower Response to Notice of the Availability of	
A, Attachment 4		Loan Servicing - For Borrowers Who Received	
		FSA-2514	
1951-S, Exhibit	FSA-2521	Denial of Primary Loan Servicing and Intent to	
A, Attachment 5		Accelerate for Borrowers Who Received FSA-2510	
and 5A		or FSA-2514 and Applied for Servicing	
	FSA-2523	Denial of Primary Loan Servicing for Borrowers	
		Who Received FSA-2512 and Applied for	
		Servicing	
1951-S, Exhibit	FSA-2522	Borrower Response To Denial Of Primary Loan	
A, Attachment 6		Servicing And Intent To Accelerate For Borrowers	
and 6A		Who Received FSA-2510 Or FSA-2514 And	
		Applied For Servicing	
	FSA-2524	Borrower Response To Denial Of Primary Loan	
		Servicing For Borrowers Who Received FSA-2512	
		And Applied For Servicing	

	New		Date Made
Old Number	Number	Title	Obsolete
1951-S, Exhibit A,	FSA-2525	Intent to Accelerate for Borrowers Who	
Attachment 9 and		Received FSA-2510 or FSA-2514 and Did Not	
9A		Apply for Servicing or Did Not Accept	
		Servicing	
1951-S, Exhibit A,	FSA-2526	Borrower Response To And Intent To	
Attachment 10 and		Accelerate For Borrowers Who Received FSA-	
10A		2510 Or FSA-2514 And Did Not Apply For	
		Servicing Or Did Not Accept Servicing	
1951-S, Exhibit B	FSA-2519	Offer Of Primary Loan Servicing For	
		*Borrowers Who Received FSA-2512 And	
		Applied For Servicing*	
1951-S, Exhibit B,	FSA-2520	Acceptance Of Primary Loan Servicing For	
Attachment 1		Borrowers Who Received FSA-2512 And	
		Applied For Servicing	
1951-S, Exhibit C		Net Recovery Buyout Recapture Agreement	12-31-07
		(2 years)	
1951-S, Exhibit C-1		Net Recovery Buyout Recapture Agreement	12-31-07
		(10 years)	
1951-S, Exhibit D	FSA-2543	Shared Appreciation Agreement	
1951-S, Exhibit D-1	5-FLP,	Calculation of Shared Appreciation Recapture	
	Exhibit 26		
1951-S, Exhibit D-2		Addendum to Agreement to Suspend Payment	12-31-07
		of Shared Appreciation	

	New		Date Made
Old Number	Number	Title	Obsolete
1951-S, Exhibit E		Notification of Adverse Decision for Primary	12-31-07
		Loan Servicing, Mediation or Meeting of	
		Creditors and Other Options	
1951-S, Exhibit E,		Borrower's Request for Meeting of Creditors	12-31-07
Attachment 1		and Acknowledgement	
1951-S, Exhibit E,		Borrower's Request for Meeting of Creditors or	12-31-07
Attachment 2		to Negotiate the FSA Appraisal	
1951-S, Exhibit F	FSA-2517	, e	
		Who Received FSA-2510 or FSA-2514 and	
		Applied for Servicing	
1951-S, Exhibit F,	FSA-2518	Acceptance of Primary Loan Servicing for	
Attachment 2		Borrowers Who Received FSA-2510 or	
		FSA-2514 and Applied for Servicing	
1951-S, Exhibit F,	FSA-2529	Negotiated Appraisal Agreement	
Attachment 3			
1951-S, Exhibit G,		Notice of Availability of Option to Reamortize	12-31-07
Attachment 1		Certain Loans Secured by Future Revenue	
		Produced by Planting Softwood Timber	
1951-S, Exhibit K	FSA-2537	Notification of Consideration for Homestead	
		Protection	
1951-S, Exhibit K,	FSA-2538	Response to Notification of Consideration for	
Attachment 1		Homestead Protection for Borrowers Who	
		Received FSA-2537	
1951-S, Exhibit L		Homestead Protection Program Agreement	
1951-S, Exhibit M	FSA-2540	Notice of the Availability of Homestead	
		Protection - Post Acquisition	
1951-S, Exhibit P	FSA-2547	Shared Appreciation Agreement Recapture	
		Reamortization	
1951-S, Exhibit P,	FSA-2548	Shared Appreciation Agreement Recapture	
Attachment 1		Reamortization 2 nd Notice	

	New		Date Made
Old Number	Number	Title	Obsolete
1951-T, Exhibit A	FSA-2501	Addendum to the Promissory Note or	
		Assumption Agreement for the Disaster	
		Set-Aside Program	
1955-A, Exhibit D	5-FLP,	Notice of Acceleration of FLP Accounts	
	Exhibit 49	Secured by Real Estate and/or Chattels in	
		Cases Not Involving Bankruptcy	
1955-A, Exhibit E	5-FLP,	Notice of Intent to Foreclose on Your Property	
	Exhibit 50	Serving as Security for the United States of	
		America and Acceleration of Your Loan	
		Accounts	
1955-A, Exhibit E-1	5-FLP,	Notice of Acceleration of Your Debt to the	
	Exhibit 51	J 3	
		Bankruptcy Plan and Demand for Payment of	
1055 A E 1717 E	7 FI D	That Debt	
1955-A, Exhibit F	5-FLP,	Notice Advising of Potential for Referral to	
	Exhibit 44	, ,	
1055 A E 1114 C	f ELD	Availability of Debt Settlement	
1955-A, Exhibit G	5-FLP,	Worksheet for Accepting a Voluntary	
	Exhibit 37	1 7 1 7	
1055 A E 1114 C 1	f ELD	Inventory	
1955-A, Exhibit G-1	5-FLP,	Worksheet for Determining FLP Maximum	
1055 D. E1.1.14 D.	Exhibit 60	1 7	
1955-B, Exhibit B	5-FLP,	Notification of Tribe of Availability of Farm	
1055 C E 1'1' A	Exhibit 71	1 5	
1955-C, Exhibit A	5-FLP,	Notice of Special Flood, Mudslide, or	
1055 C E-1:1:4 E	Exhibit 78	1	12 21 07
1955-C, Exhibit E		Notice that inventory property bid has been	12-31-07
1055 C Eulibia	5 ELD	accepted/not accepted for specific reason	
1955-C, Exhibit I	5-FLP,	Conservation Easement for Wetlands	
	Exhibit 74		

	New		Date Made
Old Number	Number	Title	Obsolete
1962-A, Exhibit D	5-FLP,	Notice to Borrower's Attorney Regarding	
	Exhibit 34	Loan Servicing Options	
1962-A, Exhibit D-1		Notice to Borrower Regarding Loan Service	12-31-07
		Options (B/no longer under the jurisdiction of	
		Bankruptcy)	
1965-A, Exhibit B		Notification of Other Lienholders Intent to	12-31-07
		Foreclose	
1965-A, Exhibit D		Equity Recapture Agreement (RH loan when	12-31-07
		liquidating the FP loans)	
1980-B, Exhibit A,		FmHA Approved Lender Program Lender's	2-17-99
Attachment 1		Agreement for OL, FO, SW	
1980-B, Exhibit A,		FmHA Approved Lender Program Lender's	2-17-99
Attachment 2		Agreement for OL Line of Credit Guarantee	
1980-B, Exhibit A,		Request for Loan Note Guarantee under ALP	2-17-99
Attachment 3		Agreement Applicable to Loan Note	
		Guarantee Cases	
1980-B, Exhibit D,		Request for Interest Assistance	2-17-99
Attachment 1			
1980-B, Exhibit D,		Interest Assistance Worksheet/Needs Test	2-17-99
Attachment 2			
1980-B, Exhibit D,		Interest Assistance Information Letter	2-17-99
Attachment 3			

E Items and Publications

The following lists all FmHA and FSA items or publications used for FLP delivery.

Notes: The "Old Number" column provides the prefix and number of the item or publication before December 2007. If the item will be used after December 31, 2007, the new number and title are listed in the second and third column, respectively.

Items that will continue to be used after December 31, 2007, may be obtained from MSD Warehouse. To request items or publications, complete FSA-159, available at http://intranet.fsa.usda.gov/dam/ffasforms/forms.html, and submit by 1 of the following methods:

- FAX to 816-823-4740 or 816-823-4741
- e-mail to ra.mokansasc2.kcasbwhse
- mail to:

USDA/FSA/Kansas City Warehouse *--2312 East Bannister Road Kansas City MO 64131-3011.--*

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA Item 219		Instruction for form FmHA 431-2	12-9-03
FmHA Item 221	FSA-2008	Recorded security instrument envelope, 9x12" with 11/2 "expansion Notes: When completing FSA-159 to order FSA-2008 from MSD Warehouse in item 12 include: • FSA-2008-N for not expandable	
		• FSA-2008-IN for not expandable • FSA-2008-E for expandable. A large supply of not expandable FSA-2008 is currently available. When possible, order the not expandable version of FSA-2008.	
FmHA Item 246		Farm assessment and supervision reference (Includes quick reference laminated card on field visits and farm planning and analysis and farm assessment market placement, and graduation videoconference training event questionnaire.)	12-9-03
FmHA Item 246-A		Quick reference (Guide to Item No. 246.)	12-9-03

E Items and Publications (Continued)

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA Item 256		National Office/Finance Office Focus users	12-9-03
		manual (Training guide)	
FmHA Item 256A		Replacement pages - NO/FO focus users manual	12-9-03
FmHA Item 256B		Cover and spine - NO/FO focus users manual	12-9-03
FmHA Item 256C		Tabs for NO/FO focus users manual	12-9-03
FmHA Item 257	(*)	USDA focus ad hoc reporting system manual -	
<u>1</u> /		Field Office users manual	
FmHA Item 258		Learning to use SQL (*)CALC spreadsheet	12-9-03
		(Training manual)	
FmHA Item 261		Guaranteed lending resource handbook (Cover	12-9-03
		insert and spine)	
FmHA Item 262		Guaranteed lending resource handbook	12-9-03
FmHA Item 263		Guaranteed lending resource handbook (Tabs)	12-9-03
FmHA Item 277		Farm and home plan job aids, cover insert,	12-9-03
and 277A and B		spine and tabs	
FmHA Item 278		FmHA Executive information system (EIS)	12-9-03
		users guide – System	
FmHA Item 278A		FmHA Executive information system (EIS)	12-9-03
		users guide - farmer programs	
FmHA Item 406		Farmer programs application package	12-9-03

^{1/} FmHA Item 257 will continue to be used after December 31, 2007. However, it is not being renumbered.

E Items and Publications (Continued)

	New		Date Made
Old Number	Number	Title	Obsolete
FmHA Item 434		Farm and home plan data transfer users manual,	12-9-03
		cover insert, spine and tabs	
FmHA Item 434A		Farm and home plan data transfer utility diskette	12-9-03
FmHA Item 434B		Farm and home plan information sheet and	12-9-03
		installation/deinstallation instructions for FHP	
		data transfer utility software, version 1.1	
FmHA Item 436		Contents of loan servicing application package	12-31-07
FmHA Item 437		FmHA AG credit flowcharts - definition: AG87	12-9-03
FmHA Item 438		FmHA AG credit flowcharts - definition: AG90	12-31-07
FmHA Item 440		FmHA AG credit version 3.0 users manual	12-9-03
FmHA Item 441		At least part of the tabs in this packet pertain to	12-9-03
		AG87 and AG90 charts	
FmHA Item 450		Equipment maintenance handbook - IBM (Rural	12-9-03
		Development)	
FmHA Item 487		Environmental site assessment: transaction screen	12-9-03
		questionnaire process (student manual)	
FmHA Item 490		Special assistance for beginning farmers and	12-9-03
		ranchers (fact sheet)	
FmHA Item 512		Blue alpha index cards	12-9-03
FmHA Item 514		Yellow index cards, various headings (indicator 12-	
		cards)	
Publication 622	622	Amortization Tables	

F New Forms

The following lists new forms used for FLP delivery.

Form Number	Title
FSA-2002	Three Year Financial History
FSA-2003	Three Year Production History
FSA-2004	Authorization to Release Information
FSA-2005	Creditor List
FSA-2006	Property Owned or Leased
* * *	* * *
FSA-2128	Appraisal Program Loan Cost Expense (PLCE) Request
FSA-2145	Demand for Withdrawal of Supervised Bank Account Funds
FSA-2155	Vendor Appraisal Registration
FSA-2302	Description of Farm Training and Experience
FSA-2306	Notice of Application Withdrawal/Pending Withdrawal
FSA-2308	Notice of Eligibility for FSA Assistance
FSA-2340	Selection of Attorney/Title Agent and Legal Services
FSA-2516	30 Day Reminder of the Notice of Availability of Loan Servicing
FSA-2523	Denial - No Feasible Plan - Current/Financially Distressed
FSA-2524	Borrower Response to Denial of PLS (Current/Financially Distressed)
FSA-2544	SAA 6 Month Contact Letter
FSA-2545	SA Due - Notification
FSA-2702	Notice of Intent to Collect by Administrative Offset for Non-Borrower Entity
FSA-2704	Notice of Debtor That Administrative Offset Has Been Exercised and Intent
	to Collect by Administrative Offset for Non-Borrower Entity
FSA-2707	Alternative Repayment Agreement for Administrative Offset or TOP
FSA-2716	Notice Advising of Potential Referral to Treasury for Cross-Servicing and the
	Availability of Debt Settlement
FSA-2717	Notice Advising of Potential Referral to Treasury for Cross-Servicing
FSA-2727	Youth Loan (YL) Debt Forgiveness
FSA-2731	Cancellation of Debt Without Application (RD-1956-1)
FSA-2731A	Cancellation of Debt Without Application (Continuation)
FSA-2735	Household Income And Expense Worksheet
FSA-2737	Notice Advising of Decision on Debt Settlement Application

G New Exhibits

The following lists new exhibits used for FLP delivery.

	Handbook and	
Required Under	Exhibit	Title
FmHA GL 1943-A-1	3-FLP, Exhibit 16	Memorandum of Understanding Between FSA
		and [Enter Name of State Beginning Farmer
		Program]
Notice FLP-469, Exhibit 1	4-FLP, Exhibit 52	Borrowers Entering Active Duty
Notice FLP-469, Exhibit 2	4-FLP, Exhibit 53	Borrowers Leaving Active Duty
*Notice FLP-128,	5-FLP, Exhibit 13	Third Party Pledge of Security Notification
Exhibit 1		Letter
Notice FLP-128, Exhibit 1	5-FLP, Exhibit 14	Youth Loan Notification Letter*
FmHA Instruction 1951-J,	5-FLP, Exhibit 38	10-Day Notice of Non-Program Delinquency
Section 1951.457(b)	5-FLP, Exhibit 39	20 Day Ramindar of Non Brogram
FmHA Instruction 1951-J, Section 1951.457(b)	3-FLP, EXIIIDIL 39	30-Day Reminder of Non-Program Delinquency
Notice FLP-467, Exhibit 2	5-FLP, Exhibit 52	Notice of Acceleration for FLP Accounts Held
Notice FLF-407, Exhibit 2	3-FLF, EXIIIDIL 32	by Native American Borrowers and Secured
		by Real Estate Located Within a Recognized
		Reservation and Borrower Rights
Notice FLP-467, Exhibit 3	5-FLP, Exhibit 53	Notification of Options Available to the Tribe
Notice FLP-467, Exhibit 4	5-FLP, Exhibit 54	Information on Native American Borrower
10000121 107, 23111010 1		Rights Under the Consolidated Farm and
		Rural Development Act
Notice FLP-468, Exhibit 1	5-FLP, Exhibit 55	Notification to a Tribe of an American Indian
ŕ	,	Borrower's Request to Have a Loan Assigned
		to the Tribe (With Example Information)
Notice FLP-468, Exhibit 2	5-FLP, Exhibit 56	Notification to an American Indian Borrower
		of Acceptance of an Assignment Request
Notice FLP-468, Exhibit 3	5-FLP, Exhibit 57	Notification to an American Indian Borrower
		of Denial of an Assignment Request
RD Instruction 1955-B,	5-FLP, Exhibit 65	Notification of Personal Property
Section 1955.62(a)		
RD Instruction 1955-B,	5-FLP, Exhibit 71	Notification of Tribe of Availability of Farm
Exhibit B		Property for Purchase
RD Instruction 1955-C,	5-FLP, Exhibit 74	Conservation Easement for Wetlands
Exhibit H		
RD Instruction 1955-C,	5-FLP, Exhibit 75	Conservation Easement for Floodplains
Exhibit I		

Developing and Approving the Farm Operating Plan (Continued)

NY Exhibit 5 establishes commodity prices to be used in cash flow projections for 2018 and long range plans based on current NASS price data at the time the exhibit is issued. Farm Business Plans will reflect prices in this exhibit from the date this exhibit is issued forward until revised. Additional information to weights, measures and conversion data is available on the NY Share Point site under FLP-Direct Loans-Farm Business Plan (FBP) Information. NY Exhibit 5 Amendment 6 dated 1/25/17) is obsolete by issuance of this NY Exhibit 5 (Amendment 7 dated 11/15/2017).

<u>Contract Prices</u> – In lieu of the published prices in this notice, prices **established** under commodity contracts entered into by the borrower/applicant will be used.

<u>New Start Up or Expansion Dairy's</u> – For these types of operations we are requiring that you obtain a copy of the milk companies milk contract/acceptance letter with this producer to show that they have an established milk market for their dairy operation and the number of cows that dairy operation is expanding to.

Milk Prices – For 2018 cash flow projections, prices will be established by using the following method: Calculate the borrower/applicant's 2017 calendar year average price by dividing the total milk income received by the total pounds of milk sold. In cases where the 2018 plan is not feasible the FLO may prepare a typical year plan projecting the milk price based on the average price received over the last 3 years (2015, 2016, & 2017) and use that as a basis for approving either a loan or a servicing application. If the borrower does not have 3 years of history the 2018 projected price (2017 average minus \$1.50) will be used for those years there are no history for. In all cases a 2018 plan must be prepared before a "Typical Year" Plan can be considered.

- Use the borrower/applicant's average 2017 price received minus \$1.50 for the 2018 projection.

(This method allows for the variance in milk prices received throughout the state.)

- For New Start-Up Dairy Operations or those who did not ship milk for a full 12 months in 2017 The milk price to be used in 2018 cash flow projections and long range plans will be \$16.00/cwt.
- Organic Milk Producers Obtain a copy of the borrower/applicant's letter/contract (from the milk company that will be purchasing the milk) that states what their organic milk premiums and incentives will be for the current production period. For those organic producers who have no contract price you will use the 2017 average minus \$2.00.
- **Note**: For transitional organic producers the letter should also state what their premiums and incentives will be during the transition period.

Estimating Farm Program Payments in 2018 –

FLP Loan Officials should check with their respective CED's to determine if there are any current program payments scheduled to be paid to the customer you are working with in 2018.

Commodities for Which No Historical Data is Available -

There are many commodities for which New York State Crop Reporting does not keep records on or the borrower/applicant does not have 3 years of historical record data for. For those commodities offices will consult with your local Cooperative Extension Agent and any other available resources in your servicing area to determine if they have any price data available for the commodity. The established prices will be based on and supported at a minimum by the previous 12 month history of that commodities price. This established price will become the price that will be used by your service center in all FBP's for the current production year planning. This price will be clearly documented in the FBP note pad or footnotes section. The documentation along with all calculations supporting the price established will be filed in the County Office operational file with the current FBP Price Exhibit. Note: SED approval of locally determined prices is no longer required.

** The STO FLP Staff will be provided a copy of these locally established prices and they will be posted on the NY Share Point site.

OR

If no records are available for the commodity established NAP prices found in the County Crop Data Table may be used.

Other Marketing Methods –

If borrowers operate roadside stands or sell products at retail, the prices established in this notice may not be representative of the prices they receive for their commodities. 1-FLP, par. 242(A) and Exhibit 28 of 1-FLP provides guidance to determining projected prices. In these cases their most recent 3 year average for production and pricing may be used and the source will be clearly documented in the note pad or footnotes section of the Farm Business Plan. If using prices higher than the previous year's prices, the borrower/applicant must have records that support that the increased prices for their commodities is a typical practice for their operation.

"For some producers growing non typical crops and/or using non-typical marketing methods, the use of a commodity unit projection and price may not be the most appropriate method to develop a farm operating plan:

Per 1-FLP Para 242 A:

[7 CFR 761.104(c)(1)] Historical information will be used as a guide.

The authorized agency official will review the farm operating plan to ensure that it is reasonable, relative to historical performance and local practices and conditions.

7 CFR 761.104(d)] Unit prices for agricultural commodities established by the Agency will generally be used. Applicants and borrowers that provide evidence that they will receive a premium price for a commodity may use a price above the price established by the Agency.

--FSA-established prices will be used in all farm operating plans developed, unless the-- applicant provides evidence that they will receive a premium price or a price other than that established by the State. Evidence of this may include, but is not limited to, contracts or other written agreements that guarantee the price for the commodity being produced. If the applicant has historically received a premium price because of above average quality or grade of the product produced, the premium will be taken into account when determining the expected price to be received for that product.

--produced in their State, including resources for pricing and marketing strategies for commodities that have not traditionally been commercially produced or marketed in the past. Examples may include organic production, locally or regionally produced agricultural food products, direct marketing to restaurants and grocery stores, CSA, and farmers markets.--

--To report past yields, documentation, such as operator's sales receipts, financial statements, contracts, and tax returns, may be used by applicants whose operations' past yields do not provide pertinent information for the projected plan. Such operations include vegetable operations in which different crops are grown to meet changing market demands, operations that produce crops using measures such as rows or partial row instead of acres, or operations that grow crops that sell in volumes, such as bunches. For such operations, past reliable history of income and expenses or cash receipts may be used to project the field, greenhouse, or operations' production revenue.--

[7 CFR 761.104(e)] For MLs, when projected yields and unit prices cannot be determined as set forth in paragraphs (c) and (d) of this section because the data is not available or practicable, documentation from other reliable sources may be used.

Example: CSA producers:

For producers that market primarily through CSA shares, it may be appropriate to project income based on CSA full and/or partial shares based on their history (if available) and current published prices for the area.

The expectation is that the loan officer will use an appropriate method (with borrower input) and the local resources available to establish an appropriate price (and unit) on which to base the farm operating plan. Assumptions and reference sources need to be documented in FBP (or the case of a large reference, the loan folder) to support the unit and price."

Working with Established Greenhouse/Nursery/Fruit/Vegetable Operations -

If you are working with one of those types of operations that are growing a large variety of different plants and crops, it is no longer necessary for you to list the production and income received for each of those individual varieties into the FBP. As a result of the FLP Efficiency Committee Groups review and discussions on this, it was determined that alternative documentation, such as: operator's income and expenses, sales receipts, financial statements, contracts, and tax returns, may be used. We do not need yield data on operations for which it is not normal practice to collect yield data or which is not easily available through harvest and sales data. The loan official should determine which sources of supportable, documented yield data or income production history will be recorded in the FBP production trends.

For New or Beginning Greenhouse/Nursery/Fruit/Vegetable operations –

Detailed production & price information will be required and the sources of the documentation to support will be maintained in the borrower's case file as well as documented in the FBP.

<u>Alternative FBP Price Options – </u>

If any of the prices established in this exhibit do not accurately reflect the borrower/applicant's situation, the most recent 3 year average may be used. If the 3 year average results are higher than the previous year's price received, loan officials will provide documentation that the 3 year average price being used is reasonable.

Other Notice Requirements/Options -

When entering production and price information into the Farm Business Plan be sure that the form of measurement (bu./lb./cwt./ton/etc.) is consistent from year to year. Projected yields need to be in accordance with 1-FLP, subparagraph 242 A in accordance to 1-AS, sub-paragraph 143 D.

There are resources available on the New York State Share Point Site under FLP/Direct Loans/Farm Business (FBP) Information to assist with weights, measures and conversion factors. The 2018 Prices in this Exhibit are based on the NY Ag Statistics, NASS, USDA WASDE and FSA National Crop Table data available at the time of publishing this Exhibit.

CROPS	UNIT	2017
	J	
CORN FOR GRAIN	\$/BUSHEL	3.93
CORN FOR SILAGE	\$/TON	42.00
WHEAT	\$/BUSHEL	4.90
OATS	\$/BUSHEL	2.70
POTATOES	\$/CWT	12.96
DRY BEANS	\$/CWT	33.37
SOYBEANS	\$/BUSHEL	9.40
ALFALFA HAY(Dry)	\$/TON	180.00
OTHER HAY (Dry) (all hay except alfalfa)	\$/TON	125.00
ALFALFA HAYLAGE	\$/TON	65.00
OTHER HAYLAGE (all hay except alfalfa)	\$/TON	42.00
VEGETABLES FOR PROCESSING		
SNAP BEANS	\$/TON	148.25
SWEET CORN	\$/CWT	28.33
FRESH MARKET VEGETABLES		
CAULIFLOWER	\$/CWT	45.50
SWEET CORN-SUMMER	\$/CWT	28.50
SNAP BEANS – GREEN BEANS	\$/CWT	77
TOMATOES, SUBMER	A /O14/T	01.0
TOMATOES – SUMMER	\$/CWT	84.8
CUCUMBERS – SUMMER	\$/CWT	30.00
ONIONS	\$/CWT	16.97
PUMPKINS	\$/CWT	23.9
SQUASH	\$/CWT.	40.80
SQUASIT	Ψ/ΟΥΥΙ.	40.00
SPECIALITY		
MAPLE SYRUP	\$/GALLON	42.00
HONEY	\$/LB	2.83
STRAWBERRIES – SPRING	\$/CWT	240.00
BLUEBERRIUES	\$/LB	1.44

** "Commodities for Which No Historical Data is Available"

(refer to page 2 & 3 of this Exhibit for guidance on determining price).

GRAPES	UNIT	2018
CONCORD	\$/TON	255.00

1	
•	317.00
-	326.00
•	540.00
-	299.00
	390.00
· ·	602.00
-	557.00
-	490.00
-	515.00
-	616.00
\$/TON	925.00
\$/TON	350.00
-	240.00
φ/1014	240.00
CENTS/LB	.33
\$/TON	209.00
\$/TON	170.00**
\$/TON	1000.00
\$/TON	662.00
\$/TON	3703.00
\$/Lb.	\$0.59
\$/EA	\$975.00
\$/EA	\$960.00
\$/EA	\$645
\$/Lb.	\$1.00
\$/Lb.	\$0.95
\$/EA	\$975
\$/LB.	\$0.92
\$/CWT.	** See Page 1 of this Notice**
\$/LB	\$0.67
	\$/TON \$/TON \$/TON \$/TON \$/TON \$/Lb. \$/EA \$/EA \$/Lb. \$/Lb. \$/Lb. \$/Lb. \$/Lb.

^{*&}quot;Prices based on weekly sales data collected from all livestock sales barns across NYS and then averaged."

All prices used in the FBP must be well documented in the FBP memo feature and based on historical market price trends for market area where producer sells their crops & livestock.

^{**} Cull cows are all breeds not just dairy breeds. Organic cull cattle can be given a \$0.10 premium over the above price for conventional cull cattle as determined by market averages.

^{***} There will be no premium for organic dairy cattle for dairy purposes.

(refer to page 2 & 3 of this Exhibit for guidance on determining price)"

ORGANIC CROP PRICES

Our information indicates that most organic farmers have contract prices established each year for their crops. If there are no contract prices you may use the table below or loan officials can follow the guidance outlined on **page 2 & 3** of this exhibit to establish a price for which there is no historical data available.

For example: when a producer grows Vinton Soybeans they will normally sell part of the crop for human food and part as animal feed, you will need to break down this prediction when figuring the loss.

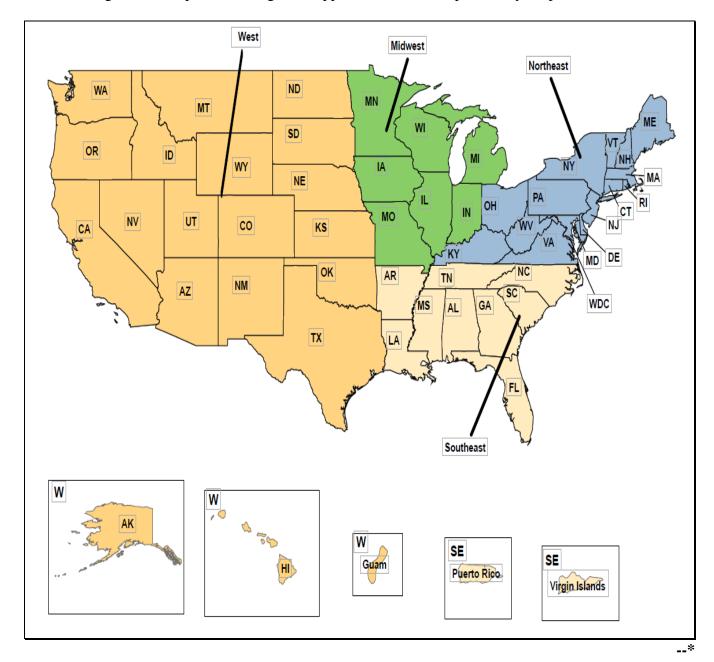
ORGANIC

	2018	2018
CORN (SHELLED AND DRIED)	\$400 / TON	\$11.19/BU
CORN SILAGE	\$ 66/ TON	N/A
SOYBEANS (Feed Grade)	\$838/ TON	\$23.47/Bu
BARLEY	\$ 368/ TON	\$ 8.84 / BU
WHEAT (Feed Grade)	\$ 416 / TON	\$ 12.48/ BU
OATS	\$ 307 / TON	\$ 4.92/ BU
RYE	\$530 / TON	\$ 12.76 / BU
PEAS	\$ 610 / TON	\$ 25.32/CWT
TRITICALE	\$ 480 / TON	\$ 10.00 / BU
ALFALFA HAY	\$160 / TON	N/A
HAY	\$ 135/ TON	N/A
HAYLAGE	\$96/ TON	N/A
DRY BEANS	N/A	\$75.21/CWT
SORGHUM/SUDAN GRASS		N/A
(SILAGE)	\$70/TON	
MAPLE SYRUP	N/A	\$39/GAL

("Commodities for Which No Historical Data is Available" refer to page 2 of this Exhibit for guidance)

*--Regional Appraiser Area of Responsibility Map

Following is an example of the Regional Appraiser Area of Responsibility Map.



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 and real estate evaluations--*
- authority to approve PLS when the borrower (or any entity member) has received PLS 2 or more times in the previous 5 years

Note: This authority may only be delegated to FLC.

- 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 according to 3-FLP, subparagraph 248 A.

B FLC/FLM/SFLO Delegations

The following is a list of authorities that may be delegated to employees who have experience and have completed any required training according to subparagraph 23 C.

Authority	AS	FLO	LOA	LRS	PT
Sign correspondence as regular signing official.		X	X	X	
Sign correspondence "for".	X	X	X	X	X
Establish supervised bank account and deposit loan		X	X	X	X
checks.					
Countersign supervised bank account		X	X	X	X
checks/withdrawals.					
Input pre-note information for EFT.	X	X	X	X	X
Plan and inspect site development work.		X			
Check preliminary title opinion for exceptions.		X	X	X	X
Check final title opinion or mortgage policy for proper		X	X	X	X
lien position.					
Review loan closing statement for proper funds		X	X	X	X
disbursement.					
Execute financing statements or other legal instruments to		X	X	X	X
obtain and preserve security on chattel loans.					
Approve FSA-2242.	X	X	X	X	X

Delegating FLP Authority (Continued)

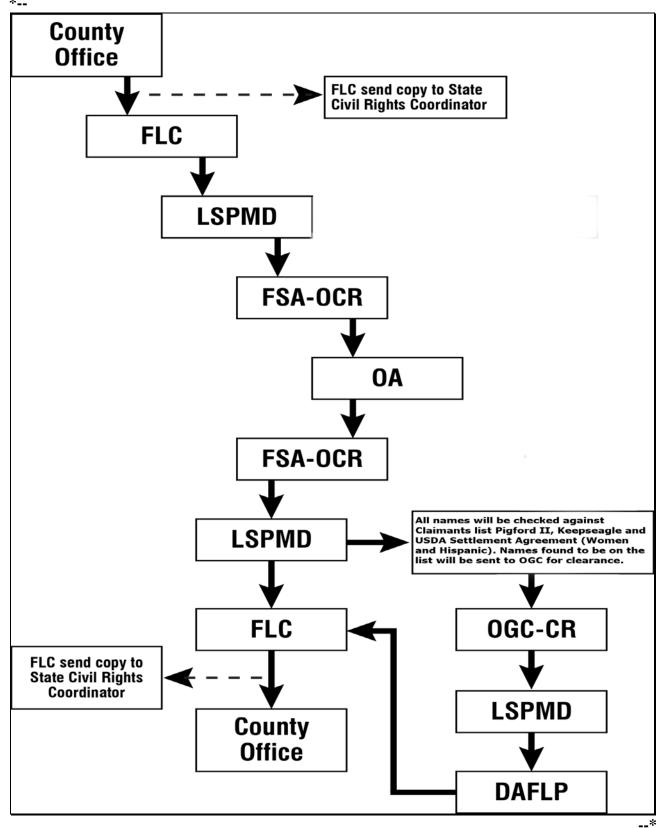
B FLC/FLM/SFLO Delegations (Continued)

Authority	AS	FLO	LOA	LRS	PT
Review loan closing and issue FSA-2235.		X			
Approve satisfaction/release of security instruments.		X	X	X	X
Prepare FSA-2040.		X	X	X	
Release chattel/crop security per approved FSA-2040.	X	X	X	X	X
Revise Farm Business Plan and FSA-2040 when necessary.	X	X	X	X	
Approve replacement/development - use of insurance proceeds.	X	X			
Approve servicing actions, including liquidation plans submitted by lenders.	X	X			
Requests for PLCE goods and services.		X	X	X	X
Approve loan restructuring.		X			
Approve emergency advance requests.		X	X	X	
Complete lender reviews.		X	X	X	
Ordering credit reports.	X	X	X	X	X
Execute FSA-2232.		X			
Execute FSA-2235.		X			
*Consent to a junior lien.		X			
Estimate value of real estate for dispositions less than \$25,000.		X			
Execute FSA-2025.		X*			

Note: Delegated authorities for agency officials that were granted before December 31, 2007, using previous form numbers or regulation citation will not have to be reissued. These delegations remain valid and it is not necessary to modify them if the reason is only to change references to the new streamlining handbooks.

Discrimination Complaint E-Mail Clearance System

The following illustrates the clearance process used before acceleration for all accounts.



Instructions for E-Mail to the National Office for Discrimination Complaint Status

A E-Mail Recipients

FLC or designee shall provide an e-mail to the National Office at *-- **fsa-directloans.wdc.usda.gov--***

B E-Mail Subject

The e-mail subject block should read, "Civil Rights Complaint Clearance - Borrower's Name and State".

C E-Mail Attachment

The e-mail attachment shall:

* * *

- include the following information for the primary borrower:
 - name and 12-digit account number (State and county code and SSN/TIN)
 - complete residence address
 - race
 - gender
 - ethnicity (Hispanic or not Hispanic)
 - youth loan only (yes or N/A)
- include the following information for all liable parties:
 - name
 - SSN
 - race
 - gender
 - ethnicity (Hispanic or not Hispanic)

* * *

- include prior review history including the following information:
 - previously cleared for acceleration by memo or e-mail on (specific date)
 - case review (specific date) and returned for additional servicing
- include prior civil rights complaint information, including complaint number if known.

Note: The prior civil rights complaint information will help to clarify complaints that may have been previously closed or to further identify the race or involvement in

--Keepseagle, Pigford, Love, or Garcia; ALJ Case #XXXXXXXX, last contact (specific date).--

Instructions for E-Mail to the National Office for Discrimination Complaint Status (Continued)

C E-Mail Attachment (Continued)

^{*--}If the case involves a borrower who is a claimant under Pigford II, Keepseagle or USDA Settlement Agreement (Women and Hispanic), follow guidance in Exhibit 13.5.--*

Servicing Settlement Claimants and National Office FLP Programmatic Review

A Background

*--The *Keepseagle and Pigford II* legal settlements and USDA's settlement agreement (Women and Hispanic) have affected the way FSA services delinquent loan accounts of claimants in these cases.

B Closed Settlement Claims

A claim is considered closed when a final decision has been issued. State Offices were advised by memorandum from DAFLP when *Keepseagle*, *Pigford II*, Women, and Hispanic claims were closed.

All closed claims fall into 1 of the following 2 categories.--*

- Category 1 individuals:
 - whose settlement claims have been closed and were **not** delinquent on their FLP debt at that time; or
 - who had no FLP loans.
- Category 2 individuals whose settlement claims have been closed and were delinquent on their FLP debt at that time.

Servicing Settlement Claimants and National Office FLP Programmatic Review (Continued)

C County Office Servicing Actions

Upon receiving notification that the claim of a settlement claimant has been closed, the County Office will service the account according to the following.

- Category 1 cases require no special servicing.
- Category 2 cases.
 - **Delinquent borrowers with outstanding servicing applications that have not been concluded**. Contact the borrowers to determine whether they want to continue with the existing loan servicing application or receive a new notification of the availability of loan servicing.

Note: Use FSA-2198 or FSA-2199, as appropriate, to contact these borrowers.

- For borrowers who return FSA-2198 or FSA-2199, as appropriate, within 15 calendar days, begin the loan servicing process again by sending a new notification of the availability of loan servicing according to 5-FLP, Part 3.
- For borrowers who do not return FSA-2198 or FSA-2199, as appropriate, within 15 calendar days, continue processing the pending application.

Note: Claimants may have an appeal hearing in suspension, pending closure of their claim. When the authorized agency official is notified that the claim has been closed, the official should notify the Appeal Hearing Officer of the closure.

•*--Delinquent borrowers with no pending servicing request. For delinquent borrowers where the special servicing application has been concluded and the account has not been accelerated, send a new notification of the availability of loan servicing according to--* 5-FLP, Part 3. The decision on the settlement claim may have improved borrowers' financial conditions and could affect their ability to qualify for FSA assistance.

Note: When all loan servicing rights have been concluded for Category 2 borrowers, without resolving the delinquency, submit the completed FSA-2580 and FSA-2581, to the State Office, as required by 5-FLP, subparagraph 533 B.

Servicing Settlement Claimants and National Office FLP Programmatic Review (Continued)

C County Office Servicing Action (Continued)

Delinquent borrowers whose accounts have already been accelerated. Except for cases already held by DOJ, submit the completed FSA-2580 and FSA-2581 to the State Office requesting civil rights clearance review * * * or pre-CNC if liquidation has already *--occurred. The clearance process will be similar to Exhibit 12. If DOJ is holding--* a case, the U.S. Attorney's office should be advised when the claim is closed.

If a Category 2 borrower's delinquency is cured by payment, rescheduling, writedown, or any other resolution, and a new delinquency occurs at a later date, the normal pre-acceleration review required by Exhibits 12 and 13 will be performed. Likewise, Category 1 individuals who later become delinquent on any FLP debt will be subject to the same review process.

D State Office Servicing Action

For Category 2 borrowers, when requesting the National Office civil rights clearance * * *, in addition to the documentation required by Exhibit 13, the State Office will include FSA-2580 and FSA-2581 documenting the findings of the State Civil Rights Review Group.

* * *

E National Office Action

The National Office shall:

- review FSA-2580 and FSA-2581, other documentation provided according to Exhibit 13 and supporting documentation found in DLS-Special Servicing, FBP, and eDALR\$ to ensure that all servicing and appeal rights were properly administered before further consideration of acceleration, foreclosure, or CNC
- provide written guidance to the State Office for each case after completing the review.-

*--Servicing Settlement Claimants and National Office FLP Programmatic Review (Continued)

F Servicing Actions for Pending Settlement Claimants

Until individual claims are closed through the respective settlement processes, the policy of not accelerating or foreclosing against claimants remains in effect. Do not take acceleration or foreclosure action until a claim has been closed, and for Category 2 borrowers, the National Office has provided written guidance according to subparagraph E.

Where there is a potential fraud in borrowers' loan relationships with FSA, for example, conversion, the cases would generally be referred to OIG with copies to OGC. In cases where the borrowers are claimants, continue to refer the particulars of the situations to OIG with copies to OGC, including any applicable information about the claimant's under the respective settlement.--*

SCIMS-PLAS ORACLE Hyperion Reports

A Accessing SCIMS-PLAS Reports

The Oracle EPM 11 Reports User Guide provides instructions for accessing the SCIMS-PLAS reports. The guide can be found on the FLP Systems Manuals page at

*--https://inside.fsa.usda.gov/program-areas/daflp/index.

After accessing the page, click Software User Guides, then click "Oracle EPM 11 User Guide".--*

B SCIMS-PLAS Exception Report

Exceptions found between current PLAS borrower information and current SCIMS borrower information prevent updating name and address information in PLAS from SCIMS. The SCIMS-PLAS Exception Report provides the current PLAS borrower case number, name, and address information, the current SCIMS name and address information, and a descriptive exception type message that allows the County Office to make corrections.

If the correction is made in BP, the SCIMS-PLAS update process will correct PLAS, allowing for 2 workdays. If the correction is made in PLAS, users need to process the appropriate ADPS transaction or make the appropriate contact for assistance.

The SCIMS-PLAS Exception Report is a **cumulative** report; therefore, only the most recent report is viewable each day. The following is an example format.

Case Number	Exception Type	Borrower Information (P=PLAS, S=SCIMS)
XX-XXX-XXXX	SCIMS TAXID INACTIVE	(P) SMITH, MARIA A 246 ELM HWY MONROE, AL 12345
		(S) SMITH, MARIA A 123 COUNTY RD MONROE, AL 12345

The following table provides the description and corrective action for each exception type.

Exception Type	Description	Corrective Action
NO SCIMS BUSINESS NAME	Business name is missing in SCIMS.	Add the missing
NO SCIMS LAST NAME	Last name is missing in SCIMS.	information to BP.
NO SCIMS FIRST NAME	First name is missing in SCIMS.	
NO SCIMS DELIVERY	Delivery address is missing in SCIMS.	
ADDRESS		
NO SCIMS CITY	City is missing in SCIMS.	
NO SCIMS STATE	State is missing in SCIMS.	
NO SCIMS ZIP CODE	ZIP Code is missing in SCIMS.	
SCIMS CONTAINS	Invalid information is in the SCIMS	Modify borrower
"DECEASED"	name or address fields.	information in BP to
SCIMS CONTAINS		correct invalid
"INVALID"		information.
SCIMS CONTAINS		
"DELETED"		
SCIMS CONTAINS		
"UNKNOWN"		
SCIMS CONTAINS		
"INACTIVE"		
NO SCIMS CURR-MAILING-	The borrower is in SCIMS, but the	Set the BP current
INDICATOR	current mailing indicator has not been	mailing indicator.
	set.	

B SCIMS-PLAS Exception Report (Continued)

Exception Type	Description	Corrective Action
NO SCIMS MATCH FOR	The borrower is present in both	Change BP to reflect the
PLAS BUSINESS	SCIMS and PLAS, but the Type of	correct type.
NO SCIMS MATCH FOR	Applicant code in PLAS does not	
PLAS PERSON	correspond to the customer type/tax	
	ID type combination in SCIMS.	
SCIMS TAXID INACTIVE	Tax ID code in SCIMS is set to	Contact the State Office.
	"Inactive".	
NO SCIMS INFORMATION	Borrower is not present in SCIMS.	Research and determine
FOR TAXID		whether BP input is
		required. Input should
		be justified by more than
		clearing the exception.
SCIMS ADDRESS EXCEEDS	The borrower's delivery address in	Modify address
38 CHARACTERS	SCIMS exceeds the characters	information in BP to
	accommodated in PLAS address fields	condense it, using
	(2 address fields of 19 characters	standard USPS
	each). In this case, delivery address	abbreviations.
	information is truncated during the	
	nightly update process.	

Notes: Users must exercise caution when entering/modifying information for "Delivery Address" in BP, as there is no exception type provided for invalid name/address. Misspelling a name or an invalid address in BP will result in an update from SCIMS to PLAS that is inaccurate and may not be detected until mail is returned as undeliverable.

A triple space between characters is used systematically to terminate the collection of SCIMS address information during the nightly PLAS update process. Erroneous spacing in SCIMS:

- will decrease the information input to PLAS
- will likely update PLAS with an incomplete address
- may sometimes create an exception for "SCIMS address exceeds 38 characters".

The SCIMS-PLAS update process does not update PLAS for a borrower that has only guaranteed loans.

C SCIMS-PLAS Update Report

The SCIMS-PLAS Update Report displays the current PLAS case number, TC, "PLAS" field, information in PLAS before the update, and information now in SCIMS that has most recently updated PLAS. This is a daily report and users have the option to view reports from the past 30 calendar days. The following is an example of the SCIMS-PLAS Update Report's format.

		PLAS		
Case Number	Date	Tran Code	(PLAS) Field	Borrower Information (P=PLAS, S=SCIMS)
XX-XXX-XXXX	XX/XX/XX	4C	NAME/ADDRESS	(P) SMITH, MARIA A 246 ELM HWY MONROE, AL 12345
				(S) SMITH, MARIA A 123 COUNTY RD MONROE, AL 12345

Validation Action: Users review each item on the report to verify the accuracy of borrower

information. If an error is detected for the information submitted in SCIMS, users shall make the necessary modification in BP. A new TC 4C

will then be generated as part of the nightly update process.

D SCIMS-PLAS Discrepancy Report

The SCIMS-PLAS Discrepancy Report lists TC 4C discrepancies that resulted from the previous night's update. These discrepancies are the same as ADPS discrepancies on PLAS; however, they will **not** appear on ADPS. These discrepancies must be corrected by NFAOC. Users shall contact NFAOC according to paragraph 5 for assistance.

This is a daily report and users have the option to view reports from the past 30 calendar days.

Note: The SCIMS-PLAS Discrepancy Report should generally remain empty.

B SCIMS-PLAS Exception Report

Exceptions found between current PLAS borrower information and current SCIMS borrower information prevent updating name and address information in PLAS from SCIMS. The SCIMS-PLAS Exception Report provides the current PLAS borrower case number, name, and address information, the current SCIMS name and address information, and a descriptive exception type message that allows the County Office to make corrections.

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SCIMS CONTAINS		to correct invalid
"INVALID"		information.
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SCIMS CONTAINS		
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SCIMS CONTAINS		
"INACTIVE"		
NO SCIMS CURR-MAILING-	The borrower is in SCIMS, but the	*Set the BP current*
INDICATOR	current mailing indicator has not been	mailing indicator.
	set.	

B SCIMS-PLAS Exception Report (Continued)

Exception Type	Description	Corrective Action
NO SCIMS MATCH FOR	The borrower is present in both	*Change BP to reflect
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Validation Action: Users review each item on the report to verify the accuracy of borrower information. If an error is detected for the information submitted in *--SCIMS, users shall make the necessary modification in BP. A new--* TC 4C will then be generated as part of the nightly update process.

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The SCIMS-PLAS Discrepancy Report lists TC 4C discrepancies that resulted from the previous night's update. These discrepancies are the same as ADPS discrepancies on PLAS; however, *--they will **not** appear on ADPS. These discrepancies must be corrected by NFAOC. Users shall contact NFAOC according to paragraph 5 for assistance.--*

This is a daily report and users have the option to view reports from the past 30 calendar days.

Note: The SCIMS-PLAS Discrepancy Report should generally remain empty.

Farm Business Plan System

with Web EQUITY MANAGER®

A component of eLoans

FSA User Guide



USDA... electronically available any place, any time.



Farm Service Agency

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A Overview

1 Farm Business Planning

FSA uses the FBP system to perform farm planning and 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 online 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 system is flexible, there are many ways to deal with different circumstances. This user guide 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 FBP. Additional information about actual software usage is available through the online eHelp.

.*--See Getting Help (Section L).--*

The term "FBP" is used in the following 2 contexts:

- collecting documents that compose FBP
- the system used to create the document FBP.

A Overview (Continued)

2 System Access and Security

FSA authorized users can access the system using Microsoft Internet Explorer 7.0+ directly through the Internet at https://wem.sc.egov.usda.gov/fem_web_webcaaf.asp or through the FSA Intranet at http://intranet.fsa.usda.gov/fsa, under "FSA Applications":

- CLICK "Farm Loan Programs Systems"
- CLICK "Logon"
- enter either of the following eAuthentication credentials:
 - •*--LincPass (PIV) preferred method--*
 - user ID and password
- under "Applications", CLICK "Farm Business Plan".

The authentication and authorization of users is made using USDA's eAuthentication application. To use FBP, users must have both of the following:

- valid eAuthentication ID and password
- access authorized by the State FBP Coordinator.

Notes: For problems logging in, see Getting Help (Section L).

Do **not** open 2 sessions of Web Equity at the same time as this may cause data corruption.

a User Access to the FBP System

Unless otherwise determined by the FBP Coordinator or FLC, the following employees will be provided with access to FBP after their eAuthentication ID has been obtained:

- FLM's
- SFLO's
- FLO's
- FLOT's
- FLP technicians
- DD's
- COR's
- FLC and staff
- CED's with loan approval authority.

User access requests, which include "Add", "Delete", or "Modify", must be submitted and processed as follows.

Note: Other FSA employees, such as FP PT's and CED's without loan approval authority, who assist in entering data in FBP are strongly encouraged to complete the appropriate Key Concepts from Section B of the FLOT Trainer/Trainee Manual.

A Overview (Continued)

- 2 System Access and Security (Continued)
 - a User Access to the FBP System (Continued)

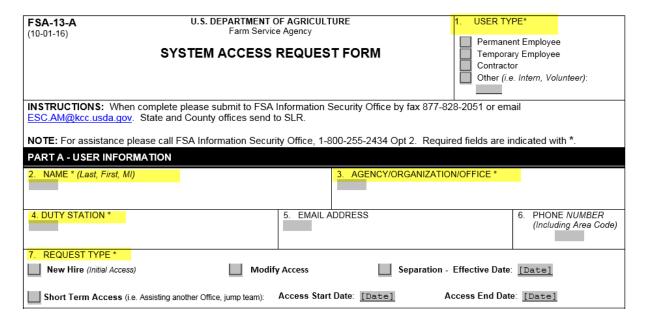
For FSA State Office and Service Center Employees.

• The immediate supervisor or FLM is responsible for completing the following sections on FSA-13-A for all FBP user requests.

*---Part A – User Information

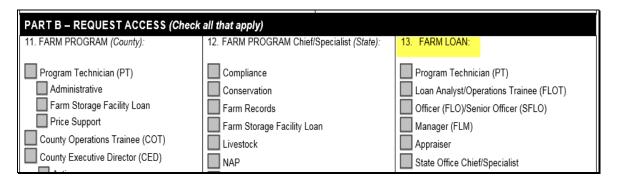
- Item 1 Place a check mark in the appropriate box.--*
- Item 2 Place name in provided field.
- Item 3 Examples would be FSA/State Office or FSA/Service Center.
- Item 4 Examples would be IA State Office or Harlan IA Service Center.
- Item 7 Place a check mark in the appropriate box.
 - New Hire as soon as employee obtains an eAuthentication ID.
 - •*--Modify Access as soon as employee notifies supervisor of either of following:
 - employee changes last name
 - employee no longer needs access.

Note: FSA-13-A is no longer needed for a user retiring or leaving FSA employment. ISO will contact FBP Coordinator by e-mail to remove employee from FBP.--*

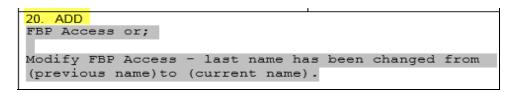


A Overview (Continued)

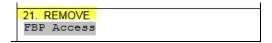
- 2 System Access and Security (Continued)
 - a User Access to the FBP System (Continued)
 - *--Part B Request Access--*
 - Item 13 Place a check mark in the appropriate box.



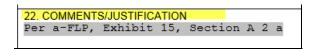
•*--Item 20 - To add or modify a user's access.--*



•*--Item 21 – to remove FSA employee no longer needing access. Used when user is still employed by FSA.--*



• Item 22: - Enter the justification for the requested action.



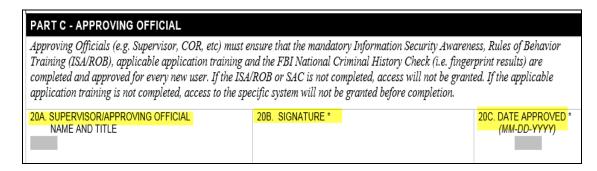
Note: A request for FBP access may be combined with multiple system requests on a single FSA-13-A as long as the "Comments/Justification" section is completed as instructed.--*

A Overview (Continued)

- 2 System Access and Security (Continued)
 - a User Access to the FBP System (Continued)

*--Part C

- Item 20A Official who approves the request.
- Item 20B Signature of official who approves the request.
- Item 20C Date request was approved.



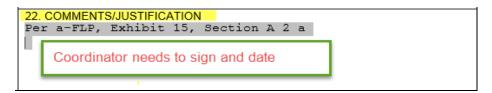
 Submit completed FSA-13-A to the State Office according to State-established procedures.--*

A Overview (Continued)

- 2 System Access and Security (Continued)
 - a User Access to the FBP System (Continued)

FLC or FBP Coordinator will:

- •--*ensure that a completed/signed FSA-13-A has been received before the request to "Add" or "Modify" FBP user access is processed.--*
- process the request for FBP user access according to FBP State FBP Coordinator User Guide, Section C, User Management
- sign and date in Item 22 to document the action was processed.



- send the processed FSA-13-A to the SLR, with a request that the form be e-mailed or FAXed to ISO at 877-828-2051
- notify the immediate supervisor and employee when FSA-13-A has been processed
- •*--monitor e-mails received from ISO informing FLC's and FBP Coordinators when an employee has left FSA. Coordinator will respond back to "ALL" on the e-mail informing ISO that user has been removed from the FBP, or that user was not a user in the FBP.

Notes: The ERSR online system cannot be used for FBP access requests.--*

• ISO will send a confirmation e-mail when FSA-13-A is received.

FSA National Office and Other Employees

FSA-13A's for the National Office, KCMO, contractors, and other employees will be completed by the immediate supervisor and submitted to Pixie Greer, FBP Program Sponsor by e-mail to **pixie.greer@wdc.usda.gov** or by FAX to 202-690-3573.

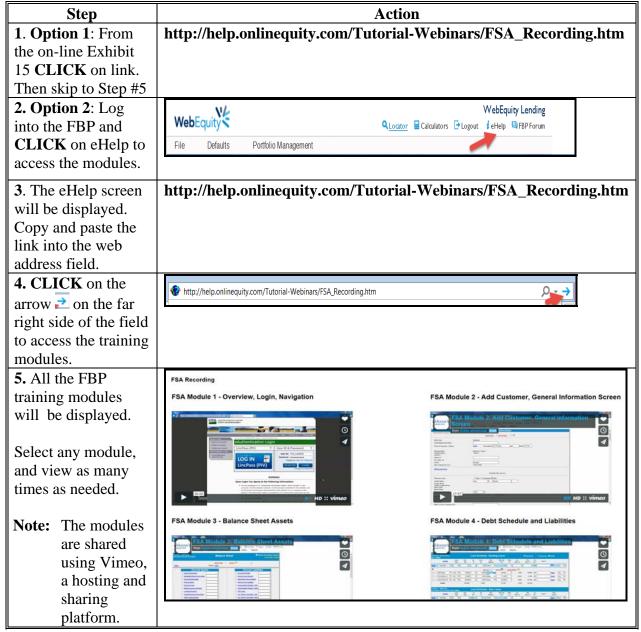
A Overview (Continued)

2 System Access and Security (Continued)

b FBP Training Modules

Training modules are available to all employees with FBP access and may be viewed at any time. To access and view the training modules follow the instructions in this table.

*__



__*

A Overview (Continued)

2 System Access and Security (Continued)

*--b FBP Training Modules (Continued)

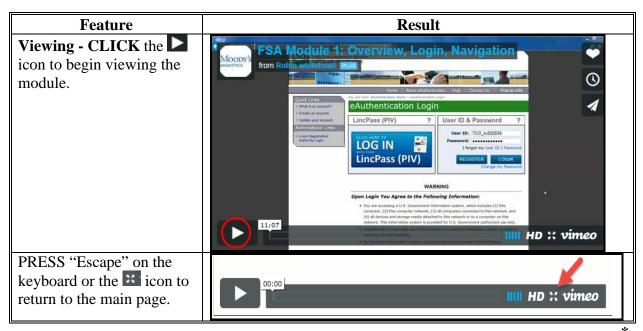
The following table provides viewing features.

Result
00:00
HD:: vimeo
00:00 05:40
HD :: vimeo
00:00
● 1080p MD
○ 720p HD
○ 540p ○ 360p
00:00
▶ HD :: vimeo
oo;oo
Tim Fib 7. Varied

A Overview (Continued)

2 System Access and Security (Continued)

*--b FBP Training Modules (Continued)



c Exiting the FBP System

FSA users **must** always exit FBP by clicking "**Log Out**" at the top of the page.

d Customers Obtaining Access to the FBP System

Customer access to FBP is **not** currently available.

3 Privacy of Information

All data communications between the client web browser and server, including user ID's, passwords, and all financial information, is protected by industry standard 128-bit SSL encryption. For more information on eSignatures, see Electronic File Maintenance, Reports, and Signatures (Section B).

--*

A Overview (Continued)

4 Defaults

Most system defaults are controlled at either the national or State level; however, the following defaults listed may be modified by Service Center users.

a Creditors

Commonly used creditors have been established for each service center and appear as defaults in the customer's balance sheet loan schedules. New creditors can be added to the "Service Center Creditors" list as needed, however changes will only be available in new customers added after the change is made. For existing customers, changes to the creditor list will need to be made in the individual customer's creditor list.

To access the Service Center creditor list:

- CLICK "Defaults", "Creditors" from the toolbar
- enter the new creditor information; example "Bank of Hope", then CLICK "Add".

*--Note: FSA has already been added as a default; do **not** add a second FSA creditor. Use the established FSA default for all FSA loans.--*



Figure 0a, Adding creditor to Service Center Default List

The new creditor will be added with a check (\checkmark) in the "Use?" column. The new creditor will automatically be available for selection in all new customers added to the FBP.

If users uncheck (\checkmark) the "Use?" box, the creditors will no longer be available for selection.

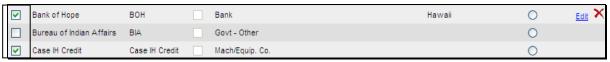


Figure 0b

A Overview (Continued)

4 Defaults (Continued)

a Creditors (Continued)

- *--For existing customers, users will need to access the individual customer record and "Copy" the new creditor into the Creditor List, as follows:
 - access the existing customer's Loan Schedule or Loan Detail Screen
 - CLICK "Creditor".

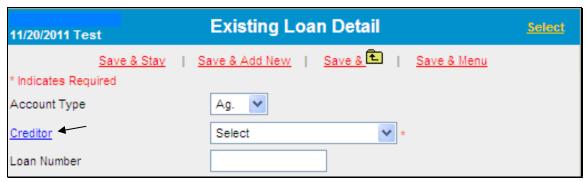


Figure 0c, Adding Creditor to Customer Creditor List

• CLICK "Copy Location Creditor"

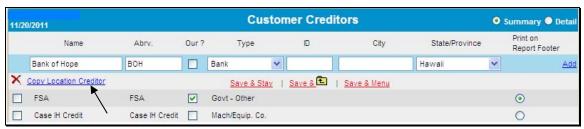


Figure 0d, Copy Creditor--*

- A Overview (Continued)
 - 4 Defaults (Continued)
 - a Creditors (Continued)
 - •*--CHECK (✓) next to the creditors from the Service Center Creditors List to be copied to the existing Customer Creditors List
 - CLICK "Copy"
 - creditor will be copied into the Customer Creditors List.

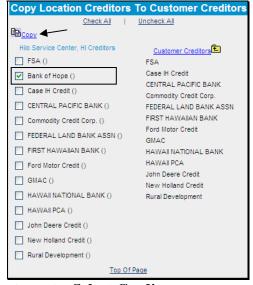


Figure 0e, Select Creditor

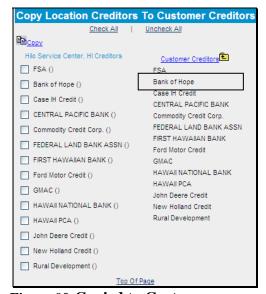


Figure 0f, Copied to Customer Creditors List--*

A Overview (Continued)

4 Defaults (Continued)

b Crop and Livestock NAICS Codes

Commonly used crop and livestock categories have been established and will appear as defaults on Income/Expense drop-down menus. Users cannot add additional crop or livestock categories to the commonly used list for a Service Center or State; however, users can add additional 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.

*--After accessing the Livestock & Poultry Sales schedule, CLICK "Description Per Unit Defaults" in the left corner to add a new category.



Figure 1

Select the needed category from the "Description" drop-down menu, enter "Type" and "Measure" information, and CLICK "Add". This category will now be available in the defaults whenever this customer is selected.



Figure 2

A Overview (Continued)

5 Adding and Accessing Customers in FBP

The Locator Screen is where the user will manage their list of customer records and is also the first screen that displays when you log in to FBP.

a Adding a New Customer

All customers who submit an application will be added to the FBP. Before attempting to add a new customer to FBP, ensure that the customer and all related entity members have been added in BP, have an "Active" status record, and have not been duplicated.

*--To add a new customer record, CLICK "Add Customer" on the Locator Screen.



Complete the New Customer Setup Screen according to the following:

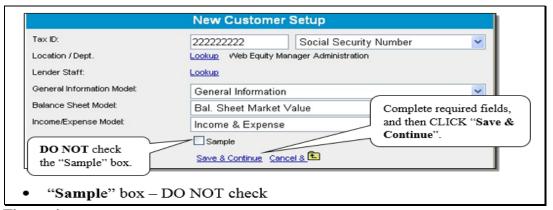


Figure 4

• enter "Tax ID" of the new customer that must match the tax ID that is entered into BP

Note: For FLP, tax ID will usually be described as either of the following:

- "Social Security Number" for individuals
- "Employer Identification Number" for entities.

A Overview (Continued)

- 5 Adding and Accessing Customers in FBP (Continued)
 - a Adding a New Customer (Continued)
 - "Location/Dept" defaults to the location of the user adding the new customer; the location/department is where the customer will receive FLP services

Note: If incorrect, CLICK "**Lookup**" link and select the correct location/department.

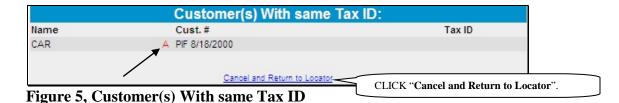
- "Lender Staff" defaults to the user adding the new customer; if a different user will be servicing the customer's loans, CLICK "Lookup" link and select the correct lender staff
- "General Information Model" defaults to "General Information"
- select 1 "Balance Sheet Model" from the following:
 - "Market Value" is used when the balance sheet is based upon market values; this option will be selected for the majority of customers
 - "Costs Basis" is used typically for entities who keep records on a cost basis
 - •*--"**Personal**" is not used for the applicant. Only used if a second customer record has been added to collect personal financial statements for entity members--*

Note: New customer records will **not** be added for * * * entity members unless approved by the State FBP Coordinator.

- "Income/Expense Model" defaults to "Income & Expense"
- "Sample" box Do not check.

CLICK "Save & Continue" to add the new customer.

If a customer record with the same tax ID already exists in the system, the warning "Customer(s) With same Tax ID:" will be displayed. The red "A" or "R" after the customer's name indicates if the record is located in the "Recycle Bin" or "Archive". CLICK "Cancel and Return to Locator".



A Overview (Continued)

5 Adding and Accessing Customers in FBP (Continued)

a Adding a New Customer (Continued)

Contact the State FBP Coordinator for help in locating the existing customer record.

b Accessing an Existing Customer

Existing customer records are accessed through the Locator Screen or the File Menu. To be able to access the customer in FBP, the customer and any related entity members **must** be in BP and maintain an "Active" record status.

*--Exception: Related entities that have been manually entered in the FBP will not have an "Active" record status.

To access a customer through the Locator Screen, enter any combination of search criteria and CLICK "Search".

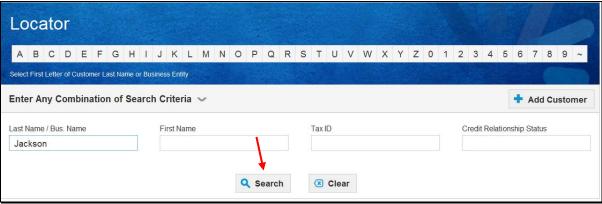


Figure 6

A Overview (Continued)

- 5 Adding and Accessing Customers in FBP (Continued)
 - **b** Accessing an Existing Customer (Continued)

A list of customer records meeting the search criteria entered will be displayed. Click the appropriate name to access the customer record.

Note: If the following error is displayed, then either the applicants or 1 of the related entities is "Inactive" in BP. Access BP to change status to "Active".

"The number of customers SCIMS returned does not match the number of customers requested. Customer in SCIMS: 1 Customers in Webequity: 2"

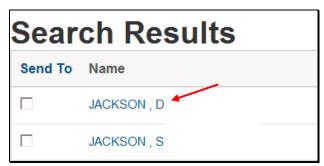


Figure 7a

The File Menu provides additional options to access a limited number of customer records. CLICK "**File**" and then choose either of the following lists from the drop-down menu:

* * *

- "My Last 10 Selected" fly-out window provides a list of the last 10 customers selected by the user
- "View All My Customers" provides an alphabetical list of all the user's customers. For the customer to be listed, the user must have been added to the customer's "Lender Staff".

A Overview (Continued)

5 Adding and Accessing Customers in FBP (Continued)

b Accessing an Existing Customer (Continued)

From the customer list, click the appropriate name to access the customer record.



Figure 7b

c Customer Check In/Out

The **optional** "Customer Check In/Out" feature prevents other users from changing information in a specific customer record. If turned on, this feature alerts potential users that the customer record is checked out to another user. This feature may be helpful if a user is working on a loan or servicing request and must exit the customer before completing the request.

Note: Once a user completes the loan or servicing request, the customer must be checked in to allow access by other users.

To complete the "Check Out Customer":

- on the **Locator Screen**, click on the customer link to open the record
- CLICK "File", then click "Check Out Customer"



Figure 7c --*

A Overview (Continued)

- 5 Adding and Accessing Customers in FBP (Continued)
 - c Customer Check In/Out (Continued)
 - a message box displays that confirms this customer has been checked out. CLICK "OK".

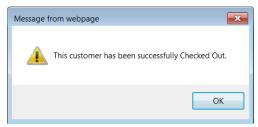


Figure 7d

*--A check mark to the right of the customer record link on the Locator Screen means that the record is checked out to another user.



Figure 7e--*

When users open a customer record that has been checked out by another user, they will only be able to view screens, print reports, and import/copy information. A checked out customer record will maintain that status until the "Check In Customer" function is completed by the user that checked the record out, or by the State FBP Coordinator.

To complete the "Check In Customer":

- on the **Locator Screen**, click on the customer link to open the record
- CLICK "File", then click "Check In Customer".

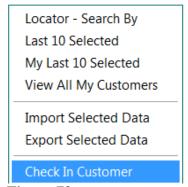


Figure 7f

A Overview (Continued)

6 Navigating FBP

FBP is menu driven. Everything needed to originate, analyze, print, make, and service loans can be accessed using the menu bar. After users select a customer from the Locator Screen, the first screen displayed will contain the full menu bar. Click any menu item and a drop-down menu of available forms or reports will be displayed. Click the individual form or report to open.

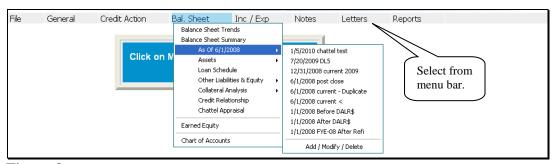


Figure 8a

Another way to navigate through FBP is by using the "Dashboard" feature. CLICK "small chart icon" ("Dashboard") on the top of the screen. The "Dashboard" feature provides users with quick and easy access to forms and frequently used reports by clicking 1 of the following tabs:

- "Navigation" provides quick and easy access to forms within the system
- "Balance Sheet Trends" provides quick access to view and print the report
- "I/E Trends" provides quick access to view and print the report
- "Ratios & Indicators" provides quick access to view and print the report
- "Repayment Capacity/Sensitivity" provides quick access to view and print the report.

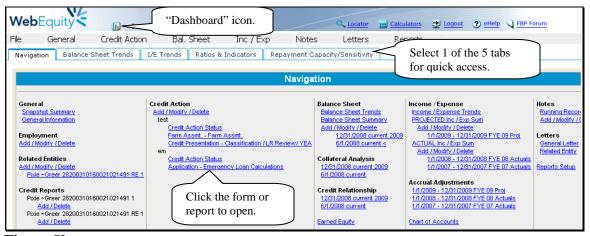


Figure 8b

A Overview (Continued)

6 Navigating FBP (Continued)

a Functionality Features

Most of the data entry in FBP is completed by using text input fields, check boxes, radio *--buttons, drop-down menus, and hypertext links. Use the "Tab" key to move quickly from field to field.--*



Figure 8c

Some additional functionality features include the following:

- vertical and horizontal "scroll bars" that are automatically displayed when the on-screen content is larger than the size of the window it occupies
- because there can be several screens to a customer record, each screen provides users the
 opportunity to save the information before continuing their data entry

Note: There are several types of data saving features as follows:

- "Save & Stay", to save changes while working on the screen
- "Save & Menu", to save user's work and return the menu bar
- "Save & =" to save user's work and return to the previous screen
- "Cancel & =" to cancel any changes and return to the previous screen
- "Cancel", to not save changes and refresh page with the original data
- "Automatic Save", to automatically save changes when navigating away from the screen by using the toolbar menu or any hyperlink.

Note: This feature is **only** available on Balance Sheet and Income/Expense Summary Level screens.

A Overview (Continued)

6 Navigating FBP (Continued)

- a Functionality Features (Continued)
 - **deleting data**; to delete an item, depending on the screen, either:
 - check (✓) the box next to the item you want to delete and CLICK "X"
 - only CLICK "X".

7 Importing/Exporting Data

--WebEquity FBP allows financial customer data, which has been received from lenders and contractors who also use WebEquity, to be imported into a customer's record. In addition, FSA employees can export financial data in a format that allows other lenders and contractors using WebEquity to import the data into their customer records. The data file is created in XML-- format and is contained within a .WEM file. As a security precaution, the system will ensure that only recognized data files are accepted. All other files will be rejected.

a Exporting Files * * *

To export customer data, the customer's record **must** be open within FBP.

- CLICK "File" and "Export Selected Data".
- The Select Data to Export Screen will be displayed.
- CLICK "Uncheck All" for each section on the screen.
- Use the checkboxes (\checkmark) to select the specific financial data to be exported.

Note: Carefully select and export **only** the data that is needed. Exporting excess data can slow down the export, or cause the system to time out.

- A Overview (Continued)
 - 7 Importing/Exporting Data (Continued)
 - a Exporting Files (Continued)
 - Select and enter password information.
 - CLICK "Export Selected Data".

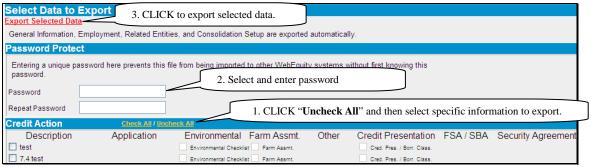


Figure 8d, Select Data to Export Screen

•*--The "Exporting Data, Please Wait" screen will be displayed while the download is being processed.



Figure 8e

• Once the export is complete, a "View Download" dialog box will be displayed with the exported customer information.--*

A Overview (Continued)

- 7 Importing/Exporting Data (Continued)
 - a Exporting Files * * * (Continued)
 - •*--CLICK "Save as" in the "File Download" dialog box.
 - In the "Save As" dialog box, select a destination file on the local computer or network and CLICK "Save". Customer data is saved as a .wem document.

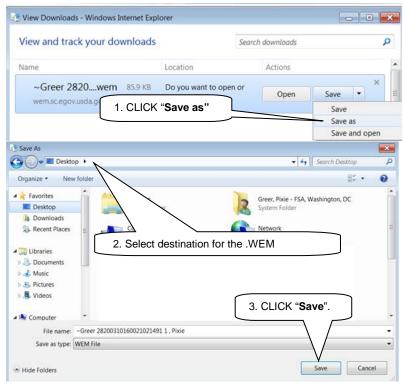


Figure 8f, Select Document Destination

 The saved .wem document can be attached to an outgoing e-mail for import by another WEM user.



Figure 8g, Saved .wem Document--*

A Overview (Continued)

7 Importing/Exporting Data (Continued)

b Importing Files * * *

- *--Customer data received from other WEM users must first be saved to a destination file on--* the local computer or network. To import the data, the customer's record **must** already exist in FBP. If the customer record does not exist, see **Adding a New Customer** (Section A 5 a) to add a new customer record.
 - With the customer's record open, CLICK "File" and "Import Selected Data".
 - The "Select Customer File to Import" dialog box will be displayed.
 - CLICK "**Browse**" to locate the customer data file, which had been saved on the local computer or network.
 - If password protected, enter password information.
 - CLICK "Continue".

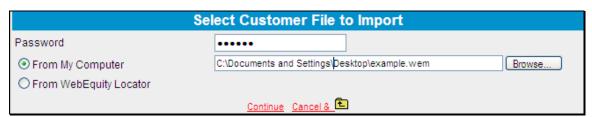


Figure 8h, Select Customer File to Import

- The Select Data to Import Screen will be displayed.
- CLICK "Uncheck All" for each section on the screen.
- Use the checkboxes (\checkmark) to select the specific financial data to be imported.

Note: Carefully select and import **only** the data that is needed. Importing excess data can slow down the import, or cause the system to time out.

- A Overview (Continued)
 - 7 Importing/Exporting Data (Continued)
 - **b** Importing Files (Continued)
 - CLICK "Import Selected Data".



Figure 8i, Select Data to Import Screen

•*--The Importing Data, Please Wait Screen will be displayed while the import is being processed.

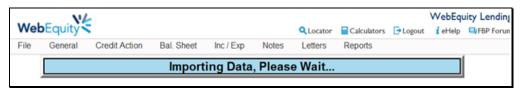


Figure 8j

• Once the import is completed, the Locator Screen will be displayed. Select the customer to view the imported data.

A Overview (Continued)

* * *

8 Transfer of Data Within FBP

a 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. According to the agency's policy, the records may be imported into the transferee's FBP customer record.

Perform transfers and assumptions according to the following.

- The transferee's customer record must already exist in FBP. If the customer record does not exist, see **Adding a New Customer** (Section A 5 a) to add a new customer record.
- Access the transferee in FBP and CLICK "File" and "Import Selected Data".
- On the Select Customer File to Import Screen, select the "From WebEquity Locator" radio button and CLICK "Search Locator".

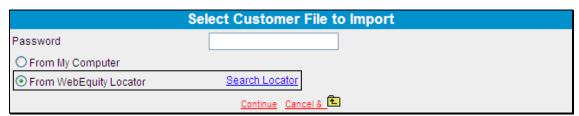


Figure 8k, Select Customer File to Import Screen

A Overview (Continued)

--8 Transfer of Data Within FBP (Continued)--

- a Transfers and Assumptions (Continued)
 - Enter the search criteria for the transferor on the Customer Lookup Screen, and CLICK "GO". Click on the "Customer Name" from the list of names displayed.



Figure 81, Customer Lookup Screen

• When returned to the Select Customer File to Import Screen, the selected customer's name will be displayed. CLICK "Continue".



Figure 8m, Select Customer File to Import Screen

- The Select Data to Import Screen will be displayed.
- CLICK "Uncheck All" for each section on the screen.
- Use the checkboxes (\checkmark) to select the specific financial data to be imported.

Note: Carefully select and import **only** the data that is needed. Importing excess data can slow down the import, or cause the system to time out.

- A Overview (Continued)
 - 8 Transfer of Data Within FBP (Continued)
 - a Transfers and Assumptions (Continued)
 - CLICK "Import Selected Data" to complete the import of financial data into the transferee's customer record.

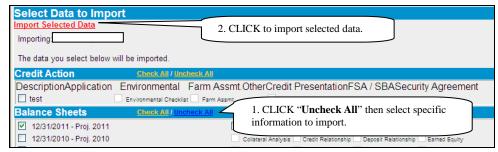


Figure 8n, Select Data to Import Screen

•*--The Importing Data, Please Wait Screen will be displayed while the import is being processed.



Figure 80

- Once the import is completed, the Locator Screen will be displayed. Select the customer to view the imported data.--*
- Remove the transferor's customer record from the Locator Screen. See **Moving FBP** Customer Records to the Recycle Bin (Section B 6 a).

A Overview (Continued)

*--8 Transfer of Data Within FBP (Continued)

b Change SCIMS Customer

Occasionally, a user may select the incorrect customer from SCIMS as the primary customer in FBP. As soon as it is determined that the record in FBP has the incorrect primary customer, the user may use the "Change SCIMS Customer" feature to point the record at the correct customer, as follows.

- on the Locator Screen, access the primary customer's record
- CLICK "General" and "General Information" and the General Information Screen will be displayed
- at the bottom of the General Information Screen, CLICK "Change SCIMS Customer"
- enter tax ID of the customer that should now be associated with the record and select the ID type.

c Deceased or Released of Liability Borrowers

When the primary customer in FBP, who is jointly liable with another, becomes deceased or is released of liability, the customer record **must** be pointed to the other customer's SCIMS by using the **Change SCIMS Customer** feature.

For instructions see Change SCIMS Customer (Section A 8 b).--*

d Copy Data Between FBP Customer Records

Sometimes it becomes necessary to import or copy financial information from 1 customer record to another. Information can be imported between duplicate records of the same customer or between different customers.

See **Transfers and Assumptions** (Section A 8 a) for instructions on importing information between customer records.

A Overview (Continued)

9 Calculators

Several loan and amortization table calculators are available online. To access calculators, CLICK "Calculators" at the top of the screen.

The results of the calculations, which is the amortization table. To print, **right-**click in the pop-up calculator window and CLICK "**Print**" from the menu.

10 Customer Worksheets and Providing Data to FSA

Customers can provide balance sheet or projected and actual income/expense data to FSA with either of the following 2 types of FBP worksheets.

Type of		
Worksheet	How to Access	Description
FSA-2037	USDA eForms web site	These worksheets are useful to provide to
and	• FFAS Employee Forms web site	new customers where existing financial
FSA-2038		information in FBP is not available, and to
		place in application packages.
Existing	CLICK "Reports" and "Customer	The existing customer worksheets provide an
Customer	Worksheets".	easy way for customers to supply
Worksheets		information needed to complete FBP. These
		worksheets allow customers to make manual
		entries and compare 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.

11 Credit Reports

a General Information

Credit Reports for FLP customers should be requested using FBP. Before ordering a *--Credit Report, a customer record **must** be established in FBP and the General Information--* Screen needs to be completed. See **General Information** (Section C). Complete the "Related Entities" information, if applicable.

For new customers, on the General Information Screen, CLICK "**Credit Rpt./Elig. Only Act**" as the FBP account type. After the Credit Report is received, if the customer is determined ineligible, complete the eligibility only credit action to document eligibility. Do **not** create a balance sheet or income/expense in FBP. Accounts developed for Credit Reports and eligibility purposes only do **not** count toward FSA's active FBP accounts.

A Overview (Continued)

11 Credit Reports (Continued)

a General Information (Continued)

If the customer is determined eligible, a balance sheet and income/expense will be completed to document feasibility/security. At this point of the process, the FBP account type on the General Information Screen will automatically change to an "Active Account".

Exception: For all youth loans, CLICK "**Active Account**" as the FBP account type.

Notes: Do not use FBP to order credit reports for FSFL's.

Do **not** change the FBP account type from "Active Account" to "Credit Rpt./Elig. Only Act" when ordering Credit Reports for subsequent loans.

b Accessing Credit Reports Feature

Access Credit Reports options according to the following.

- Select a customer record.
- CLICK "General", "Credit Reports", and [name of applicant]. All applicants needing a Credit Report for an account must be listed as "Related Entities" on the General Information Screen. The primary applicant of the account, as well as the related entities, will be listed on the "Credit Reports" options.
- •*--CLICK [name of applicant] for which a Credit Report is being requested. The fly-out menu only displays prior Credit Reports without errors or no-hits. All prior credit reports can be viewed by clicking on "Add/Delete".

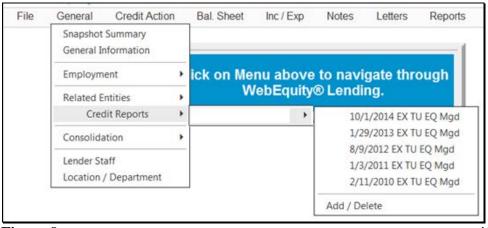


Figure 9a

A Overview (Continued)

11 Credit Reports (Continued)

c Ordering Credit Reports for Individuals

Order a Credit Report for an individual according to the following.

- CLICK "Add/Delete" for the individual for whom a Credit Report is needed. The Credit Report Information Screen will be displayed with the applicant's name, address, and tax ID from General Information * * *.
- FBP defaults to a Merged Report, automatically requesting information for the Get New Report from all 3 credit bureaus. Ordering the Merged Report ensures that full and complete information on the applicant's credit is received.

Note: For individual type accounts, a joint report that includes a spouse can be ordered according to the following.

- The spouse **must** be identified as a "Spouse" and "Co-Applicant" in the "Related Entities" Section on the General Information Screen **before** ordering the report for the primary applicant.
- CLICK "Yes" for the "Joint Report" radio button, if applicable. The name and tax ID of the spouse/co-applicant will be displayed.
- CLICK "GET CREDIT REPORT NOW".

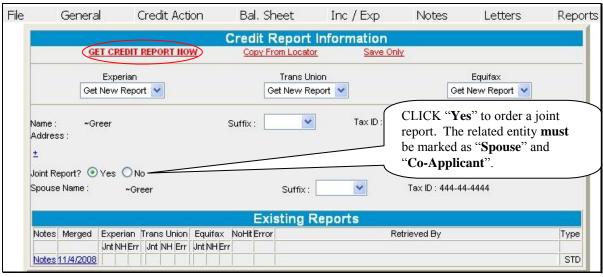


Figure 9b

A Overview (Continued)

11 Credit Reports (Continued)

c Ordering Credit Reports for Individuals (Continued)

After a short interval, the Credit Report Information Screen will be redisplayed with the "Existing Reports" Section. A date link will be displayed under the Credit Reporting company names, indicating there is a Credit Report that was obtained on that date from that company. Click the date to see a copy of the report.

d Ordering Credit Reports for Entities

To order a Credit Report for an entity, click the name of the entity applicant and CLICK "Add/Delete".

On the Credit Report Information Screen:

- CLICK "Experian Business" radio button
- CLICK "Business Profile" from the "Product" drop-down menu
- CLICK "GET CREDIT REPORT NOW".

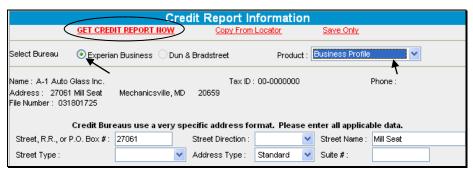
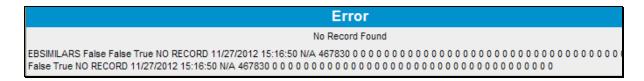


Figure 9c

--If no similar list is found, the error "No Record Found" will be displayed. Exit the screen and document in the Credit Presentation that no entity credit report was available.--



A Overview (Continued)

11 Credit Reports (Continued)

d Ordering Credit Reports for Entities (Continued)

If similars are found, a "List of Similars" will be displayed. Review the information carefully before choosing a similar. If there is no match in the "List of Similars", exit the *--screen and document in the Credit Presentation that no entity credit report was available.--*

If a match is available CLICK "Select" next to the entity name.



Figure 9d

The Credit Report Information Screen will be redisplayed. Click the date to view a copy of the Business Report.

To order Credit Reports for each entity member, they must first be added to the "Related Entities" Section on the General Information Screen. Credit Reports can then be ordered on each individual entity member according to **Ordering Credit Reports for Individuals** (Section A 11 c).

Note: A husband and wife, who are members of an entity, **will** be charged a joint Credit Report fee even though individual Credit Reports will be obtained for each.

e To Print a Report

With the report displayed, right-click and CLICK "Print".

f 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 be displayed with a cryptic error message. When this happens, it is important to navigate back to the Credit Report Information Screen to investigate the cause of the error.

As displayed on the following screen print, the attempted pull event will display the word "Error" after the pull date. CLICK "Error" 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 the address that was populated here from the General Information Screen.

A Overview (Continued)

11 Credit Reports (Continued)

f Failed Attempt (Continued)

To resolve an address format problem, CLICK "±" above "Joint Report?" and additional address fields will be displayed.

Note: Clicking "±" to display additional address fields is **only** required when requesting consumer bureau reports. The additional address fields are always viewable when requesting business bureau reports.

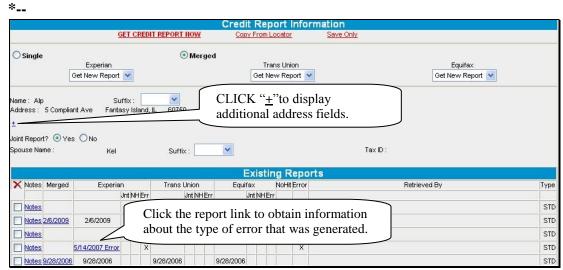


Figure 9e

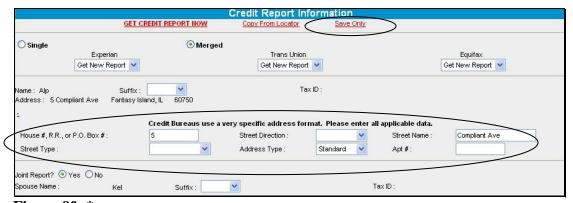


Figure 9f--*

These additional input fields allow the user to provide the street 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.

A Overview (Continued)

11 Credit Reports (Continued)

f Failed Attempt (Continued)

After the address has been re-entered in the fields, CLICK "GET CREDIT REPORT NOW" to obtain the report. If this does not resolve the error, or if the original error does not refer to an address issue, contact the State FBP Coordinators.

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 and saved by clicking "Save Only". This pertains only to the street address or post office box information, **not** to the name, tax ID, city, State, or ZIP Code.

--Changes to the name, tax ID, city, State, and ZIP Code should be entered in BP and will-- repopulate FBP each time the Credit Report Information Screen is accessed.

g Error Messages

Occasionally, reports may display an error message in the upper-left corner of the report, as follows.

"Time Out Error" message may occur for several reasons, including lag-time on the Internet. This is considered an error and FSA will not be charged for the report. A second report will need to be pulled within 24 hours to prevent duplicate hits from registering with the bureau against the customer.

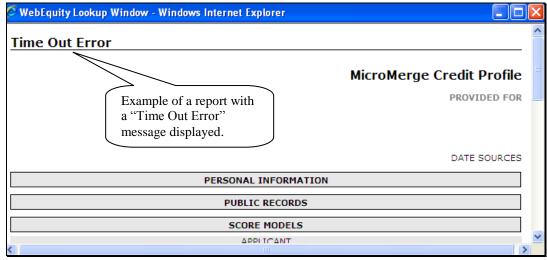


Figure 9g1

A Overview (Continued)

11 Credit Reports (Continued)

g Error Messages (Continued)

•*--"No Hit" message will be displayed when a credit bureau does not have a file on the customer. The report may still be considered an acceptable report if even 1 of the credit bureaus provides information and a new credit report does not need to be pulled.--*

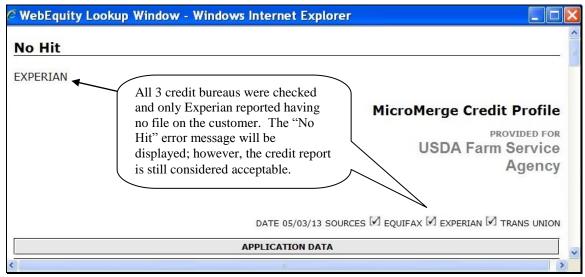


Figure 9g2

A Overview (Continued)

11 Credit Reports (Continued)

g Error Messages (Continued)

•*--"Bureau Error" message will be displayed when the information submitted does not match information on file at the credit bureau. The report may still be considered an acceptable report if even 1 of the credit bureaus provides information and a new credit report does not need to be pulled. Information on the error is provided at the bottom of the report.

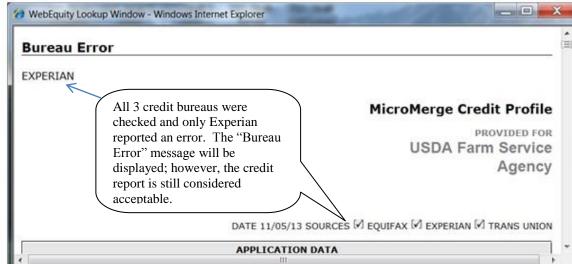


Figure 9g3--*

A Overview (Continued)

11 Credit Reports (Continued)

h Accessing Existing Reports

- *--Current and historical Credit Reports for the customer and all related entities are stored in the customer's record. To access an existing Credit Report, do the following:
 - select a customer record
 - CLICK "General", "Credit Reports", [name of customer]
 - click date of report from the drop-down menu or and CLICK "Add/Delete"; the Credit Report Information Screen will be displayed

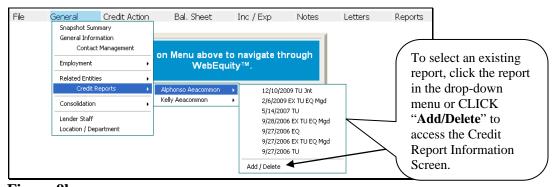


Figure 9h

• CLICK date to select and view any existing Credit Report.

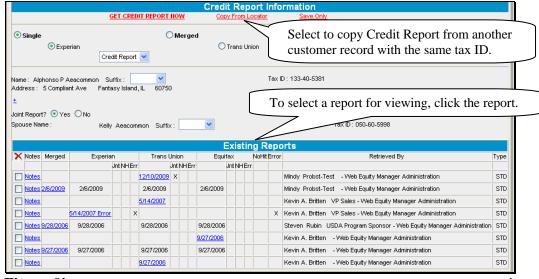


Figure 9i

A Overview (Continued)

11 Credit Reports (Continued)

i Copy from Locator

"Copy from Locator" is used to copy Credit Reports from an existing customer or related entity into another customer record with the same "tax ID".

Example: New customer record was created and a Credit Report was ordered. Subsequently, the customer was added as a related entity to another customer's record. The Credit Report could be copied into the new customer record using the "Copy from Locator" option.

Notes: Only Credit Reports less than 60 calendar days old are available for copying.

--If report contains a no-hit or error message, it is not available to copy.--

j Notes and Deleting Reports

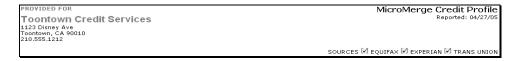
There is a NotePad attached to each Credit Report date that will allow users to enter additional notes and messages about that report. To access the NotePad, CLICK "General", "Credit Reports", [name of customer], and "Add/Delete". On the Credit Report Information Screen, under "Existing Reports", CLICK "Notes".

Note: Credit Reports will **not** be deleted from FBP.

k Reading the Credit Report

A Credit Report is divided into sections, starting with the header. In each section, all of the possible fields that could be returned will be included on the report.

Example of Header Section



The "Header" Section will display the company that requested the report, date the report was created, and the list of bureau sources for the report requested.

