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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<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>
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<td>2014</td>
<td>1,382</td>
<td>$277,963,494</td>
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<td>2013</td>
<td>1,050</td>
<td>$205,315,054</td>
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<td>2009</td>
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<td>2006</td>
<td>852</td>
<td>$105,252,641</td>
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<td>2005</td>
<td>732</td>
<td>$96,348,228</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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