

RD AN No 4375 (4280-B and 4287-B)
June 5, 2008

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Business and Industry Guaranteed Loan and Section 9006 Renewable Energy Systems and Energy Efficiency Improvement Guaranteed Loan Programs Form RD 1980-44, "Guaranteed Loan Borrower Default Status"

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to stress the importance of Form RD 1980-44, "Guaranteed Loan Borrower Default Status," and the necessity of the State Office to ensure that the correct information is recorded in the Guaranteed Loan System (GLS) database.

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4286, dated June 8, 2007, which expires on June 30, 2008.

IMPLEMENTATION RESPONSIBILITIES:

The lender submits Form RD 1980-44, default reports, when the loans are 30 days past due and cannot become current within 60 days. This form has been automated for the lender to access it electronically and update it bi-monthly through the Lender Interactive Network Connection (LINC). The lender must designate a Security Administrator who can then add other users to the LINC system. If the lender has not been provided the training and access to LINC before the report is due, the lender must submit the paper form to the field office. The default reports should be immediately updated by the field offices in GLS. The default report input

EXPIRATION DATE:
May 31, 2009

FILING INSTRUCTIONS:
Preceding RD Instructions 4280-B and 4287-B

screen corresponds to the fields on the default report. The field offices should monitor the receipt and update of the default reports by selecting GLS report GLSSR02, Past Due Default Status Report.

Once a loan is determined delinquent, a default status report will be immediately generated. The lender must update this report through LINC or submit it to the appropriate office with the delinquency amount and the correct delinquency code. Thereafter, the default report will automatically be generated in GLS every 60 days. The report must be updated either by the lender in LINC or by the field office. As a reminder, if the loan is brought current, the lender or field office must update the default report in the system, inputting code 13 to indicate the loan is now current. This will prevent GLS from creating new default reports and will take the loan off of the delinquency report.

Each State Office should review their delinquent loans to ensure the Agency is receiving this form from the lenders and to monitor the accuracy of the data recorded in GLS. Lenders must also submit Form RD 1980-44 on all cases where the Agency has not approved a termination of the interest accrual. The State Office's performance measures will be tied to the accuracy of GLS. State and Field staff should monitor these loans by executing GLS Report GLS2001, "List of Delinquent Borrower." The information for this report is generated from the default status report. This report will provide information on any guaranteed loan that has been determined delinquent by the lender. Report GLS2001 can be compared with GLS047 to ensure the status codes in GLS are up-to-date. When executing GLS0417, the status codes that should be used are 520-549 for a correct comparison of loans.

The routine and prioritized updating of Form RD 1980-44, default reports, ensures that accessible and timely information is available for critical decisions regarding the servicing to the affected loans. This can only be accomplished with your consistent monitoring of the GLS database.

In accordance with RD Instruction 4280-B, section 4280.152, all Section 9006 Renewable Energy Systems and Energy Efficiency Improvement guaranteed loans are to be serviced in accordance with this subpart.

If you have any questions, please contact the Business and Industry Division, Servicing Branch at (202) 690-4103.

(Signed by Ben Anderson)

Administrator
Business and Cooperative Programs