

FLP STREAMLINING

3-FLP, DIRECT LOANMAKING



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Direct Loanmaking

INTRODUCTION

FSA issued 3-FLP, in part, on February 8, 2002. With FLP Streamlining, new parts are being added. Therefore, 3-FLP, Revision 1 is being issued. The purpose of this course is to familiarize you with this revision.

The handbook you will be using throughout this course does not become effective until the date reflected on the Amendment Transmittal and at the bottom of each page of the handbook. 3-FLP, Revision 1 should not be used for any loan decision or action prior to the effective date. **The handbook has been provided in advance of the effective date for training purposes only.**

SOURCES OF 3-FLP CONTENT

The policies and procedures in 3-FLP were derived from the following FmHA and RD Instruction Manuals and applicable Code of Federal Regulations (CFR) subparts:

FmHA/RD Instruction Manual	Title	Supporting CFR
426.1	Real Property Insurance	7 CFR 1806, Subpart A
426.2	National Flood Insurance	7 CFR 1806, Subpart B
1910-A	Receiving and Processing Applications	7 CFR 1910, Subpart A
1924-B	Management Advice to Individual Borrowers and Applicants	7 CFR 1924, Subpart B*
1927-B	Real Estate Title Clearance and Loan Closing	7 CFR 1927, Subpart B
1941-A	Operating Loan Policies, Procedures, and Authorizations	7 CFR 1941, Subpart A
1941-B	Closing Loans Secured by Chattels	7 CFR 1941, Subpart B
1943-A	Direct Farm Ownership Loan Policies, Procedures, and Authorizations	7 CFR 1943, Subpart A

*Only certain provisions from 7 CFR 1924, Subpart B, have been incorporated into 3-FLP.

FmHA Instruction 1945-D, Emergency Loan Policies, Procedures, and Authorization, was replaced by 7 CFR 764 in a final rule published January 8, 2002 (effective February 7, 2002) and Part 9 of 3-FLP issued February 8, 2002.

FmHA Instructions that were published as Memorandums of Understanding (MOUs) are not addressed above. Any MOU that will be used when making a direct loan after streamlining has been incorporated into 3-FLP as Exhibit.

**EXERCISE: USING THE
TABLE OF CONTENTS**

3-FLP contains 13 parts. Refer to the Table of Contents to familiarize yourself with the handbook's layout, the information included in each part, and answer the following questions.

In which paragraph will you find the requirements for a complete loan application?

- A. Paragraph 41
- B. Paragraph 42
- C. Paragraph 45
- D. Paragraph 61

Complete the following statement.

Borrower training requirements are addressed in:

- A. Paragraph 265
- B. Part 13, Section 1
- C. Part 8, Section 3
- D. Paragraph 175

**REQUIREMENTS
APPLICABLE TO ALL
DIRECT LOANS**

In the past, FSA had separate Instruction Manuals for farm ownership (FO), operating loans (OL), and emergency (EM) loans. This resulted in duplication as eligibility and security requirements, as well as limitations applicable to all loan types, were repeated in all the Instruction Manuals.

Now these topics are included in Parts 4 and 5. Additional eligibility, security requirements, or loan limitations for a specific loan type are addressed in the handbook part pertaining to that type of loan. Therefore, Parts 4 and 5 must be utilized in conjunction with Part 7, 8, or 9.

**EXERCISE: USING THE
TABLE OF CONTENTS**

Select the correct answer to the following question.

General eligibility requirements are found in Part 4. In which paragraph will you find information regarding eligibility requirements that apply only to OL?

- A. Paragraph 236
- B. Paragraph 154
- C. Paragraph 135
- D. Paragraph 172

POLICY CHANGES

Now that you have reviewed the general layout of 3-FLP, you will review the policy changes implemented through FLP Streamlining.

You may look up the related requirements in your handbook using the referenced paragraph or subparagraph number.

PART 3, LOAN APPLICATION

The changes to the requirements for a complete loan application include clarification regarding loan requests from married persons.

