USDA Farm Service Agency Update

- Farm Loan Program Update
- New Micro Lender Program  (10/21/2016)
- New EZ Guarantee Program  (10/21/2016)
- Environmental Regulation Update

Types of Loans

- **Direct** – Made & Serviced by FSA. Borrower applies directly to Farm Service Agency (FSA) - maximum of $300,000
- **Guaranteed** – 90 or 95%. Made & Serviced by Lender. Lender deals directly with borrower. Lender applies to FSA for a guarantee – maximum of $1,399,000. FSA charges a 1.5% fee of guaranteed portion of the loan (may be waived in certain cases)
Overview of Ohio Farm Loan Programs

- Ohio's Portfolio
  - Guar - 5,210 loans $1,053,516,206
  - Direct – 2,123 loans $187,578,769
  - Total - 7,333 loans $1,241,094,975

- Ohio ranks # 1 in Nation in Guaranteed Loans
- State #2 has 3,465 loans!

Ohio Loan Obligation Trend

<table>
<thead>
<tr>
<th>FY</th>
<th>No. of Loans</th>
<th>Total Loan $’s</th>
<th>Guaranteed Loan $’s</th>
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<tr>
<td>2016</td>
<td>1,069</td>
<td>$228,399,467</td>
<td>$183,708,730</td>
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<td>2015</td>
<td>1,090</td>
<td>$234,631,000</td>
<td>$190,306,214</td>
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<td>2014</td>
<td>1,382</td>
<td>$277,963,494</td>
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<td>1,050</td>
<td>$205,315,054</td>
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<td>2009</td>
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<td>$105,252,641</td>
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<td>2005</td>
<td>732</td>
<td>$96,348,228</td>
<td>$85,731,478</td>
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<td>2004</td>
<td>649</td>
<td>$83,768,704</td>
<td>$77,257,554</td>
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<td>2003</td>
<td>686</td>
<td>$92,200,095</td>
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New Micro Lender Program

- 75% of farm operations < $50,000 yearly
- Traditional ag lenders do not serve this client
- Maximum loan amount of $50,000
- Micro Lender Qualification Requirements:
  1. Be a CDFI or RRC
  2. Be subjected to appropriate oversight such as Federal or State agencies, Dept. of Treasury, etc.
  3. Have originated at least 20 loans
  4. Not have losses over 3% in last 7 years
See Handout in packet

New EZ Guarantee Program

- Created to serve new, niche, small, BF
- Simplifies the application process – For PLP/CLP/SEL maximum $100,000 loan.
- For Micro Lenders maximum of $50,000 and they only can apply for the EZ Guarantee Loan
- Training webinars will be scheduled after November 9 for Lenders and FSA Employees
See Handouts in Packet
EZ Guarantee - continued

- New simplified application form – FSA 2210
- Will still be for FO, OL and OL/LOC
- Same eligibility, loan purpose, security, rates, terms, Guar %, Guar fee, environmental rules
- Same process for closing/issuing guarantee
- Status and Default Reports Still Required
- Key differences:
  - Application all inclusive - less supporting info
  - Feasibility Determinations

EZ Guarantee – Feasibility, cont.

- Lender expected to evaluate as they would any nonguaranteed loan. Repayment documentation: “Applicant shows ability to repay loan as demonstrated by:”
  - Projected cash flow
  - Historical income and expense (tax returns)
  - Scorecard Models
- Lender should describe method used and the standard met.
Environmental Update

- Compliance with Environmental Laws
- Regulatory Definitions of Large, Medium and Small CAFOs
- Upcoming Lender Environmental Training

See Handouts in Packet

FSAWeb sites

  - Contains basic program information and updates for agency programs.
  - Contains downloadable Agency forms for use by the public.
Farm Service Agency State Office Contact Information

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