



# MACS Newsletter



March - April 2007

## Consultative Meeting with the State Office Held

The 2007 consultative meeting was held Tuesday, March 13<sup>th</sup>. All Executive Committee members were in attendance. A review of the items brought forward by the members took place the evening of March 12<sup>th</sup> in preparation for the meeting.

Attached are the notes from the meeting with the State Office. **We thank the State Office participants for their attendance, participation and their responses.**

## NACS / NASE Fundraisers

**NASE** - The NASE fundraiser is underway with a chance to win. The drawing will be held at the Annual NASE Convention which will be held in Cincinnati, OH.

Please contact any Minnesota NASE member if you would like to purchase a ticket. If you don't know who they are contact Jean Post at [Jean.Post@mn.usda.gov](mailto:Jean.Post@mn.usda.gov).

NASE thanks you for your support.

**NACS ticket sales are still underway as well.** As of now there are extra tickets in the State that are not spoken for. **If you have not yet purchased a ticket, please do so now.** Sales must be concluded in April. These tickets cost \$10.00 each and may be purchased by emailing your request to [MACS\\_FSA@yahoo.com](mailto:MACS_FSA@yahoo.com). **Checks should be made payable to PACS.** You may pool your resources and buy tickets together as well. If we sell all 90 tickets our Association will earn 3 paid delegate registrations at the National Convention in Cincinnati, OH.

## Membership Data

You may still enter your current membership data at the MACS web site. This will be continued as an ongoing ability.

All the data reported previously has been updated at the MACS email list and, where appropriate, at the FMA site. All FLM's, DD's, FLS, and FLO's are members of FMA. A new FMA magazine was just received. If you did not get yours, please check to make sure you have sent in your current address and let me know. It is also possible the address update done at the FMA site came after this edition of the FMA magazine was printed.

You are still strongly encouraged to go to yahoo.com, aol.com or hotmail.com or a similar site and sign up for a free personal email address if you do not have one. This will allow you to be contacted via email at home when there is prohibition on using government email addresses.

## FMA Information

The FMA Washington Report newsletter is located at: <http://www.fedmanagers.org/public/washingtonreport.cfm>.

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Members are encouraged to monitor the FMA site to keep abreast of the latest events with FMA and legislative actions in Washington.

## Upcoming Meetings

2007 National Conventions - June 25-27, 2007  
Millennium Hotel Cincinnati, OH.

MACS Annual Meeting – July 20, 2007, Fergus Falls.

Zone B Meeting – Sioux Falls, South Dakota, February 2008.

## MACS/MNASCOE Annual Meeting – July 20th

**The registration form and hotel information are now available.** These forms are attached to this newsletter. Plans are continuing for the annual meeting to be held in Fergus Falls, on Friday, July 20, 2007. Activities will begin Thursday, July 19<sup>th</sup> in the afternoon and evening with the meeting to be held the next day.

### 2006-07 MACS Board

**President – Mark Drewitz**  
**Vice President – Lee Crawford**  
**Secretary – Becky Martinson**  
**Treasurer – Sue Westrom**  
**NASE State Contact – Jean Post**  
**Past President – Russell Miller**  
**District 1 Representative - Kirk Phelps**  
**District 2 Representative – Jim Velde**  
**District 3 Representative – Mike Smith**  
**District 4 Representative – Kevin Lehman**  
**District 5 Representative – Rick Ray**  
**District 6 Representative – Scott Nordby**  
**District 7 Representative – Cindy Vukasin**  
**District 8 & STO Representative – Kevin Elton**

Plan now to attend this meeting. Resolutions for improvements to policy, process or procedure will be acted on, discussion and questions with State Office personnel will be possible, as well as election of all MACS officer positions.

If you wish to volunteer your time and service please contact our MACS organizers, Wendy Erickson and Mark Bertram.

## NACS/NASE Information

Newsletters are available at their respective web sites:

NACS – [www.nacfsa.org](http://www.nacfsa.org)

NASE – [www.nasefsa.org](http://www.nasefsa.org)

Links to these sites as well as FMA are maintained on the MACS web site under “Links”.

## Zone B Meeting in Minnesota – 2009?

At the Zone B meeting this year, our sister organizations for Minnesota from Rural Development and our members from our Association discussed the possibility of hosting the 2009 Zone B meeting for NACS-FSA, NACS-RD, NASE (FSA) and NASP (RD). There was interest on both sides. Minnesota has not hosted a Zone B meeting since 1994. There are 9 states in our Zone.

Following the Zone meeting, Jerry Hurrle (formerly of the 2002 National Convention Committee) was asked for a report as to what MACS would need in this effort. The Executive Committee reviewed this report on Monday, March 12<sup>th</sup> and voted in favor of hosting the Zone B meeting in 2009. This issue will now be placed before the entire membership for a vote at the July Annual Meeting.

