

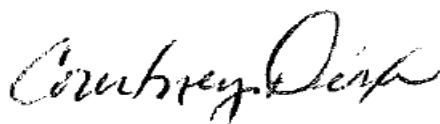
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Guaranteed Loan Making and Servicing
2-FLP (Revision 1)**

Amendment 41

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 20 C has been amended to remove the requirement that SED's report lender training and collaboration efforts to DAFLP.

Subparagraphs 21 A and C have been removed because the MOU referenced in those paragraphs has expired.

Subparagraph 52 D has been amended to reflect several changes to the sample CMS.

Subparagraph 84 A has been amended to provide clarification on application processing.

Subparagraph 95 D has been amended provide clarification on application processing with regard to the environmental review.

Subparagraphs 97 A and C have been amended to provide clarification on application processing with regard to the environmental review.

Subparagraph 97 F has been amended to update non-discrimination language.

Subparagraphs 108 A and K have been amended to clarify the eligibility requirements regarding controlled substance convictions.

Subparagraph 123 B has been amended to clarify acceptable FO loan purposes and to correct a CFR reference.

Paragraph 166 has been amended to clarify loan security requirements.

Subparagraph 183 B has been amended to provide additional instruction for the use of an appraisal older than 12 months by PLP lenders.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 208 C has been amended to clarify lender environmental due diligence requirements.

Subparagraph 244 C has been amended provide instruction as to when a sample letter in that paragraph should be used.

Subparagraph 247 A has been amended to clarify the usage of HEL/WL language in lender promissory notes.

Subparagraph 248 B has been amended to correct references to 64-FI.

Subparagraph 376 A has been amended to correct a reference to the Loan Guarantee form.

Exhibit 6 has been withdrawn because the MOU with SBA has expired.

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20 Responsibilities

A Authorized Agency Official Responsibilities

The authorized agency official is responsible for:

- serving as the primary contact and decision maker for the FSA Guaranteed Farm Loan Program
- approving loans, up to thresholds specified in 1-FLP, paragraph 29
- providing training for lenders and prospective lenders
- *--collaborating with SBA, RD, and other Federal Agencies--*
- monitoring lender's servicing actions
- processing loss claims for SED approval.

Note: Authorities that must be delegated are listed in 1-FLP, paragraph 25.

B DD's Responsibilities

DD is responsible for:

- overseeing the authorized agency official
- approving loan requests as outlined in 1-FLP, paragraph 29
- *--collaborating with SBA, RD, and other Federal Agencies--*
- providing management and technical assistance to local servicing offices.

C SED's Responsibilities

SED is responsible for:

- determining the most effective and efficient method of program delivery for making and servicing guaranteed loans
- overseeing the operations of all FSA offices within the State
- funding allocations, and at their discretion, funding allocations may be delegated to lower levels within the organization

20 Responsibilities (Continued)**C SED's Responsibilities (Continued)**

- providing technical assistance as needed
- providing annual training for lenders and prospective lenders
- collaborating with SBA, RD, and other Federal Agencies
- * * *
- approving loan requests as outlined in 1-FLP, paragraph 29
- approving all loss claims before payment
- ensuring equitable treatment in processing loan applications as outlined in Part 6
- submitting recommendations to DAFLP about approval of SEL status for nontraditional lenders
- approving requests for CLP status
- maintaining files on CLP Lender activity within the State
- submitting recommendations to DAFLP about approval of PLP status
- ensuring that lender monitoring visits are conducted.

D DAFLP's Responsibilities

DAFLP is responsible for:

- managing FLP's on a national level
- developing policy
- monitoring the financial condition of status lenders
- approving lender requests for PLP status
- approving nontraditional lender requests for SEL status
- issuing SEL Lenders Agreement for nontraditional lenders
- determining funding allocations
- ensuring consistent application of regulations and policies.

21 Collaboration With SBA, RD, and Other Federal Agencies

* * *

A Collaboration Activities

State and County Agency officials shall collaborate with local SBA, RD, and other applicable Federal Agencies to ensure that the financing needs of agricultural producers are met. To the maximum extent possible, Agency officials shall:

- develop and maintain effective working relationships with SBA, RD, and other Federal Agency partners
- attend and participate in SBA, RD, and other applicable Federal Agency lender training sessions
- invite SBA, RD and other applicable Federal Agencies to participate in FSA-sponsored training for lenders and prospective lenders
- participate in joint Agency outreach and marketing efforts.

* * *

22-30 (Reserved)

52 Eligibility Requirements for PLP (7 CFR 762.106) (Continued)

D PLP CMS Guidelines (Continued)

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D. Credit Department Personnel

Discuss who will process and service FSA guaranteed loans and who will monitor compliance with FSA rules. If specific personnel and their qualifications are not mentioned, describe the qualifications and standards that will be used to determine who has authority to make and service FSA guaranteed loans.

Joseph Franklin, Senior Vice President, Agriculture Lending, oversees the guaranteed Loan program. Mr. Franklin has 20 years experience in agricultural lending and 12 years' experience in processing FSA guaranteed loans. See attached resumes for qualifications of the Lender's other loan officers.

The Agriculture Lending Department has two loan officers with primary responsibility for originating and servicing FSA guaranteed loans. These loan officers are responsible for ensuring that all FSA requirements are met. The Quality Control Group monitors compliance with FSA requirements and notifies the loan officers and senior management of any deficiencies.

E. Processing Loans

Describe what tasks you perform when making an agricultural loan. Address any differences between existing borrowers, new borrowers, lines of credit, real estate, etc.

Upon receipt of a loan request, the Lender typically performs a site inspection to assess the suitability of the farm and completes environmental due diligence, as appropriate. A site inspection is performed on all new borrowers and on any real estate being acquired by existing borrowers. Existing borrowers' applications may be processed without an additional inspection if one has been completed within the past year. Inspections will be documented in the lender's file.

When requesting a guarantee, the Lender will submit the following information to FSA.

1. A complete "Preferred Lender Application for Guarantee" (FSA 2212).
2. A complete loan narrative supporting the request for Guarantee which includes a:
 - discussion of the proposal's credit factors (5 Cs of credit) and overall strengths and weaknesses
 - discussion showing the loan applicant meets FSA's eligibility, loan purpose, and other relevant program rules
 - description of the location of all farmed land.

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52 Eligibility Requirements for PLP (7 CFR 762.106) (Continued)

D PLP CMS Guidelines (Continued)

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3. Our internal credit presentation, including the scoring and rating determination of the borrower which evaluates credit risk factors and establishes a score in the following range.

Description	Score
Prime	1
Good	2
Average	3
Below Average	4
Poor	5
Not Acceptable	6

Loans submitted for a guarantee will typically score 3 or 4. Loans scoring 5 will only be considered in very unusual circumstances. Any score below 5 will not be considered, with or without an FSA guarantee.

4. If Interest Assistance is available, the lender will work with the appropriate State Office to determine the necessary information to be provided.
5. When the applicant is an entity, member information will be provided on Form FSA-2212. Entity legal and operating structure will be discussed in the lender narrative.

F. Information Obtained from Loan Applicants

Describe what information you obtain to evaluate an agricultural loan. Address any differences between existing borrowers, new borrowers, size of loan, purpose of loan, etc. Also state whether the information is mandatory or at the discretion of the loan officer.

The following financial information will be maintained in all loan files.

Loans	Information
Loans under \$100,000	Current Balance Sheet Tax Return or Income/Expense Statement (1 Yr) Projected cash flow budget
Loans \$100,000 and over	Current Balance Sheet Tax Returns Income/Expense Statements (3 Yrs) Production data (3 Yrs) Projected cash flow budget Verification of Significant Debts

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52 Eligibility Requirements for PLP (7 CFR 762.106) (Continued)

D PLP CMS Guidelines (Continued)

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Current Balance Sheet. For new customers, current means no more than 30 days old. For existing customers, current means no more than 90 days old.

Verification of Significant Debts. Significant debts are those that could potentially affect repayment capacity of the operation if understated. These are verified through credit reports, creditor statements, mail, or telephone contacts.

Projected cash flow budget. Projected cash flow budget may be based only on the Income/expense history when the operation's history is reliable, the operation is stable, and other credit factors are sufficiently strong.

II. LOAN ANALYSIS/UNDERWRITING

The Lender uses the XYZ computer loan analysis system. This system is required for all borrowers with more than \$100,000 credit with the Lender and for any credit not meeting all credit standards. In other situations, an informal analysis addressing all credit factors will be completed by the loan officer.

The credit underwriting standards presented in this document are those established for non-guaranteed loans. Loans that do not meet these standards will be considered for a guarantee. Exceptions to standards described herein may be approved by the Loan Committee if there are offsetting strengths in other credit factors. However, the Lender will not approve a loan if there is a weakness in both repayment capacity and collateral. If a guarantee is requested, the loan narrative submitted to FSA will include a description of the exceptions and offsetting strengths as well as a justification for the decision.

