

POSITION CLASSIFICATION STANDARD FOR LOAN SPECIALIST SERIES, GS-1165

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SERIES DEFINITION

This series includes all positions the duties of which are to direct or perform analytical and evaluative work which requires knowledge of (1) credit risk factors and lending principles involved in loans of specialized types granted, insured, or guaranteed by the Federal Government; (2) financial structures and practices of business organizations concerned with such loans; and (3) pertinent statutory, regulatory, and administrative provisions.

This standard describes only the principal levels of nonsupervisory positions in this series. Supervisory positions are evaluated by reference to the [General Schedule Supervisory Guide](#).

EXCLUSIONS

Excluded from this series are:

1. Positions concerned with the collection of loan payments, the servicing of delinquent loans, the approval or disapproval of loan applications, or other loan examination, servicing, or administration duties in connection with specialized types of loans when such work does not require credit risk analysis and knowledge of business financial structures and practices. Included among positions of this kind are (a) positions concerned with approving or disapproving loan applications solely on the basis of needs created by emergency situations, (b) positions in which collection duties constitute the sole function of the position, and (c) positions concerned with the collection, servicing, or administration of delinquent or defaulted loans when such work does not involve credit risk analysis nor require knowledge of business operations and practices. Positions of this kind are classified in an appropriate series in the [General Administrative, Clerical, and Office Services Group, GS-0300](#); the [Job Family Position Classification Standard for Professional and Administrative Work in the Accounting and Budget Group, GS-0500](#); or other groups.
2. Positions concerned with clerical operations involved in the preparation of loan documents, the disbursement of loans, the maintenance of loan accounts, the preparation of collection notices, and similar work are included in an appropriate series in the [General Administrative, Clerical, and Office Services Group, GS-0300](#), or in the [Job Family Position Classification Standard for Professional and Administrative Work in the Accounting and Budget Group, GS-0500](#).
3. Positions requiring the application of professional knowledge of economics in the investigation, analysis, and interpretation of the economic conditions resulting from business and industry-practices, the development of economic policies related to the international and domestic aspects of foreign governmental and private loans, or similar duties are classifiable in the [Economist Series, GS-0110](#). While loan specialists apply some knowledge of business, commercial, and industrial practices and the economic status of the business and industry area of their assignment, they are not concerned

mainly with these aspects, nor are they required to possess or apply a professional knowledge of economic theories and techniques in accomplishing their work.

4. Positions concerned with financial analysis work which requires a comprehensive knowledge of the theory and principles of finance as they apply to the full range of financial operations and transactions normally involved in the general activities of the various types of business, or business and other, corporate organizations and of the financial and management organization, operations, and practices of such corporate organizations. Positions of this kind are classified in the [Financial Analysis Series, GS-1160](#).
5. Positions requiring the performance of professional, scientific, and technical work in administering supervised agricultural and rural credit programs; making and supervising farm, ranch and rural development loans; and providing technical guidance and assistance to borrowers where the work involves the application of a professional, scientific, and technical knowledge of agricultural sciences pertaining to farm and ranch management, rural economics and finance, farm and ranch economics and finance, crop and livestock production, soil conservation, and water and waste disposal management. Such positions are classifiable in the [Biological Sciences Group, GS-0400](#).
6. Positions involving the application of professional accounting principles, practices, procedures, or techniques are covered in the [Job Family Position Classification Standard for Professional and Administrative Work in the Accounting and Budget Group, GS-0500](#). While employees of many positions in the Loan Specialist Series utilize a good knowledge and understanding of accounting principles in analyzing financial documents (e.g., balance sheets and profit and loss statements), experience and training in accounting theory and principles such as that required for professional accountant positions are not characteristic of work in the Loan Specialist Series.
7. Positions which require knowledge of the marketing, distribution, and consumption of commodities rather than knowledge of lending policies and credit analysis principles are classified to the [Trade Specialist Series, GS-1140](#). These positions may be concerned with the subject of finance and credit, but in combination with other advisory, service, promotional or other matters relating to business.

