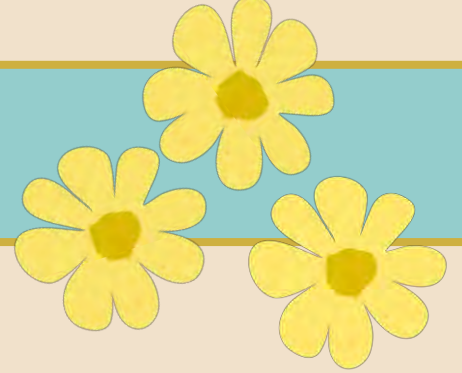


# CFR & Handbook Tour

April 29, 2026



# Goals of this Training



- When to use Code of Federal Regulations (CFR) and handbooks
- Where to find these resources
- Practice using these resources
- When to seek legal help



# Hierarchy of Lawmaking Refresher

- Congress enacts statute.
- Executive agencies enact regulations.
  - “CFR” = Code of Federal Regulations
- Agencies publish guidance.
  - Example: FSA Handbooks; NRCS Manuals
  - See Ag Civics 101 video (DBAN Sept. 2025)



# When You Might Need CFR or Handbooks



- Unclear on program requirement
- Unclear whether farmer meets program requirements
- Confirming rules found in guides
- Difference of opinion with USDA staff

# Where to Find Them

- **FSA Handbooks** - search “FSA Handbooks” on web
- **NRCS Manuals** - search “NRCS Manuals” on web
- **CFR**
  - Search citation on web
  - Look for [eCFR.gov](https://www.ecfr.gov) link



# Notes on Navigating the Resources



- Will show you the steps multiple times.
- Focus on the search process and internal organization of resources.
- Don't worry about the details for now.

# Searching for FSA Handbooks



fsa handbooks

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17 relevant results in 0.9s. All results from external indexes. Quick Answer

## FSA Handbooks | Farm Service Agency - USDA

[fsa.usda.gov](https://fsa.usda.gov) › news-events › laws-regulations › fsa-handbooks

FSA Handbooks: Farm Appeals Handbook, Handbook Title (file size), Last Amendment (file size), Date, Last Updated, Compliance and Common Management Handbook.

### eAuthentication - USDA Farm Service Agency

Warning Upon login you agree to the following information: You are accessing a U.S. Government information system, which includes (1) this computer, (2) this computer network, (3) all computers...

### Laws and Regulations | Farm Service Agency

Laws and Regulations This section includes FSA Handbooks. These Handbooks are available in PDF format.

### FSA

5-17-22 This handbook constitutes FSA's internal operating guidelines issued by DAFO for carrying out the provisions of regulations. Handbook provisions are considered interpretive of regulations. Whenever an...

### Federal Register Publications & Related Documents

Introduction to the policy development process, and links to the Federal Register-the official publication for final rules, proposed rules, notices and supporting documents of agencies and organizations.

# Searching for FSA Handbooks



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FSA Directives

Federal Register Notices

Authorizing Statutes

Federal Register Publications & Related Documents

## FSA Handbooks

### Farm Appeals

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
1-APP (Rev. 2)	<a href="#">Program Appeals, Mediation, and Litigation</a> (PDF, 953 KB)	16 (PDF, 122 KB)	7/18/2025

### Compliance and Common Management

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
1-AFIDA (Rev. 2)	<a href="#">Foreign Investment Disclosure</a> (PDF, 3.3 MB)	2 (PDF, 509 KB)	1/27/06
1-CM (Rev. 3)	<a href="#">Common Management and Operating Provisions</a> (PDF, 12.2 MB)	82 (PDF, 519 KB)	9/9/2024
9-CM	<a href="#">Common Payment System</a> (PDF, 1.73 MB)	9 (PDF, 846 KB)	6/5/14
10-CM (Rev. 2)	<a href="#">Farm Records and Reconstitutions</a> (PDF, 21.3 MB)	6 (PDF 6.37 MB)	7/29/2025
11-CM	<a href="#">Customer Data Management</a> (PDF, 9.64 MB)	5 (PDF, 2.66 MB)	8/4/25
12-CM	<a href="#">Enterprise Data Warehouse</a> (PDF, 2.0 MB)	1 (PDF, 2.22	2/22/17

# Searching for FSA Handbooks



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News & Events **FSA Handbooks**

News **Farm Appeals**

Events

## Farm Loan Programs

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
1-FLP (Rev. 1)	<a href="#">General Program Administration</a> (PDF, 6.1 MB)	<a href="#">300</a> (PDF, 152 KB)	3/18/2026
2-FLP (Rev. 1)	<a href="#">Guaranteed Loan Making and Servicing</a> (PDF, 6.4 MB)	<a href="#">69</a> (PDF, 293 KB)	4/8/2026
3-FLP (Rev. 2)	<a href="#">Direct Loan Making</a> (PDF, 2.5 MB)	<a href="#">57</a> (PDF, 375 KB)	8/21/2025
4-FLP	<a href="#">Regular Direct Loan Servicing</a> (PDF, 4.31 MB)	<a href="#">48</a> (PDF, 106 KB)	12/18/2025
5-FLP	<a href="#">Direct Loan Servicing -Special and Inventory Property Management</a> (PDF, 12.3 MB)	<a href="#">62</a> (PDF, 235 KB)	12/18/2025
6-FLP	<a href="#">Special Programs</a> (PDF, 684 KB)	<a href="#">28</a> (PDF, 311 KB)	9/20/2024
7-FLP	<a href="#">Direct Loan Servicing -Debt Collection and Resolution</a> (PDF, 4.05 MB)	<a href="#">18</a> (PDF, 3.02 MB)	02/24/2026

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## FSA Handbooks

### Farm Appeals

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
	<a href="#">Program Appeals, Mediation, and Litigation</a> (PDF, 953 KB)	16 (PDF, 122 KB)	7/18/2025

### Compliance and Common Management

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
1-AFIDA (Rev. 2)	<a href="#">Foreign Investment Disclosure</a> (PDF, 3.3 MB)	2 (PDF, 509 KB)	1/27/06
1-CM (Rev. 3)	<a href="#">Common Management and Operating Provisions</a> (PDF, 12.2 MB)	82 (PDF, 519 KB)	9/9/2024
9-CM	<a href="#">Common Payment System</a> (PDF, 1.73 MB)	9 (PDF, 846 KB)	8/5/14
10-CM (Rev. 2)	<a href="#">Farm Records and Reconstitutions</a> (PDF, 21.3 MB)	5 (PDF 6.37 MB)	7/29/2025
11-CM	<a href="#">Customer Data Management</a> (PDF, 9.64 MB)	5 (PDF, 2.66 MB)	8/4/25
12-CM	<a href="#">Enterprise Data Warehouse</a> (PDF, 2.0 MB)	1 (PDF, 2.22	2/22/17

# Searching for FSA Handbooks



**FSA**  
HANDBOOK

Program Appeals, Mediation, and Litigation

To access the transmittal page click on the short reference

For All FSA Employees

SHORT REFERENCE

1-APP  
(Revision 2)

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
Washington, DC 20250

# Searching for FSA Handbooks



## UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

Program Appeals, Mediation, and Litigation  
1-APP (Revision 2)

Amendment 16

Approved by: Administrator

A handwritten signature in black ink that reads "Wade Bean". The signature is written in a cursive, slightly slanted style.

