

**For:** State and County Offices

**Preferred Lender Program (PLP) Estimated and Final Loss Claims**

**Approved by:** Deputy Administrator, Farm Loan Programs



**1 Overview**

**A**

**Background**

PLP was implemented to allow lenders, who are experienced and knowledgeable of FSA’s guaranteed loan programs and who have maintained a loss ratio below 3 percent, to make and service guaranteed loans with minimal supervision and oversight by FSA. According to 7 CFR 762.149(d), lenders are required to submit an estimated loss claim if the liquidation is expected to exceed 90 calendar days. Further, 7 CFR 762.149(i) provides that lenders may submit a final loss claim when the security has been liquidated and all proceeds have been received and applied to the account.

**B**

**Purpose**

This notice clarifies the following:

- information required to be submitted to FSA by a PLP lender for an estimated loss claim and final loss claim
- method for processing the claims by FSA.

**C**

**Contact**

Refer questions about this notice to Mel Thompson, LSPMD, at 202-720-7862.

**Disposal Date**

July 1, 2003

**Distribution**

State Offices; State Offices relay to County Offices

## Notice FLP-280

### 2 Action

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#### A

#### **PLP Lender Requirements for Submitting Estimated Loss Claims**

PLP lenders must submit to the FSA servicing office an estimated loss claim using RD 449-30. RD 449-30 must be completed and information provided consisting of, at minimum, a ledger identifying the following:

- principal and interest balances, payments, and advances for the subject loans
- interest rate changes, including the date the loans entered nonaccrual status, if applicable.

PLP lenders are not required to submit appraisals or other documentation to support estimates on RD 449-30 that, according to FSA-1980-38 and the lender's Credit Management System, are maintained in the lender's case file.

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#### B

#### **FSA Approval and Payment of Estimated Loss Claims for PLP Lenders**

Estimated loss claims for PLP lenders will be reviewed only for the accuracy of RD 449-30 and any mathematical calculations. Reasonable liquidation expenses will be justified and explained on the final loss claim and do not need to be addressed by the PLP lender with the submission of the estimated loss claim.

**Note:** PLP lenders are not required to submit a liquidation plan with the estimated loss claim, unless required by their Credit Management System.

If SED determines the estimated loss claim to be accurate, SED shall approve the estimated loss claim within 30 calendar days of submission.

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### 2 Action (Continued)

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#### C

#### **PLP Lender Requirements for Submitting Final Loss Claims**

According to 2-FLP, subparagraph 360 C, all lenders must submit the following with a final loss claim:

- accounting of the use of loan funds
- accounting of the disposition of loan security and its proceeds
- copy of the loan ledger indicating the following:
  - loan advances
  - interest rate changes
  - protective advances
  - application of payments, rental proceeds, and security proceeds, including a running outstanding balance total
- documentation, as requested by FSA, concerning the lender's compliance with the requirements of 2-FLP, subparagraph 360 C.

In addition, 2-FLP, subparagraph 360 F requires the lender to repay overpayments on the estimated loss claim, with interest at the note rate from the date of the estimated loss payment, at the time of the final loss claim. Failure by the lender to repay will result in:

- the amount due offset on any future claims
  - revocation of their PLP status.
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