Example of Application Data Section

APPLICATION DATA							
	NAME AKA	AEACOMMON, ALFONSO	SOCIAL	133-40-5381	DEPENDENTS		
APPLICANT	ADDRESS PREV ADDRESS	5 COMPLIANT , TOMORROW IL 60750			LENGTH LENGTH		
	EMPLOYER POSITION VERIFIED BY		SINCE PHONE INCOME				
	NAME AKA	AEACOMMON, KELLY	SOCIAL	050-60-5998			
CO-APPLICANT	EMPLOYER POSITION		SINCE PHONE				

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

The "Application Data" Section will display all available applicant personal data from the selected bureaus.

Example of Public Records Section

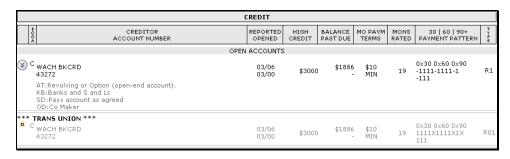


The "Public Records" Section will include the name of the reporting court, plaintiff, type of record, court reference number, amount associated with the record, date filed (MM/YY), if the record has been paid, and which credit bureau the public record was reported by.

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.

Example of Credit Section





Accounts in the "Credit" Section are sorted by account balance. This section also includes information for open accounts, collections, and other derogatory and closed accounts. Each section type is comprised of several fields described in the following.

Note: Optional fields are chosen in the "Access Code" setup.

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

*_.

Field	Description	
ECOA – Account	Applicable codes are the following:	
Designator Code	 "A", Authorized User (does not have financial responsibility) "B", On behalf of another (has financial responsibility) "C", CoMaker (contractual liability) "I", Individual (sole use of customer) "J", Joint (joint contractual liability) "M", Maker (subject liable, co-signer liable in case of default) "O", Undesignated "P", Participant (participant in shared account) "S", Shared (subject is co-signer, liable in case of default) "T", Terminated (relationship with account terminated) "U", Undesignated (undesignated or unknown) "X", Consumer Deceased "T", Creditor reports as included in a hardward or unknown 	
Creditor	 "Z", Creditor reports as included in a bankruptcy. Name of the tradeline reporting. 	
Account Number	1 0	
Reported	Account number as reported by creditor. Date this tradeline last reported to the bureau.	
Opened	Date this tradeline opened.	
High Credit	Amount of high credit on account.	
Balance	Balance on account as reported by tradeline.	
Past Due	Amount of payments past due.	
Mo Paym	Amount of payments past due. Amount of monthly payment for tradeline.	
Terms	Terms of the account.	
Mons Rated	Number of months this tradeline has been rated.	
30 60 90+	Number of 30, 60, and 90 or more calendar days late for tradeline.	
Payment Pattern	Consumer payment history for the past 24 months, beginning with Reported Date:	
	 "-", no rating "1", current "2", 30 calendar days late "3", 60 calendar days late "4", 90 calendar days late "5", 120+ calendar days late "7", making payments in Wage Earner Plan "8", repossession/foreclosure "9", charge off. 	

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

*_.

Field	Description	
Type	The following are types of accounts:	
	• "C", Check Credit (line of credit)	
	• "I", Installment (fixed number of payments)	
	• "M", Mortgage Installments	
	• "O", Open Account (30, 60, or 90 calendar day account)	
	• "R", Revolving or Option (open-end account)	
	• "Z", Reported as included in bankruptcy.	
	The following are types of status:	
	• "0", Too new to rate.	
	• "1", pays account as agreed	
	• "2", 30 calendar days past due	
	• "3", 60 calendar days past due	
	• "4", 90 calendar days past due	
	• "5", 120 calendar days past due	
	• "6", Wage Earner or similar plan	
	• "7", Repossession	
	• "8", Collection/Bad Debt/Charge Off	
	• "9", Bad Debt, Place for Collection.	
Codes	• "OD", Show Ownership Description	
	"AT", Show Account Type Description	
	• "SD", Show Account Status Description	
	"TT", Show Trade Type Description	
	"KB", Show Kind of Business Description	
	• "N1", Show Narrative Description 1	
	• "N2", Show Narrative Description 2.	
Late Dates	Format = MM/YY – Type & Status, multiples are delimited with a comma, options include from "None" to 5 dates.	

Example of Credit Summary Section

The "Credit Summary" Section summarizes all of the tradelines in the "Credit Summary" Section by trade type.

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

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 calendar days past due.	
90	Count of trades by type that are 90 calendar 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.	
Bankruptcies	Count of bankruptcies.	
Garnishments	Count of payroll garnishments.	
Other Public Records	blic Records Count of other public records.	
% Available	Percentage of revolving credit available for all open trades.	
	((High Credit minus Balance) divided by High Credit)	

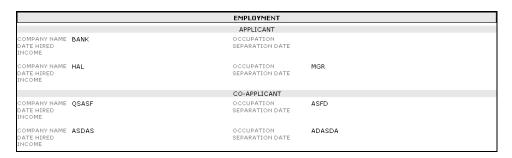
A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

Example of Employment Section

In the case of a joint application, the "Employment" Section will include a section for the "Applicant" and "Co-Applicant".



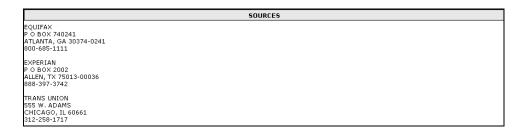
The "Employment" Section includes known current and former employers and status of employment for each.

Example of Inquiries Section



The "Inquiries" Section provides a list of the inquiries by the bureaus requested and is restricted to only the inquiries in the last 90 calendar days.

Example of Sources Section



The "Sources" Section provides a list of the bureaus that are included in the Credit Report.

A Overview (Continued)

11 Credit Reports (Continued)

k Reading the Credit Report (Continued)

Example of Messages Section

```
MESSAGES
                                                                                  APPLICANT
                                                                                *** EQUIFAX ***
SAFESCAN Warning: Social Security number is issued to person who has been reported deceased.
INQR Subject's SSN is Year Iss
OFAC: No match found in OFAC Database.
                                         Year Issued: 1965; State: NY
                                                                               *** EXPERIAN ***
FACS+ Message: Inquiry Address Message - CKPT: BUSINESS SERVICE ON FACS+ FILE/
                                                                                                                                LANDSCAPING/
                                                                                                                                                            AVE/
                                                                                                                                                                                    ΙL
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/
                                                                                                                                                     SERVICE/
AVE/
FACS+ Message: Onfile Address Message - CKPT:
                                                                            SERVICE ON FACS+ FILE/
                                                                                                                               SERVICES INC./
                                                                                                                                                             AVE/
                                                                            *** 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: Nequested 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.
                                                                               *** EQUIFAX ***
SAFESCANNED: Your inquiry has gone through our SAFESCAN data base.
Subject Former Name: H L
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)
```

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.

* * *

A Overview (Continued)

11 Credit Reports (Continued)

1 When Mortgage and Commercial Credit Reports Are Not Acceptable

See 1-FLP, subparagraph 48 G.

m When the Applicant Disputes Information on the Credit Report

See 1-FLP, subparagraph 48 H.

B Electronic File Maintenance, Reports, and Signatures

1 Customer Record

All electronic information stored within FBP is considered part of the customer file and record as if it were in written form.

2 Running Record

The "Notes", "Running Record" feature of FBP will be used to record all comments or notes that *--would have traditionally been written in the paper-based file. All e-mail correspondence will also be included into the running record. Users should copy and paste only the final e-mail string as this will save time and space in the running record.

Exceptions are:--*

- comments or notes from customers that:
 - have never been added to FBP
 - no longer have a credit relationship with FSA

B Electronic File Maintenance, Reports, and Signatures (Continued)

2 Running Record (Continued)

- •*--narratives and comments about loan making or servicing actions that **must** be documented in:
 - the applicable FBP Credit Presentation
 - footnotes or comment notepads

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 about a loan making or servicing action when a Credit Presentation is prepared.

comments and entries that are exempt from disclosure according to FOIA, see FOIA
 Running Record (Section B 2 a).

Note: No running records will be deleted from FBP.

A new Running Record will be created for each calendar year. CLICK "Notes", "Running Record", "Add/Modify/Delete", and type the description in the "Note Title/Description" box; for example, "2016 Running Record" and then CLICK "Add".

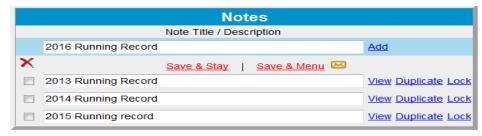


Figure 10a

The most recent entries will be made at the top of the page with the date, initials, and comments of the user.

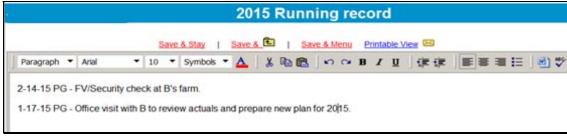


Figure 10b ---

B Electronic File Maintenance, Reports, and Signatures (Continued)

2 Running Record (Continued)

*--a Locking the Running Record

Running records will be locked at the end of each calendar year to prevent further modification of the data. To lock the running record, CLICK "Notes" "Add/Modify/Delete". The lock link can be found to the right of the selected running record.--*

b FOIA Running Record

All comments and entries that are exempt from disclosure according to FOIA should be documented in a running record separate from the customer's standard running record. To create the new running record, CLICK "Notes" and "Add/Modify/Delete". The suggested Note Title/Description of the new running record should be "FOIA Running Record" or something similar.

c Printing Running Records

Running case records will only be printed and placed in the County Office file under the following circumstances and should always be printed using the "Print Manager" option:

- preparation for NAD appeals
- preparation for civil and criminal inquiries, investigations, audits, and litigations in conjunction with OIG, OGC, OCR, and GAO.

d Copying From Word Documents

Microsoft Word applies special formatting to word documents so that the text appears correctly. When copying to a WordPad in FBP, the text must be stripped of the formatting for the text to print correctly using the Microsoft Reporting Service (MRS) feature.

Copy text from Microsoft Word to the WordPad located in "Notes" according to the following:

- highlight desired text in MS Word
- copy and paste in the appropriate WordPad block
- CLICK "Word" icon on the right side of the WordPad.



Figure 10c

Note: Bolding, tables, and bullet points will be removed during the "cleaning" process.

B Electronic File Maintenance, Reports, and Signatures (Continued)

*--3 Footnotes and Comments

Footnotes are narrative comments which can be added in the WordPad block located at the bottom of the balance sheet, income and expense summary, and other documents. To display and print correctly, Arial 10 is the recommended font for footnotes.--*

Comment NotePads provide the capability to add comments on the balance sheet or income and expense schedules, as well as other areas of the applications. What looks like a small piece of paper next to a field indicates that comments can be entered in small text boxes after the indicator is clicked. After entering a comment, this same indicator will look like a sheet of paper with writing. The information entered in the text boxes will be saved and linked to the respective field.

a Printing Footnotes and Comments

To print footnotes and/or comments on a selected report, CLICK "**Reports**" and the "**Print Manager**" or "**Reports Setup**" options will be displayed, as follows.



Figure 11a

Option 1: If users click "**Print Manager**" and click the "**Report Options**" tab, users can add comments or footnotes using the "Comments" or "Footers" drop-down menus. If users click "Comments", the following "Comments" section will be displayed. CHECK (✓) the appropriate boxes to select the reports.

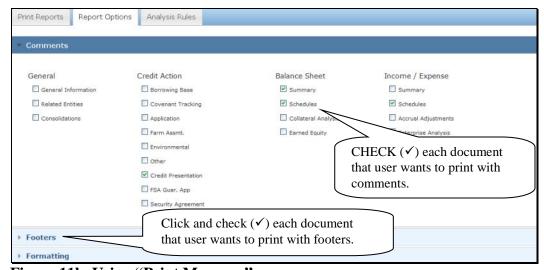


Figure 11b, Using "Print Manager"

B Electronic File Maintenance, Reports, and Signatures (Continued)

*--3 Footnotes and Comments

a Printing Footnotes and Comments (Continued)

Option 2: Using "**Reports Setup**", CHECK (✓) the appropriate boxes under "Print Footnotes on:" and "Print Comments" to select the reports.

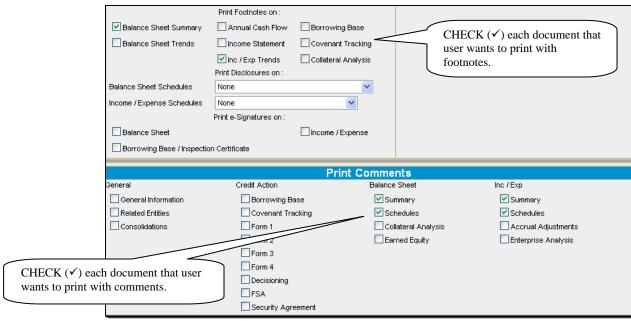


Figure 11c, Using "Reports Setup" -- *

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements

*--a Report Packages

The **Report Package** feature in FBP provides users several options for packaging and printing reports, as follows.

- Accessing and printing report packages that have been created by the State Office.
- Creating Service Center Report Packages that will be available for all users within that location.
- Creating User Report Packages that will only be available to that user.
- Selecting multiple reports in an individual customer for printing.

1 State Office Report Packages

Reports created by the State Office are available for all users in the State. Reports are located on the "**Print Reports**" tab and can be accessed under the "Available Reports" column by clicking the arrow next to "**Location Packages**".



Figure 11d, Location Packages--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--a Report Packages (Continued)
 - 1 State Office Report Packages (Continued)

CLICK "**Up Arrow**" next to the "Printer" icon to hide the contents of the package and the arrow will be displayed as a down arrow. CLICK "**Down Arrow**" next to the "Printer" icon to view the contents of the package.

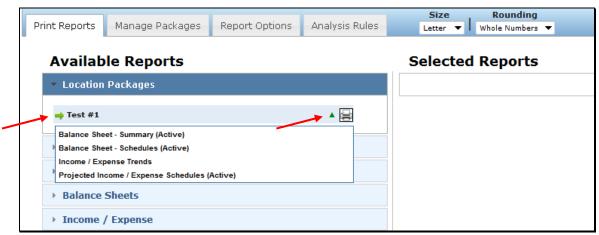


Figure 11e, View Package Reports

To print the report package, under "Location Packages", next to the report title, CLICK "Green Arrow" to automatically move the report from the "Available Reports" column to the "Selected Reports" column. The "Green Arrow" will be displayed as a blue checkmark "✓" after the move to indicate the selection is no longer available.

Note: Only reports with a "Green Arrow" displayed can be moved to the "Selected Reports" column.--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--a Report Packages (Continued)
 - 1 State Office Report Packages (Continued)



Figure 11f, Add to Selected Reports

Additional reports can be added to the "**Selected Reports**" column and printed at the same time. The following options are available in the "**Selected Reports**" column:

- click within the list to drag-and-drop a selection to rearrange the order of the reports
- CLICK "X" (red) to delete a selection from "Selected Reports" column and return the selection to the "Available Reports" column
- CLICK "**Print Reports**" to generate the selection in ReportViewer
- CLICK "Clear" to remove all reports from the column
- to the left of the report title, CLICK "+" to see the reports included within a package.

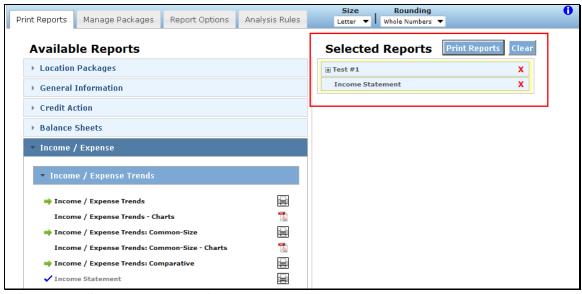


Figure 11g, Selected Reports Options--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--a Report Packages (Continued)
 - 2 Service Center Report Packages

When created, Service Center Report Packages are available for all users at that location. To create a report, from the Locator, do the following:

• CLICK "Defaults", "Report Setup", "Manage Packages"

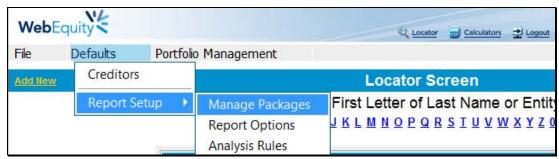


Figure 11h, Access Manage Packages

- CLICK "Manage Packages" tab
- CLICK "New"
- in the "Package Name" block, type the title for the new report package.

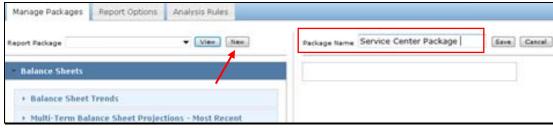


Figure 11i, Adding a New User Package--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

2 Service Center Report Packages (Continued)

A package can consist of 1 to 50 reports. To select the reports to include in a package:

- only reports with a green arrow can be moved to the "Selected Reports" column
- CLICK "Green Arrow" to automatically move the report from the "Available Reports" column to the "Selected Reports" column

Note: The "Green Arrow" will be displayed as a blue checkmark "✓" after the move to indicate the selection is no longer available.

- CLICK "Save" and the new report package will be displayed in the "Report Package" list
- CLICK "Edit" to change the package contents
- to remove a report from a package, CLICK "X" (red)
- CLICK "**Delete**" to remove the entire package.

Note: When selecting Balance Sheets and Income/Expense reports, options include:

- "Active" that references the last report accessed by the user
- "Most Recent" that references the last report created in the system.

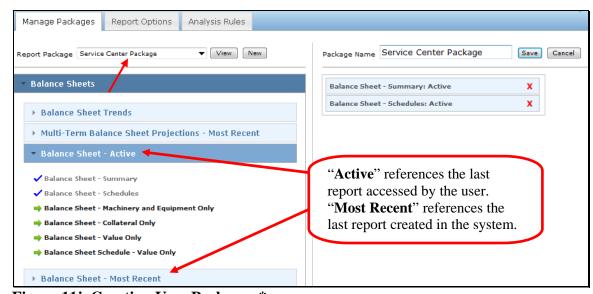


Figure 11j, Creating User Package--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

*--a Report Packages (Continued)

2 Service Center Report Packages (Continued)

After user clicks "Save" for the final time, the Service Center Report Package will be available on the "Print Reports" tab, under the "Available Reports" column, from the "Location Packages" list. Report can be printed by moving it to "Selected Reports" column.



Figure 11k1, Location Packages

3 User Report Package

A **User Report Package** is only available to the user that created the package. To create a report, select a customer record, then from the toolbar:

- CLICK "Reports", "Print Manager"
- CLICK "Manage Packages" tab
- CLICK "New"
- in the "Package Name" block, type the title for the new report package.

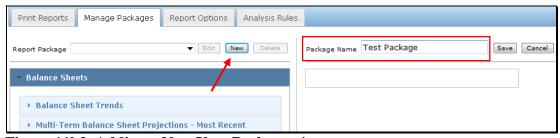


Figure 11k2, Adding a New User Package--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--a Report Packages (Continued)
 - 3 User Report Package (Continued)

Select and add the individual reports to the package.

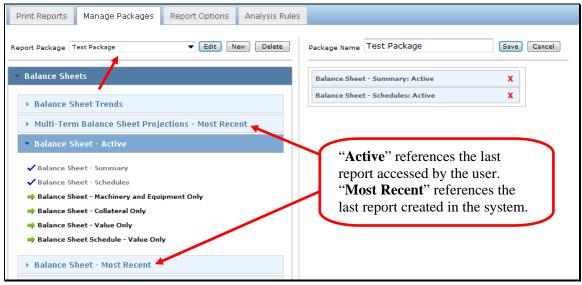


Figure 11k3, Creating User Package

After user clicks "Save" for the final time, the user report package will be displayed on the "Print Reports" tab, in the "Available Reports" column, under "User Packages". The report can be printed by moving it to the "Selected Reports" column.

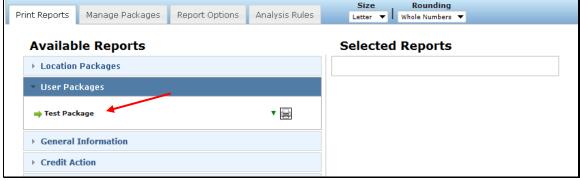


Figure 11k4, User Packages--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - a Report Packages (Continued)
 - 4 Customer Multiple Report Selection

Users have the option of individually selecting multiple reports for printing at 1 time. To select the reports to print, CLICK "Green Arrow" to automatically move the report from the "Available Reports" column to the "Selected Reports" column.

Note: The "Green Arrow" will be displayed as a blue checkmark "✓" after the move to indicate the selection is no longer available.

CLICK "**Print Reports**" to generate the selection in ReportViewer.

Note: The reports selected will **not** be saved as a package. Users will need to reselect the reports needed for printing each time.

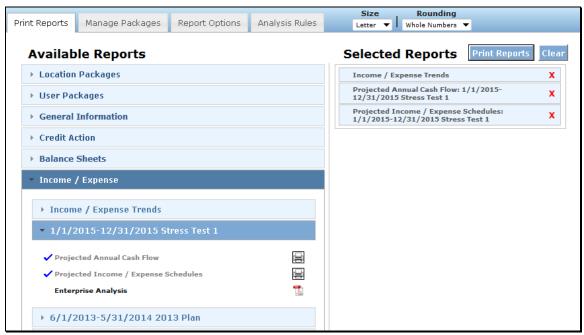


Figure 11k5, Customer Multiple Report Selection

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)

*--b Generating and Printing Reports

To generate and print a report, CLICK "**Reports**" "**Print Manager**". "**Print Manager**" may also be accessed from "Bal. Sheet" and "Inc / Exp" trends.

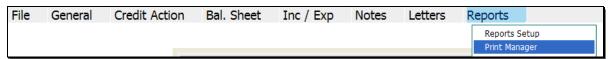


Figure 11k6

CLICK "**Print Reports**" tab and a list of all the available reports will be displayed. CLICK "Drop-Down Arrow" next to a report title to display the list of reports that are available to view and/or print. Reports are displayed with either "**Printer**" or "**PDF**" icon.

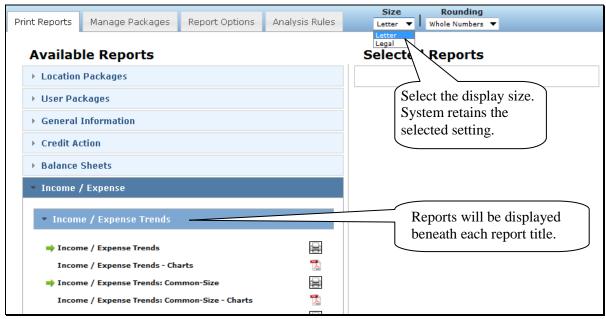


Figure 11k7, Available Reports Screen--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--b Generating and Printing Reports (Continued)

Some reports listed on the Available Reports Screen are only available in PDF format. CLICK "**PDF**" icon to open a report in PDF.

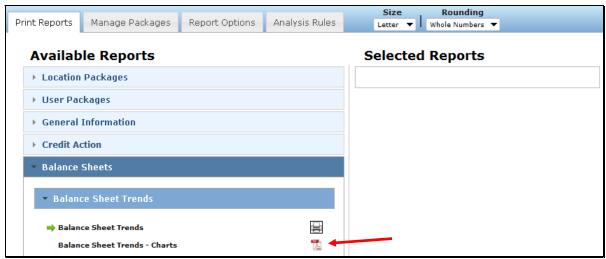


Figure 11k8, Select PDF

Depending on the browser, a "File Download" dialog box may be displayed that allows users to open, save, or cancel the download. CLICK "**Open**" to view and/or print the report or "**Save**" to rename the report and save to another location.

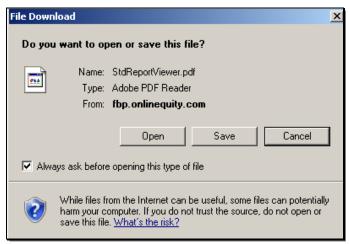


Figure 11k9, Open or Save Report--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--b Generating and Printing Reports (Continued)

CLICK "**Printer**" icon to print the report.

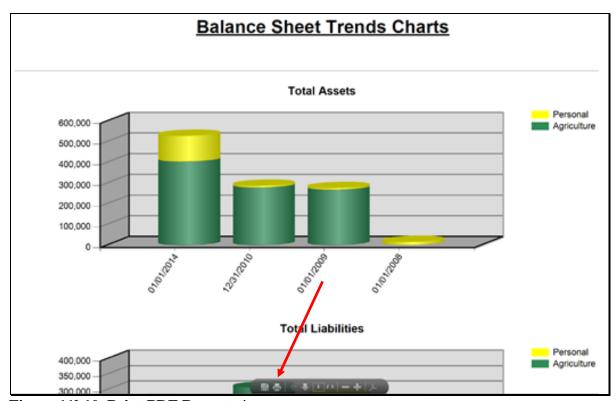


Figure 11k10, Print PDF Report--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--b Generating and Printing Reports (Continued)

Other reports listed under the "Available Reports" column are available in multiple formats in ReportViewer. CLICK "Printer" icon to open a single report in ReportViewer.

Note: Do **not** click multiple times because this may open multiple windows and slow performance.

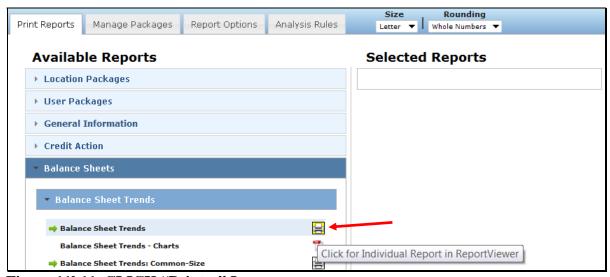


Figure 11k11, CLICK "Printer" Icon

CLICK "**Print Reports**" to open multiple reports or report packages in ReportViewer.

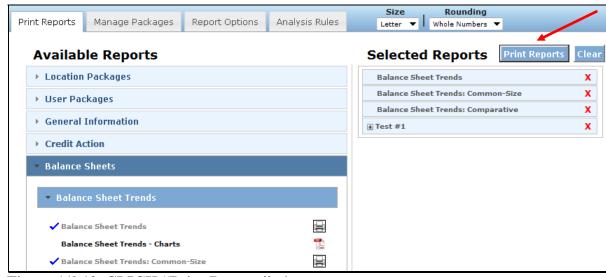


Figure 11k12, CLICK "Print Reports" -- *

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--b Generating and Printing Reports (Continued)

In ReportViewer, navigation and printing options are available from the Menu Bar. To:

• **export** in a different format, from the "**Export to the selected format**" drop-down menu, select a format for the report

Note: To export the report in the displayed format, CLICK "**Export**" icon. After a format is selected, that format will remain as the system default until a different format is selected.

• update information on a report, CLICK "Refresh" icon

Note: A report can be kept open, changes made to information on a document, and when users click "**Refresh**" icon, the report and the new changes will be displayed. "Refresh" does **not** work with **Report Packages**.

- print reports in PDF format, CLICK "Printer" icon
- hide document map, CLICK """to hide left report column.

In the left hand column, titles of individual reports from **Report Packages** are listed. Click on the title to view the individual report.

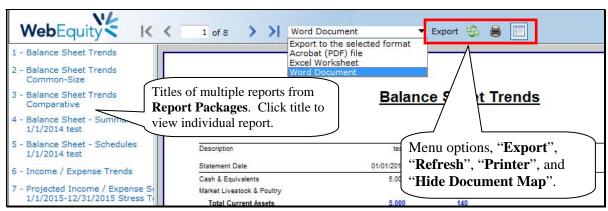


Figure 11k13, Select the Report Format--*

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - *--b Generating and Printing Reports (Continued)

Depending on the version of user's browser, a "File Download" dialog box may be displayed that allows users to open, save, or cancel the download. CLICK "**Open**" to view and/or print the report, or CLICK "**Save**" to rename the report and save to a preferred location.



Figure 11l, Open or Save the Report--*

B Electronic File Maintenance, Reports, and Signatures (Continued)

4 Reports and Forms – Signature and Filing Requirements (Continued)

c Reports and Signature Requirements

The following table provides a list of forms or reports with signature, locking, and printing requirements.

Report or Form Name	Customer Signature Required 1/	FSA Signature Required <u>1</u> /	Must be Locked	Report Must be Printed 2/
Balance Sheet Summary	Yes	No	Yes	Yes
Balance Sheet Schedules	No	No	N/A	Yes
Income & Expense Trends	Yes	No	N/A	Yes
Projected Income &	No	No	N/A	Yes
Expense Schedules				105
Income & Expense Summaries	No	No	Yes	See Cash Flow Reports
Projected Annual Cash Flow	Optional	No	N/A	Optional
Monthly Cash Flow	Optional	No	N/A	Optional
Production Trends	No	No	N/A	Optional
Farm Assessment	Yes	Yes	Yes	Yes
Credit Presentations	No	Yes, eSigned.	Yes, see Locking Credit Action Forms (Section J 3).	Optional, except for FSFL
Eligibility Only	No	Yes, eSigned.	Yes	Optional
DALR\$ Input Report	No	Yes, eSigned.	Yes	Optional
Environmental Screening Worksheet (FSA-850)	No	Yes, eSigned.	Yes	Optional
Emergency Loan Calculations (FSA-2311A)	No	Yes, eSigned.	Yes	Optional
Security Agreement	Yes	No	No	Yes
Chattel Appraisal	No	Yes or notation made in the Credit Presentation. See Credit Actions, "Collateral" (Section J 7 b).	N/A	Optional

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - c Reports and Signature Requirements (Continued)

Report or Form Name	Customer Signature Required <u>1</u> /	FSA Signature Required <u>1</u> /	Must be Locked	Report Must be Printed <u>2</u> /
Analysis Reports & Charts	No	No	N/A	Optional
Running Record	No	No	Yes	Optional, see
				Running Record
				(Section B 2).

- 1/ The term "Signature" includes "eSignature", if available.
- 2/ When the printing of certain credit actions and reports is optional, the electronic versions stored in FBP are considered to be the equivalent of a paper version for all purposes, including source documents for ADPS and DLS transactions.

Note: When a loan approval decision is made, the case file **must** contain the Assessment, Balance Sheet Summary, and Income & Expense Trends on which the decision was based. These 3 documents **must** be signed by the applicant.

d Reports Setup

There are many options to control the appearance of reports and what records are included in the generated analysis. Up to 6 balance sheets and 6 projections/actuals can be included in reports. Options selected will affect what balance sheets and projections/actual are available or "will be used" in credit actions. Changes to the report order can be made on either the Reports Setup or Balance Sheet Trends & Income/Expense Trends Manager Screens.

Reports should be set-up from left to right with the most current to least current information, *--respectively. Reports will need to be updated to display information needed for the current action taking place. At a minimum, the following will be included:--*

- income/expenses:
 - Column 1, current year * * *
 - Columns 2 through 4, preceding years using actual history, if available
 - Columns 5 and 6, may be used as needed

*--Notes: When completing a Direct Loan Servicing action, refer to **Direct Loan Servicing** (Section E2) for "Report Setup" instructions.--*

The loan official will select which years are most relevant to include in the average by checking the box above the year on either the Reports Setup or Income/Expense Trends Screen.

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - d Reports Setup (Continued)
 - balance sheets:
 - Column 1. current * * *
 - Columns 2 through 4, preceding years
 - Columns 5 and 6 may be used as needed, for example Post Close

*--Note: When completing a Direct Loan Servicing action, refer to **Direct Loan Servicing** (Section E2) for "Report Setup" instructions.--*

The options displayed on the Reports Setup Screen and the "Print Manager", "Analysis Rules" tab will automatically default to the National Office recommendations. CLICK "Value Farm Prod" or "Gross Revenues" radio button for the values to be used in all ratios.

By selecting options from the "Balance Sheet Columns" section, users can establish 2 columns to show comparisons of 2 types of calculations. See When Customer and FSA Balance Sheet Values/Amounts Differ (Section D 6) for more information.

Notes: The "Agriculture" check (\checkmark) boxes should **not** be changed.

Any changes made to either the Reports Setup Screen or the "Print Manager", "Analysis Rules" tab will automatically reflect on the other.

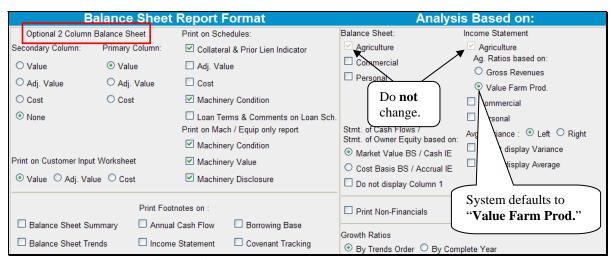


Figure 11m, Reports Setup Screen

- **B** Electronic File Maintenance, Reports, and Signatures (Continued)
 - 4 Reports and Forms Signature and Filing Requirements (Continued)
 - d Reports Setup (Continued)

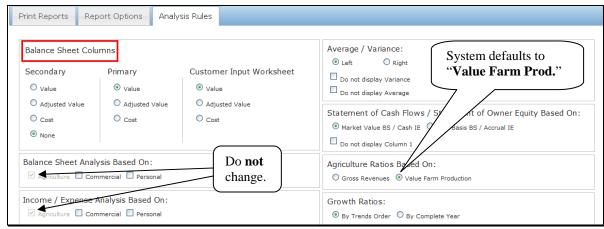


Figure 11n, "Print Manager", "Analysis Rules" Tab

B Electronic File Maintenance, Reports, and Signatures (Continued)

5 eSignature Policy

The electronic signatures ("eSigned") used for some documents complies 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 user eAuthentication passwords With anyone. The

eAuthentication user ID and password combination represents an eSignature, which is equivalent to a written signature. Sharing of the 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 **System Access and Security** (Section A 2) for more information on system access and security.

B Electronic File Maintenance, Reports, and Signatures (Continued)

6 Maintaining FBP Customer Records

a Moving FBP Customer Records to the Recycle Bin

When a customer record no longer has a credit relationship with FSA, the record should be removed from the Locator Screen. **Before** removing the customer from the Locator Screen, change the information in the Credit Relationship Status field on the General Information Screen. Remove customer records as follows:

- access the General Information Screen in the customer record:
 - remove all information from the "Credit Relationship Status" field
 - enter an account description and date, such as "Paid in Full, XX/XX/XXXX", "Application Rejected, XX/XX/XXXX"
- from the Locator Screen:
 - select the record to be moved to the recycle bin by checking (✓) the box in front of the name

Note: Individual or multiple records may be moved at 1 time.

- •*--CLICK "Send To" located above the list of names--*
- verify the radio button for "Recycle Bin" is clicked
- CLICK "Send".

Note: Do **not** click the "Archive" radio button.

b Moving FBP Duplicate Customer Records to the Recycle Bin

Duplicate customer records shall not reside in the FBP active database. These records will be labeled "Duplicate File, XX/XX/XXXX" in the "Credit Relationship Status" field on the General Information Screen. Remove the account from the Locator Screen according to **Moving FBP Customer Accounts to the Recycle Bin** (Section B 6 a).

C General Information

General Information includes basic information about the customer, borrower training, employment, associated persons or entities, and farm assessment details.

The following information is populated from SCIMS:

- entity type
- name, address, city, State, ZIP+4
- tax ID
- e-mail, phone number, FAX, and 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 BP, not in FBP.--*

Enter the following on the General Information Screen. There are 4 **required** fields that must be completed before exiting the General Information Screen.

Field	Notes		
Credit Relationship	Each State may provide guidance on using the field. Entries may be text or numerical, but will not		
Status	contain "SS#" or "TaxID#". When a customer no longer has a credit relationship with FSA, the field		
	will be completed according to Maintaining FBP Customer Records (Section B 6).		
Type of Operation –	Required . Select the customer's predominant agricultural enterprise. Use best available information		
Primary	for FSFL customers.		
	Click "Select" and choose from the list in the pop-up menu.		
County	Optional. Enter the customer's county of residence.		
FBP Account Type	Required . Click the link to select 1 of the following FBP account types.		
	"Active Account" will be selected for the majority of customers.		
	Note: Select "Active Account" for all Youth Loans.		
	(C 1'-D - (D') - O 1 - A - (N) - 1 - 1 - 1 - 1 - C - (N-D		
	• "Credit Rpt. /Elig. Only Act" is only selected for new customers when ordering a Credit Report		
	or when completing a "D-Loan/Eligibility Only" credit action. If BS or IE information is		
	subsequently added, the "FBP Account Type" will automatically change to "Active Account".		
	Note: Do not select the "Credit Rpt. /Elig. Only Act" account type if BS or IE information		
	has already been added to the customer's account.		
	·		
	"Special Classification Act" is selected for customers with only CNC or Judgment accounts		
	• "Guaranteed Loan Import" is used to identify files imported from guaranteed lenders.		
	• "FSFL Only" is selected for customers with only FSFL's.		
D&B D-U-N-S# /	Optional.		
Experian File #			
Borrower Type	Required . Use the radio buttons to select "Direct", "Guaranteed", or "Both" to designate the		
	customer's FLP assistance. Use the "Direct" radio button to designate customers with FSFL's.		
Year Started Farming	Required . Use the drop-down menu to indicate the year the customer started farming. For FSFL		
	customers, if the year is unknown use the year the application is submitted.		

C General Information (Continued)

1 Borrower Training

When a new Credit Presentation is prepared for existing customers, the date borrower training is to be or was completed 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.

2 Related Entities

All related entities associated with the customer should be added to FBP, and include spouses, co-applicants, co-owners of the business, co-signors, and any other entities of which the customer is a member or owner. The related entity information will flow to other documents within FBP and can be used to pull credit reports. There are 2 options available, however Related Entities **will** be added to the General Information Screen from SCIMS if available.

- **Option 1**: Add the related entity from SCIMS. All persons or entity members must be active in BP **before** being entered as a related entity. This is the recommended option as all personal information will be automatically updated whenever the customer is accessed.
 - CLICK "Related Entities" link.
 - Complete Related Entity Setup Screen, CLICK "Save & Continue".

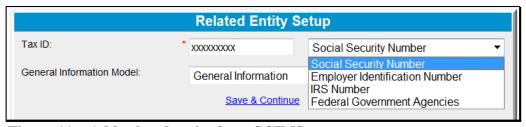


Figure 11o, Add related entity from SCIMS

*--CLICK the related entity link to access the related entity General Information Screen.



Figure 11p--*

C General Information (Continued)

2 Related Entities (Continued)

*--Check 1 or more of the following boxes to identify the related entity.

- Spouse.
- Co-Applicant person(s) who applies for the loan along with the primary applicant.
- Co-Owner person(s) who has an ownership interest in the collateral securing the FSA loan.
- Guarantor person(s) who assumes responsibility for repayment in the event of default.

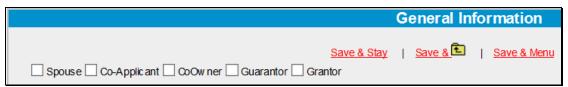


Figure 11q, Related Entity General Information

Notes: The spouse **must** be identified as a "Spouse" and "Co-Applicant" to order a joint credit report.

For the related entity to appear on the Security Agreement, 1 of the following must be checked, "Spouse", "Co-Applicant", or "Co-Owner".--*

C General Information (Continued)

2 Related Entities (Continued)

Option 2: Manually add the related entity. This option can be used when the:

•*--applicant is a "Business with SSN" such as LLC or revocable trust

Note: The individual with the SSN cannot be accessed from SCIMS and must be added manually.

 non-liable spouse or other person, who has an ownership interest in the FSA collateral, can be manually added so their name will appear on the Security Agreement.

Manually add a related entity according to the following steps.

• CLICK "General>Related Entities>Add/Modify/Delete".

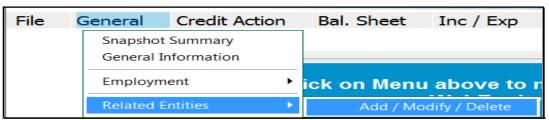


Figure 11r

- Under "Not To/From SCIMS:" CLICK the "Add New" link.
- Do not use the "Add From Locator" link.



Figure 11s--*

C General Information (Continued)

2 Related Entities (Continued)

*--Complete the Related Entity Setup Screen, CLICK "Save & Continue".

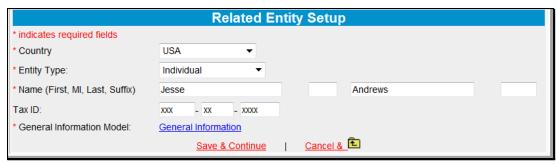


Figure 11t

- The "*" identifies manually added entity members, *not in SCIMS.
- Click the related entity link to access the related entity General Information Screen to add personal information.



Figure 11u--*

C General Information (Continued)

2 Related Entities (Continued)

- •*--Check box(s) to identify the related entity, example "Co-Applicant".
- For the Security Agreement, only the name is required.
- For consumer credit reports, the name, SSN, DOB and address are required.
- Complete the required fields for the related entity and CLICK "Save & "."



Figure 11V, Related Entity General Information--*

C General Information (Continued)

3 Employment Information

To add employment information for the primary customer and each related entity member, CLICK "**Employment**" link. Employment information should be added or updated whenever a Credit Presentation is prepared.

Note: Employment information added for entity members will **not** be displayed on the General Information Screen; however, it will display in the "Employment Information" Section of any Credit Presentation that is prepared.

4 Lender Information

a Lender Staff

Each customer should have 1 or more FSA loan officials 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, which is FLM, SFLO, or FLO. There is **no** limit to number of lenders identified with each account.

• **For new customers**. The user adding a new customer will automatically be displayed as the lender staff. To change the lender staff, on the General Information Screen, CLICK "Lender Staff" and "Add New".

- **C** General Information (Continued)
 - 4 Lender Information (Continued)
 - a Lender Staff (Continued)
 - •*--For existing customers. The first time an existing customer is accessed, an FSA--* lender should be designated on the General Information Screen. To designate, CLICK "Lender Staff" and "Add New".



Figure 11w

CLICK "Lender" from the drop-down menu and the State's employee list will be displayed. CLICK the employee's name to add to the "Lender Staff".



Figure 11x, Lender Staff Screen

C General Information (Continued)

4 Lender Information (Continued)

b Location/Department

The "Location/Department" on the General Information Screen is the Service Center where the customer currently receives FLP services.

- When a new customer is added, the "Location/Department" defaults to the Service Center location of the user adding the customer. If the location is **not** correct, it should be changed. CLICK "Location/Department" link and select the correct Service Center from the drop-down menu.
- "Restricted" location, visible only to administrative users, is reserved for employee relationship and sensitive accounts. After an account has its location designated as "Restricted", only FLC, FBP Coordinator, and employees specifically designated by the FBP Coordinator as the customer's "Lender Staff" can access the account.

c Special Handling of Employee Relationship Records

Any existing or new customer defined according to 3-PM, paragraph 141, as an FSA employee, or related to or closely associated with an FSA employee, will have their location/department designated as "Restricted".

For new customers, the Service Center **must** immediately notify the FBP Coordinator after receiving an application and provide the applicant's tax ID. Unless otherwise determined by FLC, the FBP Coordinator will:

- create the customer record
- designate the customer's "Location/Department" as "Restricted"
- add the necessary FLP employees to the customer's lender staff
- notify the designated Service Center when the record is created and restricted.

For existing customers, the FBP Coordinator will place FSA employee or employee relationship records into the restricted area. In addition, the lender staff designated by SED or DD to service this record will be associated by the FBP Coordinator as the customers' "Lender Staff".

C General Information (Continued)

5 Farm Assessment Information

Initial farm assessments and updates must always be entered on the General Information Screen. 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. It should not duplicate those areas addressed in the Credit presentation.

Provide information and make changes in each element of the assessment using the WordPads, text boxes, check boxes, radio buttons and drop down-menu to select the appropriate date below each topic, as needed. Text font size should not exceed 10 pt, to ensure that the assessment will print correctly.

The Term Limits Screen will be completed each time an assessment is completed or updated.

direct loans. You may receive a direct Farm Ow	s, there is a limit to the number of years that a FSA borrower is eligible to receive FSA nership (FO) loan if you have not had a direct FO outstanding for more than 10 calendar (OL) if you have received a direct OL in no more than 7 calendar years, or as long as you a farm for more than 10 years).
1.	Are receiving your first FO and have 10 years of total FO eligibility as it solely relates to term limits.
2.	☐ Have received FOs for:
Number of years outstanding Number of years remaining	
3.	☐ Have no remaining eligible years due to FO term limits.
Number of years received as a Beginning Farmer Number of years remaining as a Beginning Farmer	Are a Beginning Farmer and have received OLs (including this one) for: 0 0
5.	Are receiving your first OL and have 6 additional years in which you may close an OL. (The years may be non-consecutive and you may close more than one OL in each year).
6. Number of years received Number of years remaining	Have received OLs for:
FSA may grant you a 1-time warver of the direct OL limital	ion for 2 years on a case-by-case basis if certain conditions are met.
7.	Have no remaining eligible years due to OL term limits.
8.	Are receiving a loan not subject to term limits (CL; ML to Beginning or Veteran Farmer, YL; or farming land subject to tribal jurisdiction).

a New Customers

See 1-FLP, paragraph 222 for instructions on the documentation required for an initial assessment.

b Assessment Review and Updates

See 1-FLP, paragraph 223 for instructions on the documentation required for updates to the assessment.

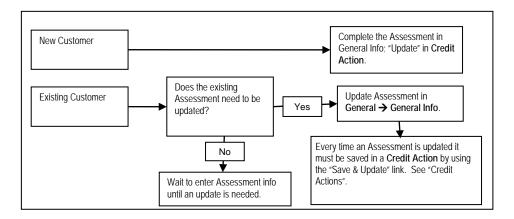
Note: Farm assessments, if completed or updated, will be printed, signed, and dated by the customer to acknowledge participating in completing the document.

__*

C General Information (Continued)

5 Farm Assessment Information (Continued)

See **Credit Actions** (Section J) for information on printing, locking, and associating a farm assessment update with a Credit Presentation. The following is an example of a farm assessment workflow.



Note: Assessment must be "Save & Updated" in a Credit Action for the date to transfer to the Customer Profile Screen in DLS. A credit action need only be created; the Credit Presentation does not have to be approved.

c Copying Data Into WordPad

See **Copying Data Into WordPad** (Section J 3 b) for instructions on copying Word or Excel information into the Assessment WordPad.

6 Change General Information Model

On the General Information Screen, when updating the assessment information, always ensure that the most current General Information model is displayed.

New customers added to FBP will automatically have the most current General Information model displayed. Existing customers will need to have the General Information model changed, if a red alert is displayed in the upper-left corner of the General Information Screen stating, "**Default Model changed**".

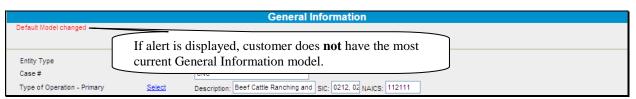


Figure 12a, Alert Message "Default Model changed"

C General Information (Continued)

6 Change General Information Model (Continued)

Change the General Information model on existing customers as follows:

- select the customer account record
- CLICK "General"
- CLICK "Related Entities" from drop-down menu
- from fly-out menu, CLICK "Add/Modify/Delete"



Figure 13a

• CLICK "General Information" for the applicable customer's name



Figure 13b

- the "Change General Information Model" box will be displayed
- use the drop-down arrow and select "General Information"
- CLICK "Change"
- the New General Information model will be displayed.

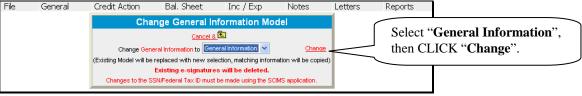


Figure 13c

D Balance Sheet

A balance sheet is a financial statement that reflects the values of an individual or entities assets, liabilities and capital at a specific point in time. Balance sheets can be created for a current date, future date, or even a previous date, if necessary, to reconstruct a customer's historical financial position. Obtaining balance sheets at the end of each business year is preferable, if possible.

There is no limit to the number of balance sheets that can be created or maintained in FBP.

Notes: The source or basis of the assets and liabilities must be fully documented in the schedules, footnotes, or comment notepads.

There is no limit to the number of balance sheets that can be created or maintained in FBP.

The balance sheet summary **must be** printed and signed by the customer for all loan making and servicing actions.

1 Types of Balance Sheets

A meaningful description, such as "FYE 12/31/16" or "After eDALR\$ 2016", should be used when a balance sheet is created. The description becomes especially important in years where multiple balance sheets are created and will appear on all reports.

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. This is the balance sheet that will be used for the collateral			
	analysis.			
Post-Close	A balance sheet prepared assuming that the planned loan making or loan servicing action has just taken place.			
	 The credit action does not have to be closed before a post-close balance sheet is created. *Will be used to classify the account and may be used to complete the Security Agreement* 			
	A post-close balance sheet must be completed for the following credit actions:			
	D-Loan Making (for Term Loans and combination Term and AOL, excludes Youth Loans)			
	D-Loan Regular Servicing			
	D-Loan Special Servicing			
	Microloan (for term loans and combination term and annual operating loans).			
Pro-Forma	A balance sheet prepared assuming that the projected income/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.			

D Balance Sheet (Continued)

2 Adding New Balance Sheets

*--To add a new balance sheet, CLICK "Bal. Sheet" on the toolbar. A balance sheet may be added using either the "Trends Manager" or "Add Balance Sheet" option selected from the drop-down menu.

Option 1: CLICK "**Trends Manager**" to access the Balance Sheet & Income/Expense Trends Manager Screen. "Trends Manager" may also be accessed through the Dashboard Navigation Screen.



Figure 14a, Balance Sheet Trends Manager Using the Toolbar

To add a new balance sheet report, in a column CLICK "Create New" link in an empty cell. Any changes made to the selection and the order of the reports will be reflected on the Reports Setup Screen. To create a report that would be available to add to the Reports Setup Screen at a later date, click the link found under the "Balance Sheet" tab.

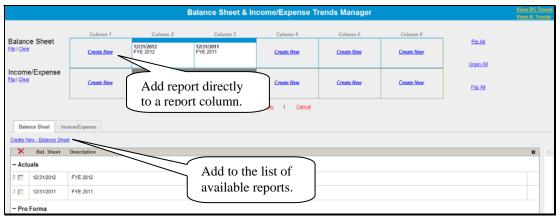


Figure 14b, Balance Sheet & Income/Expense Trends Manager--*

D Balance Sheet (Continued)

2 Adding New Balance Sheets (Continued)

*--On the "Balance Sheet Setup" dialog box, complete the required information and CLICK "Save" to add the report to the Balance Sheet & Income/Expense Trends Manager Screen.

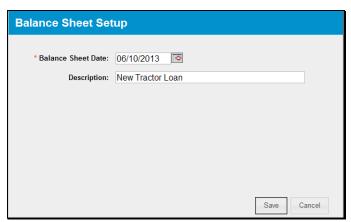


Figure 14c--*

D Balance Sheet (Continued)

2 Adding New Balance Sheets (Continued)

*--Additional features that are available on the Balance Sheet & Income/Expense Trends Manager Screen include the following.

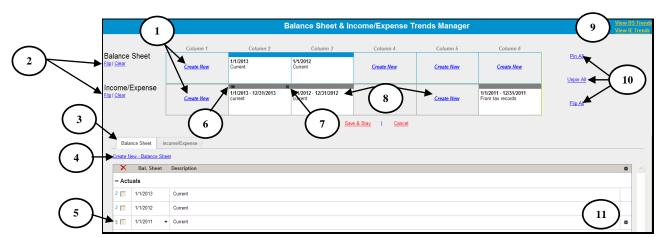


Figure 14d

Item	Feature
1	CLICK "Create New" to add a new balance sheet or income/expense.
2	CLICK "Flip" or "Clear" link to flip or clear all balance sheets or income/expenses
	separately.
3	CLICK "Balance Sheet" or "Income/Expense" tab to display list of available balance sheet
	or income/expenses.
4	CLICK "Create New - Balance Sheet" or "Create New - Income/Expense" link, as
	applicable, to add a new balance sheet or income/expense to the available list.
5	Click and hold " " (double-bar) to select a balance sheet or income/expense from the
	available list and drag and drop it into a column to add to the Reports Setup Screen.
6	CLICK " Pin " icon to pin a single balance sheet to the income/expense underneath. Displays
	when hovering over a single balance sheet or income/expense underheads. Displays
7	CLICK " X " to delete a balance sheet or income/expense individually. Displays when
	hovering over a single balance sheet or income/expense.
8	Click and hold any column, pinned or unpinned, and drag and drop the content from
	1 column to another column.
9	CLICK "View BS Trends" or "View IE Trends" link to go to the balance sheet or
	income/expense trends.
10	CLICK:
	• "Pin All" to attach all balance sheets to the income/expense underneath
	• "Unpin All" to detach all balance sheets from the income/expense underneath
	• "Flip All" to flip all balance sheets and income/expenses at the same time.
11	To edit rows of balance sheets or income/expenses, CLICK "* " (sprocket) to duplicate, lock,
	or move; use drop-down menus; or type directly into description fields.

__*

- **D** Balance Sheet (Continued)
 - 2 Adding New Balance Sheets (Continued)
 - *--Option 2: CLICK "Add Balance Sheet". If the customer has existing balance sheets, CLICK "Add/Modify/Delete" from the fly-out window. "Add/Modify/Delete" may also be accessed through the Dashboard Navigation Screen.



Figure 14e, Customer With No Existing Records

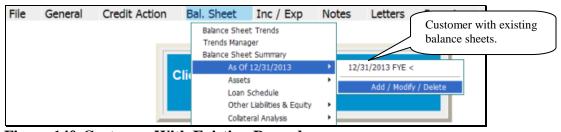


Figure 14f, Customer With Existing Records

Complete the following fields on the Balance Sheet Screen:

- "Bal. Sht. Date", manually enter the date or click the calendar button
- "Description", enter a meaningful description of the record.

Note: The "Description" field will be displayed on all printed reports and becomes especially important in years where multiple balance sheets are created.

CLICK "Add" to display this entry in the list of balance sheet summaries.



Figure 14g--*

D Balance Sheet (Continued)

3 Additional Links on the Balance Sheets Screen

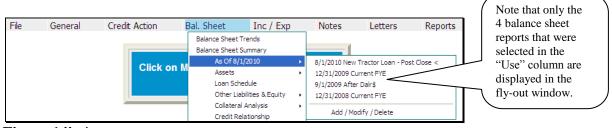
In addition to the list of balance sheet summaries displayed on the screen, users will see additional features and hypertext links on the right side of the screen, as follows:



--Figure 14h--

- CLICK "View", for quick access to the Balance Sheet Trends Screen
- CLICK "Use" blocks, to select which reports to display in the fly-out window or for use in the "Reports Setup"

Note: If box is grayed out, the report is currently in use in "Reports Setup", or was the last report selected for viewing.



--Figure 14i--

- CLICK "View", to display the Balance Sheet Summary Screen
- CLICK "**Duplicate Link**", to duplicate a specific report. The duplicate report will be listed on the screen immediately below the original
- CLICK "Lock" to lock the selected balance sheet.

D Balance Sheet (Continued)

4 Balance Sheet Summary - Entering Data

Using this option allows the user to select and display a single balance sheet on the screen.

• CLICK "Bal. Sheet" on the toolbar and select a summary description from the fly-out window. A balance sheet summary may also be accessed by clicking "Add/Modify/Delete" or through the Dashboard Navigation Screen.

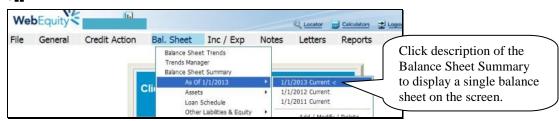


Figure 15a, Balance Sheet Summary Using the Toolbar

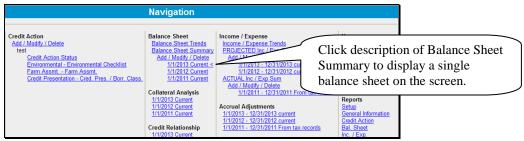


Figure 15b, Dashboard Navigation Screen--*

Financial data can be entered as a summary dollar value or on schedules where the calculated value transfers to the Balance Sheet Summary. Sometimes a mix of summary and scheduled input is appropriate.

- To input data at the summary level, click in the applicable numeric input field and enter the total value amount.
- CLICK "Save & Stay" to save data; or navigate away from the screen by use of the toolbar menu or any hyperlink and data is automatically saved.
- CLICK "Cancel" and the data will not be saved and the page will refresh with the original data.



Figure 15c, Financial Data Input at the Summary Level

D Balance Sheet (Continued)

4 Balance Sheet Summary - Entering Data (Continued)

An option available in summary level entry is "Math in a Cell". Enter math formulas including addition, subtraction, multiplication, division calculations, and parenthesis, in user-defined cells to perform math calculations.

• To enter a math formula, click in the cell and begin entering the values. Some basic formula examples: 10+2=12, 10-2=8, 10*2=20, 10/2=5, (10+2)/2=6



Figure 15d, Enter a Math Formula

• To view a math formula, place the cursor over the plus/minus (+/-) symbol next to a cell that contains a math formula. Any new formula entered in a cell will overwrite the original calculation. Calculations are stored when screens are saved.

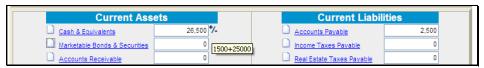


Figure 15e, View a Math Formula

• To edit a math formula, click the plus/minus (+/-) symbol next to a cell that contains a math formula. In the **Edit Formula** dialog box that is displayed, type any changes and CLICK "Save".



Figure 15f, Edit Formula Window

D Balance Sheet (Continued)

Balance Sheet Summary - Entering Data (Continued)

To add information at the schedule level, click the hypertext link for the desired balance sheet item (example: Cash & Equivalents). On the Schedule Screen, enter applicable information and CLICK "Add".

--Caution: Do not use double (") or single (') quotes in the schedule description fields. This may generate error messages or prevent information from saving.--

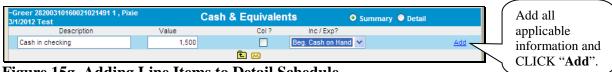


Figure 15g, Adding Line Items to Detail Schedule



Figure 15h, View Total Value

When the value displayed on the Summary Screen is populated from a schedule, the numeric input field will no longer be available at the summary level. Any changes to the value **must** be made on the Schedule Screen.



Figure 15i, Financial Data Input at the Detail Schedule Level

Note: When editing information in the schedule, if **all** line items are deleted, the value will **not** automatically be deleted from the Summary Screen. Access the Summary Screen to delete the value amount from the field.

Balance Sheet Trends - Entering Data

Using this option allows multiple balance sheets to be displayed and accessed. CLICK "Bal. **Sheet**" on the toolbar and CLICK "Balance Sheet Trends" from the drop-down menu.



Figure 16a, Balance Sheet Trends Using the Toolbar

D Balance Sheet (Continued)

5 Balance Sheet Trends - Entering Data (Continued)

Trends may also be accessed through the Dashboard Navigation Screen.



Figure 16b, Dashboard Navigation Screen

Financial data can be entered as a summary dollar value or on schedules where the calculated total value transfers to the Balance Sheet Summary. Sometimes a mix of summary and scheduled input is appropriate. Features that are available on the Balance Sheet Trends screen include the following.



Figure 16c--*

Item	Feature				
1	CLICK "Date" link to go directly into the individual year balance sheet.				
2	Use cell drop-down menus to access additional features for an individual cell to enter:				
	• schedule level detail				
	• or edit comments				
	• or edit formulas (formulas can also be entered directly into the cell).				
3	Use "Page Actions" drop-down menu to access additional features, as follow:				
	Add/Modify/Delete Screen				
	Trends Manager				
	Primary & Secondary settings (Value/Adj. Value/Cost)				
	Print Reports.				
4	CLICK "Enter Key" drop-down menu to select cursor movement direction when users press "Enter".				
5	CHECK (✓) "Fixed Header" to "freeze" column headings while scrolling up and down pages.				
6	The triangular marker indicates that notes, schedules, or formulas exist for a cell. CHECK (✓) "Show				
	Notes" to display a "Page" icon, instead of the triangle, when notes exist.				
7	CLICK "Ratios" on any open balance sheet for a quick snapshot of ratios				

D Balance Sheet (Continued)

5 Balance Sheet Trends - Entering Data (Continued)

*--Before adding documentation to the footnotes, ensure that the correct balance sheet is selected by clicking the applicable tab at the bottom of the screen.



Figure 16d

Notes: When editing information in the schedule, if **all** line items are deleted the value will not automatically be deleted from the Summary Screen. Access the Summary Screen to delete the value amount from the field.

For more complex operations requiring multiple schedule entries, it is recommended that users select the single "Balance Sheet Summary" option when entering the initial data. This will increase performance speed. See **Balance Sheet Summary – Adding Data** (Section D 4).--*

6 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 different ways in FBP.

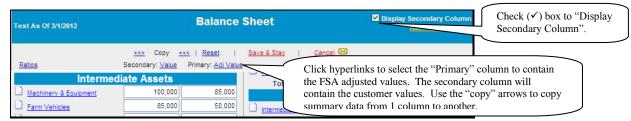
Method	Additional Details
Revised Balance	Revise the balance sheet the customer submitted, using FSA values.
Sheet	
Dual Value Balance	This option will allow dual values to be entered on one Balance Sheet
Sheet	summary; the customer's values and FSA adjusted values. FSA
	adjusted values will be entered into the primary column and the
	customer's values into the secondary column. The value and adjusted
	values can be entered as a summary value or on schedules.

D Balance Sheet (Continued)

6 When Customer and FSA Balance Sheet Values/Amounts Differ (Continued)

Create a Dual Value Balance Sheet, as follows:

- on the Balance Sheet Summary, CHECK (✓) "**Display Secondary Column**" in the upper-right corner of the screen
- CLICK "Adj Value" for the "Primary" column and use this column for FSA adjusted values
- CLICK "Value" for the "Secondary" column and use this column for customers' values
- "Copy" arrows may be used to copy summary information from 1 column to another



*--Figure 16e, Dual Value Balance Sheet Summary

• changes in the type of value and order of the columns on the Balance Sheet Summary will be reflected in the "Reports Setup" and on the Analysis Rules Screen.

Note: When using a dual value Balance Sheet for any loan making or servicing decision, the "Adjusted Values" option must be selected in the "Primary" column. This will ensure--* that the correct values are transferred to the Credit Presentation, collateral analysis, and chattel appraisal.

* * *

7 Locking Balance Sheets

Balance sheets should be locked after completion to prevent further modification of the data. To lock the balance sheet, CLICK "Add/Modify/Delete". The lock link can be found to the right of the list of balance sheets.

D Balance Sheet (Continued)

8 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 schedules where the calculated total transfers to the balance sheet. Frequently, a mix of summary and scheduled input is appropriate.

All assets used to secure FSA loans should be entered at the schedule level with the "Detail" radio button selected. The "Col?" box must be checked (✓) to ensure that the asset descriptions and values are available for use in the collateral analysis, chattel appraisal, and security *--agreement. Enter an "*" asterisk before each line item subject to FSA Purchase Money--* Security Interest (PMI). Enter an "(m)" before each line item used for Microloan collateral.

Use the Description field in "Machinery & Equipment" and "Farm Vehicles" schedule to enter an "*" asterisk for PMI items, and an "(m)" for Microloan collateral. As an additional option, use the "Code" box to establish a code name for the equipment to group like equipment together.

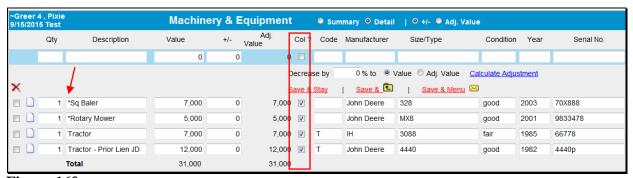


Figure 16f

Breeding livestock must be categorized as either "Raised" or "Purchased". FBP makes this distinction for accrual analysis because changes in raised breeding livestock will affect accrual-adjusted income, while purchased livestock will not. Use the Type field to enter an "*" asterisk for PMI items, and an "(m)" for Microloan collateral.



Figure 16g

D Balance Sheet (Continued)

8 Assets (Continued)

When completing the Real Estate schedule, the "SA" box must be checked to transfer the real estate description to the Security Agreement. Enter an "(m)" at the beginning of the "Other Description" field if crops grown on real estate are used for Microloan collateral.



Figure 16h, Adding Real Estate to Security Agreement

a 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 (Section D 6) for information about how to enter dual values.

9 Liabilities

All liabilities are categorized as either "Farm" or "Personal".

a 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.

b Farm Liabilities

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.

When entering loans into the loan schedule it is recommended to uncheck the edit mode box to allow for entering complete information regarding each loan such as Next Payment Date, Purpose of Loan, Origination Date, Original Amount, Maturity Date, and Past Due Amount into the Loan Detail screen.

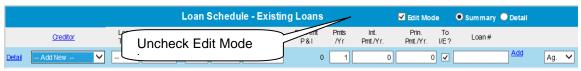


Figure 16i

D Balance Sheet (Continued)

9 Liabilities (Continued)

b Farm Liabilities (Continued)

*--CLICK the "Add New" hyperlink to access the "New Loan Detail" Screen, or the "Detail" hyperlink to access the "Existing Loan Detail" Screen.



Figure 16j

Add information for new or existing loans, then "Save".

	New Loan Detail	Select
Save & Stay * Indicates Required	Save & Add New Save & E Save & Menu	
Account Type	Ag. 💙	
Loan Purpose Code	None 🗸	
Creditor	FSA 🗸 *	
Loan Number		
Loan Type	Int. *	
Requested Amount	150,000 To Collateral Analysis	

Figure 16k--*

D Balance Sheet (Continued)

9 Liabilities (Continued)

c Personal Liabilities

Personal loans and debts should always be entered on the balance sheet in the "Personal" section. Payments for "Personal Current and Non-Current Liabilities" should be included in "Owner Withdrawals". Use the drop-down menu to have the total payments automatically flow over to "Owner Withdrawals" on the income/expense record.



--Figure 161--

Caution: Do not include:

- personal debt payments in the loan schedules, as that will distort the capacity analysis and feasibility determination
- FSA debt under the "Personal Debts" Section.

See **Income/Expense - Projected** (Section H) for more information on how debt repayment is handled in FBP and if certain debt payments should be designated to appear in the projection.

10 Additional Information about Liabilities

Type of Liability	Type of Liability Includes		Additional Details
	Farm Business or Ag Liabilities		
Accounts Payable	Unpaid expenses, payables, bills, accrued	•	Use summary input or scheduled
	leases, etc.		input, depending upon the
Income Taxes Payable Accrued or owing Federal and State income			number of debts in each category
tax, FICA tax, employment taxes, etc.			or if more detail is needed.
Real Estate Taxes Payable	Accrued or billed real estate taxes.		
Other Current Liabilities	Judgments, liens, etc.	•	Do not include loans or notes in
			any of these categories.

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

Type of Liability	Includes	Additional Details				
	Farm Business or Ag Liabilities (Continued)					
	Note: It is recommended that the "Edit Mode" on the Loan					
		Schedule be unchecked.				
FSA Direct Loans	Principal and accrued interest, including the principal portion of Disaster Set-Aside, also called ISA	 Use of the loan schedule detail input option is recommended. Add any principal ISA to the principal balance of the loan. Enter the resulting total as the principal balance for that loan. "Interest Rate" drop-down menu: Limited Resource loans should be designated as "Variable" "Regular Rate" and all other loans should be designated as "Fixed". Enter either LR or REG, or similar identifier in the text box to the right of the "Interest Rate" drop-down menu. CLICK "Pmt. Method". "Purpose of Loan" may be completed including relevant information, i.e. purchase tractor, refinance, chattel loan, reamortized, rescheduled, deferred, etc. "To Credit Relationship" is checked by default for FSA loans. Enter as much other additional information as necessary. For past due loan payments, see "All Loans". 				
		For past due loan payments, see All Loans.				

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

Type of		
Liability	Includes	Additional Details
	Fa	rm Business or Ag Liabilities (Continued)
FSA Direct Loans	RCI not already rolled into FSA	Using the loan schedule detail input option is recommended.
(Continued)	loan balances.	• "Loan Type" should be "Cur".
		• "Interest Rate" drop-down menu:
		• "Limited Resource" loans should be designated as "Variable"
		 "Regular Rate" and all other loans should be designated as "Fixed".
		• Enter either LR or REG, or similar identifier in the text box to the right of the "Interest Rate" drop-down menu.
		• "Pmt. Method" should be "Non Rev".
		• The payment amount should include the entire principal and interest balance, as RCI is immediately due.
		• "Purpose of Loan" may be used to indicate that it is RCI, for example, "41-99 RCI".
		• "To Credit Relationship" is checked by default for FSA loans.
		• Enter as much other additional information as necessary.

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

Type of						
Liability	Includes	Additional Details				
	Farm Business or Ag Liabilities (Continued)					
FSA Direct Loans	FSA deferred interest, noncap	Using the loan schedule detail input option is recommended.				
(Continued)	interest, deferred noncap interest, interest on ISA.	• Add all of these types of interest for each loan, and list the resulting total as a principal balance on a separate FSA loan.				
		The interest rate is zero percent.				
		• Interest Rate designation is "Fixed".				
		"Purpose of Loan" may be left blank.				
		• Enter in the "Loan #" a description of what it includes, i.e. "41-07 ISA".				
		• Do not check the "send to I/E" box.				
		• "To Credit Relationship" is checked by default for FSA loans.				
		Enter as much other additional information as necessary.				
Other Loans	Other notes,	Use the loan schedule summary or detail input option.				
	intermediate and long-term financing.	Enter as much information as necessary.				
All Loans		Caution: 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.				
A 11	0 11 1	Personal Liabilities				
All personal debts	Credit cards,	Do not use the loan schedule.				
debts	personal vehicle loans, home	Enter principal halonges and another extension "Democrat Comment				
	loans, student	• Enter principal balances under the categories "Personal Current Liabilities" if the debt is short-term, or "Personal Non-Current				
	loans, personal	Liabilities" if it is intermediate or long-term.				
	loans, etc.	Liabilities II it is intermediate of folig-term.				
	,	•*Select the option to have the total payments appear in "Owner				
		Withdrawals" on the income/expense record*				

D Balance Sheet (Continued)

10 Additional Information about Liabilities (Continued)

a Example of Loan With Disaster Set-Aside

The following is an example of how an FSA loan with Disaster Set-Aside, also called "ISA" in FSA accounting transactions and records, would be entered. The same concept applies to loans with deferred, deferred noncap, and noncap interest.

		Interest	Principal	Scheduled Annual Installment
0101	41 17	219	162,987	12,413
ISA	41 17	15,954	5,059	
	Total	16,173	168,046	



Figure 17, How FSA Loan With DSA Will Appear in FBP

11 Copying Liabilities from the Credit Report (Optional Feature)



Figure 18

Liabilities from the Credit Report may be copied directly into the loan schedules by clicking "Copy from Credit Report". This option is only available with new Credit Reports (less than 60 calendar days old).

Caution: All debts including personal will be copied to the loan schedules. Personal debts would than need to be deleted and added to the "Personal" Section of the balance sheet.

D Balance Sheet (Continued)

12 Reports

- *--The following reports are available for viewing/printing: CLICK "**Reports**" on the toolbar and select a report description from the fly-out window.--*
 - Balance Sheet Trends:

Trends: Common SizeTrends: Comparative

- Balance Sheet Summary:
 - Schedules
 - Machinery & Equipment Only
 - Collateral Only
- Balance Sheet Value Only:
 - Schedules Value Only
- Collateral Analysis
- Chattel Appraisal
- Earned Equipment Statement:
 - Earned Equity Reconciliation
- Analysis reports about capital:
 - Ratios & Indicators
 - Statement of Owner Equity.

E Refinancing and Restructuring

Refinancing and restructuring requires the special handling of debts within the balance sheet loan schedule.

1 Refinancing

Cash flow plans and balance sheets sometimes must reflect proposed refinance scenarios. The following are 2 options of showing a refinance within FBP:

- the current balance sheet method
- the balance sheet accounting method.

The choice of either option depends upon the needs of the plan.

In both of the following 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.

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

a Example 1, Current Balance Sheet Method

The current balance sheet method:

- 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 2 balance sheets, a "Before Refi" and "After Refi"--*
- cannot be used if using an accrual-adjusted projected income/expense statement
- is the least complicated.
- *--Step 1. Create the current balance sheet loan schedule without any new loans. Add a meaningful description such as "Before Ref". Do **not** attach this "Before Ref" 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.--*



Figure 19, * * * Balance Sheet Loan Schedule

CLICK "Bal. Sheet", "Other Liabilities", and "Accounts Payable" and ENTER "Repair Bill" and "1,000" and leave the drop-down menu set to "None".



Figure 20, Accounts Payable Schedule

E Refinancing and Restructuring (Continued)

- 1 Refinancing (Continued)
 - a Example 1, Current Balance Sheet Method (Continued)
 - *--Step 2. Duplicate the "Before Refi" balance sheet and create an "After Refi" balance sheet. Attach this balance sheet to the projection. On this duplicated balance sheet, make the following changes to document the refinance transactions.--*

On the loan schedule:

- for existing loans being refinanced:
 - change "Pmt. Method" to "Refi."

Note: The "Refi" payment method removes the loan from the balance sheet.

- uncheck "To I/E" so that the P&I payments do not appear on the projection.
- for new loans:
 - **uncheck** the advance amount "To I/E" so that the advance does **not** appear on the projection

Note: However, keep the second payment "To I/E" checked so that the new loan payment will appear on the projection.

- **check** (\checkmark) "Post Close?" so that the loan now appears on this balance sheet.
- CLICK "Bal. Sheet", "Other Liabilities", and "Accounts Payable" to delete the repair bill.



Figure 21, * * * Balance Sheet Loan Schedule

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

a Example 1, Current Balance Sheet Method (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.

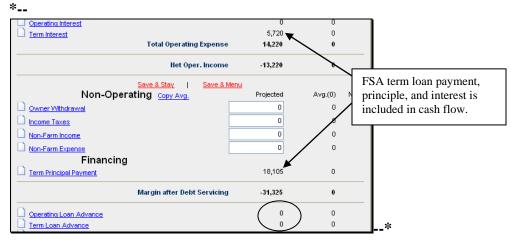


Figure 22, Verify Projection

Step 4. CLICK "Credit Action", [name], and "Credit Presentation" to complete the "Credit Relationship" Section with the sources and uses of funds. Note that when the loan was added to the loan schedules using the "Detail" mode, the loan purposes could also be entered.

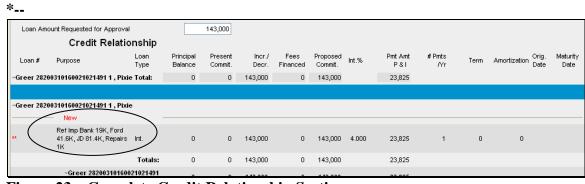


Figure 23a, Complete Credit Relationship Section

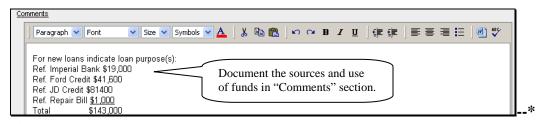


Figure 23b

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method

The balance sheet accounting method has the following features:

• shows all refinancing sources and uses of funds in the cash flow

Note: 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
- •*--requires 2 balance sheets, a "Before Refi" and "After Refi"--*
- 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.

Note: The balance sheet accounting method is more complicated.

--Step 1. Create the current balance sheet loan schedule, without any new loans. Add a meaningful description such as "Before Ref". Note that the existing loans will appear on the balance sheet. This balance sheet is for informational purposes only and will be the balance sheet that the customer signs.--



Figure 24, Entering * * * Loan Schedules

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

Also, ENTER "1,000" for "Repair Bill" by clicking "Bal. Sheet", "Other Liabilities", and "Accounts Payable" and use the drop-down menu to send the payable to projected I/E as "Repairs & Maintenance".

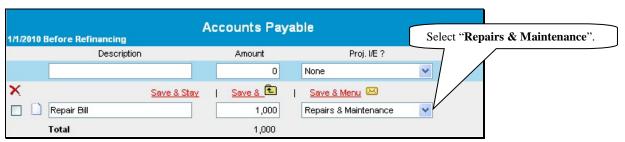


Figure 25, Entering * * * Accounts Payable

*--Step 2. Duplicate the "Before Refi" balance sheet and create an "After Refi" balance sheet. Attach this balance sheet to the projection.

Step 3. Create the refinance scenario in the "After Refi" balance sheet loan schedules. For loans that are going to be refinanced, change "Pmt. Method" to "Refi." The "Refi" function removes these loans from the balance sheet.--*

Also, include the new term loan advance. To correctly indicate the sources and uses of funds, the new \$143,000 term loan must be divided into 2 loans, even though it will be closed as 1 loan.

Note: Add the 2 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 (✓) "Post Close". The loan will now appear on the balance sheet.
- A term loan of \$1,000, which includes "new money" to pay off the accounts payable repair bill. Do **not** check "Post Close" 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.

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)



*--Figure 26, Creating Refi Scenario With "After Refi" Balance Sheet

Step 4. Create the income/expense projection, ensuring that the beginning balance sheet is the "After Refi" balance sheet.--*



Figure 27, Creating Income/Expense Projection

Step 5. Complete the projected cash flow plan. When the repairs expense schedule is accessed, the accounts payable is listed as available to be paid in the projection. ENTER "\$1,000" for "Pmt." 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.

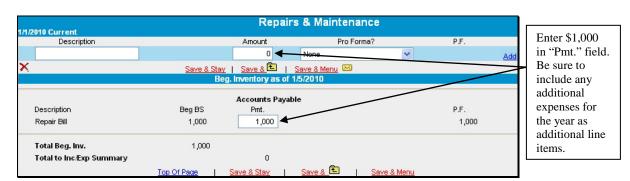


Figure 28, Completing the Cash Flow Projection

- **E** Refinancing and Restructuring (Continued)
 - 1 Refinancing (Continued)
 - **b** Example 2, Balance Sheet Accounting Method (Continued)
 - **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.



Figure 29, Verifying Expense and Payable Are Properly Included

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.



Figure 30, Verify Operating and Term Interest, and Term Principal Payments are Properly Shown

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

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.



Figure 31, Verify Term Loan Advance and Principal Amount Being Refinanced is Properly Shown

Step 7. For a loanmaking action involving term loans, create a typical year income/expense projection if accrual adjustments are not being made to the current year projection to substantiate feasibility.

E Refinancing and Restructuring (Continued)

1 Refinancing (Continued)

b Example 2, Balance Sheet Accounting Method (Continued)

Summary. In the balance sheet accounting method, the sources and uses of funds were as follows.

	Shown on "As Is"				
	Balance	Shown on Quasi "Post Close"			
Loan Type	Sheet	Balance Sheet	Appears on Projection As		
		of Funds	Principal	Interest	
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: Term \$17,979	Term 5,680	
		\$1,000 loan – "New money" not shown on post close balance sheet; pmts appears on inc/exp		Term 40	
		Total	18,105	5,720	
		f Funds	Principal Pmt	Interest Pmt	
Imperial Bank crop loan	18,000 + 1,000 Pmt Method is	P: 18,000 + I: 1,000 Pmt Method is "Refi" Does not appear on balance sheet	Oper Loan Pmt & Refi: \$18,000	Op \$1,000	
Ford Credit term loan of \$41,000 with \$600 of accrued	Non Rev \$41,000 + 600 Pmt Method is Equal	P: \$41,000 + I: \$600 Oper Loan Pmt & Refi: \$41,000 Pmt Method is "Refi" Does not appear on balance sheet		Op 600	
interest JD Credit term loan of \$80,000 with \$1,400 of accrued interest	\$80,000 + 1,400 Pmt Method is Equal	P: \$80,000 + I: \$1,400 Oper Loan Pmt & Refi: \$80,000 Pmt Method is "Refi" Does not appear on balance sheet		Op 1,400	
		Subtotal "Old Money" Being Refinanced	139,000	3,000	
	Ι.		Expenses		
Repair Bill of \$1,000	Accounts payable: \$1,000	Accounts payable: \$1,000	Repairs & Maint. expense: 1,000		
		Subtotal of "New Money" Being Refinanced	1,000		

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing

In connection with any direct loan servicing action, a current balance sheet will need to be prepared and attached to an income/expense summary for the customer. It is helpful when creating the documents to include a meaningful description such as "1/1/2015 Before DALR\$". The "1/1/2015 Before DALR\$" balance sheet should be entered in the first column of the Reports Setup * * * and will be selected to update the "**DALR\$ Input Report**".

*--Before a deferral can be approved, a "Post-deferral" plan would also need to be prepared according to 5-FLP, paragraph 159. The "Post-deferral" plan should be entered in column 2 of the Reports Setup, while 3 years of actuals will be displayed in columns 3-5.

	Column 1	Column 2	Column 3	Column 4	Column 5
Balance Sheet	1/1/2015	1/1/2020	12/31/2013	12/31/2012	12/31/2011
Flip Clear	Before DALR\$	Post Deferral	Year End	Year End	Year End
Income/Expense	1/1/2015 - 12/31/2015	1/1/2020 - 12/31/2020	1/1/2014 - 12/31/2014	1/1/2013 - 12/31/2013	1/1/2012 - 12/31/2012
Flip Clear	Before DALR\$	Post Deferral	tax returns	tax returns	tax returns

Figure 32a, Report Setup for "DALR\$ Input Report"--*

Notes: ***

When a loan is restructured, it becomes a regular loan. **Do not** identify line items as Microloan (M) collateral in the asset description fields.

When restructuring a delinquent borrower, a lien on all assets must be taken according to 5-FLP, paragraph 211.

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

The DALR\$ report, according to 5-FLP, subparagraph 103 A, determines the servicing options that may be available to the customer and will be used to create a "After DALR\$" balance sheet with the DALR\$ results. Duplicate the "1/1/2015 Before DALR\$" balance sheet and attach this balance sheet to a duplicated income/expense summary, and give both documents a meaningful description, such as "1/1/2015 After DALR\$". The "1/1/2015 After DALR\$" should be entered in the first column of the Reports Setup * * * and will be selected to update the Credit

*--Presentation. The "1/1/2015 Before DALR\$" and the "1/1/2020 Post Deferral" plans will be shifted to columns 2 and 3 of the Reports Setup, while 3 years of actuals will be displayed in columns 4–6.

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Balance Sheet	1/1/2015	1/1/2015	1/1/2020	12/31/2013	12/31/2012	12/31/2011
Flip Clear	After DALR\$	Before DALR\$	Post Deferral	Year End	Year End	Year End
Income/Expense	1/1/2015 12/31/2015	1/1/2015 - 12/31/2015	1/1/2020 - 12/31/2020	1/1/2014 - 12/31/2014	1/1/2013 - 12/31/2013	1/1/2012 - 12/31/2012
Flip Clear	After DALR\$	Before DALR\$	Post Deferral	tax returns	tax returns	tax returns

Figure 32b, Report Setup for "Credit Presentation"--*

The following example can be applied to all loan servicing authorities or combination of authorities.

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.

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

Step 1. Create the current balance sheet and income/expense summary named "1/1/2015--* Before DALR\$" for use in the DALR\$ Input Report. The loan schedule should reflect the "Before DALR\$" balances and payments due.



--Figure 32c, "Before DALR\$" Loan Schedule--

Step 2: Create the "D-Loan/Special Serv." credit action. Access and CLICK "**Save & Update**" the DALR\$ Input Report. Use the results to run DALR\$.

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

- **Step 3**. Duplicate the "1/1/2015 Before DALR\$" balance sheet and income/expense summary and rename both documents "1/1/2015 After DALR\$". Update the loan schedule with the--* DALR\$ results.
- "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 will reflect any capitalized interest, if any.
- "Pmt. Amount" will reflect the new restructured payment according to DALR\$.
- "Loan #" will be a description that reflects the restructure action.



Figure 33, "After DALR\$" Loan Schedule

E Refinancing and Restructuring (Continued)

2 Direct Loan Servicing (Continued)

Step 4. Use "1/1/2015 After DALR\$" to "Save & Update" the Credit Presentation in the "D-Loan/Special Serv." credit action. See **Income/Expenses – Projected – Feasibility** (Section H 1) for information on feasibility of restructured plans.

F Income/Expense

This section allows the user to add new actual or projected income/expense (cash flow) information for a customer or access income/expense records currently residing in FBP. There is no limit to the number of projected or actual income/expense records that can be created or maintained for each customer.

--All available actual Income/Expense information should be added to FBP before creating a new projected plan.--

Note: Income/expense (cash flow) information is **not** required for Streamlined CL's according to 3-FLP.

The Income/Expense Trends **must be** printed and signed by the customer for all loan making and servicing actions.

1 Adding a New Income/Expense

To add a new projected or actual income/expense record CLICK "Inc/Exp" on the toolbar. An income/expense may be added using either the "Trends Manager" or "Add Income/Expense" option selected from the drop-down menu, as follows.

Option 1: CLICK "**Trends Manager**" to access the Balance Sheet & Income/Expense Trends Manager Screen. "Trends Manager" may also be accessed through the Dashboard Navigation Screen.



Figure 34a

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

To add a new income/expense report in a column, CLICK "Create New" link in an empty cell. Any changes made to the selection and order of the reports will be reflected on the Reports Setup Screen. To create a report that will be available to add to the Reports Setup Screen at a later date, CLICK "Create New-Income/Expense" link under the "Income/Expense" tab.

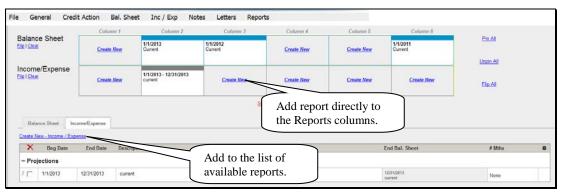


Figure 34b

Complete the required information in the "Income/Expense Setup" dialog box and CLICK "Save" to add the report to the Balance Sheet & Income/Expense Trends Manager Screen.

--Caution: Attach the correct beginning balance sheet as some items, such as debt service, inventories, cash, etc., may flow from the balance sheet into the income/expense projection.--

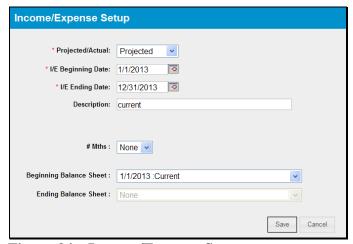


Figure 34c, Income/Expense Setup

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

*--Additional features that are available on the Balance Sheet & Income/Expense Trends Manager Screen include the following.

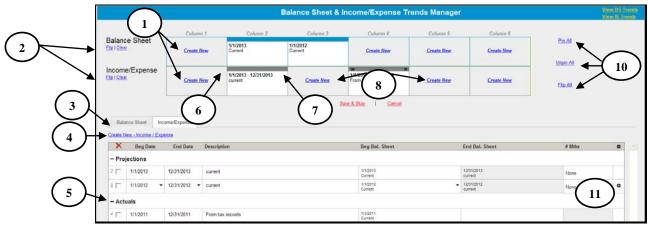


Figure 34d, Balance Sheet & Income/Expense Trends Manager

Item	Feature
1	CLICK "Create New" to add a new balance sheet or income/expense.
2	CLICK "Flip" or "Clear" link to flip or clear all balance sheets or income/expenses
	separately.
3	CLICK "Balance Sheet" or "Income/Expense" tab to display list of available balance sheet
	or income/expenses.
4	CLICK "Create New - Balance Sheet" or "Create New - Income/Expense" link, as
	applicable, to add a new balance sheet or income/expense to the available list.
5	Click and hold " " (double-bar) to select a balance sheet or income/expense from the
	available list and drag and drop it into a column to add to the Reports Setup Screen.
6	CLICK " Pin " icon to pin a single balance sheet to the income/expense underneath. Displays
	when hovering over a single balance sheet or income/expense.
7	CLICK "X" to delete a balance sheet or income/expense individually. Displays when
	hovering over a single balance sheet or income/expense.
8	Click and hold any column, pinned or unpinned, and drag and drop the content from
	1 column to another column.
9	CLICK "View BS Trends" or "View IE Trends" link to go to the balance sheet or
	income/expense trends.
10	CLICK:
	• "Pin All" to attach all balance sheets to the income/expense underneath
	• "Unpin All" to detach all balance sheets from the income/expense underneath
	• "Flip All" to flip all balance sheets and income/expenses at the same time.
11	To edit rows of balance sheets or income/expenses, CLICK " " (sprocket) to duplicate, lock,
	or move; use drop-down menus; or type directly into description fields.

__*

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)

Option 2: CLICK "**Add Income/Expense**". If the customer has existing records, CLICK *--"**Add/Modify/Delete**" to access the Income/Expense Screen. The--* "Add/Modify/Delete" option may also be accessed through the Dashboard.

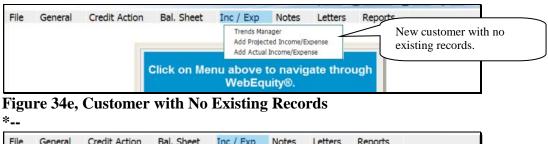




Figure 34f, Customer with Existing Records--*

Complete the following fields on the Income/Expense Screen.

Field	Action
Projected Actual	From the drop-down menu, select either "Proj." or "Actual".
Beg. Date	Manually enter the date or CLICK "Calendar Icon".
End. Date	Manually enter the date or CLICK "Calendar Icon".
Description	Manually enter a description of the record.
	Note: The "Description" field appears on all printed reports and should contain a meaningful description of the income/expense being added. Example: "Before eDALR\$ 2010" or "OL loan 2010."
Beg. Bal. Sht	CLICK "None Selected" link and select a balance sheet date that is displayed in the
	pop-up window.
End. Bal. Sht	CLICK "None Selected" link and select a balance sheet date that is displayed in the
	pop-up window. This field is only displayed for actual income/expense.
Monthly CF	This is an Optional field. Select number of months for the monthly cash flow. See
Setup	Using Income/Expense Categories (Section F 5).
Add	CLICK "Add" to display in the list of income/expense summaries.
	Note: When a record is created, a balance sheet should be associated with it, if possible, so that certain ratios are correctly calculated. For an actual income/expense record, if beginning and ending balance sheets cannot be matched, then select the same balance sheet for both the beginning and ending.

F Income/Expense (Continued)

1 Adding a New Income/Expense (Continued)



Figure 34g, Income/Expense Screen

2 Additional Links on the Income/Expense Screen

In addition to the list of income/expense summaries displayed on the screen, users will see additional features and hypertext links on the right side of the screen.

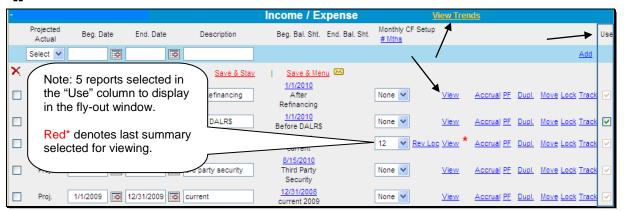
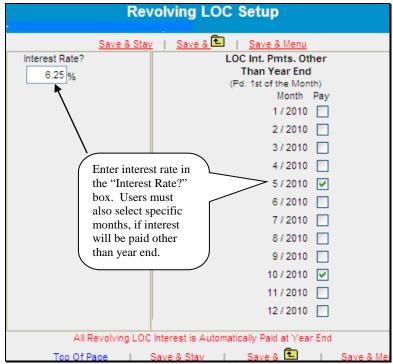


Figure 34h, Income/Expense Screen

Field	Action
View Trends	CLICK "View Trends" for quick access to Income/Expense Trends Screen.
View	CLICK "View" to access a Projected or Actual Income/Expense Summary Screen*
Use	Check (✓) "Use" blocks to select which reports to display in the fly-out window or for use in "Reports Setup". If box is grayed out, the report is currently in use in "Reports Setup", or was the last report selected for viewing.
	File General Credit Action Bal. Sheet Inc / Exp Notes Letters Reports Income / Expense Trends PROJECTED Inc / Exp Sum Income / Expense Trends PROJECTED Inc / Exp Sum Income Sch. Incom
	Figure 34i
Rev Loc	Will only be displayed if users choose the Monthly CF Setup. CLICK "RevLoc" to display the "Revolving LOC Setup" box if customer has a loan with a Rev. LOC. Enter the interest rate for the LOC loan in the field on the left and click boxes next to the months on the right if users want interest paid other than year end. Save and return.

