Farm Service Agency, USDA

to come due under this subpart will be null and void.

§ 760.1716 Instructions and forms.
Affected farmers may obtain information necessary to make application for a milk loss payment from the county FSA office.

§ 760.1717 Availability of funds.
Milk loss program payments will be made on a first-come, first-served basis. Applications received after all funds are used will not be paid.

§ 760.1718 Calculating payments for milk losses.
(a) Payments made under this subpart to a participant for loss of milk as a result of a qualifying disaster event are calculated as follows:
(1) Amount of the fair market value of the farmer's normal marketings for the application period; less
(2) Any amount the farmer received for whole milk marketed during the applications period; and
(3) Any payment not subject to refund which the farmer received from a milk handler with respect to whole milk removed from the commercial market during the application period; (4) Multiplied by a program factor of 75 percent.
(b) [Reserved]
§ 761.2 Abbreviations and definitions.

(a) Abbreviations.
ARA Alternative Repayment Agreement.
CL Conservation Loan.
CLP Certified Lender Program.
DSA Disaster Set-Aside.
EE Economic Emergency loan.
EM Emergency loan.
FCCS Federal Claims Collection Standards.
FLP Farm Loan Programs.
FO Farm Ownership loan.
FSA Farm Service Agency, an Agency of the USDA, including its personnel and any successor Agency.
LIBOR London Interbank Offered Rate.
ML Microloan.
MLP Micro Lender Program.
NRCS National Resources and Conservation Service, USDA.
OIG Office of the Inspector General, USDA.
OGC Office of the General Counsel of the USDA.

OL Operating loan.

PLP Preferred Lender Program.

RHF Rural Housing loan for farm service buildings.

RL Recreation loan.

SAA Shared Appreciation Agreement.

SA Shared Appreciation loan.

SEL Standard Eligible Lender.

ST Softwood Timber loan.

SW Soil and Water loan.

USDA United States Department of Agriculture.

USPAP Uniform Standards of Professional Appraisal Practice.

(b) Definitions.

Abandoned security property is security property that a borrower is not occupying, is not in possession of, or has relinquished control of and has not made arrangements for its care or sale.

Accrued deferred interest is unpaid interest from past due installments posted to a borrower’s loan account.

Act is the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

Additional security is property which provides security in excess of the amount of security value equal to the loan amount.

Adequate security is property which is required to provide security value at least equal to the direct loan amount.

Adjustment means the settlement of an FLP debt for less than the total amount owed. The adjusted amount is collected through a series of payments that are scheduled over time. An adjustment is not a final settlement until all scheduled payments have been made. After applying all payments pursuant to the adjustment agreement, any remaining balance is canceled. The amount canceled is reported to the IRS pursuant to §3.90 of this title and applicable IRS requirements.

Administrative appraisal review is a review of an appraisal to determine if the appraisal:

(1) Meets applicable Agency requirements; and

(2) Is accurate outside the requirements of standard 3 of USPAP.

Agency is the FSA.

Agreement for the use of proceeds is an agreement between the borrower and the Agency for each production cycle that reflects the proceeds from the sale of normal income security that will be used to pay scheduled FLP loan installments, including any past due installments, during the production cycle covered by the agreement.

Agricultural commodity means livestock, grains, cotton, oilseeds, dry beans, tobacco, peanuts, sugar beets, sugar cane, fruit, vegetable, forage, nursery crops, nuts, aquacultural species, and the products resulting from: livestock, tree farming, and other plant or animal production as determined by the Agency.

Allonge is an attachment or an addendum to a promissory note.

Allowable costs are those costs for replacement or repair that are supported by acceptable documentation, including, but not limited to, written estimates, invoices, and bills.

Alternative repayment agreement is a written repayment agreement accepted by both the borrower and the Agency as specified in §§3.42(b) and 3.80 of this title. The agreement may allow for payments to be made from the borrower to the Agency as an alternative to collecting the payment amounts through administrative offset, or Federal salary offset.

Applicant is the individual or entity applying for a loan or loan servicing under either the direct or guaranteed loan program.

Apprentice means an individual who receives applied guidance and input from an individual with the skills and knowledge pertinent to the successful operation of the farm enterprise being financed.

Aquaculture is the husbandry of any aquatic organisms (including fish, mollusks, crustaceans or other invertebrates, amphibians, reptiles, or aquatic plants) raised in a controlled or selected environment of which the applicant has exclusive rights to use.

Assignment of guaranteed portion is a process by which the lender transfers the right to receive payments or income on a guaranteed loan to another party, usually in return for payment in the amount of the loan’s guaranteed principal. The lender retains the unguaranteed portion in its portfolio and receives a fee from the purchaser.
or assignee to service the loan and receive and remit payments according to a written assignment agreement. This assignment can be reassigned or sold multiple times.

Assignment of indemnity is the transfer of rights to compensation under an insurance contract.

Assignment is the act of agreeing to be legally responsible for another party’s indebtedness.

Assignment agreement is a written agreement on the appropriate Agency form to pay the FLP debt incurred by another.

Basic part of an applicant’s total farming operation is any single agricultural commodity or livestock production enterprise of an applicant’s farming operation which normally generates sufficient income to be considered essential to the success of such farming operation.

Basic security is all farm machinery, equipment, vehicles, foundation and breeding livestock herds and flocks, including replacements, and real estate that serves as security for a loan made or guaranteed by the Agency.

Beginning farmer is an individual or entity who:

(1) Meets the loan eligibility requirements for a direct or guaranteed CL, FO, or OL, as applicable;

(2) Has not operated a farm for more than 10 years. This requirement applies to all members of an entity;

(3) Will materially and substantially participate in the operation of the farm:

(i) In the case of a loan made to an individual, individually or with the family members, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm, consistent with the practices in the county or State where the farm is located.

(ii) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm. Material and substantial participation requires that the member provide some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm would be seriously impaired;

(4) Agrees to participate in any loan assessment and borrower training required by Agency regulations;

(5) Except for an OL applicant, does not own real farm property or who, directly or through interests in family farm entities owns real farm property, the aggregate acreage of which does not exceed 30 percent of the average farm acreage of the farms in the county where the property is located. If the farm is located in more than one county, the average farm acreage of the county where the applicant’s residence is located will be used in the calculation.

Assumption is the act of agreeing to be legally responsible for another party’s indebtedness.

Assumption agreement is a written agreement on the appropriate Agency form to pay the FLP debt incurred by another.

VerDate Sep<11>2014 16:38 May 24, 2021 Jkt 253018 PO 00000 Frm 00190 Fmt 8010 Sfmt 8010 Q:\07\7V7.TXT PC31kpayne on VMOFRWIN702 with $$_JOB
§ 761.2

Cash flow budget is a projection listing all anticipated cash inflows (including all farm income, nonfarm income and all loan advances) and all cash outflows (including all farm and nonfarm debt service and other expenses) to be incurred during the period of the budget. Advances and principal repayments of lines of credit may be excluded from a cash flow budget. Cash flow budgets for guaranteed loans under $125,000 do not require income and expenses itemized by categories. A cash flow budget may be completed either for a 12-month period, a typical production cycle, or the life of the loan, as appropriate. It may also be prepared with a breakdown of cash inflows and outflows for each month of the review period and include the expected outstanding operating credit balance for the end of each month. The latter type is referred to as a “monthly cash flow budget.”

Chattel or real estate essential to the operation is chattel or real estate that would be necessary for the applicant to continue operating the farm after the disaster in a manner similar to the manner in which the farm was operated immediately prior to the disaster, as determined by the Agency.

Chattel security is property that may consist of, but is not limited to: Crops; livestock; aquaculture species; farm equipment; inventory; accounts; contract rights; general intangibles; and supplies that are covered by financing statements and security agreements, chattel mortgages, and other security instruments.

Civil action is a court proceeding to protect the Agency’s financial interests. A civil action does not include bankruptcy and similar proceedings to impound and distribute the bankrupt’s assets to creditors, or probate or similar proceedings to settle and distribute estates of incompetents or decedents, and pay claims of creditors.

Closing agent is the attorney or title insurance company selected by the applicant and approved by the Agency to provide closing services for the proposed loan or servicing action. Unless a title insurance company provides loan closing services, the term “title company” does not include “title insurance company.”