SPECIALIZATIONS AND TITLES

Positions in this series at grades GS-5 and GS-7 are titled Loan Assistant; positions at grades GS-9 and above are titled Loan Specialist, or Supervisory Loan Specialist, as appropriate, with the field of specialization indicated parenthetically after the basic title.

The specializations in the series reflect differences in knowledges and abilities required with respect to the types of loans with which the employees are primarily concerned. These types of loans are:

1. Agricultural
2. Commercial
3. Realty
4. General

These loan area specializations are defined as follows:

Agricultural. -- This specialization includes positions concerned with the application of a knowledge and understanding of the technicalities of farm financing and credit and a general working knowledge of farm operations, land use and value, production of various types of crops and livestock, and prices and markets in the farming areas where the loans are made and serviced.

Commercial. -- This specialization includes positions requiring knowledge of financial and credit factors related to business and commercial loans (for light and heavy manufacturing industries, wholesale and retail trade, extractive industries, transportation, trading and brokerage operations, financial institutions, service trades, and other business and commercial services). Such positions require the application of a general knowledge and understanding of business systems, elements of good management, financial organization and management, analysis of financial statements, values of plants and security, and earning potentials of the business enterprises involved. The purpose of the examination and analysis is to evaluate the ability of the business to repay the loan, to advise on the financial operations of the business, to review the status of the loan and the borrower's business, or to resolve the problems which arise during the administration of current and delinquent loans or during the liquidation of a loan.

Realty. -- This specialization includes positions concerned with loans for dwellings, rental properties, or other real estate, requiring application of knowledge and understanding of such factors pertinent to the borrower's ability to repay as his income, current and estimated expenses, and credit ratings, as well as factors pertinent to the property itself, such as real estate values, location, type of construction, economic situation, appreciation or depreciation trends, marketability, and pertinent realty law related to titles, mortgages, liens, etc.

General. -- This specialization includes positions concerned with loans not covered by one of the above specializations, and positions requiring substantial knowledge of a combination of such specializations.

SPECIAL NOTE

Careful consideration should be given to the matter of interchange ability among positions in the specializations described above. Some loan specialist work (e.g., servicing loans for relatively

small residential or commercial building improvements) is restricted as to type of loan and variety of business enterprises involved to such an extent that the credit analysis function is substantially less complex, and the scope of the required knowledge of business operations is substantially narrower, than in other loan specialist work (e.g., work involving a wide variety of complex commercial, industrial, or housing construction organizations). Positions involving the restricted type of loan specialist work are not necessarily in a line of promotion to, and may not be interchangeable with, positions concerned with the loan specialist work of greater scope and complexity.

EXPLANATORY STATEMENT

Loan programs

The Government's participation in loan programs serves such purposes as: Encouraging home and farm ownership and improvement; providing assistance to business in obtaining financing to purchase equipment and materials, to expand and modernize operations, or to use as working capital; providing assistance to persons affected by flood, drought, and other forms of distress and disaster; providing assistance to the secondary market for home mortgages; and providing assistance to Indian tribal enterprises and industrial development activities.

The basic objective of these loan programs is to grant loans to eligible borrowers under terms and conditions that will insure minimum risk to the Government. Loan specialists make judgments that the prospective borrower does or does not have the ability to repay the loan; or that a proposed course of action will or will not enable the borrower to repay the loan, or enable the lender or the Government to recover the loan without loss, or with the least amount of loss.

In residential financing (homes, apartments, subdivision projects, cooperative housing, redevelopment housing, relocation housing, servicemen's housing, elderly person's housing, nursing homes, etc.) the Government's chief interest is the insurance of the loans made by private lending institutions. Borrowers may be individual owners, builders, real estate operators, investors (sponsors), or corporations engaged in developing housing areas. The loans are made for purchase, construction, or improvement of homes and other residential properties. The Government insures banks, trust companies, insurance companies, savings and loan associations, mortgage companies, and other Federal agencies against loss on real estate mortgage loans where they apply for and obtain such insurance or commitments to insure.

