

Regulatory Resources

For FSA and other federal agencies, regulatory requirements were established to enforce proper appraisal and lending practices and to help ensure that mortgage fraud would not occur. There are two regulatory resources related to administrative appraisal review:

- FSA Handbook
- Uniform Standards of Professional Appraisal Practice (USPAP)

FSA Handbook

Handbook 1-FLP	
Par 141 B	Appraisals are an integral part of the loan evaluation and servicing processes to determine whether there is adequate security to support a loan or servicing action.
Par 141 C	Appraisals for direct loans must comply with USPAP as well as applicable agency regulations.
Par 141 E	<p>For all direct credit transactions equal to or greater than \$100,000, and complex transactions under \$100,000, the appraisal must be completed by a state certified general appraiser or a full-time or part-time designated appraiser/reviewer.</p> <p>For all direct credit transactions, non-complex under \$100,000, the appraisal may be completed by a state licensed or state certified general appraiser or a full-time or part-time designated appraiser/reviewer or an FSA limited authority appraiser.</p>
Par 141 G	<p>Third Party Appraisals: FSA may use an appraisal completed for a third party (other lenders) provided the:</p> <ul style="list-style-type: none"> • Appraisal was completed within previous 12 months. • Appraisal is signed by state certified general appraiser licensed in the state. • Intended use of the report stated a use that is consistent with FSA need. <p>FSA does not need to be listed as a user on the report, but FSA must verify the appraisal was ordered by and prepared for a financial institution or land trust.</p> <ul style="list-style-type: none"> • Borrower-ordered appraisals are not acceptable except as provided in 5-FLP. <p>If the administrative review of a third party appraisal concludes the appraisal is not acceptable for FSA use, a technical review should not be completed, nor should the report used.</p> <ul style="list-style-type: none"> • The review and comments denying the use of the appraisal should be forwarded to the state appraiser.

Regulatory Resources (continued)

Handbook 1-FLP (continued)	
Par 142 B	<p>A real estate appraisal report, as a minimum, will be a summary appraisal report as defined by USPAP.</p> <p>Prior written approval is needed for a restricted report (this has been re-delegated to the state appraiser).</p> <p>The real estate appraisal must include:</p> <ul style="list-style-type: none">• As a minimum, documentation of the results for the three approaches <i>if applicable</i>: cost, sales comparison, income. Who decides what is applicable? The appraiser makes the decision. Appraisers should clearly state in the report if one or more of the acceptable approaches is not needed, not applicable, or excluded, and why.• Basis for adjustments (i.e., land mix, time, water, depreciation, soils).• The comparable sales used, including breakdown of land contribution by land class, building contribution by improvement, derived depreciation rates, and basis of cost.• Remaining life, timber mineral value, water rights and volume, water delivery system, photos of improvements• Three years sales history of subject if applicable.• The value of mineral rights, if known; or the following statement, if no known minerals. <p>“The precise value of mineral interests in existence, as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals is unknown to the appraiser. This appraisal is not an exhaustive study of the actual or potential mineral production, and is based on the best information available as of the effective date of the appraisal. The final opinion of value in the appraisal report includes mineral rights of the subject property.”</p>

Regulatory Resources (continued)

