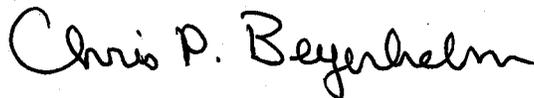


For: State and County Offices

Converting MAC Loan Servicing Data to DLS

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

Certain State and County Offices currently use MAC, the automated system on AS400/System 36, to monitor and track loan servicing activities. The loan servicing functionality of MAC is being re-engineered into DLS. DLS loan servicing is a web-based workflow system using data sharing capabilities with other FLP systems. It will include PLAS transactions for transfers and assumptions, and limited resource reviews. This component to DLS will obsolete MAC. All active customers were populated in DLS when loanmaking was implemented. The conversion from MAC to DLS will attach the servicing component to customers with open loans. The direct loan servicing portion of DLS is currently being tested and will be piloted in 4 States with nationwide implementation scheduled for September 2009.

B Purpose

This notice provides the following:

- guidance on actions required before DLS loan servicing implementation
- information about the following:
 - pilot schedule
 - data that will be converted
 - shutdown of certain ADPS/PLAS transactions.

C Contact

Direct questions about this notice to Sharilyn Hashimoto by either of the following:

- e-mail at sharilyn.hashimoto@wdc.usda.gov
- telephone at 202-720-2743.

Disposal Date	Distribution
September 1, 2009 4-10-09	State Offices; State Offices relay to County Offices

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2 Data Conversion

A MAC Data Elements To Be Converted

All data from MAC identified as “loan servicing” will be saved for historical and legal purposes. This will allow the data to be used in either a reporting and/or operational capacity.

The following MAC Processes will be converted to the operational database.

MAC Process	Additional Information
Limited Resource Review	All customers with active limited resource loans will be identified for possible limited resource review conversion. The latest limited resource review date existing for each customer will be matched to active limited resource loans on tax ID and loan number. Any matches will be converted. If there is no limited resource review date, a Reminder and Activity will be created when a borrower has a limited resource loan(s) closed before the current year and no other open limited resource review activity exist.
Graduation Review	The following are conversion rules to be used for setting up reminders in DLS. <ul style="list-style-type: none">• If no graduation review exists or is greater than 1 year old and Classification Code equals 1 or 2, a graduation review activity will be created immediately.• If no graduation review exists or is greater than 1 year old and Classification Code does not equal 1 or 2, or there is no classification code, the system will automatically set 8-30-09 as the due date for a reminder to complete a graduation review.• If a graduation review exists and is less than 1 year old and has a graduation review result code of 2-Not Graduated or 3-Voluntary graduation, or a graduation review result code of 1-Request to Graduate and there is a Borrower Graduate/Withdraw date that is not blank, convert as last graduation date.

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2 Data Conversion (Continued)

A MAC Data Elements To Be Converted (Continued)

MAC Process	Additional Information
Graduation Review (Continued)	<ul style="list-style-type: none"> • If a graduation review exists and is less than 1 year old, has a graduation review result code of 1-Request to Graduate, and there is a Borrower Graduate/Withdraw date that is blank, a graduation review activity will be created immediately. The user will be required to complete each of the steps in the activity.
Security Instruments	<p>All security instrument information will be converted to the DLS operational database for every customer that has any open loans or obligations even if the security instrument is not connected to the open loan. An analysis was made of the table which stores the security instruments information and some dates in the table were found to be outside the possible date range for those date fields, e.g. year entries of "0058", "2100". This date range would include the earliest date of loan closing and latest loan maturity date for any loan in PLAS. Security instruments with dates that fall outside those ranges will not be loaded and will be stored in an exception file. Farm Credit Applications Office (FCAO) will run queries to identify where anomalies exist in specific data fields and exception reports will be provided to the effected State for review and correction.</p>
Security Servicing Applications	<p>Security servicing applications will be converted for all customers that have any open loans. In the loan servicing application there are 7 servicing actions identified:</p> <ul style="list-style-type: none"> • shared appreciation amortization • consent to junior lien holder • disaster set-aside • partial release • subordination • release of real estate without monetary consideration • releasing valueless liens. <p>Any security servicing applications that do not have a final disposition date will be converted.</p>

Related entity information was previously converted with the implementation of the loan making application. The release of liability capability was considered a loan servicing function and that information was **not** converted nor was the function included in the loan making application. This function is scheduled for future release in Spring 2010 in an update to the customer profile function.

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2 Data Conversion (Continued)

A MAC Data Elements To Be Converted (Continued)

Workload scheduling (WLS) item codes will only be converted to a reporting database. Upon request, data may be queried by FCAO until the reporting database is available. County Offices may request this information from their State Coordinator. State Coordinators will request this information from FCAO to distribute accordingly.

B Other DLS Routine Servicing Activities

Other DLS routine servicing activities will not have any data converted from MAC and will have to rely on other systems or manual processes to generate the initial or next activity.

Some routine servicing activities are captured in FBP. A batch interface process to FBP application will generate the next Activity in DLS for some items, including:

- year-end analyses
- classification reviews.

Farm visits will be tracked in DLS. The initial activity must be manually created and entered in DLS.

C PLAS

Transactions that will be completed in DLS will be shut off in ADPS during pilot implementation and for all States when loan servicing is migrated to DLS. Transaction Codes (TC's) are:

- TC 4A - Change in Case Number and Loan Number (Different Borrower)
- TC 4D - Change in Case Number (Different Borrower)
- TC 1M - Assumption New Rates and Terms
- TC 8R - Interest Rate Change.

During the pilot implementation, transferring borrowers using TC 4A, TC 4D, and TC 1M between pilot States and nonpilot States will **not** be allowed. Transfers between States will resume **after** full nationwide implementation of the loan servicing portion of DLS.

