



Billing Code: 3410-05-P

DEPARTMENT OF AGRICULTURE

Farm Service Agency

Request for Applications for Veteran Farmer Streamlined Eligibility Pilot Program

AGENCY: Farm Service Agency, USDA.

ACTION: Notice and Request for Applications.

SUMMARY: The Farm Service Agency (FSA) is announcing the opportunity for interested veterans to apply for a new pilot program, Veteran Farmer Streamlined Eligibility Pilot Program (“Pilot Program”), which will assist veterans in meeting the management experience requirements at a faster pace for either a Microloan or Downpayment Loan through the Farm Ownership Loan (FO) Program. As set forth in a cooperative agreement between FSA and Texas A&M University, Texas A&M AgriLife Extension program employees will expand their existing veterans training program, “Battleground to Breaking Ground,” to incorporate the requirements of the Pilot Program through a cooperative agreement with FSA. FSA will be involved in helping develop and review curriculum, review applications, participate in orientation, and monitor participants’ progress throughout the Pilot Program. The purpose of the Pilot Program is to provide an educational opportunity for veterans so that they can obtain agricultural production, financial, and managerial training at an accelerated pace that will then result in the veteran to be considered conditionally eligible for either a Microloan or Downpayment Loan through the FO Program.

DATES: The application period will open on June 15, 2018, and close on July 20, 2018 no later than 11 p.m. CST.

FOR FURTHER INFORMATION CONTACT: Erin Kimbrough, Texas A&M AgriLife Extension program, 979-847-6185, Erin.Kimbrough@ag.tamu.edu or Russ Clanton, FSA, 202-690-0214, russ.clanton@wdc.usda.gov.

SUPPLEMENTARY INFORMATION:

Background

FSA is an agency of the U.S. Department of Agriculture (USDA) and its farm loan programs are authorized by the Consolidated Farm and Rural Development Act of 1972, as amended (CONACT, Pub. L. 92-419). Farmers or ranchers may be able to get a loan or loan guarantee through FSA's Farm Loan Programs (FLP) if they are unable to obtain credit elsewhere to start, purchase, sustain, or expand a farm. Unlike loans from a commercial lender, FSA loans are temporary in nature with the goal of graduating loans to commercial credit. Direct loans through the FO Program are used to purchase or enlarge a farm or ranch, construct a new or improve existing farm or ranch buildings, and for soil and water conservation and protection purposes. Downpayment loans and Microloans are types of loans available through the FO Program. Microloans are limited to \$50,000.00. See definition of Microloan in 7 CFR 761.2.

Currently, in order to be eligible for either Microloans or Downpayment Loan through the FO Program, the applicant must have participated in the business operations of a farm for at least 3 years out of the 10 years prior to the date the application is submitted. In addition, section 302(b)(1) of the CONACT (7 USC 1922) provides the Secretary with the flexibility to determine "other acceptable experience for a period of time." For example, FSA currently allows 1 of the 3 years to be substituted with leadership or management experience while serving in any branch of the military (see 7 CFR 764.152(d)(3)). For the Pilot Program, FSA is building on the

CONACT's flexibility in order to allow veterans to qualify for FSA's managerial experience in a quicker timeframe.

Section 333D of the CONACT (7 USC 1983d) provides FSA with the authority to conduct a pilot program in order to evaluate its current processes in order to improve the efficiency and effectiveness of the farm loan programs. The Congressional Directives in the explanatory statement for the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017 (Division A, Pub. L. 115-31) directs FSA to support a certified training program for veteran farmers to be prequalified for direct FOs (see page H3331 (<https://www.congress.gov/crec/2017/05/03/CREC-2017-05-03-bk2.pdf>)).

The purpose of this Pilot Program is to provide an educational opportunity to veteran farmers so that they can obtain production, financial, and managerial training and other required experiences as specified in 7 CFR 764.101 and 764.152 to potentially qualify for either a Microloan or Downpayment Loan through the FO Program in 12-18 months rather than the current timeline of 2 years. FSA's goal through the use of the Pilot Program is that there will be a better educated applicant, better customer service for the applicant and the seller of the farm, more efficient loan approval process for the loan officer and a more successful farm borrower. The agency will review the outcome of the Pilot Program to determine if this is a cost effective approach that leads to greater borrower success. A successful Pilot Program may lead to a broader use of this approach with other universities or with other applicants.

FSA strongly encourages American Veterans who are seeking a career in agriculture to apply to for the Pilot Program. The most challenging barriers for new or beginning farmer or ranchers, including veterans who desire to enter into agriculture businesses, are access to both land and capital. Access to capital is not limited to the availability of credit, but also to the

ability of an applicant to meet the eligibility requirements for either a Microloan or Downpayment Loan through the FO Program. This includes having the requisite managerial experience and ability to develop and present a viable business plan. By offering specific agricultural production and financial training, as well as hands on mentoring in the veteran's chosen area of agriculture, a conditional loan eligibility will be earned upon on the completion of the Pilot Program.

FSA has found that veterans are very interested in starting a farming or ranching business, which led to developing the Pilot Program. Specifically, in response to the request for comments about farm loan pilot projects after the 2014 Farm Bill (79 FR 60805-60807, October 8, 2014), two of the comments that FSA received focused specifically on helping veterans. One of those comments specifically recommended a pilot training program.