Handbook 2-FLP	
Par 181 E	<p>Real estate appraisals are not required:</p> <ul style="list-style-type: none"> • When real estate is taken for additional security. • For loans of \$50,000 or less if a strong equity position exists.
Par 183 A	Real estate appraisals must be completed in accordance with USPAP.
Par 183 B	Appraisals must be in a self-contained or summary format. Restricted reports, as per USPAP, are not acceptable.
Par 183 C	<p>For loan transactions over \$250,000, the appraisal must be completed by a state certified general appraiser.</p> <p>For loan transactions under \$250,000, the lender may use a licensed or unlicensed appraiser such as a bank employee. (See 2-FLP183 C SD Amend. 3)</p>
Handbook 3-FLP	
Par 95 A	<p>The value of real estate will be established by an appraisal.</p> <ul style="list-style-type: none"> • A real estate appraisal is required when real estate is taken as primary security and the loan secured by the real estate exceeds \$50,000.
Par 198 A	The agency may waive the appraisal requirement when the estimated value of the security is less than \$25,000 for regular loan servicing.
Handbook 4-FLP	
Par 99 G	<p>Mineral Leases</p> <p>Per 7 CFR 765.252 (b), the borrower must request Agency consent to lease any mineral rights used as security for Agency loans.</p> <ol style="list-style-type: none"> (1) For loans secured by real estate before December 23, 1985, the Agency has a security interest in any mineral rights the borrower has on the real estate pledged as collateral. (2) For loans secured by real estate on or after December 23, 1985, the Agency has a security interest in any mineral rights if the mineral rights were included in an appraisal. (3) The Agency may consent to a mineral lease if the proposed use of the leased rights will not adversely affect either: <ol style="list-style-type: none"> (i) The Agency's security interest; or (ii) Compliance with any applicable environmental requirements of subpart G of 7 CFR part 1940.

Regulatory Resources (continued)

Handbook 4-FLP (continued)	
Par 119 A	<p>Appraisals</p> <p>Per 7 CFR 765.205(d), an appraisal of the property that secures the Agency loan will be required when the Agency determines it necessary to protect its interest. Appraisals will be obtained in accordance with § 761.7 (1-FLP) of this chapter.</p> <p>At a minimum, real estate appraisals will be obtained when property is to be improved, purchased, or exchanged. FSA does not require an appraisal for real estate security when the:</p> <ul style="list-style-type: none"> • Loan for which the borrower requests the subordination is to refinance an existing prior lien and the resulting prior lien will not be increased. • Borrower’s case file contains an existing appraisal that is less than 1 year old and FSA determines the appraisal to still be sufficiently accurate. <p>FSA does not require an appraisal for chattel security when the:</p> <ul style="list-style-type: none"> • Proposed subordination is for annual operating and family living expenses only and the projected income from farm production exceeds the subordination amount • Existing FSA appraisal is less than 1 year old and the authorized agency official determines it to be adequate (the authorized agency official must consider property additions to, and deletions from, the latest FSA appraisal) and fully document the decision.
Par 198 A	<p>Appraisal Requirements</p> <p>Per 7 CFR 765.353(a):</p> <ol style="list-style-type: none"> (1) The Agency will obtain an appraisal of the security proposed for disposition. (2) The Agency may waive the appraisal requirement when the estimated value is less than \$25,000. <p>Per 7 CFR 765.353(b), the Agency will obtain an appraisal of the remaining security if it determines that the transaction will reduce the value of the remaining security.</p> <p>A new appraisal report for the security to be:</p> <ul style="list-style-type: none"> • Transferred or released will be obtained when authorized agency official believes it necessary to protect the financial interests of the Government or when the transaction involves more than \$25,000 • Retained will only be obtained when authorized agency official determines that the value of the retained property could be adversely affected by the loss of the transferred or released property.

Regulatory Resources (continued)

Handbook 4-FLP (continued)	
Par 198 A (continued)	<p>Appraisal reports under this section may show the present market value of the property being transferred or released, and the property being retained, on a single appraisal report or on separate appraisal reports.</p> <p>The value of rights to mining products, gravel, oil, gas, coal or other minerals will be specifically included as a part of the appraised value of the real estate security.</p> <p>Per 7 CFR 765.353(c), appraisals, when required, will be conducted in accordance with § 761.7 of this chapter (1-FLP, Part 6.).</p>
Handbook 5-FLP	
Par 104 A	<p>Current Appraisals</p> <p>Per 7 CFR 766.105(c), the Agency will obtain an appraisal on:</p> <ol style="list-style-type: none"> (1) All Agency security, non-essential assets, and real property unencumbered by the Agency that does not meet the criteria established in § 766.112(b) (subparagraph 211 C), when: <ol style="list-style-type: none"> (i) A writedown is required to develop a feasible plan; (ii) The borrower will be offered current market value buyout. (2) The borrower's non-essential assets when their net recovery value may be adequate to bring the delinquent loans current. <p>If preliminary DALR\$ calculations, with no security entered, show that a write-down or current market value buyout may be required:</p> <ul style="list-style-type: none"> • All security will need to be appraised for write-down or current market value calculations • Nonessential assets will need to be appraised as their value is required for DALR\$ calculations • If FSA has real estate as security and the preliminary DALR\$ report shows a possible write-down, real estate security projected to be obtained as a best lien obtainable will need to be appraised as the value is required for shared appreciation agreement calculations. <p>To save appraisal funds, SED may issue a State supplement on obtaining appraisals in stages, such as waiting on the appraisal of essential, unencumbered real estate to determine whether a write-down and FSA-2543 will actually be required.</p> <p>See 1-FLP, Part 6 for additional information on appraisals</p>

