

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Guaranteed Loan Making and Servicing 2-FLP (Revision 1)	Amendment 56
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Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 66 B has been amended to correct a reference to FSA-2211, Application for Guarantee.

Subparagraphs 66 H, 69 A, 70 A, 83 B, 95 D, 96 A, 96 C, 195 B, and 244 C have been amended to clarify the difference between FSA’s environmental compliance review and the lender’s environmental due diligence responsibilities.

Subparagraph 244 A has been amended to reflect the guaranteed loan limit for FY 2022.

Exhibit 5 has been amended to update the eAuth sign-up instructions for lenders.

Page Control Chart		
TC	Text	Exhibit
	5-3, 5-4 5-7 through 5-24 6-1, 6-2 7-1 through 7-4 8-165, 8-166 10-1 through 10-4	1, page 1, 2 5, page 1, 2

66 Application Requirements for Loans up to \$125,000 (7 CFR 762.110))

A Application Package

[7 CFR 762.110(c)] Lenders must submit the following items for loans up to \$125,000 (other than EZ Guarantees):

The \$125,000 threshold applies separately to OL, FO, or CL loans. For example, a lender may request a \$125,000 OL loan and a \$125,000 FO loan in the same package and submit the items in this subparagraph.

- **the application form** (Application for Guarantee) (subparagraph B)
- **loan narrative** (Exhibit 4.5), **including a plan for servicing the loan** (subparagraph C)
- **balance sheet** (subparagraph D)
- **cash flow budget** (subparagraph E)
- description of farmed land (subparagraph F)
- **credit report** (subparagraph G)
- environmental information (if needed, see subparagraph H)
- information related to entity applicants (if needed, see subparagraph I).

B Application Form

--All lenders will use FSA-2211, Application for Guarantee.--

Note: Applications submitted electronically will be processed according to paragraph 3.

C Loan Narrative

The application package must include a narrative description of the farming operation and the lender's underwriting of the loan. The narrative should address the following:

- a description of the farming operation
- any items relevant to determining applicant eligibility
- the loan proposal including amount, purpose, rates and terms
- collateral analysis
- capacity analysis
- capital analysis
- loan conditions and servicing plan.

C Loan Narrative (Continued)

See Exhibit 4.5 for a complete description and instruction for completing a loan narrative.

D Balance Sheet

The application package must contain a balance sheet for the applicant that was prepared within 90 calendar days of the application submission.

E Cash Flow Budget

The lender should submit a cash flow budget as described in Exhibit 2. If significant changes are expected in the operation during the life of the loan, more than one cash flow budget may need to be developed.

F Location of Farmed Land

A description of the location of each tract of land to be farmed by the applicant should be provided. This may be by FSA farm number, legal description, plat map, or other identifying method. This may be included as part of the loan narrative.

G Credit Report

A credit report on the applicant's credit history must be provided. In addition, lenders should consider any other pertinent information concerning the applicant's credit history. CLP lenders are not required to submit the credit report to FSA.

H Environmental Information

Borrowers are required to have a current AD-1026 on file with FSA. Lenders should remind borrowers that AD-1026 must be executed with FSA, if AD-1026 is not already on file.

FSA can conduct its environmental review in most cases without additional information from the lender. However, occasionally additional information is needed, and until this information is received, the application is not complete, and the loan processing timeframe does not start. Situations needing additional information often involve wetland determinations, potential historical or archaeological sites, or construction of major confinement livestock facilities. The review is FSA's responsibility to conduct. However, *--the information FSA needs to complete this review is part of a complete application.

This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--*

69 Application Requirements for PLP Lenders [7 CFR 762.110]

A Application Requirements

[7 CFR 762.110 (e)] **A complete application for PLP lenders will consist of:**

- **an application form FSA-2211**

Note: Applications submitted electronically will be processed according to paragraph 3.

- **a loan narrative**
- **any other items agreed to during the approval of the PLP lender's status and contained in the PLP lender agreement.**

PLP lenders must certify that the required items, not submitted, are in their files. On a case-by-case basis, the Agency may request additional information from any lender or review the lender's files as needed to make eligibility and approval decisions.

These requests shall be made only in situations when, because of the unique characteristics of the loan request, an eligibility or approval decision cannot be made without additional information.

FSA can conduct its environmental review in most cases without additional information from the lender. However, occasionally additional information is needed, and until this information is received, the application is not complete, and the 14-calendar-day timeframe does not start. Situations needing additional information often involve wetland determinations, potential historical or archaeological sites, or construction of major confinement livestock facilities. The review is FSA's responsibility to conduct. However, *--the information FSA needs to complete this review is part of a complete application.

