

**Communicating Adverse Decisions:
Computer-Based Instruction
Desk Guide**

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Section 1: Communicating Adverse Decisions Introduction and Course Overview

WELCOME

This Communicating Adverse Decisions course was developed to reinforce the critical nature of communicating adverse decisions effectively, as well as to teach several methods and best practices for conveying these decisions verbally and in writing.

COURSE OVERVIEW

Every year, FSA receives thousands of applications for loan assistance, or program participation, either through the Farm Loans Programs or through one of FSA's Farm Programs. Of these, many are turned down, for reasons that vary widely and range from the seemingly obvious to the complex. Regardless of the reasons why, all adverse decisions must be communicated, both verbally and in writing.

7 CFR 780.2 states an adverse decision means a program decision by an employee, officer, or committee of FSA that is adverse to the participant. The term includes any denial of program participation, benefits, written agreements, eligibility, etc., that results in a participant receiving less funds than the participant believes should have been paid or not receiving a program benefit to which the participant believes the participant was entitled.

This course will discuss the nature of adverse decisions, provide explanations and examples of verbal and written communication best practices, and offer tips for carrying out your communications responsibilities effectively.

ABOUT THE MODULES

Each module focuses on a particular aspect of communicating an adverse decision to an FSA customer.

- Understanding Adverse Decisions provides an overview of the nature of adverse decisions and discusses why it is important to communicate them thoroughly and understandably, for the benefit of customers and FSA. It also introduces the two main facets of communicating adverse decisions: verbal and written.

- Verbal Communications Best Practices discusses verbal communications in terms of telephone and in-person conversations, and includes instruction on nonverbal communications and cues.
- Written Communications Best Practices presents a breakdown of the requirements for effective adverse decision letter writing.
- Tying it All Together summarizes best practices and introduces the resources section (job aids, resources, additional samples, post-CBI exercises, etc.), and wraps up the training.

If you are taking this course for the first time, you will gain the most by completing each module in sequence.

COURSE AUDIENCE

Because almost every FSA employee (e.g., Farm Loan Officers, Farm Loan Managers, County Executive Directors, committees, District Directors, State Program Chiefs, Technicians, national-level managers for FSA) communicates personally with FSA customers or constituents at some point in the lending or program delivery process, this course is designed for FSA employees at all levels.

The focus of this training will be on communicating with individual FSA customers.

Understanding Adverse Decisions

INTRODUCTION

Adverse decisions about financial matters have a real impact on FSA customers. To you, an adverse decision is a business decision. But to the applicants, borrowers, or producers, these decisions can have life-altering ramifications. As a result, great care must be taken to communicate them.

In this module, you will learn about the nature of adverse decisions; about the challenges of communicating them; and about the overall benefits and features of effective communication. You will also be introduced to some of the key practices for communicating adverse decisions successfully.

THE NATURE OF ADVERSE DECISIONS

Individual producers often turn to FSA after they have exhausted all commercial options for credit, or when they learn about a program for which they believe they are eligible. The reasons for making an adverse decision vary widely, but most center on one or more of the following factors: eligibility, feasibility, creditworthiness, and/or timing.

Eligibility

Applications may not meet specific Farm Program or Farm Loan Programs requirements, or regulatory or legal requirements for a variety of reasons that are as far-ranging as the programs themselves. Direct loan applicants may be deemed ineligible when the loan officer, loan manager or other FSA official finds that the applicant is eligible for credit from a traditional lending institution.

Feasibility

Applications may be deemed ineligible based on lack of feasibility. 7 CFR 641.401(a)(1)(i) states: The Agency will approve a loan only if it determines that the applicant's farm operating plan reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met.

Sometimes, business plans supporting loan and loan guarantee requests are based upon standard production budgets developed by integrators, consultants, or extension specialists. These budgets are acceptable starting points, but loan approval officials must be sure that the business plans reflect realistic performance assumptions under current operating conditions for the individual situation, as well as other relevant factors that affect net income.

With loans to purchase or refinance existing facilities, the impact of age, condition, and potential obsolescence of the facilities must be assessed. Operating projections must factor in any reduced efficiency and the potential costs for required modernization of existing facilities to comply with production contract requirements. These factors should be considered in the real estate appraisal as well.

Creditworthiness

Applicants may be deemed ineligible because of poor credit. Creditworthiness is addressed in 7 CFR 764.101(d), which states that "The applicant must have acceptable credit history demonstrated by debt repayment." [7 CFR 764.101(d) (1)] further states: "As part of the credit history the Agency will determine whether the applicant will carry out the terms and conditions of the loan, and deal with the Agency in good faith. In making this determination, the Agency may examine whether the applicant has properly fulfilled its obligations to other parties, including other agencies of the Federal Government."

Timing

Applicants may not complete the paperwork properly or on time, or they may not be able to produce the supporting documentation required to meet program deadlines.

When an application must be turned down, it is your job to communicate these adverse decisions in two ways: verbally – either in person or by telephone – and in writing.

**COMPONENTS OF AN
ADVERSE DECISION**

FSA is required by law and regulation to notify applicants of adverse decisions. These communications require detailed explanation as well as supporting documentation. Specifically, they need to convey:

- The decision;
- The supporting regulatory citations and Handbook guidance to back up the decision;
- The specific case findings that support the decision;
- The next steps the applicant can or should take;
- Standard nondiscrimination language; and
- Applicable rights to reconsideration, appeal, and mediation.

A job aid on the Essential Components of An Adverse Decision Letter is included in Appendix A.

**THE CHALLENGES OF
COMMUNICATING
ADVERSE DECISIONS**

Few people like to say “no.” Unfortunately, most of us have to communicate bad news to customers at some point during our careers – some more often than others. In fact, you may find communicating adverse decisions to be one of the most difficult aspects of your job. This challenge results from:

- Lack of experience saying no.
- The desire to avoid confrontation or being fearful of your customer’s reaction.
- Lack of ability or confidence to explain the details of why a customer’s application is being denied.
- Personality, culture or temperament differences.

Lack of Experience

Your ability – and comfort level – with handling these situations will improve with experience. They involve sensitive information and can be difficult to discuss or to put in writing. Time, attention and experience will help you sharpen your communication skills, and increase your ability to handle adverse decisions efficiently, effectively and professionally. This course is the first step in helping you build the skills you need to communicate better.

Desire to Avoid Confrontation

You don't want to be the bearer of bad news, because you anticipate that it will not sit well with your customer. While it seems easier just to avoid the whole matter – or at least delay the discussion – you are required to tell your customer, and so this “desire” is not an option.

Fearful of Your Customer's Reaction

Customers will react in many different ways when they are given an adverse decision. Of course, some will understand and agree with your determination. But depending on the personality, you may have to deal with any of a variety of emotions, including:

- Anger resulting from being rejected;
- Fear of losing a farm, home, and/or livelihood; and/or
- Grief and feelings of failure that the customer has let down family.

By putting yourself in your customer's shoes, exhibiting compassion, and refraining from taking these emotions personally, you will be able to handle a wide range of emotions successfully.

Lack of Ability or Confidence

Not being sure why you're saying no probably means you haven't done your work thoroughly. If you can justify your decision based on facts that support the rules and regulations, you will build the confidence you need to communicate the decision. This course will help you prepare to have these tough discussions and to present your findings thoroughly in writing.

All decisions must be based on facts and be well documented and consistent with the applicable regulations and handbook policy. Never make a decision based on personal preference or for personal reasons.

These are all logical and realistic possibilities, but none eliminate the need to communicate the adverse decision. Learning to overcome these challenges must be a priority.

AVOIDANCE TACTICS

Whatever your reason for not wanting to tell a customer you have made an adverse determination, you need to fight the tendency to avoid communicating the outcome. Avoidance tactics include:

- Procrastinating;
- Building a false sense of hope; and/or
- Granting a request improperly.

Procrastinating

Delaying the inevitable will not change the outcome. People procrastinate for a variety of reasons, including:

- Hope that the situation will change if they wait long enough.
- Hope that the customer's situation or need will change and so the adverse decision won't be so important.
- The notion that if they don't deal with the situation, someone else will step in and do it for them.

As soon as you know your decision and have the supporting facts to back it up, communicate it to your customer.

Building a False Sense of Hope

If you know a customer's application doesn't meet requirements, or if a customer is ineligible for funding, or if through your findings you know the outcome is likely going to be adverse, don't tell your customer things are looking good or give any unrealistic expectations.

For example, if a customer's business plan is weak and will not likely meet the terms of the loan or the program requirements, don't tell that customer otherwise.

In addition, don't try to "soften the blow" by offering undue false hope that the reconsideration or appeal process will offer a more favorable outcome.

Granting a Request Improperly

Overlooking an obvious shortcoming or other factor not only puts FSA in a seriously compromised position, but it could put a customer in a position of not being able to meet his or her obligations. This could have a detrimental impact for years, if not forever.

You will not be doing your customer or the government any favors by passing through an application that is not supported by justification and reasonable likelihood of success.

Delaying the communication will not help; in fact, it may minimize or eliminate your customer's ability to act, which can be detrimental – or even disastrous – to his or her livelihood. Likewise, it can put FSA in a position of liability, because these kinds of delays increase the potential for appeals, litigation, and overturned decisions.

THE BENEFITS OF EFFECTIVE COMMUNICATION

Accurate, thorough, and well communicated adverse decisions serve several purposes and benefit both FSA customers and FSA.

Benefits to Customers

Customers benefit in a number of ways, including:

- By explaining the facts that led to the decision, you will reach a quicker understanding from your customer and you'll likely minimize a negative reaction.
- A well-supported adverse decision determination will help customers avoid making a mistake or a bad business decision – such as taking on a debt they may not be able to repay – that could affect them for the rest of their lives.

- When you can provide customers with potential options, you are passing on valuable guidance for steps they can take that may lead to a more successful outcome in the future.

Benefits to FSA

FSA benefits as well, because:

- Well-prepared adverse decision communications project FSA's professionalism.
- Thorough adverse decision communications provide the supporting documentation needed to justify the decision during reconsideration, mediation or appeal. Should your decision be appealed, it must be supported thoroughly – and be understandable by those reviewing the case. The objective is to minimize the number of appeals leading to overturned decisions. Don't leave the agency liable.

PROGRESS CHECK

Adverse decisions are an inevitable part of your job at FSA. They can be presented to individual producers as well as to lenders and other constituents. The reasons for adverse decisions are far-ranging; they can be very simple and straightforward, or they can result from highly complex issues.

The first three components of this module have offered some general background and common themes associated with adverse decisions:

- The Nature of Adverse Decisions
- The Challenges of Communicating Adverse Decisions
- The Benefits of Effective Communications

The remainder of this module will focus on:

- Key Practices for Communicating Adverse Decisions

KEY PRACTICES FOR COMMUNICATING

Whether you are working with a Farm Loan Programs customer or a Farm Program customer, several key practices will come into play. Making it a habit to approach your cases objectively, thoroughly and professionally every time will help you carry out this difficult responsibility successfully.

Be Prepared

- Know the program and associated regulations thoroughly and be familiar with the sources for supporting evidence.
- Be sure you have explored all potential options for the customer as applicable; look beyond the obvious.
 - For example, if your customer doesn't meet the requirements of one program but could participate in another, make the suggestion.
 - Or, if your customer is asking for a direct loan amount of \$300,000 but only qualifies for a \$150,000 loan, tell the customer that, and then work to determine how the lower amount will benefit or support his or her business.
 - If a customer can rectify a weakness by providing more information or making changes within the enterprise, say so.
- Pass the case on if you can't be objective or if there is the potential for a real or what appears to be a conflict of interest.

Developing an Effective Decision Communication

- Make decisions based only on the facts of the case, as they relate to the statutory regulations and Handbook guidance.
- Communicate the decision as a business decision, not a personal one.
- Be empathetic but straightforward, and stand your ground and support your decision through careful documentation and ongoing communication.

KNOWLEDGE CHECK

Here is an opportunity to check your understanding of the nature of adverse decisions. For Questions 1 – 3 below, select True or False.

Answers and explanation are included in Appendix B.

Question	True	False
1. You are required to communicate adverse decisions only to individual producers. You do not need to provide them in writing to lending institutions or other FSA constituents.		
2. When communicating an adverse decision, it's best to keep the letter as short as possible; customers won't understand the regulatory language anyway.		
3. Only County Executive Directors and Farm Loan Managers communicate adverse decisions		

Question 4

If it's obvious to you that an application needs to be turned down for eligibility, feasibility, creditworthiness or timing reasons:

- A. Take the full, allotted time period before letting the customer know.
- B. Approve it anyway, if the producer really needs the money.
- C. Tell the customer promptly after thoroughly reviewing all information, cite all reasons, and provide him or her with available options, if there are any.
- D. Don't say anything; the applicant didn't comply with the rules, and so you're not obligated to do anything further.

