

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 59

Approved by: Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 50 C has been amended to correct a reference to CLP Lender's Agreements.

Subparagraph 54 B has been amended to correct a reference to PLP Lender's Agreements.

Subparagraph 73 B has been amended to correct a reference about signatures.

Subparagraph 84 D has been amended to update the FLC responsibilities table.

Subparagraph 122 E has been amended to clarify requirements for refinancing requests.

Subparagraph 123 B has been amended to clarify requirements for refinancing requests.

Subparagraph 181 B has been amended to clarify lender's responsibilities related to ECOA compliance for appraisals and evaluations.

Subparagraph 244 A has been amended to update the FY 2023 guaranteed loan limit.

Subparagraph 247 B has been amended to clarify instruction for scenarios where lenders fail to meet closing conditions or provide adequate closing documentation.

Exhibit 5 has been amended to update a hyperlink.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Page Control Chart		
TC	Text	Exhibit
	4-11, 4-12 4-25, 4-26 5-27, 5-28 6-3, 6-4 8-32.5, 8-32.6 (add) 8-33, 8-34 8-35, 8-36 8-36.5, 8-36.6 (add) 8-141, 8-142 10-1, 10-2 10-14.5, 10-14.6 (add) 10-15, 10-16	5, pages 3, 4

50 Approval of Certified Lenders (7 CFR 762.106) (Continued)**B Eligibility Criteria**

Before a lender is approved for CLP status, the lender must demonstrate compliance with the following eligibility criteria:

- provide evidence of being an eligible lender
- provide information to show that loan losses (net of recovery) do not exceed 7 percent
- have the capacity to process and service FSA-guaranteed loans
- certify that the person designated to process and service FSA-guaranteed loans has attended FSA loan processing and servicing training within the previous 12 months or will attend training within the next 12 months
- agree to send for annual training the designated person from each of the lender's offices responsible for processing and servicing guaranteed loans
- agree to use forms acceptable to FSA for processing, analyzing, securing, and servicing FSA-guaranteed loans/LOC's
- if not previously submitted, copies of financial statements, cash flow plans, loan agreements, analysis sheets, security agreements, and promissory notes should be submitted with the request for CLP status
- *--have closed a minimum of 10 FSA-guaranteed FO, SW, CL, and OL loans/LOC's and--*
5 loans within the past 2 years.

C FSA Approval

The CLP-eligible lender will have a track record in FSA programs. SED may request that authorized agency officials that the lender has worked with provide a recommendation for CLP status and any issues or concerns that should be considered by SED before granting CLP status. SED shall make a decision on CLP status within 30 calendar days of receipt of the lender's complete application.

50 Approval of Certified Lenders (7 CFR 762.106) (Continued)

C FSA Approval (Continued)

CLP status is granted on a statewide basis by SED. A separate Lenders Agreement is required for each State. A lender may request CLP status for all branches within a State, or only the specific branches that are using the guaranteed program. [7 CFR 762.106(d)(2)] **The Agency will determine which branches of the lender have the necessary experience and ability to participate in the CL Program based on the information submitted in the lender application and on Agency experience.** The branch offices for which CLP status is granted are listed on Lenders Agreement.

[7 CFR 762.106(d)(3)] **Lenders who meet the criteria will be granted CLP status for a period not to exceed 5 years.** Once a Lenders Agreement is executed by the CLP lender and SED, the executed agreement will be kept in the State Office and copies will be sent to the lender and County Offices where the lender is expected to submit applications. In addition, the FSA-approved lender forms and the names of the lender's designated representatives will be sent to the affected County Offices.

D Renewal

[7 CFR 762.106(f)(1)] **CLP status will expire within a period not to exceed 5 years from the date the lender's agreement is executed, unless a new lender's agreement is executed.**

[7 CFR 762.106(f)(2)] **Renewal of CLP status is not automatic. A lender must submit a written request for renewal of a lender's agreement with CLP status which includes information:**

- **updating the material submitted in the initial application**
- **addressing any new criteria established by the Agency since the initial application.**

A request for renewal of CLP status must be submitted to FSA before the expiration of the current lenders agreement. FSA will work with the lender to ensure that CLP status remains in effect until a new CLP lenders agreement is executed.

