

For: State and County Offices

Increasing Participation in the Land Contract (LC) Guarantee Program

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

The final rule for the LC Guarantee Program was published December 2, 2011. Since that time, there has been limited interest in this program. FSA offers LC Guarantees to the owner of a farm who wishes to sell real estate using LC to a beginning or SDA farmer or rancher. This program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers.

In some areas of the country, the availability of escrow or servicing agents to close and service LC Guarantees is limited. The inability of sellers to find an escrow or servicing agent severely limits use of this program.

Increased marketing efforts by FSA will ensure that more potential sellers and buyers are aware of the LC Guarantee Program. FSA remains committed to assisting beginning and SDA farmers and ranchers through this program.

B Purpose

This notice provides guidance on the following:

- available LC Guarantee escrow or servicing agents
- informing interested parties of available escrow or servicing agents
- LC Guarantee Program marketing.

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, LMD at 202-720-3889.

| | |
|-----------------------------|------------------------------------------------------|
| Disposal Date | Distribution |
| October 1, 2013 12-14-12 | State Offices; State Offices relay to County Offices |

Notice FLP-632

2 Action

A Available LC Guarantee Escrow or Servicing Agents

Exhibit 1 lists agents who have indicated they will act as an escrow or servicing agent for LC Guarantees throughout the nation.

B Informing Interested Parties of Available Escrow or Servicing Agents

County Offices:

- can provide any interested party with a copy of Exhibit 1
- are to inform the interested party that:
 - the escrow or servicing agents listed are for informational purposes
 - FSA is **not** endorsing or recommending any particular agent.

Note: Any escrow or servicing agent who meets the conditions in 6-FLP, subparagraph 184 A may be used by the seller of the real estate.

C LC Guarantee Program Marketing

There may be eligible buyers or sellers who are not aware of the LC Guarantee Program. Additional marketing efforts by FSA will ensure that eligible buyers and sellers are aware of the LC Guarantee Program.

LC's may be part of the estate planning process, such as parents selling farmland to their son or daughter. Financial institutions, tax professionals, attorneys, and escrow agents are involved in implementing many LC's.

State and County Offices should ensure that these professionals are aware of the LC Guarantee Program by providing:

- estate planning professionals with LC Guarantee Program information and/or giving a presentation during an estate planning informational meeting

Note: The National Association of Estate Planners and Councils and American Academy of Estate Planning Attorneys are just 2 of the many estate planning professional associations. A list of estate planning professionals who are members of these associations can be found at <http://www.naepc.org> and <http://www.aaepa.com>. These estate planning professional associations are provided for informational purposes only and are not intended as a recommendation or endorsement. Many financial institutions also have estate planning professionals on staff.

Notice FLP-632

2 Action (Continued)

C LC Guarantee Program Marketing (Continued)

- tax professionals with information on the LC Guarantee Program

Note: The National Association of Tax Professionals and National Association of Enrolled Agents are just 2 of the many tax professional associations. A list of tax professionals who are members of these respective associations can be found at <http://www.natptax.com> and <http://naea.org>. These tax professional associations are provided for informational purposes only and are not intended as a recommendation or endorsement. Many financial institutions also have tax professionals on staff.

- attorneys and escrow agents with information on the LC Guarantee Program
- local lenders with information on the LC Guarantee Program.

Note: These are **suggested** marketing options.

Active marketing will help to ensure that the LC Guarantee Program is used to its fullest potential. Exhibit 2 is a guide letter that State or County Offices may use to market the LC Guarantee Program.

Note: State Outreach Coordinators or County Office Outreach Coordinators, with the assistance of the Agency approval official, are to ensure that all marketing efforts are documented and entered into the Outreach Tracking and Information System.

Available LC Guarantee Escrow or Servicing Agents

The following agents have indicated they will act as an escrow or servicing agent for LC Guarantees throughout the nation.

CGB Agri Financial Services, Inc.
2209 River Road
Louisville, KY 40206
Phone: 1-877-548-2622
FAX: 1-502-721-9776
Contact Person: Don Mattern, Vice President
E-Mail: don.mattern@cgb.com
Web Site: www.cgb-afs.com

American Farm Mortgage®
8901 Greenway Commons Place, Suite 200
Louisville, KY 40220
Phone: 1-502-964-2111
FAX: 1-502-964-0022
Contact Person: Kathy Daily, President
E-Mail: kdaily@afmc-loans.com
Web Site: www.americanfarmmortgage.com

Farmers & Merchants Savings Bank
201 W. Main, P.O. Box 9
Waukon, IA 52172
Phone: 1-563-568-3417
FAX: 1-563-568-6225
Contact Person: Dennis Lyons, Senior Vice President
E-Mail: dlyons@fmsb4me.com
Web Site: www.fmsb4me.com

Note: This list of escrow or servicing agents is not an inclusive list of agents from which a seller may select for the LC Guarantee Program. This list is for informational purposes and is not intended as an endorsement or recommendation of any particular agent. The Agency approval official must ensure that the agent selected meets the conditions set forth in 6-FLP, subparagraph 184 A.

LC Guarantee Marketing Guide Letter

State or County Offices may use the following guide letter to inform estate planning or tax planning professionals, attorneys, escrow agents, or lenders about the LC Guarantee Program.

Dear [enter individual or company name]:

Farm Service Agency (FSA) is committed to assisting beginning and socially disadvantaged farmers and ranchers. FSA's Land Contract (LC) Guarantee Program provides a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. With the LC Guarantee, FSA provides a guarantee to the owner of a farm who wishes to sell real estate to a beginning farmer or rancher or is a member of a socially disadvantaged group.

We are asking for your assistance in informing potential farm real estate buyers and sellers about the LC Guarantee Program. Enclosed is a fact sheet that describes this loan program in more detail. It is also available online at www.fsa.usda.gov/Internet/FSA_File/lc_guarantee_program.pdf.

We value your partnership in assisting farmers and ranchers through our LC Guarantee Program. If you have any questions, please contact our office at: [Enter office address and phone number].

Sincerely,

Name of Employee
Title of Employee

Attachment: LC Guarantee Program Fact Sheet