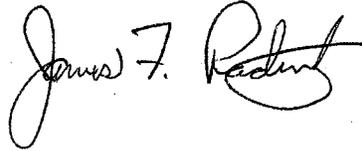


UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Direct Loanmaking 3-FLP (Revision 2)	Amendment 20
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Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 41 A has been amended to add a reference to Exhibit 7.

Exhibit 7 has been added to provide the "Information Needed for a Complete Loan Determination for FSA Direct Operating and Farm Ownership Loans" letter.

Page Control Chart		
TC	Text	Exhibit
5, 6	3-1, 3-2	7, pages 1, 2 (add) page 3 (add)

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Part 3 Loan Application

41 Obtaining and Filing a Loan Application

A Obtaining a Loan Application

A loan application may be obtained from:

- any FSA office
- FSA's web site at www.fsa.usda.gov
- eGov's web site at www.sc.egov.usda.gov.

An agency official will:

- not refuse to provide a requested application to any person
- not discourage the prospective applicant to apply for a direct loan even when loan funds are limited or unavailable

Note: On Friday, May 13, 2011, FR notice was published to inform the public that, because of a lack of funding for the CL program, direct CL applications will not be accepted until further notice. Agency officials should advise prospective applicants of the availability of other FSA loan programs.

- not make oral or written statements that would discourage any individual from applying for assistance based on any ECOA prohibited basis (race, color, religion, national origin, sex, marital status, age, applicant's income deriving from public assistance, or because the applicant has in good faith exercised any right under the Consumer Protection Act)

Note: Additional information, as necessary, may be requested; however, information that would create unapproved paperwork burden will not be requested. Specifically, anything that asks the applicant to provide information to FSA is not allowed by the State without approval from the National Office.

- provide assistance as necessary to help applicants complete the application
- *--provide 3-FLP, Exhibit 7, as necessary, to applicants who are applying for assistance using FSA-2001 only.--*

Note: Information about race, national origin, sex, and marital status is collected on a voluntarily basis on FSA-2001, FSA-2301, FSA-2314, and FSA-2330.

B Filing a Loan Application

[7 CFR 764.51(a)] A loan application must be submitted in the name of the actual operator of the farm. Two or more applicants applying jointly will be considered an entity applicant. The Agency will consider tax filing status and other business dealings as indicators of the operator of the farm.

41 **Obtaining and Filing a Loan Application (Continued)****B Filing a Loan Application (continued)**

*--Generally, requiring a non-applicant's spouse signature on loan documents is a violation of ECOA regulations. Therefore, unless required by State law, FSA will not require the signature of an applicant's spouse or other person, other than a joint applicant, on any credit instrument if the applicant qualifies under FSA's standards of creditworthiness for the amount and terms of the credit requested. FSA will **not** consider the submission of a joint financial statement or other evidence of jointly held assets, such as a joint bank account, as an application for joint credit.--*

Upon receiving an application for direct loan assistance the authorized agency official and DD shall follow 1-PL to ensure that the type of operation reflected on FSA-2001 is consistent with any representations previously made by the applicant for FP benefits.

If any difference in representations of the farming operation is identified, notify the applicant using FSA-2304 and insert the following for why the application is incomplete.

“A review of your FSA records revealed inconsistent representations in how your farming operation is conducted. (Provide details of different representations identified by FSA records.) Documentation must be provided to resolve the inconsistencies identified prior to your application for assistance to be considered complete.”

Note: See subparagraph 45 B for notification of incomplete application guidance.

Exception: An application will not be considered incomplete if the difference in representation is the result of either of the following:

- husband and wife representing themselves as a joint operation for FLP assistance but combined as a single person for FP
- producer participating in 2 separate and distinct operations.

Note: Until CFR is amended, FSA will consider the term, “husband and wife” to be interchangeable with married persons, couples, or spouses.

When receiving an application from married persons, FSA cannot treat a married couple applying together the same way as 1 person applying individually. A married person may apply according to 1 of the following, depending on how the farm is operated.

- “As an individual” – A married person should apply as an individual when they are the operator of the farm, and the spouse has minimal involvement in the farm operation, particularly the day-to-day management and operations. In such cases, the nonfarming spouse will not be required to sign the application, except when required by State law to perfect a lien on marital or jointly owned property.

***--Information Needed for a Complete Loan Application Determination for FSA Direct Operating and Farm Ownership Loans**

Following is the Information Needed for a Complete Loan Application Determination for FSA Direct Operating and Farm Ownership Loans letter.

3-FLP, Exhibit 7

(Use Agency Letterhead formatted with local return address)

[Name]
[Address]
[City, State, Zip]

**INFORMATION NEEDED FOR A COMPLETE LOAN APPLICATION DETERMINATION
(For FSA DIRECT OPERATING and FARM OWNERSHIP LOANS)
(Not for Use with Microloan, Streamlined Youth Loan Applications or Emergency Loans)**

Dear [Name]:

Date [MM-DD-YYYY]

The FSA loan application process begins with a complete loan application. The complete loan application allows the loan officer to determine your eligibility to receive FSA farm loan assistance. Listed below are the items FSA requires to conduct its initial loan application assessment.

