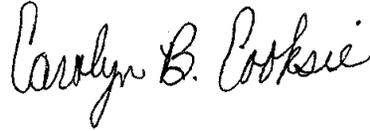


For: FSA Offices

**90-Day Past Due Determination on Report Code 540**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

In 2003, the 540 Report was modified to show the status of FSA FLP accounts as of the last day of the previous month instead of the first day of the reporting month. This change was made to better coordinate required reporting with the Department of the Treasury. However, as a result, borrowers who are 90 days past due on April 1<sup>st</sup> will not be listed as “Loans 90 Days or More Past Due” until the May report, except on a leap year.

**Example:**

- Old reporting date: January 1<sup>st</sup> (Day 1) to April 1<sup>st</sup> (Day 91) = 90 days past due.
- New reporting date: January 1<sup>st</sup> (Day 1) to March 31<sup>st</sup> (Day 90) = 89 days past due.

This means that a borrower who is 90 days past due on April 1<sup>st</sup> might not receive statutory notification of their servicing rights until mid May.

**B Purpose**

A column has been added to the 540 Report to ensure that Field Offices properly notify borrowers of all their rights under primary loan servicing. This notice provides guidance on using the new information.

**C Contact**

County Offices shall direct questions to the State Office. State Offices shall direct questions to Michael Cumpton, LSPMD at 202-690-4014.

|                      |  |
|----------------------|--|
| <b>Disposal Date</b> | <b>Distribution</b>                                    |
| October 1, 2005      | All FSA Offices; State Offices relay to County Offices |

## Notice FLP-343

### 2 Reading and Using the 540 Report for Notification of Primary Loan Servicing

#### A Review of the 540 Report

If a loan is past due, the far left-hand column of the 540 Report now shows the number of days that the loan is past due. The code “PDD” (Past Due Days) is shown beside the number.

The 540 Report should be printed and reviewed immediately by the servicing official once it becomes available. Both the “Borrowers with Loans 90 Days Past Due” and the “Borrowers with Loans Less Than 90 Days Past Due” should be reviewed to find all accounts that will need to be notified of primary loan servicing in the coming month.

#### B Notification of Primary Loan Servicing - FmHA Instruction 1951-S, section 1951.907(c)

The servicing official will ensure that all borrowers who become 90 days past due, except those who have already been notified under sections 1951.907(c) or 1951.907(d) (nonmonetary default), are notified of their 1951-S servicing rights within 15 days of becoming 90 days past due.