F Income/Expense (Continued)

2 Additional Links on the Income/Expense Screen (Continued)



--Figure 34j, Revolving LOC Setup Screen--

Field	Action
View	CLICK "View" to display the Income/Expense Summary Screen.
Accrual	Optional . May be used for customers who use an accrual recordkeeping system.
PF	Will only be displayed after a beginning balance sheet date is selected.
	CLICK " PF " to display the pro forma (projected) information for that year.
Dupl.	CLICK "Dupl." to duplicate that particular year's information. The duplicate
	will be displayed under the year user wanted to duplicate.
Move	CLICK "Move" to move a projected income/expense year down to an actual
	year and vice versa. CLICK "Move" for the year user wants to move and the
	system will automatically move the year.
Lock	CLICK "Lock" to lock the selected income/expense screen.

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data

Using this option allows the user to select and display a single projected or actual income/expense summary on the screen.

CLICK "**Inc/Exp**" on the toolbar, highlight "Projected Inc/Exp Sum" or "Actual Inc/Exp Sum", and select a summary description from the fly out window. The summary may also be accessed through the Dashboard Navigation Screen.

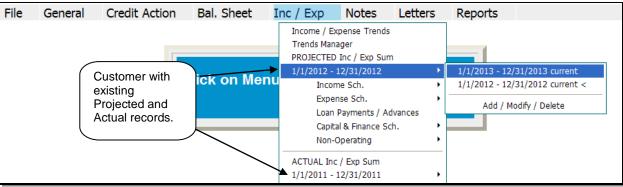


Figure 34k, Inc/Exp Summary Using the Toolbar--*

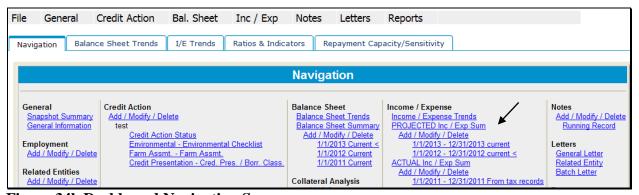


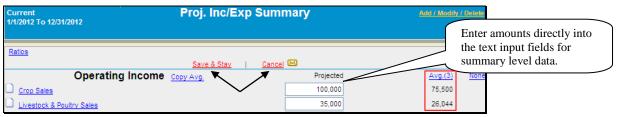
Figure 34l, Dashboard Navigation Screen

Projected and actual amounts can be entered as a summary dollar value 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.

F Income/Expense (Continued)

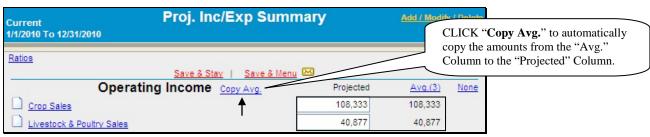
3 Income/Expense Summary – Entering Data (Continued)

- To input data at the summary level, click in the applicable numeric input field and enter the total value amount.
- CLICK "Save & Stay" to save data; or navigate away from the screen by use of the toolbar menu or any hyperlink and data is automatically saved.
- CLICK "Cancel" and the data will not be saved and the page will refresh with the original data.



--Figure 34m, Financial Data input at the Summary Level--

Field	Action	
Copy Avg.	Will copy the average of the previously selected years to the summary input column. Using this feature can be a time-saving tool for preparing a projection;	
	however, it should not be used when creating actual records.	
Avg.	Will display in parentheses, the number of years included in the average (in this example, 3). To modify the number of years represented in the average, CLICK "Avg.". This will display the Report Setup Screen where users can select the number of years they want 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.	



^{*--}Figure 34n, Copy Average to Projection--*

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data (Continued)

An option available in summary level entry is "Math in a Cell". Enter math formulas including addition, subtraction, multiplication, division calculations, and parenthesis, in user-defined cells to perform math calculations.

• To enter a math formula, click in the cell and begin entering the values. Some basic formula examples: 10+2=12, 10-2=8, 10*2=20, 10/2=5, (10+2)/2=6.



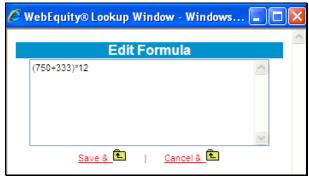
--Figure 340, Enter a Math Formula--

• To view a math formula, place the cursor over the plus/minus (+/-) symbol next to a cell that contains a math formula. Any new formula entered in a cell will overwrite the original calculation. Calculations are stored when screens are saved.



--Figure 34p, View a Math Formula--

• To edit a math formula, click the plus/minus (+/-) symbol next to a cell that contains a math formula. An **Edit Formula** dialog box will be displayed, type any changes and CLICK "Save".



--Figure 34q, Edit Formula Window--

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data (Continued)

To add information at the schedule level, click on the hypertext link for the desired income/expense item. This will open up the schedule for that line item.

Caution: Do **not** use double (") or single (') quotes in the schedule description fields, because this may generate error messages and prevent information from saving.



Figure 34r, Opening Schedule

Using crop sales as the example, enter the applicable information in each field from left to right, *--and then CLICK "Add" on the far right side of the schedule to add the crop. When the "Dbl Crop" box is checked, the double cropped acres are subtracted from the total acres.



Figure 34s, Financial Data Input at the Schedule Level

After all crops have been added, the "Total Sales" amount will be displayed on the Inc/Exp Summary Screen.--*

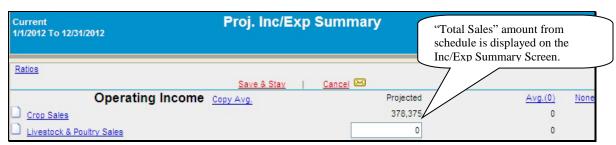


Figure 34t, Total Sales Amount

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data (Continued)

Note: When editing information in the schedule, if **all** line items are deleted, the value will not automatically be deleted from the Proj. Inc/Exp Summary Screen. Access the Proj. Inc/Exp Summary Screen to delete the value amount from the field.

The crop sales schedule also includes a "Land Owner" link where information is entered about the customer's land owners. CLICK "Land Owner" to access the "Land Owners" dialog box.



Figure 34u, Crop Sales Schedule

- Type the land owner's name in the "Description" field and CLICK "Add".
- CLICK "**Detail**" to enter additional demographic information about the land owner.
- CLICK "**Print**" to print a Land Owner Information Report.



Figure 34v, Land Owners Dialog Box

- Return to the crop sales schedule, CLICK "Select Land Owner" to select a land owner for each crop listed.
- Use the "Group By" option to group crops by either land owner or crop.
- CLICK "**Print**" to print a Crop Sales Report.

F Income/Expense (Continued)

3 Income/Expense Summary – Entering Data (Continued)

When completing the "Rent – Land/Animals schedule" in the Operating Expenses section, the "SA" box must be checked to transfer the leased land description to the Security Agreement.

*--Enter an "(m)" at the beginning of the "Other Description" field if crops grown on real estate are used for Microloan collateral.

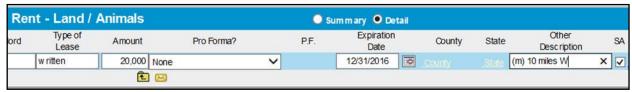


Figure 34w, Adding Leased Land to Security Agreement

4 Enterprise Analysis

One option on the Income/Expense schedule is the **optional** "Ent" link where a user can enter information needed for crop and livestock enterprise analysis. Break-even analysis is a useful farm management tool because it allows calculation of various combinations of prices and yields. States may decide to setup new Enterprise Analysis models containing benchmark values for expenses for some of the NAICS crop and livestock codes. If new Enterprise Analysis models were setup, they are automatically available for all new customers added to FBP; however, for existing customers the user will need to copy the new model into the existing customer's record.

Note: Check with FBP coordinator to determine if models have been setup for user's State. If models are **not** setup, users will need to manually enter expenses.

To copy a new Enterprise Analysis model into an existing customer:

- access the Crop Sales Schedule
- CLICK "**Description**" link in the upper-left of the Crop Sales Schedule Screen.

These instructions are for the "Barley-Enterprise-Seed" model, but the steps are the same for all other NAICS codes.



Figure 34x, Crop Sales Schedule Screen

F Income/Expense (Continued)

4 Enterprise Analysis (Continued)

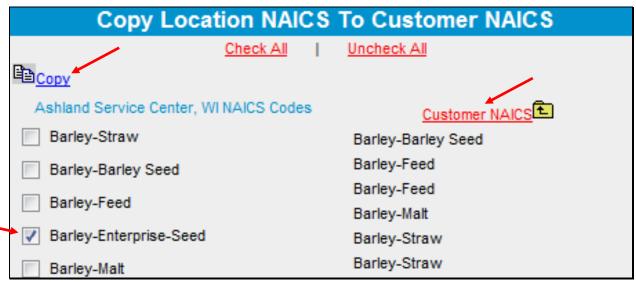
On the Customer NAICS Crop Screen that will be displayed, CLICK "Copy Location NAICS to Client NAICS" link.



--Figure 34y, Customer NAICS Crop Screen--

On the Copy Location NAICS to Customer NAICS Screen, left column displays codes available for that location and the right column displays codes currently in use by that customer. The crop entry with "Enterprise" in the title contains the Enterprise Analysis model. To copy "Barley - Enterprise-Seed" into the customer list, do the following:

- CHECK (✓) the box to the left of the crop to select the crop
- CLICK "Copy" link at the top of the left column
- CLICK "Customer NAICS" link to return to the previous screen.



--Figure 34z, Copy Location NAICS to Customer NAICS Screen--

F Income/Expense (Continued)

4 Enterprise Analysis (Continued)

The "Barley-Enterprise-Seed" is now available on the Customer NAICS Crop Screen. CLICK "Save & E.".



--Figure 34aa, Customer NAICS Crop Screen--

On the Crop Sales Schedule Screen, CLICK "--Add New--" drop-down menu and select the applicable crop. For this example, select "Barley-Enterprise-Seed". Enter a Crop Sale for this crop.

Note: To add a crop with the Enterprise Analysis model available, select the crop with "Enterprise" in the description.



*--Figure 34bb, Select "Enterprise" Crop

CLICK "Ent" link to the right of the crop entry to access the Enterprise Analysis Screen.



--Figure 34cc, Access Enterprise Analysis--

F Income/Expense (Continued)

4 Enterprise Analysis (Continued)

CLICK "Copy Enterprise Defaults" link in the upper, left to access the Enterprise Analysis model.



^{*--}Figure 34dd, Copy Enterprise Defaults--*

Click link to applicable Enterprise Analysis model. For this example, CLICK "Barley-Enterprise-Seed Barley 2014".



--Figure 34ee, Select Enterprise Model--

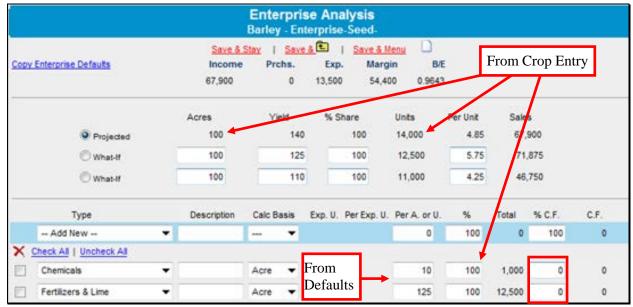
F Income/Expense (Continued)

4 Enterprise Analysis (Continued)

At the top of the Enterprise Analysis Screen, is a "Break-Even" calculation. Users can set up 2 different "What If" scenarios to make adjustments to the "Break-Even" calculation. In the Enterprise Analysis Screen lower portion, the expense defaults will be displayed. The values setup in defaults will be used to calculate the expenses using the "Acres/Production" units that were entered for the crop.

To print the document, right-click on the screen, select "Landscape View" and then print.

Note: User **must** zero out the "% **CF**" column to prevent the expense calculation from flowing into the projected income/expense.



^{*--}Figure 34ff, Enterprise Analysis Screen--*

F Income/Expense (Continued)

4 Enterprise Analysis (Continued)

The Enterprise Analysis tool can be used without a State enterprise model being created. To access the Enterprise Analysis Screen, on the Crop Sales Schedule Screen, CLICK "Ent." link. The Enterprise Analysis Screen will be displayed. Manually enter the anticipated total expenses for that particular crop.



--Figure 34gg, Enterprise Analysis Adding Expenses Manually--

F Income/Expense (Continued)

5 Income/Expense Trends - Entering Data

Using this option allows multiple income/expense summaries to be displayed and accessed. CLICK "Inc/Exp" on the toolbar and select "Income/Expense Trends" from the drop-down menu.

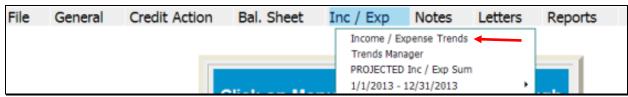


Figure 35a, Income/Expense Trends Using the Toolbar

Trends may also be accessed through the Dashboard Navigation Screen.



Figure 35b, Dashboard Navigation Screen

F Income/Expense (Continued)

5 Income/Expense Trends - Entering Data (Continued)

Projected and actual amounts can be entered as a summary dollar value 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. Features that are available on the Income/Expense Trends Screen include the following.



Figure 36a, Income/Expense Trends Screen

Item	Feature
1	Use "Date" link to go directly into the individual year income/expense.
2	Use drop-down menu to access additional features for an individual cell to enter:
	 schedule level detail or edit comments or edit formulas (formulas can also be entered directly into the cell).
3	Use "Page Actions" drop-down to access additional features, as follow:
	 Add/Modify/Delete Screen Trends Manager Copy Average Print Reports.
4	CLICK "Enter Key" drop-down menu to select cursor movement direction when users press
	"Enter".
5	CHECK (✓) "Fixed Header" to "freeze" column headings while scrolling up and down pages.
6	The triangular marker indicates that notes, schedules, or formulas exist for a cell. CHECK (✓)
	"Show Notes" to display a "Page" icon, instead of the triangle, when notes exist.

F Income/Expense (Continued)

5 Income/Expense Trends - Entering Data (Continued)

Before adding documentation to the footnotes, ensure that the correct income/expense record is selected by clicking the tab at the bottom of the screen.

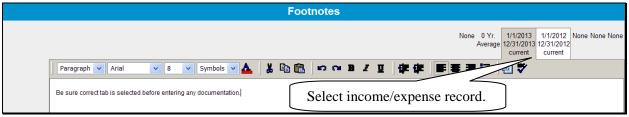


Figure 36b, Footnotes

Notes: When editing information in the schedule, if **all** line items are deleted, the value will not automatically be deleted from the Summary Screen. Access the Summary Screen to delete the value amount from the field.

For more complex operations requiring multiple schedule entries, it is recommended that the user select the single "Income/Expense Summary" option when entering the initial data. This will increase performance speed. See **Income/Expense Summary** – **Entering Data** (Section F 3).

F Income/Expense (Continued)

6 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. However, for each income or expense grouping, other categories can be added to fit the needs of the operation by using the schedule under "Other Income" or "Other Expense".

Income/expenses are categorized into the following 4 parts:

- Operating Income and Expenses
- Nonoperating Income and Expense (including owner withdrawals, income and Social Security taxes, nonfarm income, and expenses)
- Financing (including term and operating advances and operating principal repayments)
- Capital Sales, Expenditures, Contributions, and Withdrawals.

7 Reports

See **Electronic File Maintenance, Reports, and Signatures** (Section B) for more information on what reports require signatures or need to be printed.

The following income/expense reports are available:

- Actual Cash Flow
- Actual Inc/Exp Schedules
- Cash Flow Monthly Detail
- Enterprise Analysis
- Inc/Exp Common-Size
- Inc/Exp Comparative
- Inc/Exp Schedules
- Income Statement
- Monthly Cash Flow
- Production Trends
- Projected Annual Cash Flow
- Trends Inc/Exp.

The following Analysis Reports about capacity are available:

- Ratios & Indicators
- Repayment Capacity/Sensitivity
- Statement of Cash Flows.

F Income/Expense (Continued)

8 Locking Income/Expense Summaries

Income/expense summaries should be locked after completing to prevent further modification of the data. To lock income/expense summaries, CLICK "Add/Modify/Delete". The lock link can be found to the right of the selected summary.

G Income/Expenses - Actuals

1 General

--Actual income and expenses, which can include borrower records, receipts, and tax returns,-- together with production information ("actuals") contain important information with which future plans can be developed. The following are suggestions for handling categories of actual income/expenses.

Category	What to Do
<u> </u>	Operating
Crop/Livestock Production and Sales	Crop/livestock sales 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.
	Yield and production can be recorded even if dollar sales for each scheduled item are not broken down. 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 "To I/E". 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 breakdown of income on a per-crop level.
	The purchase section that is available on the detail view of the crop schedule is only to be used when purchasing a crop for feeding purposes. The purchase price will be transferred to the "Feed Grain & Roughage (Sch.)" under "Operating Expenses". The purchase cost for other crops or vegetables being purchased for resale should be entered under "Purchases for Resale".
	The purchase cost for livestock, if entered on the detail view of the livestock schedule, will be transferred to the "Purch. for Resale Livestock & Poultry Sales" schedule under "Purchases for Resale.
Crop Production	Crop production/yields can be tracked on a per-farm basis. To do so, enter the farm name or FSA farm number under "Type" each year. FBP will combine the yields and production in the production trends report for each like-identified farm. "Type" is name and case sensitive, should be the same each year to take advantage of that option.
Purchases for Resale (i.e. market livestock, poultry, and crops/veg.)	Enter detailed purchases for resale within the "Purchases for Resale" schedule. If no detail of purchases is needed, a summary dollar amount of purchases can be entered on the summary page.

G Income/Expenses - Actuals (Continued)

1 General (Continued)

Category	What to Do		
8-7	Operating (Continued)		
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. ***		
Depreciation	Enter actual depreciation from the income tax return, if known, or estimate if it is unknown.		
	Caution: Do not ignore depreciation, as it will be used in the accrual adjusted income statement later. It does not affect MADS, ending cash, or loan feasibility.		
Interest	See Financing.		
	Nonoperating		
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 1 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 nonfarm income.		
Nonfarm Income and Expense	Include gross wages, or net wages if no income taxes are entered, net business income, other nonfarm 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 not enter personal debt payments here. Generally, the nonfarm expense category will not be used.		
	Financing		
Loan Advances, Repayments, Interest Expense – Operating and Term Loan advances, repayments, and interest payments can either be entered summary amounts or as details in the "Loan Payments" schedule. Interest Expense. If the breakdown:			
	between operating and term interest is known, enter both in their respective expense category		
	Note: This is the preferred method.		
	• is not known, enter the estimate of operating interest, deduct the estimate from the total actual interest, and enter the balance as term interest		
	• is not known and cannot be estimated, enter all actual interest as term interest.		
	Note: This will allow a conservative analysis of MADS.		
	Caution: It is never recommended to enter all actual interest as operating interest, unless it actually is.		

G Income/Expenses - Actuals (Continued)

1 General (Continued)

Category	What to Do		
	Capital		
Capital Expenditures and Sales	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 menu.		
	Caution: 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.		
Capital Gains and 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	Capital contributions are inflows 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.		
	Capital withdrawals are outflows 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.		
	Entering capital contributions and withdrawals is important to correctly construct a pro-forma balance sheet, if accrual analysis is completed.		
	Caution: Ensure that capital contributions and withdrawals are not double-counted in capital sales and purchases.		
Beg. Cash on Hand	Enter as summary amount or; if the attached beginning balance sheet cash schedule has been completed, the amount may flow over to the Beg. Cash on Hand schedule		

H Income/Expenses - Projected

The projected farm income and expenses, nonoperating income and expenses, financing, and capital plans for a future period are the components of FBP that determine feasibility.

1 Feasibility

*--a Loan Making and Servicing Actions, Except Primary Loan Servicing

When making or servicing loans, FSA uses current year projections (plans) that have been developed for a specified time period. For some operations, a projected plan for the current production cycle and typical plans for additional production cycles may be needed if further analysis of long-term repayment ability is in question.

Examples: A start-up operation with interest only payments in the first year.

An operation transitioning from traditional crops to organic.

See **Feasibility Definition** (Section H 1 c) for more information.

Consider the following.

- **Term loans**; long term feasibility must be considered. On-going farm business operations and reliable nonfarm income must be sufficient in the projected plan to pay on-going farm and nonfarm expenses, and term debts (**positive MADS**). It is not acceptable to use the liquidation of inventory, other assets, cash reserves, or atypical income sources to demonstrate log-run feasibility.
- **Annual operating loans**; short-term feasibility must be considered. The projected plan must provide the ability to repay the annual operating loan during the production cycle (**positive** ending cash).
- Both term and annual operating loans; both long and short-term feasibility must be considered. For both loans to be approved, the projected plan must provide the ability to repay the annual portion of the loan during the production cycle (positive ending cash) as well as the ability to pay on-going farm and nonfarm expenses, and term debts (positive MADS).

Note: If the projected plan shows that only the annual operating portion of the loan can be repaid (**negative** MADS, **positive** ending cash), the annual loan can be approved; however, the term loan would need to be denied.--*

H Income/Expenses - Projected (Continued)

1 Feasibility (Continued)

b Special Loan Servicing Actions (Primary Loan Servicing Only)

Feasibility for primary loan servicing actions is determined by DALR\$. See **Feasibility Definition** (Section H 1 c) for more information about feasibility.

c Feasibility Definition

A feasible plan or projection is demonstrated by the following.

Note: See 3-FLP, 4-FLP, or 5-FLP, as applicable, for additional information on feasibility.

Loan Type	MADS <u>1</u> /	Ending Cash	
Loan Making and Servicing Actions, Except Primary Loan Servicing			
Term Loans, long term feasibility.	Must be positive.	Must be positive	
Annual Operating Loans, short term feasibility.	May be positive or negative.	Must be positive	
Youth Loans.	Is not applicable.	Must be positive	
Primary Loan Servicing			
All loan types.	e-DALR\$ determination.	Must be positive	

^{1/} A positive (zero or greater) MADS is equivalent to TDCLCR of 1.00 or greater. The terms can be used interchangeably.

2 Creating Current Year Projections

A projected plan for the current production cycle can be created for both short and long-run feasibility decisions. 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** (Section G) for a description of each category and suggestions for the types of information that should be included.

H Income/Expenses - Projected (Continued)

2 Creating Current Year Projections (Continued)

The following information must be fully documented in the schedules, footnotes, or comment notepads.

- Source of prices and yields used to develop the farm operating plan.
- Operating expenses based on accurate and verifiable information.
- Other farm income verified by written or verbal projection of FP benefits, tax records, historical records, etc.
- Verification of non-farm income.
- Owner withdrawals with documentation supporting the amount used for family living expenses and verification of the source for payments of personal debt.
- Document how the income and expenses for any household members was taken into consideration and how this affects cash flow.

The income/expense projection is categorized into the following 4 parts.

• Operating Income and Expenses (including current assets, current liabilities, crop and livestock sales, other farming income, purchases for resale, all farming expenses including interest, and depreciation).

Note: Income and expenses from current assets and current liabilities can generally be handled by making either of the following selections in the beginning balance sheet *--schedule under the "Proj. I/E?" column:--*

- "None", do not send to the income/expense projection
- send to selected income and expense schedule on income/expense projection.
- Nonoperating Income and Expenses (including owner withdrawals, income and Social Security taxes, nonfarm income and expenses).

Caution: Projected owner withdrawals must include family living expenses and personal debt payments; such as, credit cards, personal vehicle payments, home mortgage

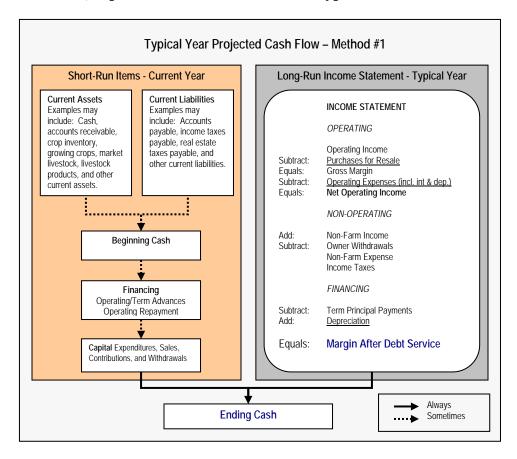
- *--payments, student loans, personal loans, etc. All personal debt payments due during the planning period will flow over to the Owner Withdrawal schedule from the attached Balance Sheet.--*
- Financing (including term and operating advances and operating principal repayments).
- Capital Sales, Expenditures, Contributions, and Withdrawals.

H Income/Expenses - Projected (Continued)

*--3 Creating Typical Projections

A typical projection can be created for both short and long-run feasibility decisions. There are generally 2 methods of creating a projection for a typical year.--*

a Method 1, Separate Short-Run Items from Typical Year



Method 1 has the following features.

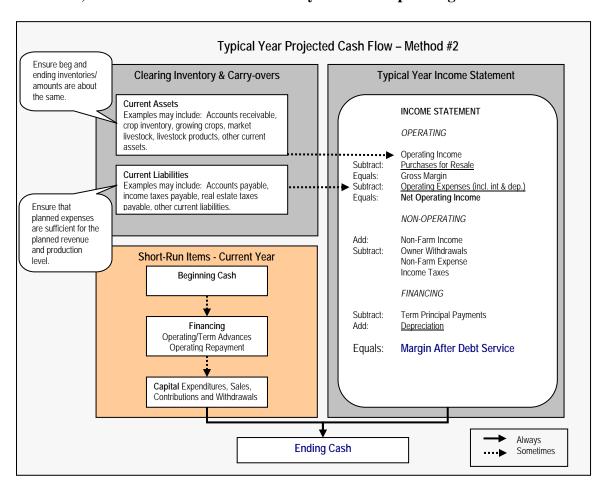
- The cash flow categories included in MADS are derived from long-run operations and/or a typical year. If a projection is developed with the income and expenses representing a typical year, a positive MADS means feasibility has been demonstrated in a typical year. For the business to be viable in the 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.

H Income/Expenses - Projected (Continued)

--3 Creating Typical Projections (Continued)--

- a Method 1, Separate Short-Run Items from Typical Year (Continued)
 - ** * When including sales of inventory in beginning cash, ensure that those sales are not double counted in operating income.

b Method 2, Transfer Current Assets and Payables into Operating



Method 2 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.

H Income/Expenses - Projected (Continued)

--3 Creating Typical Projections (Continued)--

- b Method 2, Transfer Current Assets and Payables into Operating (Continued)
 - 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.

* * *

H Income/Expenses - Projected (Continued)

*--4 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 Report and Projected Monthly Cash Flow Reports may help the user determine the amount of borrower needs in these circumstances. The reports, by themselves, are not intended to be used to determine feasibility. Using monthly cash flows is optional.

If a user determines that a monthly cash flow is needed, the user must designate in the "Monthly CF Setup" drop-down menu, how many months the projection will cover when the income/expense is added or duplicated. Options include a 12-, 18-, or 24-month projection.



Figure 37a, Selecting Months for Projection

After the projection is created, monthly cash flow allocations may be added at the summary or schedule level. Both methods achieve the same result of having the cash inflow or outflow categories allocated in designated month or months, in addition to the overall total.--*

a Summary Level

Step 1. All inflow or outflow categories may have a monthly cash flow allocation entered at the summary level. CLICK blue "\$" next to the category amount.

Example: For "Fertilizers & Lime", \$25,000 was entered as a summary dollar value. For "Gas/Fuel/Oil", \$31,000 is a total from the detailed schedule. However, both can be allocated in the monthly cash flow by clicking the blue "\$".

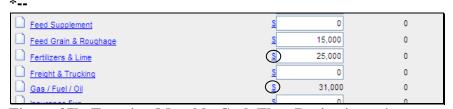


Figure 37b, Entering Monthly Cash Flow Projections--*

H Income/Expenses - Projected (Continued)

--4 Monthly Cash Flow (Continued)--

a Summary Level (Continued)

Step 2. User has the option of custom entries or selecting from the default "Monthly Codes" provided.

Example: On the Fertilizers & Lime Monthly Allocation Screen, user clicked "Monthly Code" drop-down menu and selected "Bi-Monthly-Start 2".

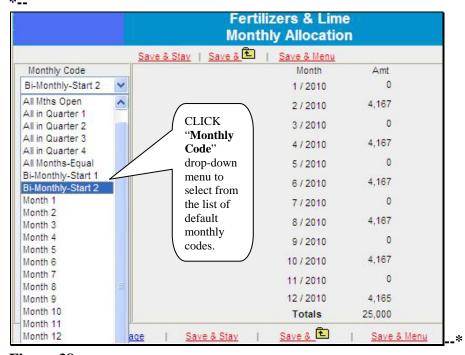


Figure 38

If the amount for any category on the projection is altered, the monthly allocation will automatically recalculate based on the monthly code selected. "Monthly Code" may be changed at any time.

H Income/Expenses - Projected (Continued)

--4 Monthly Cash Flow (Continued)--

b Schedule Level

Step 1. Select the category and enter the total amount for the projected plan period in the detailed schedule. More than 1 entry may be added. CLICK "**Mth**" next to each entry to allocate the amount in the monthly cash flow.

Example: For "Gas/Fuel/Oil", total of \$31,000.

Gas / Fuel / Oil 1/1/2010 After Refinancing P.F. Description Amount Pro Forma? 0 None Save & Stay | Save & L | Save & Menu Gas 30,000 Mth None Oil 1.000 None Total Gas / Fuel / Oil 31,000 Total to Inc/Exp

Figure 39--*

Step 2. User has the option of custom entries or selection from the default monthly codes provided.

Example: For "Gas" entry of "\$30,000", user clicked the "Monthly Code" drop-down menu and selected "**All Months-Equal**".

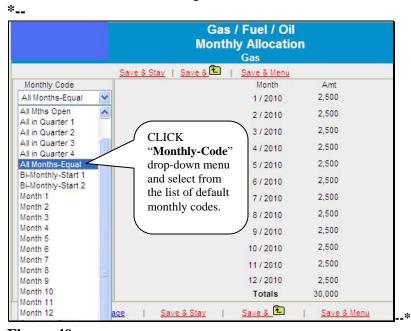


Figure 40

H Income/Expenses - Projected (Continued)

- *--4 Monthly Cash Flow (Continued)--*
 - **b** Schedule Level (Continued)
 - *--Example: For "Oil" entry of "\$1,000", the user clicked "Monthly Code" drop-menu and selected "All Mths Open". Dollar amounts were manually entered in the "Amt" fields.

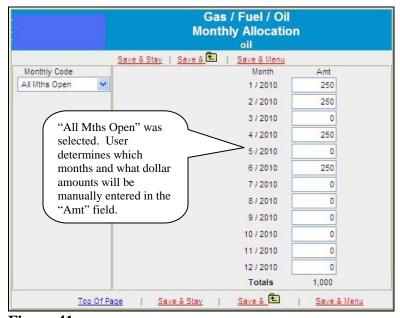


Figure 41

Note: The blue "\$" on the summary page will change to italicized when the monthly cash flow allocation is added at the schedule level.



Figure 42

H Income/Expenses - Projected (Continued)

*--4 Monthly Cash Flow (Continued)

c Warnings

If the monthly cash flow allocation was added at the summary level and the user decides to add the amount at the schedule level, when the user clicks "Mth", a warning message will be displayed. Take appropriate action, as follows:

- CLICK "Cancel", to keep the current monthly cash flow allocation information
- CLICK "**OK**", and the monthly cash flow allocation for the category will be deleted and the Monthly Allocation Screen will be displayed with the option of re-entering the information at the schedule level.



Figure 43

If monthly cash flow was added at the schedule level, and then the user clicks on the italicized "\$" on the summary page, a warning message will be displayed. Take appropriate action, as follows:

- CLICK "Cancel", to keep the current monthly cash flow allocation information.
- CLICK "**OK**", and the monthly cash flow allocation for the category will be deleted, and the Monthly Allocation Screen will be displayed with the option of re-entering the information at the summary level.

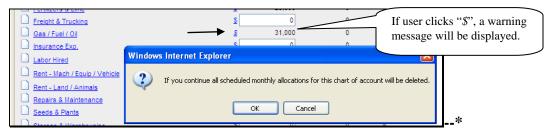


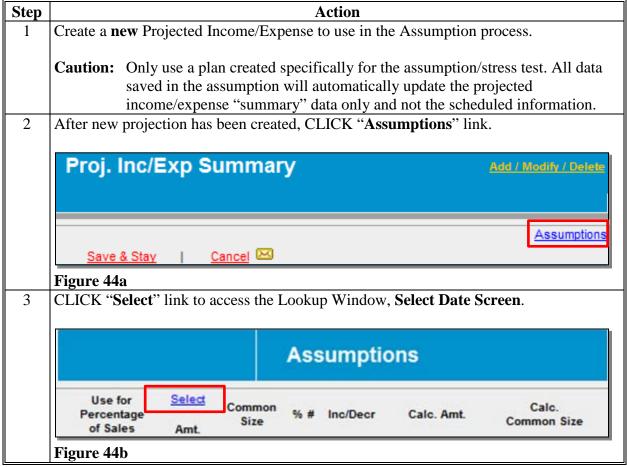
Figure 44

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing

Assumptions:

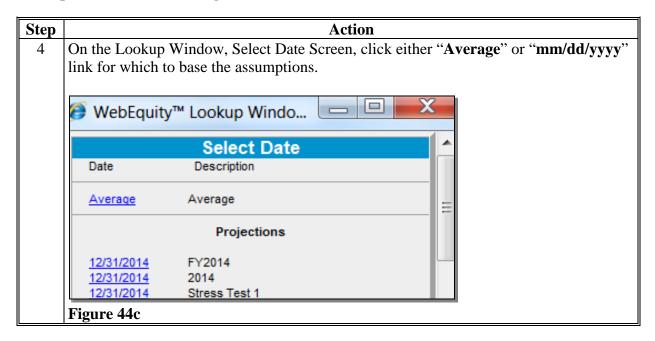
- allow a user to build new projected income and expense information based on existing historical or projected income and expense data
- use user-defined assumptions about expected changes in income and expense levels, along with the common size calculations, to extrapolate new projected income and expense information
- can be used by loan officials to demonstrate to customers how changes in income/expenses may affect their operations.



__×

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)



The "Select" link is replaced by whichever date was selected on the Lookup Window, Select Date Screen ("Average" or "mm/dd/yyyy"). Data in the assumptions can be changed by clicking on the selected link and choosing another plan.

Example: For this example, user clicked the "**Average**" link and will populate the Assumptions Screen with that data. Income line items will have open text fields where adjustments can be made to the data depending on the radio button selected (1st, 2nd, or 3rd). Users can choose multiple options for the calculations.

• 1st radio button, "Input +/- Percent Change".

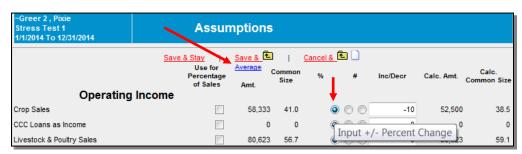


Figure 44d--*

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)

• 2nd radio button, "Input +/- Number Change".

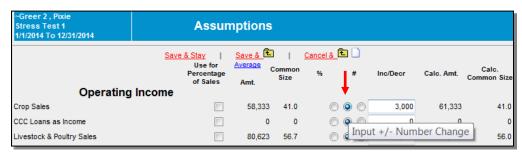


Figure 44e

• 3rd radio button, "Input Whole Number".

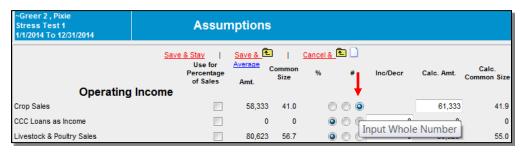


Figure 44f

There are radio buttons for "Auto/Manual" calculations for expenses. Activating the "Manual" radio button will open a text field where users can make adjustments. Click "Mark All" link to select the same option for the expense calculations, or users can select multiple options for the calculations.

• 1st radio button, "Auto Calc common Size Number". Expenses will automatically adjust as income totals are recalculated.

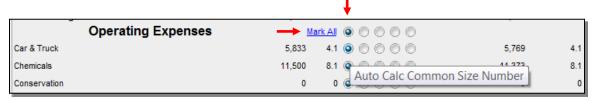


Figure 44g--*

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)

• 2nd radio button, "Input Percent of Sales". Only use when a "Use in Percentage of Sales" box is checked (✓) to select the income line items to be used in calculations.

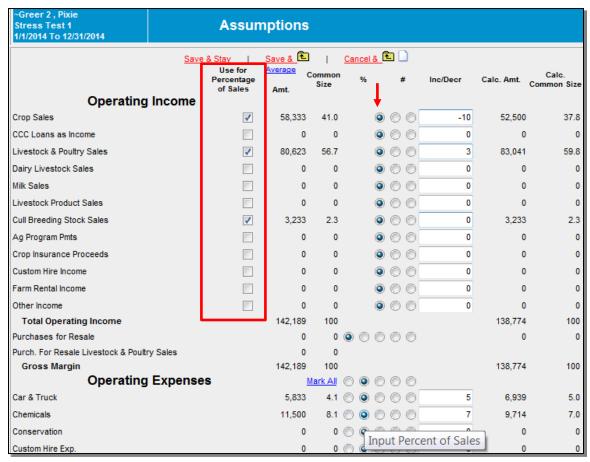


Figure 44h

• 3rd radio button, "Input +/- Percent Change".

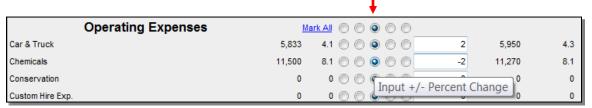


Figure 44i--*

H Income/Expenses - Projected (Continued)

*--5 Assumptions or Stress Testing (Continued)

• 4th radio button, "Input +/- Number Change"

	<u> </u>	
Operating Expenses	Mark All 🔘 🔘 🔘 🔘	
Car & Truck	5,833 4.1 () () () () () 500 6,333	4.6
Chemicals	11,500 8.1 () () () () () -1,000 10,500	7.6
Conservation	0 0 0 0 Plant (Number Change	0
Custom Hire Exp.	0 0 0 0 Input +/- Number Change	0

Figure 44j

• 5th radio button, "Input Whole Number".

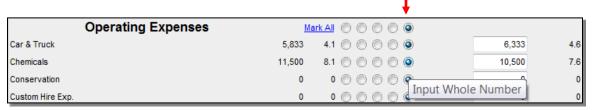


Figure 44k--*

I Collateral Analysis/Chattel Appraisals

Collateral analysis involves assessing the adequacy of collateral pledged for a loan and must be completed when a Credit Presentation is prepared for a loanmaking or loan servicing action.

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 percent. **This must not be changed**.

1 Describing the Collateral Position

The collateral position is usually described in the following 2 ways.

Description	Calculation
Margin of Collateral to Loan	(Amount of collateral minus prior liens) divided by total FSA
	loans.
Percent Loan to Collateral	(Total FSA loans divided by (amount of collateral minus prior
	liens)) multiplied times 100.

^{*--}For all FSA loans, use the "Margin of Collateral to Loan" to determine if the security requirement is met.--*

2 Completing the Chattel Appraisal

The descriptions and values in the chattel appraisal are derived from the balance sheet schedules. After a loan official has visited the farm and completed an appraisal of the chattel, the appraised values will need to be entered in the corresponding schedules. After the Balance Sheet has been updated, CLICK "Balance Sheet" and "Chattel Appraisal" to update the chattel appraisal information.

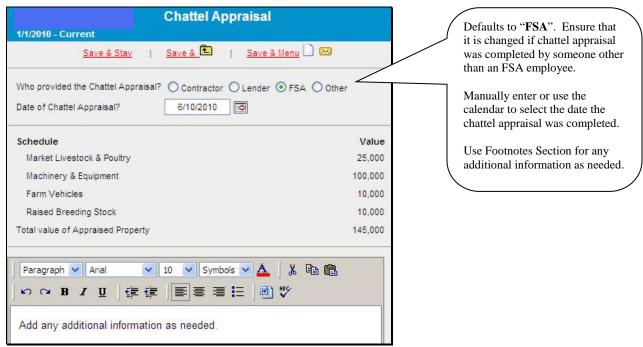


Figure 45

I Collateral Analysis/Chattel Appraisals (Continued

2 Completing the Chattel Appraisal (Continued)

Complete the Chattel Appraisal Screen. Use the Footnote Section for any additional information as needed.



--Figure 45a--

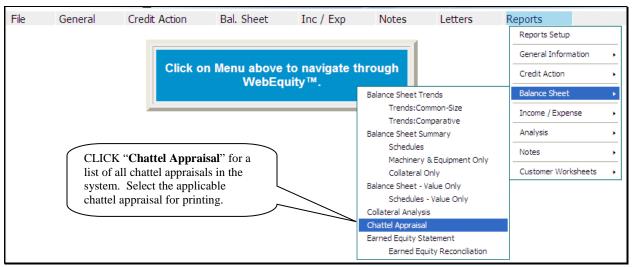
I Collateral Analysis/Chattel Appraisals (Continued

2 Completing the Chattel Appraisal (Continued)

If the chattel appraisal is completed by the same official who recommends or approves the Credit Presentation, the Appraisal form does not need to be printed or signed. If not printed, there **must** be a notation in the Collateral Section of the Credit Presentation that a chattel appraisal was completed, date of appraisal, and that the eSignature stamp of the recommending or approving official represents the person who completed the appraisal.

In all adverse actions, or if the appraisal was completed by someone other than the recommending/approving official, the chattel appraisal will need to be printed and signed.

To generate the printed chattel appraisal CLICK "Reports", "Balance Sheet", "Chattel Appraisal", and select the chattel appraisal to be printed from the list provided.



--Figure 45b--

I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis

The collateral analysis is where a user can access, view, add, modify, or delete information specific to any collateral value for loans held by FSA and any prior lien holders. The values in the collateral analysis are derived from the associated balance sheet summary and schedules.

When building the collateral analysis the following rules will apply.

Prior Lienholders:

- Prior lienholders **must** be added to the collateral analysis **before** adding any FSA loan group.
- Only include lienholders in the collateral analysis that have prior liens to FSA.

FSA Loans:

- Existing loans can only be grouped together if all the loans in the group are secured by the **exact** same security.
- Existing loans when the same collateral is used to secure multiple FSA loans, the existing loan that has the primary security interest in that asset must be added first and will be shown at 100% secured.
- Existing loans when the collateral used to secure the existing loan(s) will also be used to secure a new loan(s), the existing loan(s) will be shown at 100% secured allowing the remaining security value to be used to meet the security requirements of the new loan(s).
- New loan(s) if more than 1 new loan, the value of the same security cannot be used to reach the 150% security requirements.

* * *

- Always complete the collateral analysis using:
 - New Loans, the **current** balance sheet
 - Refinancing, "After Refi" Balance Sheet
 - Primary Servicing, "After DALR\$" Balance Sheet.--*

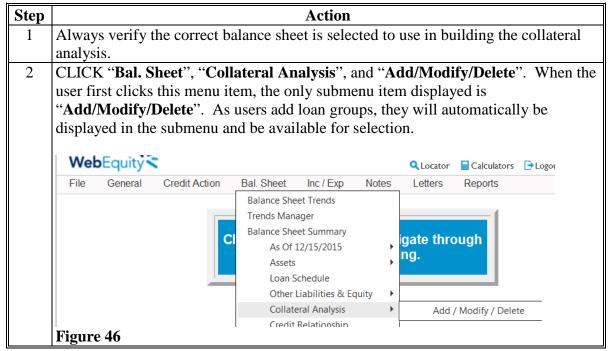
I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

a Customer With No Prior Liens

- *--In this example there are no prior liens on the collateral used to secure the following FSA loans.
 - existing FSA loan 44-01: \$97,000 secured by machinery and equipment
 - new FSA int. OL loan: \$90,000 to purchase livestock
 - new current OL loan: \$50,000 for operating expenses

Use the following steps to build the collateral analysis for the FSA loan groups.



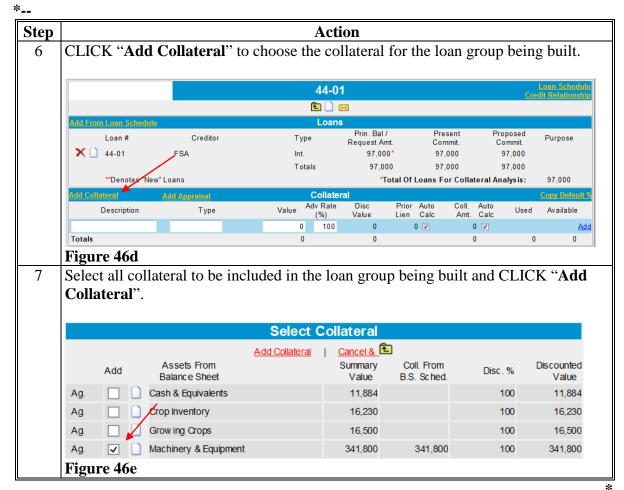
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- I Collateral Analysis/Chattel Appraisals (Continued)
 - **3 Building the Collateral Analysis (Continued)**
 - a Customer With No Prior Liens (Continued)

Step Action 3 Complete the following fields to first add the existing 44-01 loan group: "Loan(s) Description", enter a description of loans associated with collateral "Lien?", select "Ours" for FSA "Scoring & Rating", checked by default "Amt to Use: Select", "As Marked On Schedule". CLICK "Add" to begin building the collateral analysis. **Collateral Analysis** Scoring & Rating Collateral Margin % Loan Value Coll / Ln to Coll. # Of Loan(s) Description Amt to Use Loan Amt Loans 44-01 ▼ 🗸 As Marked On Schedule 0 0% 🔽 **Total Scoring & Rating** 0% 🔻 Figure 46a CLICK "Add from Loan Schedule" to choose the loans. 4 44-01 **1** 🗋 🖂 Loans Prin. Bal / Proposed Loan # Creditor Type Purpose Request Amt. Commit. Commit. Totals 0 **Denotes "New" Loans *Total Of Loans For Collateral Analysis: Figure 46b 5 Select loan 44-01 to include in the loan group being built and CLICK "Add Loans". Select Loan Cancel & Add Loans Prin.Bal/ Present Proposed Add Loan # Creditor Type Purpose RequestAmt Commitment Commitment 44-01 FSA Int. 97000 97000 97000 **FSA** Cur 50000 Operating Expenses 0 50000 Int. 90000 90000 Purchase 50 cows **Denotes "New" Loans Add Loans | Cancel & 🔁 Figure 46c

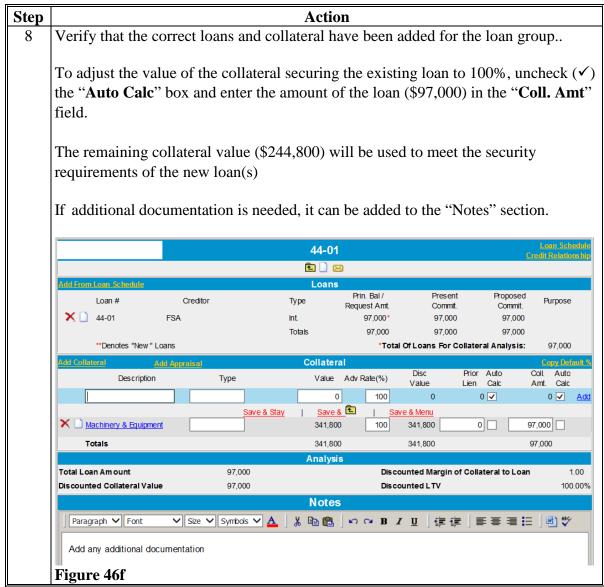
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- I Collateral Analysis/Chattel Appraisals (Continued)
 - **3 Building the Collateral Analysis (Continued)**
 - a Customer With No Prior Liens (Continued)



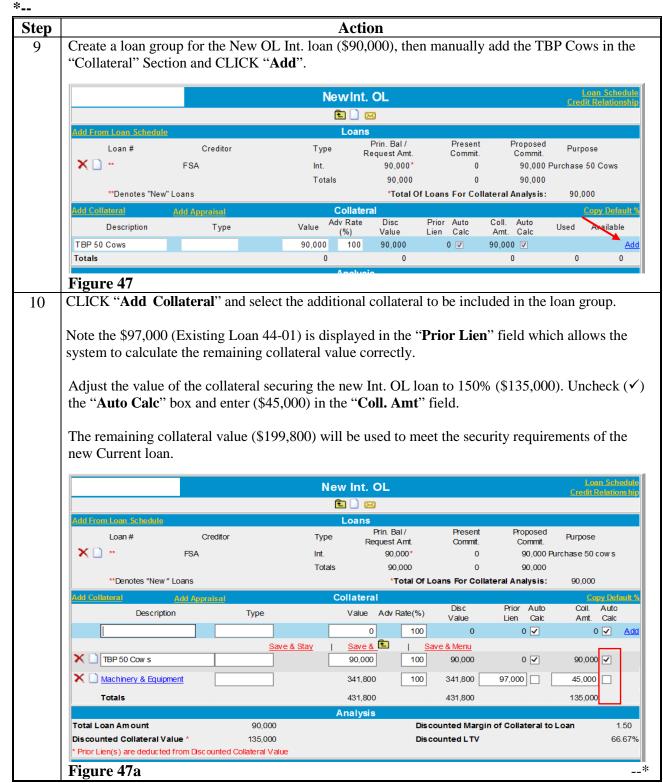
- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - a Customer With No Prior Liens (Continued)

*_.



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- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - a Customer With No Prior Liens (Continued)



- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - a Customer With No Prior Liens (Continued)

Action Step Create a loan group for the New Current OL loan (\$50,000), then manually add the 11 Crop Income in the "Collateral" Section and CLICK "Add". CLICK "Add Collateral" and select the additional collateral to be included in the loan group. Refer to the previous screen print, Figure 47a, as a reference; uncheck the "Auto Calc" box in the "Prior Lien" fields and ensure prior liens are entered correctly to allow the system to calculate the remaining collateral value. **New Current OL 1** 0 00 Prin. Bal / Present Proposed Request Amt. Commit. Commit Cur. 50,000 0 50,000 Operating Expenses Totals 50,000 0 50,000 **Denotes "New" Loans *Total Of Loans For Collateral Analysis: Collateral Description Type Value Adv Rate(%) Value Lien Calc Amt. Calc 0 100 0 🗸 Add Save & 🔁 Save & Stay Save & Menu X (a) Crop Income 50,000 100 50,000 0 🗸 50,000 🗸 X TBP 50 Cow s 90.000 0 🗸 90.000 100 90.000 🗙 🗋 Machinery & Equipment 341,800 142,000 199,800 🗸 341,800 100 481,800 Discounted Margin of Collateral to Loan 5.00 Discounted Collateral Value 249.800 Discounted LTV 20.02% Prior Lien(s) are deducted from Discounted Collateral Value Figure 47b 12 Access the Collateral Analysis Summary Screen and verify that the margin of collateral to loan is correct in the "Margin Coll/Ln" Column. **Collateral Analysis** Scoring #Of Collateral Margin % Loan Loan(s) Description Amt to Use Loan Amt Use ? & Rating Coll / Ln to Coll. Loans Value Select ✓ 🗌 Select V Save & Save & Menu 44-01 100.00% Detail Ours 🗸 As Marked On Schedule 🗸 97,000 97,000 1.00 New Int. OL 66.67% Ours 🗸 1.50 Detail As Marked On Schedule V 90.000 135.000 New Current OL <u>Detail</u> Ours 🗸 As Marked On Schedule V 50,000 249,800 5.00 20.02% Total Scoring & Rating 237.000 481,800 2.03 49.19% 2.03 49.19% 481.800 Figure 47c

I Collateral Analysis/Chattel Appraisals (Continued)

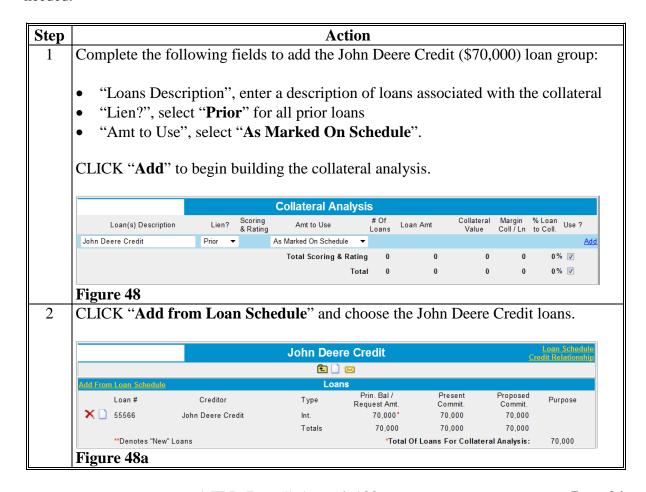
3 Building the Collateral Analysis (Continued)

b Customer With Prior Liens

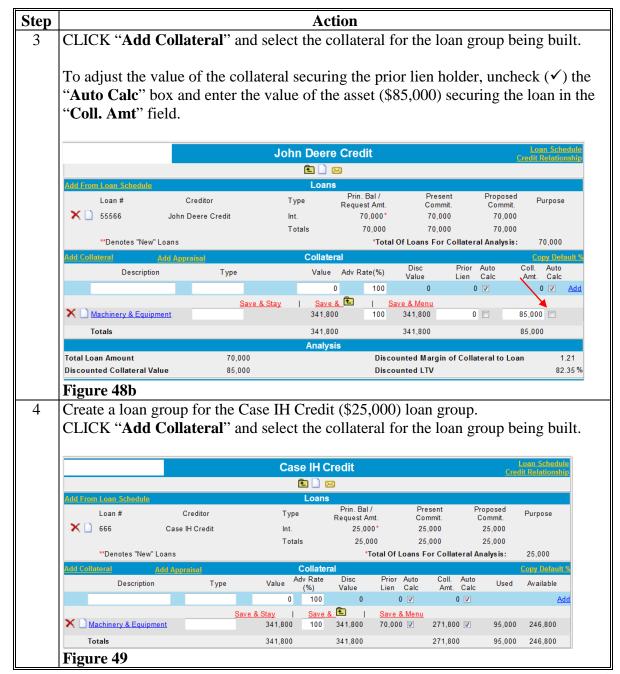
Assume in this **example** there are prior liens on the collateral used to secure the FSA loans. Those creditors **must** be added to the collateral analysis **before** the FSA loan group.

- John Deere Credit: \$70,000 secured by a first lien on 2 tractors worth \$85,000
- Case IH Credit: \$25,000 secured by a first lien on 1 tractor worth \$18,000
- Citizens Bank: \$50,000 secured by a first lien on the real estate
- Existing FSA loan 44-01: \$97,000 secured by livestock and equipment
- •*--Existing FSA loan 41-02: \$300,000 secured by real estate--*
- New FSA Int. OL loan: \$90,000 to purchase livestock
- New current OL loan: \$50,000 for operating expenses

Use the following steps to build the collateral analysis for the FSA loan group. Refer to paragraph I 3 a, **Customer With No Prior Liens**, for additional help in specific steps if needed.



- I Collateral Analysis/Chattel Appraisals (Continued)
 - **3 Building the Collateral Analysis (Continued)**
 - **b** Customer With Prior Liens (Continued)

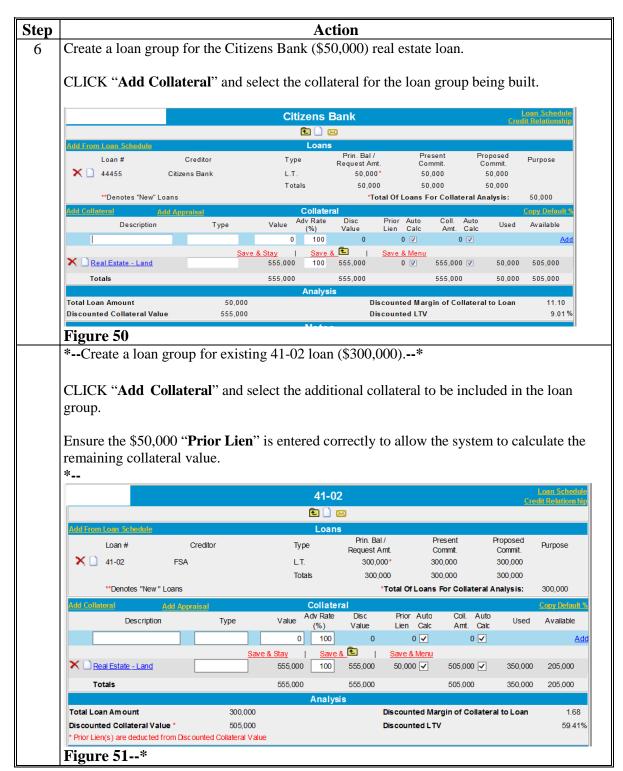


- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - **b** Customer With Prior Liens (Continued)

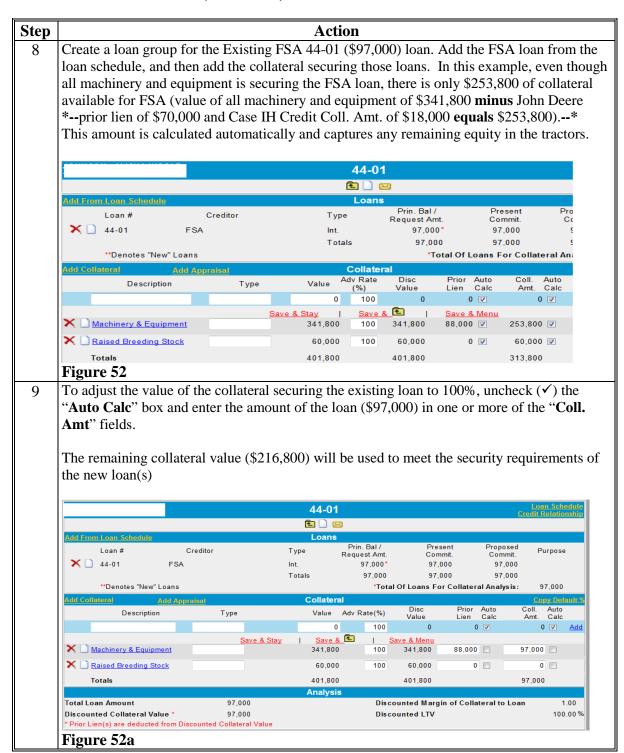
р						ction							
	Caution: In this example a "Prior Lien" (John Deere) loan group (\$70,000) had already been added to the collateral analysis using the 'Machinery & *Equipment' collateral. John Deere does not have a "Prior Lien" against the equipment securing Case IH Credit, only a "Prior Lien" to FSA. To allow the system to calculate correctly, uncheck the "Auto Calc" box and enter \$0 in the "Prior Lien" field before saving.												
		referred of the Calc "	Case IH Cred to as "to collateral" box and Coll. Amt	upside-o l securinenter the	down"	or ne	gati lien	ve equity holder,	y loa unch	n. To a eck (✔	djus () the	st the e "A	e vali uto
		deduc	user click ted from t	the tota	l of "M	lachi	nery	and Equ	uipm	ent". I	No e		
		deduc	ted from	the tota	l of "M	lachi secu	nery ire th	and Equ	uipm	ent". I redit lo	No e oan.	quit	y fro
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- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - **b** Customer With Prior Liens (Continued)

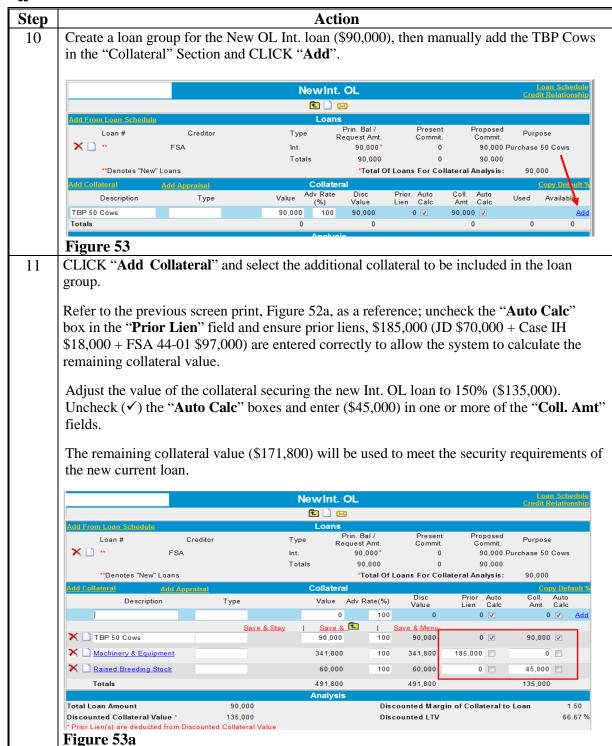


- I Collateral Analysis/Chattel Appraisals (Continued)
 - **3 Building the Collateral Analysis (Continued)**
 - **b** Customer With Prior Liens (Continued)

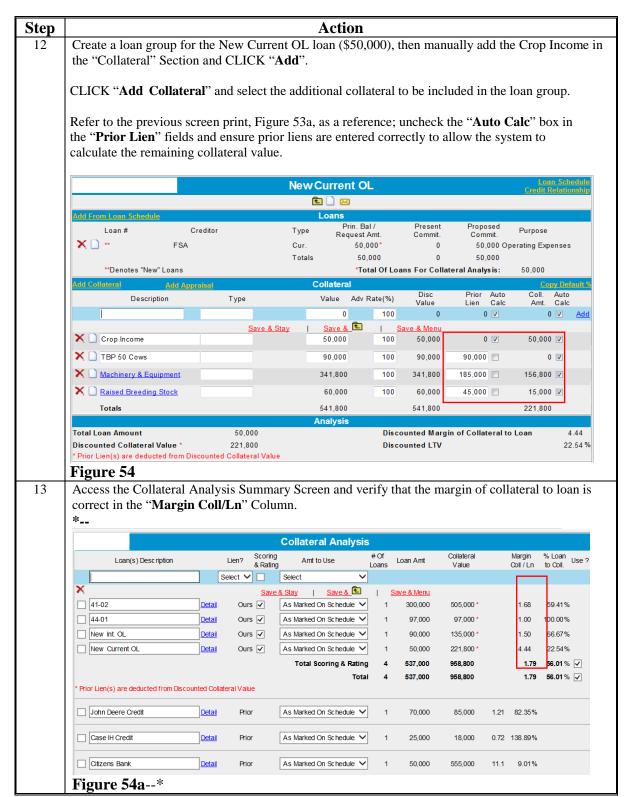


- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - **b** Customer With Prior Liens (Continued)

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- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - **b** Customer With Prior Liens (Continued)



I Collateral Analysis/Chattel Appraisals (Continued)

3 Building the Collateral Analysis (Continued)

*--c Customer With FSA Cross-Collateralized Loans

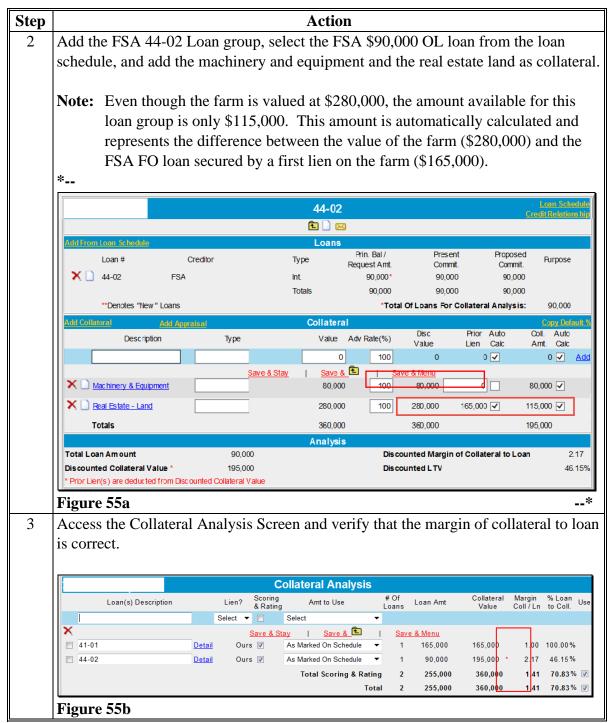
Sometimes the same asset may be used as collateral for multiple FSA loans. This is called, "cross-collateralization". To correctly display the available collateral, the loan group that has the primary security interest in that asset must be added first.

Example: Assume that the customer has an FSA FO loan (41-01) with a balance of \$165,000, secured by a first mortgage on a farm worth \$280,000. The farm also serves as additional collateral for the FSA OL loan (44-02), with a loan balance of \$90,000. The FSA OL is also secured by all machinery and equipment, valued at \$80,000.

ep				Acti	ion						
	Add the FO 41-01 loan group first. Select the \$165,000 FO loan from the loan										
	schedule and th	_	-								
				,			,				
	To ensure that the real estate security value is not double counted, adjust the value										
	the collateral se			-			-				
	and enter the amount of the loan (\$165,000) in the "Coll. Amt" field.										
	The mamaining	0011040mc1 =	volue will	h o was d	to mest	t the coers		mamanta of			
	The remaining collateral value will be used to meet the security requirements of the										
	OL loan.										
				41-01				<u>Loan Schedule</u> <u>Credit Relationship</u>			
	Ē M										
	Add From Loan Schedule			Loans	Prin, Bal /	Present	Propos				
	Loan #	Creditor			Request Amt.	Commit.	Comm	nit. Purpose			
	X □ 41-01	FSA		L.T. Totals	165,000* 165,000	165,000 165,000	165,0 165,0				
	**Denotes "New"	Loans		lotais		al Of Loans For C					
	Add Collateral	Add Appraisal		Collatera	ıl			Copy Default %			
	Description	ı Ty	уре	Value	Adv Rate(%)	Disc Value	Prior Auto Lien Calc	Coll. Auto Amt. Calc			
				0	100	0	0 🔽	0 🗸 Add			
	V Da 15		Save & Stay	Save &		Save & Menu		105.000			
	Real Estate - Land			280,000	100	280,000	0	165,000			
				280,000		280,000		165,000			
	Totals			Analysis							
	Totals Total Loan Amount	10	165,000	Analysis		ounted Margin o	f Collateral to I	Loan 1.00			
			165,000 165,000	Analysis	Disc	ounted Margin o	f Collateral to I	Loan 1.00 100.00%			

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- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - c Customer With FSA Cross-Collateralized Loans (Continued)

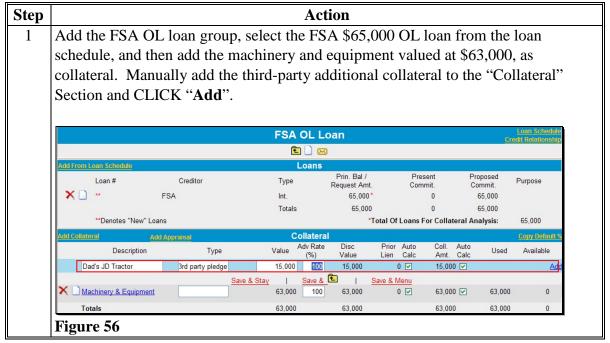


- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)

*--d Customer With Third-Party Pledge of Security

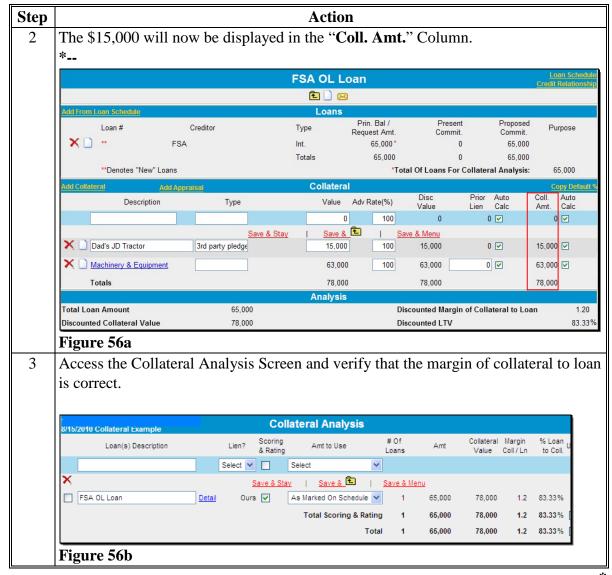
Sometimes, outside individuals or entities may provide third-party pledges of collateral. Because the customer does not own the collateral, it does not appear on their balance sheet and is; therefore, not available to be selected on the Select Collateral Detail Screen when building the collateral analysis. In these circumstances, the collateral pledged by the third party must be manually entered in the loan group.

Example: Assume that Dad pledged a tractor worth \$15,000 as additional security for a FSA OL loan in the amount of \$65,000. The FSA OL is also secured by all machinery and equipment valued at \$63,000.



--*

- I Collateral Analysis/Chattel Appraisals (Continued)
 - **3 Building the Collateral Analysis (Continued)**
 - *--d Customer With Third-Party Pledge of Security (Continued)



--3

- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)

*--e Customer With Personal Property Used for Security

Sometimes a customer's personal property is needed as additional security. There are 2 methods that can be used to add the personal property as security to the collateral analysis. If additional documentation is needed, it can be added to the attached WordPad.

Method 1: Assume that a customer has nonfarm real estate valued at \$125,000, with a prior lien of \$85,000. The customer wants to use the equity in the property, \$40,000, as additional security for a FSA OL 44-01 loan in the amount of \$65,000. The FSA OL is also secured by all machinery and equipment, valued at \$63,000.

Add the FSA OL loan group, select the FSA \$65,000 OL loan from the loan schedule, and add "Machinery & Equipment" and "Nonfarm Real Estate" as collateral. To adjust the value of the "Nonfarm Real Estate", uncheck (✓) the "**Auto Calc**" box and enter the prior lien (\$85,000) in the "**Prior Lien**" field. "Total Collateral Amount" equals \$103,000 (Machinery & Equipment **plus** equity in Nonfarm Real Estate).



Figure 57--*

- I Collateral Analysis/Chattel Appraisals (Continued)
 - 3 Building the Collateral Analysis (Continued)
 - *--e Customer With Personal Property Used for Security (Continued)

Method 2: Assume that a customer has nonfarm real estate valued at \$125,000, with a prior lien of \$85,000. The customer wants to use the equity in the property, \$40,000, as additional security for a FSA OL loan in the amount of \$65,000. The FSA OL is also secured by **all** machinery and equipment, valued at \$63,000.

Add the FSA OL loan group, select the FSA \$65,000 OL loan from the loan schedule, and add "Machinery & Equipment" as collateral. Manually add the nonfarm real estate description, type (equity), and equity value (\$40,000) to the Collateral Section and CLICK "Add". "Total Collateral Amount" equals \$103,000 (Machinery & Equipment plus equity in Nonfarm Real Estate).

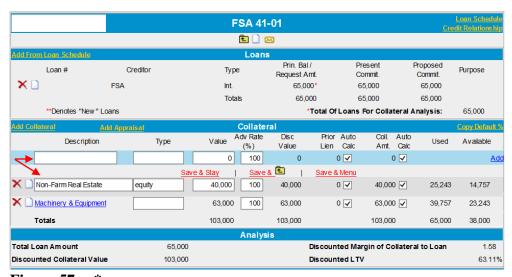


Figure 57a--*

J Credit Actions

In FBP, a credit action generates forms and other documentation containing the information necessary to approve, decline, and support a loanmaking or loan servicing decision.

J Credit Actions (Continued)

The following are the 11 credit action models that are available.

		Type of Forms							
		Environ-	Farm						
Credit Action		mental	Assess-		Credit	Security			
Type	Used For	Checklist	ment	Other	Presentation	Agreement			
D-Loan Making <u>1</u> /	Direct loan applications.	Available	Available	N/A	Cred. Pres/Borr. Class.	Available			
D-Loan/Security Agreement Only	When only a security agreement is needed.	N/A	N/A	N/A	N/A	Available			
D-Loan/Class/ LR/YEA Only	When action is not included in another credit action.	N/A	Available	N/A	Classification/ YEA/LR Review	Available			
D-Loan/Special Serv. <u>1</u> /	Primary and preservation loan servicing, DSA.	Available	Available	DALR\$ Input Report	Cred. Pres/Borr. Class.	Available			
D-Loan/ Regular Serv. <u>1</u> /	*All regular servicing actions*	Available	Available	N/A	Cred. Pres/Borr. Class.	Available			
D-Loan/ Eligibility Only	Used when eligibility is not included in another credit action.	N/A	N/A	Eligibility Only	N/A	N/A			
Youth Loans	Processing and approval of applications.	Available	N/A	Eligibility Only	Youth Loan	Complete Form Manually			
D-Loan/ Special Classification	Classify select accounts.	N/A	N/A	N/A	Special Classification	N/A			
Emergency Loan Calculations	Calculate qualifying losses.	N/A	N/A	Emergency Loan Calculations	N/A	N/A			
Microloan <u>1</u> /	ML applications	Available	Available	N/A	ML	Available			
FSFL	FSFL applications	N/A	N/A	N/A	FSFL	N/A			

¹/ In cases where a direct loan or microloan is being made in conjunction with a servicing request (special or regular), use the applicable servicing credit action.

J Credit Actions (Continued)

1 Credit Action Menu

The Credit Action Menu allows a user to quickly generate a new credit action or to access an existing credit action. It is recommended that only 1 credit action be added per loan or servicing application.

Note: When an "Emergency Loan Calculations" credit action is used, an additional credit action must be added to support the loanmaking or loan servicing decision.

To add a new credit action, CLICK "Credit Action", "Add/Modify/Delete", to access the Credit Action Screen. The "Add/Modify/Delete" option may also be accessed through the Dashboard.



Figure 58, Credit Action Menu

Complete the following fields on the Credit Action Screen:

- "Description", enter a meaningful description for the specific credit action
- "Credit Action Model", CLICK "arrow" drop-down menu to choose a credit action model
- CLICK "Add".

*__



Figure 58a, Add Credit Action Model--*

J Credit Actions (Continued)

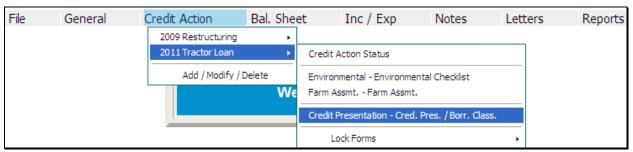
1 Credit Action Menu (Continued)

The new credit action will be added and contain all the forms necessary for a particular loan or servicing request. Click each individual form to access and complete.



--Figure 58b, Credit Action Screen--

To quickly access an existing credit action, CLICK "Credit Action" [Credit Action Name], from the drop-down menu. All forms needed for that particular credit action will be displayed in the fly-out menu. Click the form link to access.



--Figure 58c, Existing Credit Actions--

Note: FBP coordinators have the ability to add additional forms to an existing Credit Action when needed.

Example: Loan official creates a "D-Loan Making" credit action and completes most of the form and then realizes that the "DALR\$ Input Report" is needed for a restructuring action. The form can be added to the existing credit action in place of creating a new "D-Loan/Special Serv." credit action.

J Credit Actions (Continued)

2 Credit Action Status

The "Status" column is an eSignature feature on the Credit Action Screen that helps track the progress of the credit action. When a Credit Presentation that requires "Plan Approval" is acted on by a loan official, the "Status" on the Credit Action Screen will automatically be updated to indicate if it was:

- "Approved" or "Declined"
- "Recommend Approval" or "Recommend Decline"
- "Withdrawn"
- "End", to be used **only** by the FBP coordinator.



--Figure 58d, Credit Action Status--

3 Credit Action Forms

a Locking Forms

As soon as a credit action has been completed and eSigned, lock all the forms used in the credit action. See **Reports and Signature Requirements** (Section B 4 b) for a list of forms and locking requirements.

Exceptions:

Direct Loan Making – If a delay in loan closing is anticipated, such as when funding is limited, the forms do not need to be locked until loan closing. This allows for the input of any changes in the financial or farming situation that have occurred since loan approval.

FSFL – May be locked at loan closing to allow for the input of any additional documentation that may be needed to support changes in the loan amount.

In no situation will a loan be closed without locking the forms used in the credit action. Do **not** delete any of the documentation that was used to make the original credit decision.

- J Credit Actions (Continued)
 - **3** Credit Action Forms (Continued)
 - a Locking Forms (Continued)

To lock the forms in a credit action:

- CLICK "Credit Action" [Credit Action Name]
- from the fly-out menu, select "Lock Forms"
- click the form to lock
- a small lock will be displayed on the Credit Action Screen next to the "Locked" form.



--Figure 58e, Locking Forms--

J Credit Actions (Continued)

3 Credit Action Forms (Continued)

b Copying Data Into WordPad

The WordPad on a Credit Action form has additional features that are not available on WordPads located in other parts of FBP. This allows tables and spreadsheets to retain the Microsoft formatting.

Microsoft Word and Excel **tables and spreadsheets** can be copied and pasted in the WordPad and the data will retain the Microsoft formatting if, under the WordPad, users CHECK (\checkmark) "Includes imported images and/or pasted data" box.

--Caution: Only use this feature when copying Microsoft Word tables or Excel spreadsheets. This feature will decrease performance speed.--

When copying **text only** from Microsoft Word to a WordPad in FBP, the text must be stripped of the formatting for the text to print correctly using the Microsoft Reporting Service (MRS) feature. To copy text, do the following:

- highlight desired text in Microsoft Word and copy
- paste in the appropriate WordPad block
- CLICK "Clean MS Word HTML" on the right side of the WordPad.

Note: Any formatting, bolding, bullets, etc. will be removed during the "cleaning" process. Formatting can be re-added by using the WordPad toolbar.



Figure 58f

J Credit Actions (Continued)

3 Credit Action Forms (Continued)

b Copying Data Into WordPad (Continued)

Additional features available on the WordPad include the following. *--

Paragraph V Font V Size V Symbols V 🛕 🐰 🖺 🖺 👂 😝 B I 🗓 🞼 🚎 ≣≣≣ ≣ 🖭 💖 Description Code Aquaculture Fish 112511-00 Aquaculture Catfish 112511-01 Aquaculture Trout 112511-02 Aquaculture Finfish 112511-03 Aquaculture Clams 112512-40 Aquaculture Mollusk 112512-50 Aquaculture Oyster 112512-60 Aquaculture Crawfish 112512-70 5 Wordpad Height: Quarter ✓ Includes imported images and/or pasted data Report Appearance: (if content is beyond Wordpad border): Orop content (size can be changed with Wordpad Height) Wrap content

Figure 58g--*

Item	Feature
1	Word processing options are available to customize entries, including a "Spell Check"
	feature.
2	CHECK (✓) the box when including tables or spreadsheets copied from Microsoft Word or
	Excel and the WordPad will retain the Microsoft formatting.
3	CLICK "Save & Stay" link to refresh the screen after each step.
4	Do not use. FCAO and International Technology Services have requested that pictures and
	images not be uploaded because of performance, storage space, and bandwidth concerns.
5	"Report Appearance" radio buttons can be used to determine how information on the report will be printed. If users click:
	"Crop content", WordPad will only print what is visible on the screen; however, size *can be changed with WordPad Height (item 6), not recommended
	• "Wrap content", WordPad will print the entire WordPad content, recommended*
	Note: Ensure that horizontal information can be seen without scrolling to prevent report from displaying excess information on second page.
6	Use "Wordpad Height" drop-down menu to select the height for the WordPad.

J Credit Actions (Continued)

4 Farm Assessment

Initial farm assessments and updates must always be entered on the General Information Screen. 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 on the Farm Assessment form when a credit action is completed. This serves the following 2 important purposes:

- a snap-shot of the farm assessment is taken, recorded, and cannot be changed when locked
- farm assessment will be associated with the credit action that was completed at that point in time.

Notes: Any changes to the assessment **must** be entered on the General Information Screen and then updated to the credit action Assessment form. Do **not** make changes directly to the credit action Assessment form.

ENTER "N/A" in the text box of those assessment elements not completed according to paragraph 222.

CLICK "Credit Action" [Credit Action Name], to be completed. To update the form with the most current assessment information from the General Information Screen, CLICK "Save & Update" link in the top-left corner of the screen.

The "**Update Farm Assmt.**" dialog box will be displayed. CHECK (✓) **only** the "General Information" box, and CLICK "**Update &** ⊡".



--Figure 58h, Update Farm Assmt.--

Notes: If assessment information is changed on the General Information Screen before plan approval of the credit action, the credit action Farm Asst. form must be updated.

Signature requirement: The Farm Assessment form **must** be printed and signed by the loan official and the customer's signature **must be** obtained acknowledging participation in completing the document.

J Credit Actions (Continued)

*--5 FSA-850, Environmental Screening Worksheet

FSA-850 is prepared to document the environmental review. CLICK "Credit Action" [Credit Action Name], "Environmental Screening Worksheet". The first time FSA-850 is accessed the "Individual and Company Name" fields are automatically updated with the most current information from the General Information Screen.

- Use the "Save & Update" link in the top-left of the screen, if needed, to update customer name information from the General Information Screen.
- Fill-in the text field questions and CLICK "radio buttons" to complete FSA-850. CLICK "Save" to save all changes to FSA-850.
- Use the "Attached Comments for Environmental Screening Worksheet" wordpad at the bottom of the page to enter any additional environmental related information.
- CLICK "Signature of Preparer" to eSign FSA-850.
- If FSA-850 requires concurrence, CLICK "Signature of Concurring Official" to eSign.--*

Note: Signature requirement: eSignature for preparer and concurring official, if required.

6 DALR\$ Input Report

A DALR\$ Input Report is prepared to calculate the financial categories needed for input into the eDALR\$ program. It also includes the relevant collateral description from the collateral analysis completed in conjunction with a balance sheet. The DALR\$ Input Report is 1 of the forms in the "D-Loan/Special Serv." credit action model.

All financial information flows from selected balance sheets and income/expense projections to the DALR\$ Input Report. CLICK "**Reports**" and "**Reports Setup**" to control which balance sheets and income/expense projections will appear in the DALR\$ Input Report.

CLICK "Credit Action" [Credit Action Name], and "DALR\$ Input Rpt." to be completed. To update the DALR\$ Input Report Screen with selected financial information, CLICK "Save & Update" link in the top-left corner of the screen.

J Credit Actions (Continued)

6 DALR\$ Input Report (Continued)

The "Update Other" dialog box will be displayed. CHECK (\checkmark) only the following boxes:

- "Ultra Financials"
- "Collateral Analysis" select balance sheet from the drop-down menu
- "General Information".

CLICK "Update & 🖭".



--Figure 58i, Update Other--

Complete the DALR\$ Input Report by filling-in the following date fields located at the top of the form:

- "Proposed Loan Servicing Date"
- "Plan Approval Date".

CLICK "Completed By" link at the bottom of the form to eSign.

Note: Signature requirement: eSignature required.

J Credit Actions (Continued)

7 Credit Presentation

A Credit Presentation is the primary document in a credit action that is prepared to communicate and document a loan making or loan servicing decision. The Credit Presentation encompasses the various aspects of analyzing the financial information, collateral position, eligibility, classification, and the loan narrative. The Credit Presentation should contain all relevant information involved in a loan decision and should contain sufficient detail to show a third-party reviewer why a specific action was taken. The Credit Presentation form will differ depending on the credit action model selected.

A Credit Presentation **must** be prepared and eSigned for all loanmaking and loan servicing actions. It is recommended when multiple actions are being completed at the same time, that they be combined on the same Credit Presentation.

a Approval Decision

Each Credit Presentation that is prepared **must** have an approval decision. CLICK "**Plan Approval**" link located at the bottom of the Credit Presentation to select the appropriate approval status. Only Credit Presentations with an "Approved" status will be available for selection in DLS.

Note: For instructions on completing the Credit Action Status Screen for FSFL's, see **FSFL** (Section J 15 a).



--Figure 58j, Plan Approval--

CLICK "Select Status" link to access the "Select Status" dialog box. Click on the description of the status to select.

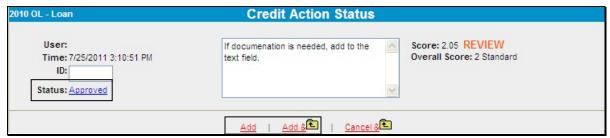


--Figure 58k, Select Status--

Note: Limit comments in the text field; should **not** include loan closing requirements, etc.

- J Credit Actions (Continued)
 - 7 Credit Presentation (Continued)
 - a Approval Decision (Continued)

To eSign the approval decision, CLICK "Add" or "Add & ...".



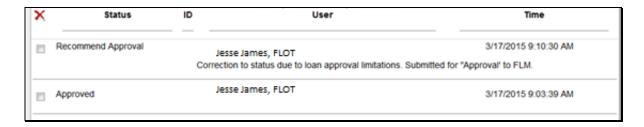
--Figure 58l, Add to eSign--

When both a recommending official and approving official status is needed, the following steps will be used.

- The recommending official will CLICK "Plan Approval" to recommend approval or denial of the credit decision. The user's eSignature and the date/time stamp will appear on the Credit Presentation.
- The recommending official will notify the approval official to review the Credit Presentation.
- The approving official will review the Credit Presentation and CLICK "Plan Approval" to select the approval or declined decision. Include any additional approval requirements in the "Loan Closing Requirements" text box in the Credit Presentation.

Note: When an incorrect credit status is selected, user should immediately select the correct status and document in the text box the reason for the correction. Status needs to be corrected before status is selected in DLS.

Example: FLOT selects "Approved" and should have selected "Recommend Approval".



J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification

One of the Credit Presentation forms that is used in FBP is the "Cred. Pres./Borr. Class.". This same form is used in the following 3 credit action models:

- "D-Loan Making"
- "D-Loan/Special Serv."
- "D-Loan/Regular Serv.".

To complete the Credit Presentation, CLICK "Credit Action" [Credit Action Name], "Cred. Pres./Borr. Class.". After the Cred. Pres./Borr. Class. form is accessed, it must be updated with information from other parts of the FBP system. To update CLICK "Save & Update" link in the top-left corner of the screen.

In the "Update Credit Presentation" dialog box CHECK (✓) **only** the following boxes:

- "Ultra Financials/Customized Ratios"
- "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.
- "General Information".

- J Credit Actions (Continued)
 - 7 Credit Presentation (Continued)
 - **b** Completing the Credit Presentation/Borrower Classification (Continued)

CLICK "Update & "" to update the Credit Presentation.

Caution: Do not check "Farm Assmt" or "Environmental".



--Figure 58m, Update Credit Presentation--

Notes: Anytime information is changed in other parts of FBP that affect the credit action being taken, the Credit Presentation **must** be updated.

The documentation requirements for Streamlined OL's and CL's are very low. Minimal completion of the Credit Presentation is expected according to 3-FLP.

When a credit presentation is updated after scoring, a red alert, "Form Update Date, Score Date Mismatch", will be displayed in the upper right hand corner of the credit presentation. This alert does not apply to FSA, and can be ignored.



--Figure 58n, Credit Presentation--

J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)

The following are components of the "Cred. Pres./Borr. Class." Credit Presentation.

Component	Details	
General Information	 Most of this information will be pre-filled and not need further completion. 	
	Select the radio button to designate whether the farm assessment was completed, updated, or no update is required.	
Credit Relationship	• 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.	
	Ensure that the updated credit relationship information is correct.	
	• In the text box indicate:	
	• loan purposes and use of loan funds for:	
	 direct loanmaking, transfer this information to FSA-2140 when a supervised bank account will be used to disburse loan funds 	
	 subordinations, transfer this information to the applicable subordination agreement 	
	• any other information relevant to FSA's credit relationship with the customer.	
Collateral Analysis	Ensure that the updated collateral and loan information is correct.	
Employment Information, Related Entities,	• CLICK "Reports" and "Reports Setup" to select which balance sheets and income/expense statements appear in the Credit Presentation.	
Balance Sheet, Income Statement,	• See Reports Setup (Section B 4 d) for information on what financial data should be included.	
Repayment Capacity	• Ensure that the updated information in these sections is correct.	

J Credit Actions (Continued)

7 Credit Presentation (Continued)

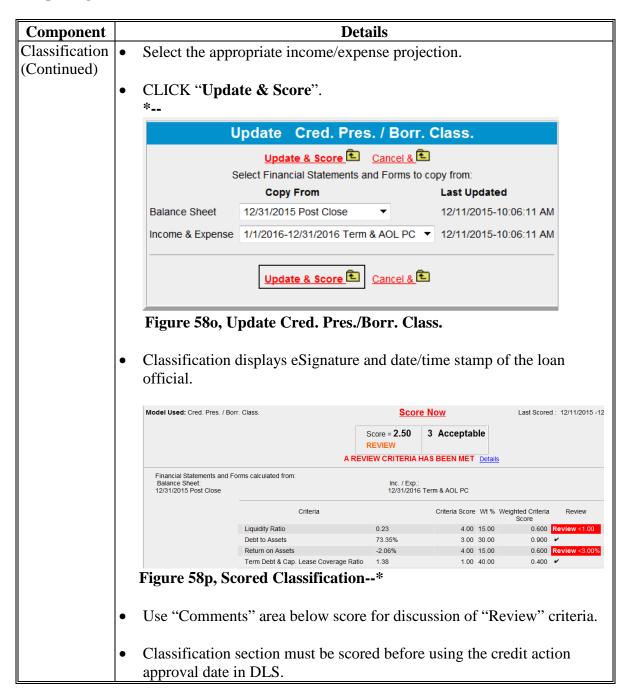
b Completing the Credit Presentation/Borrower Classification (Continued)

*__

Component		Details		
Classification	•	CLICK "Score Now" to calculate the classification score.		
	•	An " Update " dialog box will be displayed. Select the balance sheet and income/expense projection from which the classification score will be calculated.		
	•	Select the current or post-close balance sheet according to the following		
		type of credit action.		
		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 and annual loans, excludes youth loans) D-Loan Regular Servicing 	Notes: Classification section may be scored at the time of credit action approval based upon a post-close balance sheet. The credit action does not have to be closed before the account is classified.	
		D-Loan Special Servicing.	CHECK (✓) post-close box for all new loans and ensure TBP assets are included. Asset for AOL should be included on a 1:1 basis in "Other Current Assets".	

