UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency Washington, DC 20250

General Program Administration	
1-FLP (Revision 1)	Amendment 80

Approved by: Deputy Administrator, Farm Loan Programs

Chris P. Beyerhelm

Amendment Transmittal

A Reason for Amendment

Subparagraph 4 C has been amended to update LMD contacts.

Subparagraph 5 C has been amended to update FLOO contacts.

Paragraph 222 has been amended to add ML farm assessment requirements.

Subparagraph 223 C has been amended to update a CFR reference.

Subparagraph 242 A has been amended to clarify what types of production data may be submitted for all loans.

Exhibit 15 has been amended to add ML.

Exhibit 17 has been amended to provide interest rates for FLP.

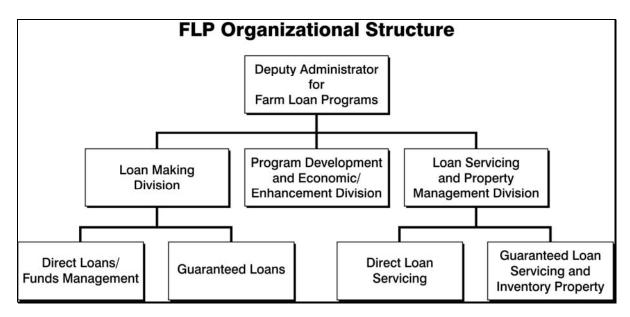
Page Control Chart			
TC	Text	Exhibit	
	1-7, 1-8	1, page 5	
	1-11, 1-12	2, pages 3, 4	
	8-41 through 8-50	15, pages 5, 6	
	8-50.5, 8-50.6 (add)	pages 61, 62	
	8-51 through 8-84	pages 98.9, 98.10	
	8-87, 8-88	pages 98.21, 98.22	
	8-88.5, 8-88.6 (add)	pages 115, 116	
	8-89, 8-90	pages 116.5, 116.6 (add)	
		pages 117, 118	
		17, pages 1, 2	

1-16-13 **Page 1**

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	
Chris Beyerhelm	Deputy Administrator	202-720-4671	
James F. Radintz	Assistant Deputy Administrator	202-720-4671	
* * *	* * *	* * *	
Lisa Slade	Secretary to the Deputy Administrator	202-720-4671	
* * *	***	* * *	

4 FLP Organizational Structure (Continued)

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	USDA FSA DAFLP LMD
STOP 0522	ROOM 3629 SOUTH BUILDING
1400 INDEPENDENCE AVE SW	1400 INDEPENDENCE AVE SW
WASHINGTON DC 20250-0522	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		
Robert (Bob) Bonnet	Director	202-720-3889	
Kenneth Hill	Assistant to the Director	202-720-5199	
Shanita Staten	Program Assistant	202-720-3889	
Direct	t Loans/Funds Management B	ranch	
Connie Holman	Branch Chief	202-690-0756	
Sandra Hammond	Senior Loan Officer	202-720-1647	
Dan Jackson	Senior Loan Officer	202-720-0588	
Joseph Marcoccia	Senior Loan Officer	202-401-0087	
Mike Moore	Senior Loan Officer	202-690-0651	
Jerry Moseman	Senior Loan Officer	202-690-4006	
Carrie Novak	Senior Loan Officer	202-720-1643	
Ann Smith	Senior Loan Officer	202-720-1656	
Anne Steppe	Senior Loan Officer	202-690-4017	
	Guaranteed Loans Branch		
Randi Sheffer	Branch Chief	202-205-0682	
Steve Ford	Senior Loan Officer	* 202-304-7932 *	
Brad Johnson	Senior Loan Officer	202-720-5847	
Tracy Jones	Senior Loan Officer	202-720-6771	
Trent Rogers	Senior Loan Officer	202-720-1657	

4 FLP Organizational Structure (Continued)

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	
Polly Anderson	Senior Loan Officer	202-720-2558	
Patricia Elzinga	Senior Loan Officer	202-690-1729	
Sharon Harris	Senior Loan Officer	202-401-0191	
Marilyn Meese	Senior Loan Officer	202-690-4002	
Theresa Null	Senior Loan Officer	202-720-7862	
Cynthia Pawlikowski	Loan Officer	202-720-0900	

5 FLOO Contacts

A FLOO Contact List

The following provides the address for FLOO.