Question 5

A well-documented and well-reasoned adverse decision benefits:

- A. FSA
- B. FSA customers
- C. The public
- D. FSA customers and FSA

KEY POINTS

- The reasons for making an adverse decision vary widely, but most center on issues related to eligibility, feasibility, creditworthiness, and/or timing.
- FSA is required by law and regulation to notify participants of adverse decisions.
- Well-prepared adverse decisions must convey:
 - The decision;
 - The supporting regulatory citations and Handbook guidance to back up the decision;
 - The specific case findings that support the decision;
 - The next steps the applicant can or should take;
 - Applicable rights to reconsideration, appeal, and mediation; and
 - Standard nondiscrimination language.
- Learning to overcome the challenges of communicating adverse decisions must be a priority.
- Putting off communication about an adverse decision by procrastinating, providing a false sense of hope, or granting a request improperly could make matters more difficult – for you and your customer.
- Well-documented and well-reasoned adverse decisions are necessary for FSA customers and the agency.

Key practices include being prepared and making it a habit to approach your cases objectively, thoroughly and professionally every time.

Verbal Communications Best Practices

INTRODUCTION

At FSA, communication with customers is ongoing, and it involves both conversation and written correspondence.

In this module we will focus on the key factors of successful and effective **verbal** communication, to improve your skills for conversations on the telephone and in person. Specifically, you will learn about:

- Developing a Positive Relationship
- When to Communicate Verbally
- Verbal Communications Key Practices
- Body Language and Other Nonverbal Cues

DEVELOPING A POSITIVE RELATIONSHIP

By establishing a respectful and proactive relationship that fosters commitment to and partnership with your customer, you will develop trust, minimize the potential for an adversarial situation, and generally make the experience a better one, regardless of the outcome of the case.

When you are speaking to customers, whether in person or on the phone, you and your customer will get more out of the conversation by following a few simple rules:

- Be respectful of your customer; do not use condescending or “superior” tones.
- Speak in terms your customer will understand. You will likely be more familiar with the regulatory terminology and language than your customer will be. Be prepared always to explain the rules and guidance in less “technical” terms.
- Practice active listening; you may learn something that wasn’t shared previously. Active listening involves hearing what another person is saying, understanding what they are saying, and making them know you are listening. Active listening requires a conscious effort on your part to paying attention and eliminating distractions during the conversation. A job aid on active listening steps is included in Appendix A.

- Be honest and objective; don't promise what you can't deliver.
- Expect strong reactions; don't take them personally. Remember, an adverse decision may alter your customer's livelihood and may provoke reactions such as fear, sadness or anger. You may be blamed, yelled at, or threatened. Be prepared to act appropriately, since your reaction may make the situation more volatile. Also, "grow a thick skin." Don't take a customer's anger or frustration personally. Keep in mind that you based your decision on the facts, and that the facts speak for themselves.

Leave your personal preferences and opinions out of all communication with your customers. You may think your customer lacks the skill, knowledge, or commitment necessary to succeed. However, base your decisions on the facts, not on your opinion.

WHEN TO COMMUNICATE VERBALLY

Knowing the decision to turn down a loan or deny program funding will affect your customer professionally as well as personally, great care must be taken to communicate the facts professionally, accurately and in a timely fashion.

When communicating verbally about an adverse decision, keep these things in mind:

- Tell your customer about the adverse decision **before** you present it in writing. By having a conversation first, you will eliminate the "surprise" factor and have an opportunity to explain some of the details.
- Telephone and in-person conversations require different approaches and are useful for different purposes.
- Details of your conversation will fade pretty quickly, so be sure you develop the habit of taking detailed notes.

Tell Them Before You Present it in Writing

All written adverse decisions should generally be preceded by a person-to-person meeting or a phone call, so you can explain the nature of the decision, the reasoning behind it, and the rights and/or next steps available to your customer.

In this way, you will avoid blind-siding the customer with the decision, which may minimize the negative impact.

By discussing the decision before you send the formal letter, you may learn something new, or additional information may be uncovered that could change the outcome. For example, let's consider a case in which the customer's available savings amount makes him ineligible for a loan. You are calling him with the unfortunate news.

Sample Audio Conversation**Conversation between FSA Loan Officer "Carmen" and Farmer "Joe":**

Carmen: Hi, Joe? It's Carmen at the Green Hills FSA office. Listen, I've gone through your case thoroughly. I've calculated and recalculated, and I'm afraid we're not going to be able to approve your application for the farm ownership loan. I wanted to talk...(interrupted)...

Joe: WHAT?! I gave you everything you needed! That's IMPOSSIBLE!

Carmen: You've been great about working through this with me and I appreciate it. It seems, though, that because you have \$250,000 in your personal savings accounts, you're able to get credit elsewhere and don't need FSA's assistance.

Joe: Wait, run that by me again?

Carmen: It's about liquid assets...You have...(interrupted)...

Joe: I get that...how much did you say I have?

Carmen: Your application states \$250,000.

Joe: 250 THOUSAND?! Oh my word! Carmen, that number is supposed to be 2 THOUSAND 5 HUNDRED! There are way too many zeros there! Oh my word, if I had \$250,000 of my own, I certainly wouldn't need to be coming to you for it now, would I?

Carmen: Well Joe, that changes the picture considerably. Let me revise that figure and rework the numbers. Can you get me your latest account statements quickly?

Joe: I'll go to the bank first thing and I won't leave until I have it in my hand.

Carmen: That's great, Joe. Let's see what we can do. I can't make any promises, but get those statements to me and then we'll talk again.

Joe: Will do, Carmen, thanks.

As you just read, when Carmen called Joe to tell him she couldn't approve his loan request, he reacted loudly. Rather than reacting with a similar tone and turning the conversation into an argument, Carmen gave a brief summary of the main reason for her adverse determination – that he has enough in personal savings to qualify for credit elsewhere.

Because she called before she sent the letter, she gave Joe the opportunity to recognize and point out that an error had been made. Carmen's calm and straightforward approach to this new information "told" Joe that she was listening and would re-evaluate.

Carmen gave Joe guidance on what to do and set up a meeting. She didn't give him a false sense of hope by promising a different outcome. Rather, she let him know that she would review the case in light of new documentation he was going to provide.

Telephone vs. In-Person Communication

There are times when telephone calls are adequate for communicating information, asking questions, or simply staying in touch. Some discussions, however, are better handled in person, and others should **only** occur in a formal, face-to-face setting.

Use telephone conversations for status checks, asking or answering questions, requesting additional information, and maintaining contact.

As a rule, when you are going to issue an adverse decision, call your customer before sending the decision in writing. But keep the conversation short and reserve weightier subjects – such as reviewing the specific reasons for a denial – by scheduling a face-to-face meeting when possible.

In addition, if a telephone conversation either leads to the need for a lengthy, detailed explanation or discussion, or if you sense that a face-to-face meeting would accomplish more, schedule the meeting.

Sample Audio Conversation

Conversation between FSA Loan Officer "Carmen" and Farmer "Joe":

Carmen: Hi, Joe? It's Carmen at the Green Hills FSA office. I've reviewed your application and your documentation carefully, and I'm just not going to be able to approve your loan. I thought you should know before I put this decision in writing.

Joe: WHAT?! That's IMPOSSIBLE! I NEED THAT LOAN!

Carmen: I understand, Joe. The fact is, you have \$250,000 in outstanding loan balances already, and the records show several missed payments. I can't approve this loan and add to your debt, since you are already having a tough time paying off the debt you currently owe.

Joe: What are you talking about? I owe nothing! I paid everything off!

Carmen: That's not what the paperwork here shows, Joe.

Joe: I thought my bank would let you know. They were supposed to send you a statement. They know how important this is to me!

Carmen: Why don't you bring the statement down here tomorrow at 10, and we'll talk about this again? If you have paid off your debts, we may be able to work this out. I can't promise you anything right now, especially given your late payment history. But if you've satisfied the outstanding debt, I can review the facts again and we can talk about your options.

Joe: I don't know if I can get to the bank. But you have to trust me on this. I paid those bills. You **HAVE** to approve this loan, Carmen.

Carmen: Well Joe, you know I am going to need the bank statements, and even then, I have to take your overall credit history into account. Give me just a minute to make a note in your file, OK?

Joe: Yeah, all right. But Carmen, that note needs to say "Approve Joe's loan."

Carmen: One minute, Joe. Thanks very much for being patient.
(Pause.)

Carmen: All right. So Joe, you need to work with your bank to get the documentation on your payments. Then call me and we'll set up a time for you to drop the paperwork off. We'll chat a little more then.

Joe: Well with or without those papers, I'll be at the office tomorrow at 10. We'll get this settled and I **WILL** get that loan.

Carmen: I'd be happy to meet with you Joe, but without the paperwork, my decision will have to stand. Come in and we'll walk through everything together.

Joe: OK, thanks Carmen.

Again, when Carmen called Joe to tell him she couldn't approve his loan request, he reacted loudly. And again, rather than reacting with a similar tone and turning the conversation into an argument, Carmen gave Joe a brief summary of the main reason for her adverse determination.

Joe's frustration and desperation was apparent to Carmen, and yet she remained calm and stuck to the facts.

Joe suggested that he had paid his debts but didn't know if he could get the paperwork. Nevertheless, he pushed for an approval. Carmen simply restated the requirement, adding that credit history was still a factor but that she would review the documentation when she received it.

The conversation ended with Carmen knowing Joe would be coming to the office – perhaps with but perhaps without the paperwork. She has time to prepare for an emotional in-person encounter.

**VERBAL
COMMUNICATIONS
KEY PRACTICES**

By implementing several key practices for verbal communications, you will make your telephone and in-person conversations effective. These key practices include:

- Be prepared. When possible, know what you are going to say before you start the conversation. Anticipate questions your customer might ask, and be prepared to respond.
- If you don't know the answer to a question, say so. Don't make up answers just to sound knowledgeable or confident; simply tell your customer you will find out and get in touch.
- Establish a two-way conversation; don't overpower the discussion – or let your customer do the same.
- Take notes of your conversations by keeping a running record or communications log.
 - A sample communications log/running record and a template are included in Appendix A
- Practice active listening.
- Stay cool under pressure and think before you respond. Remember, adverse decisions are often associated with high emotions. Listen to your customer's message more than to the tone, and then act on the message, rather than react to the emotion.

- Be prompt returning calls and be on time for meetings. Time management skills are important. Your job requires juggling priorities and balancing heavy workloads. One way to stay on track while remaining responsive to your customers is to block specific times of the day for listening to voice mail, placing and answering calls, and reading and sending email. By planning these tasks into your daily schedule, you'll minimize distraction and interruption. You'll be more focused on your conversations and correspondence when you are prepared for them, and you'll be able to carry out your other job responsibilities more efficiently.

Provide Guidance

Applicants often are not well versed in the loan process, FSA programs, agency regulations, or the laws that apply. It is your job to help them understand what it all means.

- **Get to know your customers and their operations.** This knowledge will help you as you work through your cases.
- **Be proactive** by keeping your customers and constituents informed. Schedule status checks – either to let them know where their case stands or to remind them they have information yet to provide.
- **Guide your customers** through the process; remind them about deadlines and make sure they understand what they need to do, what they need to provide, and when.
- **Ask questions and clarify information**, especially when something seems “odd” to you. Use your intuition. The more information you extract, the better the chances will be that issues will resolve themselves.

PROGRESS CHECK

This module has covered several best practices for verbal communication. You have learned about:

- Developing a Positive Relationship
- When to Communicate Verbally
- Verbal Communications Key Practices

The final segment of this module will cover:

- Body Language and other Nonverbal Cues

BODY LANGUAGE AND OTHER NONVERBAL CUES

Body language speaks as loudly as - sometimes even louder than - words. It's important to know how your own body language communicates messages to customers as well as how to read the body language of others.

When meeting in a face-to-face setting, it's easy for people to "read" your body language and other nonverbal cues.

Likewise, when you are meeting with a customer, you will have opportunities to "read" what they are telling you by observing their body language, which may help you set or revise the tone or approach of the meeting accordingly.

Body language is a form of nonverbal communication that consists of body posture, gestures, facial expressions and eye movements. People interpret body language both consciously and subconsciously, and body language goes both ways: your own body language reveals your feelings and meanings to others, while other people's reveals theirs.

