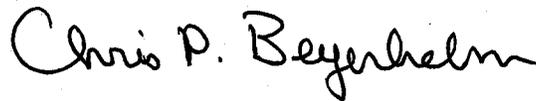


For: State and County Offices

15-Year Guaranteed OL Time Limit

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

Section 319(b) [7 U.S.C. 1949(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 as provided in 2-FLP, subparagraphs 108 L and M. Section 5103 of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) suspended the term limits until December 31, 2010.

At the current time, legislation to again suspend the term limits has been introduced in Congress, but has **not** been acted on.

Several thousand direct and guaranteed borrowers may no longer be eligible for guaranteed OL's through FSA after December 31, 2010. This could be critical to the borrower who needs to rely on guaranteed loans for annual crop needs or term operating needs in 2011.

B Purpose

This notice provides guidance on:

- accessing the list of borrowers affected by enforcing term limits
- contacting guaranteed lenders to:
 - remind them of the possibility of enforcement of term limits in 2011
 - inform them of their borrowers who may be affected.

<p>Disposal Date</p> <p>January 1, 2011</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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1 Overview (Continued)

C Contact

If there are questions about this notice:

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

2 Action

A Affected Borrowers

The National Office has developed a list of direct and guaranteed borrowers, including the lender name for active borrowers, who will be affected by the enforcement of the 15-year term limits. The list, along with an explanation of fields, will come by a password-protected e-mail to each State's FLC. A list of applicable borrowers will then be disseminated by FLC, in a manner that properly safeguards privacy-protected data, to County Offices to aid in lender notification.

Note: Exhibit 1 is a summary count by State of the affected borrowers.

B Contacting Lenders

All guaranteed lenders will be reminded that the 15-year term limit suspension will expire on December 31, 2010, if Congress does **not** act to extend the suspension. Field Offices may use Exhibit 2. Lenders will also be notified in a manner that safeguards privacy-protected data, of any of their borrowers who will be affected.

Any lender notification will be documented in the lender's file according to 25-AS, Exhibit 40.5.

3 Follow-Up Action

A County Office

Any guaranteed OL requests for borrowers who will have met the 15-year term limit will need to be closed by December 31, 2010.

If Congress allows the term limit suspension to expire, all applications will be reviewed using applicable reports from DLS and GLS to determine whether the applicant meets the term limit requirements as provided in 2-FLP, subparagraphs 108 L and M.

Summary Count by State

State	0 Year Remaining	1 Year Remaining	2 Years Remaining
Alabama	20	4	14
Alaska	0	0	0
Arizona	1	2	3
Arkansas	158	36	52
California	29	7	19
Colorado	37	15	21
Connecticut	10	4	1
Delaware	0	0	0
Florida	14	2	8
Georgia	130	31	44
Hawaii	0	2	0
Idaho	77	20	27
Illinois	237	68	113
Indiana	152	46	42
Iowa	233	101	117
Kansas	195	59	86
Kentucky	104	43	51
Louisiana	395	106	139
Maine	32	18	14
Maryland	2	0	1
Massachusetts	7	2	1
Michigan	95	50	47
Minnesota	365	111	134
Mississippi	101	39	52
Missouri	134	49	55
Montana	51	18	23
Nebraska	213	71	111
Nevada	8	2	1
New Hampshire	3	0	1
New Jersey	2	3	3
New Mexico	18	7	10
New York	38	14	18
North Carolina	89	28	44
North Dakota	146	92	105

Summary Count by State (Continued)

State	0 Year Remaining	1 Year Remaining	2 Years Remaining
Ohio	64	17	25
Oklahoma	113	38	73
Oregon	18	7	14
Pennsylvania	30	16	18
Puerto Rico	0	0	0
Rhode Island	0	0	0
South Carolina	59	21	18
South Dakota	142	52	56
Tennessee	83	28	37
Texas	456	154	191
Utah	2	0	0
Vermont	7	3	12
Virgin Islands	0	0	0
Virginia	28	7	11
Washington	59	19	25
West Virginia	10	9	6
Wisconsin	37	22	46
Wyoming	13	4	7
	4,217	1,447	1,896

Example Letter to Lenders

<FSA LETTERHEAD>

<Date>

<Addressee>

<Address Line 1>

<Address Line 2>

<City State Zip Code>

Dear <Lender>

FSA appreciates your participation in our Guaranteed Loan Program and would like to take this opportunity to help you assist your guaranteed borrowers.

For several years, you have been able to request a guaranteed loan for any of your borrowers regardless of the number of years the borrower has received a direct or guaranteed loan through FSA. The Consolidated Farm and Rural Development Act prohibits a borrower from receiving guaranteed operating loans if the borrower has received direct or guaranteed operating loans in 15 or more years; however, the Food, Conservation, and Energy Act of 2008 suspended this prohibition until December 31, 2010.

December 31, 2010, is quickly approaching and unless legislation is passed to continue the suspension of the term limits, several thousand borrowers may be affected because this may eliminate their ability to obtain financing in 2011 if they are in need of a guaranteed loan to meet their annual cropping and term operating needs.

Enclosed with this letter you will find a list of your borrowers who have already met the 15-year limit. <If the lender did not have any borrowers on the list, please note here.> We encourage you to contact these borrowers and advise them of their situation and, if appropriate, consider making additional guaranteed loans before December 31, 2010.

If you have any questions, please call the <County> FSA Office at <area code + telephone number>.

Sincerely,

Farm Loan Manager

Enclosure