

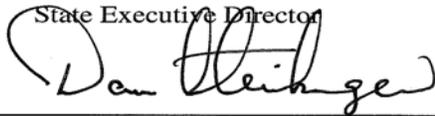
Nebraska Amendment

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Nebraska State Office
Lincoln, Nebraska 68510

Guaranteed Loan Making and Servicing 2-FLP (Rev. 1)	Nebraska Amendment 1
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Approved by:

State Executive Director


Amendment Transmittal

A Reason for Amendment

This Amendment is being issued to supplement the National Handbook and incorporate Nebraska requirements.

Page Control Chart		
TC	Text	Exhibit
NE TC Page 1 (add)	NE Page 4-5 (add)	NE Exhibit 1 (add)
NE TC Page 2 (add)	NE Page 4-12 (add)	NE Exhibit 2 (add)
NE TC Page 3 (add)	NE Page 5-28 (add)	NE Exhibit 3 (add)
NE TC Page 4 (add)	NE Page 8-64 (add)	NE Exhibit 4 (add)
NE TC Page 5 (add)	NE Page 8-118 (add)	NE Exhibit 5 (add)
NE TC Page 6 (add)	NE Page 8-141 (add)	NE Exhibit 6 (add)
NE TC Page 7 (add)	NE Page 8-145 (add)	NE Exhibit 7 (add)
	NE Page 8-146 (add)	NE Exhibit 8 (add)
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Par. 48

48 Monitoring SEL (Continued)

B Operational Files

Revision date 01/29/2009 is the most current version of the FSA-2201, "Lender's Agreement." A lender must close a guaranteed loan under the most current revision of the FSA-2201 as the language has been changed on the form to incorporate recent changes in 2-FLP (Rev. 1).

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Par. 50

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

C FSA Approval (Continued)

The State Office maintains the original CLP “Lender Agreements” for all CLP lenders. Copies of the current “Lender Agreements” will be provided by email to the field or copies may be requested from the State Office.

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Par. 73

73 Filing Applications Electronically (Continued)

C Lender Requirements for Electronic Reporting

Contact Coreen Carnes in the STO to add the lender's Security Administrator(s) to the System.

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Par. 137

137 Loan Term and Payment Schedules (7 CFR 762.124(b), (c), (d), and (e)) (Continued)

D FO Final Maturity Date

All Guaranteed Farm Ownership loans with actual terms less than 15 years will be considered for approval by the State Executive Director.

F Loan Note Guarantee Balloon Payments

All Guaranteed Term Operating loans that do meet the following conditions will be considered for approval by the State Executive Director:

- Loans amortized for more than seven years when stock cows or real estate is not taken as basic security. The remaining principal balance of the loan at the end of the seventh year must be equal to or less than the equity in the real estate or stock cows as established by a current appraisal. When calculating the equity in the real estate, the potential pay down of a prior lien may be allowed.

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Par. 168

168 Type of Security Required by Type of Loan (7 CFR 762.126(d))

B Security Requirements

Balloon payments in the seventh year of an OL must not be allowed unless real estate and/or stock cows will be taken as security. If stock cows are used to justify a balloon payment, ten years will be the maximum length of the amortization. If real estate is used to justify a balloon payment, twenty-two years will be the maximum length of the amortization. The principal balance at the end of the seventh year must be equal to or less than the equity in the stock cows/real estate as established by a current appraisal. When calculating the equity in real estate, the potential pay down of the prior lien may be allowed.

On guaranteed farm ownership loans, the actual term must be at least 15 years. In special situations and with the State Executive Director's approval, the actual term could be reduced.

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Par. 181

181 General Requirements (7CFR 762.127)

B General Requirements

Administrative appraisal reviews will be completed on Form FSA-2165 (farm real estate) or Form RD 1922-15 (residential properties) by the FLM/FLO on all third party real estate appraisals. This is the loan approval official's opportunity to relay any concerns they have with the appraisal to the state appraisal specialist. The administrative review must be completed and sent by email to the state appraisal specialist as soon as possible so the process is not impeded.

The state appraisal specialist will not accept or reject any real estate appraisals until the administrative review is completed and received by the appraisal specialist.

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Par. 183

183 Real Estate Appraisals (7CFR 762.127 (d))

B Reports

Scope of Work for Appraisals for Guaranteed Loans: In addition to compliance with Uniform Standards for Professional Appraisal Practice (USPAP) standards for an appraisal reported in Self-Contained or Summary format, the appraisal should contain the following items. The lender should use a letter of engagement with a scope of work requiring these items. If the lender and/or their appraiser believe any of these requirements are inappropriate for a particular appraisal, they should obtain concurrence from the Farm Loan Manager before allowing exceptions.

- The appraisal report must contain a complete description of the subject property, including legal description, aerial photo and soil map where available, and a complete description of any personal property included.
- The Market Approach must use the direct sales comparison technique, where the subject is compared to each sale used on a "head to head" basis, to arrive at an indicated value for the subject. A Market Approach conclusion is then reconciled from the range of values produced by this process.
- The appraisal report must include calculations showing how the land mix adjustments were determined.
- The appraisal report must provide a logical explanation for any adjustments used in the direct sale comparison.
- The appraisal report must contain complete information for all sales used in the direct sales comparison. This information must include legal description; allocation of value between the land types and all significant improvements; income and capitalization rate calculations; aerial photo and soil map where available. Photos of improvements and the depreciation analysis may also be required where appropriate in valuing significant improvements on the subject property.

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Par. 183

183 Real Estate Appraisals (7CFR 762.127 (d)) (Continued)

C Appraiser Qualifications

In accordance to Nebraska statutes, specifically LB 186 passed by the Nebraska Legislature in 2007, all real estate appraisals for guaranteed loans must be completed by only Certified General Appraisers. Nebraska statutes will not allow Registered, Licensed or Certified Residential appraisers to complete appraisals on any farm properties, no matter how small the transaction. This requirement only applies to FSA Guaranteed and Direct loans.

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Par. 208

208 Environmental Requirements (7CFR 762.128) (Continued)

C Hazardous Substances

Form FSA– 850 “Environmental Evaluation Checklist”, or similar documentation can be used in place of the American Society of Testing Materials (ASTM) transaction screen questionnaire. All lenders are required to complete an environmental assessment for all guaranteed loans involving real estate security.

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Par. 224

224 General Rules (7CFR 762.150 (b)) (Continued)

H Maximum Time for Which IA is Available for Non-Beginning Farmers

A borrower may only receive IA for one five-year period. Paying off a loan with interest assistance early or not requesting interest assistance in any year during the five year IA period DOES NOT change the applicant/borrowers eligibility period, ALL years are included.

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Par. 224

224 General Rules (7CFR 762.150 (b)) (Continued)

J Transition Rule

Applicant/Borrower's interest assistance eligibility period begins when the original Interest Assistance Agreement is signed, either prior to or after June 8, 2007. Paying off the loan with interest assistance or not requesting interest assistance in any year while the interest assistance agreement is in effect, DOES NOT change the applicant/borrowers eligibility period, ALL years are included. Eligibility can not exceed 10 years from the effective date of the original Interest Assistance Agreement.

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Par. 245

245 Agency Obligation of the Loan (7CFR 762.130)(Continued)

C Issuing the Conditional Commitment

The Conditional Commitment is one of the most important documents in the guaranteed loan file. A well-prepared Conditional Commitment will eliminate misunderstanding between the lender and FSA. Servicing actions and loss claims will be approved based upon the provision of the Conditional Commitment.

Standardized Conditional Commitment attachments have been developed in Microsoft Word. The Standardized Conditional Commitments (current version) will be available on the Nebraska Intranet site and/or the Nebraska Share Point site. The six attachments (NE Exhibits 1 through 6) will be downloaded into Word Processing Program as follows:

sel-loc	clp-loc	plp-loc
sel-term	clp-term	plp-term

The six attachments can also be obtained from Tim Reimer, Farm Loan Specialist.