Coastal barrier is an area of land identified as part of the national Coastal Barrier Resources System under the Coastal Barrier Resources Act of 1980.

Compromise is the settlement of an FLP debt or claim by a lump-sum payment of less than the total amount owed in satisfaction of the debt or claim.

Conditional commitment is the Agency’s commitment to a lender that the material the lender has submitted is approved subject to the completion of all listed conditions and requirements.

Conservation Contract is a contract under which a borrower agrees to set aside land for conservation, recreation or wildlife purposes in exchange for reduction of a portion of an outstanding FLP debt.

Conservation Contract review team is comprised by the appropriate offices of FSA, the Natural Resources Conservation Service, U.S. Fish and Wildlife Service, State Fish and Wildlife Agencies, Conservation Districts, National Park Service, Forest Service, State Historic Preservation Officer, State Conservation Agencies, State Environmental Protection Agency, State Natural Resource Agencies, adjacent public landowner, and any other entity that may have an interest and qualifies to be a management authority for a proposed conservation contract.

Conservation loan means a loan made to eligible applicants to cover the costs to the applicant of carrying out a qualified conservation project.

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

*Consolidation* is the process of combining the outstanding principal and interest balance of two or more loans of the same type made for operating purposes.

*Construction* is work such as erecting, repairing, 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.

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

*Cooperative* is 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* is a private domestic corporation created and organized under the laws of the state in which it will operate a farm.

*Cosigner* is 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.

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

*County average yield* is 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.

*Criminal action* is the prosecution by the United States to exact punishment in the form of fines or imprisonment for alleged violation of criminal statutes.

*Crop allotment or quota* is a farm’s share of an approved national tobacco or peanut allotment or quota.

*Current market value buyout* is the termination of a borrower’s loan obligations to the Agency in exchange for payment of the current appraised value of the borrower’s security property and non-essential assets, less any prior liens.

*Debt forgiveness* means the reduction or termination of a debt under the Act in a manner that results in a loss to the Agency, through:

1. (A) Writing down or writing off a debt pursuant to 7 U.S.C. 2001;
   (B) Cancellation of remaining amounts owed after compromising, adjusting, reducing, or charging off a debt or claim pursuant to 7 U.S.C. 1981;
   (C) Paying a loss pursuant to 7 U.S.C. 2005 on a FLP loan guaranteed by the Agency;
   (D) Discharging a debt as a result of bankruptcy; or
   (E) Releases of liability which result in a loss to the Agency.

2. (A) Debt reduction through a conservation contract;
   (B) Any writedown provided as part of the resolution of a discrimination complaint against the Agency;
   (C) Prior debt forgiveness that has been repaid in its entirety;
   (D) Consolidation, rescheduling, re-amortization, or deferral of a loan; and
   (E) Forgiveness of a YL debt due to circumstances beyond the borrower’s control.

*Debt settlement* is a compromise, adjustment, or cancellation of an FLP debt.
Debt service margin is the difference between all of the borrower’s expected expenditures in a planning period (including farm operating expenses, capital expenses, essential family living expenses, and debt payments) and the borrower’s projected funds available to pay all expenses and payments.

Debt writedown is the reduction of the borrower’s debt to that amount the Agency determines to be collectible based on an analysis of the security value and the borrower’s ability to pay.

Default is the failure of a borrower to observe any agreement with the Agency, or the lender in the case of a guaranteed loan, as contained in promissory notes, security instruments, and similar or related instruments.

Deferral is a postponement of the payment of interest or principal, or both.

Delinquent borrower, for loan servicing purposes, is a borrower who has failed to make all scheduled payments by the due date.

Direct loan is a loan funded and serviced by the Agency as the lender.

Disaster is an event of unusual and adverse weather conditions or other natural phenomena, or quarantine, that has substantially affected the production of agricultural commodities by causing physical property or production losses in a county, or similar political subdivision, that triggered the inclusion of such county or political subdivision in the disaster area as designated by the Agency.

Disaster area is the county or counties declared or designated as a disaster area for EM loan assistance as a result of disaster related losses. This area includes counties contiguous to those counties declared or designated as disaster areas.

Disaster set-aside is the deferral of payment of an annual loan installment to the Agency to the end of the loan term in accordance with part 766, subpart B of this chapter.

Disaster yield is the per-acre yield of an agricultural commodity for the operation during the production cycle when the disaster occurred.

Downpayment loan is a type of FO loan made to beginning farmers and socially disadvantaged farmers to finance a portion of a real estate purchase under part 764, subpart E of this chapter.

Economic Emergency loan is a loan that was made or guaranteed to an eligible applicant to allow for continuation of the operation during an economic emergency which was caused by a lack of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities. EE loans are not currently funded; however, such outstanding loans are serviced by the Agency or the lender in the case of a guaranteed EE loan.

Embedded entity means an entity that has a direct or indirect interest, as a stockholder, member, beneficiary, or otherwise, in another entity.

Emergency loan is a loan made to eligible applicants who have incurred substantial financial losses from a disaster.

Entity means a corporation, partnership, joint operation, cooperative, limited liability company, trust, or other legal business organization, as determined by the Agency, that is authorized to conduct business in the state in which the organization operates. Organizations operating as non-profit entities under Internal Revenue Code 501 (26 U.S.C. 501) and estates are not considered eligible entities for Farm Loan Programs purposes.

Entity member means all individuals and all embedded entities, as well as the individual members of the embedded entities, having an ownership interest in the assets of the entity.

Essential family living and farm operating expenses:

1. Are those that are basic, crucial or indispensable.
2. Are determined by the Agency based on the following considerations:
   (i) The specific borrower’s operation;
   (ii) What is typical for that type of operation in the area; and
   (iii) What is an efficient method of production considering the borrower’s resources.

3. Include, but are not limited to, essential: Household operating expenses; food, including lunches; clothing and personal care; health and medical expenses, including medical insurance; house repair and sanitation; school and religious expenses; transportation;
§761.2

Established farmer means a farmer who operates the farm (in the case of an entity, its members as a group) who meets all of the following conditions:

(1) Actively participated in the operation and the management, including, but not limited to, exercising control over, making decisions regarding, and establishing the direction of, the farming operation at the time of the disaster;

(2) Spends a substantial portion of time in carrying out the farming operation;

(3) Planted the crop, or purchased or produced the livestock on the farming operation;

(4) In the case of an entity, is primarily engaged in farming and has over 50 percent of its gross income from all sources from its farming operation based on the operation’s projected cash flow for the next crop year or the next 12-month period, as mutually determined;

(5) Is not an integrated livestock, poultry, or fish processor who operates primarily and directly as a commercial business through contracts or business arrangements with farmers, except a grower under contract with an integrator or processor may be considered an established farmer, provided the farming operation is not managed by an outside full-time manager or management service and Agency loans will be based on the applicant’s share of the agricultural production as specified in the contract; and

(6) Does not employ a full time farm manager.

EZ Guarantee means a type of OL or FO of $100,000 or less made using a simplified loan application process. EZ Guarantees are processed using a streamlined underwriting method to determine financial feasibility.

False information is information provided by an applicant, borrower or other source to the Agency that the applicant or borrower knows to be incorrect.

Family farm is a business operation that:

(1) Produces agricultural commodities for sale in sufficient quantities so that it is recognized as a farm rather than a rural residence;

(2) Has both physical labor and management provided as follows:

(i) The majority of day-to-day, operational decisions, and all strategic management decisions are made by:

(A) The borrower and persons who are either related to the borrower by blood or marriage, or are a relative, for an individual borrower; or

(B) The members responsible for operating the farm, in the case of an entity.

(ii) A substantial amount of labor to operate the farm is provided by:

(A) The borrower and persons who are either related to the borrower by blood or marriage, or are a relative, for an individual borrower; or

(B) The members responsible for operating the farm, in the case of an entity.

(3) May use full-time hired labor in amounts only to supplement family labor.

(4) May use reasonable amounts of temporary labor for seasonal peak workload periods or intermittently for labor intensive activities.

Family living expenses are the costs of providing for the needs of family members and those for whom the borrower has a financial obligation, such as alimony, child support, and care expenses of an elderly parent.

Family members are the immediate members of the family residing in the same household with the borrower.