Loans are guaranteed or insured for, or in some cases made directly to, veterans for home purchase, construction, or improvement; for the purchase of farms, farm equipment, livestock, and necessary capital for farming operations; or for the establishment or development of the veteran's business.

Loans for financing domestic businesses are made directly or in participation with commercial lending institutions when capital or credit at prevailing rates is not otherwise available. The proceeds of loans are used for purchase of materials, replacement or purchase of machinery and equipment, industrial construction, and expansion of established enterprises. Loans are made directly to individual Indians and Indian organizations for any purpose which will promote their

economic development. Indian tribes and organizations using their own funds or funds borrowed from the Government also make loans to their members.

Loan specialist work

Loan specialist work is performed in connection with any of various kinds of loan programs. The loans involved may be loans granted directly by the Government or loans from private sources insured, guaranteed, or supervised by the Government. This work typically includes such duties as developing and establishing loan policies, regulations, and procedures; examining and approving, or disapproving, loan applications, applications for the insurance or guarantee of loans or for the reamortization of loans, applications for the partial release of security or the release of personal liability, and proposals for the substitution of security; reviewing and approving, or disapproving, offers of mortgages for purchase; servicing and adjusting current and delinquent loan accounts or loans in default; administering tax and insurance accounts; making periodic inspections of security properties; determining the propriety of and carrying out various actions in the acquisition, liquidation, and sale of loans or loan security; advising borrowers, lenders, and others concerned on financial and credit matters; and other duties of a similar nature.

CLASSIFICATION FACTORS

The most significant factors to be considered in the classification of positions in this series are:

1. Nature of Loans
2. Nature of Supervision Received

Nature of loans. -- This factor is intended to measure the difficulty involved in (1) assessing the ability of prospective borrowers to repay loans and to comply with necessary terms, conditions and covenants governing the loan, e.g., to make tax payments and maintain adequate insurance coverage on property, or to operate under efficient financial management policies; (2) determining appropriate action necessary to resolve borrowers difficulties in meeting loan terms; and (3) developing sound courses of action in liquidating loans to insure least amount of loss to the Government or damage to the borrower.

Commercial loans range from those made to very small individually-owned retail trade or service businesses to large corporate firms with several subsidiaries in complex manufacturing operations. Government participation in, or direct granting of a loan is predicated on the inability of the applicant to obtain commercial financing in amounts desired, at reasonable rates of interest; the amounts and period of maturity desired of the loans involved make the loans commercially unattractive. Complexity in such loans may stem from conditions such as (1) extensive enterprises and intricate organizational structure of the business, (2) variety of types of collateral offered as loan security, (3) marginal condition of the firm's operations and financial status, or (4) obscurity or inadequacy of records pertaining to the borrower's financial status.

Real estate loans range from those made to an individual whose main source of income is from wages, salary, or a profession, to those made to corporate sponsors whose income is derived from diverse financial interests and business operations which form the basis of the financial strength of the sponsors of a large apartment, subdivision, or other larger building project.

In the case of a loan to an individual to buy a home, the borrower's record of payments for current shelter and housing expenses, furniture, major appliances, and other recurring expenses as revealed by the information in his application and the credit investigation report provide sufficient information upon which to judge the borrower's financial ability to make payments in the future. Realty loans to corporate borrowers are similar in character and complexity commercial loans, discussed above. Agricultural loans are made under various authorities and specified conditions (e.g., drought, flood, or other emergency) for the purchase of farm homes, household equipment, farm equipment and machinery, seeds, feed, fertilizer, livestock, labor and other farming essentials. The loans may be secured by real estate, chattel or crop mortgages, or, in the case of Indians, assignment of trust income and property. Agricultural loans are normally made to individuals whose financial status and ability to repay the loan is fairly easily determined.

Nature of supervision received. -- This factor reflects the level of responsibility carried by the incumbents. Incumbents of positions at grades GS-9 and above generally receive little or no direct supervision during the course of their normal assignments, except for new, novel, or precedent cases. In evaluating this factor, consideration is given to the responsibility assigned to the incumbent by the supervisor and the kind and degree of supervision exercised over the work, i.e., whether cases of one or several types and levels are usually assigned; whether work is segregated with respect to problems and complexities likely to be encountered.

