

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
700 West Capital Avenue, Room 3416  
Little Rock, Arkansas 72201

Guaranteed Loan Making and Servicing  
2-FLP (Revision 1)

Arkansas Amendment 1

Approved by: State Executive Director

*Jay Mone, Acting SED*

**Amendment Transmittal**

**A Reason for Amendment**

Subparagraph 2 B has been added to provide information on helpful web site addresses.

Subparagraph 15 C has been added to provide information on Arkansas lender's agreements.

Subparagraph 20 A has been added to address annual lender training.

Subparagraph 20 C has been added to require Farm Loan Specialists to assist with annual lender training.

Subparagraph 34 A has been added to provide information on lenders in Arkansas.

Subparagraph 47 A has been added to designate approval officials for SEL lenders.

Subparagraph 47 B has been added to designate approval officials for SEL lenders agreements and provide information on copies of current agreements.

Subparagraph 73 C has been added to provide the STO contact for adding lender Security Administrator(s) to the electronic system.

Subparagraph 84 C has been added to designate the review official for rejected and withdrawn SDA applications.

Subparagraph 247 A has been added to provide an example of wording to be used on closed end LOC promissory notes.

Subparagraph 250 B has been added to clarify process of terminating loans in GLS.

Subparagraph 266 C has been added to provide further instructions for loans that are shown behind on FSA-2241.

## **Amendment Transmittal (Continued)**

Subparagraph 267 B has been added to establish the method for reviewing lender loan files in Arkansas.

Subparagraph 267 E has been added to require completion of FSA-2200-1 AR for SEL and CLP lender file reviews and discuss findings with the lender as part of the exit conference.

Subparagraph 300 D has been added to provide further instructions on action taken upon receipt of FSA-2248.

Subparagraph 359 F has been added to establish the format for submitting estimated loss claims for SED approval/rejection.

Subparagraph 360 F has been added to establish the format for submitting final loss claims for SED approval/rejection.

Subparagraph 363 D has been added to establish the format for providing information to notify debtors with a final loss claim processed that is subject to offset.

Subparagraph 363 K has been added to provide information on obtaining credit reports for debt settlement actions.

Exhibit 1 has been added to reference the AR forms referenced within this handbook.

Exhibit 2 has been added to provide the 2007 Census median county farm acreage for use with the beginning farmer definition.

AR Exhibit 1 has been added to provide a standard sign-in sheet for guaranteed lender training.

AR Exhibit 2 has been added to provide an example letter to send to SEL lenders that do not attend FSA-sponsored training.

AR Exhibit 3 has been added to provide an example letter to send to CLP and PLP lenders that do not attend FSA-sponsored training.

AR Exhibit 4 has been added to provide an example letter to send to lenders with loan behind schedule on FSA-2241.

AR Exhibit 5 has been added to provide an example letter to send to lenders when the initial FSA-2248 is received or the delinquency code changes.

AR Exhibit 6 has been added to give additional information to be used when completing FSA-2295 and FSA-2296.

AR Exhibit 7 has been added to give additional information to be used when completing FSA-2295 and FSA-2296.

**Amendment Transmittal (Continued)**

AR Exhibit 8 has been added to provide a format to be used as a guide when preparing the memo for submission of loss claims for approval or rejection.

AR Exhibit 9 has been added to provide a checklist for use when submitting loss claims for approval or rejection.

AR Exhibit 10 has been added to establish a format for providing information for liable debtors for loans subject to offset and a final loss claim has been submitted.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
AR TC Page 1 (add)	AR Page 1-2 (add)	Exhibit 1, AR Page 1 (add)
AR TC Page 2 (add)	AR Page 2-2 (add)	Exhibit 2, AR Page 4 (add)
AR TC Page 5 (add)	AR Page 2-7 (add)	AR Exhibit 1 (add)
AR TC Page 6 (add)	AR Page 2-8 (add)	AR Exhibit 2 (add)
AR TC Page 7 (add)	AR Page 3-4 (add)	AR Exhibit 3 (add)
	AR Page 4-4 (add)	AR Exhibit 4 (add)
	AR Page 5-28 (add)	AR Exhibit 5 (add)
	AR Page 6-3 (add)	AR Exhibit 6 (add)
	AR Page 10-13 (add)	AR Exhibit 7 (add)
	AR Page 10-17 (add)	AR Exhibit 8 (add)
	AR Page 11-14 (add)	AR Exhibit 9 (add)
	AR Page 11-16 (add)	AR Exhibit 10 (add)
	AR Page 11-18 (add)	
	AR Page 12-4 (add)	
	AR Page 14-15 (add)	
	AR Page 14-23 (add)	
	AR Page 14-30 (add)	
	AR Page 14-31 (add)	
	AR Page 14-32 (add)	
	AR Page 14-34 (add)	





**AR Table of Contents**

**Page No.**

**Part 1 Introduction and Purpose**

2 Related References..... AR Page 1-2

**Part 2 Guaranteed Farm Loan Programs**

15 Program Purpose and Eligible Lenders..... AR Page 2-2

20 Responsibilities..... AR Page 2-7  
AR Page 2-8

**Part 3 General Program Requirements**

34 Lender List and Classification (7 CFR 762.101(c))..... AR Page 3-4

**Part 4 Lender Eligibility**

47 Approval Process for SEL..... AR Page 4-4

**AR Table of Contents (Continued)**

**Page No.**

**Part 5      Loan Application Requirements (7 CFR 762.110)(Continued)**

**Section 3      Other Guaranteed Application Options**

73      Filing Applications Electronically..... AR Page 5-28

**Part 6      Loan Evaluation**

84      Monitoring FSA Approvals (7 CFR 762.130)..... AR Page 6-3







**Part 10 Processing Approvals and Issuing the Guarantee**

247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130)..... AR Page 10-13

250 Replacing or Terminating FSA-2235 (7 CFR 762.101 and 762.130).. AR Page 10-17

**Part 11 General Servicing Responsibilities**

**Section 1 General Servicing Requirements**

266 Lender Reporting Requirements (7 CFR 762.141)..... AR Page 11-14

267 FSA Loan Servicing Responsibilities..... AR Page 11-16  
AR Page 11-18

**AR Table of Contents (Continued)**

**Page No.**

**Part 12      Servicing Distressed Accounts (Delinquent Loans)**

**Section 1      General Process for Restructuring Guaranteed Loans**

300    Monetary Default–Overall Loan Servicing Process  
(7 CFR 762.143)..... AR Page 12-4

**AR Table of Contents (Continued)**

**Page No.**

**Part 14      Liquidation**

359    Lender Submission of Estimated Loss Claim (7 CFR 762.149).... AR Page 14-15  
360    Lender Submission of Final Loss Claim (7 CFR 762.149)..... AR Page 14-23

