

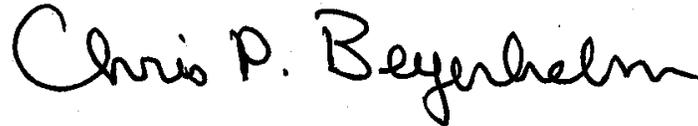
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**General Program Administration
1-FLP (Revision 1)**

Amendment 93

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 141 B has been amended to remove the reference to loan evaluation.

Subparagraphs 223 A and C have been amended to correct CFR references.

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

Page Control Chart		
TC	Text	Exhibit
	6-1, 6-2 8-51 through 8-84	17, pages 1, 2

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

FSA uses appraisals to determine the value of real and personal property or other security pledged or to be pledged to support direct loans and loan servicing actions. FSA requires a lender to obtain an appraisal in certain guaranteed loan making and servicing cases.

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

C 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.

141 General Appraisal Requirements (Continued)

D 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

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, a real estate appraisal is obtained according to the following table.

IF credit transaction amount is...	AND type of property is...	THEN appraisal can be completed by...
less than \$100,000	residential, small agricultural property, or bare land	State-certified residential, State-certified general contract appraiser, FSA full-time or part-time designated appraiser/reviewer, or FSA limited authority appraiser.
	property other than residential, small agricultural property, or bare land	State-certified general contract appraiser or FSA full-time or part-time appraiser/reviewer.
\$100,00 or more	residential, small agricultural property, or bare land	State-certified residential, if within the scope of the appraiser's State appraisal license, State-certified general contract appraiser, or FSA full-time or part-time designated appraiser/reviewer.
	property other than residential, small agricultural property, or bare land	State-certified general contract appraiser or FSA full-time or part-time appraiser/reviewer.

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

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.

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.

* * *

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)

FLP Rates

A Interest Rates for FLP's

--The following provides interest rates for FLP's as of February 1, 2014.--

Loan Type	Current Rate (%)	Date Set
Rural Housing - Farm Loan Purposes		
Note: For the current interest rate, contact the National Office.		
Operating	*--2.000	2/1/14
Operating - Limited Resource	5.000	12/1/90
Farm Ownership and Conservation Loans	4.250	2/1/14--*
Farm Ownership - Limited Resource	5.000	4/1/86
Farm Ownership - Down Payment	1.500	5/22/08
Farm Ownership - Joint Financing	5.000	3/24/97
Soil and Water	*--4.250	2/1/14
Soil and Water - Limited Resource	5.000	7/1/92
Recreation - Individual	4.250	2/1/14
Farmer Program - Homestead Protection	4.250	2/1/14
Shared Appreciation Amortization	3.250	2/1/14
Softwood Timber Loans	4.250	2/1/14
Economic Emergency - Operating	2.000	2/1/14
Economic Emergency - Real Estate	4.250	2/1/14
Emergency - Amount of Actual Loss	3.000	2/1/14
Emergency - Major Adjustment: Subtitle A Purpose (Excess of Loss)	6.625	2/1/14--*
Emergency - Major Adjustment: Subtitle B Purpose (Excess of Loss)	4.375	10/1/13
Emergency - Annual Production	4.375	10/1/13
Nonprogram - Chattel Property	4.375	10/1/13
Nonprogram - Real Property	*--6.625	2/1/14
Apple Loans	0.625	12/1/13
Association - Grazing	4.250	2/1/14
Association - Irrigation and Drainage	4.250	2/1/14--*
Indian Land Acquisition	5.000	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)	0.130	1/1/14

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 treasury judgment rate 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 *--week ending December 27, 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.

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