

PART 1910 - General

Subpart C - Commercial Credit Reports

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PART 1910 - GENERAL

Subpart C - Commercial Credit Reports

§1910.101 Preface.

This subpart (§§1910.102 - 1910.150 available in any Rural Development office) describes the procedure to be used by Rural Development in obtaining commercial credit reports. A nonrefundable fee, set forth in §1910 106 (d) of this subpart, will be collected from the applicant, general contractor or dealer-contractor, who is the subject of the report. This subpart is inapplicable to Farm Service Agency, Farm Loan Programs. (Revised 01-09-08, PN 417.)

§1910.102 Purpose.

This subpart prescribes the policies and procedures for obtaining commercial credit reports when needed to determine eligibility of, or obtain information about, applicants requesting Rural Development assistance for group loans or grants in Business and Industry (B&I), Community Facilities (CF), Water and Waste Disposal (WWD), Rural Rental Housing (RRH), Rural Cooperative Housing (RCH), Labor Housing (LH), or any other loan program activity where a commercial credit report is necessary.

§§1910.101 - 1910.104 [Reserved]

§1910.105 Policy.

A commercial credit report will be obtained whenever it is required by this subpart to determine an applicant's eligibility for a loan or grant; when it is necessary to determine the financial and managerial capacity of a general contractor or dealer-contractor, or to successfully service an existing loan account.

§1910.106 General.

(a) The National Office. Administrative Services Division (ASD), has issued two purchase orders for commercial credit report services thorough Dun & Bradstreet (D&B), Inc., under the Federal Supply Schedule. One purchase order is primarily for RRH, RCH, LH, and Single Family Housing (SFH) loan programs and is to be used as outlined in this procedure. The second purchase order is primarily for B&I loans and is to be used as outlined in RD Instruction 1980-E. §1980.451, Administrative. Generally, any commercial credit reports needed in the CF and WWD programs will be requested under the B&I Division purchase order. These requests will be placed through the National Office, B&I Division.

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Applications
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(b) Commercial credit reports may only be ordered in the field by the State Director or designee. All requests for commercial credit reports should be submitted to the State Office by a County or District Office when the County Supervisor or District Director determines that such a report is necessary. The State Director's designee will request the National Office to obtain the credit report from D&B, Inc. In the National Office, reports may be ordered by the Director, Multiple Family Housing Processing Division (MHPD), or designee; Director, Multiple Family Housing Servicing and Property Management (MFHSPM), or designee; Director, Single Family Housing Processing Division (SFHPD), or designee; Director, WWD, or designee; Director, CF or designee; or Director, B&I or designee. The procedure for ordering credit reports is outlined in §1910.114 (b).

(c) Exhibit A of this subpart is a sample format of a "Request for Commercial Credit Report" which will be completed by the County and District Offices and forwarded to the State Office. The State Coordinator will transmit Items 1 through 4 of the request to the National Office via telemail. The credit report will be ordered by accessing D&B's data base.

(d) Regardless of the costs incurred by the Government for the credit services provided by the contractor, the fee charged the applicant, general contractor or dealer contractor will be \$40.00, payable in advance and nonrefundable. Credit reports fees will be processed in accordance with §1910.115 of this subpart. Fees will not be charged for credit reports ordered under the B&I purchase order.

(e) The State Director will appoint a member of the State staff to act as State Coordinator for the credit services provided by D&B. The State Coordinator will act as a liaison with the National Office authorized employees who will be ordering the credit reports. If it becomes necessary to change the State Coordinator, the National Office will be notified.

(f) When a dealer-contractor is a firm, a commercial credit report will be ordered on the firm and an individual credit report will be obtained on each of the principals. If the dealer-contractor is a sole proprietorship, a commercial as well as an individual credit report will be obtained. Subpart B of Part 1910 of this chapter will be followed for individual credit reports.

§1910.107 Definitions.

(a) Commercial Credit Report - A commercial credit report will normally consist of a Business Information Report (BIR) but a Government Activity Report (GAR) may be ordered, if needed.

