

For: State and County Offices

**Equitable Treatment in Processing Loan Applications**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

Since FY 1998, a key objective in the Administrator’s Annual Civil Rights Performance Plan has been to eliminate disparate treatment of Socially Disadvantaged Applicants (SDA’s) in loan processing.

DAFLP monitors the timeliness of processing loan applications through yearly performance goals based on:

- previous year’s accomplishments
- statutory and regulatory processing timeframes.

**B Purpose**

This notice:

- emphasizes the importance of processing loan applications in a timely manner
- continues the review process of rejected and withdrawn SDA direct loan applications
- reminds Field Offices of monitoring requirements for guaranteed loans
- obsoletes Notice FLP-328.

**C Contact**

If there are questions about this notice, State Offices shall contact Ann Smith, LMD, at 202-720-1656.

<b>Disposal Date</b>  November 1, 2005	<b>Distribution</b>  State Offices; State Offices relay to County Offices
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## Notice FLP-362

### 2 Direct Loan Applications

#### A County Office Action

Farm Loan Managers (FLM's) and other loan officials shall:

- process loan applications from prevailing claimants under the Consent Decree, according to Notice FLP-313, or any subsequent notice on this issue
- for loan applicants who are not prevailing claimants:
  - process applications according to statutory and regulatory timeframes and established performance goals
  - adhere to timeframes established in §1910.4(e) for notifying all applicants of any additional information required for a complete loan application
  - notify all applicants of eligibility and ineligibility, according to FSA regulations
  - approve or disapprove all loan applications in a timely manner
  - enter the reason, if a decision has not been made within 45 calendar days of receiving a complete application, and if necessary, an explanation in the Management of Agricultural Credit (MAC) automated system
  - use MAC as the official loan application data record for all direct applications.

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### 2 Direct Loan Applications (Continued)

#### B Designated Review Officials Action

Officials designated by SED's to review applications shall:

- review at least 50 percent of the rejected or withdrawn SDA loan applications for each quarter in each office of their jurisdiction
- if any improper rejections or withdrawals are found, review all rejected and withdrawn SDA loan applications in the approval official's coverage area
- notify SED's of any problems detected
- with the advice of the Farm Loan Chief (FLC), take action on improperly rejected or withdrawn SDA loan applications to correct any errors
- recommend appropriate personnel actions to SED's, such as training or revocation of loan approval authority, for the approval officials responsible for rejections and withdrawals that appear to reflect a pattern or practice of discrimination against SDA applicants
- review the reasons and explanations why decisions have not been made in a timely manner on complete loan applications.

#### C FLC Action

FLC's shall:

- monitor loan application processing timeframes, MAC, and performance goal accomplishments using Intranet application reports

**Note:** Offices will access reports "Direct Applications Disposition by Race and Gender" and "Direct Application Processing – Race and Gender – Goal 4A" through the Intranet applications reporting site at <http://www.flp.fsa.usda.gov:4019>. These reports include data on processing times and final disposition of loan applications.

- provide reports on loan application processing timeframes to SED's
- provide technical advice and direction for corrective actions on improperly rejected or withdrawn loan applications.

**2 Direct Loan Applications (Continued)**

**D SED Action**

SED's shall:

- designate DD's or other qualified State Office personnel as review officials
- be accountable for SDA loan application processing in the State, including ensuring that designated review officials:
  - conduct reviews of rejected or withdrawn SDA applications
  - take corrective action in a timely manner
- emphasize the importance of timely loan application processing for all applicants
- ensure that loan application processing data is monitored through MAC or Intranet application reports, so that applications are being processed in a timely manner and equitably in the State
- manage staff resources appropriately to minimize loan application processing delays
- when necessary, initiate or monitor appropriate personnel actions recommended by the designated review official
- review the:
  - reports on loan application processing problems submitted by the designated review officials
  - FLC reports on both SDA and non-SDA average loan application processing timeframes
- provide DD's with report findings and ensure that DD's monitor County Office SDA activity
- by October 31, 2004, submit a FY 2004 summary report which includes findings, corrective actions, and results of their States' review.

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### 2 Direct Loan Applications (Continued)

#### D SED Action (Continued)

- submit a FY 2005 summary report of affected cases, findings, corrective actions, and results by October 31, 2005, to the following:

USDA FSA DAFLP LMD STOP 0522  
DIRECTOR, LOAN MAKING DIVISION  
1400 INDEPENDENCE AVENUE SW  
WASHINGTON DC 20250-0522.

### 3 Guaranteed Loan Applications

#### A State and County Office Action

State and County Offices shall:

- take action according to 2-FLP, paragraph 84
- monitor guaranteed loan application processing by using the Guaranteed Loan Average Processing Times Report, available on the Guaranteed Loan System menu.

### 4 National Office Responsibilities

#### A National Office Action

The National Office shall:

- compare average application processing timeframes against each State's established baseline average for SDA and non-SDA
- compare rejection rates
- follow-up with State Offices where corrective action is needed.