363    Collecting Final Loss Claim Payments From Guaranteed Loan  
Debtors (7CFR 762.149(m))..... AR Page 14-30  
AR Page 14-31  
AR Page 14-32  
AR Page 14-34

**Exhibits**

1      Reports, Forms, Abbreviations, and Redelegations of Authority... AR Page 1  
2      Definitions of Terms Used in This Handbook..... AR Page 4

**AR Exhibits**

1      Guaranteed Lender’s Training Sign-in Sheet  
2      Example Letter to Lender – SEL Lenders that Do Not Attend FSA Training  
3      Example Letter to Lender – CLP and PLP Lenders that Do Not Attend FSA Training  
4      Example Letter to Lender – FSA-2241 Shows Behind on FSA-2248  
5      Example Letter to Lender - Receipt of FSA-2248  
6      Additional Information for Preparing Part F to Form FSA-2295, Guaranteed  
Estimated Loss Review Checklist for SEL and CLP Lenders  
7      Additional Information for Preparing Part E to Form FSA-2296,Guaranteed Loan  
Final Loss Review Checklist  
8      Example Memo to be Used to Submit Loss Claims for SED Approval/Rejection.  
9      Checklist for Submission of Loss Claims for SED Approval/Rejection  
10     Information for Notification of FSA’s Intent to Offset after Payment of a  
Final Loss Claim

2 Related References

**B Helpful Links**

The Guaranteed Farm Loans page of the National FSA public web site is available at the following address:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=gfl>

The Arkansas FSA public web site address is:

<http://www.fsa.usda.gov/FSA/stateoffapp?mystate=ar&area=home&subject=landing&topic=landing>

Arkansas guaranteed information is available on the Arkansas FSA public web site at the following address:

<http://www.fsa.usda.gov/FSA/stateoffapp?mystate=ar&area=home&subject=prog&topic=landing>

The Guaranteed Loan Program page of the Arkansas Intranet is available to FSA employees at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)



**15 Program Purpose and Eligible Lenders (Continued)**

**C Lenders Agreement**

Copies of current Arkansas lenders' agreements can be found on the Guaranteed Loan Program page of the Arkansas intranet at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)







**20 Responsibilities****A Authorized Agency Official Responsibilities**

Farm Loan Managers are to provide training to lenders and prospective lenders in their area annually. The State Office is to be contacted prior to the training for guidance on issues to be addressed at the training and to coordinate State Office participation. The proposed training Agenda is to be sent to Lori Lavender, Farm Loan Specialist, for review and approval prior to the training.

AR Exhibit 1 is to be used for the sign-in sheet for lender training. A copy of the completed AR Exhibit 1 along with the Agenda for the training is to be provided to the State Office, Farm Loan Programs.

Farm Loan Managers are to encourage SEL lenders to attend FSA-sponsored training each year to develop expertise in guaranteed lending. SEL lenders that do not attend FSA training should be notified in writing using a format similar to AR Exhibit 2. A copy of correspondence sent to the lenders regarding training attendance is to be sent to the State Office, Farm Loan Programs.

The eligibility criteria for CLP status which also applies to PLP status, requires the designated person from each of the lender's offices that is responsible for processing and servicing guaranteed loans to attend training annually. CLP and PLP lenders that do not attend FSA training should be notified in writing using a format similar to AR Exhibit 3. A copy of correspondence sent to the lenders regarding training attendance is to be sent to the State Office, Farm Loan programs.

A list of lender training meetings scheduled in Arkansas can be found on the Guaranteed Loan Program page of the Arkansas intranet at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)

The list of lender training meetings scheduled in Arkansas is also posted to the Arkansas FSA public web site at the following address:

<http://www.fsa.usda.gov/FSA/stateoffapp?mystate=ar&area=home&subject=prog&topic=landing>

**20 Responsibilities (Continued)**

**C SED's Responsibilities**

The Farm Loan Specialists will assist the Farm Loan Managers in providing annual training for lenders and prospective lenders.



**34 Lender List and Classification (7 CFR 762.101(b))**

**A Lender List**

A list of lenders that have guaranteed loans in Arkansas is available on the Guaranteed Loan Program page of the Arkansas intranet at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)



**47 Approval Process for SEL**

**A FSA Application for Guarantee Review**

The Farm Loan Manager/Farm Loan Officer with loan approval authority is designated as the Authorized Agency Official to determine if a lender meets the eligibility criteria to participate in the FSA guaranteed loan program as a Standard Eligible Lender.

**B Approval**

Farm Loan Managers are the Authorized Agency Official to approve a Lender's Agreement with a Standard Eligible Lender. The FSA-2201 is to include all lender branches in item 5 and all FSA offices in item 6 in which the lender potentially would make a guaranteed loan. A copy of the approved Lender's Agreement is to be forwarded to the State Office, Farm Loan Programs.

Copies of all current Arkansas lenders' agreements can be found on the Guaranteed Loan Program page of the Arkansas intranet at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)





**73 Filing Applications Electronically**

**C Lender Requirements for Electronic Reporting (continued)**

Contact Lori Lavender, Farm Loan Specialist, of the State Office to add the lender's Security Administrator(s) to the system.





**84 Monitoring FSA Approvals (7 CFR 762.130)(Continued)**

**C Designated Review Official Responsibilities**

The Farm Loan Specialists located in the field offices are designated to complete the reviews of rejected and withdrawn SDA loan applications.



**247 Actions Before Issuing the Loan Guarantee (7 CFR 762.130)(Continued)****A Lender's Actions (Continued)**

Guaranteed Line of Credits (LOC's) are revolving lines and all advances must be made within 5 years from the date of the guarantee. Certain lenders do not wish to use a true revolving note on agricultural operating loans. These lenders use closed end LOC's and issue a new note each year. There has to be a clear link between the Loan Guarantee and all the notes intended to be covered by the Loan Guarantee. The lender may use a master note, loan agreement, or by referring in the subsequent notes to the original debt instrument referenced on the Loan Guarantee.

Below is an example of the wording that can be used:

*Local Bank* intends to provide the FSA guaranteed \$loan amount line of credit for the years of 2009, 2010, 2011, 2012, and 2013 for annual operating expenses subject to satisfactory loan performance in accordance with our normal credit guidelines.

This statement or one similar would be attached to the note via loan covenant each of the five years. The second year of the guarantee would only show the current year plus three more and so on each succeeding year.



