

§§ 761.1-761.6 [Reserved]

§ 761.7 Appraisals.

(a) *General.* This section describes requirements for:

(1) Real estate and chattel appraisals made in connection with the making and servicing of direct Farm Loan Program and nonprogram loans; and,

(2) Appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed Farm Loan Program and nonprogram loans.

(b) *Definitions.*

Administrative appraisal review means a review of an appraisal to determine if the appraisal:

(1) Meets applicable Agency requirements; and

(2) Is accurate outside the requirements of standard 3 of USPAP.

Agency means the Farm Service Agency, including its employees and state and area committee members, and any successor agency.

Farm Loan Programs (FLP) loans refers to Farm Ownership (FO), Soil and Water (SW), Recreation (RL), Economic Opportunity (EO), Operating (OL), Emergency (EM), Economic Emergency (EE), Softwood Timber (ST), and Rural Housing loans for farm service buildings (RHF).

Technical appraisal review means a review of an appraisal to determine if such appraisal meets the requirements of USPAP pursuant to standard 3 of USPAP.

USPAP (Uniform Standards of Professional Appraisal Practice) means standards governing the preparation, reporting, and reviewing of appraisals established by the Appraisal Foundation pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

(c) *Appraisal standards.* (1) *Real estate.* Real estate appraisals, technical appraisal reviews of real estate appraisals, and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific Farm Loan Program activity involved. A current copy of USPAP along with other applicable appraisal procedures and regulations is available for review in each Agency State Office.

(2) *Chattel.* An appraisal of chattel property may be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

(d) *Use of an existing real estate appraisal.* The Agency may use an existing real estate appraisal to reach a loan making or servicing decision under either of the following conditions:

(1) The appraisal was completed within the previous 12 months and the Agency determines that:

(i) The appraisal meets the provisions of this section and the applicable Agency loan making or servicing requirements, and

(ii) Current market values have remained stable since the appraisal was completed; or

(2) The appraisal was not completed in the previous 12 months, but has been updated by the appraiser or appraisal firm that completed the appraisal, and both the update and original appraisal were completed in accordance with USPAP.

(e) *Appraisal reviews.* (1) *Real estate appraisals.* With respect to a real estate appraisal, the Agency may conduct a technical appraisal review or an administrative appraisal review, or both.

(2) *Chattel appraisals.* With respect to a chattel appraisal, the Agency may conduct an administrative appraisal review.

[64 FR 62567, Nov. 17, 1999; 64 FR 69322, Dec 10, 1999; 65 FR 14433, Mar. 17, 2000]

§ 761.8 Loan limitations.

(a) *Dollar limits.* The outstanding principal balances for a farm loan applicant or anyone who will sign the promissory note cannot exceed the following:

(1) Farm Ownership loans, Beginning Farmer Down payment loans and Soil and Water loans:

(i) Direct—\$200,000;

(ii) Guaranteed—\$731,000 (Fiscal Year 2001);

(iii) Any combination of a direct Soil and Water loan, direct Farm Ownership loan, guaranteed Soil and Water loan, and guaranteed Farm Ownership loan—\$731,000 (Fiscal Year 2001);

(2) Operating loans:

(i) Direct—\$200,000

(ii) Guaranteed—\$731,000 (Fiscal Year 2001)

(iii) Any combination of a direct Operating loan and guaranteed Operating loan—\$731,000 (Fiscal Year 2001);

(3) Any combination of guaranteed Farm Ownership loan, guaranteed Soil and Water loan, and guaranteed Operating loan—\$731,000 (Fiscal Year 2001);

(4) Any combination of direct Farm Ownership loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Soil and Water loan, and guaranteed Operating loan—\$931,000 (Fiscal Year 2001);

(5) Emergency loans—\$500,000;

(6) Any combination of direct Farm Ownership loan, direct Soil and Water loan, direct Operating loan, guaranteed Farm Ownership loan, guaranteed Soil and Water loan, guaranteed Operating loan, and Emergency loan—\$1,431,000 (Fiscal Year 2001).

(b) *Adjustment.* The dollar limits of guaranteed loans will be adjusted each fiscal year based on the percentage change in the Prices Paid by Farmers Index as compiled by the USDA, National Agricultural Statistics Service (NASS).

(c) *Line of credit advances.* The total dollar amount of guaranteed line of credit advances and income releases cannot exceed the total estimated expenses, less interest expense, as indicated on the borrower's cash flow budget, unless the cash flow budget is revised and continues to reflect a feasible plan.

[66 FR 7566, Jan. 24, 2001]

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AUTHORITY: 5 U.S.C. 301, 7 U.S.C. 1989.

SOURCE: 64 FR 7378, Feb. 12, 1999, unless otherwise noted.

§§ 762.1-762.100 [Reserved]

§ 762.101 Introduction.

(a) *Scope.* This subpart contains regulations governing Operating Loans and Farm Ownership loans guaranteed by the Farm Service Agency. This subpart applies to lenders, holders, borrowers, Agency personnel, and other parties involved in making, guaranteeing, holding, servicing, or liquidating such loans.

(b) *Policy.* The Agency issues guarantees on loans made to qualified loan applicants without regard to race, color, religion, sex, national origin, marital status, or age, provided the loan applicant can enter into a legal and binding contract, or whether all or part of the applicant's income derives from any public assistance program or whether the applicant, in good faith, exercises any rights under the Consumer Protection Act.

(c) *Lender list and classification.* (1) The Agency maintains a current list of lenders who express a desire to participate in the guaranteed loan program. This list is made available to farmers upon request.