The standardized Conditional Commitment contains requirements and standards that are typically needed. Each guaranteed loan request will have special circumstances; therefore, the County Office must review the standardized Conditional Commitment for the loan type being considered and make deletions or additions as needed.

Located in the left-hand column of the standardized Conditional Commitment is a number or the letter “V”. Those paragraphs with a number should not be deleted. Those paragraphs with the letter “V” can be deleted or modified as needed. Additional paragraphs or items can also be added as needed.

When preparing the Form FSA 2232 “Conditional Commitment”, the phrase “Refer to Attachment A for the Required Security” must be added just below the paragraph in item 16 “security” and the phrase “Refer to Attachment A for Additional Conditions” in item 17 “other”.

The “Security Requirements” section of the Standardized Conditional Commitment attachments includes an item which may require a statement/acknowledgment to be signed. This paragraph should be used when two operations are closely related, such as a father and son who have separate operations and one of them requests a guaranteed loan. The machinery is stored in the same farm yard and the party requesting the guaranteed loan represents certain items as his property. If a statement/acknowledgment is signed by all the parties involved, there will be no disputes later about who owned what machinery. This is only one example. There can be many other types of situations that may require this type of documentation.

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Par. 247

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

A Lender's Actions (Continued)

- FSA – 2236 “Guaranteed Loan Closing Report” – Enter the correct Final Advance Date when processing a Line of Credit loan closing to avoid problems that could occur when entering future status reports. The input date of the last advance on the status report is edited against the final advance date on the loan records. The Final Advance Date should be entered to match the number of years that the lender intends to re-advance on a revolving Line of Credit. It can not exceed five years from the date of the loan closing.

Nebraska Amendment

Par. 247

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

A Lender's Actions (Continued)

- If an appraisal is not completed at the time of the request for the guaranteed loan and the loan was approved subject to the lender obtaining an appraisal prior to closing, the CLP lender must maintain such appraisals in their bank file. The SEL lender must submit the real estate appraisal to FSA and receive FSA acceptance prior to the SEL lender closing the guaranteed loan. SEL lender must submit an acceptable chattel appraisal, if applicable, prior to the FSA-2235 "Loan Guarantee" being issued.

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Par. 267

267 FSA Loan Servicing Responsibilities (Continued)

B Lender Loan Files Review Priorities

Annually, the Farm Loan Manager (FLM) will conduct a review of the lender's outstanding guaranteed loans. FSA-2293 and PLP checklist will be used to document the lender file reviews.

If deficiencies are found, the Farm Loan Manager will discuss the deficiencies with the loan officer. If the deficiencies are major or reoccurring minor deficiencies, a follow-up letter will immediately be sent to the loan officer with a copy to the bank President/CEO. A copy of the letter will be provided to the Nebraska State Office, attn: Tim Reimer, at the time it is issued. The letter should give the lender 30 days to correct all deficiencies and a follow-up should be established. If the lender does not correct the deficiencies, a report should be made to the Field Farm Loan Specialist, District Director, and State Executive Director. On CLP lenders, this report will be used to determine if the CLP status should be revoked.

Farm Loan Managers must establish a monitoring system to insure the required bank visits are made and follow-ups are completed.

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Par. 280

280 Partial Releases (7 CFR 762.142(b)) (Continued)

D Reviewing Requests for Partial Releases

Upon review of the request, the Authorized Agency Official must forward the request, county office file and a recommendation to the SED. The SED will review the partial release request and forward requests to DAFLP for special consideration, as necessary. This requirement only applies to those situations that require agency approval as stated in Paragraph 280-B.

Lenders and borrowers are **not** entitled to appeal rights when partial release requests are denied by FSA.

Nebraska Amendment

Par. 281

281 Transfers and Assumptions (7 CFR 762.142(d))

B Lender Request for a Transfer and Assumption

GLS requires input of an Application Package and a Loan Guarantee Request for a borrower assuming a guaranteed loan (even though no new funding is required). The Application/Loan Guarantee Request will be updated just like a regular loan closing had processed, except that no obligation of funds is required.

- The Loan Amount input on the Loan Guarantee Request should equal the amount of **Principal** being assumed. This will become the Loan Amount of the new loan. (Interest may also be assumed but it will just show in the Unpaid Interest Amount on the new loan.) Note: If the loan type is OL/LOC, the loan amount should be for the full Line of Credit limit **NOT** the unpaid principal or current balance as of the date of assumption. The guarantee request is to be approved but not obligated.
- Form FSA-2246, Notification of Transfer & Assumption of a Guaranteed Loan, should be prepared showing Principal Assumed and Interest Assumed (if applicable). The Principal Amount Assumed must match the Loan Amount entered on the Loan Guarantee Request. This form is submitted to the Finance Office for processing.
- If Interest is being capitalized, Form FSA-2249, Request for Restructuring Guaranteed Loans, should be prepared to record the capitalized interest. This form is submitted to the Finance Office for processing.

Example:

Transferor's Principal Balance = \$620,000

Transferor's Interest Balance = \$20,000

Transferee agrees to assume loan for \$640,000.

Loan Guarantee Request should be created in GLS for \$620,000, the principal portion only.

Form FSA-2246, Notification of Transfer & Assumption of a Guaranteed Loan, should be prepared showing Principal Assumed of \$620,000 and Interest Assumed of \$20,000. Total Amount Assumed will be \$640,000, but when this transaction is processed the new loan will be created for \$620,000. In order to adjust the new loan to the correct amount, the loan must also be restructured to capitalize the interest. Form FSA-2249, Request for Restructuring Guaranteed Loans, is prepared to capitalize the interest on this loan so the new loan amount will be \$640,000. Both of these forms are submitted to the Finance office for processing.

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Par. 283

283 Emergency Advances (7 CFR 762.146(a)) (Continued)

C FSA Response to Request for Emergency Advance

Upon review of the request, the Authorized Agency Official must forward the request and a recommendation to the SED for approval of the Emergency Advance. If possible, the appropriate information should be FAXed or emailed to the STO and a decision could be made without the complete file.

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Par. 287

287 Substitution of Lender (7 CFR 762.105)

A Overview

Guaranteed loans that are in default, appear to be under-secured or have any servicing problems, would normally not be approved for a substitute lender. However, if the new lender has reviewed the borrowers file and agreed in writing to restructure the guaranteed loan after the file is transferred, and all other requirements are acceptable, the substitution of lender can be approved. The Farm Loan Section in the State Office must be contacted any time a problem loan is being considered for a substitute lender.

B Lender Requirements

The original lender's file, containing all supporting documentation, must be transferred to the new lender.

If the loan has an Interest Assistance (IA) Agreement in effect, the original lender must apply for the subsidy and the Finance Office must process the subsidy due to the original lender prior to Form FSA-2243 being processed by the Finance Office.

The FLM will approve the substitution of lender by letter. The approval letter must contain all requirements of the substitution as found in 2-FLP (Rev. 1) Amend 1, Par. 287B, and this Nebraska Amendment.

The authorized agency official will execute Form FSA-2245 and provide it to the new lender for attachment to the original Loan Guarantee. Retain a copy of this form in the county office file.

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Par. 312

312 Lender Requirements and Conditions for Loan Restructuring (7 CFR 762.145)

A General Requirements

The FLM must complete a Historical Performance Work Sheet (or similar) and an Annual Performance Evaluation Worksheet (or similar).

The FLM must obtain verification of FSA program payments and compare it to the projected cash flow.

The FLM must obtain a copy of the CCC-902 and place it in the guaranteed file. This information concerning other farming interest must conform with the restructure request.