250 Replacing or Terminating the Loan Guarantee (7 CFR 762.101 and 762.130)

**B Terminating the Loan Guarantee**

If the lender is unable to return the original Loan Guarantee document on a loan that is to be terminated because it has been lost or misplaced, it is acceptable to accept a signed and dated letter from an authorized official of the lender that is similar to the following:

To: Farm Service Agency  
 Attn: Farm Loan Manager

Subject: Borrower's Name: \_\_\_\_\_  
 Case Number: St-Cty-xxxxxxxx  
 Paid in Full Guaranteed Loan  
 Loan Amount: \_\_\_\_\_  
 Loan Type: \_\_\_\_\_  
 Date of Guarantee: \_\_\_\_\_  
 FSA Loan # \_\_\_\_\_ Lender Loan # \_\_\_\_\_

We have lost or misplaced the original Farm Service Agency Loan Guarantee. We certify that we own all or 100% of the Loan Guarantee. This letter serves as your official notice that the subject guaranteed loan has been paid in full. Please terminate the Loan Guarantee.

After the proper documentation is received process the termination in GLS using Guaranteed Farm Loan Status Report.



**266 Lender Reporting Requirements (7 CFR 762.141)(Continued)**

**C FSA Monitoring of Lender Reports**

Upon receipt of a Guaranteed Farm Loan Status Report, FSA-2241, (electronic or paper) which indicates the account is past due and a Guaranteed Farm Loan Default Status Report, FSA-2248, has not been submitted by the lender, AR Exhibit 4 will be utilized to inform the lender that a FSA-2248 is required.



**267 FSA Loan Servicing Responsibilities****B Lender Loan Files Review Priorities**

All active lenders (SEL, CLP, and PLP lenders in Arkansas only) have been assigned to an FLP Area to coordinate the annual lender file reviews. The National Office will coordinate reviews for multi-state PLP lenders. The list of lenders and assignments is available on the Guaranteed Loan Program page of the Arkansas intranet at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)

The Farm Loan Manager associated with the FLP Area in Charge is responsible for ensuring lender file reviews are completed by September 30<sup>th</sup> of each FY. The borrowers selected for review will be based upon the criteria outlined in paragraph 267 B. The State Office, Farm Loan Programs, is to be notified by September 30<sup>th</sup> of each FY of those lenders that do not require a review. For lenders with loans in more than one FLP area, the responsible FLM will coordinate the borrowers selected with all FLP areas covered by the lender.

State Office participation is often beneficial when completing CLP and PLP reviews. The State Office should be contacted prior to scheduling CLP and PLP lender file reviews to determine the level of State Office involvement in the review.

FSA-2293 is used for the individual loan file review for SEL and CLP lenders. Agency officials are required to summarize these reviews on FSA 2200-1 AR, Lender Conference Report. A copy of this form is available on the Arkansas intranet Guaranteed Loan Program page. Agency officials will review findings on the Lender Conference Report with lender representatives as part of the exit conference as described in Par. 267 E. Agency Officials will forward a copy of the completed FSA 2200-1 AR to the State Office, respective District Director and area Farm Loan Specialist.

The National Office has developed lender file review checklists specifically tailored to each PLP lender. Copies of these checklists are available on the Arkansas intranet Guaranteed Loan Program page and should be used when completing PLP reviews.

A copy of all lender reviews, letters to lenders regarding the reviews, and FSA 2200-1 AR will be mailed to the State Office, Farm Loan Programs.



267 FSA Loan Servicing Responsibilities

**E Authorized Agency Official Response to Loan File Review**

Agency Officials will complete FSA 2200-1 AR, Lender Conference Report, based on the file reviews and discuss with lender representatives as part of the exit conference. A copy of the completed form is to be sent to the State Office, Farm Loan Programs. A copy of this form is available on the Arkansas intranet Guaranteed Loan Program page at the following address:

[http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed\\_Loan.asp](http://intra4.fsa.usda.gov/ar/ari/programs/FarmLoans/Guaranteed_Loan.asp)



**300 Monetary Default – Overall Loan Servicing Process (7 CFR 762.143)(Continued)**

**D Borrower and Lender Meeting (Continued)**

Upon receipt of the initial FSA-2248, the authorized Agency official should immediately review and respond to the lender using the format in AR Exhibit 5. Your response should be in direct correlation with the delinquency code established by the lender.

**Note:** If the delinquency code changes from the initial FSA-2248, a subsequent AR Exhibit 5 should be sent addressing the new code.







**359 Lender Submission of Estimated Loss Claim (7 CFR 762.149)(Continued)****F FSA Approval and Payment of Estimated Loss Claim**

AR Exhibit 6 is provided to give additional information to be used when completing FSA-2295, Guaranteed Estimated Loss Review Checklist for SEL and CLP Lenders. The documentation required in AR Exhibit 6 should be submitted with the estimated loss claim.

After reviewing the FSA-2254 and related documentation from the lender, the authorized agency official is to use the format in AR Exhibit 8 to submit an estimated loss claim from a SEL or CLP lender for SED approval or rejection. AR Exhibit 9 is a checklist to be used when preparing the claim for submission. The memo, county office file, AR Exhibit 9 and related attachments are to be sent to the Farm Loan Specialist assigned to an area for review prior to submission to the SED.

Estimated loss claims for PLP lenders are to be reviewed only for accuracy and calculations of FSA-2254. A brief memo will be used to provide the estimated loss claim and related information to the Farm Loan Specialist assigned to an area for review prior to submission to the SED.



**360 Lender Submission of Final Loss Claim (7 CFR 762.149)(Continued)**

**F FSA Approval and Payment of Final Loss Claim (Continued)**

AR Exhibit 7 is provided to give additional information to be used when completing FSA-2296, Guaranteed Loan Final Loss Review Checklist. The documentation required in AR Exhibit 7 should be submitted with the final loss claim.

After reviewing the FSA-2254 and related documentation from the lender, the authorized agency official is to use the format in AR Exhibit 8 to submit a final loss claim for SED approval or rejection. AR Exhibit 9 is a checklist to be used when preparing the claim for submission. The memo, county office file, Exhibit 9 and related attachments are to be sent to the Farm Loan Specialist assigned to the area for review prior to submission to the SED.

**363 Collecting Final Loss Claim Payments From Guaranteed Loan Debtors  
(7 CFR 762.149(m))(Continued)**

**D Debtor Notification of FSA's Intent to Offset**

AR Exhibit 10 is to be completed to provide information for all debtors and co-debtors on loans that are subject to offset and a final loss claim has been received. AR Exhibit 10 also includes non-debtor information for all entities the debtor has an interest. The completed AR Exhibit 10 is to be included with the information submitted with the final loss claim referral to the SED on loans approved using a guaranteed application with a revision date of July 20, 2001, or later.

The State Office, Farm Loan Programs, will send the debtor and co-debtors notification of intent to offset upon confirmation of a final loss claim payment using the appropriate Exhibit in accordance with Par. 363 D.

Occasionally debtors will join an entity after the initial offset notification. When FSA becomes aware that a debtor or co-debtor that is subject to offset has an interest in a non-debtor entity, you should complete the Other Entity Information section of AR Exhibit 10 and immediately notify the State Office, Farm Loan Programs.