### Amendment Transmittal

#### A Reason for Amendment

Subparagraphs 14 G and 34 A have been amended to correct the regulatory citation to 7 CFR 7.34.

Page Control Chart		
TC	Text	Exhibit
	2-15, 2-16	
	3-5, 3-6	

# Searching for FSA Handbooks



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# Searching for FSA Handbooks



## 8 Decisions for Which 7 CFR Part 780 and This Handbook Apply

### A Applicability

[7 CFR 780.4(a)(1)] Except as provided in other regulations, this part applies to decisions made under programs and by agencies, as set forth herein:

- (i) Decisions in programs administered by FSA to make, guarantee or service farm loans set forth in chapter VII and XVIII of this title relating to farm loan programs;
- (ii) Decisions in those domestic programs administered by FSA on behalf of CCC through State and county committees, or itself, which are generally set forth in chapter XIV of this title, or in part VII relating to conservation or commodities;
- (iii) Appeals from adverse decisions, including \* \* \* determinations made by NRCS under title XII of the Food Security Act of 1985, as amended;
- (iv) Penalties assessed by FSA under the Agricultural Foreign Investment Disclosure Act of 1978, 5 U.S.C. 501 *et seq.*;
- (v) Decisions on equitable relief made by a State Executive Director or State Conservationist pursuant to Section 1613 of the Farm Security and Rural Investment Act of 2002, Pub. L. 107-171;
- (vi) Other programs to which this part is made applicable by specific program regulations or notices in the Federal Register.

For FOIA and Privacy Act appeals, follow Part 7.

# Searching for FSA Handbooks



## B Prohibited Reviews

[7 CFR 780.4(a)(2)] The procedures contained in this part may not be used to seek review of statutes or regulations issued under Federal law or review of FSA's generally applicable interpretations of such laws and regulations.

**Note:** An explanation of policy or requirements does **not** constitute a program decision or eligibility determination. Likewise, a notice sent communicating what options may be selected by a participant do **not** communicate a decision that can be challenged. Consequently, communications of this sort, whether in writing or verbal, should **not** convey an opportunity to seek appealability, reconsideration, mediation, or appeal.

## C Decision-Makers Subject to FSA's Informal Appeals Process

[7 CFR 780.4(a)(3)] For covered programs, this part is applicable to any decision made by an employee of FSA or of its State and county committees, CCC, the personnel of FSA, or CCC, and by the officials of NRCS to the extent otherwise provided in this part, and as otherwise may be provided in individual program requirements or by the Secretary.

**Notes:** Decisions of the Administrator and Deputy Administrators are considered final decisions **not** subject to mediation, reconsideration, or further appeal within FSA. They are, therefore, outside the scope of the FSA informal appeals process.

Although decisions of the Administrator or Deputy Administrator are final for NAD appeal purposes, in exceptional cases the Administrator or a Deputy Administrator may exercise discretion to reconsider a decision or to refer a matter to mediation. Any decision on reconsideration or appeal within FSA will constitute a new decision for time limitation purposes for any subsequent appeal within FSA or to NAD.

# Searching for NRCS Manuals



nrcs manuals

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13 relevant results in <0.20s. All results from external indexes. Quick Answer

**eDirectives - Natural Resources Conservation Service**

[nrcs.usda.gov](https://nrcs.usda.gov) · edirectives

The Electronic Directives System (eDirectives) contains the written policies and procedures used by NRCS employees to provide information and services to ...

**[PDF] Manuals - Natural Resources Conservation Service - USDA**

To assist designers in the selection of the appropriate floor steel, PA NRCS has developed "Design Guide. 11- Floors (Slabs-on-Ground) for Concrete Structures".

**Conservation Practice Standards - Natural Resources Conservation Service**

The technical resources and references NRCS provides uses science-based technology to aid conservation planning and benefit soil, water, air, plants, and ...

**National Engineering Manual - USDA**

National Engineering Manual Click here for entire 210-NEM in one file.

**Iowa NRCS Engineering | Natural Resources Conservation Service**

If you are looking for a Handbook, click on "Handbooks" at the menu on the left side of the screen. Then click on the "+" by Title 210 – Engineering. Then click ...

**Part 530 – Working Lands Conservation Programs Manual**

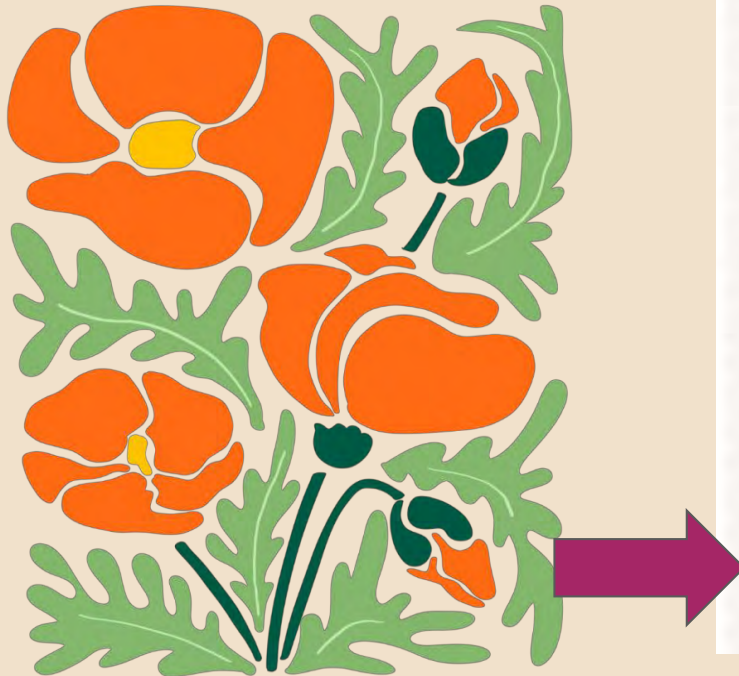
This manual is effective for— New enrollments during fiscal year 2020 and forward until superseded. ce with the regulations in effect on the date of obligation unless otherwise noted in this manual. S Employee...

**USDA - eDirectives**

[directives.sc.egov.usda.gov](https://directives.sc.egov.usda.gov)

The Electronic Directives System (eDirectives) contains the written policies and procedures used by NRCS employees to provide information and services to customers and partners to meet the diverse needs of people, farm production, programs, and resource needs of the public served by the United States Department of Agriculture. Recent Updates ...

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## eDirectives

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The Electronic Directives System (eDirectives) contains the written policies and procedures of people, farm production, programs, and resource needs of the public served by the United States Department of Agriculture.

