

GUARANTEED NEWS

Winter 2009/Spring 2010

Volume 11

Funding at a Glance

Program	FY 2010 Funds Allocated	Funds Used*	No. of Loans Made*
Guaranteed Operating - Unsubsidized	\$1,500,061,000	\$288,171,000	1,335
Guaranteed Operating-Interest Assistance	\$170,000,000	\$38,748,000	187
Guaranteed Farm Ownership	\$1,500,364,000	\$340,905,000	968

*This table shows loans made and funds used for various loan programs nationwide as of January 22, 2010. Availability of funds for a particular loan will depend on allocations and targeting.

Each year, Congress appropriates money for FSA farm loan programs as part of the USDA budget.

The funds are appropriated for the Government's fiscal year, which runs from October 1 until September 30 of the following year.

Funds remaining from total allocations for guaranteed loans this fiscal year are:

- Unsubsidized Operating 82%
- Operating Interest Assistance 78%
- Farm Ownership 78%

Funding at a Glance updates are posted at: <http://www.fsa.usda.gov> (click on "Farm Loan Programs," then, click on "Funding")

INSIDE:

2-FLP Handbook Revisions	2
Form Updates	2
e-Corner	3-4
Lender Status	4
Servicing Options for Struggling Farmers	5

A Record Year for FSA Farm Loans

With a 36 percent increase in loan commitments over fiscal year 2008, FSA provided almost 34,000 loans and loan guarantees, approaching \$4.5 billion, in fiscal year 2009. This has been our largest commitment since the agricultural economic crisis of the mid 1980's.

Congressional appropriations for 2010 are up approximately 20 percent over our record year, providing FSA Farm Loan Programs with the ability to accommodate even greater demand in these volatile economic times.

FSA expects the FY 2010 will become another record year for guaranteed loans.



Guaranteed Loan Making and Servicing Division

1250 Maryland Ave, SW
Suite 500
Washington, DC 20024
Tel.: 202-720-1360

www.fsa.usda.gov

2-FLP Handbook Revisions

The current Handbook 2-FLP Guaranteed Loan Making and Loan Servicing (Revision 1) is available online for lender's reference which include the latest amendment. Amendments are issued to clarify Agency's policy; the following are some highlights from Amendments 2 thru 8:

- Subparagraph 73 C has been added to include lenders' requirements for electronic reporting.
- Subparagraph 263 B has been amended to include lender's supervision of borrowers according to the provisions of the ServiceMembers Civil Relief Act of 2003.
- Subparagraph 283 A has been amended to clarify that an emergency advance cannot be used if the advance will cause the total amount of the borrower's debt to exceed the statutory limit.
- Subparagraph 374 C has been amended to clarify closing secondary market transactions.
- Paragraph 355 has been amended to:
 - clarify that lenders are required to prepare a liquidation plan and submit an estimated loss claim no later than 150 calendar days past the payment due date unless the account has been completely liquidated and then a final loss claim must be filed.
 - clarify that FSA will not pay interest beyond 210 calendar days from the payment due date for loans made on or after July 7, 2008. For all loans made prior to July 7, 2008, interest accrual will not be paid beyond 90 calendar days from the date of the decision to liquidate; excluding cases involved in reorganization bankruptcy.

The 2 FLP handbook and latest amendments are available to view or download at:
http://www.fsa.usda.gov/Internet/FSA_File/2-flp.pdf

Form Updates

The Lender's Agreement, FSA-2201 (previously 1980-38), was revised 1/29/09 to include new language pertaining to loss claims. Part E, 9 (f) reads: "Loss Claims. An estimated loss claim must be submitted by the lender no later than 150 days after the payment due date unless the account has been completely liquidated and then a final loss claim must be filed. Interest accrual will cease upon approval of the estimated loss and never later than 210 days from the payment due date. Estimated and final loss claims will be processed in accordance with the terms described in Agency regulations."

The new Interest Assistance Agreement, FSA 2221 (previously 1980-64), and the Request for Interest Assistance Payment, FSA-2222 (previously 1980-24), were revised on 08/18/08.

See 2-FLP, Part 9, paragraph 224 for eligibility requirements. Interest Assistance (IA) is available only on new guaranteed Operating Loans (OL). If a Lender requests IA, eligibility discussion must be addressed in the Narrative. The maximum time a borrower may receive IA is one 5-year period. Beginning Farmers may be considered for two 5-year periods

FSA's LINC Reporting Reminder

Currently, over **1,700** FSA guaranteed lenders have signed-up for electronic access through the USDA Lender Interface Network Connection (LINC) web portal. Lenders are able to electronically enter the following reports:

- **Status Reports** – submitted as of March 31 and September 30 of each year.
- **Default Status Reports** – submitted when the guaranteed loan becomes 30 days past due and resubmitted every 60 days until the default is cured either through restructuring or liquidation.
- **Loan Closing Reports** – submitted for each loan at the time the guarantee is issued.