Typically, the supervisor reviews the recommendations on loan applications or on proposed loan servicing actions. In some cases where a large volume of loan examining work is done, "review" positions may be responsible for providing a "double check" on the accuracy of the loan specialist's analysis and recommendations by making what amounts to a parallel independent analysis of the loan. If the recommendations agree, this agreement (rather than the presumed superior judgment of the reviewer) may be accepted as proving the accuracy of the analysis and the recommendation. If they disagree, the reviewer does not have authority to reject or change the recommendation, but refers the two recommendations to a supervisor or higher level reviewer. Such a "double-check" review does not carry grade weight. Since it is essentially an independent repetition of the work of the original loan specialist, it has the same grade value (based on nature and complexity of the loan) as the original analysis and recommendation.

The following factors are important for all positions in this series but since they are reflected in the two factors listed above, they are discussed below and not at the various grade levels of the standard:

- (1) *Nature of available guidelines for performance of work.* -- The work of positions in this series is guided by statutes and regulations, legal decisions, agency interpretation and procedures, and financial principles and standard practices

affecting credit risk determinations. Applicable legislation, manuals and handbooks, and standard texts are available for reference.

- (2) *Nature and scope of recommendations, decisions, commitments, and conclusions.* -- Responsibility for making judgments, recommendations, and conclusions is inherent in all positions of this series except for the beginning levels where loan examining and servicing personnel are in training. Normally, the nature of delegations of authority requires that a review, or several reviews, be made (in some cases by a committee) prior to final approval. However, the evaluations and conclusions reached, and the recommendations made by the employee immediately responsible for the loan examining or servicing in a particular case and by his immediate supervisor, form the bases for the final decision. The level of this factor is conditioned by the nature and complexity of the work assigned and the level of responsibility assigned.
- (3) *Purpose and nature of person-to-person work relationships.* -- Borrowers and their representatives, lenders, builders, brokers, Government officials, and interested groups are contacted in order to receive or give information, advice and counsel, resolve problems, and gain cooperation.
- (4) *Qualifications required.* -- Basic qualifications required for performance of the work in this series include a knowledge and understanding of lending policies and credit analysis principles and their application to an evaluation of credits and credit risks. In addition to these basic requirements, incumbents of these positions may also be required to possess in varying degrees one or more of the following:
 - (a) ability to analyze statements of assets and liabilities and statements of earnings;
 - (b) understanding of business financial structure and management practices;
 - (c) knowledge and understanding of related economic factors and trends pertinent to the loan under consideration;
 - (d) working knowledge of laws and customs governing negotiable instruments; transfers of title to realty and chattels, and assignment of collateral;
 - (e) skill in computing the payments and costs involved in the loan transactions; and
 - (f) ability to meet and deal effectively with lenders, loan applicants, and borrowers, and their representatives.

The degree to which these qualifications are required is directly related to the nature and complexity of the loan cases and problems assigned to the loan specialists.

NOTES FOR USERS OF THE STANDARD

This standard does not provide specific guides for nonsupervisory positions above grade GS-19. The responsibility and nature of the work of such positions that would warrant classification above grade GS-12 were found in so few organizations and are so individualized in terms of their organizational and functional situations that it was not considered feasible to cover them in the grade-level descriptions.

The grade-level guides do not describe criteria for the evaluation of positions that operate in a staff capacity by providing policy direction, guidance, and review to those at the lower organizational levels who are carrying out operating loan examining and servicing functions. Criteria covering these types of positions were not included in this standard because of the relatively small number of such positions and because of the individualized nature of most of them. The criteria provided in the standard for the "operating" types of functions will serve as general classification guides for such positions.