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- J Credit Actions (Continued)
 - 7 Credit Presentation (Continued)
 - **b** Completing the Credit Presentation/Borrower Classification (Continued)



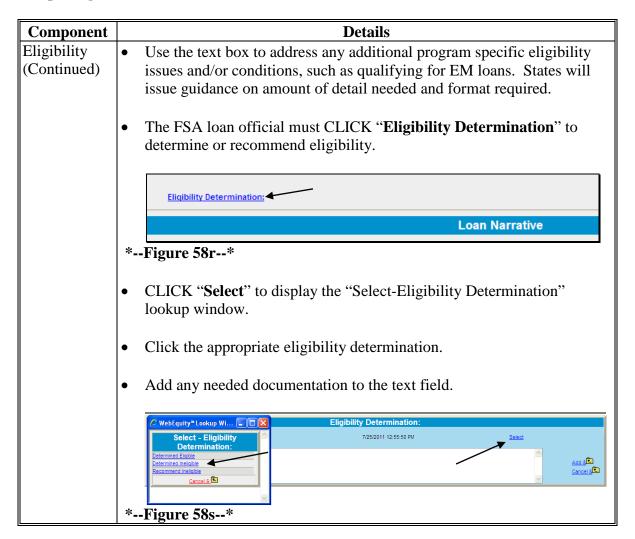
- J Credit Actions (Continued)
 - 7 Credit Presentation (Continued)
 - **b** Completing the Credit Presentation/Borrower Classification (Continued)

Component	Details			
Eligibility	 Answer the applicable eligibility questions with the radio buttons. 			
	General Loan Making Eli	General Loan Making Eligibility		
	Does customer meet the eligibility requirements	Does customer meet the eligibility requirements of 3-FLP?		
	Controlled substances?	○Yes ○No		
	Legal capacity?	○Yes ○No		
	Citizenship?	○Yes ○No		
	Credit history?	○Yes ○No		
	Credit elsewhere?	O Yes O No O NA		
	Delinquent Federal Debt and unpaid Federal Judgments?	OYes ONo		
	Federal Crop Insurance violations?	○Yes ○No		
	Managerial ability?	O Yes O No O NA		
	Borrower training?	O Yes O No O NA		
	Owner/Operator of a Family Farm?	O Yes O No O NA		
	Entity composition?	O Yes O No O NA		
	Loan Servicing Eligibility	/Conditions		
	Does customer meet the following eligibility and	or conditions as outlined		
	Subordination as per 4-FLP?	○Yes ○No ○NA		
	Consent to Junior Lienholders as per 4-FLP?	○Yes ○No ○NA		
	Severance Agreement as per 4-FLP?	○Yes ○No ○NA		
	Real Estate Partial Release as per 4-FLP?	○Yes ○No ○NA		
	Transfer/Assumption as per 4-FLP?	O Yes O No O NA		
	Primary and Preservation Loan Servicing as per 5-FLP?	OYes ONo ONA		
	Disaster Set Aside as per 5-FLP?	OYes ONO ONA		
	Special Loan Programs Servicing Actions as per 6-FLP?	OYes ONo ONA		
	Figure 58q			
	. When making these determine	tions the loop official is contifuing that		
	Ö	tions, the loan official is certifying that		
	the applicant meets the require	ements for the eligibility criteria and/or		
	conditions as outlined in the respective FSA handbook.			
	Conditions as outlined in the respective 13A handbook.			

J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)



J Credit Actions (Continued)

7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)

Component	Details		
Eligibility	• CLICK "Add & to eSign the eligibility determination. If an		
(Continued)	incorrect eligibility determination is selected, user should immediately		
	select the correct determination and document in the text box the reason		
	for the correction*		
	Eligibility Determination: ser 7/25/2011 12:55:50 PM Determined Eligible		
	Add & L Cancel & L		
	*Figure 58t		
	rigure 500		
	Credit Presentation will be displayed with the eligibility determination		
	with eSignature and date/time stamp of the loan official.		
	1		
	Eligibility Determination:		
	Determined Eligible System Administrator 7/25/2011 1:09:22 PM		
	Figure 58u*		
Collateral	What is collateral? 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.		
	In the WordPod describe the edequery of the colleteral		
	• In the WordPad, describe the adequacy of the collateral.		
	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.		
	Answer the security questions with the radio button.		

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)--*

Component	Details
Capacity	What is capacity? 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 FBP, 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.
	• In the WordPad, discuss the repayment capacity of the borrower, and any assumptions used in the income/expense projection.
	•*Answer the limited resource rate question with the radio button. See 4-FLP, Part 3 for more information on determining if rates are justified*
Capital	What is capital? Capital is the money the customer has personally invested in the business and is an indication of how much is 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 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, the customer is 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:
	 provide a cushion for repayment in the event of having a financial setback
	indicate an ability and willingness of the customer to save and accumulate assets
	• confirm that the borrower manages his/her financial affairs adequately and within his/her income.
	In the WordPad, discuss the customer's capital position which may include working capital, debt to asset level, and other elements of available capital.

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

b Completing the Credit Presentation/Borrower Classification (Continued)--*

Component	Details
Conditions	What are conditions? 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.
	Enter the approval conditions into the WordPad. Answer the SBA Account and Hazard Insurance questions with the radio buttons
Loan Closing	Optional. Can be used for any additional loan closing requirements
Requirements	imposed by the approval official after reviewing the recommending
	official's requirements.

*--Notes: Plan approval: Each Credit Presentation must have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See Credit Presentation "Approval Decision" (Section J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.--*

J Credit Actions (Continued)

*--7 Credit Presentation (Continued)

c Classification Scores

Accounts will be classified according to 1-FLP, Part 8, Section 4. The classification process generates the following ratios:

- Current Ratio (Liquidity)
- Debt to Asset Ratio (Solvency)
- Return on Assets Ratio (Profitability)
- TDCLC Ratio (Repayment Capacity).

Note: CLICK "Detail" of the borrower classification within FBP for an explanation of how the system calculates scores for each of these ratios.

FBP will generate 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	A marginal account is 1 that poses a high degree of financial risk. These loans may or may not be secured and repayment ability is marginal.
5 - Not Classified	See Special Classification (Section J 12).

--*

J Credit Actions (Continued)

8 Classification/LR Review/YEA

The "D-Loan/Class/LR/YEA Only" credit action should be completed to document and perform any or all of the following business processes when the action is not already documented within a direct loan-making, regular loan servicing, or special loan servicing credit action:

- "Classification"
- "YEA"
- "LR Reviews"
- "Graduation Reviews".

To complete the Credit Presentation form, CLICK "Credit Action" [Credit Action Name], "Classification/LR Review/YEA". After the form is accessed, it must be updated with information from other parts of the FBP system. To update CLICK "Save & Update" link in the top-left corner of the screen.



--Figure 59, Credit Presentation--

In the "Update Credit Presentation" dialog box CHECK (✓) the following boxes:

- "Ultra Financials/Customized Ratios"
- "General Information".

CLICK "**Update & •**" to update the Credit Presentation.

Caution: Do not check "Farm Assmt".

J Credit Actions (Continued)

8 Classification/LR Review/YEA (Continued)

*--Use the instructions in the following table to complete the sections in the Credit Presentation.

Component	Details	
Balance Sheet,	• CLICK "Reports" and "Reports Setup" to select which balance sheets	
Income	and income/expense statements will be displayed in the Credit	
Statement,	Presentation.	
Repayment		
Capacity	• CLICK "Save & Update" to transfer in the financials. Anytime information is changed in other parts of the FBP that are related to the credit action being taken, the Credit Presentation must be updated.	
	• Ensure that the correct information was transferred into these sections.	
Classification	See Classification Component (Section J 7 b) for instruction on completing	
	the classification.	
LR Review/	The WordPad should be used to document the assumptions about the year-end	
YEA Narrative	analysis, classification, graduation, and/or limited resource review, as applicable.	
Graduation	Answer the graduation review question, if applicable.	
Review		
Limited	Answer the limited resource rate question, if applicable. See 4-FLP, Part 3 for	
Resource	more information on determining if rates are justified.	
Rates		
Year End	Answer the question related to completion of the year-end analysis, if	
Analysis	applicable.	
Farm	Select the radio button to designate whether the farm assessment was	
Assessment	completed/updated or no update is required.	
Status		

Notes: Plan Approval: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (Section J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.--*

J Credit Actions (Continued)

9 Eligibility Only

*--The "D-Loan Eligibility Only" credit action should be used when **both of the following apply**:

- to document that an applicant is **ineligible** for FSA loan assistance
- when another type of credit action will **not** be prepared.

To complete the "D-Loan Eligibility Only" credit action:

- CLICK "Credit Action" [Credit Action Name], and "Eligibility Only"
- CLICK "Save & Update" and an "Update" dialog box will be displayed
- CHECK (✓) "General Information" only and CLICK "Update"
- complete "Application Date" by selecting the appropriate date.

Notes: See **Eligibility Component** (Section J 7 b) for instruction on completing the eligibility determination.

Signature requirement: eSignature required.

10 Youth Loans

The "Youth Loan" credit action should be used to process all application requests for youth loans.

a Eligibility Determination

The Eligibility Only form in the "Youth Loan" credit action must be completed to determine if the applicant meets the eligibility requirements for a youth loan.

Note: See **Eligibility Component** (Section J 7 b) for instruction on completing the eligibility determination.--*

b Credit Presentation * * *

Most youth loans are simple enterprises; the "Youth Loan" Credit Presentation will collect all financial information and will not require completion of additional balance sheets or income/expense projections.

- Open the form by clicking "Credit Action" [Credit Action Name], "Credit Presentation Youth Loan".
- CLICK "Save & Update". An "Update" box will be displayed. CHECK (✓) "General Information" only and CLICK "Update".

J Credit Actions (Continued)

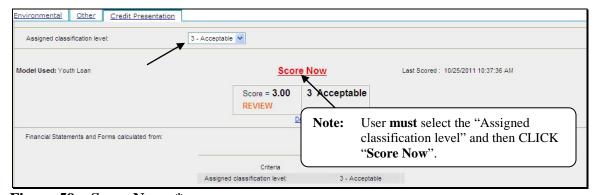
10 Youth Loans (Continued)

b Credit Presentation (Continued)

- Complete the "Amount of Loan Request".
- Complete all radio buttons and text boxes.
- CLICK "Annual Income and Expenses" and "Assets and Debts" to add information from FSA-2301.

Note: All description fields are limited to 29 spaces. When report is printed, if "Ending Cash on Hand" fails to print, abbreviate 1 of the description fields.

- Assign classification level of "3 Acceptable"
- CLICK "Score Now" to update the classification score.



--Figure 59a, Score Now--

Add any additional documentation to the "Comments" Section and complete the Loan Closing Requirements in the text boxes provided.

Notes: Farm assessments are **not** required for youth loans according to 3-FLP, subparagraph 226 B. However, some discussion of strengths, potential problems, and goals should be included in the "Comments" Section.

Plan Approval: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (Section J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.

J Credit Actions (Continued)

10 Youth Loans (Continued)

c Security Agreement - Youth Loans

The "Youth Loan" Credit Presentation does not capture the information needed to complete the FBP automated FSA-2028; therefore, FSA-2028 may be completed manually.

d Classification of Youth Loans

See 1-FLP, subparagraph 251 D for instructions on completing youth loan classifications.

11 Security Agreement

A new security agreement can be generated from within any credit action model, except youth loans and D-Loan/Special Classification. 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.

Once the Security Agreement Screen is displayed, CLICK "Save & Update".

In the "Update" dialog box, select the following sources of information:

• * * * income/expense projection

Notes: Chattel description information is populated from the schedules of the balance sheet associated with the selected income/expense projection. The "Col?" box (✓) on the schedule must be checked for the information to transfer. Enter an "∗" asterisk before each line item subject to FSA Purchase Money Security Interest and enter an "(m)" for each line item used for Microloan collateral.

By default, all real estate descriptions on the security agreement will be populated from the "Balance Sheet", "Assets", "Real Estate-Land"; and "Inc/Exp", "Operating Expenses", "Rent–Land/Animals" schedules. Enter an "(m)" at the beginning of the "Other Description" field on the schedules if crops grown on the real estate are used for Microloan collateral. "To SA" may be unchecked to stop the transfer of real estate descriptions to the security agreement.

J Credit Actions (Continued)

11 Security Agreement (Continued)

• general information.

Note: The name and address of the primary customer will always appear on the security agreement. The names and addresses of related entities and entities that pledge *--third-party security will also appear on the security agreement if any 1 of the--* following are checked in "General", "Related Entities", and [Entity Name]:

- "Spouse"
- "Co-Applicant"
- "Co-Owner".

Caution: Do not check "Farm Assmt".

The following table provides information on additional fields that would be manually entered onto the form, if applicable.

Field	Details
Security Agreement Date	Effective date of the Security Agreement.
(c) State Information	List States where equipment is located.
(10) Fixtures	Enter a description of fixtures, etc. taken as collateral.
(d) State Information	List States where livestock is located.
(e) Accounts, deposit	Enter additional information about specific accounts, contract
agreements, general	rights, general intangibles, etc., as required by State supplements, if
intangibles, etc.	*any. For Microloan collateral enter "(m)" before each item*
Additional Security	Add any additional information as needed. Information added to
Agreement Verbiage	this section will print on the report before the signature lines.

Notes: The Security Agreement may be printed by clicking "Print Security Agreement" located in the upper right hand corner of the document or "Reports Setup".

Signature requirement: The security agreement **must** be printed and the customers' signatures obtained.

J Credit Actions (Continued)

12 Special Classification

The D-Loan Special Classification Credit Action will be used to classify the following:

- flagged accounts where FSA cannot obtain current financial or production information for a customer
- accounts identified as CNC according to subparagraph 251 C
- youth loans according to subparagraph 251 D
- streamlined CL's unless they become delinquent or distressed (subparagraph 251 E).

Before completing a classification, the General Information Screen must be completed. See **General Information** (Section C) for more information on what fields are required.

Complete a special classification credit action according to the following.

- Open the form by clicking "Credit Action" [Credit Action Name], and "Credit Presentation Special Classification".
- CLICK "Save & Update". An "Update" box will be displayed. CHECK (✓) "General Information" only and CLICK "Update".
- Manually calculate the FSA security margin by estimating the value of FSA's total collateral **minus** prior liens **minus** FSA's total loans. This value shall be entered in the provided field as either a positive or negative number.
- To calculate the percent of FSA loss take the FSA security margin (if negative) **divided by** FSA total loans.
- Select the "Assigned Classification Level" from the drop-down menu. All nonactive flagged accounts will be classified as "5". Youth loans will be classified according to subparagraph 251 D.
- CLICK "Score Now" to complete the process.
- Any documentation to support the calculations may be added in "Comments".
- *--Notes: Plan Approval: Each Credit Presentation must have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See Credit Presentation "Approval Decision" (Section J 7 a) for instruction on completing the approval decision.

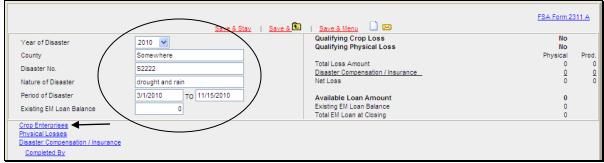
Signature requirement: eSignature required.--*

J Credit Actions (Continued)

13 Emergency Loan Calculations

FSA-2311A is used to determine the applicant's actual production and/or physical losses, and to calculate the "Available Loan Amount". Instructions for completing FSA-2311A are as follows:

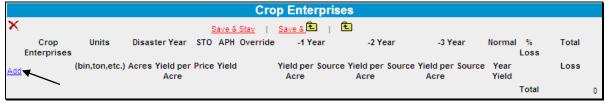
- open FSA-2311A and complete the disaster designation information
- CLICK "Crop Enterprises" link to add crop information for production losses



--Figure 60, FSA-2311A--

• CLICK "Add" on the Crop Enterprises Screen to display fields to enter the individual crop disaster information

Note: There is no limit to the number of rows of crop information that can be entered into the system.



^{*--}Figure 60a, Crop Enterprises--*

J Credit Actions (Continued)

13 Emergency Loan Calculations (Continued)

• use APH yield when available, system will automatically calculate "% Loss" and "Total Loss" amount and CLICK "Save" to save the data

Note: If APH yield is not available, CHECK (✓) "**Override**" and manually complete the "Yield per Acre" and "Source" fields. System will automatically calculate "Normal Year Yield", "% Loss", and "Total Loss" amount.



--Figure 60b, Crop Enterprises Using APH Yield--



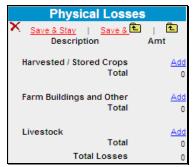
--Figure 60c, Multiple Crop Enterprises Using APH Yield and Applicant Records--

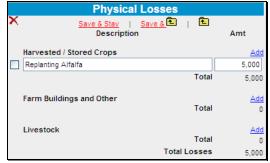


--Figure 60d, Multiple Crop Enterprises Total Loss Calculations--

• CLICK "Physical Losses" link to add information for all physical losses

- J Credit Actions (Continued)
 - 13 Emergency Loan Calculations (Continued)
 - CLICK "Add" to display fields to enter loss information and CLICK "Save" to save the data



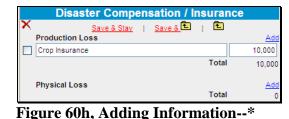


*--Figure 60e, Physical Losses

Figure 60f, Add Physical Loss Information--*

- CLICK "Disaster Compensation/Insurance" link to add information
- CLICK "Add" to display fields to enter information and CLICK "Save to save the data





*--Figure 60g, Disaster Compensation/Insurance

riguic oon, Adding information

• CLICK "Completed By" link at the bottom of FSA-2311A to eSign.

To print FSA-2311A, CLICK "**FSA Form 2311A**" in the upper-right corner or from the Reports Setup Menu on the toolbar.



--Figure 60i, Completed FSA-2311A--

Notes: The Farm Loan Programs Systems, "FLPS", web site contains several examples of completed FSA-2311A. Select "Manuals", "Training Manuals", and "EM Loss Loan Calculation Examples" to view the completed FSA-2311A's.

Signature requirement: eSignature required.

J Credit Actions (Continued)

14 Microloan

The "Microloan" credit action model should be used to process all application requests for ML. For the documentation requirements, see 3-FLP.

To complete the Credit Presentation; CLICK "Credit Action" [Credit Action Name], and "Credit Presentation - Microloan". After the form is accessed, it must be updated with information from other parts of the FBP system. To update CLICK "Save & Update" link in the top-left corner of the screen.

In the "Update Credit Presentation" dialog box CHECK (✓) **only** the following boxes:

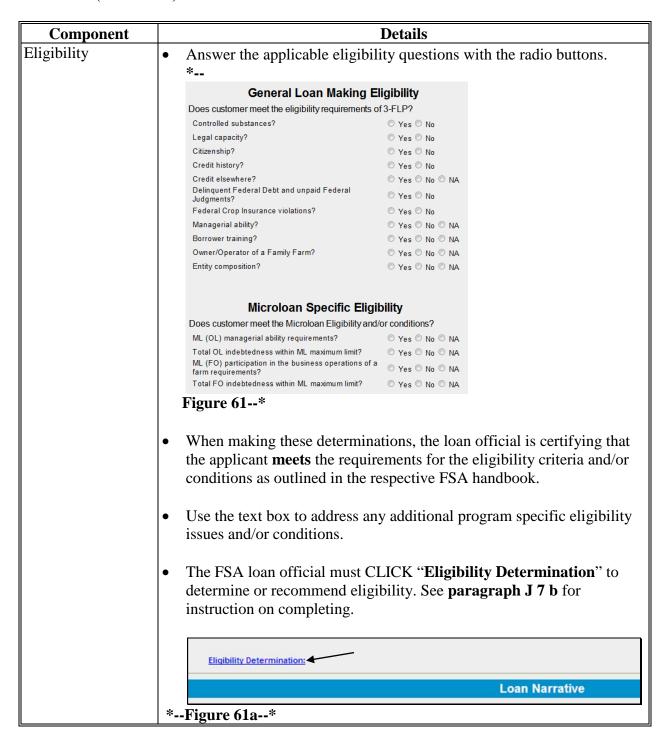
- "Ultra Financials/Customized Ratios"
- "Collateral Analysis", select the balance sheet from which the collateral analysis will be calculated
- "Credit Relationship", select the balance sheet from which the credit relationship information will come.
- "General Information".
- CLICK "**Update & •**" to update the Credit Presentation.

Complete the Credit Presentation according to the following.

Component	Details		
General Information,	See paragraph J 7 b for instruction on completing these components.		
Credit Relationship			
*Loan Narrative	Required documentation for the narrative should be completed in the		
	Assessment. See paragraph 222 to determine which elements need to be completed.		
	ENTER "Refer to Assessment" in the narrative text box.		
	Use the text box to address any additional documentation that may be needed.		
	Note: For OL's, if the loan official determines that a term of less than 7 years		
	is warranted, the justification for the reduction must be fully documented		
	in the loan narrative, including a discussion of the collateral being taken		
	and the reason this collateral is not sufficient for the full 7 year term*		
Collateral Analysis,	See paragraph J 7 b for instruction on completing these components.		
Classification,			
Employment Information,			
Related Entities, Balance			
Sheet, Income Statement,			
Repayment Capacity			

J Credit Actions (Continued)

14 Microloan (Continued)



J Credit Actions (Continued)

14 Microloan (Continued)

*_

Component	Details	
Security, Appraisal, FO Evaluation, LR,	Answer the applicable questions by clicking the buttons.	
FO Evaluation, LR, SBA Account, and Hazard Insurance	Sec urity Requirement met for all loans? Have all required appraisals been completed? For the ML (FO) has the required evaluation been completed? Are limited resource rates justified? Supervised Bank Account Required? If 'Yes' indicate reason: Haz ard insurance required?	Yes No NA Yes No NA Yes No NA Yes No NA
Loan Closing Requirements	Use the word pad to document all approval conditions or loan closing requirements.	

Notes: Plan Approval: Each Credit Presentation **must** have an approval decision. Only Credit Presentations with an "Approved" status will be available for selection in DLS. See **Credit Presentation "Approval Decision"** (paragraph. J 7 a) for instruction on completing the approval decision.

Signature requirement: eSignature required.

15 FSFL

The FSFL Credit Action model should be used for all loan making and servicing requests. After the information submitted by an applicant for an FSFL is reviewed, the Loan Official will use the FSFL Credit Presentation to document the financial analysis decision. The Loan Official will print the Credit Presentation to use as their recommendation document. According to 1-FSFL, subparagraph 10 G, the written recommendation will **not** contain any specific financial information.

Notes: When adding the FSFL Credit Action, see **Credit Action Menu** (Section J 1). The description **must** contain FSFL; for example "FSFL Grain Bin".

Do **not** use FBP to order credit reports for FSFL's.

The FBP, "Balance Sheet" and "Income/Expense" sections do **not** need to be completed if the statements provided by the customer are sufficient for the approval decision.

--See 1-FSFL, paragraphs 153 and 154 for additional information on analysis-- requirements.

To complete the Credit Presentation, do the following:

- CLICK "Credit Action", "[Credit Action Name]", and "Credit Presentation FSFL"
- CLICK "Save & Update" link in the top-left corner of the screen. An "Update" box will be displayed. CHECK (✓) "General Information" and CLICK "Update & …".
- Complete all questions, radio buttons and applicable text boxes.

J Credit Actions (Continued)

15 FSFL (Continued)

Recommendation: The Loan Official **must** provide a written recommendation for approval or

disapproval, based on the applicant's credit history and financial information. The recommendation should include FSFL amount and

FSFL terms.

Note: A recommendation example that may be used is provided, as displayed in the following text box, or the Loan Official may delete the example and type their recommendation.

Based on the FSFL applicant's credit history and financial information, I recommend approval of the FSFL in the amount of \$_____, with a loan term of ____ years. The information provided demonstrates the applicant is creditworthy and has the ability to make the down payment and timely repay future installments.

a Approval Decision

After the Loan Official has documented the decision, on the Credit Action Status Screen CLICK "Recommend Approval" or "Recommend Decline".



--Figure 61b--

The Loan Official will print the Credit Presentation and provide it to COC or STC, as appropriate, depending on the amount of FSFL request.

After COC or STC, as applicable, decides to "Approve" or "Decline", the decision **must** be provided to a Loan Official as soon as possible. A Loan Official will access the Credit Presentation, Credit Action Status Screen and enter the decision as provided, according to this subparagraph. In the text box, the Loan Official will insert COC or STC's name that made the decision, along with the date of the decision.

J Credit Actions (Continued)

15 FSFL (Continued)

a Approval Decision (Continued)

Any user with loan approval authority may update the credit presentation with the COC/STC approval date. The approval date **must** be entered into the credit presentation on the same day if possible but no later than the next business day.

Note: The electronic signature/date **may not** be entered into FBP later than the last business day of the month.

If approved, the electronic decision date will be available for selection in the FSFL DLS system.



--Figure 61c--

Signature requirement: eSignature required.

After loan approval, if the producer requests an increase in the loan amount, the loan official will use the same credit presentation to document any increases. An increase over 10 percent will require another recommendation and approval from COC/STC. If increase is 10 percent or less a new recommendation is not required, unless it is required by STC.

K Special Features

1 eNotice

The eNotice feature allows users to e-mail other FBP users from within specific areas of FBP. The e-mail that is generated will contain a link that will take the e-mail recipient directly to that same specific area within FBP. This feature can be especially helpful when requesting a review from other users during the development of FBP.



Figure 62

The first time the eNotice feature is accessed, the following prompt will be displayed. Ensure that the e-mail address is correct and CLICK "**OK**" to continue the validation process.

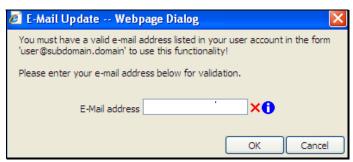


Figure 63

The following series of messages will be displayed.



Figure 64

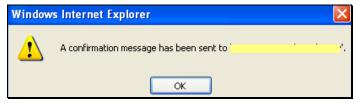


Figure 65

K Special Features (Continued)

1 eNotice (Continued)

*--After clicking "OK", close the eNotice window, log out of FBP, and close browser window.

Note: This is a 1-time process for the user to validate the e-mail and provide access to the eNotice feature of FBP. The validation process will be repeated if the user's e-mail address is changed.

After closing the eNotice and browser windows, the user will need to access their e-mail to view the confirmation e-mail message that has been sent. The following e-mail message will be displayed. CLICK "Click here to validate".

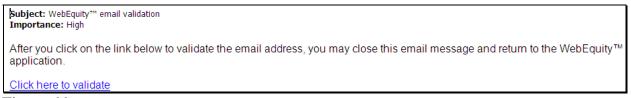


Figure 66

This will automatically open a browser window to log into FBP. Return to the previous customer record where the "eNotice" icon was clicked the first time. CLICK "eNotice" icon to re-enter the eNotice feature.

When the user enters eNotice, a standard e-mail window will automatically be displayed. The message will contain a link to the selected section of FBP. Edit the "Subject" line and message content, as needed. CLICK "To…" or "Cc…" to add the recipients e-mail address.

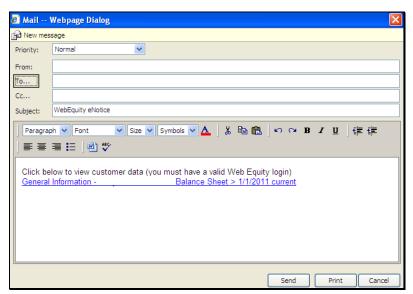


Figure 67--*

K Special Features (Continued)

1 eNotice (Continued)

*--On the "Address List" dialog box, CLICK "magnifying glass" icon and a list of valid e-mail addresses in FBP will be displayed. Select the appropriate e-mail recipient and use the arrows to add them to either the "To...", "Cc...", or "Bcc..." box. CLICK "OK" to add the selected e-mail address to the e-mail message.

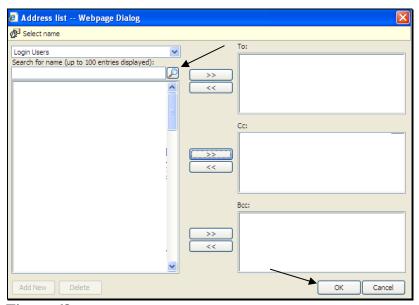


Figure 68

Review e-mail information, CLICK "Send".

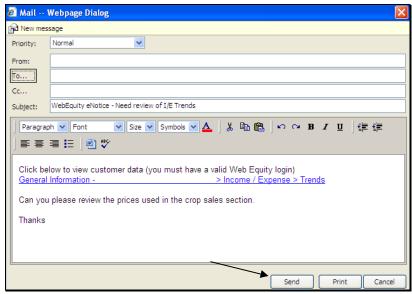


Figure 69--*

K Special Features (Continued)

2 DecisionMgr

DecisionMgr is a management tool that is available on the toolbar and provides users with the ability to track credit action status or view credit report activity.

a Credit Action Status

On the Credit Action Status Screen a user can view the status of every credit action that has *--been generated. To access the screen, CLICK "Portfolio Management", "Decision Mgr", "Credit Action", "Status".

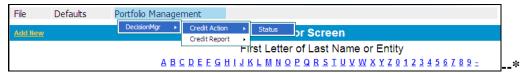


Figure 70

Before using the search feature, users choose the information to be displayed on the screen. CLICK "Column Select" in the upper left corner of the screen.



Figure 71

CHECK (\checkmark) columns of information to be displayed.

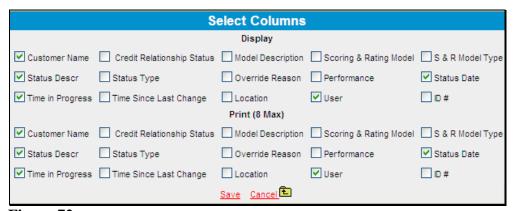


Figure 72

K Special Features (Continued)

2 DecisionMgr (Continued)

a Credit Action Status (Continued)

- *--Select search criteria from any of the following fields:
 - "Last Name", to search by a specific user
 - "Location", to search by a specific location
 - "Status Descr.", to search by a specific Status Description, from the following:
 - "Recommend Approval"
 - "Recommend Decline"
 - "Approved"
 - "Declined"
 - "Withdrawn"
 - "End"
 - leave blank for all
 - "Status Type", defaults to "All"
 - "From Date", to choose a starting date
 - "To Date", to choose an ending date.

In the following example, only "Location" and the date range search criteria were used. CLICK "**Go**" to complete search.



Figure 73

The following Credit Action Status Screen displays the example search results. To print the information, CLICK "**Print**" hyperlink.



Figure 74--*

K Special Features (Continued)

2 DecisionMgr (Continued)

- a Credit Action Status (Continued)
- *--The following Credit Action Status Screen displays the example search results. To print the information, CLICK "**Print**" hyperlink.



Figure 74

Print the report in the format displayed or if the information displayed on the printed report needs to be exported to a different format, such as Microsoft Excel, CLICK "**Export Report**" icon.



Figure 75

To export the report, select the file format using the "File Format" drop-down menu, and enter a file name. In this example "Microsoft Excel" has been selected. CLICK "**OK**".

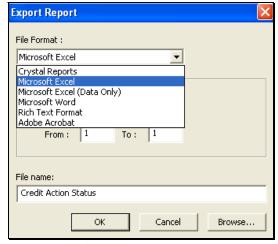


Figure 76--*

K Special Features (Continued)

2 DecisionMgr (Continued)

a Credit Action Status (Continued)

*--After the export has completed, the "Report Viewer Export" dialog box will be displayed. CLICK "Yes" to open the report.



Figure 77

The report will be displayed in the selected format.

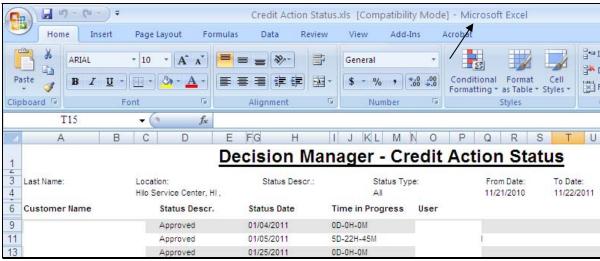


Figure 78--*

K Special Features (Continued)

2 DecisionMgr (Continued)

b Credit Report Activity Log

The Credit Report Activity Log allows users to view all the credit bureau reports that have been pulled within FBP. To access the Credit Report Activity Log Screen, CLICK *--"Portfolio Management", "Decision Mgr", "Credit Report", "Activity Log".



Figure 79

Select search criteria from any of the following fields.

- "Location", to search by a specific location
- "From" and "To" dates, to search by specific time spans.

CLICK "Go" to complete search.

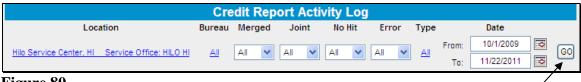


Figure 80

The Credit Report Activity Log can be sorted by clicking the sort icon preceding the applicable column. To view a copy of the credit report, under the "Bureau" column, CLICK "credit bureau" link.

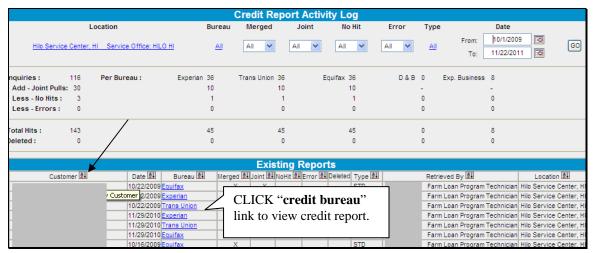


Figure 81

K Special Features (Continued)

3 Tracking

*--The tracking feature in the "Credit Action" menu allows users to view information about the selected credit action. From within the individual customer's record, CLICK "Credit Action" and "Add/Modify/Delete", to access the tracking features.

Each credit action that has been created will have a blue "Track" hyperlink on the far right of the Credit Action Screen. CLICK "Track" to view the information about the selected credit action.



Figure 82--*

K Special Features (Continued)

3 Tracking (Continued)

*--The Credit Action Tracking Screen will be displayed with information on each event that occurred in the selected credit action, along with the user that completed the event.

Note: Credit action tracking does **not** track saves. It only tracks the following events:

- add
- lock
- replace
- score now
- unlock
- update.



Figure 83--*

K Special Features (Continued)

4 Letters

*--The "Letters" feature allows users to generate ad hoc letters to customers. These letters are **not** to be used as a substitute for specific letters to customers required by other applicable directives.

From the customer's FBP account, CLICK "Letters", "General Letter or Related Entity". The General Letter Screen will be displayed. From the "Letter" drop-down menu select "General Correspondence".

Note: Disregard the "Balance Sheet Date", "Income & Expense Date", and "Credit Report Date" drop-down menus, because they are **not** available for FSA use.



Figure 84

A "General Letter" dialog box will be displayed. CLICK "Add" and the letter will be added to the list of letters available on the General Letter Screen.



Figure 85

The letter is now available with the user's information for the signature. CLICK "View/Modify" hyperlink and a text box will be provided to type the body of the letter. The name and address will populate from the General Information Screen.



Figure 86--*

K Special Features (Continued)

4 Letters (Continued)

After the body of the letter has been completed, CLICK "**Printable View**" hyperlink to print the letter. Letters shall be printed on paper with appropriate letterhead. The letter will remain available on the General Letter Screen and can be edited as needed.

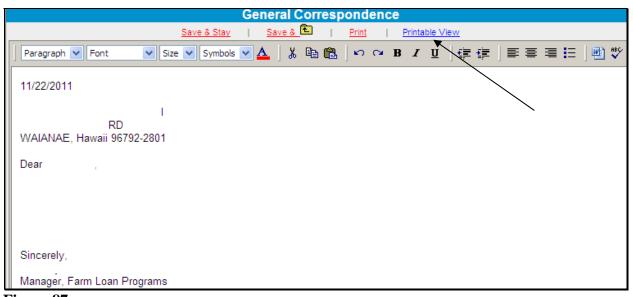


Figure 87

L Getting Help

For help using the FBP software, CLICK "eHelp" from the Web Navigation Manager main navigation bar or consult this user guide. For questions about issues not available online or in this user guide, State and County Offices should contact the FBP Coordinator. References to "FBP Coordinator" include FBP State Coordinators, as appropriate.

* * *

Farm Business Plan - FSA User Guide (Continued)

M Glossary of Terms

Term	Definition
Ag or Farm Debt	Any debt incurred for which the majority was for farm or agricultural related
*BP	purposes. Business Partner is a system of entry and record and serves as a centralized source for
	all customer information*
eAuthentication	The system used to authenticate and authorize users of USDA web-based applications. Previously referred to as "WebCAAF".
Ending Cash	MADS plus beginning cash plus operating and term loan advances minus operating principal repayment minus capital expenditures plus capital sales plus capital contributions minus 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.
MADS	Operating income minus purchases for resale minus operating expenses including interest and depreciation plus nonfarm income minus owner withdrawals minus nonfarm expense minus income taxes minus term principal payments plus 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 Nonfarm Debt	Any debt incurred for which the majority was for nonfarm purposes.
* * *	* * *
Post Close Balance	A balance sheet prepared assuming that the planned loanmaking or loan servicing
Sheet	transaction has just taken place.
Pro-Forma Balance	A balance sheet prepared assuming that the projected plan year has taken place and
Sheet Regular Loan	all assumptions in that plan occurred. Loan servicing actions including subordinations, partial releases of real estate,
Servicing	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.
* * *	* * *
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.
TDCLCR	(Net farm income from operations plus nonfarm income plus depreciation plus interest on term debt minus income taxes minus owner withdrawals minus nonfarm expense) divided by 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. Software used to generate FBP.

*--Type of Assistance, Fund, and Kind Codes

These tables list all types of assistance, fund, and kind codes used in DLS, GLS and ADPS.

A Direct Farm OL's

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
050	OL - Limited Resource - 7 year	44	03
051	OL - Regular (Except Youth) - 7 year	44	01
052	OL - Youth - 7 year	44	02
104	OL - Regular (Except Youth) - 1 year - SDA	44	05
105	OL - Limited Resource - 7 year - SDA	44	15
106	OL - Regular (Except Youth) - 7 year - SDA	44	05
107	OL- Youth - 7 year - SDA	44	55
112	OL - Regular (Except Youth) - 1 year	44	01
117	OL - Limited Resource - 1 year	44	03
119	OL - Limited Resource - 1 year - SDA	44	15
151	OL - Youth - 1 year	44	02
152	OL - Youth - 1 year - SDA	44	55
209	OL - Beginning Farmer - Regular - 1 year	44	01
210	OL - Beginning Farmer - SDA - Regular - 1 year	44	05
211	OL - Beginning Farmer - Regular - 7 year	44	01
212	OL - Beginning Farmer - SDA - Regular - 7 year	44	05
217	OL - Beginning Farmer - Limited Resource - 1 year	44	03
218	OL - Beginning Farmer - SDA - Limited Resource - 1 year	44	15
219	OL - Beginning Farmer - Limited Resource - 7 year	44	03
220	OL - Beginning Farmer - SDA - Limited Resource - 7 year	44	15

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Type of Assistance, Fund, and Kind Codes (Continued)

*--B Direct Farm OL - ML's

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
657	OL - Limited Resource - 7 year - Micro	44	03
658	OL - Regular (Except Youth) - 7 year - Micro	44	01
659	OL - Regular (Except Youth) - 1 year - Micro	44	01
660	OL - Limited Resource - 1 year - Micro	44	03
661	OL - Regular (Except Youth) - 1 year - SDA Micro	44	05
662	OL - Limited Resource - 7 year - SDA Micro	44	15
663	OL - Regular (Except Youth) - 7 year - SDA Micro	44	05
664	OL - Limited Resource - 1 year - SDA Micro	44	15
665	OL - Beginning Farmer - Regular - 1 year - Micro	44	01
666	OL - Beginning Farmer - Regular - 7 year - Micro	44	01
667	OL - Beginning Farmer - Limited Resource - 1 year - Micro	44	03
668	OL - Beginning Farmer - Limited Resource - 7 year - Micro	44	03
669	OL - Beginning Farmer - SDA - Regular - 1 year - Micro	44	05
670	OL - Beginning Farmer - SDA - Regular - 7 year - Micro	44	05
671	OL - Beginning Farmer - SDA - Limited Resource - 1 year -	44	15
	Micro		
672	OL - Beginning Farmer - SDA - Limited Resource - 7 year - Micro	44	15

--*

*--Type of Assistance, Fund, and Kind Codes (Continued)

C Guaranteed Farm OL's (Both Subsidized and Nonsubsidized) (G-OL)

Type of	5	Fund Code	Kind
Assistance	Description	(2-Digit)	Code
046	OL – Disaster Assistance	44	01
048	OL – Line of Credit	44	01
051	OL – Regular (Except Youth) – 7 year	44	01
103	OL – Line of Credit – SDA	44	01
108	OL – Regular (Except Youth) – 7 year – SDA	44	01
153	OL – Regular (Except Youth) – 1 year	44	01
154	OL – Regular (Except Youth) – 1 year – SDA	44	01
209	OL – Beginning Farmer – Regular – 1 year	44	01
210	OL – Beginning Farmer – Regular – 1 year – SDA	44	01
211	OL – Beginning Farmer – Regular – 7 year	44	01
212	OL – Beginning Farmer – Regular – 7 year – SDA	44	01
225	OL – Beginning Farmer – Line of Credit	44	01
226	OL – Beginning Farmer – Line of Credit - SDA	44	01

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Type of Assistance, Fund, and Kind Codes (Continued)

D Direct FO's

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
030	FO – Limited Resource – SDA – Ethnic	41	15
031	FO – Regular – SDA – Ethnic	41	05
034	FO - Limited Resource	41	03
036	FO - Regular	41	00
124	FO – Regular – SDA – Gender	41	05
125	FO – Limited Resource – SDA – Gender	41	15
200	FO – Beginning Farmer Down Payment	41	22
201	FO – Beginning Farmer Down Payment – SDA – Ethnic	41	23
202	FO – Beginning Farmer Down Payment – SDA – Gender	41	23
203	FO - Beginning Farmer – Regular	41	00
204	FO - Beginning Farmer – Limited Resource	41	03
205	FO – Beginning Farmer – Regular – SDA – Ethnic	41	05
206	FO – Beginning Farmer – Regular – SDA – Gender	41	05
207	FO – Beginning Farmer – Limited Resource – SDA – Ethnic	41	15
208	FO – Beginning Farmer – Limited Resource – SDA – Gender	41	15
231	FO - Participation	41	00
232	FO – Participation – SDA – Ethnic	41	05
233	FO – Participation – SDA – Gender	41	05
234	FO – Beginning Farmer – Participation	41	00
235	FO – Beginning Farmer – Participation – SDA – Ethnic	41	05
236	FO – Beginning Farmer – Participation – SDA – Gender	41	05
485	*FO – Non-Beginning Farmer Down Payment – Ethnic*	41	15
486	FO – Non-Beginning Farmer Down Payment – Gender	41	15
035	FO – Non-Farm Enterprise – Limited Resource	49	03
037	FO – Non-Farm Enterprise – Regular	49	00
044	FO – Non-Farm Enterprise – SDA – Ethnic	49	00
126	FO – Non-Farm Enterprise – SDA – Gender	49	00

*--Type of Assistance, Fund, and Kind Codes (Continued)

E Direct FO CL's

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
590	FO - CL - Regular	30	00
591	FO - CL - Non-Beginning Farmer - SDA - Gender	30	05
592	FO - CL - Non-Beginning Farmer - SDA - Ethnic	30	05
593	FO - CL - Priority - Beginning Farmer	30	01
631	FO - CL - Priority - Beginning Farmer - SDA	30	01
632	FO - CL - Priority - Convert to Organic and Sustainable	30	01
	Operation		
633	FO - CL - Priority - Highly Erodible Land Protection	30	01

F Guaranteed FO's (G-FO)

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
031	FO - Farm Enterprise - Regular - SDA - Ethnic	41	05
036	FO - Farm Enterprise - Regular	41	00
124	FO - Farm Enterprise - Regular - SDA - Gender	41	05
203	FO - Farm Enterprise - Beginning Farmer - Regular	41	00
205	FO - Farm Enterprise - Beginning Farmer - Regular - SDA -	41	05
	Ethnic		
206	FO - Farm Enterprise - Beginning Farmer - Regular - SDA -	41	05
	Gender		

G Guaranteed FO CL's (G-CL)

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
596	FO - CL - Regular	30	00
597	FO - CL - Non-Beginning Farmer - SDA - Gender	30	05
598	FO - CL - Non-Beginning Farmer - SDA - Ethnic	30	05
599	FO - CL - Priority - Beginning Farmer	30	01
634	FO - CL - Priority - SDA	30	01
635	FO - CL - Priority - Convert to Organic and Sustainable	30	01
	Operation		
636	FO - CL - Priority - Highly Erodible Land Protection	30	01

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Type of Assistance, Fund, and Kind Codes (Continued)

H Land Contract Guarantee Program

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
	Contract Land Sales - Prompt Pay		
601	Guar - NBF - SDA- Gender	41	05
595	Guar - NBF - SDA- Ethnic	41	05
397	Guar - Begin Farmer	41	00
604	Guar - Beg Farmer - SDA - Gender	41	05
603	Guar - Beg Farmer - SDA - Ethnic	41	05
	Contract Land Sales - Standard		
602	Guar - NBF - SDA- Gender	41	05
600	Guar - NBF - SDA- Ethnic	41	05
608	Guar - Begin Farmer	41	00
607	Guar - Beg Farmer - SDA - Gender	41	05
606	Guar - Beg Farmer - SDA - Ethnic	41	05

I EM's

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
056	EM - Actual Loss - Real Estate Purpose	43	61
060	EM - Citrus Grove Rehabilitation/Re-Establishment	43	21
092	EM - Actual Loss - Operating Purposes	43	62

J ITLAP's

*__

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
042	Indian Land Acquisition	98	
043	Indian Land Acquisition - Limited Resource	98	

__*

K Boll Weevil Eradication Loan

Type of Assistance	Description	Fund Code (2-Digit)	Kind Code
198	Boll Weevil Eradication	44	22

Type of Assistance, Fund, and Kind Codes (Continued)

L Inactive or Expired Loan Programs

The types of assistance codes in the following table reflect inactive (currently not funded) loan programs. New loan obligations may not occur using these fund codes; however, they may be applicable for a loan servicing activity, such as an assumption.

Type of	Daniel d'an	Fund Code	
Assistance	Description Description	(2-Digit)	Code
033	FO - Farm Enterprise - Debt Adjusted	41	07
020	0.1.1W. (D'. (O	25.0.45	00
038	Soil and Water - Direct Conservation	35 & 45	00
109	Soil and Water - Limited Resource	45	03
130	Soil and Water - Dire Emergency - Secured with Real Estate	45	00
020		40	0.0
039	Recreation Land	48	00
040	Grazing Loan - Association	74 & 94	00
0.4.5			0.1
046	OL - Disaster Assistance	44	01
047	OL - Limited Resource - Delinquent Borrower	44	04
049	OL - Debt Adjusted	44	07
102	OL - Limited Resource - Delinquent Borrower - SDA	44	45
053	Economic Emergency - Operating	29	11
054	Emergency Livestock	15	00
055	Economic Emergency - Real Estate	29	21
110	Homestead Protection - Credit Sales	41, 43, 44,	All
		and 45	
118	Homestead Protection - Credit Sales- Limited Resource	41, 43, 44	All
		and 45	
180	Emergency - Natural Disaster	43	61
213	OL - Beginning Farmer - Regular - Special Assistance - 1 year	44	33
214	OL - Beginning Farmer - Regular - Special Assistance - SDA -	44	34
	1 year		
215	OL - Beginning Farmer - Regular - Special Assistance - 7 year	44	33
216	OL - Beginning Farmer - Regular - Special Assistance - SDA -	44	34
	7 year		
221	OL - Beginning Farmer - Limited Resource - Special Assistance -	44	43
	1 year		

L Inactive or Expired Loan Programs (Continued)

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
222	OL - Beginning Farmer - Limited Resource - Special Assistance -	44	44
	SDA - 1 year		
223	OL - Beginning Farmer - Limited Resource - Special Assistance -	44	43
	7 year		
224	OL - Beginning Farmer - Limited Resource - Special Assistance -	44	44
	SDA - 7 year		
298	Emergency Loan for Seed Producers Program	44	23
299	Special Apple Loan Program	39	01
327	Horse Breeder Loan Program	43	71

*--M Direct Farm OL's - ARRA ("Stimulus")

Note: All loans with types of assistance codes shown in this table were obligated with appropriated funding received under ARRA ("Stimulus"). These types of assistance codes are not available for new loan applications; however, they are applicable for loan servicing activity.

Type of		Fund Code	Kind
Assistance	Description	(2-Digit)	Code
564	OL - Regular (Except Youth) - 1 year	44	01
565	OL - Youth - 1 year	44	02
566	OL - Regular (Except Youth) - SDA - 1 year	44	05
567	OL - Youth - 1 year - SDA	44	55
568	OL - Beginning Farmer - Regular - 1 year	44	01
569	OL - Beginning Farmer - Regular - 1 year - SDA	44	05
570	OL - Regular (Except Youth) - 7 year	44	01
571	OL - Youth - 7 year	44	02
572	OL - Regular (Except Youth) - 7 year - SDA	44	05
573	OL - Youth - 7 year - SDA	44	55
574	OL - Beginning Farmer - Regular - 7 year	44	01
575	OL - Beginning Farmer - Regular - 7 year - SDA	44	05
576	OL - Limited Resource - 1 year	44	03
577	OL - Limited Resource - 1 year - SDA	44	15
578	OL - Beginning Farmer - Limited Resource - 1 year	44	03
579	OL - Beginning Farmer - Limited Resource - 1 year - SDA	44	15
580	OL - Limited Resource - 7 year	44	03
581	OL - Limited Resource - 7 year - SDA	44	15
582	OL - Beginning Farmer - Limited Resource - 7 year	44	03
583	OL - Beginning Farmer - Limited Resource - 7 year - SDA	44	15

FLP Rates

A Interest Rates for FLP's

--The following provides interest rates for FLP's as of June 1, 2018.--

Loan Type	Current Rate (%)	Date Set
Loans Currently Made		
Emergency – Amount of Actual Loss	3.750	2/1/17
Note: The date for this rate has been changed to reflect that it should have been set at 3.750 percent on February 1, 2017.		
Farm Ownership and Conservation Loans	4.125	*6/1/18*
Farm Ownership – Down Payment	1.500	5/22/08
Farm Ownership – Joint Financing	2.500	2/7/14
Farm Ownership – Limited Resource	5.000	4/1/86
Farmer Program – Homestead Protection	*4.000	6/1/18
Indian Land Acquisition	5.000	2/1/91
Operating	3.625	6/1/18
Operating – Limited Resource	5.000	12/1/90
Operating – Microloan – "Special Interest Rate"	5.000	2/7/14
Shared Appreciation Amortization	3.000	6/1/18
Interest Rates for Servicing Loans no Longer Being Made		
Apple Loans	2.500	6/1/18
Association – Grazing	4.000	6/1/18
Association – Irrigation and Drainage	4.000	6/1/18
Economic Emergency – Operating	3.625	5/1/18
Economic Emergency - Real Estate	4.000	6/1/18
Emergency – Annual Production	6.500	6/1/18
Emergency – Major Adjustment: Subtitle A Purpose (Excess of Loss)	6.375	6/1/18
Emergency – Major Adjustment: Subtitle B Purpose (Excess of Loss)	6.500	6/1/18
Recreation – Individual	4.000	6/1/18*
Rural Housing - Farm Loan Purposes		
Note: For the current interest rate, contact the National Office.		
Softwood Timber Loans	*4.000	6/1/18
Soil and Water	4.000	6/1/18
Soil and Water – Limited Resource	5.000	7/1/92
Other Loans		
Nonprogram – Chattel Property	6.500	6/1/18
Nonprogram – Real Property	6.375	6/1/18*

Publication 622, which provides amortization tables and financial basic payment tables, is available from the MSD warehouse. To request Publication 622, complete FSA-159, available at https://intranet.fsa.usda.gov/dam/ffasforms/forms.html, and submit it by 1 of the following methods:

- e-mail to ASKMSD@wdc.usda.gov
- mail to:

USDA/FSA/Kansas City Warehouse 2312 East Bannister Road Kansas City MO 64131-3011.

FLP Rates (Continued)

B Treasury Rates

The following table provides the applicable Treasury rates.

Treasury Rates	Current Rate (%)	Date Set
90-Day Treasury Bill	*1.750	6/1/18
Treasury Judgment Rate (see Note)	2.170	6/1/18*

Notes: The 90-Day Treasury Bill rate is entered in eDALR\$ as the "Discount Rate" and is used to calculate present value and net recovery value.

The <u>treasury judgment rate</u> 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 daily** 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 **the daily**

--rate as of April 30, 2018. 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 https://www.federalreserve.gov/datadownload/Choose.aspx?rel=H15 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	November 1, 1997	4.875
November 1, 1992	3.125	December 1, 1997	5.000
December 1, 1992	2.875	January 1, 1998	5.250
January 1, 1993	3.125	June 1, 1998	4.875
February 1, 1993	3.375	November 1, 1998	4.875
March 1, 1993	3.125	December 1, 1998	4.250
April 1, 1993	3.000	January 1, 1999	4.375
August 1, 1993	3.125	February 1, 1999	4.500
November 1, 1993	3.000	May 1, 1999	4.625
January 1, 1994	3.125	June 1, 1999	4.375
April 1, 1994	3.250	July 1, 1999	4.625
May 1, 1994	3.500	September 1, 1999	4.750
June 1, 1994	3.625	November 1, 1999	4.875
July 1, 1994	4.125	January 1, 2000	4.875
August 1, 1994	4.250	February 1, 2000	5.375
September 1, 1994	4.375	April 1, 2000	5.625
October 1, 1994	4.500	May 1, 2000	5.875
November 1, 1994	4.750	July 1, 2000	6.000
December 1, 1994	5.000	August 1, 2000	5.875
January 1, 1995	5.250	September 1, 2000	6.000
February 1, 1995	5.750	October 1, 2000	6.250
April 1, 1995	6.000	January 1, 2001	6.375
May 1, 1995	5.875	February 1, 2001	6.125
August 1, 1995	5.750	March 1, 2001	5.500
September 1, 1995	5.625	April 1, 2001	4.875
November 1, 1995	5.500	May 1, 2001	4.750
February 1, 1996	5.375	June 1, 2001	4.125
March 1, 1996	4.875	July 1, 2001	3.750
April 1, 1996	5.000	August 1, 2001	3.625
June 1, 1996	4.875	October 1, 2001	3.500
August 1, 1996	5.250	November 1, 2001	3.125
December 1, 1996	4.875	December 1, 2001	2.250
February 1, 1997	5.000	January 1, 2002	2.000
March 1, 1997	4.875	February 1, 2002	1.750
May 1, 1997	5.250	March 1, 2002	1.625
June 1, 1997	5.375	April 1, 2002	1.750
July 1, 1997	5.250	October 1, 2002	1.625
August 1, 1997	4.875	January 1, 2003	1.375
October 1, 1997	5.250	February 1, 2003	1.250

FLP Rates (Continued)

C Historical 90-Day Treasury Bill Rates (Continued)

Effective Date	Rate (%)	Effective Date	Rate (%)
April 1, 2003	1.125	October 1, 2006	5.125
August 1, 2003	1.000	November 1, 2006	5.00
September 1, 2003	0.875	January 1, 2007	5.125
October 1, 2003	1.000	February 1, 2007	5.00
December 1, 2003	0.875	April 1, 2007	5.125
January 1, 2004	1.000	June 1, 2007	5.00
February 1, 2004	0.875	July 1, 2007	4.875
May 1, 2004	1.000	August 1, 2007	4.75
August 1, 2004	1.250	September 1, 2007	4.875
September 1, 2004	1.375	October 1, 2007	4.625
October 1, 2004	1.500	November 1, 2007	4.125
November 1, 2004	1.625	December 1, 2007	4.000
December 1, 2004	1.750	January 1, 2008	3.625
January 1, 2005	2.000	February 1, 2008	3.000
February 1, 2005	2.250	March 1, 2008	3.125
April 1, 2005	2.50	April 1, 2008	2.25
May 1, 2005	2.75	May 1, 2008	1.50
June 1, 2005	2.875	June 1, 2008	1.250
July 1, 2005	2.875	July 1, 2008	1.625
August 1, 2005	3.000	August 1, 2008	1.875
September 1, 2005	3.125	September 1, 2008	1.75
October 1, 2005	3.50	November 1, 2008	1.375
December 1, 2005	3.625	December 1, 2008	0.750
January 1, 2006	4.00	January 1, 2009	0.500
March 1, 2006	4.125	February 1, 2009	0.125
April 1, 2006	4.500	April 1, 2009	0.250
May 1, 2006	4.625	June 1, 2009	0.125
July 1, 2006	4.875	September 1, 2009	0.250
September 1, 2006	5.00	*October 1, 2009	0.125*

D Current Percentage – Cash Preference

The following table provides the current percentage for cash offers in purchasing inventory property.

Property Type	Percentage
Real Property	97
Chattel Property	96

List of Available Reports

A Farm Loan Programs Data Mart

--1 DLS OnDemand Reports, FLP Loan Making Reports, Direct Applications--

The following are the available Direct Application Reports.

D 4 N	D 4D 141	H Gl & G'	Date Last
Report Name Borrower Training Report	Report Description Provides detailed information on borrower training requirements and completions as displayed on Customer Profile. User must specify a date range for Effective Date, Completion Date, Cancellation Date, Expiration Date or Waived Date.	 State District Servicing Office County Ethnicity Race Gender Effective Date Completion Date Cancellation Date Expiration Date Waived Date 	Modified 6/17/2016
Direct Application by Status or Type	Provides number of applications received by loan type, by application status (Received, Completed, Approved, Rejected, Withdrawn, or Closed) or by loan type and application status	 State District Servicing Office County Ethnicity Race Gender Application Received Date Borrower 	6/17/2016

A Farm Loan Programs Data Mart (Continued)

--1 DLS OnDemand Reports, FLP Loan Making Reports, Direct Applications-- (Continued)

D (N	D 10 11	W G. H. G. H.	Date Last
Report Name	Report Description	User Selection Criteria	Modified
Direct	Provides the number of	• State	*2/1/2017*
Application Disposition	applications for a variety of	• District	
Disposition	statuses:	Servicing Office	
	Received-Approved Disposition;	CountyApplication	
	Received-Completed-Withdrawn;	Received Date	
	Received-Not	• Ethnicity	
	Complete-Withdrawn;	• Race	
	Received-Rejected Disposition;	Gender	
	Received-No Status;	 Borrower 	
	Complete-Approved w/in 60 Days;		
	Complete-Withdrawn w/in		
	60 Days; Complete-Rejected w/in		
	60 Days; Complete-Approved		
	After 60 Days; Complete-		
	Withdrawn After 60 Days;		
	Complete-Rejected After 60 Days.		
	Results may be summarized by		
	State, District, Office, County,		
	Race, or Gender.		
	Report initially defaults to		
	applications received during the		
	current FY.		
Direct	Provides comprehensive	• State	*9/15/2016*
Application	information on the loan application	 District 	
Report	process from Application Received		
	Date through Loan Closing Date.	• County	
	I I I I I I I I I I I I I I I I I I I	• Pgm Type	
	Includes both FLP and FSFL	• Loan Type	
	applications.	• Race	
	Carryover applications received in	• Gender	
	prior FY will be displayed until	EthnicityStatus	
	withdrawn, rejected or closed.	StatusApplication	
	minimum, rejected of closed.	Received Date	
	Includes Veteran code.	Borrower	

A Farm Loan Programs Data Mart (Continued)

--1 DLS OnDemand Reports, FLP Loan Making Reports, Direct Applications-- (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Direct Applications 60 Day Tracking	Provides number of complete applications for the following statuses: Pending Final Disposition; Disposition within 60 Days; Disposition After 60 Days. Results may be summarized by State, District, Office, or County. Report initially defaults to applications received during current FY.	• State	6/17/2016
Direct Applications on Hand	Provides number of applications by loan type for the following statuses: Applications In Process; Applications Unprocessed; Approved Not Closed; Approved Not Obligated; Obligated Not Closed. Report initially defaults to applications received during current FY.	State	6/17/2016
Loan Limitation Report	Provides information on outstanding direct and guaranteed loan debt to assist in monitoring loan limits. User must enter a tax identification number.	Tax IDLoan Type	6/17/2016

A Farm Loan Programs Data Mart (Continued)

1 DLS OnDemand Reports, FLP Loan Making Reports, Direct Applications (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
No Decision	Lists complete direct loan	• State	*2/1/2017*
Report	applications where no	• District	_, _, _, _,
1	decision has been made.	 Servicing Office 	
		• County	
	User may limit results to	• Ethnicity	
	those complete applications	• Race	
	where more than 45 days	• Gender	
	has passed.	• Application Completion Date	
		• Borrower	
Office	Lists specific work tasks	• State	9/23/2016
Management	from the DLS loan making	StateDistrict	9/23/2010
Report	application checklist.	Servicing Office	
report	(Specific tasks are listed on	• County	
	the report dashboard.)	Program Type	
	the report dushoodid.)	• Ethnicity	
	User may ask for	• Race	
	Incomplete or Complete	Gender	
	work tasks.	Task Status	
		• Task	
	Report defaults to work	 Application Received 	
	tasks for applications	Date	
	received during current FY.	 Task Completion Date 	
		Borrower	
Rejected	Lists rejected applications,	• State	*2/1/2017*
Application	includes reasons for	• District	
Report	rejection.	• Servicing Office	
_		• County	
	Report defaults to	• Ethnicity	
	applications rejected during	• Race	
	current FY.	• Gender	
		Rejection Date	
		• Borrower	

A Farm Loan Programs Data Mart (Continued)

--1 DLS OnDemand Reports, FLP Loan Making Reports, Direct Applications-- (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Related Entity Report	Lists all related entities identified during the loan application process. Note: For a list of parties currently liable for a loan, use the Related Entities Report located in the Loan Servicing Reports, Routine Servicing folder.	 State District Servicing Office County Ethnicity Race Gender Status Related Entity Type Application Received Date Borrower Report Selection 	9/16/2016
Term Limit Report	Provides current term limits for existing borrowers as provided on the Customer Profile.	 State District Servicing Office County Ethnicity Race Gender Borrower 	6/17/2016

A Farm Loan Programs Data Mart (Continued)

2 DLS OnDemand Reports, FLP Loan Making Reports, Obligations--*

The following are the available Obligation Reports.

Report Name	Report Description	User Selection Criteria	Date Last Modified
FLPRA Obligations Report	Provides a list of obligations used to calculate FLPRA elements.	 State District Servicing Office County FLPRA Fiscal Year Report Selection 	6/17/2016
Obligation Transaction Report	Provides a list of transactions that affect the obligated loan amount. This includes obligations (1A & 1B transactions) and deobligations (1D & 1Y transactions). This report replaces the PLDATA FOCUS Report.	 State District Servicing Office County Transaction Date 	6/17/2016
Undisbursed Obligations Report	Lists obligations where there is an undisbursed balance.	StateDistrictServicing OfficeCounty	*4/18/2017*

A Farm Loan Programs Data Mart (Continued)

--3 DLS OnDemand Reports, FLP Loan Servicing Reports, Routine Servicing--

The following are the available Routine Servicing Reports.

Report Name	Report Description	User Selection Criteria	Date Last Modified
Active FLP Borrowers Report	Lists all active FLP borrowers, along with the most recent classification.	 State District Servicing Office County Classification Code 2+ Years Old Detail or Summary 	6/17/2016
Analysis of FLP Delinquency Report (541A_541C)	541A Report summarizes status information for all outstanding FLP loans. 541C Report summarizes the change in the number of delinquent borrowers since the prior month.	 State District Servicing Office 541A or 541C Report Date Report Type 	6/17/2016
Borrower Address Report	Provides addresses for active FLP borrowers. User may select all borrowers, primary borrowers, co-borrowers, co- signers and guarantors.	 State District Servicing Office County Borrower Type 	6/17/2016

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Borrower Financing Statement Combined Report	Allows users to monitor current status of Financing Statements and provides detailed information on Financing Statements. Includes Amendments, Continuations, and Terminations. Includes both FLP and FSFL information.	 State District Servicing Office County Program Type Status Alert Date Expiration Date Borrower Detail or Summary 	9/23/2016
Borrower Mortgage Monitoring Report	Provides a list of all recorded mortgages. User can select All, Active or Released mortgage instruments. Includes both FLP and FSFL information.	 State District Servicing Office County Program Type Status 	9/23/2016
Classification Review Workflow Report	Provides information for monitoring Classification Reviews. User can search on Due Date, Credit Action Date, or Completed Date.	 State District Servicing Office County Status Scheduled Date Credit Action Date Completed Date Reason for Review 	6/17/2016

A Farm Loan Programs Data Mart (Continued)

			Date Last
Report Name	Report Description	User Selection Criteria	Modified
Collateral Code	Provides collateral code information	• State	8/17/2016
Report	for active farm loans.	District	
		Servicing Office	
		County	
		Report Date	
		Collateral Type	
Direct Active	Provides information on accounts	• State	11/17/2016
Disaster Set-	with active disaster set-asides. Can	• District	
Asides Report	be used to support FLPRA reviews.	Servicing Office	
		• County	
		Report Date	
		Report Selection	
Direct Caseload	Provides summary and detailed	• State	8/17/2016
Delinquency	information on direct FLP loans,	• District	
Report	including number of borrowers,	Servicing Office	
	number of loans, unpaid balances,	• County	
	and delinquency information.	Report Date	
		Report Selection	
		Borrower Type	
		Aging Category	
		• Loan Type	
		• Flags	
		Unpaid Balances	
		Litigation Status	
		• Race	
		• Gender	
		• Ethnicity	
		Veteran Status	

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Direct Deferred Accounts Report	Provides information on actively deferred accounts. Can be used to support FLPRA reviews.	 State District Servicing Office County Report Date Report Selection 	6/17/2016
Direct Delinquency Aging Report	Summarizes and lists direct customers based on delinquency/aging categories.	 State District Servicing Office County Report Date Summary or Detail Aging Category List Borrowers 	8/17/2016
Direct Delinquent Borrowers Monitored	Provides information on borrowers who are 120+ days delinquent and are not flagged PLS, OAC1 or ACL. Can be used to support FLPRA reviews.	 State District Servicing Office County Report Date Report Selection 	6/17/2016
Direct Flagged Accounts	Summarizes and lists accounts that are flagged. Users can see all flagged accounts or select specific flags.	 State District Servicing Office County Report Date Report Level Flag 	9/15/2016

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Disaster Set-Aside Processing Report Farm Assessment Workflow Report	Provides information for tracking requests for disaster set-aside. User can search by request date or final disposition date. Provides information for tracking Farm Assessments. User can search on Due Date, Credit Action Date, or Completed Date.	 State District Servicing Office County Status Request Date Final Disposition Date State District Servicing Office County Status Scheduled Date Credit Action Date Completed Date 	6/17/2016
Farm Visit Workflow Report	Provides information for tracking Farm Visits. User can search on Scheduled Date or Completed Date and Visit Type. Includes both FLP and FSFL information.	 No Significant Changes State District Servicing Office County Program Type Status Visit Type Scheduled Date Completed Date Completed by Contractor 	9/15/2016
*FLP Payment History Report	Provides information on farm loan collection transactions.	 State District Servicing Office County 	7/25/17
FLPRA Direct Loss Trend	Provides information on direct loss rates as used for FLPRA reviews.	 State Servicing Office	7/25/17*

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	1	User Selection Criteria	Date Last Modified
FSFL Delinquency	Farm Storage Facility	•	State	6/17/2016
Report	Loan (FSFL) that are more	•	District	
	than \$25 or more	•	Servicing Office	
	delinquent	•	County	
Graduation	Provides status of pending	•	State	6/17/2016
Review	and completed Graduation	•	District	
Monitoring Report	Reviews. User can search	•	Servicing Office	
	by Due Date or Completed	•	County	
	Date.	•	Status	
		•	Scheduled Date	
		•	Completed Date	
Limited Resource	Provides status of pending	•	State	6/17/2016
Review	and completed Limited	•	District	
Monitoring Report	Resource Reviews. User	•	Servicing Office	
	can search by Due Date or	•	County	
	Completed Date.	•	Status	
		•	Scheduled Date	
		•	Completed Date	
Outstanding	Provides information on	•	State	6/17/2016
Subordinations	approved subordination	•	District	
Report	requests that have not	•	Servicing Office	
	been paid in full or	•	County	
	settled.			
Payment	Provides information	•	State	9/16/2016
Reminder Report	used to generate payment	•	District	
	reminder letters for both	•	Servicing Office	
	FLP and FSFL loans.	•	County	
	User must specify an	•	Program Type	
	installment due date	•	Installment Due Date	
	range.	•	Reminder Date	

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Potential Purchaser Report	Lists potential purchasers as entered in DLS.	 State District Servicing Office County Borrower Purchaser 	6/17/2016
Related Entities Report	Identifies related entities currently liable for all direct FLP loans and all active FSFL loans. Based on Related Entities linked on Customer Profile. Note: For a list of parties identified as liable at the time of application, use the Related Entity Report located in the Loan Making Reports, Direct Applications folder.	 State District Servicing Office County Loan Status Program Type Borrower 	9/15/2016
Reminder Report	Provides information on all routine loan servicing workflows. User can select pending, postponed, closed, or all reminders. User can search based on Alert Date, Due Date, or Closed Date. Includes both FLP and FSFL reminders.	 State District Servicing Office County Status Program Type Workflow Reminder Type Alert Date Due Date Closed Date Borrower 	9/23/2016

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Security Instrument Processing Report (SI-Other)	Provides tracking information for activities within the Security Instrument - Other workflow. User can search on Request type, Request Date, Final Disposition Date, or Date Security Action Completed.	 State District Servicing Office County Request Type Request Date Final Disposition Date Date Security Action Completed 	6/17/2016
Shared Appreciation Workflow Report	Provides information for tracking requests for Shared Appreciation. User can search by Request Date and Amortization Date.	 State District Servicing Office County Status Request Date Final Disposition Date Amortization Date 	6/17/2016
Status of Farm Loan Program (540)	Provides status information for all outstanding FLP and FSFL loans.	 State District Servicing Office Report Date Program Type Report Type 	*2/1/2017*
Subordination Request Report	Provides information for tracking requests for Subordinations, as well as monitoring approved Subordinations. User can search on Request Date, Final Disposition Date, or Expiration Date.	 State District Servicing Office County Status Security Type Request Date Final Disposition Date Expiration Date 	9/23/2016

A Farm Loan Programs Data Mart (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Terminated Workflows Report	Provides a list of terminated routine servicing workflows	 State District Servicing Office	6/17/2016
		CountyTermination DateBorrower	
Transfer Assumption Application Processing Report	Provides information for tracking Assumption requests.	 State District Servicing Office County Status Received Date Final Disposition Date 	6/17/2016
Transfer Assumption Completed Actions Report	Provides a list of transfer and/or assumption actions that have been completed. This includes actions with or without an application package.	StateDistrictServicing OfficeCountyStatus Date	6/17/2016
Year End Analysis Workflow Report	Provides information for tracking YEA reviews. User can search on Due Date, Credit Action Date or Completed Date.	 State District Servicing Office County Status Scheduled Date Credit Action Date Completed Date Reason for Review Complete by Contractor 	6/17/2016

A Farm Loan Programs Data Mart (Continued)

4 DLS OnDemand Reports, FLP Loan Servicing Reports, Special Servicing

The following are the available special servicing reports.

Report Name	Report Description	User Selection Criteria	Date Last Modified
5-FLP Servicing Application Timeclock Report	Provides information on the Timeclock Deadline for FSA to process loan servicing applications. Report should be used to ensure applications are processed within the 60-day regulatory timeframe.	 State District Servicing Office County Summary or Detail All or Open Applications Race Gender Date Complete Application Received Category Name 	6/17/2016
Open Activities Report	Provides a list of open Special Servicing activities. User can select to view all open activities or just those that are past due.	 State District Servicing Office County Status Hold Reason 	*3/2/2017*
Primary Loan Servicing Actions	Provides information on primary loan servicing activity transactions that have been processed. User can obtain summary and detailed information based on a specific date range.	 State District Servicing Office County Report Date Report Selection Effective Date Action 	8/17/2016
Special Servicing Queries	Provides a list of completed Special Servicing activities based on selections made by the user.	 State District Servicing Office County Ethnicity Race Gender Activity Completion Date Queries 	6/17/2016

A Farm Loan Programs Data Mart (Continued)

5 DLS OnDemand Reports, FSFL Reports, FSFL Loan Making

The following are the available FSFL Loan Making reports.

Report Name	Report Description	User Selection Criteria	Date Last Modified
Direct Application Report FSFL	Provides information on the FSFL application process from Received Date through Loan Closing Date. Carryover applications received in prior FY will be displayed until withdrawn, rejected or closed.	 State County Loan Type Status Race Gender Ethnicity Application Received Date Borrower 	*3/21/17*
*FSFL Condensed Report	Condensed listing of FSFL loans categorized by State, including loan count, obligated amount, and outstanding amount.	StateCountyFiscal Year	3/21/17
FSFL Congressional District Report	Provides information on FSFL obligations by congressional district.	StateCongressional DistrictFiscal Year	4/13/17*
FSFL Non- Obligated Report	Provides non-obligated FSFL loans by State and county.	StateCountyFiscal Year	1/6/17
FSFL Original Report	Provides a summary of FSFL obligations based on the last four fiscal years of obligation.	StateCounty	4/13/17
Office Management Report FSFL	Lists specific FSFL work tasks from the DLS loan making application checklist. User may ask for Incomplete or Complete work tasks.	 State County Ethnicity Task Status Race Gender Task Application Received Date Task Completion Date Borrower 	9/23/16
Related Entity Report FSFL	Lists all related entities identified during the FSFL application process. Note: For a list of parties currently liable for a loan, use the Related Entities Report located in the FSFL Loan Servicing Reports folder.	 State County Application Received Date Status Related Entity Type Ethnicity Race Gender Borrower Report Selection 	9/15/16

A Farm Loan Programs Data Mart (Continued)

6 DLS OnDemand Reports, FSFL Reports, FSFL Loan Servicing

The following are the available FSFL Loan Servicing reports.

Day and Name	Donald Donald Con	Hans Cale of the Cale of	Date Last
Report Name	Report Description	User Selection Criteria	Modified 9/23/2016
Borrower Financing	Used to monitor current status of	• State	9/23/2016
Statement Report FSFL	Financing Statements for FSFL	• County	
FSFL	loans. Detailed report provides	Status	
	information on Amendments, Continuations and Terminations.	Alert Date	
	Continuations and Terminations.	Expiration Date	
		Borrower	
		Detail or Summary	
Borrower Mortgage	Provides a list of recorded	State	9/23/2016
Monitoring Report	mortgages for FSFL loans. User	• County	
FSFL	can select Active or Released	• Status	
	mortgaged instruments.	Status	
Farm Visit	Provides information for	State	9/15/2016
Workflow Report	tracking Farm Visits. User can	• County	
FSFL	search on Scheduled Date or	• Status	
	Completed Date and type of		
	visit.	Visit Type	
	visit.	Scheduled Date	
		Completed Date	
		Completed by Contractor	
FSFL Capacity	Provides capacity information	• State	7/25/2017
Report	for FSFL applications,	County	
	disbursements, and closed loans.		
FSFL Delinquency	FSFL's that are \$25 or more	State	11/30/2016
Report	delinquent	County	
FSFL	Report of FSFL disbursement	• State	7/25/2017
Disbursement	loans by disbursement date.	County	
Report	,		
FSFL Outstanding	Provides a summary of	State	4/13/2017
Report	outstanding FSFL loans based on		
1	the last four fiscal years of		
	obligation.		
FSFL Payment	Provides a detailed list of	State	7/25/2017
History Report	payment collected during	• County	772372017
Thistory Report	specified fiscal year.	County	
FSFL Repayment	Provides information on FSFL	State	4/13/2017
Report	repayments based on the fiscal	• County	7/13/2017
Report	year of the loan.	,	
D (D : 1	1 -	• Fiscal Year	0/21/2016
Payment Reminder	Provides information used to	• State	9/21/2016
Report FSFL	generate payment reminder	County	
	letters. User must specify an	Installment Due Date	
	installment due date range.	Reminder Date	

A Farm Loan Programs Data Mart (Continued)

*--6 DLS OnDemand Reports, FSFL Reports, FSFL Loan Servicing (Continued)

Report Name	Report Description		User Selection Criteria	Date Last Modified
Report Name Related Entities Report FSFL	Report Description Identifies related entities currently liable for all active FSFL loans. Based on Related Entities linked on Customer Profile. Note: For a list of parties identified at the time of application, use the Related Entity Report located in the FSFL Loan Making	•	State County Borrower	9/15/16
Reminder Report FSFL	Reports folder. Provides information on FSFL routine loan servicing workflow reminders. User can select pending, postponed, closed or all reminders. User can search based on Alert Date, Due Date or Closed Date.	•	State County Status Workflow Alert Date Due Date Closed Date Borrower	9/23/16
Status of Farm Storage Facility Loans	Provides status information for all outstanding FSFL loans.	•	State County	9/23/16

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A Farm Loan Programs Data Mart (Continued)

*--7 FLP Funding Reports

The following is the available FLP funding report.

Report Name	Report Description	User Selection Criteria	Date Last Modified
Obligation Allotment and Appropriation Report	Provides the number and amount of direct and guaranteed obligations for the current FY. Report is similar to the PFCS Allocation and Appropriation Report.	 State Report Selection Fiscal Year Program Class Program Parent Program Name 	9/23/2016

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A Farm Loan Programs Data Mart (Continued)

8 Goal OnDemand Reports

The following are the available FLP Goal reports.

Report Name	Report Description	User Selection Criteria	Date Last Modified
Historical Reduce First Year Delinquency Rates on New Loans Goal 1	Report is valid through 9/30/2016. For current rate, use NEW report.	 State District Servicing Office	4/7/2017
Lending to Beginning Farmers and Ranchers Goal 4	Provides the current year percentage of direct and guaranteed borrowers who were provided loan assistance as beginning farmers. Results are based on obligation date for FO and OL loans.	 State District Servicing Office County Ethnicity Race Gender Date Range/Fiscal Year Borrower 	*4/7/2017*
Lending to Beginning Farmers and Ranchers Goal 4 - Detail	Lists current year direct and guaranteed borrowers who were provided loan assistance as beginning farmers. Results are based on obligation date for FO and OL loans.	 State District Servicing Office County Ethnicity Race Gender Date Range/Fiscal Year Borrower 	6/17/2016
Lending to Socially Disadvantaged Farmers and Ranchers Goal 5	Provides the current year percentage of direct and guaranteed borrowers who were provided loan assistance as SDA. Results are based on obligation date for FO and OL loans.	 State District Servicing Office County Ethnicity Race Gender Date Range/Fiscal Year Borrower 	*4/7/2017*

A Farm Loan Programs Data Mart (Continued)

8 Goal OnDemand Reports (Continued)

Report Name	Report Description	User Selection Criteria	Date Last Modified
Lending to Socially Disadvantaged Farmers and Ranchers Goal 5 - Detail	Lists current year direct and guaranteed borrowers who were provided loan assistance as SDA. Results are based on obligation date for FO and OL loans.	 State District Servicing Office County Ethnicity Race Gender Date Range/Fiscal Year Borrower 	6/17/2016
Loan Servicing Goal 3 Special Servicing Processing Times	Provides benchmarks and accomplishments for FY 2012 through 2016 FLP Loan Servicing Goal 3. Measures the percentage of special servicing applications that are processed within the 60-day regulatory timeframe.	 State District Servicing Office County Report Selection Fiscal Year 	11/17/2016
* * * Reduce Average Processing Times for Direct Loans Goal 2	*** Provides the average number of days from application receipt to first disposition. EM loans and applications with a Class I or Class II environmental assessment are excluded.	 *** State District Servicing Office County Ethnicity Race Gender Date Range/Fiscal Year Borrower 	* * * *4/7/2017*

A Farm Loan Programs Data Mart (Continued)

8 Goal OnDemand Reports (Continued)

D. A.N.	December 1941	H C. l	Date Last
Report Name	Report Description	User Selection Criteria	Modified
Reduce Average	Lists applications used	• State	9/7/2016
Processing Times	to calculate Goal 2.	District	
for Direct Loans	EM 1	Servicing Office	
Goal 2 - Detail	EM loans and	• County	
	applications with a Class I or Class II	• Ethnicity	
	environmental	• Race	
	assessment are	Gender	
	excluded.	Date Range/Fiscal Year	
	CACIUUCU.	• Borrower	
Reduce Direct	Provides current direct	• State	5/9/2017
Delinquency Rates	loan delinquency rates	• District	
on Loans	for goal monitoring	Servicing Office	
LS Goal 1	purposes	• County	
Reduce First Year	Loan Making Goal to	• State	*7/11/2017*
Delinquency Rates	monitor first year	• District	
on New Loans	delinquency. Detail	• Servicing Office	
Goal 1 NEW	report provides a list of	• County	
	first year loans and	Report Date	
	indicates whether each	Report Type	
	loan has been		
	restructured or is		
Dadwaa	delinquent.	g	5/0/2017
Reduce Guaranteed	Provides current	• State	5/9/2017
	guaranteed loan	• Servicing Office	
Delinquency Rates on Loans	delinquency rates for	• County	
LS Goal 2	goal monitoring		
Lo Ouai 2	purposes.		

A Farm Loan Programs Data Mart (Continued)

9 GLS OnDemand Reports

The following are the available GLS FLPDM reports.

			Date Last
Report Name	Report Description	User Selection Criteria	Modified
Borrowers Having Loans with Both ACA and FLCA Lenders	Provides a list of borrowers who have active loans with both ACA and FLCA Lenders.	 State Servicing Office County	3/21/2017
Current Lender Designations	Provides a list of current lender designations (similar to GLS4023), including effective date of agreement.	StateLender Status	3/2/2017
FLPRA Guaranteed Average Loan Loss Rate	Provides information on guaranteed average loan loss rates to support FLPRA review.	StateServicing OfficeCountyFLPRA Fiscal Year	*5/9/2017*
FLPRA Guaranteed Loans Closed	Provides a list of loans closed in specific fiscal year to support FLPRA elements.	StateFiscal Year	3/21/2017
FLPRA Guaranteed Obligations Report	Provides a list of guaranteed obligations used to calculate FLPRA elements.	StateServicing OfficeCountyFLPRA Fiscal Year	3/21/2017
Guaranteed Annual Loan Loss Rate	Provides the guaranteed loan loss rate for the current fiscal year.	StateServicing OfficeCounty	5/9/2017
Guaranteed Fees Report	Provides information on guaranteed fees collected during specified date range.	 State Servicing Office County Collection Date Report Level 	3/2/2017
Guaranteed Obligation Transactions Report	Provides a list of transactions that affect the obligated loan amount. This includes 1A and 1D transactions.	StateServicing OfficeCountyObligation Date	5/9/2017
Lender Representative List	Displays current lender representative information for lenders with active FLP loans	• State	3/21/2017
Loans Sold on Secondary Market	Displays a list of guaranteed FLP loans that have been sold on the secondary market.	StateServicing OfficeCounty	3/2/2017

A Farm Loan Programs Data Mart (Continued)

9 GLS OnDemand Reports

The following are the available GLS FLPDM reports.

Report Name	Report Description	User Selection Criteria	Date Last Modified
Borrowers Having Loans with Both ACA and FLCA Lenders	Provides a list of borrowers who have active loans with both ACA and FLCA Lenders.	StateServicing OfficeCounty	3/21/2017
Current Lender Designations	Provides a list of current lender designations (similar to GLS4023), including effective date of agreement.	StateLender Status	3/2/2017
FLPRA Guaranteed Average Loan Loss Rate	Provides information on guaranteed average loan loss rates to support FLPRA review.	StateServicing OfficeCountyFLPRA Fiscal Year	3/2/2017
FLPRA Guaranteed Loans Closed	Provides a list of loans closed in specific fiscal year to support FLPRA elements.	StateFiscal Year	3/21/2017
FLPRA Guaranteed Obligations Report	Provides a list of guaranteed obligations used to calculate FLPRA elements.	StateServicing OfficeCountyFLPRA Fiscal Year	3/21/2017
Guaranteed Annual Loan Loss Rate	Provides the guaranteed loan loss rate for the current fiscal year.	StateServicing OfficeCounty	5/9/2017
Guaranteed Fees Report	Provides information on guaranteed fees collected during specified date range.	 State Servicing Office County Collection Date Report Level 	3/2/2017
Guaranteed Obligation Transactions Report	Provides a list of transactions that affect the obligated loan amount. This includes 1A and 1D transactions.	StateServicing OfficeCountyObligation Date	5/9/2017
Lender Representative List	Displays current lender representative information for lenders with active FLP loans	• State	3/21/2017
Loans Sold on Secondary Market	Displays a list of guaranteed FLP loans that have been sold on the secondary market.	StateServicing OfficeCounty	3/2/2017

A Farm Loan Programs Data Mart (Continued)

*--10 PLAS OnDemand Reports

The following is the available PLAS Report.

Report Name	Report Description	User Selection Criteria	Date Last Modified
Office Reporting Lookup	This report provides State, district, servicing office and county information based on existing alignments. The information is provided only as an aid during office realignments.	• State	6/17/2016
	To request changes, FSA-2125 must be completed and provided to NFAOC.		

*--11 PLAS OnDemand Reports, SCIMS to PLAS

The following are the available SCIMS to PLAS Reports.

			User Selection	Date Last
Report Name	Report Description		Criteria	Modified
SCIMS to	Daily report that lists PLAS 4C	•	State	9/16/16
PLAS	Transaction discrepancies resulting from	•	District	
Discrepancy	the previous night's update. These	•	Servicing Office	
	discrepancies do not appear in ADPS,		C	
	and must be corrected by NFAOC.			
	Users have the option to view reports			
	from the past 30 calendar days.			
SCIMS to	Provides information on exceptions	•	State	9/16/16
PLAS	between current PLAS borrower	•	District	
Exception	information and current SCIMS	•	Servicing Office	
	borrower information that prevents		C	
	updating name and address information			
	in PLAS from SCIMS.			
SCIMS to	Daily report that shows the transactions	•	State	9/16/16
PLAS Update	that have updated PLAS using	•	District	
	information in SCIMS. Users have the	•	Servicing Office	
	option to view reports from the past 30		2	
	calendar days.			

B GLS

1 Application Reports

The following are the available Application Reports.

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Report Number	Report Name	Report Description
GLSAPP02	Guaranteed Loan Applications Detail Report	Displays lender, borrower and application information for each application that matches the specified search criteria. Provides both first and final disposition information.
GLSAPP01	Guaranteed Loan Applications Summary Report	Displays the number of applications and total dollar amount for user specified breakpoints.
GLS2208	Guaranteed Loan Average Processing Times	Summarizes the number of applications received, completed, average number of days between application received and completed, average number of days from completed to final disposition, and the total of the two averages. The primary sort is State and secondary sort options are borrower race, lender status, or loan type. A drill-down to detail by mail code is also available. Report can be used to monitor Loan Making Goal 3 by selecting Environmental Review Type of CATEX.
GLS2209	Guaranteed Loan Application Tracking Summary Report	Tracks applications from received date to final disposition by State.
GLS2209A	Guaranteed Loan Application Tracking Detail Report	Tracks applications from received date to final disposition. Provides both first and final disposition information.

B GLS (Continued)

1 Activity Reports

The following are the available Activity Reports.

*_

Report Number	Report Name	Report Description
GLS4290	Application Activity Summary	Summarizes the following activities:
		Applications received; applications completed; eligibility determinations; final dispositions; obligations; loans closed; environmental reviews; real estate appraisal reviews; and chattel appraisal reviews.
		User must specify a date range.
GLS4291	Application Activity Detail	Validates the counts from the GLS4290 report displaying the following information:
		Applications received; applications completed; eligibility determinations; final dispositions; obligations; loans closed; environmental reviews; real estate appraisal reviews; and chattel appraisal reviews.
		User must specify a date range.

B GLS (Continued)

2 Activity Reports (Continued)

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Report		
Number	Report Name	Report Description
GLS4292	Servicing Activity Summary	Summarizes the following activities:
		SEL File Reviews; CLP File Reviews; PLP File
		Reviews; Chattel Appraisal Reviews; Real Estate
		Appraisal Reviews; SEL Annual Analysis
		Reviews; CLP Annual Analysis Reviews, PLP
		Annual Analysis Reviews; Line of Credit
		Reviews; Restructure Pre Reviews; or
		Restructure Post Reviews.
		User must specify a date range.
GLS4293	Servicing Activity Detail	Validates the counts from the GLS4292 report
		displaying the following information:
		SEL File Reviews; CLP File Reviews; PLP File Reviews; Chattel Appraisal Reviews; Real Estate Appraisal Reviews; SEL Annual Analysis Reviews; CLP Annual Analysis Reviews; PLP Annual Analysis Reviews; Line of Credit Reviews; Restructure Pre Reviews; or Restructure Post Reviews.
		User must specify a date range.
GLS4294	Servicing Review Activity Needed	Lists active loans and displays the most recent review date for the specified review activity. This allows the user to identify loans where review activity has not been completed.
		Includes additional information to assist the user in prioritizing loans for review.

B GLS (Continued)

3 GLS Status Reports

The following are the available Status Reports.

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Report Number	Report Name	Report Description
GLSSR02	Past Due Status and Default Status Report	Displays status reports and default status reports that were due and have not been recorded in GLS.
GLSSR04	Past Due Status and Default Status Summary Report	Summarizes the total number of lender branches/loans with past due status reports or default status reports.
GLS4265	Submitted Status Reports	Lists lenders who have submitted a status report. Displays all data collected on Semi-Annual and Default Status Reports, including advanced amounts. Excel version includes delinquency code description and comments.

4 Delinquency Reports

The following are the available Delinquency Reports.

Report Number	Report Name	Report Description
GLS2001	List of Delinquent	Displays delinquent loan information by mail
	Borrowers	code for all loans past due.
GLS2002	Guaranteed Loans	Summarizes loans that are not yet considered
	Behind Schedule	delinquent, but payment is behind schedule.
		Used to investigate and resolve issues to prevent loans from becoming delinquent.
GLS4067	Analysis of	On-request report provides a summary of
	Delinquencies	borrower and loan counts, amount unpaid
	1	principal, delinquency counts, amount past due
		and delinquency percentages by State or loan type
		for active guaranteed loans.
GLS4067	Analysis of	On-request report provides a national summary of
	Delinquencies National	borrower and loan counts, amount unpaid
	Summary	principal, delinquency counts, amount past due
		and delinquency percentages for active
		guaranteed loans.

B GLS (Continued)

5 Borrower Reports

The following are the available Borrower Reports.

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Report Number	Report Name	Report Description
GLSLN01	Overdue Guaranteed Loan Closing Fees	Weekly report will list all borrower loans with a Suspend Code equal to 4 and a Date of Loan Closing or a Date of Last Register greater than 30 days from the Run Date of the Report.
		Provides a listing by Borrower ID Number within State and County codes. The primary purpose of this report is to provide Finance Office users with a list of borrower loans that have unpaid Guaranteed Loan Closing Fees outstanding for more than 30 days.
GLSLN03	Parties Liable for GLS Loans	Weekly report will list all borrowers and co-borrowers responsible for GLS loans.

6 Loan Reports

The following are the available Loan Reports.

Report Number	Report Name	Report Description
GLSLN02	Trial Balance	On-request report provides a listing of all active
	Guaranteed Loan Lender	guaranteed loans for a lender.
	Lender	The primary purpose of this report is to provide user with information concerning a lender's active portfolio.
GLS2212	Borrowers Having	Provides a total of unduplicated borrowers having both
	Direct &	direct and guaranteed loans by State.
	Guaranteed Loans	
	Summary	
GLS2213	Borrowers Having	Provides list of Borrower's ID and name of
	Direct &	unduplicated borrowers having both direct and
	Guaranteed Loans	guaranteed loans for selected State.
	Detail	
GLSREAM1	Reamortized	Provides a summary of loans reamortized.
	Loans Summary	

B GLS (Continued)

6 Loan Reports (Continued)

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Report		
Number	Report Name	Report Description
GLSREAM2	Reamortized Loans	Provides a detail listing of loans reamortized.
	Detail	
GLS4263	Lender Loans	Lists all loans that are closed by the lender but are
	Closed - Pending	waiting for approval to be closed in GLS.
	Closing in GLS	
	Report	
GLSIA06	Guaranteed Loans	Provides a list of loans that are delinquent, past due, or
	That Require	past the maturity date.
	Attention	

7 Loan Reports - A/R

The following are the available Loan Reports - A/R.

Report		
Number	Report Name	Report Description
GLS4011	Accounts	Summarizes the number of claims and unpaid
	Receivable	principal and interest by geographic State for the loan
	Summary	types selected.
GLS4010	Accounts	Provides a detailed listing of accounts receivable along
	Receivable Listing	with unpaid principal and interest amounts.
GLS2113	Guaranteed Loan	Provides a national summary of counts of guaranteed
	Repurchases	loan repurchases by State across FY. A drill-down to
	Summary by Fiscal	detail is also available.
	Year	
GLS2113	Guaranteed Loan	Provides detailed information for guaranteed loan
	Repurchases Detail	repurchases for the selected State.