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 116 B	<p>Agency Notification of Servicing Decision – Notifying Financially Distressed or Current Borrowers</p> <p>Per 7 CFR 766.106 (a):</p> <p>(1) If the borrower can develop a feasible plan and is eligible for primary loan servicing, the Agency will offer to service the account.</p> <p>Upon approval by FLM, or SED if any debt is projected to be forgiven, the borrower will be sent FSA-2519 and FSA-2520 by the authorized agency official.</p> <p>(i) The borrower will have 45 days to accept the offer of servicing. After accepting the Agency’s offer, the borrower must execute loan agreements and security instruments, as appropriate.</p> <p>(ii) If the borrower does not accept the offer, the Agency will send the borrower another notification of the availability of loan servicing if the borrower becomes 90 days past due in accordance with § 766.101(a)(2) (subparagraph 66 A).</p> <p>(2) If the borrower cannot develop a feasible plan, or is not eligible for loan servicing, the Agency will send the borrower the calculations used and the reasons for the adverse decision.</p> <p>Upon denial by FLM, the borrower will be sent FSA-2523 and FSA-2524 by the authorized agency official. A copy of the DALR\$ report will be included.</p> <p>(i) The borrower may request reconsideration, mediation and appeal in accordance with 7 CFR parts 11 and 780 of this title.</p> <p>(ii) The Agency will send the borrower another notification of the availability of loan servicing if the borrower becomes 90 days past due in accordance with § 766.101(a)(2) (subparagraph 66 A).</p>
Par 211 A	<p>Additional Security for Servicing Actions – Requirements</p> <p>Per 7 CFR 766.112(a), if the borrower is delinquent prior to restructuring, the borrower, and all entity members in the case of an entity, must execute and provide to the Agency a lien on all of their assets, except as provided in paragraph (b) (subparagraph 211 C) of this section, when the Agency is servicing a loan.</p> <p>FSA will take the best lien obtainable on all assets the borrower owns at the time of a primary loan servicing action. If the borrower is an entity, FSA will take the best lien obtainable on all assets owned by the entity and all assets owned by the individual members of the entity. These assets are additional security for the restructured loans and for any FSA-2543 that may be executed according to paragraph 249. An appraisal is not required to take security as a best lien obtainable unless the property will be covered by FSA-2543.</p>