This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--*

69 Application Requirements for PLP Lenders [7 CFR 762.110] (Continued)**B Loan Narrative**

FSA expects PLP lenders to include, in the narrative, a discussion of the 5 “C’s” of credit; that is, character, capacity, capital, conditions, and collateral.

For many PLP lenders, the narrative will often contain the same information submitted to the lender’s loan committee. Since the authorized agency official will rely on the narrative and application form for making the loan approval decision, it is important that the narrative covers any issues or questions that may arise during the loan evaluation process.

The lender shall state the proposed method to establish the real estate market value, evaluation, or appraisal.

If the application is for CL, a discussion of the conservation plan or Forest Stewardship Management Plan and need for the qualifying conservation practices including a discussion of the transition plan, if applicable, must be provided in the loan narrative.

C Submitting Applications Outside Normal Trade Area

PLP status will be approved for the lender’s normal trade area as defined in CMS. If a lender wants to make a guaranteed loan outside of this area, the lender should contact the State Office responsible for that area for guidance on where to submit the request for guarantee.

On a case-by-case basis, SED may authorize the approval of guarantees outside the lender’s normal trade area if SED determines that the lender can adequately make and service the loan. If the lender wants to permanently expand its approved normal trade area, it will request an expansion through SED to DAFLP.

A Application Requirements

The following is a summary of OL and FO application requirements.

Items to submit to FSA:	EZ Guarantee	PLP	CLP	SEL	SEL	
Amount:	MLP to \$50,000 SEL, CLP, PLP to \$100,000			Up to \$125K	Over \$125K	
Application Form	Y	Y	Y	Y	Y	
Narrative	Lenders will collect and maintain these items according to their normal lending practices	Y	Y	Y	Y	
Location of farmed land		Y	Y	Y	Y	
Balance Sheet		PLP Lenders will maintain these items according to the terms of their CMS	Y	Y	Y	Y
Repayment Capacity (Cash Flow Budget)			Y	Y	Y	Y
Credit Report			In File	Y	Y	
Proposed Loan Agreements			CLP lenders will maintain these items in their file for loans over \$125,000			Y
Verification of debts over *--\$5,000--*						Y
Verification of non-farm income						Y
3 year financial history					Y	
3 year production history			N/A		Y	
Entity Information (personal balance sheet from each member)			Y	Y	Y	
Items Needed Infrequently						
Environmental – additional information (see note below)	Y	Y	Y	Y	Y	
Construction, development plans	N	Per CMS	In file	N	Y	
CL: Conservation plan		Y	Y	Y	Y	
CL: Transition plan for organic, sustainable agriculture		Y	Y	Y	Y	

70 Summary of OL and FO Applications (Continued)**A Application Requirements (Continued)**

Note: The EZ Guarantee limits are based on the borrower's total outstanding guaranteed principal balance. The SEL limits are based on the total amount per loan request package. SEL, CLP, and PLP may use the regular application method if they do not wish to submit the application using the EZ Guarantee method.

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 environmental review is completed and approved. In the case of a PLP lender, if an approval/rejection decision is not made within 14 calendar 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 appropriate environmental review is completed and approved.

--This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--

Part 6 Application Processing Timeframes (7 CFR 762.130)

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

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 environmental review is completed and approved. In the case of a PLP lender, if an approval/rejection decision is not made within 14 calendar 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 appropriate environmental review is completed and approved.

--This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--

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 calendar 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 environmental 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 environmental review is completed and approved. In the case of a PLP lender, if an approval/rejection decision is not made within 14 calendar 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 appropriate environmental review is completed and approved.

--This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--

96 Complete Application (7 CFR 762.130)**A When Application Is Complete**

[7 CFR 762.130(a)(3)] For purposes of determining application processing timeframes, an application will not be considered complete until all information required to make an approval decision, including the information for an environmental review, is received by the Agency.

FSA can conduct its environmental review in most cases without additional information from the lender. However, occasionally additional information is needed, and until this information is received, the application is not complete, and the timeframes do not start. Situations needing additional information often involve wetland determinations, potential historical or archaeological sites, or construction of major confinement livestock facilities. The review is FSA's responsibility to conduct. However, the information to complete this review is part of a complete application.

--This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--

B Documenting Completeness

The date the application is complete:

- will be documented on the Application for Guarantee and entered into GLS
- sets the start date for the 14- or 30-calendar-day period within which applications must be approved or rejected by FSA. The automatic approval for PLP applications is initiated 14 calendar days after an application is complete.

96 Complete Application (7 CFR 762.130) (Continued)

C Lender Notification

[7 CFR 762.130(a)(4)] The Agency will confirm the date an application is received with a written notification to the lender.