If members vote to bid for the 2009 Zone meeting, MACS will be in need of a FT meeting coordinator. If there is anyone who wishes to be considered for this position, please make your interest known.

**MACS Topics – Annual Consultative Meeting  
March 13, 2007**

**Administrative**

MACS/MNASCOE JOINT CONSULTATIVE MEETING for the Administrative area with the State Office was held Tuesday, March 13, 2007. In attendance were MACS members Mark Drewitz, Lee Crawford, Becky Martinson, Sue Westrom, Russell Miller and Jean Post along with MNASCOE members Kevin Beekman, Kevin Bergquist, Andrea Peck and Ann Ulwelling. State Office personnel in attendance were Perry Aasness, Dan Hockert, Mary Aukes, Deb Crusoe and Brian Hartman.

Performance Management System

The 5-tier system was implemented last year without any face to face training and with continual changes in the performance standards and elements as the year progressed. At rating time there was encouragement to stick to a rating of “Fully Successful”. In some states, it was dictated that ratings of only “Fully Successful” would be given. Because of these issues the following concerns/questions have arisen:

**1. What is the statistical summary of ratings in each category for Minnesota in FY 06?**

<b>Unacceptable</b>	<b>1</b>
<b>Marginal</b>	<b>2</b>
<b>Fully Successful</b>	<b>478</b>
<b>Superior</b>	<b>33</b>
<b>Outstanding</b>	<b>5</b>

**Discussion:** National Office will be doing net meetings on performance appraisals. Mary is working on training which will be a 2 day/8 hour training. The training will connect the process. State training will be completed by mid April. Every supervisor will be trained and DDs will be trained on how to concur.

**2. What additional training is being planned to assist supervisor’s in assessing performance and determining the differences between “Fully Successful” and “Exceeds Fully Successful” in rating elements?**

**Agency response:** State wide training is being developed for all supervisors and will be completed by mid April.

**3. What safeguards are in place for the reviewing official to ensure that 5-tier does not in fact become the same as pass/fail. With the number of ratings to be reviewed, does the review official have access to a summary report of ratings and in fact reviews the ratings?**

**Agency response:** Reviewing officials will be trained by mid April on how to properly rate employees. This will include instructions on their responsibilities as reviewers. The reviewing official will review each of the ratings

**4. What’s the awards situation for FY07?**

**Agency response: We have asked for recommendations from the leadership team to help establish criteria which will be used to judge or rank nominations for awards. We have been told that national office staffs are working on procedure to link awards to the new 5-tier performance process. We don't know if budget will be available for awards at this time.**

### Staffing/Office Structure

1. A "Phase I" plan which involved FLP office consolidations was submitted in '06. The National Office did not accept the plan because it only involved FLP. After this the FLM in Renville was re-assigned to Swift, the PT in Kandiyohi reassigned to McLeod and the FLM in Meeker was selected to fill the vacancy in Marshall. The FLM position in Meeker is currently unable to be filled due to 1165 considerations and thus remains vacant. This part of the state was to be most impacted by the "Phase I" plan. What is the status of Renville, Meeker and Kandiyohi Counties? What plans are being made to deal with these offices?

**Agency response: It is our understanding that the reason that Phase 1 of the plan was not approved is because it was sent in as a partial plan, not because it only involved FLP. This is an important distinction because the final plan could be completed with out further changes or some of the credit team boundary changes could be removed from the plan and handled as administrative changes. Currently the SED is initiating a process to identify what other actions if any should be added to the plan to make it complete. In the interim, the DD's responsible for the counties of Meeker, Kandiyohi and Renville have developed plans to ensure customer needs are being met by using resources within their districts.**

Discussion: 26 SEDs have done a plan. Minnesota is in the last half. DDs are addressing the business needs through monthly profiles. We are meeting needs with temporary funds. There is a solution for now; the needs are being met. SED plans to let our stakeholders & congressional contacts know the situation. MN will have to work on a plan eventually, just not right away – or not last. We will manage the short term. No deadline for plan – but will need to get that clarified. Nothing drastic planned. Comments were made about how when a presence is pulled from an office, needs decrease because people don't want to deal with us anymore.