Texas A&M AgriLife Extension program is already operating under the heading "Battleground to Breaking Ground." FSA's Pilot Program expands on the existing program curriculum to prepare veterans for financing from FSA. The Pilot Program will be a combination of written course work offered online, an individual education plan that includes hands on agricultural production workshops, and mentorships. Upon conclusion of the course, a veteran will meet the business operation requirement as specified in 7 CFR 764.101 and 764.152 for eligibility up to 1 year sooner and will be considered conditionally eligible for either a Microloan or Downpayment Loan through FO Program.

Eligibility Information

The applicant must meet the following eligibility requirements and will self-certify to the following when applying online for Texas A&M's Battleground to Breaking Ground program and provide additional documentation where specified below:

1. The applicant is a veteran. After being selected for the Pilot Program, applicants will need certain documentation such as DD Form 214, Certificate of Release or Discharge from Active Duty, or other military ID to verify veteran status to participate in the Pilot Program and to apply for either a Microloan or Downpayment Loan through the FO Program;

2. The applicant meets all FSA farm loan program eligibility requirements under 7 CFR 764.101 and 764.152, except the farm experience requirement which will be expedited by the Pilot Program;

3. The applicant is not ineligible for Federal benefits based on a conviction of any Federal or State controlled substance offense (see 7 CFR 764.101(a));

4. The applicant is of legal age, and has mental capacity and authority to enter into a legally binding agreement (see 7 CFR 764.101(b));

5. The applicant meets citizenship requirements (see 7 CFR 764.101(c));

6. The applicant provides a credit report from one of the three main credit reporting agencies at the time of orientation to the Pilot Program. If a history of failures to repay past debts as they came due was out of the control of the applicant, the applicant may wish to submit a written description of the circumstances for the consideration of the committee. Lack of credit history or isolated incidents of delinquent payments is not considered poor credit. Credit scores are not used to make a determination of credit worthiness (see 7 CFR 764.101(d));

7. The applicant has properly fulfilled prior obligations to other parties, including other agencies of the Federal Government (see 7 CFR 764.101(d)(2));

8. The applicant is unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms. When the loan application is filed, FSA will evaluate the ability to obtain credit based on factors including, but not limited to:

- a. Loan amounts, rates, and terms available in the marketplace; and
 - b. Property interests, income, and significant non-essential assets (see 7 CFR 764.101(e));
9. The applicant meets the unpaid Federal judgement and delinquent Federal debt requirements in 7 CFR 764.101(f) and (g);
10. The applicant meets the Federal Crop Insurance Violations requirements in 7 CFR 764.101(h); and
11. The applicant meets the prior debt forgiveness requirements in 7 CFR 764.152(b).

Application and Submission Information

Each veteran must complete an electronic application for the Battleground to Breaking Ground Program through Texas A&M's website, <http://txagrability.tamu.edu/>. In addition, in order to participate in the Pilot Program, the applicant must self-certify to the eligibility requirements discussed above and provided at the Texas A&M website. The application period will open June 15, 2018, and close on July 20, 2018 no later than 11 p.m. CST. No applications will be accepted after the due date.

Application Review Information

Texas A&M AgriLife Extension program employees will score and rank the "Battlefield to Breaking Ground" applications using the Texas A&M AgriLife Extension program matrix. FSA will look at the top ranked applicants from the Texas A&M AgriLife Extension program scoring and will select, in order of ranking, the top 15 to 18 applications. FSA will then confirm eligibility on the selected applications for participation in the Pilot Program. In the case of a tied score for the Pilot Program selection, FSA will review the applicant's narrative addressing the applicant's readiness to farm to make a selection. The readiness to farm question is part of the

Texas A&M AgriLife Extension program application. Applicants not selected for the Pilot Program due to FSA's loan eligibility criteria will still have the option to participate in the "Battleground to Breaking Ground" program at the discretion of Texas A&M AgriLife Extension program. Texas A&M AgriLife Extension program will notify all applicants by email.

Applicants will not be considered a participant in the Pilot Program until after they have signed an expectation agreement supplied by Texas A&M AgriLife Extension program as part of its existing veterans "Battleground to Breaking Ground" program. The expectation agreement specifies the requirements for completion of the "Battleground to Breaking Ground" program.

Program Completion

Successful completion of the Pilot Program will result in the veteran receiving a certificate from FSA as well as a developed business plan. Successful completion will also result in the veteran being conditionally eligible for either a Microloan or Downpayment Loan through the FO Program. The veteran should apply for the loan within 2 years of successfully completing the Pilot Program, unless the business plan is based on a later start date.

Participants who do not complete the Pilot Program may not be considered conditionally eligible for either a Microloan or Downpayment Loan through the FO Program.

Other Provisions

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family or parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity,

in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication should contact the USDA Target Center at (202) 720-2600 (voice). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer>, and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, you may call (866) 632-9992. You may submit your completed form or letter to any of the following options:

- Mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410;
- Fax: (202) 690-7442; or
- Email: program.intake@usda.gov.

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