Subparagraph 41 B

Married persons may apply as an:

- Individual, if only one spouse is requesting the loan.
- Entity, if both spouses are requesting the loan.
 - If no formal entity agreement exists, the applicant will be considered a joint operation.
 - If a formal entity agreement exists, the agreement establishes the type of entity.

FSA-2001, Request for Direct Loan Assistance, has been revised to remove collection of co-borrower information. Information is now collected on either an individual applicant, or an entity and its members. Instructions have been added to the form to ensure proper completion. Refer to Appendix B to see a draft of pages 1 and 2 of FSA-2001.

Important: The change to the socially disadvantaged (SDA) applicant definition addressed in the 1-FLP training course will impact whether or not married applicants applying as an entity qualify for SDA targeted loan funds.

The changes to the requirements for a complete loan application also include the provision that 3 years of production and financial records are required instead of 5 years, as previously required. However:

Subparagraph 42 A

- The applicant may provide records for less than 3 years if the applicant has been farming for less than 3 years.
- The applicant may provide, and the Agency may consider, records for more than the minimum 3 years if the resulting operating plan will be more accurate, as provided in subparagraph 241 B of 1-FLP.
- An EM applicant relying on repayment ability when adequate security is not available because of the disaster must demonstrate a positive net cash farm income in at least 3 of the past 5 years, as provided in subparagraph 236 B of 3-FLP.

**PART 3, LOAN
APPLICATION (CONT.)**

Additional changes made to the requirements for a complete loan application include:

Subparagraph 42 A

- Payment of the credit report fee is required.
- Tax returns for 3 years are required as a part of financial records.
- The applicant must provide additional information FSA deems necessary to effectively evaluate the applicant's eligibility and farm operating plan (i.e., divorce or separation decree, documentation regarding child support payments).
- Flexibility has been added regarding the documentation required for verification of debts. For example:
 - Only debts in excess of \$1,000 require verification.
 - Debt may be verified by using the credit report, a billing statement, etc., in lieu of requiring completion of FSA-2015, Verification of Debts and Assets.

A change has been made regarding applicant notification for incomplete EM applications.

Subparagraph 45 B

When the applicant is unable to provide FSA-2309, Certification of Disaster Losses, but has provided all other information required for a complete application, the application will be held on file until harvest has been completed.

Note: These applications do not count against processing timeframes.

***EXERCISE:
PRODUCTION AND
FINANCIAL RECORDS
EXCEPTION***

An exception to 3 years of production and financial records applies when adequate security is not available for an EM loan. In such a case, 5 years of financial records are needed to determine if the applicant has had positive net cash farm income in at least 3 of the past 5 years.

Refer to your handbook to answer the following question. In which subparagraph will you find the information on this exception?

- A. Subparagraph 232 C
 - B. Subparagraph 236 A
 - C. Subparagraph 236 B
 - D. Subparagraph 238 B
-

**PART 4, GENERAL
ELIGIBILITY AND
LOAN LIMITATIONS**

Several changes have been made to eligibility requirements applicable to all loan types.

Clarification has been added to distinguish who must meet each eligibility requirement. The introductory text for each eligibility criteria in 7 CFR 764.101, as well as paragraphs 62 through 72, identifies who must meet the requirement. (See Appendix B for the eligibility criteria in 7 CFR 764.101.) The following text is used:

- "The applicant" when only the individual or entity applicant must meet the requirement.
- "The applicant, and all entity members in the case of an entity," when the individual, or in the case of an entity, both the applicant and each member of the entity must meet the requirement.
- "The applicant, and anyone who will sign the promissory note," when the individual or entity applicant, each member of the entity, and any cosigner or other party that will sign the note, must meet the requirement.

Note: Clarification regarding who must sign loan documents is provided in Subparagraph 281 C.

