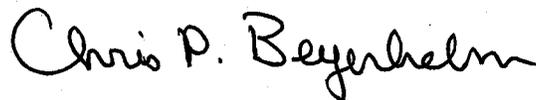


For: State and County Offices

**Increasing Participation in the Guaranteed Loan Program**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

On April 21, 2009, the Secretary issued a memorandum to all USDA employees titled, "A New Civil Rights Era for USDA". The memorandum outlined 14 actions "to ensure fair treatment of all employees and applicants and improve our program delivery to every person entitled to our varied services". The first action was to have an external analysis of the delivery of FSA, NRCS, RD, and RMA programs, including FLP. The findings of this analysis are included in the Civil Rights Assessment Report, also referred to as the Cultural Transformation, Inclusion, and Accessibility Report (the Report). The Report, in part:

- provides a comparison of the FLP customer base, based on both the number of loans made and dollars loaned with the "principal operator" results of the 2007 NASS Census of Agriculture and includes specific data on SDA participation rates
- includes a summary of the comments received during listening sessions with customers, or potential customers and applicants; interviews with Community Based Organizations; and interviews with FSA employees.

As reflected in the Report, the analysis found, in general, that the SDA participation rate in the direct loan program was at or above the percent of SDA "principal operators" reported in the 2007 NASS Census of Agriculture. With the exception of Asians, and Native Hawaiians and Pacific Islanders, the Guaranteed Loan Program, however, was found to have a significantly lower SDA participation rate.

While a lender ultimately determines when an FSA guarantee will be requested, there are steps that FSA can take to encourage SDA participation in the Guaranteed Loan Program.

**Note:** The Report, without Exhibits, can be found at [http://www.usda.gov/documents/Civil\\_Rights\\_Assessment-Final\\_Report.pdf](http://www.usda.gov/documents/Civil_Rights_Assessment-Final_Report.pdf).

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2012 9-8-11	State Offices; State Offices relay to County Offices

## Notice FLP-595

### 1 Overview (Continued)

#### B Purpose

This notice provides guidance on:

- lender training to increase SDA participation and reporting
- using the Market Placement Program to increase SDA's participation
- entering demographic information into GLS.

#### C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Guaranteed Loan Making Branch at 202-720-3889.

### 2 Action

#### A State Office Action

As part of annual lender training required by 2-FLP, subparagraph 20 C, State Offices shall:

- introduce lenders to the findings included in the Report
- encourage lenders to inform all applicants that, for an applicant to be eligible for SDA funds, FSA will need his or her ethnicity, race, and gender information
- encourage lenders to participate in the Market Placement Program to assist SDA direct borrowers and applicants in obtaining guaranteed loans.

**Notes:** The Market Placement Program can be an important tool to introduce SDA applicants and borrowers to guaranteed lenders and may help overcome the perceived inaccessibility of commercial lenders.

The National Office has developed a series of slides that can be used during lender training. These slides can be found on the FSA Intranet site at <https://arcticocean.sc.egov.usda.gov/flp/InformationalLinks?Action=Presentations&caller=index>.

State Offices are encouraged to work with State lending associations to develop strategies to market the Guaranteed Loan Program to potential SDA applicants in their State.

**Note:** The National Office is currently working with national lending associations to identify possible program changes and marketing strategies to increase SDA participation in the Guaranteed Loan Program.

## Notice FLP-595

### 2 Action (Continued)

#### B County Office Action

County Offices:

- are encouraged to:
  - review the slides provided for lender training addressed in subparagraph 2 A
  - work with local lenders to develop strategies to increase SDA participation in the Guaranteed Loan Program
- shall review all current SDA borrowers and SDA applicants for possible inclusion in the Market Placement Program.

When processing guaranteed loan applications, County Office shall review the FSA-2211 or FSA-2212 “Race”, “Ethnicity”, and “Gender” fields and ensure that the data is properly recorded in SCIMS and GLS. If the “Race”, “Ethnicity”, and “Gender” fields were:

- completed, ensure that the information is correctly entered or consistent with information previously entered in SCIMS and GLS
- not completed:
  - check SCIMS to determine if the information was collected as part of participation in another program, and if so, enter the appropriate data in GLS
  - contact the lender to verify if applicant intentionally left the demographic information incomplete
  - contact other County Office staff and COC members to determine if demographic information can be obtained by employee observation.

## Notice FLP-595

### 2 Action (Continued)

#### B County Office Action (Continued)

When demographic information cannot be obtained through actions outlined in this subparagraph, County Offices shall:

- enter in GLS:
  - “Race” as, “**white**”
  - “Ethnicity” as, “**non-Hispanic**”
  - “Race/Ethnicity” as, “**employee observed**”
  - “Gender” as, “**male**”
- include the following statement on the applicable incomplete or complete application letter:

“Applicant did not voluntarily provide demographic information and will not be considered for targeted funds”.

**Note:** This is not to be included with information needed to complete the application.