## Recent Updates

### Manuals

440 M Part 528 Agricultural Conservation Easement Program (ACEP)

[Part 528 Agricultural Conservation Easement Program \(ACEP\)](#)

April 2, 2026

440 M Part 528 Agricultural Conservation Easement Program (ACEP) Part 528 - Entire Part

[Part 528 - Entire Part](#)

April 1, 2026

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440 M Part 528 Agricultural Conservation Easement Program (ACEP) Subpart C - ACEP Appeals

[Subpart C - ACEP Appeals](#)

April 1, 2026

440 M Part 528 Agricultural Conservation Easement Program (ACEP) Subpart D - ACEP-ALE General Information

[Subpart D - ACEP-ALE General Information and Eligibility Requirements](#)

April 1, 2026

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## Title 440 - Programs

[Expand all](#) [Collapse all](#)

### General Manual

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[Subpart B - Exhibits](#)

Part 402 NRCS Electronic Program Delivery Business Tools

[Part 402 NRCS Electronic Program Delivery Business Tools](#)

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Part 502 Terms and Abbreviations Common to All Programs

Subpart A - Definitions

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Part 503 - Commodity Credit Corporation (CCC) Procedures

[Part 503 - Commodity Credit Corporation \(CCC\) Procedures](#)

Part 504 Technical Service Provider Assistance

[Part 504 Technical Service Provider Assistance](#)

Part 509 Equitable Relief From Ineligibility for Conservation

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Part 510 - Appeals and Mediation

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## Part 502 Terms and Abbreviations Common to All Programs

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## Part 509 Equitable Relief From Ineligibility for Conservation

[Part 509 Equitable Relief From Ineligibility for Conservation](#)

## Part 510 - Appeals and Mediation

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[510.61 Exhibit 1, Example of the Agency Administrative Record Organization](#)

[510.62 Exhibit 2, Administrative Record Content Checklist](#)

[510.63 Exhibit 3, Sample Letter Correcting a Technical Determination or Technical Decision](#)

[510.64 Exhibit 4, Sample Letter, No Change in the Technical Determination or Technical Decision](#)

[510.65 Exhibit 5, Sample Technical Determination or Technical Decision Format](#)

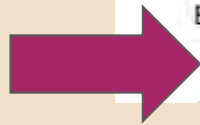
[510.66 Exhibit 6, Sample Preliminary Technical Determination Transmittal Letter](#)

[510.67 Exhibit 7, Sample Field Visit Acknowledgement Letter](#)

## Part 530 Working Lands Conservation Programs Manual

Entire part in one document

[Part 530 Entire Part](#)



# Searching for NRCS Manuals



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Title 440 – Conservation Programs Manual  
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## **Contracting Policy**

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- 530.9 Changes to Hard Copies of Documents

### **Subpart B – Managing Funds**

- 530.10 General
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- 530.12 Funding Preparation Activities
- 530.13 Program Payment Schedules

### **Subpart C – Application for Assistance**

- 530.20 General
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- 530.22 Application Requirements
- 530.23 Submitting Applications

# Searching for NRCS Manuals



## Subpart R – Environmental Quality Incentives Program

- 530.400 General
- 530.401 EQIP Funds Management
- 530.402 EQIP Eligibility
- 530.403 EQIP Planning
- 530.404 EQIP Application Processing
- 530.405 EQIP Contracting and Contract Management
- 530.406 EQIP Payments and Payment Limitations
- 530.407 Conservation Innovation Grants
- 530.408 EQIP Conservation Incentive Contracts
- 530.420 EQIP Exhibits
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  - 530.420B Reserved
  - 530.420C Reserved
  - 530.420D EQIP Regulation, 7 CFR Part 1466
  - 530.420E Advance Payment Collection Letter
  - 530.420F EQIP Water Management Entity Flowchart
  - 530.420G EQIP AGI Applicability and Payment Limitation Waiver Request Worksheet for WMEs

# Searching for NRCS Manuals



## Part 530 – Working Lands Conservation Programs Manual

### Subpart R – Environmental Quality Incentives Program

Amended December 2025

#### 530.400 General

##### A. Program Purpose

1. The Environmental Quality Incentives Program (EQIP) provides financial and technical assistance to eligible agricultural and nonindustrial private forest land producers for implementing conservation practices and activities.
2. EQIP is authorized to promote agricultural production, forest management, and environmental quality as compatible goals and to optimize environmental benefits by
  - a. assisting producers in complying with local, state, and federal regulations concerning soil, water, air quality, wildlife habitat, energy, and other related natural resource concerns; and
  - b. providing flexible assistance to producers in implementing conservation practices or activities on eligible land that address natural resource concerns in a cost-effective and environmentally beneficial manner.
3. If conflicts between this subpart and other subparts of this manual exist, the policy in this subpart will prevail.
4. Refer to section 530.408, “EQIP Conservation Incentive Contracts,” for policy and guidance specific to EQIP conservation incentive contracts (CIC).

##### B. Authority

1. This subpart contains NRCS policy, guidance, and operating procedures for EQIP in accordance with the EQIP regulation in 7 CFR part 1466. Refer to exhibit 530.420D, “EQIP Regulation—7 CFR part 1466,” and subpart O, exhibit 530.143I, “Food Security Act of 1985, as Amended.”
2. This subpart is effective for new enrollments during fiscal year (FY) 2020 and forward until superseded. States must continue to administer contracts enrolled before FY 2020 according to the regulations and contract appendix in effect on the date of obligation.
3. Refer to Title 440 Conservation Programs Manual, Part 529 “Regional Conservation Partnership Program (2014 Farm Bill),” for more guidance related to 2014 Farm Bill RCPP projects that include RCPP-EQIP contracts.

# Searching for NRCS Manuals

## B. Authority

1. This subpart contains NRCS policy, guidance, and operating procedures for EQIP in accordance with the EQIP regulation in 7 CFR part 1466. Refer to exhibit 530.420D, "EQIP Regulation—7 CFR part 1466," and subpart O, exhibit 530.143I, "Food Security Act of 1985, as Amended."

Title 440 – Conservation Programs Manual  
Part 530 – Working Lands Conservation Programs Manual  
Subpart R – Environmental Quality Incentives Program  
Amended December 2025

### 530.400 General

#### A. Program Purpose

1. The Environmental Quality Incentives Program (EQIP) provides financial and technical assistance to eligible agricultural and nonindustrial private forest land producers for implementing conservation practices and activities.
2. EQIP is authorized to promote agricultural production, forest management, and conservation goals and to optimize environmental benefits by complying with local, state, and federal regulations for water quality, wildlife habitat, energy, and other related resources. EQIP is authorized to provide technical assistance and financial assistance to producers in implementing conservation practices that address natural resource concerns in a cost-effective and beneficial manner. Where other subparts of this manual exist, the policy in those subparts shall apply. For "EQIP Conservation Incentive Contracts," for policy and procedures for EQIP conservation incentive contracts (CIC).