**363 Collecting Final Loss Claim Payments From Guaranteed Loan Debtors  
(7 CFR 762.149(m))(Continued)**

**F Referral of Debt of IAO Offset**

The State Office, Farm Loan Programs, will refer debtors and co-debtors for IAO and non-centralized administrative offset and update GLS.

If FSA becomes aware of a debtor or co-debtor that is subject to offset files bankruptcy or are called to report for induction or military service, the State Office, Farm Loan Programs, should be notified immediately.

**363 Collecting Final Loss Claim Payments From Guaranteed Loan Debtors  
(7 CFR 762.149(m))(Continued)**

**G Referral of Debt of Debt to TOP**

The State Office, Farm Loan Programs, will refer debtors and co-debtors for TOP and update GLS.

If FSA becomes aware of a debtor or co-debtor that is subject to offset files bankruptcy or are called to report for induction or military service, the State Office, Farm Loan Programs, should be notified immediately.





**363 Collecting Final Loss Claim Payments From Guaranteed Loan Debtors  
(7 CFR 762.149(m))(Continued)**

**K Debt Settlement**

When a guaranteed loss amount is considered for debt settlement in accordance with 1956-B, credit reports for the borrowers can be ordered through the Farm Business Plan (FBP). The borrower(s) must first be in SCIMS to complete the process and then setup the account in the FBP as a Credit Report/Eligibility Only Account FBP Account Type so as not to be counted as an active account.





**Reports, Forms, Abbreviations, and Delegations of Authority**

**Forms**

This table lists all forms referenced in this handbook.

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
FSA 2200-1 AR	Lender Conference Report		267 E

## Definitions of Terms Used in This Handbook (7 CRF 761.2(b)) (Continued)

## Beginning Farmer (Continued)

Farm Size  
**MEDIAN COUNTY FARM ACREAGE - ARKANSAS**  
 (From 2007 Census of Agriculture)

County	Median No. Acres	30% Acres	County	Median # Acres	30% Acres
Arkansas	294	88.2	Lee	400	120.0
Ashley	53	15.9	Lincoln	120	36.0
Baxter	57	17.1	Little River	88	26.4
Benton	50	15.0	Logan	80	24.0
Boone	80	24.0	Lonoke	100	30.0
Bradley	68	20.4	Madison	100	30.0
Calhoun	100	30.0	Marion	120	36.0
Carroll	100	30.0	Miller	65	19.5
Chicot	220	66.0	Mississippi	640	192.0
Clark	91	27.3	Monroe	340	102.0
Clay	117	35.1	Montgomery	99	29.7
Cleburne	75	22.5	Nevada	82	24.6
Cleveland	60	18.0	Newton	100	30.0
Columbia	82	24.6	Ouachita	77	23.1
Conway	80	24.0	Perry	80	24.0
Craighead	70	21.0	Phillips	800	240.0
Crawford	46	13.8	Pike	80	24.0
Crittenden	560	168.0	Poinsett	524	157.2
Cross	267	80.1	Polk	63	18.9
Dallas	120	36.0	Pope	65	19.5
Desha	445	133.5	Prairie	170	51.0
Drew	90	27.0	Pulaski	40	12.0
Faulkner	64	19.2	Randolph	120	36.0
Franklin	100	30.0	St. Francis	160	48.0
Fulton	133	39.9	Saline	40	12.0
Garland	40	12.0	Scott	92	27.6
Grant	49	14.7	Searcy	150	45.0
Greene	76	22.8	Sebastian	47	14.1
Hempstead	95	28.5	Sevier	73	21.9
Hot Spring	51	15.3	Sharp	124	37.2
Howard	80	24.0	Stone	121	36.3
Independence	86	25.8	Union	61	18.3
Izard	156	46.8	Van Buren	107	32.1
Jackson	240	72.0	Washington	48	14.4
Jefferson	109	32.7	White	69	20.7
Johnson	82	24.6	Woodruff	294	88.2
Lafayette	101	30.3	Yell	76	22.8
Lawrence	160	48.0			



**GUARANTEED LENDER TRAINING SIGN-IN SHEET**

**Location:** \_\_\_\_\_

**FLP Area(s):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Time:** \_\_\_\_\_

	<b>NAME</b>	<b>TITLE</b>	<b>ORGANIZATION</b>	<b>LOCATION</b>
<b>1</b>				
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				
<b>11</b>				
<b>12</b>				
<b>13</b>				
<b>14</b>				
<b>15</b>				
<b>16</b>				
<b>17</b>				
<b>18</b>				
<b>19</b>				
<b>20</b>				

**GUARANTEED LENDER TRAINING SIGN-IN SHEET (Continued)**

**Location:** \_\_\_\_\_

**FLP Area(s):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Time:** \_\_\_\_\_

	NAME	TITLE	ORGANIZATION	LOCATION
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				



**[Example Letter to SEL Lenders that Do Not Attend FSA Training]**

(Use Agency Letterhead format with local return address)

(Date)

(Loan Officer's Name)  
(Position)  
(Institution's Name)  
(Street and/or PO Address)  
(Town, State, Zip Code)

Re: Guaranteed Lender Training Meeting

Dear (Name):

We regret that you were unable to attend the Farm Service Agency (FSA) Guaranteed Lender training meeting on (Date) in (City). FSA Handbook 2-FLP requires Agency officials to provide annual training to participating and prospective lenders. The training is a service given to provide updated information about FSA's Guaranteed Loan Program, assist lenders with loan making and servicing actions, and discuss changes in regulations and policies that affect agricultural lending.

Standard Eligible Lenders must meet the eligibility requirements each time they submit an Application for Guarantee. Training attendance can be an important factor in reviewing the lender's agriculture lending capacity and experience. You are encouraged to attend one of the other training meetings to be held by other Farm Loan Program offices in the state. Information on scheduled training meetings can be found on the Arkansas FSA web site at the following address:

<http://www.fsa.usda.gov/FSA/stateoffapp?mystate=ar&area=home&subject=prog&topic=landing>

If you have any questions, please contact our office at (Phone Number).

Sincerely,

(Name)  
Farm Loan Manager

cc: District Director (No.), (Name)  
STO, Farm Loan Programs



**[Example Letter to Lender CLP and PLP Lenders that Do Not Attend FSA Training]**

(Use Agency Letterhead format with local return address)

(Date)

(Loan Officer's Name)  
(Position)  
(Institution's Name)  
(Street and/or PO Address)  
(Town, State, Zip Code)

Re: Guaranteed Lender Training Meeting

Dear (Name):

We regret that you were unable to attend the Farm Service Agency (FSA) Guaranteed Lender training meeting on (Date) in (City). FSA Handbook 2-FLP requires Agency officials to provide annual training to participating and prospective lenders. The training is a service given to provide updated information about FSA's Guaranteed Loan Program, assist lenders with loan making and servicing actions, and discuss changes in regulations and policies that affect agricultural lending.

