

# USDA FSA Guaranteed *Express*

February 2018  
Winter Issue

## Working Together to Benefit American Agriculture

At the 2017 American Bankers Association National Agricultural Bankers Conference held in Milwaukee, Wisc., the Farm Service Agency (FSA) hosted an interactive session educating lenders on ways the FSA guaranteed program can benefit both



borrowers and lending institutions. The session was moderated by Tom Brandt, FSA Farm Loan Chief for Wisconsin. The panel included Greg LeCaptain, Assistant Vice President, Agri-

cultural and Commercial Loans with Farmers and Merchants Union Bank; Dennis Lyons, Executive Vice President, Farmers and Merchants Savings Bank; and Ron Markham, Market President, Wisconsin Bank and Trust.

The lenders discussed actual situations where the guaranteed program allowed them to make loans that they would not have been able to underwrite without FSA assistance. One lender told of a beginning farmer who purchased a farm with the help of the Down Payment Program. The beginning farmer contributed 5 percent down, FSA provided funding for 45 percent, and the lender funded the balance with a guaranteed loan. The guaranteed loan was exempt from FSA's 1.5 percent guarantee fee and the lender received a 95 percent guarantee. Another lender was able to assist an existing farmer to purchase land to expand their operation. And another assisted a second generation farmer to borrow the needed money to take over the family operation.

The lenders all agreed that the extra paperwork and reporting requirements needed when using the program were minimal compared to the benefits it allows them to pass on to their borrowers. Since two of the lenders held Preferred Lender Program (PLP) status they stated that with the exception of the semi-annual status report, they see very little difference in the processing of their loans. Two of the three lenders also sold their guaranteed loans to the secondary market, which allows them to free up some of their regulatory lending limit.

All three lenders talked very highly of the guaranteed loan program and the benefits it allowed them to offer their borrowers.



## Welcome

2018 is now upon us and we at FSA want to thank each and every one of you for your support this past year.

FSA's mission remains to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our Nation's dynamic agricultural economy. This could not be accomplished without your involvement with our programs.

We look forward to working with you in the New Year to confront new challenges and opportunities that come our way.

**James Radintz**  
**Deputy Administrator**  
**for Farm Loan Programs**



## Welcome New PLP Lenders

Peoples Bank & Trust— IL

Farm Credit of Enid— OK

American Bank & Trust— SD

First Service Bank— AR



## We want to hear from you!

Do you have a success story to share or have ideas for future training topics?

As a guaranteed lender, your institution can be featured on our website. FSA would like to hear from you.

Send your information to:

[FSAGuaranteedloans@wdc.usda.gov](mailto:FSAGuaranteedloans@wdc.usda.gov)

## Servicing Reminders

The following documents should be submitted to FSA within 30 days of the completion of the annual financial analysis for Standard Eligible Lenders (SEL), Micro Lenders (MLP), and Certified Lenders (CLP). PLP lenders complete the annual analysis as outlined in the Credit Management System (CMS). (2-FLP Paragraph 265)

SEL/MLP Submission Summary	
<b>Real Estate</b>	Balance sheet, farm visit report, income and expense statement, and narrative summary of borrower's financial progress from previous year only if the loan is secured by chattels.
<b>Term Chattels</b>	Balance sheet, farm visit report, income and expense statement, and narrative summary of borrower's financial progress.
<b>Lines of Credit</b>	Balance sheet, farm visit report, income and expense statement, projected cash flow and narrative summary of borrower's financial progress.

CLP Submission Summary	
<b>Real Estate</b>	Either a summary of a lender's analysis or a summary as to why financial strength makes analysis unnecessary.
<b>Term Chattels</b>	Either a summary of a lender's analysis or a summary as to why financial strength makes analysis unnecessary.
<b>Lines of Credit</b>	Certification stating that a feasible plan has been developed; the borrower is in compliance with the loan agreement; and previous year's income, loan funds, and security proceeds have been accounted for.

## Expediting the Final Loss Claim Process

When filing a final loss claim it is imperative to submit complete documentation which will expedite the review and approval process. This includes an accounting of the use of loan funds, an accounting of all security and its proceeds, supporting documentation for liquidation expenses and protective advances, and a complete loan ledger. The loan ledger should include loan advances, interest rate changes, protective advances, application of payments, rental proceeds, and security proceeds, including a running outstanding balance total (principal and accrued interest).

A current (less than 60 days old) [FSA Form 2248 Default Status Report](#) must be on record for a final loss claim to be paid.

Lenders should also communicate regularly with their local FSA office throughout the loss claim process to ensure the required forms, and other documentation have been submitted.

Please reference 2-FLP Part 14 for additional guidance on loss claims.

## USDA Connect Guaranteed Lender Community

To stay up-to-date on policy changes, webinars, special events, access to training presentations, past webinars and much more, become a part of FSA's USDA Connect Guaranteed Lender Community, by emailing us at:

[FSAGuaranteedloans@wdc.usda.gov](mailto:FSAGuaranteedloans@wdc.usda.gov)

Please include your name, email contact information, and lender institution name.