

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 Annual Lender Visit and Agency Conference

PURPOSE/INTENDED OUTCOME:

In order to ensure that the Business and Industry (B&I) and Section 9006 Renewable Energy Systems and Energy Efficiency Improvement Guaranteed Loan Programs (Section 9006) are being serviced properly, and that the conditions and covenants of the Loan Agreement are being enforced, the lender and the Agency should meet at least annually. The purpose of this Administrative Notice (AN) is to clarify guidance previously issued by the Office of Inspector General (OIG).

COMPARISON WITH PREVIOUS AN:

This AN replaces RD AN No. 4292 dated July 2, 2007, which expires on July 31, 2008.

IMPLEMENTATION RESPONSIBILITIES:

RD Instruction 4287-B, section 4287.107(c), states: “At the Agency’s request, the lender will meet with the Agency to ascertain how the guaranteed loan is being serviced and that the conditions and covenants of the Loan Agreement are being enforced. The Agency will hold meetings with the lender at least annually. The Agency, at a minimum, will remind the lender of its servicing responsibilities under the Lender’s Agreement during the field visit, review the lender’s latest financial analysis, and check the loan classification. It is suggested that the application of loan payments also be reviewed....”

EXPIRATION DATE:
July 31, 2009

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

You should establish a calendar at the beginning of the year that schedules a lender visit on each B&I and Section 9006 guaranteed loan.

However, lenders with delinquent borrowers should be given priority. Please work to ensure lender visits to B&I and Section 9006 guaranteed problem/delinquent loans or loans in liquidation are scheduled for visitation prior to scheduling field visits on current B&I and Section 9006 loans.

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

(Signed by Ben Anderson)

BEN ANDERSON
Administrator
Business and Cooperative Program