



# FSA Guaranteed *Express*

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Special Edition

I would like to take this opportunity to make you aware of improvements to the FSA guaranteed loan program designed to enhance the availability of agricultural credit for small, beginning and underserved farmers and ranchers. These changes are part of FSA's commitment to innovation in support of a dynamic, diverse 21<sup>st</sup> century agriculture.

**Jim Radintz, Deputy Administrator for Farm Loan Programs**

## INTRODUCING FSA's EZ GUARANTEE PROGRAM

On October 21, 2016, FSA published a rule in the Federal Register that further simplified its Guaranteed Loan application process to help small, new or underserved family farmers with early financial assistance. Lenders may now request EZ Guarantees on applications up to \$100,000 for farm operating or farm ownership purposes. The rule can be found at [www.regulations.gov](http://www.regulations.gov), reference RIN 0560-AI34 and comments will be taken until December 20, 2016.

EZ Guarantee program offers less paperwork and analysis corresponding to a smaller maximum loan amount. Lenders need only submit one application form per loan request containing all necessary information for the application. No other supporting documents will typically be required. In addition, streamlined financial underwriting will be available for these loans, allowing all approved lenders to analyze the request in the same manner in which they would analyze a nonguaranteed loan request of the same size and type. All existing eligibility, loan purpose, security, and other requirements remain the same.

Demonstrating repayment capacity is handled differently for EZ Guarantee loans. Lenders will use the same methods and standards they use for non-guaranteed loans, and describe on the application form how the applicant meets those standards. Supporting material will be maintained in the lender's loan files. For example, a lender would state "A projected cash flow budget has been completed indicating a debt repayment capacity of 1.14, which exceeds our minimum standard of 1.10." Routine servicing requirements for EZ Guarantee term loans are also reduced, eliminating the need for an annual analysis if the loan is performing.

In addition to the EZ Guarantee program, FSA has established a new lender designation of Micro Lender. With this change, non-traditional lenders, such as Community Development Financial Institutions and Rural Rehabilitation Corporations may request Micro Lender status and apply for EZ Guarantees of up to \$50,000. Banks and credit unions with business lending experience but no specific experience with farm lending may also receive Micro Lender status for EZ guarantees up to \$50,000.

With these changes, FSA hopes to improve credit availability to those underserved farmers that the agency has had difficulty reaching in the past. More information about FSA's Farm Loan Programs can be found at [www.fsa.usda.gov/programs-and-services/farm-loan-programs/index](http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/index) or by contacting your local FSA office.