A. Management Ability/Credit History Analysis.

Include what credit references you obtain and what factors would determine whether credit is granted or not granted. If a minimum credit score is used, please include that. Address any differences between existing borrowers, new borrowers, size of loan, purpose of loan, etc. Also state whether the information is mandatory or at the discretion of the loan officer.

Required credit references. An updated credit report from Experian or another credit reporting bureau is maintained in the credit file for all applications. Credit reports are to be no older than 6 months old from the time of the loan application. Businesses that a new customer works with, such as veterinarians and feed and fertilizer dealers, will be contacted for references concerning the manner in which the applicant farms and handles his financial business. Loans to young and beginning farmers must meet the same underwriting standards as other applicants and will be considered for an FSA guarantee.

Credit reports are analyzed through a credit scoring model. Individuals are rated Excellent, Good, Fair, or Poor. Fair or Poor credit ratings are required to have offsetting strengths in other credit factors.

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52 Eligibility Requirements for PLP (7 CFR 762.106) (Continued)

D PLP CMS Guidelines (Continued)

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B. Capacity Analysis.

Describe how repayment capacity evaluated and what standards are used. What data is used - for example, is a projected cash flow always used or do you base the capacity on historical information? What ratios are calculated? What are the preferred standards and what are absolute minimum standards?

An applicant's capacity for repayment is demonstrated using a cash flow projection reflecting a typical operating cycle. When an operation's actual financial history is reliable, the operation is stable, and other credit factors are sufficiently strong, the cash flow projection may be based on income/expense history only. As the credit risk increases due to loan amount or other factors, a more detailed cash flow projection is developed supported by production records, written leases, and other contracts.

Commodity prices for collateral and cash flow projections are established by Agricultural Credit Administrator and published semi-annually. Prices other than these must be justified when essential to repayment, non-farm income is confirmed using pay stubs, W2 forms, tax return history, or contracts. Appropriate adjustments and assumptions are documented to reflect the applicant's expected repayment ability.

The cash flow projection is used to calculate the loan applicant's Term Debt/Capital Lease Coverage Ratio as the primary basis to determine the strength of repayment capacity. Repayment capacity measures and standards are outlined below:

Repayment Capacity: Term Debt/Capital Lease Coverage Ratio (TDCLCR) below 1.25:1.00 is considered weak and must have offsetting strengths in other credit factors. In no case will a loan be approved with TDCLCR less than 1.00:1.00.

Sensitivity Analysis. Cash flow should reflect break even after a 10 percent reduction in revenue, 10 percent increase in expenses, or 5 percent increase in variable interest rates. Sensitivity analysis is required on all loans over \$100,000. Credits not meeting the sensitivity criteria should have offsetting strengths.

C. Capital Analysis.

Describe how capital requirements are evaluated and what standards are used. What ratios are calculated? Are entities financial statements consolidated? What are the preferred standards and what are absolute minimum standards

The customer's balance sheet is reviewed for solvency and liquidity strength and addressed in all loan requests. The loan officer or credit analyst reviews each for consistency, asset valuation, and liability confirmation. When appropriate, adjustments are made to more accurately represent the customers' true financial position, and analysis is based on these adjusted measures. Strengths and weaknesses relating to the measures and standards below are discussed.

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52 Eligibility Requirements for PLP (7 CFR 762.106) (Continued)

D PLP CMS Guidelines (Continued)

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Entity consolidation. When the applicant is an entity, the balance sheet of each liable party and the entity itself will be obtained. In addition, financial information may be consolidated when a formal entity applies for a loan and it is helpful for the analysis (such as when income is derived from several sources). When financial information is consolidated for an entity, all assets, debts, and income are combined.

Furthermore, the financial information of the entity and each member will be analyzed to document how to applicant meets FSA’s test for credit and why the loan cannot be made without a guarantee.

Financial Performance Measures.

- Solvency: Debt/Worth of 1:00:1:00. Higher ratios must have offsetting strengths, which will be discussed in the financial analysis portion of the presentation.
- Liquidity:
 - current Ratio of 1.00:1.00. Lower ratios may be acceptable if there are offsetting strengths, which will be discussed in the financial analysis portion of the presentation
 - working Capital should be at least 15% of projected operating expenses for crop enterprises.

D. Collateral Analysis.

Describe how the adequacy of collateral is evaluated and what standards are used. What are the preferred and minimum loan to value ratios used? How to you determine what collateral to require?

The following table identifies the Lender’s standard Loan to Value rates. Loans exceeding these rates will be offset by strengths in other credit factors.

Collateral	Loan to Value Rates
Crops	70% estimated crop value before harvest.
	75% estimated crop value after harvest.
	80% of forward contracted crops.
	When available, the Lender will also secure crop loans with machinery and equipment, or other farm assets, in addition to the crops.
Beef Cattle	70-80%
Dairy	75% for milking herd, replacement heifers, and feed.
Sheep	70 - 80%
Swine	60 - 70%

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52 Eligibility Requirements for PLP (7 CFR 762.106) (Continued)

D PLP CMS Guidelines (Continued)

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Agricultural Real Estate	
Range Land (unimproved)	50%
Improved Dry Pasture	60%
Cropland	75%
Farmsteads (including home)	80% - where home accounts for at least 50% of the total value of the parcel w/improvements.
Farmsteads (without home)	75%
Range Land (unimproved)	50%
Machinery	
Used Equipment	75%
New Equipment	75%

Loans over \$250,000 secured by real estate will have a USPAP compliant appraisal completed by a state certified general appraiser to determine the value of the proposed security. An internal evaluation meeting the guidelines in 2 FLP, subparagraph 183A may be acceptable for requests of \$250,000 or less per the Bank’s internal appraisal guidelines. The lender has internal appraisal guidelines which state the transaction size and its complexity establish the basis for the type of value method necessary. Complex facilities and real property like specialized livestock building may require a full appraisal although a request may not exceed a \$250,000 threshold. Appraisals will be within 12 months old. Appraisals over 12 months old may be used if the criteria in 7 CFR 762.127(c)(2) are met and documented.

Loans secured by chattels will have a chattel appraisal completed either by the lender’s staff with experience and expertise in determining values of chattels or by a qualified third party. Chattel appraisals will be based on available data from public sales and/or reputable publications reflecting market values. Appraisals for chattels must be within 12 months old.

E. Conditions.

Comment on your typical practices for placing additional conditions on loans or agreements with borrowers beyond the promissory note and security documents.

Loan conditions address loan purpose, loan amount, loan structure, pricing, scope of financing or requirements unique to a loan. As such, conditions are added as loan risk increases. The conditions of approval are based on the credit factor analysis used to identify applicant creditworthiness and risk. Examples include additional monitoring, collateral, insurance, etc., to reduce the risk exposure of any particular loan. A loan agreement will be completed, if necessary, on a case-by-case basis.

Disbursement of loan proceeds. Each loan with multiple draws requires a line of credit agreement perfected as part of the loan. The agreement specifies terms for draws from the line and no funds are dispersed without compliance. The lender will document the date, amount, and use of proceeds.

F. Interest Rates, Terms, and Fees

Comment on your policies for establishing interest rates, setting loan repayment terms, and charging fees. Please note that the sample in this section below is for lenders who use risk-based pricing practices. For those lenders that do not use risk-based pricing, their interest rates must be in compliance with 7 CFR 762.124(a).

The lender will charge its guaranteed loan customers rates that reflect the reduced risk to the lender provided by the FSA guarantee. Interest rates on guaranteed loans will be determined according to the lender’s risk based pricing practice in place. Guaranteed loan customers will receive a rate at least one risk tier lower than the borrower would receive without the guarantee.

Part 6 Application Processing Timeframes (7 CFR 762.130)

83 Application Processing Timeframes by Lender Type (7 CFR 62.130)

A Processing Timeframes for SEL's

[7 CFR 762.130(a)(1)] Complete applications from Standard Eligible Lenders will be approved or rejected, and the lender notified in writing, no later than 30 calendar days after receipt.

The counting of the 30 calendar days begins when FSA determines that the application is complete.

B Processing Timeframes for CLP and PLP Lenders

[7 CFR 762.130(a)(2)] Complete applications from CLP or PLP lenders will be approved or rejected not later than 14 calendar days after receipt. For PLP lenders, if this time frame is not met, the application will automatically be approved, subject to funding, and receive an 80 or 95 percent guarantee for FO or OL loans, and 80 or 90 percent guarantee for CL, as appropriate.

*--A guaranteed loan application **cannot** be approved before the appropriate NEPA environmental review is completed and approved. In the case of a PLP lender, if an approval/rejection decision is not made within 14 days of a complete application, FSA will consider feasibility requirements met and will conduct no further financial analysis after that point. However, the application will not be approved, funds will not be obligated, and the conditional commitment will not be issued until after the NEPA environmental review is completed and approved.--*

The counting of the 14 calendar days begins when FSA determines that the application is complete.

