

2008 Farm Bill News

The newly-enacted Food, Conservation and Energy Act of 2008 includes some revisions to FSA's Guaranteed and Direct Loan Programs:

Guaranteed Operating Loan Term Limits

The 15 year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010.

Down Payment Loan Program

Revisions to the down payment loan program to purchase real estate makes this program more accessible. The program is now available to all socially disadvantaged applicants as well as beginning farmers and ranchers.

The interest rate is the greater of the direct Farm Ownership rate less 4% or 1.5%. Therefore, as long as the direct rate is 5.5% or below, the interest rate on the portion financed by FSA will be 1.5%.

There is no longer a maximum purchase price, however, FSA can finance up to \$225,000 (45% of the least of: the purchase price of the farm, or the appraised value, or \$500,000).

The down payment requirement has been lowered to 5%, and the term on the FSA direct portion increased to 20 years. FSA can also issue a guarantee on the portion financed by the guaranteed lender, as long as the total doesn't exceed the limit of \$949,000.

FSA hopes that these changes will make the program more attractive and usable to producers as well as to lenders who participate in financing the purchase of real estate to assist beginning and socially disadvantaged farmers and ranchers.

Direct Ownership and Operating Loan Limits

Loan limits under each program loan type have increased from \$200,000 to \$300,000.

New Programs Not Yet Available

Several new programs became available under the 2008 Farm Bill, however because regulations do not yet exist (they must go through the rule making process, and funds must be appropriated) they are not currently available to producers.

- Congress authorized a new Conservation Loan and Guaranteed Loan program. This replaces the old Soil and Water Loan Programs. The maximum guaranteed would be 75%.
- Beginning Farmer and Rancher Savings Accounts. This will be administered by FSA in partnership with non-profit organizations. The program would offer some matching funds to producers who set up accounts. The money saved could be used as part of a down payment to purchase real estate.
- A new beginning farmer and rancher contract land sales program will expand and make permanent the previous pilot program.

Regarding FSA Case Numbers:

FSA's New Measures for Protected Privacy Act Information

The Office of Management and Budget has mandated removal of Personally Identifiable Information (PII), such as SSN/EIN, from viewable media. This change will assist in protecting PII for our customers.

FSA is implementing a new 9-digit borrower/applicant account number in order to increase the level of security in protecting USDA's customer Privacy Act information. The new account number will reduce the exposure of the participant's Social Security number, which could be compromised and used for identity theft purposes.

The first phase of implementation will include revising FSA's guaranteed loan forms by replacing the borrower's/applicant's tax identification number with the new FSA Account Number.

NRCS, FSA, and RD will use a common set of assigned account numbers for all of their respective systems. The Guaranteed Loan System (GLS) will be the first system to begin using the new assigned account numbers in place of the applicant's/borrower's SSN/EIN.

GLS web pages, block-mode screens, reports, system generated correspondence and forms are currently being modified, and implementation is tentatively set for August 2008. The new account number will have the state and county code and this new number. The September status report will have the new number on it. All Guaranteed Lenders will be notified with details of any impact on their FSA business operations.

2-FLP Handbook Revisions

Handbook 2-FLP, Guaranteed Loan Making and Servicing, was revised on December 31, 2007. The most notable change to the handbook is the renumbered FSA Guaranteed forms. Guaranteed Lenders are encouraged to review 2-FLP, Exhibit 1, which contains the new form numbers and form titles. In addition, several of the definitions in Exhibit 2 were revised for clarity and uniformity. *Other minor changes include the following:*

- Status Reports - Status reports will not be required to be updated until the next reporting period for loans that do not have a status report record created, or that are not displayed on the mailed FSA-2241 (Paragraph 266 C of 2-FLP).
- Loan Restructuring - If the lender's proposal for servicing is not agreed to by FSA, the Agency approval official shall notify the applicant in writing, with a copy to the lender, within 14 calendar days of the lender's request. This letter will inform the lender and borrower of their informal review, mediation, and appeal rights according to 1-APP (Paragraph 314 B of 2-FLP).
- Legal Expenses - The legal expenses language was removed. The new FSA-2254, Guaranteed Loan Report of Loss, has a field available to record this expense (Paragraph 342 A of 2-FLP).