Electronic access also provides lenders the ability to update their FSA's borrowers account information in real time, through the ease of internet access, and the mailing of zero paperwork! Lenders who have questions or need assistance with submitting the reports mentioned above, should contact your local FSA Service Center, Farm Loan Program Staff.

Mid-year 2010, FSA will be introducing a new electronic reporting capability:

- **Submission of Guaranteed Loss Claims** – which will allow lenders to submit FSA loss claims electronically and track the claim's processing from submission to payment.

Stay tuned: More details will be provided to lenders as FSA gets closer to implementation.

New USDA LINC Feature - PAY.GOV

FSA recently implemented a new feature called **PAY.GOV** to the USDA LINC system that will allow electronic submission of the FSA guaranteed fee via a pre-authorized debit (PAD) process. There are three easy steps to use this new feature:

1. Click the *Lender PAD Account Maintenance* hyperlink via the USDA LINC website - portal that allows lenders to add their pre-authorized debit account information.
2. Add Account Information – the account that will be accessed to withdraw funds for the guarantee fees for FSA loans. There is also the ability for lenders to choose the Global option, which will make the account information entered available to all lender branches for use to transmit guarantee fees electronically to FSA.
3. Select the option to electronically submit the guarantee fee when adding the guaranteed loan closing information.

The Federal Reserve Bank of Cleveland is the payment processor for the ACH payments processed through PAY.GOV. When a pre-authorized debit is submitted or if the submitted attempt failed, the lender will be notified via an email. The lender's email address will be retrieved from the USDA LINC system. Lenders are encouraged to contact their local FSA Office to get details on how to access the PAY.GOV feature.



Want to Stay Current on FSA's Guaranteed Issues?

To sign-up for updated guaranteed information visit www.fsa.usda.gov, click on the "Newsroom" button, then click on "Subscriptions" on the "Related Topics" section.

e – Corner continued

Do you remember your eAuthentication ID and Password for your USDA LINC Account?

All guaranteed lenders accessing FSA's online reporting services via USDA LINC must have a valid eAuthentication ID and Password to enter the system. To retrieve a forgotten User ID or reset your password, please see the following quick and easy steps below:

Retrieve a forgotten User ID

- Go to <http://www.eauth.egov.usda.gov/>
- Click **update your account**
- Click **continue**
- Click **retrieve my forgotten User ID**
- Enter your first name, last name, and email address
- Click **continue**
- If there is a match, the User ID will be mailed to the email address you provided.

Reset your Password online

- Go to <http://www.eauth.egov.usda.gov/>
- Click **update your account**
- Click **continue**
- Click **reset my forgotten password**
- Enter your **User ID**
- Click **continue** (you may be prompted to answer security questions)
- If successful, Level 2 users will see a prompt to enter a new password followed by a prompt to review/update security questions
- Wait 10 minutes for the permanent password to propagate through the system.
- If there is a match, the User ID will be sent to the email address you provided.

If further assistance is necessary, send an email to eauthhelpdesk@usda.gov or call 1- 800-457-3642.

Lender Status

Is it Time to Upgrade Your Lender Status?

FSA has three programs lenders use to make and service guaranteed loans. New lenders to the FSA guaranteed program who have little or no experience with guaranteed loans may qualify as a Standard Eligible Lender (SEL's) and must originate and service loans under SEL requirements.

Lenders who have a positive track record of participation in the FSA Guaranteed program may participate in one of FSA's premier lender status programs, the Certified Lender Program (CLP) or the Preferred Lender Program (PLP).

Time-saving benefits for upgrading your lender status include:

- loan application submission requirements are streamlined
- flexibility with loan servicing reporting requirements
- processing times are expedited
- PLP lenders are allowed to originate and service guaranteed loans based on their own underwriting and servicing policies through an approved Credit Management System (CMS).

Qualified lenders are granted CLP or PLP status for a 5-year period, after which they can request a renewal. Lenders, whose current status is SEL or CLP, are encouraged to contact their local FSA Service Centers, Farm Loan Program staff to inquire about upgrading.



Servicing Options for Struggling Farmers

Agriculture Secretary Tom Vilsack recently announced the USDA's latest aggressive efforts to provide support to the farm sector, and to make financing available to agricultural producers.

For financing, Secretary Vilsack detailed farm loan servicing options currently available.

Debt restructuring options are subject to an eligibility determination and may include the following:

- Operating loan; may be rescheduled over a period not to exceed 15 years. A line of credit may be rescheduled for a period

not to exceed "7 years, or 10 years from the date of the original note, whichever is less."

- Lowering payments on real estate loans through reamortization over a period not to exceed 40 years from the date of the original note.
- Deferring part of scheduled payments for 1 to 5 years.
- Write down of a part of a delinquent loan depending on the value of the security and the present value of the loan.

Contact your local FSA loan officer to discuss the options available.

Feedback

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

Please contact:

Farm Service Agency

USDA/FSA/LSPMD, Attention: Courtney Dixon

Suite 500, Stop 0523

1250 Maryland Ave., SW

Washington, DC 20024-0523

Phone: 202-720-1360

Photos courtesy of USDA NRCS

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.