Certified Lenders (CLP) and Preferred Lenders (PLP) are required to designate a qualified person(s) to process and service FSA guaranteed loans for each of the lender offices which will process CLP/PLP loans. The designated person must attend Agency sponsored training each year. You are encouraged to attend one of the other training meetings to be held by other Farm Loan Program offices in the state. Information on scheduled training meetings can be found on the Arkansas FSA web site at the following address:

<http://www.fsa.usda.gov/FSA/stateoffapp?mystate=ar&area=home&subject=prog&topic=landing>

Annual training is one of the eligibility criteria for CLP/PLP status. Failure to attend FSA sponsored training could result in the lender's status being revoked.

If you have any questions, please contact our office at (Phone Number).

Sincerely,

(Name)  
Farm Loan Manager

cc: District Director (No.), (Name)  
STO, Farm Loan Programs



**[Example Letter to Lender – FSA-2241 Shows Behind and No FSA-2248]**

(Use Agency Letterhead format with local return address)

(Date)

(Lender's Name)  
(Lender's Position)  
(Institution's Name)  
(Street and/or PO Address)  
(Town, State, Zip Code)

RE: (Borrower Name)  
FSA-2241

Dear (Mr./Ms.):

We have reviewed FSA-2241, Guaranteed Farm Loan Status Report, dated (date) for subject borrower. The information completed indicates a payment status code of B – Borrower behind schedule and a FSA-2248, Guaranteed Farm Loan Default Status Report, has not been received. If the account is in default, a FSA-2248, should immediately be prepared and submitted to this office and updated every sixty days thereafter until the default is cured. Failure to address default in a prudent and timely fashion may result in a reduction or rejection of a request for a loss claim, should a loss claim result. If the account has been brought current, a new FSA-2241 should be submitted to this office for processing.

If you have any questions, please contact this office at (Phone Number).

Sincerely,

(Name)  
Farm Loan Manager

cc: Lender File  
District Director (No.), (Name)  
STO, Farm Loan Programs



**[Example Letter to Lender – Receipt of Initial FSA-2248]**

(Use Agency Letterhead format with local return address)

(Date)

(Lender's Name)

(Lender's Position)

(Institution's Name)

(Street and/or PO Address)

(Town, State, Zip Code)

RE: (Borrower Name)  
FSA-2248

Dear (Mr./Ms.):

We have reviewed FSA-2248, Guaranteed Farm Loan Default Status Report, dated (date) for subject borrower. The form indicates a delinquent code of (Enter the information here from the following list based on the code shown on the form. Do not enter the other codes listed.)

**[Select the code shown on FSA-2248 from the following list to complete the letter.]**

01 – Delinquent-Disposition Forthcoming. FSA expects the loan(s) to be paid current or a decision made to restructure or liquidate the account within 90 days of default.

02 – Borrower Will Pay Delinquent Amount. When the account is paid current, a new FSA-2248 will be submitted reflecting a code of 13 – Loan Reinstated and Current.

04 – Forced Liquidation Pending. [For SEL, CLP and PLP (for PLP a copy of the liquidation plan is provided to FSA when required by Lender's CMS)] Within 150 days after the payment due date, you must prepare a liquidation plan according to 2-FLP paragraph 358 and submit it to this office. An estimated loss claim must also be submitted to this office no later than 150 days after the payment due date unless the account has been completely liquidated and then the final loss claim must be filed. OR [For PLP lenders that do not have to submit a liquidation plan per their CMS] Within 150 days after the payment due date, you must prepare a liquidation plan according to 2-FLP paragraph 358. An estimated loss claim must also be submitted to this office no later than 150 days after the payment due date unless the account has been completely liquidated and then the final loss claim must be filed.

05 – Voluntary Liquidation Pending. [For SEL, CLP and PLP (for PLP a copy of the liquidation plan is provided to FSA when required by Lender's CMS)] Within 150 days after the payment due date, you must prepare a liquidation plan according to 2-FLP paragraph 358 and submit it to this office. An estimated loss claim must also be submitted to this office no later than 150 days after the payment due date unless the account has been completely liquidated and then the final

loss claim must be filed. **OR** [*For PLP lenders that do not have to submit a liquidation plan per their CMS*] Within 150 days after the payment due date, you must prepare a liquidation plan according to 2-FLP paragraph 358. An estimated loss claim must be submitted to this office no later than 150 days after the payment due date unless the account has been completely liquidated and then the final loss claim must be filed.

09 – Borrower Restructuring Pending. When the account is restructured, a new FSA-2248 will be submitted reflecting a code of 11 - Rescheduling of payments completed or 12 – Deferral of Principal and Interest Payments Completed, along with required restructured documents.

14 – Bankruptcy Liquidation Filed by Borrower. As the lender for this account, you must protect the guaranteed loan debt and all collateral securing the loan in bankruptcy proceedings. Part 13 to 2-FLP provides guidance on lender’s responsibilities and claims for expenses and estimated losses.

15 – Bankruptcy Reorganization Filed by Borrower. As the lender for this account, you must protect the guaranteed loan debt and all collateral securing the loan in bankruptcy proceedings. Part 13 to 2-FLP provides guidance on lender’s responsibilities and claims for expenses and estimated losses. When the plan has been confirmed, a new FSA-2248 is to be submitted reflecting a code of 16 – Bankruptcy Reorganization in Effect Loan is Current as Per Bankruptcy Plan or 17 – Bankruptcy Reorganization with Court Ordered Interest Rate Reduction in Effect. Loan is Current as Per Bankruptcy Plan. After submission of a FSA-2248 reflecting a code 16 or 17, no further default status reports are required unless the borrower returns to default status at a future date.

**Remember**, a subsequent FSA-2248 is required every sixty days until the account is paid current, restructured, or a final loss claim has been submitted.

Failure to comply with the servicing requirements of FSA Handbook 2-FLP and your Lender’s Agreement could result in a reduction or rejection of a request for a loss claim, should a loss claim result.

If you have any questions, please contact this office at (*Phone Number*).

Sincerely,

(Name)  
Farm Loan Manager

cc: Lender File  
District Director (*No.*), (*Name*)  
STO, Farm Loan Programs



**Additional Information for Preparing Part F to Form FSA-2295,  
Guaranteed Estimated Loss Review Checklist for SEL and CLP Lenders**

**PART F – QUESTIONS THAT APPLY TO BOTH LIQUIDATION AND BANKRUPTCY  
LOSS CLAIMS.**

**Item 31 – Has a review of all liquidation costs been completed?**

Examples of authorized liquidation costs: appraisals, legal fees for the liquidation of the guarantee or bankruptcy costs, auction costs, title work, and sale commission.