[7 CFR 762.106(f)(3)] **CLP status will be renewed if the applicable eligibility criteria under this section are met, and no cause exists for denying renewal under paragraph (g) of this section (subparagraph 51 C).**

53 Approval Requirements (7 CFR 762.106) (Continued)**C Conditions of Approval**

Lenders who meet the criteria will be granted PLP status for a period not to exceed 5 years.

PLP status will be conditioned on the lender carrying out its credit management system as proposed in its PLP status and any additional loan making or servicing requirements agreed to and documented in the PLP lender's agreement.

If the PLP lender's agreement does not specify any agreed upon process for a particular action, the PLP lender will act according to regulations governing CLP lenders.

Example: If the PLP lender does not state in its CMS what historical financial information will be collected when developing applicant cash flow budgets, CLP requirements in paragraph 153 will be followed.

D Renewal

PLP status will expire within a period not to exceed 5 years from the date the lender's agreement is executed, unless a new lender's agreement is executed.

Renewal of PLP status is not automatic. A lender must submit a written request for renewal of a lender's agreement with PLP status which includes information:

- **updating the material submitted in the initial application**
- **addressing any new criteria established by the Agency since the initial application.**

PLP status will be renewed if the applicable eligibility criteria under this section are met, and no due cause exists for denying renewal under subparagraph 54 C.

E Transfer of PLP Information to the Local Office

SED shall provide a copy of PLP Lenders Agreement, including all attachments, to the authorized agency official in each local office that will process loans for the specific PLP lender.

54 Monitoring the PLP Lender (7 CFR 762.106)**A Review of Lender Eligibility and Performance**

[7 CFR 762.106 (e)] PLP lenders will provide information and access to records upon Agency request to permit the Agency to audit the lender for compliance with these regulations.

SED is responsible for ensuring that monitoring reviews are conducted on each PLP lender. This review shall be conducted according to Part 11 and shall examine the lender's approved CMS. The designated reviewer shall review the lender's files according to the priorities in subparagraph 267 B.

At least annually, SED or designee shall collect and review information about the performance and eligibility of each PLP lender, including monitoring reviews from all County Offices that monitor the lender. SED or designee shall review the lender's compliance with subparagraphs 46 C, 46 E, 49 C, 49 E, and 49 F. These reviews shall be used to determine whether PLP status should continue.

B Operational File

The authorized agency official shall develop and maintain an operational file on each PLP lender, according to subparagraph 48 B. SED shall also maintain a file developed as part of their internal review.

--The SED operational file shall also contain a copy of the executed Lender's Agreement-- and the lender's corresponding CMS.

--72 Market Placement Program (7 CFR 762.110(j)) (Continued)*C FSA Preparation of Loan Application**

[7 CFR 762.110(j)] When the Agency determines that a direct loan applicant or--* borrower may qualify for guaranteed credit, the Agency may submit the applicant or borrower's financial information to one or more guaranteed lenders. If a lender indicates interest in providing financing to the applicant or borrower through the guaranteed loan program, the Agency will assist in completing the application for guarantee.

FSA shall complete and provide the following to lenders:

- Application for Guarantee
- farm operating plan
- a narrative
- a suggested plan for servicing
- an appraisal.

To complete the guaranteed loan application, the authorized agency official shall use estimated interest rates and terms. If more than 1 lender is interested in the guaranteed loan, the applicant shall select 1 of the lenders. The lender must prepare the loan or LOC agreement. SEL's must submit the loan or LOC agreement to FSA before FSA issues the Conditional Commitment. The Conditional Commitment shall be issued upon the lender's acceptance of the loan application and confirmation that funds are available.

73 Filing Applications Electronically**A Registering to Submit Applications**

Lenders may submit applications electronically through USDA's Online Services web site. Lenders interested in filing electronically must first register. An explanation of the registration process, along with the necessary form, can be found by either of the following:

- at <http://www.sc.egov.usda.gov>, CLICK "Register"
- contacting any USDA Service Center.

Currently, registration is limited to individuals; lenders cannot be registered as organizations. However, persons representing lenders may register as an individual, and then may electronically sign and submit applications on behalf of the lender.

