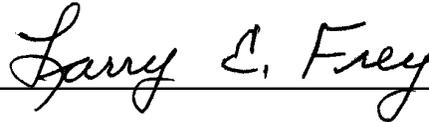


For: County Offices

Timeframe and Notices for Submitting Complete FLP Applications

Approved By: State Executive Director

LEF:LEV:lv



1 Overview

A

Background

The Office of Civil Rights conducted an EEO & CR State Management Review in Oregon during the week of March 17-20, 2003. While the review did not disclose any disparities in the area of Farm Loan Programs (FLP), the review did disclose the following weaknesses requiring corrective action:

- incomplete direct FLP applications were not consistently processed in accordance with Subsection 1910.4 (e) of FmHA Instruction 1910-A
- FmHA Guide Letters 1910-A-1, -2, and -3 were not consistently sent timely, contained incorrect timeframes, or were not sent at all
- a male applicant was given more days than a female applicant to provide necessary information for a complete application.

B

Purpose

The purpose of this Oregon Notice is to advise all FSA employees of the requirements to:

- send FmHA Guide Letter 1910-A-1, and if necessary FmHA Guide Letter 1910-A-2, with correct respective 20 and 10 calendar day timeframes for response, when a direct loan application is received incomplete
- send FmHA Guide Letter 1910-A-3 when a direct loan application is received complete, or made complete within the timeframe authorized
- treat all direct loan applicants equally in a nondiscriminatory manner.

FILING: Preceding FSA Handbook 1-FLP and FmHA Instruction 1910-A

Disposal

Distribution

June 1, 2004

STO, DD, COR, COC, COF - Including Farm Loan Programs

2 Initial Notice and Actions

A

Initial Direct Loan Applicant Notice

All persons requesting or being provided with a Form FSA 410-1, “Application for FSA Services,” must also be provided with a properly completed Exhibit A of FmHA Instruction 1910-A. A copy of the completed Exhibit A will be placed in the applicant’s case file.

Exhibit A of FmHA Instruction 1910-A lists and explains the information that must be provided to FSA in order for a direct loan application to be complete.

FSA employees are expected to provide assistance as necessary to help applicants complete their applications, as required by Subsection 1910.4 (b) of FmHA Instruction 1910-A.

B

Action on Initial Receipt of Direct Loan Application

Upon receipt of a direct loan application, the following actions must be taken immediately:

- date stamp the filing date on the front of Form FSA 410-1
- enter the date of application in the “Date Received” field in the Application Information Screen of the Management of Ag Credit (MAC) system

Note: With this MAC entry, Workload Scheduling Code 1015 will automatically be created in the MAC system for a due date on the 10th calendar day following receipt of the application to determine if FmHA Guide Letter 1910-A-1 is necessary.

Note: With this MAC entry, Workload Scheduling Code 1012 will also be automatically created in the MAC system for a due date on the 40th calendar day following receipt of the application to document whether the application is complete yet.

- verify the information and documentation furnished by the applicant
 - evaluate, determine, and record in the applicant case file whether the information provided by the applicant fulfills both the applicant and FSA responsibilities listed in Section 1910.4 (b) or (c) of FmHA Instruction 1910-A.
-

3 Action on Incomplete Applications

A

First Incomplete Direct Loan Application Notification (20-Day Letter)

If the evaluation conducted in accordance with Subparagraph 2 B above discloses that the direct loan application is incomplete, then *within 10 calendar days* of receiving the incomplete application, the applicant must be sent a notification letter similar to FmHA Guide Letter 1910-A-1. This notification letter specifically informs the applicant of the following:

- the additional information needed to make the application complete
 - the application can not be processed until all required information is received
 - the specific date, (exactly 20 calendar days from the date of the notification letter), that the missing information must be received.
-

B

MAC Data Entry

The date that the incomplete application letter described in Subparagraph 3 A above is sent must be entered in the “Incomplete Appl Ltr1 Date” field of the Application Information Screen of the MAC system.