Other changes to eligibility requirements include the following:

- Policies related to controlled substances were clarified to reflect that, in addition to the applicant being ineligible when convicted of planting, cultivating, etc., the applicant may, at the court's discretion, be ineligible as a result of a conviction for trafficking and possession.
- Credit history was previously part of evaluating applications and was included in FmHA Instruction 1910-A. This is now an eligibility requirement and includes a provision that the applicant must deal with the agency in "good faith." Therefore, applicants can be determined ineligible if, in the past, they failed to keep agreements with FSA or other parties, including other Federal agencies.
- The existing EM requirement that prohibits the applicant and anyone who would sign the promissory note from owning real estate subject to a Federal judgment lien has been extended to apply to OL and FO loans.

**Paragraph 62
Subparagraphs
65 A
67A**

Additional changes to eligibility requirements include:

- A provision has been added to provide guidance on ineligibility as a result of Federal crop insurance violations.

**Paragraph 68
Subparagraph 74 F**

-
- The limitation that prohibited Agency financing of "non-farm enterprises" has been replaced with a prohibition on the financing of "non-eligible enterprises".
 - The existing FO limitation that prohibited loan approval, if the noncontiguous character of a farm containing two or more tracts prevented the operation from being efficient, has been removed.

Non-Eligible Enterprise

A 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 that might be agriculturally related but are not produced by the farming operation.
- (4) Processes or markets farm products in which the majority of the commodities processed or marketed are not produced by the farming operation.

EXERCISE: NON-ELIGIBLE ENTERPRISE

Select the correct answer.

Which of the following is a non-eligible enterprise?

- A. A business that produces exotic animals, birds, or aquatic organisms or their products for which there is no established or stable market or production is speculative in nature.
- B. A business that processes or markets farm products in which the majority of the commodities processed or marketed are not produced by the farming operation.
- C. Both are non-eligible enterprises.

PART 5, LOAN SECURITY

The existing requirement of taking a lien on nonessential assets as security for EM loans has been extended to all direct loans, except beginning farmer downpayment and youth loans.

Subparagraph 91 E

The provision that a lien be taken on nonessential assets having an aggregate value of \$5,000 has been replaced by the requirement that a lien be taken on an individual asset, or like assets, such as stocks, having a value of \$5,000 or more.

PART 6, INSURANCE

Clarification has been added to reflect the stipulation that applicants use FSA-570 to waive eligibility for emergency crop loss assistance for any crops for which insurance is available, but for which the applicant elected not to insure.

Subparagraph 113 C

**PART 8, OPERATING LOAN PROGRAM:
SECTION 1,
OPERATING LOANS**

The following changes were made to OL:

Subparagraph 172 D

- The requirement that the lesser of 10% of the loan amount or \$5,000 be placed in a nonsupervised bank account for farm or home needs for OL applicants has been eliminated.
- Beginning farmers are eligible for OL assistance for up to 10 years as OL term limits do not apply to beginning farmer applicants. However, any loan received as beginning farmer will count toward the term limit when the applicant's beginning farmer status ends.

Examples

Example 1. If a beginning farmer receives an OL in the first year of farming, the applicant has 9 additional years in which to receive OL assistance as a beginning farmer applicant. This applicant is not eligible for the 2-year waiver or any future direct OL assistance if loans are received in all 10 years as a beginning farmer.

Example 2. If a beginning farmer receives an OL in the fifth year of farming, this applicant has 5 additional years in which to receive OL assistance as a beginning farmer applicant, but only 1 year remaining as a non-beginning farmer applicant. This applicant may be considered to receive the 2-year waiver to extend eligibility as a non-beginning farmer.

**PART 8, OPERATING
LOAN PROGRAM:
SECTION 3, YOUTH
LOANS**

The following changes were made to youth loans:

- Loan funds may only be used to finance a “modest, income-producing, agriculture-related, educational project.”
- Eligibility for youth loans has been extended to include applicants who reside in a rural area, city, or town with a population of 50,000 or fewer inhabitants, to make the program more accessible.