2. Will a state restructuring plan be developed including both FP and FLP offices and employees?

**Agency response: Yes in fact the parts of the plan that can be implemented for both are being implemented at this time. To date we have used directed reassignment authority to reassign 5 CO employees and 2 GS employees. We are reviewing criteria to determine which offices are suited for permanent shared management and which are not. We are contacting stakeholders including NRCS to determine what potential exists for consolidation of offices.**

3. In recent years, since 2000, FLP offices in Mower, Stevens, Rice, Lac Qui Parle and Lincoln county have closed. In addition, the FLP office in Murray has been paired with Nobles. Two more offices were planned for closure in the "Phase I" plan. Questions have been raised as to whether a disproportionate amount of GS staffing reductions has occurred to GS employees in the county offices. Similarly, CO staff question whether the CO reductions resulting in shared management and less CO-PT's have also been proportionate.
  - a. What are the number of FTE's in the County Offices (both GS and CO) today? How does this compare with 5 years ago? **Today we have 134 GS positions and 385 CO positions. In 2002 we had 154 GS positions and 413 CO positions.**
  - b. What are the number of FTE's in the State Office today and how does this compare to 5 years ago? **Today we have 48 and last year we had 49. We can not find data that has those numbers for other years.**

- c. How many FTE's are currently dedicated to FLP today and how does this compare to 5 years ago? **If we exclude admin work, GIS work, and exclude DD's the number is 99 today. I don't have numbers for five years ago.**

**Agency response: We do not have ceilings that differentiate between state office and field office. The budget division does a breakdown for funds allocation purposes only but they have not done it for FY2007. For staffing purposes the FTE ceilings only differentiate between CO and GS. The current FY2007 GS ceiling is 132 and for CO it's 387.**

**Since FY2004 Minnesota has lost 46 FTE's. This year the break down was 6 CO and 4 GS. We do not track state office vs. field office numbers. The issue we are most concerned with is the current staffing level for any team in FSA adequate to meet the need. We continually evaluate this by a combination of staffing chart data and input from each District Director, and any available data which would help project trends. Finally we do not recognize any FLP offices. We only have FSA offices. When we move staffing resources from one location to another we don't close or vacate a site we just relocate staff.**

**Discussion: We requested the current staff numbers from the Administration so that we can see how county staff numbers can be compared with State Office staff numbers; we would like to see if the pain of staff cuts are being equally shared. Part of the State Office response was that with automation some of the workload shifts.**

4. It has been proposed that FLO and FLOT's hired be assigned to a region of Minnesota with the promise that they would not be reassigned to other areas, unless they request it. MACS sees the following positive and negative affects of this action:

<b>Positives</b>	<b>Negatives</b>
Employee may be more inclined to stay with Agency	Employee will gain less experience due to less diversity of farming types
Less travel relocation cost	Agency will have more difficulty in meeting work needs when unexpected vacancies occur within a region
May increase continuity of loan officers for borrowers with less moves	Increased detail of employees to cover workload needs
PT could apply	Increased travel expense due to detailing
More applicants (PTs or college grads)	Less incentive for FLO's to consider becoming FLM's due to likely relocation to another region
	Reduced ability for a FLO to be promoted to an FLM if applying in a different region because of inexperience with the local farming types
	Takes more time to fill positions

The consensus of MACS is to not promise a newly hired FLO/FLOT that they will remain in their region of choice but that every effort would be made to accommodate this but unforeseen events could require a relocation to another region of the state.

**Agency response: We appreciate your input on this proposal. We are still in the process of analyzing data and should have a decision soon.**

**Discussion: FLO/FLOTS would like a time frame of when they are expected to move even more than they would like to know where they would be moved to. There will always be attrition (to banks, etc.) Question put out by Dan Hockert about the value of advertising FLO positions instead of trying to place. State Office believes this might make it quicker to fill position. Another possibility is to advertise FLO position to all sources and maybe have the benefit of hiring a trained loan officer from another state. At least that way the position is available to all. Another thought would be to ask for volunteers from the state for open FLO positions.**

5. Movement of Farm Loan Officer's and Farm Loan Officer trainee's typically occurs in May/June. Are there plans to move/rotate existing employees? Could an updated survey of these employees be completed to determine their region or office preference?

**Agency Response: There are currently no plans to move FLO's. We will conduct a new survey of these employees to determine their region of preference.**

6. How often is the workload of an FLP office evaluated to determine the need for more/less FLO's? Could the staffing/workload charts be revised to include how many loan officers vs. PT's are needed? In some cases it might be better to have an additional loan officer or an additional PT at the expense of a FLO or PT.

**Agency response: The FLP workload for credit teams is evaluated monthly in the DD's monthly profile report. Currently the staffing charts are used along with the DD's input. It might be difficult to add the information to the staffing chart but perhaps the information you are referring to could be added to the DD's monthly profile report. We can see merit to this and should discuss in more detail.**

Discussion: State Office goes by District Director monthly profile. DDs advise on best use of FTEs. Dan Hockert explained a staffing chart that DAFO uses compared to one that Minnesota uses. Since workload counts are not being done as they were (and items like checklists are not being added to WL counts), DD monthly profiles are even more important. 40% of numbers on staffing charts are not accurate. If a decision is being made, the State Office will double check the numbers. There was additional discussion on the level of input being obtained from County Offices into the DD monthly profiles.

