

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
100 USDA, Suite 102
Stillwater, Oklahoma 74074-2653

OK Notice FLP-375

For: County Offices

Closing FSA Guaranteed Loans on Finance Office Records

Approved by: State Executive Director



1 OVERVIEW

A

Background

Guaranteed loans are considered 'CLOSED' when the requirements of any guaranteed document have been terminated, and all obligations due FSA or the lender have been paid in full or otherwise satisfied.

B

Purpose

This notice provides information and guidance on closing loans on Finance Office records when a Loan Guarantee and/or Contract of Guarantee contract needs to be terminated.

C

Contact

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

D

Filing Instructions

This notice should be filed with the FLP series Notices.

Disposal Date October 1, 2003	Distribution Farm Loan Program Teams, County Offices, DD's, COR's
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2 ACTION

A

**County Office
Responsibilities
Prior To
Terminating a
Guaranteed Loan**

County Offices shall:

1. Finance Office records must be checked to see if there are any outstanding Interest Assistance (IA) subsidy obligations that need to be paid and/or cancelled. Review the GLS **View Farm Loan Interest Assistance** 'VI' screen for the loan number being terminated.

For IA loans, if there is a N in the filed Final Claim on the 'VI' screen, then a final FSA-1980-24 must still be processed through a GLS Transaction 4031 by the local FSA county office before terminating the account. At this time the file will need to be reviewed to determine:

- If there is any outstanding IA subsidy payments still owed the lender, and then process the final GLS Transaction 4031. A "YES" in block 13 (Final Payment) will cancel any remaining IA subsidy obligation. Blocks 19-24 are to be left blank.

OR

- If the lender is not owed a subsidy payment, then process the final GLS Transaction 4031 with a ZERO subsidy payment in block 12 (Interest Payable). A "YES" in block 13 (Final Payment) will cancel any remaining IA subsidy obligation. Block 19-24 are to be left blank.
2. The lender is required to return to FSA the original Form 449-34, Loan Note Guarantee; Form 1980-27, Contract of Guarantee; or FSA-1980-27, Loan Guarantee, for each loan which is to be marked "Satisfied", signed and dated by an authorized official of the lender.

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**B
Paid in Full
Guaranteed Loans
with Lost or
Misplaced Original
Loan Guarantee**

If the lender is unable to return the original document because it has been lost or misplaced, it is acceptable to accept a signed and dated letter from an authorized official of the lender that is similar to below.

To: Farm Service Agency
Attn: Farm Loan Manager

Subject: Borrower's Name _____
Case Number St-Cty-xxxxxxxxxxxxxxxx
Paid in Full Guaranteed Loan
Loan Amount _____
Loan Type _____
Date of Guarantee _____

We have lost or misplaced the original Loan Guarantee. We certify that we own 100% of the Loan Guarantee.

This letter serves as your official notice that the subject guaranteed loan has been paid in full. Please terminate the Loan Guarantee.

**C
Terminating
Guaranteed Loans
On Finance Office
Records**

County Office shall:

1. To close the loan on Finance Office records:
 - Process the termination using Form FSA-1980-41, Guaranteed Farm Loan Status Report, through the on-line data entry on the Guaranteed Loan System (GLS).
 - For file documentation, obtain a hard copy of Guaranteed Loan UPDATE Form FSA 1980-41 Farm Loan Status Report screen print that shows a processing code of **“Update was Successful”** with a “Y” in the Terminate Guarantee block.
 - Processor to initial and staple the screen-print to the FSA-1980-41.

2. To verify that the termination was processed properly:

Obtain a hard copy of the Guaranteed Loan Servicing VIEW Loan Detail “LD” screen in the Guaranteed Loan System (GLS) that reflects that a **Status** field of TERMINATED. If terminated is not shown, we are looking for an account status of other than “01 ACTIVE” account.