Body language is especially crucial when you are meeting someone for the first time. For example, when customers enter your office, staying seated and gesturing for them to sit says something very different than standing and walking to meet them half way.

Body language and nonverbal communications include:

- Flippant or condescending “looks”
- Eye-to-eye contact – or lack of it
- Boredom or lack of focus on what a customer is saying
- Slouching, crossing arms, etc.
- Long pauses (indicating you’re unprepared)

Appendix A includes a list of body language behaviors and their typical meanings.

By being able to “read” body language, you will be better able to understand:

- What your customer means and how he or she feels;
- How your customer perceives **your** nonverbal signals and make corrections as necessary; and
- That giving and receiving information involves more than the words you say and hear.

Be careful of how you read body language. Sometimes a gesture or action may have a totally different meaning. For example, when a customer rubs her eye, you may think she’s doubting or disbelieving what you’re saying. It could simply mean she has something in her eye.

Appendix A includes a job aid on guidelines on nonverbal do’s and don’ts.

CHECK YOUR KNOWLEDGE

For each of the following, select the correct answer.
Refer to Appendix B for answers and explanation.

Question 1

I am displaying active listening when I:

- A. Do more than one thing at a time, to show I can multi-task and keep moving.
- B. Close my eyes, to show I'm concentrating.
- C. Look at my customer and acknowledge what he or she is saying without interrupting.
- D. Clarify points immediately when my customer says something I think is wrong.
- E. All of the above.

Question 2

I should talk to my customer in person or on the phone about an adverse decision because:

- A. I won't have to spend time writing a letter.
- B. I don't want to blind-side my customer with a letter he doesn't expect.
- C. My customer may tell me something that I didn't know or that I missed.
- D. A, B, and C are correct.
- E. B and C are correct.

KEY POINTS

- Use telephone conversations for status checks, asking or answering questions, requesting additional information, and maintaining contact.
- Reserve weightier subjects – such as reviewing the specific reasons for a denial – by scheduling a face-to-face meeting.
- Be well prepared. When possible, know what you are going to say before you start the conversation.
- Don't overpower the discussion – or let your customer do the same.
- Take notes of your conversations.
- Practice active listening.
- Stay cool under pressure and think before you respond.
- Be prompt returning calls and be on time for meetings.
- Get to know your customers and their operations. This knowledge will help you as you work through your cases.
- Guide your customers through the process.
- Document everything related to a case by keeping a communication log or running record.
- Understand the importance of body language and other nonverbal cues.

Written Communications Best Practices

INTRODUCTION

In earlier modules you learned about the nature of adverse decisions from a customer and an agency perspective and the importance of communicating decisions thoroughly and accurately.

In the last module, you learned about many key practices associated with communicating adverse decisions through conversation and by interpreting body language and other non-verbal cues.

In this module, we will focus on the ingredients of a well written adverse decision letter and on the skills you need to develop to turn out written determinations that are accurate, comprehensive and informative.

Because you need to present all adverse decisions in writing, it is critical that you understand how to create effective adverse decision letters.

This module focuses on developing effective adverse decision letters. Specifically, you will learn about:

- What Letters Must Convey
- Getting Organized
- The Well-Written Letter: The Decision (Opening)
- The Well-Written Letter: The Reasoning (Body)
- The Well-Written Letter: The Next Steps (Conclusion)
- Grammar and Spelling
- Using the Buddy System to Review
- Practice Tips

WHAT LETTERS MUST CONVEY

When communicating any adverse decision in writing, you must keep your purpose in mind from beginning to end. Your letters must convey your decision, your reasoning, and your customer's options, including the affording of applicable rights to reconsideration, appeal, and mediation. Letters that are well thought out will be thorough and accurate.

Written communication may range from a brief note or email indicating that a customer needs to submit additional information to a complex adverse decision letter or briefing that includes a comprehensive discussion of the issues. Regardless of the complexity, all written communications should:

- Reflect courtesy and an understanding of your customer. Your letter doesn't need to be overly personal, but it should speak directly to your reader.

State the rules and then state the facts and findings, which will tie the specifics of the case to the regulations. Explain the technical details of the regulations in language the customer will understand. Help them understand the language and what it means to their enterprise. In other words, write to inform, not to impress. Cite the regulatory and Handbook guidance, and explain it as necessary, so your customers will understand. Remember, your customers will not likely be as knowledgeable as you are about the regulations.

Regulatory guidance is available in the Code of Federal Regulation (CFR).

- In addition, your FSA Handbooks contain information and guidance on adverse decision letters.
- Keep it simple: include all of the pertinent facts, but leave out information that is not important to the decision. When working a case from start to finish, you will accumulate a considerable amount of information, but include in your letter only the information that supports the regulations or requirements directly.

GETTING ORGANIZED

A well-structured adverse decision letter requires careful organization. By taking the time in advance to get organized, your communication will be more thorough, more understandable, and more effective.

Well-organized adverse decision letters are:

- Concise but detailed enough to explain the decision and the associated regulations effectively to the customer.
- Based on facts that support the decision.
- Clear about the options and next steps for your customer – either to overcome the shortfalls or to dispute the decision.

Before You Begin

Before you begin:

- Collect all documentation, including the case file, your communications log, and any other notes or supporting information you have gathered.
- Access the regulations and/or handbooks you will need to justify your position and identify the pertinent sections.
- Think about your customer and about how best to communicate with him or her.
- Outline your letter before you begin writing, to be sure you organize the facts and your thoughts.
- Plan enough time for review by someone else before you send your letter.

A preparation checklist is included in Appendix A.

PROGRESS CHECK

This module has introduced you to the things an adverse decision letter must convey and has given you some pointers on getting organized.

- What Letters Must Convey
- Getting Organized

The next segment of this module will introduce the mechanics of developing a well-written adverse decision letter:

- The Well-Written Letter: Overview
- The Well-Written Letter: The Decision (Opening)
- The Well-Written Letter: The Reasoning (Body)
- The Well-Written Letter: Next Steps (Conclusion)
- Grammar and Spelling
- Using the Buddy System to Review

THE WELL-WRITTEN LETTER: OVERVIEW

Writing an effective adverse decision letter involves more than cutting and pasting regulations and standard language into a document addressed to your customer. Every decision will be different and unique in some way, so every decision letter must be tailored specifically to the case.

Think of your letter in segments:

- The **opening paragraph** should communicate the decision. By stating the decision up front, your customer will know immediately what the letter is about and what the outcome was.
- The **body** of the letter should communicate the reasoning and justification for your decision. This is the section that supports your decision. It will include regulatory and Handbook references, as well as a description of the deficiencies and/or other findings.

- The **conclusion** should provide the customer with next steps. The conclusion will likely be several paragraphs and will explain the steps your customer can take for reconsideration, mediation, or appeal. It will also include standard nondiscrimination language, which is mandatory for all adverse decision letters.

The Well Written Letter: Opening (The Decision)

Your entire letter will be based upon and support your decision, and so your opening paragraph should state the decision clearly. Burying the “bad news” in the body of the letter will only frustrate your reader. Instead, make your opening a summary of your decision, followed by a brief explanation of the contents that follow.

Strong opening paragraphs should:

- **Describe the case.** For example, “I have reviewed your application for a direct loan in the amount of \$100,000 for general operating expenses.”
- **Describe your decision.** For example, “Unfortunately, we are unable to approve your application.”
- **Describe the contents of the rest of the letter.** For example, “This letter explains the reasons for my decision and provides you with guidance on remedies you may consider before reapplying as well as actions you can take if you believe my conclusion is incorrect.”

Appendix A contains a job aid that shows examples of strong and weak opening paragraphs.

**Opening Paragraph
Do's and Don'ts**

The following table presents some best practices and mistakes to avoid when writing your opening paragraph.

Do	Don't
<ul style="list-style-type: none"> • Start by referencing the case you are writing about. • Get to the main point – the decision – quickly. Avoid lengthy introductions and don't spend a lot of time explaining the background. • "Introduce" the contents of the rest of the letter. For example, "This letter explains the reasons for our decision and provides you with information about options you can consider." • Be courteous, and temper your tone to convey some level of compassion. Your tone will affect readability and reaction. For example, you can soften a statement such as "Your loan has been denied" with a few words: "Unfortunately, we cannot approve your loan request." 	<ul style="list-style-type: none"> • Begin your letter with a quote from the regulations. • Leave out the decision. You won't make bad news better by burying it in the body of the letter. • Include reasoning or recommendations; save those for the body and conclusion. Instead, state that the letter contains these things. • Start your letter by using a harsh, condescending or "I told you so" tone. Use simple, straightforward language, tempered with understanding.

CHECK YOUR KNOWLEDGE

Read the following opening paragraphs and then answer the related questions.

Refer to Appendix B for answers and explanation.

Question 1

Dear Mr. Jones:

You applied for cost share assistance under the Emergency Conservation Program (ECP). Your application is being denied.

Is this example a strong opening?

- A. Yes
- B. No

Question 2

Dear Mr. and Mrs. Beach:

This letter responds to your application for Farm Service Agency Direct Loan Assistance. We have carefully reviewed your application for eligibility and feasibility for an Annual Operating Loan of \$300,000. We have determined that you are not eligible for this assistance and that your plan is not feasible. Unfortunately, we must deny your request. The reasons for our decision follow.

Is this a strong opening?

- A. Yes
- B. No

Question 3

Dear Mr. Chaplin:

The Pickles FSA County Committee (COC) has carefully reviewed the facts and calculations relative to the loss claim on your spring 2020 cucumber crop of 795.7 acres covered under the Noninsured Crop Disaster Assistance Program (NAP). The claim was filed for losses caused by prolonged and extreme heat in June 2020. The COC appreciates your explanation of cucumber grading and contract pricing. The COC has approved the application for payment. However, no payment will be earned on the claim based on the following factual determination and/or reasons:

Is this a strong opening?

- A. Yes
- B. No

Question 4

Dear Mr. and Mrs. Hill:

The Night FSA County Committee (COC) has reviewed your application for assistance on fall planted eggplants under the 2020 Non-insured Crop Disaster Assistance program (NAP). According to Handbook 1-NAP (Rev. 1), par. 885c, producers will not be eligible for NAP benefits on any crops not selected for coverage. In reviewing your CCC-471, Application for Coverage, you did not select the fall planting period for eggplants for coverage. Therefore, the Committee cannot approve your application because you do not have coverage.

Is this a strong opening paragraph?

- A. Yes
- B. No

Question 5

Dear Mr. and Mrs. Robinson:

This responds to your request for a direct annual operating loan and a direct term operating loan to refinance a debt to Mr. Robinson, refinance a delinquent real estate payment to Rocky Top Mortgage Company, and to refinance a cattle loan with Bovine Bank.

Is this a strong opening?

- A. Yes
- B. No

**THE WELL-WRITTEN
LETTER: THE
REASONING (BODY)**

Your opening paragraph stated the adverse decision clearly. It explained the “what” of the communication. The body of your letter provides the “why” details and should contain all of the reasoning behind your decision. It should include specific references to applicable laws and regulations, supported by your findings.

To make the body of your letter strong:

- Include ALL reasons for the denial. Applicants can appeal and often do so successfully. Remember, if this decision goes forward for reconsideration and/or appeal, it can be overturned for just one reason. Be thorough. If you have five reasons for denying an application, cite all five.

- Include the regulations and guidance, but keep in mind that you will be far more familiar with their meaning than your customers will be. When necessary, explain the technical information for your customer.
- Be sure any standard, "canned" language you use is appropriate for the case.
- Include only the facts that tie directly to your determination.

Appendix A contains a job aid with examples of strong and weak adverse decision letter bodies.

CHECK YOUR KNOWLEDGE

Read the following passages and answer the related questions.

Answers and explanation are included in Appendix B.

Question 6

Handbook 3-FLP, Par. 352C [7 CFR 764.401(a)(1)(i)] states that the Agency will approve a loan only if it determines that: The applicant's farm operating plan reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met.

Handbook 1-FLP, paragraph 241B [7CFR 761.104(c)(1) states that the farm operating plan will be based on accurate and verifiable information. Historical information will be used as a guide

In completing your Farm Operating Plan (FOP), the Agency used your tax returns, historical information on yields, the FSA-2038, "Farm Business Plan Worksheet" submitted by you and the APH as a guide in completing the projection for crop year 2010. Your yield projections were significantly higher than the APH. The Agency used your yield projections. The Agency also used most of your operating expense projections, where they were considered to be realistic. The expense projection on your FOP is less than your projection. The requested amount was \$300,000. The projected loan amount came to \$284,700. This left \$235,064 plus interest to CFC that would not be refinanced. Your projected off farm income was \$51,000. In your FOP, you received the benefit of the 5-

year average of \$101,408. Owner withdrawals were a combination of your projected \$20,000 living expenses, the \$10,000 life insurance premium, and personal debt installments. The projected loan was termed at seven years at 2.875% interest. The Farm Operating Plan is not feasible, therefore denied.

