

For: FSA Offices

**Questions and Answers About Lenders Reporting to Credit Reporting Bureaus**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

The Debt Collection Improvement Act of 1996 and OMB Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," require information on guaranteed loans to be reported to commercial Credit Reporting Bureaus. In June 2005, FLP began referring Guaranteed Loan information received from lenders on FSA-2241 to commercial credit bureaus.

**B Purpose**

This notice provides National Office response to questions recently received from State Offices.

**C Contact**

State Offices shall direct questions about this notice to the Guaranteed Loan Servicing and Inventory Property Branch, LSPMD, at 202-720-1984.

**2 Reporting Information**

**A Questions From State Offices**

**Q1:** How often is the information reported?

**A1:** The information is reported on the first of each month.

Disposal Date	Distribution
May 1, 2008	All FSA Offices; State Offices relay to County Offices

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### 2 Reporting Information (Continued)

#### A Questions From State Offices (Continued)

**Q2:** What information is reported?

**A2:** On active loans, the unpaid principal plus accrued interest is reported as of the effective date of the last monetary update on the loan. On the majority of loans, that would be the unpaid balances, as reported by the lender, on the most recent FSA-2241 as of March 31 and September 30. For active loans that have a bankruptcy reorganization loss and/or annual loss payment because of an interest rate reduction ordered by the bankruptcy court, the total loss amount is reported for 3 years from the most recent loss payment date, in addition to the unpaid principal and accrued interest on the loan.

Loans in default could report different balances every 60 calendar days, assuming the lender is submitting FSA-2248's as required.

Terminated (paid-in-full) loans are reported with a zero balance on the report for the month following the termination. **Paid-in-full loans are reported only once.**

**Exception:** If the paid-in-full loan had a bankruptcy reorganization loss and/or annual loss payment because of an interest rate reduction ordered by the bankruptcy court, the total loss amount will be reported for 3 years from the most recent loss payment date even though the loan has been paid-in-full.

Loans with final loss claims not subject to offset, according to 2-FLP, subparagraph 363 B, are reported for 3 years from the effective date of the loss. The amount of the final loss claim (less any recoveries) is reported.

Loans subject to offset are reported as long as the offset exists. The amount reported is the outstanding offset balance plus interest accrued through the date of the credit bureau report. Once the debtor becomes ineligible for offset, loans with a terminated debt offset are reported 3 years from the effective date of the writeoff.

**Q3:** Who reports this information to the Credit Bureaus?

**A3:** Two credit bureaus (Experian and Dunn and Bradstreet) receive the Guaranteed Loan System (GLS) data. An internal file transfer protocol (FTP) of FSA data from the mainframe to Rural Development's webfarm is completed. The webfarm encrypts the data using PGP encryption software and uses secure FTP to transmit to the credit bureaus. The entire process is fully automated.

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### 2 Reporting Information (Continued)

#### A Questions From State Offices (Continued)

**Q4:** How does FSA know the data was successfully transmitted?

**A4:** After each monthly execution, the Farm Credit Applications Office receives an e-mail confirming that FSA data was successfully transmitted.

**Q5:** Is the transmission of data secure?

**A5:** The processes are in full compliance with current USDA Cyber Security policies and regulations issued by OCIO Cyber Security.

**Q6:** What is the responsibility of the Field Office in the monthly credit bureau reporting?

**A6:** Currently, the Financial Services Center, Farm Loan Operations Office does not require any Field Office action about the monthly credit bureau reporting. However, State Offices should continue to emphasize the importance of Field Offices monitoring the lenders accurate and timely submission of FSA-2241 and/or FSA-2248.

Field Offices should continue to review and update the lender's name, address, and telephone information on the "Lender Maintenance" page in GLS to ensure that the lender information is accurate.

**Q7:** If the borrower is an entity, are the individual members of the entity reported or just the entity?

**A7:** Any member of an entity who is displayed as a co-borrower on the primary borrower's loan (FSA Loan View Screen) is reported to the credit bureaus.

**Q8:** On individual guaranteed borrowers, are co-borrowers reported?

**A8:** Any individual who is displayed as a co-borrower on the primary borrower's loan (FSA Loan View Screen) is reported to the credit bureaus.