Farm is a tract or tracts of land, improvements, and other appurtenances that are used or will be used in the production of crops, livestock, or aquaculture products for sale in sufficient quantities so that the property is recognized as a farm rather than a rural residence; feed for animals; seed, fertilizer, pesticides, herbicides, spray materials and other necessary farm supplies; livestock expenses, including medical supplies, artificial insemination, and veterinarian bills; machinery hire; fuel and oil; taxes; water charges; personal, property and crop insurance; auto and truck expenses; and utility payments.
residence. The term "farm" also includes the term "ranch." It may also include land and improvements and facilities used in a non-eligible enterprise or the residence which, although physically separate from the farm acreage, is ordinarily treated as part of the farm in the local community.

Farmer is an individual, corporation, partnership, joint operation, cooperative, trust, or limited liability company that is the operator of a farm.

Farm income is the proceeds from the sale of agricultural commodities that are normally sold annually during the regular course of business, such as crops, feeder livestock, and other farm products.

Farm Loan Programs are Agency programs to make, guarantee, and service loans to family farmers authorized under the Act or Agency regulations.

Farm Ownership loan is a loan made to eligible applicants to purchase, enlarge, or make capital improvements to family farms, or to promote soil and water conservation and protection. It also includes the Downpayment loan.

Farm Program payments are benefits received from FSA for any commodity, disaster, or cost share program.

Feasible plan is when an applicant or borrower's cash flow budget or farm operating plan indicates that there is sufficient cash inflow to pay all cash outflow. If a loan approval or servicing action exceeds one production cycle and the planned cash flow budget or farm operating plan is atypical due to cash or inventory on hand, new enterprises, carryover debt, atypical planned purchases, important operating changes, or other reasons, a cash flow budget or farm operating plan must be prepared that reflects a typical cycle. If the request is for only one cycle, a feasible plan for only one production cycle is required for approval.

Financially distressed borrower is a borrower unable to develop a feasible plan for the current or next production cycle.

Financially viable operation, for the purposes of considering a waiver of OL term limits under §764.252 of this chapter, is a farming operation that, with Agency assistance, is projected to improve its financial condition over a period of time to the point that the operator can obtain commercial credit without further Agency assistance. Such an operation must generate sufficient income to:

1. Meet annual operating expenses and debt payments as they become due;
2. Meet essential family living expenses to the extent they are not met by dependable non-farm income;
3. Provide for replacement of capital items; and

Fixture is an item of personal property attached to real estate in such a way that it cannot be removed without defacing or dismantling the structure, or damaging the item itself.

Floodplains are lowland and relatively flat areas adjoining inland and coastal waters, including flood-prone areas of offshore islands, including at a minimum, that area subject to a one percent or greater chance of flooding in any given year. The base floodplain is used to designate the 100-year floodplain (one percent chance floodplain). The critical floodplain is defined as the 500-year floodplain (0.2 percent chance floodplain).

Foreclosed is the completed act of selling security either under the power of sale in the security instrument or through judicial proceedings.

Foreclosure sale is the act of selling security either under the power of sale in the security instrument or through judicial proceedings.

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.

Good faith is when an applicant or borrower provides current, complete, and truthful information when applying for assistance and in all past dealings with the Agency, and adheres to all written agreements with the Agency including, but not limited to, loan agreement, security instruments, farm operating plans, and agreements for use of proceeds. The Agency considers...
a borrower to act in good faith, however, if the borrower’s inability to adhere to all agreements is due to circumstances beyond the borrower’s control. In addition, the Agency will consider fraud, waste, or conversion actions, when substantiated by a legal opinion from OGC, when determining if an applicant or borrower has acted in good faith.

Graduation 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.

Guaranteed loan is a loan made and serviced by a lender for which the Agency has entered into a Lender’s Agreement and for which the Agency has issued a Loan Guarantee. This term also includes guaranteed lines of credit except where otherwise indicated.

Guarantor is a party not included in the farming operation who assumes responsibility for repayment in the event of default.

Hazard insurance is insurance covering fire, windstorm, lightning, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, builder’s risk, public liability, property damage, flood or mudslide, workers compensation, or any similar insurance that is available and needed to protect the Agency security or that is required by law.

Hearing official. For the purposes of salary offset, the hearing official is an Administrative Law Judge of the USDA or another individual not under the supervision or control of the USDA. For the purposes of administrative wage garnishment, the hearing official is selected pursuant to part 3, subpart E of this title.

Highly erodible land is land as determined by Natural Resources Conservation Service to meet the requirements provided in section 1201 of the Food Security Act of 1985.

Holder is a person or organization other than the lender that holds all or a part of the guaranteed portion of an Agency guaranteed loan but has no servicing responsibilities. When the lender assigns a part of the guaranteed loan by executing an Agency assignment form, the assignee becomes a holder.

Homestead protection is the previous owner’s right to lease with an option to purchase the principal residence and up to 10 acres of adjoining land which secured an FLP direct loan.

Homestead protection property is the principal residence that secured an FLP direct loan and is subject to homestead protection.

Household contents are essential household items necessary to maintain viable living quarters. Household contents exclude all luxury items such as jewelry, furs, antiques, paintings, etc.

Inaccurate information is incorrect information provided by an applicant, borrower, lender, or other source without the intent of fraudulently obtaining benefits.

Indian reservation is all land located within the limits of any Indian reservation under the jurisdiction of the United States, notwithstanding the issuance of any patent, and including rights-of-way running through the reservation; trust or restricted land located within the boundaries of a former reservation of a Federally recognized Indian Tribe in the State of Oklahoma; or all Indian allotments the Indian titles to which have not been extinguished if such allotments are subject to the jurisdiction of a Federally recognized Indian Tribe.

In-house expenses are expenses associated with credit management and loan servicing by the lender and the lender’s contractor. In-house expenses include, but are not limited to, employee salaries, staff lawyers, travel, supplies, and overhead.

Interest Assistance Agreement is the appropriate Agency form executed by the Agency and the lender containing the terms and conditions under which the Agency will make interest assistance payments to the lender on behalf of the guaranteed loan borrower.

Inventory property is real estate or chattel property and related rights that formerly secured an FLP loan and to which the Federal Government has acquired title.
Joint financing arrangement is an arrangement in which two or more lenders make separate loans simultaneously to supply the funds required by one applicant.

Joint operation is an operation run by individuals who have agreed to operate a farm or farms together as an entity, sharing equally or unequally land, labor, equipment, expenses, or income, or some combination of these items. The real and personal property is owned separately or jointly by the individuals.

Land contract is an installment contract executed between a buyer and a seller for the sale of real property, in which complete fee title ownership of the property is not transferred until all payments under the contract have been made.

Leasehold is a right to use farm property for a specific period of time under conditions provided for in a lease agreement.

Lender is the organization making and servicing a loan, or advancing and servicing a line of credit that is guaranteed by the Agency. The lender is also the party requesting a guarantee.

Lender’s Agreement is the appropriate Agency form executed by the Agency and the lender setting forth their loan responsibilities when the Loan Guarantee is issued.

Lien is a legally enforceable claim against real or chattel property of another obtained as security for the repayment of indebtedness or an encumbrance on property to enforce payment of an obligation.

Limited resource interest rate is an interest rate normally below the Agency’s regular interest rate, which is available to applicants unable to develop a feasible plan at regular rates and are requesting:

(1) FO or OL loan assistance under part 764 of this title; or
(2) Primary loan servicing on an FO, OL, or SW loan under part 766 of this title.

Line of Credit Agreement is a contract between the borrower and the lender that contains certain lender and borrower conditions, limitations, and responsibilities for credit extension and acceptance where loan principal balance may fluctuate throughout the term of the contract.

Liquidation is the act of selling security for recovery of amounts owed to the Agency or lender.

Liquidation expenses are the costs of an appraisal, due diligence evaluation, environmental assessment, outside attorney fees, and other costs incurred as a direct result of liquidating the security for a direct or guaranteed loan. Liquidation expenses do not include internal Agency expenses for a direct loan or in-house expenses for a guaranteed loan.

Livestock is a member of the animal kingdom, or product thereof, as determined by the Agency.

Loan Agreement is a contract between the borrower and the lender that contains certain lender and borrower agreements, conditions, limitations, and responsibilities for credit extension and acceptance.

Loan servicing programs include any primary loan servicing program, conservation contract, current market value buyout, and homestead protection.

