

For: All County Offices

Guaranteed Loan Servicing

Approved by: State Executive Director



1 Overview

A Background

This notice replaces Arkansas Notice FLP-87 that will expire February 1, 2004.

B Purpose

The purpose of this Notice is to provide specific guidelines which have to be consistent statewide, and to provide guidance on submission of guaranteed loss claims.

C Contact

Direct questions about this notice to Cully Culpepper at 501-301-3042.

2 Action

A FSA-1980-41

Upon receipt of a FSA 1980-41 "Guaranteed Farm Loan Status Report" which indicates the account is past due, and FSA-1980-44 "Guaranteed Farm Loan Default Status Report" has not been submitted, Exhibit 1 will be utilized to inform the lender that a FSA-1980-44 is required.

B FSA-1980-44

Upon receipt of the initial FSA 1980-44 "Guaranteed Farm Loan Default Status Report" the authorized Agency official should immediately review and respond to the lender using Exhibit 2. Your response should be in direct correlation with the delinquency code established by the lender.

Disposal

February 1, 2005

01-28-04

Distribution

All FSA County Offices

Arkansas Notice FLP-124

2 Action (Continued)

C RD-449-30

When submitting RD-449-30 "Guaranteed Loan Report of Loss" Exhibit 3 will be utilized to establish that all needed items have been addressed and included with the county office case file. The format in Exhibit 4 will be used as a guide to prepare all loss claim referrals. The attachments you provide should be copies of the originals except the RD 449-30 which will be the original. The originals should remain in the County Office file. If the above information was previously submitted with an estimated loss claim, it will not be necessary to duplicate the information for a final loss claim.

Electronic Funds Transfer (EFT) will be established for each lender by the originating County Office. It is imperative that County Offices maintain accurate EFT information for each lender. Any changes in routing or account numbers should be promptly entered into EFT.

D State Office Action

Loss claim referrals not submitted in accordance with this Notice will be returned the County Office for compliance. State Office processing time will not begin until the requirements of this Notice have been met.



United States
Department of
Agriculture

(Month, Day, Year)

Farm and Foreign
Agricultural
Services

Farm Service
Agency

Room 3416
Federal Building
700 W Capitol
Little Rock, AR
72201

(Lender's Name)
(Lender's Position)
(Institution's Name)
(Street and/or PO Address)
(Town, State, Zip Code)

RE: (Borrower Name)
Form FSA-1980-41

Dear (Mr./Ms):

We are in receipt of and have reviewed FSA-1980-41 "Guaranteed Farm Loan Status Report" dated (date). The form indicates a payment status code of B – Borrower behind schedule. If the account is in default, a Form FSA-1980-44 "Guaranteed Farm Loan Default Status Report" should immediately be prepared and submitted to this office and every sixty days thereafter or until the default is cured. Not reporting on Form FSA 1980-44 could affect the amount of interest paid in the event of a loss claim. If the account has been brought current then a new FSA-1980-41 should be submitted to this office for processing.

If you have any questions, please contact this office at (Phone Number).

Sincerely,

(Farm Loan Manager)

cc: Lender File – (Name of Institution)
District Director
STO, Farm Loan Programs





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(Lender's Name)
(Lender's Position)
(Institution's Name)
(Street and/or PO Address)
(Town, State, Zip Code)

RE: (Borrower Name)
Form FSA-1980-44

Dear (Mr./Ms):

We are in receipt of and have reviewed FSA-1980-44 "Guaranteed Farm Loan Default Status Report" dated (date). The form indicates a delinquent code of (Enter appropriate code)

01 - Delinquent-Disposition Forthcoming. FSA expects the loan(s) to be paid current, restructured, or a liquidation decision established within 90 days of default.

OR

02 - Borrower Will Pay Delinquent Amount. When the account is paid current, a new FSA-1980-44 will be submitted reflecting a code of 13 - Loan reinstated and current.

OR

04 - Forced Liquidation Pending. [For SEL, CLP and PLP (when required by Lender's Agreement)] Within thirty days of the decision to liquidate, you must submit a written liquidation plan to this office. An estimated loss claim must be submitted with the liquidation plan if the liquidation is expected to exceed 90 days. **OR** [For PLP lenders not required by their Lender's Agreement to submit a liquidation plan] An estimated loss claim must be submitted if the liquidation is expected to exceed 90 days.



OR

05 – Voluntary Liquidation Pending. [For SEL, CLP and PLP (when required by Lender’s Agreement)] Within thirty days of the decision to liquidate, you must submit a written liquidation plan to this office. An estimated loss claim must be submitted with the liquidation plan if the liquidation is expected to exceed 90 days. **OR** [For PLP lenders not required by their Lender’s Agreement to submit a liquidation plan] An estimated loss claim must be submitted if the liquidation is expected to exceed 90 days.

OR

09 – Borrower Restructuring Pending. When the account is restructured, a new FSA-1980-44 will be submitted reflecting a code of 11 - Rescheduling of payments completed, along with required restructured documents.

Remember, a subsequent FSA-1980-44 is required every sixty days until the account is paid current, restructured, or a final loss claim has been paid.

Failure to comply with the servicing requirements of FSA Handbook 2-FLP and your Lender’s Agreement could effect the amount of interest paid if a loss becomes imminent.

If you have any questions, please contact this office at (Phone Number).