If PLP lenders are not notified of FSA's decision within 14 calendar days of submitting a complete application, the submitted application will be approved at 80, 90, or 95 percent guarantee, as applicable.

If a PLP application is automatically approved, the lender must not close the loan or disburse funds until funds are obligated by FSA and Conditional Commitment is issued.

C Processing Timeframes for EZ Guarantee Loans

Complete applications for EZ Guarantee loan requests will be approved or rejected within 14 days.

83 Application Processing Timeframes by Lender Type (7 CFR 762.130) (Continued)

D Summary of Processing Timeframes

This table summarizes processing timeframes for EZ Guarantee loans, SEL’s and CLP and PLP lenders.

Lender Type	Processing Timeframe in Calendar Days From the Date the Application Is Complete
SEL (regular loan)	30 calendar days
EZ Guarantee	14 calendar days
CLP	14 calendar days
PLP	14 calendar days

84 Monitoring FSA Approvals (7 CFR 762.130)

A Authorized Agency Official Responsibilities

The authorized agency official is responsible for:

- processing applications within the allotted timeframes
- maintaining a tracking system to ensure that all loans are processed within the 14 or 30 day timeframe
- entering a reason code and, if necessary, an explanation in GLS when a decision has not *--been made within 45 calendar days of receiving a complete application according to Part 5.--*

Note: GLS is the official loan application date record.

B DD Responsibilities

DD is responsible for:

- overseeing the approval process
- monitoring unprocessed applications.

DD shall take all steps necessary to ensure that applications are processed as quickly as possible. Some steps DD can take include the following:

- prioritizing workloads
- providing additional training
- providing clerical help
- temporarily shifting staff assignments.

Part 7 Loan Application Completeness Review (7 CFR 762.110)

95 Initial Review

A Adding Applications to GLS

New applications will be entered into GLS as they are received.

B Application Completeness Review

Each application shall be reviewed within 5 calendar days of receipt to determine whether the application is complete. Use Part 5 or FSA-2291 to determine whether an application is complete.

Use the following letter to notify the lender, with a copy to the applicant, when an application is complete.

Date: _____
Dear _____:
This letter is to certify that your application on behalf of (insert name of borrower/applicant) for Farm Service Agency loan guarantee assistance was received complete on (insert date all information necessary to complete application was received). Your request will be processed as quickly as possible.
If changes occur in you applicant's operation or financial situation before final action is taken, or if we need clarification of items on the application, we may ask you to provide additional information.
If you have any questions about the application, please contact this office.
Sincerely,
_____ (Title)

95 Initial Review (Continued)**C Obvious Eligibility Issues**

Each application shall be reviewed to determine whether there are any obvious reasons the loan cannot be guaranteed, such as an ineligible applicant or loan purpose. If it is clear that the loan cannot be guaranteed, the request should be rejected at that time.

D Requesting Environmental Information From Other Organizations

Some applications will require additional information from other USDA agencies or organizations to fulfill National Environmental Policy Act or other special law requirements. To determine whether information is required from other organizations or Federal or State agencies, the authorized agency official should review applications for the type of loan, loan purposes, and the type of security.

Typically, loan applications that involve HEL, wetlands, historical, or archaeological issues or major construction require information from other organizations. In these cases, the authorized agency official must notify the lender about the additional information required and request the needed information from the organization or agency. A copy of the request should be maintained in the loan file.

The need for this information will indicate an incomplete application and will stop the loan processing timeframes, including PLP automatic approval. See subparagraph 97 A for more information about complete application timeframes when additional environmental information is needed.*

The application will be considered complete once FSA has received all necessary information to conduct the environmental review. A guaranteed loan application cannot be approved before the appropriate NEPA environmental review is completed and approved. In the case of a PLP lender, if an approval/rejection decision is not made within 14 days of a complete application, FSA will consider feasibility requirements met and will conduct no further financial analysis after that point. However, the application will not be approved, funds will not be obligated, and the conditional commitment will not be issued until after the NEPA environmental review is completed and approved.

--97 Incomplete Application (7 CFR 762.110(h))--

A Initial Notification of Lender

If the application is incomplete, the authorized agency official must notify the lender in writing, with a copy to the applicant, within 5 calendar days after receipt of the application. The letter (subparagraph B) must:

- identify the additional information required from the lender
- state that the application cannot be processed until the additional information is received
- establish a deadline for the lender to submit the materials 20 calendar days from the date of the letter
- *--provide the lender the opportunity to establish a new deadline if the missing items are environmental in nature (for supported CatEx's and Environmental Assessments) and cannot be provided within 20 calendar days.

Note: In these cases, the agency official should work with the lender to determine an appropriate deadline to establish the deadline in writing with the lender.--*

Additional information should not be requested if it is clear that the application will be rejected for obvious eligibility issues.

B Example of First Notification Letter

The following is an example of a first notification letter.

<p>Dear _____:</p> <p>Your application on behalf of (insert name of borrower/applicant) for Farm Service Agency loan guarantee assistance was received on (insert date Application for Guarantee was received). However, certain details are missing from the application. We must receive the following information before we can continue processing the request:</p> <p>(Insert list of items necessary to complete application.)</p> <p>Please provide these items (or request an extension) by (insert date 20 calendar days after date of letter). If you have any questions about the application, please contact this office.</p> <p>Sincerely,</p> <p>_____</p> <p style="text-align: center;">(Title)</p>
--

***--Note:** The phrase in bold in the last paragraph is optional and should only be used if environmental items are needed that will take longer than 20 days to obtain. If no additional environmental information is needed, the language in bold should be removed before sending the letter.--*

--97 Incomplete Application (7 CFR 762.110(h)) (Continued)--

C Second Notification

If the lender does not respond or does not supply all of the information requested within the *--20-calendar-day period specified in the initial notification, or other timeframe specified in writing, the authorized agency official shall immediately send another letter (subparagraph--* D), with a copy to the applicant. The second notification shall address the same items specified in the initial letter, except that the deadline for submitting additional information will be 10 calendar days from the date of the letter.

The second notification letter must also state that if the lender does not contact the authorized agency official or submit the additional materials within the 10-calendar-day period, the application will be considered withdrawn. If necessary, the lender may receive an extension to submit the additional materials. If an extension is granted, a new deadline will be established and communicated to the lender in writing. The extension letter should restate that the application will be considered withdrawn if the lender does not contact the authorized agency official or submit the additional materials by the extension deadline.

--97 Incomplete Application (7 CFR 762.110(h)) (Continued)--

D Example of Second Notification Letter

The following is an example of a second notification letter.

<div style="text-align: right; margin-bottom: 20px;">Date: _____</div> <p>Dear _____:</p> <p>Your application on behalf of (insert name of borrower/applicant) for Farm Service Agency loan guarantee assistance is still incomplete. We must receive the following information before we can finish processing this request:</p> <p>(Insert list of items necessary to complete application.)</p> <p>If you do not submit this information or contact this office by (insert date 10 calendar days from date of letter), your application will be withdrawn without further notice.</p> <p><i>The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.</i></p> <p>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</p> <p>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720- 2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</p> <p>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</p> <div style="text-align: right; margin-top: 20px;"> <p>Sincerely,</p> <p>_____</p> <p>(Title)</p> </div>
--

--97 Incomplete Application (7 CFR 762.110(h)) (Continued)--

E Automatic Withdrawal of Application

If the lender does not provide the information needed to complete its application by the deadline established in an Agency request for the information, the application will be considered withdrawn by the lender.

The authorized Agency official shall provide the lender with written notification that the application is withdrawn.

--97 Incomplete Application (7 CFR 762.110(h)) (Continued)--

F Example of Application Withdrawn Letter

The following is an example of an application withdrawn letter.

*--

Date: _____
Dear _____:
<p>Your application on behalf of <i>(insert name of borrower/applicant)</i> for Farm Service Agency loan guarantee assistance was withdrawn effective <i>(insert date application was withdrawn)</i>. You failed to provide the additional information we requested in our second notification letter dated <i>(insert date of second notification letter)</i>.</p> <p>If you have any questions, please contact <i>(insert office name)</i> at <i>(insert office address)</i> or telephone <i>(insert office telephone number)</i>.</p> <p><i>The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.</i></p> <p><i>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</i></p> <p><i>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720- 2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</i></p> <p><i>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</i></p>
Sincerely,
_____ (Title)

--*

98-107 (Reserved)

Part 8 Loan Evaluation

Section 1 Applicant Eligibility (7 CFR 762.120)

108 General Eligibility Requirements for OL, FO, and CL (7 CFR 762.120)

A Summary of Eligibility Requirements

An applicant, including members of an entity applicant, must meet the following eligibility criteria to obtain a guaranteed loan. An eligible applicant is an applicant that:

- meets all requirements about prior debt forgiveness
- is not delinquent on any Federal debt

Note: The authorized agency official shall check CAIVRS to verify that the applicant is not delinquent on any Federal debt.

