



Lender Memo

For Participating Lenders

March 26, 2009

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Helpful Links

- [2 FLP Amendment 7](#)
- [2-FLP Handbook](#)
- [Sign Up for Level 2 eAuth ID](#)
- [Lender Loan Closing PowerPoint](#)
- [Electronic Reporting - USDA LINC](#)
- [eForms](#)
- [Servicing Center Locator](#)
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Farm Loan Programs State Office

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Loan Making and Servicing Actions for Dairy Operations

Historic declines in the price of milk have dramatically increased financial stress in the dairy industry making survival difficult for many FSA direct and guaranteed dairy farm borrowers. FSA is committed to using all available authorities, consistent with prudent lending practices, to assist borrowers in surviving this period of short-term unprofitability. Farm Service Agency will consider extending repayment terms for our direct annual operating loans, releasing milk proceeds and restructuring debt of those operations with short-term cash flow problems caused by the decline in milk prices.

Lenders are reminded that FSA's guaranteed loan policies provide lenders with similar flexibility to extend repayment terms for annual OL's and lines of credit, release milk proceeds and restructure debt. These measures are authorized to assist dairy producers with long-term viability in obtaining operating capital in these difficult times. For more details on options available contact your local FSA lending office.

Miscellaneous

Status Reports

Lenders who are doing status reports on-line will now receive an email reminder of status reports due instead of a mailed Status Report form. Status report forms will be mailed to any lender not signed up for on-line status reporting.

Amendments to 2-FLP

[Amendment 7 to 2-FLP](#) was recently issued. Highlights of this amendment include the following:

- ◇ An amendment to include lenders' responsibilities under the Servicemembers Civil Relief Act of 2003
- ◇ Clarification that emergency advances cannot be made if the total debt will exceed statutory limits
- ◇ Clarification of the repurchase of loans from the secondary market prior to changing the interest rate
- ◇ An amendment to clarify secondary market closing transactions

[Click here for a complete copy of Amendment 7.](#)

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