#### B. Authority

1. This subpart contains NRCS policy, guidance, and operating procedures for EQIP in accordance with the EQIP regulation in 7 CFR part 1466. Refer to exhibit 530.420D, "EQIP Regulation—7 CFR part 1466," and subpart O, exhibit 530.143I, "Food Security Act of 1985, as Amended."
2. This subpart is effective for new enrollments during fiscal year (FY) 2020 and forward until superseded. States must continue to administer contracts enrolled before FY 2020 according to the regulations and contract appendix in effect on the date of obligation.
3. Refer to Title 440 Conservation Programs Manual, Part 529 "Regional Conservation Partnership Program (2014 Farm Bill)," for more guidance related to 2014 Farm Bill RCPP projects that include RCPP-EQIP contracts.

## Searching CFR citation



### **Example: 7 C.F.R. 764.101 (2026)**

- General eligibility requirements for direct loan making
- Title 7
- Part 764
- Section 764.101
- Section subdivisions: (a) > (1) > (i)

# Searching CFR citation



7 cfr 764.101

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20 relevant results in 0.69s. All results from external indexes. Quick Answer

[7 CFR 764.101 -- General eligibility requirements. - eCFR](#)

ecfr.gov · current · title-7 · subtitle-B · chapter-VII

The applicant, and anyone who will sign the promissory note, must be a citizen of the United States, United States non-citizen national, or a qualified alien.

[eCFR :: 7 CFR Part 764 -- Direct Loan Making](#)

Displaying title 7, up to date as of 4/09/2026. Title 7 was last amended 4/09/2026.

[7 CFR Part 764 Subpart C - eCFR](#)

Title 7 Subtitle B Chapter VII Subchapter D Part 764 Subpart C View Full Text Previous Next Top

[7 CFR Part 764 Subpart C -- Requirements for All Direct Program Loans](#)

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

[eCFR :: 7 CFR Part 764 Subpart I -- Emergency Loan Program](#)

The Electronic Code of Federal Regulations Title 7 Displaying title 7, up to date as of 8/05/2025. Title 7 was last amended 8/05/2025.

[7 CFR § 764.101 - General eligibility requirements.](#)

law.cornell.edu · cfr · text · 7 · 764.101

The following requirements must be met unless otherwise provided in the eligibility requirements for the particular type of loan. (a) Controlled substances.

# Searching CFR citation



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On the left side of the screenshot, there is a sidebar menu with the following items: 'Table of Contents', 'Details', 'Print/PDF', 'Display Options', 'Subscribe', 'Timeline', 'Go to Date', 'Compare Dates', 'Published Edition', and 'Developer Tools'.

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**§ 764.101 General eligibility requirements.**

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

- (a) **Controlled substances.** The applicant, and anyone who will sign the promissory note, must not be ineligible for loans as a result of a conviction for controlled substances according to 7 CFR part 718 of this chapter.
- (b) **Legal capacity.** The applicant, and anyone who will sign the promissory note, must possess the legal capacity to incur the obligation of the loan. A Youth loan applicant will incur full personal liability upon execution of the promissory note without regard to the applicant's minority status.
- (c) **Citizenship.** The applicant, and anyone who will sign the promissory note, must be a citizen of the United States, United States non-citizen national, or a qualified alien under applicable Federal immigration laws.
- (d) **Credit history.** The applicant, and all entity members in the case of an entity, must have acceptable credit history demonstrated by debt repayment.
  - (1) As part of the credit history, the Agency will determine whether the applicant, and all entity members in the case of an entity, 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, and all entity members in the case of an entity, has properly fulfilled its obligations to other parties, including other agencies of the Federal Government.
  - (2) When the applicant, or an entity member in the case of an entity, caused the Agency a loss by receiving debt forgiveness, the applicant may be ineligible for assistance in accordance with eligibility requirements for the specific loan type. If the debt forgiveness is cured by repayment of the Agency's loss, the Agency may still consider the debt forgiveness in

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## Appendix A to Subpart C of Part 766—FSA-2510, Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due

[Title 7 Q](#) [Chapter VII Q](#) [Part 766 Q](#)

This appendix A contains the notification (form letter) that the Farm Service Agency will send to borrowers who are at least 90 days past due on their loan payments. It provides information about the loan servicing that is available to the borrower. As stated

## Appendix B to Subpart C of Part 766—FSA-2510-IA, Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due (for Use In Iowa Only)

[Title 7 Q](#) [Chapter VII Q](#) [Part 766 Q](#)

This appendix contains the notification (form letter) that the Farm Service Agency will send to borrowers with loans in Iowa who are at least 90 days past due on their loan payments. It provides information about the loan servicing that is available to the

## § 766.301 Notifying borrower in bankruptcy of loan servicing.

[Title 7 Q](#) [Chapter VII Q](#) [Part 766 Q](#)

previously notified. The Agency will provide **notice** of all loan servicing options available...notification. If the borrower received **notice** of all loan servicing options available...not completed, the Agency will provide **notice** of any remaining loan servicing options

## § 766.101 Initial Agency notification to borrower of loan servicing programs.

[Title 7 Q](#) [Chapter VII Q](#) [Part 766 Q](#)

with subpart G of this part. (c) Mailing. **Notices** to delinquent borrowers or borrowers in...the certified mail is not accepted, the **notice** will be sent immediately by first class...all other borrowers requesting the **notices**, the **notices** will be sent by regular mail or hand-delivered

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**§ 764.101 General eligibility requirements.**

The following requirements must be met unless otherwise provided in the eligibility requirements for the

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**URL:** <https://www.ecfr.gov/current/title-7/part-764/section-764.101>

**Citation:** 7 CFR 764.101

**Agency:** Farm Service Agency, Department of Agriculture

**Part 764**

**Authority:** 5 U.S.C. 301 and 7 U.S.C. 1989.

**Source:** 72 FR 63298, Nov. 8, 2007, unless otherwise noted.

immigration laws.

(d) **Credit history.** The applicant, and all entity members in the case of an entity, must have acceptable credit history demonstrated by debt repayment.

(1) As part of the credit history, the Agency will determine whether the applicant, and all entity members in the case of an entity, 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, and all entity members in the case of an entity, has properly fulfilled its obligations to other parties, including other agencies of the Federal Government.

(2) When the applicant, or an entity member in the case of an entity, caused the Agency a loss by receiving debt forgiveness, the applicant may be ineligible for assistance in accordance with eligibility requirements for the specific loan type. If the debt forgiveness is cured by repayment of the Agency's loss, the Agency may still consider the debt forgiveness in determining the applicant's credit worthiness.

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not limited to, FFA Club, FFA, beginning farmer and rancher development programs, or Community Based Organizations, that demonstrates experience in a related agricultural enterprise; or

(ii) A written description of a self-directed apprenticeship combined with either prior sufficient experience working on a farm or significant small business management experience. As a condition of receiving the loan, the self-directed apprenticeship requires that the applicant seek, receive, and apply guidance from a qualified person during the first cycle of production and marketing typical for the applicant's specific operation. The individual providing the guidance must be knowledgeable in production, management, and marketing practices that are pertinent to the applicant's operation, and agree to form a developmental partnership with the applicant to share knowledge, skills, information, and perspective of agriculture to foster the applicant's development of technical skills and management ability.