7. Review Resolutions previously submitted that pertain to Administrative type issues for further discussion.

Discussion: See MACS responses on the resolutions posted to the web site.

8. Security Notice for FLP
  - A. What is the status of the locking cabinet issues? Are we to begin ordering cabinets or will there be an ordering priority or schedule set up by the State Office?

**Agency response: We have tallies the numbers from the reports and have a pretty good idea of what it will take in terms of equipment dollars. It appears that approximately \$75,000.00 will be needed to meet all the requests. We are waiting for our final FY2007 allocation which should be out by the end of March. Once we know the numbers we will provide further guidance.**

- b. There is confusion about how to send/email documents to lender's, adult ag instructors, borrower/applicants, etc. with the proper security so that they will be able to utilize the documents.
  - c. Are there any issues with lender, borrower/applicants submitting of documents by email?

Discussion: These two issues have been considered by the National Office and are still being researched.

9. Everyone is frustrated by the computer network problems.

**Agency response: So are we.**

10. Email has been used as a way to contact State Office personnel so as to reach someone and not interrupt them. This also allows for the State Office to research an issue before providing a reply. We are not always receiving a reply and this has been particularly true of the Admin section.

**Agency response: We have a policy that requires all staff to respond within a reasonable time to email or phone requests. Sometimes email can be lost, sometimes when a person gets 50 or 60 emails in a day, they lose track of which ones they answered. Of course it is possible that someone is totally insensitive to the needs of the sender. As a general rule, no system works perfectly. If an employee does not receive a response to an email within a reasonable time, it is important that they follow up with a phone call. Once we identify the problem we can work on a solution. In the meantime we will reiterate the policy and remind staff to at least acknowledge receipt of emails.**

11. State Web Page needs more frequent updates and enhancements.

**Agency response: We agree. The state office just like everyone else is very understaffed. We are hoping to improve the web content with the new e-gov coordinator position.**

12. We have heard that grade increases are being studied for PT's. Can you provide any additional insight/information on this?

**Agency response: No, we have not been involved in any such discussions.**

## Farm Loan Program

Following the joint meeting in the a.m. with MNASCOE, MACS met with Brian Hartman, Mike Walzak, Tom DeCock and Anna Parker in the afternoon. Stuart Shelstad was unable to attend as he was attending a meeting out of state concerning the Guaranteed Loan Program. These issues were later reviewed with Stuart during a meeting in the State Office later that week and via phone with the MACS President.

1. Review Resolutions previously submitted that pertain to FLP issues.

Discussion: [Review MACS discussion on resolutions posted at the web site.](#)

2. GPS/GIS for FLP – Have any business needs been identified with this technology that would result in FLP to be easier, faster or better than is currently in use? Prior to requiring this technology for use in FLP we request that MACS be consulted regarding any required uses.

### FLP Response:

Some of the business needs identified include:

- Impacts on important resources that are listed on the 1940-22/FSA-850.
- Completion of FSA 851 including location of wells, hazardous waste sites.
- Layout of Homestead Protection Sites or land splits as well as proposed building locations in relation to neighboring building sites.
- Soils mapping on subject property using NRCS Soils Data Mapper.
- Ordering real estate appraisals
- Creation of word.dot documents to expedite completion of environmental reviews
- Borrower location and attribute data for each borrower.

Various important resource concerns including Bald Eagle layer allowing easy access determination of whether or not we need to contact USFWS. We have also completed similar layers for Topeka Shiner, Western Fringed Prairie Orchid and Wild and Scenic Rivers.

There is a similar process in place for floodplains. We are now developing map templates to allow simple preparation of consistent maps and letters to be sent to the SHPO which at the same time will keep records of all contacts similar to the CATS process that was conceived by Jeff Johnson with software developed by Mark Drewitz and Keith Hobbie.

Likewise with NRCS becoming less responsible for completing wetland determinations FLP needs a tool that will allow easy entry into the National Wetland Inventory maps for aid in determining potential location of Wetlands in deference to Section 363 of the CONACT.

There are numerous times that FLM/FLO's need to be able to easily and readily print maps for processing and servicing loans rather than have the GIS tech in the office print the maps for them. In addition these electronic maps can easily be labeled and emailed with great clarity for assistance in the impact analysis and decision making process.

We are involving MACS membership in formulating these business needs. We have a meeting scheduled for March 22 to include Keith Hobbie, Rod Degraff (Lyon) Mike Smith (Wadena) Randy Dufner (Morrison) Jerry Hurrle (Stearns) and possibly 1 or 2 from the NW TBD and dependent on budget.