GRADE-LEVEL DEFINITIONS

LOAN ASSISTANT, GS-1165-05

GS-5 employees receive training in basic loan examining and/or servicing principles, theories, methods, techniques as they apply to the investigation, analysis, and evaluation of financial factors and credit risks in relation to the granting or servicing of loans in which the agency has an interest. They receive orientation with respect to agency policies and objectives, administrative and technical regulations, procedures, and techniques applicable to the work. They contribute to the productive output of the program to which they are assigned by performing, under close supervision, the simple and less responsible work included in a program of technical training for functions included in this series.

LOAN ASSISTANT, GS-1165-07

GS-7 employees perform assignments of limited scope and complexity, usually planned to contribute to the continuing technical development of the employees. In addition to gaining further experience in the areas set forth at grade GS-5, the GS-7 loan assistants may provide assistance to loan specialists of higher grade in connection with more complex loans as the way of acquiring advanced on-the-job training and competency for more difficult loan examining and servicing assignments. In some activities, GS-7 loan assistants are regularly assigned the examination of applications, supporting documents and credit reports, and maintenance of servicing activities on small realty or agricultural loans.

On aspects of the work which are covered by explicit procedures, employees at this level may work with apparent independence although supervisory assistance is available when they have need for it. Completed work is thoroughly reviewed for adequacy, accuracy, and adherence to sound loan examining and servicing principles, agency policies, and operating methods.

LOAN SPECIALIST (APPROPRIATE SPECIALIZATION), GS-1165-09

GS-9 employees perform financial and credit analyses of the complexity involved in examining loan applications and mortgages offered for purchase and in servicing current or delinquent loans for small (one to four family) residential dwellings; very small commercial loans for working capital; purchase of equipment and machinery; repair of a store destroyed by a hurricane; etc.

The financial and credit analysis performed at this level is based on well developed facts which are readily evaluated under the criteria established by the agency for approval or disapproval. There is little difficulty in determining the amount and stability of the present and future income of the applicant or borrower because it is based on salary, wages, or the operation of a relatively stable business and there is little difficulty in determining the financial and management ability of the applicant or borrower to repay the loan.

The GS-9 employees are assigned full responsibility for performing the analyses and for making the recommendations based thereon. Typically, there is no prescreening in the assignment of home loan applications, mortgage offerings, or home loan delinquent portfolios by the supervisor. Applications for commercial loans are prescreened by the supervisor or a designated representative to remove those with more difficult problems or complexities prior to assignment of cases to GS-9 loan specialists.

Completed work is reviewed for compliance with agency policy, regulations, and procedures. In addition, assignments involving commercial loans are reviewed to determine whether the recommendations made are the best solution to the problem or whether other approaches may resolve the problem in a more efficient and economical manner. Examples of work performed by GS-11 loan specialists are:

1. Conducts interviews with applicants for small commercial loans to determine their eligibility for a loan, to develop factual information, and to provide financial counseling. (Many of the loans are limited participation loans where a bank has already performed a credit analysis and is willing to participate by lending more than a set minimum part.) In reviewing the loan application and performing a credit analysis the loan specialist follows the steps and procedures outlined by agency guides as supplemented by the supervisor's instructions. If necessary, the loan specialist may inspect the applicant's property, plant and equipment, and records, and may make inquiries to determine the applicant's rating with local lending institutions, integrity, management ability, etc. If substantial collateral is being offered the loan specialist obtains a formal appraisal thereof, as well as a commercial credit report. These are considered in conjunction with the information in the loan application and supporting financial statements (balance sheets and profit and loss statements). The analysis of these statements and comparison of the various ratios revealed in them as well as the condition of working capital, net profit, and other items provide the loan specialist with the information to make his report and recommendation (a) to approve the loan subject to any terms or conditions considered necessary to safeguard the Government's interest, or (b) to decline the loan application with reasons therefor. The loan specialist consults with legal counsel and with applicants in establishing the conditions under which the loan will be closed. His completed report with recommendations are submitted to his supervisor for review, and for referral to higher authority for final decision.

2. Reviews applications, on a pre- or post-audit basis, for the guarantee or insurance of loans for the purchase or construction of one-to-four family residential dwellings. As necessary, makes phone or personal contacts with lenders and borrowers and others concerned to obtain information, to clarify statements, or to discuss alternative terms.