To download a current version of Handbook 2-FLP, click on the "Access the 2-FLP Handbook" link.

Address Change:

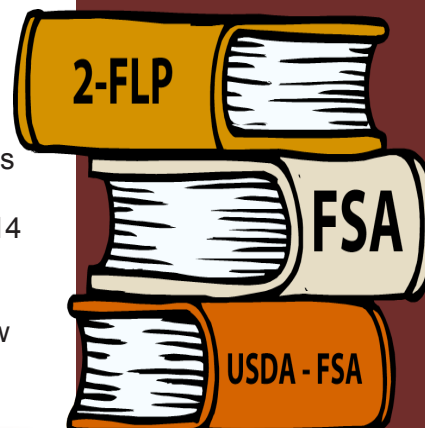
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2008 Lender Training Great Success

Washington State FSA recently completed its annual Lender Training meetings throughout the state. We appreciate all of your attendance and comments.

We want to thank Farmer Mac and Rural Development for being a part of this year's program. Based on the comments provided, we will plan on holding another Guaranteed Lending 101 course next year, and we will try and incorporate a sample loan file and some additional examples for that training.

If you wish to be contacted in advance for the next training session, please email Tanya Dostal, at tanya.dostal@wa.usda.gov

Washington Guaranteed Funding At A Glance

Program	Funds Used*	Number of Loans Made*
Guaranteed Operating Unsubsidized	\$27,445,738	118
Guaranteed Operating Interest Assistance	\$ 0	0
Guaranteed Farm Ownership	\$5,975,104	18

**This table shows loans made and funds used for the guaranteed loan programs in Washington State as of June 23, 2008. Availability of funds for a particular loan will depend on allocations and targeting*

Each year Congress appropriates money for FSA Farm Loan Programs as part of the USDA budget. The funds are appropriated for the Government's fiscal year, which runs from October 1 until September 30 of the following year. The amount of money appropriated by Congress does not always meet the demand for loan funds and FSA may run out of money for some programs.

We anticipate funding for all of the guaranteed loan programs should be sufficient for the remainder of FY 2008.

Funds remaining from the total national allocations for guaranteed loans this fiscal year are:

- Unsubsidized Operating 29 %
- Operating Interest Assistance 59 %
- Farm Ownership 35 %

For details on the Interest Assistance program, [see page 7](#).

[Online: FSA's Funding Glance Updates](#)

e - Corner Updates

In Spring 2006, FSA incorporated electronic reporting processes via the USDA Lender Interface Network Connection (LINC) web-portal, which connects to the USDA Guaranteed Loan System (GLS). Guaranteed lenders have the flexibility of electronically updating borrowers' accounts through web access to the FSA Guaranteed Loan Status and Default Status Reports and Guaranteed Loan Closing Information.

Data submitted in real time saves processing and mailing time, eliminates the possibility of lost documents, and reduces paper generation. Since implementation, over 15,000 Status and Default Reports have been submitted electronically.

Lenders are encouraged to contact their local FSA office for details if they are interested in electronic reporting.

Here are some of the most common questions asked about electronic reporting:

Question: As a Guaranteed Lender who's interested in FSA's electronic reporting, what steps can we take to get access to electronic reporting?

Answer:

- The lender should recertify their Lender's Agreement, FSA-2201, which contains the electronic data submission Agency regulations and guidelines in Part H. Contact your local FSA office for details concerning recertification of the FSA-2201.
- Each lender must designate an employee as their security administrator who will have the authority and responsibility of granting access to other lender employees designated by the lender to use FSA's electronic reporting applications. The lender is responsible for ensuring that all employees who have access to electronic reporting adhere to the requirements outlined in the revised FSA-2201.
- Each lender employee, (including the lender's security administrator) participating in electronic reporting must create a Level 2 eAuthentication ID and password at <http://www.eauth.egov.usda.gov>.