The FLM must check to determine if the borrower is in compliance with all FSA programs, including Sodbuster/Swampbuster. The Subsidiary File can be used to verify compliance with FSA Farm Programs. Documentation must be included in the case file.

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Par. 312

312 Lender Requirements and Conditions for Loan Restructuring (7 CFR 762.145) (Continued)

A General Requirements (Continued)

The borrower must meet all eligibility criteria which includes that the borrower must be the operator. If the real estate is being rented out by the borrower, the loan cannot be restructured unless it is an unusual situation and the SED approval is obtained.

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Par. 358

358 Lender Liquidation Plan (7 CFR 762.149(b))

A Overview

Once the decision to liquidate is made, the SEL, CLP and PLP lender must prepare a Liquidation Plan. The SEL and CLP lenders must send a copy of the liquidation plan to FSA for approval. When FSA becomes aware that a lender has decided to liquidate or a lender requests information on how to prepare a Liquidation Plan, the FLM will send the lender a letter requesting a Liquidation Plan and will include those items found in 2-FLP (Rev. 1), Par. 358 (B) and Part B General Requirements (listed below) of this NE Amendment.

The FLM must insure that the lender has submitted Form FSA-2248, “Guaranteed Farm Loan Default Status Report” and has checked Block 14(A) indicating that Interest Assistance has been ruled out or the involuntary liquidation may be delayed. The lender may not initiate foreclosure action or accelerate the account until 60 calendar days after eligibility of the borrower to participate in the IA Program has been established and Form FSA-2248 is submitted to FSA. The lender may accelerate the loan before FSA approves the liquidation plan.

B General Requirements

In addition to those items found in 2-FLP (Rev. 1) Amend. 1, Par. 358(B), the lender must provide a copy of the State Mediation Notice and advise if the mediation rights have been concluded or not concluded.

Chattel Property Appraisals – If there will be a well advertised auction conducted by a reputable auctioneer or sale barn, a chattel appraisal will not be required and an acceptable selling price will be the highest bid received. All other sale of chattel property will require an appraisal and must sell for the appraised amount.

Real Estate Appraisals – A current real estate appraisal completed by an independent appraiser is always required on all primary real estate security and in most cases on additional real estate security. If the real estate will be sold at a well advertised public auction conducted by a reputable auctioneer, the minimum selling price will be the net recovery value as calculated by Exhibit 10 of the 2-FLP (Rev. 1) Handbook and approved by FSA. If it is a voluntary sale, the lender will not be authorized to release their lien if the net recovery value is not obtained. If it is an involuntary sale, the lender will be required to place a bid in the amount of the net recovery value, as calculated by Exhibit 10 of the 2-FLP (Rev. 1) Handbook and approved by FSA, if a higher bid is not received from the public.

Chattels or real estate that will be sold back to the borrower or a close relative **must** sell at current appraised values or higher.

Nebraska Amendment

Par. 358

358 Lender Liquidation Plan (7 CFR 762.149(b))(Continued)

F FSA Approval of Liquidation Plan

SEL and CLP Liquidation Plans must be approved by the SED

The FLM will review the Lenders Liquidation Plan and require the lender to revise any part(s) of the plan that are not acceptable. The FLM will then forward the Liquidation Plan, the county office file and a cover letter with the FLM's recommendations to the Farm Loan Program division in the State Office.

The FLM must be very timely about reviewing the Liquidation Plan, because FSA only has 20 calendar days to respond to the lender, or the lender may assume that the Liquidation Plan is approved. If FSA asks for revisions to be made, the time frame is extended.

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Par. 359

359 Lender Submission of Estimated Loss Claim (7 CFR 762.149) (Continued)

F. FSA Approval and Payment of Estimated Loss Claim

When processing Estimated Loss Claims for SEL and CLP Lenders, NE Exhibit 7, “County Office Processing of Estimated and Final Loss Claims” must be reviewed and followed, NE Exhibit 8, “Reconciliation of the Security” and Form FSA-2295 “Guaranteed Estimated Loss Review Checklist for SEL and CLP Lenders” must be completed. The above mentioned items, the county office file(s), and Form FSA-2254 “Guaranteed Loan Report of Loss” will need to be submitted for SED approval.

Estimated Loss Claims for PLP Lenders will only be reviewed for accuracy and calculations on Form FSA-2254.

Nebraska Amendment

Par. 360

360 Lender Submission of Final Loss Claim (7 CFR 762.149) (Continued)

F. FSA Approval and Payment of Final Loss Claim

When processing Final Loss Claims, NE Exhibit 7, “County Office Processing of Estimated and Final Loss Claims” must be reviewed and followed, NE Exhibit 8, “Reconciliation of the Security” and Form FSA-2296 “Guaranteed Loan Final Loss Review Checklist” must be completed for ALL lender types. The above mentioned items, the county office file(s), and Form FSA-2254 “Guaranteed Loan Report of Loss” will need to be submitted for SED approval.

Nebraska Amendment

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NEBRASKA AMENDMENT

NE EXHIBIT 1

(Par. 245)

(SEL – LOC)

Attachment A – page 1
Form FSA-2232
(Revised 7/12/2011)

Attachment to Form FSA-2232
Conditional Commitment, dated _____

Lender:

Borrower(s):

GENERAL

1. The County Office hereby notifies you that funds have been obligated for this loan and you may proceed with closing the loan, if all conditions set forth in the Form FSA-2232 and this attachment are accepted by the lender.
2. This attachment supplements Form FSA-2232. The lender must carefully read and follow both Form FSA-2232 and this attachment.

RATES AND TERMS

1. The ceiling for this loan will be exactly _____ (dollar amount) _____ and will mature in 5 years.
2. The interest rate at closing must not exceed ____%.

SECURITY REQUIREMENTS

This loan will be secured by:

- (V) A first lien will be perfected by the lender on all farm products, such as but not limited to crops, livestock offspring, feeder livestock purchased and any proceeds derived therefrom. An assignment on milk proceeds, FSA benefits, and crop insurance benefits will be obtained.
- (V) A _____ lien will be perfected by the lender on all breeding livestock, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) Best obtainable lien on all the real estate owned by the borrower will be obtained by the lender.

USE OF LOAN FUNDS

1. The Lender will follow item 14 of Form FSA-2232 and will maintain a complete record of the disbursement of all loan funds. The operating years covered by this line of credit guarantee are limited to 2012 through 2016.

NEBRASKA AMENDMENT

NE EXHIBIT 1

(Par. 245)

(SEL – LOC)

Attachment A – page 2
Form FSA-2232
(Revised 7/12/11)

INSURANCE REQUIREMENTS IN ADDITION TO THOSE INCLUDED ON FORM FSA-2232

1. Liability insurance is required on the entire operation.
- (V) Crop insurance is required and an assignment of indemnity obtained in favor of the lender in the following minimum levels:
 - Multi-peril crop insurance at the ___% of yield.
 - OR
 - Crop Revenue coverage at the ___% of yield.

PROMISSORY NOTES AND SECURITY INSTRUMENTS

- (V) The renewal date of the LOC will be ___ (month and day) ___ of each year.
- (V) The lender will file an Effective Financing Statement and will maintain an Effective Financing Statement during the life of the loan.
- (V) For entities, the note is executed by the member who is authorized to sign for the entity and by all members of the entity as individuals.

REQUIREMENTS IN ADDITION TO THOSE FOUND ON FORM FSA-2232 AND PRIOR TO THE FORM FSA-2235 “LOAN GUARANTEE” BEING ISSUED:

- (V) The original of Loan Note Guarantee/Contract Guarantee in the amount of _____ must be returned marked paid in full.
- (V) Electronic applications. The lender must submit an original, signed, Form FSA-2211 “Application for Guarantee” with the loan closing documents.
- (V) List other required items here.