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 229 A	<p>State Mediation and Voluntary Meeting of Creditors – Introduction</p> <p>The FSA representative can make no agreement with the borrower that does not comply with FSA regulations or policies. Further, FSA is not obligated by the terms of the mediation agreement if the terms are contrary to Federal statute, regulations, handbooks, notices, or instructions.</p> <p>Per 7 CFR 766.114(a), a borrower who is unable to develop a feasible plan but is otherwise eligible for primary loan servicing may request:</p> <ol style="list-style-type: none"> (1) State-certified mediation; or <div style="margin-left: 40px;">This also applies to USDA certified mediation States.</div> (2) Voluntary meeting of creditors when a State does not have a certified mediation program. <p>Per 7 CFR 766.114(b), any negotiation of the Agency’s appraisal must be completed before State-certified mediation or voluntary meeting of creditors.</p> <p>Within 15 calendar days of determining that the borrower is ineligible or cannot develop a feasible plan, the authorized agency official will offer the borrower mediation or a voluntary meeting of creditors through FSA-2523 and FSA-2524 or FSA-2521 and FSA-2522, as appropriate.</p>
Par 230 A	<p>Appraisals – Overview of Options to Challenge Appraisals</p> <p>The borrower has 30 calendar days to request an appeal on the appraisal according to 1-APP.</p> <p>FSA will maintain a list of State-certified appraisers. FSA must review any appraisal or review obtained to determine compliance with the requirements of 1-FLP, Part 6. A copy of the appraisal or review will be provided to FSA before any negotiation, reconsideration or appeal hearing.</p>
Par 230 B	<p>Appraisals – Appeal and Negotiation of Appraisals</p> <p>Per 7 CFR 766.115(a), a borrower considered for primary loan servicing who does not agree with the Agency’s appraisal of the borrower’s assets may:</p> <ol style="list-style-type: none"> (1) Obtain a technical appraisal review of the Agency’s appraisal and provide it at the appeal hearing; (2) Obtain an independent appraisal completed in accordance with § 761.7 as part of the appeals process. The borrower must: <ol style="list-style-type: none"> (i) Pay for this appraisal; (ii) Choose which appraisal will be used in Agency calculations, if the difference between the two appraisals is 5 percent or less.

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 231 B	<p>Additional Servicing Information Applicable to Adverse Decisions – Appeals</p> <p>The borrower has 30 calendar days from the receipt of the notice of adverse decision to request an appeal.</p> <p>The borrower may request an appeal of an appraisal after receiving an adverse decision from FSA. The borrower may not appeal if the appraised value was previously negotiated according to subparagraph 230 B.</p> <p>FSA will handle a borrower’s appeal request according to 1-APP.</p>
Par 284 E	<p>Determining Applicant and Property Eligibility – Appraising Homestead Protection Property</p> <p>Per 7 CFR 766.154(e), the Agency will use an appraisal obtained within 6 months from the date of the application for considering homestead protection. If a current appraisal does not exist, the applicant will select an independent real estate appraiser from a list of appraisers approved by the servicing official.</p> <p>FSA pays for the appraisal according to 1-FLP, Part 6.</p>
Par 300 A	<p>Exercising Option to Purchase Homestead Protection Property – Timeframe for Exercising Option</p> <p>Per 7 CFR 766.154(c)(1), the lessee may exercise in writing the purchase option and complete the homestead protection purchase at any time prior to the expiration of the lease provided all lease payments are current.</p> <p>The lessee may exercise the purchase option by completing the repurchase of the homestead protection property within the term of the lease. The lessee must initiate the purchase option by submitting a signed statement to FSA. The option is not exercised until FSA receives the purchase money. If closing extends beyond the term of the lease, the borrower will continue to make lease payments to FSA until the purchase is closed.</p> <p>Failure to exercise the purchase option within the lease period terminates the lessee’s rights under the option.</p>
Par 322 B	<p>Processing a Buyout at Current Market Value – Timeframe for Borrower to Pay Buyout Amount</p> <p>Per 7 CFR 766.113(b), after the Agency offers current market value buyout of the loan, the borrower has 90 days from the date of Agency notification to pay that amount.</p> <p>If the borrower exercises the right to an independent appraisal, negotiation of appraisal, reconsideration, mediation, or appeal, the 90-calendar-day time limit will start on the day the borrower receives the final Agency and/or NAD decision.</p>

