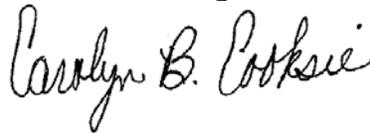


For: State and County Offices

Implementing the New Automated Guaranteed Loss System

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

FSA has a new automated guaranteed loss system. The new loss system has been designed to electronically capture the essential information necessary to complete each loss claim type. Once released to guaranteed lenders, the system will allow:

- lenders to electronically submit new loss claims with supporting documentation to FSA
- all users to electronically monitor and track loss claims during the complete loss process.

With the new loss system, RD-449-30 will be replaced with FSA-2254 and FSA-2254A. The new loss system will:

- streamline the loss process by capturing the loss data in an organized system
- report what is actually occurring in loss situations
- allow FSA management to more efficiently and effectively analyze loss claims.

B Purpose

This notice provides information and guidance on:

- the new automated guaranteed loss system, including:
 - RD-449-30 replacement and FSA-1980-06 and FSA-1980-07 enhancements
 - new loss reports
 - implementation schedule
 - training that will be made available
 - contact information for questions
- completing the process for transfers and assumptions.

Disposal Date	Distribution
January 1, 2009	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contact Information

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Courtney Dixon, LSPMD by e-mail to courtney.dixon@wdc.usda.gov or telephone at 202-720-1360.

2 New Guaranteed Loss System

A General Information

The new loss system claim screens have been tailored for each specific loss claim type. All calculations will be performed by the system. The new loss system:

- includes validations that have been incorporated to aid users in properly completing the claim
- has been designed to allow users to track loss claims during the loss process by displaying the status of each claim; statuses for loss claims are:
 - preliminary; claim has been initiated and/or saved
 - submitted; claim has been submitted to FSA, by or for, the lender
 - approved; claim has been reviewed, approved for payment, and referred to the Financial Services Center, St. Louis Farm Loan Operations Office (FSC, FLOO) for payment
 - completed; claim has been paid and processed to the Guaranteed Loan System accounting system
 - reversed; FSC, FLOO is working on the account and has reversed the loss transaction.

B New and Obsolete Loss Forms

With the new loss system, RD-449-30 will be made obsolete and replaced with FSA-2254. Lenders will be encouraged to complete FSA-2254A. If FSA-2254A is **not** completed by the lender, FSA employees will complete it with the information provided with the claim. FSA-2254 and FSA-2254A will provide guaranteed lenders with an improved, streamlined request for loss information along with the required loss supporting documentation. State Offices shall develop a method to notify guaranteed lenders about the replacement of RD-449-30 with FSA-2254 and FSA-2254A.

Note: A forthcoming 2-FLP amendment will reflect the form changes.

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2 New Guaranteed Loss System (Continued)

B New and Obsolete Loss Forms (Continued)

The 2 new loss claim forms include:

- FSA-2254 is the new loss claim form. **All** FSA-2254 data entered is protected. Users **must** enter and make changes to values in the new loss system, which will then be displayed on the data-filled FSA-2254. Online FSA and eGov instructions have also been revised to identify FSA-2254 required fields for each loss claim type and clarify the definition of the settlement date for each loss claim type. FSA-2254 is available as a data-fillable form on eGov and FFAS web sites, and on Guaranteed Loan System (GLS) web site, CLICK “FSA Home”, CLICK “Forms”, CLICK “Loss Claim and Debt Writedown Forms”, and follow the screen prompts.
- FSA-2254A is an addendum to FSA-2254. Lenders will be encouraged to use FSA-2254A to capture itemized and additional data not found on FSA-2254 that will be required in the new loss system. Itemized data will be captured on prior liens, collateral, liquidation costs, and adjustments, if applicable. FSA-2254A is **not** a data-filled form and is only available as a fillable form on eGov and FFAS web sites.

Notes: FSA-1980-06 and FSA-1980-07 have been developed as data-filled forms. A number of fields on the 2 forms will be pre-filled from data in GLS and the new loss system, when applicable.

Effective December 31, 2007, FSA-1980-06 and FSA-1980-07 will be renumbered as FSA-2295 and FSA-2296, respectively.

C Loss Reports

New loss reports have been developed using the additional data captured with the new loss system. The new reports will **only** reflect data on claims that are initiated in the new loss system. To access the new reports, go to GLS, under Reports menu, CLICK “Loss Review Reports”.

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2 New Guaranteed Loss System (Continued)

D New Loss System Implementation

The new loss system will be implemented in 3 phases:

- **Phase 1 – December 3, 2007**, the system was launched to FSA Field Offices; loss claims will now be processed through the new loss system in GLS.

