

For: State and County Offices

Equitable Treatment in Processing Loan Applications

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

FLP has monitored the timeliness of processing loan applications through yearly performance goals, seeking to improve service to its customers. The goals are based on the previous year's accomplishments and statutory and regulatory processing timeframes.

One of the performance indicators in the Administrator's Civil Rights Performance Plan for Fiscal Year (FY) 1999 is that a concerted effort is made to eliminate the differences in loan processing times between socially disadvantaged (SDA) and non-SDA applicants.

B

Purpose

This notice:

- emphasizes the importance of timely processing of all loan applications without disparate treatment of SDA groups
- requires a review process for rejected SDA loan applications.

<p>Disposal Date</p> <p>November 1, 1999</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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2 Action

A County Office Action

Farm Loan Managers and other loan officials shall:

- process all loan 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 for all applicants
- for direct loan applications, enter a reason and, if necessary, an explanation in Management Record System (MRS) when a decision has not been made within 45 calendar days of receiving a complete application
- for guaranteed applications, enter a reason and, if necessary an explanation in the Guaranteed Loan System (GLS) when a decision has not been made within 45 calendar days of receiving a complete application.

Note: Reason/explanation fields and “over 45 day” reports will be available soon in GLS.

- use MRS as the official loan application data record for all direct applications.
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B Designated Review Officials Action

Officials designated by SED to review rejected SDA applications shall:

- in each office of their jurisdiction review at least 50 percent of the rejected loan applications from SDA applicants who were rejected in each quarter
 - if any improper rejections are found, review all rejected SDA loan applications in the approval official’s coverage area
 - notify SED of any problems detected
 - with the advice of the Farm Loan Director (FLD), take action on the mishandled rejected loan applications to correct any errors
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2 Action (Continued)

B

Designated Review Officials Action (Continued)

- recommend appropriate personnel actions, such as training or revocation of loan approval authority, for the approval official responsible for rejections which appear to reflect a pattern or practice of discrimination against SDA applicants
 - review the reasons and explanations why decisions have not been made on complete loan applications in a timely manner.
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C

FLD Action

FLD's shall:

- monitor loan applications processing timeframes, MRS data entry, GLS 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,” select “Dir App Race & Gender” or “Guar In Race and Gndr.” These reports will include average processing times for both SDA and non-SDA applicants. Both “average days received to complete” and “average days complete to final disposition” should be monitored on the EIS reports.

- provide FOCUS and EIS reports on loan application processing timeframes to SED
 - provide technical advice and direction for corrective actions on wrongly rejected loan applications.
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SED Action

SED's shall:

- be accountable for SDA loan application processing in the State, including ensuring designated review officials conduct reviews and take corrective action on a timely basis
 - emphasize the importance of timely loan application processing for all applicants
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2 Action (Continued)

D

SED Action (Continued)

- ensure loan application processing data is monitored through EIS, FOCUS, or other systems so that applicants are being processed timely and equitably in the State
 - manage staff resources appropriately to minimize loan application processing delays
 - when necessary, initiate or monitor appropriate personnel actions resulting from incorrect rejection of applications to see if a pattern or practice is shown
 - review the reports on loan application processing problems submitted by the designated review officials and FLD reports on both SDA and non-SDA average loan applications processing timeframes
 - submit an FY 1999 summary report of affected cases, findings, corrective action, and results by October 29, 1999, to DAFLP.
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E

National Office Action

The National Office shall:

- compare average application processing timeframes against each States' established baseline average for SDA and non-SDA applicants
 - compare rejection rates
 - amend 2-FLP to address the review process for guaranteed SDA applications.
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Contacts

State Offices shall direct questions about this notice to Kathleen Miller or Ann Smith, LMD, at 202-720-1472.