Loan transaction is any loan approval or servicing action.

Loss claim is a request made to the Agency by a lender to receive a reimbursement based on a percentage of the lender’s loss on a loan covered by an Agency guarantee.

Loss rate is the net amount of loan loss claims paid on FSA guaranteed loans made in the previous 7 years divided by the total loan amount of all such loans guaranteed during the same period.

Major deficiency is a deficiency that directly affects the soundness of the loan.

Majority interest is more than a 50 percent interest in an entity held by an individual or group of individuals.

Market value is the amount that an informed and willing buyer would pay an informed and willing, but not forced, seller in a completely voluntary sale.

Microloan means a type of OL or FO of $50,000 or less made using a reduced loan application. Direct MLs are made under modified eligibility and security requirements.
Mineral right is an ownership interest in minerals in land, with or without ownership of the surface of the land.

Minor deficiency is a deficiency that violates Agency regulations, but does not affect the soundness of the loan.

Mortgage is a legal instrument giving the lender a security interest or lien on real or personal property of any kind. The term “mortgage” also includes the terms “deed of trust” and “security agreement.”

Natural disaster is unusual and adverse weather conditions or natural phenomena that have substantially affected farmers by causing severe physical or production, or both, losses.

Negligent servicing is servicing that fails to include those actions that are considered normal industry standards of loan management or comply with the lender’s agreement or the guarantee. Negligent servicing includes failure to act or failure to act in a timely manner consistent with actions of a reasonable lender in loan making, servicing, and collection.

Negotiated sale is a sale in which there is a bargaining of price or terms, or both.

Net recovery value of security is the market value of the security property, assuming that the lender in the case of a guaranteed loan, or the Agency in the case of a direct loan, will acquire the property and sell it for its highest and best use, less the lender’s or the Agency’s costs of property acquisition, retention, maintenance, and liquidation.

Net recovery value of non-essential assets is the appraised market value of the non-essential assets less any prior liens and any selling costs that may include such items as taxes due, commissions, and advertising costs. However, no deduction is made for maintenance of the property while in inventory.

Non-capitalized interest is accrued interest on a loan that was not reclassified as principal at the time of restructuring. Between October 10, 1988, and November 27, 1990, the Agency did not capitalize interest that was less than 90 days past due when restructuring a direct loan.

Non-eligible enterprise is a business that meets the criteria in any one of the following categories:

1. Produces exotic animals, birds, or aquatic organisms or their products which may be agricultural in nature, but are not normally associated with agricultural production, e.g., there is no established or stable market for them or production is speculative in nature.

2. Produces non-farm animals, birds, or aquatic organisms ordinarily used for pets, companionship, or pleasure and not typically associated with human consumption, fiber, or draft use.

3. Markets non-farm goods or provides services which might be agriculturally related, but are not produced by the farming operation.

4. Processes or markets farm products when the majority of the commodities processed or marketed are not produced by the farming operation.

Non-essential assets are assets in which the borrower has an ownership interest, that:

1. Do not contribute to:
   *i. Income to pay essential family living expenses, or
   *ii. The farming operation; and

2. Are not exempt from judgment creditors or in a bankruptcy action.

Non-program loan is a loan on terms more stringent than terms for a program loan that is an extension of credit for the convenience of the Agency, because the applicant does not qualify for program assistance or the property to be financed is not suited for program purposes. Such loans are made or continued only when it is in the best interest of the Agency.

Normal income security is all security not considered basic security, including crops, livestock, poultry products, other property covered by Agency liens that is sold in conjunction with the operation of a farm or other business, and FSA Farm Program payments.

Normal production yield as used in 7 CFR part 704 for EM loans, is:

1. The per acre actual production history of the crops produced by the farming operation used to determine Federal crop insurance payments or payment under the Noninsured Crop Disaster Assistance Program for the production year during which the disaster occurred;
(2) The applicant’s own production records, or the records of production on which FSA Farm Program payments are made contained in the applicant’s Farm Program file, if available, for the previous 3 years, when the actual production history in paragraph (1) of this definition is not available;

(3) The county average production yield, when the production records outlined in paragraphs (1) and (2) of this definition are not available.

Operating loan is a loan made to an eligible applicant to assist with the financial costs of operating a farm. The term also includes a Youth loan.

Operator is the individual or entity that provides the labor, management, and capital to operate the farm. The operator can be either an owner-operator or tenant-operator. Under applicable State law, an entity may have to receive authorization from the State in which the farm is located to be the owner and/or operator of the farm. Operating-only entities may be considered owner-operators when the individuals who own the farm real estate own at least 50 percent of the family farm operation.

Participated in the business operations of a farm requires that an applicant has:

(1) Been the owner, manager or operator of a farming operation for the year’s complete production cycle as evidenced by tax returns, FSA farm records or similar documentation;

(2) Been employed as a farm manager or farm management consultant for the year’s complete production cycle; or

(3) Participated in the operation of a farm by virtue of being raised on a farm or having worked on a farm (which can include a farm-related apprenticeship, internship, or similar educational program with applied work experience) with significant responsibility for the day-to-day decisions for the year’s complete production cycle, which may include selection of seed varieties, weed control programs, input suppliers, or livestock feeding programs or decisions to replace or repair equipment.

Partnership is any entity consisting of two or more individuals who have agreed to operate a farm as one business unit. The entity must be recognized as a partnership by the laws of the State in which the partnership will operate a farm. It also must be authorized to own both real and personal property and to incur debt in its own name.

Past due is when a payment is not made by the due date.

Physical loss is verifiable damage or destruction with respect to real estate or chattel, excluding annual growing crops.

Potential liquidation value is the amount of a lender’s protective bid at a foreclosure sale. Potential liquidation value is determined by an independent appraiser using comparables from other forced liquidation sales.

Present value is the present worth of a future stream of payments discounted to the current date.

Presidentially-designated emergency is a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

Primary loan servicing programs include:

(1) Loan consolidation and rescheduling, or reamortization;

(2) Interest rate reduction, including use of the limited resource rate program;

(3) Deferral;

(4) Write-down of the principal or accumulated interest; or

(5) Any combination of paragraphs (1) through (4) of this definition.

Production cycle is the time it takes to produce an agricultural commodity from the beginning of the production process until it is normally disposed of or sold.

Production loss is verifiable damage or destruction with respect to annual growing crops.

Program loans include CL, FO, 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.

Promissory note is a written agreement to pay a specified sum on demand or at a specified time to the party designated. The terms “promissory note” and “note” are interchangeable.
Prospectus consists of a transmittal letter, a current balance sheet and projected year’s budget which is sent to commercial lenders to determine their interest in financing or refinancing specific Agency direct loan applicants and borrowers.

Protective advance is an advance made by the Agency or a lender to protect or preserve the collateral from loss or deterioration.

Quarantine is a quarantine imposed by the Secretary under the Plant Protection Act or animal quarantine laws (as defined in section 2509 of the Food, Agriculture, Conservation and Trade Act of 1990).

Reamortization is the rewriting of rates or terms, or both, of a loan made for real estate purposes.

Reasonable rates and terms are those commercial rates and terms that other farmers are expected to meet when borrowing from a commercial lender or private source for a similar purpose and similar period of time. The “similar period of time” of available commercial loans will be measured against, but need not be the same as, the remaining or original term of the loan.

Recoverable cost is a loan cost expense chargeable to either a borrower or property account.

Recreation loan is a loan that was made to eligible applicants to assist in the conversion of all or a portion of the farm they owned or operated to outdoor income producing recreation enterprises to supplement or supplant farm income. RL’s are no longer funded, however, such outstanding loans are serviced by the Agency.

Redemption right is a Federal or state right to reclaim property for a period of time established by law, by paying the amount paid at the involuntary sale plus accrued interest and costs.

Related by blood or marriage is being connected to one another as husband, wife, parent, child, brother, sister, uncle, aunt, or grandparent.

Relative is the spouse and anyone having one of the following relationships to an applicant or borrower: parent, son, daughter, sibling, stepparent, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, uncle, aunt, nephew, niece, cousin, grandparent, grandson, granddaughter, or the spouses of the foregoing.

Repossession property is security property in the Agency’s custody.

Rescheduling is the rewriting of the rates or terms, or both, of a loan made for operating purposes.