Discussion: FLP should use GPS/GIS if it were something in our toolbox where we wouldn't have to add or update information ourselves –just put in the legal and get a flood map, etc. Concern is to not just add another database that needs to be kept up or having to navigate and work with a complex program. These concerns were additionally forwarded to the members who were to attend the March 22<sup>nd</sup> meeting.

3. An FLP calendar used to be made available that one could consult to determine what specialists were available. This was helpful in determining who to contact in case a particular question in a specialist's area came up. Could this calendar be resumed – either electronically or email copy?

**FLP Response:**

**With the loss of FLP support staff, this activity was discontinued. We can resume sharing the STO FLP Staff's calendar. We are exploring options. We may use a group calendar feature in Outlook if the beta test is successful!**

Discussion: Mike Walzak is working on an Outlook version of calendars. It would link all specialists together as a group calendar.

4. Training

- a. Are there planned training sessions for FLP coming up?
- b. Training sessions attended by FLP personnel have sometimes been expanded to include many other things leaving less time for FLP training issues. We are already averaging less than 16 hrs per year on FLP training. Could these other issues be minimized or split off into separate sessions?

**Admin Response: Other Items can be trained on in separate sessions. In admin we may ask if there is time in order to reduce budget expenditures. We will be careful to defer to the program sections to ensure we are not short changing the program training.**

- c. If additional training topics or sessions cannot be covered for FLP at the state level can this be augmented by:
  - i. FLP newsletters
  - ii. COR common findings for FLP
  - iii. Periodic (quarterly, semi annual, etc.) conference call with the state on relevant issues
  - iv. Bi-District meetings with a specialist
  - v.

**FLP Response:**

- a. **Chattel appraisal training for newer employees is planned for this summer.**
- b. **We recognize that FLP training sessions sometimes include other topics related to management, outreach, etc. When these topics are included, it is due to a training need identified by the SED, Executive Officer, and/or FLP Chief. The ability to cover management and other issues in a separate session depends on availability of travel funds and whether sufficient training needs exist to hold a separate session.**
- c. **We are willing to provide training through other methods such as conference calls and regional meetings. The newsletter issued by Pat Gendron has significant information that is applicable to all employees working with FLP. All MACS members are encouraged to identify topics that they would like training on.**

Discussion: (b) Concern that FLP training gets combined with other training; FLP training time gets greatly diminished. (c) Can have conference calls when needed.

This was additionally discussed via phone later with Dan Hockert, Executive Officer. Note the Admin response above which was added.

5. FLS's that work with loans and loan approvals need to maintain contact with their field county offices. This should include a schedule of periodic visits to these offices. Is there a policy concerning if and the number of visits that should be made by the FLS?

**FLP Response:**

**We agree that FLS's need to maintain contact with the credit teams that the FLS works with. There is not an established policy on the frequency of visits. The FLS determines the frequency of visits based on various factors including: experience of staff in the credit team, the level and complexity of loan making and servicing activity in the credit team, collateral duties of the FLS, and travel dollars available. If a FLM wants more frequent visits, please discuss with the FLS.**

**Discussion:** The FLS visiting the county offices is as much a help and aid for the FLS as it is for the County Office. This enables the FLS to stay "in tune" with activities going on throughout their area. It may also aid FLOT's and FLO's in their training and development.

6. FBP – Mike Walzak has asked for our input on how to improve the quality of the data and data setup in the FBP for the various reports. MACS offers the following suggestions:
  - a. Send a monthly report to the County Offices outlining the cases with data irregularities.
  - b. Give the County Offices the ability to pull their own reports and monitor their own data (similar to the way MAC can be checked now)
  - c. ???

**FLP Response:**

**The main problems with the FBP data are with missing/inaccurate case numbers, missing NACIS codes, customer's accounts not setup, duplicate accounts, and accounts that need to be in the recycle bin. These issues cause problems when trying to merge FBP data with other reports. The State FBP coordinator has the ability to run reports in FBP to identify all of these issues. At the present time only the State FBP coordinator can run these reports. The State Office would like MACS perspective on how often these reports should be run and sent to the county offices.**

**Discussion:** Suggestion to have the State FBP coordinator send 1 report each month to county offices - rotate which reports to send out each month.

7. The FLP handbooks with MN Amendments have been posted to the state web site. MACS offers these observations/suggestions on this process:
  - a. Insert the current Notices into the handbooks.
  - b. Ensure they are updated timely.
  - c. ???

**Discussion:** Concern is to know that the handbooks are up to date. We want to have confidence that the Minnesota handbooks are updated without checking to see that the newest update has been added. Mike Walzak will be adding notices to the front of the handbook.