73 Filing Applications Electronically (Continued)**B Submitting Applications**

After a lender's representative has registered and received a user ID and password, the representative may submit applications electronically. Go to <http://www.sc.egov.usda.gov>, CLICK "eForms", sign 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 form and submitted to FSA. Lenders shall see Exhibit 5 for additional information about registering and accessing FSA's electronic online systems.

If the lender submits the application electronically and all the required electronic signatures ~~are not obtained~~, the application will be processed. However, the completed Application ~~for Guarantee~~, with appropriate applicant signatures, must be provided to FSA before FSA will issue the guarantee.

Lenders may also submit the application electronically by FAX or e-mail. FAXed and scanned signatures shall be accepted according to 1-CM, paragraph 676.

C Lender Requirements for Electronic Reporting

Information supplied by lenders through the USDA LINC web site meets the submission requirements. Lenders are not required to submit hard copies of information, such as loan closing reports or status reports.

Lenders must complete the following requirements to participate in electronic reporting through the USDA LINC web site.

- Each lender employee who participates in electronic reporting must create a Level 2 eAuthentication ID and password at <https://www.eauth.usda.gov/home/>.
- Level 2 security provides users with the ability to conduct official electronic business transactions with USDA agencies through the Internet. If a lender's employee presently has a Level 2 eAuthentication ID/account with any USDA agency, then a second account is not needed.
- Lenders are responsible for ensuring that all employees who will have access to electronic reporting adhere to the requirements in FSA-2201.
- Each lender must designate an employee as their Security Administrator who will have the authority and responsibility of granting access to other employees designated by the lender to use FSA's electronic reporting applications. The Security Administrator can have authority over all of the lender's portfolio as a Lender Administrator or can be limited to a single branch as a Branch Administrator. The Security Administrator will be the point of contact for FSA for maintaining the lender employees' eAuthentication ID's in AASM. A lender can choose to designate additional Security Administrators to act as a backup for the primary Security Administrator.

84 Monitoring FSA Approvals (7 CFR 762.130) (Continued)**C Designated Review Official Responsibilities**

Officials designated by SED to review rejected SDA applications shall:

- in each office of their jurisdiction review at least 50 percent of the rejected loan applications from SDA applicants who were rejected in each quarter
- if any improper rejections are found, review all rejected SDA loan applications in the approval official's coverage area
- notify SED of any problems detected
- *--with the FLC's advice, take action on the incorrectly rejected loan applications to--*
correct any errors
- recommend appropriate personnel actions, such as training or revocation of loan approval authority, for the approval official responsible for rejections that appear to reflect a pattern or practice of discrimination against SDA applicants
- review the reasons and explanations why decisions have not been made on complete loan applications in a timely manner.

84 Monitoring FSA Approvals (7 CFR 762.130) (Continued)

D FLC Responsibilities

FLC’s shall:

- monitor loan application processing timeframes, GLS data entry, and performance goal accomplishments using GLS reports, as follows

Step	Action
* * *	
1	Log into GLS and CLICK: <ul style="list-style-type: none"> • “Reports” • “FSA Reports” • “Application Reports” • “GLS2208 Report - Guaranteed Loan Average Processing Times”.
2	In the Search Criteria section, on the Process Date box drop-down menu, select “Applications Received” and input the date range for the query. <p>Note: Drill down capability is available by County or Servicing Office. To drill down by:</p> <ul style="list-style-type: none"> • County Office, in the: <ul style="list-style-type: none"> • Sort Options section, on the Major Sort box drop-down menu, select “Geographic State” • Report Options section, in the Report Format, select “Details” • Servicing Office, in the: <ul style="list-style-type: none"> • Sort Options section, on the Major Sort box drop-down menu, select “Servicing State” • Report Options section, in the Report Format, select “Details”.

- provide technical advice and direction for corrective actions on incorrect rejection of applications.

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.

*--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 a new guarantee fee.

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 (2-FLP, 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 essentially 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 guaranteed debt with a new request.--*

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

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 Down Payment 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).