- does not have any outstanding recorded judgments obtained by the United States in a Federal court
- is a citizen of the United States, a U.S. non-citizen national, or a qualified alien under applicable Federal immigrations laws
- has the legal capacity to incur the obligations of the loan
- has an acceptable credit history
- is unable to obtain sufficient credit elsewhere without a guarantee

Note: This does **not** apply to CL.

- has not been convicted of planting, cultivating, growing, producing, harvesting, storing, trafficking, or possessing a controlled substance within the last 5 crop years.

***--Note:** If an applicant is convicted of one of the offenses above, they may be ineligible during the crop year of the conviction and the next 4 succeeding crop years. Therefore, at the time of the application, if the applicant's conviction was within the past 5 years, they could be considered ineligible.--*

The authorized agency official will document in the FSA running record that the applicant meets all eligibility requirements.

B Clarification of Applicant

In the case of an entity, the applicant includes all the members of the entity who will execute the promissory note.

--108 General Eligibility Requirements for OL, FO, and CL (7 CFR 762.120) (Continued)--**C No Agency Loss**

The applicant, and anyone who will execute the promissory note, has not caused the Agency a loss by receiving debt forgiveness on all or a portion of any direct or guaranteed loan made under the authority of the “ACT” by debt write-down or write-off; compromise, adjustment, reduction, or charge-off under the provisions of section 331 of the “ACT”; discharge in bankruptcy; or through payment of a guaranteed loss claim on: more than three occasions on or prior to April 4, 1996; or any occasion after April 4, 1996, except as noted below.

The applicant may receive a guaranteed OL to pay annual farm operating and family living expenses, provided the applicant meets all other requirements for the loan, if the applicant and anyone who will execute the promissory note:

- received a write-down under section 353 of the “ACT”
- is current on payments under a confirmed reorganization plan under Chapter 11, 12, or 13 of Title 11 of the United States Code
- received debt forgiveness on not more than one occasion after April 4, 1996, resulting directly and primarily from a Presidentially-designated emergency for a county or contiguous county in which the applicant operates. Only applicants who were current on all existing direct and guaranteed FSA loans prior to the beginning date of the incidence period for a Presidentially-designated emergency and received debt forgiveness on that debt within three years after the designation of such emergency meet this exception.

Notes: An “ACT” loan is any of the following, whether direct or guaranteed, made by FSA or its predecessor agency, FmHA:

- *--CL--*
- EE
- EL
- EM
- EO
- FO
- OL
- RHF
- RL
- SW.

Debt forgiveness does **not** include any writedown provided as part of a resolution of a discrimination complaint.

108 General Eligibility Requirements for OL, FO, and CL (7 CFR 762.120) (Continued)

K Controlled Substances

***--[7 CFR 762.120n] The applicant and anyone who will sign the promissory note must--* not be ineligible for loans as a result of a conviction for controlled substances according to 7 CFR 718 of this chapter.**

Notwithstanding any other provision of law, any person convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance in any crop year shall be ineligible for any payment made under any Act, with respect to any commodity produced during the crop year of conviction and the 4 succeeding crop years, by *--such person. Therefore, at the time of the application, if the applicant's conviction was with the past 5 years, they could be considered ineligible.--*

At the discretion of the court, applicants convicted of any Federal or State offense for distribution (trafficking) or possession of a controlled substance shall be ineligible for any or all program benefits.

Note: Consult with the Regional OGC Attorney before initiating any actions on cases involving controlled substance violations.

Application for Guarantee or Preferred Lender Application both require applicants to certify that they are not ineligible for Federal benefits based on a conviction of any Federal or State controlled substance offense. Self-certifications on Application for Guarantee and Preferred Lender Application will be the only documentation required involving convictions of controlled substances.

122 OL Purposes (7 CFR 762.121(a)) (Continued)

E Refinancing

OL notes may be used to refinance existing debts when the refinancing activity will benefit the farming entity and the original loans were for approved OL purposes.

When the guaranteed loan is to be used to refinance an unguaranteed debt that the lender has with the applicant, the authorized agency official must evaluate whether the terms of the proposed loan will improve the applicant's cash flow and likelihood of success.

F LOC Purposes

Loan funds under a line of credit may be advanced only for the following purposes:

- **payment of annual operating expenses, family subsistence, and purchase of feeder animals**

Note: Annual operating expenses include those expenses related to operations with normal production cycles exceeding 12 months, such as some aquaculture and tree crops.

- **payment of current annual operating debts advanced for the current operating cycle; under no circumstances can carry-over operating debts from a previous operating cycle be refinanced**
- **purchase of routine capital assets, such as replacement of livestock, that will be repaid within the operating cycle**

Note: Only routine, annually recurring capital purchases may be included under LOC. These purchases must be scheduled for repayment within the operating cycle.

Example: Operations that normally replace a certain portion of their breeding livestock each year may include these purchases under LOC.

- **payment of scheduled, non-delinquent term debt payments provided the debt is for authorized FO or OL purposes**
- **purchase of cooperative stock for credit, production, processing, or marketing purposes**
- **payment of loan closing costs.**

123 FO Purposes (7 CFR 762.121(b))**A General FO Purposes**

The authorized agency official shall review loan applications to ensure that FO funds are used for approved purposes.

B FO Purposes

--[7 CFR 762.121(b)] Guaranteed FO's are authorized only to:--

- **acquire or enlarge a farm**

Examples: Examples include, but are not limited to:

- **providing down payments**
- **purchasing easements for the applicant's portion of land being subdivided**
- **participating in the Downpayment Loan program under 7 CFR Part 764 of this chapter (3-FLP).**

Notes: Land acquired with FO funds must be intended for production of agricultural commodities, used as the headquarters of the farming operation, used as the primary residence of the farm owner or manager, or used to store, repair, or process farm equipment, commodities, or livestock.

FO funds must only finance purchases by FSA loan applicants; therefore, when FO funds are advanced to acquire or enlarge a farm, all individuals that will own the farm (real estate) being purchased must also be owners of the family farm (operating entity) or their spouses.

***--Acquiring farm assets by purchasing ownership interest in an entity is considered to be the same as purchasing the assets themselves. The following uses are authorized:**

- Individual(s) purchasing ownership interest in an existing operating entity to become the new owner(s).
- Existing member(s) purchasing the shares of a withdrawing member(s).

When considering these requests:

- in all cases, the entity must be applicant and operator of the farm
- all entity members must sign the promissory note providing individual liability for the debt (unless waived as allowed for subparagraph 247 A)
- the assets purchased must be an authorized FO loan purpose.
- the loan amount must be consistent with the interests purchased.

State Offices shall contact the National Office for guidance if needed.--*

123 FO Purposes (7 CFR 762.121(b)) (Continued)

B FO Purposes (Continued)

- **make capital improvements**

Examples: Examples include, but are not limited to, the construction, purchase, and improvement of farm dwellings, service buildings and facilities that can be made fixtures to the real estate. Capital improvements to leased land may be financed subject to the limitations in § 762.122.

***--Notes:** FO funds can be used to purchase, improve, or build any type of structure related to the farming enterprise, including dwellings recognized in the community as moderate in size, cost, and design. When planning capital improvements, the lender shall ensure that:--*

- all project facilities are designed using accepted architectural and engineering practices and conform to applicable Federal, State, and local codes and requirements
- the project will be completed with available funds and, once completed, will be used for its intended purpose and produce products in the quality and quantity proposed in the application.

[7 CFR 762.122] When FO or CL funds are used for improvements to leased land, the terms of the lease must provide either of the following:

- **reasonable assurance that the applicant will have use of the improvement over its useful life**
 - **compensation for any unexhausted value of the improvement if the lease is terminated.**
- **promote soil and water conservation and protection**
- Examples:** Examples include the correction of hazardous environmental conditions, and the construction or installation of tiles, terraces and waterways.
- **pay closing costs, including but not limited to, purchasing stock in a cooperative, appraisal and survey fees**
 - **refinance indebtedness incurred for authorized FO or OL purposes, provided the lender and applicant demonstrate the need to refinance the debt.**

123 FO Purposes(7 CFR 762.121(b) (Continued)**B FO Purposes (Continued)**

When the guaranteed loan is to be used to refinance an unguaranteed debt that the requesting lender has with the applicant, the authorized agency official must evaluate whether the terms of the proposed loan will improve the applicant's cash flow and likelihood of success.

When a portion of a guaranteed loan is to be used to refinance a guaranteed debt that the lender has with the applicant, the lender shall ensure that rescheduling the note and alternative repayment schedules have been considered before requesting the new guarantee. Refinancing debt that is already covered by a guarantee uses limited funding resources and causes the borrower to pay the guarantee fee a second time.

When a guarantee that includes refinancing guaranteed debt is requested, the authorized agency official must evaluate whether restructuring options described in 7 CFR 762.145 (Part 12, Sections 2 and 3) will improve the borrower's cash flow and likelihood of success without refinancing the guaranteed debt. If restructuring results in substantially the same likelihood of success, refinancing of the guaranteed debt will not be considered.