(b) Business Information Report (BIR) - The BIR includes a summary section that highlights important data elements; historical background on the firm's principals and the business itself; a review of the company's financial condition and trend of sales and earnings; a payment record reported by suppliers; a brief description of related companies; public filings (such as Universal Commercial Code (U.C.C.) filings); special events (recent developments); and a description of the firm's operation including products and services, selling terms, number of employees, seasonal variations, and location.

(c) Government Activity Report (GAR) - The GAR contains consolidated information on government transactions which involve credit or debt relationships, contracts and grants. Sections included in the GAR are loan summary; debts, fees, fines and overpayments; contracts; debarred, suspended or ineligible status; government awarded grants and other related companies.

(d) Contractor - The credit reporting agency or source authorized to furnish commercial credit reports pursuant to a contract issued by Rural Development.

(e) General Contractor - The individual (sole proprietorship), firm, partnership, corporation or organization with whom the borrower enters into a contract for construction or land development or both.

(f) Detail Reports - D&B's computer generated listed of the credit response activity provided on a monthly basis. The report will be mailed to the National Office between the 15th and 20th of the month for activity during the previous month and will contain such information as date of credit report, name and address of the subject, the number of units charged and the type of units provided.

(g) Dealer-Contractor - A person, firm, partnership or corporation in the business of selling and servicing manufactured homes and developing sites for manufactured homes. A person, firm, partnership or corporation not capable of providing the complete service is not eligible to be a dealer-contractor.

(h) Authorized Rural Development employees - State Director or State Director's designee; Director, MHPD or designee; Director, MHSPM or designee; Director, SFHPD or designee; Director, WWD or designee; Director, CF or designee; and Director, B&I or designee.

(i) State Coordinator - The individual appointed by the State Director who will be responsible for requesting commercial credit reports through the National Office, verifying receipt of the reports, and assisting County and District Office employees with questions and problems that need to be resolved with the contractor.

§1910.108 Circumstances requiring commercial credit reports.

(a) Commercial credit reports will be requested for:

(1) Existing nonprofit organizations. Reports will be obtained for subsequent loan or grant requests only if the borrower or grantee has had financial or management problems or the report will assist in determining eligibility for an additional loan or grant.

(2) Profit corporations and partnerships. If the organization is newly formed and has not established any records of its activities as an organization, the credit report will provide useful information on the principal members, stockholders or partners. Individual credit reports may subsequently be requested on these persons as determined by the appropriate program instructions. Reports for subsequent loan grant requests will be obtained when the circumstances outlined in 1910.108 (a)(1) exist.

(3) Organizations with other interests. If an organization has substantial interest in another organization, a credit report for such other organization may be obtained in the same manner as for the applicant.

(4) General contractors and dealer-contractors. Credit reports on these contractors will be obtained as required in appropriate program instructions.

(5) Transfers or other servicing actions. A report may be ordered as Part of an MFH transfer or other servicing action according to Subpart B of Part 1965 of this chapter.

RD Instruction 1910-C
§1910.108 (a) (Con.)

(6) B&I loan applicants. Credit reports will be ordered for all B&I applicants unless the lender has furnished a commercial credit report on the applicant or the applicant is a new business.

(b) Commercial credit reports will not be requested for:

(1) Newly formed nonprofit/limited profit organizations. Credit reports will not be obtained since such organizations will not have established any record of activities.

(2) Public bodies.

§§1910.109 - 1910.110 [Reserved]

§1910.111 D&B Contract Specifications.

Reports must contain current information on domestic firms. Current information is defined as information not more than 7 months old when the report is received. Reports will include a coding system to uniquely identify each commercial establishment; a summary of data contained in the body of the report; identification of the establishment's primary Standard Industrial Classification (SIC) code and total number of employees; trade information; business history and confirmation of ownership; identification of other corporate family members and inter-company relationship details; public record items including U.C.C, filings; biographical sketches of key management; current financial statements, where available, and a summarized description of the company's method of operation.

§1910.112 Unsatisfactory services.