SERVICING RESPONSIBILITIES

(The following items clarify some of the lender’s responsibilities as found in the Lender’s Agreement, FSA Handbook 2-FLP (Rev.1))

1. Lender will submit Form FSA-2241, “Guaranteed Farm Loan Status Report” electronically or to the County Office as of March 31 and September 30 each year.
2. The lender will complete an annual analysis as required by FSA Handbook 2-FLP (Rev.1) Par 265.

NEBRASKA AMENDMENT

NE EXHIBIT 1
(Par. 245)

(SEL – LOC)

Attachment A – page 3
Form FSA-2232
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3. Line of Credit (LOC) limitation on advances and renewals:
 - A. LOC advances for scheduled term debt payments that become due at the end of the operating cycle cannot be advanced by the lender to the borrower until both of the following have been obtained:
 1. A cash flow projection for the coming year must be feasible and approved by FSA.
 2. Verification that the balance of the LOC including the projected term debt payment advances will be fully secured by inventory on hand that is being held for sale.
 - B. Before advances can be made after the renewal date of (month and day) of each year of the LOC, the following must be provided and FSA's approval obtained:
 1. Verification that the LOC has been paid down to zero or verification that there is adequate security for any carryover balance.
 2. A current Financial Statement.
 3. A cash flow projection for the coming year.
 4. Actual expenses and income from the previous year with documentation of any major difference from the previous planned cash flow.
 5. A year-end analysis which addresses items such as positive and negative trends of the operation, problems that may hamper the success of the operation, any proposed solutions, etc.
 6. Narrative summary of the borrower's financial progress.
 7. The lender must keep a record of the disposition of all secured property. This will include a description of the security sold, quantity, proceeds received and a record of the use of the proceeds.
 8. Annual farm visit report or collateral inspection.

(SEL – LOC)

Attachment A – page 4
Form FSA-2232
(Revised 7/12/11)

4. If liquidation becomes necessary and the collateral for this guaranteed loan does not have sufficient value to pay the guaranteed loan in full, the lender agrees to aggressively pursue other assets the borrower or any co-signer may own for collection, if it is economically feasible to do so.

(V) The following information will be required on Interest Assistance loans: Within 60 days after the annual payment/review date, the lender will submit a claim for payment. (Claims not filed within 1 year will not be paid and the amount due the lender is permanently forfeited.) Lenders may not charge or cause a borrower with an interest assistance agreement to be charged a fee for preparation and submission of the items required for an annual interest assistance claim. The lender will provide the following to the FSA County Office:

- FSA-2222

Notes: FSA-2222 shall be used to request payment for the previous year.

The lender shall provide FSA with an Electronic Funds Transfer account number so the IA payment may be transmitted to them electronically.

- a detailed statement of activity, including all disbursements and payments applied to the loan or LOC account.
- detailed calculations of average daily principal balances for the claim period

Note: All claims will be supported by detailed calculations of average daily principal balance during the claim period.

NEBRASKA AMENDMENT

NE EXHIBIT 2

(Par. 245)

(SEL Term)

Attachment A – page 1
Form FSA-2232
(Revised 7/12/2011)

Attachment to Form FSA-2232
Conditional Commitment, dated _____

Lender:

Borrower(s):

GENERAL

1. The County Office hereby notifies you that funds have been obligated for this loan and you may proceed with closing the loan, if all conditions set forth in the Form FSA-2232 and this attachment are accepted by the lender.
2. This attachment supplements Form FSA-2232. The lender must carefully read and follow both Form FSA-2232 and this attachment.

RATES AND TERMS

1. This loan will be closed for exactly _____ (dollar amount) _____ and will have actual terms of _____ years and will be amortized over _____ years.
2. The interest rate at closing must not exceed ____%.

SECURITY REQUIREMENTS

This loan will be secured by:

- (V) A _____ lien will be perfected by the lender on all breeding livestock, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) A _____ lien will be perfected by the lender on all breeding livestock, livestock offspring, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) The borrower must maintain a number of breeding livestock as follows:
- | Type of Livestock | Minimum Number |
|------------------------------------|----------------|
| _____
(ex: cows + bred heifers) | _____ |
| _____
(ex: bulls) | _____ |

NEBRASKA AMENDMENT

NE EXHIBIT 2

(Par. 245)

(SEL Term)

Attachment A – page 2
Form FSA-2232
(Revised 7/12/2011)

- (V) A _____ lien will be perfected by the lender on all farm products such as but not limited to crops, livestock offspring, feeder livestock purchased and any proceeds derived therefrom. An assignment on milk proceeds, FSA benefits and crop insurance benefits will be obtained.
- (V) A _____ lien will be perfected by the lender on the real estate and irrigation equipment with an estimated value of _____ and containing _____ acres more or less. This lien position will be subject only to debt owed by the borrower to _____ (creditor name) in the amount of _____.
- (V) Best obtainable lien on all the real estate owned by the borrower will be obtained by the lender.
- (V) When real estate is taken as primary security, it is the lender's responsibility to:
 - Determine that the prior lien holder's documents do not contain any future advance clauses.
 - To insure that all owners, and any person(s) that have an interest in the real estate, sign the security documents.
 - Determine if the Nebraska Farm Homestead Protection Act applies, and if it does apply, the lenders must obtain a waiver from the borrower concerning this act.
- (V) If an appraisal was not provided with the guaranteed loan request, the standard eligible lender must provide an appraisal to FSA with the appraiser's qualifications and FSA must accept the appraisal before the lender closes the loan. The appraisal must support the estimated values used to approve the loan.
- (V) All chattel security that is jointly owned will have an agreement for disposition of jointly owned property signed by all owners.
- (V) For operations where machinery/equipment and/or livestock is given to, borrowed from, and/or stored with a relative, neighbor, or friend, but not owned jointly and where ownership could become an issue, a written ownership statement and/or acknowledgment must be obtained from the borrower and any other party regarding all of the items listed on the borrower's security agreement. This statement/acknowledgement must establish the ownership and is required because of the close relationship of the operations of the parties involved.

USE OF LOAN FUNDS

1. The Lender will follow item 14 of Form FSA-2232 and will maintain a complete record of the disbursement of all loan funds.

NEBRASKA AMENDMENT

NE EXHIBIT 2
(Par. 245)

(SEL Term)

Attachment A – page 3
Form FSA-2232
(Revised 7/12/2011)

INSURANCE REQUIREMENTS IN ADDITION TO THOSE INCLUDED ON FORM FSA-2232

1. Liability insurance is required on the entire operation.
- (V) Hazard insurance is required on improvements to the real estate with a loss payable clause in favor of the lender.
- (V) Hazard insurance is required on chattel property, including farm vehicles, with a loss payable clause in favor of the lender.

PROMISSORY NOTES AND SECURITY INSTRUMENTS

- (V) The promissory note will require equal annual installments with a due date of _____ (month and day) _____ of each year.
- (V) The promissory note will require monthly installments.
- (V) If a direct loan is being closed by FSA in connection with this guaranteed loan and the direct loan will be in a junior lien position to the guaranteed loan, the guaranteed security documents cannot contain any future advance clause.
- (V) For entities, the note is executed by the member who is authorized to sign for the entity and by all members of the entity as individuals.

REQUIREMENTS IN ADDITION TO THOSE FOUND ON FORM FSA-2232 AND PRIOR TO THE FORM FSA-2235 “LOAN GUARANTEE” BEING ISSUED:

- (V) The original of Loan Note Guarantee/Contract Guarantee in the amount of _____ must be returned marked paid in full.
- (V) Electronic applications. The lender must submit an original, signed, Form FSA-2211 “Application for Guarantee” with the loan closing documents’
- (V) List other required items here.

