

For: State and County Offices

Operating Loan (OL) Funds

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

Unobligated FY 2001 allocations of direct OL funds, which are not targeted for SDA, and unsubsidized guaranteed OL funds, which are not targeted for SDA, will be pooled from each State Office. This pooling action ensures that all available loan funds are used before the end of FY.

Portions of each State's FY 2001 allocation of guaranteed OL with interest assistance funds were targeted for exclusive use by SDA's. The SDA status of these funds is being lifted.

B

Purpose

This notice provides:

- that date pooling actions will be accomplished
 - information on disposition of pooled loan funds
 - guidance on assisting applicants in seeking alternative credit
 - modified status of SDA loan funds
 - guidance in moving previously targeted SDA loan funds.
-

C

Contact

Direct questions about this notice to Jerry Moseman, LMD, at 202-690-4006.

Disposal Date	Distribution
October 1, 2001	State Offices; State Offices relay to County Offices

Notice FLP-210

2 Pooling OL Funds

A Unobligated Allocations

The following unobligated allocations will be pooled effective COB July 17, 2001:

- direct OL funds that are not targeted for SDA
 - unsubsidized guaranteed OL funds that are not targeted for SDA.
-

B Reallocating Funds

Pooled unsubsidized guaranteed OL funds will be reallocated to States as non-SDA funds. Each State Office will receive the same percentage of the pooled funds as the State Office received of the initial FY 2001 allocation. A limited amount of funds will be retained in the National Reserve.

All direct OL-pooled funds will be held in the National Reserve.

C Requesting Funds

Requests for reserve funds require the following:

- name of applicant
- amount of loan
- category of loan (nonbeginning or beginning farmer, SDA or non-SDA)
- for direct OL funds, date of initial application
- for guaranteed OL funds, date of completed application.

Note: Applicants exercising their right to priority consideration under the *Pigford v. Glickman* class action must be indicated on the request for reserve funds.

Requests for reserve funds are to be made by FAX at 202-690-1117.

Notice FLP-210

3 Availability of Alternative Credit Sources

A **Alternative Credit Sources**

The demand for direct OL funds will exceed the funds available in FY 2001.

Because of limited availability of direct OL funds, efforts must be increased to assist applicants in obtaining other sources of credit.

Priority in using alternative credit sources is as follows.

Priority	Alternative Credit Sources
1	Commercial credit without FSA guarantee
2	Commercial credit with FSA guarantee
3	Subordinations to permit another lender to provide credit
4	Direct OL loan (last resort)

4 Modified Status of Targeted Funds

A **Lifting Target**

Effective July 16, 2001, unobligated guaranteed OL with interest assistance funds targeted for SDA's may be used by any eligible applicant, whether SDA or not.

B **Moving Funds**

Moving funds between the SDA and non-SDA loan categories will be accomplished on a request basis. Funds previously targeted for SDA's may not be transferred between States.
