

November 6, 2015

TO: State Directors, Rural Development

ATTN: Business Programs Directors

SUBJECT: Business and Industry Guaranteed Loan, Section 9003 Bio-refinery Assistance
Loan, Section 9006 Renewable Energy Systems and Energy Efficiency
Improvement Guaranteed Loan Program and Section 9007 Rural Energy for
America Program
Rescinded Loan Note Guarantees/Loss Claims Denied

As part of our continued efforts to optimize the services we provide, we must periodically assess our practices, policies, and procedures for coherence with our objectives. The practice of denying payment of a loss claim on a Federal guarantee has been the exception rather than the rule within the Business and Industry or Energy loan programs, and there is a continued need for us to evaluate the reduction or denial of loss claims.

We are asking each State Office to provide a list of loans in which the Agency reduced or denied the payment of loss claim for negligent servicing or rescinded the Loan Note Guarantee, between October 1, 2012, and the present, because of fraud or misrepresentation. In addition, we request that you also provide the loan information for the same time period where the Agency has reduced the final report of loss due to negligent servicing. The reduction of a loss claim can include, but is not limited to, not monitoring machinery and equipment, failure by the lender to maintain a life insurance policy, etc.

As a method of tracking fraud, misrepresentation, and negligent servicing cases across the Nation, please complete the Survey Template for fiscal years 2013 through 2015 located on SharePoint. Please download, complete the Survey Template then upload the completed survey into your State folder located on SharePoint by close of business December 31, 2015.

EXPIRATION DATE:
December 31, 2015

FILING INSTRUCTIONS:
Community/Business Programs

Detailed steps for accessing the survey and uploading your response into SharePoint:

1. https://ems-team.usda.gov/sites/RD_BP/BP/BI/Shared%20Documents/Forms/AllItems.aspx
2. Access the “Business and Industry – Servicing” folder.
3. Access the “Loss Claims – Survey” folder.
4. Download the Excel Survey Template.
5. After your survey is completed, repeat steps 1-3, and access your State’s folder.
6. Upload your completed survey into your State folder by December 31, 2015.

To ensure that we have a response from all states, a response is required even if your State has not denied a payment of a loss claim, or rescinded the Loan Note Guarantee for fraud or misrepresentation. Please download the template and check the appropriate box indicating a negative response, if applicable.

We appreciate your continuous efforts in promoting dynamic economic opportunities in rural America.

If you have any questions or comments, please contact the Business and Industry Division, Servicing Branch, (202) 690-4103.

/s/ **SAMUEL H. RIKKERS**

SAMUEL H. RIKKERS
Acting Administrator
Rural Business-Cooperative Service

Attachments

State

**Loss Claim Reports
REDUCED/REVOKED/DENIED
October 1, 2012 – September 30, 2015**

Borrower	Original Loan Amount	Amount of Rescission	Date of Rescission	Reason for Reduction	Amount of Reduction	Date of Reduction	Amount of Final loss Payment	Date of Final Loss Payment

[] By checking this box you are indicating that your State is submitting a negative response.