Sincerely,

(Farm Loan Manager)

cc: Lender File – (Name of Institution)
District Director
STO, Farm Loan Programs

ARKANSAS NOTICE FLP-124

Exhibit 3

Checklist for Referring Loss Claims

Borrower Name: _____

Preparer's Name: _____

Lender: _____

Date: _____

ITEM	YES	NO	N/A
1 Copy - Form FSA 1980-06 "Estimated Loss Review Checklist" (Standard Eligible Lenders & Certified Lenders Only)			
1 Copy - Form 1980-07 "Final Loss Review Checklist" (All Lenders)			
1 Copy - Form 1980-15 "Conditional Commitment"			
1 Copy - Form 1980-27 "Loan Guarantee"			
1 Copy - Form 1980-38 "Lenders Agreement"			
1 Copy Form 1980-41 "Guaranteed Farm Loan Status Report" (Include 1 Copy of all reports related to loss claim)			
1 Copy - 1980-44 "Default Status Report" (Include 1 Copy of all reports related to loss claim)			
1 Copy - Memo from Farm Loan Manager to Lender (Addressing Lenders comments contained on 1980-44)			
Original and 1 Copy - Form 449-30 "Loan Note Guarantee Report of Loss"			
1 Copy of Chattel Appraisal			
1 Copy of Real Estate Appraisal			
1 Copy of Liquidation Plan			
1 Copy Lender's Documents per Part 14 paragraph 360 C			
1 Copy of Promissory Note(s)			

For all loans with an application date of July 20, 2001 or later:

1 Copy of Form 1980-25 or 1980-28			
Name, address, and social security number of all liable parties.			

All Items should be addressed in the referral memo and attached to the cover of the County Office File.

01/28/04



United States
Department of
Agriculture

January 28, 2004

Farm and Foreign
Agricultural
Services

TO: Len E. Blaylock, Jr.
State Executive Director

Farm Service
Agency

ATTN: Marvin O. Sutterfield
Chief, Farm Loan Programs

Room 3416
Federal Building
700 W Capitol
Little Rock, AR
72201

SUBJECT: (Name & Case Number of Borrower)
Request for (Approval or Rejection) of (Estimated or Final) Loss Claim

This is to advise that (Name of Lender) has requested payment of the (Final or Estimated) loss claim on Form RD 449-30, "Guaranteed Loan Report of Loss" on the above subject borrower. The loan(s) were originally made on (Date) and went into default on (Date). The percentage of guarantee is (90%).

The Lender was notified on (Date) that Form 1980-44 "Default Status Report" had been received and reviewed. The 1980-44 dated (date) reflects the lender's decision to liquidate. The lender was informed on (date) that the established liquidation date was (date) and that future interest accrual would be based upon this date.

All security as reflected on Form 1980-15 "Conditional Commitment" has/has not been accounted for and has been properly/improperly disposed of. (List all unaccounted for security and value at time loan was made)

It is my recommendation to (approve or reject) the proposed loss claim as submitted by the Lender.

The Lender has advised that the collectibility of a deficiency judgement is (likely or unlikely).

The following lien note(s) evidences the Lender's debt:

Loan Type	Principal Amt.	Date	Terms	Interest Rate
50 (LOC)	\$000,000.00	1/01/99	5 years	10.00%
51 (LNG)	\$000,000.00	1/01/99	7 years	9.75%

***The above subject note(s) has been reschedule, reamortized, written down, or consolidated from note # (note number).**



ARKANSAS NOTICE FLP-124

Exhibit 4

Attached is the 1980-6 "Guaranteed Estimated Loss Review Checklist For SEL and CLP Lenders" or 1980-7 "Guaranteed Loan Final Loss Review Checklist" for all Lenders. The interest rate calculation method is based on 360 or 365 days. The daily accrual of interest on the loan(s) is \$00.00

The real estate mortgage(s) describe (number of acres) and (list of improvements). The Lender has a (lien position) lien on the real estate security. The real estate has a current market value of \$000,000.00. (Describe the Lender's method of liquidation or how the security was actually liquidated). Examples: public auction, private sale or deed in lieu

The financing statement(s) and security agreement(s) describe (number of items) items of equipment and/or crops. The chattels have a current market value of \$000,000.00. (Describe the Lender's method of liquidation or how the security was liquidated). Examples: public auction, private sale or deed in lieu

For your use, the following are attached:

1. Chattel Appraisal(s) NOTE: Appraisal used for loan making & loan servicing (estimated and/or final)
2. Form 1980-06 (estimated only) or Form 1980-07 (final only)
3. Form 1980-15 (estimated & final)
4. Promissory Note(s) (estimated & final)
5. Form 1980-27 (estimated & final)
6. Form 1980-41 (estimated & final) Related to decision to liquidate period & forward
7. Form 1980-44 (estimated & final) NOTE: There could or should be more than one related to the liquidation.
8. Form 449-30 (estimated & final)
9. Real Estate Appraisal(s) NOTE: Appraisal used for loan making & loan servicing (estimated and/or final)
10. Approved Liquidation Plan (estimated and/or final)
11. Checklist for Referring Loss Claims (estimated & final) – AR FLP Notice, Exhibit 3
12. Lender's accounting of the use of loan funds (final)
13. Lender's accounting of the disposition of loan security and it's proceeds (final)
14. Lender's loan ledger (final)
15. Lender's documentation concerning compliance with Part 14 (final)

**For loans with an application date of July 20, 2001 or later
(Subject to Offset in accordance with Debt Collection Act)**

16. Copy of 1980-25 or 1980-28
17. Name, address, social security number, of all liable parties

(Name)
Farm Loan Manager, (Name) County