

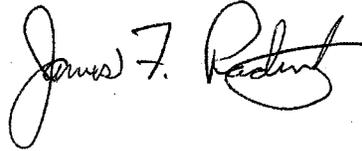
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

Direct Loanmaking  
3-FLP (Revision 2)

Amendment 22

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

**A Reasons for Amendment**

Subparagraphs 3 C through 3 G, have been amended to provide references to forms instructions from a single information source, which is 1-FLP.

Subparagraph 228 A has been amended to remove items of eligibility that are not required for a youth loan applicant.

Exhibit 2 has been amended to add a non-CFR note to the co-signer definition.

**B Obsolete Form**

FSA-2303 is obsolete.

**Note:** References to the form were removed when Amendment 21 was issued.

Page Control Chart		
TC	Text	Exhibit
	1-5, 1-6 9-75, 9-76	2, pages 5, 6



**3 FLP Forms (Continued)**

**C Notary Acknowledgement**

\*--See 1-FLP, subparagraph 3 C.

**D Applicant Signatures**

See 1-FLP, subparagraph 3 D.

**E State-Modified National Forms**

See 1-FLP, subparagraphs 3 F and 3 H.

**F State-Created Forms**

See 1-FLP, subparagraphs 3 F and 3 H.

**G Other Sources of Forms**

See 1-FLP, subparagraph 3 G.--\*



227 Uses and Limitations (Continued)

**C Maximum Loan Limit**

**[7 CFR 764.303(b)] The total principal balance owed by the applicant to the Agency on all Youth loans at any one time cannot exceed \$5,000.**

The authorized agency official should not loan more than is necessary to successfully carry out the project or more than the projections show can be repaid.

## 228 Eligibility

## A General

**[7 CFR 764.302] The applicant:**

**(a) Must comply with the general eligibility requirements established at §764.101(a) through (g) (paragraphs 62 through 67);**

See subparagraphs B through F for OL Youth Loan program specific information. If different from the general eligibility in paragraphs 62 through 67, the information in this paragraph to be substituted for those portions.

A youth loan applicant:

- does not need to demonstrate managerial ability
- \* \* \*
- does not need to operate a farm
- is not limited in the number of years in which loans may be closed.

## B Debt Forgiveness

The applicant:

**[7 CFR 764.302(b)] And anyone who will sign the promissory note, must not have received debt forgiveness from the Agency on any direct or guaranteed loan.**

## C Age

The applicant:

**[7 CFR 764.302(c)] Must be at least 10 but not yet 21 years of age at the time the loan is closed.**

**Definition of Terms Used in This Handbook (7 CFR 761.2(b)) (Continued)****Conservation Loan (CL)**

CL 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.**

**Note:** FSA will use a Forest Stewardship Management Plan, NRCS CPA-1155, or Tool Kit provided by NRCS as proof that the applicant has an approved conservation plan.

**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**

Conservation project means **conservation measures that address provisions of a conservation plan or Forest Stewardship Management Plan.--\***

**Construction**

Construction means **work such as erecting, repairing, remodeling, relocating, adding to, or salvaging any building or structure, and the installing, repairing, or adding to heating and electrical systems, water systems, sewage disposal systems, walks, steps, and driveways.**

**Definition of Terms Used in This Handbook (7 CFR 761.2(b)) (Continued)****Controlled**

Controlled means **when a director or an employee has more than a 50 percent ownership in an entity or, the director or employee, together with relatives of the director or employee, have more than a 50 percent ownership.**

**Controlled Substance**

Controlled substance means **the term as defined in 21 U.S.C. 812.**

**Cooperative**

Cooperative means **an entity that has farming as its purpose, whose members have agreed to share the profits of the farming enterprise, and is recognized as a farm cooperative by the laws of the state in which the entity will operate a farm.**

**Corporation**

Corporation means **a private domestic corporation created and organized under the laws of the State in which it will operate a farm.**

**Cosigner**

Cosigner means **a party, other than the applicant, who joins in the execution of a promissory note to assure its repayment. The cosigner becomes jointly and severally liable to comply with the repayment terms of the note, but is not authorized to severally receive loan servicing available under 7 CFR parts 765 and 766. In the case of an entity applicant, the cosigner cannot be a member of the entity.**

**\*--Note:** Until CFR can be amended, co-signers will be offered all loan servicing options available under CFR Parts 765 and 766.--\*

**County**

County means **a local administrative subdivision of a State or similar political subdivision of the United States.**

**County Average Yield**

County average yield means **the historical average yield for an agricultural commodity in a particular political subdivision, as determined or published by a government entity or other recognized source.**