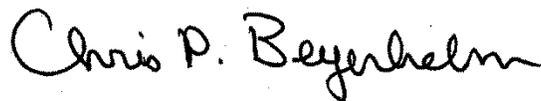


**For:** State Offices

**2012 Direct and Guaranteed FLP Funds**

**Approved by:** Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

Unobligated FY 2012 allocations of direct OL funds that are not targeted for SDA's will be pooled from each State Office.

Use of guaranteed FO funds, in lieu of guaranteed OL funds, when refinancing debt may allow FSA to maximize transfer of fund authorities later in the FY.

**B Purpose**

This notice provides guidance on:

- the pooling date for, and disposition of, pooled direct OL funds
- using guaranteed funds in a manner that may maximize the transfer of funds later in the FY.

**C Contact**

If there are questions about:

- pooling of direct OL funds, contact Jerry Moseman, LMD, at [jerry.moseman@wdc.usda.gov](mailto:jerry.moseman@wdc.usda.gov)
- using guaranteed FO funds, contact Randi Sheffer, LMD, at [randi.sheffer@wdc.usda.gov](mailto:randi.sheffer@wdc.usda.gov).

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2012	State Offices

## Notice FLP-611

### 2 Pooling of Direct OL Funds

#### A Unobligated Allocations

Effective **COB May 15, 2012**, unobligated allocations of direct OL funds that are not targeted for SDA's will be pooled.

#### B Allocation of Pooled Funds

All pooled funds will be held in the National Reserve. Approved loans present in DLS with "Funds Not Available" status will receive funding contingent upon availability of National Reserve funds.

Each State can confirm receipt of reserve funds by using the State Hyperion report.

### 3 Maximizing Guaranteed Funds

#### A Transfer Authority

1-FLP, subparagraph 45 N provides that unsubsidized guaranteed OL funds may be transferred on:

- August 1 to make approved direct FO loans to beginning farmers and socially disadvantaged farmers under the Downpayment loan program
- September 1 to make approved direct FO loans to beginning farmers.

#### B Refinancing Debt With Guaranteed Funds

2-FLP, subparagraph 123 B provides that guaranteed FO loans can be used to "refinance indebtedness incurred for FO or OL purposes". While 2-FLP, subparagraph 122 B also allows guaranteed OL funds to be used for refinancing debt, using guaranteed FO funds may result in guaranteed OL funds being available for transfer to fund other loan types.

**Notes:** Subparagraph 168 B permits guaranteed FO loans to be secured by chattels, if the term is 7 years or less.

County Offices should discuss with lenders the benefits of using guaranteed FO funds to refinance debts.