For USPS delivery	For FedEx or UPS delivery
USDA FARM SERVICE AGENCY	USDA, Farm Service Agency
FARM LOAN OPERATIONS OFFICE	Farm Loan Operations Office
BLDG 103	4300 Goodfellow Blvd, Bldg 103, 2 nd Floor
PO BOX 200003	St. Louis, MO 63120-1703
SAINT LOUIS MO 63120-0003	

The following provides names, titles, and telephone numbers for FLOO.

Name	Title	Phone Number
Main Line		314-679-6800
Mark McKinley	FLOO Chief	314-679-6810
* * *	* * *	* * *
Sharon Sachs	Accountant	314-679-6804

Subparagraphs B through D provide contact information for employees within the Program Reporting Group, Loan Servicing Group 1, and Loan Servicing Group 2.

5 FLOO Contacts (Continued)

B Program Reporting Group

The following provides names, titles, and telephone and FAX numbers for the Program Reporting Group.

Program Reporting Group - ECM FAX Number 314-457-4478		
Name	Title	Phone Number
Karen Campbell	Group Chief	314-679-6861
Mariella Harstick	Accountant	314-679-6863
Wyvone Haymon	Accountant	314-679-6864
Katina Mims	Accountant	314-679-6833
Karen Johnisee	Financial Specialist	314-679-6865
Deborah Marcano	Financial Specialist	314-679-6866
Charles Spencer	Accountant	314-679-6868
Borrower Inquiry Line		800-428-9643

C Loan Servicing Group 1

The following provides names, titles, telephone and FAX numbers, and State assignments for Loan Servicing Group 1.

Loan Servicing Group 1 - ECM FAX Number 314-457-4539			
Name	Title	Phone Number	State Assignments
Germaine Jones	Group Chief	314-679-6820	
Keith Davis	Accountant	314-679-6825	
*Kristine Edwards	Accountant	314-679-6828 *	
Paul Quante	Accountant	314-679-6836	
Marquettia Young	Accountant	314-679-6827	
Carrie Jackson	Lead Accounting Technician	314-679-6830	All States
Jeanette Broeckling	Accounting Technician	314-679-6823	AR, AZ, LA, MS, NE
Yvonne Collins-Myers	Accounting Technician	314-679-6824	CT, FL, ID, KY, UT
Kathleen Farid	Accounting Technician	314-679-6826	DE, IN, ME, OR, WY
Mary Jordan	Accounting Technician	314-679-6831	CO, GA, IL, MA, MI
Lawrence Mullen	Accounting Technician	314-679-6834	IA, KS, MO, SC, WDC
Susan Pennock	Accounting Technician	314-679-6835	AL, CA, MD, MN, MT

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.

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.

- *--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;
- (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.

A Type of Farming Operation (Continued)

--Reporting of yields may not be practical or applicable for some operations. For example, an operation producing various types of 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 bit 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.--

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.

<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.

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 hazardous waste and underground storage tanks, the adverse effects of their presence, and possible solutions
- conservation practices and measures and implementation of conservation plans for program compliance
- 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.

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.

^{*--}Note: For ML, see subparagraph A for adequacy of resources.

F Supervisory Plan

--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a-- minimum, the:

(9) 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 evaluation, 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 ratio	70 percent or more for several	More than 80 percent with minimal off-
(without interest)	years	farm income
Increased accounts	Sudden increase in accounts	Accounts payable extended over 2 months
payable	payable	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 expenses	Unsubstantiated estimates below	Unsubstantiated estimates below \$10,000
	\$20,000 for an average family	for an 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:

(10) 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 Loan Evaluation

[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a--* minimum, the:

(8) Loan evaluation, except for Streamlined CL.

The authorized agency official must evaluate and discuss whether the proposed loan is reasonable based on:

- the applicant's goals and the operation's objectives
- projected cash flow (as analyzed in the farm operating plan software or an acceptable alternative)
- loan security
- other loan risk factors.

The loan evaluation is similar to the loan narrative, which is discussed in 3-FLP, paragraph 351. The loan evaluation and loan narrative must be consistent.

K Graduation Plan

--[7 CFR 761.103(b)] Except for ML, the initial assessment must evaluate, at a-- minimum, the:

(11) 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.

223 Annual Review and Assessment Update

A Objective of Annual Review

[7 CFR 761.103(d)] 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(e)] 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 limited resources 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.

C Assessment Updates

--[7 CFR 761.103(f)] An assessment update must be prepared for each subsequent--
loan. The update must include a farm operating plan, a loan evaluation, 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.

