

# DSP MASTER WORKBOOK

## *FSA Direct Loan Process – Conference Edition*

**Core Question:** Can the loan be repaid? Everything in this workbook ties back to this.

## 1. THINK LIKE FSA

FSA evaluates risk, not effort. A strong application must clearly demonstrate repayment ability using real numbers, not assumptions. Your role is to ensure the application tells a consistent, supportable story.

**DSP Insight:** If the story, numbers, and documents don't match, the file will fail.

**Common Mistake:** Overestimating income or underestimating expenses.

## 2. UNDERWRITING BREAKDOWN

FSA underwriting is built on three pillars: Character, Cash Flow, and Collateral.

- 1 **Character:** Repayment history and management ability.
- 2 **Cash Flow:** Must show positive margin after all obligations.
- 3 **Collateral:** Must secure the loan adequately.

**Example:** Strong farmer + weak numbers = denial.

### 3. ELIGIBILITY SCREENING

Eligibility is the first gate. If not met, the application stops immediately.

**Must Have:** Legal capacity, citizenship, acceptable credit, no delinquent federal debt, managerial ability.

## 4. CASH FLOW ANALYSIS

Cash flow determines approval. FSA requires a positive margin that supports repayment and stability.

**Formula:**  $\text{Income} - \text{Expenses} - \text{Debt} = \text{Margin}$

Category	Amount
Income	
Expenses	
Debt	
Margin	

## 5. COMPLETE APPLICATION

A complete application moves forward. Missing items delay or stop processing.

- 1 Signed application
- 2 Financial records
- 3 Production records
- 4 Credit elsewhere documentation
- 5 AD-1026 compliance

**DSP Rule:** If it's not complete, it doesn't move.

## 6. TIMELINE MANAGEMENT

FSA provides strict deadlines for incomplete applications. Missing deadlines leads to withdrawal.

**7 Days:** Notice issued | **15 Days:** Response required | No response = withdrawal

## 7. CASE STUDY: ANGELA JONES

Use everything you've learned to evaluate this applicant like a loan officer.

**Evaluate:** - Cash Flow - Eligibility - Collateral - Risks - Fixes needed for approval

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## FINAL TAKEAWAY

**FSA does not approve people—they approve files.**

Your job is to identify weaknesses, strengthen the application, and ensure everything aligns before submission.