Note: During the first phase, authorized FSA users will enter the lenders' loss claim into the new loss system **for the lenders and use their values**. The loss system will always assume the first initiation of a claim is being entered **for the lender or by the lender**.

Pending loss claims will be processed as follows:

- **Existing claims submitted to FSC, FLOO, but not yet paid;** the loss claim will be processed through the new loss system by each State's FSC, FLOO GLS technician. The loss claim will be processed according to the following:
 - FSC, FLOO GLS technician will contact the State Office for a completed copy of FSA-2254A and any additional information as necessary to ensure prompt payment to the lender
 - State Office will monitor the claim status until in GLS, within the Loss Information Section of the borrower's FSA View Loan Screen, the claim has a "Completed" status
 - once the claim has a "Completed" status, State Office shall print a copy of FSA-2254 from GLS under FSA Forms hyperlink, attach FSA-2254 to the obsolete RD-449-30, and forward a copy of the signed FSA-2254 to the lender.

Note: A copy of FSA-2254A shall be maintained in the borrower's file with FSA-2254.

- **Existing claims submitted by the lender still in the review process at the State Office;** the loss claim will be processed through the new loss system by the State Office according to the following:
 - enter the claim figures from RD-449-30 to the appropriate loss claim type in the new loss system. For certain claim types, information requested on FSA-2254A **must** be entered in the new loss system in order to complete the claim. It is strongly recommended that FSA-2254A be completed before entering the claim values

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2 New Guaranteed Loss System (Continued)

D New Loss System Implementation (Continued)

- CLICK “Submit Lender Claim”, then the claim status will be displayed as “Submitted”; State Office shall print a copy of FSA-2254 and attach the copy to the lender’s RD-449-30

Note: The claim amount on the lender’s RD-449-30 should match the claim amount on FSA-2254.

- recall the claim by clicking on the appropriate loss report type hyperlink under the Loss Information Section in GLS, to review and/or modify the claim for approval
- print a copy of FSA-2254, obtain SED’s signature, enter the approval date in the loss system, and forward a copy of the signed FSA-2254 to FSC, FLOO by FAX to 314-539-6447

Note: A signed copy of FSA-2254 shall also be sent to the lender; the original signed FSA-2254 shall be placed in the borrower’s file.

- refer the claim to FSC, FLOO for payment by clicking “Refer to KCFO”, then the claim status will be displayed as “Approved”
- FSC, FLOO will process the claim for payment, then the claim status will be displayed as “Completed”.
- **Phase 2 – Spring 2008;** enhancements will be implemented for the new loss system.
- **Phase 3 – Spring 2009;** the new loss system will be launched to FSA guaranteed lenders.

Further guidance about new loss system phases 2 and 3 will be provided to Field Offices in a subsequent FLP notice.

E Training Information

A 2-day, hands-on training about the functions of the new loss system and loss claim process will be provided in January 2008, in St. Louis, Missouri for one FLP employee from each State Office. Further guidance and details about the training is forthcoming.

Until then, the Guaranteed Loss System User Guide is available on the FLP Systems web site at <https://indianocean.sc.egov.usda.gov/flp/menus/indexflps.jsp>; under Information Links, CLICK “Manuals”, and select “Guaranteed Loss System User Guide”.

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2 New Guaranteed Loss System (Continued)

F Contacts for New Loss System or Processing Problems

The following table provides contacts if there are questions about the new loss system or processing problems.

IF located in a...	AND question is about...	THEN contact...
County Office	any topic	State Office.
State Office	general processing problems	FSC, FLOO GLS technician.
	other system or processing problems	any of the following: <ul style="list-style-type: none"> • Courtney Dixon, LSPMD by e-mail to courtney.dixon@wdc.usda.gov or telephone at 202-20-1360 • Sharon Sachs, FSC, FLOO by e-mail to sharon.sachs@stl.usda.gov or telephone at 314-539-3482 • Paul Quante, FSC, FLOO by e-mail to paul.quante@stl.usda.gov or telephone at 314-539-3127.
	loss reports	Sheila Oellrich, LSPMD by e-mail to sheila.oellrich@wdc.usda.gov or telephone at 202-720-2990.

3 Related Initiative

A Transfer and Assumptions

Currently, transfer and assumption applications remain pending in the GLS system without the means to finalize. The ability to completely process applications will be made available with the implementation of the new loss system.

B Additional Instructions

Additional instructions about Field Office requirements on how to finalize transfer and assumptions in GLS will be provided to State Offices to be used as a training guide during December 2007.