Refinancing guaranteed debt shall not be requested just to consolidate the existing guarantee debt with a new request.

123.5 CL Purposes (7 CFR 762.121(c))**A General CL Purposes**

The authorized agency official shall review loan applications to ensure that CL funds are used for authorized purposes.

B CL Purposes

***--[7 CFR 762.121(c)] Loan funds disbursed under a CL guarantee may be used for any--* conservation activities included in a conservation plan or Forest Stewardship Management Plan including, but not limited to:**

- **the installation of conservation structures to address soil, water and related resources**
- **the establishment of forest cover for sustained yield timber management, erosion control or shelter belt purposes**
- **the installation of water conservation measures**
- **the establishment or improvement of permanent pasture**
- **other purposes including the adoption of any other emerging or existing conservation practices, techniques or technologies**
- **refinancing indebtedness incurred for any authorized CL purpose.**

Note: The lender shall ensure that the project can be completed with available funds.

Subsection 2 Security of the Loan

166 Amount and Quality of Security (7 CFR 762.126)

A Purpose

The lender is responsible for ensuring that proper and adequate security for the guaranteed loan is obtained and maintained. Lenders must obtain the lien position stated in the FSA-2232 for each security item and perfect each lien. This paragraph explains the guidelines FSA will use in evaluating whether the lender has proposed adequate security for the guaranteed loan.

Note: Although not required by FSA-2232, it is recommended all security items be listed in item 16 even if they are also the same as on the application form.

B Adequate Security

[7 CFR 762.126(a)(1)] The lender is responsible for ensuring that proper and adequate security is obtained and maintained to fully secure the loan, protect the interest of the lender and the Agency, and assure repayment of the loan or line of credit.

The following types of security should be considered:

- Adequate security is the amount of security sufficient to secure a loan, which is further described in this paragraph.
- Minimum security requires the value of the security to be at least equal to the loan amount. A 1:1 loan to value ratio is not adequate when additional security is available.
- Additional security is property which provides security in excess of minimum security. Additional security will be taken whenever it is available up to the level of adequate security. Assets in excess of adequate are not required to be taken as collateral.

The adequacy of security will be judged in consideration of the total security available, prior liens, and the lender's normal practices. More security may be required if the quality of the security is low, cash flow is below average, production capability is uncertain, management history is limited, or enterprise is not firmly established or is atypical for the area. The lender shall propose the amount of security required to adequately secure a loan.

166 Amount and Quality of Security (7 CFR 762.126) (Continued)

B Adequate Security (Continued)

*--To evaluate the quality and overall adequacy of the proposed security, the authorized agency official will evaluate the lender's analysis of the security and the applicant's financial position. The authorized agency official may determine that more security is required to protect FSA's interests when:

- additional security is available
- the loan involves a specialized operation with limited sale opportunities
- the age, durability, probable depreciation rate, and life of the security is close to the term of the loan, leaving little margin.
- the proposal involves a junior lien position
- the applicant's net worth is low compared with their total liabilities, including the proposed amount of the loan or LOC
- the applicant has a weak cash flow position and low profitability
- management history is limited.

[7 CFR 762.126(b)(1)] All security must secure the entire loan or line of credit. The lender may not take separate security to secure only that portion of the loan or line of credit not covered by the guarantee.

[7 CFR 762.126(b)(2)] The lender may not require compensating balances or certificates of deposit as means of eliminating the lender's exposure on the unguaranteed portion of the loan or line of credit. However, compensating balances or certificates of deposit as otherwise used in the ordinary course of business are allowed for both the guaranteed and unguaranteed portions.--*

C Security Requirements for SEL's and CLP and PLP Lenders

The type of lender has no bearing on the type or amount of security required to adequately
 --secure a loan. The authorized agency official will evaluate the proposed security for loan--
 applications from SEL's and CLP and PLP lenders using the same evaluation criteria.

166 Amount and Quality of Security (7 CFR 762.126) (Continued)

D Lien Position

***--[7 CFR 762.126(e)] All guaranteed loans will be secured by the best lien obtainable. Provided that:**

- **Any chattel-secured guaranteed loan must have a higher lien priority (including purchase money interest) than an unguaranteed loan secured by the same chattels and held by the same lender.**

Notes: Any lender, who holds an unguaranteed loan with a first lien on the same collateral proposed as primary security for a guaranteed loan, must subordinate its lien position to the guaranteed loan.

A lender may secure a guaranteed and unguaranteed loan with individual chattel items provided they can be identified separately. For example, a lender with a first lien on all equipment may subordinate two tractors and a planter to the FSA guaranteed loan, providing sufficient collateral to secure the loan.

- **Junior lien positions are acceptable only if the total amount of debt with liens on the security, including the debt in junior lien position, is less than or equal to 85 percent of the value of the security.**

Notes: Chattel secured guaranteed loans may be secured by a junior lien position which meets this requirement when a different lender is involved.

Junior lien positions are acceptable for real estate security when the same or a different lender is involved.

Liens junior to the guaranteed position will not be considered in this limitation.

LTV Calculation:

Guaranteed Loan: \$516,800

Security item	Lien Position	Value	Prior Liens	Collateral Value
40 Acres	1 st	\$474,000	\$0	\$474,000
5 Acres & buildings	2 nd	\$365,000	\$129,443	\$235,557
		\$839,000		\$709,557

$$\begin{aligned}
 \text{LTV} &= \$516,800 + \$129,443 / \$839,000 \\
 &= \$646,243 / \$839,000 \\
 &= .77--*
 \end{aligned}$$

166 Amount and Quality of Security (7 CFR 762.126) (Continued)

D Lien Position (Continued)

*--A subsequent guaranteed loan is not considered junior provided that it is made by the same lender with the same real estate or chattel security and also provided that it is not junior to a nonguaranteed loan. In these cases, the subsequent guaranteed loan will be treated as having an equal lien position as the existing guaranteed loan.

A subsequent unguaranteed loan made by the same or a different lender will be considered junior to the guaranteed loan.

A guaranteed loan and an unguaranteed loan secured by the same real estate security and made by the same lender may be considered to have a shared lien.

Note: This applies to a guaranteed and an unguaranteed loan closed at the same time or a guaranteed loan made subsequent to an unguaranteed loan. It does not apply to an unguaranteed loan made subsequent to a guaranteed loan.

If a lender chooses to consider the loans to have a shared lien position, FSA will include a description on the FSA-2232, outlining how proceeds will be distributed if security is liquidated. Language similar to the following should be used:

“This guaranteed FO loan in the amount of \$649,500 is to be closed simultaneously with an unguaranteed loan in the amount of \$570,500. These loans will equally share first lien position on approximately 421 acres of real estate along with leases and improvements. In the event the security is liquidated, the proceeds will be divided pro rata based on the above loan amounts totaling \$1,220,000. If liquidation occurs 53% of the proceeds would be applied onto the guaranteed loan and 47% of the proceeds would be applied onto the unguaranteed loan.”--*

- **Junior liens on crops or livestock products will not be relied upon for security unless the lender is involved in multiple guaranteed loans to the same borrower and also has the first lien on the collateral.**

Note: Junior liens on income security may be taken as security, but will be considered to have no collateral value unless the prior lien is securing an FSA-guaranteed loan to the same lender.

- **when taking a junior lien, prior lien instruments will not contain future advance clauses (except for taxes, insurance, or other reasonable costs to protect security), or cancellation, summary forfeiture, or other clauses that jeopardize the Government’s or the lender’s interest or the borrower’s ability to pay the guaranteed loan, unless any such undesirable provisions are limited, modified, waived or subordinated by the lienholder for the benefit of the Agency and the lender.**

Note: Provisions on prior lien instruments, such as prepayment penalties, will be considered when evaluating the collateral value of the lender’s security on the guaranteed loan.

166 Amount and Quality of Security (7 CFR 762.126) (Continued)

***--E Additional Security**

[7 CFR 762.126(a)(2)] The lender will obtain a lien on additional security when necessary to protect the Agency's interest.

[7 CFR 762.126(f)] For real estate, additional security or any loan of \$10,000 or less may be secured by the best lien obtainable on real estate without title clearance or legal services normally required, provided the lender believes from a search of the county records that the applicant can give a mortgage on the farm and provided that the lender would, in the normal course of business, waive the title search

Note: This exception to title clearance will not apply when land is to be purchased.

Title clearance work can be expensive and cost-prohibitive in some cases. Title clearance is not required for loans of \$10,000 or less if the lender feels such a search is not necessary. In addition, FSA does not want to discourage taking additional security. Therefore, any amount of real estate to be taken as additional security that is clearly in excess of what is needed to fully secure the loan does not need title clearance. Both of these exceptions require that the lender conduct an informal check, be reasonably certain that a lien can be perfected, and otherwise follow internal lending policy on title clearance.

