

Form RD 1924-24  
(Rev. 2-94)FORM APPROVED  
OMB NO. 0575-0061UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT**AGREEMENT TO CONDUCT PRODUCTION AND FINANCIAL MANAGEMENT  
TRAINING FOR RURAL DEVELOPMENT ADMINISTRATION BORROWERS**

- I. This agreement is between \_\_\_\_\_ (1) \_\_\_\_\_, hereinafter referred to as the vendor, and Rural Development. Rural Development has determined that, based on a review of the information submitted to the Rural Development State Director, the vendor meets the minimum regulatory standards in course content and instructor qualifications to conduct production and financial management training for Rural Development borrowers.
- II The overall goal of this training is to improve the borrower's understanding of production and financial management techniques and enable borrowers to better analyze and manage their farming operations. Specifically, the borrower will be expected to do the following upon completion of the vendor's instruction (omit expectation not applicable if the vendor is not responsible for covering the entire curriculum):

- (A) Describe the specific goals of the business, describe what changes are required to attain the business goals, and outline how these changes will occur using present and projected enterprise budgets.
- (B) Maintain and utilize a financial management information system which includes financial and production records, a household budget, a statement of financial condition, and an accrual adjusted income statement. The borrower shall also be able to use this system when making financial and production decisions.
- (C) Understand and utilize an income statement. Specifically, the borrower must understand the structure and major components of an income statement and its role in analyzing the performance of a business, be familiar with the cash and accrual methods of determining net farm income, and understand the relationship between a balance sheet and an income statement.
- (D) Understand and utilize a balance sheet. Specifically, the borrower must understand the major components of a balance sheet and its role in analyzing the business, be familiar with the categories of assets and liabilities and be able to provide example of entries under each, and be familiar with the cost and market methods of valuing assets and liabilities and the advantages of each method.
- (E) Understand and utilize a cash flow budget. Specifically, the applicant must be able to explain and justify estimates for production and expenses, and analyze the cash flow to identify potential problems.
- (F) Using production records and other production information, be able to identify problems, evaluate alternatives, and make corrections to present production practices to achieve greater efficiency and profitability.

## III. Vendor's responsibilities

- (A) The vendor will be responsible for making any necessary training arrangements such as scheduling classes, preparing materials, obtaining equipment, and arranging for a meeting location. All costs will be paid by the vendor.
- (B) The vendor will be responsible for the collection of fees from the borrower. Rural Development will not be responsible for any training costs incurred by the borrower. The fee(s) for this shall be:

(2)

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Any modification in the above fees must be approved by the state Director.

According to the Payment Reduction Act of 1993, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0061. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

To be used to enter into an agreement with a vendor to provide training.

**(see reverse)****PROCEDURE FOR PREPARATION** : RD Instruction 1924-B and 1980-B.**PREPARED BY** : State Office.**NUMBER OF COPIES** : Original and one copy.**SIGNATURES REQUIRED** : Rural Development State Director and Vendor's Representative.**DISTRIBUTION COPIES** : Original to be retained in the State Office Operational File, the copy should be given to the vendor.

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(C) The vendor will provide or make available all necessary materials, books, and case studies to the borrower.

(D) The vendor will prepare and administer a final examination to test the borrower's knowledge of the course material.

(E) The vendor will provide Rural Development and the lender (in the case of guaranteed loan borrowers) with periodic progress reports on each borrower receiving training from the vendor. The reports will indicate whether the borrower is attending sessions and honestly endeavoring to complete the training program.

(F) Upon completion of the program, the vendor will prepare an evaluation of the borrower's performance which will specifically address the borrower's ability to meet the objectives set forth above. The instructor will assign the borrower a score from 1-3 according to the following criteria:

Score:

- 1 The borrower attended classroom sessions as agreed, satisfactorily completed all assignments, and demonstrated an understanding of the course material.
- 2 The borrower attended classroom sessions as agreed and attempted to complete all assignments; however, the borrower does not demonstrate an understanding of the course material.
- 3 The borrower did not attend classroom sessions as agreed and/or did not attempt to complete assignments. In general, the borrower did not make a good faith effort to complete the training.

(G) The vendor shall provide the State Director with a list of the names of the instructors. The vendor shall notify the Rural Development State Director of any changes in instructors and include the reason for the change, the qualifications described in the vendor's application.

(H) The vendor must provide for the needs of any physically and/or mentally handicapped borrowers.

(I) The vendor must provide for the needs of any borrowers for whom English is not their primary language.

(J) Training should be offered within a reasonable distance of the borrower's residence.

(K) The vendor will have the borrower complete Form RD 1924-22, "Borrower Training Course Evaluation," and return these forms to the Rural Development State Director.

(IV) This agreement shall be in effect for a period of 3 years from the date signed unless revoked by the State Director or the vendor in writing giving 90 days notice. The State Director may revoke this agreement if the vendor does not comply with the responsibilities in Section III of this agreement.

\_\_\_\_\_  
State Director, Rural Development

\_\_\_\_\_  
Date

\_\_\_\_\_  
Vendor

by:

\_\_\_\_\_  
(Vendor representative)

\_\_\_\_\_  
Date

### INSTRUCTIONS FOR PREPARATION

1. Enter the name of the vendor with whom the agreement is being made.
2. Enter all fees agreed upon between the vendor and Rural Development.
3. The State Director or his/her designee should sign in the space provided. The State Director's name should be typed below the line.
4. Enter the date the agreement was signed.
5. Enter the name of the vendor. This should be the same name as shown in item (1).
6. The vendor's representative should sign in the space provided. The representative's name should be typed or printed below the line.
7. Enter the date the agreement was signed.