Is this a strong approach to an adverse decision letter body?

- A. Yes
- B. No

Question 7

Feasibility

[7 CFR 764.401(b)(1)] states that “The Agency will not approve a loan if it determines that the applicant’s farm operating plan does not reflect a feasible plan.”

[7 CFR 761.2] defines a feasible plan as when “an applicant or borrower’s cash flow budget or farm operating plan indicates that there is sufficient cash inflow to pay all cash outflows.”

FSA Handbook 3-FLP Par. 351 C Feasibility states:

- The farm operating plan must show the loans, farm operating, and family living expenses and all other obligations will be repaid.
- The operating and family living expenses, nonfarm income, and farm and other income included in the farm operating plan should be realistic and supportable.
- The projected production must be realistic and based on the applicant’s or operation’s history.

The proposed farm business plan, based upon your historical information, current verifiable operating expenses, and ALL debts and debt payments due and payable, is not feasible. Based on our figures, the projected plan shows a negative cash flow of \$142,114 as a result of two payments to Mountaintop Credit Union being due and payable within the same operating cycle totaling \$55,611, 2008 income taxes outstanding in the amount of \$22,610, the non-farm debts

that are currently due and payable from the credit report totaling \$72,832, and the HUD/FHA loss claim outstanding for \$101,204. Furthermore, the plan submitted did not accurately reflect history, with the projected operating expense ratio being 29.55%, compared to a historical operating expense ratio at 38.36%.

Unauthorized Loan Purpose

[7 CFR 764.251(a)(10)] OL funds may only be used for refinancing farm-related debts other than real estate to improve the farm's profitability.

Your proposal to refinance your debt to Henry Oliver is not an authorized OL loan purpose.

[7 CFR 764.251(a)(4)] OL funds may only be used for scheduled principal and interest payments on term debt provided the debt is for authorized FO and OL purposes;

FSA Handbook 3-FLP Par. 201 E states that "the payment must be the current year's installment and cannot be delinquent".

Your request to pay your delinquent 2008 real estate installment due at Rocky Ridge Mortgage is not an authorized OL loan purpose because the installment is currently delinquent.

Eligibility

[7 CFR 764.101(d)] states that "The applicant must have acceptable credit history demonstrated by debt repayment."

[7 CFR 764.101(d)(1)] further states that "the Agency may examine whether the applicant has properly fulfilled its obligations to other parties, including other agencies of the Federal Government."

[7 CFR 764.101(d)(3)] states that "A history of failures to repay past debts as they came due when the ability to repay was within the applicant's control will demonstrate unacceptable credit history."

[7 CFR 764.101(f)] states that "the applicant and anyone who will sign the Promissory Note must not be in delinquent status on any Federal debt at the time of loan closing."

A credit report obtained with reporting agencies of Equifax, Experian, and Trans Union shows:

- Four (4) foreclosures/repossessions of real estate investment property mortgages within the past 3 years; including a HUD/FHA loan, on which a claim was paid on your behalf in the amount of \$101,203.42 and is still outstanding
- Three (3) open accounts/charge-offs from the foreclosure of real estate investment property in the amounts of \$28,681.00, \$22,344.50, and \$11,287.00,
- Five (5) open collection accounts, which total \$6,543.00
- Three (3) paid collection accounts within the past two years, one of which was settled for less than the debt owed
- Two (2) repossessions of automobiles within the past 2 years
- An open delinquent account for a vacation package with a balance of \$19,204.00.

Note to writer: Do not forget to add language regarding information obtained from credit reports, the customer's right to disagree/dispute its information, and the customer's right to obtain a copy of the report (Handbooks 1-FLP Par.48, 3-FLP Par.73 and 1-APP).

Further information was obtained from creditors with whom you currently have loans that are not reflected on the credit report, and from the lenders to whom you had applied prior to applying to FSA for a farm operating loan. Lenders indicated the main reason for their denial of new farm operating credit was due to your poor credit history with them.

Due to the above information, you are not eligible for Farm Service Agency direct loans.

Is this a strong body?

- A. Yes
- B. No

Question 8

According to Handbook 1-NAP (Rev. 1), par. 253A, a NAP payment is based on the producer's actual yield and must suffer a 50 percent loss to receive a NAP payment. The review revealed that your total production for sweet peas exceeded the disaster level. Even though the County Committee disapproved your application, this claim would not have been eligible for a disaster payment.

Is this a strong body?

- A. Yes
- B. No

Question 9

FSA Handbook, 2-FLP, Paragraph 151 states: The loan applicant's proposed operation must project a feasible plan. The cash flow budget analyzed to determine feasible plan must represent the predicted cash flow of the operating cycle. For standard eligible lenders, the projected income and expenses of the borrower and operation used to determine a feasible plan must be based on the loan applicant's proven record of production and financial management.

The 2020 operating plan as developed has grossly underestimated Mr. Washington's operating expenses. The last two average farm operating expenses excluding depreciation and interest is \$425,500 or \$21.93/Ewe. The 2020 projection is only \$186,145.00 or \$43.71/Ewe. Granted Mr. Washington is renting out rather than farming 235 acres this year, but even with this expense removed from the budget, the expenses have been underestimated. The University of Sunnyside 2018 Livestock Cost and Returns Estimate shows an annual cost of \$101.92/Ewe without interest. This study supports the cost of the operating expenses should be greater than submitted.

Mr. Washington's Farm Income/Expenses Summary also shows that he has been unable to meet his existing debt service payments in each of the last three years. FSA believes that the 2020 payments will be the same or close to the same as the previous annual debt service requirements. It is true that the debt payment of the long-term liability will be reduced, but this will be offset by the increase of the short-term debt that will be going up. FSA does not believe a feasible plan can be found for the 2020 crop year, based on the information you have provided to FSA. This is based on the U of S studies for livestock expenses and the past two-year historical. Based on this information, a feasible plan for 2020 cannot be obtained and FSA will be unable to approve your loan request.

Is this a strong body?

- A. Yes
- B. No

**THE WELL-WRITTEN
LETTER: NEXT STEPS
(CONCLUSION)**

The conclusion paragraphs provide the customer with the next steps they can take. Some are unique and optional, but several convey required, standard language.

*Unique, Optional
Paragraphs*

Unique or optional paragraphs sometimes include information about rectification or guidance on alternatives, if applicable. If your customer can do something to overcome weaknesses and perhaps receive a positive result in the future, put the guidance in writing. These options will be unique to the case and may provide some encouragement to your customer. Remember, however, to stick to the facts; do not give your customer a false sense of hope.

Appendix A includes an example of a unique alternative paragraph.

**Standard and
Required Paragraphs**

All letters must contain standard paragraphs, including:

- Reconsideration, mediation and appeal rights as outlined in Handbook 1-APP.
- The standard nondiscrimination and equal opportunity language.

Be careful! Some cases cannot be appealed. If the case you are writing about falls into this category be sure you include the associated standard language to be used to afford the customer rights to an appealability review. Decisions involving cases that do not have any disputes of fact are not appealable. Participants have the right to appeal when there is a question of fact or when there is some dispute as to the correct application of a rule, regulation, or generally applicable provision. However, participants cannot appeal the rules, regulations, or generally applicable provisions themselves.

Letters notifying participants that a decision is not appealable must clearly explain to the participant the reasons that the decision is not appealable. Avoid using general and vague statements that do not sufficiently demonstrate the reasons that the decision is not appealable. For a list of matters or issues that are not appealable, refer to FSA Handbook 1-APP.

**CHECK YOUR
KNOWLEDGE**

Read the following passages and answer the related questions. Refer to Appendix B for answers and explanation.

Question 10

Bill's customer told him that she is going to appeal this decision. Which of the following options should Bill apply?

- A. He should leave out the reconsideration and mediation options, since the customer won't use them.
- B. He should include all the options because they are required.
- C. He should put the appeal option first, because he knows that's the one the customer is going to use.
- D. None of the above.

Question 11

Sally is concerned her letter is becoming very long. She should:

- A. Give the customer her phone number and tell him to call if he wants to know his options
- B. Include all options
- C. Paraphrase all options
- D. Leave the options out all together, since he doesn't stand a chance.
- E. None of the above

Question 12

Reuben thinks the nondiscrimination paragraphs are overused legal-ese and no one ever pays attention to these statements. He should:

- A. Include them because they are part of the standard language.
- B. Leave them out because no one is going to notice that this language is missing.
- C. Rewrite them to be more 'plain language' for the reader.
- D. None of the above.

PROGRESS CHECK

You have now learned the building blocks of a well-written adverse decision letter. This module has introduced you to the things an adverse decision letter must convey and has given you some pointers on getting organized. It has also introduced you to the mechanics of developing a well-written adverse decision letter.

The final two segments of this module will cover the importance of grammar and spelling, as well as tips for reviewing adverse decision correspondence:

- Grammar and Spelling
- Using the Buddy System to Review

GRAMMAR AND SPELLING

Sometimes even the most complete adverse decision letters fail to be good, strong ones. Simply put, poor grammar, incorrect spelling, and typographical errors kill credibility. In addition, while many people write similarly to how they speak, using slang or heavy jargon is inappropriate in business correspondence. Taking the time to make sure your adverse decision letter is well written, grammatically correct and error-free will demonstrate that you gave the letter the priority it deserves.

Poor grammar and incorrect spelling can also inadvertently change the meaning of your statement. In addition, typographical errors – especially when presenting dollar figures, percentages, and other number-based information – can misstate the facts.

Consider these examples:

- Trees that are struck by “lightening” pale in comparison to those that are struck by “lightning”.
- The “cost per ewe” assumes the price of the animal, whereas the “cost per you” assumes someone stated a price.
- You may be referring to a “cattle herd,” but not likely to what the “cattle heard.”
- “Meditation” might be an option for some, but “mediation” is the option offered by FSA.
- Be especially careful when you are presenting numbers. One extra zero, for example, is the only difference between \$1,000 and \$10,000. If an application concerns an operation on 50 acres, a simple error could put that at 5 or 500.

Such errors can lead to confusion, unnecessary rework, and at the extreme, severe consequences.

Proofread everything for spelling and grammar, as well as for the accuracy of your statements. Also, ask for help, even if you consider yourself to be a strong writer. It’s nice to get a fresh perspective.

Appendix A includes a job aid on proofreading tips.

USING THE BUDDY SYSTEM TO REVIEW

No letter should leave the office without at least one review from someone other than you. As the writer, you know what you *meant* to say. The question becomes, did you actually present it so other readers could understand it?

- It's a challenge to read your own writing impartially. In addition, because you are familiar with the content of your letter, your tendency will be to read what you expect to see there. As a result, you may overlook misstatements, inaccuracies or errors.
- The frequency with which you develop adverse decision correspondence correlates to your ability to write them effectively. Low-volume offices write these letters infrequently, and therefore should rely on help from peers and others as a mandatory rule.
- If you work in a small office, establish relationships with other offices.
- Don't take suggestions, comments, or criticism personally. We share the common goals of communicating well and of representing the agency professionally.

KEY POINTS

- When writing an adverse decision letter, keep your purpose in mind. Your letter must convey your decision, your reasoning and your customer's options.
- Well-structured adverse decision letters require careful organization. Prepare by collecting all documentation, accessing the regulations and Handbook guidance, and outlining your letter to organize your facts and thoughts.
- Think of your letter in segments:
 - The opening paragraph communicates the decision.
 - The body communicates the reasoning and justification for your decision
 - The conclusion provides the customer with next steps.

- Proofread everything. Poor grammar, incorrect spelling and typographical errors will eliminate your credibility and may misstate facts, leading to serious consequences.
- Have at least one person review your letter before you send it.

Tying It All Together

INTRODUCTION

By building your verbal and written communications skills, you will add significant value to your professional toolset, and you will find improvement in every aspect of your job.

This module reviews and summarizes the best practices for communicating adverse decisions effectively, and introduces the Resources section.

