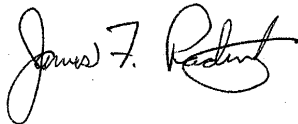


For: State and County Offices

15-Year Guaranteed OL Term Limit

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

Section 319(b) [7 U.S.C. 1949(b)] of the Consolidated Farm and Rural Development Act prohibits a borrower from receiving guaranteed OL's if the borrower has received guaranteed or direct OL's in 15 or more years. This provision is addressed in 2-FLP, subparagraphs 108 L and M.

B Purpose

This notice:

- provides guidance on the following:
 - availability of guaranteed OL term limit report in the FLP Data Mart
 - notifying:
 - borrowers who have 2 years or less of eligibility remaining
 - lenders who have guaranteed borrowers with 2 years or less of eligibility remaining
 - reviewing new applications for term limit eligibility
 - issuing FSA-2232 for borrowers who have reached their last year of eligibility
- obsoletes Notice FLP-616 to correct subparagraph 2 B.

C Contacts

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact the Guaranteed Loan Making Branch at 202-720-3889.

Disposal Date	Distribution
January 1, 2013	State Offices; State Offices relay to County Offices

Notice FLP-617

2 Action

A Report Generation and Details

State and County Offices are now able to generate a customized report of guaranteed borrowers with the number of years of guaranteed OL eligibility remaining through the FLP Data Mart.

Note: Instructions on how to access the FLP Data Mart are located at http://fsaintranet.sc.egov.usda.gov/fcad/Manuals/DLS/HyperionUserGuideV3_1.pdf.

The report is located in the “Guaranteed Loan System (GLS) OnDemand Reports” folder and is named the OY FLPDM Guaranteed Operating Term Limit Data Report. Users may:

- conduct a general search either by State or county
- limit the search to borrowers with a set number of years of guaranteed OL eligibility remaining or to a specific borrower.

Notes: The report shows both active and inactive OL borrowers.

Active OL borrowers are borrowers with an outstanding direct or guaranteed OL loan balance. Inactive OL borrowers are borrowers with no outstanding direct or guaranteed OL loan balance.

Explanations of the columns in this report are as follows.

Column Heading	Explanation
Borr ID	Lists last 4 digits of borrower’s tax ID or Social Security number.
Ln Typ	Lists 1 of the following loan types: <ul style="list-style-type: none">• DL - direct OL loan• LC - guaranteed line of credit• GL - guaranteed term OL loan. Note: If search is done by years remaining, this field is blank.
Ln Closing Date	Lists loan closing date. If search is done by years remaining, this field is blank.
Ln No	Loan number. If search is done by years remaining, this field is blank.
Elig Guar	Total number of years eligible for a guaranteed OL loan.
Yrs Rmng	Number of years of guaranteed OL loan eligibility remaining .

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2 Action (Continued)

A Report Generation and Details (Continued)

Column Heading	Explanation
Adv Loc	Indicates advance on line of credit only if advance took place after October 28, 1992: <ul style="list-style-type: none">• “N” for no• “A” for a line of credit advance. Note: If search is done by years remaining, this field is blank.
Lender Name	The lender name is listed only if the guaranteed OL loan is outstanding. If search is done by years remaining, this field is blank.
Lender Id	Lender ID number. It is listed only if the guaranteed OL loan is outstanding. If search is done by years remaining, this field is blank.
Lndr Brch	Lender branch ID number. It is listed only if the guaranteed OL loan is outstanding. If search is done by years remaining, this field is blank.

County Offices are to run this report for their specific servicing counties. Note that this report includes all direct or guaranteed OL loans closed up to the run date shown in the upper right-hand corner of the report cover sheet. **Any direct or guaranteed OL loans closed on or after the run date will not be listed on this report.**

Note: When exiting the report, always CLICK “No” at the message, “Save Changes?”.

