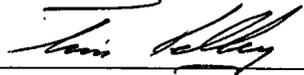


For: County Offices

Maintenance of Lender's Agreements

Approved by: State Executive Director



1 Overview

A Background

This notice replaces MO Notice FLP-438 dated 01/22/2008 and is issued to make corrections to Part I, Lender Requirements for Electronic Reporting. MO Notice FLP-438 replaced MO Notice FLP-329 dated May 17, 2006, which expired June 1, 2007. Lenders have the capability of to submit data (status and default status reports) electronically through the USDA Lender Interface Network Connection (LINC) web site connected to the Guaranteed Loan System (GLS). Lenders who will participate in electronic reporting must do the following:

- recertify using the revised FSA-2201
- ensure that employees with access to electronic reporting create a level 2 eAuthentication ID and password
- designate an employee(s) as their Security Administrator(s) who will act as a point of contact to FSA.

B Purpose

This notice is intended to clarify the requirements of obtaining and maintaining Lender's Agreements and provides:

- information about guaranteed lenders' electronic status reporting capability
- information concerning modifications to FSA-2201
- information about the AASM system
- lender requirements for electronic reporting through the USDA LINC web site

C Contact

Any questions concerning this Notice should be directed to the Farm Loan Programs Section in the State Office.

D Filing Instructions

A copy of this Notice should be filed preceding 2-FLP Handbook.

Disposal Date February 1, 2009	Distribution Farm Loan Teams, County Offices, AFLSs, DDs, CORs
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2 Implementation

A Requirements

Lenders that participate in FSA guaranteed loans are classified into one of the following categories:

1. Standard Lender (SEL)
2. Certified Lender (CLP)
3. Preferred Lender (PLP)

All loans are governed by a Lender's Agreement. This is the signed agreement between FSA and the lender setting terms and conditions for originating and servicing FSA guaranteed loans.

For Guaranteed Farm Loan Programs, FSA-2201, Lender's Agreement, will be signed only once by the lender and will govern all loans/lines of credit guaranteed to that lender while the agreement is in effect.

Lenders who have little or no experience with FSA guaranteed FLP loans are considered SEL's and must originate and service loans under SEL requirements. Lenders who have a positive track record of participation in the program may apply for one of the two FSA status lender programs, CLP or PLP.

B To Apply for CLP or PLP Status

If a lender wishes to apply for the Certified Lender Program (CLP) or the Preferred Lender Program (PLP) status, provide the following to the Farm Loan Programs Section of State Office by telephone, fax, or letter:

- Lender Name and Tax ID Number
- Lender's complete mailing address
- Lender contact person's name and title

Obtaining the correct spelling and punctuation is absolutely necessary. State Office will check GLS records to see that the lender meets the program eligibility criteria and a CLP or PLP packet will be mailed to the lender from the Farm Loan Programs Section.

C Form FSA-2201

A lender must close a guaranteed loan under the most current revision of the FSA-2201, "Lender's Agreement." Revision dated 12-31-2007 is the most current version of the FSA-2201.

For an SEL lender, the Lender's Agreement is valid indefinitely from the time of execution unless terminated by FSA. The Farm Loan Manager/Officer that serves the county where the lender's main office is located will sign the Lender's Agreement that is to be used throughout the state. Be sure the lender includes all counties in which the lender potentially would make a guaranteed loan. The original will be forwarded to the Farm Loan section in State Office.

For a CLP lender, the Lender's Agreement is valid for 5 years from the date of execution by the SED.

For a PLP lender, the Lender's Agreement is valid for 5 years from the date of execution by the DAFLP. Review the corresponding MO NOTICE that pertains to the specific PLP lender prior to any loan making or servicing action.

The State Office maintains the original of all SEL, CLP, & PLP Lender's Agreements. The State Office will send a copy to each Farm Loan Office affected by the Lender's Agreement. The county office copy is to be retained in the lender's master file located in the operational file FLP 2-3, Individual Guaranteed Lender Files.