SERVICING RESPONSIBILITIES

(The following items clarify some of the lender’s responsibilities as found in the Lender’s Agreement, FSA Handbook 2-FLP (Rev.1))

1. Lender will submit Form FSA-2241, “Guaranteed Farm Loan Status Report” electronically or to the County Office as of March 31 and September 30 each year.

NEBRASKA AMENDMENT

NE EXHIBIT 2

(Par. 245)

(SEL Term)

Attachment A – page 4
Form FSA-2232
(Revised 7/12/2011)

2. The lender will provide the following to FSA annually:
- Current Balance Sheet
 - Chattel loans only - Income and Expense Statement for the previous year
 - An annual farm visit report or collateral inspection.
 - Narrative summary of the borrower's financial progress (Chattel only secured loans, FO that are cross secured with chattels and LOC's).

These documents should be submitted to the Authorized Agency Official within 30 calendar days of the completion of the annual financial analysis.

3. The lender must keep a record of the disposition of all secured property. This will include a description of the security sold, quantity, proceeds received and a record of the use of the proceeds.
4. If liquidation becomes necessary and the collateral for this guaranteed loan does not have sufficient value to pay the guaranteed loan in full, the lender agrees to aggressively pursue other assets the borrower or any co-signer may own for collection, if it is economically feasible to do so.
- (V) The following information will be required on Interest Assistance loans: Within 60 days after the annual payment/review date, the lender will submit a claim for payment. (Claims not filed within 1 year will not be paid and the amount due the lender is permanently forfeited.) Lenders may not charge or cause a borrower with an interest assistance agreement to be charged a fee for preparation and submission of the items required for an annual interest assistance claim. The lender will provide the following to the FSA County Office:

- FSA-2222
Notes: FSA-2222 shall be used to request payment for the previous year.

The lender shall provide FSA with an Electronic Funds Transfer account number so the IA payment may be transmitted to them electronically.

- a detailed statement of activity, including all disbursements and payments applied to the loan or LOC account.
- detailed calculations of average daily principal balances for the claim period
Note: All claims will be supported by detailed calculations of average daily principal balance during the claim period.

NEBRASKA AMENDMENT

NE EXHIBIT 3
(Par. 245)

(CLP – LOC)

Attachment A – page 1
Form FSA-2232
(Revised 7/12/2011)

Attachment to Form FSA-2232
Conditional Commitment, dated _____

Lender:

Borrower(s):

GENERAL

1. The County Office hereby notifies you that funds have been obligated for this loan and you may proceed with closing the loan, if all conditions set forth in the Form FSA-2232 and this attachment are accepted by the lender.
2. This attachment supplements Form FSA-2232. The lender must carefully read and follow both Form FSA-2232 and this attachment.

RATES AND TERMS

1. The ceiling for this loan will be exactly _____ (dollar amount) _____ and will mature in 5 years.
2. The interest rate at closing for this loan cannot exceed _____%.

SECURITY REQUIREMENTS

This loan will be secured by:

- (V) A first lien will be perfected by the lender on all farm products, such as but not limited to crops, livestock offspring, feeder livestock purchased and any proceeds derived therefrom. An assignment on milk proceeds, FSA benefits, and crop insurance benefits will be obtained.
- (V) A _____ lien will be perfected by the lender on all breeding livestock, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) Best obtainable lien on all the real estate owned by the borrower will be obtained by the lender.

USE OF LOAN FUNDS

1. The Lender will follow item 14 of Form FSA-2232 and will maintain a complete record of the disbursement of all loan funds. The operating years covered by this line of credit guarantee are limited to 2012 through 2016.

NEBRASKA AMENDMENT

NE EXHIBIT 3
(Par. 245)

(CLP – LOC)

Attachment A – page 2
Form FSA-2232
(Revised 7/12/2011)

INSURANCE REQUIREMENTS IN ADDITION TO THOSE INCLUDED ON FORM FSA-2232

1. Liability insurance is required on the entire operation.
- (V) Crop insurance is required and an assignment of indemnity obtained in favor of the lender in the following minimum levels:
 - Multi-peril crop insurance at the ___% of yield.
 - OR
 - Crop Revenue coverage at the ___% of yield.

PROMISSORY NOTES AND SECURITY INSTRUMENTS

- (V) The renewal date of the LOC will be _____ (month and day) _____ of each year.
- (V) The lender will file an Effective Financing Statement and will maintain an Effective Financing Statement during the life of the loan.
- (V) For entities, the note is executed by the member who is authorized to sign for the entity and by all members of the entity as individuals.

REQUIREMENTS IN ADDITION TO THOSE FOUND ON FORM FSA-2232 AND PRIOR TO THE FORM FSA-2235 “LOAN GUARANTEE” BEING ISSUED:

- (V) The original of Loan Note Guarantee/Contract Guarantee in the amount of _____ must be returned marked paid in full.
- (V) Electronic applications. The lender must submit an original, signed, Form FSA-2211 “Application for Guarantee” with the loan closing documents.
- (V) List other required items here.

SERVICING RESPONSIBILITIES

(The following items clarify some of the lender’s responsibilities as found in Form FSA-2201 “Lender’s Agreement”, FSA Handbook 2-FLP (Rev. 1))

1. Lender will submit Form FSA-2241 “Guaranteed Farm Loan Status Report” electronically or to the County Office as of March 31 and September 30 each year.

(CLP – LOC)

Attachment A – page 3
Form FSA-2232
(Revised 7/12/2011)

2. The lender will complete an annual analysis as required by FSA Handbook 2-FLP (Rev.1) Par. 265
3. The lender will provide the following to FSA annually:

- a written summary of the lender’s annual analysis of the borrower’s operation.

Note: This summary should describe the borrower’s progress and prospects for the upcoming operating cycle. This annual analysis may be waived or postponed if the borrower is financially strong. The summary will include a description of the reasons an analysis was not necessary.

- an annual certification stating that a cash flow projecting at least a feasible plan has been developed, that the borrower is in compliance with the provisions of the line of credit agreement, and that the previous years income and loan funds and security proceeds have been accounted for.

These documents should be submitted to the Authorized Agency Official within 30 calendar days of the completion of the annual financial analysis.

4. Line of Credit (LOC) limitation on advances and renewals:

- A. LOC advances for scheduled term debt payments that become due at the end of the operating cycle cannot be advanced by the lender to the borrower until both of the following have been obtained:

1. A cash flow projection for the coming year must be feasible.
2. Verification that the balance of the LOC including the projected term debt payment advances will be fully secured by inventory on hand that is being held for sale.

- B. Before advances can be made after the renewal date of _____ (month and day) of each year of the LOC, the following certification must be provided to FSA:

A projected cash flow has been developed and is feasible, the borrower is in compliance with the provisions of the line of credit agreement, and the previous year’s income and expenses have been accounted for.

(CLP – LOC)

Attachment A – page 4
Form FSA-2232
(Revised 7/12/2011)

5. The lender must keep a record of the disposition of all secured property. This will include a description of the security sold, quantity, proceeds received and a record of the use of the proceeds.
 6. If liquidation becomes necessary and the collateral for this guaranteed loan does not have sufficient value to pay the guaranteed loan in full, the lender agrees to aggressively pursue other assets the borrower or any co-signer may own for collection, if it is economically feasible to do so.
- (V) The following information will be required on Interest Assistance loans: Within 60 days after the annual payment/review date, the lender will submit a claim for payment. (Claims not filed within 1 year will not be paid and the amount due the lender is permanently forfeited.) Lenders may not charge or cause a borrower with an interest assistance agreement to be charged a fee for preparation and submission of the items required for an annual interest assistance claim. The lender will provide the following to the FSA County Office:

- FSA-2222

Notes: FSA-2222 shall be used to request payment for the previous year.