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Interest Accrual For Loss Claims Changes July 10

A final rule has been published that redefines the amount of interest accrual that will be covered under a loss claim. A maximum of 210 days from the payment due date will be the new rule.

Lenders must also file a estimated loss claim and a final loss claim even if \$0 dollars is being claimed. The final rule will take effect July 10, 2008 and the regulations will be changed to reflect this.



E-Forms Tip:

To access all functions available at eAuth ID Level 2, use the 8.1 version of Adobe Acrobat.

Coming Soon:

Lenders will have access to the Guaranteed Loss Claims and Interest Assistance Renewals via the USDALINC web-portal

- After the lender's security administrator and participating employees are designated, and the requirements have been fulfilled, the lender shall have the security administrator contact the Washington State FSA State Office, Farm Loan Programs Division, with his/her eAuthentication ID and lender information to be validated and entered into the Application Authority Security Management (AASM) system.

Question: What should a lender do if their Security Administrator leaves, or moves to a different bank?

Answer: The lender should contact the Washington State FSA State Office, Farm Loan Programs Division, and provide the name of the security administrator who is no longer with the bank and of the employee who will become the new security administrator.

Question: Can lenders electronically process loan closing information?

Answer: Yes, the "Lender Loan Closing" Power Point presentation at the FSA/FLP/Guaranteed Farm Loan web site: http://www.fsa.usda.gov/Internet/FSA_File/lenders_loan_closing_process.ppt will give lenders step-by-step instructions on how to electronically process loan closing information. *Note:* The Guarantee fee payment must still be mailed to FSA.

Question: Can lenders submit loss claims electronically?

Answer: No, not yet. Currently, the FSA Guaranteed Loss System has been developed and launched for FSA employees. Guaranteed Lenders will be notified when access to electronic submissions of loss claim(s) becomes available. Please note: FSA-2254, "Guaranteed Loan Report of Loss" has replaced RD-449-30. Instructions have been provided for the FSA-2254 on how to complete the form for each loss claim type.

Question: What training information is available on FSA's electronic reporting processes for lenders?

Answer: The FSA Guaranteed Farm Loans web site provides Power Point presentations on the following for lenders:

- Lender Sign-up for eAuth ID
- Lender Submission of Electronic Status Reports
- Lender Security Administrator - Adding additional employees to the system
- Lender Loan Closing Training for the Interest Assistance Program, located at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=gfl>

All lenders will access FSA's electronic reporting processes through USDA LINC at: <https://usdalinc.sc.egov.usda.gov/>

Question: Where can lenders go to get FSA forms electronically?

Answer: The USDA Service Center EForms web site will allow lenders to browse, fill in, and print any of the public FSA forms available. FSA is continually adding new forms and making more forms available for electronic signature. Please check often for new updates to the site, located at: <http://forms.sc.egov.usda.gov/eforms/mainervlet>

Washington FSA Farm Loan Team Directory

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Interest Assistance Program Revisions: Increased Efficiency and Access to Funding

On June 7, 2007, USDA revised the Interest Assistance (IA) Program to create a more efficient and equitable financial tool for lenders nationwide. IA assists operators of family farms who lack financial resources to meet standard repayment terms, as compared to other operators of similar operations. In an agreement with lenders on Guaranteed Operating Loans, FSA reimburses the lender 4 percentage points in exchange for reducing the interest rate charged to the borrower by the same amount.

With the latest reduced application, renewal and claims requirements, lenders now have fewer administrative duties to complete. Lenders and States will also find that access to funding is more stable throughout the year, which gives each loan request a better opportunity for timely funding and approval.

To review the latest changes to the Interest Assistance Program, call your local FSA office /service center, or download the Revised IA Program section of the 2-FLP Handbook at: http://www.fsa.usda.gov/Internet/FSA_File/2flp-a29.pdf

We Want To Hear From You !

The Washington State Farm Service Agency encourages lenders to provide suggestions, comments or ideas for future newsletter articles.

If you have a topic you'd like us to address, or questions you'd like to have answered in this forum, please let us know.

Send your emails to Tanya Dostal - tanya.dostal@wa.usda.gov



Personally Identifiable Information

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