D Servicing of Existing Guaranteed Loans

The lender is responsible for originating and servicing ALL guaranteed loans in their portfolio based on the lenders' current/actual status (SEL, CLP, or PLP) and in accordance with the most recently executed FSA-2201.

Example: If a lender has an SEL FSA-2201, they will originate and service loans under SEL requirements. If the same lender applies for CLP status and is approved, a new CLP FSA-2201 is executed. As long as the CLP FSA-2201 remains in effect, the lender will originate and service all loans under the CLP requirements including existing loans originated under any previously executed Lender's Agreement.

The same rule applies if a CLP or PLP lender loses its special lender status, then all loans must be serviced under the SEL requirements.

E Recurring Deficiencies

Lender performance shall be monitored by annual file reviews. The lender must show a consistent practice of processing agency guaranteed loans without recurring minor or major deficiencies. See 2-FLP Handbook Par.52H, page 4-21, for the definition of minor or major deficiencies.

2-FLP Par.48 C states:

In situations where the Authorized Agency Official is unable to resolve deficiencies with the lender, enforcement actions may be taken. Before the implementation of any enforcement action by FSA, the lender must be:

- notified in writing of the deficiencies
- given a specific timeframe in which to resolve the deficiencies
- warned of the sanctions that may be taken by FSA if the deficiencies are not resolved

In most instances, before writing a lender deficiency letter, an agency loan approval official needs to contact the lender by phone, email, and/or a personal visit to discuss the problems and/or deficiencies that need to be resolved/corrected. Issues need to be resolved as early as possible.

It may be necessary to do a follow-up lender file review for re-inspection of the deficiencies. When a "Lender Deficiency Letter" has been sent to the lender and a follow-up or second notice is necessary, a copy of the follow-up or second notice needs to be filed/mailed to the following:

- Lender's county office operational file
- Farm Loan Section of the state office
- District Director
- Area Farm Loan Specialist

When a lender fails to correct required deficiencies, sanctions can be imposed on the lender that could include the following:

- adjustment of loss claims
- increased monitoring visits
- increased reporting on corrective actions taken
- increased documentation for guarantee processing
- determination that the lender does not meet SEL standards, and therefore, is not eligible for future guaranteed loans

Without proper documentation, sanctions cannot be imposed. Lender sanctions shall only be imposed with written State Executive Director and Farm Loan Chief concurrence/approval.

G Lender Electronic Status Reporting Capability

Lenders should be encouraged to sign up for access to status and default status electronic reporting in GLS. Lenders who do not choose this electronic method shall complete either a manual or eFile the FSA-2241, Status Report, and/or FSA-2248, Default Status Report, for each loan according to 2-FLP. The FSA-2241 and FSA-2248 are available at <http://forms.sc.egov.usda.gov/eforms/mainervlet>. The forms can be eFiled or mailed to the local FSA Service Center.

H Application Authorization Security Management (AASM) System

AASM is the database that FSA will use to grant access to lenders to electronically report status and default status reports, guaranteed loan closings, and future GLS electronic reporting applications, such as web-based guaranteed loss claims.

Contact Linda Griffith of the STO to add the lender's Security Administrator(s) to the system. Security Administrators will add lender employees designated by the lender to use FSA's electronic reporting applications.

I Lender Requirements for Electronic Reporting

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

MO Notice FLP-445

- Each lender employee who participates in electronic reporting must create a level 2 eAuthentication ID and password at www.eauth.egov.usda.gov/ .
- The 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 outlined in 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 Security Administrator can have authority over all 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.

Once 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, FSA does not add or maintain any of the following roles.

- Representative – Employee that the lender designates and authorizes to input electronic data through the USDA LINC web site. The Security Administrator can authorize for the entire portfolio as a Lender Representative or limit access to a specific branch as a Branch Representative.
- Viewer – 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.