B GLS (Continued)

8 Lender Notices

The following are the available Lender Notices Reports.

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Report Number	Report Name	Report Description
GLSNT01	Guaranteed Loan Holder Purchase Report	Notifies the lender and field offices that USDA has purchased all or part of a loan's guaranteed portion. It also provides instructions for lenders to submit payments applicable to the guaranteed portion to USDA.
GLSNT02	Notice of Pending Interest Assistance Review Date	System-generated report listing the Borrower ID, Loan Number, Loan Amount, Date of Annual Review for Interest Assistance, and Current Interest Assistance Rate.
		The primary purpose of this report is to notify the Lender that in order to keep Interest Assistance active on the Loan, they must submit FSA-2222 Form 1980-24, within 60 days prior to Annual Review Date.
GLSNT05	Notice of Loan Maturing	This report is a notice to lender of Loan Note Guarantees maturing within 30 days and notice to lender of Contract of Guarantee expiring within 30 days.
		System generated within 30 days of guaranteed expiration date.
GLSNT03	Notice of Termination of a Guaranteed Loan	Provides identification information for each guaranteed loan account, which the lender informs USDA has been terminated, paid off, etc.
		The primary purpose of this report is to confirm to the lender that USDA's records show the loan as "terminated" and to inform the State and County Offices that a guaranteed loan account within their jurisdiction has been closed. Processing of TC 4031, TC 4033, TC 4041, and TC 4048 generates report.

B GLS (Continued)

8 Lender Notices (Continued)

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Report Number	Report Name	Report Description
GLSNT06	Notice of Final Maturity Date of Guaranteed Loan	Same as Report 4072. Serves as notification to a lender, and to the State and County Offices, on each loan guarantee that has expired due to final maturity. The guarantee will expire and therefore this report will be generated when the loan is 45 days past its expiration date. The primary purpose of this report is to notify a lender that guarantee has expired. System generated.
GLSNT04	Notice of Loss Settlement	This report is similar to the notice that is generated in batch and distributed to the servicing lender who has a borrower with either an estimated or final loss or a loss refund.

9 Caseload Reports

The following are the available Caseload Reports.

Report Number	Report Name	Report Description
GLS2003	Guaranteed Loans by Lender Caseload	Lists guaranteed loan information by lender ID within lender name, giving a total amount by lender name.
GLS2085	Guaranteed Caseload/Delinqu ency Summary	Contains a summary with drill-down capabilities to a detail report. The summary report displays counts of borrowers, loans, delinquent loans, unpaid principal, dollar amount delinquent, percent of delinquent loans, and percent of delinquent amount listed by State name. The drill-down capability is on the State name, which takes user to a detail report identical to the summary, but it will be listed by county name for the State that was drilled on.

B GLS (Continued)

9 Caseload Reports (Continued)

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Report		
Number	Report Name	Report Description
GLS2091	Borrowers Owing More than a Specified Amount by State	Provides a summary of borrower counts, delinquency counts, unpaid principal, P & I outstanding and P & I delinquent by State for active guaranteed borrowers owing over a specified amount. Summary by county is available as a drill-down on State.
GLS2120	Total Amount of Loans Outstanding by Gender and Race	Provides a breakout by gender and race of the guaranteed unpaid principal balance.
GLS2121	Count of Borrowers with Guaranteed Loans Outstanding by Gender and Race	Displays a count of borrowers with guaranteed loans outstanding by gender and race.
GLS4051	Assistance to Employees, Relatives and Associates	Summarizes loan statuses for employees, relatives and associates.
GLS4105	Loan Caseload Summary Report	Summarizes borrowers and loans by servicing State and loan type.
GLS4110	Loan Caseload Detail Report	Provides loan detail information for each borrower by loan type and servicing State and county.
GLS4115	Analysis by Interest Rate Summary Report	Displays number of loans and principal outstanding by sort options selected by interest rate category for all active FSA loans.
GLS4115A	Analysis by Interest Rate Detail Report	Displays detail information to analyze interest rates by sort options selected for all active FSA loans.
GLS4120	Conservation Loan Summary Report	Summarizes CL's by TOA code, either Active loans only or all loans made. Data can be sorted by State, Lender ID, Lender Status or Lender Type.

B GLS (Continued)

10 Lender Reports

The following are the available Lender Reports.

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Report Number	Domont Nome	Donout Dogovintion
	Report Name	Report Description
GLS4023	Current Lender	Lists lenders that meet the lender designation requested
	Designation Report	on the criteria page. The lender's current designation is
		provided by State for each lender that meets the
		selection criteria.
GLS4103	Lender Listing	Provides the name and address of every lender with an
		active loan by loan type, servicing State, and lender
		name.
GLS4103I	Lender Listing -	Provides the Lender ID and Branch, name and address,
	Internal Use Only	Loan Amt and Outstanding Principal of every lender
		with an active loan by loan type, servicing State, and
		lender name.
		Note: Do not distribute to outside sources.
GLS2009	Loans Made by	Summarizes the total number of loans made by a lender
	Lender Summary	distinguishing between those made in the last 5 years
	Report	and the last 2 years along with the loss percent. The
	_	ability to drill-down to the detail report is also
		available.
GLS2009A	Loans Made by	Details each loan made by a lender providing borrower
	Lender Detail Report	ID, name and address along with the loan amount,
		closing date, loan status and loss paid.
GLSIA05	Top Lenders	Provides a list of the top lenders based on the number
	-	of active loans or amount of outstanding principal.

B GLS (Continued)

11 Activity Register Reports

The following are the available Activity Register Reports.

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Report Number	Report Name	Report Description
GLSBR01	Borrower Register	System generated from each update, daily listing of the results of all borrower transactions processed by the system during the processing cycle. The report is produced in geographic State, county, borrower ID, loan number, and transaction code sequence.
		Detail transaction and loan/borrower record data will be displayed in a free format, depending on the transaction code. The primary purpose of this report is to serve, as a detail record of all processing for reference, discrepancy, and audit trail purposes.
GLSLR01	Lender Register	Daily listing of the results of all lender transactions and borrower transactions updating lender records processed by the system during the processing cycle. The report will be in Lender ID Number, Branch Number, and transaction sequence.
		Detail transaction and lender record data will be displayed in a free format, depending on the transaction. The primary purpose of this report is to serve as a detail record of all processing for reference, discrepancies, and audit trail purposes.

B GLS (Continued)

12 Paid Loss Reports

The following are the available Paid Loss Reports.

*_.

Report		
Number	Report Name	Report Description
GLS2095	Completed Loss Paid	Counts loans, loans with losses and loss percent.
	Data on Loans	
	Guaranteed	
GLS2101	Status of Completed	Counts and totals losses, recoveries and
	Guaranteed Losses	liquidation costs by FY of the loss.
	Paid by Fiscal Year	
GLS2111	Estimated Guaranteed	National summary of type 1 guaranteed loan
	Loan Losses Where	losses by State across FY. Either loss counts or
	Final Loss Has Not	dollar amounts are summarized based on selection
	Been Paid	from criteria screen.
GLS4131	Summary of	Provides numbers and totals for each loss type by
	Completed Losses by	State.
	State	
GLS4130	Completed Loss	Lists loss information for borrowers in State and
	Listing	loan type order. Information will either be
	_	summarized into the last loss type and amount or
		detail information based on user selection.

B GLS (Continued)

13 Loss Review Reports

The following are the available Loss Review Reports. *--

Report Number	Report Name	Report Description
GLS5101	Loss Claim Status Summary Report	Summary report provides information on the claim status of losses initiated in GLS.
GLS5101A	Loss Claim Status Detail Report	Detail report provides information on the claim status of losses initiated in GLS.
GLS5102	Key Liquidation Dates Summary Report	Summary report calculates the average number of days between the date the loan became delinquent and the Interest Accrual Termination Date, as well as the average number of days between the Liquidation Decision Date and the Interest Accrual Termination Date (final liquidation losses only).
GLS5102A	Key Liquidation Dates Detail Report	Detail report displays the date the loan became delinquent, the Liquidation Decision Date, and Interest Accrual Termination Date (final liquidation losses only).
GLS5103	Emergency Advances, Protective Advances and Legal Expenses Summary Report	Summary report provides information on Emergency Advances, Protective Advances and Legal Expenses.
GLS5103A	Emergency Advances, Protective Advances and Legal Expenses Detail Report	Detail report provides information on Emergency Advances, Protective Advances and Legal Expenses.

B GLS (Continued)

13 Loss Review Reports (Continued)

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Report Name	Report Description
Liquidation Costs	Summary report provides information on Liquidation
Summary Report	Costs.
Liquidation Costs	Detail report provides information on Liquidation
Detail Report	Costs.
Deductions to Final	Summary report compares the loss amount requested
Liquidation Loss	by the lender to the amount approved by the Agency
Claim Summary	(final liquidation losses only).
Report	
Deductions to Final	Detail report compares the loss amount requested by
Liquidation Loss	the lender to the amount approved by the Agency
Claim Detail Report	(final liquidation losses only).
Losses with	Summary report provides information on Additional
Additional Interest	Interest paid (all loss types).
Summary Report	
Losses with	Detail report provides information on Additional
Additional Interest	Interest paid (all loss types).
Detail Report	
Loss Claim	Summary report calculates the number of days
Processing Times	between the lender's submission of the claim to the
Summary Report	Agency's approval (only includes loss types 01, 02,
	05, 06, or 07).
Loss Claim	Detail report calculates the number of days between
Processing Times	the lender's submission of the claim to the Agency's
Detail Report	approval (only includes loss types 01, 02, 05, 06,
	or 07).
	Summary Report Liquidation Costs Detail Report Deductions to Final Liquidation Loss Claim Summary Report Deductions to Final Liquidation Loss Claim Detail Report Losses with Additional Interest Summary Report Losses with Additional Interest Detail Report Loss Claim Processing Times Summary Report Loss Claim Processing Times

B GLS (Continued)

14 Interest Assistance Reports

The following are the available Interest Assistance Reports.

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Report	Donard Name	Domont Dogovintion
Number	Report Name	Report Description
GLS2094	Guaranteed Interest	Provides a summary of borrower counts, loan counts,
	Assistance Summary	and loan counts broken into various categories for
	Report	active guaranteed interest assistance by State.
		Summary by count is available as a drill-down on
		State.
GLS4235	Unliquidated Interest	Totals loan balance, buydown obligated amount,
	Assistance	interest assistance paid, and unliquidated obligated
	Obligations	buydown amount by borrower.
GLSIA01	List of Guaranteed	Provides a list of all guaranteed loans with active
	Loans with IA	Interest Assistance Agreements.
	Agreements	
GLSIA02	Interest Assistance	Provides a list of paid Interest Assistance Claims.
	Claims Processed	
GLSIA03	Oldest IA	Provides information on a borrower's first Interest
	Agreements	Assistance Agreement.
GLSIA04	IA Claims Not Yet	Lists all Interest Assistance Claims coming due
	Processed	within the next 30 days, or those that are past due.

B GLS (Continued)

15 Obligation and Closing Reports

The following are the available Obligation and Closing Reports.

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Report		
Number	Report Name	Report Description
GLS2006	Guaranteed	Displays guaranteed loans that are obligated for the
	Obligated Loans by	specified obligated FY by mail code, lender name and
	Mail Code	borrower name.
GLS2210	Farm Loan Program	Shows all loan obligations for the date range selected
	Obligations Report	with the ability to limit the data by SDA, Beginning
		Farmer, Lender Status or Assistance Type.
GLS2008	Farmer Programs	Displays guaranteed loans that are obligated, but not
	Guaranteed	yet closed. It is broken out by borrower name and
	Unclosed Loans	borrower ID.
	Obligated	

16 CLP/PLP Reports

The following are the available CLP/PLP Reports.

Report Number	Report Name	Report Description
GLS2010	Lenders Eligible for	Shows all loan providers who meet requirements for
	Certified Status	status of Certified Lender.
	Report	
GLS2011	Lenders Eligible for	Shows all loan providers who meet requirements for
	Preferred Status	status of Preferred Lender.
	Report	
GLS2014	Certified Loan	Shows only the loan providers who already have the
	Providers Report	status of Certified Lender.
GLS2015	Preferred Loan	Shows only the loan providers who already have the
	Providers Report	status of Preferred Lender.
GLS2012	Certified Loan	Shows all loan providers who currently have a status
	Providers Not	of Certified and no longer meet the specified criteria
	Meeting CLP	for that status.
	Criteria	
GLS2013	Preferred Loan	Shows all loan providers who currently have a status
	Providers Not	of Preferred and no longer meet the specified criteria
	Meeting PLP	for that status.
	Criteria	

B GLS (Continued)

17 Debt Offset Receivable Reports

The following are the available Debt Offset Receivable Reports.

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Report Number	Report Name	Report Description
GLSDC20	Loans Eligible for Offset	National office report is used to summarize all
	- National Summary	loans eligible for offset.
GLSDC21	Loans Eligible for Offset	State office report is used to summarize all loans
	- State Summary	eligible for offset for a specific State.
GLSDC22	Loans Eligible for Offset	Field office report is used to summarize all loans
	- Servicing Office Summary	eligible for offset for a specific servicing office.
GLSDC22A	Loans Eligible for Offset	Provides a list of all loans where the offset
	- Detail	eligibility indicator equals Y, and provides
		information on the current status of the loan.
GLSDC05	Debts Eligible for Offset	Summarizes debts where a final loss has been
	Where No Receivable	paid, but a receivable has not yet been
	Has Been Established -	established.
	Summary	
GLSDC05A	Debts Eligible for Offset	Lists debts where a final loss has been paid, but a
	Where No Receivable	receivable has not yet been established.
	Has Been Established -	
	Detail	
GLSDC53	Offset Status Detail	Provides detail information on all offset
	Report	receivables within a State or servicing office.
GLSDC54	Inactive Receivables List	Lists all receivables with no collections greater
		than the number of years specified on the
		selection criteria page.
GLSDC12	Debts Eligible for IAO	Summarizes loans where the debt has not yet been
	But Not Yet Referred -	referred for IAO. User may limit the data to loans
	Summary	which should have already been referred.
GLSDC12A	Debts Eligible for IAO	Identifies loans where the debt has not yet been
	But Not Yet Referred -	referred for IAO. User may limit the data to loans
	Detail	which should have already been referred.

B GLS (Continued)

17 Debt Offset Receivable Reports (Continued)

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Report	D (N	D (D) (
Number	Report Name	Report Description
GLSDC06	Debts Eligible for TOP	Summarizes loans where the debt has not yet been
	But Not Yet Referred -	referred to TOP. User may limit the data to loans
	Summary	which should have already been referred.
GLSDC06A	Debts Eligible for TOP	Identifies loans where the debt has not yet been
	But Not Yet Referred -	referred to TOP. User may limit the data to loans
	Detail	which should have already been referred.
GLSDC07	Debts Which Will Not	Summarizes debts where FSA has identified the
	Be Referred for	reason why the debt will not be referred for offset.
	IAO/TOP Offset -	User is required to specify IAO or TOP offset.
	Summary	
GLSDC07A	Debts Which Will Not	Lists debts where FSA has identified the reason
	Be Referred for	why the debt will not be referred for offset. User
	IAO/TOP Offset - Detail	is required to specify IAO or TOP offset.
GLSDC08	Debts Referred for	Summarizes debts that are currently referred for a
	IAO/TOP Offset -	specified type offset.
	Summary	
GLSDC08A	Debts Referred for	Identifies debts that are currently referred for a
	IAO/TOP Offset - Detail	specified type offset.
GLSDC09	Debts Deleted from	Summarizes debts that have been deleted from a
	IAO/TOP Offset -	specified type of offset referral.
	Summary	
GLSDC09A	Debts Deleted from	Identifies debts that have been deleted from a
	IAO/TOP Offset - Detail	specified type of offset referral.

B GLS (Continued)

17 Debt Offset Receivable Reports (Continued)

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Report		
Number	Report Name	Report Description
GLSDC10	Offset Collections - Summary	Summarizes information on DCIA collections made through offset.
GLSDC10A	Offset Collections - Detail	Provides detailed information on DCIA collections made through offset.
GLSDC13	Internal Administrative Offset Collections - Summary	Summarizes DCIA collections made through IAO offset.
GLSDC14	Offset Collections/Refund - Summary	Provides financial data related to offset collections and refunds for FSA Guaranteed Loan receivables in summary format.
GLSDC14A	Offset Collections/Refund - Detail	Provides financial data related to offset collections and refunds for FSA Guaranteed Loan receivables in detail format.
GLSDC19	360-6 Refunds	Displays detail refund information for 4062 and 4962 transactions.
GLSDC15	Debts Written Off from IAO/TOP Offset - Summary	Provides financial data related to Debts Written Off for FSA guaranteed loan receivables in summary format.
GLSDC15A	Debts Written Off from IAO/TOP Offset - Detail	Provides financial data related to Debts Written Off for FSA guaranteed loan receivables in detail format.
GLSDC11	Annual Lender Notifications	Provides detailed information on recoveries processed through DCIA. Report will be provided to lenders on an annual basis.
GLSDC18	Unpaid Principal Balance	Displays daily balancing file activity against GL activity for the prior day. Account 850065 only.

B GLS (Continued)

18 Application Authorization Security Management (AASM)

The following are the available AASM Reports.

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Report Number	Report Name	Report Description
GLS4264	List of Lenders Not	Summarizes number of lenders, applications,
	Established as Security	obligations, and loans by servicing State where
	Administrators in AASM	the lender has no security administrators for
	Summary Report	GLS Level 1 or Level 2 under AASM.
GLS4264A	List of Lenders Not	Lists lenders with active applications,
	Established as Security	obligations, or loans for FSA that have no
	Administrators in AASM	security administrators for GLS Level 1 or
	Detail Report	Level 2 under AASM.
GLS4266	List of Lenders	Summarizes number of lenders, applications,
	Established as Security	obligations, and loans by servicing State where
	Administrators in AASM	the lender has security administrators for GLS
	Summary Report	Level 1 or Level 2 under AASM.
GLS4266A	List of Lenders	Lists lenders with active applications,
	Established as Security	obligations, or loans for FSA that have security
	Administrators in AASM	administrators for GLS Level 1 or Level 2 under
	Detail Report	AASM.
GLS4267	AASM User List Report	Lists users in AASM along with their status,
		system, role, intermediary/lender ID, branch,
		State, and program.
GLS4268	AASM User	Lists all data from the user maintenance
	Maintenance Register	register.
	Report	

B GLS (Continued)

19 Program Reporting Group

The following are the available Program Reporting Group Reports.

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Report		
Number	Report Name	Report Description
GLSDC48	Debts Written Off from	Provides financial data related to Debts Written
	IAO/TOP Offset -	Off for FSA guaranteed loan receivables in
	Summary	summary format.
GLSDC48A	Debts Written Off from	Provides financial data related to Debts Written
	IAO/TOP Offset - Detail	Off for FSA guaranteed loan receivables in detail
		format.

20 MRE Reports for State Office Usage

The following are the available MRE Reports for State Office usage.

Report Name	Report Description
Alternate - Guaranteed Loss	Provides the current loss rate, which is calculated by dividing
Rate - FY 2015	the amount of losses during the current FY by the unpaid
	principal at the beginning of the FY.
Borrower Maintenance	Displays data from the Borrower Maintenance screen. User
Report by Servicing Office	may specify State, Office, or Borrower ID Number.
Borrowers Who Have Loans	Provides a list of borrowers who have active guaranteed
with Both PCA (ACA) &	loans with both PCA and FLB.
FLB (FLCA) Lenders	
Breakout of Loans Made by	Provides the number and percentage of loans closed for
Lender Status	specified FY by lender status.
Caseload/Delq with County	Modified from GLS2085. Includes servicing office and
and Office Names	county names.
Final Losses Paid Within the	Lists loans where a final loss claim has been processed
Past Three Years	within three years of the current date.

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B GLS (Continued)

20 MRE Reports for State Office Use (Continued)

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Report Name	Report Description
FLPRA - Guaranteed	Provides the net loss amount and original loan amount for
Average Loan Loss Rate	loans used to calculate the Guaranteed Average Loan Loss
	Rate FLPRA element.
FLPRAOBL MRE -	Provides list of obligations used to calculate the various
Guaranteed Obligations Only	guaranteed obligation FLPRA elements.
GLS2120 - Specific State by	GLS2120, Total Amount of Loans Outstanding by Gender
Mail Code	and Race, modified to allow user to select a specific State.
GLS2121 - Specific State by	GLS2121, Count of Borrowers with Guaranteed Loans
Mail Code	Outstanding by Gender and Race, modified to allow user to
	select a specific State.
GLS4023 Modified to	GLS4023, Current Lender Designation Report, modified to
Include Effective Date of	include effective date of designation agreement.
Agreement	
GLS4110 Modified to add	GLS4110, Loan Caseload Detail Report, modified to add
several fields for LMD &	lender type, primary loan purpose, IA indicator, beginning
LSPMD	farmer indicator, SDA indicator, race, gender, ethnicity,
	borrower address, and lender designation
GOAL2 - Guaranteed	Provides guaranteed delinquency rates for the current goal
Delinquency Rate - FY 2015	period. Works best for States that have not had significant
	office realignments during goal period.
GOAL2 Alternate -	Provides current guaranteed delinquency rate for goal
Guaranteed Delinquency	monitoring purposes. Useful for States who have had office
Rate - FY 2015	realignments during goal period.
Guaranteed Fees	Summarizes the amount of guaranteed fees collected by
	deposit date. User must specify date deposit date range.

B GLS (Continued)

20 MRE Reports for State Office Use (Continued)

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Report Name	Report Description
Lender Representative	Provides information from Lender Representative screen for all
List	lenders with active loans within a State.
List of Active	Provides a list of active borrowers for specified State. Includes
Guaranteed Loan	race, gender, ethnicity and unpaid principal balance.
Borrowers with Race,	
Ethnicity & Gender	
Loan Purpose Breakout	Provides the amount of loan funds approved for the various loan
	purposes. User must specify closing date range.
Loans Made by Lenders	Summarizes the number and amount of loans closed by lender.
	User may specify State, lender and/or closing date range.
Loans Made to Refinance	Provides a list of loans made for the purpose of refinancing debt
Lender's Own Debt - for	with the same lender. User must specify FY and Lender ID.
specific Lender	
Loans Made to Refinance	Provides a list of loans made for the purpose of refinancing debt
Lender's Own Debt - for	with the same lender. User must specify FY and 5-digit mail
specific Service Center	code.
Loans Made to Refinance	Provides a list of loans made for the purpose of refinancing debt
Lender's Own Debt - for	with the same lender. User must specify a FY and State
specific State	abbreviation.
Loans Sold on Secondary	Modified from GLS4110, Loan Caseload Detail Report. Limits
Market	output to loans that have been sold on the secondary market.
OCR Race Request	Summarizes the number and amount of loans closed by race and
	gender. User must specify race and closing date range.
PLDATA MRE -	Provides obligation and deobligation transaction activity for
Replaces FOCUS	both direct and guaranteed loans for specified date range.
PLDATA Report	Report is useful to monitor funds usage.
PLP Review Report - List	Provides a list of loans for specified State and lender. Report is
of Active Loans - State	used to plan PLP Review activity.
Summary	
Unmatched Lender	Provides a list of lender branches where designation
Designations	information does not match for all branches.

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LOAN MAKING					
Contract Purpose	Detail	Comment	PAC Code	Authority	Recoverable/Nonrecoverable
Inspection	Real Estate		1A1	S	Nonrecoverable
	Chattel/Crop		1A2	S	Nonrecoverable
Appraisals	Real Estate	Note 10	181	S	Nonrecoverable
	Chattel/Crop		182	s	Nonrecoverable
Analysis	Farm Business Planning		104	s	Nonrecoverable
	Financial Analysis		1C7	S	Nonrecoverable
Information Services	Data Processing/Info Gathering	Note 6	1D2	s	Nonrecoverable
	Comparable and Market Studies		1D3	S	Nonrecoverable
	Advertising		1D4	SC	Nonrecoverable
	State Database Access Fees	Note 7	1DA	S	Nonrecoverable
	SAVE Citizenship Verification Database Access		108	S	Nonrecoverable
Professional Services	Interpreter Services		1E9	SC	Nonrecoverable
	Mediation (No State Program)		1EA	S	Nonrecoverable
Environmental	NEPA Compliance	Note 2	1)1	A	Nonrecoverable
	NEPA Environmental Impact Statements		112	A	Nonrecoverable
	Archaeological Surveys		1)4	Α	Nonrecoverable
	Miscellaneous Historical Preservation Activities		115	Α	Nonrecoverable
	Endangered Species Studies		116	Α	Nonrecoverable
	Wetland Delineations		117	Α	Nonrecoverable
	Phase 1 Environmental Site Assessments	Note 3	1JI	Α	Nonrecoverable
	Phase II Environmental Site Assessments	Note 3	TT	4	Nonrecoverable
Loan Account Maintenance	Legal Documentation Expenses	Note 4	1N5	SC	Nonrecoverable
	Mediation (State Certified Program)		1N6	S	Nonrecoverable
	Electronic UCC Recording and Filing	Notes 5 & 6	1NE	SC	Recoverable
Managerial	Credit Reports		171	SC	Recoverable
Other	Miscellaneous	Note 1	121	A	Recoverable/Nonrecoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

LOAN SERVICING					
Contract Purpose	<u>Detail</u>	Comment	PAC Code	Authority	Recoverable/Nonrecoverable
Inspection	Real Estate		2A1	S	Nonrecoverable
	Real Estate - Foreclosure Only		4A1	S	Recoverable
	Chattel/Crop		2A2	S	Nonrecoverable
	Chattel/Crop - Foreclosure Only		4A2	S	Recoverable
Appraisals	Real Estate	Note 10	281	S	Nonrecoverable
	Real Estate - Foreclosure Only		481	S	Recoverable
	Chattel/Crop		2B2	S	Nonrecoverable
	Chattel/Crop - Foreclosure Only		482	S	Recoverable
Analysis	Year-end Analysis		2C1	S	Nonrecoverable
	Farm Business Planning		2C4	S	Nonrecoverable
	Financial Analysis		2C7	S	Nonrecoverable
Information Services	Data Processing/Info Gathering	Note 6	2D2	S	Nonrecoverable
	Comparable and Market Studies		2D3	S	Nonrecoverable
	Advertising		2D4	SC	Nonrecoverable
	Advertising - Foreclosure Only		4D4	SC	Recoverable
	State Database Access Fees	Note 7	2DA	S	Nonrecoverable
	SAVE Citizenship Verification Database Access		2DB	S	Nonrecoverable
Professional Services	Surveying		4E2	S	Recoverable
	Investigation		4E3	S	Recoverable
	Bankruptcy		2E4	S	Nonrecoverable
	Foreclosure (Non-Judicial State)		4E5	S	Recoverable
	Title Search/Title Opinion		2E6	SC	Nonrecoverable
	Title Search/Title Opinion - Foreclosure Only		4E6	SC	Recoverable
	Trustee Agency (Foreclosure Actions)		4E7	S	Recoverable
	Auction Costs/Auctioneer/Master-in-Equity	Note 9	4E8	S	Recoverable
	Interpreter Services		2E9	SC	Nonrecoverable
	Mediation (No State Program)		2EA	S	Nonrecoverable
	Mediation (No State Program) - Foreclosure Only		4EA	S	Recoverable
	Attorney Serv. Foreclosure (Judicial)	Note 17	4EB	S	Recoverable
	Litigation Guarantee		2EG	SC	Nonrecoverable
	Litigation Guarantee - Foreclosure Only		4EG	SC	Recoverable
	Abstract/Stub Abstract		2ЕН	SC	Nonrecoverable

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LOAN SERVICING - continued					
Contract Purpose	Detail	Comment	PAC Code	Authority	Recoverable/Nonrecoverable
Professional Services	Abstract/Stub Abstract - Foreclosure Only		4EH	SC	Recoverable
(continued)	Law Enforcement Services	Note 15	4EJ	S	Recoverable
	Real Estate Broker		4H1	SC	Recoverable
Maintenance/Management	Property Management /Caretaking		4F1	SC	Recoverable
	Hauling		4F2	SC	Recoverable
	Temporary Custodial	Note 14	4F3	SC	Recoverable
	Ground Rents		4F5	SC	Recoverable
	Harvesting Costs		4F6	SC	Recoverable
	Repairs	Note 14	461	SC	Recoverable
Letacomacrita	NEDA Compliance	C 0+0N		<	olderousograph
	MICH COmpliance	7 3300	100	<	
	NEPA Environmental Impact Statements		717	A .	Nonrecoverable
	Archaeological Surveys		2)4	4	Nonrecoverable
	Miscellaneous Historical Preservation Activities		2J5	A	Nonrecoverable
			216	4	Nonrecoverable
	Wetland Delineations		2J7	Α	Nonrecoverable
	Phase 1 Environmental Site Assessments	Note 3	231	Α	Nonrecoverable
	Phase 1 Environmental Site Assessments - Foreclosure Only	Note 3	4)	A	Recoverable
	Phase II Environmental Site Assessments	Note 3	233	Α	Nonrecoverable
	Phase II Environmental Site Assessments - Foreclosure Only	Note 3	4))	A	Recoverable
	Water Testing/Sewer Inspection		4JK	۷	Recoverable
Loan Account Maintenance	Real Estate Taxes		2N1	SC	Recoverable
	Personal Property Taxes		2N2	SC	Recoverable
		Note 1	2N3	A	Recoverable
	Prior, Junior, & Judgment Liens		2N4	S	Recoverable
	Legal Documenation Expenses	Notes 4 & 13	2N5	SC	Recoverable/Nonrecoverable
	Mediation (State Certified Program)		2N6	S	Nonrecoverable
	Mediation (State Certified Program) - Foreclosure Only		4N6	S	Recoverable
	Utilities - Foreclosure Only	Note 16	4NA	SC	Recoverable
	Co-Pay/Homestead Appraisals	Note 10	2ND	S	Nonrecoverable
	Electronic UCC Recording and Filing	Notes 5 & 6	2NE	SC	Recoverable
	Online Bidding Registration Fees - Foreclosure Only		4NG	SC	Recoverable
	State Lease	Note 18	ANH	Ç	Recoverable

Authorities: A=Adminstrator; S=State Office; C=FLM

LOAN SERVICING - continued	Oa				
Contract Purpose	<u>Detail</u>	Comment	PAC Code	Authority	Recoverable/Nonrecoverable
Managerial	Credit Reports		2Y1	S	Nonrecoverable
Other	Miscellaneous	Note 1	2Z1	4	Recoverable/Nonrecoverable
INVENTORY PROPERTY					
Contract Purpose	<u>Detail</u> Real Estate	Comment	PAC Code	Authority	Nonrecoverable Nonrecoverable
	Chattels/Crops		5A2	S	Nonrecoverable
Appraisals	Real Estate	Note 10	581	S	Nonrecoverable
	Chattel/Crop		582	S	Nonrecoverable
Information Services	Advertising		5D4	SC	Recoverable
Professional Services	Surveying		5E2	S	Nonrecoverable
	Investigation		5E3	S	Nonrecoverable
	Title Search/Title Opinion		5E6	SC	Nonrecoverable
	Auction Costs/Auctioneer	Note 9	5E8	S	Recoverable
	Interpreter Services		5E9	SC	Nonrecoverable
	Mediation (No State Program)		5EA	S	Nonrecoverable
	Attorney Serv. Foreclosure (Judicial)	Note 17	SEB	S	Nonrecoverable
	Law Enforcement Services	Note 15	5EJ	S	Nonrecoverable
	Real Estate Broker		5H1	SC	Recoverable
Maintenance/Management	Property Management /Caretaking		5F1	SC	Nonrecoverable
			5F2	SC	Nonrecoverable
	Ground Rents		5F5	SC	Nonrecoverable
	Harvesting Costs		5F6	SC	Nonrecoverable
	Repairs	Note 13	561	SC	Recoverable
Environmental	NEPA Compliance	Note 2	511	S	Nonrecoverable
	NEPA Environmental Impact Statements		512	Α	Nonrecoverable
	Archaeological Surveys		514	S	Nonrecoverable
	Miscellaneous Historical Preservation Activities		515	S	Nonrecoverable

		Comment	PAC Code	Authority	Nonrecoverable/Recoverable
Environmental - continued Endangered Species Studies			516	S	Nonrecoverable
Wetland Delineations			517	S	Nonrecoverable
Preliminary Assessments			518	S	Recoverable
Site Inspections/Remedial Investigations	Investigations	Note 11	519	S	Recoverable
Remedial Actions		Note 11	5JA	S	Recoverable
Removal Actions		Note 11	5JB	S	Recoverable
Emergency Response Activities		Notes 11 & 12	51C	S	Recoverable
Underground Storage Tank Actions		Notes 11 & 12	5JD	S	Recoverable
Lead Based Paint Testing/Inspections		Notes 11 & 12	5JF	S	Nonrecoverable
Lead Based Paint Abatement Activities	ent Activities	Note 11	51G	S	Recoverable
Phase 1 Environmental Site Assessments	te Assessments	Note 11	531	S	Nonrecoverable
Phase II Environmental Site Assessments	te Assessments	Note 3	533	S	Nonrecoverable
Water Testing/Sewer Inspection	pection	Note 3	5JK	S	Nonrecoverable
Loan Account Maintenance Real Estate Taxes			5N1	25	Recoverable
			5N2	SC	Recoverable
Insurance			5N3	4	Recoverable
Prior, Junior & Judgment Liens	Liens		5N4	S	Recoverable
Legal Documentation Expenses	enses	Note 4	5N5	S	Nonrecoverable
Mediation (State Certified Program)	d Program)		5N6	S	Nonrecoverable
Utilities			5NA	SC	Nonrecoverable
Selling Points		Note 16	5NC	S	Recoverable
Right of Way Access		Note 8	SNF	S	Recoverable
State Lease		Note 18	5NG	S	Recoverable
		,			
		No+0.1	571	۷	Nonrecoverable

1 Requires written permission to use from the Administrator or Administrator's design Includes NEPA Environmental Assessments and Miscellaneous NEPA Studies. These activities according and filing fees; obtaining copies of plats, mortgages, judgments, Register of Mesne Conveyance, Register of Deeds, Department of Motor Vehicles, etc. Use for UCC recording and filing in situations when funds have been collected from Exhibit 5) to pay Secretary of State, to replenish prepaid accounts or to pay monthly Use Data Processing code (Information Services/Data Processing) to pay third party searches; see Note 6. Includes fees charged by third party processors to process UCC filings and searches. Process as a single source financial transaction; includes access to PACER, state data Use in the acquisition of real estate or property rights necessary only to sell invento FSA. Includes easement, right-of-way, ingress/egress. Use in the acquisition of real estate or property rights necessary only to sell invento FSA. Includes easement, right-of-way, ingress/egress. Conflues online auction fees, auction storage fees, auction rental fees, auctioneer fees a applicable for Homestead Protection, use ND, "Co-Pay/Homestead A Inventory Property. Activities may be conducted on custodial property if necessary to protect the Agenc Compensation and Liability Act, Resource Conservation and Recovery Act, and Toxic response actions shall be conducted by environmental professionals. Servicing activities should be charged as a recoverable cost, except when State law, otherwise.	DESCRIPTION
	use from the Administrator or Administrator's designee; contact LMD or LSPMD, as applicable.
	Assessments and Miscellaneous NEPA Studies.
	These activities refer to due diligence investigations conducted to evaluate real property for the presence of contamination in loan making and loan servicing activities according to 1-EQ.
	Includes recording and filing fees; obtaining copies of plats, mortgages, judgments, etc.; other similarly related expenses at offices such as Clerk of Court, Register of Mesne Conveyance, Register of Deeds, Department of Motor Vehicles, etc.
	Use for UCC recording and filing in situations when funds have been collected from the applicant and remitted with Miscellaneous code 36 or 38 (Ref. 3-FI, Exhibit 5) to pay Secretary of State, to replenish prepaid accounts or to pay monthly invoices from third party processors for Secretary of State fees only. Use Data Processing code (Information Services/Data Processing) to pay third party processing fees charged FSA to process UCC filings and conduct searches; see Note 6.
	party processors to process UCC filings and searches.
	Process as a single source financial transaction; includes access to PACER, state databases for real estate and/or equipment appraisals, etc.
Includes online auction fees, au For appraisals completed for Ho Inventory Property. Activities may be conducted on These activities are applicable ft Compensation and Liability Act, response actions shall be cond Servicing activities should be cha otherwise. Expenditures in excess of an agg	Use in the acquisition of real estate or property rights necessary only to sell inventory real property, not for the purpose of increasing the financial return to FSA. Includes easement, right-of-way, ingress/egress.
For appraisals completed for Ho Inventory Property. Activities may be conducted on These activities are applicable for Compensation and Liability Act, response actions shall be condu Servicing activities should be chotherwise. Expenditures in excess of an agg	ction storage fees, auction rental fees, auctioneer fees/commission, and other similarly related costs.
Activities may be conducted on These activities are applicable for Compensation and Liability Act, response actions shall be condu Servicing activities should be chotherwise. Expenditures in excess of an agg	For appraisals completed for Homestead Protection, use ND, "Co-Pay/Homestead Appraisals." Co-Pay appraisals are not authorized for Government Inventory Property.
These activities are applicable for Compensation and Liability Act, response actions shall be conduservicing activities should be characterise. Expenditures in excess of an agg	custodial property if necessary to protect the Agency's security interest.
	These activities are applicable for pre-remedial and remedial 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.
	Servicing activities should be charged as a recoverable cost, except when State law, supported by an opinion from the Regional Attorney, provides otherwise.
	Expenditures in excess of an aggregate amount of \$1,000 per property as outlined in 4-FLP and 5-FLP must have the prior written approval of SED.

NOTE	DESCRIPTION
15	Includes payment for serving Summons and Complaint in foreclosure proceedings; costs incurred during an eviction; other similar expenses.
16	Only essential utilities will be paid, including fuel oil, gas, electricity, and propane in accordance with 4-FLP and 5-FLP.
17	Includes cost reimbursement.
18	Includes payments to the Bureau of Land Management, Forest Service, etc.

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - Before October 1, 2010--

	5-Inventory	(q)	N	N	Ν				N	N	Ν						Ν				Ν
	9-Inv	(a)	S	S	S				S	S	S						S				S
	uired	(p)	R	R	R				R	R	R				R	R	R	R			R
Ķ	4-Acquired	(a)	S	S	S				S	S	S				S	S	S	S			S
Program Activity	todial	(p)	R	R	R				R	R	R				R	R	R	R			R
Prograr	3-Custodial	(a)	S	S	S				S	S	S				S	S	S	S			S
	2-Servicing	(q)	Z	Z	Z				N	N	Z	Z	Z	N	Z	Z	Z	Z			Z
	2-Ser	(a)	S	S	S				S	S	S	S	S	S	S	S	S	S			S
	1-Processing	(q)	Ν	Ν	Ν				N	N	N				Ν		N	Ν			Ν
	1-Pro	(a)	S	S	S				S	S	S				S		S	S			S
Fourth Character: Detail		le Detail	Real Estate	Chattel	Crop	Repairs	Construction	5 Supervisory	Real Estate (Note 11)	Chattel (Note 11)	3 Crop (Note 11)	Year-end Analysis/Reports/Audits	Subordination	Graduation	Farm Management Specialist	5 Debt Settlement	5 Budget Plan	7 Financial Analysis	Interest Credit Renewal	Account Auditing/CPA Studies	
Fourt		Code	1	2	3	4	5	9	1	2	3	1	2	3	4	5	9	7	8	6	A
Third Character: Purpose		Code Contract Purpose	A Inspection						B Appraisals			C Analysis & Audits									

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--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - Before October 1, 2010--

Third C	Third Character: Purpose	Fourth	Fourth Character: Detail					Program Activity	Activit	>			
				1-Processing	essing	2-Servicing	icing	3-Custodial	dial	4-Acquired	uired	5-Inventory	ntory
Code	Contract Purpose	Code	Detail	(a)	(b)	(a)	(b)	(a)	(p)	(a)	(b)	(a)	(b)
D	Information Services	1	Tax Report & Record Documentation	S	N	S	Z						
		2	Data Processing/Info Gathering	S	N	S	Z	S	R	S	R	SDC	Z
		3	Comparable and Market Studies	S	N	S	Z	S	R	S	R	S	Z
		4	Advertising	SDC	N	SDC	Z	SDC	R	SDC	R	SDC	R
		5	Cost Estimators										
		9	Cost Certification										
		7	Review of Annual Reports										
		8	Wage Match										
E	Other Services	1	Architect & Engineering										
		2	Surveying			S	Z	S	R	S	R	S	Z
		3	Investigation			S	Z	S	R	S	R	S	Z
		4	Bankruptcy			S	Z	S	R	S	R		
		5	Foreclosure (Non-Judicial State) (Note 1)			S	Z	S	R	S	R		
		9	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
		6	Interpreter Services	S	N	S	Z	S	N	S	Z	S	Z
		A	Mediation (No State Program)	SDC	N	SDC	Z	SDC	R	SDC	R	SDC	Z
		В	Attorney Serv. Foreclosure (Judicial)			S	R	S	R	S	R	S	Z
			(Note 1)										
		C	Evictions										
		D	Spec. Writing										
		田	Supervisory Visits										

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--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - Before October 1, 2010--

	ory	(b)	Z	Z		Z	R	R	R	R	R	R	Z	Z	z	Z	Z	Z	Z	R	R
	5-Inventory	(a)	SDC	SDC		S	SDC	SDC	SDC	S	SDC	S	S	A	S	S	S	S	S	S	S
				SI					SI			-		7					•		
	4-Acquired	(p)	R	R	R	R	R	R	R	R	R	R									
ty	4-A0	(a)	SDC	SDC	SDC	S	SDC	SDC	SDC	S	SDC	S									
n Activi	odial	(p)	R	R	R	R	R	R	R	R	R	R									
Program Activity	3-Custodial	(a)	SDC	SDC	SDC	S	SDC	SDC	SDC	S	SDC	S									
	icing	(b)											Z	z	z	Z	z	Z	Z		
	2-Servicing	(a)											S	А	S	S	S	S	S		
	essing	(p)											N	Z	z	Z	Z	Z	Z		
	1-Processing	(a)											S	A	S	S	N	S	S		
Fourth Character: Detail		Detail	Property Management/Caretaking	Hauling	Temporary Custodial	Other	Onsite (Note 3)	Offisite	Commission	Bonus	Commission	Bonus	NEPA - Environmental Assessments	NEPA - Environmental Impact Statements	Miscellaneous NEPA Studies	Archaeological Surveys	Miscellaneous Historical Preservation Activities	Endangered Species Studies	Wetland Delineations	Preliminary Assessments (Notes 3 & 5)	Site Inspections and Remedial Investigations/Feasibility Studies (Notes 3 & 5)
Fourth (Code	1	2	3	4	1	2	1	2	1	2	1	2	3	4	5	9	7	8	6
Third Character: Purpose		Code Contract Purpose	F Maintenance/ Management				G Repairs/ Improvements		H Real Estate Broker	(Exclusive Listing)	I Real Estate Broker	(Open Listing)	J Environmental	(Contractual or Noncontractual)	(Note 2)						

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--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - Before October 1, 2010--

	l 5-Inventory	(a) (b)	SR	S	S	S	S	S	S	S	S	S				SDC R	SDC R	SDC R	SDC R	SDC N	SDC N	SR	a Jus
	4-Acquired	(b)								- -	- W	R				C R	C R	C R	C R	C R	C R		S S
ctivity		(b) (a)		R	N N	~				R	R	R				R SDC	R SDC	R SDC	R SDC		R SDC		R SDC
Program Activity	3-Custodial	(a) (l		S	S	S .				S	S	S				SDC	SDC 1	SDC	SDC	SDC	SDC		נוטעא
Pı		(b)								z	Z	z	z	z		R	<u>م</u>	R	N/R S	N/R S	N		o a
	2-Servicing	(a)								S	S	N	S	S		SDC	SDC	SDC	SDC	SDC	SDC		SDC
	1-Processing	(p)								z	z	z								N	N		
	1-Pro	(a)								Ω.	S.	S								SDC	SDC		
Fourth Character: Detail		Detail	Remedial Actions (Notes 3 & 5)	Removal Actions (Notes 3, 5, & 6)	Emergency Response Activities (Notes 3, 5, & 6)	Underground Storage Tank Removals (Notes 3, 5, & 6)	Underground Storage Tank Corrective Actions (Notes 3 & 5)	Lead Based Paint Testing and Inspections (Note 5)	Lead Based Paint Abatement Activities (Note 5)	Transaction Screen Questionnaire (Note 4)	Phase I Environmental Site Assessments (Note 4)	Phase II Environmental Site Assessments (Note 4)	Large Debt Settlement	Debt Settlement		Real Estate Taxes	Personal Property Taxes	Insurance	Prior and Junior Liens (Note 8)		Mediation (State Certified Program)	Land Acquisition	Authorized Selling Expenses
Fourth (Code	A	В	C	Ω	П	ഥ	Ŋ	Н	ı	ſ	1	2		1	2	3	4	2	9	7	×
Third Character: Purpose		Code Contract Purpose	Environmental	(Contractual or	Noncontractual) (Note 2)	(Continued)							Asset Investigation	1	L-M Reserved	Noncontractual	Payments (Note 2)						

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--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's - Before October 1, 2010--

Third Cl	Third Character: Purpose	Fourth Cl	Fourth Character: Detail				P	Program Activity	Activity	7			
				1-Proc	1-Processing 2-Servicing	2-Serv	icing	3-Custodial 4-Acquired	dial	4-Acqu		5-Inventory	tory
Code	Code Contract Purpose	Code	Detail	(a)	(p)	(a)	(p)	(a)	(p)	(a)	(p)	(a)	(b)
Z	Noncontractual	A	Utilities					SDC	R	SDC	R	SDC	Z
	Payments (Note 2)	В	Other										
	(Continued)	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						
X-O	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	Z

1-14-11

Page 5

--Program Authority to Request Contract Services and Make Noncontractual Payments - Recoverability of PLCE's -Before October 1, 2010--

Notes: 1) Includes cost reimbursement.

- An employee does not need a Contracting Officer warrant to process noncontractual payments. 6
- 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. 3
- These activities refer to due diligence investigations conducted to evaluate real property for the presence of contamination in loan processing/servicing activities. 4
- These activities are conducted on inventory properties and refer to pre-remedial and remedial actions conducted pursuant to environmental statutes listed in Note 3. 2
- These activities may be conducted on custodial property to protect the Agency's security interest. 6
- 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. (
- 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. 8
- 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) 6
- 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

A Overview

Agriculture is an evolving business and the recent surge in consumer demand for organic and locally-produced food is creating jobs and agricultural opportunities throughout rural America. Beginning farmers are finding an entry point into agriculture through local markets, while many existing businesses are diversifying into high-value, locally-branded products. With the increasing number of "buy local", organic, urban agriculture and specialty crop awareness campaigns; there has been an increase in request for assistance for operations unfamiliar to some local offices. The following methodologies can be used in developing prices and other forms of valuation for crops and evaluating local or regional marketing methods. The same methodologies can be applied to organic crops and pricing.

Four basic methodologies are discussed in this exhibit. In addition, there is also information on considering alternative enterprises.

Note: DAFLP maintains a library of web-based resources that includes a variety of information on nontraditional and niche-type farm enterprises. This information includes sample enterprise budgets, marketing models, how-to and start-up guides, organics, hydroponics, Community Supported Agriculture, and more. The DAFLP community found within USDA Connect at https://connections.usda.gov provides an additional source of information and the opportunity to network with other USDA Agencies and topic-specific communities that provide equally valuable resources and information.

B Prices for Enterprises Not Available on Published State Price Lists

When actual records data is not available, prices may be found by using NASS data, terminal price information, RMA data, AMS Market News, or the price list from an adjoining or nearby State. This may be helpful in cases where a significant amount of land is dedicated to growing a specific crop. USDA-AMS Market News also has a local food price-gathering effort underway and is starting to publish datasets online at

http://www.ams.usda.gov/AMSv1.0/MarketNewsLocalRegional. This data will be enhanced significantly over the next year. Additional information may also be available by researching cooperative extension sites at http://www.csrees.usda.gov/Extension. Many cooperative extension sites have enterprise budgets that can assist applicants in developing their farm plan.

Example 1: An office receives a request for assistance from a new producer who wants to grow basil. The proposal is for 20,000 square feet of basil production. The applicant provides a letter from the local grocery store agreeing to purchase basil not less than wholesale price. The applicant submits the latest Detroit terminal price of \$6 per pound for basil and obtains an enterprise budget from the local university. Using this analysis, the applicant substantiates a feasible plan and assistance can be approved. In the following year, this applicant will have actual price history and income and expense data.--*

B Prices for Enterprises Not Available on Published State Price Lists (Continued)

Example 2: An applicant comes into the office with the intention to grow an organic crop. Deciding how to price organic products is difficult, particularly when markets often are not well-established. Prices need to be high enough to make a profit, but reasonable based on competition and how customers value (or establish a price on) the product. Many enterprise budgets may be available, but the applicant should choose an enterprise budget that suits the business they are proposing. The applicant should review the scale that is being proposed, the production method proposed (organic or conventional), and geographic region from which the sample budget is created. Still, there are numerous resources to assist even if the State's extension service or the land grant college does not have specific information for a particular enterprise. The National Sustainable Agricultural Service provides numerous resources for organic enterprise budgets at https://attra.ncat.org/organic.html#vegetable, and the USDA Economic

Research Service at http://ers.usda.gov/data-products/organic-prices.aspx is a useful resource for organic pricing.

C Applicants With Actual Income and Expense Records, Not Specific to a Commodity

It is not always practicable to valuate crop income and expenses on an individual crop basis. This is especially true for small acreage operations, high tunnel production, highly diverse operations, CSA, and operations where product choice is driven by market demands. When product choice is driven by market demands, the applicant's actual historical income and expense records may be used to establish trends and projections.

Example: In 2012, an applicant grew 12 different vegetables and herbs on 21,000 square feet. The operation grossed \$9,000 income by using a variety of marketing methods. In 2013, the applicant improved selling techniques and grossed \$10,800 in income, a 20 percent increase. In 2014, the operation proposes to grow to 35,000 square feet. An acceptable estimate of the proposed gross income for 2014 would be calculated as 10,800 ÷ 21,000 square feet (former lot size) x 35,000 square feet (new lot size) = \$18,000. The same methodology would be used to estimate expenses.--*

D Small Acreage, Square Footage Operations With a Variety of Commodities

An applicant's actual records will be most reliable. It is an acceptable practice to use the actual gross income divided by the square footage of the plot to estimate the potential income per square foot (see paragraph C). If there are no actual records to estimate net income, or when price and yield information usage is not practicable because of multiple crops and small plot areas, other methods of income and expenses may be used. Many State universities publish enterprise budgets for small scale and fractional acreage. ALMOST ALL CROPS CAN BE IDENTIFIED IN A SEARCH. In addition, many local lending institutions and universities, including the farm credit system, have conducted benchmarking studies. ERS publishes organic costs and returns for organic corn, wheat, soybeans, and milk. Information is available at http://ers.usda.gov/Data-products/organic-production.aspx.

Example: In 2012, the Farm Credit Council and Farm Credit East conducted a CSA-benchmark study to establish a performance metrics and expectations for usage in making informed lending decisions. A review of this study can be found at http://www.ngfn.org/resources/ngfn-cluster-calls/csa-benchmark-project/CSA%20benchmark%20slides.pdf. This study set a general guide of \$18,000 to \$20,000 sales average per acre or \$.41 to \$.46 per square foot.

E Alternative Marketing Methods

The following provides details on 2 alternative marketing methods:

• **CSA** is a direct marketing channel by which farmers sell shares or subscriptions for farm products to customers. CSA operation occurs when consumers provide upfront funds (buy a share) for a portion of the expected harvest from the farm, typically in the form of weekly harvest deliveries. A diverse selection of products is delivered regularly, for a specified time during the harvest period, to customers at designated pickup sites. CSA is typically used to market fresh produce, but can also be used to market meat, eggs, honey, flowers, and other products.

For existing operations, actual historical records should be available to demonstrate share price and number of subscriptions. Because a CSA farm effectively sells produce before the growing season begins, the farm's gross CSA income can be easily calculated. CSA farmers should determine the breakeven point when establishing membership income.--*

E Alternative Marketing Methods (Continued)

Applicants establishing new CSA operations should research target market and be able to answer general questions, such as:

- How many competitors are there in the target marketing area?
- What is the average share price?
- How does your CSA product differ from your competitors?
- Can your market support another CSA?
- How did you determine your share price and the number of shares you plan to sell?

Numerous resources are available to assist farmers with marketing methods, share pricing, and breakeven analysis. Many farms combine CSA with other forms of marketing, such as selling at a farmers market, farm to institution or restaurants, and retail stores.

• Farmers Markets, as with CSA, should be researched by the applicants in the area where they expect to market their product. Many State Departments of Agriculture maintain an average price list for farmers markets in their jurisdiction and AMS Market News is beginning to gather this information as well (see link in subparagraph B). Also many States have farmers market associations that may track average prices.

F Alternative Enterprises

Prices, farm programs, trade policies, technology, markets, and consumer preferences change continuously. Some enterprises previously believed to be speculative or without an established or steady market are now proving, through consumer demand, to be main stream in some regions. Loan officers are often faced with request for assistance from operations, either wholly or in part, producing income through production of alternative enterprise. To find out more about alternative enterprises suited to each area, the National Agricultural Library has many examples and helpful publications at http://www.nal.usda.gov/afsic/pubs/altlist.shtml. Examples of alternative enterprises include the following.

- Wetland plants grown for environmental restoration. Contracts are often available from State agencies to raise plants for environmental restoration. If plants are raised as seedlings or rooted cuttings for sale and not "wild harvested", this operation may be considered an eligible enterprise.
- **Bison**. When an operation can provide documentation of an established meat market, bison may be considered an eligible enterprise. The USDA's National Animal Health Monitoring System launched Bison 2014, the first-ever national study of the U.S. ranched-bison industry. This initiative is intended to increase knowledge and understanding about the characteristics, health, management practices, and challenges facing bison operations in the U.S.

If the operation's main enterprise is production for heads and skulls, this would be considered a non-eligible enterprise.--*

F Alternative Enterprise (Continued)

- Alpaca. Alpaca's have generally been considered non-eligible enterprises because of the speculative nature of the industry. During the height of the industry, it was not uncommon to see breeding stock sell for \$35,000. Animals were subsequently raised and bred with the hope that the offspring would sell to another breeder to perpetuate the cycle. This speculative market is considered a non-eligible enterprise. However, each year it is estimated that alpaca fiber can be worth \$500 to \$1,000 per animal, depending on the market. In addition to this, alpaca can be used as guard animals for livestock. An alpaca operation whose primary enterprise is to produce fiber and sell alpacas as guard animals for livestock farmers may be considered eligible.
- Goats. A goat operation for milk, meat, and fiber offers many opportunities. The 2 most common fibers produced are mohair and cashmere. Fiber markets should be evaluated for reliability, but can often produce a marketing alternative to strictly meat production. In many areas of the country, goat meat and milk are highly sought after by many immigrant communities, providing marketing options for products. According to NASS, meat goats account for over 80 percent of the total of goats produced in the U.S.
- **Rabbits**. Rabbits grown for fiber, such as angora, and rabbits grown for food can be considered an eligible enterprise, if a reliable market exists for the product. Rabbits raised primarily for pet purposes would be considered a non-eligible enterprise.
- **Timber**. Forestry products may be eligible, depending on the manner in which the forestry is managed and harvested. The operation must follow a Timber Management Plan. Purchasing property with the intention of clear cutting and selling the timber and firewood is not considered managed agriculture and; therefore, not an eligible enterprise. In contrast, a request for assistance to purchase real estate and actively manage the timber with a forestry plan may be considered an eligible enterprise. Each request for assistance and Timber Management Plan should be reviewed and determined eligible or ineligible on its own merit.
- Aquaculture. Aquaculture is the husbandry of any aquatic organisms, including fish, mollusks, crustaceans, or other invertebrates, amphibians, reptiles, or aquatic plants, raised in a controlled or selected environment of which the applicant has exclusive rights to use. As with other agricultural enterprises, the requirements under non-eligible enterprise still apply, but in some cases these enterprises may be eligible for FSA financing. The USDA National Agricultural Library web site, alternative farming systems information center, at http://www.nal.usda.gov/afsic/pubs/altlist.shtml, has several resources available for aquaculture, among other alternative enterprises.--*

DD FLP Oversight Review User Guide

Plan
Service Center Visit

While in Service Center: Complete remainder of oversight review Form FSA-2101 DD FLP Oversight Report Guide, can be printed and used as a worksheet

From any location: Complete parts of the online FSA-2101 using the Hyperion and GLS reports From any location:
View or Print
available online
Hyperion and GLS
Reports

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	Example of Completed Oversight Report	

This guide:

- is a resource to assist in completing the online oversight report
- identifies the electronic direct loan making and servicing reports available from Data Mart, along with the guaranteed loan making and servicing reports available in GLS
- follows the order of the online oversight report
- provides step-by-step instructions when deemed necessary.

Paragraphs 441 through 444 address all issues of reporting timeframes, user roles and responsibilities, and distribution of reports.

A DDORS Access

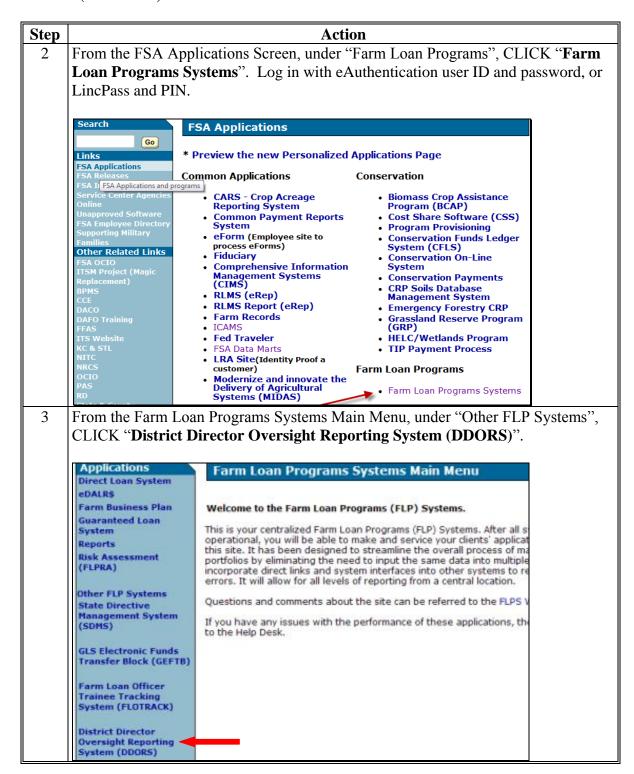
1 Web Access

DDORS authorized users can access DDORS using Microsoft Internet Explorer 7.0+ by either of the following:

- Internet at https://wdcprod80.sc.egov.usda.gov/ddors/homepage.aspx
- Intranet, as follows.



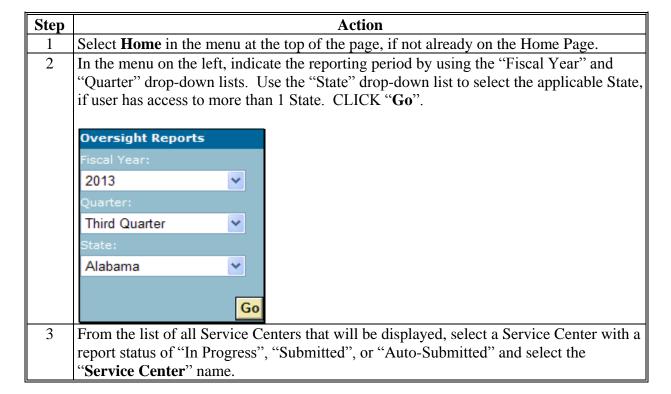
1 Web Access (Continued)



2 Accessing DDORS Online Report

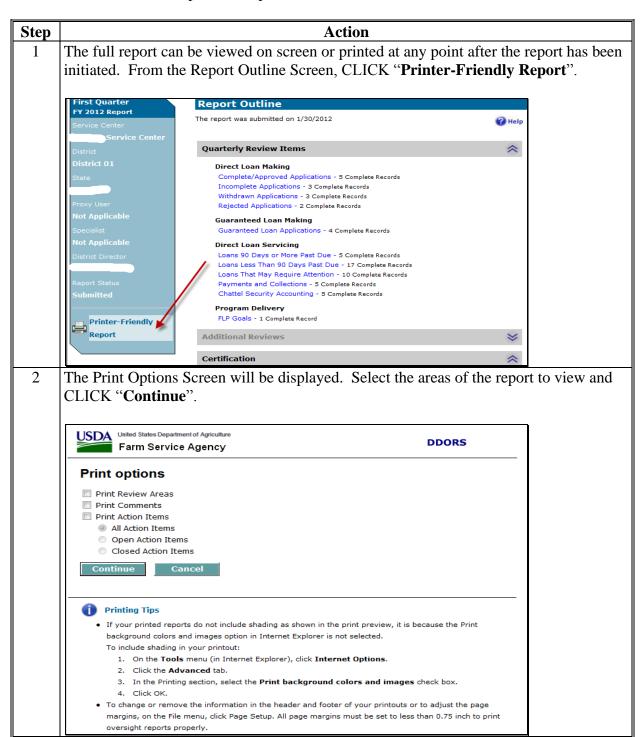
DD's can access the online report DDORS for the Service Center being reviewed, from the DDORS Home Page, by selecting the Service Center name.

Oversight reports can be viewed by authorized users as soon as the DD or proxy begins adding information. Follow this table to view previously submitted reports.

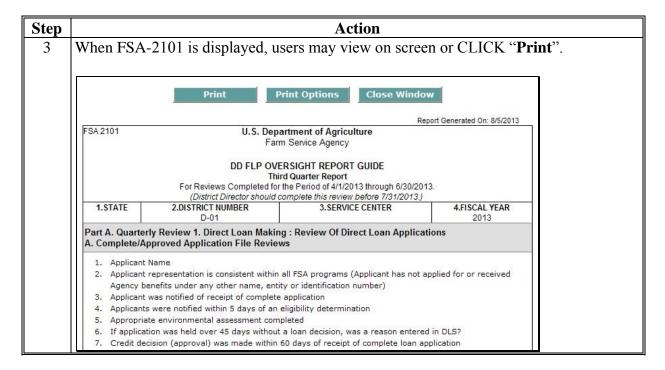


3 Print Report Access

Follow this table to view or print the report.



3 Print Report Access (Continued)



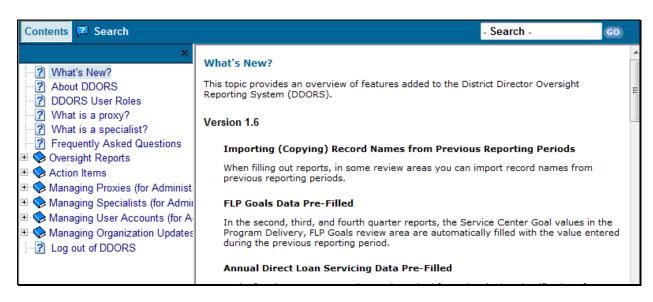
4 Help Access

DDORS has a "Help" function that is available throughout the online report, as displayed on this example DDORS Home Page.



4 Help Access (Continued)

The following is an example of the screen that will be displayed with topics for assistance.



B Online Guides and Reports

1 User Guides

On the Farm Loan Program Systems Home Page, under "Information Links", if users CLICK "Manual", the following user guides will be available:

- DLS-Loan Making User's Guide
- DLS-Loan Servicing User's Guide, that includes:
 - Direct Loan System training
 - Special Servicing Reference and User Guide
 - Hyperion Reports User Guide
- GLS-Guaranteed Loan System User Guide.



Exhibit 14 provides details about how to create SCIMS-PLAS ORACLE Hyperion Reports.

2 FLP Data Mart (Data Mart)

Hyperion access is **required** to have Data Mart access. Users who do not already have access to Data Mart must complete FSA-13-A and submit it to the appropriate Security Liaison Representative.

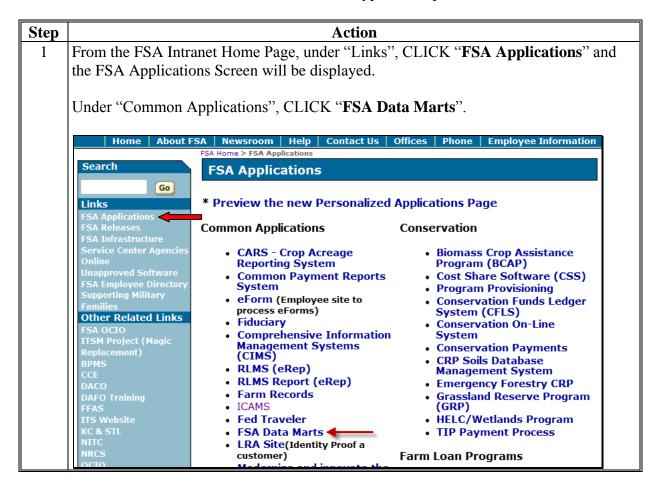
The following example displays how, on FSA-13-A, users should complete the "Hyperion" and "Other/Comments" sections, as highlighted, to request access to Data Mart.



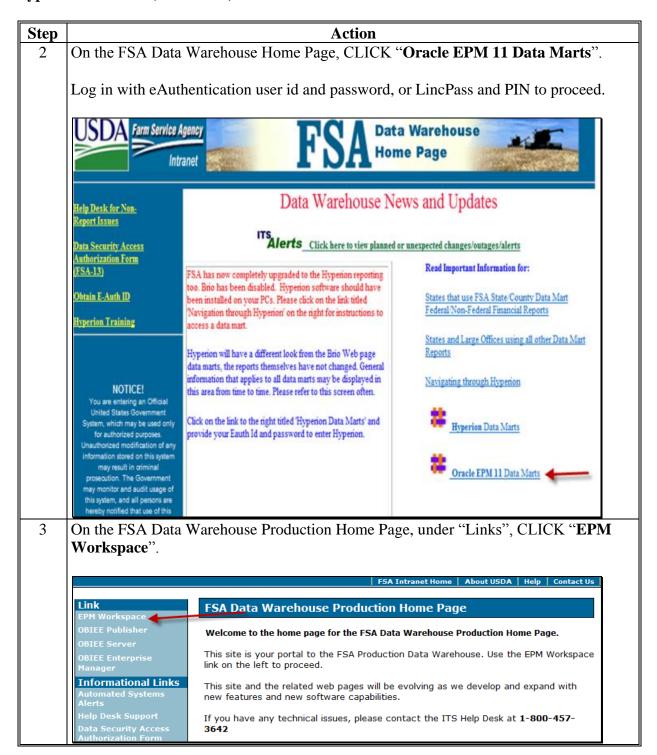
Note: In the "Other/Comments" block, ENTER "Please grant access to environment: Production Oracle Hyperion EPM for the requested user with authorization to Hyperion Group "FLP Data Mart".

3 Hyperion Database

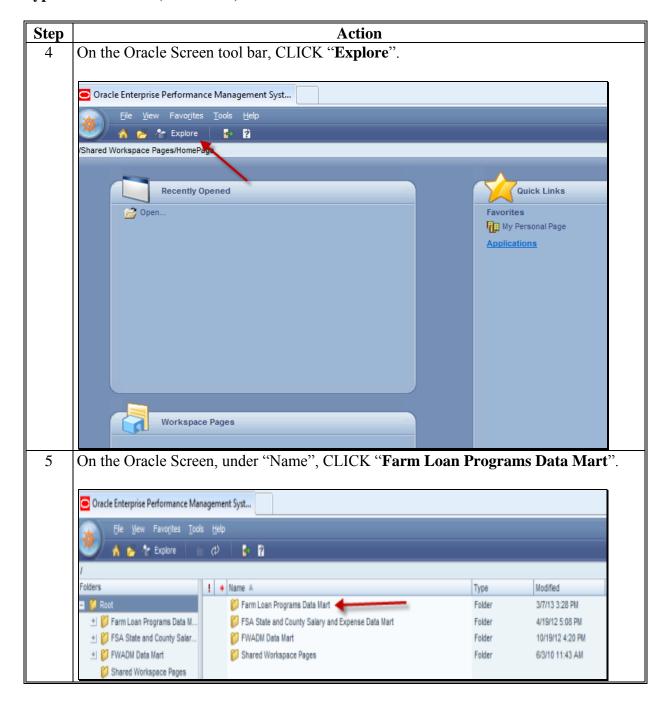
The following is a quick review of how to access Data Mart reports needed for completing DDORS. This information can also be found in the Hyperion Reports User Guide.



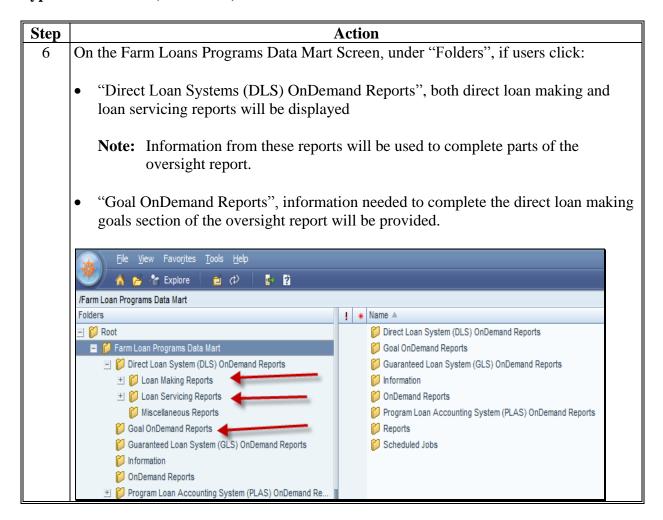
3 Hyperion Database (Continued)



3 Hyperion Database (Continued)



3 Hyperion Database (Continued)

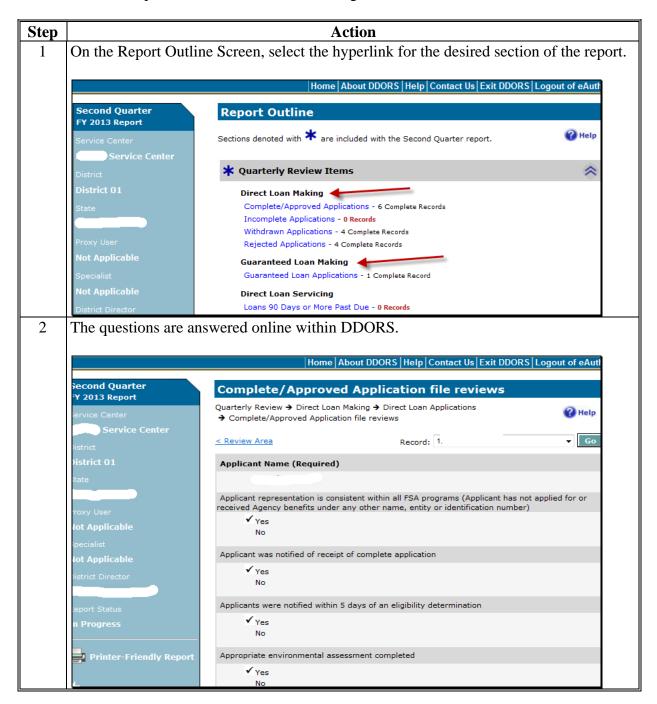


C Oversight Review General Information

Online Data Mart and GLS reports should be created in advance of the Service Center visit. DD can begin the oversight review by using the reports to complete sections of the online report in DDORS, from any location, to maximize time spent in the Service Center.

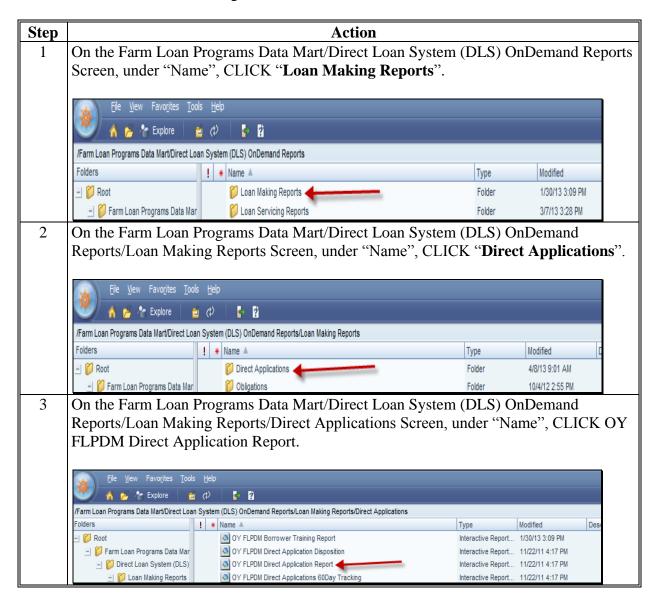
1 Accessing DDORS Online Report

Access the online report from the DDORS Home Page and select the Service Center name.

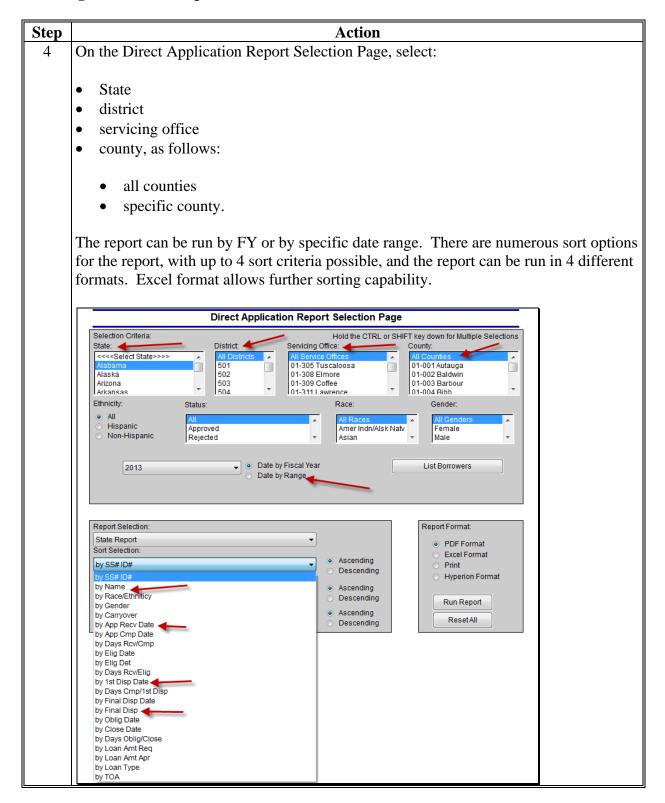


2 Accessing Direct Loan Reports

Access the direct loan reports from Data Mart. This following report will provide information needed for all 4 direct loan making review items.

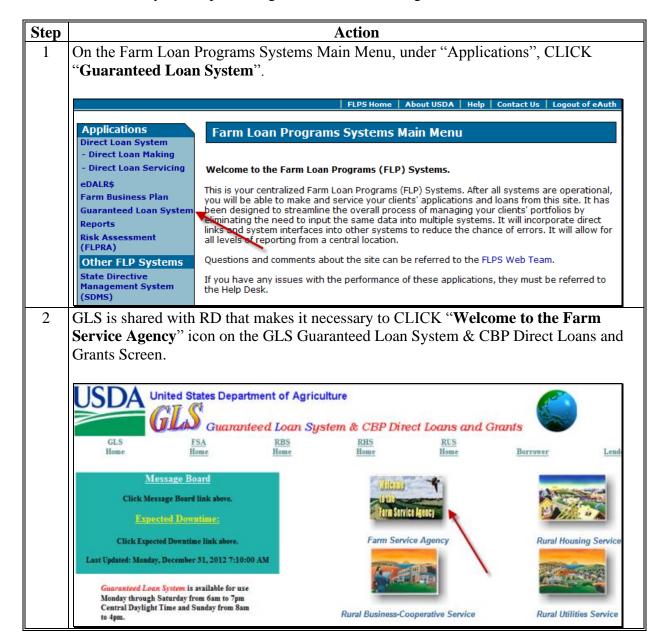


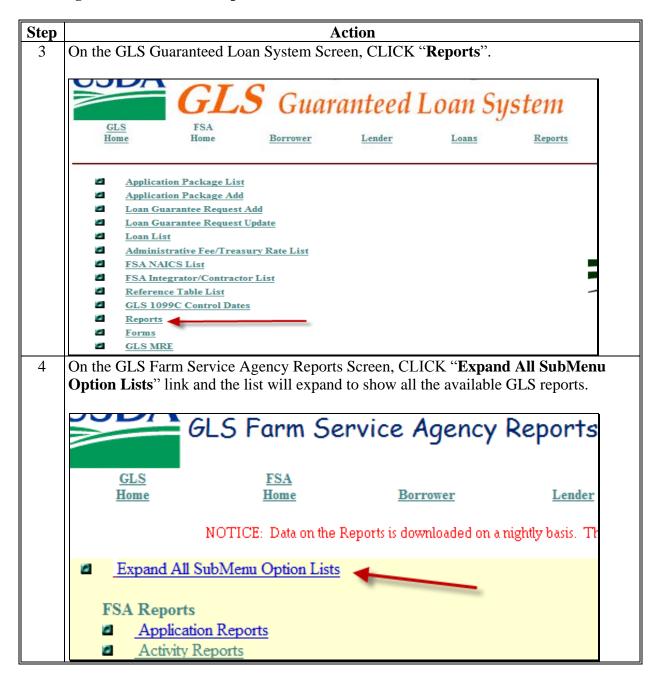
2 Accessing Direct Loan Reports (Continued)

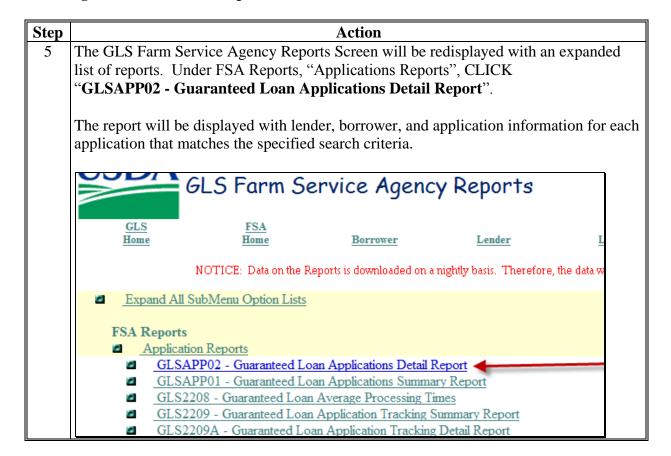


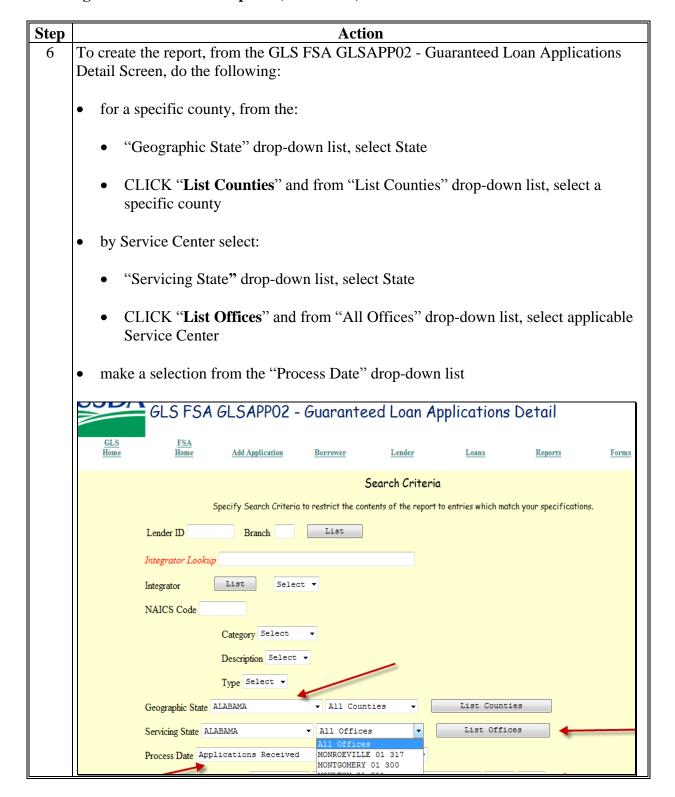
3 Accessing Guaranteed Loan Reports

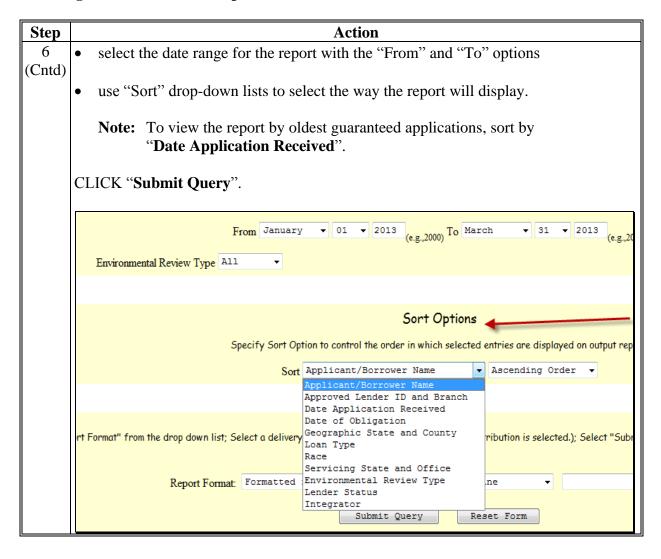
Access guarantee loan reports from GLS. The following report will provide a portion of the information necessary to complete the guaranteed loan making review items.



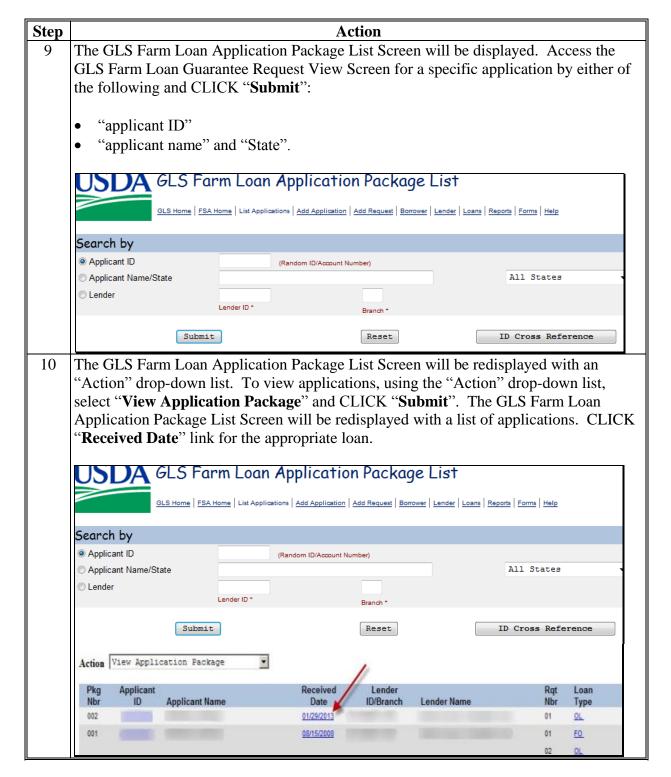


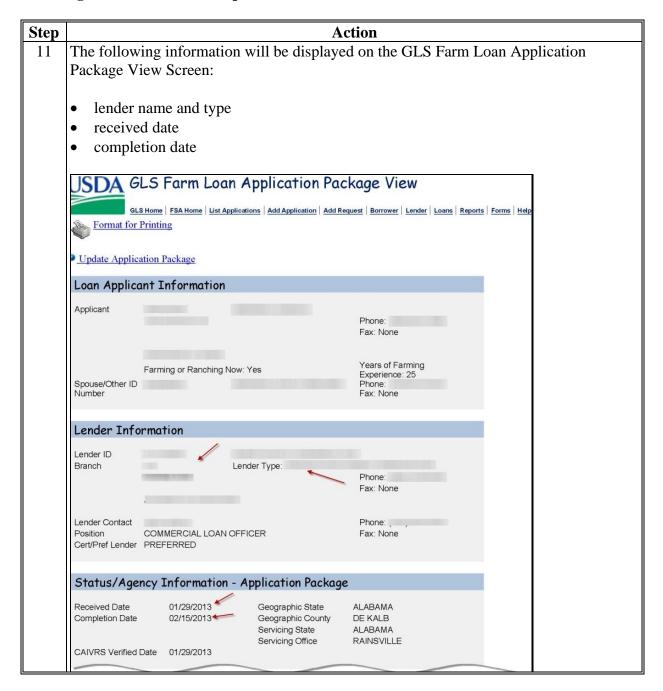


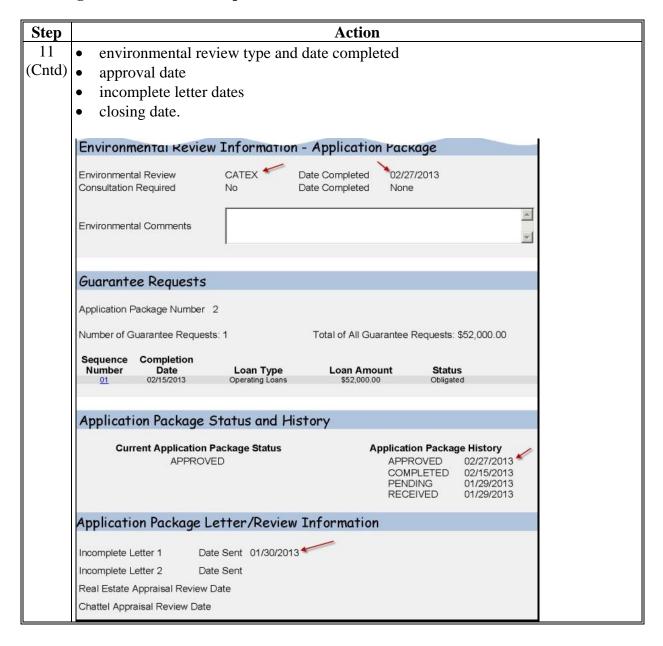




Step			A	ction				
7	The Guaranteed	Loan Application	s Detail	Report v	vill be us	ed to selec	t the appl	ication
		ollowing example		-				
	sorted by date ra	•						
	sorted by date in	inge una nume.						
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	GLSAPP02	4 0		ERVICE AGENC				6.16.55 age:
		Guar	ranteed Loan	Application	s Detail Rep	ort	10	aye.
	Applicant Name	Geo St Cnty						
	Approved Lender	Borrower ID		Date Rec'd		Final Action		
	Integrator	Race	100	something and the	Disposition		Date Cmpl	Amount
	WHITE, JOE LOCAL FARMCREDIT	01 056 111111111 WHITE	01-308 FO	01/07/2013 01/10/2013	01/10/2013	OBLIGATED 01/14/2013	CATEX 01/10/2013	\$450,000.00
	BLUE, SAM	01 056 22222222	01-308 OL	01/07/2013 01/10/2013	APPROVED 01/10/2013	OBLIGATED 01/14/2013	CATEX 01/10/2013	\$9,546.00
0	SMALĹ TOWN BANK LOCAL FOODS	white		olao bo fa	ound on t	ha CI S Ea	rm I oon	
8	SMALL TOWN BANK LOCAL FOODS Application info	rmation by borrov	wer can a					
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D Part A: Quarterly Review

Note: Use the "**Review Area Comments**" section to note issues on which to followup or other comments relevant to the review.

1 "Direct Loan Making: Review Of Direct Loan Applications"

A "Complete/Approved Application File Reviews"

Review 5 applications received since last review; review all if less than 5. Information sources include the following:

- DLS Loan Making Checklist
- DLS Loan Request Detail Screen
- FSA-850 in FBP or Environmental Assessment
- FSA-851
- FSA-2307
- FSA-2308
- OY FLPDM Direct Application Report

	Owestion	Course
1	Question	Source
1:	Applicant Name	Select 5 applications from DLS Reports, Loan Making
		Reports, Direct Applications, and OY FLPDM Direct
		Application Report.
2:	Applicant representation is consistent	Compare the application against the Farm Program
	within all FSA programs (Applicant has	Eligibility report.
	not applied for or received Agency	
	benefits under any other name, entity or	
	identification number)	
3:	Applicant was notified of receipt of	Check the date on FSA-2307 from the borrower case file
	complete application	and DLS Loan Making Checklist.
4:	Applicants were notified within 5 days	Check the date on FSA-2308 from the borrower case file
	of an eligibility determination	and on DLS Loan Making Checklist.
*	5: Appropriate level of environmental	FSA-850 is online under the credit action used to
	review was completed (7 CFR, Part 799,	approve the loan in FBP that documents there were no
	and 1-EQ, Part 3)	impacts to protected resources and there were no
		extraordinary circumstances. Alternatively, an
		environmental assessment has been completed and a
		copy is in the file, if required. Also check that
		FSA-851 has been completed for each tract of real estate
		security*
6:	If application was held over 45 days	Review the DLS Loan Request Detail Screen. This will
	without a loan decision, was a reason	also print out on the Data Mart Application Report if
	entered in DLS?	comments have been inserted.
7:	Credit decision (approval/rejected) was	DLS FLP Application Report. Information should be in
	made within 60 days of receipt of	FBP Credit Action.
	complete loan application	

1 "Direct Loan Making: Review Of Direct Loan Applications" (Continued)

B "Incomplete Application File Reviews"

Review 3 applications received since last review; review all if less than 3. Information sources include the following:

- borrower case file
- DLS Loan Making Checklist
- FSA-2304
- FSA-2305
- OY FLPDM Direct Application Report.

	Question	Source
1:	Applicant Name	Select 3 applications from DLS reports, Loan
		Making Reports, Direct Applications, and OY
		FLPDM Direct Application Report.
2:	Required notifications were sent to	DLS Application Report will show the date that
	applicants within required timeframes	the decision was made. Borrower case files will
		have copies of FSA-2304 and FSA-2305.
3:	Items needed for a complete application	FSA-2304 and FSA-2305.
	are clearly identified in notifications	
		DLS Loan Making Checklist may have
		information if it was entered into DLS "Loan
		Processing" section.
4:	Applicants are notified of required due	FSA-2304 and FSA-2305.
	dates for items needed for complete	
	application	

1 "Direct Loan Making: Review Of Direct Loan Applications" (Continued)

C "Withdrawn Application File Reviews"

Review 3 applications received since last review; review all if less than 3. Information sources include the following:

- borrower case file
- FSA-2304
- FSA-2305
- FSA-2306
- OY FLPDM Direct Application Report.

	Question	Source
1:	Applicant Name	Select 3 applications from DLS reports, Loan
		Making Reports, Direct Applications, and
		OY FLPDM Direct Application Report.
2:	SDA	Application report.
3:	Reason for the withdrawal of application	*FSA-2306 and FBP should be clearly*
	is clearly documented	documented. * * *
4:	A complete application was received	Documented in DLS and on FSA-2001.
5:	If a complete application was not	FSA-2304 and FSA-2305.
	received, an effort was made to obtain a	
	complete application	
6:	ECOA and non-discrimination	FSA-2306 and the borrower case file.
	statements have been included in	
	correspondence to applicant	

1 "Direct Loan Making: Review Of Direct Loan Applications" (Continued)

D "Rejected Application File Reviews"

Review 3 applications rejected since last review; review all if less than 3. Information sources include the following:

- borrower case file
- OY FLPDM Direct Application Report
- rejection letter.

