

# GUARANTEED NEWS

Spring 2008

Volume 10

## Funding at a Glance



Program	FY 2008 Funds Allocated	Funds Used*	No. of Loans Made*
<b>Guaranteed Operating - Unsubsidized</b>	\$1,090,780,000	\$777,543,000	3,758
<b>Guaranteed Operating-Interest Assistance</b>	\$269,989,000	\$110,811,000	613
<b>Guaranteed Farm Ownership</b>	\$1,267,546,000	\$817,125,000	2,369

\*This table shows loans made and funds used for various loan programs nationwide as of June 11, 2008. 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. The amount of money appropriated by Congress does not always meet the demand for loan funds and the Agency may run out of money for some programs.

As the data above shows, funding for all of the Guaranteed Loan Programs

should be sufficient for the remainder of FY 2008.

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

- Unsubsidized Operating 29 %
- Operating Interest Assistance 59%
- Farm Ownership 35%

For details on the Interest Assistance program, see page 4.

Funding at a Glance updates are posted at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=fun>

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## 2008 Farm Bill News

The newly-enacted 2008 Farm Bill includes some revisions to FSA's Guaranteed and Direct Loan Programs, briefly stated as follows:

### *Guaranteed Operating Loan Term Limits* –

The 15 year limit for FSA borrowers to receive guaranteed operating loans is waived through December 31, 2010

### *Beginning Farmer and Rancher Down*

*Payment Loan Program* – Modified eligibility requirements, term and loan limits, and minimum down payment for loan programs

*Beginning Farmer and Rancher Contract Land Sales Program* – Makes permanent and expands nationally the pilot Land Contract Guarantee program, initiated in the 2002 Farm Bill

*Direct Ownership and Operating Loan Limits* - Loan limits under each program loan type have increased from \$200,000 to \$300,000

For more details on the Farm Bill visit: [http://www.usda.gov/wps/portal/!ut/p/\\_s.7\\_0\\_A/7\\_0\\_1UH?navid=FARM\\_BILL\\_FOR\\_UMS](http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1UH?navid=FARM_BILL_FOR_UMS)



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## 2-FLP Handbook Revisions

Handbook 2-FLP, Guaranteed Loan Making and Servicing, was revised on December 31, 2007. The most notable change to the handbook is the renumbered FSA Guaranteed forms. Guaranteed Lenders are encouraged to review 2-FLP, Exhibit 1, which contains the new form numbers and form titles. In addition, several of the definitions in Exhibit 2 were revised for clarity and uniformity.

Other minor changes include the following:

**Status Reports** Status reports will not be required to be updated until the next reporting period for loans that do not have a status report record created or that are not displayed on the mailed FSA-2241 (Paragraph 266 C of 2-FLP).

**Loan Restructuring** If the lender's proposal for servicing is not agreed to by FSA, the Agency approval official shall notify the applicant in writing, with a copy to the lender, within 14 calendar days of the lender's request. This letter will inform the lender and

borrower of their informal review, mediation, and appeal rights according to 1-APP (Paragraph 314 B of 2-FLP).

**Legal Expenses** The legal expenses language was removed. The new FSA-2254, Guaranteed Loan Report of Loss, has a field available to record this expense (Paragraph 342 A of 2-FLP).

To download a current version of Handbook 2-FLP, (Revision 1, Amendment 1), click on the "Access the 2-FLP Handbook" link on the Guaranteed Loan Programs website at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=gfl>



## FSA's New Measures for Protected Privacy Act Information

FSA is implementing a new 9-digit borrower/applicant account number, in order to increase the level of security in protecting USDA's customer Privacy Act information. The new account number will reduce the exposure of the participant's Social Security number, which could be compromised and used for identity theft purposes.

The first phase of implementation will include revising FSA's guaranteed loan forms by replacing the borrower's/applicant's tax identification

number with the new FSA Account Number.

FSA is anticipating implementation of the new customer account numbers by August 2008. All guaranteed lenders will be notified with details of any impact on their FSA business operations.



**Personally Identifiable Information**

**Protect It Like Your Own**

## e - Corner

**Welcome to the Guaranteed Newsletter's newest section!** In the e-Corner, we will present updates and answer some of your questions on guaranteed loans e-government programs.

In Spring 2006, FSA incorporated electronic reporting processes via the USDA Lender Interface Network Connection (LINC) web-portal, which connects to the USDA Guaranteed Loan System (GLS). Guaranteed lenders have the flexibility of electronically updating borrowers' accounts through web access to the FSA Guaranteed Loan Status and Default Status Reports and Guaranteed Loan Closing Information. Data submitted in real time saves processing and mailing time, eliminates the possibility of lost documents, and reduces paper generation. Since implementation, over 15,000 Status and Default Reports have been submitted electronically.

Lenders are encouraged to contact their local FSA Office for details if they are interested in electronic reporting.

Here are some of our most common questions on electronic reporting:

**Question:** As a Guaranteed Lender who's interested in FSA's electronic reporting, what steps can we take to get access to electronic reporting?