When taking additional security:

- the lien position restrictions in subparagraph 167 D do not apply
- FSA must ensure the FSA-2232 includes any required additional security and the expected lien position in addition to all other required security
- for chattel security, the lender will be expected to file and perfect the position(s)
- an appraisal is not required to be completed on additional security, but the lender must provide a statement of estimated value.--*

--182 Chattel Appraisals (7 CFR 762.127(b)) (Continued)*C Reports**

[7 CFR 762.127(b)(3)] Appraisal reports may be on the Agency's appraisal of chattel property form or on any other appraisal form containing at least the same information.

D Appraiser Qualifications

[7 CFR 762.127(b)(4)] Chattel appraisals will be performed by appraisers who possess sufficient experience or training to establish market (not retail) values as determined by the Agency.

The important qualification for chattel appraisers is the ability to establish the value of equipment as reflected at auction sales. An appraiser's qualifications can be demonstrated through their years of experience, number of appraisals performed, and any relevant education or training.

183 Real Estate Security (7 CFR 762.127(c))**A Loans of \$250,000 or Less**

[7 CFR 762.127(c)(1)] For loans of \$250,000 or less, the lender must document the value of the real estate by applying the same policies and procedures as their non-guaranteed loans.

Federal regulators published Interagency Appraisal and Evaluation Guidelines detailing both when a lender may use an evaluation of collateral rather than obtain an appraisal, and the standards that an evaluation must meet. An evaluation is an alternative method to establish collateral value. When requested, lenders must be able to support they have met the requirements contained in the Interagency Appraisal and Evaluation Guidelines.

Interagency Appraisal and Evaluation Guidelines direct lenders to establish policies outlining when to obtain an appraisal. These policies should consider the borrower's risk characteristics, the collateral's expected loan-to-value ratio, the type of property involved, and other factors. FSA expects the lender to:

- apply these same policies to guaranteed loans
- request an appraisal when they would do so for nonguaranteed loans, such as when the expected loan-to-value is above their established standards.

Authorized agency officials have the discretion to require an appraisal, but will do so **only** for loans with unusually high risk factors. Justification for this requirement will be clearly documented.--*

183 Real Estate Security (7 CFR 762.127(c)) (Continued)

A Loans of \$250,000 or Less (Continued)

An acceptable evaluation must:

- identify the location of the property
- provide a description of the property, including any improvements and its current and projected use
- provide confirmation that the property was physically inspected and the date of the inspection
- describe the analysis performed and supporting information used to determine the property's market value
- provide information supporting the preparer's experience and other qualifications to complete the evaluation and independence from the loan transaction

Note: Qualifications may be demonstrated through years of experience, number of appraisals or evaluations performed, and any other relevant education or experience.

- include an effective date of the evaluation and a signature of the preparer.

When requested, the lender must demonstrate that the method or tools used to determine value is consistent with safe and sound lending practices. This includes supporting the qualifications of the person completing the evaluation or the validity of any automated tool used.

B Loans Greater Than \$250,000

[7 CFR 762.127(c)(2)] For loans greater than \$250,000, the lender must document the value of real estate using a current appraisal (not more than 12 months old) completed by a State Certified General Appraiser. Real estate appraisals must be completed in accordance with USPAP. Restricted reports as defined in USPAP are not acceptable. The Agency may allow an appraisal more than 12 months old to be used only if documentation provided by the lender reflects each of the following:

- (i) Market conditions have remained stable or improved based on sales of similar properties,**
- (ii) The property in question remains in the same or better condition, and**
- (iii) The value of the property has remained the same or increased.**

Note: Appraisals more than 12 months old may be used for all loans, including loans of \$250,000 or less.

--PLP lenders must maintain documentation in their loan file supporting these criteria. The loan narrative will include a discussion supporting use of an appraisal over 12 months.--

208 Environmental Requirements (7 CFR 762.128) (Continued)

C Hazardous Substances (Continued)

The presence of hazardous substances that have been released can reduce a property's value, because of the regulatory and cleanup costs associated with contaminated soils and groundwater. The lender is responsible for conducting a due diligence investigation on the subject property. Of concern is the presence of contamination from hazardous substances or petroleum products and their impact on the market value of the property.

The lender is expected to conduct a site visit with the applicant. If real estate will be taken as primary security, the lender must:

- *--complete the American Society of Testing and Materials' Standards e-1528, Transaction Screen Questionnaire, FSA Environmental Risk Survey Form, or similar questionnaires or screening tools meeting the requirements outlined by their respective regulator (FDIC, OCC, FCA, etc.).

Notes: The lender responsible for ensuring that an adequate level of due diligence review is conducted. Failure of a lender to do so **could** potentially result in a reduction or denial of a loss claim.

If similar questionnaires or screening tools used by a lender require that the applicant provide information for the review, the lender must also review the form and provide acknowledgement that they have reviewed the form and certified its accuracy.

If a lender's regulator does not outline environmental due diligence requirements, the lender should use the American Society of Testing and Materials' Standards e-1528, Transaction Screen Questionnaire, FSA Environmental Risk Survey Form, or should use those forms as a guide for their own questionnaire.

- indicate on the Application for Guarantee or Preferred Lender Application and explain if the questionnaire indicates a problem may exist

Note: Lenders can attach a copy of the questionnaire if it indicates that a problem may exist. However, submission of the questionnaire is not required if it appears that there are no potential problems.

- indicate on the Application for Guarantee or Preferred Lender Application if the questionnaire indicates no problem was discovered
- keep the questionnaire in the borrower's case file.

If the lender's review indicates a potential problem, the lender should submit enough information in the due diligence process so that the authorized agency official, in most cases, can review the information without having to visit the farm. However, if the lender's review does NOT indicate any potential problems, submission of the due diligence information to the Agency is not required, but it must be maintained in the lender's loan file.--*

208 Environmental Requirements (7 CFR 762.128) (Continued)

D Wetlands and HEL

The applicant must certify that they will not violate the provisions of Section 363 of the “ACT”, the Food Security Act of 1985, and Executive Order 11990 relating to Highly Erodible Land and Wetlands.

The authorized agency official must:

- ensure that the applicant has certified they:
 - will not violate HEL and WC provisions
 - are not currently out of compliance with HEL or WC provisions
- determine that loan funds will not be used for a purpose that will contribute to a violation of HEL and WC provisions.

--See 1-FLP, subparagraph 222 C for guidance to identify potential wetlands that may be impacted by the proposed action.--

According to 6-CP, applicants must certify that they will not violate HEL and WC provisions by completing and executing AD-1026 for each tract of land in which they have a farming interest.

--If question 6, 7A, 7B, or 7C is answered “yes” by the applicant, then AD-1026 will be referred to NRCS for a HEL or wetland determination as appropriate.--

A conservation plan may be required if the property contains HEL. If a conservation plan is required, NRCS should be contacted to:

- determine what the conservation plan will contain
- evaluate if the applicant has the resources to carry out the plan.

The authorized agency official should consider the proposed use of loan funds, the contents of the conservation plan, if a conservation plan exists, and changes in land use when determining whether an applicant is likely to violate HEL and WC provisions.

244 Loan Approval (7 CFR 762.122) (Continued)

C Lender Notification of Authorized Agency Official Decision (Continued)

- *--If FSA did not approve or reject an application from a PLP lender within 14 days of a complete application, the application is supposed to be automatically approved. However, the application cannot be approved unless the environmental review is complete and approved. In these cases, the lender will be notified by letter (subparagraph F) that the financial analysis will stop, but the application will not be approved unless the environmental review is approved. The lender should also be notified that they can request FSA to continue the financial analysis if they would like to receive the percent of guarantee for which they originally applied.--*
- If it appears the application cannot be approved, the authorized agency official shall contact the lender to discuss the reasons for rejection. To ensure good service, the authorized agency official shall make a good faith effort to discuss with the lender, in person or by telephone, the reasons the application cannot be approved and possible alternatives. If necessary, the applicant should also be involved in these discussions. Any discussions will be documented in the application file.
- If the application is rejected, the authorized agency official shall prepare a letter to the applicant with a copy to the lender informing them the loan is rejected, the reasons for rejection, and their right to appeal the decision as outlined in 1-APP. The letter should:
 - clearly and concisely describe the reason or reasons the application cannot be approved
 - include only the most relevant CFR citations and handbook paragraphs
 - **not** contain acronyms and accusatory wording.

Notes: See 1-EQ, Exhibit 26 for information to be included when notifying the applicant that wetland indicators were determined to be present, as provided in 1-EQ, paragraph 51.

If requested by the lender, FSA may participate in mediation to provide guidance on FSA regulations and guidelines.

If the NEPA environmental review determines that there will be a significant impact to the environment, the application **cannot** be approved, and a rejection letter will be prepared according to this subparagraph.

244 Loan Approval (7 CFR 762.122) (Continued)

D Example of Approval Letter When Funds Are Available

The following is an example of an approval letter when funds are available.

