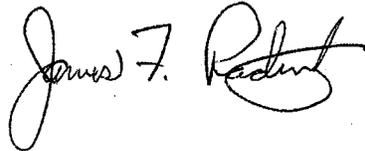


For: State and County Offices

Guaranteed Lender Eligibility Review

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

2-FLP identifies certain eligibility requirements for lenders who participate in FSA’s Guaranteed Loan Programs. More specifically, 2-FLP, subparagraph 46 C requires that Standard Eligible Lenders (SEL’s) must be subject to credit examination, and supervision by an acceptable State or Federal regulatory agency. In addition, 2-FLP, subparagraph 46 E requires that SEL lenders, and their officers or agents, must **not** be debarred or suspended from participation in Government contracts or programs, and the lender must **not** be delinquent on Government debt. Also, CLP and Preferred Lender Program (PLP) lenders are required to meet basic SEL eligibility requirements. Therefore, the requirements in this subparagraph apply to all lender types.

Each lender’s compliance with these requirements must be verified at the times described in this notice. As such, FLP approval officials are required to document that this part of the lender eligibility evaluation has been completed as required. FLP approval officials will be responsible for completing these reviews, as provided in this notice, for SEL and CLP lenders. The National Office will conduct the reviews for PLP lenders.

B Purpose

This notice reiterates the policy and guidance provided in 2-FLP, subparagraph 46 C, and provides additional instructions for the lender eligibility review process, including the following:

- screening requirements for credit examination and supervision compliance
- screening requirements for debarment and suspension compliance
- documentation requirements
- frequency of lender eligibility review.

Disposal Date	Distribution
October 1, 2016	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contact

For questions about this notice or the lender eligibility review process:

- County Offices shall contact their State Office
- State Offices shall contact Matt Henderson, LMD, Guaranteed Loan Branch, by either of the following:
 - e-mail at matthew.henderson2@wdc.usda.gov
 - telephone at 202-720-5847.

2 Guidance on Lender Eligibility Review Process

A Guidance on Credit Examination and Supervision Compliance

Various types of lenders participate in FSA's Guaranteed Loan Programs. These include, but are not limited to, traditional banks, farm credit association members, Federal credit unions, and non-traditional Community Development Financial Institutions (CDFI's). The regulatory agencies or authorities vary depending on the type of lender. 2-FLP, subparagraph 46 C provides a list of the common regulatory agencies and/or authorities. The following table identifies which regulatory agencies should typically be searched for various types of lenders.

Note: 2-FLP, subparagraph 46 C includes the Office of Thrift Supervision. However, in 2011, the Office of Thrift Supervision was merged with the Office of Comptroller of the Currency, so there is no need to search the Office of Thrift Supervision.

Lender Type	Agencies and/or Authorities to Search
Traditional Banks	FDIC; Office of the Comptroller of the Currency; Federal Reserve Board (if the bank is a member)
Farm Credit Association Members	FCA
Federal Credit Unions	National Credit Union Administration
CDFI's	U.S. Department of the Treasury's Community Development Financial Institutions Fund

Note: This table provides the most common types of lenders who participate in FSA's Guaranteed Loan Programs. In unusual situations, the agency official shall contact the State Office for guidance. State Offices shall contact the National Office as needed.

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2 Guidance on Lender Eligibility Review Process (Continued)

A Guidance on Credit Examination and Supervision Compliance (Continued)

Links are provided for accessing the regulatory agency web sites in 2-FLP, subparagraph 46 C. Each web site functions slightly different. However, the principle of searching is the same.

- If no derogatory search results are found, then the lender meets that eligibility requirement.
- If derogatory search results are found, the County Office shall document as much as possible about the search result, then review 2-FLP, subparagraph 46 C to determine if the given search result would affect the lender's eligibility (not all search results will make a lender ineligible). Agency officials shall contact the State Office as needed for guidance. State Offices shall contact the National Office as needed.

Notes: The link for FCA in 2-FLP is incorrect. The correct link is <http://apps.fca.gov/FCSPublicDirectory/PubSearchInstitution.aspx>.

Also, the link for CDFI's in 2-FLP is incorrect. The correct link is <https://www.cdfifund.gov/programs-training/certification/cdfi/Pages/default.aspx>.

These links will be corrected in a forthcoming 2-FLP amendment.

B Debarment and Suspension Compliance Review

FSA uses the System for Award Management (SAM) to screen for debarment and suspension compliance of both lenders and their officers or agents. SAM is a web-based U.S. Government search engine used to easily identify individuals or entities excluded or debarred from participating in Federal Government programs.

The link to access SAM is <https://sam.gov/portal/SAM/#1>, and the steps for searching SAM are as follows.

- From the home page, CLICK "Search Records", and the Search Records Screen will be displayed.
- From the Search Records Screen, CLICK "Advanced Search-Exclusion".
- From the Advanced Search-Exclusion page, CLICK "Multiple Names" and enter the name of the individual(s) or entity(s) to search. Then, CLICK "Search".
- Review the search results and either print the results, or save the results as a PDF.

If there are no search results, then the individual or entity is **not** debarred from participating in Federal Government programs, and thus meet this lender eligibility requirement.

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2 Guidance on Lender Eligibility Review Process (Continued)

B Debarment and Suspension Compliance Review (Continued)

If search records indicate that the individual or entity is excluded or debarred from participating in Federal Government programs, the individual or entity will not be eligible to participate in the Guaranteed Loan Program.

Note: SAM also includes other entity records besides exclusion records. If a search result is received, then verify that it is an exclusion record. For further guidance, contact the State Office. State Offices may contact the National Office for guidance as needed.

C Documentation Requirements

All searches must be documented regardless of whether any search results were found or not. Search results shall be documented within each lender's file. Individual State Offices may decide whether to store the results in the paper file or in the electronic file as provided in Notice FLP-720.

D Frequency of Lender Eligibility Review

Compliance reviews shall be completed with the following frequency:

- Credit Supervision and Examination:
 - SEL - before issuance of each conditional commitment
 - CLP - at the time of the initial lender's agreement, lender's agreement renewal, and lender reviews

Note: The National Office will complete the credit supervision and examination reviews for PLP lenders, except those performed at the time of the lender review.

- Debarment and Suspension:
 - SEL - before the issuance of each conditional commitment
 - CLP - at the time of the initial lender's agreement, lender's agreement renewal, and lender reviews

Note: The National Office will complete the debarment and suspension reviews for PLP lenders, except those performed at the time of the lender review.

E Additional Information

More information about debarment and suspension may be found in 1-FLP, paragraph 43.

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3 Action

A State Office Action

State Offices shall ensure that County Offices:

- are aware of the contents of this notice
- perform the lender eligibility reviews and document the results, as provided in this notice, for guaranteed lenders.
- document the search results either electronically or in the paper lender files, as determined by the State Office.

B County Office Action

County Offices shall follow the lender eligibility review processes for guaranteed lenders as provided in this notice.