The lender shall provide FSA with an Electronic funds Transfer account number so the IA payment may be transmitted to them electronically.

- a detailed statement of activity, including all disbursements and payments applied to the loan or LOC account.
- detailed calculations of average daily principal balances for the claim period

Note: All claims will be supported by detailed calculations of average daily principal balance during the claim period.

NEBRASKA AMENDMENT

NE EXHIBIT 4
(Par. 245)

(CLP-Term)

Attachment A – page 1
Form FSA-2232
(Revised 7/12/2011)

Attachment to Form FSA-2232
Conditional Commitment, dated _____

Lender:

Borrower(s):

GENERAL

1. The County Office hereby notifies you that funds have been obligated for this loan and you may proceed with closing the loan, if all conditions set forth in the Form FSA-2232 and this attachment are accepted by the lender.
2. This attachment supplements Form FSA-2232. The lender must carefully read and follow both Form FSA-2232 and this attachment.

RATES AND TERMS

1. This loan will be closed for exactly _____ (dollar amount) _____ and will have actual terms of _____ years and will be amortized over _____ years.
2. The interest rate at closing for this loan must not exceed _____%.

SECURITY REQUIREMENTS

This loan will be secured by:

- (V) A _____ lien will be perfected by the lender on all breeding livestock, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) A _____ lien will be perfected by the lender on all breeding livestock, livestock offspring, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) The borrower must maintain a number of breeding livestock as follows:
- | Type of Livestock | Minimum Number |
|------------------------------------|----------------|
| _____
(ex: cows + bred heifers) | _____ |
| _____
(ex: bulls) | _____ |

NEBRASKA AMENDMENT

NE EXHIBIT 4

(Par. 245)

(CLP-Term)

Attachment A – page 2
Form FSA-2232
(Revised 7/12/2011)

- (V) A _____ lien will be perfected by the lender on all farm products such as but not limited to crops, livestock offspring, feeder livestock purchased and any proceeds derived therefrom. An assignment on milk proceeds, FSA benefits and crop insurance benefits will be obtained.
- (V) A _____ lien will be perfected by the lender on the real estate and irrigation equipment with an estimated value of _____ and containing _____ acres more or less. This lien position will be subject only to debt owed by the borrower to _____ (creditor name) in the amount of _____.
- (V) Best obtainable lien on all the real estate owned by the borrower will be obtained by the lender.
- (V) When real estate is taken as primary security, it is the lender's responsibility to:
 - Determine that the prior lien holder's documents do not contain any future advance clauses.
 - To insure that all owners, and any person(s) that have an interest in the real estate, sign the security documents.
 - Determine if the Nebraska Farm Homestead Protection Act applies, and if it does apply, the lenders must obtain a waiver from the borrower concerning this act.
- (V) All chattel security that is jointly owned will have an agreement for disposition of jointly owned property signed by all owners.
- (V) For operations where machinery/equipment and/or livestock is given to, borrowed from, and/or stored with a relative, neighbor, or friend, but not owned jointly and where ownership could become an issue, a written ownership statement and/or acknowledgment must be obtained from the borrower and any other party regarding all of the items listed on the borrower's security agreement. This statement/acknowledgement must establish the ownership and is required because of the close relationship of the operations of the parties involved.

APPRAISALS

1. Any required appraisals must be completed prior to the lender closing the loan. If the appraisal values are less than the estimated values as stated in the security requirements section of this attachment, the lender must not close the loan until FSA has reviewed the appraisal values and the Conditional Commitment is revised.

USE OF LOAN FUNDS

1. The Lender will follow item 14 of Form FSA-2232 and will maintain a complete record of the disbursement of all loan funds.

NEBRASKA AMENDMENT

NE EXHIBIT 4
(Par. 245)

(CLP-Term)

Attachment A – page 3
Form FSA-2232
(Revised 7/12/2011)

INSURANCE REQUIREMENTS IN ADDITION TO THOSE INCLUDED ON FORM FSA-2232

1. Liability insurance is required on the entire operation.
- (V) Hazard insurance is required on improvements to the real estate with a loss payable clause in favor of the lender.
- (V) Hazard insurance is required on chattel property, including farm vehicles, with a loss payable clause in favor of the lender.

PROMISSORY NOTES AND SECURITY INSTRUMENTS

- (V) The promissory note will require equal annual installments with a due date of _____ (month and day)_____ of each year.
- (V) The promissory note will require monthly installments.
- (V) If a direct loan is being closed by FSA in connection with this guaranteed loan and the direct loan will be in a junior lien position to the guaranteed loan, the guaranteed security documents cannot contain any future advance clause.
- (V) For entities, the note is executed by the member who is authorized to sign for the entity and by all members of the entity as individuals.

REQUIREMENTS IN ADDITION TO THOSE FOUND ON FORM FSA-2232 AND PRIOR TO THE FORM FSA-2235 “LOAN GUARANTEE” BEING ISSUED:

- (V) The original of Loan Note Guarantee/Contract Guarantee in the amount of _____ must be returned marked paid in full.
- (V) Electronic applications. The lender must submit an original, signed, Form FSA-2211 “Application for Guarantee” with the loan closing documents.
- (V) List other required items here.

(CLP-Term)

Attachment A – page 4
Form FSA-2232
(Revised 7/12/2011)

SERVICING RESPONSIBILITIES

(The following items clarify some of the lender's responsibilities as found in the Lender's Agreement, FSA Handbook 2-FLP (Rev.1))

1. Lender will submit Form FSA-2241 "Guaranteed Farm Loan Status Report" electronically or to the County Office as of March 31 and September 30 each year.
2. The lender will complete an annual analysis as required by FSA Handbook 2-FLP (Rev.1) Par. 265.
3. The lender will provide the following to FSA annually:
 - a written summary of the lender's annual analysis of the borrower's operation or a summary as to why financial strength makes the analysis unnecessary.

Note: The summary of the lenders annual analysis should describe the borrower's progress and prospects for the upcoming operating cycle. This annual analysis may be waived or postponed if the borrower is financially strong. The summary will include a description of the reasons an analysis was not necessary.

These documents should be submitted to the Authorized Agency Official within 30 calendar days of the completion of the annual financial analysis.

4. The lender must keep a record of the disposition of all secured property. This will include a description of the security sold, quantity, proceeds received and a record of the use of the proceeds.
5. If liquidation becomes necessary and the collateral for this guaranteed loan does not have sufficient value to pay the guaranteed loan in full, the lender agrees to aggressively pursue other assets the borrower or any co-signer may own for collection, if it is economically feasible to do so.

NEBRASKA AMENDMENT

NE EXHIBIT 4

(Par. 245)

Attachment A – page 5

Form FSA-2232

(Revised 7/12/2011)

(CLP-Term)

(V) The following information will be required on Interest Assistance loans: Within 60 days after the annual payment/review date, the lender will submit a claim for payment. (Claims not filed within 1 year will not be paid and the amount due the lender is permanently forfeited.) Lenders may not charge or cause a borrower with an interest assistance agreement to be charged a fee for preparation and submission of the items required for an annual interest assistance claim. The lender will provide the following to the FSA County Office:

- FSA-2222

Notes: FSA-2222 shall be used to request payment for the previous year.

The lender shall provide FSA with an Electronic funds Transfer account number so the IA payment may be transmitted to them electronically.

- a detailed statement of activity, including all disbursements and payments applied to the loan or LOC account.
- detailed calculations of average daily principal balances for the claim period

Note: All claims will be supported by detailed calculations of average daily principal balance during the claim period.