B Borrower Notification

Before October 31, 2012, County Offices shall send Exhibit 1 to each active OL borrower who has 2 years or less of eligibility left. Sending Exhibit 1 to inactive OL borrowers will be at FLC’s discretion. Exhibit 1 may be found on the FFAS Employee Forms/Publications Online Website located at <http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html>. CLICK “Find Current Forms Using Our Form Number Search”, in “Form Number” block, type “Notice FLP-617”, and CLICK “Submit”.

Note: A copy of Exhibit 1 shall be maintained in the borrower’s case file.

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2 Action (Continued)

C Lender Notification

Before October 31, 2012, all guaranteed lenders who have active OL borrowers who have 2 years or less of eligibility left will be notified using Exhibit 2. Sending Exhibit 2 to lenders with only inactive OL borrowers will be at FLC's discretion. Exhibit 2 may be found on the FFAS Employee Forms/Publications Online Website located at <http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search", in "Form Number" block, type "Notice FLP-617", and CLICK "Submit".

Note: A copy of Exhibit 2 will be maintained in the lender's file.

D New Applications

The OY FLPDM Guaranteed Operating Term Limit Data Report may be used for guaranteed OL loan eligibility determinations according to 2-FLP, subparagraph 108 L, taking into account any direct or guaranteed OL loans closed on or after the run date of the report.

E Issuing FSA-2232

Authorized agency officials shall include the following statement on all guaranteed OL or line of credit FSA-2232's issued for borrowers who are currently eligible but will not be eligible after December 31, 2012.

"A loan guarantee **cannot** be issued after December 31, 2012. If the loan is not closed and all lender and FSA actions outlined in 2-FLP, paragraph 247, are not completed on or before December 31, 2012, this conditional commitment becomes null and void."

Note: Advances may be made up to 5 years on a line of credit provided the loan guarantee was issued before December 31, 2012.

Example Letter Sent to Guaranteed Borrowers

The following letter shall be mailed to guaranteed borrowers.

Notice FLP-617, Exhibit 1

(Use Agency Letterhead format with local return address)

**BORROWER NOTIFICATION OF GUARANTEED OPERATING LOAN PROGRAM
TERM LIMITS**

Dear

The Farm Service Agency (FSA) is glad that we have been able to work with you and your lender to help you obtain credit in the past. We would like to take this opportunity to remind you of the Guaranteed Operating Loan Program's term limit requirements. FSA may guarantee Operating Loans to borrowers who have received financing through FSA's direct and/or guaranteed Operating Loan programs for no more than 15 years.

Our records indicate that you have ____ years of eligibility remaining.

Please be advised that this will not affect any guaranteed Line of Credit or term Operating Loans you currently have. It will only affect your eligibility to obtain new guaranteed Operating Loans in the future.

If you have questions regarding term limits, please contact our office at: [Enter office address and phone number].

Sincerely,

Name of Employee
Title of Employee

Example Letter Sent to Guaranteed Lenders

The following letter shall be mailed to guaranteed lenders.

Notice FLP-617, Exhibit 2

(Use Agency Letterhead format with local return address)

**LENDER NOTIFICATION OF GUARANTEED OPERATING LOAN PROGRAM
TERM LIMITS**

Dear

The Farm Service Agency (FSA) appreciates your participation in the Guaranteed Loan Program. We would like to take this opportunity to remind you of the guaranteed Operating Loan program's term limit requirements. The statute authorizing FSA's Operating Loans prohibits a borrower from receiving financing through FSA's direct and/or guaranteed Operating Loan program for more than 15 years.

Following is a list of your guaranteed borrowers that have 2 or less years of eligibility remaining:

Borrower Name	Number of Years Remaining

Please be advised that this will not affect any guaranteed Line of Credit or term Operating Loans they currently have. It will only affect their eligibility to obtain new guaranteed Operating Loans in the future.

If you have questions regarding term limits, please contact our office at: [Enter office address and phone number].

Sincerely,

Name of Employee
Title of Employee