Subparagraphs 212 A 213 D 214 A

Clarification has been made that the limited resource interest rate is not available for youth loans.

**PART 10, LOAN
DECISION**

Changes made regarding loan approval or denial include:

- Clarification that a loan will only be approved if the applicant’s operating plan reflects a feasible plan, including repaying the proposed loan and demonstrating that all other credit needs can be met.
- Clarification that the loan limits may be exceeded at the time of loan approval but must be met before loan closing.
- If the loan denial is overturned on appeal, FSA will not automatically approve the loan.

Subparagraphs 262 C 266 E
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Loan Denial Overturned on Appeal

If loan denial is overturned on administrative appeal, the Agency will not automatically approve the loan. Unless prohibited by the final appeal determination or otherwise advised by the Office of General Counsel, the Agency will:

- (1) Request current financial information from the applicant as necessary to determine whether any changes in the applicant’s financial condition or agricultural conditions that occurred after the Agency’s adverse decision was made will adversely affect the applicant’s farming operation;
- (2) Approve a loan for crop production: (i) Only if the Agency can determine that the applicant will be able to produce a crop in the production cycle for which the loan is requested; or (ii) for the next production cycle, upon review of current financial data and a farm operating plan for the next production cycle, if the Agency determines the loan can be repaid. The new farm operating plan shall reflect any financial issues resolved in the appeal.
- (3) Determine whether the applicant’s farm operating plan, as modified based on the appeal decision, reflects a feasible plan, which includes repaying the proposed loan and demonstrating that all other credit needs can be met.

PART 13, BORROWER TRAINING

An applicant requesting a loan to finance a new enterprise, such as a new crop or a new type of livestock, must agree to complete production training with regard to that enterprise, even if production training requirements were waived or satisfied under a previous loan request, unless FSA provides a waiver.

Subparagraphs 402 A 402 C
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The borrower must complete borrower training as a condition for future loans if, and when, supervision reflects that such training is needed, even if a waiver has been granted.

SOIL AND WATER PROGRAM

References to the Soil and Water Program have been eliminated from loan making policies and procedures.

CHECK YOUR KNOWLEDGE

Choose whether the following statements are true or false.

Statement
<input type="checkbox"/> An EM application can be held on file until production records are available.
<input type="checkbox"/> Payment of the credit report fee is required from the applicant for the application to be considered complete.
<input type="checkbox"/> The Youth Loan program has been extended to applicants who reside in a rural area, city, or town with a population of 30,000 or fewer inhabitants.
<input type="checkbox"/> FSA-2001, Request for Direct Loan Assistance, is used to collect information on either an individual applicant or an entity and its members.
<input type="checkbox"/> Convictions for trafficking and possession of controlled substances are now addressed in the general eligibility requirements.
<input type="checkbox"/> Loans may be made for exotic animals, pets, and commodities not produced by the farming operation.

SUMMARY

In this lesson, you learned about loan making policy changes. Key points to remember include:

- Eligibility, loan limitations, and security requirements applicable to all loan types are now included in Parts 4 and 5. Additional requirements for specific loan types are included in Parts 7, 8, and 9.
- Changes to loan application requirements include:
 - Revision of FSA-2001, Request for Direct Loan Assistance, to clarify that married persons may apply as either an individual or jointly as an entity
 - Reduction in the number of years of production and financial records required from 5 to 3 years
 - Payment of the credit report fee, submission of 3 years of tax returns, and any additional information necessary is required for an application to be considered complete
- Changes in general eligibility requirements include:
 - Clarification of eligibility requirements that must be met by the applicant, entity members, cosigners, or others who will sign the promissory note
 - Expansion of the controlled substances policy to include trafficking and possession
 - Expansion of prohibition against owning real estate subject to a Federal judgment lien
 - Guidance on ineligibility resulting from Federal crop insurance violations
 - Replacing the term "nonfarm enterprise" with "non-eligible enterprise"

TRANSITION

Congratulations! You have completed FLP Streamlining: 3-FLP, Direct Loanmaking.