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 a new guarantee fee.--*

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 *--(2-FLP, 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 essentially 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 3 Appraisals

181 General Requirements (7 CFR 762.127(a))

A Purpose

[7 CFR 762.127(a)(1)] The lender is responsible for ensuring that the value of chattel and real estate pledged as collateral is sufficient to fully secure the guaranteed loan.

Collateral valuation is an integral part of the loan evaluation process. This paragraph will discuss general collateral valuation requirements and when appraisals or evaluations are and are not required. See subparagraph 267 I for SED responsibilities about appraisals.

B General Requirements

The requirements in this paragraph apply to all 3 types of lenders.

Appraisals or evaluations of collateral are not part of a complete application and guarantees may be approved by FSA, subject to the lender obtaining an acceptable appraisal or evaluation. The lender is responsible for properly documenting the market value of collateral before loan closing and FSA issuing the loan guarantee.

MLP's and SEL's must provide FSA with a copy of an evaluation before FSA issuing FSA-2235, if the request was approved subject to obtaining an evaluation. CLP's and PLP's certify that evaluations have been completed, which support the security values as stated in the Conditional Commitment. CLP's and PLP's are **not** required to submit the evaluation to FSA but are required to maintain it in the lender's loan file.

All lenders certify that, when required, appraisals have been completed, which support the security values as stated in the Conditional Commitment and are **not** required to submit the appraisal to FSA. The lender will maintain the appraisal in the lender's loan file.

Lenders are encouraged to provide their appraisers with the appraisal guidelines in 1-FLP and this handbook. Using the appraisal guidelines will help ensure obtaining quality appraisals.

Authorized agency officials shall review evaluation and appraisal requirements and appraisal guidelines during lender training sessions.

--Each lender is responsible for ensuring that applicable ECOA requirements are met including providing applicants with copies of the appraisals or evaluations. It is not FSA's responsibility to make a determination whether a lender violated ECOA; rather, lenders should be advised to research those requirements with their appropriate regulatory authority or attorneys as needed. See subparagraph 210 A for additional information related to ECOA complaints against lenders.--

181 General Requirements (7 CFR 762.127(a)) (Continued)**B General Requirements (Continued)**

Each lender is responsible for ensuring that the person completing the appraisal or evaluation has the necessary qualifications. Real estate appraisals must be completed according to USPAP.

Notes: FSA will no longer conduct administrative and technical reviews on appraisals for guaranteed loan making or loan servicing actions except for those submitted for liquidation or writedown purposes. FSA will conduct evaluation and appraisal *--reviews according to 1-FLP, subparagraphs 143 C, E, F, and G, as applicable. FSA retains the right to conduct Lender reviews which may include reviews of evaluations and appraisals.--*

A current copy of USPAP may be obtained from <http://www.appraisalfoundation.org>.

See:

- Exhibits 14, 14.1, 14.2, and 14.3 for guidance to lenders when ordering appraisals
- Exhibit 15 for additional guidance about appraisals for the liquidation of poultry and other CAFO's.

C Loan Servicing

All lenders, regardless of their status, are required to obtain acceptable evaluations or appraisals when loans are secured by real estate for the following actions:

- transfer of security and assumption of debt (according to subparagraph 281 D)
- debt writedown
- servicing FSA-2253's
- liquidation
- partial releases of security if determined necessary by FSA
- subordinations of basic and/or additional security
- restructuring payments when the new payment schedule will include a balloon installment.

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 \$2,037,000.

The total outstanding direct and guaranteed FO, CL, and SW principal balance cannot exceed \$2,037,000.

The total outstanding direct and guaranteed OL principal balance cannot exceed \$2,037,000.

The total combined outstanding direct and guaranteed FO, CL, SW, and OL principal balance cannot exceed \$2,637,000.

The total combined outstanding direct and guaranteed FO, CL, SW, OL, and EM principal balance cannot exceed \$3,137,000.

Notes: The maximum loan levels established in this subparagraph are for FY 2023.--*

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.--

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 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. If the loan was approved subject to an appraisal, the lender will certify an appraisal is in their files.

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

- Review FSA-2236, Part C if the lender is a corporation. Ensure that FSA-2236 is properly completed and review the responses to the questions and signatures. Anyone signing FSA-2211 is considered to have authority to sign FSA-2236. If lender is unable to certify to those items, the lender would be 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.