Topics to be covered in this module include:

- Do's and Don'ts for Communicating Adverse Decisions
- Practice Makes Perfect
- Resources

DO'S AND DON'TS OF EFFECTIVE COMMUNICATION

Follow these general guidelines for more effective verbal and written communication:

- Good people skills are essential.
- Put yourself in your customer's shoes. Speak and write to your customer the way you would want to be communicated to yourself.
- Understand the process, the rules of the program, and the facts of the case, and be confident communicating about them.
- If you can tell your customers the what, the why, and the how, then you're communicating effectively.
- Don't assume your customers know. Explain and educate.
- Don't let emotions come into play; stick to the facts and keep it professional.
- Ask your peers or supervisors for help, and ask them to review your letters before you send them.

Of course, the more you speak and write, the sharper your skills will become. Practice will improve your communications skills immeasurably. The next few screens will give you ideas on methods for practice, while the Resources section includes practice role-play scenarios and writing exercises you can use after you complete this training.

Practice Speaking

Speaking effectively in a business setting is a learned skill, not necessarily an automatic one. It takes practice and a healthy measure of self-awareness to be a confident, compassionate speaker in a professional setting. Resources contains practice scenarios for you to use to enhance your skills outside of this CBI (e.g., on your own, during staff meetings).

- **Practice thinking before you speak.** Pause long enough to gather your thoughts so you don't stumble over your words or struggle to find the right ones.
- **Practice speaking in front of a mirror.** Watch your body language and listen to your tone.
- **Role play the conversation** with a colleague if you anticipate a challenging meeting with a customer.
- **Practice listening.** Remember, active listening is a key component of successful conversation.
- **Plan your conversations.** Anticipate customer statements, comments and questions, and then practice responding and answering them.

Practice Writing

Effective business writing takes practice. The more you write, the better you will become. The Resources section contains practice scenarios for you to use to enhance your skills outside of this CBI (e.g., on your own, during staff meetings).

- **Write daily.** Consider keeping a journal, and don't limit your topics. Write about things that interest you. The goal is to get comfortable with the writing process and with the associated grammar and spelling skills that are part of it. By writing frequently, you will build confidence in your writing skill, sharpen your language skills, and improve your capability.
- **Read daily.** The more you read, the more aware you will be of how things get written. Reading is one of the best teaching tools available for building strong writing skills.
- **Edit existing letters.** Find correspondence in your office and revise them to make them clearer or more accurate. Note things you would have done differently had you been the original writer.

RESOURCES

The resources included with this training will help you implement communications best practices and give you access to quick references on the job. In addition, because practice will improve your communications skills, there are several exercises you can use on your own or in a group setting.

KEY POINTS

- By building your verbal and written communications skills, you will add significant value to your professional toolset, and you will find improvement in every aspect of your job.
- The more you speak and write, the sharper your skills will become. Practice will improve your communications skills immeasurably.
- Speaking effectively in a business setting is a learned skill, not necessarily an automatic one. It takes practice and a healthy measure of self-awareness to be a confident, compassionate speaker in a professional setting.

- Effective business writing takes practice. The more you write, the better you will become.
- The Resources section contains several exercises you can use on your own or in a group setting.

COURSE SUMMARY

This course has taught you some of the key practices for communicating adverse decisions for the Farm Service Agency. You have learned about how to build strong verbal and writing skills to communicate these critical determinations clearly, accurately, and with compassion.

Remember, while this training has focused on adverse decision communications, these skills will help you in all aspects of your job.

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Letter Writing Exercise 3	A-25

Job Aid: Essential Components of An Adverse Decision Letter

FSA is required by law and regulation to notify participants of adverse decisions. These notifications must contain the following common elements:

Component	Description
Decision	A brief explanation of the reason for the letter (e.g., that their application is being denied)
General Program Provisions	A statement about the program for which the applicant filed an application, executed a contract, sought a determination, or the provision that brought about the need for an administrative determination
FSA's Findings	A discussion of the pertinent facts based on specific references to either the application, contract, information submitted by the participant, or other relevant information or evidence that can be and is specifically cited and referenced in the decision letter
Discussion	An explanation of the findings, together with the general program provisions
Reiteration of the Decision	FSA's decision based on the general program provisions, findings and discussion
Next Steps	The steps the applicant can take for reconsideration, mediation and/or appeal
Mandatory Nondiscrimination Language	Standard, required paragraphs describing nondiscrimination policy

The following sample shows these elements.



January 28, 2011

Dear Mr. and Mr. XXXX:

United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service Agency

Farm Service Agency
1000 Pasture Lane
Glenlea, FS 54321

(123) 456-7890

FAX:
(123) 987-6543

[NOTE: The opening paragraph explains the decision clearly.] We appreciate the opportunity to review the facts relative to your Farm Service Agency (FSA) direct loan application. After careful consideration, the Farm Service Agency was unable to approve your application for a farm ownership loan to purchase 200 acres. This letter will explain the reasons for our decision and describe the options available to you.

[NOTE: Include specific regulatory language to establish the reasons.] According to Sec.764.401 of the Code of Federal Regulations:

Loan decision.

(a) Loan approval.

(1) The Agency will approve a loan only if it determines that:

- i) The applicant's farm operating plan reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met;
- (ii) The proposed use of loan funds is authorized for the type of loan requested;
- (iii) The applicant has been determined eligible for the type of loan requested;
- (iv) All security requirements for the type of loan requested have been, or will be met before the loan is closed;

[NOTE: Reason #1] It is our determination that your application does not reflect a feasible plan as required by the above regulation. A feasible plan is further defined by CFR761.2 as:

[NOTE: Add additional explanation as necessary.] 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.

[NOTE: The case-specific facts related to the regulations. These facts support Reason #1.] Your plan of operation shows a reliance on approximately \$15,000 in non-farm income to achieve feasibility. There is such a heavy reliance on non-farm income in this plan because your goat operation is showing very little profitability.

According to the plan, if the \$15,000 in farm payments and an additional \$15,000 in consumer credit payments are taken out of your non-farm income, it leaves only approximately \$10,000 for family living, which is far below your reported historical family living expense. Your income tax records and the increasing amount of debt you are carrying further support this analysis. A feasible plan is not possible at this level of debt.

[NOTE: Reason #2] It is also our determination that you are not eligible for the loan requested as required by the reference above. According to 7CFR764.101(d), “The applicant must have acceptable credit history demonstrated by debt repayment:

[NOTE: Regulatory language upon which you based Reason #2.](1) As part of the credit history, the Agency will determine whether the applicant will carry out the terms and conditions of the loan and deal with the Agency in good faith. In making this determination, the Agency may examine whether the applicant has properly fulfilled its obligations to other parties, including other agencies of the Federal Government.

[NOTE: The case-specific facts related to the regulations. These facts support Reason #2.] As of the date of your credit report, there were five delinquent accounts that were in collection or charged off. These accounts are as recent as December of 2007 and go back to July of 2001. These delinquencies would indicate a general pattern of unsatisfactory or slow payment, which would indicate an inability to carry out the terms and the conditions of a new loan.

[NOTE: A unique potential next step for the customer.] If in the future your operation can demonstrate a reliable credit history and profitability, the Agency would be happy to look at this credit request again.

[NOTE: Introduction to the standard options for the customer.] If you do not believe this determination is in accordance with applicable program provisions, the following options are available.

Reconsideration [NOTE: Standard language for reconsideration. Use a header to break up the paragraphs for easier reading, and to identify each option clearly.]

You may request that the Farm Loan Specialist reconsider this determination by filing a written request not later than 30 calendar days after the date of this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you request reconsideration, you may have the right to an informal hearing with the Farm Loan Manager which you or your representative may attend either personally or by telephone. If you choose to seek reconsideration, you may later appeal the determination to the National Appeals Division. To request reconsideration, write to the County Office at the above stated address and explain why you believe this determination is erroneous.

Alternative Dispute Resolution (ADR) [NOTE: Standard language for mediation. Use a header to break up the paragraphs for easier reading, and to identify each option clearly.]

Mediation through the State mediation program is available as part of FSA’s informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. The State mediation program may require you to pay all or part of the cost of

mediation. If you request mediation, the running of the time period in which you may file an appeal stops. When mediation closes, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation, you must submit the enclosed "Request for Mediation" not later than 30 calendar days after the date of this notice.

[NOTE: Add appropriate contact information.] To request mediation, write to the State mediation program at the following address and provide a copy to FSA.

Farmstate Mediation Service
1111 West North Road South
East Farmville, FS 54321
PH: (123) 555-6543
FAX: (123) 555-1234

In the alternative, you may seek another acceptable form of ADR.

Appeal to National Appeals Division (NAD) [NOTE: Standard language for NAD appeal. Use headers to break up the paragraphs for easier reading and to identify each option clearly.]

You may appeal this determination to NAD by filing a written request not later than 30 calendar days after the date you receive this notice in accordance with the NAD appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter. **[NOTE: Add appropriate contact information.]**

National Appeals Division, USDA
Northern Regional Office
P.O. Box 11111
Anytown, NS 22222-2222

[NOTE: Statement of time limit for reconsideration, mediation or appeal.] If you do not timely choose one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with the regulations at 7 CFR Part 780 and 7 CFR Part 11.

[NOTE: Standard nondiscrimination language.] The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

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, Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, D.C. 20250-9410, or call toll-free at (866) 632-9992 (English) or 800) 8778339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

Sincerely,

Joe Voe
Farm Loan Specialist

CC: DD – Andrews

Active Listening

Active listening involves **hearing** what another person is saying, **understanding** what they are saying, and **making them know** you are listening. Active listening requires a conscious effort on your part to paying attention and eliminating distractions during the conversation. Follow these steps to become an active listener:

1. Pay attention.

Give your customer your full attention. When you are meeting in person, watch as well as listen.

- Look at your customer directly.
- Don't let distractions take away your focus.
- Watch for non-verbal cues from your customer. Body language can say as much as the spoken message.

2. Show your customer that you are listening.

Use gestures or short comments to convey that you are fully engaged.

- Nod your head occasionally.
- Encourage the speaker to continue with short verbal comments, such as "yes," or "uh huh."
- Be sure your posture is open and inviting.
- Smile and use other facial expressions.

3. Provide feedback.

Your goal is to understand what your customer is saying, without being quick to make assumptions, judgments or conclusions.

- Paraphrase your customer's comments by paraphrasing what you heard, to get confirmation that you understand accurately and fully. For example, use terms such as "It sounds like you are saying ..." or "What I'm hearing is ..."
- Ask questions for clarification. Confirm your understanding by asking questions such as "What do you mean when you say ...?"
- Summarize your customer's comments at reasonable points during the conversation.

4. Don't judge.

Interrupting your customer will limit your understanding of the message.

- Let your customer finish his or her thought and think before you respond.
- Don't interrupt with your opinions or with counter-arguments.

5. Respond appropriately.

Active listening shows respect and garners understanding. It also gives you valuable information and perspective. You will gain nothing by putting your customer down.

- Be open and honest in your responses.
- When giving your opinions, give them respectfully.
- Treat your customer as you would want to be treated.

By practicing active listening, you will improve your relationships with customers and coworkers. You will become a better communicator.

Sample Communications Log/Running Record

Because of the detail required to produce a thorough and sound adverse decision determination, you should make it a habit to keep a log of every phone call, every meeting, and every action taken. You don't know when you'll need a piece of information, a date on which a conversation took place, or a summary of the steps you took, but this log will be a helpful repository of those details.

So, rather than relying on your memory, document anything and everything related to a case or application. Doing so will enable you to communicate confidently based on events and actions as they actually occurred, and will make the process of putting your adverse decision in writing far more efficient.

Every time you initiate or receive communication, and every time you perform an action related to a case, write it down. This will help you track events as they occur, plan for timely follow up, and provide you with a case history, which will help you when you write an adverse decision letter.

Refer to the sample in this job aid for guidance on the level of detail you may want in your log.