Appendix A: Answer Key

Direct Loanmaking

***EXERCISE: USING THE
TABLE OF CONTENTS
PAGE 2***

3-FLP contains 13 parts. Refer to the Table of Contents to familiarize yourself with the handbook's layout, the information included in each part, and answer the following questions.

In which paragraph will you find the requirements for a complete loan application?

- A. Paragraph 41
- B. Paragraph 42
- C. Paragraph 45
- D. Paragraph 61

CORRECT RESPONSE

The correct answer is B. You will find the requirements for a complete loan application in paragraph 42.

Complete the following statement.

Borrower training requirements are addressed in:

- A. Paragraph 265
- B. Part 13, Section 1
- C. Part 8, Section 3
- D. Paragraph 175

CORRECT RESPONSE

The correct answer is B. You will find borrower training requirements in Part 13, Section 1.

Select the correct answer to the following question.

General eligibility requirements are found in Part 4. In which paragraph will you find information regarding eligibility requirements that apply only to OL?

- A. Paragraph 236
- B. Paragraph 154
- C. Paragraph 135
- D. Paragraph 172

CORRECT RESPONSE

The correct answer is D. Specific eligibility requirements for OL are found in paragraph 172.

**EXERCISE:
PRODUCTION AND
FINANCIAL RECORDS
EXCEPTION**

PAGE 4

An exception to 3 years of production and financial records applies when adequate security is not available for an EM loan. In such a case, 5 years of financial records are needed to determine if the applicant has had positive net cash farm income in at least 3 of the past 5 years.

Refer to your handbook to answer the following question. In which subparagraph will you find the information on this exception?

- A. Subparagraph 232 C
- B. Subparagraph 236 A
- C. Subparagraph 236 B
- D. Subparagraph 238 B

CORRECT RESPONSE

The correct answer is C. The EM exception is found in subparagraph 236 B.

**EXERCISE: NON-
ELIGIBLE ENTERPRISE**

PAGE 6

Select the correct answer.

Which of the following is a non-eligible enterprise?

- A. A business that produces exotic animals, birds, or aquatic organisms or their products for which there is no established or stable market or production is speculative in nature.
- B. A business that processes or markets farm products in which the majority of the commodities processed or marketed are not produced by the farming operation.
- C. Both are non-eligible enterprises.

CORRECT RESPONSE

The correct answer is C. Both are non-eligible enterprises.

**Check Your
Knowledge
Page 9**

Statement	True/ False
An EM application can be held on file until production records are available.	True
Payment of the credit report fee is required from the applicant for the application to be considered complete.	True
The Youth Loan program has been extended to applicants who reside in a rural area, city, or town with a population of 30,000 or fewer inhabitants.	False
FSA-2001, Request for Direct Loan Assistance, is used to collect information on either an individual applicant or an entity and its members.	True
Convictions for trafficking and possession of controlled substances are now addressed in the general eligibility requirements.	True
Loans may be made for exotic animals, pets, and commodities not produced by the farming operation.	False

Appendix B: Course Documents

FSA-2001, Request for Direct Loan Assistance.....	B-2
Eligibility Criteria in CFR 764.101	B-4

FSA-2001

This form is available electronically.

Form Approved - OMB No. 0560-0764

FSA-2001 (Proposal 12)	U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency	Position 3
REQUEST FOR DIRECT LOAN ASSISTANCE		

Instructions: All applicants must complete Part A. Individual applicants complete Parts B, D and E. Two or more persons applying jointly, including married persons, are considered an entity. Entities must complete Parts C, D and E. Non-citizens and qualified aliens must provide appropriate documentation. *Race, ethnicity, and gender information is requested by the Federal Government to monitor FSA's compliance with Federal laws prohibiting discrimination against applicants. Applicants are not required to furnish this information, but are encouraged to do so. Failure to provide this information may result in not receiving targeted funds for which the applicant may be eligible. One or more boxes may be selected for race. This information will not be used to evaluate the application. FSA is required to note race, ethnicity and gender on the basis of observer identification.

