

For: State and County Offices

Continuation of Term Limits on Guaranteed Operating Loans (OL's)

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

Section 319 (b) of the Consolidated Farm and Rural Development Act prohibits a borrower from receiving guaranteed OL's if the borrower has received guaranteed or direct OL's in 15 or more years according to 2-FLP, subparagraphs 108 L and M. Section 5102 of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) suspended the term limits until December 31, 2006. These authorities and conditions continued through FY 2007 under the Continuing Resolution (Pub. L. 110-5) and now have been extended through November 16, 2007, by the Continuing Resolution issued on October 1, 2007, (Pub. L. 110-92).

B Purpose

This notice provides guidance on:

- term limit eligibility requirements
- notifying lenders with pending applications of term limitations.

C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact the Guaranteed Loans Branch, LMD, at 202-720-3889.

Disposal Date

March 1, 2008

Distribution

State Offices; State Offices relay to County Offices

Notice FLP-482

2 Action

A Determine Term Limit Eligibility

In anticipation of the possible expiration of the guaranteed OL term limit waiver, County Offices shall review guaranteed OL applications in process to determine if applicants meet the term limits according to 2-FLP, subparagraphs 108 L and M. FSA will **not** intentionally delay action on guaranteed OL requests.

B Notifying Lenders With Pending OL Applications

If the term limit waiver is not extended beyond November 16, 2007, FSA-1980-27's cannot be issued for borrowers exceeding the term limits according to 2-FLP, subparagraphs 108 L and M after that date. If an application is approved for an applicant who will no longer be eligible on November 17, 2007, the following condition should be included in FSA-2232, Part B, item 17:

“A Loan Guarantee cannot be issued after November 16, 2007, without further congressional action because the applicant will no longer be eligible due to statutory operating loan term limitations implemented by §7 C.F.R. 762.122 (a). If the loan is not closed and all lender and FSA actions outlined in 2-FLP, paragraph 247 are not completed prior to November 17, 2007, this conditional commitment becomes null and void.”

In addition, the number of days inserted in FSA-2232, Part C, item 18 may be reasonably adjusted to ensure that the guarantee is requested so that FSA can complete the requirements of 2-FLP, subparagraph 247 B by November 16, 2007.

Note: Additional Continuing Resolutions may continue the term limit waiver. However, a determination of whether the term limit waiver continues cannot be made until after the Continuing Resolution language has been reviewed by OGC. If an additional CR is enacted, loan guarantees for borrowers exceeding the term limit shall not be issued without further guidance from the National Office.