Authorized liquidation costs are to be paid from sale proceeds before application of the net proceeds to the guaranteed debt. 2-FLP, Par. 359 B

**Item 32 – Has lender completed FSA-2248, Guaranteed Farm Loan Default Status Report, as necessary?**

The lender is required to have a meeting with the borrower within 45 days of payment due date for monetary default. After the meeting, the lender should submit a FSA-2248 to FSA which gives a summary of the meeting and dates of planned servicing actions. The lender should continue to submit FSA-2248s every 60 calendar days until the default is resolved or a final loss claim is submitted. 2-FLP, Par. 300 D

If the borrower will not attend a meeting or work with the lender to resolve the default refer to 2-FLP, Par 300 E and G.

If a borrower is in nonmonetary default, the lender must service the loan in a manner consistent with monetary default regulations. 2-FLP, Par 301 A

Web GLS report for Past Due Default Status Reports should be used to monitor the FSA-2248-44s.

**Item 33 – Has the maximum amount of principal been exceeded?**

The lender's payment ledger will be reviewed to determine that total advances are equal to or less than the guaranteed loan amount or the amount authorized for advancement in subsequent years of LOCs.

If the review indicates the principal has been exceeded, the servicing official will inform the lender of the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 34 – Is all sale documentation attached?**

If security has been liquidated, the lender will provide a copy of the detailed accounting of the disposition of the security and the proceeds for all guaranteed loan collateral. A detailed accounting will include the source of the payment.

For normal crops and livestock income, the lender's records are compared to the FSA Farm Program payment history records, prior and current balance sheets, cash flow, and the income tax records are worked backwards. For normal crop income, the lender will provide actual yields and settlement statements for sale of all crops. The lender will provide documentation that explains the reason for actual income being less than projected.

For chattels sold at public auction, the settlement statement is compared to the Conditional Commitment, original and subsequent appraisals, security agreements, balance sheets, and depreciation records to be assured that all equipment owned and thereafter acquired is properly accounted for.

If the real estate security has been sold, was the sale price supported by a current appraisal. If the current appraisal is less than the value at loan closing, adequate documentation will be required to support the reduction in value.

**Item 35 – Did the lender obtain the security and lien position required?**

Review the Conditional Commitment and Application for Guarantee to determine the required security. Review the lender's security instruments such as security agreements, mortgages, assignments, financing statements to determine the required lien position was obtained.

If the review indicates the required security or lien position was not obtained, the servicing official will determine a value representative of the negligent servicing, if any, and inform the lender the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 36 – Has unaccounted for security values been deducted from the lender’s loan balance (if appropriate) in accordance with 2-FLP?**

The value of unaccounted for security will be deducted from the lender’s loss claim based on the value at loan closing or the most recent appraisal. A deduction will not be made if the lender provides documentation indicating their efforts to locate and recover the missing collateral was equal to that which would have been expended in the case of an unguaranteed loan in the lender’s portfolio. 2-FLP, Par. 360 F

If a deduction is required, the servicing official will inform the lender the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 37 – Has income from the sale of collateral been accounted for from the time the loan closed to the point of the estimated loss payment?**

For normal crops and livestock income, the lender’s records are compared to the FSA Farm Program payment history records, prior and current balance sheets, cash flow, and the income tax records are worked backwards. For normal crop income, the lender will provide actual yields and settlement statements for sale of all crops. The lender will provide documentation that explains the reason for actual income being less than projected.

For chattels sold at public auction, the settlement statement is compared to the Conditional Commitment, Application for Guarantee, original and subsequent appraisals, security agreements, balance sheets, and depreciation records to be assured that all equipment owned and thereafter acquired is properly accounted for.

If the real estate security has been sold, was the sale price supported by a current appraisal. If the current appraisal is less than the value at loan closing, adequate documentation will be required to support the reduction in value.

**Item 38 – Does the payment ledger show all interest charges, principal reductions, time periods, interest rate, and principal amount?**

The lender’s payment ledger can be in the form of a spreadsheet if the above information is included.

**Item 39 – If the borrowers has other loans with the lender not guaranteed, did the lender apply proceeds and payments to the appropriate account?**

The lender should provide a copy of the borrower's promissory note and detailed loan history (unpaid accrued interest, advances, principal and interest payments, principal balances and interest rate changes) for ALL active and paid in full non-guaranteed loan(s) owned to the lender since the closing date of the first guaranteed loan(s).

The balance sheets from the date of the loan to current should be reviewed by the servicing official to determine that information was provided for each non-guaranteed loan owed the lender.

Payments applied to the non-guaranteed loans should be supported by the proposed plan(s). If a payment was not authorized to be applied to the non-guaranteed loan and it was to the detriment of the guaranteed loan, the servicing official will inform the lender of the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 40 – Were loan funds used as specified on the Conditional Commitment?**

Documentation will be provided to show and support the purpose of each advance on the loan.

If the review indicates funds were not used as specified, the servicing official will inform the lender of the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 41 – Are you satisfied that there has been no fraud or misrepresentation by the lender?**

If you feel there has been fraud or misrepresentation by the lender, the servicing official will determine a value representative of the amount of loss caused by this action and provide adequate documentation to support the recommended reduction in the loss claim.

**Additional Information for Preparing Part E to Form FSA-2296,  
Guaranteed Loan Final Loss Review Checklist**

<b>PART E – QUESTIONS THAT APPLY IN ALL LOSS CLAIM CASES</b>
<b>Item 27 – Has the estimated loss payment been accounted for in the final loss calculations?</b>  The amount of the estimated loss claim paid to the lender is to be entered in item 47 of FSA-2254, Guaranteed Loan Report of Loss.
<b>Item 28 – Is justification and authorization attached for all sales expenses and protective advances?</b>  The lender should provide documentation to support all liquidation expenses and protective advances.  Examples of authorized liquidation costs: appraisals, legal fees for the liquidation of the guarantee or bankruptcy costs, auction costs, title work, and sale commission.  Authorized liquidation costs are to be paid from sale proceeds before application of the net proceeds to the guaranteed debt. 2-FLP, Par. 359 B  Protective advances will be addressed in accordance with 2-FLP, Par. 360 D.
<b>Item 29 – Has a review been made to assure that the lender has not charged expenses?</b>  In-house expenses are not allowable liquidation costs. Examples of in-house expenses are employee salaries, staff lawyers, photocopying, and travel. 2-FLP, Par. 359 B.  Default interest, late charges, and loan servicing fees are not payable under the loss claim. 2-FLP, Par. 360 F
<b>Item 31 – Will the lender release the borrower from liability, or pursue future recovery against non security assets?</b>  The lender is required to obtain concurrence from FSA prior to releasing a borrower from liability. A request for release of liability will be prepared in accordance with 2-FLP, Par. 361 B or C depending on the revision date of the guaranteed application form.  The lender will provide information regarding the availability of other income or assets which are not security and their intent to pursue collection.