Note: With this MAC entry, the previously created Workload Scheduling Code 1015 will automatically be completed.

Note: With this MAC entry, Workload Scheduling Code 1016 will also be automatically created in the MAC system for a due date on the 20th calendar day following the “Incomplete Appl Ltr1 Date” entered to determine whether if FmHA Guide Letter 1910-A-2 is necessary.

C

First Follow-Up Incomplete Direct Loan Application Review

Exactly 20 calendar days after the date of the initial incomplete application notification letter specified in Subparagraph 3 A above, the applicant’s application file and related materials must be reviewed and evaluated again to determine whether all information necessary for a complete direct loan application has been received.

Continued on the next page

3 Action on Incomplete Applications, *Continued*

D

**Second
Incomplete Direct
Loan Application
Notification
(10-Day Letter)**

If the evaluation conducted in accordance with Subparagraph 3 C above discloses that the information necessary for a complete direct loan application still has not been received, the applicant must be sent a second notification letter on the 20th calendar day after the date of the initial incomplete application notification letter specified in Subparagraph 3 A above. This second notification letter should be similar to FmHA Guide letter 1910-A-2, and it must inform the applicant of the following:

- the additional information still needed to make the application complete
- the application can not be processed until all required information is received
- the specific date, (exactly 10 calendar days from the date of the second notification letter), that the missing information must be received
- the direct loan applicant's incomplete application will be withdrawn without further notice unless the required information is supplied within the 10 calendar day period specified, or the direct loan applicant contacts the FSA County Office within the 10 calendar day period specified concerning the missing information
- the applicants' rights under the Equal Credit Opportunity Act (ECOA) by including the ECOA statement shown in Subparagraph 41 A of FSA Handbook 1-FLP.

A copy of this second notification letter will be provided to the District Director.

E

MAC Data Entry

The date that the second incomplete application letter described in Subparagraph 3 D above is sent must be entered in the "Incomplete Appl Ltr2 Date" field of the Application Information Screen of the MAC system.

Note: With this MAC entry, the previously created Workload Scheduling Code 1016 will automatically be completed.

Continued on the next page

3 Action on Incomplete Applications, *Continued*

F

Second Follow-Up Incomplete Direct Loan Application Review

Exactly 10 calendar days after the date of the second incomplete application notification letter specified in Subparagraph 3 D above, the applicant’s application file and related materials must be reviewed and evaluated again to determine whether all information necessary for a complete direct loan application has been received.

G

FSA Review Response After Second Incomplete Direct Loan Application Notification

Exactly 10 calendar days after the date of the second incomplete application notification letter specified in Subparagraph 3 D above, the Agency must respond based on the outcome of the review in Subparagraph 3 F above. Appropriate responses are set forth in the following table.

| IF the applicant . . . | THEN . . . |
|---|--|
| made no response | withdraw the application without further notice, and indicate such in the MAC system. |
| provided part, but not all of the missing information | withdraw the application, indicate such in the MAC system, and send the applicant a letter containing the ECOA statement indicating that the application has been withdrawn because the Agency failed to receive the require information within the required timeframe. The letter should also specify exactly what items of information are still missing, and it should notify the applicant that the application may be reinstated within 90 days of the date of the original application submission <i>if</i> the missing information is provided, <i>and</i> the existing financial information in the application does not become more than 90 days old. |
| contacted the Agency within the 10 calendar day time period concerning the missing information, but did not provide all of the required information | |

Note: If an applicant contacts the Agency within the 10 calendar day timeframe concerning the missing information, but does not provide the missing information within the 10 calendar day timeframe, the applicant may *not* be arbitrarily provided with additional time to submit the required information. Most importantly, applicants can not be provided with differing amounts of additional time to provide missing information. To do so is an act of differential treatment that can be perceived as disparate treatment.

4 Action on Complete Applications

A

Complete Direct Loan Application Notification

If a direct loan application is complete when it is first received, or on the date that all information necessary to process a direct loan application is received, the applicant must be sent FmHA Guide Letter 1910-A-3.