Nebraska Amendment

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NEBRASKA AMENDMENT

NE EXHIBIT 5
(Par. 245)

(PLP – LOC)

Attachment A – page 1
Form FSA-2232
(Revised 7/12/2011)

Attachment to Form FSA-2232
Conditional Commitment, dated _____

Lender:
Borrower(s):

GENERAL

1. The County Office hereby notifies you that funds have been obligated for this loan and you may proceed with closing the loan, if all conditions set forth in the Form FSA-2232 and this attachment are accepted by the lender.
2. This attachment supplements Form FSA-2232. The lender must carefully read and follow both Form FSA-2232 and this attachment.

RATES AND TERMS

1. The ceiling for this loan will be exactly _____ (dollar amount) _____ and will mature in 5 years.
2. The interest rate at closing for this loan cannot exceed _____%

SECURITY REQUIREMENTS

This loan will be secured by:

- (V) A first lien will be perfected by the lender on all farm products, such as but not limited to crops, livestock offspring, feeder livestock purchased and any proceeds derived therefrom. An assignment on milk proceeds, FSA benefits, and crop insurance benefits will be obtained.
- (V) A _____ lien will be perfected by the lender on all breeding livestock, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) Best obtainable lien on all the real estate owned by the borrower will be obtained by the lender.

(PLP – LOC)

Attachment A – page 2
Form FSA-2232
(Revised 7/12/2011)

USE OF LOAN FUNDS

1. The Lender will follow item 14 of Form FSA-2232 and will maintain a complete record of the disbursement of all loan funds. The operating years covered by this line of credit guarantee are limited to 2012 through 2016.

INSURANCE REQUIREMENTS IN ADDITION TO THOSE INCLUDED ON FORM FSA-2232

1. Liability insurance is required on the entire operation.
- (V) Crop insurance is required and an assignment of indemnity obtained in favor of the lender in the following minimum levels:
- Multi-peril crop insurance at the ___% of yield.
- OR
- Crop Revenue coverage at the ___% of yield.

PROMISSORY NOTES AND SECURITY INSTRUMENTS

- (V) The renewal date of the LOC will be ___ (month and day) ___ of each year.
- (V) The lender will file an Effective Financing Statement and will maintain an Effective Financing Statement during the life of the loan.
- (V) For entities, the note is executed by the member who is authorized to sign for the entity and by all members of the entity as individuals.

REQUIREMENTS IN ADDITION TO THOSE FOUND ON FORM FSA-2232 AND PRIOR TO THE FORM FSA-2235 “LOAN GUARANTEE” BEING ISSUED:

- (V) The original of Loan Note Guarantee/Contract Guarantee in the amount of _____ must be returned marked paid in full.
- (V) Electronic applications. The lender must submit an original, signed, Form FSA-2212 “Application for Guarantee” with the loan closing documents.
- (V) List other required items here.

(PLP – LOC)

Attachment A – page 3
Form FSA-2232
(Revised 7/12/2011)

SERVICING RESPONSIBILITIES

(The following items clarify some of the lender’s responsibilities as found in the Form FSA-2201 “Lender’s Agreement”, Credit Management System and FSA Handbook 2-FLP(Rev.1))

1. Lender will submit Form FSA-2241 “Status Report” electronically or to the County Office as of March 31 and September 30 each year.
2. PLP lenders must complete an annual analysis and loan servicing per their Credit Management System and Form FSA-2201 “Lender’s Agreement.

Line of Credit (LOC) advances and renewals:

- A. Advances made after the renewal date of (month and day) of each year must be in accordance with the Credit Management System and Form FSA-2201 “Lender’s Agreement”.
3. Line of Credit (LOC) limitation on advances and renewals:
 - A. LOC advances for scheduled term debt payments that become due at the end of the operating cycle cannot be advanced by the lender to the borrower until both of the following have been obtained:
 1. A cash flow projection for the coming year must be feasible.
 2. Verification that the balance of the LOC including the projected term debt payment advances will be fully secured by inventory on hand that is being held for sale.
4. The lender must keep a record of the disposition of all secured property. This will include a description of the security sold, quantity, proceeds received and a record of the use of the proceeds.
5. If liquidation becomes necessary and the collateral for this guaranteed loan does not have sufficient value to pay the guaranteed loan in full, the lender agrees to aggressively pursue other assets the borrower or any co-signer may own for collection, if it is economically feasible to do so.

NEBRASKA AMENDMENT

NE EXHIBIT 5
(Par. 245)

(PLP – LOC)

Attachment A – page 4
Form FSA-2232
(Revised 7/12/2011)

(V) The following information will be required on Interest Assistance loans: Within 60 days after the annual payment/review date, the lender will submit a claim for payment. (Claims not filed within 1 year will not be paid and the amount due the lender is permanently forfeited.) Lenders may not charge or cause a borrower with an interest assistance agreement to be charged a fee for preparation and submission of the items required for an annual interest assistance claim. The lender will provide the following to the FSA County Office:

- FSA-2222

Notes: FSA-2222 shall be used to request payment for the previous year.

The lender shall provide FSA with an Electronic Funds Transfer account number so the IA payment may be transmitted to them electronically.

- a detailed statement of activity, including all disbursements and payments applied to the loan or LOC account.
- detailed calculations of average daily principal balances for the claim period

Note: All claims will be supported by detailed calculations of average daily principal balance during the claim period.

NEBRASKA AMENDMENT

NE EXHIBIT 6
(Par. 245)

(PLP Term)

Attachment A – page 1
Form FSA-2232
(Revised 7/12/2011)

Attachment to Form FSA-2232
Conditional Commitment, dated _____

Lender:

Borrower(s):

GENERAL

1. The County Office hereby notifies you that funds have been obligated for this loan and you may proceed with closing the loan, if all conditions set forth in the Form FSA-2232 and this attachment are accepted by the lender.
2. This attachment supplements Form FSA-2232. The lender must carefully read and follow both Form FSA-2232 and this attachment.

RATES AND TERMS

1. This loan will be closed for exactly _____ (dollar amount) _____ and will have actual terms of _____ years and will be amortized over _____ years.
2. The interest rate at closing for this loan cannot exceed ____%.

SECURITY REQUIREMENTS

This loan will be secured by:

- (V) A _____ lien will be perfected by the lender on all breeding livestock, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) A _____ lien will be perfected by the lender on all breeding livestock, livestock offspring, machinery, equipment, and farm vehicles with the estimated value of _____ and subject only to the debt owed by the borrower to _____ (creditor name) _____ in the amount of _____.
- (V) The borrower must maintain all breeding livestock numbers.
- (V) The borrower must maintain a number of breeding livestock as follows:

Type of Livestock	Minimum Number
_____ (ex: cows + bred heifers)	_____
_____ (ex: bulls)	_____

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(PLP Term)

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- (V) A _____ lien will be perfected by the lender on all farm products such as but not limited to crops, livestock offspring, feeder livestock purchased and any proceeds derived therefrom. An assignment on milk proceeds, FSA benefits and crop insurance benefits will be obtained.
- (V) A _____ lien will be perfected by the lender on the real estate and irrigation equipment with an estimated value of _____ and containing _____ acres more or less. This lien position will be subject only to debt owed by the borrower to ____(creditor name)____ in the amount of _____.
- (V) Best obtainable lien on all the real estate owned by the borrower will be obtained by the lender.
- (V) When real estate is taken as primary security, it is the lender's responsibility to:
 - Determine that the prior lien holder's documents do not contain any future advance clauses.
 - To insure that all owners, and any person(s) that have an interest in the real estate, sign the security documents.
 - Determine if the Nebraska Farm Homestead Protection Act applies, and if it does apply, the lenders must obtain a waiver from the borrower concerning this act.
- (V) All chattel security that is jointly owned will have an agreement for disposition of jointly owned property signed by all owners.
- (V) For operations where machinery/equipment and/or livestock is given to, borrowed from, and/or stored with a relative, neighbor, or friend, but not owned jointly and where ownership could become an issue, a written ownership statement and/or acknowledgement must be obtained from the borrower and any other party regarding all of the items listed on the borrower's security agreement. This statement/acknowledgement must establish the ownership and is required because of the close relationship of the operations of the parties involved.

