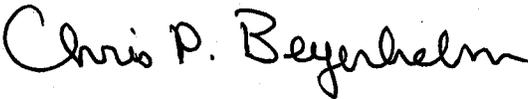


For: State and County Offices

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 the PLAS transactions for transfers and assumptions between different borrowers, and interest rate adjustments or changes related to limited resource rate loans. 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 direct loan servicing component to customers with open loans. The direct loan servicing portion of DLS is currently being piloted in 4 States with nationwide implementation scheduled for spring 2010. References to "all States" in this notice do **not** include the 4 pilot States (Kentucky, Louisiana, Mississippi, and Wisconsin).

B Purpose

This notice:

- provides:
 - guidance on actions required **before** DLS loan servicing implementation
 - information about the following:
 - dates for nationwide implementation
 - data that will and will not be converted
 - revised tentative shutdown date of certain PLAS transactions
 - optional and required MAC reports
- updates previous guidance established by Notice FLP-543.

Disposal Date	Distribution
June 1, 2010 12-28-09	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

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.

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. Data can be used for future reporting and/or operational purposes.

The following MAC processes will be converted to the operational database in DLS.

MAC Process	Additional Information
Limited Resource Review	<p>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.</p> <p>Note: 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.</p>
Graduation Review	<p>The following are the conversion rules to be used for setting up Graduation Review reminders in DLS.</p> <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, system will automatically set “09/30/10” as the due date for reminders to complete a graduation review.• If 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 a Borrower Graduate/Withdraw date that is not blank, convert as last graduation date.• If graduation review exists and is less than 1 year old, has a graduation review result code of “1”, “Request to Graduate”, and 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.

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2 Data Conversion (Continued)

A MAC Data Elements To Be Converted (Continued)

MAC Process	Additional Information
Security Instruments	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, such as year entries of “0058” and “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. The Farm Credit Applications Office (FCAO) will run queries to identify where anomalies exist in specific data fields and exception reports was provided to the effected State for review and correction in November.
Security Servicing Applications	Security servicing applications will be converted for all customers that have any open loans. In the loan servicing application there are the following 7 servicing actions identified: <ul style="list-style-type: none">• Shared Appreciation Amortization• Consents (Junior Liens, Lease of Security, etc.)• Disaster Set-Aside• Partial Release• Subordination• Release of Real Estate without Monetary Consideration• Release of Valueless Liens. Any security servicing applications that do not have a final disposition date will be converted.

B Activities That Will Not Be Converted From MAC or FBP

Activities that will not be converted from MAC or FBP are farm visits and year-end analysis (YEA). Farm visits and YEA workflows will be tracked in DLS. The user will need to manually initiate the next farm visit and YEA workflow activity in DLS.

C DLS Routine Servicing Activities Established After Conversion

Workflows and Reminders will be generated based on conversion from MAC or an interface with FBP to DLS. A workflow is a process in DLS loan servicing to track the required routine servicing steps that need to be completed.

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2 Data Conversion (Continued)

C DLS Routine Servicing Activities Established After Conversion (Continued)

The following describes activities at the time of conversion and after conversion.

Review Type	At Conversion	After Conversion
Classification Review	A classification workflow will be created 2 years after the last Classification Review or latest loan closing, whichever is later, based on an approved credit action in FBP.	Reminder will appear on the DLS dashboard 60 days before the due date of the activity. Example: If a classification workflow has a due date on March 1, 2010, a reminder will appear on the dashboard on January 1, 2010.
Graduation Review	A graduation review workflow will be created 1 year after the last graduation review or latest loan closing event, whichever is later, based on an approved credit action in FBP. See subparagraph 2 A for specific conversion and next activity rules.	Reminder will appear on the DLS dashboard 60 days before the due date of the activity. Example: If graduation review workflow has a due date of March 1, 2010, a reminder will appear on the dashboard on January 1, 2010.
Limited Resource Review	A limited resource review workflow will be created 1 year after the last limited resource review or latest limited resource loan closing, whichever is later, based on an approved credit action in FBP.	Reminder will appear on the DLS dashboard 30 days before the due date of the activity. Example: If limited resource review workflow has a due date of April 1, 2010, a reminder will appear on the dashboard on March 1, 2010.

D PLAS

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

- TC 4A - Change in Case Number and Loan Number (Loan Transfer - Different Borrower)

Example: Changing a specific existing loan over to a different customer.

- TC 4D - Change in Case Number (Customer Transfer - Different Borrower)

Example: Because of a divorce (or death), a borrower's account is being transferred to the spouse.

2 Data Conversion (Continued)

D PLAS (Continued)

- TC 1M - Assumption New Rates and Terms

Example: An existing borrower's loan(s) are assumed by a new customer or another existing borrower at new rates and terms.

