

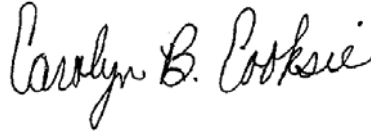
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Special Programs
6-FLP

Amendment 12

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reason for Amendment

Subparagraph 41 D has been amended to add back in subparagraph 41 D (iv) and (v) that were omitted in amendment 11.

Note: The provisions in this amendment are based on revisions to 7 CFR 770.10(e)(4)(iv) and (v).

Page Control Chart		
TC	Text	Exhibit
	2-71, 2-72	

41 Debt Write-Down (Continued)

D Rental Value Write-Down

[7 CFR 770.10(e)(4)] The Agency may reduce the unpaid principal and interest on any loan, so the annual loan payment for the remaining term of each loan equals the average of annual rental value of the land purchased by each such loan for the
--immediately preceding 5-year period provided:--

- (i) The loan was made more than 5 years prior to the rental value writedown;**
- (ii) The description of the land purchased with the loan funds and the rental values used to calculate the 5-year average annual rental value of the land have been certified by the Department of the Interior;**

Note: To support the determination of the 5-year average annual rental value, the tribe or tribal corporation must provide and identify the number of acres that were purchased with FSA loan funds. DOI's BIA must certify in writing as to the validity of the figures used by the tribe requesting the write-down.

- *--(iii) The borrower provides a record of any actual rents received for the land for the preceding 5 years, which will be used to calculate the average rental value. This record must be certified by the Department of the Interior. For land that has not been leased or has not received any rental income, the borrower must provide a market value rent study report for the preceding 5 years, which identifies the average annual rental value based on the market data. The market value rent study report must be prepared by a certified general appraiser and meet the requirements of USPAP;**

Note: The rental value of improvements on a specific parcel is not considered in the calculation of the 5 year average rental value of the land.

For a parcel of land that does not have 5 years of rental history from which to determine the 5 year average rental value, a rental value will be assigned for the years of no rental history based on the rent received for leased land of like value and purpose.

Example: A parcel of pasture land has rented for years 1, 2, and 3 for \$18 per acre, but not for years 4 and 5. Similar adjacent pasture land with a 5 year rental history has received rent in the following amount:

- year 1, \$18 per acre
- year 2, \$19 per acre
- year 3, \$21 per acre
- year 4, \$21 per acre
- year 5, \$25 per acre.

The subject parcel will be assigned a rental rate of \$21 for year 4 and \$25 for year 5. The average 5 year rental value will be the average of the 3 years of rents received and the assigned values for year 4 and 5. $\$18 + \$18 + \$18 + \$21 + \$25 = \$100 \div 5 =$ average rental rate of \$20.--*

41 Debt Write-Down (Continued)

D Rental Value Write-Down (Continued)

- *--(iv) The borrower has not previously received a write-down under this paragraph and has not had a loan written down within the last 5 years under paragraph (e)(3) (subparagraph C) of this section; and**

Note: If the loan has previously received a rental value write-down, it cannot receive another rental value write-down. If the loan received a land value write-down within the last 5 years, it cannot receive a rental value write-down.

- (v) The borrower must meet the eligibility requirements of paragraph (a)(1)(ii) or (iii) (subparagraph 38 A) of this section.--***

42 Reserve Accounts

A Releasing Reserve Account Funds

[7 CFR 770.10(e)] Existing reserve accounts may be released for the purpose of making ITLAP loan payments or to purchase additional lands, subject to the following;

- (1) a written request is received providing detailed use of the funds;**
- (2) the loan is not delinquent;**
- (3) the loan is adequately secured by a general assignment of tribal income.**

43 Graduation

A Graduation Requirement

FSA-2621 and FSA-1927-1 contain requirements about graduation.

B Borrower Action

If at any time it appears to FSA officials that the tribe is able to refinance the loan, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purpose and periods of time, the tribe will, upon request of FSA, apply for and accept such loan in sufficient amount to repay FSA.

44-54 (Reserved)

Part 3 (Reserved)

55-65 (Reserved)