Restructuring is changing the terms of a debt through rescheduling, reamortization, deferral, writedown, or a combination thereof.

Rural youth is a person who has reached the age of 10 but has not reached the age of 21 and resides in a rural area or any city or town with a population of 50,000 or fewer people.

Security is property or right of any kind that is subject to a real or personal property lien. Any reference to “collateral” or “security property” will be considered a reference to the term “security.”

Security instrument includes any document giving the Agency a security interest on real or personal property.

Security value is the market value of real estate or chattel property (less the value of any prior liens) used as security for an Agency loan.

Shared Appreciation Agreement is an agreement between the Agency, or a lender in the case of a guaranteed loan, and a borrower on the appropriate Agency form that requires the borrower who has received a writedown on a direct or guaranteed loan to repay the Agency or the lender some or all of the writedown received, based on a percentage of any increase in the value of the real estate securing an SAA at a future date.

Socially disadvantaged applicant or farmer is an individual or entity who is a member of a socially disadvantaged group. For an entity, the majority interest must be held by socially disadvantaged individuals. For married couples, the socially disadvantaged individual must have at least 50 percent ownership in the farm business and make most of the management decisions, contribute a significant amount of labor, and generally be recognized as the operator of the farm.

Socially disadvantaged group is a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their
individual qualities. These groups consist of: American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

Softwood Timber Program loan was available to eligible financially distressed borrowers who would take marginal land, including highly erodible land, out of production of agricultural commodities other than the production of softwood timber. ST loans are no longer available, however, such outstanding loans are serviced by the Agency.

Soil and Water loan is a loan that was made to an eligible applicant to encourage and facilitate the improvement, protection, and proper use of farmland by providing financing for soil conservation, water development, conservation, and use; forestation; drainage of farmland; the establishment and improvement of permanent pasture; pollution abatement and control; and other related measures consistent with all Federal, State and local environmental standards. SW loans are no longer funded, however, such outstanding loans are serviced by the Agency.

Streamlined Conservation Loan means a direct or guaranteed CL made to eligible applicants based on reduced documentation.

Subordination is a creditor’s temporary relinquishment of all or a portion of its lien priority to another party providing the other party with a priority lien on the collateral.

Subsequent loan is any FLP loan processed by the Agency after an initial loan of the same type has been made to the same borrower.

Supervised bank account is an account with a financial institution established through a deposit agreement entered into between the borrower, the Agency, and the financial institution.

Technical appraisal review is a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to standard 3 of USPAP.

Transfer and assumption is the conveyance by a debtor to an assuming party of the assets, collateral, and liabilities of a loan in return for the assuming party’s binding promise to pay the debt outstanding or the market value of the collateral.

Trust is an entity that under applicable state law meets the criteria of being a trust of any kind but does not meet the criteria of being a farm cooperative, private domestic corporation, partnership, or joint operation.

Unaccounted for security is security for a direct or guaranteed loan that was misplaced, stolen, sold, or otherwise missing, where replacement security was not obtained or the proceeds from its sale have not been applied to the loan.

Unauthorized assistance is any loan, loan servicing action, lower interest rate, loan guarantee, or subsidy received by a borrower, or lender, for which the borrower or lender was not eligible, which was not made in accordance with all Agency procedures and requirements, or which the Agency obligated from the wrong appropriation or fund. Unauthorized assistance may result from borrower, lender, or Agency error.

Uniform Standards of Professional Appraisal Practice are standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

United States is any of the 50 States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, Republic of Palau, Federated States of Micronesia, and the Republic of the Marshall Islands.

U. S. Attorney is an attorney for the United States Department of Justice.

Veteran is any person who served in the military, naval, or air service during any war as defined in section 101(12) of title 38, United States Code.

Veteran farmer is a farmer who has served in the Armed Forces (as defined in 38 U.S.C. 101(10)) and who—

(1) has not operated a farm; or

(2) has operated a farm for not more than 10 years.

Wetlands are those lands or areas of land as determined by the Natural Resources Conservation Service to meet
§ 761.3 Civil rights.
Part 15d of this title contains applicable regulations pertaining to civil rights and filing of discrimination complaints by program participants.

§ 761.4 Conflict of interest.
The Agency enforces conflict of interest policies to maintain high standards of honesty, integrity, and impartiality in the making and servicing of direct and guaranteed loans. These requirements are established in 5 CFR parts 2635 and 8301.

§ 761.5 Restrictions on lobbying.
A person who applies for or receives a loan made or guaranteed by the Agency must comply with the restrictions on lobbying in 2 CFR part 418.

§ 761.6 Appeals.
Except as provided in 7 CFR part 762, appeal of an adverse decision made by the Agency will be handled in accordance with 7 CFR parts 11 and 780.

§ 761.7 Appraisals.
(a) General. This section describes Agency requirements for:
(1) Real estate and chattel appraisals made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans; and
(2) Appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans.

(b) Appraisal standards. (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 appraisal procedures and regulations are available for review in each Agency State Office.
(2) When a chattel appraisal is required, it must be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

(c) Use of an existing real estate appraisal. Except where specified elsewhere, when a real estate appraisal is required, the Agency will use the existing real estate appraisal to reach loan making or servicing decisions under either of the following conditions:
(1) The appraisal was completed within the previous 12 months and the Agency determines that:
(i) The appraisal meets the provisions of this section and the applicable Agency loan making or servicing requirements; and
(ii) Market values have remained stable since the appraisal was completed; or
(2) The appraisal was not completed in the previous 12 months, but has been updated by the appraiser or appraisal firm that completed the appraisal, and both the update and the original appraisal were completed in accordance with USPAP.
(d) Appraisal reviews. (1) With respect to a real estate appraisal, the Agency may conduct a technical appraisal review or an administrative appraisal review, or both.
(2) With respect to a chattel appraisal, the Agency may conduct an administrative appraisal review.
(e) Appraisal appeals. Challenges to an appraisal used by the Agency are limited as follows:
(1) When an applicant or borrower challenges a real estate appraisal used by the Agency for any loan making or loan servicing decision, except primary
Farm Service Agency, USDA

§ 761.8

Loan Limitations.

(a) Dollar limits. The outstanding principal balances for an applicant or anyone who will sign the promissory note cannot exceed any of the following at the time of loan closing or assumption of indebtedness. If the outstanding principal balance exceeds any of the limits at the time of approval, the farm operating plan must reflect that funds will be available to reduce the indebtedness prior to loan closing or assumption of indebtedness.

(1) Farm Ownership, Downpayment loans, Conservation loans, and Soil and Water loans:
   (i) Direct—$300,000;
   (ii) Guaranteed—$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section);

(2) Operating loans:
   (i) Direct—$300,000;
   (ii) Guaranteed—$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section);

(3) Any combination of guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, and guaranteed Operating loan—$700,000 (for fiscal year 2000 and increased each fiscal year in accordance with paragraph (b) of this section);

(4) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan—the amount in paragraph (a)(1)(ii) of this section plus $300,000;

(5) Emergency loans—$500,000;

(6) Any combination of direct Farm Ownership loan, direct Conservation loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Conservation loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan—the amount in paragraph (a)(1)(ii) of this section plus $800,000.

(b) Guaranteed loan limit. The dollar limits of guaranteed loans will be increased each fiscal year based on the percentage change in the Prices Paid by Farmers Index as compiled by the National Agricultural Statistics Service, USDA. The maximum loan limits for the current fiscal year are available in any FSA office and on the FSA website at http://www.fsa.usda.gov.

(c) Line of credit advances. The total dollar amount of guaranteed line of credit advances and income releases
§ 761.9 Interest rates for direct loans.

Interest rates for all direct loans are set in accordance with the Act. A copy of the current interest rates may be obtained in any Agency office.

§ 761.10 Planning and performing construction and other development.

(a) Purpose. This section describes Agency policies regarding the planning and performing of construction and other development work performed with:

(1) Direct FLP loan funds; or
(2) Insurance or other proceeds resulting from damage or loss to direct loan security.

(b) Funds for development work. The applicant or borrower:

(1) Must provide the Agency with an estimate of the total cash cost of all planned development prior to loan approval;
(2) Must show proof of sufficient funds to pay for the total cash cost of all planned development at or before loan closing;
(3) Must not incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from Agency loan funds.

