

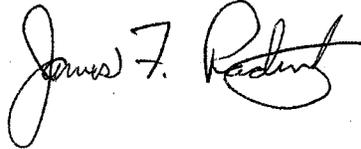
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Guaranteed Loan Making and Servicing
2-FLP (Revision 1)**

Amendment 16

Approved by: Acting Deputy Administrator, Farm Loan Programs



Amendment Transmittal

A Reason for Amendment

Subparagraph 266 C has been amended to require documenting the review of delinquent guaranteed loan borrowers.

Page Control Chart		
TC	Text	Exhibit
	11-13, 11-14	

266 Lender Reporting Requirements (7 CFR 762.141)

A Overview

This section covers the general reporting requirements for all lenders. These reporting requirements are not tied to any specific servicing action. Many servicing actions require additional reports and updates from lenders, which this paragraph does not cover. See Exhibit 12 for a checklist of all lender reporting requirements.

B General Reporting Requirements

Lenders are responsible for providing the local Agency credit officer with all of the following information on the loan and the borrower:

- **When the guaranteed loan becomes 30 days past due, and following the lender's meeting or attempts to meet with the borrower, all lenders will submit the appropriate Agency form showing guaranteed loan borrower default status. The form will be resubmitted every 60 days until the default is cured either through restructuring or liquidation.**
- **All lenders will submit the appropriate guaranteed loan status reports as of March 31 and September 30 of each year.**
- **PLP lenders will submit additional reports as required in their Lender's Agreement.**
- **A lender receiving a final loss payment must complete and return an annual report on its collection activities for each unsatisfied account for 3 years following payment of the final loss claim.**

Lenders shall submit FSA-2248 to comply with the requirement to report borrower defaults. This report is used first to notify FSA that a loan is in default, second, as a progress report on the lender's attempt to make the loan current again, and third, once a loan is brought current, as a means to notify FSA of the new loan terms and conditions. See Part 12 for more details on this reporting requirement.

Lenders should submit FSA-2241 to comply with the requirement to submit a semi-annual loan status report. This report provides an update on the borrower's progress on loan payback and the loan's terms and conditions.

- *--Note:** Lenders who are authorized to participate in electronic reporting shall update loan information for FSA-2248 and FSA-2241 in LINC. Lenders shall see Exhibit 5, for additional information about registering and accessing FSA's electronic online systems.--*

Lenders should submit FSA-2261 to satisfy the requirement for an annual report on collection activities. See Part 14 for more details on this reporting requirement.

266 Lender Reporting Requirements (7 CFR 762.141) (Continued)**C FSA Monitoring of Lender Reports**

If not received through LINC, the authorized agency official will enter information from FSA-2241 into GLS when FSA-2241 is received from the lender. Lenders will be required to update loan information on loans that have a status report record created in GLS or displayed on FSA-2241 mailed to the lenders. Status reports will not be required to be updated until the next reporting period for loans that do not have a status report record created or that are not displayed on the mailed FSA-2241. If the lender is not sending these reports in a timely manner, the authorized agency official should document attempts to obtain the reports and communicate problems to SED.

The authorized agency official should review the information to determine whether it indicates that the loan is in good standing. If the principal balance has not been reduced in over a year, the accrued interest balance appears inordinately large, the interest rate does not comply with the promissory note, or other concerns, the issue should be discussed with the lender. If necessary, the discussion should be followed by a letter requesting that the account be corrected and a new FSA-2241 submitted.

An indication on FSA-2241 that the loan is past due will not place the account in default in FSA's records. If the lender has indicated that an account is past due, and FSA-2248 has not been submitted, the authorized agency official shall contact the lender and request that *--FSA-2248 be submitted if the account will not be brought current within a few days. Upon receiving FSA-2248, the authorized agency official will review the information to determine whether follow-up action is necessary. The findings of the review along with any planned follow-up action will be entered into the Comments Section of the Default Status Report Screen in GLS. The initials of the reviewer and the date of the review will also be entered into the Comments Section to document the review. Any comments entered by a lender will not be altered or removed, but supplemented with the FSA review information.--*

Entering information from FSA-2248, which shows a loan has been brought to a current status, will remove that loan from a delinquency status; however, it will not change the amount the loan payments are shown as Ahead/Behind. The authorized agency official will prepare an updated FSA-2241, using the information from FSA-2248, and process into GLS. If the information on FSA-2241 shows the loan as current, and the amount Ahead/Behind is shown as zero, the management reports will reflect the correct status of the loan.

See:

- Part 12 for other FSA-2248 actions
- Part 14 for FSA-2261 actions.