The loan specialist analyzes the information in the application and supporting papers (such as mortgagor's statement, employment record verification, credit rating, appraisal report, etc.). He ascertains the applicant's net effective income, current and prospective shelter expenses and mortgage payments, other debts and obligations, and past credit record, and analyzes these for an indication of their effect on the ability of the applicant to repay the loan. The detail required in performing this analysis varies with the standards and procedural requirements of the agency. The analysis and estimates are recorded in a report with a recommendation for approval or disapproval with supporting reasons therefor. The supervisor reviews the recommendation, and depending upon agency delegation of authority, may give it final approval or may refer it to higher authority for final approval.

3. Reviews and analyzes guaranteed and insured mortgages typically on one-to-four family dwellings offered or submitted to the agency for purchase. He makes a credit analysis of the present financial ability of the mortgagor similar to that

described in paragraph 9 above; also reviews the mortgage to determine whether it meets the eligibility requirements established by the agency and whether the seller is financially responsible and able to service the mortgages offered for sale to the agency. As required, he contacts sellers for classification and reconciliation of information or documents submitted, or to explain reasons for declining to purchase the mortgages offered for purchase. At the completion of the credit analyses, the loan specialist recommends approval or disapproval of the purchase offer, or the return of mortgages to the seller for correction of defects found. Recommendations are reviewed by supervisor for technical adequacy of conclusions and for compliance with agency requirements.

4. Serves as an assistant to a loan specialist of higher grade who has responsibility for servicing a large variety of business loans in an assigned geographical area. The GS-9 employee independently conducts investigations, makes analyses, and prepares recommendations on servicing actions with respect to selected less difficult loan cases assigned to him. As part of his advanced on-the-job training, is occasionally assigned more difficult and complex cases or performs assigned portions of a case by a higher grade loan specialist. However, on these he receives instructions when they are assigned and he receives counsel and guidance during the course of the work.

On current loans, he reviews loan files to become acquainted with the characteristics and the terms of the loans, visits the borrower periodically, and reviews periodic financial reports to ascertain the financial status and trend of the business. He reviews, and recommends appropriate action to be taken on requests of the borrower for modification or exception to the terms of the loan agreement, and takes the necessary action when the recommendation is approved.

On delinquent loans, he attempts to bring the loan back to a current status. If serious problems arise, he recommends assignment of the case to a higher grade loan specialist for resolution or recommends steps to be taken to liquidate the loan. He is assigned the less complex liquidation cases to close out. In the more complex cases, especially those involving auction sales, foreclosures, receiverships, bankruptcies, and other litigation matters, he assists a higher grade employee as part of his advanced on-the-job training.

5. Works on a wide variety of problems that arise during the life of realty loans when the lenders and/or borrowers are unable to resolve them, such as disposition of escrow funds, taxes and insurance funds, release of liability when property is sold, acceptability of substitute mortgagor, etc. The cases involved are delinquent guaranteed or insured loans covering one-to-four family residential dwellings. The loan specialist works with lending institutions and borrowers to determine the current status of the account, the financial ability of the borrowers, and the extent to which the lenders have exhausted various measures to prevent the accounts from becoming delinquent. The loan specialist explores with the lenders and borrowers the possibility of such actions as granting forbearance to the borrower, temporarily

rescheduling loan payments to bring the loan current within several months, or reamortizing the loan payments. In more serious cases, the loan specialists may recommend that the borrower sell the property, or in instances where no alternative is possible, he may recommend foreclosure or acceptance of a deed in lieu of foreclosure. In certain meritorious cases, the loan specialist may recommend that the agency buy the mortgage from the lender.

On agency-owned (direct, vendee, or acquired) loan accounts for similar types of real estate loans, the loan specialist performs functions similar to those discussed in the preceding paragraph in working with borrowers when their accounts are delinquent or on the verge of becoming delinquent. In addition, periodically inspects security property to determine physical condition, and to insure that action is taken to make necessary repairs and for the prompt elimination of fire and other hazards, if any. Arranges for payment from tax and insurance account funds of taxes, special assessments, etc., and for the renewal of hazard insurance. Makes periodic review of tax and insurance accounts to determine adequacy of accruals, and directs such adjustments of the accounts as are necessary.

