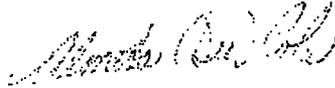


For: State and County Offices

Guaranteed Loan Documents

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

**A
Background**

When reviewing FSA guaranteed loan documents for secondary market purchase, secondary market officials and their servicing agents have noted several recurring documentary discrepancies. When a discrepancy is discovered, additional correspondence with the lender and FSA is often needed to correct the documents.

**B
Purpose**

This notice highlights some of the items that should be reviewed on guaranteed loan documents before the FSA official executes those documents.

Note: Attention paid to these details before execution will:

- often save time and inconvenience for the borrower, lender, holder, and FSA later
- help ensure that the guarantee is enforceable by the lender and holder, and that there is no question as to what loan is guaranteed.

Continued on the next page

Disposal Date

September 1, 1998

Distribution

State Offices; State Offices relay to County Offices

Overview (Continued)

C

Contacts

Secondary market brokers, including Farmer Mac and their servicing agent (Colson Services), may contact FSA field offices directly when they have questions concerning guaranteed loan documents.

State Offices shall direct questions about this notice to LMD, Guaranteed Loan Branch.

2 Items to be Reviewed on Guaranteed Loan Documents

A

Action

All loan approval officials shall consider the following when approving guaranteed loan documents.

Step	Action
1	<p>The loan references must be consistent among all documents (FmHA 449-34, FmHA 449-36, and the lender's promissory note) including:</p> <ul style="list-style-type: none"> • lender's loan number • principal amount • date of note • borrower name <p>Note: Change in names should be explained in a letter from the lender and attached to the documents.</p> <ul style="list-style-type: none"> • lender's name. <p>Note: Change in name or substitution of lender should be explained in a letter from the lender and attached to the documents.</p>
2	<p>The execution date on FmHA 449-36, page 3 must be completed and that date must not precede the execution date on FmHA 449-34, page 3.</p>

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2 Items to be Reviewed on Guaranteed Loan Documents (Continued)

A
Action
(Continued)

Step	Action
3	The holder information on FmHA 449-36, page 1 must be completed before Agency concurrence. Agency concurrence may be given before the holder executes FmHA 449-36. Note: See Section 9.4 of the FSA Guaranteed Agricultural Lending - Lender Manual.
4	Review the percentage of guarantee and the percent of guaranteed portion sold to the holder and ensure that all blanks are completed properly on FmHA 449-36. Normally, the percentage assigned to the holder should be 100 percent, not 90 percent, of the guaranteed portion. The lender can assign less than 100 percent of the guaranteed portion, but this is rarely done.
5	Review the "Percentage of Total Face Amount" on FmHA 449-34. Normally this will be 100 percent, rather than 90 percent, unless a multinote option is used.
6	All amendments or modifications to a guaranteed promissory note must be approved in writing by FSA. Written approval should be attached to the promissory note, along with the lender's documentation.
7	The use of the seal and the attestation on FmHA 449-36 are not required. FmHA 449-36 will be honored without a seal or an attestation signature.
