

the farm is located will be used. The average county farm or ranch acreage will be determined from the most recent Census of Agriculture;

(g) demonstrates that the available resources of the buyer and spouse (if any) are not sufficient to enable the buyer to enter or continue farming or ranching on a viable scale;

(h) in the case of an entity, all the members are related by blood or marriage and all of the stockholders in a corporation are qualified beginning farmers or ranchers.

Buyer is an individual or entity who is participating in the Beginning Farmer and Rancher Land Contract Guarantee Pilot Program in order to purchase a farm or ranch on land contract.

Cash flow budget is a projection listing all anticipated cash inflows (including all farm income, nonfarm income and all loan advances) and all cash outflows (including all farm and nonfarm debt service and other expenses) to be incurred by the buyer during the period of the budget. A cash flow budget may be completed either for a 12-month period or a typical production cycle, as appropriate.

Entity is a cooperative, corporation, partnership, joint operation, trust, or limited liability company.

Escrow agent is a bonded commercial lending institution, registered and authorized to provide escrow collection services in the State in which the real estate is located, that handles financial transactions between the buyer and seller, e.g., a bank.

Family farm is a farm which produces agricultural commodities for sale in sufficient quantities so that it is recognized in the community as a farm rather than a rural residence; provides enough agricultural income by itself, including rented land, or together with any other dependable income, to enable the buyer to pay necessary family living and farm operating expenses, maintain essential chattel and real property, and pay debts; is managed by the buyer or the buyer's entity members; has a substantial amount of the labor requirement for the farm provided by the buyer and the buyer's immediate family or the entity members and their immediate families; and may use a reasonable amount of full-time hired labor and seasonal labor during peak load periods.

Feasible plan is a cash flow budget that indicates that there is sufficient cash inflow to pay all cash outflow each year during the term of the contract.

Land contract is an installment contract drawn between a buyer and a seller for the sale of real property, in which complete fee title ownership of

the property is not transferred until all payments under the contract have been made.

Participated in the business operations of a farm or ranch means that the buyer has:

(a) Been the owner, manager or operator of a farm business for the year's complete production and marketing cycle as evidenced by tax returns, FSA farm records or similar documentation;

(b) been employed as a farm manager or farm management consultant for the year's complete production and marketing cycle; or

(c) participated in the operation of a farm by virtue of being raised on a farm or worked on a farm with significant responsibility for the day-to-day decisions for the year's complete production and marketing cycle.

Pilot State is any of the six States participating in the Beginning Farmer and Rancher Land Contract Guarantee Pilot Program. Those States are Indiana, Iowa, North Dakota, Oregon, Pennsylvania, and Wisconsin.

Seller is an individual or entity who applies for a guarantee under the Beginning Farmer and Rancher Land Contract Guarantee Pilot Program in order to sell a farm or ranch on land contract in a pilot State.

United States is the United States itself, each of the several States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

II. Appeals

Buyers and sellers can appeal adverse decisions made by the Agency in accordance with 7 CFR part 11.

III. Application

(a) Sellers who contact FSA with an interest in a guarantee under the pilot program will be sent a letter outlining specific program details and benefits. To formally request a guarantee on their proposed land contract, sellers must sign and date this letter and return it to FSA. The signed and dated letter will be considered the seller's application for guarantee. FSA also may require the seller to submit other information necessary to process the guarantee.

(b) The prospective buyer must submit the following items to FSA:

(1) A completed form FSA-1980-25, "Application for Guarantee."

(2) A brief written description of the buyer's farm training and/or experience.

(3) Income tax or other financial records acceptable to FSA from the past three years.

(4) Three years of production history immediately preceding the year of

application, or the number of years available if the applicant has been farming less than three years.

(5) A brief written description of the proposed operation.

(6) Verification of off-farm employment and other non-farm income, if any. This will be required only when the buyer is relying on off-farm income to develop a feasible plan.

(7) Projected production, income and expenses, financial statement, and plan of operation, which may be submitted on Form FSA-431-2, "Farm and Home Plan," or other similar plan of operation acceptable to FSA. The buyer may request Agency assistance in completing the plan.

(8) Applicable items required in 7 CFR part 1940, subpart G or its successor regulation.

(9) A copy of the proposed land contract to be entered into with the seller.

(10) Form FSA-440-32, "Request for Statement of Debts and Collateral," or similar documentation, for all debts in excess of \$1000.00.

(11) A credit report fee.

(12) Entity applicants must submit additional information for each entity member. The application must contain each entity member's name, address, Social Security number, percent ownership interest in the entity, and a current balance sheet.

(13) Any other documents required by the Agency and needed to process the application.

(c) If the buyer or seller propose to use a particular escrow agent for the land contract sale, they will provide the agent's name, address, and telephone number to the Agency.

(d) All forms listed are available at any FSA office or on the FSA Web site at <http://www.fsa.usda.gov>. The Agency will not consider an application complete until all required information is received from both the seller and the prospective buyer. The Agency will assist the buyer, when necessary, in completing the required FSA forms.

IV. Eligibility

(a) Buyers must meet the following requirements to be eligible:

(1) The buyer must be a beginning farmer or rancher and must be the owner and operator of a family farm after the contract is completed. See paragraph IV. (b) for owner and operator requirements for entity buyers.

(2) The buyer must have participated in the business operations of a farm or ranch for at least three years.

(3) The buyer and anyone who will execute the Loan Payment Guarantee Agreement and Contract Modification