8. There appears to be a difference in what year end analysis data can be accepted from borrower/applicants and what can be contracted for by FSA. Please explain what the determination is and how this decision was arrived at?

**FLP Response:**

**When FSA contracts for services, we need the contractor to provide the services in a manner consistent with our business needs. FSA uses the Farm Business Plan for farm planning and financial analysis. The National Office has advised that contractors providing farm planning services must either be licensed to use Web Equity Manager or provide the data on forms FSA 2037 and 2038. We are trying to find additional contractors and having a streamlined contract and standardized forms may simplify the process.**

**Discussion:** Forms 2037 & 2038 don't include all information needed. Mike Hinton from the National Office sent Stuart Shelstad an email saying that FINPACK is not acceptable from contractors.

9. Is there any movement towards being able to use the online UCC filing capabilities? This would greatly expedite closing of loans.

**FLP Response:**

**The problem continues to be with finding a way to pay for the services that complies with acquisition rules. The online filing system requires a prepayment with the Secretary of State. FAR rules prohibit paying for services in advance. There are 3<sup>rd</sup> party companies that we could contract with but they charge a processing fee on top of the UCC filing fee which would increase the cost to customer.**

**Discussion:** Iowa does online filing. State Office will contact Iowa to see how they do it. Lien search would be higher from contracted company as they charge a fee. Search would be guaranteed effective only to 7 days prior.

10. When are the I.A. changes to be implemented? The planned changes to I.A. are???

**FLP Response:**

**The final rule with the changes is expected to be published within the next several weeks. The rule will be effective 60 days after the date of publication. The changes are not yet known, but *may* include a lower I.A. loan limit and automatic annual renewal for 5 years.**

11. Are there any locally developed forms that will be approved for use at some point? Part of streamlining?

**FLP Response:**

**The National Office "forms review group" is again actively reviewing the forms, checklists and State Exhibits to Handbooks. This review had been slowed or stopped for some time. Their recommendations are not official final decisions, but we have not been told how a State can respond to an unfavorable recommendation, except to discontinue use of the form. A draft report from the review group indicates many of Minnesota's forms, checklists & Handbook Exhibits will not be recommended for conversion into official forms.**

**Discussion:** National Office has said "stop" to some of our Minnesota forms that are required because of Minnesota law.

12. There are only 3 MN forms and some worksheets at the state web site. Under the state of MN link only the CNS-1, CNS-3 and UCC-12 forms are listed. Could not all MN forms be made available as well as State of MN forms?

**FLP Response:**

**We will try to add MN forms on the website starting with the forms that are readily available in electronic format. Forms not currently available electronically will not likely be added until it is determined that the form will be needed after streamlining.**

**Discussion:** Anna can revise some of the non fillable forms and work with getting those posted to the State Website.

13. Has the practice of issuing a MN Procedure checklist been discontinued? The last checklist was 7/24/06.

**FLP Response:**

**The issuance of the MN procedure Checklist was an administrative function handled by Vi Moreland. With the elimination of the mailroom/printing position upon Vi's retirement, this activity was discontinued. If MACS believes this is an important function to continue, this should be discussed with the SED and/or Executive Officer since it was an activity provided through ADMIN.**

14. At what risk is MN FSA FLP for a similar "erroneous" payment issue as is now afflicting the other programs? What areas should we most diligent in where issues could arise?

**FLP Response:**

**FLP activities are subject to OMB Circular A123 reviews as are other programs. The reviews are being conducted on an ongoing basis on loan making and loan servicing actions through specific file and/or document reviews. While there are numerous areas where issues could arise, proper signatures on documents has been a focus of the reviews. This includes proper signature on documents by applicants and borrowers along with the proper signature by FSA employees. A summary of the review process was included in the September 11-13 FLP meeting held at Grand Casino Mille Lacs. The summary may be found on pages 7-9 of the "golden rod" colored handout. Limited feedback has been received from the National Office on the review results.**

**Discussion:** Erroneous payments issue could affect FLP in loss claims, debt settlement, promissory notes, interest assistance, contractor payments, etc. The Financial Integrity Act has had us sending files or select papers to National Office every 2-3 months. This process is ongoing and continuing. Stuart Shelstad got a brief summary on the signature issue. (Did Agency signor have authority?) No significant findings known

15. The old fax sheet for requesting funding authorization for loans was more comprehensive and easier to use than the new one – basically because of the type of funding code issues. It would be easier to go back to the old form but just eliminate the case number from the form. Could this be done? There is also a concern that some offices may use the unsigned form to "lock up" funds when/if funding becomes short. What safeguards are in place for

**FLP Response:**

**Minnesota form FLP-MN-02-161 Request for Obligation of Funds was updated to comply with National Notice FLP-447, to allow electronic submission of the form, and to make the form low-vision accessible. The changes meant removing a check box for each type of assistance and replacing with a check box for each type of funding. The case number was removed from the**

header and a text box for Type of Assistance Code was added. To comply with FLP-447 and to allow for electronic submission, we removed the requirement for servicing offices to forward the signed portion of the 1940-1 or 1940-3. In lieu of submitting the signature page, language was added to the request form stating that submission of this form certifies that the loan requested has been approved.