(c) Scheduling, planning, and completing development work. The applicant or borrower:

(1) Is responsible for scheduling and planning development work in a manner acceptable to the Agency and must furnish the Agency information fully describing the planned development, the proposed schedule, and the manner in which it will be accomplished;
(2) Is responsible for obtaining all necessary State and local construction approvals and permits prior to loan closing;
(3) Must ensure that all development work meets the environmental requirements established in part 799 of this chapter;
(4) Must schedule development work to start as soon as feasible after the loan is closed and complete work as quickly as practicable;
(5) Is responsible for obtaining any required technical services from qualified technicians, tradespeople, and contractors.

(d) Construction and repair standards.

(1) The construction of a new building and the alteration or repair of an existing building must conform with industry-acceptable construction practices and standards.
(2) All improvements to a property must conform to applicable laws, ordinances, codes, and regulations.
(3) The applicant or borrower is responsible for selecting a design standard that meets all applicable local and state laws, ordinances, codes, and regulations, including building, plumbing, mechanical, electrical, water, and waste management.
(4) The Agency will require drawings, specifications, and estimates to fully describe the work as necessary to protect the Agency’s financial interests. The drawings and specifications must identify any specific development standards being used. Such information must be sufficiently complete to avoid any misunderstanding as to the extent, kind, and quality of work to be performed.
(5) The Agency will require technical data, tests, or engineering evaluations to support the design of the development as necessary to protect its financial interests.
(6) The Agency will require the applicant or borrower to provide written certification that final drawings and specifications conform with the applicable development standard as necessary to protect its financial interests. Certification must be obtained from individuals or organizations trained and experienced in the compliance, interpretation, or enforcement of the applicable development standards, such as licensed architects, professional engineers, persons certified by a relevant national model code organization, authorized local building officials, or national code organizations.
Farm Service Agency, USDA

§761.51 Inspection

(e) Inspection. (1) The applicant or borrower is responsible for inspecting development work as necessary to protect their interest.

(2) The applicant or borrower must provide the Agency written certification that the development conforms to the plans and good construction practices, and complies with applicable laws, ordinances, codes, and regulations.

(3) The Agency will require the applicant or borrower to obtain professional inspection services during construction as necessary to protect its financial interests.

(4) Agency inspections do not create or imply any duty or obligation of the Agency to the applicant or borrower.

(f) Warranty and lien waivers. The applicant or borrower must obtain and submit all lien waivers on any construction before the Agency will issue final payment.

(g) Surety. The Agency will require surety to guarantee both payment and performance for construction contracts as necessary to protect its financial interests.

(h) Changing the planned development. An applicant or borrower must request, in writing, Agency approval for any change to a planned development. The Agency will approve a change if all of the following are met:

(1) It will not reduce the value of the Agency’s security;

(2) It will not adversely affect the soundness of the farming operation;

(3) It complies with all applicable laws and regulations;

(4) It is for an authorized loan purpose;

(5) It is within the scope of the original loan proposal;

(6) If required, documentation that sufficient funding for the full amount of the planned development is approved and available;

(7) If required, surety to cover the full revised development amount has been provided; and

(8) The modification is certified in accordance with paragraph (d)(6) of this section.

[72 FR 63285, Nov. 8, 2007, as amended at 81 FR 51284, Aug. 3, 2016]
§ 761.52 Deposits into a supervised bank account.

(a) Checks or money orders may be deposited into a supervised bank account provided they are not payable:

(1) Solely to the Federal Government or any agency thereof; or

(2) To the Treasury of the United States as a joint payee.

(b) Loan proceeds may be deposited electronically.

§ 761.53 Interest bearing accounts.

(a) A supervised bank account, if possible, will be established as an interest bearing deposit account provided that the funds will not be immediately disbursed, and the account is held jointly by the borrower and the Agency if this arrangement will benefit the borrower.

(b) Interest earned on a supervised bank account will be treated as normal income security.

§ 761.54 Withdrawals from a supervised bank account.

(a) The Agency will authorize a withdrawal from the supervised bank account for an approved purpose after ensuring that:

(1) Sufficient funds in the supervised bank account are available;

(2) No loan proceeds are disbursed prior to confirmation of proper lien position, except to pay for lien search if needed;

(3) No checks are issued to “cash;” and

(4) The use of funds is consistent with the current farm operating plan or other agreement with the Agency.

(b) A check must be signed by the borrower with countersignature of the Agency, except as provided in paragraph (c) of this section. All checks must bear the legend “countersigned, not as co-maker or endorser.”

(c) The Agency will withdraw funds from a supervised bank account without borrower counter-signature only for the following purposes:

(1) For application on Agency indebtedness;

(2) To refund Agency loan funds;

(3) To protect the Agency’s lien or security;

(4) To accomplish a purpose for which such advance was made; or

(5) In the case of a deceased borrower, to continue to pay necessary farm expenses to protect Agency security in conjunction with the borrower’s estate.

§ 761.55 Closing a supervised bank account.

(a) If the supervised bank account is no longer needed and the loan account is not paid in full, the Agency will determine the source of the remaining funds in the supervised bank account. If the funds are determined to be:

(1) Loan funds:

(i) From any loan type, except Youth loan, and the balance is less than $1,000, the Agency will provide the balance to the borrower to use for authorized loan purposes;

(ii) From a Youth loan, and the balance is less than $100, the Agency will provide the balance to the borrower to use for authorized loan purposes;

(2) Loan funds:

(i) From any loan type, except Youth loan, and the balance is $1,000 or greater, the Agency will apply the balance to the FLP loan;

(ii) From a Youth loan, and the balance is $100 or greater, the Agency will apply the balance to the FLP loan;

(3) Normal income funds, the Agency will apply the balance to the remaining current year’s scheduled payments and pay any remaining balance to the borrower; and

(4) Basic security funds, the Agency will apply the balance to the FLP loan as an extra payment or the borrower
may apply the balance toward the pur-
chase of basic security, provided the
Agency obtains a lien on such security
and its security position is not dimin-
ished.

(b) If the borrower is uncooperative
in closing a supervised bank account,
the Agency will make written demand
to the financial institution for the bal-
ance and apply it in accordance with
paragraph (a) of this section.

(c) In the event of a borrower’s death,
the Agency may:
(1) Apply the balance to the bor-
rower’s FLP loan;
(2) Continue with a remaining bor-
rower, provided the supervised bank ac-
count was established as a joint ten-
cy with right of survivorship ac-
count;
(3) Refund unobligated balances from
other creditors in the supervised bank
account for specific operating purposes
in accordance with any prior written
agreement between the Agency and the
deceased borrower; or
(4) Continue to pay expenses from the
supervised bank account in conjunc-
tion with the borrower’s estate.

§§ 761.56–761.100 [Reserved]

Subpart C—Supervised Credit

§ 761.101 Applicability.

This subpart applies to all direct ap-
plicants and borrowers, except bor-
rrowers with only Non-program loans.

§ 761.102 Borrower recordkeeping, re-
porting, and supervision.

(a) A borrower must maintain accu-
rate records sufficient to make in-
formed management decisions and to
allow the Agency to render loan mak-
ing and servicing decisions in accord-
ance with Agency regulations. These
records must include the following:
(1) Production (e.g., total and per
unit for livestock and crops);
(2) Revenues, by source;
(3) Other sources of funds, including
borrowed funds;
(4) Operating expenses;
(5) Interest;
(6) Family living expenses;
(7) Profit and loss;
(8) Tax-related information;
(9) Capital expenses;
(10) Outstanding debt; and
(11) Debt repayment.

(b) A borrower also must agree in
writing to:
(1) Cooperate with the Agency and
comply with all supervisory agree-
ments, farm assessments, farm oper-
ating plans, year-end analyses, and all
other loan-related requirements and
documents;
(2) Submit financial information and
an updated farm operating plan when
requested by the Agency;
(3) Immediately notify the Agency of
any proposed or actual significant
change in the farming operation, any
significant changes in family income,
expenses, or the development of prob-
lem situations, or any losses or pro-
posed significant changes in security.

(c) If the borrower fails to comply
with these requirements, unless due to
reasons outside the borrower’s control,
the non-compliance may adversely im-
 pact future requests for assistance.

§ 761.103 Farm assessment.

