

RD AN No. 3977 (4287-B)
April 30, 2004

SUBJECT: Business and Industry Guaranteed Loan Program
Annual Lender Visit and Agency Conference

TO: State Directors, Rural Development

ATTN: Business Programs Directors

PURPOSE/INTENDED OUTCOME:

A recent audit was conducted by the Office of Inspector General (OIG), and this Administrative Notice is to clarify guidance issued by OIG.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

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. . ."

You should establish a calendar at the beginning of the year that schedules a lender visit on all Business and Industry (B&I) Guaranteed Loans. However, lenders with delinquent borrowers should be given priority. Thus, please work to ensure lender visits to B&I guaranteed problems, delinquent and loans in liquidation are scheduled for visitation prior to scheduling field visits on current B&I loans.

EXPIRATION DATE:
April 30, 2005

FILING INSTRUCTIONS:
Preceding RD Instruction 4287-B

If you have any questions, please contact the B&I Loan Servicing Branch,
(202) 690-4103.

(Signed by Peter Thomas) for

JOHN ROSSO
Administrator
Rural Business-Cooperative Service