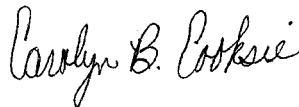


For: State and County Offices

Equitable Treatment in Processing Loan Applications

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

Since FY 1998, a key objective in the Administrator’s Annual Civil Rights Performance Plan has been to eliminate disparate treatment of socially disadvantaged applicants (SDA’s) in loan processing.

DAFLP monitors the timeliness of processing loan applications through yearly performance goals based on:

- previous year’s accomplishments
- statutory and regulatory processing timeframes.

B Purpose

This notice:

- emphasizes the importance of processing loan applications in a timely manner
- continues the review process of rejected and withdrawn SDA direct loan applications
- reminds Field Offices of monitoring requirements for guaranteed loans
- obsoletes Notice FLP-400.

C Contact

If there are questions about this notice, State Offices shall contact Ann Smith, LMD, at 202-720-1656.

Disposal Date	Distribution
November 1, 2007	State Offices; State Offices relay to County Offices

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2 Direct Loan Applications

A County Office Action

Farm Loan Managers (FLM's) and other loan officials shall:

- process loan applications from prevailing claimants under the Consent Decree, according to Notice FLP-388, or any subsequent notice on this issue
- for loan applicants who are **not** prevailing claimants:
 - process applications according to statutory and regulatory timeframes and established performance goals
 - adhere to timeframes established in 7 CFR 1910.4(e) for notifying all applicants of additional information required for a complete loan application
 - notify all applicants of eligibility and ineligibility, according to FSA regulations
 - approve or disapprove all loan applications in a timely manner
 - enter the reason, if a decision is **not** made within 45 calendar days of receiving a complete application, and an explanation in the Management of Agricultural Credit (MAC) automated system, or when implemented, Direct Loan System (DLS)
 - use MAC or, when implemented, DLS, as the official loan application data record for all direct applications.

B Designated Review Officials Action

Officials designated by SED's to review applications shall:

- review at least 50 percent of the rejected or withdrawn SDA loan applications for each quarter in each office of their jurisdiction
- review **all** rejected and withdrawn SDA loan applications in the approval official's coverage area if improper rejections or withdrawals are found
- notify SED's of problems detected
- take action on improperly rejected or withdrawn SDA loan applications to correct errors with the advice of the Farm Loan Chief (FLC)

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2 Direct Loan Applications (Continued)

B Designated Review Officials Action (Continued)

- recommend appropriate personnel actions to SED's, such as training or revocation of loan approval authority for approval officials

Note: Review officials shall recommend personnel actions for approval officials responsible for rejections and withdrawals that appear to reflect a pattern or practice of discrimination against SDA applicants.

- review the reasons and explanations why decisions are **not** made in a timely manner on complete loan applications.

C FLC Action

FLC's shall:

- monitor loan application processing timeframes in MAC, or when implemented, DLS, and performance goal accomplishments using Intranet application reports

Note: Offices will access reports "Direct Applications Disposition by Race and Gender" and "Direct Application Processing – Race and Gender – Goal 4A" through the Intranet applications reporting site at <http://www.flp.fsa.usda.gov:4019>. These reports include data on processing times and final disposition of loan applications.

- provide reports on loan application processing timeframes to SED's
- provide technical advice and direction for corrective actions on improperly rejected or withdrawn loan applications.

D SED Action

SED's shall:

- designate DD's or other qualified State Office personnel as review officials
- be accountable for SDA loan application processing in the State, including ensuring that designated review officials:
 - conduct reviews of rejected or withdrawn SDA applications
 - take corrective action in a timely manner
- emphasize the importance of timely loan application processing for all applicants

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2 Direct Loan Applications (Continued)

D SED Action (Continued)

- ensure that loan application processing data is monitored through MAC, or when implemented, DLS, or Intranet application reports, so that applications are processed in a timely and equitably manner in the State
- manage staff resources appropriately to minimize loan application processing delays
- initiate or monitor appropriate personnel actions recommended by designated review officials
- review the:
 - reports on loan application processing problems submitted by designated review officials
 - FLC reports on both SDA and non-SDA average loan application processing timeframes
- provide DD's with report findings and ensure that DD's monitor County Office SDA activity
- submit a FY 2006 summary report by **October 31, 2006**, that includes findings, corrective actions, and results of the State's review to the following address:

**DIRECTOR, LOAN MAKING DIVISION
USDA FSA DAFLP LMD STOP 0522
1400 INDEPENDENCE AVENUE SW
WASHINGTON DC 20250-0522.**

- submit a FY 2007 summary report of affected cases, findings, corrective actions, and results by **October 31, 2007**, to the following address:

**DIRECTOR, LOAN MAKING DIVISION
USDA FSA DAFLP LMD STOP 0522
1400 INDEPENDENCE AVENUE SW
WASHINGTON DC 20250-0522.**

3 Guaranteed Loan Applications

A State and County Office Action

State and County Offices shall:

- take action according to 2-FLP, paragraph 84
- monitor guaranteed loan application processing by using the Guaranteed Loan Average Processing Times Report, available on the Guaranteed Loan System Menu.

4 National Office Responsibilities

A National Office Action

The National Office shall:

- compare average application processing timeframes to each State's established baseline average for SDA and non-SDA
- compare rejection rates
- follow-up with State Offices where corrective action is needed.