Date: _____
Dear _____:
This letter is to certify that your application on behalf of (insert name of borrower/applicant) for Farm Service Agency loan guarantee assistance has been approved and funds have been obligated.
Enclosed is for FSA-2232 (Conditional Commitment) specifying the conditions you must meet to secure the guarantee. Please review these conditions, complete Part D of the form (Acceptance or Rejection of Conditions), and return it to this office by (insert date).
If you have any questions, please contact this office.
Sincerely,
_____ (Title)

E Example of Approval Letter When Funds Are Not Available

The following is an example of an approval letter when funds are **not** available.

Date: _____
Dear _____:
This letter is to certify that your application on behalf of (insert name of borrower/applicant) for Farm Service Agency (FSA) loan guarantee assistance has been approved. However, funds are not available at this time to obligate the loan.
The loan will be placed on a waiting list based on the date the application was complete. If a substantial amount of time elapses before the loan is obligated, we may ask you to provide updated information. You should not close the loan until you receive an FSA-2232 (Conditional Commitment) indicating that the loan has been funded.
We appreciate your patience and understanding. If you have any questions, please contact this office.
Sincerely,
_____ (Title)

247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130) (Continued)

A Lender's Actions (Continued)

- when required, personal, joint operation, partnership, or corporate guarantees have been obtained
- liens have been perfected and priorities are consistent with requirements of the conditional commitment
- loan proceeds have been, or will be disbursed for purposes and in amounts consistent with the conditional commitment and as specified on the loan application

Note: In line of credit cases, if any advances have occurred, advances have been disbursed for purposes and in amounts consistent with the conditional commitment and line of credit agreements.

- there has been no material adverse change in the borrower's condition, financial or otherwise, since submission of the application
- all other requirements specified in the conditional commitment have been met.

Note: Lenders who certify to these items in LINC will not be required to submit FSA-2233 to FSA.

- FSA-2236

Notes: [7 CFR 762.130(d)(4)(i)] The lender must complete an Agency closing report form and return it to the Agency.

Lenders may complete closing report information in LINC and submit only the remaining items to FSA.

- a completed Application for Guarantee or Preferred Lender Application with appropriate signatures if the lender submitted the application electronically without all required signatures
- an acceptable evaluation or appraisal from SEL's, if the guarantee was approved, subject to an evaluation or appraisal

Note: SEL's should be encouraged to submit the evaluation or appraisal to FSA before loan closing to ensure compliance with FSA requirements.

- Lenders Agreement

Note: [7 CFR 762.130(d)(3)] The lender must execute the Agency's lender's agreement and deliver it to the Agency. If a current Lenders Agreement is not on file with FSA, then 1 must be executed before issuing the Loan Guarantee.

247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130) (Continued)

A Lender's Actions (Continued)

- guarantee fee

--[7 CFR 762.130(d)(4)(ii)] The guarantee fee for the loan type will be calculated--
as follows:

FO guarantee fee = Loan Amount x % guaranteed x (FO percentage established by FSA)

OL guarantee fee = Loan Amount x % guaranteed x (OL percentage established by FSA)

CL guarantee fee = Loan Amount x % guaranteed x (CL percentage established by FSA).

Note: The guarantee fee is established by the Agency at the time the guarantee is obligated. The fee, beginning in FY 2012, is 1.5 percent. The current fee schedule is available at any FSA office. The Agency may change the guarantee fee by a notice in the Federal Register. Guaranteed fees may be adjusted annually based on factors that affect program costs. The nonrefundable fee is paid to the Agency by the lender. The fee may be passed on to the borrower and included in loan funds.

--[7 CFR 762.130(d)(4)(iii)] The following guaranteed loan transactions are not--
charged a fee:

- loans involving interest assistance
- loans where a majority of the funds are used to refinance an Agency direct loan
- loans to beginning or socially disadvantaged farmers involved in the direct Downpayment Loan program or beginning farmers participating in a qualified State Beginning Farmer Program.

Note: Only applicants who meet both of the following requirements will qualify for a waiver of the fee:

- meets definition of a beginning farmer according to Exhibit 2 as of the date the application is received, for the type of guarantee being requested, or socially disadvantaged farmer, **and**

247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130) (Continued)

A Lender's Actions (Continued)

- as of loan closing, applicant has an outstanding balance on a direct Downpayment loan under 3-FLP, Part 7, Section 2, or a qualified State Beginning Farmer loan; or has a direct Downpayment loan or a qualified State Beginning Farmer loan approved but funding is not available at the time the guaranteed loan is closed.

Notes: Applicants meeting only the definition of beginning or socially disadvantaged farmer will not qualify for the waiver.

A qualified State Beginning Farmer Program has MOU between the State and USDA and has been approved by DAFLP and signed by the State.

- a copy of the executed promissory note or loan agreement

***--Note:** [7 CFR 762.130(e)] **The lender will use its own promissory notes, line of credit agreements, real estate mortgages (including deeds of trust and similar instruments), and security agreements (including chattel mortgages), provided:**

- **the forms meet Agency requirements**

Note: HEL/WL language is required to be included in lender's debt and security instruments as outlined in Part 12 of the conditional commitment if the farming operation has HEL/WL present. However, WL determinations are not always complete or the applicant may acquire additional farms during the term of the loan. Due to these uncertainties, it is often difficult to determine that there will be no HEL/WL present. Therefore, the HEL/WL language should typically be included in the debt and security instruments for all guaranteed loans.--*

- **documents comply with State law and regulation**
- **the principal and interest repayment schedules are stated clearly in the notes and are consistent with the conditional commitment**

Note: A lender may use notes with short-term maturities for intermediate and long-term loans provided:

- the lender has indicated the intended term of the loan

Note: This may be done by entering the total number of years in the repayment period block of the application form.

- the subsequent note is a continuation of the original intended repayment plan and not a restructuring of a past due account

247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130) (Continued)

A Lender's Actions (Continued)

- there is a clear link between the Loan Guarantee and all the notes intended to be covered by the Loan Guarantee. The Loan Guarantee references only the debt instrument used at loan closing. The necessary linkage may be established with a master note, a loan agreement, or by referring in the subsequent notes to the original debt instrument referenced on the Loan Guarantee.
- **the note is executed by the individual liable for the loan**

Note: For entity applicants, the promissory note will be executed to evidence liability for the entity, any embedded entities, and the individual liability of all entity members (including individual owners of embedded entities). Personal guarantees, or other forms, will not be used to address the individual liability requirement. **Individual liability can be waived by the Agency for members holding less than 10 percent ownership in the entity if the collectability of the loan will not be impaired.**

- **when the loan purpose is to refinance or restructure the lender's own debt, the lender may continue to use the existing debt instrument and attach an allonge that modifies the terms of the original note.**

Note: This also applies when a lender has closed an approved guaranteed loan before funds are available.

See Exhibit 11 for additional guidance.

- AD-3030. Lenders that are corporations must complete and return AD-3030. A lender is a corporation if they file articles of incorporation with the Department of State where their headquarters is located. A completed AD-3030 must be received for each application.

In addition, the lender should take the following actions.

- Inform FSA of the lender's plans to market the loan to the secondary market. These plans must be consistent with Part 15. LOC's may be funded in participation with other lenders, but may not be sold into the secondary market.
- **The lender must notify the Agency of any scheduled inspections during construction and after the guarantee has been issued. The Agency may attend these field inspections. Any inspections or review performed by the Agency, including those with the lender, are for the benefit of the Agency only. Agency inspections do not relieve any other parties of their inspection responsibilities, nor can these parties rely on Agency inspections in any manner.**

247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130) (Continued)

B FSA Actions

After FSA receives the information from the lender detailed in subparagraph A, the authorized agency official must take the following actions before executing the Loan Guarantee to guarantee the loan.

- Review the Conditional Commitment to ensure that the loan closed according to the agreed conditions.
- Review the executed loan agreement and promissory note and compare with the Conditional Commitment to ensure consistency with the agreed upon terms and personal liability of entity members.
- For SEL's, review the evaluation or appraisal of collateral to ensure that it meets the requirements of paragraph 183. For CLP and PLP lenders, the agency official will review 20 percent of each lender's evaluations. This should be completed during the lender's file review required by subparagraph 267 B.

Note: For real estate evaluations, this review shall be completed on FSA-2234.

- *--Review AD-3030 if the lender is a corporation. Ensure that AD-3030 is properly completed and review the responses to the questions and signatures. Anyone signing FSA-2211 or FSA-2212 is considered to have authority to sign AD-3030. If the lender has responded "Yes" to any of the questions, the lender is ineligible to receive a guarantee.--*
- Review the lender's proposed marketing plans to the secondary market. If the lender is proposing to sell the loan or a portion of the loan into the secondary market, documents should be checked to ensure consistency before sale. The authorized agency official should take additional care to review the Conditional Commitment, the Loan Guarantee, the loan agreement, and promissory notes to ensure the following:
 - principal amount and interest rate are consistent
 - closing date on the note and guarantee are consistent
 - borrower's name, lender's name, and FSA contact information are consistent on all documents.
- For loans involving construction, review the lender's proposed plans for construction inspections and how they intend to ensure that the project is completed according to agreed upon terms.