Note: Streamlined CL's do **not** require a loan evaluation.

223 Annual Review and Assessment Update (Continued)

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 the borrower's case file must be adequate to record the type of supervision given, the findings of the review, and any items requiring follow-up.

224-240 (Reserved)

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.

242 Developing Farm Operating Plans (Continued)

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 or running case record.

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.

242 Developing Farm Operating Plans (Continued)

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.

These 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.

SED will issue a supplement listing the unit prices for all commodities commercially
*--produced in their State and include methods for considering pricing and marketing strategies
for commodities that may not have been considered as commercially produced or marketed
in the past. Examples may include organic production, direct marketing to restaurants and
grocery stores, community supported agriculture, and farmers markets.--*

242 Developing Farm Operating Plans (Continued)

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
 - RMA has begun providing 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.

[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.

*--242 Developing Farm Operating Plans (Continued)

A General (Continued)

If a loanmaking/loan servicing decision is based on a revised farm operating plan the applicant does not agree with, the authorized agency official will place the plan on which the applicant does not agree in the case file along with the plan submitted by the applicant. The authorized agency official will document in the case file the differences in the plans and the fact that the loanmaking/loan 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.--*

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
LOC	line of credit	29
LR	limited resource	Ex. 15
MADS	margin after debt service	Ex. 15
ML	microloan	222, 223, 242
OA	Office of Adjudication	41, Ex. 12, 18
OTI	Opportunity to Improve Plan	25, 27
PAC	Program Authority Code	164, 166, 167
PARLC, LAO	Policy, Accounting, Reporting, and Loan Center, Loan	167, 168
(FFIS Team)	Accounting Office	
PIP	Performance Improvement Plan	25, 27
PLP	Preferred Lender Program	29, 43, 143
PLS	Primary Loan Servicing	25, 27, 29, 144
PVHT	Voucher Header Inquiry Table	167, 168
PVLT	Voucher Line Inquiry Table	167, 168
RCI	recoverable cost items	Ex. 15
SALP	Special Apple Loan Program	2, 29
SAM	System for Award Management	43, 165
SDMS	State Directives Management System	403
SEL	standard eligible lender	43
SLR	Security Liaison Representative	53, Ex. 14
TC	transaction code	46, 52, Ex. 14
TDCLC	term debt capability lease coverage	252
TDLCR	term debt and capital lease coverage ratio	Ex. 15
TY	payment voucher transaction	166, 167, 168
VID	vendor identification	162, 166
WEM	Web Equity Manager	Ex. 15
YEA	year-end analysis	Ex. 15

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.

Definitions of Terms Used in This Handbook (7 CFR 761.2 (b)) (Continued)

Complex Properties

<u>Complex properties</u> are properties exceeding 1 to 4 single family units that have income-producing potential, which typically includes business and agricultural properties.

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).

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

<u>FSA</u> 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

<u>Microloan</u> is a type of OL of \$35,000 or less made under reduced application, eligibility, and security requirements.--*

Noncomplex Properties

<u>Noncomplex properties</u> are properties including 1 to 4 single family units and agricultural properties, such as a small parcel of agricultural or bare land. Noncomplex property is determined by the authority granted based on the license credentials issued according to the licensing laws of the State in which the property to be appraised is located.

PLCE Expenses

PLCE expenses are defined as financial transactions and procurement items.

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

Streamlined conservation loan 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.

Table of Contents

			Page
J	Cr	redit Actions	98.9
	1	Credit Action Menu.	
	2	Credit Action Status	
	3	Locking Credit Action Forms	
	4	Farm Assessment	
	5	RD 1940-22, Environmental Checklist for Categorical Exclusions	98.16
	6	DALR\$ Input Report	
	7	Credit Presentation	
		a Approval Decision	98.18
		b Completing the Credit Presentation/Borrower Classification	98.20
		c Classification Scores	
	8	Classification/LR Review/YEA	107
	9	Eligibility Only	109
	10	Youth Loans	109
		a Eligibility Determination	109
		b Credit Presentation	109
		c Security Agreement - Youth Loans	111
		d Classification of Youth Loans	111
	11	Security Agreement	111
	12	Special Classification	113
	13	Emergency Loan Calculations	114
	14	Microloan	116.5
K	Sp	ecial Features	118
	1	eNotice	118
	2	DecisionMgr	121
		a Credit Action Status	
		b Credit Report Activity Log	124
	3	Tracking	126
	4	Letters	128
L	Ge	etting Help	129
	1	FBP Forum	129
NЛ	C1	occomy of Torms	120

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 on-line 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 on-line eHelp or WEM user guide available from Web Equity Solutions at 1-800-264-0787. The information in both sources of help is the same. WEM is the software used to create FBP.