**Answer:**

- The lender should recertify their Lender's Agreement, FSA-2201, which contains the electronic data submission Agency regulations and guidelines in Part H. Contact your local FSA Office for details concerning recertification of the FSA-2201.
- Each lender must designate an employee as their Security Administrator who will have the authority and responsibility of granting access to other lender employees designated by the lender to use FSA's

electronic reporting applications. The lender is responsible for ensuring that all employees who have access to electronic reporting adhere to the requirements outlined in the revised FSA-2201.

- Each lender employee (incl. the Lender's Security Administrator) participating in electronic reporting must create a Level 2 eAuthentication ID and password at <http://www.eauth.egov.usda.gov>.
- After the Lender's Security Administrators are designated and the above requirements have been fulfilled, the lender shall have their Security Administrator contact their FSA State Office, Farm Loan Programs Division, with his/her eAuthentication ID and lender information to be validated and entered into the Application Authority Security Management (AASM) system.

**Question:** What should a lender do if their Security Administrator leaves, or moves to a different bank?

**Answer:** The lender should contact their FSA State Office, Farm Loan Programs Division, and provide the names of the Security Administrator who is no longer with the bank and of the employee who will be the new Security Administrator.

**Question:** Can lenders electronically process loan closing information?

**Answer:** Yes, the "Lender Loan Closing" PowerPoint presentation at the FSA/FLP/Guaranteed Farm Loan website: [http://www.fsa.usda.gov/Internet/FSA\\_File/lenders\\_loan\\_closing\\_process.ppt](http://www.fsa.usda.gov/Internet/FSA_File/lenders_loan_closing_process.ppt) will give lenders step-by-step instructions on how to electronically process loan closing information. Note: the Guarantee fee payment must still be mailed to FSA.

**Question:** Can lenders submit loss claims electronically?



**Coming Soon:** Lenders will have access to the Guaranteed Loss Claims and Interest Assistance Renewals via the USDALINC web-portal.

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## e - Corner

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**Answer:** No, not yet. Currently, the FSA Guaranteed Loss System has been developed and launched to FSA employees. Guaranteed Lenders will be notified when access to electronic submissions of loss claim(s) becomes available. Please note: FSA-2254, "Guaranteed Loan Report of Loss" has replaced RD-449-30. Instructions for the FSA-2254 have been provided on how to complete the form for each loss claim type.

**Question:** What training information is available on FSA's electronic reporting processes for Lenders?

**Answer:** The FSA Guaranteed Farm Loans website provides PowerPoint presentations on the following for lenders:

- Lender Sign-up for eAuth ID
- Lender Submission of Electronic Status Reports
- Lender Security Administrator - Adding additional employees to the system

- Lender Loan Closing Training for the Interest Assistance Program, located at:  
<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&to pic=gfl>

All lenders will access FSA's electronic reporting processes through USDA LINC at: <https://usdalinc.sc.egov.usda.gov/>

**Question:** Where can lenders go to get FSA forms electronically?

**Answer:** The USDA Service Center EForms website will allow Lenders to browse, fill in, and print any of the public FSA forms available. FSA is continually adding new forms and making more forms available for electronic signature. **Please check often for new updates to the site, located at:**  
<http://forms.sc.egov.usda.gov/eforms/main servlet>

### **E-Forms Tip:**

To access all functions available at eAuth ID Level 2, use the 8.1 version of Adobe Acrobat.



## **Interest Assistance Program Revisions: Increased Efficiency and Access to Funding**

On June 7, 2007, USDA revised the Interest Assistance (IA) Program to create a more efficient and equitable financial tool for lenders nationwide. IA assists operators of family farms who lack financial resources to meet standard repayment terms, as compared to other operators of similar operations. In an agreement with lenders on Guaranteed Operating Loans, FSA reimburses the lender 4 percentage points in exchange for reducing the interest rate charged to the borrower by the same amount.

With the latest reduced application, renewal and claims requirements, lenders now have fewer administrative duties to complete. Lenders and States will also find that access to funding is more stable throughout the year, which gives each loan request a better opportunity for timely funding and approval.

To review the latest changes to the Interest Assistance Program, call your local FSA Service Center, or download the Revised IA Program section of the 2-FLP Handbook at:  
[http://www.fsa.usda.gov/Internet/FSA\\_File/2flp-a29.pdf](http://www.fsa.usda.gov/Internet/FSA_File/2flp-a29.pdf)



## Notes from the Field

### Farm Service Agency California State Office - *Creating the Future* Conference

[www.fsa.usda.gov/ca](http://www.fsa.usda.gov/ca)



Keynote speaker Carolyn Cooksie, Deputy Administrator of Farm Loan Programs (center) at *Creating the Future*, a training conference concentrating on marketing, lending process improvement, customer service and team-building

Check your State's newsletter for more on local events.

<http://www.fsa.usda.gov/FSA/stateOffices?area=stoffice&subject=landing&topic=landing>

## Feedback

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

Please contact:

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