The authorized agency official should evaluate the complete application according to subparagraph D. If an approval or rejection decision cannot be made within 5 calendar days, the authorized agency official must notify the lender, in writing with a copy to the applicant, that the application is complete and the date on which that occurred. This requirement applies to all 3 types of lenders.

Note: If a PLP lender is not notified in writing, upon receipt of the application, of any additional information needed, the 14-calendar-day timeframe for automatic approval will begin on the day the application is received.

A guaranteed loan application cannot be approved before the appropriate 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 appropriate environmental review is completed and approved.

--This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--

D Application Evaluation

Complete applications should be evaluated according to Parts 8 and 9. These parts describe in detail the steps to take when evaluating an application. The loan evaluation process does not have to be completed sequentially.

For applicants that do not meet loan requirements, such as cash flow, the authorized agency official should work with the lender and suggest ways to assist the applicant to become eligible. 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 application's shortcomings and possible alternatives. These discussions will be documented in the application file.

The decision to accept or reject an application will be made when the application has been completely reviewed and all reasonable options for making the applicant eligible for a guaranteed loan have been considered.

Subsection 4 Maximum Loss for Percent of Loan Guarantee

195 Percent of Guarantee (7 CFR 762.129 and 762.130)

A Standard Guarantee

[7 CFR 762.129(a)] The percent of guarantee will not exceed 90 percent based on the credit risk to the lender and the Agency both before and after the transaction. The Agency will determine the percentage of guarantee.

[7 CFR 762.129(c)] All guarantees issued to CLP and PLP lenders will not be less than 80 percent.

[7 CFR 762.129(b)(2)] For CLs, the guarantee will be issued at 80 percent regardless of the lender's status or timeframes.

Exceptions to the standard guarantee limits are described in paragraph 196.

B PLP Lenders

Most loans will be guaranteed at 90 percent of the loan amount and cannot exceed 90 percent except as described in paragraph 196. The proposed percent of guarantee will be included on the Conditional Commitment.

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

A guaranteed loan application cannot be approved before the appropriate environmental review is completed and approved. In the case of a PLP lender, if an approval/rejection decision is not made within 14 calendar 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 appropriate environmental review is completed and approved.

--This environmental review, conducted by FSA (using FSA-850 or an environmental assessment), focuses on the proposed use of loan funds and the environmental compliance of the action being supported by FSA funds. This is unrelated to the lender's own environmental due diligence (FSA-851 or other similar forms) which focuses on the suitability of loan security. See subparagraph 208 C for information about the lender's environmental due diligence requirements.--

After the automatic approval, a PLP lender that had requested a higher percent of guarantee may request that FSA continue to process the request. This would be noted by the lender when returning the Conditional Commitment or by letter.

195 Percent of Guarantee (7 CFR 762.129 and 762.130) (Continued)

***--C Maximum Loss**

**[7 CFR 762.129(d)] The maximum amount the Agency will pay the lender under the--
* loan guarantee will be any loss sustained by such lender on the guaranteed portion
including:**

- **the pro rata share of principal and interest indebtedness as evidenced by the note or by assumption agreement**
- **any loan subsidy due and owing**
- **the pro rata share of principal and interest indebtedness on secured protective and emergency advances**
- **principal and interest indebtedness on recapture debt pursuant to a shared appreciation agreement. Provided that the lender has paid the Agency its pro rata share of the recapture amount due.**

*** * ***

Part 10 Processing Approvals and Issuing the Guarantee

244 Loan Approval (7 CFR 762.122)

A Loan Limits

[7 CFR 762.122 (a)] The agency will not guarantee any loan that would result in the applicant's total indebtedness exceeding the limits established in § 761.8 of this chapter (1-FLP, paragraph 29).

The maximum FO, CL, or OL levels outlined in this subparagraph include the guaranteed loan being made plus any outstanding direct or guaranteed principal balances, as indicated, owed by anyone who will sign the promissory note.

The total outstanding combined guaranteed FO, CL, SW, and OL principal balance cannot *--exceed \$1,825,000.

The total outstanding direct and guaranteed FO, CL, and SW principal balance cannot exceed \$1,825,000.

The total outstanding direct and guaranteed OL principal balance cannot exceed \$1,825,000.

The total combined outstanding direct and guaranteed FO, CL, SW, and OL principal balance cannot exceed \$2,425,000.

The total combined outstanding direct and guaranteed FO, CL, SW, OL, and EM principal balance cannot exceed \$2,925,000.

Notes: The maximum loan levels established in this subparagraph are for FY 2022.--*

The dollar limit of guaranteed loans is adjusted annually based on inflation.