COMMUNICATIONS LOG/RUNNING RECORD			
Customer Name: <i>William Rancher</i>			
Case ID 12345			
Telephone(s): <i>(222) 333-4444</i>		Email: <i>No Internet</i>	
Date	Type of Meeting/Action (phone, in-person, other)	Summary (Details of the activity)	Followup Required (date, action)
<i>5/2/12</i>	<i>Walk-in</i>	<i>Met Mr. Rancher. He asked about the Crop Disaster program; said he lost half of his sweet pea crop in 4 of 5 units. Gave him the information and application.</i>	<i>Call in 1 week (5/9/12) to check status</i>
<i>5/3/12</i>	<i>Phone</i>	<i>Bill called with questions about documentation. Doesn't know if he can get it in time. Said he had 3 weeks to pull it all together.</i>	<i>Call 5/9/12</i>
<i>5/5/12</i>	<i>Phone</i>	<i>Bill called. Thinks he has everything. Wants me to review it. Scheduled meeting for tomorrow at 10 a.m.</i>	<i>Meeting scheduled for 5/6, 10 a.m.</i>
<i>5/6/12</i>	<i>Meeting</i>	<i>Reviewed application and documentation. Bill still missing pertinent data. Data he presented doesn't seem to indicate as great a loss. Advised on additional documentation needed.</i>	<i>Call 5/11/12 if no word from Bill</i>
<i>5/10/12</i>	<i>Meeting; unscheduled</i>	<i>Bill dropped by at noon with more paperwork. Wanted an immediate review and approval. Told him I'd review and let him know how things look by 5/12</i>	<i>Review 5/11 and call Bill by 5/12</i>
<i>5/11/12</i>	<i>Phone call</i>	<i>Called at 4:35 p.m. Losses do not qualify for this program. Bill upset. Scheduled meeting for 5/12</i>	<i>Meeting at 9 a.m. on 5/12</i>
<i>5/12/12</i>	<i>Meeting</i>	<i>Bill visibly upset. Walked through the adverse determination, showing Bill that the data show clearly that losses were at approx. 25% overall; program requires >35%. Advised on possible next steps. Said he would get my adverse decision in writing. Bill left disappointed but understood the reality.</i>	<i>Write adverse decision letter for review and distribution</i>

Examples of Body Language and Meaning

NONVERBAL BEHAVIOR	INTERPRETATION
Brisk, erect walk	Confidence
Standing with hands on hips	Readiness, aggression
Sitting with legs crossed, foot kicking slightly	Boredom
Sitting, legs apart	Open, relaxed
Arms crossed on chest	Defensiveness
Walking with hands in pockets, shoulders hunched	Dejection
Hand to cheek	Evaluation, thinking
Touching, slightly rubbing nose	Rejection, doubt, lying
Rubbing the eye	Doubt, disbelief
Hands clasped behind back	Anger, frustration, apprehension
Locked ankles	Apprehension
Head resting in hand, eyes downcast	Boredom
Rubbing hands	Anticipation
Sitting with hands clasped behind head, legs crossed	Confidence, superiority
Open palm	Sincerity, openness, innocence
Pinching bridge of nose, eyes closed	Negative evaluation
Tapping or drumming fingers	Impatience
Steepling fingers	Authoritative
Patting/fondling hair	Lack of self-confidence; insecurity
Tilted head	Interest
Stroking chin	Trying to make a decision
Looking down, face turned away	Disbelief
Biting nails	Insecurity, nervousness
Pulling or tugging at ear	Indecision

Source: www.plainlanguage.gov

Nonverbal Do's and Don'ts

BODY MOVEMENT	
<p>Do–</p> <ul style="list-style-type: none"> • Position yourself so that you face your customer • Stand or sit with good posture • Look toward your customer when he or she speaks 	<p>Don't–</p> <ul style="list-style-type: none"> • Turn your back to your customer • Stand in a fixed position • Slouch • Distance yourself from your customer
GESTURES	
<p>Do use natural and spontaneous gestures</p>	<p>Don't engage in such distracting behaviors as:</p> <ul style="list-style-type: none"> • looking at your watch • jingling change • twirling a pencil
VOICE/SPEECH	
<p>Do–</p> <ul style="list-style-type: none"> • Speak clearly • Vary your pace and volume 	<p>Don't–</p> <ul style="list-style-type: none"> • Mumble • Use “crutch” words such as “like” or “um”
FACIAL EXPRESSION	
<p>Do–</p> <ul style="list-style-type: none"> • Smile and act animated • Use natural facial expressions 	<p>Don't look uninterested</p>
EYE CONTACT	
<p>Do–</p> <ul style="list-style-type: none"> • Look your customer in the eye or at everyone in the group, if there is more than one person meeting with you 	<p>Don't–</p> <ul style="list-style-type: none"> • Avoid eye contact • Look beyond your customer (e.g., to the back of the office or at a clock)

Adverse Decision Preparation Checklist

Before you begin writing your adverse decision letter, gather everything you need:

- Case File
- Communication Log
- Other Notes
- Calendar, for verifying dates and providing action deadlines
- FSA Handbook
- 7 CFR Regulations

To prepare your letter:

- Develop a Letter Outline
- Draft Letter
- Review and Redraft
- Peer Review
- Proofread and Spell Check
- Verify that you have signatory authority for the letter and send the letter (i.e., that you don't need a supervisor to do so)

To finalize the process:

- Notify your customer and provide high-level summary
- Schedule a meeting (if necessary) to review the details of your letter
- Send letter

Examples: Opening Paragraphs

A **strong** opening paragraph might read something like this:

Dear Mr. and Mrs. Jones:

We appreciate the opportunity to review the facts related to your Farm Service Agency (FSA) direct loan application. Unfortunately, we cannot approve your request to finance equipment for increasing hay production. This letter explains the reasons for our decision in detail, and provides you with options you may choose to take.

This opening paragraph is well-written because it is:

- **Short and to the point;**
- **Explains the decision quickly and succinctly;**
- **It briefly explains the contents for the rest of the letter.**
- **The tone is friendly, and the use of the word “Unfortunately” before the denial adds a level of sympathy and compassion.**

A **weak** opening paragraph might read something like this:

Dear Mr. and Mrs. Jones:

Attached is our formal denial to your Farm Service Agency loan request. As harsh as it sounds, I am of the opinion that you need to get another season of haymaking under your belt to provide a better assessment of your capacity as a grower before the Agency can be comfortable lending you money for more equipment to make hay on a larger scale. I promote that you work on improving yields and quality on your smaller scale operation before you expand to the size you were talking about in your 2010 plan. Work on such concepts as soil fertility, hay variety and marketing. If you are able to show significant improvement to where you are hitting at least average yields, we can then contemplate lending you money to purchase equipment that would encourage working additional acreage.

This opening paragraph has several weaknesses:

- **It immediately conveys an “opinion.” Adverse decisions must be based on facts only, and must be presented as such.**
- **It presents recommendations too early in the letter. Recommendations are fine, but they should be presented after you present the regulations and related facts of the case.**
- **It’s very long. An opening paragraph should state the decision and outline contents of the rest of the letter.**
- **The tone is flippant. Using the phrase “as harsh as it sounds” is unnecessary and unprofessional.**
- **The tone is also condescending and casts an opinion of doubt. “If you are able to show significant improvement to where you are hitting at least average yields...” indicates that you don’t believe the customer can meet targets. Also, “...we can contemplate” connotes the possibility of a personal decision. Remember, opinions play no role in adverse decisions.**

Strong vs. Weak Adverse Decision Letters: The Body

A **strong** adverse decision letter body will present the regulations, guidelines or rules, followed by supporting evidence that is unique to the case. For example:

FSA Handbook 3-FLP Par. 66 A. [7CFR 764.101 (e)] states 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 property interests, income, and significant non-essential assets.

The individual balance sheets you provided show there is sufficient cash on hand and/or non-essential assets which could be used to provide funding for this operation.

John Doe	Checking Account	\$100,000.00
Dorothy Voe	Checking Account	\$130,000.00
	Certificates of Deposit	\$105,000.00
	Stocks	\$310,000.00
	Other Investments	\$200,000.00
Wilhelmina Noe	Savings Account	\$ 70,000.00
	Stocks	\$ 25,000.00
	Recreational Vehicles	\$275,000.00

Our evaluation shows you have sufficient non-essential assets that could be used to fund your proposed operation. Combined, you have \$1,215,000.00 of liquid cash or identifiable non-essential assets which would more than cover your request of \$300,000.00. Furthermore, we believe your funding requests can and should be secured at a Commercial Lending Institution.

A **weak** adverse decision letter body may lack the specific supporting documentation to back up the ruling. For example:

FSA Handbook 3-FLP Par. 66 A. [7CFR 764.101 (e)] states 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 property interests, income, and significant non-essential assets.

Our evaluation shows you have sufficient non-essential assets that could be used to fund your proposed operation. Your liquid cash or identifiable non-essential assets would more than cover your request of \$300,000.00. Furthermore, we believe your funding requests can and should be secured at a Commercial Lending Institution.

Unique Next Steps, Recommendations and Options for Customers

You have issued an adverse decision and have justified that decision well in the body of your letter. Before you provide the standard options available (e.g., reconsideration, mediation, appeal), give your customer recommended steps he or she can take to be in a better position in the future. For example:

You have issued an adverse decision and have justified that decision well in the body of your letter. Before you provide the standard options available (e.g., reconsideration, mediation, appeal), give your customer recommended steps he or she can take to be in a better position in the future. For example:

FSA recognizes that you will be changing your operation. It appears that you will not be farming tobacco, but will replace the acres with soybeans, cotton, and hay. We know the income and expenses will be somewhat different than the verified history, but the net from the farm operation will be similar to your history.

FSA suggests that you analyze your recordkeeping system to be sure that it keeps detailed accounting of your operation by enterprise. Tax records are excellent verification of your farming operation, but they do not provide specific details needed when you are trying to analyze specific profit and loss components of your farm.

This paragraph shows your understanding of the customer's current and near-term plan. With this understanding, your recommendation ties directly to the circumstances.

This paragraph presents a recommendation that will help the customer as the operation shifts – as well as enable him to present a more detailed accounting record should he seek funding in the future.

Tips for Effective Proofreading

Give it a rest	If time allows, set your text aside for a few hours (or days) after you've finished composing, and then proofread it with fresh eyes. Rather than remember the perfect paper you meant to write, you're more likely to see what you've actually written.
Concentrate	If you're going to spot mistakes, then you need to concentrate. That means getting rid of distractions and potential interruptions. Switch off the cell phone, turn off the television or radio and stay away from the email.
Look for one type of problem at a time	Read through your text several times, concentrating first on sentence structures, then word choice, then spelling, and finally punctuation. As the saying goes, if you look for trouble, you're likely to find it.
Review a hard copy	Print out your text and review it line by line: rereading your work in a different format may help you catch errors that you previously missed.
Read your text backward	Another way to catch spelling errors is to read backward, from right to left, starting with the last word in your text. Doing this will help you focus on individual words rather than on sentences.
Read your text aloud	You may hear a problem that you haven't been able to see. Ask a colleague to take turns reading it out loud with you, to catch errors and awkward-sounding phrases and to proof numbers.
Check the numbers.	Stating that the value of the farm was \$10,000 instead of \$100,000 is definitely not the same thing. What about the yield of potatoes? Was it 1.2 million pounds or 1.2 billion pounds? Make sure your numbers are correct.
Watch out for homonyms, contractions and apostrophes	<p>Homonyms are words that share the same spelling or pronunciation but have different meanings. Switching <i>accept</i> with <i>except</i> or <i>you</i> with <i>ewe</i> could be disastrous, so look for them.</p> <p>In addition, people often mix <i>their</i> and <i>they're</i>, <i>its</i> and <i>it's</i>, <i>your</i> and <i>you're</i> and so on. These kinds of errors immediately hurt the credibility of your text.</p> <p>Finally, remember that apostrophes do not get used to form plurals. You discuss the horses in the pasture, not the horse's (or horses') in the pasture.</p>
Check the punctuation	Focusing on the words is good, but check the punctuation as well. Pay attention to capitalized words, missing or extra commas, and periods used incorrectly. For adverse decision letters, don't use exclamation points
Use a spellchecker and your dictionary	The spellchecker can help you catch repeated words, reversed letters, and many other common errors, but be sure to check the suggested changes before you accept them, since spellcheckers are not always 100 percent accurate. Also, use your dictionary if you question whether or not you have used the right word. For example, would you find sand in a desert or in a dessert?
Create your own proofreading checklist	Keep a list of the types of mistakes you commonly make, and then refer to that list each time you proofread.
Ask for help	Ask someone else to proofread your text after you have reviewed it. A new set of eyes may immediately spot errors that you've overlooked, and a second person will be in a better position to evaluate whether what you've written makes sense or not.

Verbal and Nonverbal Communications: Role-Play Exercises

Scenario 1:

You are the CED for a small FSA office in a rural county. Mr. Jones comes in and asks about the Crops Disaster Program, saying he lost most of his cotton crop because of the early summer flooding. He wants to know how he can be paid for this loss.

You don't know Mr. Jones personally. You explain the program and the general eligibility requirements. Mr. Jones is anxious for payment soon because he has bills to pay. When you tell him it could be some time before he actually sees payment – if he qualifies – he becomes frustrated.

In this exercise, the CED must get Mr. Jones to leave the office feeling more at ease about the application requirements and the timeline.

For this scenario:

2 people will participate in this exercise: the CED and Mr. Jones.

