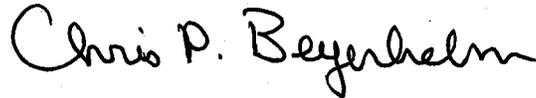


For: State and County Offices

Guaranteed OL Term Limit Notification

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. This provision is addressed in 2-FLP, subparagraphs 108 L and M.

B Purpose

This notice:

- reissues guidance in Notice FLP-617, including:
 - notifying borrowers who have 2 years or less of eligibility remaining
 - notifying lenders who have guaranteed borrowers with 2 years or less eligibility remaining
 - reviewing new applications for term limit eligibility
 - issuing FSA-2232 for borrowers who have reached their last year of eligibility
- describes assumptions used in the generation of the guaranteed OL term limit report.

C Contacts

If there are questions about this notice:

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

Disposal Date	Distribution
October 1, 2014 11-4-13	State Offices; State Offices relay to County Offices

2 Guaranteed OL Term Limit Report

A Generating Report

A customized report of guaranteed borrowers with the number of years of guaranteed OL eligibility remaining is available in the FLP Data Mart. The report is located in the “Guaranteed Loan System (GLS) OnDemand Reports” folder and is named the OY FLPDM Guaranteed Operating Term Limit Data Report. Instructions on how to access the FLP Data Mart are located at

http://fsaintranet.sc.egov.usda.gov/fcad/Manuals/DLS/HyperionUserGuideV3_1.pdf.

Note: When exiting the report, always click “No” at the message, “Save Changes?”.

This report may be used to assist in determining the years of guaranteed OL eligibility remaining and should not be used as a final determination. The information source(s) used to determine the remaining years of guaranteed OL eligibility should be documented in the case file.

Note: Any direct or guaranteed OL loans closed on or after the report date (currently 12-31-2012) will not be listed on this report. County Offices must manually calculate the years of OL eligibility used after the report date.

B Report Assumptions

The term limit report is generated based on the following assumptions.

- **If search is completed by State or County Office, the report shows only active OL borrowers.** For inactive borrowers, the search must be completed by Borrower ID.

Note: Active OL borrowers are borrowers with an outstanding direct or guaranteed OL loan balance as of the report date (currently 12-31-2012).

- **For borrowers that have loans in more than 1 servicing office, not all OL loans may be indicated on this report if the search is by State or County Office.** In these cases, the search should be completed by Borrower ID.
- **For all line of credits (LOC’s) closed after October 28, 1992, the report is generated with the assumption that 1 advance is made per year and the term of the LOC is 5 years.** If the term was less than 5 years, was terminated before maturity, or advances were not made each year; the years of OL eligibility remaining will need to be adjusted accordingly.
- **This report will show LOC advance for the current calendar year for all LOC’s closed within the last 5 years of the report date (currently 12-31-2012).** Any direct or guaranteed OL loans, including LOC’s, closed on or after the report date will **not** be listed on this report.

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2 Guaranteed OL Term Limit Report (Continued)

C Report Details

Explanations of the columns in this report are as follows.

Column Heading	Explanation
Borr ID	Lists last 4 digits of borrower's tax ID or Social Security number.
Ln Typ	Lists 1 of the following loan types: <ul style="list-style-type: none">• DL - direct OL loan• LC - guaranteed line of credit• GL - guaranteed term OL loan.
Ln Closing Date	Lists loan closing date.
Ln No	Loan number.
Yrs Rmng	Number of years of guaranteed OL loan eligibility remaining .
Adv Loc	Indicates advance on LOC only if advance took place after October 28, 1992: <ul style="list-style-type: none">• "N" for no• "A" for a line of credit advance.
Lender Name	The lender name is listed only if the guaranteed OL loan is outstanding.
Lender Id	Lender ID number, is listed only if the guaranteed OL loan is outstanding.
Lndr Brch	Lender branch ID number. is listed only if the guaranteed OL loan is outstanding.

3 Action

A Borrower Notification

Before January 31, 2014, County Offices will use Exhibit 1 to notify active OL borrowers with 2 years or less of eligibility. For borrowers with both guaranteed and direct loans, Exhibit 1 may be sent with 4-FLP, Exhibit 23 to reduce postage costs.

Note: County Offices shall discontinue using Notice FLP-617, Exhibit 1.

Exhibit 1 may be found on the FFAS Employee Forms/Publications Online web site located at <http://fsaintranet.sc.gov.usda.gov/dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search", in "Form Number" block, type "Notice FLP-660", and CLICK "Submit".

