

For: State and County Offices

FY 1999 Direct Operating Loan Funds

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

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Background

Unobligated FY 1999 allocations of non-socially disadvantaged applicant (SDA) direct operating loan funds will be pooled from each State Office. This pooling action ensures that all available loan funds are used before the end of FY.

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Purpose

This notice provides:

- that date pooling action will be accomplished
- information on disposition of pooled loan funds
- guidance on assisting FSA customers in seeking alternative credit.

2 Pooling of Direct Operating Loan Funds

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Unobligated Allocations

Effective COB May 17, 1999, unobligated allocations of non-SDA direct operating loan funds will be pooled.

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<p>Disposal Date</p> <p>October 1, 1999</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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2 Pooling of Direct Operating Loan Funds (Continued)

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Requesting Funds

All pooled funds will be held in the National Reserve. Requests for reserve funds require the following:

- applicant's name
 - loan amount
 - date of initial application.
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3 Availability of Alternative Credit Sources

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Alternative Sources

The demand for direct operating loan funds will exceed the funds available in FY 1999.

Because of limited availability of direct operating loan funds, efforts must be increased to assist applicants in using other sources of credit.

Priority in using alternative credit sources is as follows.

Priority	Alternative Credit Sources
1	Commercial credit without FSA guarantee
2	Commercial credit with FSA guarantee
3	Subordinations to permit another lender to provide credit
4	As a last resort, a direct operating loan

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Contact

Direct questions about this notice to LMD.