The term "FBP" is used in the following 2 contexts:

- collecting documents that compose FBP
- the system used to create the document FBP.

- **E** Refinancing and Restructuring (Continued)
 - 1 Refinancing (Continued)
 - **b** Example 2, Balance Sheet Accounting Method (Continued)



Figure 26, Creating Refi Scenario With Quasi-Post Close Balance Sheet

Step 4. Create the income/expense projection, ensuring that the beginning balance sheet is the after refi or quasi-post close 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.

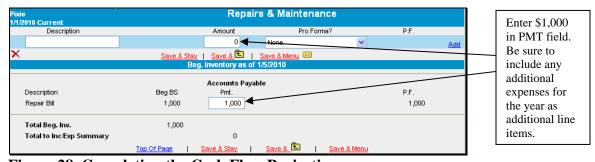


Figure 28, Completing the Cash Flow Projection

- **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.

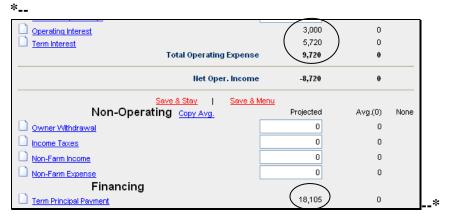


Figure 30, Verify Operating and Term Interest, and Term Principal Payments are Properly Shown

- I Collateral Analysis/Chattel Appraisals (Continued)
 - **3 Building the Collateral Analysis (Continued)**
 - f 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).

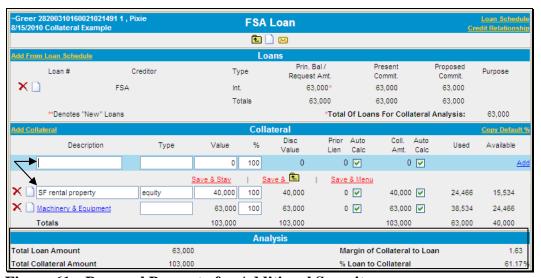


Figure 61e, Personal Property for Additional Security

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 10 credit action models that are available.--

		Type of Forms				
Credit Action Type	Used For	Environ- mental Checklist	Farm Assess- ment	Other	Credit Presentation	Security Agreement
D-Loan Making 1/	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> /	Partial releases, subordinations, transfer, and assumptions.	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	Microloan applications	Available	Available	N/A	Microloan	Available

^{1/} In cases where a direct loan is being made in conjunction with a servicing request (special or regular), use the applicable servicing credit action.

- J Credit Actions (Continued)
 - 7 Credit Presentation (Continued)
 - **b** Completing the Credit Presentation/Borrower Classification (Continued)

CLICK "**Update & E**]" to update the Credit Presentation.

Caution: Do not check "Farm Assmt" or "Environmental".

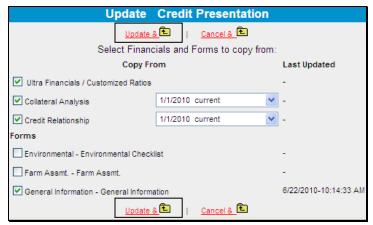


Figure 61q, Update Credit Presentation

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.



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	• See Reports Setup (Section B 4 d) for information on what financial data should be included.
Statement, Repayment Capacity	•*Ensure that the updated information in these sections is correct*

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 61ac, Crop Enterprises Using APH Yield



Figure 61ad, Multiple Crop Enterprises Using APH Yield and Applicant Records



Figure 61ae, 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.



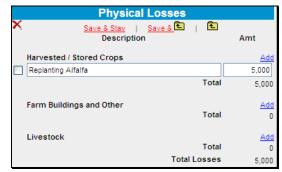


Figure 61af, Physical Losses

Figure 61ag, 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 61ah, Disaster Compensation/Insurance Figure 61ai, 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 61aj, 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 a Microloan. For the documentation requirements, refer to 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.