APPRAISALS

1. Any required appraisals must be completed prior to the lender closing the loan. If the appraisal values are less than the estimated values as stated in the security requirements section of this attachment, the lender must not close the loan until FSA has reviewed the appraisal values and the Conditional Commitment is revised.

USE OF LOAN FUNDS

1. The Lender will follow item 14 of Form FSA-2232 and will maintain a complete record of the disbursement of all loan funds.

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(PLP Term)

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INSURANCE REQUIREMENTS IN ADDITION TO THOSE INCLUDED ON FORM FSA-2232

1. Liability insurance is required on the entire operation.
- (V) Hazard insurance is required on improvements to the real estate with a loss payable clause in favor of the lender.
- (V) Hazard insurance is required on chattel property, including farm vehicles, with a loss payable clause in favor of the lender.

PROMISSORY NOTES AND SECURITY INSTRUMENTS

- (V) The promissory note will require equal annual installments with a due date of (month and date) of each year.
- (V) The promissory note will require monthly installments.
- (V) If a direct loan is being closed by FSA in connection with this guaranteed loan and the direct loan will be in a junior lien position to the guaranteed loan, the guaranteed security documents cannot contain any future advance clause.
- (V) For entities, the note is executed by the member who is authorized to sign for the entity and by all members of the entity as individuals.

REQUIREMENTS IN ADDITION TO THOSE FOUND ON FORM FSA-2232 AND PRIOR TO THE FORM FSA-2235 "LOAN GUARANTEE" BEING ISSUED:

- (V) The original of Loan Note Guarantee/Contract Guarantee in the amount of _____ must be returned marked paid in full.
- (V) Electronic applications. The lender must submit an original, signed, Form FSA-2212 "Application for Guarantee" with the loan closing documents.
- (V) List other required items here.

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(PLP Term)

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SERVICING RESPONSIBILITIES

(The following items clarify some of the lender's responsibilities as found in the Form FSA-2201 "Lender's Agreement", Credit Management System and FSA Handbook 2-FLP)

1. Lender will submit Form FSA-2241 "Guaranteed Farm Loan Status Report" electronically or to the County Office as of March 31 and September 30 each year.
 2. PLP lenders must complete an annual analysis and loan servicing per their Credit Management System and Form FSA-2201 "Lender's Agreement".
 3. The lender must keep a record of the disposition of all secured property. This will include a description of the security sold, quantity, proceeds received and a record of the use of the proceeds.
 4. If liquidation becomes necessary and the collateral for this guaranteed loan does not have sufficient value to pay the guaranteed loan in full, the lender agrees to aggressively pursue other assets the borrower or any co-signer may own for collection, if it is economically feasible to do so.
- (V) The following information will be required on Interest Assistance loans: Within 60 days after the annual payment/review date, the lender will submit a claim for payment. (Claims not filed within 1 year will not be paid and the amount due the lender is permanently forfeited.) Lenders may not charge or cause a borrower with an interest assistance agreement to be charged a fee for preparation and submission of the items required for an annual interest assistance claim. The lender will provide the following to the FSA County Office:

- for payment claim information:

- FSA-2222

Notes: FSA-2222 shall be used to both request payment for the previous year.

The lender shall provide FSA with an Electronic Funds Transfer account number so the IA payment may be transmitted to them electronically.

- a detailed statement of activity, including all disbursements and payments applied to the loan or LOC account.
- detailed calculations of average daily principal balances for the claim period
Note: All claims will be supported by detailed calculations of average daily principal balance during the claim period.

Nebraska Amendment

**NE Exhibit 7
(Par. 359 & Par. 360)**

County Office Responsibilities in Processing of Estimated and Final Loss Claims

1. Cover Letter – A cover letter must be provided to describe the case, point out any unique problems, missing security, agreements made with the lender, reasons for deductions from the claim, and recommendations/conditions of approval.
2. Form FSA-2295 (Estimated Loss Claims, including Bankruptcy cases) and Form FSA-2296 (Final Loss Claims, including Chapter 7 Bankruptcy cases) – FLM will completed the appropriate form, sign and date prior to sending it to the State Office.
3. Review of PLP lender files – On Final Loss Claims for PLP lenders, the FLM will review the lender’s loan file to insure that the lender correctly followed the CMS and 2-FLP (Rev.1) Handbook when the loan was made and when the loan was serviced.
4. The FLM may want to review the lender file to determine if the Loss Claim should be approved on CLP (Estimated and Final) and PLP (Estimated).
5. Loan History – The lender must provide a print out of all loans (guaranteed or non-guaranteed) the borrower has had with the guaranteed lender. This must show the loan amount, when the loan was obtained, when the loan was paid in full (or the remaining balance). This information is needed to determine if the unguaranteed loans were obtained and if the sale proceeds were diverted from guaranteed loan repayment to unguaranteed loan repayment.
6. Statement of Account – The lender must provide a statement of account on each guaranteed loan, stating the purpose of each advance, interest rate changes, application of payments (breakdown of principal and interest) and a running outstanding balance from the beginning of the loan to the present. A statement of account is optional on Estimated Loss Claims but will be required on Final Loss Claims, including guaranteed loans that were paid off in connection with the liquidation. The FLM will enter the loan information into the computer program “Loan Calculator” on Final Loss Claims and resolve any overstatements of debt with the lender before submitting the print out with the file to the State Office. In addition to submitting a hard copy the FLM will also forward a “Loan Calculator” spreadsheet for each guaranteed loan to the Farm Loan Specialist processing the Final Loss Claim. The “Loan Calculator” spreadsheet is optional for estimated loss claims.

Nebraska Amendment

**NE Exhibit 7
(Par. 359 & Par. 360)**

7. Accounting for the security – FLM must review the Conditional Commitment to determine the original security pledged and other special requirements.
 - The FLM must obtain a copy of the chattel and real estate appraisal, as appropriate from the CLP or PLP lenders which were used for loan making.
 - The FLM must compare the original security pledged, purchased, and security resulting from trading to the current appraisal/list of security to determine if the lender has accounted for the security. On Estimated Loss Claims the lender may provide a current list of chattels instead of an appraisal if the security will be sold at a public auction. On Final Loss Claims the lender must provide a copy of the Real Estate Settlement Sheet, Chattel or Livestock Auction Settlement Sheet with an itemized listing of items sold, and any other information to document security sold, and the proceeds received. The FLM must check to verify that the proceeds were included as a payment on the guaranteed loan(s). The FLM must complete NE Exhibit 9 or similar to document the review.
8. Liquidation expenses or protective advances must be documented on the Final Loss Claim by the lender, by providing a copy of the invoice/bill if the expenses/advances are not included in one of the settlement sheets as required in item 7.
9. Form FSA-2254 “Guaranteed Loan Report of Loss” – The Form FSA-2254 must be signed by the lender. The SED will approve ALL loss claims.
10. Interest Assistance – All outstanding Interest Assistance claims must be paid and Interest Assistance must be terminated before the Finance Office will process the loss claim.
11. Bankruptcy – The lender is completely responsible for protecting the guaranteed loan in bankruptcy. At a minimum, the lender must obtain an appraisal for all the security and object to proposals which cram the guaranteed loan debt below the appraised value, do not account for all loan security, allow the interest rate to be crammed down below the Wichman rate, or allow an unreasonable repayment term. This is only a partial list as there are many other issues that the lender will not to object to, as each individual case is processed by the Bankruptcy Court.

Nebraska Amendment

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