The rest of the group should watch, listen, and note the strengths and the weaknesses. Pay attention to both what the CED says as well as how he or she “reads” non-verbal cues from Mr. Jones and presents non-verbal cues to Mr. Jones.

Take about 10 minutes for the role-play, and then discuss.

Scenario 2:

Mr. Jones has filled out his application and provided the documentation for Crop Disaster Program. You have reviewed the application and documentation and determined that his losses do not meet the requirements and he is therefore ineligible for the program. You have called him and told him this, and he is very upset. You have scheduled a meeting to go over the details.

Mr. Jones is visibly angry when he arrives at the office.

The CED has to present the facts as well as the options to Mr. Jones, and the challenge is to have Mr. Jones calmer when he leaves the office.

For this scenario:

2 people will participate in this exercise: the CED and Mr. Jones.

The rest of the group should watch, listen, and note the strengths and the weaknesses. Pay attention to both what the CED says as well as how he or she “reads” non-verbal cues from Mr. Jones and presents non-verbal cues to Mr. Jones.

Take about 10 minutes for the role-play, and then discuss.

Scenario 3:

You are an FLM at a busy FSA office. You have set up a meeting with your customer, Ms. Pickles, who has been turned down for a \$200,000 loan to finance equipment for a new dairy operation because of a poor credit history and a poor feasibility plan. Ms. Pickles has little farming experience; she married into a farming family whose credit history is also poor. You presume she is trying to get this loan to help pay family debt on existing operations. However, Ms. Pickles is known around town as someone who “gets what she goes after.” She doesn’t want to hear about the reasons why she is being turned down; she wants you to change your mind.

Over the course of the conversation, Ms. Pickles’ behavior is charming and persuasive, then dramatic, and then resigned to the outcome.

For this scenario:

2 people will participate in this exercise: the FLM and Ms. Pickles.

The rest of the group should watch, listen, and note the strengths and the weaknesses. Pay attention to both what the FLM says as well as how he or she “reads” non-verbal cues from Ms. Pickles and presents non-verbal cues to Ms. Pickles.

Take about 10 minutes for the role-play, and then discuss.

Scenario 4:

You are an FLM who is working with a producer whose understanding of English – and ability to communicate well in English – are lacking. You are trying to explain that he does not have an adequate feasibility plan – that his plan will not generate adequate income – and so you have turned down his loan request.

Frustration grows as you and Mr. Lu try to discuss the issues. How will you overcome the language barrier – and the mounting frustration – to communicate this adverse decision effectively.

For this scenario:

2 people will participate in this exercise: the FLM and Mr. Lu.

The rest of the group should watch, listen, and note the strengths and the weaknesses. Pay attention to both what the FLM says as well as how he or she “reads” non-verbal cues from Mr. Lu and presents non-verbal cues to Mr. Lu.

Take about 10 minutes for the role-play, and then discuss.

General Evaluation Tips for Role-Play Exercises

These role-play exercises were designed to give you practice discussing difficult issues and dealing with customers in a range of situations. “Spectators” should watch and listen to the FSA employee and to the FSA customer and evaluate the following:

1. Is the FLM or CED using “active listening” skills?

Active listening involves hearing what another person is saying, understanding what they are saying, and making them know you are listening. Active listening requires a conscious effort on your part to paying attention and eliminating distractions during the conversation. Is the loan officer or program manager displaying these active listening guidelines?

- Pay attention. Give your customer your full attention. When you are meeting in person, watch as well as listen.
- Show your customer that you are listening. Use gestures or short comments to convey that you are fully engaged.
- Provide feedback. Your goal is to understand what your customer is saying, without being quick to make assumptions, judgments or conclusions.
- Don’t judge. Interrupting your customer will limit your understanding of the message.
- Respond appropriately. Active listening shows respect and garners understanding. It also gives you valuable information and perspective. You will gain nothing by putting your customer down.

2. What “tone” is the FLM or CED using? Is it argumentative, condescending or harsh, or is it friendly, straightforward and professional?

3. What body language behaviors are being displayed (by either player), and are they being read by the other?

Body language and non-verbal communications include:

- Flippant or condescending “looks”
- Eye-to-eye contact – or lack of it
- Boredom or lack of focus on what a customer is saying
- Slouching, crossing arms, etc.
- Long pauses (indicating you’re unprepared)

4. Overall, how well did the FLM or CED resolve the issues?

5. What could the FLM or CED do differently to improve?



**United States
Department of
Agriculture**

March 10, 2020

New State Office
Farm Service
Agency

Lazy Days Farm LLC
1111 Easy Street
Yourtown, NS 12345

New State Office
1234 5th Street
Anytown, NS 98765

Dear Mr. John Doe:

Phone: 123-456-7890
Fax: 123-987-6543

This letter is in response to your request for Farm Service Agency (FAS) direct loan assistance. The direct term operating loan(s) you requested in the amount of \$100,000 and a direct annual operating loan in the amount of \$200,000 have been reviewed. We regret to inform you that you're request is being denied. This determination were made based on the following:

FSA Handbook 3-FLP Par. 66 A. [8CFR 764.101 (e)] states 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 property interest's, income, and significant non-essential assets.

The individual balance sheet you provided show there is sufficient cash on hand and/or non-essential assets that could be used to provide funding for this operation.

John Doe	Checking Account	\$100,000.00
Dorothy Voe	Checking Account	\$130,000.00
	Certificates of Deposit	\$105,000.00
	Stocks	\$310,000.00
	Other Investments	\$200,000.00
Wilhelmina Noe	Savings Account	\$ 70,000.00
	Stocks	\$ 25,000.00
	Recreational Vehicles	\$275,000.00

Farm Service Agency's evaluation shows you have sufficient non-essential aspects that could be used to fund your proposed operation. Combined you have \$1,215,000.00 of liquid cash or identifiable non-essential assets, which would more than cover your request of \$300,000.00. Furthermore, FSA believes your funding requests can and should be secured at a Financial Institution.

If you believe this decision or the facts used in this case are in error, you may pursue your rights by using the following options.

Reconsideration

You may request that Bart Tholemew reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice in accordance with FSA's appeal procedures found at 7 CFR Part 780. If you request reconsideration, you

Letter Writing Exercise 1

**There are 12 errors in this letter.
See if you can find:**

- **10 spelling, grammar, usage**
- **2 essential missing items**

Refer to the Proofreading Tips Job Aid for guidance about what to look for – and how to look for it.

have the right to an informal hearing with Bart Tholemew which you or your representative may attend personally or by telephone. If you choose to seek reconsideration, you may later appeal to the National Appeals Division (NAD) or Alternative Dispute Resolution (ADR). To request reconsideration, write to the Farm Service Agency at the following address and explain why you believe this determination is erroneous.

George Washington
Farms Service Agency
1 Cherry Tree Lane
Anytown, NS 12345

Alternate Dispute Resolution (ADR)

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the running of the time frame in which you may file an appeal stops. When mediation closes, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation you must submit your written request no later than 30 calendar days after you receive this notice. To request mediation write to the FSA State Executive Director at the following address:

Sandy Beach
New State FSA Office
555 5th Avenue
Othertown, NS 11111

In the alternative, you may seek another acceptable form of ADR.

Appeal to the Department of Agriculture National Appeals Division (NAD)

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter.

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with regulations at 7 CFR Part 780 and 7 CFR Part 11.

The Federal Equal Credit Opportunity Act prohibits creditors from discrimination against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Commission Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington DC 20580.

Sincerely,

Bart Tholemew
Farm Loan Chief

Cc: District Director, FSA, Bigtown, NS
Farm Loan Manager, FSA, Smallertown, NS

**United States
Department of
Agriculture**



New State Office
Farm Service
Agency

New State Office
1234 5th Street
Farmville, NS 22222

Phone: 555-555-5555
Fax: 555-555-4444

Lazy Days Farm LLC
1111 Easy Street
Yourtown, NS 12345

Dear Mr. Whipple:

This letter is in response to your request for Farm Service Agency (FSA) direct loan assistance. The direct term operating loan(s) you requested in the amount of \$100,000 and a direct annual operating loan in the amount of \$200,000 have been reviewed. We regret to inform you that your request is being denied. This determination was made based on the following:

FSA Handbook 3-FLP Par. 66 A. [7CFR 764.101 (e)] states 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 property interests, income, and significant non-essential assets.

The individual balance sheets you provided show there is sufficient cash on hand and/or non-essential assets which could be used to provide funding for this operation.

John Doe	Checking Account	\$100,000.00
Dorothy Voe	Checking Account	\$130,000.00
	Certificates of Deposit	\$105,000.00
	Stocks	\$310,000.00
	Other Investments	\$200,000.00
Wilhelmina Noe	Savings Account	\$ 70,000.00
	Stocks	\$ 25,000.00
	Recreational Vehicles	\$275,000.00

Our evaluation shows you have more than enough money to fund your operation. Your balance sheet show over a million dollars! Certainly you can cover \$300,000 by using some of your cash or non-essential assets. If not, you should probably just go to a bank, because you won't get any assistance here.

Letter Writing Exercise 2: Writing in a Professional Tone

For the following letter excerpt, rewrite the last paragraph using a more professional tone, based on the information provided.

USDA is an Equal Opportunity Provider and Employer



May 24, 2020

Ms. Melody Keys
Harmony Farm
P.O. Box 88
Singsong, NS 44444

Dear Ms. Keys:

I have carefully reviewed your application for a Farm Operating Loan. Your application has been denied based upon the following factual determination and/or reasons:

Handbook 3-FLP, paragraph 352C [7 CFR 764.401(A)(1)(i)] states that the Agency will approve a loan only if it determines that: The applicant's farm operating plan reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met. Handbook 1-FLP, Par. 241B [7CFR 761.104(c)(1) states that historical information will be used as a guide. In completing your Farm Operating Plan (FOP), the Agency used your tax returns, historical information on yields, the FSA-2038, "Farm Business Plan Worksheet" submitted by you and the APH as a guide in completing the projection for crop year 2010. Your yield projections were significantly higher than the APH. The Agency used your yield projections. The Agency also used most of your operating expense projections, where they were considered to be realistic. The expense projection on your FOP is less than your projection. The requested amount was \$300,000. The projected loan amount came to \$284,700. This left \$235,064 plus interest to CFC that would not be refinanced. Your projected off farm income was \$50,000. In your FOP, you received the benefit of the 5-year average of \$100,000. Owner withdrawals were a combination of your projected \$25,000 living expenses, the \$15,000 life insurance premium, and personal debt installments. The projected loan was termed at seven years at 2.875% interest. The Farm Operating Plan is not feasible, therefore denied.

Letter Writing Exercise 3: Organizing the Body

Rewrite this part of an adverse decision letter to make it more readable and straightforward to the reader.

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Appendix B: Exercise Feedback

Understanding Adverse Decisions.....	B-2
Verbal Communications Best Practices.....	B-4
Written Communications Best Practices	B-5
Letter Writing Exercise 1	B-8
Letter Writing Exercise 2	B-11
Letter Writing Exercise 3	B-12

Understanding Adverse Decisions

Question 1

True or False? You are required to communicate adverse decisions only to individual producers. You do not need to provide them in writing to lending institutions or other FSA constituents.

False. Regulations require that you communicate all adverse determinations in writing.

Question 2

True or False? When communicating an adverse decision, it's best to keep the letter as short as possible; customers won't understand the regulatory language anyway.

False. Citing the appropriate regulation language is a required component.

Question 3

Only County Executive Directors and Farm Loan Managers communicate adverse decisions.

False. Adverse decisions are communicated by the decision maker.

Question 4

If it's obvious to you that an application needs to be turned down for eligibility, feasibility, creditworthiness or timing reasons:

- A. Take the full, allotted time period before letting the customer know.
- B. Approve it anyway, if the producer really needs the money.
- C. Tell the customer promptly after thoroughly reviewing all information, cite all reasons, and provide him or her with available options, if there are any.
- D. Don't say anything; the applicant didn't comply with the rules, and so you're not obligated to do anything further.

The correct answer is C. Some applications will be found ineligible on a quick, initial review for any number of reasons. If this is the case, let the customer know immediately, and let him or her know whether options exist to correct the deficiencies. Delaying the communication may prevent the customer from making changes that will lead to a more favorable outcome. Also, do not approve an application if the basic requirements can't be met. Finally, even for these quick determinations, you are required to notify the customer or constituent of the adverse decision in writing.