	Question	Source
1:	Applicant Name	Select 3 applications from DLS reports, Loan
		Making Reports, Direct Applications, and
		OY FLPDM Direct Application Report.
2:	SDA	Application report
3:	Reasons for denial including applicable	DLS has a drop-down list to select the
	citations of requirements from CFR are	reasons for denial. This is just a summary, to
	clearly documented in the notification	determine the reason. Review the rejection
	letter to the applicant	letter, if necessary.
4:	Appropriate review/appeal rights were	Review the rejection letter.
	included in the notification letter to the	
	applicant according to 1-APP	
5:	ECOA and non-discrimination	
	statements were included in the	
	notification letter to the applicant	
	according to 1-FLP	

2 "Guaranteed Loan Making: Review Of Guaranteed Loan Applications"

Review 5 applications received since last review; review all if less than 5. Information sources include the following:

- Farm Program Eligibility Report
- FSA-850 or Environmental Assessment

* * *

- FSA-2292
- GLS 2209A report
- GLS Farm Loan Application Package View Screen
- GLSAPP02 Guaranteed Loan Applications Detail Report

	Question	Source
1:	Applicant Name	GLSAPP02.
2:	Lender Name	GLSAPP02, GLS2209A, and GLS Farm Loan
		Guarantee Request View Screen.
3:	Lender Type: 1-SEL, 2-CLP, 3-PLP	GLS2209A and GLS Farm Loan Guarantee
		Request View Screen for each applicant.
4:	Applicant representation is consistent within	Compare the application against the Farm Program
	all FSA programs (Applicant has not applied	Eligibility report.
	for or received Agency benefits under any	
	other name, entity or identification number)	
5:	Lender was notified of incomplete and/or	GLS Farm Loan Guarantee Request View Screen
	complete application within timeframes	for each applicant.
	prescribed in 2-FLP (2-FLP, paragraph 95)	
6:	Eligibility of borrower and loan purposes have	Borrower case file documentation and
	been evaluated; denial/withdrawal are	correspondence and FSA-2292.
	thoroughly documented and appropriate	
	appeal/review rights were provided (2-FLP,	
7.	paragraph 108)	GLS2209A.
7:	Processing times are within timeframes prescribed in 2-FLP for lender type	GLS2209A.
	(2-FLP, paragraph 83)	
*	1 9 1	FSA 850 is in the file that documents there were no
	was completed (7 CFR, Part 799, 1-EQ, Part 3,	
	and 2-FLP, paragraph 208)	impacts to protected resources and there were no extraordinary circumstances. Alternatively an
	and 2-PEF, paragraph 200)	environmental assessment has been completed and
		a copy is in the file, if required. Confirm that
		environmental information has been entered into
		the GLS Farm Loan Application Package View
		Screen. Also check that the lender answered the
		environmental questions on FSA-2211 or FSA-
		2212*
		* * *

3 "Direct Loan Servicing"

A "Delinquent Account Servicing"

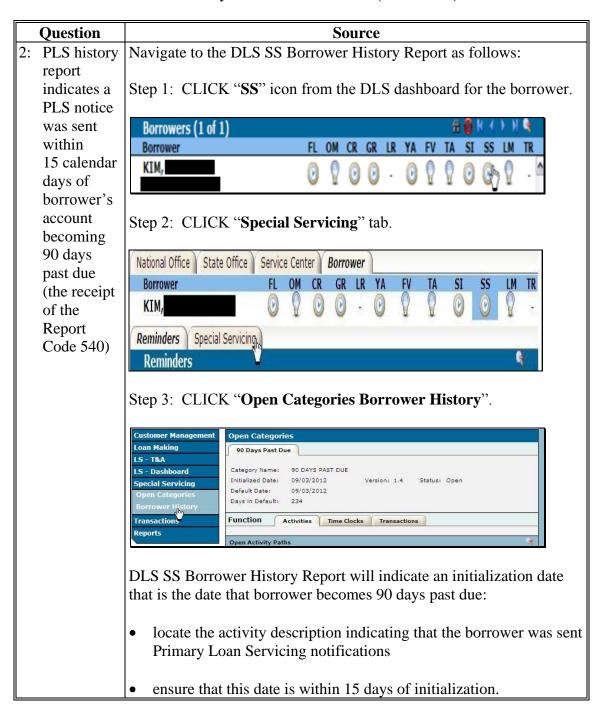
I "Borrowers With Loans 90 Days Or More Past Due"

Review all accounts in this category. Information sources include the following:

- borrower case file
- discussions with Service Center
- DLS Special Servicing (SS) Borrower History Report
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

	Question						So	urce						
1:	Borrower	Status	of Far	m	Loai	n Progra	ms 540), ava	ilab	le fron	n Data	Maı	rt, lists a	all
	Name	borrow	ers w	hο	are '	90 days	or moi	re nas	st du	e. All	borroy	vers	listed i	n
	1 (41110					reviewe		re pu	<i>3</i> c G G		COILO	., 01.	, iibtea i	
		uns sec	ZHOII V	V 11	i be .	ieviewe	u.							
		Farm Loans 54	0			s	tatus of Farm Lo As of: 06/30		S					
						SERVICING O	FFICE LOCATION -		COUNTY	FSA (
		BORROWER NAME				ST CO BORR-ID								
		LOAN SERVIC		FD	LN	UNPAID BA	ALANCES	DAILY INTEREST	INTEREST	DATE OF LAST CASH	PAYMENT STA		SCHEDULED ANNUAL	FY
		INFORMATION O	CODES	CD	NO	INTEREST	PRINCIPAL	ACCRUAL	RATE	PAYMENT	B - BEHIN	D	INSTALLMENT	LN
		BORROWERS WI	TH LOANS 90 D	AYS O	R MORE PA	ST DUE :								
						01 60	AA MALE	NON		PLS				
		202 PDD	1211	41	01	\$4,669.13	\$50,540.62	8.3080	6.0000	12/15/2011	\$3,626.00	В	\$3,713.00	41
			TOTAL			\$4,669.13	\$50,540.62	8.3080					\$3,713.00	1117
						01 32	AA MALE	NON		PLS	1M	08/07		
		307 PDD	0828	41	03	\$6,057.85	\$141,893.66	18.9516	4.8750	06/03/2013	\$7,042.10	В	\$8,274.00	45
		307 PDD	0828	44	04	\$2,860.18	\$78,228.86	9.1088	4.2500	08/20/2012	\$8,573.70	В	\$8,574.00	22
			TOTAL			\$8,918.03	\$220,122.52	28.0604					\$16,848.00	

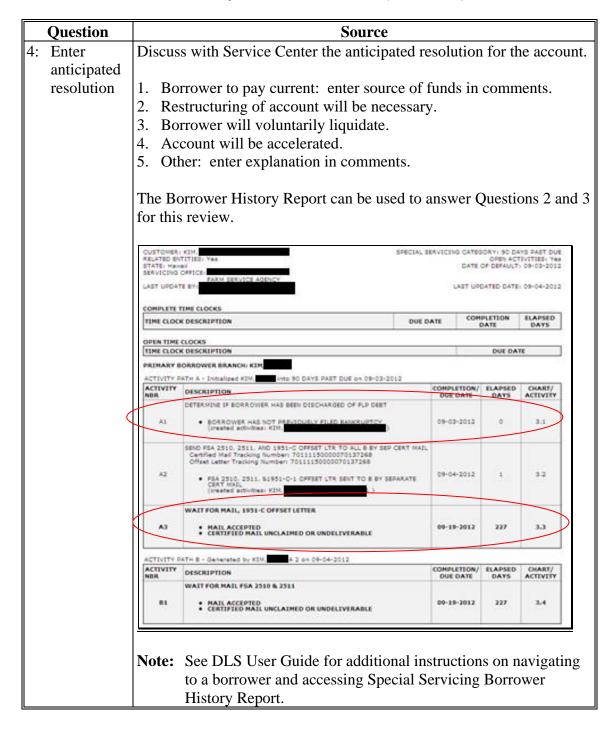
- **D** Part A: Quarterly Review (Continued)
 - 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - I "Borrowers With Loans 90 Days Or More Past Due" (Continued)



- **D** Part A: Quarterly Review (Continued)
 - 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - I "Borrowers With Loans 90 Days Or More Past Due" (Continued)

	Question		Source					
3:	Offset notice	Following	Following the steps in Question 2 to determine if borrower was also					
	was sent at	sent Offse	ent Offset Notifications.					
	the same							
	time as the	After obta	aining the information required for Q	uestions 1 t	hrough 3,			
	PLS notice	review th	ese items with the Service Center.					
	(required							
	when	Borrower I	History					
	account is in	Select one	of the following Category Assignment(s)					
	monetary	Open Categor	ies					
	default)	Select	Category Name	Initiation Date	Date of Default			
		•	90 DAYS PAST DUE	09/03/2012	09/03/2012			
		Closed Catego	ries					
		Select	Category Name	Initiation Date	Completion Date			
		0	CURRENT/FINANCIALLY DISTRESSED BORROWER	06/15/2009	06/16/2009			
		Select the desired version of the Borrower History Borrower History by Branch Borrower History by Branch with Comments Borrower History, Chronological by Activity Submit Under "Open Categories", CLICK "Select" for the borrower and						

- 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - I "Borrowers With Loans 90 Days Or More Past Due" (Continued)



- **D** Part A: Quarterly Review (Continued)
 - 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - I "Borrowers With Loans 90 Days Or More Past Due" (Continued)

	Question	Source
5:	Enter target date	Together, create a target date for when delinquent account may
	for resolution of	be resolved.
	delinquency	

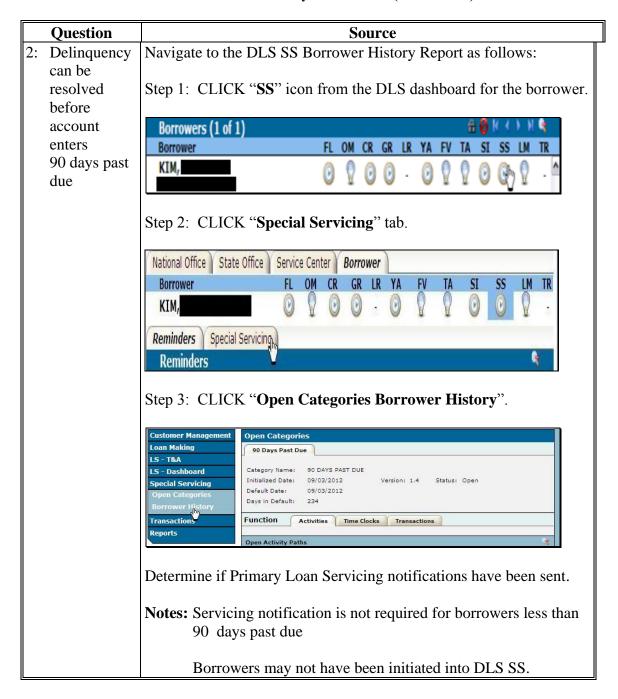
- 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - II "Borrowers With Loans Less Than 90 Days Past Due"

Review all accounts in this category. Information sources include the following:

- borrower case file
- •*--FBP--*
- DLS Special Servicing (SS) Borrower History Report
- discussions with Service Center
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

	Question						So	ource	e			
1:	Borrower	Status o	of Fa	ırm	Loa	ın Prograr	ns 54	10, av	vailable fr	om Data N	Iart,	
	Name	contain	s a s	ecti	on l	isting all	borro	wers	s who are	90 calenda	ar davs	or
	- 101					_				on will be	-	
		more p	ast u	iuc.	All	DOITOWCI	15 1150	.cu ii	i uns secu	on will be	TCVICW	cu.
		Farm Loans 54	0				s of Farm Lo As of: 06/30		S			
						SERVICING OFFICE	ELOCATION -		COUNTY FSA ()			
		BORROW	ER NAME			CASE NUMBER 8T CO BORR-ID						
		LOAN SERVIC						DAILY	DATE OF	PAYMENT STATUS	SCHEDULED	
		INFORMATION C			LN NO	UNPAID BALAN	RINCIPAL	ACCRUAL	RATE PAYMENT	A - AHEAD B - BEHIND	ANNUAL Installment	EY LN
		BORROWERS WI	TH LOANS L	ESS THAN	1 90 DAYS	PAST DUE :						
		/9 PDD	-NO	FM 44	01	\$3.53	AA MA11 \$400.36	NON 0.06/12	4.8750 05/06/2013	\$483.89 15	\$0.00	13
		10100	TOTAL		٠.	\$3.53	\$480.36	0.0642		V	43.55	
		M. 81 PDD	PYIN.	44	23	* 3 V \$58828 \$	VH MALE 15.624.40	NON 0.9631	2 2500 11/17/2011	18/10 B	\$0.00	14
		311142	TOTAL	-	•••		15,624.40	0.9631	101177011		2,7147	

- **D** Part A: Quarterly Review (Continued)
 - 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - II "Borrowers With Loans Less Than 90 Days Past Due" (Continued)



- **D** Part A: Quarterly Review (Continued)
 - 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - II "Borrowers With Loans Less Than 90 Days Past Due" (Continued)

	Question		Source
2:	Delinquency	IF notifications have	THEN
	can be	been sent	use the Borrower History Chart to
	resolved		determine the following:
	before		
	account		• borrower's response
	enters		-
	90 days past		• whether resolution appears likely before
	due		the borrower becomes 90 calendar days
	(Continued)		past due.
		not been sent	*review case file FBP and discuss with*
			the Service Center to complete this
			question.

- 3 "Direct Loan Servicing" (Continued)
 - A "Delinquent Account Servicing" (Continued)
 - II "Borrowers With Loans Less Than 90 Days Past Due" (Continued)

	Question		Source						
3:	3: Anticipated resolution Discuss with Service Center the anticipated resolution for the a								
	100010010	• Bo	errower to pay account current.						
		• Re	structuring of account will be necessary	y.					
		• Ot	her, restructuring not possible.						
		CUSTOMER RELATED EI STATE: SERVICING LAST USDA	OFFICE: FARM SERVICE AGENCY TE BY:	ERVICING C		OPEN AC DATE	FEMALCIALLY DEGRACHER TEVITIES: Yes OF DEFAULT:		
		Control of the	TEME CLOCKS K DESCRIPTION DA	JE DATE		PLETION	ELAPSED DAYS		
		OPEN TIME							
			K DESCRIPTION BORROWER BRANCH: TAMASHIRO,			DUE DA	TE		
		ACTIVITY	PATH A - Initialized CURRENT/FINANCIALLY DISTR		ETION/	02-05-20 ELAPSED	CHART/		
		NBR	DESCRIPTION DETERMINE IF BORROWER IS REQUESTING CONSERVATION CONTRACT OF	DUE	DATE	DAYS	ACTIVITY		
		As	NO (created activities)	OT DOM:	5-2013	10	1.1		
		A2	SEND OR PROVIDE 8 WITH FSA 2512 5 2513 • FSA 2512 5 2513 SENT OR HAND DELIVERED AND SENT TO CURRE (Created administry)	NT 02-1	5-2013	0	1.2		
		A3	WAIT FOR B'S RESPONSE TO FSA 2512 & 2513 B PROVIDES COMP APPLN FOR SERVICES W/IN 80 DAYS B DOES NOT PROV COMPL APPLN W/IN 80 DAYS B BECOMES 90 DAYS PAST DUE BORROWER REQUESTS DIET SETTLEMENT BORROWER REQUESTS DIET SETTLEMENT BORROWER PAYS CURRENT OR IN FULL	04-10	6-2013	63			
		reques place.	to a borrower and accessing the Speci	vicing t is an past du structi	actions ons	ons ha ated to on nav	ve taken be rigating		
4:	Target Date for resolution	accour	History Report. ner with Service Center, create a target nt may be resolved.	date fo	or w	hen de	linquent		
	of delinquency								

3 "Direct Loan Servicing" (Continued)

A "Delinquent Account Servicing" (Continued)

III "Borrowers With Loans That May Require Attention"

Review all accounts in this category. Information sources include the following:

- 4-FLP
- 5-FLP
- borrower case file
- CCC-257
- discussions with Service Center
- FSA-603
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

	Question	Source
1:	Borrower Name	Status of Farm Loan Programs 540, available from Data Mart, lists borrowers with loans that may require attention as well as the flags present on the accounts.
		Farm Loans 540
2:	Account Flag	See to 5-FLP, Exhibit 11 for more information about account flags.
3:	Payments are being made and are current according to an approved plan or agreement	Questions 3 and 4 can be answered after the following: • discussing each account with the Service Center •*reviewing the borrower's case file, and FBP* correspondence
4:	Accounts are serviced according to applicable regulations and/or handbook instructions	 reviewing FSA-603 and CCC-257, if necessary. Note: Use 4-FLP and 5-FLP as sources for any regulations or handbook questions.

3 "Direct Loan Servicing" (Continued)

B "Payments and Collections"

Review a sample of 5 accounts in this category; review all if less than 5. Information sources include the following:

- 3-FI
- 4-FLP
- borrower case file
- CCC-257
- discussions with Service Center
- FSA-603
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

	Question			Source			
1:	Borrower/Account Name	Select 5 accounts from FSA-603 to review. If collection was not made at this Service Center, add the county name where collection was made.					
		borrowe	3 provides information raccounts. This will ports to ensure paying	ll be used for	con	nparison to correctly.	other
		DATE RECEIVED (MM-DD-YYYY)	B. NAME OR I.D. NO. OF REMITTER	ENTER CHECK NO.	IF CASH	D. AMOUNT COLLECTED	E. SCHEDULE NO. FROM FORM CCC-257
		03/29/2013	Doe, John	1754	Î	S 12,671.19	123
		03/29/2013	Smith, Borrower	1562		S 8,764.12	123
		03/29/2013	Happy Hills Farms	2468		S 58.41	123
		03/29/2013	Jones, Michael	1313		S 874.55	123
		03/29/2013	Hillshire Farmland	3999		S 27,894.73	123

3 "Direct Loan Servicing" (Continued)

B "Payments and Collections" (Continued)

	Question			Source	<u>;</u>	
	Payment(s) and collections are applied within prescribed time frames		CC-257 to ensi		ount names, che that deposit is	,
3:	Payment(s) are credited to the account(s) of the correct borrower	"Date Received" column and Status of Farm Loan Programs 540, "Date of Last Cash Payment" column to ensure that the dates match.				
			1, paragraph a eframes for m	-	additional infor sits.	mation about
		CCC-257 (03-02-10)	SCHI	ARTMENT OF AGRICULT Farm Service Agency EDULE OF DEPOS	IT ,	1A. Schedule Date 3/29/2013 1B. Page 1 of 1
		P.O. BO	7 LOCKBOX BANK X 790134 JIS MISSOURI 63179	(N/A N/A	ort Deposit to: for Manual CCC-257's)	_
		A. RECEIPT ID (N/A for Manual CCC-257's)	B. CHECK/ITEM NO.	REMITTE	C. R IDENTIFICATION	D. AMOUNT \$
		N/A	1754	Doe, John		12,671.19
		N/A	1562	Smith, Borrower		8,764.12
		N/A	2468	Happy Hills Farms	l	58.41
		N/A	1313	Jones, Michael		874.55
		N/A	3999	Hillshire Farmlan		27,894.73
4:	Payment(s) are			-	yments receive	
	applied to the			1 -	ents were Regu	
	borrower's loan(s)		Ensure that p	ayments we	re applied corr	ectly to
	according to 4-FLP	loan(s).				
5:	There is a proper				ce Center emp	•
	separation of duties		t the separation	n of duties o	utlined exists i	n the Service
	among employees	Center.				
	handling					
	transactions					

3 "Direct Loan Servicing" (Continued)

C "Chattel Security Accounting"

Review a sample of 5 accounts in this category; review all if less than 5. Review additional files if deficiencies are found. Information sources include the following:

- 4-FLP
- borrower case file and/or FBP
- discussions with Service Center

- FSA-2028
- FSA-2040
- •*--FSA-2045.--*

Question		Sou	ırce					
1: Borrower Name	View 5 borrower accounts that had dispositions in the previous *quarter. Review FSA-2040 and FSA-2045 to ensure that-planned sales match actual sales and that variances are document in FBP.					that*		
	FSA-2040 (12-31-07) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency AGREEMENT FOR THE USE OF PROCEEDS/RELEASE OF CHATTEL SECURITY						osition 1	
	1. NAME 2. CROPYEAR 2012							
	DATE OF SECURITY INSTRUMENT: 1/1/2012 4. BEGINNING DATE OF THIS AGREEMENT: 1/1/2012 Are any listed items in the property descriptions below from a previous Form FSA-2040 (or FSA-1962-01)? If so, indicate below with an asterisk (*), and enter the beginning date of that Agreement.							
	6. PROPERTY DESCRIPTION: Grass Hay							
	PLANNED	Discosition		TUAL		К.		
	Disposition D. E.	F. G. Quantity How	H. Amount of Proceeds	J. Use of Proceeds	Υ	Approved N Date	Initial	
	133 Tona Sall Various 541,500 FSA - 515,245	35 Tone Sell	June \$10,921	FEL	×	06-22-12	jin	
2: Dispositions and proceeds are recorded on *FSA-2040 and FSA-2045	Review FSA-2040, FSA-dispositions: occurred as planned were accounted for were approved. Discuss any discrepancies			etermine	e if	·*		

3 "Direct Loan Servicing" (Continued)

C "Chattel Security Accounting" (Continued)

2	Question		Source								
3:	Funds are released	Revi	iew 4	-FLP, para	graph 163	and ensure	e that p	rocee	ds are applied		
	in accordance	corre	ectly	and release	ed when ap	propriate.	Discu	ss any	discrepancie		
	with the FBP and		-	officers.	-			•	-		
	FSA regulations										
	as applicable										
4:	Work copy of	Revi	Review the most recent work copy of FSA-2028 to verify that it								
	Security		matches any changes to FSA-2040.								
	Agreement has										
	been notated for	Item	s of s	security tha	t have been	n sold, iun	ked, tra	aded.	etc.:		
	any changes in					, J	,	,			
	collateral	• 5	shoule	d be lined o	off of the w	ork conv	of FSA	-2028			
	(FSA-2028)				manner an				•		
	(12112020)		Totate	d as to the	mamici an	d date of c	iisposi	11011.			
		Disc	nice a	ny discren	ancies with	loan offic	PATC				
		Disc	uss a	ily discrepa	ancies with	ioan onic	C15.				
		FSA.202	28 (09-03-1	10)					Page 3 of		
		(c) All f	farm and otl	her equipment (except s							
					(c) All farm and other equipment (except small tools and small equipment such as hand tools, power lawn mowers and other items of like type unless described below), and inventory, now owned or hereafter acquired by Debtor, together with all replacements, substitutions, additions, and accessions thereto, including but not limited to the following which are located						
					and accessions inereto.	including but not limite	ed to the follow	ving which are			
		in ti	ne State(s) o		and accessions thereto,	including but not limite	ed to the follow	ving which are			
		(2)	(3)	of (1)	(5)	(6)	(7)	(8)	e located (9)		
		1 820	- 4001	of (1)	T ess	(37.2) - 10 - 20.1	01 898s I	10.00	e located		
		(2) Line	(3) Quantity	of (1)	(5)	(6)	(7)	(8)	e located (9)		
		(2) Line No.	(3) Quantity	of (1); (4) Kind	(5) Manufacturer	(6) Size and Type	(7) Condition	(8)	e located (9)		
		(2) Line No.	(3) Quantity	(4) Kind	(5) Manufacturer KEWANEE	(6) Size and Type	(7) Condition FAIR	(8) Year	e located (9)		
		(2) Line No.	(3) Quantity 1	(4) (4) Kind DISC TRACTOR	(5) Manufacturer KEWANEE	(6) Size and Type 20 FT 4640	(7) Condition FAIR FAIR	(8) Year	e located (9)		
		(2) Line No. 1	(3) Quantity 1 1	of (1); (4) Kind DISC TRACTOR LISTER SPRING TOOTH	(5) Manufacturer KEWANEE JD R & J	(6) Size and Type 20 FT 4640 8-ROW	(7) Condition FAIR FAIR GOOD	(8) Year	e located (9)		
		(2) Line No. 1 2 3	(3) Quantity 1 1 1 1 1	of (1); (4) Kind DISC TRACTOR LISTER SPRING TOOTH HARROW	(5) Manufacturer KEWANEE JD R & J NOBLE	(6) Size and Type 20 FT 4640 8-ROW 40 FT	(7) Condition FAIR FAIR GOOD FAIR	(8) Year	e located (9)		
		(2) Line No. 1 2 3 4	(3) Quantity 1 1 1 1 1 1	(4) (5) (6) (7) (8) (9) (9) (9) (10) (10) (10) (10) (10) (10) (10) (10	(5) Manufacturer KEWANEE ID R & J NOBLE JD	(6) Size and Type 20 FT 4640 8-ROW 40 FT	(7) Condition FAIR FAIR GOOD FAIR	(8) Year	e located (9)		
		(2) Line No. 1 2 3 4	(3) Quantity 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	DISC TRACTOR LISTER SPRING TOOTH HARROW ROTARY HOE PITCHOUT RIG	(5) Manufacturer KEWANEE JD R & J NOBLE JD R & J	(6) Size and Type 20 FT 4640 8-ROW 40 FT E0400 8-ROW	(7) Condition FAIR FAIR GOOD FAIR FAIR FAIR	(8) Year	e located (9)		
		(2) Line No. 1 2 3 4	(3) Quantity 1 1 1 1 1 1 2	(4) Kind DISC TRACTOR LISTER SPRING TOOTH HARROW ROTARY HOE PITCHOUT RIG PLOW	(5) Manufacturer KEWANEE JD R & J NOBLE JD R & J JD	(6) Size and Type 20 FT 4640 8-ROW 40 FT E0400 8-ROW ROLLOVER	(7) Condition FAIR FAIR GOOD FAIR FAIR FAIR FAIR	(8) Year	e located (9)		
		(2) Line No. 1 2 3 4 5 6	(3) Quantity 1 1 1 1 1 1 2 2 2	of (I); (4) Kind DISC TRACTOR LISTER SPRING TOOTH HARROW ROTARY HOE PITCHOUT RIG PLOW FERT. INJ. PUMPS	(5) Manufacturer KEWANEE JD R & J NOBLE JD R & J JD	(6) Size and Type 20 FT 4640 8-ROW 40 FT E0400 8-ROW ROLLOVER	(7) Condition FAIR FAIR GOOD FAIR FAIR FAIR FAIR FAIR GOOD	(8) Year	e located (9)		
		(2) Line No. 1 2 3 4 5 6 7 8	(3) Quantity 1 1 1 1 1 1 2 2 2	(4) (4) Kind DISC TRACTOR LISTER SPRING TOOTH HARROW ROTARY HOE PITCHOUT RIG PLOW FERT. INJ. PUMPS FERT. TANK IRRIGATION	(5) Manufacturer KEWANEE JD R & J NOBLE JD R & J JD BALDOR	(6) Size and Type 20 FT 4640 8-ROW 40 FT E0400 8-ROW ROLLOVER 1/3 HP 1250 GAL	(7) Condition FAIR FAIR GOOD FAIR FAIR FAIR FAIR FAIR FAIR GOOD FAIR	(8) Year	e located (9)		
		(2) Line No. 1 2 3 4 5 6 7 8 9	(3) Quantity 1 1 1 1 1 1 2 2 3 1	(4) Kind DISC TRACTOR LISTER SPRING TOOTH HARROW ROTARY HOE PITCHOUT RIG PLOW FERT. INJ. PUMPS FERT. TANK IRRIGATION ENGINES	(5) Manufacturer KEWANEE JD R & J NOBLE JD R & J JD BALDOR	(6) Size and Type 20 FT 4640 8-ROW 40 FT E0400 8-ROW ROLLOVER 1/3 HP 1250 GAL 292	(7) Condition FAIR FAIR GOOD FAIR FAIR FAIR FAIR GOOD FAIR GOOD FAIR GOOD	(8) Year	e located (9)		

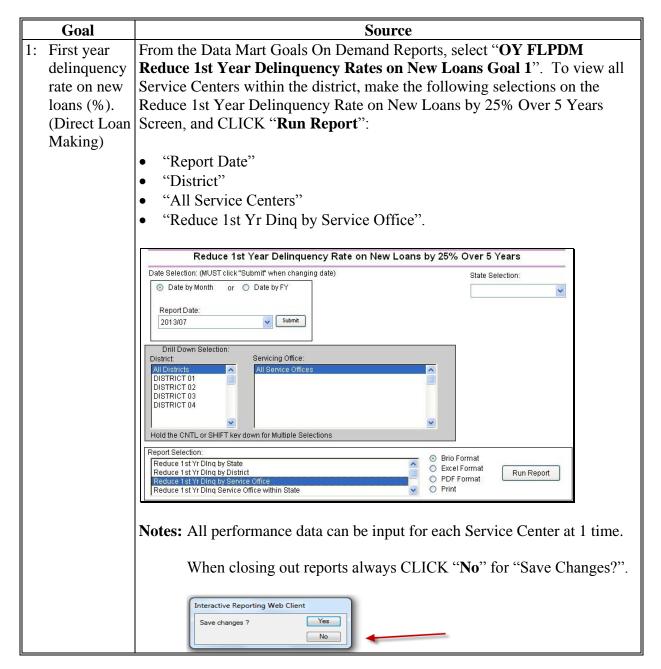
- **3** "Direct Loan Servicing" (Continued)
 - C "Chattel Security Accounting" (Continued)

	Question	Source
5:	FLM follows up	For any unapproved disposition:
	on all apparent	
	unauthorized	•*review borrower case file and FBP*
	dispositions; using	• discuss with loan officer to determine anticipated resolution.
	5-FLP, Exhibit 31	-
	to notify	
	borrowers in all	
	cases and obtains	
	adequate	
	documentation to	
	enable post	
	approval where	
	applicable	

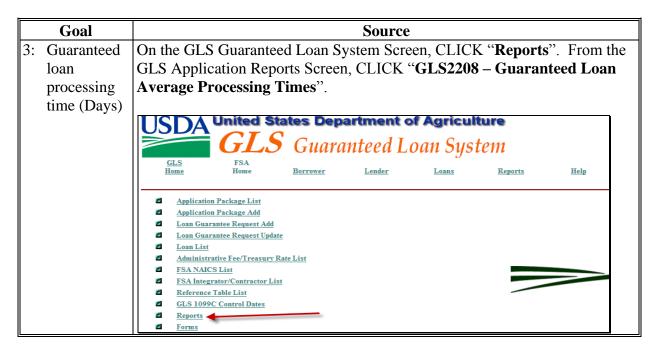
4 "Program Delivery FLP Goals: From FLP goals established by the National Office for your state"

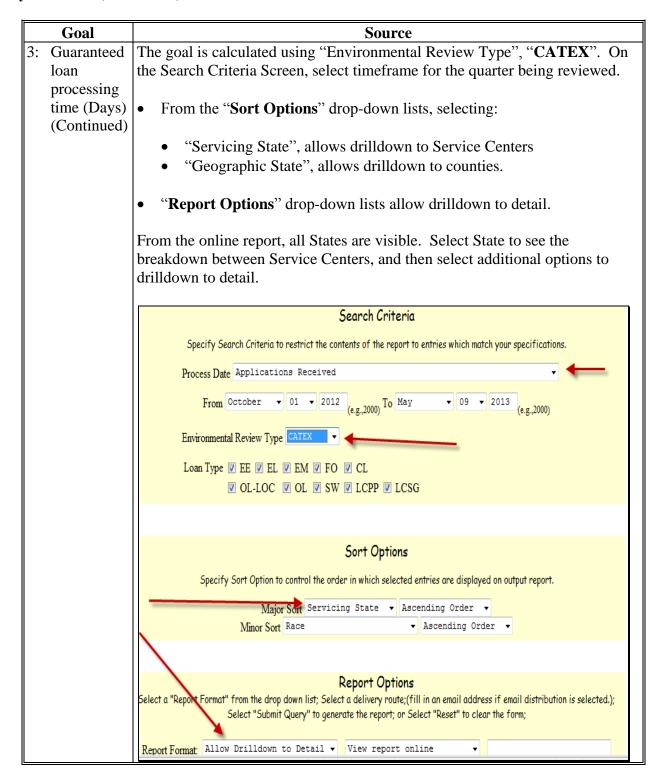
For all goals, enter State goal, Service Center goal, and FLP staff progress. Information sources include the following:

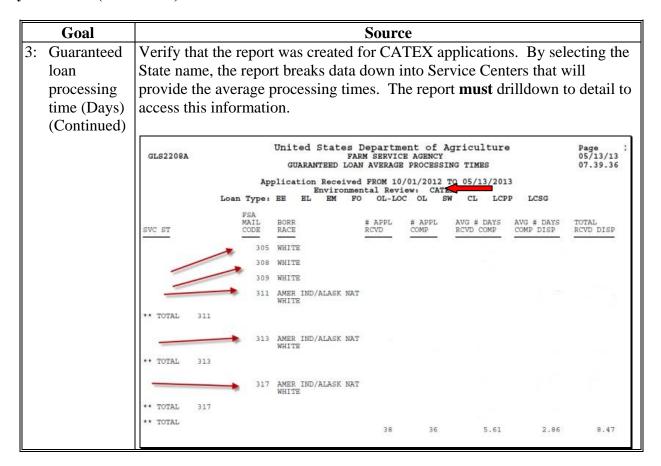
- direct loan making goals are available from Data Mart and Goals OnDemand reports
- guaranteed loan making goals are available from the GLS Reports.

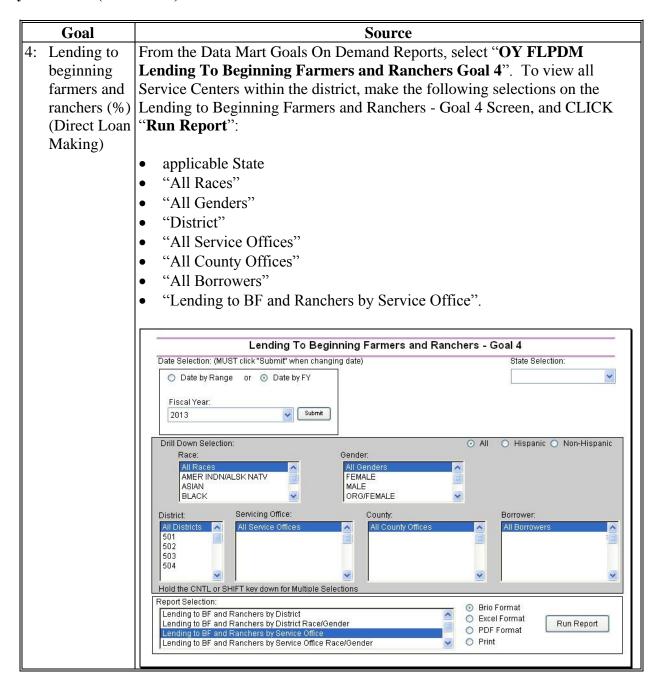


	Goal	Source
2:	Direct loan	From the Data Mart Goals On Demand Reports, select "OY FLPDM
	processing	Reduce Average Processing Times for Direct Loans Goal 2". To view all
		Service Centers within the district, make the following selections on the
	` • ′	Reduce Average Processing Times for Direct Loans - Goal 2 Screen, and
	Making)	CLICK "Run Report":
		• "All Races" and "All Genders"
		"District" and "All Service Offices"
		"All County Offices" and "All Borrowers" "Data to the County Offices" and "All Borrowers"
		• "Reduce Average Processing Times by Service Office".
		Reduce Average Processing Times for Direct Loans - Goal 2
		Date Selection: (MUST click "Submit" when changing date) State Selection: ✓ Date by Range or ⊙ Date by FY
		O bate by Range of O bate by F1
		Fiscal Year: 2013 Submit
		Drill Down Selection:
		All Races All Genders
		AMER INDIVALSK NATV FEMALE MALE MALE
		BLACK ORG/FEMALE District Servicing Office: County, Borrower.
		All Districts A All Service Offices A All County Offices A All Borrowers
		501
		503 504
		Hold the CNTL or SHIFT key down for Multiple Selections
		Report Selection:
		Reduce Average Processing Times by Obstrict Race/Gender Reduce Average Processing Times by Service Office © Excel Format Run Report
		Reduce Average Processing Times by Service Office Race/Gender Reduce Average Processing Times by County Office PDF Format Print

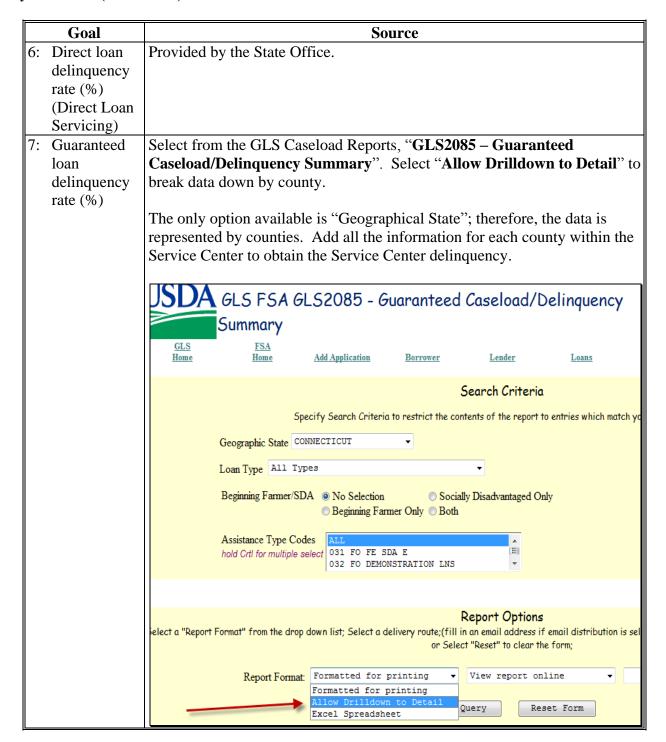








	Goal	Source
5:	Lending to	From the Data Mart Goals On Demand Reports, select "OY FLPDM
	SDA	Lending To Socially Disadvantaged Farmers and Ranchers Goal 5 ". To
	farmers and	view all Service Centers within the district, make the following selections on
		the Lending to Socially Disadvantaged Farmers and Ranchers - Goal 5
	*	Screen, and CLICK "Run Report":
	Making)	
		• applicable State
		• "All Races"
		• "All Genders"
		• "District"
		"All Service Offices"
		"All County Offices"
		• "All Borrowers"
		• "Lending to SDA Farmers and Ranchers by Service Office within State".
		Lending To Socially Disadvantaged Farmers and Ranchers - Goal 5
		Date Selection: (MUST click "Submit" when changing date) State Selection:
		Fiscal Year:
		2013 ▼ Submit
		Drill Down Selection:
		Race: Gender:
		All Races AMER INDN/ALSK NATV FEMALE
		ASIAN MALE ORG/FEMALE
		District: Servicing Office: County: Borrower:
		All Districts A II Service Offices A II County Offices A II Borrowers 01-305 TUSCALOOSA 01AUTAUGA 0022
		502 01-308 ELMORE 02 BALDWIN 0023 05 BLOUNT 0037
		504 01-311 LAWRENCE 06 BULLOCK 0037 07 BUTLER + 0090 +
		Hold the CNTL or SHIFT key down for Multiple Selections
		Report Selection: Lending to SDA Farmers and Ranchers by Borrower Brio Format Street Farmers Brio Format Street Farmers Brio Format Brio Form
		Lending to SDA Farmers and Ranchers by Service Office within State Lending to SDA Farmers and Ranchers by Service Office within State Lending to SDA Farmers and Ranchers by Service Office Race/Gender within St PDF Format
		Lending to SDA rainters and Kantchers by Service Office Race/Gender Spirith St



	Goal	Source
8:	Primary loan	Provided by the National Office to each State.
	servicing	
	processing	
	times (days).	
	(Direct Loan	
	Servicing)	

E Part B: Semiannual Reviews

Semi-annual review items shall be completed for the 2nd and 4th quarters of each FY.

Note: Use the "**Review Area Comments**" section to note issues on which to followup or other comments relevant to the review.

1 Direct Loan Making: Loan Security Instruments

Review 5 new chattel or crop loans; review all if less than 5. Information sources include the following:

- FBP Credit Action Report
- OL FLPDM Borrower Financing Statement Combined Report.

Question	Source
1: Borrower Name	FBP Credit Action Report.
2: Proper UCC Filed	Check the borrower case file to verify the proper UCC filing.
	The offsite option is to create the report from Data Mart Direct Loan
	Servicing/Routine Servicing, OL FLPDM Borrower Financing
	Statement Combined Report.
	UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY DIRECT LOAN SERVICING Borrower Financing Statement Detail Report Status: Active State: District: 01-501 Service Office: All Servicing Offices County: All Counties No Date Selected
	FLP Mail Security Filing Filing Where Instr Alert Expiration Associated Code Servicing Office Borrower Name Case Nbr Instrument Number Date Filed Type Date Date Loans Original A09-0039571 FS 01/22/2009 01-000 CFS 07/22/2013 01/22/2014 44-02
	, Original A 12-0195903 FS 04/09/2012 01-000 CFS 10/09/2016 04/09/2017 44-01, 44-02

1 Direct Loan Making: Loan Security Instruments (Continued)

	Question	Source
3:	Security agreement and	Verify, while in the Service Center, that the promissory note is
	promissory note in safe	filed in the Service Center fire proof safe.
4:	Agreement for Disposition	If applicable, while in Service Center, review agreement from
	of Jointly Owned Property	the borrower case file.
	Obtained	
5:	CCC-10 has been executed	Offsite option is the Service Center scans and e-mails the
	and is in the borrower case	agreement.
	file (3-FLP)	

2 Direct Loan Servicing

A Shared Appreciation Agreements

Review all accounts listed. Information sources include the following:

- 5-FLP
- borrower case file
- FLM discussion
- operational file
- Report Code 565-A, "Borrowers with Expiring Equity Recapture Agreements".

Question	Source
1: Borrower Name	View current and past Reports 565-A sent to Service Centers monthly *by DCIB*
	Review all borrowers with upcoming expirations or Shared Appreciation Agreements that have expired since the last review. Agreement may have matured for a reason other than time.
	This form is available electronically. FSA-2544 U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency REQUEST FOR INFORMATION ON CAPITAL IMPROVEMENTS
	Mr. John Farmer Mrs. Jane Farmer Certified 12123 County Road Four Washington, DC 20250
	Our records show that you have a Shared Appreciation Agreement with the Farm Service Agency (FSA) that has or will soon be coming due. FSA regulations (7 CFR Part 766) allow the value of certain improvements to be deducted from the current market value of your property to determine any shared appreciation due. The improvement has to have been added to the property since you received your writedown from FSA and capitalized on your income taxes. The capital improvements must also meet at least one of the following criteria:
	A. It is your primary residence. If a new residence is affixed to the real estate security for a home which existed on the security property when the SAA was originally executed, or the living area square footage of the original dwelling expanded, only the value added to the real property by the new or expanded portion of the original dwelling (if it added value) will be deducted from the current market value. Living area square footage will not include square footage of patios, porches, garages, and similar additions. B. The item is an improvement to the real estate with a useful life of over 1 year and is affixed to the property. The
	item must have been capitalized and not taken as an annual operating expense on Federal income tax records. You must provide copies of appropriate tax documentation to verify the capital improvements claimed. A copy of FSA-2544 sent to the borrower should be located in the
	borrower case file.

2 Direct Loan Servicing (Continued)

A Shared Appreciation Agreements (Continued)

	Question	Source
2:	Expiration dates	Discuss with FLM how expiration dates are monitored and review
	of agreements	Service Center operational file if necessary.
	are monitored	
3:	Proper	Borrowers who have Shared Appreciation Agreements expiring
	notifications are	within 6 months are sent FSA-2544 notifying the borrower of the
	sent to	upcoming expiration and requesting information about improvements
	borrowers	made to the property.
		This form is available electronically. FSA-2545 (04-25-12) U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency BORROWER NOTIFICATION OF SHARED APPRECIATION DUE
		05/12/2013[
		Farmer Brown CERTIFIED 123 Any Street 10010011100011001010 Farmville, CO 25810
		This notice is to inform you that the Shared Appreciation Agreement (SAA) you executed on <u>05/09/2008</u> has or will soon become due for the following reason:
		The Shared Appreciation Agreement will mature on <u>05/09/2013</u> .
		The Agency has completed a current appraisal on the real estate that secured the Shared Appreciation Agreement and considered any capital improvements that you reported. Based on this information, we have determined that you owe \$12,333.00 in SAA recapture.
		FSA-2545 should be sent to all borrowers who have expired Shared
		Appreciation Agreements.
4:	Expiring	Borrowers with expired Shared Appreciation Agreements must be
	agreements are	notified of the recapture due using FSA-2545. Review borrower
	serviced	case-file documentation and discuss with FLM to determine
	according to 5-FLP	borrower's response to notification.

2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts

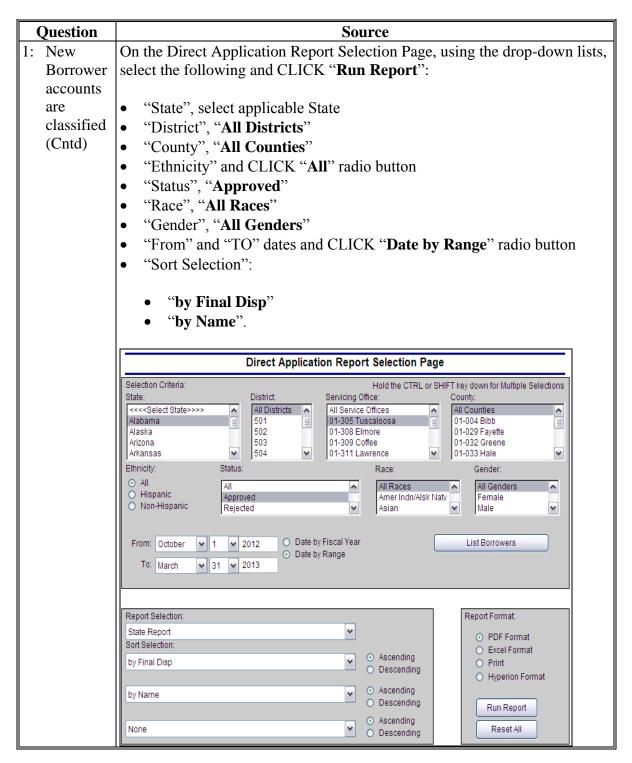
Review requires a count of all accounts that should be classified during the current FY. Information sources include the following:

- borrower case file
- discussions with Service Center
- OY FLPDM Classification Review Workflow Report
- OY FLPDM Direct Application Report.

	Question	Source
1:	New	Verify borrowers approved for new loans had classification reviews
	Borrower	performed on their accounts.
	accounts	
	are	Compare Data Mart Direct Loan Making, OY FLPDM Direct Loan
	classified	Application Report with the Direct Loan Servicing/Routine Servicing,
		OY FLPDM Classification Review Workflow Report. Select the report
		to cover the Service Center and specific review period dates. Save or print
		both reports to use for comparison.
		When pulling the Classification Review Workflow Report, select "In
		Conjunction with a Loan Closing" to limit the search to Classification
		Reviews only.
		Note: Some borrowers may be listed on the Direct Loan Application
		Report, but their loans may not have closed by the end of the period
		covered by the report and may not; therefore, show up on the
		Classification Review Workflow Report.
		Discuss borrowers who were not classified with the Service Center.

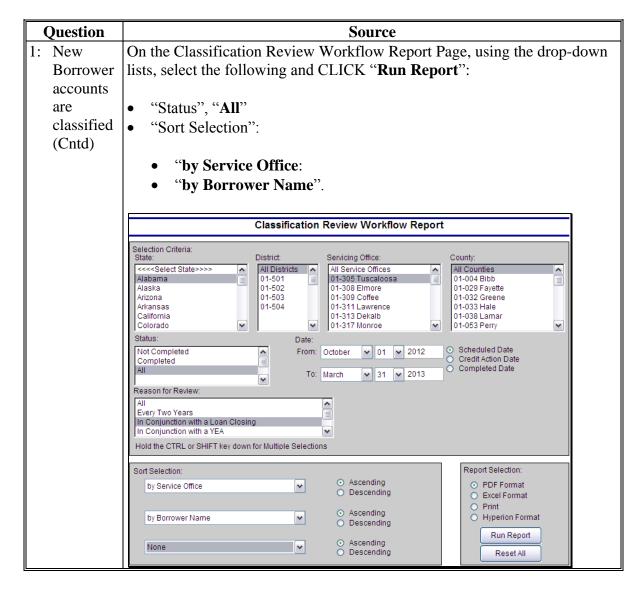
2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts (Continued)



2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts (Continued)



2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts (Continued)

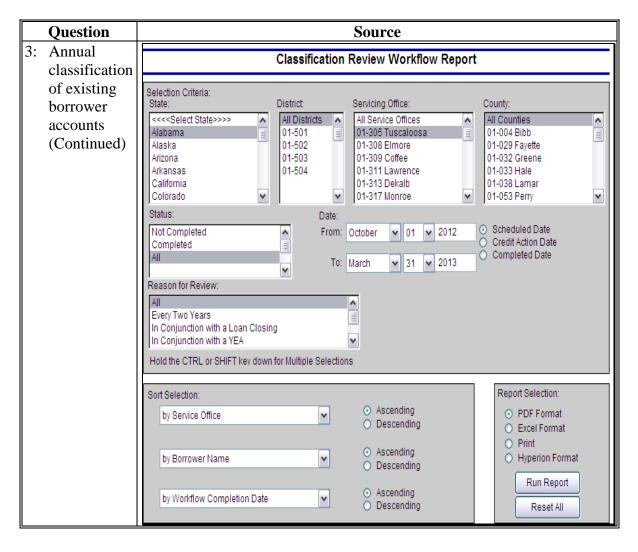
	Question			Source				
2:	FBP	Borrower accounts may be accessed in DLS to view their specific						
	Updated/	classification r	review, determin	e that it ha	as processed.	, and veri	fy an	y
	Transactions	questions or co	oncerns about th	e borrowe	r's classifica	tion.		,
	Processed	1						
		While on Serv	ice Center Dash	board, CL	ICK "Icon"	under "C	R He	ader"
			e Classification	,				
							,	
		Reminders Class	sification Review					
		Reminders						•
		Pending Ren		Due	Alert	□ ਰ		-
		Complete CR		09/30/2010	02/02/2010		II)	9
		Postponed R	teminder					*
		Closed Remi	inder	Due	Closed			- 4
CLICK "Classification Review" tab to access the Classific process, allowing a more detailed view of the classification performed on that account.								
			fication Review					
		Active Reviews						
		Creation Date	Activity Classification Revi	Sumn	nary		S.	
		07/17/2009	© Classification R				2G	~
		Previous Revi	ews	sview		ت ب		C _q
		Completion Da	te Activity	Sumn	nary			
1		06/12/2009	Classification Revi	e.w				(A)

2 Direct Loan Servicing (Continued)

B Classification of Borrower Accounts (Continued)

	Question	Source
3:	Annual classification of existing borrower	From the Classification Review Workflow Report Screen, create a report for the review time period. Using the drop-down lists, select the following and CLICK " Run Report ":
	accounts	• "Status", "All"
		• "Date", "From" and "To", select date range for Classification Reviews that have not been completed and CLICK "Scheduled Date" radio button
		• "Reason for Review", "All"
		"Sort Selection":
		 "by Service Office" "by Borrower Name"
		"by Workflow Completion Date".
		Document the number of classification reviews that need to be completed by the end of review period. Discuss with Service Center the plan to complete any reviews that will need to be completed by the end of the year.
		Notes: For questions about classifying borrower accounts, see to Part 8, Section 4.
		These instructions demonstrate pulling reviews scheduled for the current review period. To include all reviews that should have been completed before the current timeframe, change the From date to further in the past and select a status of "not completed".

- **E Part B: Semiannual Reviews (Continued)**
 - 2 Direct Loan Servicing (Continued)
 - **B** Classification of Borrower Accounts (Continued)



2 Direct Loan Servicing (Continued)

C Year End Analysis

Review requires a count of all accounts that will require YEA during the current FY. Information sources include the following:

- discussions with Service Center
- OY FLPDM Year End Analysis Workflow Report.

	Question	Source
1:	Number of analyses	YEA's are required for all accounts with:
	required this	• new loans
	FY	• chattel subordinations
		PLS or DSA in the previous FY
		financially distressed or delinquent accounts
		accounts with limited resource loans.
		Access from Data Mart, OY FLPDM Year End Analysis Workflow Report for the review time period, to determine if reviews are being completed as required.
		Note : See to Part 8, Section 5, for questions about YEA's.

2 Direct Loan Servicing (Continued)

C Year End Analysis (Continued)

	Question	Source
1:	Question Number of analyses required this FY (Continued)	On the Year End Analysis Workflow Report Screen, from the drop-down lists, select the following and CLICK "Run Report": • "Status", "All" • "Date", beginning of FY to current date and CLICK "Scheduled Date" radio button • "Reason For Review", "All" • "Sort Selection": • "by Service Office" • "by Workflow Completion Date" • "by Borrower Name". Year End Analysis Workflow Report Selection Criteria: State: State: Wear End Analysis Workflow Report
		Selection Criteria: District: Servicing Office: County:
		Sort Selection: by Service Office Ascending Descending Ascending Descending Ascending Descending Ascending Descending By Workflow Completion Date Ascending Descending Ascending Descending Run Report Run Report Reset All

2 Direct Loan Servicing (Continued)

C Year End Analysis (Continued)

	Question				S	ource					
2:	Number of	When revie	When reviewing the Year End Analysis Workflow Report, count the								
	Analysis	number of	YEA's th	nat have	been c	omple	ted. S	Subtrac	et that	numb	er from
	completed	the total nu	imber of	YEA's o	on the r	eport	to dete	ermine	how r	nany 1	remain
	year to date	to be comp	leted.								
3:	Number of										
	Analysis	Discuss a p	olan to co	mplete a	all requ	ired Y	'EA's	with t	he Ser	vice C	enter.
	needed to be										\bigcirc
	completed	FLP Mail			Scheduled	Customer Contacted	Response Received	Credit Action	Credit Action	Completed By	Workflow Completion
	prior to the	Code Svc Office	Borrower Name	Case Nbr	<u>Date</u>	<u>Date</u>	<u>Date</u>	Date	Description	Contractor	<u>Date</u>
	end of the FY	01-305 Tuscaloosa			08/29/2013					N	
		01-305 Tuscaloosa			02/13/2013	02/13/2013	02/13/2013	02/13/2013	2012 Crop Year YEA	N	02/15/2013
		01-305 Tuscaloosa			03/13/2013	03/15/2013	03/15/2013	03/15/2013	2013 5-FLP and OL-Term	N	03/20/2013
		01-305 Tuscaloosa			11/15/2012	11/15/2012	11/15/2012	11/15/2012	2013 Winter Wheat - Post C	N lose	04/19/2013
		cur	mber of c	A's that frame, c	ed/nonc should hange '	comple I have	eted webeen o	orkflo comple	w item	s to a	nswer he

3 Guaranteed Loan Servicing

A Semiannual and Default Status Reports and Delinquent Loan Accounts

Review and discuss the reports with the FLM, FLO, and/or SFLO to complete review items. Information sources include the following:

- 2-FLP, paragraphs 266 and 300
- discussions with the Service Center
- GLS Report Code GLS-2001
- GLS Report Code GLS4265
- GLS Report Code GLSSR02
- GLS Report Code GLSSR04.

	Question	Source
1:	Status reports and default status reports are received	GLS4265, Submitted Status Reports, displays the list of lenders who have submitted a status report.
	from the lenders	Access from GLS Reports, GLS Status Reports, GLS4265 Submitted Status Reports.
2:	Status reports and default status reports are reviewed by FLM	Discuss the office procedure for reviewing of status reports and default status reports with FLM.

3 Guaranteed Loan Servicing (Continued)

A Semiannual and Default Status Reports and Delinquent Loan Accounts (Continued)

	Question	Source
3:	Status reports and default status reports are input into GLS when they are received	Report Code GLSSR02, Past Due Status and Default Status Reports, displays status reports and default status reports that were due and have not been recorded in GLS. This report lists past reports due by borrower.
	are received	Report Code GLSSR04, Past Due Status and Default Status Summary Report, summarizes the total number of lender branches/loans with past due reports.
		Discuss any reports that have not been input into GLS with Service Center.
		The following GLS Report GLSSR04 summarizes reports due.
		CAA172 United States Department of Agriculture GLSSR02 FARM SERVICE AGENCY PAST DUE STATUS AND DEFAULT STATUS REPORT
		TOTAL NUMBER OF LENDER BRANCHES WITH STATUS REPORTS PAST DUE TOTAL NUMBER OF LOANS WITH STATUS REPORTS PAST DUE SERVICING STATE:
		SVC GEO BORR ID/ LOAN/ BORROWER NAME/ DATE REPORT REPORT LOAN ST/CNTY ST/CNTY LNDR ID BRCH LENDER NAME OF LOAN TYPE DUE DATE TYPE
		51, D 11/10/2009 DEFAULT STATUS 06/07/2013 FO 2 001 BANK
		CAA172 United States Department of Agriculture PAGE 2 GLSSR04 FARM SERVICE AGENCY 07/17/2013 Past Due Status and Default Status Summary Report 13.27.15 Total Number of Lender Branches with Status Reports Past Due 9 Total Number of Loans with Status Reports Past Due 15
		Number of Past Number of Past Due Servicing State Due Status Reports Default Status Reports
		£ 2 13

3 Guaranteed Loan Servicing (Continued)

A Semiannual and Default Status Reports and Delinquent Loan Accounts (Continued)

	Question	Source
4:	FLP staff is following-	Discuss the follow-up actions being taken on each account that
	up on servicing actions	is delinquent and/or has an anticipated loss claim with Service
	for delinquent	Center. List all delinquent accounts on this report.
	accounts. FLM is	
	reviewing loss claims	Access from GLS reports, GLS2001, Lists of Delinquent
5:	List delinquent	Borrowers report. The report displays delinquent loan
	accounts	information by mail code for all loans past due.

3 Guaranteed Loan Servicing (Continued)

B Lender Reviews

Review requires a count of loans or accounts for each type of lender. Information sources include the following:

- 2-FLP, paragraph 267
- discussions with Service Center
- GLS Report Code GLS2003
- record count from Operational Files.

	Question	Source
1:	Required Number of	Access from GLS Reports, GLS Status Reports Code
	SEL borrower files to be	GLS2003, Guaranteed Loans by Lender Caseload.
	reviewed for FY	
2:	Number of SEL	Report lists guaranteed loan information by lender ID within
	borrower files reviewed	lender name, giving a total amount by lender.
	year to date	
3:	Required number of CLP	Review and discuss the report with FLM, FLO, and/or
	borrower files to be	SFLO.
	reviewed for FY	
4:	Number of CLP	Review items:
	borrower files reviewed	
	year to date	• (1), (3), and (5) will be determined by the number of
5:	Required number of PLP	borrowers for each lender, and the percentage required to
	borrower files to be	be reviewed based on lender status according to 2-FLP,
	reviewed for FY	subparagraph 267 B.
6:	Number of PLP	
	borrower files reviewed	• (2), (4), and (6) will be determined through discussion
	year to date	with FLM, FLO, and/or SFLO.

F Part C: Annual Reviews

Note: Use the "**Review Area Comments**" section to note issues on which to followup or other comments relevant to the review.

1 Direct Loan Servicing

A Borrower Graduation

Review required for all borrower accounts classified as a "1" or "2". Information sources include the following:

- 4-FLP Part 4
- discussions with the Service Center
- DLS Graduation Review Monitoring Report
- Operational Files.

	Question	Source						
1:	Lender	Each October, an authoriz	ed agend	cy officia	al shall c	ontact lo	cal lenders to	
	surveys are	obtain their underwriting of	obtain their underwriting criteria for making agricultural loans. A					
	completed	summary of this informati	on shou	ld be kep	ot in the (Operatio	nal Files.	
	annually	Review to determine if thi	s inform	ation wa	ıs obtain	ed.		
		For information about borrower graduation requirements, see 4-FLP, Part 4.						
		Lender Agricult	ural Loan U	Inderwritin	g Standards			
			Short-Te	rm Credit				
			Lender	Lender	Lender	Lender	Applicant	
		Date Completed						
		Name						
		Lending Limit					N/A	
		Minimum Loan Size					N/A	
		Percent Equity						
		Percent Repayment Margin						
		Types of Security Required						
		Maximum Loan to Security Value					N/A	
		Maximum Term of Loan					N/A	
		Information gathered from such as 4-FLP, Exhibit 22 and Long Term Credit.						

1 Direct Loan Servicing (Continued)

A Borrower Graduation (Continued)

Question	Source
Question 2: Graduation potential for borrowers is documented in each borrower's *FBP file* and the operational file as appropriate	Graduation reviews should be conducted for all borrowers who classify as a "1" or "2". From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "OY FLPDM Graduation Review Monitoring Report Screen, create the report to the Graduation Review Monitoring Report Screen, create the report to determine borrowers who classify as "1" and "2", but have not yet had a graduation review. Discuss with the Service Center to determine when graduation reviews will be completed for these borrowers. Notes: Answer "Yes" only if all required reviews have been completed for the FY, and explain the Service Center plan of action to complete the reviews. Report can be set up to pull all Graduation Reviews "Not Completed" (CLICK "Scheduled Date") or "Completed" (CLICK "Completion Date") for the Service Center during the current FY. Graduation Review Monitoring Report Selection Criteria: Static: Selection Criteria: Selection
	Sort Selection: by Service Office Ascending Descending Excel Format Print Descending Ascending Hyperion Format Hyperion Format
	by Borrower Name Ascending Descending Run Report Reset All

1 Direct Loan Servicing (Continued)

A Borrower Graduation (Continued)

	Question	Source
3:	Follow-up is completed for borrowers who are asked to graduate	Borrower accounts that are determined eligible for graduation will be submitted to local lenders using a borrower prospectus similar to 4-FLP, Exhibit 24. 4-FLP, Exhibit 24 is used to determine local lender interest in refinancing a specific operation.
	g	Discuss the status of any borrower that has been asked to graduate with the Service Center. 4-FLP, Exhibit 24
		(Use Agency Letterhead format with local return address.)
		BORROWER PROSPECTUS
		Dear:
		FSA is required to determine if direct loan applicants can obtain commercial credit with an FSA loan guarantee. Also, FSA direct loan borrowers must be referred to commercial lenders for guaranteed or nonguaranteed financing when they appear to meet the lending criteria of a cross-section of local lenders. Your institution is among those that asked to receive prospectus information on all such FSA applicants and borrowers. Therefore, we have attached financial summary information on the following borrower for your review and consideration:
		Name Eligible for Total Amount Estimated Lender Use FSA Loan Existing FSA Term Production Loan Do Not Guar. Loan(s) Needed Refer Refer YES NO

1 Direct Loan Servicing (Continued)

A Borrower Graduation (Continued)

	Question	Source
3:	Follow-up is	If lenders exhibit interest in refinancing, the borrower is provided with a
	completed	letter similar to 4-FLP, Exhibit 25, instructing them to begin the process
	for	of refinancing the FSA debt.
	borrowers	
	who are	4-FLP, Exhibit 25 is used to notify borrowers that lenders are interested
	asked to	in refinancing their FSA debt. Borrower responses to this letter should
	graduate	*be documented in FBP*
	(Continued)	
		4-FLP, Exhibit 25
		(Use Agency Letterhead format with local return address.)
		LETTER TO NOTIFY BORROWERS TO REFINANCE THEIR FSA INDEBTEDNESS
		Dear:
		The financial progress you have made since receiving your Farm Service Agency (FSA) loan(s) has been reviewed. You should take pride in the progress you have made. We share that pride with you and are pleased that we may have been of service.
		Your FSA loan and security instruments require you to refinance the unpaid balance of your loan(s), when you have progressed to the extent that you can obtain credit from responsible cooperative or commercial lenders.
		Lenders have been contacted to determine their requirements and the availability of credit to new customers. We have evaluated your financial progress, together with the lender requirements, and find that you should now be able to secure satisfactory credit to pay your FSA loan(s). Therefore, we request that you refinance your [Enter type of loan, FO, OL, etc] loan(s) in full.
		This approximate balance is \$

1 Direct Loan Servicing (Continued)

B Subordinations

Review all accounts with outstanding subordinations. Information sources include the following:

- 4-FLP Part 6
- borrower case files
- discussions with Service Center
- DLS Outstanding Subordination Report
- DLS Subordination Request Report.

	Question			Source			
1: 2:	Borrower Name FLP staff is monitoring subordination Source FLP staff is monitoring subordination Source FLP staff is monitoring subordination Source FLP staff is monitoring subordination Report Screen, create the report to get list of all borrowers with outstanding subordinations. Discuss all outstanding subordinations with the Service Center to that the accounts are being monitored and serviced. Note: The following example report is set to provide information single Service Center. The report will contain information outstanding subordinations.		From the generate a to ensure tion for a				
			Outstanding	Subordinations Rep	oort		
		Selection Criteria: State: <<< <select state="">>>> Alabama Alaska Arizona Arkansas California Colorado Connecticut Delaware</select>	District All Districts 01-501 01-502 01-503 01-504	Hold the CTF Servicing Office: All Service Offices 01-305 Tuscaloosa 01-308 Elmore 01-309 Coffee 01-311 Lawrence 01-313 Dekalb 01-317 Monroe	Cc	key down for Multiple Selection (1): Il Counties 11-004 Bibb 11-029 Fayette 11-023 Greene 11-033 Hale 11-033 Lamar 11-053 Perry 11-054 Pickens 11-050 Sumter	ections
		Sort Selection: by Service Office by Borrower Name None	*	Ascending Descending Ascending Ascending Descending Ascending Descending		Report Selection: PDF Format Excel Format Print Hyperion Format Run Report Reset All	

1 Direct Loan Servicing (Continued)

B Subordinations (Continued)

	Question	Source
3:	Matured loans have been paid off and the original subordination document has been returned marked "paid-in-full"	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "OY FLPDM Subornation Request Report". From the Subordination Request Report Screen, create the report for the current FY to determine any subordination that has been paid-in-full during the year. For all subordination requests made during the current FY select the following and CLICK "Run Report": • "Status", "All" • "Date", "From" and "To", select all FY to date and CLICK "Request Date" radio button • "Sort Selection": • "by Service Office" • "by Borrower Name".
Subordination Request Report		Subordination Request Report
		Selection Criteria: State: District: Servicing Office: Servicing Office: Ounty: All Doubties O1-501 O1-501 O1-502 O1-503 O1-504 O1-504 O1-504 O1-504 O1-308 Elmore O1-309 Coffee O1-309 Coffee O1-303 Hale O1-038 Lamar O1-04 Bibb O1-029 Fayette O1-039 Fayette O1-038 Fayette O1-
		Date: From: October
		Sort Selection: by Service Office Ascending Descending Ascending Descending Ascending PDF Format Excel Format Print Hyperion Format Run Report Run Report Reset All

1 Direct Loan Servicing (Continued)

B Subordinations (Continued)

	Question	Source
3:	Matured loans	Ensure that the original subordination document was marked
	have been paid	paid-in-full and returned.
	off and the	
	original	The final column of the report indicates the date the subordination
	subordination	was paid-in-full.
	document has	
	been returned	
	marked	
	"paid-in-full"	
	(Continued)	

1 Direct Loan Servicing (Continued)

C Chattel Security Accounting

Review a sample of 5 borrower accounts; review all if less than 5. Review more files if deficiencies are found. Information sources include the following:

- borrower case file
- •*--FBP--*
- discussion with Service Center officials
- DLS Borrower Financing Statement Combined Reports
- DLS Farm Visit Workflow Report
- OY FLPDM Status of Farm Loan Programs 540 (Routine Servicing).

Question		Source
1:	Borrower	Select 5 chattel-secured borrowers at random from Data Mart Direct
	Name	Loan Servicing/Routine Servicing, OY FLPDM Status of Farm Loan
		Programs (540) Report.

1 Direct Loan Servicing (Continued)

	Question	Source				
2:	UCC filings have been properly continued or amended as applicable and the	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "OY FLPDM Borrower Financing Statement Combined Report". From the Borrower Financing Statement Detail/Monitoring Report Screen, create the report for a specific borrower selected from the 540 report. To create a report for a specific borrower select the following and CLICK "Run Report":				
	management system has been updated for correct follow-up date	 "Status", "All" "Date", "From" and "To", desired range and CLICK "No Date Selected" radio button "Report Selection", CLICK "Detail Report" radio button "Borrower", locate and select the borrower. 				
		Borrower Financing Statement Detail/Monitoring Report				
		Hold the CTRL or SHIFT key down for Multiple Selections Selection Criteria:				
		State: District Servicing Office: County:				
		Active Terminated All To: March ▼ 31 ▼ 2013 No Date Selected Alert Date Expiration Date				
		Report Selection: Detail Report Monitoring Report				
		Sort Selection: by Service Office Ascending Descending Excel Format Print				
		None Ascending Descending None Ascending Run Report Reset All				

1 Direct Loan Servicing (Continued)

	Question	Source		
2:	UCC filings	Review the resulting Borrower Financing Statement Detail Report to see		
	have been	if the borrower select has:		
	properly continued or amended as	financing statements that are in need of continuation		
	applicable and the	expired financing statements		
	management system has been updated	• followup dates (displayed on the screen as "Alert Date") listed for the next action on the financing statement.		
	for correct follow-up Report will indicate the last filing/continuation date and the next expiration date.			
date (Continued)		ate:		
		Duty		

1 Direct Loan Servicing (Continued)

	Question	Source
3:		From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "OY FLPDM Farm Visit Workflow Report". From the Farm Visit Workflow Report Screen, create the report for Chattel Inspection to determine if chattel security has been inspected this year. To create the report for chattel inspections only, select the following and CLIC! "Run Report": • "Status", "All" • "Visit Type", "Chattel Inspection" • "Date", "From" and "To", select desired range and CLICK "Scheduled Date" or "Completion Date" radio button.
		Farm Visit Workflow Report
		Selection Criteria: State: District: Servicing Office: County: All Districts All Service Offices All Counties O1-501 O1-501 O1-502 Arizona Arizona Arkansas California Colorado V Status: Not Completed Comp
		Sort Selection: by Service Office Ascending Descending Excel Format Print Print Hyperion Format Report Selection: PDF Format Excel Format Hyperion Format Run Report Run Report Reset All

1 Direct Loan Servicing (Continued)

	Question	Source
3:	Annual	The Chattel Inspection Report will indicate date of completed or
	inspections of	scheduled inspections, based on selection made on the Farm Visit
	chattels are	Workflow Report Screen.
	completed as	
	required Discuss with Service Center the plan for ensuring chattel security is	
	(Continued)	accounted for on inspections that have not been completed.

1 Direct Loan Servicing (Continued)

D Limited Resource Reviews

Review 5 limited resource borrower accounts; review all if there are less than 5.

Information sources include the following:

- 4-FLP, Part 3
- borrower case file
- DLS Limited Resource Review Monitoring Report
- documentation, discussion with Service Center officials.

Question	Source
1: Borrower Name	From the Data Mart DLS Loan Servicing, Routine Servicing Reports, select "OY FLPDM Limited Resource Review Monitoring Report". From the Limited Resource Review Monitoring Report Screen, create the report for all completed reviews. Report options can be changed to provide all "Status", "Completed", or "Not Completed" reviews.
	Limited Resource Review Monitoring Report
	Selection Criteria: State: County: All Districts District All Service Offices All Counties District All Service Offices District All Service Offices District Districts District All Service Offices District District Districts District Dist
	Sort Selection: by Service Office Ascending Descending Excel Format Print Print Hyperion Format By Borrower Name Print Hyperion Format
	None O Ascending O Descending Run Report Reset All

1 Direct Loan Servicing (Continued)

D Limited Resource Reviews (Continued)

	Question	Source			
2:	Analysis is	Using the Limited Resource Review Monitoring Report, view all			
	completed	reviews that were completed or not completed during FY. After			
	and continued	creating the report for "Completed" reviews, create a second report for			
	need for LR	reviews "Not Completed".			
	rates is				
	documented	Discuss with Service Center any reviews that have not been completed.			
-	in FBP				
		Examine borrower case files to ensure that analysis documentation and			
		limited resource rate determination has been made as part of all limited			
		resource rate reviews.			
		Review 4-FLP, Part 3 and discuss with Service Center if there are issues			
		with their determination.			
		Don't			
		UNITED STATES DEPARTMENT OF AGRICULTURE Page 1 07/17(20)(3			
		UNITED STATES DEPARTMENT OF AGRICULTURE			
		UNITED STATES DEPARTMENT OF AGRICULTURE 07/17/2013 FARM SERVICE AGENCY 03:49 PM			
		UNITED STATES DEPARTMENT OF AGRICULTURE 07/17/2013 FARM SERVICE AGENCY DIRECT LOAN SERVICING			
		FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report			
		FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report tate: State: State: All Districts All Districts			
		FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report tate:			
		FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report tatus: Not Completed table: listict: All Districts lenvice Office: All Servicing Offices			
		TARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report talus: Not Completed tale: Ustrict: All Districts emice Office: All Servicing Offices County: All Courties chaduled Date: 1001/2012 - 09/30/2013 FLP Current			
		FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report talus: Not Completed tale: Institic: All Districts Lenice Office: All Servicing Offices County: All Courties Cheduled Date: 10.01/2012 - 09/30/2013			
		FARM SERVICE AGENCY DIRECT LOAN SERVICING Limited Resource Review Monitoring Report tals: Not Completed tale: Ustrict: All Districts entice Office: All Servicing Offices County: All Courties chaduled Date: 1001/2012 - 09/30/2013 FLP Mail Fd Cd Date Loan Interest Scheduled Effective Completed			

2 Program Delivery

A Supervised Bank Accounts

Review all borrower files with supervised bank accounts. Information resources include the following:

- •*--FBP--*
- discussion with the Service Center
- FSA-2140
- FSA-2142
- notices.

Note: SBA is an approved abbreviation in 1-CM, Exhibit 102 that stands for "Small Business Administration"; however, because of software programming, SBA in the following table stands for "Supervised Bank Accounts".

	Question	Source
1:	Borrower Name	FSA-2142.
2:	The need for an SBA is documented by FLM/FLO	Borrower case file running record and FBP credit presentation.
3:	Borrower has consented to continued use of the SBA	1-FLP, subparagraph 101 B and FSA-2140.
	DD or State Office has documented concurrence or non-concurrence with the use of an SBA and the reasons for concurrence or non-concurrence -in FBP*	1-FLP, subparagraph 101 C and DD *documentation in FBP*

2 Program Delivery (Continued)

B Program Promotion

Meet with 2 to 4 randomly selected borrowers and/or guaranteed lenders to ascertain the quality of program delivery in the Service Center.

	Question	Source
1:	Met with 2-4 randomly selected borrowers and/or	Discussion with borrowers and/or
	guaranteed lenders to ascertain the quality of	*lenders. FBP documentation*
	program delivery in the Service Center.	required.

G Part D: Additional Reviews

Note: This section is mandatory for all Service Centers that had FLPRA or COR reviews.

1 "Farm Loan Program Risk Assessment (FLPRA) Reviews"

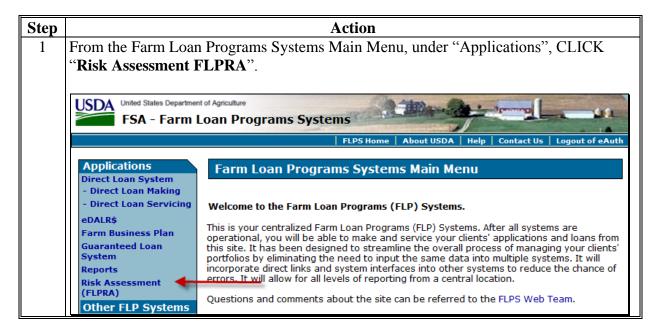
Mandatory to be completed within 1st quarter following the FLPRA review.

	Question	Source
1:	Date of FLPRA Review	All review scores are entered in the FLPRA database along with
	by State Office	the review date.
2:	Date findings were	This date may or may not be the review date entered in FLPRA
	discussed with FLP	database. Check with the Service Center or State Office for this
	staff	date if not present when discussed.

DD should be a part of the State FLPRA process for Service Centers they oversee by:

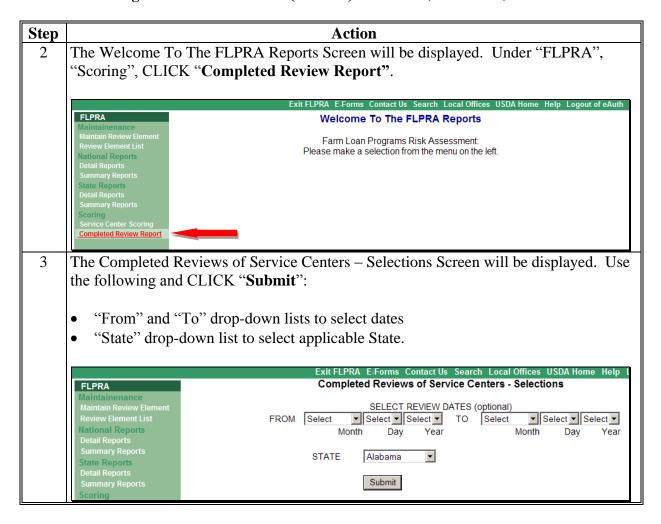
- being present when reviews are conducted and the findings are discussed with the FLP office
- annually reviewing FLPRA scores to be aware of the risk and potential risk of these offices.

Follow these steps to access Service Center FLPRA scores.



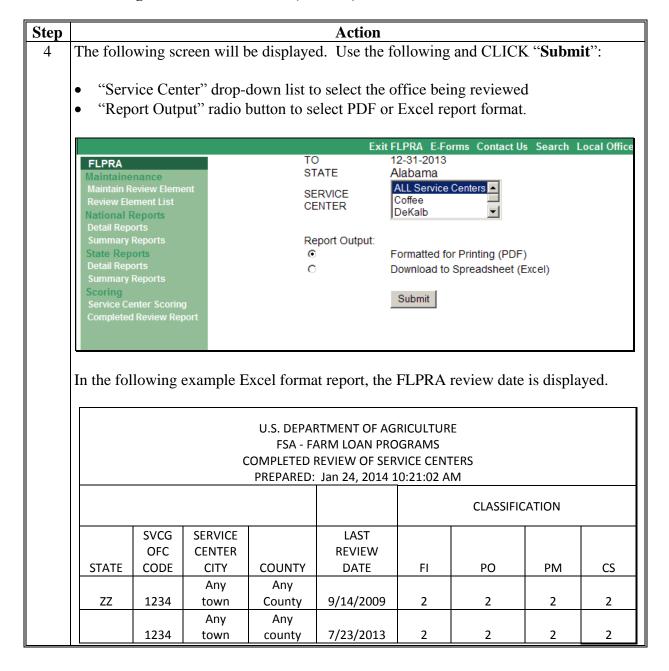
G Part D: Additional Reviews (Continued)

1 "Farm Loan Program Risk Assessment (FLPRA) Reviews" (Continued)



G Part D: Additional Reviews (Continued)

1 "Farm Loan Program Risk Assessment (FLPRA) Reviews" (Continued)



G Part D: Additional Reviews (Continued)

Note: This section is mandatory for all Service Centers that had FLPRA or COR reviews.

2 "County Operations Reviews"

Mandatory to be completed within 1st quarter following the COR review.

	Question	Source
1:	Date of COR Review	Check with the Service Center or State Office
		for the date if not present for review.
2:	Date findings were discussed with FLP	Check with the Service Center or State Office
	staff; strategy developed for correcting	for the date if not present when discussed.
	deficiencies and preventing further	
	occurrences of review findings	

DD should be:

- a part of the COR process for the Service Centers they oversee
- present when COR review is conducted and the findings discussed with the FLP office.

H Part E: Certification District Director Signature

Certify oversight reports by entering the following:

- DD's signature
- DD's name
- date signed.

Note: Oversight reports are locked when DD or proxy submit the report or after the due date, whichever comes first, and does **not** allow anyone to add, modify, or delete review information.

I Example of Completed Oversight Report

The following is an example of a completed oversight report.

Report Print Page Page 1 of 9 Report Generated On: 7/22/2013 FSA 2101 U.S. Department of Agriculture Farm Service Agency DD FLP OVERSIGHT REPORT GUIDE First Quarter Report For Reviews Completed for the Period of 10/1/2011 through 12/31/2011. (District Director should complete this review before 1/31/2012.) 3.SERVICE CENTER 1.STATE 4.FISCAL YEAR 2.DISTRICT NUMBER 1 Service Center Part A. Quarterly Review 1. Direct Loan Making: Review Of Direct Loan Applications A. Complete/Approved Application File Reviews 1. Applicant Name 2. Applicant representation is consistent within all FSA programs (Applicant has not applied for or received Agency benefits under any other name, entity or identification number) 3. Applicant was notified of receipt of complete application 4. Applicants were notified within 5 days of an eligibility determination 5. Appropriate environmental assessment completed 6. If application was held over 45 days without a loan decision, was a reason entered in DLS? 7. Credit decision (approval) was made within 60 days of receipt of complete loan application (2)(3)(5) (1) (4)(6)(7). . . Yes Yes Yes Yes NΑ Yes Yes Yes Yes Yes NA Yes Part A. Quarterly Review 1. Direct Loan Making: Review Of Direct Loan Applications B. Incomplete Application File Reviews 1. Applicant Name 2. Required notifications were sent to applicants within required timeframes 3. Items needed for a complete application are dearly identified in notifications 4. Applicants are notified of required due dates for items needed for complete application (2)(1) (3)(4)Yes Yes Yes Yes Yes Yes Yes Yes Yes Part A. Quarterly Review 1. Direct Loan Making: Review Of Direct Loan Applications

1. Applicant Name

C. Withdrawn Application File Reviews

- SDA
- 3. Reason for the withdrawal of application is clearly documented

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- 4. A complete application was received?
- 5. If a complete application was not received, an effort was made to obtain a complete application
- 6. ECOA and non-discrimination statements have been included in correspondence to applicant

(1)	(2)	(3)	(4)	(5)	(6)
	Yes	Yes	No	Yes	Yes
	Yes	Yes	No	Yes	Yes
	Yes	Yes	No	Yes	Yes

Part A. Quarterly Review 1. Direct Loan Making: Review Of Direct Loan Applications D. Rejected Application File Reviews

- 1. Applicant Name
- 2. SDA
- Reasons for denial including applicable citations of requirements from CFR sections are dearly documented in the notification letter to the applicant
- 4. Appropriate review/appeal rights were included in the notification letter to the applicant according to 1-APP
- 5. ECOA and non-discrimination statements were included in the notification letter to the applicant according to 1-Fl

(1)	(2)	(3)	(4)	(5)
-	No	Yes	Yes	Yes
	No	Yes	Yes	Yes

Part A. Quarterly Review 2. Guaranteed Loan Making: Review Of Guaranteed Loan Applications

- 1. Applicant Name
- 2. Lender Name
- 3. Lender Type
- Applicant representation is consistent within all FSA programs (Applicant has not applied for or received Agency benefits under any other name, entity or identification number)
- 5. Lender was notified of incomplete and/or complete application within timeframes prescribed in 2-FLP
- Eligibility of borrower and loan purposes have been evaluated; denial/withdrawal are thoroughly documented and appropriate appeal/review rights were provided
- 7. Processing times are within timeframes prescribed in 2-FLP for lender type
- 8. Appropriate environmental assessment completed

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Federal Land Bank	PLP	Yes	Yes	Yes	Yes	Yes
	,	Federal Land Bank	PLP	Yes	Yes	Yes	Yes	Yes
		Bank	PLP	Yes	Yes	Yes	Yes	Yes
ļ		Farm Credit	PLP	Yes	Yes	Yes	Yes	Yes

Part A. Quarterly Review 3. Direct Loan Servicing A. Delinquent Account Servicing I. Borrowers With Loans 90 Days Or More Past Due

- 1. Borrower Name
- PLS history report indicates a PLS notice was sent within 15 calendar days of borrower's account becoming 90 dar past due.

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- 3. Offset notice was sent at the same time as the PLS notice (required when account is in monetary default)
- 4. Enter anticipated resolution
- 5. Enter target date for resolution of delinquency

(1)	(2)	(3)	(4)	(5)
٠	Yes	Yes	5- Other: enter explanation in comments	03/31/2012
-	Yes	Yes 1- Borrower to pay current: enter source of funds in comments		02/29/2012
. '	Yes Yes 1- Borrower to pay current: enter source of funds in comments		01/18/2012	
	Yes	Yes	5- Other: enter explanation in comments	03/30/2012
	No	NA	5- Other: enter explanation in comments	02/29/2012

Part A. Quarterly Review 3. Direct Loan Servicing A. Delinquent Account Servicing II. Borrowers With Loans Less Than 90 Days Past Due

- 1. Borrower Name
- 2. Delinquency can be resolved before account enters 90 days past due
- 3. Anticipated Resolution
- 4. Target Date for resolution of delinquency

(1)	(2)	(3)	(4)
	Yes	Borrower to pay account current.	01/04/2012
	Yes	Borrower to pay account current.	02/03/2012
	Yes	Borrower to pay account current.	02/10/2012
a.	No	Borrower to pay account current.	03/30/2012
•	Yes	Borrower to pay account current.	03/27/2012
	No	Borrower to pay account current.	05/25/2012
	Yes	Borrower to payaccount current.	01/18/2012
	Yes	Borrower to payaccount current.	01/18/2012
	Yes	Borrower to pay account current.	01/18/2012
	No	Borrower to pay account current.	06/29/2012
	No	Borrower to payaccount current.	09/07/2012
	Yes	Borrower to payaccount current.	03/29/2012
-	Yes	Borrower to pay account current.	03/01/2012
<u>-</u>	Yes	Borrower to payaccount current.	02/27/2012
-	Yes	Borrower to pay account current.	03/01/2012
	Yes	Borrower to payaccount current.	02/17/2012
	No	Borrower to pay account current.	03/30/2012

Part A. Quarterly Review 3. Direct Loan Servicing A. Delinquent Account Servicing III. Borrowers With Loans That May Require Attention

- 1. Borrower Name
- 2. Account Flag

Report	Print Page		Page 4	of 9
3. 4.		nade and are current according to an approved plan or agreemen according to applicable regulations and/or handbook instruction		
(1)		(2)	(3)	(4)
	· +	SAA (Subject to Approved Adjustment)	Yes	Yes
	•	SAA (Subject to Approved Adjustment)	Yes 1	Yes
:		SAA (Subject to Approved Adjustment)	Yes Y	Yes
	-	BAP (Bankruptcy Action Pending)	Yes Y	Yes
<u>.</u> .	,	ACL (Accelerated)	No 1	Yes
-		BAP (Bankruptcy Action Pending)	Yes !	Yes
L		CAP (Court Action Pending)	No 1	Yes
-		ACL (Accelerated)	No 1	Yes
		ACL (Accelerated)	No 3	Yes
ì		BAP (Bankruptcy Action Pending)	Yes ?	Yes

Part A. Quarterly Review 3. Direct Loan Servicing B. Payments And Collections

- Borrower/Account Name.(If collection was not made at this service center, also add the county name where collection was made.)
- 2. Payment(s) and collections are applied within prescribed time frames
- 3. Payment(s) are credited to the account(s) of the correct borrower
- 4. Payment(s) are applied to the borrower's loans according to 4-FLP
- 5. There is a proper separation of duties among employees handling transactions

(1)	 (2)	(3)	(4)	(5)
	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes
-	Yes	Yes	Yes	Yes
-	Yes	Yes	Yes	Yes

Part A. Quarterly Review 3. Direct Loan Servicing C. Chattel Security Accounting

- 1. Borrower Name
- 2. Dispositions and proceeds are recorded on FSA-2040
- 3. Funds are released in accordance with the FBP and FSA regulations as applicable
- 4. Work copy Security Agreement has been notated for any changes in collateral
- FLM follows up on all apparent unauthorized dispositions; using Exhibit 31 to notify borrowers in all cases and obtains adequate documentation to enable post approval where applicable

	(1)	(2	2)	(3)	(4)	(5)
		Ye	es	Yes	Yes	NA
		Ye	es	Yes	Yes	NA
		Ye	es	Yes	Yes	NA
ſ						

Report Print Page					Pag	ge 5 of 9
		Yes	Yes	Yes	NA	A
		Yes	Yes	Yes	N/	A .
Part A. Quarterly Review 4. Program D Office for your state	Delivery FLP Goals	: From Fl	P goals es	tablished b	y the Na	tional
FLP Goal State Goal Service Center Goal FLP Staff Progress						
(1)				(2)	(3)	(4)
First year delinquency rate on new loans (%)				8.0	0	0
Direct loan processing time (Days)				30	0	0
Guaranteed loan processing time (Days)				12	0	0
Lending to beginning farmers and ranchers (%)				27.60	0	0
Lending to SDA farmers and ranchers (%)				31.90	0	0
Direct loan delinquency rate (%)				8.50	0	0
Guaranteed loan delinquency rate (%)				2.00	0	0
Primary loan servicing processing time (%)				60	0	0
Date of FLPRA Review by State Office Date findings were discussed with FLI			w Area is not a	applicable for	this repor	ting peri
_	here are no files	to revie	w			
Part D. ADDITIONAL REVIEWS (Mand 2. County Operations Reviews (COR)				er following	the rev	iew)
	V	This Revie	w Area is not a	applicable for	this repor	ting peri
Date of COR Review Date findings were discussed with FLI	P staff					
TI	nere are no files	to revie	ew.			
Part E. CERTIFICATION District Direct	tor Signature					
District Director Signature Name of District Director Date						
(1)	(2)		(3)			
. Т			01/	30/2012		

	Report Generated On: 7/22/2			
Comments and Action Items Report First Quarter Report				
1.STATE	2.DISTRICT NUMBER D-01		3.SERVICE CENTER Service Center	4.FISCAL YEAR 2012
Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Applications ► (Record)				
Comment 2nd letter shoul	ld have been dated and mailed on	11/22	2. Actually dated 11/23. 1st letter dated 11	1/02.
Quarterly Rev File Reviews			view Of Direct Loan Applications ▶ pplication Was Received? (Review	
Response No Comment Application with	hdrawn.			
Quarterly Review ► Direct Loan Making ► Review Of Direct Loan Applications ► Withdrawn Application Reviews ► A Complete Application Was Received? (Review Item)				
Response No Comment Complete Appli	ication was not received.			
	view ► Direct Loan Making ►		view Of Direct Loan Applications >	· Withdrawn Application
Comment				
Applicant is nov	w working on a new application.			
Quarterly Rev File Reviews			view Of Direct Loan Applications ▶ ete Application Was Received? (Re	
Response				
No				
Comment				
	ot provide all requested information			
Quarterly Rev Days Or More			Delinquent Account Servicing ► Bo Enter Anticipated Resolution (Rev	
Response				
	explanation in comments			
Comment				
	ot return calls. Field visit planned.			
Quarterly Rev Days Or More			Delinquent Account Servicing ► Bo Record)	orrowers With Loans 9
Comment				

I Example of Completed Oversight Report (Continued)

Report Print Page Page 7 of 9

Borrower waiting on sales of wheat crop stored in grain bin. Borrower should pay current.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9

Days Or More Past Due ► (Record)

Comment

Paid current at time of review.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9

Days Or More Past Due ► " Enter Anticipated Resolution (Review Item)

Response

5- Other: enter explanation in comments

Comment

Borrower may request restructuring.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9

Days Or More Past Due ► ___ ► PLS History Report Indicates A PLS Notice Was Sent Within 1

Calendar Days Of Borrower's Account Becoming 90 Days Past Due. (Review Item)

Response

No

Comment

Payment recieved prior to past due. \$40.00,UCC 1 filing fee to SOS. This is a no-monitary default. FLM is processing a request to STO stating that this is non-recoverable.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans 9

Days Or More Past Due ► ► Enter Anticipated Resolution (Review Item)

Response

5- Other: enter explanation in comments

Comment

Applicant paid loan off. UCC 1 filing fee of 40.00 is owed due to filing with SOS taking place prior to payoff of loan. Applical has been notified of payment due.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Anticipated Resolution (Review Item)

Response

Borrower to pay account current.

