UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
100 USDA, Suite 102
Stillwater, Oklahoma 74074-2653

OK Notice FLP-443

For: County Offices

2-FLP

Handling Guaranteed Loan Applications When Funds Are Not Available

Approved by: State Executive Director

1 Overview

A Background

This notice replaces OK Notice FLP-377 issued November 15, 2002.

Guaranteed FO and OL funding allocations are not always adequate to meet demand for the entire fiscal year.

B Purpose

This Notice provides guidance on handling applications for all guaranteed loans when funds are unavailable. The intended outcome is to ensure all lenders and loan applicants are treated consistently and in accordance with regulations.

C Contact

Direct any questions concerning this notice to Patty Wanger at (405) 742-1052 in the Oklahoma State Office.

D Filing Instructions

This notice should be filed with the FLP series Notices.

Disposal Date	Distribution
October 1, 2004	Farm Loan ProgramTeams, County Offices, DD's, COR's

2 ACTION

A Funding Authority Exhausted

Even though certain types of guaranteed funding might be temporarily exhausted, **DO NOT** tell the guaranteed lender not to submit any guaranteed applications to FSA. Regardless of whether funds are available, all applications received from lenders will still be accepted and processed through and including loan approval.

FSA-1940-3, Request for Obligation of Funds-Guaranteed Loans, will be signed by the appropriate loan approval official to meet the loan approval time frames.

Continue to send a copy of the FSA-1940-3 , the 'OR' screen from GLS WEB, and the CAIVRS to the Farm Loan Program Section in the STO. The State Office will hold the approved, but unobligated, loan requests until funding is available.

Under Item # 5 on the 1940-3, it states that the guaranteed loan is approved "**subject to the availability of funds.**" The approval official will call the lender and then send the attached Exhibit 1 letter informing the lender of the loan approval and lack of funding. If more than one loan did not get obligated, only one letter to the lender is necessary.

The loan approval official **MUST NOT SIGN, EXECUTE, OR MAIL/DELIVER** the FSA-1980-15, Conditional Commitment, to the lender until confirmation has been received that the guaranteed funds are obligated.

Under Item # 5 on the FSA 1940-3, it also states:

If this loan guarantee is not issued for any reason within 90 calendar days from the date of approval on this document, the approval official may request updated information concerning the lender and the loan applicant. The approval official will have 14 days to review any updated information and decide whether to submit this document for obligation of funds.

When funds are obligated, confirm the loans obligation by attaching a copy of the "UN" or "GLS Obligation Request" screen to the FSA-1940-3.

A Funding Authority Exhausted, cont.

When there are other types of loans (direct and/or guaranteed), that were approved and obligated that are contingent on the unfunded guaranteed loan, the other loans CANNOT be closed until all of the following have been met:

- Guaranteed loan is obligated.
- ADPS "UN" or "GLS Obligation Request" screen is received and attached to the FSA-1940-3.
- FSA-1980-15, Conditional Commitment is issued.
- Lender agrees to the terms and conditions of the Conditional Commitment.

B Loan Approval Subject to an Environmental Assessment

ONLY when guaranteed funds are limited and with state office concurrence, can the FSA-1940-3 be approved/obligated subject to a favorable environmental assessment. However, the FSA-1980-15, Conditional Commitment, cannot be issued, under no circumstances, until a favorable environmental assessment is properly completed with NO significant environmental impact found.

United States Department of Agriculture

Farm Service Agency

(Servicing FSA Office)
FSA Office
(Address)
(City, State)
(Zip Code)

USDA

Exhibit 1

(Date)

(Lending Institution)
(Lender Representative)
(Lender Address)
(City, State, Zip Code)

RE: (Borrower Name & Case Number)
($_____ and type of loan(s))

Dear (Lender Representative):

This letter will confirm our conversation of (date). As discussed with you, the loan
guarantee(s) identified above was/were approved on (date), subject to the availability of funds. However, at this time guaranteed loan funds are temporarily
exhausted and not available to meet your request.

Until the requested guaranteed loan funds become available, FSA-1980-15, Conditional Commitment CANNOT be issued. You are NOT AUTHORIZED OR ALLOWED TO close the loan(s) until such time that the guaranteed loan funds actually do become available and FSA issues the FSA-1980-15, Conditional Commitment.

If the delay in funding results in the information furnished with the application being more than 90 days from the previously stated approval date of the guaranteed loan(s), current information must be furnished to FSA before the FSA-1980-15, Conditional Commitment can be issued. The loan approval official will have 14 days to review any updated information and decide whether to submit the requested loan for obligation of funds.

When guaranteed funds do become available and if updated information is required, your office will be so notified.

We regret the delay in completing this transaction and appreciate your cooperation. If you have any questions, please contact this office at (County Office phone number).

Sincerely,

(Authorized Agency Official)