

--55 Micro Lender Program (7 CFR 762.107)*A Overview**

MLP allows nontraditional lenders and commercial lenders not eligible for other lender statuses to participate in the EZ Guarantee program. MLP status allows FSA to increase collaboration with nontraditional lenders and assist smaller farmers typically in underserved areas. Establishing a stronger working relationship with nontraditional lenders is beneficial since they share a common goal with FSA to assist producers in underserved areas, including credit deserts.

[7 CFR 762.107(a)(3)] MLP lender authorities are limited to originating and servicing EZ Guarantee loans.

B Application

[7 CFR 762.107(a)] Lenders who desire MLP status must submit an application *--form “FSA-2205, “Guaranteed Micro Lender Application” to any local FSA office.--* The lender must provide any additional information requested by the Agency to process an MLP request if the lender continues with the approval process.

C Eligibility Criteria

[7 CFR 762.107(b)] An MLP lender must:

- **have experience in making and servicing business loans**
- **have the staff and resources to properly and efficiently discharge its loan making and loan servicing responsibilities that may include use of Agency approved agents**
- **be subject to oversight as established and announced by the Agency.**

Acceptable oversight for MLP lenders must be one of the following:

- a lender meeting the examination and supervision requirement in §762.105(b) (see subparagraph 46 C)
- Community Development Financial Institution (CDFI). CDFI’s that have been awarded funds and are under the supervision of the Community Development Financial Institutions Program described in 12 CFR §1805
- Rural Rehabilitation Corporation (RRC). RRC’s that have entered into an agreement establishing an ongoing reporting and credit supervision relationship with the FSA--*

--55 Micro Lender Program (7 CFR 762.107) (Continued)*C Eligibility Criteria (Continued)**

- **have a loss rate not in excess of the maximum MLP loss rate established and announced by the Agency**

Note: Losses on all business loans (which includes agricultural loans) of \$50,000 or less made over the past 7 years do not exceed 3 percent.

- **have made the minimum number of loans as established and announced by the Agency**

Note: The lender has originated 20 or more business loans of \$50,000 or less

- **not be debarred or suspended from participation in Government contracts or programs or be delinquent on a Government debt. This includes the lender's officers and agents.**

See subparagraph 46 E for guidance on confirming this requirement.

D Approval

MLP status may be approved on a statewide basis by SED.

The Agency and MLP lender will execute a Lenders Agreement for a term not to exceed 5 years. The Lenders Agreement will be maintained and distributed according to State Office policy.

E Monitoring and Revoking MLP Status

[7 CFR 762.107(d)] The Agency may revoke the lender's MLP status at any time during the 5 year term for cause. [7 CFR 762.107(d)(1)] Any of the following instances constitute cause for revoking or not renewing MLP status:

- **violation of the terms of the Lender's Agreement**
- **failure to maintain MLP eligibility criteria**
- **knowingly submitting false or misleading information to the Agency**
- **deficiencies that indicate an inability to process or service Agency guaranteed farm loan programs loans in accordance with this subpart**
- **failure to correct cited deficiencies in loan documents upon notification by the Agency--***

*--55 **Micro Lender Program (7 CFR 762.107) (Continued)**

E Monitoring and Revoking MLP Status (Continued)

- failure to submit status reports in a timely manner; or,
- failure to comply with the reimbursement requirements of § 762.144(c) (7) and (c)(8).

[7 CFR 762.107(d)(2)] A lender that has lost MLP status may reapply for MLP status once the problem that caused the MLP status to be revoked has been resolved.

F Renewal of MLP Status

[7 CFR 762.107(c)] MLP status will expire within a period not to exceed 5 years from the date the lender's agreement is executed, unless a new lender's agreement is executed.

[7CFR 762.107(c)(1)] Renewal of MLP status is not automatic. A lender must submit a new application for renewal.

Note: State Offices shall monitor expiration of MLP status and contact the lender with sufficient lead time prior to the expiration of MLP status to discuss renewal procedures.

[7 CFR 762.107(c)(2)] MLP status will be renewed if the applicable eligibility criteria under this section are met, and no cause exists for denying renewal under paragraph (d)(1) of this section (subparagraph 55E).

56-64 (Reserved)--*