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 343 A	<p>Determining Amount of Shared Appreciation Due – Determining Whether Shared Appreciation Is Due</p> <p>The authorized agency official will obtain a current appraisal of real estate security covered by a shared appreciation agreement if any of the events listed in paragraph 342 occur.</p>
Par 343 C	<p>Determining Amount of Shared Appreciation Due – Calculating Shared Appreciation</p> <p>Per 7 CFR 766.202(a), the value of the real estate security at the time of maturity of the SAA (market value) shall be the appraised value of the security at the highest and best use, less the increase in the value of the security resulting from capital improvements added during the term of the SAA (contributory value). The market value of the real estate security property will be determined based on a current appraisal completed within the previous 12 months in accordance with § 761.7 (1-FLP, Part 6) of this chapter, and subject to the following:</p> <ol style="list-style-type: none"> (1) Prior to completion of the appraisal, the borrower will identify any capital improvements that have been added to the real estate security since the execution of the SAA. <p style="margin-left: 40px;">Approximately 6 months before the maturity of the shared appreciation agreement and before the completion of the appraisal, FSA will contact the borrower with FSA-2544 to determine whether any capital improvements have been added to the security during the term of the shared appreciation agreement.</p> (2) The appraisal must specifically identify the contributory value of capital improvements made to the real estate security during the term of the SAA to make deductions for that value. (3) For calculation of shared appreciation recapture, the contributory value of capital improvements added during the term of the SAA will be deducted from the market value of the property. Such capital improvements must also meet at least one of the following criteria: <ol style="list-style-type: none"> (i) It is the borrower’s primary residence. If the new residence is affixed to the real estate security as a replacement for a residence which existed on the security property when the SAA was originally executed, or, the living area square footage of the original residence was expanded, only the value added to the real property by the new or expanded portion of the original residence (if it added value) will be deducted from the market value.

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 343 C (continued)	<p>Example: At the time of the write-down the contributory value of a house on the property was \$60,000. The house was destroyed by fire and replaced with a house that cost \$150,000. However, the contributory value of the new house at the time the shared appreciation agreement matured was \$170,000 because of appreciation. The value added to the real property in this case is \$110,000. (\$170,000 value of the new house at maturity – \$60,000 value of the old house at the time FSA-2543 was executed.)</p> <p>(ii) It is an improvement to the real estate with a useful life of over one year and is affixed to the property, the following conditions must be met:</p> <p>(A) The item must have been capitalized and not taken as an annual operating expense on the borrower’s Federal income tax returns. The borrower must provide copies of appropriate tax returns to verify that capital improvements claimed for shared appreciation recapture reduction are capitalized.</p> <p>(B) If the new item is affixed to the real estate as a replacement for an item that existed on the real estate at the time the SAA was originally executed, only the value added by the new item will be deducted from the market value.</p> <p>The authorized agency official will use Exhibit 26 to calculate the amount of Shared Appreciation due and file a copy of Exhibit 26 in the borrower’s case file.</p>
Par 361 A	<p>Events Triggering Recapture – Servicing Existing NRBRA’s</p> <p>Per 7 CFR 766.206(a), prior to July 3, 1996, the Agency was authorized to offer borrowers buy out their loans at the net recovery value. A Net Recovery Buyout Agreement was required for borrowers who bought out their loans at the net recovery value. The Agency services existing Net Recovery Buyout Recapture Agreements as described in this section.</p>
Par 363 A	<p>Determining Amount of Recapture Due – Obtaining a Current Appraisal</p> <p>If the former borrower sells or transfers Recapture Agreement security, the authorized agency official will obtain an appraisal of the real estate security as of the date of transfer according to 1-FLP, Part 6 to determine the amount of recapture due.</p> <p>If the former borrower is selling or conveying a portion of the security, the authorized agency official will obtain a current appraisal on only that portion of the security being sold or transferred. FSA may require 1 or more appraisals to determine the amount of recapture that may be due from a partial sale as described in subparagraphs 343 B and 361 B.</p>