248 Issuing the Loan Guarantee**A Action**

Once the requirements of paragraph 247 have been met, the authorized agency official may prepare and issue the Loan Guarantee.

- If the Lender submitted loan closing documentation by LINC, the authorized agency official shall review the data input by the lender along with the documents received directly from the lender and accept the loan closing in the GLS Add Loan Screen, if acceptable. If the data or other documentation needed is not correct, the agency official will work with appropriate parties to correct the data.
- If the lender completed and submitted hard copies of FSA-2233 and FSA-2236, then the authorized FSA agency official must review and complete the closing in GLS.

The original Loan Guarantee should be provided to the lender to be attached to the original note. A conformed copy, or signed and dated photocopy, with copies of the note should be kept by FSA in the loan docket.

B Documents To Be Transmitted to NFAOC

The guarantee fee will be processed through the National Receipts and Receivable System *--using applicable collection type. See 64-FI for additional guidance. The authorized agency official shall make every attempt to review the closing documents before processing the guarantee fee. However, FSA shall adhere to the timeframes in 64-FI to process the fee--* even in situations when the authorized agency official is not able to review the closing documents timely. The Loan Closing Transaction shall be input through GLS Add Loan Screen.

C Refund of Guarantee Fee

The guarantee fee is not refundable once the Loan Guarantee has been issued and loan funds disbursed. However, if the fee was processed before reviewing closing documents and it is later determined that the guarantee cannot be issued, the fee may be refunded to the lender.

The authorized agency official will forward a memorandum to the State Office with the reasons FSA was not able to issue the Loan Guarantee and request that the fee be refunded. If approved, the State Office will FAX the memorandum to NFAOC, Farm and Community Services Branch, requesting that the fee be refunded.

A request for a guarantee fee refund for any other reason shall be forwarded to the National Office for approval.

249 Deobligation of Loan Funds**A Deobligation of Funds**

Under certain circumstances, the authorized agency official may need to consider a deobligation of loan funds. If the conditions for the loan or LOC cannot be met after completing the appeal process, the authorized agency official must execute FSA-2072 to cancel the actual obligation.

376 Actions After Agency Repurchase (7 CFR 762.144) (Continued)

A Request for Lender Repayment (Continued)

Once FSA purchases the guarantee from the holder, the authorized agency official shall immediately notify the lender in writing that they must continue to service the loan and pass *--all payments to FSA according to FSA-1980-27 or Loan Guarantee. The authorized--* agency official will request 1 of the following actions by the lender within 60 calendar days.

- Payment of the entire purchase amount (guaranteed portion plus accrued interest) of the loan held by FSA. Details of the purchase will be provided in the FSA request including:
 - date demand was made on the lender
 - date demand was made on FSA
 - name of the previous holder
 - amount of purchase price paid by FSA
 - daily interest accrual on the purchase amount.

Notes: The authorized agency official shall complete FSA-2251 and forward the payment to NFAOC, Farm and Community Services Branch.

The lender must complete FSA-2241 indicating that the guarantee is to be terminated.

- A properly completed FSA-2254 with loan ledgers and supporting documents. FSA-2254 will be coded for final loss review by SED or designee. If the loss amount is less than the amount held by FSA, the loss claim must include a check from the lender for the difference, plus interest up to the date of payment (subparagraph 360 F).
- A liquidation plan, if not already received (subparagraph 358 B). Interest accruing to FSA as holder will continue until payment is received from the lender. If liquidation is projected to take longer than 180 calendar days after FSA purchase, the lender will be requested to submit a final loss claim based on receiving the market value of the collateral. See FSA-2254 for calculation of the final loss claim.

FSA will make similar requests of the lender again after 90 and 120 calendar days. If the lender refuses or fails to comply with the request after 180 calendar days, then SED will follow the procedures in subparagraph B.

376 Actions After Agency Repurchase (7 CFR 762.144) (Continued)

A Request for Lender Repayment (Continued)

If a lender fails to comply with the requests, SED shall:

- *--Contact the National Office loan servicing division for instructions on notifying the lender of FSA's intent to collect the purchase amount by administrative offset (FSA-2701), according to 7-FLP

Notes: Contact the National Office for appropriate Due Process Notification.--*

An administrative offset will occur against future loss claims the lender may submit.

- refer the case to the Regional OGC for referral to the US Attorney's office to initiate legal action to collect the amount owed FSA for purchase
- determine whether lender status should be revoked according to 7 CFR 762.106(a)(2)(ix), if the lender is a PLP or CLP lender. See Part 4 for further information on revoking lender status.

B Failure to Reimburse FSA

*--If the lender does not reimburse FSA within 180 calendar days, [7 CFR 762.144 (c)] **the lender will be liable for the repurchase amount and any expenses incurred by the Agency to maintain the loan in its portfolio or liquidate the security. While the Agency holds the guaranteed portion of the loan, the lender will transmit to the Agency any payment received from the borrower, including the pro-rata share of liquidation or other proceeds.**

*--[7 CFR 762.144 (c)(9)] **If the borrower files for reorganization under the provisions of the bankruptcy code or pays the account current while the purchase by the Government is being processed, the Agency may hold the loan as long it determines this action to be in the Agency's interest. If the lender is not proceeding expeditiously to collect the loan or reimbursement is not waived under this paragraph, the Agency will demand payment by the lender and collect the purchase amount through administrative offset of any claims due the lender.**

Upon approval by SED, FSA may continue as holder of the guaranteed portion of the loan until it can be refinanced or the bankruptcy plan is completed, whichever comes first. In such a situation, the authorized agency official shall notify the lender that the lender must send the pro rata share of the borrower's payments directly to FSA.

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2262	Notice of Liquidation Responsibility		362
FSA-2291	Lender's Processing Checklist		65, 95
FSA-2292	Guaranteed Loan Processing Checklist		65
FSA-2293	Annual File Review Checklist for SEL and CLP Lenders		267
FSA-2294	Debt Writedown Review Checklist		329
FSA-2295	Guaranteed Estimated Loss Review Checklist for SEL and CLP Lenders		342, 359
FSA-2296	Guaranteed Loan Final Loss Review Checklist		360
FSA-2701	Notice of Intent to Collect by Administrative Offset		376
FSA-2731	Cancellation of Debt Without Application (RD-1956-1)		363
FSA-2731A	Cancellation of Debt Without Application (Continuation)		363
FSA-2732	Debt Settlement Application (RD-1956-1 Application For Settlement of Indebtedness)		363
IRS-1099-C	Cancellation of Debt		362
IRS-8379	Injured Spouse Claim and Allocation		Ex. 17, 18
NRCS CPA-1155	Conservation Plan or Schedule of Operations		66
RD-1980-64	Interest Assistance Agreement		224, 228, 230
UCC1	Financing Statement		364
W-2	Wage and Tax Statement		152

Note: Agency officials may use digital signatures on all Guaranteed Loan Program forms. Lenders and loan applicants may use digital or other electronic signatures on all Guaranteed Loan Program forms.

Some secondary market holders may not accept digital signatures on FSA-2235 and FSA-2242. Lenders should verify with their secondary market holders and notify FSA if digital signatures will **not** be accepted.

Authorized agency officials shall reference the User Guide for Digital Signatures on FLP's Presentation intranet web site for instructions to create a digital signature with their employee LINCPASS.

Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AASM	Application Authorization Security Management	73, Ex. 5
ACT	Consolidated Farm and Rural Development Act	1, 108, 286
ADPB	average daily principal balance	228, Ex. 10
CAFO	Concentrated Animal Feeding Operation	181, 358, Ex. 15
CL	conservation loan	Text, Ex. 2
CMS	Credit Management System	Text
EL	emergency livestock loan	108
EO	economic opportunity loan	108
FO	farm ownership	Text
FmHA	Farmers Home Administration	108, Part 9, Part 11, 360
GFO	guaranteed farm ownership loan	135
GLOC	guaranteed line of credit	108
GOL	guaranteed operation loan	135
IA	interest assistance	18, Parts 9, 11-15, Ex. 10
IAO	Internal Administrative Offset	363, Ex. 2, 17, 18
INA	Immigration and Nationality Act	Ex. 7
LIBOR	London Interbank Offered Rate	135
LINC	Lender Interactive Network Connection	73, 266, Ex. 5
LOC	line of credit	Text
MLP	Micro Lender Program	Text
NFAOC	National Finance and Accounting Operations Center	Text, Ex. 10, 21
NPO	nonprofit organization	111
PLP	Preferred Lender Program	Text, Ex. 12
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996	Ex. 7
SAA	Shared Appreciation Agreement	286, 288, Ex. 2
SBA	Small Business Administration	20, 21, Ex. 6
SDMS	State Directive Management System	84
SEL	Standard Eligible Lender	Text, Ex. 12
USCIS	U.S. Citizenship and Immigration Services	Ex. 7, 8

Delegations of Authority

This table lists the delegations of authority in this handbook.

Delegation	Reference
Administering handbook provisions	20