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(i) Related by blood or marriage, at least one member must be the operator of a family farm;

(ii) Not related by blood or marriage, the entity members holding a majority at least 50 percent interest must be operators of a family farm.

(3) Except for EM loans, the collective interests of the members may be larger than a family farm only if:

(i) Each member's ownership interest is not larger than a family farm;

(ii) All of the members of the entity are related by blood or marriage; and

(iii) All of the members are or will become operators of the family farm; and

(4) If the entity applicant has an operator and ownership interest for farm ownership loans and emergency loans for farm ownership loan purposes, in any other farming operation, that farming operation must not exceed the requirements of a family farm.

(i) **Entity composition.** If the applicant has one or more embedded entities, at least 75 percent of the individual ownership interests of each embedded entity must be owned by members actively involved in managing or operating the family farm.

[72 FR 63298, Nov. 8, 2007, as amended at 75 FR 54015, Sept. 3, 2010; 76 FR 75434, Dec. 2, 2011; 78 FR 3835, Jan. 17, 2013; 79 FR 60744, Oct. 8, 2014; 81 FR 3293, Jan. 21, 2016; 81 FR 10063, Feb. 29, 2016; 86 FR 43391, Aug. 9, 2021]

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#### § 764.101 General eligibility requirements.

The following requirements must be met unless otherwise provided in the eligibility requirements for the particular type of loan:

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applicant, and anyone who will sign the promissory note, must not be the result of a conviction for controlled substances according to 7 CFR part

it, and anyone who will sign the promissory note, must possess the obligation of the loan. A Youth loan applicant will incur full personal liability for the promissory note without regard to the applicant's minority status.

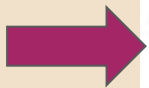
and anyone who will sign the promissory note, must be a citizen of the United States, a non-citizen national, or a qualified alien under applicable Federal law.

st have

nt, and all entity members in the case of an entity, 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, and all entity members in the case of an entity, has properly fulfilled its obligations to other parties, including other agencies of the Federal Government.

(2) When the applicant, or an entity member in the case of an entity, caused the Agency a loss by receiving debt forgiveness, the applicant may be ineligible for assistance in accordance with eligibility requirements for the specific loan type. If the debt forgiveness is cured by repayment of the Agency's loss, the Agency may still consider the debt forgiveness in

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# Practice Example: Managerial Ability



# Practice Example: Managerial Ability

**Farmer Jane wants to know  
if she meets the managerial  
ability criterion for an  
FSA direct loan.**



# Practice Example: Managerial Ability



## Farm Loan Programs

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
1-FLP (Rev. 1)	<a href="#">General Program Administration</a> (PDF, 6.1 MB)	<a href="#">300</a> (PDF, 152 KB)	3/18/2026
2-FLP (Rev. 1)	<a href="#">Guaranteed Loan Making and Servicing</a> (PDF, 6.4 MB)	<a href="#">69</a> (PDF, 293 KB)	4/8/2026
3-FLP (Rev. 2)	<a href="#">Direct Loan Making</a> (PDF, 2.5 MB)	<a href="#">57</a> (PDF, 375 KB)	8/21/2025
4-FLP	<a href="#">Regular Direct Loan Servicing</a> (PDF, 4.31 MB)	<a href="#">48</a> (PDF, 106 KB)	12/18/2025
5-FLP	<a href="#">Direct Loan Servicing -Special and Inventory Property Management</a> (PDF, 12.3 MB)	<a href="#">62</a> (PDF, 235 KB)	12/18/2025
6-FLP	<a href="#">Special Programs</a> (PDF, 684 KB)	<a href="#">28</a> (PDF, 311 KB)	9/20/2024
7-FLP	<a href="#">Direct Loan Servicing -Debt Collection and Resolution</a> (PDF, 4.05 MB)	<a href="#">18</a> (PDF, 3.02 MB)	02/24/2026

# Practice Example: Managerial Ability



**FSA**  
**HANDBOOK**

Direct Loan Making

For State and County Offices

SHORT REFERENCE

3-FLP  
(Revision 2)

# Practice Example: Managerial Ability



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## Practice Example: Managerial Ability



### Scenario 1:

**Jane worked full-time on a farm the last three years.**

## Practice Example: Managerial Ability



### Scenario 2:

**Jane has a two-year Associate's degree in an agriculture-related field, BUT**

- **Farm experience ended 18 years ago, and**
- **No on-the-job training.**

## Practice Example: Managerial Ability



### Scenario 3:

Jane...

- Started, but did not complete, a community-based beginning farmer program, and
- Recently worked about half the year on a friend's farm.

## Practice Example: Managerial Ability



### Scenario 4:

**Jane is applying for an FSA  
Microloan for operating  
purposes.**

**Do the answers to Scenarios 1-3  
change?**

# Practice Example: Credit History



# Practice Example: Credit History



**Farmer Joe wants to know if he meets the credit history criterion for an FSA direct loan.**

# Practice Example: Credit History



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## Practice Example: Credit History



**Scenario 1:**

**Joe has a low credit score.**

## Practice Example: Credit History



### Scenario 2:

Joe had a series of delinquencies and judgments five years ago.

## Practice Example: Credit History



### Scenario 3:

Joe had a series of delinquencies and judgments two years ago.

## Practice Example: Credit History



### Scenario 4:

**Joe filed for bankruptcy  
one year ago.**

## Practice Example: Credit History



### Scenario 4:

**Joe filed for bankruptcy  
one year ago...**

- **After a disaster.**

## Practice Example: Credit History



### Scenario 4:

**Joe filed for bankruptcy  
one year ago...**

- **Caused by medical bills.**

## Practice Example: Credit History



### Scenario 4:

**Joe filed for bankruptcy  
one year ago...**

- **After his divorce.**

# Practice Example: Price/Production Justification

**First Hint:  
1-FLP**

**Second Hint:  
Part 8**

**Third Hint:  
Section 3**

- If Angela's FSA Loan Officer expresses doubts on **the pricing that she has included in her Farm Business Plan for her products**, what handbook guidance or CFR regulations could support her application?
- (*bonus if time*): If Angela's FSA Loan Officer expresses doubts about **her ability to scale up to more production** ( $\frac{1}{4}$  acre to 4 acres or whatever part of it she would be farming this season), what handbook guidance or CFR regulations define what can be used to justify her production history?