Comment

Paid Current

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► _ ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

Response

Νo

Comment

Borrower pays late.

Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)

I Example of Completed Oversight Report (Continued)

Report Print Page Page 8 of 9
Response
No No
Comment
Borrower pays late
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Anticipated Resolution (Review Item)
Response
Borrower to pay account current.
Comment
Paid Current
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► Anticipated Resolution (Review Item)
Response
Borrower to pay account current.
Comment
Paid Current
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► _ ► Anticipated Resolution (Review Item)
Response
Borrower to pay account current.
Comment
Paid Current
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► _ ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)
Response
No
Comment
Borrower always pays late. FLO will follow up.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ➤ Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)
Response
No
Comment
Borrower always pays late. Last year offset gov. travel.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans Less Than 90 Days Past Due ► ► Delinquency Can Be Resolved Before Account Enters 90 Days Past Due (Review Item)
Response
No
Comment

I Example of Completed Oversight Report (Continued)

Report Print Page Page 9 of 9
FLO to follow up with borrower.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ►(Record)
Comment
Graham indicated payment had been mailed.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)
Response
No
Comment
OIG conducting review.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)
Response
No No
Comment
Case referred to WDC.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)
Response
No
Comment
Collection actions underway. Cattle to be picked up.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► ► Payments Are Being Made And Are Current According To An Approved Plan Or Agreement (Review Item)
Response
No No
Comment
Collection actions underway. Cattle to be picked up and sold.
Quarterly Review ► Direct Loan Servicing ► Delinquent Account Servicing ► Borrowers With Loans That May Require Attention ► (Record)
Comment
In process liquidating security.

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1. Background 2/

The Farm Service Agency (FSA), an agency of the U. S. Department of Agriculture (USDA), makes and services loans secured by real estate. FSA needs appraisal reports to complete various direct loan making and loan servicing responsibilities. The Statement of Work (SOW) addresses FSA's requirements for farm/ranch, other than residential, real estate appraisal services.

2. Objective 2/

FSA intends for the Vendor to perform a real estate appraisal and to provide appraisal reports in a PDF version to FSA by the specified date. Timely delivery of the appraisal report is critical to the success of FSA's meeting its mission and providing loan assistance to farmers. The real properties with any described fixtures and chattels are to be appraised on any format allowed by Uniform Standards of Professional Appraisal Practices (USPAP). All appraisals must meet current USPAP's standards as of the effective date of the appraisal.

3. Scope 2/

The purpose of this SOW is for FSA to obtain a market value (12 CFR 34.42 (g)), see attached Exhibit 1, for definition of "Market Value," appraisal of a property by the described completion date. The appraiser is to fulfill the appraisal process and appraisal reporting standards of the USPAP in effect as of the effective date of the appraisal. Farm real estate appraisals shall be completed in accordance with USPAP and any other appraisal assignment conditions.

The appraiser shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Appraisal Order form or Purchase Order, and Engagement Letter by the specified date. This SOW applies to all farm and ranch appraisals for FSA.

Typically, the appraiser will appraise the property's fee simple interest in the "as is" condition unless otherwise stated in the engagement letter. Any additional improvements to the property described in the engagement letter would be considered "as improved." "As is" condition is the condition of the property as you find it during your inspection. FSA defines fee simple interest to include the air, surface, subsurface rights mineral estate and water rights, if applicable and observed or known easements/encumbrances.

FSA regulations require that the appraiser take into consideration at a minimum the three approaches to value: Sales Comparison approach, Cost approach and the Income approach. If the appraiser determines that any approach is not applicable it will be adequately explained in the Scope of Work of the appraisal report as required by USPAP. --*

4. Period of Performance 2/

Typically, the period of performance is 30 calendar days from the date of the Engagement Letter or the Purchase Order unless otherwise defined. The appraiser should realistically estimate the timeframe to complete the appraisal assignment. The appraisal report must be received by the requesting office described in the engagement letter and/or work order. A request for an extension of the delivery date must include the reason for the extension and the timeframe that the appraisal report will be completed. Requests for an extension can be submitted via e-mail to the Appraisal Point of Contact (APOC) or the Contracting Officer (CO), if a purchase order was issued, as described in the work order. Written authorization for the extension or modification will be an e-mail response from the Agency.

5. Work Requirements 2/

The appraiser is to fulfill the appraisal process and reporting standards of the USPAP in effect as of the effective date of the appraisal. Farm real estate appraisals shall be completed in accordance with USPAP and any other assignment conditions as further defined in this SOW or the engagement letter.

5.1 FSA's Appraisal Requirements

In general, FSA has specific appraisal conditions and requirements for completing and reporting the market value of farm or ranch real estate and will be considered as to be part of the Appraisal Assignment. The specific conditions and requirements are described in this section.

5.1.1 Appraiser 1/

The appraiser conducting the appraisal must have a current Certified General License (or equivalent permit) for the state in which the subject is located or can obtain a temporary license from the State where the Subject property is located. No other individual may provide assistance with the appraisal development process without prior written consent from FSA.

5.1.1.1 Notification Requirement of Individual Providing Assistance/Approval 1/

If the appraiser will have an associate or assistant appraiser, who is registered with the State, providing assistance with the development of the appraisal assignment the appraiser or will visit the subject property must notify the APOC in writing and receive written approval. Clerical support and normal information gathering is an exception for approval. The appraiser will provide FSA information as follows:

- Associate's name
- State license or registration number, if provided by the State
- Length of employment with vendor or explanation of association if not an employee
- If background investigation has been completed by the State. Provide the date that the background investigation information was provided to the State.

Note: Date of license or registration certification would meet this requirement with a statement that background information was submitted with application for license/registration. --*

If the State has not completed a background investigation, or the requirement of submitting fingerprints, and it is necessary for the individual to provide assistance with the development of the appraisal assignment, FSA may require their own background investigation. In this case, the APOC will provide additional information.

5.1.2 Access to Property 1/

FSA requires that vendor to notify the property owner prior to accessing the property. The vendor shall provide the applicant or the FSA representative the opportunity to accompany the vendor on the property inspection. If the property owner is unavailable or considered uncooperative, the vendor may request assistance and/or guidance from the APOC to coordinate inspection of the property and/or obtaining assistance from a FSA representative.

The authorization to provide appraisal services is the engagement letter. If requested by the property owner the vendor shall provide the engagement letter to the owner as justification to inspect the property and to obtain information necessary for the appraisal assignment.

5.1.3 Client and Intended User

Generally, FSA will be named as the Client and intended user. FSA will advise the vendor if there are additional intended users and they will be listed after FSA. The additional intended user may not require the vendor to do more than FSA requirements would have otherwise done, unless directed by FSA. The FSA Borrower/Applicant will not be listed as an intended user.

5.1.4 Appraisal Process

The appraiser shall follow the real estate appraisal process and reporting standards of the USPAP in effect as of the effective date of the appraisal. The appraiser will need to consider the following requirements of the subject property in the appraisal process:

5.1.5 Intended Use

The stated intended use of the appraisal may have specific requirements that must be considered. If the intended use is not identified in this section of the SOW then FSA has no additional requirements.

Loan servicing intended uses have additional and specific work requirements and are described in Exhibit 4.

5.1.6 Use of Subject Property as a Comparable Sale 1/

FSA prohibits the use of the subject property's pending sale as a comparable unless prior written consent from the Lead Regional Appraiser (LRA) or Chief Appraiser (CA) has been obtained. If consent is not granted the Subject properties pending sale cannot be used as a primary comparable in any of the approaches to value.

5.1.7 Subject Sales History

At least a 3-year sales history of the property will be documented. --*

5.1.8 Legal and Physical Access to Subject Property

The legal access to the subject property parcels will be considered. The appraiser cannot just assume that there is legal access to all parcels. The appraiser must determine that legal access is a reasonable assumption. If the appraiser cannot make a reasonable assumption of legal access or if there are any individual parcels that appear to be land locked and there is no recorded easement for ingress/egress or access from a publicly owned roadway, the appraiser will contact the APOC for further instructions.

The appraisal report will document in the section that describes the subject property the opinion regarding ingress/egress to all individual parcels.

The appraiser will document in the appraisal report the information provided and the final decision by the APOC regarding any ingress/egress concerns. Any hypothetical conditions or extraordinary assumptions, as approved by FSA, will be documented as required by USPAP.

Estate rights should be consistent with subject and comparable sales.

5.1.9 Approaches to Value

The report must explain why an excluded approach is not necessary for credible results. Each approach to value will be reconciled with the strengths and weaknesses. "Explained" is not a defined term in USPAP and therefore has no special meaning. A dictionary definition of explain is "to give the reason for or cause of." The USPAP requirement to include an explanation for the exclusion of an approach to value from the analysis is necessary to provide the client and other intended users with insight into the appraiser's decision as to why the analysis was not performed.

Consider the following approaches to value as part of the appraisal assignment.

5.1.9.1 Sales Comparison Approach 1/

Typical Sales Comparison methodology is defined as a set of procedures in which the appraiser derives a value by comparing the property being appraised to similar properties that have recently been sold, applying the appropriate units of comparison; identifying elements of comparison, and applying the quantitative or qualitative adjustment of each element of comparison to the sale price of comparable sales. Quantitative adjustments are the preferred measure of adjustment.

If the appraiser determines that a different method of analysis, beyond quantitative, for the Sales Comparison approach would be appropriate, then the appraiser must obtain prior approval from APOC. Quantitative and limited qualitative combined analysis is acceptable. Any qualitative adjustment or analysis must be adequately discussed and supported in the appraisal report.

The appraisal report will include:

- Element of comparison identified and explained
- Market data on each comparable sale used to develop land category ratios or similar methodology recognized by the industry, land values, and land and building adjustments
- The contributory value of all improvements, which should be adequately described to include: fences, corrals, irrigation, drainage, tile drainage, ponds, farmstead site improvements, roads, timber, buildings, etc. --*

- The condition and utility of all improvements
- Where appropriate, the current land category ratio for the area with support and explanation
- A land mix grid or similar recognized by the industry to support the land adjustments and an improvement mix grid for the building adjustments
- Adjustments and/or non-adjustments to the comparable sales will be fully explained, documented and supported within the appraisal report.

5.1.9.2 Cost Approach

The appraisal report must contain information on how the depreciation was extracted from the market data and used to determine contributory values for the subject property's improvements. If market data is not available, the appraisal report will state as such and the conclusion will be supported. In this situation the Age/Life method can be used and should be adequately documented.

5.1.9.3 Income Approach

The analysis must clearly show calculations of the capitalization rates or discount rates of each comparable sale and the calculations on the subject property's net income and value. Cash rent, crop share, and owner-operator are all recommended approaches depending on the subject's market.

5.1.10 Hazards

Appraisers are asked to be alert to stored chemicals, hazardous wastes, underground storage tanks, etc., which may be found on the property being appraised and document these observations and/or concerns in the appraisal report. The appraiser will advise the APOC of any hazards that will impact value before proceeding any further in the appraisal process. Hazards that impact value will be adequately documented in the appraisal report. Any Underground Storage Tanks (USTs) will require the appraiser to immediately contact the APOC or Ordering Official (OO) for further direction.

5.2 Reporting Requirements 2/

Reporting requirement of information should be sufficient in detail to answer all important questions that the client or reader might pose as to the physical characteristics of the property. Reporting requirements that are described in this section that are optional the Vendor may use judgement in providing information. The report will include relevant information that supports a credible report, value, assumptions, conclusions and methodology.

5.2.1 Legal Characteristics

Any impacts of legal characteristics shall be summarized such as: zoning, easements, contracts, entitlements, encumbrances, water rights, irrigation, wind rights/easements, partial interests, permits, etc. Legal characteristics should be supported from the market if value adjustments are required. Adequately "describe" (not state) zoning to include building eligibility, minimum lot size, and other pertinent factors when applicable for the market area. --*

5.2.2 Physical Characteristics

Any impacts of physical characteristics shall be discussed such as access, soil characteristics, water features, view, topography, drainage, climate, configuration, site and structure improvements, permanent plantings, etc. Physical characteristics adjustments should be supported from the market if value adjustments are required. Land classification should be based on the market of the subject and sales. Address fixtures and personal property and ensure there is adequate justification for classification and valuation of personal property and fixtures.

5.2.3 Irrigation Equipment and Other Personal Property

Fixtures or personal property, as described by the Appraisal Order Form, should be described in the appraisal report in detail with model and serial number as appropriate. The classification and the valuation of the personal property should be adequately justified. If the model and/or serial numbers are not available the appraisal should disclose this in the appraisal report and document the steps taken to obtain the model and serial numbers.

Any fixtures for the irrigation system should be included in the appraised value unless the fixture is considered to be personal property, like hand lines, that are not part of FSA's security and should not be appraised with the real property.

5.2.4 Economic Characteristics

Any impacts of economic characteristics shall be discussed such as productivity, production and ownership costs, rents, gross and net income, etc. Economic characteristics should be supported from the market if value adjustments are required. Review and summarize production contract(s) for specialized agricultural facilities. Discuss the general market economics and/or the economics of the specialized agricultural facilities.

5.2.5 Highest and Best Use 1/

The appraiser shall distinguish between the Highest and Best Use (H&BU) of the property as if it were vacant and as currently improved. H&BU will be adequately discussed in the H&BU analysis including each of the four criteria; legally permissible, physically possible, financially feasible and maximally productive. The report will clearly identify, explain, and justify conclusions for each use. Land and improvements must be valued with a "consistent use" concept. The H&BU determination will determine what appraisal reporting format is acceptable.

The appraiser will use the H&BU as the basis of the appraisal valuation process to determine market value.

5.2.6 Approaches to Value

FSA regulations require that the appraisal will document the results when considering the three approaches to value, as determined to be applicable and necessary, except as provided in the scope of work as defined by USPAP. --*

5.2.7 Subject Property

All structural improvements shall be inspected including the section of the interior of major buildings. If physical inspection is not possible the vendor should contact the APOC. The report will document the following on the subject property:

- Colored aerial photos of the subject property that identifies the cropland or other important physical characteristics
- Soils map, description and capabilities analyzed for the major soils groups. If unavailable please note.
- Clear color photographs of the significant improvements, land types, all permanent plantings, pumping stations, filter systems, effluent handling systems, timber resources, and other notable features.
- Improvements that have contributory value shall be measured and dimensions verified. The verified dimensions shall be based on square footage or volume. The appraisal report will provide a listing of improvements including components that are considered to contribute to the overall structure value, i.e. porch, patio, decking, loading dock, etc. FSA recommends that for residential structures the information may be documented on the Marshal & Swift Form 1007. Similar format may be used that provides similar detail as the M&S Form 1007. Such documentation may be an addendum to the appraisal report.
- If there is a dwelling(s), a legible sketch of the dwelling's room layout. Sketch should provide basis for determining structure size. May be hand drawn.
- New Construction documentation in the appraisal report shall include a copy of a blueprint, draft, and/or sketch, provided to the Appraiser. Summarize cost estimates for the project.
- Include information concerning leasehold interests.
- Property plat or aerial map showing roads (public and private), field layout, building location, topography, present cropping use, etc. Major improvements should be labeled.
- Discuss the domestic water source and the location of the source. Include well record or log with identified location, if applicable.
- FEMA Floodplain and Mudslide Hazard map with the subject property boundaries marked, location of dwelling(s) and major structures identified and provides the FEMA map number, zones identified and FEMA map date:
 - with determination report (FEMA 81-93) if requested in work order or engagement letter
 - if subject is within a flood plain
 - if improved with structures

5.2.7.1 Water Rights

See Exhibit 5 for information for reporting requirements on water rights. --*

5.2.7.2 Fee Simple Estate, Minerals, Oil, Gas, Timber and Wind

Typically, the appraiser will appraise the property's fee simple interest in the "as is" condition unless otherwise stated in the engagement letter. Refer to subparagraph 3 (Scope) for definition of fee simple estate. Consideration of oil, gas, minerals, timber, wind, etc., and their possible influence on the value of the subject property must be discussed in the appraisal report. For oil, gas, minerals, timber, wind, etc. that are present and have market value, the vendor shall contact the APOC to receive further guidance. FSA 2164 may be used or other applicable method or technique that meets USPAP requirements. If at any time during the appraisal process the appraiser of record discovers the estate being appraised is not fee simple the appraiser will immediately contact the APOC for consultation.

5.2.7.3 Market/Production Contract

If a market/production contract is in place, or will be in place (for new construction), on which the value of the subject property is dependent upon (i.e. poultry contract), then an analysis of the relationship of the contract to the subject's real property and how the contract impacts the value of the real property must be explained in the appraisal report, as well as how the market treats the contracts and the contract operations. A copy of the contract will be attached in the addenda of the report if in place or a letter of intent from the integrator. Similar sales with similar contracts should be used to value the subject if a market/production contract is in place, or will be in place.

5.2.8 Comparable Sales

Sales should be selected that have similar attributes of the subject and should be adequately analyzed. The minimum comparable sales data will be documented:

- Aerial photo or topography map with the property boundaries marked
- Soils map with the property boundaries marked
- Soils Information. Provide information as to the soil symbol, soil name, estimated percentage of soil type, soil classes and if possible the estimated percentage of each class.
- Plat map that clearly identifies the location of the comparable sale within a section or provides an identifiable road to the location of the property. The aerial photo may be adequate.
- Color photographs that clearly illustrate the comparable sale's improvements, land, and other items of significance. Bare land photos with no discerning characteristics (flat and tillable) may be kept in the appraiser's work file and not provided in the appraisal report, however, will be provided upon request.
- Sale data information that is required, unless otherwise noted, will be provided on the sales data sheet for each comparable are:
 - Sales/transfer date
 - buyer/seller, if not confidential
 - terms
 - sale price
 - Street name and street number, if available --*

- legal or map location (T-R-S and tax lot(s))
- size
- highest and best use or current use
- motivating factors of the buyer, if known
- utilities, if appropriate
- water resources and if there are water rights are associated with the property the same information will reported as for the subject property. See Exhibit 5.
- land categories with acres, \$/acre and land contributory values
- description of irrigation equipment, if applicable
- zoning
- farm ability factors
- listing of improvements with description, size, condition, utility, replacement cost new (RCN), effective age, remaining economic life, total depreciation, including physical, functional, and external and contributory value. If there are no improvements, then state as such
- income analysis, if applicable, that provides itemized income by description, unit, yield/production, price/rate and gross income. Itemize expenses, by description and cost amount, net income and cap rate. If income analysis is not appropriate, then so state.
- Comments summarizing the sale and verification.

5.2.9 Location Map

A map will clearly delineate the location of the subject and all comparable sales that were used in the appraisal report. Map will include labels to identify the subject and each comparable sale, roads and cities. More than one map may be used, if needed.

5.2.10 Summary of Salient Facts or Executive Summary

Summary of Salient Facts, Executive Summary or similar format shall be provided in the appraisal report. At a minimum the Summary of Salient Facts or Executive Summary **shall** contain the following information:

- Ownership
- Location
- County, Borough or Parish
- Property Type
- Property Rights Appraised
- Size
- Improvements (listed)
- Zoning
- Highest and Best Use --*

- Special Assumptions
- Hazards
- Market Value Conclusion (beneath concluded market value provide Land Value and Contributory Value of Improvements)
- Effective Date of the Appraisal
- Date of the Report
- Appraiser who completed the appraisal

5.2.11 Table of Contents

5.2.12 Legal Description

The legal description should be provided by the APOC or OO. If not available, a plat map that clearly identifies the property boundaries.

5.2.13 Final Market Value

Stated as a whole dollar amount and, if the subject is improved or personal property is appraised, from the final value an allocated value will be stated for:

- Land
- Improvements, if applicable
- Equipment/Fixtures, if applicable
- Personal property, if applicable
- Timber/Mineral Rights/Other, if applicable.

5.2.14 Engagement Letter

A copy of the engagement letter or work order will be provided in the addendum of the appraisal report.

5.2.15 Qualifications of the Appraiser

Resume listing applicable appraisal education and experience must be included. FSA does not require a copy of the appraiser's license or E & O Insurance in the appraisal report.

5.3 Personal Identifiable Information (PII)/FSA Program Information 3/

The vendor will comply with the intent of the Privacy Act of 1974 to protect the individual's privacy from unwarranted invasion, to make sure that personal information in their possession, if provided by the federal agency, is properly used, and will prevent any potential misuse of personal information in their possession.

The vendor is contractually bound by the same requirement of information confidentiality as are Government employees.

Reference to FSA applicant, producer or borrower's personal identifiable information other than name, address or information that is not of public record shall be considered confidential and not disclosed in the report. --*

The following reporting restrictions only apply to FSA and information FSA has provided to the vendor.

Since FSA is the client, FSA may provide more specific information regarding FSA programs associated with subject or comparable sale properties such as FSA -156EZ, (Abbreviated 156 Farm Record), FSA -578, "Report of Acreage," agricultural use acres and cropland acres (Common Land Unit (CLU) acres), digital imagery, Conservation Reserve Program (CRP) contract acres, highly erodible land delineations and wetland classifications. Any information provided by FSA on CRP payments per contract, per acre basis or on Direct and Counter-Cycle Payment (DCP)/Average Crop Revenue Election (ACRE), Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC) or related program commodity yield per acre basis is confidential and is protected in accordance with USPAP confidentiality ethics rule and shall not be available to the general public or provided in the report. This information can only be retained in the appraiser's working file and to be identified as confidential.

However, if the owner provides written consent to share FSA program information and to allow such information to be shared in the appraisal report, the vendor may report the information.

FSA program information may be reported only as Government payments, on total payment, total acres and in generic terms in the appraisal report. The appraisal report shall not contain reference to any specific FSA program, tract or farm identification.

In accordance with Section 1619 of the Food, Conservation and Energy Act of 2008, FSA is prohibited in the sharing of the geospatial data including CLU information that is specific to a producer. The FSA CLU information will not be shared with contract appraiser unless the applicant/producer provides written consent that allows FSA to release the information.

The appraiser understands that FSA program information will only be used for the purposes for which the data was intended, namely only being used for the specific appraisal for which the information was requested, such data will not be used in other appraisals or shared with other appraisers. The data will be destroyed at the end of the work file retention period as defined by USPAP or State licensing board requirements.

The appraiser will comply with Section 1619 of the Food, Conservation and Energy Act of 2008, and is responsible to protect FSA program information as described by Section 1619. Section 1619 of the Food, Conservation and Energy Act of 2008 is Exhibit 2 of this SOW.

5.4 Expert Witness/Testimony 3/

5.4.1 Request for Expert Witness

If needed, the appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. FSA will issue an engagement letter or work order for expert witness services providing the location, date and time the appraiser will be required to provide expert witness testimony and an estimated cost for such services.

5.4.2 Documentation of Services

The appraiser will be expected to maintain itemized documentation of prep work time, actual expert witness time, mileage and per diem that was incurred. --*

5.4.3 Fee

The appraiser will provide an hourly rate fee for expert testimony upon registration as the contract appraiser. Additionally, appraisers are encouraged to state an hourly rate for expert witness prep time. Typically, FSA expects the prep rate to be less than expert witness hourly rate.

The expert witness rate will cover the appraiser's time from the time of departing his/her office until the appraiser returns to his/her office. The hours will be rounded to the nearest one-quarter hour.

FSA will reimburse the appraiser for prep time necessary to prepare for the appeal hearing or court action. The prep hourly rate will be the rate indicated on the appraiser's FSA Vendor Appraiser Registration form. If no hourly rate is indicated for the prep time then the rate will be 50 percent of the expert testimony rate.

5.4.4 Per Diem

FSA will reimburse the appraiser for domestic per diem and personal car use, at the rate paid to FSA employees as published by the United States General Service Administration (GSA). Current Per Diem rates and reimbursement for personal automobile can be obtained from http://www.gsa.gov

You will need to select URL reference: "Per Diem Rates," or select, "POV Mileage Reimbursement Rates."

There is a basic per diem for lodging and for meals and incidental expenses (M&IE) (subject to change without notice) unless otherwise stated for specified areas that have higher per diem rates. The appraiser should refer to the appropriate web site or contact the FSA office for this information. Per Diem is only authorized and paid if the appraiser is required by FSA to be away from their office area that exceeds 50 miles and for overnight. The maximum hours per day for reimbursement are eight hours if the appraiser is on per diem. The personal automobile reimbursement may be requested in all cases for expert witness travel needs.

5.4.5 Submitting Expert Witness Invoice

The appraiser must submit an itemized invoice to be paid. The invoice will itemize the time that was required for preparation for the expert witness with a brief explanation of prep work completed, the time involved for actual expert witness testimony, mileage incurred on a daily basis and any per diem requested. The invoice should be submitted in accordance with section 5.8, Invoicing.

5.5 Timber and Timber Cruise

If FSA does not describe timber to be appraised in the appraisal assignment and timber exists, and the appraiser believes that the timber value is significant the vendor appraiser will contact the APOC for further guidance. If the timber is to be valued, the timber cruise should be a variable plot timber cruise with a standard error of not to exceed (plus or minus) 10%. The value should be a market value of the timber, as is, based on either sales or mill price. If market sales are used, then the adjustments need to be shown and if mill prices are used, the deductions need to be shown in the cruise report. The APOC may provide further instructions regarding the valuation of the timber. --*

5.6 Use Of/And Release of the Report 3/

FSA's primary intended use of the appraisal will be stated in the engagement letter or work order. However, FSA may use the appraisal in other loan making and servicing actions, as FSA needs to do in carrying out requirements in government regulations. FSA does have need from time to time to release a copy of the report to the applicant, borrower, their representatives, and to other parties under the regulations that govern FSA's programs. These other parties may include peer groups, such as an appraiser organization or the State Appraiser Certification and Licensure Board. Any request from outside FSA, other than the applicant or lender, will require consent by Agency appraiser.

5.7 Acceptance Criteria 3/

Delivery of the appraisal report will include a properly executed invoice. Invoice for payment will be processed when the appraisal is determined acceptable by FSA. An acceptable product will include:

- 1. Appraisal report must be delivered by the completion date stated on the engagement letter and/or work order (plus any extension of time granted by FSA)
- 2. Appraisal report is completed in accordance with current USPAP requirements and meets the work requirements of this SOW that are applicable and any other requirements for a specific property which will be found in the engagement letter and/or work order for each appraisal order.
- 3. An administrative appraisal review or a technical appraisal review accepts the appraisal report by FSA.

If the administrative appraisal review indicates that the appraisal report may not be acceptable, FSA will request a technical appraisal review. If the FSA Review Appraiser requires additional information to support the adjustments, explanation of the process, or SOW requirements must be met, the invoice approval and payment of the appraisal fee will be held until the appraisal is found acceptable to FSA.

The request for additional information will provide a specific timeframe for the information to be delivered and the criteria for the updated material to be added to the appraisal report. Typically, the timeframe to update the appraisal is 7 calendar days or as specified by the request letter. If the appraiser determines that a completed appraisal report will need to be reissued the contract appraiser will need to have approval from the APOC.

The appraisal report must be delivered by the completion date stated on the engagement letter or work order or as provided by an extension granted by FSA.

5.8 Invoicing 3/

5.8.1 Invoice Information

A properly executed invoice for payment will be submitted to the APOC as directed in the engagement letter or work order. The invoice will include the appraiser's name, address, invoice number, DUNS number, name of the applicant/borrower as identified in the engagement letter or work order, county/borough/parish/city name that the appraisal was completed in and the amount. --*

5.8.2 Invoice Approval

The invoice will be processed for payment when the appraisal is determined acceptable by FSA. If the appraisal is not acceptable the appraisal fee will be held until the appraisal is found to be acceptable to FSA.

5.8.3 Final Payment

Federal Acquisition Regulations provide the U.S. Government 10 business days from receipt date of the appraisal to determine if the appraisal is acceptable. The invoice will be processed for payment within 30 calendar days or less from the date the appraisal was accepted. The appraiser will be notified in writing if the appraisal is unacceptable and at the discretion of the Government will be requested to make changes to the appraisal report in order to meet FSA SOW requirements. An unacceptable appraisal will be considered as in default and at the discretion of the Government the micro purchase/purchase order may be terminated.

The USDA procurement procedures require that <u>ALL vendors</u> be paid using Electronic Funds Transfer (EFT) system. The Debt Collection Improvement Act (DCIA) of 1996 requires that federal payments of invoices for goods and services received to be paid by EFT. Therefore, each vendor must be registered in the System for Award Management (SAM) that is available at: www.sam.gov

The vendor will be required to update the SAM data annually. FSA cannot update a vendor's information in SAM. For guidance on updating the SAM please see the help links on the SAM web site.

FSA will only be able to process the invoice when the appraisal is determined acceptable and the appraiser is properly registered in SAM. If vendor updates the appraisal report as required for acceptance a new invoice will the submitted.

6. Delivery 2/

Vendor is expected to deliver to the APOC an appraisal report that meets USPAP requirements by the accepted delivery date as stated in the Vendor's quote or authorized extension.

FSA has additional requirements related to appraisal report.

6.1 Report Type

Narrative appraisal reports are acceptable. However, form reports are acceptable as long as the report form is approved by FSA. For approval contact the APOC.

6.2 Report Content

The content of an appraisal report must be consistent with the intended use of the appraisal and, at a minimum follow USPAP. Restricted reports are not authorized.

In addition to USPAP real estate reporting requirements, FSA requests that the appraisal report includes the requirements as described by section 5.2. --*

6.2.1 Layout/Formatting

The report must be in portrait layout with an 8 1/2" x 11" page size. Font size of text will be 11 or larger. Photos, maps or diagrams should allow the user to clearly view the contents of the image including labels. Transmittal letter will be the first page; consecutive pages will be the cover page, Summary of Salient Facts or Executive Summary, Table of Contents and the body of the appraisal. All pages of the report other than transmittal letter and cover page will have page numbers.

6.2.2 Reporting Requirements

Reporting requirements are items as addressed in paragraph 6.2 (Reporting Requirements) of this SOW.

6.2.3 Personal Property to be Appraised

All personal property or fixtures included in the appraised property will be listed and described in the report with the legal description. This personal property must be identified with serial number, make, model, size, etc.

6.3 Report Format

6.3.1 Electronic Copy of Appraisal Report

An electronic copy of the appraisal report is the preferred format. If the appraiser is unable to provide a PDF version of the appraisal report the appraiser may provide two hard copies of the appraisal report. The electronic copy will be acceptable to FSA if:

- Received via e-mail to the APOC's e-mail address or other e-mail address identified in the engagement letter or work order, as well as to the OO's e-mail address.
- Appraiser does not have software available to create a PDF document the appraiser should contact the APOC for approval to use other software application.

The PDF file must contain the complete appraisal report, the transmittal letter, signature of the appraiser must be contained within the report as required on all appropriate pages, i.e. certification, final value page, etc., and all pages are formatted appropriately with sequential page numbers.

- Size of the file may not exceed 20 Gigabytes (GB). If the appraisal report file is larger than 20 GB, the appraiser will need to contact the APOC to make other arrangements to deliver the electronic file to FSA by the (PO) delivery date.
- Send a follow up e-mail to the APOC identified in the engagement letter that the electronic report was transmitted via e-mail providing recipient, date, subject line and time of transmittal.
- Hardcopy report may be provided per section 6.3.2, if electronic report option is not used. --*

6.3.2 Hard Copy Report

Upon approval by the APOC, the vendor may provide a printed appraisal report to FSA in lieu of a electronic copy. Two (2) copies of the appraisal report are to be delivered to FSA unless otherwise stated in the engagement letter. At a minimum one copy must be the original report with color photographs, etc., One (1) copy can be black and white. The original report must be delivered to the Ordering Official. The second original report shall be delivered to the APOC, as stated in the engagement letter. The report shall not be bound.

7. Place of Performance 2/

Typically, the location of the appraisal assignment may be any location as further described by the engagement letter or work order.

8. Late Delivery Penalty Fee or Cancelation of Assignment

Communication with FSA regarding timely delivery of appraisal report is important. If the vendor is unable to deliver the appraisal report by the due date the vendor should request an extension in writing prior to the delivery date.

Liquidating damages will not be assessed if the vendor has received written authorization from the APOC or the CO for an extension.

If the vendor does not deliver the appraisal report or an electronic version by the authorized due date, the contract is in default and FSA may cancel the micro purchase/purchase order with notice to the vendor or assess a liquidated damages fee.

If the Vendor fails to perform the services within the time specified in the appraisal engagement letter or extension authorized by the CO or APOC, following proper notification the Vendor shall, in the place of actual damages, pay to the Government liquidated damages of 3 % of the accepted quote amount per calendar day from the date of notification for failure to deliver the appraisal report.

Liquidated damage percentage will not exceed 25 % of the accepted quote amount <u>if delivered within 10 calendar days of the date notification</u>. Liquidated damage fees will continue to be accessed at the stated percentage and 30 calendar days beyond the date of notification the appraisal order will be terminated with no payment. The vendor will be notified in writing if appraisal order is terminated. The failure to deliver an appraisal report by the due date which may cause the financial transaction not to close due to seller's unwillingness to extend the timeframe can result in immediate termination of micro-purchase and no payment upon written notice.

The appraisal report shall be delivered to the Ordering Official and the APOC as described in the appraisal engagement letter or work order. A request for an extension must include the reason for the extension and the timeframe that the appraisal report will be delivered and can be submitted via e-mail. The request for an extension should be sent to the APOC or the CO if a purchase order was issued as described in the appraisal order letter.

All written authorizations and approval of an extension for delivery will be an e-mail response. --*

The Vendor is aware that failure to deliver appraisal reports twice during a fiscal year, October through September period, within agreed upon timeframe could result in FSA no longer requesting appraisal services from the vendor

For other non-performance issues the vendor will be notified in writing and the issue will be referred to the Contracting Officer.

9. Personal Identity Verification of Vendor and Personnel 3/

The Government may request the Vendor to complete a background investigation of the Vendor and/or their employees. Upon request by the Government the vendor will provide the required documents necessary to complete a background investigation within the timeframes identified. The APOC or CO will request in writing the information needed and the timeframe that the documents are to be submitted to the APOC or CO. Typically, background investigations require: OF-306, Declaration of Federal Employment, and two completed FD-258's or SF-87 Fingerprint Charts with the signature and date of the applicant and a jpg format photo ID. Vendor is responsible for any expenses associated with the background investigation.

Failure to comply with the request could result in the termination of the work order or appraisal assignment. Such determination will be provide to the vendor in writing.

If background investigation results are unsatisfactory, FSA can terminate the work order or appraisal assignment. FSA may request restrictions to be applied to the Vendor or their employees. FSA will only respond if there are concerns regarding the background investigation. The APOC or CO will notify the Vendor in writing with notification of immediate termination of work order or assignment or restrictions for employee assistance.

The Vendor shall comply with agency personal identity verification procedures identified in the contract that implement Homeland Security Presidential Directive-12 (HSPD-12), Office of Management and Budget (OMB) guidance M-05-24 and Federal Information Processing Standards Publication (FIPS PUB) Number 201 if requested by APOC or CO.

9.1 Properly Account for All Forms of Government-provided Identification

The Vendor shall account for all forms of Government-provided identification issued to the Vendor's employees in connection with performance under this contract. The Vendor shall return such identification to the issuing agency at the earliest of any of the following, unless otherwise determined by the Government:

- (1) When no longer needed for contract performance.
- (2) Upon completion of the Vendor employee's employment.
- (3) Upon notification that appraisal services are no longer needed and the Vendor has been removed from the Appraisal Vendor registry or services have been terminated.
- (4) Upon Vendor written request to no longer provide appraisal services. The Vendor shall provide all forms of Government-provided identification issued to the Vendor and its employees.

FSA may delay final payment under a contract if the Vendor fails to comply with these requirements. --*

9.2 Subcontract Requirements

The Vendor shall insert the substance of this clause, including this paragraph, in all subcontracts when the subcontractor's employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system and/or visit FSA applicants or borrowers property. It shall be the responsibility of the prime Vendor to return such identification to the issuing agency in accordance with the terms set forth in paragraph 9.1 of this section, unless otherwise approved in writing by the APOC or CO.

10. Exceptions 3/

Any exceptions to the appraisal requirements in this SOW, may be made on a specific appraisal assignment by the APOC, in consultation with an Agency appraiser. Exceptions may be granted if warranted and justifiable. Exceptions are to be made in writing, detailing the reasons the exception is being requested. The APOC may grant or deny the request and will reply in writing. The exception authority is only to be used on rare occasions and when deemed necessary by the Agency.

11. Exhibits 2/

Exhibits that are included with the SOW are categorized into two groups; general or specific work requirements. General exhibits provide more specific information related to the SOW. Work requirement exhibits specifically address additional work requirements that may be specific to the state, region or specialized real estate as defined by the exhibit.

Vendor acknowledges that exhibits may be added to this SOW and that the vendor accepts the new or modified exhibit by acceptance of the assignment. An exhibit may be provided to the vendor through the Engagement Letter and does not require the vendor to accept a new SOW with the modified exhibit. Vendor should direct questions regarding added exhibits or modified exhibits received with engagement letter to the APOC or Agency Appraiser as noted in the engagement letter.

11.1 General Exhibits

- 11.1.1 Exhibit 1, "Market Value Definition"
- 11.1.2 Exhibit 2, "Section 1619 of the Food, Conservation and Energy Act of 2008"
- 11.1.3 Exhibit 3, "Agency Statement of Work Contact Information"
- 11.2 Specific Work Requirement or Reporting Exhibits
- 11.2.1 Exhibit 4, "Loan Servicing Work Requirement"
- 11.2.2 Exhibit 5, "Subject Property or Comparable Sale Water Right Reporting Requirements" --*

12. Acceptance 3/

FSA may at times update the SOW with minor changes. Vendor will be notified of the changes via email providing a summary of changes that have occurred, date of change, and version number. Vendor's signature will remain and the previous SOW signature page will be added to the revised SOW. In this situation, a vendor may request or provide a new SOW with a signature.

If FSA makes major changes to work or reporting requirements, late delivery penalty fee, acceptance or delivery requirements within this SOW, FSA will notify the vendor via e-mail and request the vendor to sign a new SOW. The vendor will be required to return a copy of the complete SOW with a completed signature page to the APOC. Digital signatures on a locked (secured) Portable Document Format (PDF) document are acceptable and may be transmitted to APOC via e-mail.

Failure to return a signed SOW and/or vendor registration form upon request by FSA may result in vendor's removal from the vendor registry.

The Vendor has reviewed, understands and agrees to the term and requirements of the SOW.

Approved by:

Signature

Date

Print Name

Address

City, State and Zip Code

Phone Number

e-mail Address --*

13. Exhibit 1 3/

13.1 Market Value Definition

Source: 12 CFR 34.42 (g)

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. --*

14. Exhibit 2 3/

14.1 Section 1619 of the Food, Conservation and Energy Act of 2008

SEC. 1619. INFORMATION GATHERING.

- (a) <u>GEOSPATIAL SYSTEMS</u>.—The Secretary shall ensure that all the geospatial data of the agencies of the Department of Agriculture are portable and standardized.
- (b) LIMITATION ON DISCLOSURES.—
- (1) **DEFINITION OF AGRICULTURAL OPERATION**.—In this subsection, the term "agricultural operation" includes the production and marketing of agricultural commodities and livestock.
- (2) **PROHIBITION.**—Except as provided in paragraphs (3) and (4), the Secretary, any officer or employee of the Department of Agriculture, or any contractor or cooperator of the Department, shall not disclose—
- (A) information provided by an agricultural producer or owner of agricultural land concerning the agricultural operation, farming or conservation practices, or the land itself, in order to participate in programs of the Department; or
- (B) geospatial information otherwise maintained by the Secretary about agricultural land or operations for which information described in subparagraph (A) is provided.

(3) AUTHORIZED DISCLOSURES.—

- (A) LIMITED RELEASE OF INFORMATION.—If the Secretary determines that the information described in paragraph (2) will not be subsequently disclosed except in accordance with paragraph (4), the Secretary may release or disclose the information to a person or Federal, State, local, or tribal agency working in cooperation with the Secretary in any Department program—
- (i) when providing technical or financial assistance with respect to the agricultural operation, agricultural land, or farming or conservation practices; or
- (ii) when responding to a disease or pest threat to agricultural operations, if the Secretary determines that a threat to agricultural operations exists and the disclosure of information to a person or cooperating government entity is necessary to assist the Secretary in responding to the disease or pest threat as authorized by law.
- (4) **EXCEPTIONS.**—Nothing in this subsection affects—
- (A) the disclosure of payment information (including payment information and the names and addresses of recipients of payments) under any Department program that is otherwise authorized by law;
- (B) the disclosure of information described in paragraph (2) if the information has been transformed into a statistical or aggregate form without naming any— --*

14. Exhibit 2 3/ (Continued)

- (i) individual owner, operator, or producer; or
- (ii) specific data gathering site; or
- (C) the disclosure of information described in paragraph (2) pursuant to the consent of the agricultural producer or owner of agricultural land.
- (5) **CONDITION OF OTHER PROGRAMS**.—The participation of the agricultural producer or owner of agricultural land in, or receipt of any benefit under, any program administered by the Secretary may not be conditioned on the consent of the agricultural producer or owner of agricultural land under paragraph 4(c).
- (6) WAIVER OF PRIVILEGE OR PROTECTION.—The disclosure of information under paragraph (2) shall not constitute a waiver of any applicable privilege or protection under Federal law, including trade secret protection. --*

15. Exhibit 3

15.1 Agency Statement of Work Contact Information

The following FSA employee(s) are the authorized agency official that is the APOC to assist the vendor on acquisition process, the SOW terms and requirements and can provide information to an appraiser that would like to be added to the FSA Appraiser Vendor registry.

Name:
Address:
Phone:
FAX:
e-mail Address:*

16. Exhibit 4

16.1 Loan Servicing Work Requirements

The specific work requirements for intended use described by the Engagement letter are as follows:

16.1.1 Servicing for Shared Appreciation Agreement Recapture

When the engagement letter or work order describes the intended use of the appraisal to <u>determine the amount of shared appreciation recapture</u> FSA has special requirements. These requirements are:

16.1.2 Property to be Appraised

Typically, the property to be appraised will be the same property as described by the original appraisal report(s) that was completed for the Shared Appreciation Agreement, unless otherwise stated in the engagement letter or work order. The appraisal must specifically identify the contributory value of capital improvements that were added to the real estate security during the term of the SAA to make deductions for their value. A list identifying these improvements will be provided in the engagement letter.

16.1.3 Inspection Timeframe and Comparable Sales

The inspection of the property should occur within 21 days from the delivery date with the comparable sales selected within 3 years from the inspection date.

16.1.4 Delivery Date

There will be no extensions to the delivery due date of the appraisal report as stated in the engagement letter or Appraisal Order Form. The appraisal report will be used to determine the amount of the shared appreciation recapture.

FSA is mandated by federal law to provide information to the borrower regarding the amount of recapture that is due within certain timeframes.

16.1.5 Additional Capital Improvements

During the inspection of the real estate property, if you become aware of additional capital improvements that were not described by the appraisal report(s) prepared for the original shared appreciation agreement, provided to you upon notification of the appraisal assignment, you should notify the APOC. All capital improvements will be appraised as "as is" at the time of the inspection.

Additionally, prior to completing this appraisal, you should contact the FSA County Office listed in the engagement letter or work order and review the list of capital improvements, if provided, or any other additional capital improvement with the authorized agency official.

16.1.6 Reporting Requirement

After the additional capital improvements are identified the appraiser will provide an additional subsection in the appraisal report that will list each additional capital improvement, their determined contributory value and an explanation how the contributory value was determined. A total value will be provided for all the additional improvements. --*

16. Exhibit 4 (Continued)

16.1.7 Loan Servicing for Partial Release of Real Estate

When the engagement letter or work order describes the intended use of the appraisal is for a <u>loan</u> <u>servicing partial release</u> FSA has special requirements. These requirements are:

16.1.8 Property to be Appraised

Typically, the property to be appraised will be the property that is identified as the parcel to be released and the parcel that is to remain unless otherwise stated in the engagement letter or work order.

16.1.9 Reporting Requirements

A value for the property to be released and a value for the property to remain (if requested by client) will need to be determined. The value for each of these properties will be stated in the final opinion of value section of the appraisal report. Additionally, each property (parcel to be released and the parcel that will remain) will be fully described in the appraisal report with supporting documentation of opinions, conclusions and analysis. It is at the discretion of the appraiser based on the scope of work if a separate appraisal report is necessary for each property.

16.1.10 Foreclosure Action

When the engagement letter or work order describes that the intended use is for <u>loan servicing</u> foreclosure action FSA has special requirements. These requirements are:

16.1.11 The Final Opinion of Value will Provide the Following:

Total value of the property (including land, irrigation equipment and improvements). An allocation of value that will provide a value for each of the type of irrigation equipment (i.e. center pivots, wheel lines, etc.) or personal property as requested in the a engagement letter and/or work order and a value of just the "dirt" or land value with improvements, if applicable.

The appraiser must apply the assumption that certain covenants and restrictions may be applied to the property at the time the property is sold which may impact the value of the property. The appraiser should consider the covenants and restrictions as hypothetical conditions. If the engagement letter or work order and documents so request such consideration or the appraiser identifies that any portion of the Government inventory property is located in a 100 year flood plain and the purpose of the appraisal is for loan making action, the appraiser must take into consideration covenants and restrictions as described by the "Conservation Easement Reservations in the United States" as provided with the engagement letter and/or work order and consider how the covenants and restrictions will affect the market value.

Further, any recorded easement must be included in the addenda with discussion of the terms of the easement in the appraisal report. If the easement is proposed, an extensive discussion on how the easement impacts the value must be included in the report. --*

17. Exhibit 5

17.1 Subject Property or Comparable Sale Reporting Requirements

17.1.1 Water Rights

If there are water rights associated with the property the appraisal will discuss water rights under a separate subsection under the description of the property. The water rights section will identify the following as applicable:

- Number of acres of the water right as primary and supplementary
- Permit number
- Certificate number
- Priority date
- Source of water and location of all points of diversion for each permit or certificate
- Water availability, reliability and quality; any detrimental aspects such as salt, nitrates, etc.
- Delivery system; type, location, source of power, etc.
- Assessments or delivery costs (i.e. estimated electrical cost, district assessments, etc.)
- Provide a map documenting water right area, points of diversion with the property boundary illustrated
- Documentation of the Certificate of Water Right or Permit, Well Record or Log, Final Proof of Survey and any assessments.

Note: Any SOW for farm and ranch type real estate property shall have certain subparagraphs and/or clauses. The subparagraphs or clauses are identified as follows:

1/- means that the specific clause and/or subparagraph clause are included

2/ – means that the subparagraph heading are to be included.

3/- means that the subparagraph heading and the whole subparagraph, including all subparagraphs in the section, are to be included.

A word version of this exhibit may be downloaded from the appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx

Click on "Micropurchase Info" tab. Word version of this exhibit will be under the Shared Documents section of the page.

The word document for this exhibit may be modified and be used to provide a copy of the SOW to a vendor. --*

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1. Background 2/

The Farm Service Agency (FSA), an agency of the U. S. Department of Agriculture (USDA), makes and services loans secured by real estate. FSA needs appraisal reports to complete various direct loan making and loan servicing responsibilities. The Statement of Work (SOW) addresses FSA's requirements for residential and other non-farm type of properties and real estate appraisal services.

2. Objective 2/

FSA intends for the Vendor to perform a real estate appraisal and to provide appraisal reports in a PDF version to FSA by the specified date. Timely delivery of the appraisal report is critical to the success of FSA's meeting its mission and funding of the Farm Loan program. The real properties with any described fixtures and chattels are to be appraised on any format allowed by Uniform Standards of Professional Appraisal Practices (USPAP). All appraisals must meet current USPAP's standards as of the effective date of the appraisal.

3. Scope 2/

The purpose of this (SOW) is for FSA to obtain a market value (12 CFR 34.42 (g)), see attached Exhibit 1, for definition of "Market Value" appraisal of a property by the described completion date. The appraiser is to fulfill the appraisal process and appraisal reporting standards of the USPAP in effect as of the effective date of the appraisal. Residential and other non-farm real estate appraisals shall be completed in accordance with USPAP and any other appraisal assignment conditions.

The appraiser shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Appraisal Order form or Purchase Order, and Engagement Letter by the specified date. This SOW applies to all farm and ranch appraisals for FSA.

Typically, the appraiser will appraise the property's fee simple interest in the "as is" condition unless otherwise stated in the appraisal engagement letter. Any additional improvements to the property described in the engagement letter would be considered "as improved." "As is" condition is the condition of the property as you find it during your inspection. FSA defines fee simple interest to include the mineral estate and water rights, if applicable and observed or known easements/encumbrances.

FSA regulations require that the appraiser take into consideration at a minimum the three approaches to value; Sales Comparison approach, Cost approach and the Income approach. If the appraiser determines that any approach is not applicable it will be adequately explained in the Scope of Work of the appraisal report as required by USPAP.--*

4. Period of Performance 2/

Typically, the period of performance is 30 calendar days from the date of the Engagement Letter or the Purchase Order unless otherwise defined. The appraiser should realistically estimate the timeframe to complete the appraisal assignment. The appraisal report must be received by the requesting office described in the engagement letter and/or work order. A request for an extension of the delivery date must include the reason for the extension and the timeframe that the appraisal report will be completed. Requests for an extension can be submitted via e-mail to the Appraisal Point of Contact (APOC) or the Contracting Officer (CO), if a purchase order was issued, as described in the work order. Written authorization for the extension or modification will be an e-mail response from the Agency.

5. Work Requirements 2/

The appraiser is to fulfill the appraisal process and reporting standards of the USPAP in effect as of the effective date of the appraisal. Farm real estate appraisals shall be completed in accordance with USPAP and any other assignment conditions as further defined in this SOW or the engagement letter.

5.1 FSA's Appraisal Requirements

In general, FSA has specific appraisal conditions and requirements for completing and reporting the market value of residential and other non-farm real estate and will be considered as to be part of the Appraisal Assignment. The specific conditions and requirements are described in this section.

5.1.1 Appraiser 1/

The appraiser conducting the appraisal must have a current State License, Certified Residential, or Certified General License with the appraisal completed with-in the scope the appraiser's license. The appraiser's license (or equivalent permit) shall be for the state in which the subject property is located.

No other individual may provide assistance with the appraisal development process without prior written consent from FSA.

5.1.1.1 Notification Requirement of Individual Providing Assistance/Approval 1/

If the appraiser will have an associate or assistant appraiser, who is registered with the State, providing assistance with the development of the appraisal assignment the appraiser or will visit the subject property must notify the APOC in writing and receive written approval. Clerical support and normal information gathering is an exception for approval. The appraiser will provide FSA information as follows:

- Associate's name
- Length of employment with vendor or explanation of association if not an employee
- If background investigation has been completed by the State. Provide the date that the background investigation information was provided to the State.

Note: Date of license or registration certification would meet this requirement with a statement that background information was submitted with application for license/registration. --*

If the State has not completed a background investigation, or the requirement of submitting fingerprints, and it is necessary for the individual to provide assistance with the development of the appraisal assignment, FSA may require their own background investigation. In this case, the APOC will provide additional information.

FSA requires that vendor to notify the property owner prior to accessing the property. The vendor shall provide the applicant or the FSA representative the opportunity to accompany the vendor on the property inspection. If the property owner is unavailable or considered uncooperative, the vendor may request assistance and/or guidance from the APOC to coordinate inspection of the property and/or obtaining assistance from a FSA representative.

The authorization to provide appraisal services is the engagement letter and if requested by the property owner the vendor shall provide the engagement letter to the owner as justification to inspect the property and to obtain information necessary for the appraisal assignment.

5.1.2 Access to Property 1/

FSA requires that vendor to notify the property owner prior to accessing the property. The vendor shall provide the applicant or the FSA representative the opportunity to accompany the vendor on the property inspection. If the property owner is unavailable or considered uncooperative, the vendor may request assistance and/or guidance from the APOC to coordinate inspection of the property and/or obtaining assistance from a FSA representative.

The authorization to provide appraisal services is the engagement letter. If requested by the property owner the vendor shall provide the engagement letter to the owner as justification to inspect the property and to obtain information necessary for the appraisal assignment.

5.1.3 Client and Intended User

Generally, FSA will be named as the Client and intended user. FSA will advise the vendor if there are additional intended users and they will be listed after FSA. The additional intended user may not require the vendor to do more than FSA requirements would have otherwise done, unless directed by FSA. The FSA Borrower/Applicant will not be listed as an intended user.

5.1.4 Appraisal Process

The appraiser shall follow the real estate appraisal process and reporting standards of the USPAP in effect as of the effective date of the appraisal. The appraiser will need to consider the following requirements of the subject property in the appraisal process:

5.1.5 Intended Use

The stated intended use of the appraisal may have specific requirements that must be considered. If the intended use is not identified in this section of the SOW then FSA has no additional requirements.

Loan servicing intended uses have additional and specific work requirements and are described in Exhibit 4. --*

5.1.6 Use of Subject Property as a Comparable Sale 1/

FSA prohibits the use of the subject property's pending sale as a comparable unless prior written consent from the Lead Regional Appraiser (LRA) or Chief Appraiser (CA) has been obtained. If consent is not granted the Subject properties pending sale cannot be used as a primary comparable in any of the approaches to value.

5.1.7 Subject Sales History

At least a 3-year sales history of the property will be documented.

5.1.8 Legal and Physical Access to Subject Property

The legal access to the subject property parcels will be considered. The appraiser cannot just assume that there is legal access to all parcels. The appraiser must determine that legal access is a reasonable assumption. If the appraiser cannot make a reasonable assumption of legal access or if there are any individual parcels that appear to be land locked and there is no recorded easement for ingress/egress or access from a publicly owned roadway, the appraiser will contact the APOC for further instructions.

The appraisal report will document in the section that describes the subject property the opinion regarding ingress/egress to all individual parcels.

The appraiser will document in the appraisal report the information provided and the final decision by the APOC regarding any ingress/egress concerns. Any hypothetical conditions or extraordinary assumptions, as approved by FSA, will be documented as required by USPAP.

Estate rights should be consistent with subject and comparable sales.

5.1.9 Approaches to Value

The report must explain why an excluded approach is not necessary for credible results. Each approach to value will be reconciled with the strengths and weaknesses. "Explained" is not a defined term in USPAP and therefore has no special meaning. A dictionary definition of explain is "to give the reason for or cause of." The USPAP requirement to include an explanation for the exclusion of an approach to value from the analysis is necessary to provide the client and other intended users with insight into the appraiser's decision as to why the analysis was not performed.

Consider the following approaches to value as part of the appraisal assignment.

5.1.9.1 Sales Comparison Approach 1/

Typical Sales Comparison methodology is defined as a set of procedures in which the appraiser derives a value by comparing the property being appraised to similar properties that have recently been sold, applying the appropriate units of comparison; identifying elements of comparison, and apply the quantitative or qualitative adjustment of each element of comparison to the sale prices of comparable sales. Quantitative adjustments are the preferred measure of adjustment.

If the appraiser determines that a different method of analysis, beyond quantitative, for the Sales Comparison approach would be appropriate, then the appraiser must obtain prior approval from APOC. Quantitative and limited qualitative combined analysis is acceptable. Any qualitative adjustment or analysis must be adequately discussed and supported in the appraisal report. --*

The appraisal report will include:

- Element of comparison identified and explained
- Market data on each comparable sale used to develop land category ratios or similar methodology recognized by the industry, land values, and land and building adjustments
- The contributory value of all improvements which should be adequately described to include; fences, corrals, irrigation, drainage, tile drainage, ponds, farmstead site improvements, roads, timber, buildings, etc.
- The condition and utility of all improvements
- Adjustments and/or non-adjustments to the comparable sales will be fully explained, documented and supported within the appraisal report.

5.1.9.2 Cost Approach

The appraisal report must contain information on how the depreciation was extracted from the market data and used to determine contributory values for the subject property's improvements. If market data is not available the appraisal report will state as such and the conclusion will be supported. In this situation the Age/Life method can be used and should be adequately documented.

5.1.9.3 Income Approach

For residential real estate it is typically not considered a necessary approach to determine value. Other non-farm real estate it may be appropriate to consider the income approach therefore, the analysis must clearly show calculations of the capitalization rates or discount rates of each comparable sale and the calculations on the subject property's net income and value. Appraisal report will document the appropriate approaches to value depending on the subject's market.

Hazards

Appraisers are asked to be alert to stored chemicals, hazardous wastes, underground storage tanks, etc., which may be found on the property being appraised and document these observations and/or concerns in the appraisal report. The appraiser will advise the APOC of any hazards that will impact value before proceeding any further in the appraisal process. Hazards that impact value will be adequately documented in the appraisal report. Any Underground Storage Tanks (USTs) will require the appraiser to immediately contact the APOC or Ordering Official (OO) for further direction.

5.2 Reporting Requirements 2/

Reporting requirement of information should be sufficient in detail to answer all important questions that the client or reader might pose as to the physical characteristics of the property. Reporting requirements that are described in this section that are optional the Vendor may use judgement in providing information. The report will include relevant information that supports a credible report, value, assumptions, conclusions and methodology. --*

5.2.1 Legal Characteristics

Any impacts of legal characteristics shall be summarized such as; zoning, easements, contracts, entitlements, encumbrances, water rights, irrigation, wind rights/easements, partial interests, permits, etc. Legal characteristics should be supported from the market if value adjustments are required. Adequately "describe" (not state) zoning to include building eligibility, minimum lot size, and other pertinent factors when applicable for the market area.

5.2.2 Physical Characteristics

Any impacts of physical characteristics shall be discussed such as; access, water features, view, topography, drainage, climate, configuration, site and structure improvements, etc. Physical characteristics should be supported from the market if value adjustments are required. Address fixtures and personal property and ensure there is adequate justification for classification and valuation of personal property and fixtures.

5.2.3 Other Personal Property and Irrigation System

Fixtures or personal property, as described by the appraisal order letter, should be described in the appraisal report in detail with model and serial number as appropriate. The classification and the valuation of the personal property should be adequately justified. If the model and/or serial numbers are not available the appraisal should disclose this in the appraisal report and document the steps taken to obtain the model and serial numbers.

Any fixtures for the irrigation system should be included in the appraised value unless the fixture is considered to be personal property, like hand lines, that are not part of FSA's security and should not be appraised with the real property.

5.2.4 Economic Characteristics

Any impacts of economic characteristics shall be discussed such as; ownership costs, rents, gross and net income, etc. Economic characteristics should be supported from the market if value adjustments are required. Review and summarize production contract(s) for specialized facilities. Discuss the general market economics and/or the economics of the specialized facilities.

5.2.5 Highest and Best Use 2/

The appraiser shall distinguish between the Highest and Best use of the property as if it were vacant and as currently improved. All four criteria of highest and best use will be adequately discussed in the highest and best use analysis. The report will clearly identify, explain, and justify conclusions for each use. Land and improvements must be valued with a "consistent use" concept. The Highest and Best Use determination will determine what appraisal reporting format is acceptable.

The appraiser will use the H&BU as the basis of the appraisal valuation process to determine market value.

5.2.6 Approaches to Value

FSA regulations require that the appraisal will document the results when considering the three approaches to value, as determined to be applicable and necessary, except as provided in the scope of work as defined by USPAP. --*

5.2.7 Subject Property

All structural improvements shall be inspected including the section of the interior of major buildings. If physical inspection is not possible the vendor should contact the APOC. The report will document the following on the subject property:

• Photos of the subject

A good quality color photograph will be provided in the appraisal report that clearly illustrates the subject's improvements, land, hazards, fixtures, and other items of significance with an appropriate title adjacent to each photograph. When the non-farm property has a dwelling on site, photographs of all four sides of the dwelling is required.

- Improvements that have contributory value shall be measured and dimensions verified. The verified dimensions shall be based on square footage or volume.
- Shall include a legible sketch of subject dwelling with room layout. Sketch should provide basis for determining structure size. May be hand drawn.
- New Construction documentation in the appraisal report shall include a copy of a blueprint, draft, and/or sketch, provided to the appraiser. Summarize cost estimates for the project.
- Include information concerning leasehold interests.
- Property plat or aerial map showing roads (public and private), field layout, building location, topography, present cropping use, etc. Major improvements should be labeled.
- Domestic water source and identify the location of the source. Provide well record or log and identify location, if applicable.
- FEMA Floodplain and Mudslide Hazard map with the subject property boundaries marked, location of dwelling(s) and major structures identified and provides the FEMA map number, zones identified and FEMA map date:
 - o with determination report (FEMA 81-93) if requested in work order or engagement letter
- Water Rights

See Exhibit 4 for information for reporting requirements on water rights.

5.2.8 Fee Simple Estate, Minerals, Oil, Gas, Timber and Wind

Typically, the appraiser will appraise the property's fee simple interest in the "as is" condition unless otherwise stated in the engagement letter. Refer to subparagraph 3 (Scope) for definition of fee simple estate. Consideration of oil, gas, minerals, timber, wind, etc., and their possible influence on the value of the subject property must be discussed in the appraisal report. For oil, gas, minerals, timber, wind, etc. that are present and have market value, the vendor shall contact the APOC to receive further guidance. FSA 2164 may be used or other applicable method or technique that meets USPAP requirements. If at any time during the appraisal process the appraiser of record discovers the estate being appraised is not fee simple the appraiser will immediately contact the APOC for consultation. --*

5.2.9 Market/Production Contract

If a market/production contract is in place or will be in place (for new construction) in which the value of the subject property is dependent upon the contract, then an analysis of the relationship of the contract to the subject's real property and how the contract impacts the value of the real property must be explained in the appraisal report, as well as how the market treats the contracts and the contract operations. A copy of the contract will be attached in the addenda of the report if in place or a letter of intent from the integrator. Similar sales with similar contracts should be used to value the subject if a market/production contract is in place, or will be in place.

5.2.10 Comparable Sales

Sales should be selected that have similar attributes of the subject and should be adequately analyzed. The minimum comparable sales data will be documented:

- Aerial photo or topography map with the property boundaries marked
- Plat map that clearly identifies the location of the comparable sale within a section or provides an identifiable road to the location of the property. The aerial photo may be adequate.
- Color photographs that clearly illustrate the comparable sale's improvements, any unusual land characteristics, and other items of significance.
- Sale data information that is required, unless otherwise noted in engagement letter or work order, will be provided on the sales data sheet for each comparable are:
 - o Sales/transfer date
 - o buyer/seller, if not confidential
 - o terms
 - o sale price
 - o Street name and street number, if available
 - o legal or map location (T-R-S and tax lot(s))
 - o size
 - o highest and best use or current use
 - o motivating factors of the buyer, if known
 - o utilities, if appropriate
 - o water resources and if there are water rights associated with the property with the same information required to be reported for the subject property. See Exhibit 5.
 - zoning
- listing of improvements with description, size, condition, utility, replacement cost new (RCN), effective age, remaining economic life, total depreciation, including physical, functional, and external and contributory value. If there are no improvement, then state as such
- income analysis, if applicable, that provides itemized income by description, unit, production, price/rate and gross income. Itemize expenses, by description and cost amount, net income and cap rate. If income analysis isn't appropriate, then so state.
- Comments summarizing the sale and verification. --*

5.2.11 Location Map

A map will clearly delineate the location of the subject and all comparable sales that were used in the appraisal report. Map will include labels to identify the subject and each comparable sale, roads and cities. More than one map may be used, if needed.

5.2.12 Summary of Salient Facts or Executive Summary

For other non-farm properties, does not apply to residential single family properties, the Summary of Salient Facts, Executive Summary or similar format shall be provided in the appraisal report. At a minimum the Summary of Salient Facts or Executive Summary **shall** contain the following information:

- Ownership
- Location
- County, Borough or Parish
- Property Type
- Property Rights Appraised
- Size
- Improvements (listed)
- Zoning
- Highest and Best Use
- Special Assumptions
- Hazards
- Market Value Conclusion (beneath concluded market value Contributory Value of Improvements)
- Effective Date of the Appraisal
- Date of the Report
- Appraiser who completed the appraisal

5.2.13 Table of Contents

5.2.14 Legal Description

The legal description should be provided by the APOC or OO. If not available, a plat map that clearly identifies the property boundaries.

5.2.15 Final Market Value

Stated as a whole dollar amount and, if the subject is improved or personal property is appraised, from the final value an allocated value will be stated for:

- Land
- Improvements, if applicable
- Equipment/Fixtures, if applicable
- Personal property, if applicable
- Timber/Mineral Rights/Other, if applicable. --*

5.2.16 Engagement Letter

The engagement letter or work order will be provided in the addendum of the appraisal report.

5.2.17 Qualifications of the Appraiser

Resume listing applicable appraisal education and experience must be included. FSA does not require a copy of the appraiser's license or E & O Insurance in the appraisal report.

5.3 Personal Identifiable Information (PII)/FSA Program Information 3/

The vendor will comply with the intent of the Privacy Act of 1974 to protect the individual's privacy from unwarranted invasion, to make sure that personal information in their possession, if provided by the federal agency, is properly used, and will prevent any potential misuse of personal information in their possession.

The vendor is contractually bound by the same requirement of information confidentiality as are Government employees.

Reference to FSA applicant, producer or borrower's personal identifiable information other than name, address or information that is not of public record or FSA, as a Client, may provide specific information regarding FSA programs that is associated with the subject or comparable sale shall be considered confidential and not disclosed in the report. This confidential information <u>can only be retained</u> in the appraiser's working file and to be identified as confidential.

5.4 Expert Witness/Testimony 3/

5.4.1 Request for Expert Witness

If needed, the appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. FSA will issue an engagement letter or work order for expert witness services providing the location, date and time the appraiser will be required to provide expert witness testimony and an estimated cost for such services.

5.4.2 Documentation of Services

The appraiser will be expected to maintain itemized documentation of prep work time, actual expert witness time, mileage and per diem that was incurred.

5.4.3 Fee

The appraiser will provide an hourly rate fee for expert testimony upon registration as the contract appraiser. Additionally, appraisers are encouraged to state an hour rate for expert witness prep time. Typically, FSA expects the prep rate to be less than expert witness hourly rate.

The expert witness rate will cover the appraiser's time from the time of departing his/her office until the appraiser returns to his/her office. The hours will be rounded to the nearest one-quarter hour.

FSA will reimburse the appraiser for prep time necessary to prepare for the appeal hearing or court action. The prep hourly rate will be the rate indicated on the appraiser's FSA Vendor Appraiser Registration form. If no hourly rate is indicated for the prep time then the rate will be 50 percent of the expert testimony rate. --*

5.4.4 Per Diem

FSA will reimburse the appraiser for domestic per diem and personal car use, at the rate paid to FSA employees as published by the United States General Service Administration (GSA). Current Per Diem rates and reimbursement for personal automobile can be obtained from the web site:

http://www.gsa.gov

You will need to select URL reference: "Per Diem Rates," or select, "POV Mileage Reimbursement Rates."

There is a basic per diem for lodging and for meals and incidental expenses (M&IE) (subject to change without notice) unless otherwise stated for specified areas that have higher per diem rates. The appraiser

should refer to the appropriate web site or contact the FSA office for this information. Per Diem is only authorized and paid if the appraiser is required by FSA to be away from their office area that exceeds 50 miles and for overnight. The maximum hours per day for reimbursement are eight hours if the appraiser is on per diem. The personal automobile reimbursement may be requested in all cases for expert witness travel needs.

5.4.5 Submitting Expert Witness Invoice

The appraiser must submit an itemized invoice to be paid. The invoice will itemize the time that was required for preparation for the expert witness with a brief explanation of prep work completed, the time involved for actual expert witness testimony, mileage incurred on a daily basis and any per diem requested. The invoice should be submitted in accordance with section 5.7.

5.5 Use Of/And Release of the Report 3/

FSA's primary intended use of the appraisal will be stated in the engagement letter or work order. However, FSA may use the appraisal in other loan making and servicing actions, as FSA needs to do in carrying out requirements in government regulations. FSA does have need from time to time to release a copy of the report to the applicant, borrower, their representatives, and to other parties under the regulations that govern FSA's programs. These other parties may include peer groups, such as an appraiser organization or the State Appraiser Certification and Licensure Board. Any request from outside FSA, other than the applicant or lender, will require consent by Agency appraiser.

5.6 Acceptance Criteria 3/

Delivery of the appraisal report will include a properly executed invoice. Invoice for payment will be processed when the appraisal is determined acceptable by FSA. An acceptable product will include:

- 1. Appraisal report must be delivered by the completion date stated on the engagement letter and/or work order (plus any extension of time granted by FSA)
- 2. Appraisal report is completed in accordance with current USPAP requirements and meets the work requirements of this SOW that are applicable and any other requirements for a specific property which will be found in the engagement letter and/or work order for each appraisal order.
- 3. An administrative appraisal review or a technical appraisal review accepts the appraisal report by FSA. --*

If the administrative appraisal review indicates that the appraisal report may not be acceptable, FSA will request a technical appraisal review. If the FSA Review Appraiser requires additional information to support the adjustments, explanation of the process, or SOW requirements must be met, the invoice approval and payment of the appraisal fee will be held until the appraisal is found acceptable to FSA.

The request for additional information will provide a specific timeframe for the information to be delivered and the criteria for the updated material to be added to the appraisal report. Typically, the timeframe to update the appraisal would be not more than 7 calendar days or as specified by the request

letter. If the appraiser determines that a completed appraisal report will need to be reissued the contract appraiser will need to have approval from an Agency appraiser.

The appraisal report must be delivered by the completion date stated on the engagement letter or work order (plus any extension of time granted by FSA or requested by additional information by the review appraiser) in order for the contract terms to be met.

5.7 Invoicing 3/

5.7.1 Invoice Information

A properly executed invoice for payment will be submitted to the APOC as directed in the engagement letter or work order. The invoice will include the appraiser's name, address, invoice number, DUNS number, and name of the applicant/borrower as identified in the engagement letter or work order, county/borough/parish/city name that the appraisal was completed in and the amount.

5.7.2 Invoice Approval

The invoice will be processed for payment when the appraisal is determined acceptable by FSA. If the appraisal is not acceptable the appraisal fee will be held until the appraisal is found to be acceptable to FSA.

5.7.3 Final Payment

Federal Acquisition Regulations provide the U.S. Government 10 business days from receipt date of the appraisal to determine if the appraisal is acceptable. The invoice will be processed for payment within 30 calendar days or less from the date the appraisal was accepted. The appraiser will be notified in writing if the appraisal is unacceptable and at the discretion of the Government will be requested to make changes to the appraisal report in order to meet FSA SOW requirements. An unacceptable appraisal will be considered as in default and at the discretion of the Government the micro purchase/purchase order may be terminated.

The USDA procurement procedures now require that <u>ALL vendors</u> be paid using Electronic Fund Transfer (EFT) system. The Debt Collection Improvement Act (DCIA) of 1996 requires that federal payments of invoices for goods and services received to be paid by EFT. Therefore, each vendor must be registered in the System for Award Management (SAM) system that is available at: www.sam.gov

The vendor will be required to update the SAM data annually. FSA cannot update a vendor's information in the SAM system. For guidance on updating the SAM system please see the help links on the SAM site. --*

FSA will only be able to process the invoice when the appraisal is determined acceptable and the appraiser is properly registered in the SAM web site. If vendor updates the appraisal report as required for acceptance a new invoice will the submitted.

6. Delivery 2/

Vendor is expected to deliver to the APOC an appraisal report that meets USPAP requirements by the accepted delivery date as stated in the Vendor's quote or authorized extension.

FSA has additional requirements related to appraisal report.

6.1 Report Type

Narrative appraisal reports are acceptable. However, form reports are acceptable as long as the report form is approved by FSA. For approval please contact the Agency appraiser.

Non-farm properties with improvements will have the Uniform Residential Appraisal Report (URAR), Fannie Mae Form 1004, revision March 2005 or most current version, completed as required to meet USPAP. Income and PUD Information sections are not required to be completed unless specifically requested in the engagement letter or work order.

Non-farm properties without improvements will have the Land Appraisal Report or similar format approved by FSA completed as required to meet USPAP.

Form 1007, (Marshall & Swift) Square Foot Appraisal Form, or similar form approved by FSA, will be used. This form will also be used when the estimated market value of the property is based on the cost approach, when the existing improvements are less than one year old or the improvements are proposed.

6.2 Report Content

The content of an appraisal report must be consistent with the intended use of the appraisal and, at a minimum follow USPAP. Restricted reports are not authorized.

In addition to USPAP real estate reporting requirements, FSA requests that the appraisal report includes the requirements as defined by section 5.2

6.2.1 Layout/Formatting

The report must be in portrait layout with an 8 1/2" x 11" page size. Font size of text will be 11 or larger. Photos, maps or diagrams should allow the user to clearly view the contents of the image including labels. Transmittal letter will be the first page; consecutive pages will be the cover page, Summary of Salient Facts or Executive Summary, Table of Contents and the body of the appraisal. All pages of the report other than transmittal letter and cover page will have page numbers.

6.2.2 Reporting Requirements

Reporting requirements are items as addressed in section 5.2, Reporting Requirement of this SOW. --*

6.2.3 Personal Property to be Appraised

All personal property or fixtures included in the appraised property will be listed and described in the report with the legal description. This personal property must be identified with serial number, make, model, size, etc.

6.3 Report Format

6.3.1 Electronic Copy of Appraisal Report

An electronic copy of the appraisal report is the preferred format. If the appraiser is unable to provide a PDF version of the appraisal report the appraiser may provide two hard copies of the appraisal report. The electronic copy will be acceptable to FSA if:

- Received via e-mail to the APOC's e-mail address or other e-mail address identified in the engagement letter or work order, as well as to the OO's e-mail address.
- vendor does not have software available to create a PDF document the vendor should contact the APOC for approval to use other software application.

The PDF file must contain the complete appraisal report, the transmittal letter, signature of the appraiser within the report as required on all appropriate pages, i.e. certification, final value page, etc., and all pages are formatted appropriately with sequential page numbers.

- Size of the file may not exceed 20 Gigabytes (GB). If the appraisal report file is larger than 20 GB, the appraiser will need to contact the APOC to make other arrangements to deliver the electronic file to FSA by the (PO) delivery date.
- Send a follow up e-mail to the APOC identified in the engagement letter that the electronic report was transmitted via e-mail providing recipient, date, subject line and time of transmittal.
- Hardcopy report may be provided per section 6.3.2, if electronic report option is not used

6.3.2 Hard Copy Report

Upon approval by the APOC, the vendor may provide a printed appraisal report to FSA in lieu of a electronic copy. Two (2) copies of the appraisal report are to be delivered to FSA unless otherwise stated in the engagement letter. At a minimum one copy must be the original report with color photographs, etc. One (1) copy can be black and white. The original report must be delivered to the Ordering Official. The second original report shall be delivered to the APOC, as stated in the engagement letter. The report shall not be bound.

7. Place of Performance 2/

Typically, the location of the appraisal assignment may be any location as further described by the engagement letter or work order. --*

8. Late Delivery Penalty Fee or Cancelation of Assignment/Contract

Communication with FSA regarding timely delivery of appraisal report is important. If the vendor is unable to deliver the appraisal report by the due date the vendor should request an extension in writing prior to the delivery date.

Liquidating damages will not be assessed if the vendor has received written authorization from the APOC or the CO for an extension.

If the vendor does not deliver the appraisal report or an electronic version by the authorized due date, the contract is in default and FSA may cancel the micropurchase/purchase order with notice to the vendor or assess a liquidated damages fee.

If the Vendor fails to perform the services, within the time specified in the appraisal order letter or extension authorized by the CO or APOC, following proper notification the Vendor shall, in the place of actual damages, pay to the Government liquidated damages of 3 % of the accepted quote amount per calendar day from the date of notification for failure to deliver the appraisal report.

Liquidated damage percentage will not exceed 25 % of the accepted quote amount <u>if delivered within 10 calendar days of the date notification</u>. Liquidated damages fee will continue to be accessed at the stated percentage and 30 calendar days beyond the date of notification the appraisal order will be terminated with no payment. The vendor will be notified in writing if appraisal order is terminated. <u>The failure to deliver an appraisal report by the due date which may cause the financial transaction not to close due to seller's unwillingness to extend the timeframe can result in immediate termination of micro-purchase and no payment upon written notice.</u>

The appraisal report shall be delivered to the APOC as described in the appraisal engagement letter or work order. A request for an extension must include the reason for the extension and the timeframe that the appraisal report will be delivered and can be submitted via e-mail. The request for an extension should be sent to the APOC or the CO if a purchase order was issued, as described in the appraisal order letter.

All written authorizations and delinquent will be an e-mail response.

The Vendor is aware that failure to deliver appraisal reports twice during a fiscal year, October through September period, within agreed upon timeframe could result in FSA no longer requesting appraisal services from the vendor.

For other non-performance issues the vendor will be notified in writing and the issue will be referred to the CO. --*

9. Personal Identify Verification of Vendor and Personnel 3/

The Government may request the Vendor to complete a background investigation of the Vendor and/or their employees. Upon request by the Government the vendor will provide the required documents necessary to complete a background investigation within the timeframes identified. The APOC or CO will request in writing the information needed and the timeframe that the documents are to be submitted to the APOC or CO. Typically, background investigations require: OF-306, Declaration of Federal Employment, and two completed FD-258's or SF-87 Fingerprint Charts with the signature and date of the applicant and a jpg format photo ID. Vendor is responsible for any expenses associated with the background investigation.

Failure to comply with the request could result in the termination of the work order or appraisal assignment. Such determination will be provide to the vendor in writing.

If background investigation results are unsatisfactory, FSA can terminate the work order or appraisal assignment. FSA may request restrictions to be applied to the Vendor or their employees. FSA will only respond if there are concerns regarding the background investigation. The APOC or CO will notify the Vendor in writing with notification of immediate termination of work order or assignment or restrictions for employee assistance.

The Vendor shall comply with agency personal identity verification procedures identified in the contract that implement Homeland Security Presidential Directive-12 (HSPD-12), Office of Management and

Budget (OMB) guidance M-05-24 and Federal Information Processing Standards Publication (FIPS PUB) Number 201 if requested by APOC or CO.

9.1 Properly Account for All Forms of Government-Provided Identification

The Vendor shall account for all forms of Government-provided identification issued to the Vendor's employees in connection with performance under this contract. The Vendor shall return such identification to the issuing agency at the earliest of any of the following, unless otherwise determined by the Government:

- (1) When no longer needed for contract performance.
- (2) Upon completion of the Vendor employee's employment.
- (3) Upon notification that appraisal services are no longer needed and the Vendor has been removed from the Appraisal Vendor registry or services have been terminated.
- (4) Upon Vendor written request to no longer provide appraisal services. The Vendor shall provide all forms of Government-provided identification issued to the Vendor and its employees.

FSA may delay final payment under a contract if the Vendor fails to comply with these requirements. --*

9.2 Subcontract Requirements

The Vendor shall insert the substance of this clause, including this paragraph, in all subcontracts when the subcontractor's employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system and/or visit FSA applicants or borrowers property. It shall be the responsibility of the prime Vendor to return such identification to the issuing agency in accordance with the terms set forth in paragraph 9.1 of this section, unless otherwise approved in writing by the APOC or CO.

10. Exceptions 3/

Any exceptions to the appraisal requirements in this SOW may be made on a specific appraisal assignment by the APOC, in consultation with an Agency appraiser. Exceptions may be granted if warranted and justifiable. Exceptions are to be made in writing, detailing the reasons the exception is being requested. The APOC may grant or deny the request and will reply in writing. The exception authority is only to be used on rare occasions and when deemed necessary by the Agency.

11. Exhibits 2/

Exhibits that are included with the SOW are categorized into two groups; general or specific work requirements. General exhibits provide more specific information related to the SOW. Work requirement exhibits specifically address additional work requirements that may be specific to the state, region or specialized real estate as defined by the exhibit.

Vendor acknowledges that exhibits may be added to this SOW and that the vendor accepts the new or modified exhibit by acceptance of the assignment. An exhibit may be provided to the vendor through the Engagement Letter and does not require the vendor to accept a new SOW with the modified exhibit. Vendor should direct questions regarding added exhibits or modified exhibits received with engagement letter to the APOC or Agency Appraiser as noted in the engagement letter.

11.1 General Exhibits

- 11.1.1 Exhibit 1, "Market Value Definition"
- 11.1.2 Exhibit 2, "Agency Statement of Work Contact Information"

11.2 Specific Work Requirement or Reporting Exhibits

- 11.2.1 Exhibit 3, "Loan Servicing Work Requirement"
- 11.2.2 Exhibit 4, "Subject Property or Comparable Sale Water Right Reporting Requirements" --*

12. Acceptance 3/

FSA may at times update the SOW with minor changes. Vendor will be notified of the changes via email providing a summary of changes that have occurred, date of change, and version number. Vendor's signature will remain and the previous SOW signature page will be added to the revised SOW. In this situation, a vendor may request or provide a new SOW with a signature.

If FSA makes major changes to work or reporting requirements, late delivery penalty fee, acceptance or delivery requirements within this SOW, FSA will notify the vendor via e-mail and request the vendor to sign a new SOW. The vendor will be required to return a copy of the complete SOW with a completed signature page to the APOC. Digital signatures on a locked (secured) Portable Document Format (PDF) document are acceptable and may be transmitted to APOC via e-mail.

Failure to return a signed SOW and/or vendor registration form upon request by FSA may result in vendor's removal from the vendor registry.

The Vendor has reviewed, understands and agrees to the term and requirements of the SOW.

Approved by:

Signature

Date

Print Name

Address

City, State and Zip Code

Phone Number

E-mail Address--*

13. Exhibit 1 3/

13.1 Market Value Definition

Source: 12 CFR 34.42 (g)

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. --*

14. Exhibit 2

14.1 Agency Statement of Work Contact Information

The following FSA employee(s) are the authorized agency official that is the Agency Point of Contact (APOC) to assist the vendor on acquisition process, the SOW terms and requirements and can provide information to an appraiser that would like to be added to the FSA Appraiser Vendor registry.

information to an appraiser that would like to be added to the 15717 appraiser vehicle registry.
Name:
Address:
Phone:
FAX:
E-mail Address:

NOTE: Appraisal Point of Contact (APOC) may be described in the engagement letter or work order. Please check engagement letter or work order for the appropriate APOC contact. --*

15. Exhibit 3

15.1 Loan Servicing Work Requirements

The specific work requirements for intended use described by the Engagement letter are as follows:

15.1.1 Servicing for Shared Appreciation Agreement Recapture

When the engagement letter or work order describes the intended use of the appraisal to <u>determine the amount of shared appreciation recapture</u> FSA has special requirements. These requirements are:

15.1.1.1 Property to be Appraised

Typically, the property to be appraised will be the same property as described by the original appraisal report(s) that were completed for the Shared Appreciation Agreement, unless otherwise stated in the engagement letter or work order.

15.1.1.2 Inspection Timeframe and Comparable Sales

The inspection of the property should occur within 21 days from the delivery date with the comparable sales selected within 3 years from the inspection date.

15.1.1.3 Delivery Date

There will be no extensions to the delivery due date of the appraisal report as stated in the Appraisal Order letter. The appraisal report will be used to determine the amount of the shared appreciation recapture.

FSA is mandated by federal law to provide information to the borrower regarding the amount of recapture that is due within certain timeframes.

15.1.1.4 Additional Capital Improvements

During the inspection of the real estate property, if you become aware of additional capital improvements that were not described by the appraisal report(s) prepared for the original shared appreciation agreement, provided to you upon notification of the appraisal assignment, you should notify the APOC. All capital improvements will be appraised as "as is" at the time of the inspection.

Additionally, prior to completing this appraisal, you should contact the FSA County Office listed in the engagement letter or work order and review the list of capital improvements, if provided, or any other additional capital improvement with the authorized agency official.

15.1.2 Loan servicing for Partial Release of Real Estate

When the engagement letter or work order describes the intended use of the appraisal is for a <u>loan</u> servicing partial release FSA has special requirements. These requirements are:

15.1.2.1 Property to be Appraised

Typically, the property to be appraised will be the property that is identified as the parcel to be released and the parcel that is to remain unless otherwise stated in the engagement letter or work order. --*

15.1.2.2 Reporting Requirements

A value for the property to be released and a value for the property to remain (if requested by client) will need to be determined. The value for each of these properties will be stated in the final opinion of value section of the appraisal report. Additionally, each property (parcel to be released and the parcel that will remain) will be fully described in the appraisal report with supporting documentation of opinions, conclusions and analysis. It is at the discretion of the appraiser based on the scope of work if a separate appraisal report is necessary for each property.

15.1.3 Foreclosure Action

When the engagement letter or work order describes that the intended use is for <u>loan servicing</u> <u>foreclosure action</u> FSA has special requirements. These requirements are:

15.1.3.1 The Final Opinion of Value will Provide the Following:

Total value of the property (including land, irrigation equipment and improvements). An allocation of value that will provide a value for each of the type of irrigation equipment (i.e. center pivots, wheel lines, etc.) or personal property as requested in the a engagement letter and/or work order and a value of just the "dirt" or land value with improvements, if applicable.

The appraiser must apply the assumption that certain covenants and restrictions may be applied to the property at the time the property is sold which may impact the value of the property. The appraiser should consider the covenants and restrictions as hypothetical conditions. If the engagement letter or work order and documents so request such consideration or the appraiser identifies that any portion of the Government inventory property is located in a 100 year flood plain and the purpose of the appraisal is for loan making action, the appraiser must take into consideration covenants and restrictions as described by the "Conservation Easement Reservations in the United States" as provided with the engagement letter and/or work order and consider how the covenants and restrictions will affect the market value.

Further, any recorded easement must be included in the addenda with discussion of the terms of the easement in the appraisal report. If the easement is proposed, an extensive discussion on how the easement impacts the value must be included in the report. --*

16. Exhibit 4

16.1 Subject Property or Comparable Sale Reporting Requirements

16.1.1 Water Rights

If there are water rights associated with the property the appraisal will discuss water rights under a separate subsection under the description of the property. The water rights section will identify the following as applicable:

- Number of acres of the water right as primary and supplementary
- Permit number
- Certificate number
- Priority date
- Source of water and location of all points of diversion for each permit or certificate
- Water availability, reliability and quality; any detrimental aspects such as salt, nitrates, etc.
- Delivery system; type, location, source of power, etc.
- Assessments or delivery costs (i.e. estimated electrical cost, district assessments, etc.)
- Provide a map documenting water right area, points of diversion with the property boundary illustrated
- Documentation of the Certificate of Water Right or Permit, Well Record or Log, Final Proof
 of Survey and any assessments.

Note: Any SOW for real estate property shall have certain subparagraphs and/or clauses. The subparagraphs or clauses are identified as follows:

1/- means that the specific clause and/or subparagraph clause are included

2/ – means that the subparagraph heading are to be included.

3/- means that the subparagraph heading and the whole subparagraph, including all subparagraphs in the section, are to be included.

A word version of this exhibit may be downloaded from the appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx

Click on "Micropurchase Info" tab. Word version of this exhibit will be under the Shared Documents section of the page.

The word document for this exhibit may be modified and be used to provide a copy of the SOW to a vendor. --*

<u>1.</u>	Background 2/	2
<u>2.</u>	Objective 2/	2
<u>3.</u>	S <u>cope 2/</u>	2
<u>4.</u>	Period of Performance 2/	2
<u>5.</u>	Work Requirements 2/	3
<u>6.</u>	Delivery 2/	10
<u>7.</u>	Place of Performance 2/	11
<u>8.</u>	Late Delivery Penalty Fee or Cancelation of Assignment/Contract	11
<u>9.</u>	Personal Identity Verification of Vendor and Personnel 3/	12
<u>10.</u>	Exceptions 3/	13
<u>11.</u>	Exhibits 2/	13
<u>12.</u>	Acceptance 3/	15
<u>13.</u>	Exhibit 1 3/	16
14.	Exhibit 2	17*

1. Background 2/

The Farm Service Agency (FSA) is an agency of the U. S. Department of Agriculture (USDA) that makes and services loans secured by real estate. FSA needs real estate Timber Cruise reports to complete various loan making and loan servicing responsibilities.

2. Objective 2/

FSA intends for the Vendor to perform a timber cruise and to provide the report in a PDF version to FSA by the specified date. FSA desires the log grades, standards, and specifications prevailing in the market area to be used.

3. Scope 2/

The purpose of this Statement of Work (SOW) is for FSA to obtain a market value (12 CFR 34.42 (g)), see attached Exhibit 1, "Market Value Definition," appraisal of a property by the described completion date.

The vendor shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Appraisal Order form (aka work order) or Purchase Order, and Engagement Letter by the specified date. This SOW applies to timber cruise report for FSA. The cruise may be a variable plot cruise with a standard error of 10%. The report is to meet the requirements as described for report format and contain all of the required documents.

The vendor is to make all necessary arrangements with property owners, lessees, brokers, easement holders, contractors, title companies and others to perform the appraisal. If the person in possession of the subject property delays the appraisal process, the vendor should immediately contact the Appraisal Point of Contact (APOC) for assistance and for a possible extension of the contract delivery date.

4. Period of Performance 2/

Typically, the period of performance is 30 calendar days from the date of the engagement letter or the Work Order unless otherwise defined. The vendor should realistically estimate the timeframe to complete the timber cruise. The timber cruise report must be received by the requesting office described in the engagement letter or work order. A request for an extension of the delivery date must include the reason for the extension and the timeframe that the Timber Cruise report will be completed. Requests for an extension can be submitted via e-mail to the Agency contact point or the Contracting officer (CO) if a purchase order was issued. Written authorization for the extension or modification will be an e-mail response from the Agency contact person or the CO. Any modification or extension requests should be sent to the APOC and/or the CO as described in the engagement letter. --*

5. Work Requirements 2/

The cruise design must include the merchantability limits, sampling error target, and a map of each property subdivision designating cruise strips, cruise strip bearings, stand stratifications, plot locations, and plot numbers. Prior to conducting the timber inventory, the vendor must submit the cruise design to the Farm Service Agency's APOC or CO for approval. The timber inventory must be designed in a professional, systematic manner, which adequately samples variability and minimizes bias.

5.1 FSA's Timber Cruise Requirements

In general, FSA has specific conditions and requirements for completing and reporting the market value of timber and will be considered an Appraisal Assignment. Market value definition is defined by Exhibit 1 of this SOW.

The specific conditions and requirements are described in this section.

5.1.1 Cruiser Forester 1/

The Forester conducting the timber cruise must be a professional that has received adequate training to be considered competent by industry professionals. Forester must be licensed in the State in which the subject is located, except where there is no licensing. Evidence of competency includes a two-year technician's degree, four-year degree from an appropriate college or university, or certification from a professional society such as the Society of American Foresters or American Consulting Foresters.

No other individual may provide assistance with the appraisal development process without prior written consent from FSA.

5.1.1.1 Background Investigation/Notification Requirement of Individual Providing Assistance 1/

If the cruiser will have an associate or assistant cruiser providing assistance with the development of the timber cruise assignment or will visit the subject property must notify the APOC in writing and receive written prior approval. Clerical support and normal information gathering is an exception for approval. The cruiser will provide FSA information as follows:

- Associate's name
- Length of employment with vendor or explanation of association if not an employee
- If background investigation has been completed by FSA. Provide the date that the background investigation information was provided to FSA.

