



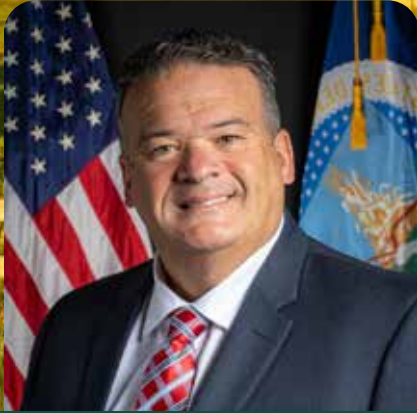
Kentucky

GUARANTEED LENDER

Newsletter | December 2022

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Meet Dean Schamore, State Executive Director

USDA Farm Service Agency, Lexington, KY

Dean Schamore was appointed by the Biden Administration to serve as the State Executive Director of the USDA Farm Service Agency (FSA) in Kentucky in December 2021.

He is a three-term former State Representative in the Kentucky General Assembly who served on the Agricultural, Tobacco

Settlement, Appropriations and Revenue, Veterans, and Banking and Insurance Committees. He also has personal experience in the agriculture industry through his tobacco, grain, and cattle operation.

Schamore is a veteran of the U.S. Navy and a Gulf War Veteran. He is the President of Digital

Connections Plus, an IT company he started in 1993. He served as Chairman of the Lincoln Trail Workforce Investment Board and President of the Breckinridge County Chamber of Commerce.

Schamore resides in Hardinsburg, Kentucky, and has two daughters and two grandchildren.

Farewell from Farm Loan Chief Mike R. Hoyt

USDA Farm Service Agency

December 31, 2022, I will retire from the Farm Service Agency after 32 years. It has been a pleasure working with the guaranteed lenders over the years. Thank you for working closely with FSA to provide financing to our farmers. I wish each of you the best of luck in your future endeavors. Happy Holidays to you and your families.

DID YOU KNOW?

Within 150 days after the payment due date, all lenders will prepare a liquidation plan. Standard eligible and Certified Lender Program (CLP) lenders will submit a written liquidation plan to the agency. (2-FLP Par. 358) An estimated loss claim must be filed no later than 150 days past the payment due date unless the account has been completely liquidated and then a final loss claim must be submitted. (2-FLP Par. 359) PLP lenders will submit a liquidation plan as required by their lender's agreement.

Kentucky Farm Loan Program National Standings as of September 30, 2022

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LOANS TYPE	RANKING	NO. OF LOANS OBLIGATED	DOLLARS OBLIGATED
Microloans Operating loans	1st	341	\$7.4 Mil
Direct Operating loans	4th	721	\$30.5 Mil
Youth loans	3rd	108	\$479,130
Total loans	7th	1,088	\$160.7 Mil
Beginning Farmer loans	8th	621	\$88.4 Mil
Socially Disadvantaged loans	5th	200	\$30.9 Mil
Guaranteed loans	--	189	\$81.8 Mil
Direct loans	--	891	\$78.9 Mil

EXISTING BORROWER CASELOAD					
BORROWER TYPE	BORROWER RANKING	NO. OF BORROWERS	NO. OF LOANS OBLIGATED	LOAN RANKING	OUTSTANDING LOAN BALANCE
Direct loan borrowers	6th	4,211	7,712	4th	\$566,837,757
Guaranteed loan borrowers	13th	1,086	1,697	13th	\$451,417,814

Guaranteed Loan Limits

The Farm Service Agency will not guarantee any loan that would result in the applicant's total indebtedness exceeding the limits established in Handbook 1-Farm Loan Program (FLP), paragraph 29.

The maximum, Farm Ownership (FO), Conservation Loans (CL), Operating Loans (OL) and Line of Credit (LOC) levels include the guaranteed loan being made plus any outstanding direct or guaranteed principal balances owed by anyone who will sign the promissory note. The dollar limit

of guaranteed loans is adjusted annually based on inflation. The total outstanding combined guaranteed FO, CL, Soil and Water (SW), OL, and LOC principal balance cannot exceed \$2,037,000 for fiscal year 2023. *FSA Farm loan Programs Handbook 2-FLP paragraph 244 (A).*

DID YOU KNOW?

In cases of a guaranteed line of credit, lenders may make an emergency advance when a line of credit has reached its ceiling. The emergency advance will be made as an advance under the line of credit and not as a separate note. (2-FLP Par. 283A).