This letter notifies the direct loan applicant that the application is considered complete. In addition, this letter and the corresponding MAC entry establish the beginning date for the 30-day and 60-day timeframes for determining eligibility and loan approval or denial.

Note: The application case file for every direct loan application considered complete must contain a copy of FmHA Guide Letter 1910-A-3.

B

MAC Data Entry

If any of the evaluations conducted in accordance with Subparagraphs 2 B, 3 C, or 3 F above disclose that the direct loan application is complete, then the date that the complete application was received or the date the incomplete application was made complete must be entered in the “Application Completed Date” field of the Application Information Screen of the MAC system.

Note: With this MAC entry, the previously created Workload Scheduling Code 1012 will automatically be completed.

Note: With this MAC entry, Workload Scheduling Code 1011 will also be automatically created in the MAC system for a due date on the 5th calendar day following the “Application Completed Date” entered for sending FmHA Guide Letter 1910-A-3.

Note: This MAC entry will also automatically create Workload Scheduling Code 1025 for a due date on the 60th calendar day following the “Application Completed Date” entered for a credit decision to be made concerning loan approval or denial.

Note: This MAC entry will also automatically create Workload Scheduling Code 1028 for a due date on the 45th calendar day following the “Application Completed Date” for appropriate entries in the “Reason Code” and “Explanation” fields explaining why the completed application remains pending.

Continued on the next page

4 Action on Complete Applications, *Continued*

C

45 Day MAC Data Entry on Complete Applications

If a complete application is not approved or disapproved within 45 days after all necessary information is received, Section 1910.4 (j)(1)(ii)(A) of FmHA Instruction 1910-A and Workload Scheduling Code 1028 require that the reason that the loan application remains pending be entered in the “Reason Code” and “Explanation” fields of the MAC Application Information Screen.

D

District Director Review and Follow-Up

Section 1910.4 (j)(1)(ii)(B) of FmHA Instruction 1910-A requires District Directors to review all complete applications that have been pending for more than 45 calendar days. The reviews are to be made on a weekly basis.

For those complete applications that have been pending for more than 45 calendar days, District Directors are charged with the responsibility of taking appropriate steps to ensure that final disposition actions are taken on the pending applications no later than 60 calendar days after receipt of the complete applications.

5 Action on Voluntarily Withdrawn Applications

A

Documenting Intent to Voluntarily Withdraw an Application

Direct loan applicants may voluntarily withdraw their applications, for lack of interest or any other reason, at any time.

When applicants express their intention to withdraw their application, an entry documenting this expressed intention needs to be made in the running record of the applicant’s case file. The applicant should also be requested to confirm their intention in writing.

B

Confirming Voluntary Withdrawal Action

When applicants express their intention to withdraw their application, (either verbally or in writing), this intention and the requested withdrawal action should be confirmed in writing by FSA.

The applicant should be sent a letter confirming the withdrawal action and date of the requested withdrawal. It should also state that the applicant may reapply at any time, or if appropriate, that the application may be reinstated within 90 days of the date of the original application submission *if* any missing information is provided, *and* the existing financial information in the application does not become more than 90 days old. The confirmation letter *must* also include the ECOA statement found at Subparagraph 41 A of FSA Handbook 1-FLP.

6 Special Emphasis and Oversight Review Actions

A

District Director Actions

District Directors will review the contents of this Oregon Notice at their next District monthly staff meeting. District Directors will also conduct thorough reviews of incomplete and withdrawn direct loan application files during their Oversight Reviews, Service Center Management and Civil Rights Reviews, and Reviews of Rejected and Withdrawn SDA Applications.

B

Farm Loan Chief Actions

The Farm Loan Chief and the FLP staff will conduct thorough reviews of incomplete and withdrawn direct loan application files during State Evaluation Reviews, and Service Center Management and Civil Rights Reviews.

7 Contacts

A

Contact Persons

Direct questions concerning this Oregon Notice or the proper handling of complete or incomplete direct loan applications to the FLP section in the STO.