Complex matters involving original, novel, or new issues are discussed with the supervisor and a course of action is laid down which the employee is expected to follow to a successful conclusion. Decisions made as to a particular course of action based upon established regulations and instructions are generally unreviewed; however, recommendations on extension agreements, reamortizations, foreclosures, deed in lieu of foreclosure, etc., are reviewed by the supervisor.

LOAN SPECIALIST (APPROPRIATE SPECIALIZATION), GS-1165-11

GS-11 level assignments in the realty field are of the complexity represented by analysis of the financial capacity of mortgagors, builders or sponsors who apply for loans or for guarantee or insurance of their commitments in connection with large-scale housing transactions (large multi-family rental projects, operative-builders projects, nursing homes, and the like). In the commercial field, GS-11 employees are assigned loan actions covering varied kinds of business operations representing all types of ownership (single owner, partnerships, and corporations).

The work processes of positions at this level are similar to those performed at the GS-9 level. However, in assignments typical of the GS-11 level, the determination of the financial capacity of the borrower is complicated by the fact that the income is based on the operations of business firms, sometimes with varied activities, or the rental of multi-family housing, rather than on relatively stable salaries, wages, etc. The income is, at best, an estimate based on the anticipated trend of the particular business operation, the local economy, and the management ability of the principal owners of the business or the sponsors of the multi-family dwellings or other equivalent housing project. The source of this estimate comes from bin analysis of financial statements for several years, commercial credit reports, discussions with local bankers, economic and industry reports of the agency, and reports from such other agencies as the Department of Commerce, Federal Reserve Board, Federal Home Loan Bank Board, etc.

GS-11 loan specialists are expected to accomplish the normal day-to-day actions pertaining to loan examining and servicing without supervisory direction. Any actions not covered by regulations or precedents are discussed with the supervisor prior to formulation of recommendations as to approval or disapproval. Completed work is reviewed for compliance with agency policies, regulations, and procedures and to determine whether the recommendation is the best solution to the problem, or whether other approaches may be utilized to resolve the problem in a more efficient and economical manner.

Examples of work performed by Loan Specialists, GS-11, are:

1. Conducts interviews with loan applicants to ascertain if applicants are eligible for the loans to develop factual information, and to provide financial counseling for a variety of businesses. The work processes are similar to those described at the GS-9 level, except that at the GS-11 level the credit analyses must take into consideration many more factors in the financial statements, collateral appraisals, inventories, credit policies, financial and operating management, trends of the business, etc., arriving at a conclusion as to the ability of the applicant to repay the loan. If the profit trend is marginal, and collateral is limited, the GS-11 loan specialist must establish additional controls as a condition of approval. Some typical conditions which may be imposed are fixed asset limitations, net earnings distribution limitations, salary limitations, standby agreements with other creditors, personal guarantees by the principal owners, life insurance on principal owners, etc. Completed reports and recommendations are reviewed by the supervisor for technical adequacy and for compliance with agency policies, regulations, and procedures, and for referral to higher authority for final action.
2. Performs difficult and complex credit analyses in connection with the processing of mortgage insurance applications for multi-family projects under various sections of the National Housing Act, wherein a finding of economic soundness must be made and an analysis made of the sponsors' character, reputation, and ability to develop, build, operate, and manage a project of the type proposed. The employee evaluates the financial capacity of the sponsors to complete a project of the size contemplated, by analyzing (and consolidating if necessary) balance sheets and profit and loss statements, and determines whether they have the necessary financial requirements over and above the amount to be borrowed by a mortgage on the proposed construction. Based on his analyses, he recommends the amount for which a mortgage insurance commitment should be issued. The recommendations are reviewed by the supervisor for technical adequacy and compliance with policies, regulations, and procedures.
3. Services loans of all types and amounts to small businesses in an assigned geographical area. Visits borrowers to determine compliance with terms and conditions of the loan and to detect violations or adverse trends in borrower's financial condition, either on a periodic basis or as influenced by review of periodic financial statements provided by borrower. Reviews and makes recommendations on requests from the borrower and/or participating bank for a