Credit reports will be checked by the State Coordinator to be sure they contain a summary section, payment section, finance, history and operation. County and District Offices will refer questions regarding commercial credit reports to the State Coordinator. Unresolved problems or unsatisfactory service should be brought to the attention of the appropriate program Division Director in the National Office. The only exception will be if D&B is unable to find any credit history on the subject. D&B will then provide a special response with the notation that: "We have been unable to ascertain that the individual on whom you inquired is engaged in a business. (If you have information to the effect that your inquiry is on a business, please let us know and a new investigation will be made. Business and bank references will be helpful)." D&B does not provide reports on individuals not engaged in business.

§1910.113 [Reserved]

§1910 114 Procedure for ordering credit reports.

(a) When a County Supervisor or District Director decides a commercial credit report is required or is needed, Exhibit A of this subpart will be completed in accordance with the instructions for preparation and forwarded to the State Office.

(b) The State Coordinator will forward the necessary information to request a credit report under the RRH purchase order to the Assistant Administrator, Housing, in the National Office via telemail. Requests for a commercial credit report on a B&I, CF, or WWD application or servicing action, under the B&I purchase order will be submitted to the Director, B&I Division. This request may be by telephone or memoranda and will include the applicant's name, address, city, state, and telephone number.

(c) When the credit report is returned by the National Office, the date of receipt and the State Coordinator's initials will be entered on Exhibit A. The credit report should be promptly forwarded to the requesting County or District Office.

(d) When a detail report of usage, on credit reports ordered under the RRH purchase order, is furnished by D&B to the National Office, it will be examined, verified and forwarded to the Finance Office. Detailed reports furnished by D&B on credit reports ordered under the B&I purchase order will not be sent to the Finance Office.

§ 1910.115 Collecting fees.

(a) When a credit report is needed under the RRH purchase order, the fee indicated in § 1910.106(d) of this subpart will be collected from the subject before the credit report is ordered. The amount of the fee, the date it is collected and the signature of the collection official will be entered on Exhibit A. The applicable information to request the credit report will also be entered at this time. A copy of Exhibit A will be retained in the applicant's file as evidence that the fee was collected and the request was submitted to the State Office. A fee will not be collected for credit reports requested under the B&I purchase order.

(b) Collections for credit report fees will be promptly submitted to the Finance Office on a separate Form RD 451-2, "Schedule of Remittances," or processed in AMAS as a Miscellaneous Collection for MFH Credit report fees." in accordance with the Forms Manual Insert (FMI) for the respective form. (Revised 02-24-05, SPECIAL PN.)

(c) Requests for and payment of credit reports for individuals will be in accordance with Subpart B of Part 1910 of this chapter.

§ 1910.116 - 1910.150 [Reserved]

Attachment: Exhibit A

oOo

Request for Commercial Credit Report

To: State Director
Attn: State Coordinator for
Commercial Credit Reports

Name (1)

Address (2)

City State Zip Code

Telephone (including area code) (3) Fund Code (4)

Date (5)

\$ _____
Credit Report Date Collected (7) Collection
Fee (6) Official (8)

County Supervisor/District Director State/County/
District Code

TO BE COMPLETED BY STATE OFFICE ONLY:

Date Ordered (9) State Coordinator (10)

Date Received (11)

Instructions for Completion

A. This exhibit shall be completed in an original and one copy. The original will be mailed to the State Office and the copy will be retained in the applicant/borrower files in the originating County or District Office. A copy of RD Form 451-2, "Schedule of Remittances," be attached to this exhibit for the State Coordinator's reference. Items (1) through (10) will be completed in the following manner:

- (1) Enter the exact legal name of the applicant, general contractor or dealer-contractor for whom the credit report is requested.
- (2) Enter the complete address, including zip code, of the subject identified in (1) above.
- (3) Enter the telephone number, including zip code, of the subject identified in (1) above.
- (4) Enter the loan fund code for the type of loan that will made. For example: "84-RRH, "46-SFH".
- (5) Enter the date the credit report is requested by County or District Office.
- (6) Enter credit report fee.
- (7) Enter date credit report fee is collected.
- (8) Signed by collecting official.
- (9) Enter the date the credit report is ordered by the State Office.
- (10) State Office official responsible for commercial credit reports will initial.
- (11) Enter the date the credit report is received in the State Office.