Question 5

A well-documented and well-reasoned adverse decision benefits:

- A. FSA
- B. FSA Customers
- C. The public
- D. FSA Customers and FSA

The correct answer is D. Well-documented and well-reasoned adverse decisions are necessary for both your customers and FSA. For customers, they explain in detail your reasons for your decision, which helps to minimize negative reaction. They also offer guidance on actions customers can take to increase their chance of success in the future. For FSA, they reflect the agency's commitment to professionalism, while presenting all of the documentation necessary to support the decision in cases of reconsideration, mediation or appeal.

Verbal Communications Best Practices

Question 1

I am displaying active listening when I:

- A. Do more than one thing at a time, to show I can multi-task and keep moving.
- B. Close my eyes, to show I'm concentrating.
- C. Look at my customer and acknowledge what he or she is saying without interrupting.
- D. Clarify points immediately when my customer says something I think is wrong.
- E. All of the above.

The correct answer is C. You show you are practicing active listening when you look at your customer directly and use gestures or make short comments to convey that you are fully engaged.

Question 2

I should talk to my customer in person or on the phone about an adverse decision because:

- A. I won't have to spend time writing a letter.
- B. I don't want to blind-side my customer with a letter he doesn't expect.
- C. My customer may tell me something that I didn't know or that I missed.
- D. A, B, and C are correct.
- E. B and C are correct.

The correct answer is E. Telling a customer before sending an adverse decision letter will take the "surprise" factor away. In addition, through discussion, you may learn something new that could change the outcome.

Written Communication Best Practices

Question 1

Is this example a strong opening?

The correct answer is no. While it is adequate because it conveys the decision quickly, the tone is harsh. In addition, by highlighting what will follow in the body (justification) and closing (options), the reader will know what to expect.

Question 2

Is this a strong opening?

The correct answer is yes. The writer noted the reason for the letter, gave a short explanation of the actions taken that led to the decision, and then presented the decision clearly. The writer then told the reader what to expect next. The writer's tone is straightforward and professional; use of the word "unfortunately" connotes a measure of compassion.

Question 3

Is this a strong opening?

The correct answer is no. While there is nothing factually wrong with this opening, the writer presents immediate confusion. "The COC has approved the application for payment" leads the reader to conclude that his application has been approved. "However, no payment will be earned on the claim based on the following factual determination and/or reasons" conflicts with the "fact" that the application was approved. If the application approval was the result of timeliness and completeness, the writer should state so. However, that fact becomes erroneous to the actual outcome decision, which is a denial of payment. If both statements must be made, consider combining them into one sentence: "Although the COC approved your application, we have determined that you are not eligible for payment on this claim."

Question 4

Is this a strong opening paragraph?

The correct answer is yes. Although writers typically should reserve handbook guidance or other regulatory references for the body of the letter, this paragraph is concise and presents the determination clearly.

Question 5

Is this a strong opening?

The correct answer is no. This opening does not present the decision. The decision should be presented in the opening paragraph. It should not be buried within the body of the letter.

Question 6

Is this a strong approach to an adverse decision letter body?

The correct answer is no. The justification consists of one long, jumbled paragraph of information, making it difficult to follow. By breaking up the information into manageable thoughts - and then placing them appropriately with the related Handbook guidance, the reader will be able to follow your justification. Suggestion: break up the paragraph and place the appropriate information where it belongs underneath the corresponding Handbook guidance. To make the statements and facts more readable, use bullets to break up the string of numbers.

Question 7

Is this a strong body?

The answer is yes. This body is straightforward and based entirely on the regulations and the facts. The writer presents the requirements, followed immediately by the facts and supporting documentation. In addition, use of a bold font to separate the regulatory language and Handbook guidance from the case-specific supporting documentation makes this long body more readable.

Question 8

Is this a strong body?

The correct answer is no. The most significant shortcoming of this body lies in the second line. The writer indicates that the yield must suffer a 50 percent loss and that the total production exceeded the disaster level, but there are no supporting facts to back up the statement. By putting the supporting data into the body of the letter, you present a clear justification - and information that will be useful and readily available should the determination be brought up for reconsideration, mediation or appeal.

Question 9

Is the passage a strong body?

The correct answer is yes. This body is straightforward and based entirely on the regulations and the facts. The writer presents the requirements, followed immediately by the facts and supporting documentation.

Question 10

Bill's customer told him that she is going to appeal this decision. Which of the following options should Bill apply?

- A. He should leave out the reconsideration and mediation options, since the customer won't use them.
- B. He should include all the options because they are required.
- C. He should put the appeal option first, because he knows that's the one the customer is going to use.
- D. None of the above.

The correct answer is b. You are required to provide all applicable options in every adverse decision letter.

Question 11

Sally is concerned her letter is becoming very long. She should:

- A. Give the customer her phone number and tell him to call if he wants to know his options
- B. Include all options
- C. Paraphrase all options
- D. Leave the options out all together, since he doesn't stand a chance.
- E. None of the above

The correct answer is b. You are required to provide all applicable options in every adverse decision letter, regardless of length.

Question 12

Reuben thinks the nondiscrimination paragraphs are overused legal-ese and no one ever pays attention to these statements. He should:

- A. Include them because they are part of the standard language.
- B. Leave them out because no one is going to notice that this language is missing.
- C. Rewrite them to be more 'plain language' for the reader.
- D. None of the above.

The correct answer is a. You are required to include the standard nondiscrimination language in every adverse decision letter.



March 10, 2020

United States
Department of
Agriculture

New State Office
Farm Service
Agency

Lazy Days Farm LLC
1111 Easy Street
Yourtown, NS 12345

New State Office
1234 5th Street
Anytown, NS 98765

Phone: 123-456-7890
Fax: 123-987-6543

Dear **Mr. John Doe: (Dear Mr. Doe:)**

This letter is in response to your request for Farm Service Agency (**FAS**) (**FSA**) direct loan assistance. The direct term operating loan(s) you requested in the amount of \$100,000 and a direct annual operating loan in the amount of \$200,000 have been reviewed. We regret to inform you that **you're (your)** request is being denied. This determination **were (was)** made based on the following:

FSA Handbook 3-FLP Par. 66 A. [8CFR 764.101 (e)] [7CFR 764.101 (e)] states 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 property **interest's (interests)**, income, and significant non-essential assets.

The individual **balance sheet (balance sheets)** you provided show there is sufficient cash on hand and/or non-essential assets that could be used to provide funding for this operation.

John Doe	Checking Account	\$100,000.00
Dorothy Voe	Checking Account	\$130,000.00
	Certificates of Deposit	\$105,000.00
	Stocks	\$310,000.00
	Other Investments	\$200,000.00
Wilhelmina Noe	Savings Account	\$ 70,000.00
	Stocks	\$ 25,000.00
	Recreational Vehicles	\$275,000.00

Farm Service Agency's evaluation shows you have sufficient non-essential **aspects (assets)** that could be used to fund your proposed operation. Combined you have \$1,215,000.00 of liquid cash or identifiable non-essential assets, which would more than cover your request of \$300,000.00. Furthermore, FSA believes your funding requests can and should be secured at a Financial Institution.

If you believe this decision or the facts used in this case are in error, you may pursue your rights by using the following options.

Reconsideration

You may request that Bart Tholemew reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice in accordance with

Exercise 1 ANSWER KEY

There are 12 errors in this letter.
See if you can find:

- 10 spelling, grammar, usage
- 2 essential missing items



USDA is an Equal Opportunity Provider and Employer

FSA's appeal procedures found at 7 CFR Part 780. If you request reconsideration, you have the right to an informal hearing with Bart Tholemew which you or your representative may attend personally or by telephone. If you choose to seek reconsideration, you may later appeal to the National Appeals Division (NAD) or Alternative Dispute Resolution (ADR). To request reconsideration, write to the Farm Service Agency at the following address and explain why you believe this determination is **errorous. (erroneous)**

George Washington
Farms Service Agency (**Farm**)
1 Cherry Tree Lane
Anytown, NS 12345

Alternate Dispute Resolution (ADR)

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the running of the time frame in which you may file an appeal stops. When mediation closes, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation you must submit your written request no later than 30 calendar days after you receive this notice. To request mediation write to the FSA State Executive Director at the following address:

Sandy Beach
New State FSA Office
555 5th Avenue
Othertown, NS 11111

In the alternative, you may seek another acceptable form of ADR.

Appeal to the Department of Agriculture National Appeals Division (NAD)

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter.

(CONTACT INFORMATION MISSING)

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with regulations at 7 CFR Part 780 and 7 CFR Part 11.

The Federal Equal Credit Opportunity Act prohibits creditors from discrimination against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Commission Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington DC 20580.

(USDA NONDISCRIMINATION PARAGRAPH MISSING)

Sincerely,

Bart Tholemew
Farm Loan Chief

Cc: District Director, FSA, Bigtown, NS



**United States
Department of
Agriculture**

July 1, 2020

New State Office
Farm Service
Agency

Lazy Days Farm LLC
1111 Easy Street
Yourtown, NS 12345

New State Office
1234 5th Street
Farmville, NS 22222

Dear Mr. Whipple:

Phone: 555-555-5555
Fax: 555-555-4444

This letter is in response to your request for Farm Service Agency (FSA) direct loan assistance. The direct term operating loan(s) you requested in the amount of \$100,000 and a direct annual operating loan in the amount of \$200,000 have been reviewed. We regret to inform you that your request is being denied. This determination was made based on the following:

FSA Handbook 3-FLP Par. 66 A. [7CFR 764.101 (e)] states 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 property interests, income, and significant non-essential assets.

The individual balance sheets you provided show there is sufficient cash on hand and/or non-essential assets which could be used to provide funding for this operation.

John Doe	Checking Account	\$100,000.00
Dorothy Voe	Checking Account	\$130,000.00
	Certificates of Deposit	\$105,000.00
	Stocks	\$310,000.00
	Other Investments	\$200,000.00
Wilhelmina Noe	Savings Account	\$ 70,000.00
	Stocks	\$ 25,000.00
	Recreational Vehicles	\$275,000.00

NOTE TO LEARNERS: In the exercise example, the writer used a condescending tone to point out that the entity had sufficient funds to cover the request or could secure a loan at a traditional lending institution. This suggested rewrite uses a more professional approach.

Our evaluation shows you have sufficient non-essential assets that could be used to fund your proposed operation. Combined, you have \$1,215,000.00 of liquid cash or non-essential assets which would more than cover your request of \$300,000.00. Furthermore, we believe your funding requests can and should be secured at a Financial Institution.

Exercise 2: Writing in a Professional Tone

For the following letter excerpt, rewrite the last paragraph using a more professional tone, based on the information provided.



USDA is an Equal Opportunity Provider and Employer



May 24, 2020

Ms. Melody Keys
Harmony Farm
P. O. Box 88
Singsong, NS 44444

Dear Ms. Keys:

We have reviewed your application for a Farm Operating Loan carefully. Unfortunately, we are unable to approve your application. This letter explains the reasons for this denial based upon the following factual determination and/or reasons. It also presents your options.

FSA Handbook 3-FLP, paragraph 352C [7 CFR 764.401(a)(1)(i)] states that the Agency will approve a loan only if it determines that: The applicant's farm operating plan reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met.

FSA Handbook 1-FLP, Par. 241B [7CFR 761.104(c)(1) states that historical information will be used as a guide.

In completing your farm operating plan, the Agency used your tax returns and historical information on yields, and the FSA-2038, "Farm Business Plan Worksheet" you submitted. The Actual Production History from your Risk Management Agency (crop insurance) was used as a guide to complete the yield projection for crop year 2010. Your yield projections were used which were higher than the Actual Production History.

The Agency also used most of your operating expense projections, where they were considered to be realistic. The expense projection on your farm operating plan is less than your projection.

The requested amount was \$300,000. The projected loan amount came to \$284,700. This left \$235,064 plus interest to CFC that would not be refinanced.

Your projected off farm income was \$50,000. In your farm operating plan, FSA used your typical year non farm income of \$100,000. Owner withdrawals were a combination of your projected \$25,000 living expenses, the \$15,000 life insurance premium, and personal debt installments. The Farm Operating Plan is not feasible; therefore, we are unable to approve your loan request.

If you believe this decision or the facts used in this case are in error, you may pursue your rights by using the following options. (*Options omitted from this example.*)

**Exercise 3: Organizing the Body Answer Key
THERE ARE NO ABSOLUTE RIGHT OR WRONG
ANSWERS FOR THIS EXERCISE.**

However, this letter was strengthened by organizing the body to present the regulations and guidance first, and then present the facts and supporting evidence.

By breaking up one long paragraph into several short paragraphs, the reader can absorb one fact at a time.

Hint: Separate the regulatory language from the facts by using a bold font.

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