UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-186

1910-A

For: State and County Offices

Equitable Treatment in Processing Loan Applications

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksie

1 Overview

A Background

In the last few years, a key objective in the Administrator's Annual Civil Rights Performance Plan has been to eliminate disparate treatment of socially disadvantaged applicants (SDA) in loan processing.

FLP 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- continues the review process for rejected and withdrawn SDA direct loan applications
- reminds Field Offices of monitoring requirements for guaranteed loans.

C Contact

If there are questions about this notice, State Offices shall contact Kathleen Miller or Ann Smith, LMD at 202-720-1472.

Disposal Date	Distribution
November 1, 2002	State Offices; State Offices relay to County Offices

2 Guaranteed Loan Applications

A
Action

State and County Offices shall:

- monitor guaranteed loan application processing
- review rejected SDA applications according to 2-FLP, paragraph 84.

3 Direct Loan Applications

A
County Office Action

Farm Loan Managers and other loan officials shall:

- process loan applications from prevailing claimants under the Consent Decree according to Notice FLP-151
- for loan applicants who are not a prevailing claimant:
  - process applications according to statutory and regulatory timeframes and established performance goals
  - adhere to statutory timeframes for notifying all applicants of any additional information required for a complete loan application
  - notify all applicants of eligibility or ineligibility, according to Agency regulations
  - approve or disapprove all loan applications in a timely manner
  - enter the reason, if a decision has not been made within 45 calendar days of receiving a complete application, and if necessary, an explanation in the Management of Agricultural Credit (MAC) automated system
  - use MAC as the official loan application data record for all direct applications.

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3 Direct Loan Applications (Continued)

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
- if any improper rejections or withdrawals are found, review all rejected and withdrawn SDA loan applications in the approval official's coverage area
- notify SED's of any problems detected
- with the advice of the Farm Loan Chief (FLC), take action on improperly rejected and withdrawn loan applications to correct any errors
- recommend appropriate personnel actions to SED's, such as training or revocation of loan approval authority, for the approval officials responsible for rejections or withdrawals that appear to reflect a pattern or practice of discrimination against SDA applicants
- review the reasons and explanations why decisions have not been made in a timely manner on complete loan applications.

C
FLC Action

FLC's shall:

- monitor loan application processing timeframes, MAC data entry, and performance goal accomplishments using FOCUS and Executive Information System (EIS) reports

  Note: Access the reports from the EIS Main Menu under "MISC APPLICATIONS," and select "Dir App Race & Gender." This report includes average processing times for both SDA's and non-SDA's. Both "average days received to complete" and "average days complete to final disposition" shall be monitored.

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C
FLC Action (Continued)

- provide FOCUS and EIS reports on loan application processing timeframes to SED's

  Note: FOCUS file APPL now contains MAC application data.

- 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 designated review officials conduct reviews of rejected or withdrawn SDA applications and take corrective action in a timely manner
- emphasize the importance of timely loan application processing for all applicants
- ensure that loan application processing data is monitored through MAC, EIS, FOCUS, or other systems so that applications are being processed in a timely manner and equitably in the State
- manage staff resources appropriately to minimize loan application processing delays
- when necessary, initiate or monitor appropriate personnel actions recommended by the designated review official
- review the reports on loan application processing problems submitted by the designated review officials and 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

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D
SED Action (Continued)

- submit an FY 2001 summary report of affected cases, findings, corrective action, and results by October 31, 2001, to:

  USDA FSA DAFLP LMD STOP 0522
  DIRECTOR, LOAN MAKING DIVISION
  1400 INDEPENDENCE AVE SW ROOM 5438-S
  WASHINGTON DC 20250-0522.

E
National Office Action

The National Office shall:

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