PART A - APPLICANT

1. Exact Full Legal Name	2. Address	3. Contact Numbers
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PART B - INDIVIDUAL APPLICANT INFORMATION

1. Social Security Number	2. Birth Date	3. County of Residence
4. Name and Address of Employer	5. Annual Income \$	7. Veteran Status Yes <input type="checkbox"/> Dates: _____ Branch: _____
Telephone Number: _____	6. Number of Household Members	No <input type="checkbox"/>
8. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried	9. Citizenship <input type="checkbox"/> Citizen <input type="checkbox"/> Non-citizen <input type="checkbox"/> Qualified Alien	*10. Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
*11. Race <input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black/African American <input type="checkbox"/> Native Hawaiian/Pacific Islander <input type="checkbox"/> White		*12. Gender <input type="checkbox"/> Male <input type="checkbox"/> Female
13. FSA Use Only <input type="checkbox"/> Provided <input type="checkbox"/> Observed		

NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a): The Farm Service Agency (FSA) is authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), or other Acts, and the regulations promulgated thereunder, to solicit the information requested on its application forms. The information requested is necessary for FSA to determine eligibility for credit or other financial assistance, service your loan, and conduct statistical analyses. Supplied information may be furnished to other Department of Agriculture agencies, the Department of the Treasury, the Department of Justice or other law enforcement agencies, the Department of Defense, the Department of Housing and Urban Development, the Department of Labor, the United States Postal Service, or other Federal, State, or local agencies as required or permitted by law. In addition, information may be referred to interested parties under the Freedom of Information Act (FOIA), to financial consultants, advisors, lending institutions, packagers, agents, and private or commercial credit sources, to collection or servicing contractors, to credit reporting agencies, to private attorneys under contract with FSA or the Department of Justice, to business firms in the trade area that buy chattel or crops or sell them for commission, to Members of Congress or Congressional staff members, to courts or adjudicative bodies or to state-certified or state licensed appraisers. Disclosure of the information requested is voluntary. However, failure to disclose certain items of information requested, including Social Security Number or Federal Tax Identification Number, may result in a delay in the processing of an application or its rejection.

According to the Paperwork Reduction act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0764. The time required to complete this information collection is estimated to average 33 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Initials: _____ Date: _____

PART C - ENTITY AND ENTITY MEMBER INFORMATION

Instructions: Two or more persons, including married persons, who are applying jointly and do not have an entity name or Tax ID Number, will be considered a joint operation. Informal entities may leave Items 2 through 4 blank, if not applicable. Complete Items 5A through 5J for each entity member. Items 5K through 5M are voluntary. The entity must provide any organizational and operational documents, any evidence of current registration with relevant State regulatory agencies, a duly adopted resolution to apply for and obtain financing, if required, and balance sheet not more than 90 days old for the entity and each entity member (if there are no individually owned assets, husband and wife joint operations may submit one consolidated balance sheet).

NOTE: Individual liability will be required regardless of the entity type. Please indicate by signing in Item 50 that you have read the statements and certifications on Pages 4 and 5.

1. Entity Type <input type="checkbox"/> Cooperative <input type="checkbox"/> Corporation <input type="checkbox"/> Joint Operation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Partnership <input type="checkbox"/> Trust		2. State of Registration	4. Tax Identification Number
		3. Registration Number	