# Practice Example: Price/Production Justification



## Farm Loan Programs

Handbook	Handbook Title (file size)	Last Amendment (file size)	Date Last Updated
1-FLP (Rev. 1)	<a href="#">General Program Administration</a> (PDF, 6.1 MB)	<a href="#">300</a> (PDF, 152 KB)	3/18/2026
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4-FLP	<a href="#">Regular Direct Loan Servicing</a> (PDF, 4.31 MB)	<a href="#">48</a> (PDF, 106 KB)	12/18/2025
5-FLP	<a href="#">Direct Loan Servicing - Special and Inventory Property Management</a> (PDF, 12.3 MB)	<a href="#">62</a> (PDF, 235 KB)	12/18/2025

# Practice Example: Price/Production Justification



## FSA HANDBOOK

### General Program Administration

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For State and County Offices

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1-FLP (Revision 1)

# Practice Example: Price/Production Justification



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## 242 Developing Farm Operating Plans

# Practice Example: Price/Production Justification



## A General

**[7 CFR 761.104(a)] An applicant or borrower must submit a farm operating plan to the Agency, upon request, for loan making or servicing purposes.**

**A farm operating plan used for loan making or loan servicing decisions will be developed in a manner that advances the applicant's or borrower's plan for short- and long-term goals and will be based on:**

- a typical year's plan for existing farm operations or enterprises without changes
- **accurate, verifiable, reliable, and realistic information \* \* \***
- \*—the adequacy and appropriateness of real estate, including facilities and improvements, and personal property, such as equipment and livestock, used to successfully conduct the farming operation. Consideration should be given to any necessary repairs, the operational life of the assets compared to the loan term, and any other factors which could impact the feasibility of the farm operating plan.--\*

**[7 CFR 761.104(b)] An applicant or borrower may request Agency assistance in developing the farm operating plan.**

Applicants are encouraged to obtain technical assistance from their local Service Center or 1 of the many stakeholder organizations that work with farmers and ranchers. Sources of technical assistance include, but are not limited to, Land Grant Universities, Extension Service, State programs, and partner organizations, including 1 of the many grants or cooperative agreements administered by USDA. States may contact their State Outreach or Beginning Farmer and Rancher Coordinator for assistance.

**Note:** Applicants using OLA have the option to specifically request FSA assistance in developing the farm operating plan. Assistance should be provided according to 3-FLP, subparagraphs 4I A and D.

**[7 CFR 761.104(c)] The farm operating plan will be based on accurate and verifiable information.**

Poultry or hog production contracts are the basis of grower income and facility value. The dependability of production contracts has a profound impact on the prospect for loan repayment. "Flock-to-flock" or "turn-by-turn" type arrangements alone may not be a dependable source of income or a reasonable projection of income for poultry or hog applicants who do **not** have current financial performance history with FSA.

# Practice Example: Price/Production Justification



## 242 Developing Farm Operating Plans (Continued)

### A General (Continued)

**Note:** For contract income to be considered dependable, the contract must:

- be for a minimum period of 3 years
- provide for termination based on objective “for cause” criteria only
- require that the grower be notified of specific reasons for cancellation
- provide assurance of the grower’s opportunity to generate income to ensure loan repayment, by incorporating requirements, such as a minimum number of flocks or turns per year, minimum number of bird or hog placements per year, or similar quantifiable requirements.

Applicants requesting loans to expand their poultry or hog operation by adding more houses/barns or purchasing additional land to increase the size of the poultry or hog operation, and who **are** presently indebted to FSA, will be required to have a contract with a minimum 3-year term. The contract must at least cover the facilities financed with the FSA loan.

When contract income **cannot** be determined to be dependable and likely to continue, it **cannot** be used to reasonably project future income. In that scenario, the authorized agency official will:

- inform the grower of the contract provisions that result in the determination
- provide an opportunity for the submission of a revised contract before a final decision on the request.

**Note:** Whenever possible, loan requests should be approved subject to modification of unacceptable contract provisions.

**[7 CFR 761.104(c)(1)] Historical information will be used as a guide.**

The authorized agency official will review the farm operating plan to ensure that it is reasonable, relative to historical performance, \* \* \* local practices, and conditions.

# Practice Example: Price/Production Justification



## 242 Developing Farm Operating Plans (Continued)

### A General (Continued)

To report past yields, documentation, such as operator's sales receipts, financial statements, contracts, and tax returns, may be used by applicants whose operations' past yields do not provide pertinent information for the projected plan. Such operations include vegetable operations in which different crops are grown to meet changing market demands, operations that produce crops using measures such as rows or partial row instead of acres, or operations that grow crops that sell in volumes, such as bunches. For such operations, past reliable history of income and expenses or cash receipts may be used to project the field, greenhouse,

\*--or operations' production revenue. If an applicant is assuming an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of production data for the existing operation.

The authorized agency official will evaluate at least the last 3 years of financial data for the farm or applicant. Financial data can be gathered from tax returns, applicant records, or FSA records. If an applicant is taking over an operation and the operation will remain substantially unchanged, the assessment may consider the most recent 3 years of financial data for the existing operation, if available, along with the applicant's own living expenses. A per-unit cost breakdown of per acre/head by commodity item is ideal when developing a plan for operating expenses. Consideration of historical changes to items including, but not limited to, liquidity, solvency, working capital position, and repayment margin must be taken into account when developing the farm operating plan.--\*

**[7 CFR 761.104(c)(2)] Positive and negative trends, mutually agreed upon changes and improvements, and current input prices will be taken into consideration when arriving at reasonable projections.**

\*--Trend analysis of the applicant's operation must use comparable data for each year (i.e. analysis of balance sheets completed at the same time each year).--\*

The impact of industry trends must be assessed when developing farm operating plans used in loan requests from poultry or hog growers, and can be based on standard production budgets developed by contractors, consultants, or extension specialists. While these budgets are accepted starting points, the authorized agency official must ensure that the farm operating plan reflects realistic performance assumptions for each individual situation, including but not limited to the following:

- increased input costs
- changes in unit numbers and weights
- increased idle time between flocks of poultry or turns of hogs
- other relevant factors that affect net income.

## Practice Example: Price/Production Justification



### A General (Continued)

The impact of age, condition, and potential obsolescence of the facilities must be assessed for loans to purchase or refinance existing facilities. The farm operating plan must factor in any reduced efficiency as well as the potential costs for required modernization of existing facilities to comply with the contract's requirements.

**[7 CFR 761.104(c)(3)] Projected yields will be calculated according to the following priorities:**

**(i) The applicant or borrower's own production records for the previous 3 years;**

**(ii) The per-acre actual production history of the crops produced by the farming operation used to determine Federal crop insurance payments, if available;**

**Notes:** This does not mean that averages will be the projection used in every plan. Positive and negative trends will be considered when projecting production levels. The primary focus should always be on developing a realistic projection. If production has been increasing each year for the past 3 years, using the most recent year's production level or a higher level consistent with the trend will, in most cases, be the most realistic projection.

Conversely, if the trend is negative, the average may overstate production, and the most recent year's level is probably the most realistic projection. However, a higher production level may be projected if the negative trend is the result of disaster conditions, or if actions have been taken that will definitively reverse the trend.

Additionally, 3 years is the minimum years of records to be considered, if available. The applicant, at their discretion, can provide more than 3 years of records if these additional records provide a more realistic yield projection. The basis for the yield used should be adequately documented in FBP.

