and demonstrates that all other credit needs can be met;
(ii) The proposed use of loan funds is authorized for the type of loan requested;
(iii) The applicant has been determined eligible for the type of loan requested;
(iv) All security requirements for the type of loan requested have been, or will be met before the loan is closed;
(v) The applicant’s total indebtedness to the Agency, including the proposed loan, will not exceed the maximum limits established in §761.8 of this chapter;
(vi) There have been no significant changes in the farm operating plan or the applicant’s financial condition since the time the Agency received a complete application; and
(vii) All other pertinent requirements have been, or will be met before the loan is closed.

(2) The Agency will place conditions upon loan approval it determines necessary to protect its interest and maximize the applicant’s potential for success.

(b) Loan denial. The Agency will not approve a loan if it determines that:
(1) The applicant’s farm operating plan does not reflect a feasible plan;
(2) The proposed use of loan funds is not authorized for the type of loan requested;
(3) The applicant does not meet the eligibility requirements for the type of loan requested;
(4) There is inadequate security for the type of loan requested;
(5) Approval of the loan would cause the applicant’s total indebtedness to the Agency to exceed the maximum limits established in §761.8 of this chapter;
(6) The applicant’s circumstances may not permit continuous operation and management of the farm; or
(7) The applicant, the farming operation, or other circumstances surrounding the loan are inconsistent with the authorizing statutes, other Federal laws, or Federal credit policies.

(c) Overturn of an Agency decision by appeal. If an FLP loan denial is overturned on administrative appeal, the Agency will not automatically approve the loan. Unless prohibited by the final appeal determination or otherwise advised by the Office of General Counsel, the Agency will:
(1) Request current financial information from the applicant as necessary to determine whether any changes in the applicant’s financial condition or agricultural conditions which occurred after the Agency’s adverse decision was made will adversely affect the applicant’s farming operation;
(2) Approve a loan for crop production:
(i) Only if the Agency can determine that the applicant will be able to produce a crop in the production cycle for which the loan is requested; or
(ii) For the next production cycle, upon review of current financial data and a farm operating plan for the next production cycle, if the Agency determines the loan can be repaid. The new farm operating plan must reflect any financial issues resolved in the appeal.
(3) Determine whether the applicant’s farm operating plan, as modified based on the appeal decision, reflects a feasible plan, which includes repayment of the proposed loan and demonstrates that all other credit needs can be met.

§764.402 Loan closing.
(a) Signature requirements. Signatures on loan documents are required as follows:
(1) For individual applicants, only the applicant is required to sign the promissory note.
(2) For entity applicants, the promissory note will be executed to evidence the liability of the entity and the individual liability of all members of the entity.
(3) Despite minority status, a youth executing a promissory note for a Youth loan will incur full personal liability for the debt.
(4) A cosigner will be required to sign the promissory note if they assist the applicant in meeting the repayment requirements for the loan requested.
(5) All signatures needed for the Agency to acquire the required security interests will be obtained according to State law.
(b) Payment of fees. The applicant, or in the case of a real estate purchase,
the applicant and seller, must pay all filing, recording, notary, lien search, and any other fees necessary to process and close a loan.

(c) Chattel-secured loans. The following requirements apply to loans secured by chattel:

(1) The Agency will close a chattel loan only when it determines the Agency requirements for the loan have been satisfied;

(2) A financing statement is required for every loan except when a filed financing statement covering the applicant’s property is still effective, covers all types of chattel property that will serve as security for the loan, describes the land on which crops and fixtures are or will be located, and complies with the law of the jurisdiction where filed;

(3) A new security agreement is required for new loans, as necessary to secure the loan under State law, prior to the disbursement of loan funds.

(d) Real estate-secured loans. (1) The Agency will close a real estate loan only when it determines that the Agency requirements for the loan have been satisfied and the closing agent can issue a policy of title insurance or final title opinion as of the date of closing. The title insurance or final title opinion requirement may be waived:

(i) For loans of $10,000 or less;

(ii) As provided in §764.235 for CLs and §764.355 for EMs;

(iii) When the real estate is considered additional security by the Agency; or

(iv) When the real estate is a non-essential asset.

(2) The title insurance or final title opinion must show title vested as required by the Agency, the lien of the Agency’s security instrument in the priority required by the Agency, and title to the security property, subject only to those exceptions approved in writing by the Agency.

(3) The Agency must approve agents who will close FLP loans. Closing agents must meet all of the following requirements to the Agency’s satisfaction:"

(ii) Not be debarred or suspended from participating in any Federal programs;

(iii) Maintain liability insurance;

(iv) Have a fidelity bond that covers all employees with access to loan funds;

(v) Have current knowledge of the requirements of State law in connection with the loan closing and title clearance;

(vi) Not represent both the buyer and seller in the transaction;

(vii) Not be related as a family member or business associate with the applicant; and

(viii) Act promptly to provide required services.

(e) Disbursement of funds. (1) Loan funds will be made available to the applicant within 15 days of loan approval, subject to the availability of funding.

(2) If the loan is not closed within 90 days of loan approval or if the applicant’s financial condition changes significantly, the Agency must reconfirm the requirements for loan approval prior to loan closing. The applicant may be required to provide updated information for the Agency to reconfirm approval and proceed with loan closing.

(3) The Agency or closing agent will be responsible for disbursing loan funds. The electronic funds transfer process, followed by Treasury checks, are the Agency’s preferred methods of loan funds disbursement. The Agency will use these processes on behalf of borrowers to disburse loan proceeds directly to creditors being refinanced with loan funds or to sellers of chattel property that is being acquired with loan funds. A supervised bank account will be used according to subpart B of part 761 of this chapter when these processes are not practicable.