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

B FSA Actions (Continued)

*--The loan guarantee shall not be issued if the lender has not closed the loan according to the agreed upon conditions and supplied all required closing documents in accordance with FSA requirements.

In those instances, FSA shall make all reasonable efforts to work with the lender to resolve the issue(s) and shall also consider if any conditions can be revised. If the lender is unwilling to correct the problem(s), unable to correct the problem(s), or becomes unresponsive to those requests, the authorized agency official shall issue a rejection letter and inform the applicant, with a copy to the lender, of the appeal rights according to 1-APP. Only after completion of any appeal may the authorized agency official proceed with deobligation of funding as outlined in paragraph 249.--*

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 copy of FSA-2236, 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 The RD Business Center, Guaranteed Commercial Branch--

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 the RD Business Center, Guaranteed Commercial 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.

Electronic Access to Forms for FSA Lenders (Continued)

E Application Authorization Security Management (AASM) System (Continued)

*--Each lender must designate an employee as their Security Administrator who will have the authority and responsibility of granting access to other employees designated by the lender to use FSA's electronic reporting applications. The Security Administrator can have authority over all of the lender's portfolio as a Lender Administrator or can be limited to a single branch as a Branch Administrator. The Security Administrator will be the point of contact for FSA for maintaining the lender employees' eAuthentication ID's in AASM. A lender can choose to designate additional Security Administrators to act as a backup for the primary Security Administrator.

After the Security Administrators are designated and the requirements have been fulfilled, the lender shall have the Security Administrator contact FSA with his/her eAuthentication ID and lender information to be validated and entered into AASM.

After Security Administrators are validated in the system, they will receive an e-mail confirmation validating their authorization and authority to add additional lender employees to AASM. Additional lender employees may be added by logging into the USDA LINC web site at <https://usdalinc.sc.egov.usda.gov>.

Note: The e-mail confirmation is sent to the e-mail address the Security Administrator entered when creating the eAuthentication account.

The following types of roles can be assigned to lender employees in AASM by the Security Administrator.

- "Representative" is an employee that the lender designates and authorizes to input electronic data through the USDA LINC website. The Security Administrator can authorize access for the entire portfolio as a Lender Representative or limit access to a specific branch as a Branch Representative.
- "Viewer" is an employee that the lender authorizes to view loan data and has view only capabilities of all transactions in the USDA LINC site. The Security Administrator can authorize access for the entire portfolio as a Lender Viewer or limit access to a specific branch as a Branch Viewer.

Note: FSA does **not** add or maintain any roles for lenders' employees.

After authorized in AASM, lender-employees may use LINC to close guaranteed loans and--* manage lender semiannual and default status reports that keep the lender up-to-date in FSA's accounting records. Lenders may request more than one SA to be authorized in AASM.

Electronic Access to Forms for FSA Lenders (Continued)

E Application Authorization Security Management (AASM) System (Continued)

The lenders' SA's are:

- FSA points-of-contact for maintaining the lender-employees' USDA eAuthentication Level 2 ID's in AASM
- responsible for adding and removing other employees designated by the lender to use LINC.

Lender-employees:

- are responsible for ensuring that they adhere to the requirements outlined in FSA-2201
- are required to have a Level 2 user ID and password before being authorized in AASM (subparagraph A)
- do not need another Level 2 account and may use their existing Level 2 user ID and password if they have Level 2 access with another USDA Agency.

The FSA LINC User Guide at

https://www.fsa.usda.gov/Internet/FSA_File/gls_lender_linc_user_guide.pdf provides further details on adding a lender-employee in AASM.

F Lender Interactive Network Connection (LINC)

In addition to “eForms”, information supplied by lenders through the USDA LINC web site meets the submission requirements. LINC is located at <https://usdalinc.sc.egov.usda.gov/> and allows electronic reporting by lenders to FSA. LINC allows lenders to:

- submit semiannual and default status reports
- add loan closings
- view loans
- add lender EFT's for pre-authorized debit (PAD) information
- add lender-employees in AASM.

See the FSA LINC User Guide for instructions on completing these functions.

Lenders are not required to submit hard copies of information, such as loan closing reports or status reports.