

GUARANTEED NEWS

Volume No. 9

September 2008

FSA Loan Funding Subject to Congress Appropriations

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 the Agency may run out of money for some programs.

Guaranteed OL & FO funding has been adequate to meet the demand in the past.

Question: When FSA's direct loan or guaranteed OL interest assistance programs are out of money, should I still apply for a loan?

Answer: Yes!! Even when money has run out for a loan program, FSA still accepts, processes, and approves loan applications. Approved loans are held until money becomes available. Loans are funded in date order, based on the date that the application was received.

Submitting an application sets your place in the waiting line for funds, so it is to your advantage to apply for a loan even when there is no money available.

INSIDE:

- | | |
|---|--|
| 2 | Noteworthy Farm Bill Changes |
| 2 | 2-FLP Handbook Revisions |
| 2 | Annual FSA Lender Training Schedule |
| 3 | e-Filing of Guaranteed Loans |
| 3 | Forms |
| 3 | FSA's Measures for Protected Privacy Act |

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 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.

Guaranteed Loan Limit Increases October 1, 2008

Effective October 1, 2008, FSA's guaranteed loan limit will increase to \$1,094,000 from \$949,000.



Noteworthy Farm Bill Changes:

Title V of the Farm Bill changed, added or amended several items to Farm Loan Programs. Many changes were effective immediately while others will wait for final regulation implementation.

Following are summaries of the noteworthy changes that will be of interest to you and your FSA relationship:

- ✚ **Suspension of Period for which Borrowers are Eligible for Guaranteed Assistance** - The 15 year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010.
- ✚ **Loan Dollar Limitations on the Amount of Farm Ownership and Operating Direct Loans** - The maximum direct loan amount authorized has been increased from \$200,000 to \$300,000 for both direct loan programs..
- ✚ **Direct Farm Ownership Down Payment Loan Program (50-45-5)** – Modifies the existing program in several respects:
 - Expanded to include socially disadvantaged farmers in addition to beginning farmers.
 - The fixed interest rate is specified at the direct FO rate less 4% with a floor of 1.5%.
 - The loan term is extended from 15 to 20 years.
 - The required down payment is reduced from 10% to 5%.
 - FSA may provide a maximum loan amount not to exceed 45% the lesser of:
 - (1) purchase price of the farm acquired
 - (2) appraised value of the farm acquired
 - (3) or \$500,000

This results in a maximum FSA direct loan of \$225,000.

The participating lender or private party will provide 50% (or more) to equal the purchase price.

For beginning farmers, FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender and participating lenders are not charged a guarantee fee.

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.

2-FLP Amendment 3 effective 7-15-2008:

- The agency will not pay interest accrual beyond 210 days from the payment due date.
- All lenders within 150 days of the payment due date must prepare a liquidation plan.
- Lenders must file estimated and final loss claims within a timely manner.
- All sale proceeds from the liquidation of assets must be applied to the principal first and then toward accrued interest if the loan is still accruing interest.

Annual FSA Lender Training Schedule

October 28, 2008	Clinton
October 29, 2008	St. Joseph
October 30, 2008	Chillicothe
October 31, 2008	Kirkville
November 4, 2008	Cape Girardeau
November 5, 2008	Portageville
November 6, 2008	Carthage
November 7, 2008	Springfield
November 12, 2008	Columbia

FSA's annual lender training meetings (9:30am to 12:00pm) are scheduled to keep lenders updated on new or amended program changes and to discuss other general issues. No reservations are required.

All lenders (regardless of lender status) are invited and encouraged to attend! Lenders are also encouraged to bring all support staff personnel that work with FSA guaranteed loans.

Persons with disabilities who require accommodations to attend or participate in this meeting should contact Linda Griffith at 573-876-0980, or Federal Relay Service at 1-800-877-8339, or e-mail linda.griffith@mo.usda.gov at least one week before the meeting.

e-Filing of Guaranteed Loans:

Do you want to submit your loan package online? The first step is to obtain a Level 2 eAuthentication account as described above. Once you have accomplished that you will submit your packages by accessing the eForms website at www.usda.gov and click the "Find a Form" selection.

You will now be at URL: <http://forms.sc.egov.usda.gov/eforms/mainservlet> and then you will sign-in using your Level 2 e-Auth name and password. Proceed from there completing and submitting forms/packages to your local FSA County Office. Anyone can obtain, complete and print forms from the link above without an eAuth account.

Forms:

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

Answer: The USDA Service Center EForms website 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/mainservlet>

Go to the above website and select:



Use the drop down menu to select the Agency Name and Program Name and then select:

SEARCH

Form Search

Agency Name

Farm Service Agency

Program Name

Guaranteed Loan

FSA's New Measures for Protected Privacy Act

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 has been implemented and included revising FSA's guaranteed loan forms by replacing the guaranteed borrower's/applicant's tax identification number with the new FSA Account Number.

All guaranteed loans now have an FSA assigned Account Number.



Personally Identifiable Information

Protect It Like Your Own



**Missouri State FSA Office
601 Business Loop 70 W
Parkade Center, Suite 225
Columbia, MO 65203**

Missouri State Office Contacts:

Tim Kelley – State Executive Director

Dan Gieseke - Farm Loan Chief

Email: daniel.gieseke@mo.usda.gov

Jim Harms - State Farm Loan Specialist

Email: james.harms@mo.usda.gov

Tel # (573) 876-0980

Fax # (573) 876-0935



The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.