- TC 8R - Interest Rate Adjustment.

Example: Limited Resource Review process indicates borrower may pay at full note rate and the 8R transaction is processed to affect the interest rate change.

During the pilot implementation, transferring borrowers using TC 4A, TC 4D, and TC 1M, between pilot States and nonpilot States **cannot** be processed at the State level and **must** be sent to the Farm Loans Operations Office (FLOO) in St. Louis. States will be able to resume processing these transactions after full nationwide implementation of the routine servicing portion of DLS.

TC 4A and TC 4D for the same borrower (e.g., correcting the borrower's case number), must be sent to FLOO for processing until implementation of the next DLS development cycle, expected in early summer 2010.

The tentative schedule to turn off ADPS TC 4A, TC 4D, TC 1M, and TC 8R for all States is the end of February 2010.

E MAC Data Clean-Up

County Offices must review their MAC borrower servicing data before conversion. County Offices must ensure that existing MAC servicing records are correct. **Incorrect information cannot be changed after it is converted from MAC into DLS.**

County Offices do not need to enter direct loanmaking information into MAC as loanmaking information was converted with the implementation of DLS Loanmaking in 2007. Since 2007, direct loanmaking information has been maintained in DLS and ADPS/PLAS. Therefore, no additional loanmaking information will be converted from MAC to DLS. County Offices should verify that loans on Customer Profiles match loans in ADPS/PLAS.

Security instruments need to have loans associated in MAC. Completing the loan association in MAC will allow for a smoother conversion process. However, loans not associated in MAC before conversion may be associated in DLS after conversion, e.g., stimulus loans that have not successfully downloaded into MAC from PLAS.

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2 Data Conversion (Continued)

E MAC Data Clean-Up (Continued)

Future Treasury Offset Program (TOP) referrals will be generated from DLS not MAC. Related entity information will not be converted from MAC. See Notice FLP-544 for instructions on adding and maintaining related entity information in Customer Profile. County Offices are to maintain the related entity information in Customer Profile in DLS. DLS allows related entities to be added or removed. The release of liability function in MAC will be a future DLS enhancement.

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

The tentative deadline for data clean-up and to turn off MAC software for all States is the end of February 2010.

3 Implementation

A Nationwide Implementation Schedule

Nationwide implementation of DLS regular servicing is targeted for spring 2010.

B Training

National DLS Training is tentatively set for January/February 2010.

Note: A separate notice will be sent to address training.

4 Action

A MAC Coordinator Action

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

B State Office Action

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

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4 Action (Continued)

C County Office Action

This notice provides a list of MAC reports for each County Office to run. County Offices should run these reports to determine if any information is missing or incorrect in MAC. County Offices will correct or input additional information as needed based on the guidance previously detailed in this notice. These corrections or additions must be completed before conversion.

Once the record is converted, it **cannot** be changed. Copies of reports shall be retained in the operational file as applicable. These reports may be used to compare the converted data or to populate DLS.

WLS codes will not be used in DLS. DLS allows offices to maintain custom reminders using the Office Management function. Any custom WLS codes reports that currently exist in MAC should be printed before conversion for future input into DLS. Upon deployment of DLS, Field Offices may want to use the Office Management function to follow-up on activities previously tracked using WLS codes.

State Coordinators will determine if the following MAC reports are required and notify the appropriate County Offices of instructions for pulling reports and retention requirements:

- Co-borrower Report
- Borrower Information (MAC Users Guide, Part 3, paragraph 29 B) also known as MAC Phonebook
- Servicing Office Mail Code Report, which provides a list of all accounts in MAC for a Servicing Office.

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4 Action (Continued)

C County Office Action (Continued)

The following MAC reports are required to be run before conversion. County Offices will correct or input additional information as needed.

MAC Report Name and ID Number	Report Description/Details	IF...	THEN...
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 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	
UAA942-R001	Graduation Review Report	information is not correct, update MAC	place a printed copy in an operational file under FLP-4-2.
UAA9AE-R00	Financing Statement Report	information is not correct, update MAC	place a printed copy in the 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 the operational file under FLP-4-1.
Work Load Scheduling	<p>Workload scheduling codes to be run by Due Date/Follow-up Date and Completed Date for each active borrower and/or Item Code.</p> <p>Note: When running report by Due Date or Follow-up Date, use year “1900” as beginning date and “2049” as ending date to ensure dates are captured.</p>	<p>WLS codes used currently in MAC</p> <p>Note: See the MAC User’s Guide, Part 7 for specific workload scheduling codes if needed.</p>	retain a copy of the report to populate office management in DLS.
UAA912-R010	Transfer and Assumption Report	there are existing applications sort for approved/not closed, in process with final disposition, and closed	print a copy of each applicable report to retain in operational FLP 4-1.