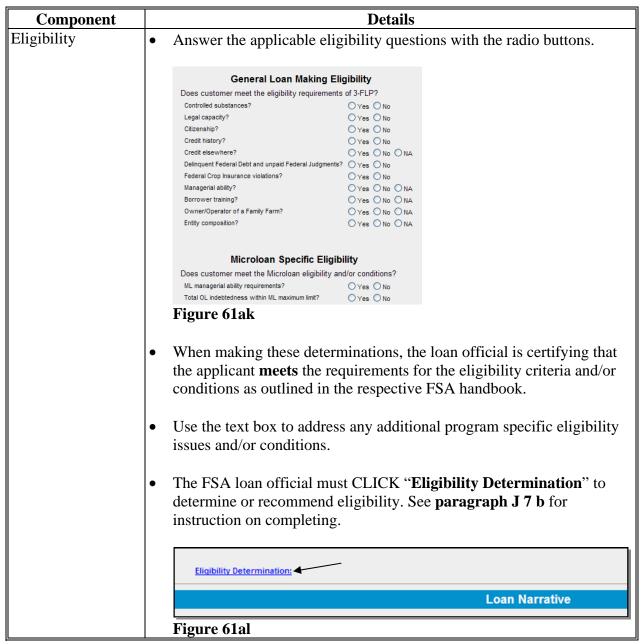
Complete the Credit Presentation according to the following.

Component	Details
General Information,	See paragraph J 7 b for instruction on completing these components.
Credit Relationship	
Loan Narrative	See 3-FLP for documentation required to address this component.
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, Limited	Answer the applicable questions with the radio button.
Resource, SBA	
Account, and	
Hazard Insurance	
Questions	
Loan Closing	Use the word pad to document all approval conditions or loan closing
Requirements	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.--*

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.

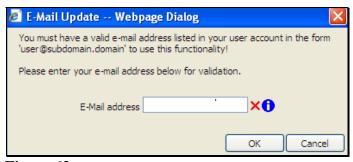


Figure 63

The following series of messages will be displayed.

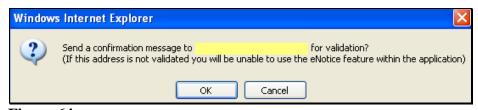


Figure 64



Figure 65--*

FLP Rates

A Interest Rates for FLP's

--The following provides interest rates for FLP's as of February 1, 2013.--

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes		
Note: For the current interest rate, contact the National Office.		
Operating	*1.125	2/1/13*
Operating – Limited Resource	5.00	12/1/90
Farm Ownership and Conservation Loans	3.125	11/1/12
Farm Ownership – Limited Resource	5.00	4/1/86
Farm Ownership – Down Payment	1.50	5/22/08
Farm Ownership – Joint Financing	5.00	3/24/97
Soil and Water	3.125	11/1/12
Soil and Water – Limited Resource	5.00	7/1/92
Recreation – Individual	3.125	11/1/12
Farmer Program – Homestead Protection	3.125	11/1/12
Shared Appreciation Amortization	2.125	11/1/12
Softwood Timber Loans	3.125	11/1/12
Economic Emergency – Operating	*1.125	2/1/13
Economic Emergency – Real Estate	3.125	11/1/12
Emergency – Amount of Actual Loss	2.125	2/1/13
Emergency – Major Adjustment:	5.500	2/1/13*
Subtitle A Purpose (Excess of Loss)		
Emergency – Major Adjustment:	4.625	1/1/13
Subtitle B Purpose (Excess of Loss)		
Emergency – Annual Production	4.625	1/1/13
Nonprogram - Chattel Property	4.625	1/1/13
Nonprogram - Real Property	*5.500	2/1/13*
Apple Loans	0.375	7/1/12
Association – Grazing	3.125	11/1/12
Association – Irrigation and Drainage	3.125	11/1/12
Indian Land Acquisition	5.00	2/1/91

Publication 622, which provides amortization tables and financial basic payment tables, is available from MSD Warehouse. To request Publication 622, complete FSA-159, available at http://intranet.fsa.usda.gov/dam/ffasforms/forms.html, and submit it 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 9240 Troost Ave Kansas City MO 64131.

FLP Rates (Continued)

B Treasury Rates

The following table provides the applicable Treasury rates.

Treasury Rates	Current Rate (%)	Date Set
90-Day Treasury Bill	0.125	10/1/09
Treasury Judgment Rate (see Note)	*0.150	2/1/13*

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 weekly average 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 dated the rate and in January 4, 2013. The actual judgment rate is the rate for the calendar.

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

^{*--}week ending January 4, 2013. 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 www.federalreserve.gov/releases/H15/current for the weekly average 1-year CMT yield.