Farm Service Agency, USDA

(e) Except as provided in paragraph (f) of this section, the applicant or borrower must sign the final farm operating plan prior to approval of any loan or servicing action.

(f) 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.

§ 761.105 Year-end analysis.

(a) The Agency conducts a year-end analysis at its discretion or if the borrower:

(1) Has received any direct loan except for streamlined CLs, chattel subordination, or primary loan servicing action within the last year;

(2) Is financially distressed or delinquent;

(3) Has a loan deferred, excluding deferral of an installment under subpart B of part 766; or

(4) Is receiving a limited resource interest rate on any loan.

(b) To the extent practicable, the year-end analysis will be completed within 60 days after the end of the business year or farm budget planning period and must include:

(1) An analysis comparing actual income, expenses, and production to projected income, expenses, and production for the preceding production cycle; and

(2) An updated farm operating plan.

(72 FR 63285, Nov. 8, 2007, as amended at 75 FR 54013, Sept. 3, 2010)

§ 761.204 Methods of allocating funds to State Offices.

FO, CL, and OL loan funds are allocated to State Offices using one or more of the following allocation methods:

(a) Formula allocation, if data, as specified in §761.205, is available to use the formula for the State.

(b) Administrative allocation, if the Agency cannot adequately meet program objectives with a formula allocation. The National Office determines the amount of an administrative allocation on a case-by-case basis.
§ 761.205 Computing the formula allocation.

(a) The formula allocation for FO, CL, or OL loan funds is equal to:

\[ \text{formula allocation} = \left( \frac{\text{amount available for allocation} - \text{national reserve and base allocation}}{\text{State Factor}} \right) \times \text{State Factor} \]

(b) To calculate the State Factor, the Agency:

1. Uses the following criteria, data sources, and weights:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Loan type criterion is used for</th>
<th>Data source</th>
<th>Weight for FO loans (percent)</th>
<th>Weight for OL loans (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm operators with sales of $2,500–$39,999 and less than 200 days work off the farm</td>
<td>FO, CL, and OL loans</td>
<td>U.S. Census of Agriculture</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Farm operators with sales of $40,000 or more and less than 200 days work off farm</td>
<td>FO, CL, and OL loans</td>
<td>U.S. Census of Agriculture</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Tenant farm operators</td>
<td>FO, CL, and OL loans</td>
<td>U.S. Census of Agriculture</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>3-year average net farm income</td>
<td>FO, CL, and OL loans</td>
<td>USDA Economic Research Service</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Value of farm real estate assets</td>
<td>FOs and CLs</td>
<td>USDA Economic Research Service</td>
<td>10</td>
<td>N/A</td>
</tr>
<tr>
<td>Value of farm non-real estate assets</td>
<td>OL loans</td>
<td>USDA Economic Research Service</td>
<td>N/A</td>
<td>15</td>
</tr>
</tbody>
</table>

(2) Determines each State’s percentage of the national total for each criterion;

(3) Multiplies the percentage for each State determined in paragraph (b)(2) of this section by the applicable weight for that criterion;

(4) Sums the weighted criteria for each State to obtain the State factor.

[72 FR 63285, Nov. 8, 2007, as amended at 75 FR 54013, Sept. 3, 2010]

§ 761.206 Pooling of unobligated funds allocated to State Offices.

The Agency periodically pools unobligated FO, CL, and OL loan funds that have been allocated to State Offices. When pooling these funds, the Agency places all unobligated funds in the appropriate National Office reserve. The pooled funds may be retained in the national reserve or reallocated to the States.

[72 FR 63285, Nov. 8, 2007, as amended at 75 FR 54013, Sept. 3, 2010]