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 462 C	<p>Voluntary Liquidation of Real Property – Appraisal and Disposition of Collateral Proceeds</p> <p>FSA will appraise the property according to 1-FLP, Part 6 to determine the property’s market value only after receipt of a sales contract. Any sale proceeds received by the borrower over and above the FSA-determined * * * market value must be applied to the borrower’s FSA debt until the FSA loans secured by the collateral are paid in full. The authorized agency official will apply sale proceeds * * * according to 4-FLP, Part 5.</p>
Par 464 C	<p>Voluntary Liquidation of Chattel – Appraisal</p> <p>FSA will appraise the property according to 1-FLP, Part 6 if the borrower pursues a privatesale. FSA will not generally appraise chattel property to be sold at public auction.</p>
Par 498 B	<p>Additional Requirements – Obtaining an Appraisal</p> <p>The authorized agency official will obtain an appraisal of the property to establish its current market value. The appraisal must be based on the “as is” market value according to 1-FLP, Part 6 and must not include potential deed restrictions or easements FSA may place on the property.</p>
Par 498 F	<p>Additional Requirements – Full Liquidation</p> <p>Per 7 CFR 766.353(b)(2), the borrower conveys all real property securing the Agency loan; and:</p> <ul style="list-style-type: none"> • The authorized agency official will confirm that the conveyance offer includes all real property securing FSA debts. If the borrower has real property or chattel securing an FSA loan that is not part of the conveyance offer, the authorized agency official must document that the borrower is in the process of liquidating this security by another liquidation method approved by FSA. All borrower sales must be completed before the voluntary conveyance. • The authorized agency official will include in the borrower’s case file any appraisal, environmental information, and title search from subparagraphs B, C, and D, respectively. • The authorized agency official will include a statement of the borrower’s unpaid FSA debts with a printout from the appropriate ADPS DL or AI screens. Voluntary conveyance documentation must include information on prior and junior liens, as well as judgments, if not included in the conveyance offer.

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 533 A	<p>Acceleration Actions – Preparation of the Case File</p> <p>When the borrower meets the conditions for acceleration, the authorized agency official will prepare the case file for acceleration. A State supplement will be issued to describe the required procedures to accelerate FLP accounts, including “chattel only” accounts.</p>
Par 537 E	<p>Acceleration of Loans to American Indians With Real Estate Security on an Indian Reservation – FLM Responsibilities</p> <p>FLM’s shall, upon receipt of a request from an American Indian borrower, do the following.</p> <ul style="list-style-type: none"> • If the borrower requests that the Tribe be assigned the loan, FLM shall notify the Tribe of the borrower’s request using Exhibit 55. <ul style="list-style-type: none"> Notes: The Tribe must notify FSA within 30 calendar days of its intention to accept or deny the borrower’s request. The notification to the Tribe shall include a copy of the following: <ul style="list-style-type: none"> ▪ Current appraisal of the real estate and valuations of all chattel security ▪ Borrower’s promissory notes to be assigned ▪ Security instruments ▪ Amount the Tribe would be required to pay FSA for assignment of the loan or loans Note: This amount shall equal the lesser of the market value of all loan security or the principal and interest outstanding on the loan. <ul style="list-style-type: none"> ▪ A statement that the Tribe may pay for the assignment transaction over a period of time under terms and conditions similar to ITLAP. • If the borrower requests that the Secretary of Interior be assigned the loan, FLM shall refer the request, along with a copy of each of the following, through SED, to the National Office: <ul style="list-style-type: none"> ▪ Current appraisal of remaining FSA security ▪ Borrower’s promissory notes ▪ All security instruments. <p>Notes: FLM shall forward the request and documentation to either of the following:</p>

Regulatory Resources (continued)