FSA personnel should see 1-FLP for information on loan approval authorities.

B Submitting FSA-2231 to the Approval Official

When the loan exceeds the authorized agency official's approval authority, the authorized agency official should send the approval official all information the approval official needs to evaluate the loan request, including the following:

- a completed FSA-2231
- GLS Loan Approval Screens
- Application for Guarantee for all applicants

244 Loan Approval (7 CFR 762.122) (Continued)

B Submitting FSA-2231 to the Approval Official (Continued)

- Conditional Commitment with recommended changes
- the balance sheet and cash flow statement (for SEL applicants)
- the loan narrative
- any other information the approval official requests.

The authorized agency official should verify the lender has a Lender's Agreement in effect.

Once the loan approval official executes FSA-2231, the authorized agency official may then proceed to execute all other loan-related documents, unless otherwise specified by the loan approval official.

C Lender Notification of Authorized Agency Official Decision

The lender and applicant should be informed of the approval decision in writing.

- If the application is approved and funds are available, the authorized agency official shall prepare a letter to the lender (subparagraph D), with a copy to the applicant, and a Conditional Commitment, and proceed to paragraph 245.
- If the application is approved and funds are not available, the authorized agency official shall prepare a letter (subparagraph E) to the lender with a copy to the applicant, informing them the loan is approved, subject to the allocation of funding. This letter should inform the lender that funding is being requested and the loan should not be closed until they receive the Conditional Commitment, agree to the conditions, and execute the document.

Notes: Under certain circumstances a lender may find it necessary to close a loan that has been approved but funds are not available. These closings shall not be construed as an indicator that the guarantee is not needed. Any lender who decides to close an approved loan before funds are available should contact FSA before closing to determine whether there will be any additional closing conditions that would have been on the Conditional Commitment. Lenders should be aware that:

- the closing is at their own risk and there are circumstances that could result in FSA not issuing the guarantee once funding becomes available, such as any material change in the borrower's condition, financial or otherwise, since submission of the application
- all interest accrued on the lender's loan before guaranteed loan closing (execution of the allonge), will not be covered by the guarantee.

--Accrued interest is any interest documented on the allonge.--

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 (FSA-850 or environmental assessment) 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 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)

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

This table lists the required reports in this handbook.

Report Control Number	Title	Reporting Period	Submission Date	Negative Report	Reference
RPT-1-00-FLP-09-2	SDA Loan Review Summary	Annually	October 31	Required	84

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation and Wetland Conservation Certification		66, 208
FmHA-449-34	Loan Note Guarantee		267, 281
FmHA-1980-64	Interest Assistance Agreement		224, 228, 230
FSA-850	Environmental Screening Worksheet		66, 69, 70, 83, 95, 96, 195, 244
FSA-851	Environmental Risk Survey Form		66, 69, 70, 83, 95, 96, 195
FSA-1940-3	Request for Obligation of Funds Guaranteed Loans		226, 230
FSA-1980-25	Application for Guarantee		108, 285, 286, 360, 361, 363
FSA-1980-27	Loan Guarantee		364, 376
FSA-1980-28	Preferred Lender Application for Guarantee		108, 285, 360, 361, 363
FSA-1980-36	Assignment of Guarantee		375
FSA-1980-64	Interest Assistance Agreement		224, 228, 230
FSA-2028	Security Agreement		50
FSA-2072	Cancellation of U.S. Treasury Check and/or Obligation		249
FSA-2201	Lender's Agreement		Text
FSA-2203	Preferred Lender Sticker		53
FSA-2205	Guaranteed Micro Lender Application		55
FSA-2211	Application for Guarantee		Text
FSA-2221	Interest Assistance Agreement		Text

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

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-2222	Request for Interest Assistance Payment		228, 326
FSA-2231	Request for Obligation of Funds Guaranteed Loans		226, 230, 244
FSA-2232	Conditional Commitment		Text
FSA-2234	FSA Review of Lender's Evaluation of Collateral		247
FSA-2235	Loan Guarantee		Text
FSA-2236	Guaranteed Loan Closing Report and Lender Certification		46, 227, 245, 247, 248, 286
FSA-2241	Guaranteed Farm Loan Status Report as of		250, 266, 355, 376, Ex. 12
FSA-2242	Assignment of Guarantee		373-375, Ex. 12
FSA-2243	Notice of Substitution of Lender (Transaction 4034)		287
FSA-2244	Guaranteed Loan Status Update Adjustment (Transaction 4048)		288
FSA-2245	Modification of Loan Guarantee		281, 286, 313, 326, Ex. 12
FSA-2246	Notification of Transfer and Assumption of a Guaranteed Loan Transaction Code 4037		281
FSA-2247	Guaranteed Loan Borrower Adjustments		281, 284, 288
FSA-2248	Guaranteed Farm Loan Default Status Report		Text, Ex. 12
FSA-2249	Request for Restructuring Guaranteed Loans		313, 344
FSA-2250	FSA Purchase of a Guaranteed Loan Portion		375
FSA-2251	Lender's Guaranteed Loan Payment to USDA		376
FSA-2252	Farm Loan Programs Guaranteed Writedown Worksheet		328, Ex. 12
FSA-2253	Shared Appreciation Agreement for Guaranteed Loans		181, 288, 328, 341, Ex. 12
FSA-2254	Guaranteed Loan Report of Loss		136, 288, 328, 342, 344, Part 14, 376, Ex. 12
FSA-2261	Report on Collection Activities on Liquidated Accounts		266, 362, Ex. 12