When the production of a growing commodity can be estimated, that estimate must be considered in production projections.

**(iii) FSA Farm Program actual yield records;**

**(iv) County averages;**

**(v) State averages.**

**[7 CFR 761.104(c)(4)] If the applicant or borrower's production history has been substantially affected by a disaster declared by the President or designated by the Secretary of Agriculture, or the applicant or borrower has had a qualifying loss from such disaster but the farming operation was not located in a declared or designated disaster area, the applicant or borrower may:**

## Practice Example: Price/Production Justification



### 242 Developing Farm Operating Plans (Continued)

#### A General (Continued)

(i) Use county average yields, or state average yields if county average yields are not available, in place of the disaster year yields when the county or state average yields are realistic and reasonable compared to the applicant's actual non-disaster year yields, as determined by the agency approval official; or

(ii) Exclude the production year with the lowest actual or county average yield if their yields are affected by disasters during at least 2 of the 3 years.

**Note:** SED will issue a State supplement containing the 3-year history of disaster declarations for all counties in their State, along with the type of disaster and the incident period.

[7 CFR 761.104(d)] Unit prices for agricultural commodities established by the Agency will generally be used. Applicants and borrowers that provide evidence that they will receive a premium price for a commodity may use a price above the price established by the Agency.

FSA-established prices will be used in all farm operating plans developed, unless the applicant provides evidence that they will receive a premium price or a price other than that established by the State. Evidence of this may include, but is not limited to, contracts or other written agreements that guarantee the price for the commodity being produced. If the applicant has historically received a premium price because of above average quality or grade of the product produced, the premium will be taken into account when determining the expected price to be received for that product.

SED will issue a supplement listing the unit prices for all commodities commercially produced in their State, including resources for pricing and marketing strategies for commodities that have not traditionally been commercially produced or marketed in the past. Examples may include organic production, locally or regionally produced agricultural food products, direct marketing to restaurants and grocery stores, CSA, and farmers markets.

Pricing data for alternative production and marketing methods may be available from the following:

- NASS, through its 2008 organic production survey at [http://www.agcensus.usda.gov/Publications/2007/Online\\_Highlights/Organics/index.php](http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Organics/index.php)

## Practice Example: Price/Production Justification



### A General (Continued)

- **AMS:**
  - grain and foodstuffs at <http://www.ams.usda.gov/mnreports/lbnoof.pdf>
  - fruit and vegetables at <http://www.marketnews.usda.gov/portal/fv>
  - wholesale terminal markets at <http://usdareports.com>
- RMA provides price for organically grown commodities
- National Agricultural Library has resources available on sustainable and organic agriculture at <http://afsic.nal.usda.gov/organic-production>
- nonprofit organizations such as Rodale Institute's New Farm Organic Price Report
- local sources such as the State Department of Agriculture, farmers market organizations, State organic farmers and gardeners associations, roadside stand organizations, local retail outlets, and State universities.

**Note:** See Exhibit 28 for a guide to determining projected prices.

**[7 CFR 761.104(e)]** For MLs, when projected yields and unit prices cannot be determined as specified in paragraphs (c) and (d) of this section because the data is not available or practicable, other documentation from other reliable sources may be used to assist in developing the applicant's farm operating plan.

**[7 CFR 761.104(f)]** Development of farm operating plans and determination of appropriate repayment terms must include consideration of a reasonable amount of cash flow margin to increase working capital reserves and savings, including reasonable savings for retirement and education, to support operational stability and growth.

According to applicant or borrower goals, and to the extent a feasible plan can be developed, farm operating plans developed for most direct loan making purposes will budget for a reasonable accumulation of working capital reserves and savings, including savings for capital investment, retirement, and education, including the education expenses of relatives. Unequal repayment terms may be necessary for a feasible plan to be developed.

Farm operating plans for youth loans, LR loans, and new loans in concurrence with special servicing requests, will not include a budgeted amount for working capital reserves or savings accumulation, but those goals will be considered as part of the farm assessment. Applicants may also be eligible for interest-only payments in the first year, enabling them to make progress towards long-term financial goals.

# Practice Example: Price/Production Justification



## 242 Developing Farm Operating Plans (Continued)

### A General (Continued)

If the direct loan request is made along with primary loan servicing, farm operating plans will not budget for working capital reserve or savings accumulation, as eDALRS already provides for margin according to regulation. Payments for new direct term loans, except for down payment loans, approved concurrently with PLS will be interest-only for the first year with equally amortized installments beginning year 2, unless an alternative repayment schedule is necessary to develop a feasible plan, or if the applicant requests an alternative repayment schedule as documented by the applicant's acceptance and signature of FSA-2313. A typical year plan will be developed in FBP showing a positive cash flow that includes repayment of the new loans and restructured loans if unequal installments are used.

**[7 CFR 761.104(g)] Except as provided in paragraph (h) of this section, the applicant or borrower must sign the final farm operating plan prior to approval of any loan or servicing action.**

**[7 CFR 761.104(h)] If the Agency believes the applicant or borrower's farm operating plan is inaccurate, or the information upon which it is based cannot be verified, the Agency will discuss and try to resolve the concerns with the applicant or borrower. If an agreement cannot be reached, the Agency will make loan approval and servicing determinations based on the Agency's revised farm operating plan.**

If a loan making or servicing decision is based on a revised farm operating plan the applicant does not agree with, the authorized agency official will enter the plan on which the applicant does not agree in FBP along with the plan submitted by the applicant. The authorized agency official will document in FBP the differences in the plans and the fact that the loan making or servicing decision was based on a revised farm operating plan on which the applicant does not agree.

In FBP, the plans should be named such that it is clear which plan is the applicant's plan and which plan is developed by FSA.

## Practice Example: Price/Production Justification



### B Consideration of New Enterprises

For new enterprises that are **not** a part of the applicant's history, the authorized agency official may use reliable sources, such as enterprise budgets from Extension Service and Land Grant Universities, as acceptable documentation to support the farm operating plan. Farm operating plans developed for new enterprises must use acceptable State or county average production levels. In addition, the local conditions (soil productivity, climate, etc.) that will affect the enterprise and current realistic income and expense information will be considered when State or county averages are used.

**Note:** Program loan cost contracting funds are available and may be used to procure technical assistance for applicants planning new enterprises if public sector institutions (Extension Service, State Government, Land Grant Universities, etc.) cannot provide the assistance necessary.

### C Consideration of Farm Program Payments

The authorized agency official will:

- determine whether the applicant has applied for and may be eligible to receive any type of program payment assistance
- contact CED to determine the type and amount of program payment assistance the applicant has received or can expect to receive during the period covered by the farm operating plan
- include typical program payments and subsidies that are included in the President's annual appropriations budget in the cash flow projection of the farm operating plan
- not include any:
  - disaster related payments in the cash flow projections of long range and/or typical year farm operating plans, as disasters and any related type of payment assistance are ad-hoc and are not considered typical for a farming operation
  - 1-time payment assistance appropriated as a result of special legislation by Congress and the President in the cash flow projections of long range and/or typical year farm operating plans, as 1-time payment assistance is not considered typical for a farming operation.

