

For: FSA Offices

**Releasing Management of Agricultural Credit (MAC) Process for Adding
Co-Borrowers and Co-Signers**

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

The Debt Collection Act of 1996 requires that **all** delinquent debtors (including co-borrowers and co-signers) be referred to the Treasury Offset Program (TOP) for administrative offset of Federal Government payments. NFC is unable to pull delinquent co-borrowers and co-signers from MAC because the basic borrower information (BBI) is not on file. County Office Release No. 513 provided new software that now allows co-borrowers or co-signers to be entered in MAC through the BBI option instead of the input system.

B Purpose

This notice:

- provides information about creating BBI for co-borrowers or co-signers
- provides a deadline for entering delinquent co-borrowers or co-signers in MAC
- describes the changes made in County Office Release No. 513
- advises when to enter co-borrowers or co-signers in MAC.

C Contact

If there are questions:

- about software, State Offices or State MAC Coordinators shall contact the FSA National Help Desk at 1-800-255-2434
- about implementation and regulatory requirements of this notice, contact Shelley Davis, LSPMD at 202-720-0078.

<p>Disposal Date</p> <p>July 1, 2004</p>	<p>Distribution</p> <p>All FSA Offices; State Offices relay to County Offices</p>
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Notice FLP-316

2 Installing and Implementing County Office Release No. 513 and Information Bulletin 2724

A Installing Software

County Office Release No. 513 and Information Bulletin 2724, dated June 6, 2003, were released to FSA Field Offices. After installing the software, a batch process ran that created a BBI record for all existing co-borrowers or co-signers in MAC.

Before this release, adding a co-borrower or co-signer only established a co-borrower or co-signer file. BBI records had to be established by the user. An exception report, "Co-borrower Basic Information Update", printed a list of all co-borrowers or co-signers where a BBI record could not be generated because of any of the following:

- "No Name and Address Record"
- invalid ID type
- servicing office
- non-FIPS/FIPS code.

Notice FLP-316

2 Installing and Implementing County Office Release No. 513 and Information Bulletin 2724 (Continued)

B Implementing County Release No. 513

County Office Release No. 513 made the following changes in MAC.

Menu Affected	Added or Revised Option	Comments
Applicant/Co-applicant and Borrower/Co-borrower Menu	"2", "View Co-applicant/Co-borrower Information"	Revised to provide a list of co-borrowers and co-signers associated with the borrower to choose from, instead of having to enter the co-borrower's ID number or name. After selecting a co-borrower, BBI for the co-borrower will be displayed.
Borrower's Menu, option 6	"3", "Update Co-borrower Liability"	Provides a list of co-borrowers and co-signers already in MAC. This list allows the user to: <ul style="list-style-type: none"> • add new co-borrowers and co-signers • delete or update existing co-borrowers and co-signers • tie existing co-borrowers or co-signers to loans for which they are liable. <p>Note: Co-borrowers or co-signers entered incorrectly through the input system can be deleted under this option.</p>
	"4", "Update Loan with Co-borrower Information"	Similar to option 3 except it provides a list of loans instead of a list of co-borrowers. This option is useful to add a co-borrower to a loan that has been restructured. <p>Note: Users may continue to enter a co-applicant under Screen 2 of 2 of the "Application Information Screen" when entering a loan application.</p>

Notice FLP-316

2 Installing and Implementing County Office Release No. 513 and Information Bulletin 2724 (Continued)

B Implementing County Release No. 513 (Continued)

Menu Affected	Added or Revised Option	Comments
Reports Main Menu	Report Option "13", "Co-borrower by Borrower"	<p>The user can generate the following reports:</p> <ul style="list-style-type: none"> • all borrowers that have co-borrowers entered • all specific borrower and all co-borrower entered • specific co-borrower and all borrowers. <p>These reports identify active direct and guaranteed loans and equity records that the co-borrower is tied to.</p>
Input System Report Option "4", "Co-applicant/Co-signer Information"		<p>This option was disabled and is no longer used to add co-borrowers or co-signers.</p>

3 Entering Co-Borrowers and Co-Signers in MAC

A Entering Co-Borrowers or Co-Signers

Enter co-borrowers or co-signers when:

- the loan application is received
- a loan number changes because of bankruptcy, 1951-S restructure, etc.

Notes: The co-borrower or co-signer will need to be added to the new loan.

Currently, there is not an option to indicate that a co-borrower is no longer liable because of death, divorce, etc. This function may be added later. Until then, if the borrower is subject to TOP, that co-borrower will need to be deleted to prevent the co-borrower that is no longer liable from being referred to TOP.

Notice FLP-316

4 Action

A County Office Action

County Offices shall:

- run the "Report of all Borrowers and Co-borrowers" soon after the software is installed to determine the co-borrowers or co-signers already entered in MAC

Note: Compare the list of loans with Report Code 540 and promissory notes to determine if all loans have been tied to the co-borrower or co-signer, as applicable.

- review the exception report generated after the software was installed to determine which co-borrowers or co-signers need to be updated
- enter and verify all co-borrowers or co-signers of active direct and guaranteed borrowers no later than September 30, 2003.

B State Office Action

State Offices shall follow-up with each County Office no later than September 29, 2003, to ensure co-borrowers or co-signers have been added and verified as required by this notice.