**Item 32 – Has collection been pursued or made from personal assets, cosigners, or guarantors?**

The lender will review the local tax collector records to determine the existence of additional assets and their intent regarding collection from these assets.

**Item 33 – Were liquidation costs deducted from gross proceeds received?**

Authorized liquidation costs are to be paid from sale proceeds before application of the net proceeds to the guaranteed debt. 2-FLP, Par. 359 B

Examples of authorized liquidation costs: appraisals, legal fees for the liquidation of the guarantee or bankruptcy costs, auction costs, title work, and sale commission.

**Item 34 – Were sales carried out as approved?**

The servicing official will review the approved liquidation plan and information provided by the lender on the sale of collateral for this determination.

**Item 35 – Were appraisal fees deducted from the collateral sales proceeds?**

Authorized liquidation costs are to be paid from sale proceeds before application of the net proceeds to the guaranteed debt. 2-FLP, Par. 359 B

Examples of authorized liquidation costs: appraisals, legal fees for the liquidation of the guarantee or bankruptcy costs, auction costs, title work, and sale commission.

**Item 36 – Did the lender obtain the proper security and lien position required?**

Review the Conditional Commitment and Application for Guarantee to determine the required security. Review the lender's security instruments such as security agreements, mortgages, assignments, and financing statements to determine the required lien position was obtained.

If the review indicates the required security or lien position was not obtained, the servicing official will determine a value representative of the negligent servicing, if any, and inform the lender the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 37 – Has all collateral been disposed of and accounted for?**

For normal crops and livestock income, the lender's records are compared to the FSA Farm Program payment history records, prior and current balance sheets, cash flow, and the income tax records are worked backwards. For normal crop income, the lender will provide actual yields and settlement statements for sale of all crops. The lender will provide documentation that explains the reason for actual income being less than projected.

For chattels sold at public auction, the settlement statement is compared to the Conditional Commitment, Application for Guarantee, original and subsequent appraisals, security agreements, balance sheets, and depreciation records to be assured that all equipment owned and thereafter acquired is properly accounted for. Review the lender's security instruments to determine that all chattel security has been accounted for.

The sale of real estate security is to be supported by a current appraisal. If the current appraisal is less than the value at loan closing, adequate documentation will be required to support the reduction in value.

**Item 38 – Has unaccounted for security been deducted from the lender's claim (if appropriate) in accordance with 2-FLP?**

The value of unaccounted for security will be deducted from the lender's loss claim based on the value at loan closing or the most recent appraisal. A deduction will not be made if the lender provides documentation indicating their efforts to locate and recover the missing collateral was equal to that which would have been expended in the case of an unguaranteed loan in the lender's portfolio. 2-FLP, Par. 360 F

**Item 39 – Has the lender provided a copy of the payment ledger showing all interest charges and principal reductions? This must show time periods, interest rate, and principal amount. Have payments been properly applied?**

The lender's payment ledger can be in the form of a spreadsheet if the above information is included.

Estimated loss claim payments should be shown as received by the lender but are not to reduce the unpaid balances on the loan. 2-FLP, Par. 359 G

**Item 40 – Were all proceeds from the sale of collateral applied correctly by the lender in order of lien priority, from the time immediately after the loan closed to the point when liquidation was completed?**

For normal crops and livestock income, the lender's records are compared to the FSA Farm Program payment history records, prior and current balance sheets, cash flow, and the income tax records are worked backwards. For normal crop income, the lender will provide actual yields and settlement statements for sale of all crops. The lender will provide documentation that explains the reason for actual income being less than projected.

For chattels sold at public auction, the settlement statement is compared to the Conditional Commitment, Application for Guarantee, original and subsequent appraisals, security agreements, balance sheets, and depreciation records to be assured that all equipment owned and thereafter acquired is properly accounted for. Review the lender's security instruments to determine that all chattel security has been accounted for.

The sale of real estate security is to be supported by a current appraisal. If the current appraisal is less than the value at loan closing, adequate documentation will be required to support the reduction in value.

**Item 41 – Has the lender followed the liquidation plan expeditiously?**

The servicing official will review the approved liquidation plan and information provided by the lender on the sale of collateral for this determination.

**Item 42 – Was default notification and subsequent reporting requirements provided in a timely manner and as required?**

The lender is required to have a meeting with the borrower within 45 days of payment due date for monetary default. After the meeting, the lender should submit a FSA-2248 to FSA which gives a summary of the meeting and dates of planned servicing actions. The lender should continue to submit a FSA-2248 every 60 calendar days until the default is resolved or a final loss claim is submitted. 2-FLP, Par. 300 D

If the borrower will not attend a meeting or work with the lender to resolve the default refer to 2-FLP, Par 300 E and G.

If a borrower is in nonmonetary default, the lender must service the loan in a manner consistent with monetary default regulations. 2-FLP, Par 301 A

Web GLS report for Past Due Default Status Reports should be used to monitor the FSA-2248s.



**Item 43 – If the borrower had any other loans with the lender which were not guaranteed by FSA, did the lender apply proceeds and payments to the appropriate account?**

The lender should provide a copy of the borrower's promissory note and detailed loan history (unpaid accrued interest, advances, principal and interest payments, principal balances and interest rate changes) for ALL active and paid in full non-guaranteed loan(s) owned to the lender since the closing date of the first guaranteed loan(s).

The balance sheets from the date of the loan to current should be reviewed by the servicing official to determine that information was provided for each non-guaranteed loan owed the lender.

Payments applied to the non-guaranteed loans should be supported by the proposed plan(s). If a payment was not authorized to be applied to the non-guaranteed loan and it was to the detriment of the guaranteed loan, the servicing official will inform the lender of the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 44 – Were loan funds used as specified on the Conditional Commitment?**

The lender will provide documentation to show and support the purpose of each advance on the loan.

If the review indicates funds were not used as specified, the servicing official will inform the lender of the amount to be deducted from the claim. If the lender agrees to the deduction, the GLS Loss Claim System should be documented with the date of lender contact and acceptance by the lender. A revised FSA-2254, Guaranteed Loan Report of Loss, is not required if the lender agrees to the deduction and it is documented in the comments on the claim form in GLS. If the lender does not agree to the deduction, the claim should be submitted with a recommendation to reduce or reject the claim.

**Item 45 – Are you satisfied that there has been no fraud or misrepresentation by the lender?**

If you feel there has been fraud or misrepresentation by the lender, the servicing official will determine a value representative of the amount of loss caused by this action and provide adequate documentation to support the recommended reduction in the loss claim.

**Item 46 – Was the loss claim form completed and coded correctly?**

If the form is not correct, the servicing official should contact the lender to resolve any problems.