Alternative Production and Marketing Price Determination Guide

# Practice Example: Price/Production Justification



## A Overview

Agriculture is an evolving business and the recent surge in consumer demand for organic and locally-produced food is creating jobs and agricultural opportunities throughout rural America. Beginning farmers are finding an entry point into agriculture through local markets, while many existing businesses are diversifying into high-value, locally-branded products. With the increasing number of “buy local”, organic, urban agriculture and specialty crop awareness campaigns; there has been an increase in request for assistance for operations unfamiliar to some local offices. The following methodologies can be used in developing prices and other forms of valuation for crops and evaluating local or regional marketing methods. The same methodologies can be applied to organic crops and pricing.

Four basic methodologies are discussed in this exhibit. In addition, there is also information on considering alternative enterprises.

**Note:** DAFLP maintains a library of web-based resources that includes a variety of information on nontraditional and niche-type farm enterprises. This information includes sample enterprise budgets, marketing models, how-to and start-up guides, organics, hydroponics, Community Supported Agriculture, and more. The DAFLP community found within USDA Connect at <https://connections.usda.gov> provides an additional source of information and the opportunity to network with other USDA Agencies and topic-specific communities that provide equally valuable resources and information.

## B Prices for Enterprises Not Available on Published State Price Lists

When actual records data is not available, prices may be found by using NASS data, terminal price information, RMA data, AMS Market News, or the price list from an adjoining or nearby State. This may be helpful in cases where a significant amount of land is dedicated to growing a specific crop. USDA-AMS Market News also has a local food price-gathering effort underway and is starting to publish datasets online at <http://www.ams.usda.gov/AMSv1.0/MarketNewsLocalRegional>. This data will be enhanced significantly over the next year. Additional information may also be available by researching cooperative extension sites at <http://www.csrees.usda.gov/Extension>. Many cooperative extension sites have enterprise budgets that can assist applicants in developing their farm plan.

**Example 1:** An office receives a request for assistance from a new producer who wants to grow basil. The proposal is for 20,000 square feet of basil production. The applicant provides a letter from the local grocery store agreeing to purchase basil not less than wholesale price. The applicant submits the latest Detroit terminal price of \$6 per pound for basil and obtains an enterprise budget from the local university. Using this analysis, the applicant substantiates a feasible plan and assistance can be approved. In the following year, this applicant will have actual price history and income and expense data.--\*

## Practice Example: Price/Production Justification



### \*--Alternative Production and Marketing Price Determination Guide (Continued)

#### B Prices for Enterprises Not Available on Published State Price Lists (Continued)

**Example 2:** An applicant comes into the office with the intention to grow an organic crop. Deciding how to price organic products is difficult, particularly when markets often are not well-established. Prices need to be high enough to make a profit, but reasonable based on competition and how customers value (or establish a price on) the product. Many enterprise budgets may be available, but the applicant should choose an enterprise budget that suits the business they are proposing. The applicant should review the scale that is being proposed, the production method proposed (organic or conventional), and geographic region from which the sample budget is created. Still, there are numerous resources to assist even if the State's extension service or the land grant college does not have specific information for a particular enterprise. The National Sustainable Agricultural Service provides numerous resources for organic enterprise budgets at <https://attra.ncat.org/organic.html#vegetable>, and the USDA Economic Research Service at <http://ers.usda.gov/data-products/organic-prices.aspx> is a useful resource for organic pricing.

#### C Applicants With Actual Income and Expense Records, Not Specific to a Commodity

It is not always practicable to value crop income and expenses on an individual crop basis. This is especially true for small acreage operations, high tunnel production, highly diverse operations, CSA, and operations where product choice is driven by market demands. When product choice is driven by market demands, the applicant's actual historical income and expense records may be used to establish trends and projections.

**Example:** In 2012, an applicant grew 12 different vegetables and herbs on 21,000 square feet. The operation grossed \$9,000 income by using a variety of marketing methods. In 2013, the applicant improved selling techniques and grossed \$10,800 in income, a 20 percent increase. In 2014, the operation proposes to grow to 35,000 square feet. An acceptable estimate of the proposed gross income for 2014 would be calculated as  $10,800 \div 21,000 \text{ square feet (former lot size)} \times 35,000 \text{ square feet (new lot size)} = \$18,000$ . The same methodology would be used to estimate expenses.--\*

\*--Alternative Production and Marketing Price Determination Guide (Continued)

# Practice Example: Price/Production Justification



## E Alternative Marketing Methods (Continued)

Applicants establishing new CSA operations should research target market and be able to answer general questions, such as:

- How many competitors are there in the target marketing area?
- What is the average share price?
- How does your CSA product differ from your competitors?
- Can your market support another CSA?
- How did you determine your share price and the number of shares you plan to sell?

Numerous resources are available to assist farmers with marketing methods, share pricing, and breakeven analysis. Many farms combine CSA with other forms of marketing, such as selling at a farmers market, farm to institution or restaurants, and retail stores.

- **Farmers Markets**, as with CSA, should be researched by the applicants in the area where they expect to market their product. Many State Departments of Agriculture maintain an average price list for farmers markets in their jurisdiction and AMS Market News is beginning to gather this information as well (see link in subparagraph B). Also many States have farmers market associations that may track average prices.

## F Alternative Enterprises

Prices, farm programs, trade policies, technology, markets, and consumer preferences change continuously. Some enterprises previously believed to be speculative or without an established or steady market are now proving, through consumer demand, to be main stream in some regions. Loan officers are often faced with request for assistance from operations, either wholly or in part, producing income through production of alternative enterprise. To find out more about alternative enterprises suited to each area, the National Agricultural Library has many examples and helpful publications at <http://www.nal.usda.gov/afsic/pubs/altlist.shtml>. Examples of alternative enterprises include the following.

- **Wetland plants grown for environmental restoration.** Contracts are often available from State agencies to raise plants for environmental restoration. If plants are raised as seedlings or rooted cuttings for sale and not "wild harvested", this operation may be considered an eligible enterprise.
- **Bison.** When an operation can provide documentation of an established meat market, bison may be considered an eligible enterprise. The USDA's National Animal Health Monitoring System launched Bison 2014, the first-ever national study of the U.S. ranched-bison industry. This initiative is intended to increase knowledge and understanding about the characteristics, health, management practices, and challenges facing bison operations in the U.S.

If the operation's main enterprise is production for heads and skulls, this would be considered a non-eligible enterprise.--\*

# When to Seek Help

1. You've read the relevant handbook sections and the regulation(s).
2. Still not sure how factual scenario fits with law.
3. Conflict between regulation text and handbook text.
4. USDA officials contradicting text of regulation or handbook.



# Contact Information

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## **RAFI**

(as advocates are available, for quick consults)

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