If FSA has not completed a background investigation, or the requirement of submitting fingerprints, the cruiser and if it is necessary for the individual to provide assistance with the development of the timber cruise assignment, FSA may require their own background investigation. In this case, the APOC will provide additional information. --*

5.1.2 Access to Property 1/

FSA requires that vendor to notify the property owner prior to accessing the property. The vendor shall provide the applicant or the FSA representative the opportunity to accompany the vendor on the property inspection. If the property owner is unavailable or considered uncooperative, the vendor may request assistance and/or guidance from the APOC to coordinate; inspection of the property and/or obtaining assistance from a FSA representative.

The authorization to provide a timber cruise is the engagement letter and if requested by the property owner the vendor shall provide the engagement letter to the owner as justification to inspect the property and to obtain information necessary for the timber cruise assignment.

5.1.3 Client and Intended User

FSA is the Client and intended user of the report. If there are additional intended users, list the intended user(s) after FSA. The additional intended user may not require the vendor to do more than FSA requirements would have otherwise done, unless directed by FSA. FSA Borrower/Applicant should not be listed as an intended user.

5.1.4 Inventory Design

The cruise design must include the merchantability limits, sampling error target, and a map of each property subdivision designating cruise strips, cruise strip bearings, stand stratifications, plot locations, and plot numbers. Prior to conducting the timber inventory, the vendor must submit the cruise design to the APOC for approval. The timber inventory must be designed in a professional, systematic manner, which adequately samples variability and minimizes bias.

5.1.5 Merchantability Limits

The merchantability limits must conform to or be easily equated to those used in the market place for the subject properties.

5.1.6 Volume Estimators

Volume estimators or tree volume taper equations must be used which correspond to or closely approximate those used in the market area of the subject properties.

5.1.7 Quality Grading

Grading standards must correspond or be easily equated to the Official Log Scaling and Grading Rules as developed and updated by industry standards or the profession Advisory Group. In addition, each log grade segment must be sub graded for export or domestic quality.

5.1.8 Sampling Error

For market value appraisal purposes, sampling accuracy standards need not be greater than that prevailing for stumpage and timbered property transacted in the marketing area of the subject property.

5.1.9 Market Value

The market value shall be determined by use of the current market price a timber owner can obtain in the market from selling the timber as it is, which the appraiser shall explain in the report. If market sales are used, then the adjustments need to be shown. If mill price is used then deductions need to be shown. Market value is for the stumpage value of the timber as it stands. --*

5.1.10 Timber Inventory Identification

The vendor will provide FSA or their representatives with copies of field measurement data, volume summaries, and any other pertinent data which would expedite a check cruise, including any cruise map revisions, for each property subdivision promptly upon completion. The vendor shall clearly document all sampling plots as follows:

- Hang adequate flagging in a clearly visible manner near each sampling plot.
- Establish and clearly mark a durable plot center monument, which will remain in place for a minimum of six months.
- Identify the sample plot number, cruise strip number, and date at each plot in a consistent manner, preferably written in permanent marker on a strip of durable flagging.

5.2 Reporting Requirements 2/

Reporting requirements of information should be sufficient in detail to answer all important questions that the client or reader might pose as to the valuation of timber. Vendor may use judgement in providing information in this section when the word, "should," is stated. The report will include relevant information that supports a credible report, value, assumptions, conclusions and methodology.

5.2.1 Report Information

The cruise report is the source of timber statistics used for appraisals to estimate both timber volumes and values. The report shall address each of the sub section items in this section.

5.2.1.1 Per Acre and Average Tree Data

Data collection shall describe the species composition, mean stand diameter, basal area, number of trees, and board foot volumes.

5.2.1.2 Log Quality Data

Log quality data should be broken down by volume by species, log sort, and log grade.

5.2.2 Report Format

Data collected and provided in the report shall be based on typical reporting standards that are expected by professional foresters in the market area. Reference to units, type, standards shall be described adequately to illustrate and meet report information requirements. The appropriate units, type, methodologies, analysis shall be reflected in the report based on market area professional standards. Report should, at a minimum, contain the information described in section 5

5.2.2.1 *Cover Page*

The cover page should describe the subject by name, location as Township, Range, Section and Lot, County, State and physical address, if available, cruise report completed by and date the report was written. --*

5.2.2.2 Table of Contents

The table of contents shall follow the cover page and at a minimum provide; Description of Timber, Methods, Results and Appendices. Subsection should be included in the table of contents for location and access, topography, cover type description, timber volume, growth, and other relevant information.

5.2.2.3 Description of Timber and Timberland

Property description should include at a minimum:

- Maps and Aerial Photographs
- Location and Access
- Boundary Markings
- Topography
- Cover Type Descriptions
- Timber Stands and Other Cover Types
- Stand Ages
- Operability for Timber Harvest Legal
- Physical and Legal Limitations on Timber Harvest

5.2.2.4 Description of Methods

The description will include the methods of collecting data (variable radius plots, fixed area plots, etc.), sampling intensity, log lengths (minimum, maximum, and preferred lengths by species), minimum scaling diameter, minimum merchantable log, and minimum merchantable tree.

5.2.2.5 Results

Provide a general description of analysis, statistical information and a description of applicable tables, summary of results and analysis and appendices.

Cruise summary should provide species, average DBH, Basal Area, average Net volume per log and per acre in cubic and board feet, Type Totals (Net) in MBF. There should be a summary subsection for each type with species listed with subtotals/Mean. At a minimum, definitions should be included as footnote to the summary table and should define basal area, MBF and DBH.

Log sort, grade and volume data should be provided with property data, per acre data, average log data and percent of net board fee by gross log length and describe Net MBF, Gross Board Feet, Net Board Feet, Number of Logs, length by species and grade.

Stand tables should provide DBH in inches, basal area/acre, trees/acre, Net DBH/acre, Net board feet/acre and Total Net MBF.

5.2.2.6 Appendices

The appendices should provide appropriate data, tables, plot map, analysis, data collection, forest type map identifying stands and other relevant information to support valuation and conclusions. Typically, the appendices has log sort, grade and volume data by type in table format and stand tables. --*

5.2.2.7 Engagement Letter

The engagement letter and/or work order should be provided in the Addendum of the Timber Cruise report.

5.2.2.8 Qualifications of the Appraiser

Resume listing applicable timber cruise education and experience must be included.

5.3 Personal Identifiable Information (PII) 3/

The vendor will comply with the intent of the Privacy Act of 1974 to protect the individual's privacy from unwarranted invasion, to make sure that personal information in their possession, if provided by the federal agency, is properly used, and will prevent any potential misuse of personal information in their possession.

The vendor and any associated employee is contractually bound by the same requirement of information confidentiality as are Government employees.

Reference to FSA applicant, producer or borrower's personal identifiable information other than name, address or information that is of public record shall be considered confidential and not disclosed in the report.

5.4 Expert Witness/Testimony 3/

5.4.1 Request for Expert Witness

If needed, the appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. FSA will issue an engagement letter and/or work order for expert witness services providing the location, date and time the appraiser will be required to provide expert witness testimony and an estimated cost for such services.

5.4.2 Documentation of Services

The appraiser will be expected to maintain itemized documentation of prep work time, actual expert witness time, mileage and per diem that was incurred.

5.4.3 Fee

The appraiser will provide an hourly rate fee for expert testimony upon registration as the contract appraiser. Additionally, appraisers are encouraged to state an hour rate for expert witness prep time. Typically, FSA expects the prep rate to be less than expert witness hourly rate.

The expert witness rate will cover the appraiser's time from the time of departing his/her office until the appraiser returns to his/her office. The hours will be rounded to the nearest one-quarter hour.

FSA will reimburse the appraiser for prep time necessary to prepare for the appeal hearing or court action. The prep hourly rate will be the rate indicated on the appraiser's FSA Vendor Appraiser Registration form. If no hourly rate is indicated for the prep time then the rate will be 50 percent of the expert testimony rate. --*

5.4.4 Per Diem

FSA will reimburse the appraiser for domestic per diem and personal car use, at the rate paid to FSA employees as published by the United States General Service Administration (GSA). Current Per Diem rates and reimbursement for personal automobile can be obtained from the web site:

http://www.gsa.gov

You will need to select URL reference: "Per Diem Rates," or select, "POV Mileage Reimbursement Rates."

There is a basic per diem for lodging and for meals and incidental expenses (M&IE) (subject to change without notice) unless otherwise stated for specified areas that have higher per diem rates. The appraiser should refer to the appropriate web site or contact the FSA office for this information. Per Diem is only authorized and paid if the appraiser is required by FSA to be away from their office area that exceeds 50 miles and for overnight. The maximum hours per day for reimbursement are eight hours if the appraiser is on per diem. The personal automobile reimbursement may be requested in all cases for expert witness travel needs.

5.4.5 Submitting Expert Witness Invoice

The appraiser must submit an itemized invoice to be paid. The invoice will itemize the time that was required for preparation for the expert witness with a brief explanation of prep work completed, the time involved for actual expert witness testimony, mileage incurred on a daily basis and any per diem requested. The invoice should be submitted in accordance with section 5.7, Invoicing.

5.5 Inspection/Use Of/And Release of the Report 3/

FSA's primary intended use of the appraisal will be stated in the engagement letter and/or work order. However, FSA may use the appraisal in other loan making and servicing actions, as FSA needs to do in carrying out requirements in government regulations. FSA does have need from time to time to release a copy of the report to the applicant, borrower, their representatives, and to other parties under the regulations that govern FSA's programs. These other parties may include peer groups, such as a professional organization.

5.5.1 Timber Inventory Inspection

5.5.2 Quality Control Standards

The FSA or their representatives reserve the right to perform a check cruise of at least 10% of Contractor's work. Contractor's work must meet or exceed the following standards:

5.5.2.1 *Net Volume*

The net cruise volume for each property subdivision must be within plus or minus 10% of the net cruise volume as indicated by the check cruise. The same tree volume estimators must be used for this comparison. The tree volume estimators used by the Contractor will be considered the standard for comparison.

5.5.2.2 Quality

The value for each property subdivision must be within plus or minus 10% of the check cruised value. This will be measured by comparing the total graded log value on a MBF basis using the same set of log values. This check is to be done independently of the net volume check. --*

5.5.2.3 Sampling error

The actual sampling error for each property subdivision must meet or exceed the sampling error target identified in the Contractor's cruise design.

5.6 Acceptance Criteria 3/

Delivery of the timber cruise report will include a properly executed invoice. Invoice for payment will be processed when the appraisal is determined acceptable by FSA. An acceptable product will include:

- 1. Timber Cruise report must be delivered by the completion date stated on the engagement letter and/or work order (plus any extension of time granted by FSA)
- 2. Timber Cruise report is completed in accordance with professional industry standards and requirements and meets work requirements of this SOW that are applicable and any other requirements for a specific property which will be found in the Letter of Engagement for each appraisal order.
- 3. An administrative review accepts the Timber Cruise report by FSA.

If the administrative review indicates that Timber Cruise report may not be acceptable, FSA may request additional information to support the adjustments, explanation of the process, or SOW requirements must be met, the invoice approval and payment of the appraisal fee will be held until the appraisal is found acceptable to FSA.

The request for additional information will provide a specific timeframe for the information to be delivered and the criteria for the updated material to be added to the Timber Cruise report. Typically, the timeframe to update the report is no more than 7 calendar days or as specified by the request letter. If the vendor determines that a completed Timber Cruise report will need to be reissued the vendor will need to have approval from FSA.

The Timber Cruise report must be delivered by the completion date stated on the work order form or engagement letter or provided by an extension of time granted by FSA.

5.7 Invoicing 3/

5.7.1 Invoice Information

A properly executed invoice for payment should be submitted to the APOC as directed in the engagement letter and/or work order. The invoice will include the appraiser's name, address, invoice number, DUNS number, and name of the applicant/borrower as identified in the engagement letter and/or work order, county/borough/parish/city name that the appraisal was completed in and the amount.

5.7.2 Invoice Approval

The invoice will be processed for payment when the report is determined acceptable by FSA. If the report is not acceptable the timber cruise fee will be held until the report is found acceptable to FSA. --*

5.7.3 Final Payment

FSA procurement regulations provide the U.S. Government 10 business days from receipt date of the report to determine if the report is acceptable. The invoice will be processed for payment within 30 calendar days or less from the date the appraisal was accepted. The cruiser will be notified in writing if the report is unacceptable and at the discretion of the Government will be requested to make changes to the Timber Cruise report in order to meet FSA SOW requirements. An unacceptable report will be considered as in default and at the discretion of the Government the micro purchase/purchase order may be terminated.

The USDA procurement procedures require that <u>ALL vendors</u> be paid using Electronic Fund Transfer (EFT) system. The Debt Collection Improvement Act (DCIA) of 1996 requires that federal payments of invoices for goods and services received to be paid by EFT. Therefore, each vendor must be registered in the System for Award Management (SAM) that is available at: www.sam.gov

The vendor will be required to update the SAM data annually. FSA cannot update a vendor's information in SAM. However, the vendor may contact the Agency Point of Contact for guidance on updating SAM.

FSA will only be able to process the invoice when the appraisal is determined acceptable and the appraiser is properly registered in the SAM web site.

6. Delivery 2/

Vendor is expected to deliver to the APOC a Timber Cruise report by the accepted delivery date as stated in the Vendor's quote or authorized extension.

FSA has additional requirements related to Timber Cruise report.

6.1 Report Type

Narrative Timber Cruise reports are acceptable. However, form reports are acceptable as long as the report form is approved by FSA. For approval please contact the Agency area appraiser or Lead appraiser.

6.1.1 Layout/Formatting

The report must be in portrait layout with an 8 1/2" x 11" page size. Font size of text will be 11 or larger. Photos, maps or diagrams should allow the user to clearly view the contents of the image including labels. Transmittal letter will be the first page followed by appropriate approved form report. For narrative reports; consecutive pages will be the cover page, Table of Contents and the body of the appraisal. All pages of the report other than transmittal letter and cover page will have page numbers.

6.1.2 Reporting Requirements

Reporting requirements are items as addressed in paragraph 5.2, Reporting Requirements of this SOW.

6.2 Report Format

6.2.1 Electronic Copy of Timber Cruise report

An electronic copy of the Timber Cruise report is the preferred format. If the cruiser is unable to provide a Portable Document Format (PDF) version of the Timber Cruise report the cruiser may provide two hard copies of the Timber Cruise report. The electronic copy will be acceptable to FSA if:

- Received via e-mail to the APOC's e-mail address.
- it is in a PDF format.

The PDF file must contain the complete Timber Cruise report, the transmittal letter, signature of the cruiser within the report as required on all appropriate pages, i.e. certification, final value page, etc., and all pages are formatted appropriately with sequential page numbers.

- Size of the file may not exceed 20 Gigabytes (GB). If the Timber Cruise report file is larger than 20 GB, the appraiser will need to contact the APOC to make other arrangements to deliver the electronic file to FSA by the (PO) delivery date.
- Send a follow up e-mail to Agency contact that the electronic report was transmitted via e-mail providing recipient, date, subject line and time of transmittal.
- Hardcopy, if electronic report option is not used

The report shall not be bound. It is preferred that the report be secured by a staple in the bottom center of the report.

6.2.2 *Copies*

Upon approval by the APOC, the vendor may provide a printed appraisal report to FSA in lieu of a electronic copy. Two (2) copies of the appraisal report are to be delivered to FSA unless otherwise stated in the engagement letter. At a minimum one copy must be the original report with color photographs, etc. One (1) copy can be black and white. The original report must be delivered to the APOC. The second original report shall be delivered to the Ordering Official, as stated in the engagement letter.

7. Place of Performance 2/

Typically, the location of the appraisal assignment may be any location as further described by the Appraisal Order form or engagement letter.

The cruiser may contact the agency statement of work contact for further information as provided by Exhibit 2.

8. Late Delivery Penalty Fee or Cancelation of Assignment/Contract

Communication with FSA regarding timely delivery of Timber Cruise report is important. If the vendor is unable to deliver the Timber Cruise report by the due date the vendor should request an extension in writing prior to the delivery date.

Liquidating damages will not be assessed if the vendor has received written authorization from the APOC or the CO for an extension. --*

If the vendor does not deliver the Timber Cruise report or an electronic version by the authorized due date, the contract is in default and FSA may cancel the purchase/purchase order with notice to the vendor or assess a liquidated damages fee.

If the Vendor fails to perform the services, within the time specified in the appraisal order letter or extension authorized by the CO or APOC, following proper notification the Vendor shall, in the place of actual damages, pay to the Government liquidated damages of 3 % of the accepted quote amount per calendar day from the date of notification for failure to deliver the Timber Cruise report.

Liquidated damage percentage will not exceed 25 % of the accepted quote amount if delivered within 10 calendar days of the date notification. Liquidated damages fee will continue to be accessed as stated percentage and 30 calendar days beyond the date of notification the appraisal order will be terminated with no payment. The vendor will be notified in writing if appraisal order is terminated.

The Timber Cruise report shall be delivered to the APOC as described in the appraisal engagement letter. A request for an extension must include the reason for the extension and the timeframe that the Timber Cruise report will be delivered and can be submitted via e-mail. The request for an extension should be sent to the APOC or the CO if a purchase order was issued as described in the appraisal order letter.

All written authorizations and approval of an extension for delivery will be an e-mail response.

The Vendor is aware that failure to deliver Timber Cruise reports twice during a fiscal year, October through September period, within agreed upon timeframe could result in FSA no longer requesting appraisal services from the vendor.

Other non-performance issues the vendor will be notified in writing and the issue will be referred to the CO.

9. Personal Identity Verification of Vendor and Personnel 3/

The Government may request the Vendor to complete a background investigation of the Vendor and/or their employees. Upon request by the Government the vendor will provide the required documents necessary to complete a background investigation within the timeframes identified. The APOC or CO will request in writing the information needed and the timeframe that the documents are to be submitted to the APOC or CO. Typically, background investigations require: OF-306, Declaration of Federal Employment, and two completed FD-258's or SF-87 Fingerprint Charts with the signature and date of the applicant and a jpg format photo ID. Vendor is responsible for any expenses associated with the background investigation.

Failure to comply with the request could result in the termination of the work order or appraisal assignment. Such determination will be provide to the vendor in writing.

If background investigation results are unsatisfactory, FSA can terminate the work order or appraisal assignment. FSA may request restrictions to be applied to the Vendor or their employees. FSA will only respond if there are concerns regarding the background investigation. The APOC or CO will notify the Vendor in writing with notification of immediate termination of work order or assignment or restrictions for employee assistance. --*

The Vendor shall comply with agency personal identity verification procedures identified in the contract that implement Homeland Security Presidential Directive-12 (HSPD-12), Office of Management and Budget (OMB) guidance M-05-24 and Federal Information Processing Standards Publication (FIPS PUB) Number 201 if requested by APOC or CO.

9.1 Properly Account for All Forms of Government-Provided Identification

The Vendor shall account for all forms of Government-provided identification issued to the Vendor's employees in connection with performance under this contract. The Vendor shall return such identification to the issuing agency at the earliest of any of the following, unless otherwise determined by the Government:

- (1) When no longer needed for contract performance.
- (2) Upon completion of the Vendor employee's employment.
- (3) Upon notification that appraisal services are no longer needed and the Vendor has been removed from the Appraisal Vendor registry or services have been terminated.
- (4) Upon Vendor written request to no longer provide appraisal services. The Vendor shall provide all forms of Government-provided identification issued to the Vendor and its employees.

FSA may delay final payment under a contract if the Vendor fails to comply with these requirements.

9.2 Subcontract Requirements

The Vendor shall insert the substance of this clause, including this paragraph, in all subcontracts when the subcontractor's employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system and/or visit FSA applicants or borrowers property. It shall be the responsibility of the prime Vendor to return such identification to the issuing agency in accordance with the terms set forth in paragraph 9.1 of this section, unless otherwise approved in writing by the APOC or CO.

10. Exceptions 3/

Any exceptions to the appraisal requirements in this Statement of Work, may be made on a specific appraisal assignment by the APOC, in consultation with an Agency appraiser. Exceptions may be granted if warranted and justifiable. Exceptions are to be made in writing, detailing the reasons the exception is being requested. The APOC may grant or deny the request and will reply in writing. The exception authority is only to be used on rare occasions and when deemed necessary by the Agency.

11. Exhibits 2/

Exhibits that are included with the SOW are categorized into two groups; general or specific work requirements. General exhibits provide more specific information related to the SOW. Work requirement exhibits specifically address additional work requirements that may be specific to the state, region or specialized real estate as defined by the exhibit. --*

Vendor acknowledges that exhibits may be added to this SOW and that the vendor accepts the new or modified exhibit by acceptance of the assignment. An exhibit may be provided to the vendor through the Engagement Letter and does not require the vendor to accept a new SOW with the modified exhibit. Vendor should direct their questions regarding added exhibits or modified exhibits received with engagement letter to the APOC, Lead Regional Appraiser (LRA) or Regional Appraiser (RA) as noted in the engagement letter.

11.1 General Exhibits

- 11.1.1 Exhibit 1, "Market Value Definition"
- 11.1.2 Exhibit 2, "Agency Statement of Work Contact Information"
- 11.2 Specific Work Requirement Exhibits
- 11.2.1 None --*

12. Acceptance 3/

FSA may at times update the SOW with minor changes. Vendor will be notified of the changes via email providing a summary of changes that have occurred, date of change, version number. Vendor's signature will remain and the previous SOW signature page will be added to the revised SOW. In this situation, a vendor may request or provide a new SOW with a signature.

If FSA makes major changes to work or reporting requirements, late delivery penalty fee, acceptance or delivery requirements with in this SOW FSA will notify the vendor via e-mail and request the vendor to sign a new SOW. The vendor will be required to return a copy of the complete SOW with a signed signature page to the APOC. Digital signatures on a locked (secured) Portable Document Format (PDF) document are acceptable and may be transmitted to FSA to APOC via e-mail.

Failure to return a signed SOW and/or vendor registration form upon request by FSA may result in vendor to be removed from the vendor registry.

The Vendor has reviewed, understands and agrees to the term and requirements of the SOW.

Approved by:

Signature

Date

Print Name

City, State and Zip Code

E-mail Address --*

13. Exhibit 1 3/

13.1 Market Value Definition

Source: 12 CFR 34.42 (g)

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. --*

14. Exhibit 2

14.1 Agency Statement of Work Contact Information

The following FSA employee(s) are the authorized agency official that is the Agency Point of Contact (APOC) to assist the vendor on acquisition process, the SOW terms and requirements and can provide information to an appraiser that would like to be added to the FSA Appraiser Vendor registry.

information to an appraiser that would like to be added to the FSA Appraiser Vendor registry.
Name:
Address:
Phone:
FAX:
E-mail Address:

Note: Any SOW for personal property shall have certain subparagraphs and/or clauses. The subparagraphs or clauses are identified as follows:

1/- means that the specific clause and/or subparagraph clause are included

2/ – means that the subparagraph heading are to be included.

3/- means that the subparagraph heading and the whole subparagraph, including all subparagraphs in the section, are to be included.

A word version of this exhibit may be downloaded from the appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx

Click on "Micropurchase Info" tab. Word version of this exhibit will be under the Shared Documents section of the page.

The word document for this exhibit may be modified and be used to provide a copy of the SOW to a vendor. --*

<u>1.</u>	Background 2/	2
<u>2.</u>	Objective 2/	2
<u>3.</u>	<u>Scope 2/</u>	2
<u>4.</u>	Period of Performance 2/	3
<u>5.</u>	Work Requirements 2/	3
<u>6.</u>	<u>Delivery 2/</u>	12
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<u>9.</u>	Personal Identity Verification of Vendor Personnel 3/	15
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<u>12.</u>	Acceptance 3/	17
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14.	Exhibit 2	9*

1. Background 2/

The Farm Service Agency (FSA), an agency of the U.S. Department of Agriculture (USDA), makes and services loans secured by personal property or chattels. FSA needs appraisal reports to complete various direct loan making and loan servicing responsibilities. The Statement of Work (SOW) addresses FSA's requirements for chattel appraisal services.

2. Objective 2/

FSA intends for the Vendor to provide chattel appraisal reports in a PDF version, by the specified date, to be delivered to the FSA Office requesting the appraisal. Timely delivery of the appraisal report is critical to the success of FSA's meeting its mission and providing loan assistance to farmers. The equipment and livestock are to be appraised on an appropriate Agency forms, or a format acceptable to the agency. Other personal property will be appraised in a narrative report and attached to the Agency appraisal form.

3. Scope 2/

The purpose of the SOW is for FSA to obtain a market value (12 CFR 34.42 (g), see attached Exhibit 1, for definition of "Market Value,") appraisal of personal property by the described completion date. The property will be appraised by using the **whole sale (auction) value**. This value is the estimated gross amount, expressed in terms of money, which could be typically realized from a sale, given a reasonable exposure time period. For the purpose of this SOW a 60 day marketing period is considered appropriate (unless otherwise stated) as a reasonable time for exposure in the open market, assuming that the subject property is professionally and actively marketed.

The appraiser shall furnish all materials, supplies, tools, equipment, personnel, and travel and shall complete all requirements of the Appraisal Order form or Purchase Order, and Engagement Letter by the specified date. This SOW applies to all chattel appraisals for FSA.

Typically, the appraiser will appraise the chattel property in the "as is" condition unless otherwise stated in the appraisal engagement letter. "As is" condition is the condition of the property as you find it during your inspection.

FSA regulations require that the vendor take into consideration at a minimum the Sales Comparison approach. If the appraiser determines that another approach is applicable the appraiser will obtain written approval from the Appraisal Point of Contact (APOC) and adequately explain the in the Scope of Work of the appraisal report. --*

4. Period of Performance 2/

Typically, the period of performance is 30 calendar days from the date of the Engagement Letter or the Purchase Order unless otherwise defined. The vendor should realistically estimate the timeframe to complete the appraisal assignment. The appraisal report must be received by the requesting office described in the engagement letter and/or work order. A request for an extension of the delivery date must include the reason for the extension and the timeframe that the appraisal report will be completed. Requests for an extension can be submitted via e-mail to the (APOC) or the Contracting Officer (CO) if a purchase order was issued. Written authorization for the extension or modification will be an e-mail response from the APOC or the CO.

5. Work Requirements 2/

The appraiser is to fulfill the appraisal process and reporting standards as described by FSA regulations, FSA forms, if applicable, and any other assignment conditions as further defined in this SOW or the engagement letter. Vendor may request a copy of FSA regulations regarding chattel appraisal requirement by contacting the APOC, CO or local FSA office as described in the engagement letter.

5.1 FSA's Appraisal Requirements

In general, FSA has specific appraisal conditions and requirements for completing and reporting the market value of personal property and will be considered as to be part of the Appraisal Assignment.

The specific conditions and requirements are described in this section.

5.1.1 Appraiser 1/

The appraiser conducting the chattel appraisal assignment must be a professional that has received adequate training to be considered competent by industry professionals to perform the chattel appraisal. The appraiser must be licensed in the State in which the subject is located, except where there is no licensing. Evidence of competency includes documentation of training, education, a degree from an appropriate college or university, or certification from a professional society such as the American Society of Appraisers, American Society of Farm Manager and Rural Appraisers, Certified Farm Machinery and Equipment Appraiser or similar professional organizations or certifications. Vendor shall provide evidence of competency upon request by APOC or CO.

No other individual may provide assistance with the appraisal development process without prior written consent from FSA. --*

5.1.1.1 Notification Requirement of Individual Providing Assistance/Approval 1/

If the appraiser will have an associate or assistant appraiser providing assistance with the development of the appraisal assignment or will visit the subject property must notify the APOC in writing and receive written approval. Clerical support and normal information gathering is an exception for approval. The appraiser will provide FSA information as follows:

- Associate's name
- Length of employment with vendor or explanation of association if not an employee
- If background investigation has been completed by the State. Provide the date that the background investigation information was provided to the State.

Note: Date of license or registration certification would meet this requirement with a statement that background information was submitted with application for license/registration.

If the State has not completed a background investigation, or the requirement of submitting fingerprints, and it is necessary for the individual to provide assistance with the development of the appraisal assignment, FSA may require their own background investigation. In this case, the APOC will provide additional information.

5.1.2 Access to Property 1/

FSA requires that vendor to notify the property owner prior to accessing the property. The vendor shall provide the applicant or the FSA representative the opportunity to accompany the vendor on the property inspection. If the property owner is unavailable or considered uncooperative, the vendor may request assistance and/or guidance from the APOC to coordinate inspection of the property and/or obtaining assistance from a FSA representative.

The authorization to provide appraisal services is the engagement letter and if requested by the property owner the vendor shall provide the engagement letter to the owner as justification to inspect the property and to obtain information necessary for the appraisal assignment.

5.1.3 Client and Intended User

Generally, FSA will be named as the Client and intended user. FSA will advise the vendor if there are additional intended users and they will be listed after FSA. The additional intended user may not require the vendor to do more than FSA requirements would have otherwise done, unless directed by FSA. The FSA Borrower/Applicant will not be listed as an intended user.

5.1.4 Appraisal Process

The appraiser shall follow industry recognized appraisal process and reporting standards and any FSA regulation requirements in effect as of the effective date of the appraisal. The appraiser will need to consider the following requirements of the personal property in the appraisal process: --*

5.1.4.1 Intended Use

The stated intended use of the appraisal may have specific requirements that must be considered. If the intended use is not identified in this section of the SOW then FSA has no additional requirements.

5.1.4.2 Property Identification

All of the personal property to be appraised will be described on FSA 2028 Security Agreement, if available, or on an attachment.

This property is owned by or taken care of by the person(s) named as "Owner" on the Chattel Appraisal Order Form. In addition to the personal property listed, FSA security agreements cover all additions to and replacements to the property listed on the security agreement. Therefore, as the Vendor performs the appraisal, if the appraiser becomes aware of additional equipment, livestock, and other farm personal property, the appraiser is to describe this additional property with an appraised value on an attachment to the appraisal.

5.1.5 Property Location and Access 1/

FSA understands the property is located at the location described in Appraisal Order form. If some of the property is not located at the location described and the new location will add considerable cost to the vendor to inspect the property, the vendor should contact the FSA APOC/CO and negotiate an increase in the Micro Purchase/Purchase Order amount.

On-sight, visual inspection of the chattels listed must be performed. The effective date of this appraisal is the date of inspection. FSA requires that the appraiser inspects all security; and if unable to do so, then the reason why not must be explained and concurred with by the APOC. If concurrence is obtained then an Extraordinary Assumption should be utilized. The vendor is to contact the person listed under Section A of the Chattel Appraisal Order Form for access to inspect and appraise the property. If the vendor is denied access, the vendor is to immediately inform the APOC to make other arrangements.

5.1.6 Approaches to Value

The report must explain why an excluded approach is not necessary for credible results. Each approach to value will be reconciled with the strengths and weaknesses. A dictionary definition of "explain" is "to give the reason for or cause of." FSA regulations require that the vendor take into consideration at a minimum the Sales Comparison approach. If the appraiser determines that another approach is applicable the appraiser will obtain written approval from the Appraisal Point of Contact (APOC) and adequately explain the in the Scope of Work of the appraisal report.

Consider the following approaches to value as part of the appraisal assignment. --*

5.1.6.1 Sales Comparison Approach

Typical Sales Comparison methodology is defined as a set of procedures in which the appraiser derives a value by comparing the property being appraised to similar properties that have recently been sold, applying the appropriate units of comparison; identifying elements of comparison, and apply the quantitative or qualitative adjustment of each element of comparison to the sale prices of comparable sales.

The property will be appraised by using the **whole sale** (**auction**) **value**. This value is the estimated gross amount, expressed in terms of money, which could be typically realized from a sale, given a reasonable exposure time period. For the purpose of this SOW a 60 day marketing period is considered appropriate (unless otherwise stated) as a reasonable time for exposure in the open market, assuming that the subject property is professionally and actively marketed.

5.1.6.2 Cost Approach

The appraisal report must contain information on how the depreciation was extracted from the market data and used to determine contributory values for the personal property. If market data is not available the appraisal report will state as such and the conclusion will be supported. Industry acceptable depreciation methods can be used and should be adequately documented illustrating calculations, explanation as to appropriate method and reasoning for the depreciation and the replacement value.

5.2 Reporting Requirements 2/

Reporting requirement of information should be sufficient in detail to answer all important questions that the client or reader might pose as to the physical characteristics of the property. The report will include relevant information that supports a credible report, value, assumptions, conclusions and methodology.

If the appraiser cannot obtain sale information to support the market value, the APOC or CO may authorize an alternative method after the appraiser reports their search information of the market to the APOC or CO and find the appraiser's efforts were satisfactory.

The report is to describe the location of all property that is not located at the location described by FSA. Additionally, the report shall consist of, at a minimum, the following:

5.2.1 Form

The livestock and the equipment will be appraised by use of an appropriate Agency form, or a format acceptable to the agency. FSA chattel appraisal form is FSA 2160, "Appraisal of Chattel Property." This form can be obtained from the APOC. The appraiser may provide addendums to the FSA form to support other personal property that is identified, methodology, adjustments, assumptions, conclusions, calculations and any requirement described in this subpart of the SOW. --*

5.2.2 Inventory of Crops, Feed, etc.

Inventory of crops on hand, feed on hand, etc. will be appraised in a narrative format by describing the item, the quantity, the quality, the unit value, source of unit value, and the final value. Then the cost to market and convert the item to cash will be explained and deducted for the market value. Provide a, concise narrative regarding your observations as to the overall condition and care of stored crops and major supplies on hand.

5.2.3 Growing Crops

All crops growing on the real estate described in item (b) page 2 of 7 of FSA 2028, Security Agreement, will be appraised if FSA provides a copy of the security agreement to the vendor. The growing crops will be described in a narrative format by the location, quantity, quality, age or maturity, unit value, source of unit value, and present gross crop value. The cost to harvest or market will be deducted, if the crop will be harvested within 30 days. If the crop will not be harvested within 30 days, then the cost invested in the crop may be used. In either case, the appraiser should deduct all known landlord leases due against the crop. The vendor is not required to conduct a lien search, only to advise FSA of their findings.

5.2.4 Livestock

All livestock described on FSA 2028, Security Agreement, will be appraised if FSA provides a copy of the security agreement to the vendor. Otherwise, livestock described by the work order and/or engagement letter will be appraised. The appraisal report will identify the livestock providing an Item No, livestock type, and at the minimum provide Quantity, Kind, Sex, Breed, Color, Weight or Average Weight, Age or Age Range, Brands or Other Identification, Value/Head and Dollar value.

5.2.5 Equipment

All equipment described on FSA 2028, Security Agreement, will be appraised if FSA provides a copy of the security agreement to the vendor. Otherwise, equipment or any other personal property described by the work order and/or engagement letter will be appraised. The appraisal report will identify the equipment or personal property providing an Item No, Quantity, Description, Manufacturer, Size and Type, Condition, Year of Manufacture, Serial Number, or Other Identification, and Dollar value.

5.2.6 Base Acres, Quotas, Contracted

If applicable, base acres, quotas, contracted acres, etc. are to be appraised using actual sales of the type for the same crop and the same processor. If the appraiser cannot obtain sale information, the APOC or CO may authorize an alternative method after the Appraiser reports their search of the market and the APOC or CO find the Appraiser's efforts were satisfactory.

5.2.7 Other Personal Property

If applicable, other personal property must be identified adequately to allow the client to understand and clearly identify the property, include type, description, model, and any specific identification of the property. --*

5.2.8 Total Value

Total value will be provided for inventory, growing crops, livestock, equipment and any other personal property. A final value of all personal property will be provided in the summary and conclusion of value section of the report. A statement as to what value has been determined will be included in the total value section. If forced liquidation value is requested by the client the determination of that value will be fully explained.

5.2.9 *Photos*

Each appraisal will include pictures of the significant items appraised and also include pictures of a representative sample of any livestock appraised, as well as crops, feed stocks and supplies. All pictured items will be identified.

5.2.10 Value Resource Documentation

The appraisal report should clearly document resource sources and information used to determine value. Chattels offered as security for FSA, shall be appraised utilizing the Blue Book, auctions, machinery dealers, livestock reports, etc.

5.2.11 Assumptions and Extraordinary Assumptions and Limiting Conditions

If any personal property cannot be viewed, then an Extraordinary Assumption may be used with a full explanation. Appraisal report should have an addendum identifying any assumptions and limiting conditions as appropriate.

5.2.12 Economic Characteristics

Any impacts of economic characteristics shall be discussed such as productivity, production and ownership costs, rents, gross and net income, etc. Economic characteristics should be supported from the market if value adjustments are required. Review and summarize production contract(s) for specialized agricultural facilities. Discuss the general market economics and/or the economics of the specialized agricultural facilities.

5.2.13 Approaches to Value

FSA regulations require that the appraisal will document the results when considering the three approaches to value, as determined to be applicable and necessary, except as provided in the scope of work.

5.2.14 Engagement Letter

A copy of the engagement letter or work order will be provided in the addendum of the appraisal report. --*

5.2.15 Certification

If the appraiser is not using FSA 2160, the appraiser will date and sign the appraisal report and include a statement that the values provided are based on market information and analysis that was available on the effective date of the appraisal report. If the appraiser is a member of a professional organization and the organization requires the appraiser to sign a certification, such certification will be included with the report.

5.2.16 Qualifications of the Appraiser

A resume listing applicable appraisal education and experience must be included. FSA does not require a copy of the appraiser's license or evidence of any personal liability insurance to be included in the report.

5.3 Personal Identifiable Information (PII)/FSA Program Information 3/

The vendor will comply with the intent of the Privacy Act of 1974 to protect the individual's privacy from unwarranted invasion, to make sure that personal information in their possession, if provided by the federal agency, is properly used, and will prevent any potential misuse of personal information in their possession.

The vendor is contractually bound by the same requirement of information confidentiality as are Government employees.

Reference to FSA applicant, producer or borrower's personal identifiable information other than name, address or information that is of public record shall be considered confidential and not disclosed in the report.

5.4 Expert Witness/Testimony 3/

5.4.1 Request for Expert Witness

If needed, the appraiser agrees to be an expert witness for FSA concerning the appraisal in an appeal hearing or in court. FSA will issue an engagement letter or work order for expert witness services providing the location, date and time the appraiser will be required to provide expert witness testimony and an estimated cost for such services.

5.4.2 Documentation of Services

The appraiser will be expected to maintain itemized documentation of prep work time, actual expert witness time, mileage and per diem that was incurred. --*

5.4.3 Fee

The appraiser will provide an hourly rate fee for expert testimony upon registration as the contract appraiser. Additionally, appraisers are encouraged to state an hourly rate for expert witness prep time. Typically, FSA expects the prep rate to be less than expert witness hourly rate.

The expert witness rate will cover the appraiser's time from the time of departing his/her office until the appraiser returns to his/her office. The hours will be rounded to the nearest one-quarter hour.

FSA will reimburse the appraiser for prep time necessary to prepare for the appeal hearing or court action. The prep hourly rate will be the rate indicated on the appraiser's FSA Vendor Appraiser Registration form. If no hourly rate is indicated for the prep time then the rate will be 50 percent of the expert testimony rate.

5.4.4 Per Diem

FSA will reimburse the appraiser for domestic per diem and personal car use, at the rate paid to FSA employees as published by the United States General Service Administration (GSA). Current Per Diem rates and reimbursement for personal automobile can be obtained from the web site:

http://www.gsa.gov

You will need to select URL reference: "<u>Per Diem Rates</u>," or select, "<u>POV Mileage Reimbursement Rates</u>."

There is a basic per diem for lodging and for meals and incidental expenses (M&IE) (subject to change without notice) unless otherwise stated for specified areas that have higher per diem rates. The appraiser should refer to the appropriate web site or contact the FSA office for this information. Per Diem is only authorized and paid if the appraiser is required by FSA to be away from their office area that exceeds 50 miles and for overnight. The maximum hours per day for reimbursement are eight hours if the appraiser is on per diem. The personal automobile reimbursement may be requested in all cases for expert witness travel needs.

5.4.5 Submitting Expert Witness Invoice

The appraiser must submit an itemized invoice to be paid. The invoice will itemize the time that was required for preparation for the expert witness with a brief explanation of prep work completed, the time involved for actual expert witness testimony, mileage incurred on a daily basis and any per diem requested. The invoice should be submitted in accordance with section 5.8, Invoicing.

5.5 Use Of/And Release of the Report 3/

FSA's primary intended use of the appraisal will be stated in the engagement letter or work order. However, FSA may use the appraisal in other loan making and servicing actions, as FSA needs to do in carrying out requirements in government regulations. FSA does have need from time to time to release a copy of the report to the applicant, borrower, their representatives, and to other parties under the regulations that govern FSA's programs. These other parties may include peer groups, such as an appraiser organization. Any request from outside the agency, other than the applicant or lender, will need consent by an authorized FSA agency representative. --*

5.6 Acceptance Criteria 3/

Delivery of the appraisal report will include a properly executed invoice. Invoice for payment will be processed when the appraisal is determined acceptable by FSA. An acceptable product will include:

- 1. Appraisal report must be delivered by the completion date stated on the engagement letter and/or work order (plus any extension of time granted by FSA)
- 2. Appraisal report is completed in accordance with current FSA requirements and meets the work requirements of this SOW that are applicable and any other requirements for a specific property which will be found in the engagement letter and/or work order for each appraisal order.
- 3. An administrative appraisal review accepts the appraisal report by FSA.

If the administrative appraisal review indicates that the appraisal report may not be acceptable, FSA will request guidance from staff appraiser. If FSA staff appraiser requires additional information to support the adjustments, explanation of the process, or SOW requirements must be met, the invoice approval and payment of the appraisal fee will be held until the appraisal is found acceptable to FSA.

The request for additional information will provide a specific timeframe for the information to be delivered and the criteria for the updated material to be added to the appraisal report. Typically, the timeframe to update the appraisal 7 calendar days or as specified by the request letter. If the appraiser determines that a completed appraisal report will need to be reissued the contract appraiser will need to have approval from APOC.

The appraisal report must be delivered by the completion date stated on the engagement letter or work order or as provided by an extension granted by FSA.

5.7 Invoicing 3/

5.7.1 Invoice Information

A properly executed invoice for payment will be submitted to the APOC as directed in the engagement letter or work order. The invoice will include the appraiser's name, address, invoice number, DUNS number, and name of the applicant/borrower as identified in the engagement letter or work order, county/borough/parish/city name that the appraisal was completed in and the amount.

5.7.2 Invoice Approval

The invoice will be processed for payment when the appraisal is determined acceptable by FSA. If the appraisal is not acceptable the appraisal fee will be held until the appraisal is found to be acceptable to FSA. --*

5.7.3 Final Payment

Federal Acquisition Regulations provide the U.S. Government 10 business days from receipt date of the appraisal to determine if the appraisal is acceptable. The invoice will be processed for payment within 30 calendar days or less from the date the appraisal was accepted. The appraiser will be notified in writing if the appraisal is unacceptable and at the discretion of the Government will be requested to make changes to the appraisal report in order to meet FSA SOW requirements. An unacceptable appraisal will be considered as in default and at the discretion of the Government the micro purchase/purchase order may be terminated.

The USDA procurement procedures require that <u>ALL vendors</u> be paid using Electronic Fund Transfer (EFT) system. The Debt Collection Improvement Act (DCIA) of 1996 requires that federal payments of invoices for goods and services received to be paid by EFT. Therefore, each vendor must be registered in the System for Award Management (SAM) that is available at: www.sam.gov

The vendor will be required to update the SAM data annually. FSA cannot update a vendor's information in SAM. For guidance on updating SAM please see the help links on the SAM web site.

FSA will only be able to process the invoice when the appraisal is determined acceptable and the appraiser is properly registered in the SAM web site.

6. Delivery 2/

Vendor is expected to deliver to the APOC an appraisal report that meets FSA requirements by the accepted delivery date as stated in the Vendor's quote or authorized extension.

FSA has additional requirements related to appraisal report.

6.1 Report Type

Narrative appraisal reports are acceptable. However, form reports are acceptable as long as the report form is approved by FSA. For approval contact the APOC.

6.2 Report Content

The content of an appraisal report must be consistent with the intended use of the appraisal and, at a minimum meet industry standards.

In addition to industry standard reporting requirements, FSA requests that the appraisal report include the requirements as described by section 5.2.

6.2.1 Layout/Formatting

The report must be in portrait layout with an 8 1/2" x 11" page size. Font size of text will be 11 or larger. Photos, maps or diagrams should allow the user to clearly view the contents of the image including labels. Transmittal letter will be the first page; consecutive pages will be the cover page, Summary of Salient Facts or Executive Summary, Table of Contents and the body of the appraisal. All pages of the report other than transmittal letter and cover page will have page numbers. --*

6.2.2 Reporting Requirements

Reporting requirements are items as addressed in paragraph 6.2 (Reporting Requirements) of this SOW.

6.3 Report Format

6.3.1 Electronic Copy of Appraisal Report

An electronic copy of the appraisal report is the preferred format. If the appraiser is unable to provide a PDF version of the appraisal report the appraiser may provide two hard copies of the appraisal report. The electronic copy will be acceptable to FSA if:

- Received via e-mail to the APOC's e-mail address or other e-mail address identified in the engagement letter or work order, as well as to the Ordering Official's (OO) e-mail address.
- Appraiser does not have software available to create a PDF document the appraiser should contact the APOC for approval to use other software application.

The PDF file must contain the complete appraisal report, the transmittal letter, signature of the appraiser within the report as required on all appropriate pages, i.e. certification, final value page, etc., and all pages are formatted appropriately with sequential page numbers.

- Size of the file may not exceed 20 Gigabytes (GB). If the appraisal report file is larger than 20 GB, the appraiser will need to contact the APOC to make other arrangements to deliver the electronic file to FSA by the (PO) delivery date.
- Send a follow up e-mail to the APOC identified in the engagement letter that the electronic report was transmitted via e-mail providing recipient, date, subject line and time of transmittal.
- Hardcopy report may be provided per section 6.3.2, if electronic report option is not used

6.3.2 Hard Copy Report

Upon approval by the APOC, the vendor may provide a printed appraisal report to FSA in lieu of a electronic copy. Two (2) copies of the appraisal report are to be delivered to FSA unless otherwise stated in the engagement letter. At a minimum one copy must be the original report with color photographs, etc., One (1) copy can be black and white. The original report must be delivered to the Ordering Official. The second original report shall be delivered to the APOC, as stated in the engagement letter. The report shall not be bound.

7. Place of Performance 2/

Typically, the location of the appraisal assignment may be any location as further described by the engagement letter or work order. --*

8. Late Delivery Penalty Fee or Cancellation of Assignment /Contract

Communication with FSA regarding timely delivery of appraisal report is important. If the vendor is unable to deliver the appraisal report by the due date the vendor should request an extension in writing prior to the delivery date.

Liquidating damages will not be assessed if the vendor has received written authorization from the APOC or the CO for an extension.

If the vendor does not deliver the appraisal report or an electronic version by the authorized due date, the contract is in default and FSA may cancel the purchase/purchase order with notice to the vendor or assess a liquidated damages fee.

If the Vendor fails to perform the services, within the time specified in the appraisal engagement letter or extension authorized by the CO or APOC, following proper notification the Vendor shall, in the place of actual damages, pay to the Government liquidated damages of 3 % of the accepted quote amount per calendar day from the date of notification for failure to deliver the appraisal report.

Liquidated damage percentage will not exceed 25 % of the accepted quote amount <u>if delivered</u> within 10 calendar days of the date notification. Liquidated damage fees will continue to be accessed at the stated percentage and 30 calendar days beyond the date of notification the appraisal order will be terminated with no payment. The vendor will be notified in writing if appraisal order is terminated. The failure to deliver an appraisal report by the due date which may cause the financial transaction not to close due to seller's unwillingness to extend the timeframe can result in immediate termination of micro-purchase and no payment upon written notice.

The appraisal report shall be delivered to the Ordering Official and the APOC as described in the appraisal engagement letter or work order. A request for an extension must include the reason for the extension and the timeframe that the appraisal report will be delivered and can be submitted via e-mail. The request for an extension should be sent to the APOC or the CO if a purchase order was issued as described in the appraisal order letter.

All written authorizations and approval of an extension for delivery will be an e-mail response.

The Vendor is aware that failure to deliver appraisal reports twice during a fiscal year, October through September period, within agreed upon timeframe could result in FSA no longer requesting appraisal services from the vendor.

Other non-performance issues the vendor will be notified in writing and the issue will be referred to the Contracting Officer. --*

9. Personal Identity Verification of Vendor Personnel 3/

The Government may request the Vendor to complete a background investigation of the Vendor and/or their employees. Upon request by the Government the vendor will provide the required documents necessary to complete a background investigation within the timeframes identified. The APOC or CO will request in writing the information needed and the timeframe that the documents are to be submitted to the APOC or CO. Typically, background investigations require; OF-306, Declaration of Federal Employment, and two completed FD-258's or SF-87 Fingerprint Charts with the signature and date of the applicant and a jpg format photo ID. Vendor is responsible for any expenses associated with the background investigation.

Failure to comply with the request could result in the termination of the work order or appraisal assignment. Such determination will be provide to the vendor in writing.

If background investigation results are unsatisfactory FSA can terminate the work order or appraisal assignment. FSA may request restrictions to be applied to the Vendor or their employees. FSA will only respond if there are concerns regarding the background investigation. The APOC or CO will notify the Vendor in writing with notification of immediate termination of work order or assignment or restrictions for employee assistance.

The Vendor shall comply with agency personal identity verification procedures identified in the contract that implement Homeland Security Presidential Directive-12 (HSPD-12), Office of Management and Budget (OMB) guidance M-05-24 and Federal Information Processing Standards Publication (FIPS PUB) Number 201 if requested by APOC or CO.

9.1 Properly Account for All Forms of Government-provided Identification

The Vendor shall account for all forms of Government-provided identification issued to the Vendor's employees in connection with performance under this contract. The Vendor shall return such identification to the issuing agency at the earliest of any of the following, unless otherwise determined by the Government:

- (1) When no longer needed for contract performance.
- (2) Upon completion of the Vendor employee's employment.
- (3) Upon notification that appraisal services are no longer needed and the Vendor has been removed from the Appraisal Vendor registry or services have been terminated.
- (4) Upon Vendor written request to no longer provide appraisal services. The Vendor shall return all forms of Government-provided identification issued to the Vendor and its employees.

FSA may delay final payment under a contract if the Vendor fails to comply with these requirements. --*

9.2 Subcontract Requirements

The Vendor shall insert the substance of this clause, including this paragraph, in all subcontracts when the subcontractor's employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system and/or visit FSA applicants or borrowers property. It shall be the responsibility of the prime Vendor to return such identification to the issuing agency in accordance with the terms set forth in paragraph 9.1 of this section, unless otherwise approved in writing by the APOC or CO.

10. Exceptions 3/

Any exceptions to the appraisal requirements in this SOW, may be made on a specific appraisal assignment by the APOC, in consultation with an Agency appraiser. Exceptions may be granted if warranted and justifiable. Exceptions are to be made in writing, detailing the reasons the exception is being requested. The APOC may grant or deny the request and will reply in writing. The exception authority is only to be used on rare occasions and when deemed necessary by the Agency.

11. Exhibits 2/

Exhibits that are included with the SOW are categorized into two groups; general or specific work requirements. General exhibits provide more specific information related to the SOW. Work requirement exhibits specifically address additional work requirements that may be specific to the state, region or specialized real estate or chattels as defined by the exhibit.

Vendor acknowledges that exhibits may be added to this SOW and that the vendor accepts the new or modified exhibit by acceptance of the assignment. An exhibit may be provided to the vendor through the Engagement Letter and does not require the vendor to accept a new SOW with the modified exhibit. Vendor should direct questions regarding added exhibits or modified exhibits received with engagement letter to the APOC or Agency Appraiser as noted in the engagement letter.

11.1 General Exhibits

- 11.1.1 Exhibit 1, "Market Value Definition"
- 11.1.2 Exhibit 2, "Agency Statement of Work Contact Information"

11.2 Specific Work Requirement or Reporting Exhibits

None. --*

12. Acceptance 3/

FSA may at times update the SOW with minor changes. Vendor will be notified of the changes via e-mail providing a summary of changes that have occurred, date of change, and version number. Vendor's signature will remain and the previous SOW signature page will be added to the revised SOW. In this situation, a vendor may request or provide a new SOW with a signature.

If FSA makes major changes to work or reporting requirements, late delivery penalty fee, acceptance or delivery requirements with in this SOW FSA will notify the vendor via e-mail and request the vendor to sign a new SOW. The vendor will be required to return a copy of the complete SOW with a completed signature page to the APOC. Digital signatures on a locked (secured) Portable Document Format (PDF) document are acceptable and may be transmitted to APOC via e-mail.

Failure to return a signed SOW and/or vendor registration form upon request by FSA may result in vendor to be removed from the vendor registry.

The Vendor has reviewed, understands and agrees to the term and requirements of the SOW.

Approved by:

Signature

Date

Print Name

Address

City, State and Zip Code

Phone Number

e-mail Address --*

13. Exhibit 1 3/

13.1 Market Value Definition

Source: 12 CFR 34.42 (g)

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests:
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. --*

14. Exhibit 2

14.1 Agency Statement of Work Contact Information

The following FSA employee(s) are the authorized agency official that is the APOC to assist the vendor on acquisition process, the SOW terms and requirements and can provide information to an appraiser that would like to be added to the FSA Appraiser Vendor registry.

appraiser that would like to be added to the FSA Appraiser Vendor registry.
Name:
Address:
Phone:
FAX:
e-mail Address:

Note: Any SOW for personal property shall have certain subparagraphs and/or clauses. The subparagraphs or clauses are identified as follows:

1/- means that the specific clause and/or subparagraph clause are included

2/ – means that the subparagraph heading are to be included.

3/- means that the subparagraph heading and the whole subparagraph, including all subparagraphs in the section, are to be included.

A word version of this exhibit may be downloaded from the appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx

Click on "Micropurchase Info" tab. Word version of this exhibit will be under the Shared Documents section of the page.

The word document for this exhibit may be modified and be used to provide a copy of the SOW to a vendor. --*

*--Direct Loan Appraisal Assignment Guidelines

Land, Agricultural Improvements, CAFO, Rural Residence, Farm

The information elements and content descriptions below are provided as guidelines to assist appraisers to deliver a USPAP-compliant appraisal report acceptable to FSA. Information Element labels should be used in the report for clarity.

An appraisal report following these guidelines and completed by an appraiser qualified with-in the scope of their license to complete the assignment **should** meet FSA's underwriting rules.

For unique situations contact FSA for guidance.

Item	Information	Content Description
	Element	•
1	Client	The Client will be the Farm Service Agency as designated on the
		appraisal order or Letter of Engagement.
2	Intended User(s)	The Intended User(s) will be the Farm Service Agency and others as
		listed by the Client on the appraisal order or Letter of engagement FSA
		should be included as an intended user and others that will rely upon
		the report. Do not include the borrower or property owner as an
		Intended User.
3	Intended Use	Loan Origination or Loan Servicing as designated by the client.
4	Appraisal Report	<u>Prominently</u> state the "Appraisal Report" option. Ensure that the report meets the contents of an "Appraisal Report" from USPAP and these FSA Guidelines.
		i. Must have a Table of Contents with all pages sequentially numbered.
		ii. Appraiser Resume listing applicable appraisal education and experience.
		iii. Restricted reports are not acceptable.
5	Purpose,	Purpose is to provide an "Opinion of Market Value". The condition of
	Condition,	the subject should be; "As Is", "As Improved", or "Subject To". If "As
	Effective Date of	Improved" or "Subject To" is used, describe why. State the Effective
	Value,	Date of Value, Inspection date and Report date. The inspection date
	Inspection &	should be the effective date of value.
	Report Dates	
6	Market Value	Definition and source of "Market Value".
7	Hypothetical	All hypothetical conditions and extraordinary assumptions shall be
	Condition /	<u>clearly</u> and <u>conspicuously</u> described and state that their use might have
	Extraordinary	affected the assignment results. For proposed new construction a
	Assumptions	"Hypothetical Condition" would apply.

Item	Information Element	Content Description
8	Estate Appraised	Define the estate property rights; Fee simple, Leased fee,
		Leasehold, Life Estate, etc. and list restrictions to the estate
		(conservation easements, water rights, encumbrances, contracts,
		marketing agreements, etc.)
9	Scope of Work	Clearly identify the appraisal problem and provide a summary for the extent of research, verification and analysis to solve it, consistent with fulfilling USPAP Scope of Work rule, Client instructions and these guidelines. Include the appraisal order or Letter of Egagement with any scope of work modifications
10a	Subject Property	i. Adequately identify the subject property with a legal description, map, tax number and / or 911 street address if improved, should include a GPS reference. Appraiser should review listing / auction sheets and seller disclosures when applicable.
		ii. Analyze Flood Zone and Flood Map and identify if flood zone affects the subject property and reflect the effect of flood zone in the analysis of subject utility and market appeal, summarizing the result in the Appraisal report.
		iii. Provide and label color photos for dwelling and major improvements that contribute to value. Provide bare land photos for significant topographical features and permanent plantings.

Item	Information Element	Content Description
10b	Physical Characteristics	i. Inspect all structural improvements on the subject. Interiors of major buildings shall be inspected. If a physical inspection is not possible, contact the Client for authorization to continue without a physical interior inspection.
		ii. Include a sketch of subject dwelling(s) with contributory value. Sketch should provide basis for determining structure size. May be hand drawn.
		iii. Include a color site aerial or sketch with labels for numerous buildings (dairy, swine, HQ, etc.).
		iv. Provide color aerial, soil, topographical, permanent plantings and / or other applicable maps. Show property outlines and labels on the maps to describe the property. Include soil legend with soil map.
		v. Discuss fixtures and personal property (ensure you have adequate justification for classification and valuation of personal property and fixtures).
		vi. Summarize any environmental concerns in the appraisal report discovered during the property inspection, and discuss their <u>effect on value</u> . This does not meet the due diligence requirements of the FSA for an environmental inspection.
10c	Legal Characteristics	i. Any impacts of zoning, easements, contracts, entitlements, encumbrances, water rights, partial interests, etc. shall be discussed and should be supported from the market if value adjustments are required.
		ii. Describe (not state) zoning to include; building eligibility, minimum lot size, feedlot registration / permits and other pertinent factors that are applicable for the market area.
		iii Describe irrigation, drainage and related permit issues in the appraisal report.

Item	Information Element	Content Description
		iii.
10d	Economic Characteristics	Economic impacts or characteristics of productivity,
		production and ownership costs, gross and net income, etc.,
		shall be discussed and supported from the market if value
		adjustments are required. Discuss general market economics,
		or the economics of a specialized facility.
10e	Characteristics of the	As part of the appraisal assignment under USPAP,
	Estate being appraised	characteristics of the property that are relevant to the
		type and definition of value and intended use of the
		appraisal must be considered; the property appraised must be
		identified including the property rights. This typically will
		include surface and subsurface rights, if the estate of the
		Subject property is whole. Consideration of oil, gas,
		minerals, timber, etc., and their possible influence on the
		value of the Subject property constitutes good appraisal
		practice and should be discussed in the appraisal report.
10f	New Construction	The report shall include a copy of a blueprint, draft, and/or
		sketch, provided to the appraiser along with a summary of
		cost estimates for the project. Client shall provide adequate
		documentation for the appraiser to develop a credible
1.0		appraisal that is not misleading.
10g	Location	Describe the demographics, community services and market
		influences of the area. Discuss economic, industry and
		market trends. Identify the similar market area neighborhood
		or similar facility types for comparable sales.
11	Subject & Sales History	Analyze current sale agreements, options, or listings of the
		subject. Research, analyze and report any prior sales of the
		subject or comparable sales within three years for all property
12	***	types.
12	Highest and Best Use	Consider each factor of H&BU legally permissible,
		physically possible, financially feasible and maximally
		productive (highest value). Describe and state reasoning and
		analysis for H&BU based on subject characteristics and
		market influences. Develop H&BU for "as vacant" and "as
		improved" when necessary. Land and improvements must be
		valued with the "consistent use" concept.

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Item	Information Element	Content Description
13	Comparable Sale Data and Analysis	Sales should be selected that have similar attributes of the subject, should be described and analyzed so the reader has a clear understanding of how they support the "opinion of value".
		 i. H&BU of comparable sales should be consistent with H&BU of subject.
		ii. Provide important attributes of the sale; date, price, terms, legal description, 911street address when improved, tax #, land classes, improvement description.
		iii. Include a color site aerial or sketch w/ labels for numerous buildings (dairy, swine, HQ, etc.).
		iv. Provide color aerial, soil, topographical, permanent plantings and / or other applicable maps.
		v. Color photos shall show dwelling and major improvements that contribute to value.
		vi. Disclose how the sale was verified and marketed with a party to the transaction.
		vii. Provide bare land photos for significant topographical features and permanent plantings.
		viii. Summarize or include legible copies of the CRV, MLS, contracts, carry back mortgages, or other similar supporting documentation (retain documents in your work file).
		ix. Discuss fixtures and personal property (ensure you have adequate justification for classification and valuation of personal property and fixtures).
		x. Sale analysis shall easily verify the applicable units of comparison and rates that support the value of the subject. For example; land class ratio, building replacement cost new, derived depreciation rates, improvement contribution, timber, minerals, water rights, etc. Describe how land allocations were made.

Item	Information Element	Content Description
14	Contracts for Production,	Summarize market / production contracts, marketing plans, or
	Marketing or other similar	other similar documents for the subject and sales.
	agreements	i. If a market/production contract exists in which the value of the subject property is dependent upon the contract (i.e. poultry contract), then an analysis of the relationship of the contract to the subject's real property and how the <i>contract</i> impacts the value of the real property must be explained in the appraisal report.
		ii. Similar sales with similar contracts should be used to value the subject if a market / production contract is in place.
15	Location Map	Location map shall easily locate subject and sales. One map is preferred, if possible. The location map should provide sufficient detail for the reader to locate the properties if the other maps provided in the report do not have sufficient detail to locate the properties. Roads by name or number may be needed to find the property.
16	Value Approaches	All three approaches to value should be considered and used when necessary for credible assignment results. It is acceptable not to use an approach provided solid justification that the approach is not necessary for credible results.
		i. The Cost Approach can be excluded for bare land.
		ii. The Income Approach should be used for "AG" income producing properties.
		iii. Land classification should be based on the market of the subject and sales.
		iv. When value adjustments are required for physical characteristics (access, soils, water features, view, topography, drainage, climate, size, shape, site and structure improvements, permanent plantings, etc.) they shall be discussed and supported from the market.
		v. Subject pending sale can't be used as a comparable sale.

Item	Information Element	Content Description
17	Sales Comparison	Provide a sales base within the report to adequately support
	Approach	the analysis.
		i. Income based units of comparison do not qualify for this approach (GIM).
		ii. Units of comparison should be derived from the market.
		iii. Sales must be analyzed within the report so the reader can understand how the appraiser has applied those units of comparison to the Subject.
		iv. Explain reasoning for adjustments in the Sales Comparison Approach.
		v. Reconcile strengths and weaknesses of the Sales Comparison Approach.
18	Cost Approach	Provide a sales base within the report to adequately support the analysis.
		i. Describe construction quality, utility and condition.
		ii. Provide support for land value and RCN within the appraisal report.
		iii. Extract depreciation from the sales analysis in the report so the reader can understand the reasoning for applying depreciation rates to the subject.
		iv. Reconcile strengths and weaknesses of the Cost Approach.

Item	Information Element	Content Description
19	Income Approach	Provide a sales base within the report to adequately support the analysis.
		i. Provide support for income, expenses, and rates within the appraisal report.
		ii. Analyze sales for the applicable rate that is used.
		iii. Explain reasoning for subject income, expense and rate selection.
		iv. Reconcile strengths and weaknesses of the Income Approach.
20	Reconciliation	Describe support for the "opinion of value" reviewing strengths and weaknesses of each approach to value. Is value based on a cash only, or equivalent to cash sale. Consider the "value of whole versus sum of the parts".
21	Certification	Include the signed Certification compliant with the <u>current</u> USPAP. Include Signature(s), state(s) of licensure, full name of license class and license number(s), i.e. "MN Certified General Real Property License 20000001." Do not abbreviate license class, such as "CRRPA".

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*--Dairy Addendum to FSA Appraisal Guidelines

In addition to the general FSA appraisal assignment guidelines, the following is a supplement specific to dairy appraisals.

Item	Information Element	Content Description
1	Market Description	Summarize the market for milk and dairy products in the subject's marketing area with emphasis on the number of milk handlers and / or milk cooperatives. Are there sufficient alternatives for milk sales in the local area? Explain the supply and demand factors. The availability of support services for dairying should be addressed in the appraisal report.
2	Subject Description	Describe the following building categories of the dairy operation in sufficient detail and in relation to their utility and contribution to the whole enterprise: describe the livestock facilities design and capacity for cows and young stock, milking facilities, feed storage, machinery & equipment storage, fixtures, personal property, and waste storage and handling. State and discuss the actual ages, effective ages and remaining economic lives for the farm buildings or building categories listed above. Discuss condition and any prior repairs/upgrades to the property's buildings with actual or estimated costs. Describe farm dwelling(s) and other outbuildings with contributory value. For new construction, summarize the actual construction cost quotes/estimates associated with the new construction and include in the appraisal copies of quotes and specifications that are sufficient to adequately describe the proposed construction.
		If an existing facility is appraised "as-improved" that will include repairs/upgrades, document the proposed repairs/upgrades and include the estimated cost.
		Identify the legal permitted capacity in AUs (animal units). Identify and discuss if the dairy is a CAFO. Does the CAFO have an approved nutrient/manure management plan that is in compliance, with adequate and available acres? Appraisers should be provided with information related to the operations status as a CAFO and compliance on their nutrient/manure management plan when the information is available. Appraisers should review and discuss this information with the property owner and note any compliance issues. Analyze and discuss the market area feed base capacity to support the operation.
		Discuss the available legal surface and groundwater rights (verification if available) necessary to support the projected dairy capacity in the analysis. Identify and differentiate between the equipment considered personal property and fixtures required for the ongoing farm operation for the subject and/or sales. Show contributory value separately for non-real property items.

*--Dairy Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
3	Approaches to Value	For dairy appraisals, generally all three approaches are applicable and necessary.
		Analyze available local sales to adequately support the value of the subject's dairy facilities. When there are insufficient local sales, regional sales may be considered. Analyze and adequately support adjustments for locational differences if applicable. Discuss and support the selection of comparable sales. Sales selected should reflect the attributes of the subject and should be similar operations. Sales verification is the key to the analysis of dairy farm sales and should include the same degree of building description and analysis as listed above under "Subject Description". Analyze subject and sales in the same manner and include sufficient detail from the sales analysis in the appraisal to support the appraisal. Units of comparison, as determined from the market, should be discussed. Commonly used units of comparison for dairy farms are \$/acre or \$/stall/milk cow.
		The exclusion of any of the 3 approaches to value <u>must explain why</u> an excluded approach is not necessary for credible results.
4	Sales Comparison Approach	Show direct (head to head) comparison of subject and sales summarized in a grid. Explain and support all adjustments in sufficient detail. Explain how the value opinion was selected from the direct comparisons (such as
		which sales were given the most weight). Comparability of sales should focus on similarities relating to housing (conventional or free stall) and feed (purchased/grown/land base) and/or other similarities that influence value.

*--Dairy Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
5	Cost Approach	Show cost approach calculations including RCN estimates and contributory values. Use typical cost for RCN calculations and discuss any differences in actual quotes/estimates from typical cost (if applicable). Provide market data to support typical RCN. Sales analysis should support depreciation rates and typical economic life. Include the following:
		Show the contributory value of each building with significant contributory value and discuss effective ages and remaining economic life, taking into account physical, functional and external obsolescence. Buildings of like use, age, and condition can be grouped for analysis purposes and should be adequately described.
		Show the contributory value of fixtures / equipment and discuss effective age and remaining economic life, taking into account physical, functional and external obsolescence.
		Show the contributory value of the land components supported by local sales and state the contributory value of any site improvements (wells, septic tanks, pads and roads) as a separate entry, or as part of the building contributory value. If site improvement value is included as part of the building contributory value, ensure that any value differences are explained and discussed.
6	Income Approach	Cash rent and typical owner/operator are the generally suggested methods used for income approach calculations. If cash rent information is limited, typical owner operator data can be used from dairy farm business summaries of similar sized dairy operations to estimate typical incomes and expenses. Projected income and expenses for other farm enterprises should be addressed as well. Discuss the subject's enterprises actual income & expenses vs. typical when significant differences occur. Property should be appraised on a fee simple basis verse a leased fee basis.
		Discuss selection of cap rates and which sales are given the most weight. Rate selection should be from similar sales and homogenous data, i.e., cash rents comps or owner/operator mirroring the method used for the subject.

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*--Dairy Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
7	Reconciliation & Final	Reconcile the three approaches to value and discuss which
	Value Allocation	approach is given the most weight.
		Allocate the final value opinion into the contributory value of the component parts for the land, land improvements, and structural improvements (including fixtures and equipment).
		The contributory value of any non-real property items included in
		the value should be shown separately and discussed.

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*--Hog Addendum to FSA Appraisal Guidelines

In addition to the general FSA appraisal guidelines, the following is a supplement specific to hog appraisals.

Item	Information Element	Content Description
1	Market Description	Summarize the market for hog operations in the subject area based on contacts with local integrators, lenders, and growers. Provide a general discussion of the rates and terms being offered by integrators to hog producers. The description shall discuss the subject integrator as well as other integrators operating in the area.
2	Subject Description	Describe the hog buildings and fixtures/equipment associated with each building in sufficient detail including the age and condition of each. For existing facilities, state and discuss the actual age and effective age for each and reconcile any differences. Typically, a lower effective age requires detailed documentation of significant upgrades. Identify and document all prior repairs/upgrades including cost estimates and year completed. A visual inspection of the interior is necessary to adequately assess the condition for existing facilities. If interior inspection is not possible contact the Client for guidance. If the subject is an existing facility, appraised "as-improved" to include repairs/upgrades, document the proposed repairs/upgrades including cost estimates. A hypothetical condition should be stated. If the subject is new construction, summarize the actual construction cost quotes/estimates associated with the new construction and include in the appraisal copies of quotes and specifications sufficient to adequately describe the proposed construction. A hypothetical condition should be stated.
		Identify the legal permitted capacity in AUs (animal units). Does the Confined Animal Feed Operation (CAFO) have an approved nutrient / manure management plan that is in compliance, with adequate and available acres? Appraisers should be provided with information related to the operations status as a CAFO and compliance on their nutrient/manure management plan when the information is available. Appraisers should review and discuss this information with the property owner and note any compliance issues.

*--Hog Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
2	Subject Description	If applicable, discuss the available legal surface and
(Cntd)		groundwater rights (verification if available) necessary to
		support the projected hog capacity in the analysis.
		Discuss manure premiums and/or manure easements
		(spray field easements/application easements) or other
		similar issues. Ensure that they are adequately addressed
3	Hog Production Contract/	in the nutrient/manure management plan. Summarize the contract or proposed grower
3	Agreement	contract/agreement with the integrator (if applicable) for
	Agreement	the subject and under what terms and/or conditions the
		contract is subject to (such as any repairs or upgrades to
		the facilities that may be required to obtain the contract).
		Include income and expense estimates.
		•
		Is the subject contract similar to a typical market
		contract? If there are significant contract differences
		between the existing contract (leased fee) and typical
		market contract (fee simple) that impact value, they
<u> </u>		should be discussed with the Client and in the report.
4	Integrator Requirements	Describe the standards for equipment and buildings
		required by integrators and whether the subject's hog
		building(s) meet, exceed, or do not meet the integrator's standards, if applicable. Discuss the compatibility of the
		subject improvements with requirements of other
		integrators in the area as well.
		integrations in the area as well.
		If the hog building(s) are no longer in operation,
		additional discussion is needed. If the building(s) are
		obsolete, this needs to be explained in the appraisal. If
		the building(s) can be put back into production, then an
		estimated cost to cure to bring them into compliance with
		the integrator's contract standards should be provided.

*--Hog Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
5	Approaches to Value	For a hog appraisal, generally all three approaches are applicable and necessary.
		Analyze such local sales that are available to adequately support the value of the subject's hog facilities. When there are insufficient local sales, regional sales may be considered. Analyze and adequately support adjustments for locational differences if applicable. Discuss and support the selection of comparable sales.
		Include sufficient detail from the sales analysis in the appraisal to support the subject analysis. Units of comparison should be determined from the market.
6	Sales Comparison Approach	Show direct (head to head) comparison of subject and sales summarized in a grid. Explain and support all adjustments in sufficient detail. Use a market unit of comparison that is understandable and supportable. Explain which sales were given the most weight from the direct comparisons for the value opinion.
7	Cost Approach	Provide market (local/cost provider) data to support typical RCN. Use typical cost for RCN calculations, but discuss any differences in actual quotes/estimates from typical cost. For existing operations, also provide market data to support typical economic life and to support depreciation rates used.
		Include the following.
		The contributory value of the land components. Include vacant land sales to support the contributory values.
		Describe, discuss and explain the contributory value of any site improvements (manure lagoons, wells, septic tanks, roads and loading areas, etc.) for the subject and sales. They should be consistently analyzed. Any significant value differences should explained and discussed.
		The RCN, effective age, remaining economic life, and contributory value of each building and the fixtures/equipment and documenting the physical, functional and external depreciation calculations.

*--Hog Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
8	Income Approach	Compare and discuss actual income and expenses from the
		contract projections to typical market income & expenses.
		Other projected farm related income and expenses, should be
		discussed as well.
		Property should be appraised on a fee simple basis. Discuss
		selection of cap rates and which sales are given the most
		weight.
9	Final Value Allocation	Allocate the final value opinion into the contributory value of
		the component parts for the land, land improvements, and
		structural improvements (including fixtures and equipment).
		The contributory value of any personal property included in the
		value should be shown separately.

*--Poultry Addendum to FSA Appraisal Guidelines

In addition to the general FSA appraisal guidelines, the following is a supplement specific to poultry appraisals.

Item	Information Element	Content Description
1	Market Description	Summarize the market for poultry operations in the subject area based on contacts with local integrators, lenders, and growers. Determine the amount and range of contract production payments and terms being paid to poultry operators. The description shall discuss the subject integrator as well as other integrators operating in the area.
2	Subject Description	Describe the poultry buildings and fixtures/equipment associated with each building in sufficient detail including the age and condition of each. For existing facilities, state and discuss the actual age and effective age for each and reconcile any differences. Typically, a lower effective age requires detailed documentation of significant upgrades. Identify and document all prior repairs/upgrades including cost estimates and year completed. A visual inspection of the interior is necessary to adequately assess the condition for existing facilities. If subject is an existing facility, appraised "as-improved" to include repairs/upgrades, document the proposed repairs/upgrades including cost estimates. A hypothetical
		If the subject is new construction, summarize the actual construction cost quotes/estimates associated with the new construction and include in the appraisal copies of quotes and specs sufficient to adequately describe the proposed construction. A hypothetical condition should be stated. Identify the legal permitted capacity. Identify any personal property included on subject and/or sales, and show contributory value separately from real estate. Adequately describe the land and land improvements as well as any other improvements.

*--Poultry Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
3	Poultry Production Contract/ Agreement	Summarize the contract or proposed grower contract/agreement with the integrator (if applicable) for the subject and under what terms and/or conditions the contract is subject to (such as any repairs or upgrades to the facilities that may be required to obtain the contract). Include income and expense estimates. If the value of the subject property is dependent upon the
		contract, then an analysis of the relationship of the contract to the subject's real property and how the contract impacts the value of the real property must be explained in the appraisal report.
4	Integrator Requirements	Describe the standards for equipment and buildings required by integrators and whether the subject's poultry houses meet, exceed, or do not meet the integrator's standards. Discuss the compatibility of the subject improvements with requirements of other integrators in the area as well.
		If the poultry house(s) are no longer in operation, additional discussion is needed. If the houses are obsolete, this needs to be explained in the appraisal. If the houses can be put back into production, then an estimated cost to cure to bring them in compliance with the integrator's contract standards should be provided.
5	Approaches to Value	For a poultry appraisal, generally all three approaches are applicable and necessary. Analyze such local sales that are available to adequately support the value of the subject's poultry facilities. When there are insufficient local sales, regional sales may be considered. Analyze and adequately support adjustments for locational differences if applicable. Discuss and support the selection of comparable sales.
		Incorporate the same appraisal methods and techniques to analyze the subject and comparable sales and provided adequate documentation of adjustments to support the subject value conclusion. Include sufficient detail from the sales analysis in the appraisal to support the subject analysis. Units of comparison should be determined from the market, but for poultry appraisals, the most common unit of comparison is square footage of the poultry houses.

*--Poultry Addendum to FSA Appraisal Guidelines (Continued)

Item	Information Element	Content Description
6	Sales Comparison Approach	Show direct comparison of subject and sales summarized in a grid. Explain and support all adjustments in sufficient detail. Use a unit of comparison that is understandable and supportable. FSA recommends using value per square foot of poultry houses.
7	Cost Approach	Provide market data to support typical RCN. Use typical cost for RCN calculations, but discuss any differences in actual quotes/estimates from typical cost. For existing operations, also provide market data to support typical economic life and to support depreciation rates used. Include the following: The contributory value of the land components. Include vacant land sales to support the contributory values. The contributory value of any site improvements (wells, septic tanks, roads and loading areas, etc.). Discuss whether building pads are included with buildings or with site improvements. The contributory value and remaining economic life of each building, taking into account physical, functional and external obsolescence. Buildings of like kind, age, and condition can be grouped. See comments under Item 2 above.
8	Income Approach	The contributory value and remaining economic life of equipment/fixtures associated with each building, taking into account physical, functional and external obsolescence. Equipment of like kind, age, and condition can be grouped. See comments under Item 2 above. Show income and expense projections used in the income
		approach. Income and expenses should be based on income and expenses extracted from market data for a typical operation. Compare to integrator's projections. Projected income and expenses for other farm related enterprises, if applicable, should be addressed as well. Discuss subject actual income & expenses vs. typical income & expenses if different.
9	Final Value Allocation	Allocate the final value opinion into the contributory value of the component parts for the land, land improvements, and structural improvements (including fixtures and equipment). The contributory value of any personal property included in the value should be shown separately.

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*--APOC Training Requirements

APOC complete the training as provided below.

	APOC Training Requirements			
Course	Source	Frequency		
SAP Basics	Appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePage s/Home.aspx.	I/A4		
	On the home page under "Libraries" click the link to "APOC Training Modules", and select "Simplified Acquisition Procedures (SAP) Basic."			
	The training module is a PowerPoint presentation. Review and complete all slides.			
	This training module uses self-certification to document training completion.			

*--APOC Training Requirements (Continued)

APOC Training Requirements				
Course	Source	Frequency		
Section 508 Micro Purchase	Section 508 Micro Purchase Training (Course # FAC 047) is located on the Federal Acquisition Institute. To access course:	I/A5		
Training	1. Go to https://faitas.army.mil/faitas/.			
	2. CLICK "I Agree".			
	3. If already registered, log in with e-mail and password.			
	4. If not registered choose the link "Register Here" to complete registration.			
	5. Then log in, your Dashboard will appear on your screen.			
	6. Above the Dashboard, is the menu bar with options.			
	7. Select "Manage Career".			
	8. Then select "Training".			
	9. Then select "Search for Training"			
	10. Use the "Standard Search" option "Continuous Learning Modules" by "Course Number" and scroll down to FAC 047 and select [select what?]			
	11. Click "Submit".			
	Follow the prompts to complete the registration process.			
	An e-mail message will be received from the Defense Acquisition University about accessing the Virtual Campus at https://learn.dau.mil /. This is where FAC 047 resides.			
	For more information, see the Employee Quick Start Guide at https://faitas.army.mil/faitas/Content/documents/FAITAS_Employee.pdf.			
	Note: Select the supervisor's name.			

*--APOC Training Requirements (Continued)

	APOC Training Requirements			
Course	Source	Frequency		
Micro-Purchase Process for Appraisal Services – From County Office to Payment	Appraisal SharePoint site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.aspx. On the home page under "Libraries" click on the link to "APOC Training Modules" and select "Micro-Purchase Process for Appraisal Services – From County Office to Payment." The training module is a PowerPoint presentation. Review and complete all slides. This module uses self-certification to document completion of the	I/A2		
Understanding Real Estate Requirements for Appraisal Services – What to Look For?	Appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SiteP ages/Home.aspx. At the home page under "Libraries" click the link to "APOC Training Modules" and select "Understanding Real Estate Requirements for Appraisal Services – What to Look For?." The training module is a PowerPoint presentation. Review and complete all slides. This module uses self-certification to document completion of the training.	I/A3		
Procurement Integrity	AgLearn Online Course in AgLearn identified as: lchr_01_a72_lc_enus_SKILLSOFT Login into AgLearn and at the Home page type "Procurement" into the "Search Catalog" field and CLICK "Go". When course list appears scroll down to the course with title, "Procurement Integrity." If unable to find the course in the AgLearn catalog, contact the AgLearn Administrator for assistance.	A1		

*--APOC Training Requirements (Continued)

APOC Training Requirements			
Course	Source	Frequency	
Acquisition and Ethics	AgLearn	A1	
Issues	Online Course in AgLearn identified as: (Web Based DM-ETHICS-ACQUISITION)		
	Login into AgLearn and at the Home page type "Acquisition" into the "Search Catalog" field and click "Go".		
	When the course list appears scroll down to course with title, "Acquisition and Ethics Issues."		
	If unable to find the course in the AgLearn catalog, contact the AgLearn Administrator for assistance.		
Waivers for	2 Modules: Review training and save PDFs for reference – APOC	A1	
Electronic	to acknowledge completion with request/submission.		
Payments			
	Waivers for Electronic Payments		
	http://www.dm.usda.gov/procurement/ccsc/docs/pctraining/Waivers%20for%20Electronic%20Payments.pdf.		
Review of	Available through the following link:	A1	
Departmental	1 1 7 minutes vine up 1 to 10 1 to 11 to 1		
Policy on	https://ias.usda.gov/attachments/2012_06-		
Accelerated	11%20Small_Businesses.pdf.		
Payments to	_ *		
Small			
Businesses for			
Goods and			
Services			

Notes: "I" means initial training requirement.

If a training module is not available, contact the County Office for assistance to locate similar training modules.

- A1 means annual training requirement
- A2-5 means training requirement on a rotational annual basis. For example:
 - A2 means required training would occur on the second year after initial training.
 - A3 means required training would occur on the third year after initial training.

CO are exempted to Exhibit 60 training requirements.--*

*--FSA Employee Requesting Simplified Acquisition Procedure Authority Requirements

FSA employees **must** complete the FAR SAP training before awarded micro-purchase acquisition for appraisal services. Employees who obtains SAP authority will **not** have authority to use a Government Purchase Card as described by FAR.

Training includes both online AgLearn and PowerPoint presentations. Employees will self-certify completion of the training and supervisor shall verify completion of the training. At the successful completion of the training, supervisor should request delegation of authority by memorandum to AMD, and provide the employee's name.

Employees shall complete the following training in order.

Note: Check the block when the course is completed and record the final completion date.--*

*--FSA Employee Requesting Simplified Acquisition Procedure Authority Requirements (Continued)

Course	Action	Date
1	Employee completed the following courses in AgLearn.	
	Course	
2	Employee completed the following PowerPoint presentations available on the Appraisal SharePoint web site at https://sharepoint.fsa.usda.net/pa/flp/PDEED/appraisal/SitePages/Home.a spx.	
	Course	
3	Employee completed the following courses for procurement ethics and SAP processing:	
	Course	

I affirm that all required SAP and Micro-Purchase for appraisal services training listed has been completed and delegation from the AMD Director for SAP purchasing for the applicable employee may be granted.

Name of Service Center:
Employee Name
Employee signature
Supervisor Name

Supervisor Signature--*

*--Example Memorandum Requesting APOC Delegation of Authority

SED may use this following sample to request APOC delegation of authority from the AMD Director.

TO: Director, Acquisition Management Division Washington, DC	
, 1	
FROM:	
SUBJECT: Request for Simplified Acquisition Procurement Authority	
We request delegated authority for (employee's name and title) to perform the Ap Contact (APOC) duties to acquire appraisal services according to the Simplific Procedures (SAP) at or below the micro-purchase threshold.	
The employee has completed the following training:	
SAP Basics (self-certification)	
Section 508 Micro Purchase Training (Certificate available in FAITAS)	
Micro-Purchase Process for Appraisal Services – From COF to Payment (self-c)	ertification)
• Understanding Real Estate Requirements for Appraisal Services – What to I (self-certification)	Look For?
Enclosed is the self-certification for the required training that is not available in FA AgLearn.	ITAS or
If you have questions or need any further information, contact (insert point of contact (insert point of contact information).	act name) at
Enclosures	
cc:	

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*--Appraisal Service Engagement Letter

The following sample may be used as an appraisal service engagement letter.

(Letterhead)

(Current DATE)

Dear (name of appraiser)

Your quote of \$ (Amount) is acceptable and you have agreed to complete an appraisal(s) of the following property(ies) 911 address(es) and short legal(s) located in (County(ies). The Farm Service Agency (FSA) applicant is (name of applicant).

You have agreed to deliver the appraisal report(s) by (Deliver By Date) to FSA. This is your authorization to provide appraisal services to FSA as described. Your Appraisal Point of Contact (APOC) will be <u>Appraisal Point of Contact</u>, <u>Name</u>, <u>Phone Number</u>, <u>Email</u>).

This also authorizes you to contact the owner or applicant and have access to the subject property. You must contact the property owner and/or applicant or authorized representative to provide them the opportunity to accompany you on the property inspection. If you cannot reach this individual, contact an FSA representative for consultation before you inspect the property.

Additionally, this is your authorization to obtain certain information from FSA that may assist you in completing the FSA appraisal assignment. You should provide a copy of this letter to the FSA County Office(s) when requesting information from FSA. The information that the FSA County Office can provide you is limited to the subject property and comparable sales that will be used in the appraisal process. You are contractually bound by the same requirements of information confidentiality as are Government employees and as further described in the Statement of Work (SOW).

FSA County Offices are directed by the State Office to release the necessary information to appraisers working for FSA that are completing an appraisal assignment. As a State (Certified General) appraiser, providing appraisal services to FSA, you can request certain information from FSA regarding ARC/PLC contract acres, payment yields, agricultural use acres and cropland acres (Common Land Unit (CLU) acres), digital imagery, Conservation Reserve Program (CRP) contract acres, highly erodible land delineations and wetland classifications.

Since FSA is your client, FSA may provide more specific information. Any information provided by FSA on CRP payments per contract, per acre basis or ARC/PLC commodity yield per acre basis is <u>confidential</u> and is protected in accordance with Uniform Standards of Professional Appraisal Practices (USPAP) confidentiality ethics rule and shall not be available to the general public. This information can only be retained in your work file. FSA program information may be reported only on total payment and acre basis and in generic terms in the appraisal report.

*--Appraisal Service Engagement Letter (Continued)

If the FSA County Office does not provide the requested information to you in a timely manner, notify the APOC immediately for assistance.

In the acceptance to complete this appraisal assignment, you agree to perform services for FSA in accordance with the applicable SOW, other requirements, conditions and terms as described in the Appraisal Order.

Key USPAP information and reporting requirements are as follows.

- The subject property is listed above.
- The **client** will be Farm Service Agency.
- The **intended users** will be Farm Service Agency and Big Ag Bank.
- The **purpose** is to provide an opinion of market value.
- The **intended use** of this appraisal is for Loan Servicing SAA (from List). Provide the reference when identified intended use requires them (this is for Shared Appreciation Agreement Recapture, partial release, or foreclosure).
- The Appraisal Condition is list. Provide additional and applicable comment.
- The property rights to be appraised are list. Provide additional and applicable comment.
- Any applicable "extraordinary assumptions" or "hypothetical conditions" must be clearly disclosed and agreed upon with the APOC prior to their use.

The Work Order provides additional detail to perform the appraisal.

If any of the information and instructions are different than discussed, or if the inspection of the subject reveals information that conflicts or is significantly different than what was provided, contact the APOC immediately.

A PDF electronic copy is the preferred method of appraisal report delivery. Send by e-mail to Ordering Official and APOC, e-mail address provided by the Work Order. If a PDF electronic copy is not available, discuss delivery requirements with the APOC.

If there are questions or additional information is needed, contact the ordering official or APOC.

Sincerely, APOC

1-3-17

*--Applicant/Borrower Notification of Appraisal Services

Following is an example of the applicant/borrower notification of appraisal services letter.

Date	
Date	
Owner's	Name
Address	
City, Sta	ite, Zip Code
RE:	Appraisal Request – Introduction of Vendor
work ord prepared	er introduces, who has been awarded a der for providing the Farm Service Agency (FSA) an appraisal. The appraisal is I for the sole use and specific needs of FSA. The vendor will be contacting you in the are to make arrangements to inspect your property and gather information needed for aisal.
appraisal confiden	dor may receive and record information necessary for reviewing and completing the l. The vendor is contractually bound by the same requirements of information itiality as are Government employees. We ask you to cooperate with the appraiser, ur property and provide the information needed to perform the appraisal.
employe	elieve that this trust has been violated or that the vendor is not performing as an FSA be would, please contact your local FSA office at: ave questions, please contact <authorized agency="" official=""> at <office number="" phone=""></office></authorized>
Sincerely	y,
————Authoriz	zed Agency Official Signature
CC:	Farm Loan Manager, FSA, County

*--Appraisal Services Award Log

	Vendor Award Log Contracted Appraisal for FY													
Appraiser Name	County	Date Award	Amount	Applicant/Borrower		Budget		Actual Delivery Date	Date Invoice Received	Date Admin. Review Requested	Date Admin. Review Completed	Appraisal Accepted (Y/N)	Date Vendor Paid	Comments

The following is an example of the appraisal services award log

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*--Appraisal Services Rotation List

The following is an example of the appraisal services rotation list.

Vendor Rotation Log							
Appraiser's Name	County	Date Award	Amount	Applicant/ Borrower	Comments		

*--Notice to Vendor For Cause

The following is an example for notice to vendor for cause.

Dear Our records indicate that you have failed to perform the appraisal assignment as contracted for: **Assignment Name:** County Location: **Property Location:** Expected Delivery Date: within the time required by its terms. The Government is considering terminating the purchase of appraisal services or contract under the provisions for default of this contract. You have not requested an extension to the delivery date of the assignment or if requested, the proposed extension to the delivery date was not acceptable. Further, in accordance with the Statement of Work (SOW) the Government will access a liquidated damages fee at a rate of 3% from the date of this notification. Please review the SOW for the specific amount of liquidated damages fee that may be accessed. You are informed that if within 30 calendar days from the date of this notice the appraisal report is not received and accepted, the appraisal assignment will be terminated. No payment for services will be rendered to you for failure to meet the terms of the contract.

Pending a final decision in this matter, it will be necessary to determine whether your failure to perform arose from causes beyond your control and without fault or negligence on your part.

Accordingly, you are given the opportunity to present, in writing, any facts bearing on the non-delivery under the contract to:

Contracting Officer (CO):

Address:

Phone: E-mail:

*--Notice to Vendor For Cause (Continued)

within 10 calendar days after receipt of this notice. Failure to present any cause within this time may be considered as an admission that none exist. Your attention is invited to the respective rights of the Contractor and the Government and the liabilities that may be invoked if a decision is made to terminate for default.

Liquidated damages fee beyond 10 calendar days from the date of this notice may be waived at the discretion of the Government upon CO decision regarding the notice of cause.

Any assistance given to you on this contract or any acceptance by the Government of delinquent goods or services will be solely for the purpose of mitigating damages, and it is not the intention of the Government to condone any delinquency or to waive any rights the Government has under the contract.

If you have any questions or need any further information, please contact:

Appraisal issues/Appraisal Point of Contact: at

Contracting issues: Contracting Officer at

Micro-Purchase issues:

FSA County Office:

Sincerely,

Enclosures

cc: