



FSA Guaranteed *Express*

October 2016

Fall Edition

Welcome. I want to extend my deepest appreciation to all of you for the exceptional service you provide to our nation's family farmers and ranchers. This year has presented many challenges. Demand for both guaranteed farm ownership and operating loans exceeded expectations. The Agency received congressional approval to increase funding in both programs and we were able to provide guaranteed loans to over 7700 farmers and help them start or continue their farming operations. With your help, FY 16 obligations of direct and guaranteed OL and FO funds were the highest in Agency history – exceeding \$6 billion for the first time. FSA had the highest level of guaranteed FO obligations (over \$2.4 billion) in Agency history.

Given the current situation in the farm economy, we anticipate many farmers, ranchers and lenders will again look to FSA for assistance. Please remember, FSA's mission is not limited to providing new credit. We will work with you to provide loan servicing options for your guaranteed loan customers whose accounts are distressed or delinquent due to circumstances beyond their control.

I encourage you to contact your local office and ask for more information on all of the FSA programs that are available.

Jim Radintz, Deputy Administrator for Farm Loan Programs

Test for Credit

With each guaranteed loan application, lenders must certify that they could not make the loan without the guarantee. Why is this certification necessary and what is a lender saying when they sign the application?

Congress established FSA's Farm Loan Programs to provide credit for farmers unable to obtain financing from commercial lenders without FSA assistance. Each year, FSA receives a limited amount of loan funds, and ensuring applicants need the assistance helps target these limited loan funds to the farmers Congress intended.

To ensure FSA complies with legal requirements, lenders must certify, and FSA loan officials must document that the lender cannot make the loan without a guarantee. Sometimes this is clear based on the applicant's financial position, capacity for repayment, or collateral position. Many other times, it is not as clear, and that is where lenders can help. In each loan narrative, the lender should address the reason(s) they are requesting a guarantee; for example, the applicant's debt to asset ratio is above the lender's standards.

Additionally, the lender should consider and address any nonessential assets such as second homes or recreational items with significant value. Would selling or pledging these assets as collateral remove the need for the Guarantee? Discussing this in the loan narrative will facilitate our approval process without asking additional questions.

Lenders should contact their local FSA office if they have any questions.

The USDA is an equal opportunity provider, employer, and lender.

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What's Ahead for FSA in FY 2017?

Guaranteed Loan Limits

FSA's guaranteed loan limits will remain the same as in FY-2016. Limits include new guaranteed loan(s) plus any outstanding direct or guaranteed principal balances cannot exceed **\$1,399,000**.

To stay up to date with the most current FSA Handbook amendment click [here](#).

FY 2017 Estimated Funding

On September 29, 2016, the President signed H.R. 5325, a Continuing Resolution to fund the ongoing operations of the government. The Act funds federal operations at 2016 levels through December 9, 2016. At this time funding is available in all FSA loan programs.

Announcements

Representatives from the USDA's FSA Farm Loan Programs will be in attendance at the American Bankers Association (ABA) Conference being held in Indianapolis, Indiana, November 13-16, 2016. We encourage you to visit FSA's booth and meet our friendly FSA Guaranteed Loan staff.

New PLP Lenders

- **Legence Bank**-Eldorado, Illinois
- **Citizens Alliance Bank**-Clara City, Minnesota
- **Security Financial Bank**-Durand, Wisconsin

Do you have topics you would like to see featured in our newsletter?

Email us at: FSAGuaranteedloans@wdc.usda.gov

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FY-2016 Obligations

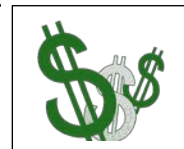
	<u>Funds used</u>	<u># of loans made</u>
G-Operating	\$1,493,461,351	4,981
G-Farm Ownership	\$2,470,663,058	5,065

FY-2016 Accomplishments

The highest level of direct and guaranteed loan assistance provided to socially disadvantaged applicants in Agency history.

The highest level of direct and guaranteed loan assistance provided to beginning farmers in Agency history.

39,650 direct and guaranteed loans obligated.



Get Connected: FSA's new communication website provides our lenders access to more information, including:

- Updates to policy revisions
- Information for Agency sponsored webinars and special events
- Access to National training presentations, and many more features.

To be part of FSA's USDA Connect Guaranteed Lender Community, please email us with your name, email contact information and lender institution name:

FSAGuaranteedloans@wdc.usda.gov