5A. Entity Member Exact Full Legal Name		5B. Social Security Number	5C. Address	
5D. Contact Numbers				
5E. Birth Date	5F. Percent of Ownership %		5I. Citizenship <input type="checkbox"/> Citizen <input type="checkbox"/> Non-citizen <input type="checkbox"/> Qualified Alien	5J. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried
5G. Principal Occupation	5H. Annual Income \$			
*5K. Ethnicity <input type="checkbox"/> Hispanic/Latino <input type="checkbox"/> Not Hispanic/Latino	*5L. Race <input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Black/African American <input type="checkbox"/> Native Hawaiian/Pacific Islander	<input type="checkbox"/> Asian <input type="checkbox"/> White	*5M. Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	*5N. FSA Use Only <input type="checkbox"/> Provided <input type="checkbox"/> Observed
5O. Signature			5P. Date	

5A. Entity Member Exact Full Legal Name		5B. Social Security Number	5C. Address	
5D. Contact Numbers				
5E. Birth Date	5F. Percent of Ownership %		5I. Citizenship <input type="checkbox"/> Citizen <input type="checkbox"/> Non-citizen <input type="checkbox"/> Qualified Alien	5J. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried
5G. Principal Occupation	5H. Annual Income \$			
*5K. Ethnicity <input type="checkbox"/> Hispanic/Latino <input type="checkbox"/> Not Hispanic/Latino	*5L. Race <input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Black/African American <input type="checkbox"/> Native Hawaiian/Pacific Islander	<input type="checkbox"/> Asian <input type="checkbox"/> White	*5M. Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	*5N. FSA Use Only <input type="checkbox"/> Provided <input type="checkbox"/> Observed
5O. Signature			5P. Date	

5A. Entity Member Exact Full Legal Name		5B. Social Security Number	5C. Address	
5D. Contact Numbers				
5E. Birth Date	5F. Percent of Ownership %		5I. Citizenship <input type="checkbox"/> Citizen <input type="checkbox"/> Non-citizen <input type="checkbox"/> Qualified Alien	5J. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried
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5O. Signature			5P. Date	

Initials: _____ Date: _____

Eligibility Criteria in 7 CFR 764.101

§ 764.101 General eligibility requirements. The following requirements must be met unless otherwise provided in the eligibility requirements for the particular type of loan.

(a) Controlled substances. The **applicant, and anyone who will sign the promissory note**, must not be ineligible for loans as a result of a conviction for controlled substances according to 7 CFR part 718 of this chapter.

(b) Legal capacity. The **applicant, and anyone who will sign the promissory note**, must possess the legal capacity to incur the obligation of the loan. A Youth loan applicant will incur full personal liability upon execution of the promissory note without regard to the applicant's minority status.

(c) Citizenship. **The applicant, and anyone who will sign the promissory note**, must be a citizen of the United States, United States non-citizen national, or a qualified alien under applicable Federal immigration laws.

(d) Credit history. **The applicant** must have an acceptable credit history demonstrated by debt repayment . . .

(e) Availability of credit elsewhere. **The applicant, and all entity members in the case of an entity**, must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms. The Agency will evaluate the ability to obtain credit based on factors including, but not limited to . . .

(f) Not in delinquent status on Federal debt. As provided in 31 CFR part 285, except for EM loan applicants, **the applicant, and anyone who will sign the promissory note**, must not be in delinquent status on any Federal debt, other than a debt under the Internal Revenue Code of 1986 at the time of loan closing. All delinquent debts, however, will be considered in determining credit history and ability to repay under this part.

(g) Outstanding judgments. **The applicant, and anyone who will sign the promissory note**, must have no outstanding unpaid judgments obtained by the United States in any court. Such judgments do not include those filed as a result of action in the United States Tax Courts.

(h) Federal crop insurance violation. **The applicant, and all entity members in the case of an entity**, must not be ineligible due to disqualification resulting from Federal Crop Insurance violation according to 7 CFR part 718.

(i) Managerial ability. **The applicant** must have sufficient managerial ability to assure reasonable prospects of loan repayment, as determined by the Agency. The applicant must demonstrate this managerial ability by . . .

(j) Borrower training. **The applicant** must agree to meet the training requirements in subpart J of this part.

(k) Operator of a family farm. (1) **The applicant** must be the operator of a family farm after the loan is closed . . .