MAXIMUM LOAN AMOUNT TABLE Maximum Approval by Assistance Type	
Guaranteed OL	*--\$2,037,000--*
Direct OL	\$400,000
Guaranteed FO+SW+CL	*--\$2,037,000--*
Land Contract Guarantee	\$500,000
Direct FO+SW+CL	\$600,000
Direct EM	\$500,000
*Beginning Farmer Down Payment maximum loan amount is \$300,150	
Maximum Approval for Combined Assistance Types	
Operating Loans Total Direct & Guaranteed	*--\$2,037,000
FO+CL+SW+Land Contract Total Direct and Guaranteed	*\$2,037,000--*
Total Approval for Multiple Assistance Types	
OL+FO+CL+SW+Land Contract Total Direct and Guaranteed	*--\$2,637,000
Total Guaranteed	\$2,037,000--*
Total Approval for FO, CL, OL, EM and Land Contract	
OL+FO+CL+SW+EM+Land Contract Total Direct and Guaranteed	*--\$3,137,000--*
CL = Certified Lender • EM = Emergency • FO = Farm Ownership OL = Operating Loans • SW = Soil and water	

Subordination of Guaranteed Loan Security

Subordination of guaranteed loan security requires written Agency approval for all lenders unless a Preferred Lender Program (PLP) lender's Credit Management System (CMS) specifies otherwise. An authorized agency official may approve a lender's request to subordinate crops, feeder livestock, livestock offspring, milk, produce, and other normal income security that were not produced through advances made under the guaranteed loan, to allow a borrower to obtain non-guaranteed



annual operating funds. Also, a lender may subordinate its interest in basic or additional security in cases where the subordination is required to allow another lender to refinance an existing prior lien, no additional debt is being incurred, and the lender's security position will not be adversely affected. FSA discourages subordination of real estate security, equipment and other basic security and will

not provide regulatory approval authority at levels lower than Deputy Administrator for Farm Loan Program (DAFLP). Further guidance is noted in the FSA Farm loan Programs Handbook ((2-FLP) Par. 278 A and B.)

General Reporting Requirements

Lenders are responsible for providing the local Agency credit officer with all the following information on the loan and the borrower:

- When the guaranteed loan becomes 30 days past due and following the lender's meeting or attempts to meet with the borrower, all lenders will submit the appropriate Agency form showing guaranteed loan borrower default status. The form will be resubmitted every 60 days until the default is cured either through restructuring or liquidation.
- ALL lenders will submit the appropriate guaranteed loan status reports as of March 31 and September 30 of each year.
- Preferred Lender Program (PLP) Lenders will submit additional reports as required in their Lender's Agreement.
- A lender receiving a final loss payment must complete and return an annual report on its collection activities for each unsatisfied account for three years following the payment of the final loss.

EPA DEFINITIONS OF LARGE, MEDIUM, AND SMALL CONCENTRATED ANIMAL FEEDING OPERATIONS (CAFO'S)

ANIMAL SECTOR	Size Thresholds (number of animals)		
	Large CAFO's	Medium CAFO's ¹	Small CAFO's ²
Cattle or cow/calf pairs	1,000 or more	300 - 999	less than 300
Mature dairy cattle	700 or more	200 - 699	less than 200
Veal calves	1,000 or more	300 - 999	less than 300
Swine (<i>weighing over 55 pounds</i>)	2,500 or more	750 - 2,499	less than 750
Swine (<i>weighing less than 55 pounds</i>)	10,000 or more	3,000 - 9,999	less than 3,000
Horses	500 or more	150 - 499	less than 150
Sheep or lambs	10,000 or more	3,000 - 9,999	less than 3,000
Turkeys	55,000 or more	16,500 - 54,999	less than 16,500
Laying hens or broilers (<i>liquid manure handling systems</i>)	30,000 or more	9,000 - 29,999	less than 9,000
Chickens other than laying hens (<i>other than a liquid manure handling systems</i>)	125,000 or more	37,500 - 124,999	less than 37,500
Laying hens (<i>other than a liquid manure handling systems</i>)	82,000 or more	25,000 - 81,999	less than 25,000
Ducks (<i>other than a liquid manure handling systems</i>)	30,000 or more	10,000 - 29,999	less than 10,000
Ducks (<i>liquid manure handling systems</i>)	5,000 or more	1,500 - 4,999	less than 1,500

1 Must also meet one of two "method of discharge" criteria to be defined as a CAFO or may be designated.

2 Never a CAFO by regulatory definition, but may be designated as a CAFO on a case-by-case basis.



Guaranteed Lender Training Meetings 2023

The Guaranteed Lender Training Meetings have been scheduled for 2023. We are glad to be able to have these meetings “in person” this year. We will go over some of the changes since the last meeting in 2020. Also, we will discuss other loan making and guaranteed servicing issues. FSA has six meetings scheduled to be held across the state.