Handbook 5-FLP (continued)					
<p>Par 537 E (continued)</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top; padding-right: 20px;"> <p>For USPS delivery: USDA, FSA, DAFLP, LSPMD STOP 0523 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523</p> </td> <td style="width: 50%; vertical-align: top;"> <p>For Federal Express delivery: USDA, FSA, DAFLP, LSPMD 1250 MARYLAND AVE SW STE 500 WASHINGTON DC 20024 Telephone: 202-720-6293.</p> </td> </tr> </table> <p>The National Office will work with the National Office of BIA to determine whether the Secretary of Interior will accept the assignment of the loan.</p> <p>FLM shall notify the borrower that the request has been forwarded. FLM shall notify the borrower of the Tribe or Secretary of the Interior’s decision as follows.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top; padding-right: 20px;"> <p>IF</p> <p>Decision of the Tribe or the Secretary of Interior is to accept the borrower’s loan assignment request</p> <p>Secretary of Interior has accepted the assignment</p> <p>Tribe has indicated that it will accept an assignment of the loan and will seek to pay for the transaction over a period of time</p> </td> <td style="width: 50%; vertical-align: top;"> <p>THEN</p> <p>FLM shall notify the borrower using Exhibit 56.</p> <p>Borrower’s loan will be assigned to the Secretary of Interior pursuant to National Office instructions.</p> <p>FLM shall send the Tribe, for the Tribe to execute within 90 calendar days, FSA-2026 payable to FSA in exchange for the assignment of the loan, as well as any other loan documents required by FSA to finance this debt under rates and terms similar to an ITLAP loan, including an assignment of Tribal income as security for the Tribe’s loan. FSA-2026 shall be prepared with the consideration amount as determined under this paragraph and with rates and terms similar to an ITLAP loan.</p> <p>Note: All ITLAP servicing options may be applied to these loans, except any write down servicing options.</p> </td> </tr> </table>	<p>For USPS delivery: USDA, FSA, DAFLP, LSPMD STOP 0523 1400 INDEPENDENCE AVE SW WASHINGTON DC 20250-0523</p>	<p>For Federal Express delivery: USDA, FSA, DAFLP, LSPMD 1250 MARYLAND AVE SW STE 500 WASHINGTON DC 20024 Telephone: 202-720-6293.</p>	<p>IF</p> <p>Decision of the Tribe or the Secretary of Interior is to accept the borrower’s loan assignment request</p> <p>Secretary of Interior has accepted the assignment</p> <p>Tribe has indicated that it will accept an assignment of the loan and will seek to pay for the transaction over a period of time</p>	<p>THEN</p> <p>FLM shall notify the borrower using Exhibit 56.</p> <p>Borrower’s loan will be assigned to the Secretary of Interior pursuant to National Office instructions.</p> <p>FLM shall send the Tribe, for the Tribe to execute within 90 calendar days, FSA-2026 payable to FSA in exchange for the assignment of the loan, as well as any other loan documents required by FSA to finance this debt under rates and terms similar to an ITLAP loan, including an assignment of Tribal income as security for the Tribe’s loan. FSA-2026 shall be prepared with the consideration amount as determined under this paragraph and with rates and terms similar to an ITLAP loan.</p> <p>Note: All ITLAP servicing options may be applied to these loans, except any write down servicing options.</p>
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Regulatory Resources (continued)

Handbook 5-FLP (continued)		
<p>Par 537 E (continued)</p>	<p>IF Tribe has timely executed and returned the documents described in this paragraph</p> <p>Decision of the Tribe or the Secretary of Interior is not to accept the assignment of the loan</p> <p>FLM shall keep copies of all letters or documents sent or received in the borrower's loan file.</p>	<p>THEN FLM shall send to the Tribe all original borrower promissory notes and mortgages being assigned, along with any other relevant security instruments. Agency documents provided to the Tribe shall be prepared, endorsed, processed, and delivered pursuant to guidance from the regional OGC.</p> <p>FLM shall:</p> <ul style="list-style-type: none"> • Notify the borrower using Exhibit 57 • Proceed with foreclosure action according to Part 16. <p>Note: Failure of the Tribe to respond to a request that the Tribe accepts an assignment of the loan, or to finalize the loan assignment transaction within the time provided in this paragraph, shall be treated as a denial of the request.</p>
<p>Par 602 B</p>	<p>Involuntary Liquidation by a Prior Lienholder – Compiling Information on the Borrower's Account</p> <p>The authorized agency official will compile information on the borrower's account and include it in the borrower's case file according to subparagraph A. For real estate security, the authorized agency official will include:</p> <ul style="list-style-type: none"> • A current appraisal obtained according to 1-FLP, Part 6 • A report on the borrower's payment of real estate taxes • A report with information on other lienholders and judgments associated with the FSA security. <p>For chattel security, the authorized agency official will include:</p> <ul style="list-style-type: none"> • A current appraisal obtained according to 1-FLP, Part 6 at the appropriate time • A report with information on other lienholders and judgments associated with the FSA security. 	