This form will be updated again when Direct Loan System (DLS) is fully implemented since county offices will no longer be required to request funds before entering the loan information. With DLS, the office will submit the obligation for funding but the State Office will control the funds. The object of leaving off the TOA's is that DLS will control what TOA is requested by virtue of the kind of loan being requested. The TOA is not necessary for State Office monitoring. When an office inputs a loan request into DLS, and uses the drop down bar for TOA, only those that apply to that particular loan type will appear as a choice. After approval in FBP, the office will be able to request obligation of funds, and the State Office will actually obligate. So if the loan isn't approved in FBP, no initial request can even be made – so it won't be possible to “lock up” funds when and if funding becomes short. At this state, the faxed request form will change to only show Guaranteed Loan options.

To assist county office personnel in completing the request form, we have updated the form to contain a drop down menu box with each type of assistance code that was previously listed on the FLP-MN-02-161. For those who do not wish to use the Adobe format, we have also included a Type of Assistance Code quick Sheet for easy reference for both Direct and Guaranteed Loans.

Discussion: Anna will revise and send out a new form with drop down menus of loan types. Tom Decock stated that playing games with obligations would be grounds for loss of job.

#### **MN Procedure in need of updating provided by MACS Farm Loan Program Committee – March 2007 (See attached)**

Reviewed with FLP section the items listed. They are aware some updating needs to be done. Some will take place once streamlining is done.

#4 National Office plans to come out with some sort of Borrower Training Progress Report.

Some parts of 1927-B are being looked at by OGC (acknowledgements on forms, some recorders charge RE mortgage tax on our mortgages.)

The State Office has drafts of 3-FLP (LN making) and 4-FLP (routine servicing). 3-FLP has some issues – for example: husband – wife joint operation – would need copy of marriage certificate.

#7 State Office will issue an unnumbered letter.

#8 Will update to disclose sewer, meth, and hazardous waste.

#### **Training Needs Discussion:**

DALR\$ - No training has been provided for several years.

Environmental – Class I assessments – maybe actually do a case. Consensus of MACS was all loan officials should receive this.

Construction – Problems with construction contract percentage of payment, cost overrun problems in both direct and guaranteed financing, and other related issues were discussed. No one (MACS or State Office) could identify that any construction training had ever taken place for Farm Loan Programs.

Facility Loan Training – This issue was discussed with Linda Hockert, Price Support who indicated they would be very willing to have someone from their section attend and participate in any District wide training concerning facility loans.

## **MACS Farm Loan Program Committee Report - March, 2007**

The FLP Committee met and reviewed a number of Minnesota Procedures that contain obsolete information. We have also included suggestions addressing the need for additional guidance that would be appropriate to include in Minnesota.

- 1) MN Exhibit 2 to 2-FLP provides guidance for Guaranteed loans for specialized buildings. Due to the increased level of participation financing for these types of buildings it is suggested that a similar exhibit could be added to MN 1910-A, MN 1943-A, MN 1924-B.
- 2) MN 1924-A State Advisory Committee could be updated.
- 3) MN 1924-A was last updated in 1994. With the increased demand for loan funds used for development purposes it would be very useful to the field offices to have an up to date construction guide.
- 4) Minnesota 1924-B should have Borrower Training addressed. Should include a list of approved vendors, Borrower Training Progress Report (could be an exhibit), Borrower Training Final Report (could be an exhibit).
- 5) MN 1943-A MN1943.16(a)(3) Minnesota procedure could incorporate specifically the elements required in an escrow agreement when the agency is financing a down-payment on a Contract for Deed.
- 6) MN 1943-A It is suggested that all obsolete form references be replaced by current form references. Reference to obsolete forms should be removed.
- 7) MN 1943-A - regarding "bridge" loans. With lapses in the availability of loan funds there has been a large increase in the number of bridge loans used to complete farm purchases before the FSA loan funds are available. FLP committee suggests that an exhibit be available addressing the elements that should be contained in a bridge loan letter issued to the lender. There should be a certain standardization of the content of the letters since several offices may be working with the same lender.
- 8) MN 1943-A MN1943.25(a) Minnesota statutes for real estate transactions has a number of disclosures that have been added over the past several years. Minnesota procedure should be updated to include the additional disclosure requirements that should be attached to or otherwise obtained and included with the RD 440-34 Option to Purchase Real Property.
- 9) MN 1965-A MN 1965.12(c) is presently obsolete. The offices have been told verbally that the Memorandum of Understanding (MOU's) are no longer effective. However, these MOU's have never been formally removed from Minnesota procedure.
- 10) MN 1965-A Obsolete form references should be removed (examples FmHA 427-3, FmHA 427-4, FmHA 460-2).
- 11) MN 1965-A 1965.12(f) obsolete

This list is not intended to be all inclusive. It is a starting point for the review and updating of Minnesota procedures. Incorporating improvements in the Minnesota procedures will result in a better tool for the use of the Farm Loan Program field offices.

