

§ 762.129

with special laws and regulations applicable to the loan proposal.

[64 FR 7378, Feb. 12, 1999, as amended at 72 FR 63297, Nov. 8, 2007; 75 FR 54014, Sept. 3, 2010; 81 FR 51284, Aug. 3, 2016; 81 FR 72691, Oct. 21, 2016]

§ 762.129 Percent of guarantee and maximum loss.

(a) *Percent of guarantee.* The percent of guarantee will not exceed 90 percent based on the credit risk to the lender and the Agency both before and after the transaction. The Agency will determine the percentage of guarantee. See paragraph (b) of this section for exceptions.

(b) *Exceptions.* The guarantee will be determined by the Agency except:

(1) For OLs and FOs, the guarantee will be issued at 95 percent when:

(i) The sole purpose of a guaranteed FO or OL is to refinance an Agency direct farm loan and when only a portion of the loan is used to refinance a direct Agency loan, a weighted percentage of a guarantee will be provided;

(ii) The purpose of a guaranteed FO is to participate in the down payment loan program;

(iii) A guaranteed OL is made to a farmer who is participating in the Agency's down payment loan program. The guaranteed OL must be made during the period that a borrower has the down payment loan outstanding;

(iv) A guaranteed OL is made to a farmer whose farm land is subject to the jurisdiction of an Indian tribe and whose loan is secured by one or more security instruments that are subject to the jurisdiction of an Indian tribe;

(v) A guaranteed FO or OL is made to a qualified socially disadvantaged farmer; or

(vi) A guaranteed FO or OL is made to a qualified beginning farmer.

(2) For CLs, the guarantee will be issued at 80 percent; however, the guarantee will be issued at 90 percent if:

(i) The applicant is a qualified socially disadvantaged farmer; or

(ii) The applicant is a qualified beginning farmer.

(c) *CLP and PLP guarantees.* All guarantees issued to CLP or PLP lenders will not be less than 80 percent.

(d) *Maximum loss.* The maximum amount the Agency will pay the lender

7 CFR Ch. VII (1-1-24 Edition)

under the loan guarantee will be any loss sustained by such lender on the guaranteed portion including:

(1) The pro rata share of principal and interest indebtedness as evidenced by the note or by assumption agreement;

(2) Any loan subsidy due and owing;

(3) The pro rata share of principal and interest indebtedness on secured protective and emergency advances made in accordance with this subpart; and

(4) Principal and interest indebtedness on recapture debt pursuant to a shared appreciation agreement. Provided that the lender has paid the Agency its pro rata share of the recapture amount due.

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§ 762.130 Loan approval and issuing the guarantee.

(a) *Processing timeframes.* (1) *Standard eligible lenders.* Complete applications from Standard Eligible Lenders will be approved or rejected, and the lender notified in writing, no later than 30 calendar days after receipt.

(2) *CLP and PLP lenders.*

(i) Complete applications from CLP or PLP lenders will be approved or rejected not later than 14 calendar days after receipt.

(ii) For PLP lenders, if the 14 day time frame is not met, the proposed guaranteed loan will automatically be approved, subject to funding, and receive an 80 or 95 percent guarantee for FO or OL loans, and 80 or 90 percent guarantee for CL, as appropriate.

(3) Complete applications. For purposes of determining the application processing timeframes, an application will be not be considered complete until all information required to make an approval decision, including the information for an environmental review, is received by the Agency.

(4) The Agency will confirm the date an application is received with a written notification to the lender.

(b) *Funding preference.* Loans are approved subject to the availability of funding. When it appears that there are