variety of actions within the terms and conditions of the loan, e.g., exchange, substitution, or release of collateral; deferment of premium installments; requested changes in salaries of company officials. These are evaluated in the light of their effect on the financial condition of the borrower and his continuing ability to repay the loan as the loan specialist knows the borrower's condition from visits, financial statement review, etc. On delinquent loans, when all preventive steps have been exhausted, the loan specialist takes the actions necessary to liquidate a loan, such as taking inventory of collateral, arranging for security of the collateral, determining methods of sales, arranging for or conducting the auction sale, etc. Plans for liquidation are normally discussed with, and approved, by the supervisor or higher authority, prior to execution.

4. Services a variety of loans (guaranteed or insured home, farm or business loans, direct loans, vendee accounts, and acquired loans). He reviews loan accounts to determine the status of particular loans, studies economic trends and business conditions in the geographic area, determines whether defaulted loans are concentrated in any particular geographic area, and considers the effect that forced sales of properties securing loans might have on the value of the securities supporting other loans made, guaranteed, or insured by the Government in the same or nearby geographic area.

LOAN SPECIALIST (APPROPRIATE SPECIALIZATION), GS-1165-12

The GS-12 level is characterized by the requirement of broad experience and seasoned judgment in providing financial management guidance to borrowers, in ascertaining and analyzing the many and often obscure facts regarding the borrower's financial capacity, and in evaluating the general economic and financial conditions that affect the Government's risk in granting, guaranteeing, or insuring the loan.

The GS-12 loan specialist is expected to determine the areas and sources of information he will explore, and the approach he will take in obtaining needed facts about proposed loan actions, and furnishing guidance to borrowers. Although under agency delegations of authority he normally cannot approve or disapprove loan actions, his judgment concerning the technical aspects of assigned cases is accepted as authoritative.

Assignments such as the following typify the GS-12 level:

1. investigating circumstances prior to recommending approval of, and servicing, loans when such conditions as the following are present:
 - a. Applicant is a corporation with a number of subsidiaries, enterprises, and interlocking financial relationships. This situation makes it difficult to determine assets, liabilities, working capital and profits as well as to control the use of the assets and collateral;

- b. Weakness of borrower's financial condition and management requires extended guidance to the borrower to correct deficiencies and to assure that he realizes maximum benefit from Government financing; arrangement of standby agreements with the borrower's creditors may also be required to permit him to get back on his feet;
 - c. Borrower is located in an area of substantial or persistent unemployment, and his operation is a major factor in the economic status of the community, requiring consideration of other than usual conditions or terms relating to credit, collateral, repayment schedules, and the like.
 2. Authorizing and administering loans to an industrial concern whose performance of Government contracts calls for extensive contract financing or "loans" to provide working capital. Authorization is based upon analysis in breadth and depth of the borrower's financial soundness, in terms of net worth in relation to total debt, size and condition of accounts receivable, inventory, taxes, sales volume, and profit percentage trends. It is usually necessary to specify restrictive conditions in the granting of the loan regarding management salaries, future loans by the borrower, mergers, disposition of assets, and similar matters, in order to protect the Government's interest. In the case of default, the GS-12, loan specialists may develop and recommend various courses such as refinancing or mergers in order to keep the firm in production.
 3. Counseling operative-builders or sponsors, whose commitments in construction of very large cooperative or rental apartment projects the Government has insured, concerning financing arrangements, sales or rental plans and methods, and other matters affecting financial soundness of the project. To determine preventive or liquidation action required in case of possible or actual default, must consider the economic or environmental conditions that may have adversely affected the project; the extent of the agency's exposure in the area with respect to loans; number of properties in the community to which the agency already holds title; the values and salability of properties in the community, and the nature of collateral securing the loan. Action taken in such cases usually has significant effect on the realty market in the area, and on the agency's ability to operate at a sound financial level.