# ***MNASCOE & MACS JOINT STATE CONVENTION***

## **Fergus Falls, Minnesota**

### **JULY 19-20, 2007**

#### **HOTEL INFORMATION**

Best Western the Falls Inn & Suites  
925 Western Avenue  
Fergus Falls, MN 56537  
Tel: 218-739-2211  
Tel: 800-293-2216  
Fax: 218-736-2533  
Web: [www.bestwestern.com](http://www.bestwestern.com)



Directions: The Best Western Falls Inn and Suites, is connected to the Bigwood Event Center and is located in west central Minnesota right on I-94. It is 2 1/2 hours NW of Minneapolis/St. Paul and 1 hour SE of Fargo. Take Exit 54 and turn east heading into town. Turn left onto Western Avenue. Follow signs to the Bigwood Event Center, approximately 1/2 mile on the left.

#### **HOTEL AMENITIES**

- ◆ 96 Deluxe Guest Rooms and Suites
- ◆ Z103 Bar & Grill
- ◆ Complimentary Expanded Continental Breakfast
- ◆ Complimentary newspaper, USA Today, Mon-Fri
- ◆ 24 Hour Front Desk - Room Service
- ◆ Heated Indoor Swimming Pool - Whirlpool
- ◆ Fitness Center
- ◆ Meeting/Banquet Facilities
- ◆ 24 Hour Copier & Fax Service
- ◆ High Speed Internet service
- ◆ Same day dry cleaning, Mon-Fri
- ◆ Guest Laundry facilities
- ◆ Children under 18 stay free with an adult

#### **FERGUS FALLS ATTRACTIONS**

- ◆ Red Horse Ranch Arena
- ◆ A Center for the Arts
- ◆ Prairie Wetlands Learning Center
- ◆ Historical Museum
- ◆ Historic Downtown and Riverwalk
- ◆ Antique & Quilt Shops
- ◆ Art Galleries
- ◆ Regional Treatment Center/Kirkbride Tower
- ◆ Pebble Lake Golf Course
- ◆ Pine to Prairie Birding Trail
- ◆ Otter Trail Scenic Byway
- ◆ Sundberg Bee Farm
- ◆ Veteran's Walk of Flags
- ◆ Lindig's Farm

# MNASCOE & MACS



## JOINT STATE CONVENTION

JULY 19 & 20, 2007 - Fergus F  
at the  
Bigwood Event Center



**Registration Form:** Registration is due by July 9, 2007 to avoid a late fee.

Please mark the appropriate association: MACS \_\_\_\_\_ MNASCOE \_\_\_\_\_

Name(s): \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ E-mail: \_\_\_\_\_

Guest(s) Attending: \_\_\_\_\_

No. Attending Thursday, July 19 (Evening picnic) \_\_\_\_\_ No. Attending Friday, July 20 \_\_\_\_\_

Registration Fee through July 9, 2007

\$25.00 X \_\_\_\_\_ = \$ \_\_\_\_\_

Registration Fee after July 9, 2007

\$35.00 X \_\_\_\_\_ = \$ \_\_\_\_\_

### MACS MEMBERS

*Make checks payable to:*

MACS

*Mail registration & checks to:*

Wendy Erickson  
506 Western Avenue N.  
Fergus Falls, MN 56537

### MNASCOE MEMBERS

*Make Checks payable to:*

MNASCOE

*Mail registration & checks to:*

Carol Poppel  
506 Western Avenue N.  
Fergus Falls, MN 56537

### Best Western Falls Inn & Suites (Bigwood Event Center) Hotel Information:

- ◆ July 19, 2006 Room Rate \$60.00 + tax (Doubles - \$85.00 + tax)
- ◆ No parking fees.
- ◆ Rooms blocked out with the discounted rate will be released after June 19, 2007
- ◆ Make reservations by calling: (800) 293-2216 or (218) 739-2211
- ◆◆ To get the discounted room rate you must ask for the **Farm Service Agency block**. (Government ID will be required at check in)
- ◆◆ Hotel offers complimentary Continental Breakfast and a Bar & Grill on site.