Any required forms listed below are enclosed/attached. Please note that in some cases you are permitted to use alternative methods of providing the same information instead of using FSA's forms as long as they provide all the information found on the associated form.

After a review of the items listed below, your FSA loan officer may request additional information not listed, if that information is considered necessary to complete processing your loan application. This can include written documentation that credit is not available elsewhere.

NOTE: For **Entity Applicants**, including all **Embedded Entities**, the information listed below is required for (1) the entity; (2) the embedded entity; **and** (3) **each** individual entity member.

1. FSA-2001, "Request for Direct Loan Assistance"
2. FSA-2002, "Three Year Financial History" or similar form acceptable to the Agency. Please do not provide only financial summaries. (**Note:** If there are no individually owned assets, husband and wife joint operations may submit a consolidated balance sheet.)
3. Complete Tax Returns, including Schedule F if available, for the past 3 years or for each year you have been in business, whichever is less.
4. FSA-2003, "Three-Year Production History", or similar form acceptable to the Agency, for the past 3 years or for each year you have been in business, whichever is less.
5. FSA-2004, "Authorization to Release Information" (**Note:** If relying on non-farm income or other assets of a *non-applicant spouse* to generate a positive cash flow or pay family living expenses, the non-applicant spouse must execute an FSA-2004 or provide their 2 most recent earning statements.)
6. FSA-2005, "Creditor List"
7. FSA-2006, "Property Owned and Leased"
8. Legal descriptions of all farm property owned or to be acquired

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***--Information Needed for a Complete Loan Application Determination for FSA Direct
Operating and Farm Ownership Loans**

9. Copies of all leases, contracts, options, and other agreements associated with the farm property
10. FSA-2015, "Verification of Debts and Assets", or similar documentation acceptable to the Agency, for all credit cards, loans and other bank accounts with a balance exceeding \$1,000. Any original documents you submit will be returned to you. Acceptable documents may include most recent monthly billing statement, most recent statement of account, most recent invoice, or most recent bank statement.
11. FSA-2037, "Farm Business Plan Worksheet Balance Sheet" and the FSA-2038, "Farm Business Plan Worksheet Projected/Actual Income and Expense" for the next 12 months. Similar forms acceptable to the Agency may be used; however, *should not be more than 90 days old*.
12. Credit Report Fee, using personal or bank check, made payable to the *Farm Service Agency* for the type of applicant as shown below. Entity members should be prepared to remit payment for individual credit report in addition to the commercial report.
- Individual \$ _____ Joint \$ _____ Commercial \$ _____
13. FSA-2302, "Description of Farm Training and Experience." Please be detailed in your description. Narratives should include, and are not limited to:
- a. Personal Life Experience/On the Job Training
 - b. Secondary Education
 - c. Webinars or Online Training Courses
 - d. Extension Service Workshops attended
 - e. Participation in agriculturally-related youth organizations, such as 4-H or FFA
 - f. Recipient of FSA Youth Loan with brief description of project
 - g. Work in Community-Based Organization Gardens or Urban Farming
 - h. Agricultural Internships or Apprenticeships
14. Verification of Non-Farm Income, such as off-farm employment, Social Security, rental income, pension plans, etc. The most recent 2 pay stubs, statements of benefits, or similar documentation will usually be sufficient.
15. AD-1026, "Highly Erodible Land Conservation and Wetland Conservation Certification"
16. **For Entity Applicants Only, including All Embedded Entities:** Provide all the following documents, as available or applicable:
- a. Copies of any Organizational and Operation Documents (e.g., Charter, Articles of Incorporation, Bylaws, Partnership or Joint Operation Agreement, etc.).
 - b. Evidence of current registration and good standing with relevant state regulatory agencies
 - c. A duly adopted resolution to apply for and obtain financing
 - d. A balance sheet not more than 90 days old for the entity
 - e. A balance sheet not more than 90 days old for each individual entity member
17. **For Entity Applicants Only, including All Embedded Entities,** AD-3030, "Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants".

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***--Information Needed for a Complete Loan Application Determination for FSA Direct
Operating and Farm Ownership Loans**

Lastly, it is very important to note that **A DECISION CANNOT BE MADE ON YOUR LOAN REQUEST WITHOUT ALL INFORMATION REQUESTED IN THIS LETTER.**

Please contact this office if you need help. We can help you complete the requested forms, explain what information we need, and answer any questions about the information requested in this letter. If we cannot assist you by phone, we will schedule an appointment to meet with you.

Sincerely,

Farm Loan Officer/Manager

Enclosures

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