Note: A copy of Exhibit 1 shall be maintained in the borrower's case file.

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3 Action (Continued)

B Lender Notification

Before January 31, 2014, County Offices will use Exhibit 2 to notify all guaranteed lenders who have active OL borrowers with 2 years or less of eligibility.

Note: County Offices shall discontinue using Notice FLP-617, Exhibit 2.

Exhibit 2 may be found on the FFAS Employee Forms/Publications Online web site located at <http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/forms.html>. CLICK “Find Current Forms Using Our Form Number Search”, in “Form Number” block, type “Notice FLP-660”, and CLICK “Submit”.

Note: A copy of Exhibit 2 will be maintained in the lender’s operational file.

C New Applications

The OY FLPDM Guaranteed Operating Term Limit Data Report may be used as an aid for making guaranteed OL loan eligibility determinations according to 2-FLP, subparagraph 108 L . The report should **not** be used as a final determination of eligibility.

D Issuing FSA-2232

Authorized agency officials shall include the following statement on all guaranteed OL or line of credit FSA-2232’s issued for borrowers who are **currently** eligible, but will **not** be eligible after December 31, 2013.

“A loan guarantee **cannot** be issued after December 31, 2013. If the loan is not closed and all lender and FSA actions in 2-FLP, paragraph 247, are not completed on or before December 31, 2013, this conditional commitment becomes null and void.”

Note: Advances may be made up to 5 years on LOC provided the loan guarantee was issued on or before December 31, 2013.

Example Notification Letter to Guaranteed Borrowers

The following letter shall be mailed to all active guaranteed OL borrowers.

Notice FLP-660, Exhibit 1
<p><i>(Use Agency Letterhead format with local return address)</i></p> <p style="text-align: center;">BORROWER NOTIFICATION OF GUARANTEED OPERATING LOAN PROGRAM TERM LIMITS</p> <p><i>[Borrower name]</i></p> <p>The Farm Service Agency (FSA) is glad that we have been able to work with you and your lender to help you obtain credit in the past. We would like to take this opportunity to remind you of the Guaranteed Operating Loan Program's term limit requirements. FSA may guarantee Operating Loans to borrowers who have received financing through FSA's direct and/or guaranteed Operating Loan Programs for no more than 15 years.</p> <p>Our records indicate that you have <i>[Number of years of eligibility remaining]</i> years of eligibility remaining.</p> <p>Please be advised that this will not affect any guaranteed Line of Credit or term Operating Loans you currently have. It will only affect your eligibility to obtain new guaranteed Operating Loans in the future.</p> <p>If you have questions regarding term limits, please contact our office at: <i>[Office address and phone number]</i>.</p> <p>Sincerely,</p> <p><i>[Name of Employee]</i> <i>[Title of Employee]</i></p>

Example Notification Letter to Guaranteed Lenders

The following letter shall be mailed to guaranteed lenders with active guaranteed OL borrowers.

Notice FLP-660, Exhibit 2					
<i>[Use Agency Letterhead format with local return address]</i>					
LENDER NOTIFICATION OF GUARANTEED OPERATING LOAN PROGRAM TERM LIMITS					
<i>[Lender's name]</i>					
<p>The Farm Service Agency (FSA) appreciates your participation in the Guaranteed Loan Program. We would like to take this opportunity to remind you of the guaranteed Operating Loan Program's term limit requirements. The statute authorizing FSA's Operating Loans prohibits a borrower from receiving financing through FSA's direct and/or guaranteed Operating Loan Program for more than 15 years.</p> <p>Following is a list of your borrowers with active guaranteed loans, which have 2 or less years of eligibility remaining:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Borrower Name</td> <td style="width: 50%;">Number of Years Remaining</td> </tr> <tr> <td><i>[Borrower's name]</i></td> <td><i>[Number of years of eligibility remaining]</i></td> </tr> </table> <p>Please be advised that this will not affect any guaranteed Line of Credit or term Operating Loans they currently have. It will only affect their eligibility to obtain new guaranteed Operating Loans in the future.</p> <p>If you have questions regarding term limits, please contact our office at: <i>[Enter office address and phone number]</i>.</p> <p>Sincerely,</p> <p><i>[Name of Employee]</i> <i>[Title of Employee]</i></p>		Borrower Name	Number of Years Remaining	<i>[Borrower's name]</i>	<i>[Number of years of eligibility remaining]</i>
Borrower Name	Number of Years Remaining				
<i>[Borrower's name]</i>	<i>[Number of years of eligibility remaining]</i>				