(a) The Agency, in collaboration with
the applicant, will assess the farming
operation to:
(1) Determine the applicant’s finan-
cial condition, organizational struc-
ture, 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 finan-
cial viability and transitioning to pri-
vate commercial credit or other
sources of credit in the shortest time
practicable, except for CL.

(b) Except for ML, the initial assess-
ment must evaluate, at a minimum, the:
(1) Farm organization and key per-
sonnel qualifications;
(2) Type of farming operation;
(3) Goals for the operation;
(4) Adequacy of real estate, including
facilities, to conduct the farming oper-
ation;
(5) Adequacy of chattel property used
to conduct the farming operation;
(6) Historical performance, except for
streamlined CL;
(7) Farm operating plan;
(8) Supervisory plan, except for
streamlined CL;
§ 761.104 Developing the farm operating plan.

(a) An applicant or borrower must submit a farm operating plan to the Agency, upon request, for loan making or servicing purposes.

(b) An applicant or borrower may request Agency assistance in developing the farm operating plan.

(c) The farm operating plan will be based on accurate and verifiable information.

(1) Historical information will be used as a guide.

(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.

(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;

(iii) FSA Farm Program actual yield records;

(iv) County averages;

(v) State averages.

(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 were affected by disasters during at least 2 of the 3 years.

(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.

(e) For MLs, when projected yields and unit prices cannot be determined as specified in paragraphs (c) and (d) of this section because the data is not available or practicable, other documentation from other reliable sources may be used to assist in developing the applicant’s farm operating plan.
(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.

(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.


§ 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]

§§ 761.106–761.200 [Reserved]

Subpart D—Allocation of Farm Loan Programs Funds to State Offices

§ 761.201 Purpose.

(a) This subpart addresses:

(1) The allocation of funds for direct and guaranteed FO, CL, and OL loans;

(2) The establishment of socially disadvantaged target participation rates;

(3) The reservation of loan funds for beginning farmers.

(b) The Agency does not allocate EM loan funds to State Offices but makes funds available following a designated or declared disaster. EM loan funds are available on a first-come first-served basis.

(c) State funding information is available for review in any State Office.

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

§ 761.202 Timing of allocations.

The Agency's National Office allocates funds for FO, CL, and OL loans to the State Offices on a fiscal year basis, as made available by the Office of Management and Budget. However, the National Office will retain control over the funds when funding or administrative constraints make allocation to State Offices impractical.

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

§ 761.203 National reserves for Farm Ownership and Operating loans.

(a) Reservation of funds. At the start of each fiscal year, the National Office reserves a portion of the funds available for each direct and guaranteed loan program. These reserves enable the Agency to meet unexpected or justifiable program needs during the fiscal year.

(b) Allocation of reserved funds. The National Office distributes funds from the reserve to one or more State Offices to meet a program need or Agency objective.

§ 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.
§ 761.205 Computing the formula allocation.

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

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

(1) The amount available for allocation by the Agency minus the amounts held in the National Office reserve and distributed by base and administrative allocation, multiplied by

(2) The State Factor, which represents the percentage of the total amount of the funds for a loan program that the National Office allocates to a State Office.

(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]

§ 761.207 Distribution of loan funds by State Offices.

A State Office may distribute its allocation of loan funds to District or County level using the same allocation methods that are available to the National Office. State Offices may reserve a portion of the funds to meet unexpected or justifiable program needs during the fiscal year.

§ 761.208 Target participation rates for socially disadvantaged groups.

(a) General. (1) The Agency establishes target participation rates for providing FO, CL, and OL loans to members of socially disadvantaged groups.
(2) The Agency sets the target participation rates for State and County levels annually.

(3) When distributing loan funds in counties within Indian reservations, the Agency will allocate the funds on a reservation-wide basis.

(4) The Agency reserves and allocates sufficient loan funds to achieve these target participation rates. The Agency may also use funds that are not reserved and allocated for socially disadvantaged groups to make or guarantee loans to members of socially disadvantaged groups.

(b) FO and CL, loans based on ethnicity or race. The FO and CL, loan target participation rate based on ethnicity or race in each:

(1) State is equal to the percent of the total rural population in the State who are members of such socially disadvantaged groups.

(2) County is equal to the percent of rural population in the county who are members of such socially disadvantaged groups.

(c) OL loans based on ethnicity or race. The OL loan target participation rate based on ethnicity or race in each:

(1) State is equal to the percent of the total number of farmers in the State who are members of such socially disadvantaged groups.

(2) County is equal to the percent of the total number of farmers in the county who are members of socially disadvantaged ethnic groups.

(d) Women farmers. (1) The target participation rate for women farmers in each:

(i) State is equal to the percent of farmers in the State who are women.

(ii) County is equal to the percent of farmers in the county who are women.

(2) In developing target participation rates for women, the Agency will consider the number of women who are current farmers and potential farmers.

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

§ 761.210 CL funds.

(a) The following applicants and conservation projects will receive priority for CL funding:

(1) Beginning farmer or socially disadvantaged farmer.

(2) An applicant who will use the loan funds to convert to a sustainable or organic agriculture production system as evidenced by one of the following:

(i) A conservation plan that states the applicant is moving toward a sustainable or organic production system, or

(ii) An organic plan, approved by a certified agent and the State organic certification program, or

(iii) A grant awarded by the Sustainable Agriculture Research and Education (SARE) program of the National Institute of Food and Agriculture, USDA.

(3) An applicant who will use the loan funds to build conservation structures or establish conservation practices to comply with 16 U.S.C. 3812 (section 1212 of the Food Security Act of 1985) for highly erodible land.

(b) [Reserved]

[75 FR 54013, Sept. 3, 2010]

§ 761.211 Transfer of funds.

If sufficient unsubsidized guaranteed OL funds are available, then beginning on:

(a) August 1 of each fiscal year, the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers and socially disadvantaged farmers under the Downpayment loan program; and

(b) September 1 of each fiscal year the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers.


Subpart F—Farm Loan Programs

Debt Settlement

SOURCE: 85 FR 36691, June 17, 2020, unless otherwise noted.
§ 761.401 Purpose.


(b) FLP debts that cannot be debt settled using CONACT debt settlement authority such as when a borrower has received previous debt forgiveness on another direct loan made under the CONACT, will be processed as specified in 31 U.S.C. chapter 37 and 31 CFR parts 900 through 904.

§ 761.402 Abbreviations and definitions.

(a) Abbreviations and definitions for terms used in this subpart are provided in 7 CFR part 3 and §761.2.

(b) Definitions used only in this subpart include:

(1) Third party converter means an individual or entity who:

(i) Is in possession of agency security property, or money from the sale of security, in relation to a loan or other debt that the individual or entity was not liable for; or

(ii) Assists, or participates knowingly or unknowingly, in the transportation or sale of agency security, in relation to a loan or other debt that the individual or entity was not liable for; or

(iii) Assists, or participates knowingly or unknowingly, in temporarily or permanently relocating or concealing the location of agency security property, or money from the sale of agency security, in relation to a loan or other debt that the individual or entity was not liable for.

(2) [Reserved]

§ 761.403 General.

(a) The Agency will settle debts that result from, except as otherwise specified in this section:

(1)(i) Farm Ownership loans (part 764, subpart D of this chapter), including down payment loans (764, subpart E of this chapter);

(ii) Operating loans (part 764, subpart G of this chapter), including microloans part 764 of this chapter), and youth loans (part 764, subpart H of this chapter);

(iii) Emergency loans (part 764, subpart I of this chapter);

(iv) Conservation loans (part 764, subpart F of this chapter);

(v) Economic Emergency loans (serviced under parts 761 through 767 of this chapter); softwood timber loans; Soil and Water loans; Individual Recreation Loans; Irrigation and Drainage loans; and Shift-in-land-use (Grazing Association) loans;

(2) Costs associated with servicing a borrower’s account including, but not limited to, Uniform Commercial Code filing fees, surveys, appraisals, protective advances, and liquidation expenses;

(3) Debts reduced to judgment;

(4) Non-Program Loans;

(5) Amounts the Agency is authorized to recapture through agreements such as the Shared Appreciation Agreement (part 766, subpart E of this chapter);

(6) Loss claims paid on guaranteed loans (part 762 of this chapter);

(7) Unauthorized assistance;

(8) Amounts the Agency may collect from third party converters, or other individuals or entities having possession of security for FLP loans or monies obtained through the sale of FLP loan security; and

(9) Debt returned to the Agency from the Treasury cross-servicing program.