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 778 A	<p>Sale of Inventory Real Property – Pricing</p> <p>Per 7 CFR 767.153(a):</p> <ol style="list-style-type: none"> (1) The Agency will advertise property for sale at its current market value, as established by an appraisal obtained in accordance with § 761.7 (1-FLP, Part 6). (2) Property sold by auction or sealed bid will be sold for the best obtainable price. The Agency reserves the right to reject any and all bids. <p>It must be clearly documented that the property received adequate exposure and the reasons why this price represents the best price obtainable.</p> <p>The authorized agency official obtains an appraisal according to 1-FLP, Part 6 if the current appraisal is more than 1 year old. SED will base the decision on the minimum acceptable price on the following criteria:</p> <ul style="list-style-type: none"> • The length of time the property has been in inventory • Previous marketing efforts • The type of property involved • Market value • Cost to continue holding such as taxes, maintenance and depreciation. <p>The authorized agency official prices inventory property containing environmental risks according to Part 22.</p>
Par 779 B	<p>Conveying Easements, Rights of Way, and Other Interests in Inventory Property – Appraisals</p> <p>Per 7 CFR 767.154(a), the Agency will determine the value of real property and real property interests being transferred in accordance with § 761.7 (1-FLP, Part 6) of this chapter.</p> <p>FSA determines the value of real property and real property interests through an appraisal conducted according to 1-FLP, Part 6.</p>
Par 779 D	<p>Conveying Easements, Rights of Way, and Other Interests in Inventory Property – Disposal of Other Interests in Inventory Property</p> <p>Per 7 CFR 767.154(c):</p> <ol style="list-style-type: none"> (1) If applicable, the Agency will sell mineral and water rights, mineral lease interests, mineral royalty interests, air rights, and agricultural and other lease interests with the surface land except as provided in paragraph (b) (subparagraph 779 C) of this section.

Regulatory Resources (continued)

Handbook 5-FLP (continued)	
Par 779 D (continued)	<p>(2) If the Agency sells the land in separate parcels, any rights or interests that apply to each parcel are included with the sale.</p> <p>(3) The Agency will assign lease or royalty interests not passing by deed to the purchaser at the time of sale.</p> <p>(4) Appraisals of property will reflect the value of such rights, interests, or leases.</p> <p>The authorized agency official notifies the lessee or buyer of the assignment. FSA provides a copy of this notification to the purchaser.</p>
Par 837 A	<p>Environmental Risk Management – General Policy</p> <p>FSA will comply with all applicable Federal and State laws.</p> <p>FSA will consult with the appropriate environmental regulatory authority to determine State requirements.</p> <p>When FSA will advertise the property for sale, the sales price of the property is the “as improved value” as determined by an appraisal.</p> <p>When the property is being sold back to the former owner-borrower, FSA will not undertake corrective action.</p> <p>See paragraphs 838, 839, and 840 for guidance on remediation of specific environmental risks.</p>
Par 838 A	<p>Properties Containing Hazardous Waste A Clean-Up of Hazardous Waste and/or Underground Storage Tank System – Contamination</p> <p>For inventory real properties containing hazardous waste and underground storage tank systems, FSA will <i>not</i> conduct cleanup or take corrective actions unless:</p> <ul style="list-style-type: none"> • Any known contamination or underground storage tank leakage presents an immediate threat to the health and safety of neighboring property owners or potential purchasers of the property • FSA is selling the property to a beginning farmer or socially disadvantaged farmer and providing credit assistance through direct or guaranteed loans. <p>Because FSA does not know at the time of the appraisal if the property will be sold to a beginning farmer or socially disadvantaged farmer, FSA must request the appraiser to--* determine both the <i>as is</i> and <i>as improved</i> market value of the property.</p>

Uniform Standards of Professional Appraisal Practice (USPAP)

Standards 1 and 2	Real Property Appraisal Development and Real Property Appraisal, Reporting <ul style="list-style-type: none">• Primary guidance for appraisers who do real property (land and improvements) appraisals
Standard 3	Appraisal Review and Development <ul style="list-style-type: none">• Guidance for technical appraisal reviews• Partially deals with administrative reviews