Tuesday, January 24th: Graves County Cooperative Extension Office (New Location). Located at 4200 State Route 45 North, Mayfield, KY 42066. This meeting will start at 9:00 a.m. and end around noon. (CST)

Wednesday, January 25th: Owensboro Convention Center. Located at 501 West 2nd Street, Owensboro, KY 42301. This meeting will start at 1:30 p.m. and end around 4:30 p.m. (CST)

Thursday, January 26th: Michael Buchanon Park, Warren County Parks and Recreation. Located at 9222 Nashville Road, Bowling Green, KY 42103. (Across from Chaney’s Dairy Barn) This meeting will start at 9:00 a.m. and end around noon. (CST)



Wednesday, February 1st: Clark County Cooperative Extension Office. Located at 1400 Fortune Drive, Winchester, KY 4039. This meeting will start at 9:00 a.m. and end around noon. (EST)

Tuesday, February 7th: Hardin County Cooperative Extension Office. Located at 111 Opportunity Way, Elizabethtown, KY 42701. This meeting will start at 9:00 a.m. and end around noon. (EST)

Thursday, February 9th: Lake Cumberland Area Development District. Located at 2384 Lakeway Drive Highway 80, Russell Springs KY 42642. This meeting will start at 9:00 a.m. and end around noon. (CST)

Except for the Owensboro meeting, all meetings will begin at 9:00 a.m. and end at approximately 12:00 p.m. noon, local time. The Owensboro meeting will begin at 1:30 p.m. and end around 4:30 p.m. The discussion topics will include guarantee loan issues. Preferred and Certified Lenders are required to attend, but all agriculture lenders are encouraged to participate in these meetings.

Lenders are urged to attend the meeting closest to the location but may attend any meeting if conflicts occur with a particular meeting date. We look forward to seeing you at one of these meetings!

DID YOU KNOW?

The following guaranteed loan transactions are not charged a fee: loans involving interest assistance, loans where a majority of the funds are used to refinance an Agency direct loan, and loans to beginning, socially disadvantaged, or veteran farmers involved in the direct Down Payment Loan program or beginning farmers participating in a qualified State Beginning Farmer Program. (2-FLP Par. 247A)

Farm Loan Program Handbook



Revisions

Highlights of Amendment 57 dated 03/03/2022

- Par. 3 B and 73 B have been amended to correct a reference to 1-CM.
- Par. 108 A and L have been amended to include a Federal Crop Insurance violation eligibility requirement.
- Par. 108 M has been added to address operator requirements that were previously located in paragraph 108 L.
- Par. 135 has been amended to revise guaranteed loan maximum interest rate requirements.
- Par. 166 D has been amended to clarify the valuation of security.
- Par. 196 A has been amended to update exceptions to the standard guarantee percentage limits for FO and OL and to remove a note.

- Par. 196 B has been amended to change the acronym SDA to the words socially disadvantaged.
- Par. 247 A has been amended to add veteran farmer to the types of applicants that qualify for a certain fee waiver.
- Exhibit 2 has been amended to include the definition of veteran farmer.

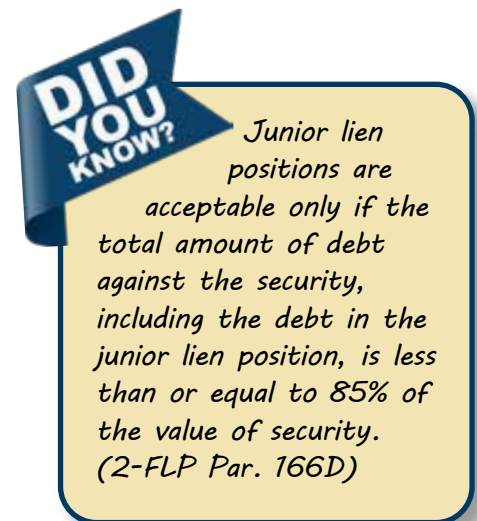
Highlights of Amendment 58 dated 06/22/2022

- Par. 32 B has been amended to clarify the handling of conflicts of interest.
- Par. 34 A has been amended to clarify details that can be provided to potential applicants about lenders who participate in the guaranteed loan program.
- Par. 135 B has been amended to update a hyperlink.

Highlights of Amendment 59 dated 09/26/2022

- Par. 50 C has been amended to correct a reference to CLP Lender's Agreements.
- Par. 54 B has been amended to correct a reference to PLP Lender's Agreements.
- Par. 73 B has been amended to correct a reference about signatures.

- Par. 84 D has been amended to update the FLC responsibilities table.
- Par. 122 E has been amended to clarify requirements for refinancing requests.
- Par. 123 B has been amended to clarify requirements for refinancing requests.
- Par. 181 B has been amended to clarify lender's responsibilities related to ECOA compliance for appraisals and evaluations.
- Par. 244 A has been amended to update the FY 2023 guaranteed loan limit.
- Par. 247 B has been amended to clarify instructions for scenarios where lender's fail to meet closing conditions or provide adequate closing documentation.
- Exhibit 5 has been amended to update a hyperlink.





USDA is an equal opportunity provider, employer, and lender.