



Guaranteed Loans News



Kudos to FSA's Preferred Lenders 16 Years of Guaranteed Loans Participation

The Preferred Lender Program (PLP) was launched in 1999. PLP status is the top status that a lender can hold in the FSA Guaranteed Farm Loan Program and was developed to recognize lenders with expertise and understanding of agricultural lending and the FSA Guaranteed Loan Program.

We would like to salute those lenders who have participated in the PLP program for the last 16 years.

AgCountry Farm Credit Services, FLCA & PCA
AgGeorgia Farm Credit, ACA
AgStar Financial Services, FLCA & PCA
Alabama AgCredit
Alpine Bank & Trust Company
Badgerland Financial
Farm Credit Services of Colusa-Glenn
Citizens State Bank of Loyal
First Dakota National Bank
First National Bank in Philip
First National Bank of Waverly
Heritage Bank, NA
Iowa Savings Bank
Mound City Bank
State Bank of Arcadia
The Bank
Yankee Farm Credit, ACA

AgCredit, ACA
AgHeritage Farm Credit Services
AgTexas Farm Credit Services
Alabama Farm Credit
American AgCredit
Central Kentucky, FLCA & PCA
Farmers State Bank (SD)
First Citizens National Bank (IA)
First Financial Bank
First National Bank of Chadron
First State Bank of North Dakota
Investors Community Bank
Peoples State Bank of Newton
Southwest Georgia Farm Credit, ACA
Strasburg State Bank
Welch State Bank





Guaranteed Loans News

First Dakota National Bank FSA's First Preferred Lender

"First Dakota National Bank takes great pride in being named the first Preferred Lender (PLP) in the country on March 10, 1999. Since that time, we have continued to grow our use of the FSA Guaranteed Loan Program. PLP status gives us much improved flexibility, and most importantly, a fast turnaround time allowing us to provide the best customer services possible.

The many positive benefits of having PLP status allows us to pass on the best loan terms possible to farmers and ranchers in two categories. The first category is farmers and ranchers that don't qualify for conventional loans. This is most often because of challenging times that are inevitable in the volatile and cyclical agriculture industry we serve. The second category is farmers and ranchers needing to stretch for an important capital purchase or acquisition for their operation. This is often the case for young and beginning farms and ranches.

The Preferred Lender Program is a great tool; "I don't know why any agricultural bank would not want to obtain PLP status?" (Nate Franzen, President Ag Division – First Dakota National Bank)



(Pictured Left to Right, Former Deputy Administrator for Farm Loan Programs, Carolyn Cooksie, Denny Everson, former President, Agri-Business Division, First Dakota National Bank, Former Secretary of Agriculture Dan Glickman)

Farewell to a Good Friend

Farm Service Agency would like to extend well wishes to John Blanchfield on his retirement from the American Bankers Association (ABA). During his tenure, John and ABA have been great supporters of FSA, Farm Loan Programs, and the Guaranteed Loan Program.

Best wishes to John on his retirement!



John received a certificate of Honorary Preferred Lender from Jim Radintz, Acting Deputy Administrator for Farm Loan Programs during John's recent retirement party.

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Guaranteed Loans News

Guaranteed Conservation Loans

Guaranteed Conservation Loans (CL) are available. Eligible applicants may use CL funds to complete any conservation activity included in a conservation plan or Forestry Management Plan and refinance debts related to implementing any conservation activity if refinancing will result in additional conservation benefits. Maximum indebtedness is \$1,392,000 (amount adjusted annually for inflation) and the maximum repayment term is 30 years. CLs are guaranteed at 80 percent (90 percent for socially disadvantaged borrowers and beginning farmers) and family farm and test for credit requirements are not applicable.

Releasing Normal Income Security for Essential Family Living and Farm Operating Expenses

Lenders are permitted to temporarily release normal income security (including crop, milk, market livestock, and livestock product sales). However, any releases beyond what is necessary to make the annual payments will require the lender to prepare a cash flow budget showing repayment in the year of the release or typical year cash flow budget reflecting loan restructuring, including deferrals, that will be necessary to keep the operation in business. Documents shall be submitted according to the lender status requirements in 2-FLP.

Flexible Repayment Terms

2-FLP Paragraph 137 allows lenders to schedule repayment of annual Operating Loans (OL) and Lines of Credit (LOC) for up to seven years and to schedule unequal installments on term loans if needed to recover from an economic reversal. These measures are authorized to assist producers with long-term viability in obtaining operating capital in difficult times, and should be used with care and caution. Lenders shall structure repayment over the shortest period of time practical, based on cash flow budgets.

Farm Bill – Entity Rule Changes

FSA recently published changes to its Direct and Guaranteed Farm Loan regulations as directed by the 2014 Farm Bill. These changes were initiated to better reflect how family farms and farmland are legally owned.

The rule changes, which became effective November 7, 2014, benefit entity operations in three ways:

1. Allows for more flexibility to assist newly created entity types. Previously, FSA was restricted to entities listed in our statutes.

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2. Relaxes owner/operator requirements allowing some family farms to own farmland as one entity while operating the farm as another entity. Previously, FSA was unable to lend to farmers unless the farm was owned and operated by the same entity.
3. Allows more flexibility to entities that are owned by other entities. Previously, FSA required entity applicants to be owned by individuals and not by entities.

With these improvements, we hope to assist more family farms strengthen their operations.

Funding Fiscal Year (FY) 2014

Fiscal Year 2014 was a good year for the Guaranteed Loan Program.

- Guaranteed OL use increased to \$1B.
- Guaranteed FO use increased 35% from FY 2014 to \$2B.



Funding Fiscal Year 2015

- Guaranteed OL funding - \$1.4B
- Guaranteed FO funding - \$2B

For more information on FSA's Guaranteed Loan Programs and to subscribe to the Guaranteed E-Newsletter, visit our website at www.fsa.usda.gov/daflp

FSA encourages lenders to provide suggestions, comments or ideas for future newsletter articles. Please contact:

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