Electronic Access for FSA Lenders

A Creating an Account With USDA eAuthentication Level 2 Access

USDA developed a centralized service to provide authentication for participating in USDA Web services. USDA eAuthentication provides centralized administration of users and a unified credential that can be used to provide users with single sign-on capability across all participating Web applications.

USDA eAuthentication Level 2 accounts enables the secure presentation of information and electronic signing of submissions. FSA lenders **must** obtain USDA eAuthentication Level 2 account to acquire a Level 2 user ID and password. Follow these steps to obtain a Level 2 account.

*--

Step	Action
1	Go to https://www.eauth.usda.gov/eauth/b/usda/registration . Select the “Customer” radio button and CLICK “Continue”.
2	Enter your email address and CLICK “Submit”.
3	After users submit the registration, they will receive an email with instructions on how to continue their registration.
4	CLICK “Continue Registration” from the email and complete the required fields to complete your registration.
5	When the user attempts to access forms or LINC as outlined later in this exhibit, they will be prompted to enter the eAuth ID and password they created and will then be prompted to complete a one-time identity verification process to initially gain access to those systems.
6	If the user needs administrative access to LINC, send request, in writing to FSA State Office, ATTN: FLP Division, to link the validated eAuthentication ID as either a lender administrator or branch administrator in LINC. Note: If the user only needs representative access to LINC, they do not need to contact FSA. Instead, they can simply contact their own lender administrator to be added as a representative.

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B Accessing Forms

Although all FSA lenders have access to online forms, users **must** register for a USDA Level 2 user ID and password to be able to save their information on the form and to submit the form electronically through “eForms”.

Lenders with an eAuthentication Level 2 user ID and password shall follow these steps to access forms.

Step	Action
1	Go to the Service Center Agencies eForms Home Page at http://forms.sc.egov.usda.gov/eForms/welcomeAction.do and CLICK “Login”.
2	On the eAuthentication Warning Screen, CLICK “I Agree”.
3	On the USDA eAuthentication Login Screen, enter user ID and password and CLICK “Login”.
	Note: When viewing forms, have only 1 browser window open. Each form has a supporting instruction file that explains how to complete the form.

Electronic Access to Forms for FSA Lenders (Continued)

C Searching for Forms

To search for forms, follow subparagraph B, under “eForms”, CLICK “**Browse Forms**”, and do either of the following:

- select the Agency, program, and service name from the corresponding drop-down menus to narrow the search results
- when searching for a specific form, enter information in the “Form Number” and “Title or “Keywords” fields.

CLICK “**Search**” to view all forms that meet user’s search criteria.

D Submitting Forms

*--Forms may be submitted electronically to FSA as follows:

- e-mail with an attached file
- FAX
- through USDA’s Online Services once Level 2 eAuthentication access has been obtained, according to the following instructions:

After a lender’s representative has registered and received a user ID and password, the representative may submit forms electronically through “eForms” at **<http://www.sc.egov.usda.gov>**. CLICK “**eForms**”, log in, and follow the instructions to find, complete, and submit forms. Other electronic documents needed for a complete application may be attached to the application and submitted to FSA.

The eAuthentication Level 2 user ID serves as the signature when submitting forms electronically. There is no need to follow up with a paper copy of the form; however, only one Level 2 user ID may be attached to a document when filing electronically. If additional signatures are needed on the same document, they will need to be provided in another manner.--*

E Application Authorization Security Management (AASM) System

AASM is the database that contains lenders’ information and the eAuthentication user ID’s of all lender-employees authorized to participate in electronic reporting. FSA initially, and the lender’s Security Administrators (SA’s) thereafter, will use AASM to authorize lender-employees to access the USDA Lender Interactive Network Connection (LINC).