**[Example Memo to be Used to Submit Loss Claims for SED Approval/Rejection.]**

**NOTE: This example does not apply to an estimated loss claim from a PLP lender.**

(Use Agency Letterhead format with local return address)

(Date)

TO: (Name)  
State Executive Director

ATTN: James G. Culpepper, III  
Farm Loan Chief

THRU: (Name)  
Farm Loan Specialist

FROM: (Name)  
Farm Loan Manager

SUBJECT: (Name and Case Number of Borrower)  
Request for (Approval or Rejection) of (Estimated or Final) Loss Claim

---

This is to advise that (Name of Lender) has requested payment of the (Estimated or Final) loss claim on FSA-2254, Guaranteed Loan Report of Loss, on the above subject borrower.

Based on a review of the information submitted by the lender, it is my recommendation to (approve or reject) the proposed loss claim as submitted by the lender. (If rejection is requested, give specific reasons with handbook references.)

The following information is provided for each loan with a loss claim filed:

Loan Number	Payment Due Date	Default Date	Date Interest Accrued to on FSA-2254	Date of Decision to Liquidate (for loans closed before 7/9/08)

The lender's payment ledger has been reviewed and is acceptable. (The ledger should include unpaid accrued interest, advances, payments, periods of time, interest rates, and principal balances. If the payment ledger is not acceptable, provide information as to efforts made to obtain a correct ledger from the lender.) The borrower (did/did not) make payments on unapproved loans or advances outside the guaranteed. (If payments were made on unapproved loans or advances, provide information on deductions made or justification payments were not made to the detriment of the guaranteed loan.)

The Liquidation Plan is dated *(Date)* and the lender was notified on *(Date)* the plan was approved. *(Does not apply to some PLP lenders.)*

*(If the borrower has filed bankruptcy, provide information on the bankruptcy actions. This would include borrower(s) that filed, bankruptcy case number, date filed, chapter filed, current status, confirmed plan date, discharge date and lender's actions to protect the guarantee in the bankruptcy proceedings.)*

All security as reflected on FSA-2235, Conditional Commitment, *(has/has not)* been accounted for and the proper lien position *(was/was not)* obtained. *[For estimated claims describe the lender's proposed method of liquidation. If the market value is considerably less than at loan closing, give information on cause of decrease in value. Provide a detailed explanation for security and/or proceeds that are unaccounted for or not applied properly. This will include in part contacts with the lender, lender's efforts to locate security, adjustments made to the claim or justification as to no adjustment to claim.] [For final claims]* All security has been *(properly/improperly)* disposed of and proceeds *(properly/improperly)* applied. *[Provide a detailed explanation for security and/or proceeds that were unaccounted for or not applied properly. This will include in part contacts with lender, lender's efforts to locate security, reason for sale less than market value, adjustments made to the claim or justification as to no adjustment to claim.]*

*(Provide information on the Lender's proposed method of maximizing the collection of debt after the security has been liquidated, including possibilities for judgment)*

*(Provide any other information that could affect the loss claim.)*

---

Attachments – County Office Case File(s) (1)  
AR Exhibit 9 with Required Attachments

cc: District Director *(No.)*, *(Name)*

**Checklist for Referring Loss Claims for SED Approval/Rejection**

Borrower Name: \_\_\_\_\_

Preparer's Name: \_\_\_\_\_

Lender: \_\_\_\_\_

Date: \_\_\_\_\_

The following information is required to be submitted with the referral memo (AR Exhibit 6) and attached to the cover of the county office file. **REMEMBER: Do not submit the county office original or file copy as an attachment. The attachments provided will be kept in the State Office file, not returned to the county office.** Documents previously submitted with an estimated loss claim are not required to be submitted again with the final loss claim.

- Yes  No  NA - 1 Copy of Lender's Agreement
- Yes  No  NA - 1 Copy of Application for Guarantee
- Yes  No  NA - 1 Copy of Conditional Commitment(s)
- Yes  No  NA - 1 Copy of Promissory Notes(s) Including any Modifications
- Yes  No  NA - 1 Copy of Loan Guarantee(s)
- Yes  No  NA - 1 Copy of Liquidation Plan (PLP may not be required to submit to FSA)
- Yes  No  NA - 1 Copy of Real Estate Appraisal(s)
- Yes  No  NA - 1 Copy of Chattel Appraisal(s)
- Yes  No  NA - 1 Copy of Lender's Loan Ledger(s)
- Yes  No  NA - 1 Copy of Lender's Accounting for Use of Loan Funds (final claims)
- Yes  No  NA - 1 Copy of Lender's Accounting of Disposition of Loan Security and Proceeds (final claims)
- Yes  No  NA - 1 Copy of Documentation for Liquidation Cost and Protective Advances
- Yes  No  NA - Original Guaranteed Loan Report of Loss, FSA-2254
- Yes  No  NA - 1 Copy of Guaranteed Estimated Loss Review Checklist for SEL and CLP Lenders, FSA-2295
- Yes  No  NA - 1 Copy of Guaranteed Loan Final Loss Review Checklist, FSA-2296 (All Lenders)
- Yes  No  NA - 1 Copy of Current GLS Loan Detail Screen(s)
- Yes  No  NA - 1 Copy of GLS Loss Screens after Input of Information in GLS
- Yes  No  NA - Verification Information in EFT System for Lender is Correct
- Yes  No  NA - 1 Copy of Lender's Documents per 2-FLP, Part 14, paragraph 359 or 360
- Yes  No  NA - 1 Copy of Documentation Concerning Compliance with Part 14 (final)
- Yes  No  NA - Original AR Exhibit 10 for final loss claims with loans subject to offset.



**Information for Notification of FSA’s Intent to Offset after Payment of a Final Loss Claim**

**PROVIDE INFORMATION FOR ALL PARTIES LIABLE FOR THE DEBT**

Liable Party Name	SS/Tax ID No.	Current Mailing Address	Currently in or Discharged from Bankruptcy		If Yes, Bankruptcy Case No.
			YES	NO	

**OTHER ENTITY INFORMATION FOR DEBTOR(S)**

The debtor’s pro rata share of entity payments will be offset after the non-debtor entity members have been notified. List ALL entities that debtor(s) is a member and ALL non-debtor information for each including all Farm Program Counties for Administrative Offset notification.

Debtor (Liable Party) Name	Non-debtor Entity Name	Current Mailing Address of Non-Debtor Entity	Debtor’s % Interest in Non-debtor Entity	All FP Counties for Non-debtor Entity

**COUNTIES FOR ADMINISTRATIVE OFFSET NOTIFICATION**

The CED in each county the debtor(s) does/did participate will be notified of eligibility for Administrative Offset. List ALL counties shown in SCIMS as linked to the debtor(s).