TC 4A and TC 4D for the same borrower will be sent to the Farm Loans Operations Office in St. Louis for processing until the implementation of special servicing in the next development cycle.

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2 Data Conversion (Continued)

C PLAS (Continued)

The tentative schedule to turn off specific ADPS transactions for Field Offices is as follows.

State	Action	Tentative Schedule
LA, MS, KY, WI	Turn off ADPS TC's 4A, 4D, 1M, and 8R for pilot States.	End of June 2009
All other States	Turn off ADPS TC's 4A, 4D, 1M, and 8R for all other States.	End of August 2009

3 Implementation

A Pilot Implementation Schedule

Pilot implementation will begin in July 2009 for Mississippi, Louisiana, Kentucky, and Wisconsin. Training will be provided to pilot States before the pilot group implementation in June 2009.

B Nationwide Implementation Schedule

Nonpilot States will be trained using the "train-the-trainer" approach in August 2009. Nationwide implementation is targeted for September 2009.

4 Data Clean-Up

A MAC and FBP

Since FBP will generate the next reminder for certain activities, it **must** be up-to-date and accurate before conversion. All active borrowers **must** have a completed FBP and classification. If FBP is not up to date with a classification less than 2 years old, DLS will immediately generate an activity and reminder to complete the classification review. If no FBP exists, the classification review activity will be generated based on the original date of the latest loan made to the borrower.

Borrower MAC records **must** be updated **before** conversion. County Offices must review their borrower MAC data and ensure that existing records are correct. Any incorrect information that exists **cannot** be changed **after** it is converted from MAC into DLS.

The tentative deadlines for data clean-up are as follows.

State	Action	Tentative Schedule
LA, MS, KY, WI	Turn off MAC software for pilot States.	End of June 2009
All other States	Turn off MAC software for all other States.	End of August 2009

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5 Action

A National Office Action

FCAO will run MAC queries before the conversion. Entries in these queries that appear to be discrepancies will be sent through e-mail to State MAC coordinators for resolution.

B MAC Coordinator Action

MAC coordinators shall spot-check MAC data to ensure that the data is accurate, up-to-date, and ready for conversion.

C State Office Action

State Offices shall ensure that County Offices comply with the required actions as outlined in this notice.

D County Office Action

County Offices shall run reports of all activities that are monitored in MAC and place a copy in the operational or borrower's case file as appropriate. These reports may be used to compare the data converted or to populate DLS.

WLS codes will not be used in DLS. Each office will be able to maintain custom reminders in DLS, Office Management section. Any custom WLS codes reports that currently exist in MAC should be printed before conversion for verification and possible future input into DLS.

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5 Action (Continued)

D County Office Action (Continued)

The following are specific reports to run. After running these reports in MAC, if it is determined that information is missing or incorrect, input the corrected or additional information as needed. This **must** be done before conversion. Once the record is converted it **cannot** be changed.

It is advisable to run these reports before conversion to ensure that there are no errors in the data that is being converted. The reports may serve as reference points if any data has to be corrected in DLS.

MAC Report Name/ID Number	Report Description/Details	IF...	THEN...
UAA922-R001	Borrowers Who Have Been Restructured	the status is not correct, update MAC	place a printed copy in an operational file under FLP-5-1.
UAA923-R003	Borrowers with Outstanding Installment Set-Aside	a disaster installment set-aside is still outstanding	place a printed copy in an operational file under FLP-5-1.
UAA924-R001	Security Servicing Application Report	there are applications in process, ensure that the status is correct	place a printed copy in an operational file under FLP-4-1.
UAA926-R00	Subordination Report	subordination is not paid in full	place a printed copy in an operational file under FLP-4-1.
UAA92A-R001	Borrower Classification Report of Borrowers that Have Been Classified for All Classifications	classification is overdue, complete FBP	place a printed copy in an operational file under FLP-1-1.
UAA942-R001	Graduation Review Report	information is not correct, update MAC	place a printed copy in an operational file under FLP-4-2.
UAA954-R001	Borrower Management Information Report	information is not correct, update MAC	place a printed copy in the borrower's case file.
UAA95A-R001	Borrower and Loan Record Audit Report This report lists all fields and data on the borrower's BBI, LND, and LNG files. These files should have been completed in the loan making conversion in 2007. Run as needed.	information is not correct, update MAC	place a printed copy in the borrower's case file.

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5 Action (Continued)

D County Office Action (Continued)

MAC Report Name/ID Number	Report Description/Details	IF...	THEN...
UAA958-R001	<p>Loan History Report</p> <p>This report:</p> <ul style="list-style-type: none"> • is grouped by original loan • lists all Direct, Equity, and Guaranteed Loans. 	County Office entered loan information that is no longer in PLAS	place a printed copy in the borrower's case file.
UAA9AE-R00	Financing Statement Report	information is not correct, update MAC	place a printed copy in an operational file under FLP-4-1.
UAA928-R011	Past Due Limited Resource Review	reviews are past due, update MAC	run a report of planned reviews and place a copy in an operational file under FLP-4-1.
WLS	<p>WLS codes to be run by Due Date/Follow-up Date (when running report by Due Date or Follow-up Date, use year 2049 as ending date to ensure all outstanding due dates are captured) and Completed date for each active borrower. See FLP MAC User's Guide for specific WLS codes if needed. Any 3000 Series, General Office or additional WLS codes created by an office, must be pulled separately under that specific WLS code; that is, 3020, Outreach Activity, must be pulled up under WLS 3020 to run the report.</p>	WLS codes used currently in MAC	retain a copy of the report to populate office management in DLS.