(b) The debtor’s signature is not required to process some debt settlement actions. These cases include, but are not limited to, debts discharged in bankruptcy and debts returned from Treasury’s cross-servicing program with amounts still owing when no further collection can be taken.

(c) FSA will not engage in settlement of a debt if:

(1) Foreclosure of security has been initiated and is pending with Justice, unless Justice has advised FSA that it does not object to the settlement; or

(2) Debts that have been referred to Justice for a judgment, or a judgement has been obtained by the United States Attorney or Justice, unless Justice closes its file and releases the judgement back to FSA for continued servicing; or

(3) The debtor’s account is involved in a fiscal irregularity investigation in which final action has not been taken or the account shows evidence that a
shortage may exist and an investigation will be requested; or
(d) The Agency will consider settlement of a debt only when:
(1) All security has been liquidated and the proceeds, less any prior lien amounts, have been applied to the debt; or the Agency received a lump sum payment equal to the security’s current market value, less any prior lien amounts, and
(2) Payment is received based on the Agency’s determination of the amount the borrower can pay to resolve the remaining balance owed on the unsecured debt.
(3) The lump sum payment made under paragraph (d)(1) of this section for the security’s market value may be submitted by the borrower, an individual authorized to act for the borrower pursuant to a power of attorney document or court order, or an individual who is not an obligor on the debt but who has an ownership interest in the security.
(e) If an FLP loan has been accelerated and all security has been liquidated, and the agency has approved an adjustment debt settlement offer in accordance with this subpart, voluntary payments and involuntary payments (such as offsets) will be applied in the following order, as applicable:
(1) Recoverable costs and protective advances plus interest;
(2) Loan principal;
(3) Deferred non-capitalized interest;
(4) Accrued deferred interest; and
(5) Interest accrual to date of payment.
(f) Settlement of FLP debt referred to Treasury’s cross-servicing program and returned to the Agency as uncollectible will not be processed for the borrower until all FLP debts referred to the cross-servicing program for that borrower have been returned, with or without payment agreements.
§ 761.405 Application.
(a) A borrower requesting debt settlement must submit complete and accurate information from which the Agency can make a full determination of the borrower’s financial circumstances and repayment ability. Except for the situations listed in §761.404(b), each liable party must submit the following:
(1) One completed original debt settlement application on the applicable Agency form signed by all parties liable for the debt;
(2) A current financial statement;
(3) A cash flow projection for the next production or earnings period;
(b) All parties liable for the debt must submit a complete application with the following exceptions:
(1) The applicable information required in §761.405 can be provided by the administrator or executor of the Estate, heir, or other authorized person who can sign the debt settlement application; or compiled by FSA staff when a signature cannot be obtained.
(2) The debt may be settled when the borrower has no known assets or income from which collection can be made, has disappeared and cannot be located without undue expense, and there is no security remaining for the debt.
(3) In cases where the full amount of the unsecured debt cannot be collected in a reasonable time by legal action or through enforced collection proceedings, the Agency may consider a debt settlement offer submitted by a borrower without requiring a complete application. When evaluating these offers, the Agency will consider the likelihood of the debtor obtaining a larger income or additional assets, including inheritance prospects within 5 years, from which legal or enforced collection could be made.
(c) A borrower is not eligible for debt settlement if:
(1) The borrower is indebted on another active FLP loan that the borrower cannot or will not debt settle; or
(2) The debt has been referred to the OIG, OGC, or Justice because of suspected civil or criminal violation, unless investigation was declined or advice was provided that the debt can be canceled, compromised, or adjusted.
§ 761.404 Eligibility.
(a) A borrower is eligible for debt settlement if the borrower:
(1) Meets the requirements for the particular type of debt settlement under this part; and
(2) Submits a complete application for debt settlement as specified in §761.405.
(b) All parties liable for the debt must submit a complete application with the following exceptions:
(1) The applicable information required in §761.405 can be provided by the administrator or executor of the Estate, heir, or other authorized person who can sign the debt settlement application; or compiled by FSA staff when a signature cannot be obtained.
(2) The debt may be settled when the borrower has no known assets or income from which collection can be made, has disappeared and cannot be located without undue expense, and there is no security remaining for the debt.
(3) In cases where the full amount of the unsecured debt cannot be collected in a reasonable time by legal action or through enforced collection proceedings, the Agency may consider a debt settlement offer submitted by a borrower without requiring a complete application. When evaluating these offers, the Agency will consider the likelihood of the debtor obtaining a larger income or additional assets, including inheritance prospects within 5 years, from which legal or enforced collection could be made.
(c) A borrower is not eligible for debt settlement if:
(1) The borrower is indebted on another active FLP loan that the borrower cannot or will not debt settle; or
(2) The debt has been referred to the OIG, OGC, or Justice because of suspected civil or criminal violation, unless investigation was declined or advice was provided that the debt can be canceled, compromised, or adjusted.
§ 761.405 Application.
(a) A borrower requesting debt settlement must submit complete and accurate information from which the Agency can make a full determination of the borrower’s financial circumstances and repayment ability. Except for the situations listed in §761.404(b), each liable party must submit the following:
(1) One completed original debt settlement application on the applicable Agency form signed by all parties liable for the debt;
(2) A current financial statement;
(3) A cash flow projection for the next production or earnings period;
(4) Verification of employment or other earned income, including verification of a nondebtor spouse's income which will be included as available to pay family living expenses;

(5) Verification of assets including, but not limited to, cash, checking accounts, savings accounts, certificates of deposit, individual retirement accounts, retirement and pension funds, mutual funds, stocks, bonds, and accounts receivable;

(6) Verification of debts greater than $1,000;

(7) Copies of complete Federal income tax returns for the previous 3 years; and

(8) Any other items requested by the Agency to evaluate the debtor's financial condition.

(b) [Reserved]

§ 761.406 Types of debt settlement.

(a) Compromise. The Agency may compromise a debt owed to the Agency if the requirements of this subpart are met and:

(1) The borrower pays a lump sum as a compromise for the remaining unsecured debt; and

(2) The amount is reasonable based on the Agency's determination of what the borrower can pay to settle the debt.

(b) Adjustment. The Agency may settle a debt owed to the Agency through an adjustment agreement if the requirements of this subpart are met and:

(1) The borrower agrees to pay the adjustment amount for a period of time not to exceed 5 years; and

(2) The amount is reasonable based on the Agency's determination of what the borrower can pay to settle the debt; and

(3) The borrower provides documentation that funds are, or will be, available to pay the adjustment offer through its term.

(c) Cancellation. The Agency may cancel a debt owed to the Agency if the requirements of this subpart are met and the application and supporting documents indicate that the borrower is unable to pay a compromise or adjustment offer.

§ 761.407 Failure to pay.

(a) Failure to pay any compromise amount approved by FSA by the date agreed will result in cancellation of the compromise agreement.

(b) Failure to pay debt adjustment amounts approved by FSA by the dates agreed will result in cancellation of the adjustment agreement.

(c) A debtor who has entered into an agreement under this subpart may request that FSA extend a repayment date for 90 days. The debtor must provide information that supports the basis for the request at the time the request is made.

(d) If a debtor is delinquent under the terms of an adjustment agreement and FSA determines the debtor is likely to be financially unable to meet the terms of the agreement, the existing agreement may be cancelled and the debtor may be allowed to apply for a different type of settlement more consistent with the debtor's repayment ability.

(e) If an agreement is cancelled, any payments received will be retained as payments on the debt owed.

§ 761.408 Administrator authority.

On an individual case basis, the Agency may consider granting an exception to any requirement of this part if:

(a) The exception is not inconsistent with the authorizing statute or other applicable law; and

(b) The Agency's financial interest would be adversely affected by acting in accordance with this part and granting an exception would resolve or eliminate the adverse effect upon its financial interest.

PART 762—GUARANTEED FARM LOANS

Sec.
762.1–762.100 [Reserved]
762.101 Introduction.
762.102 Abbreviations and definitions.
762.103 Full faith and credit.
762.104 Appeals.
762.105 Eligibility and substitution of lenders.
762.106 Preferred and certified lender programs.
762.107 Micro Lender Program.
762.108–762.109 [Reserved]