

Basic Trading Partner Agreement Electronic Status Reporting

1.0 INTRODUCTION

This agreement between the U.S. Department of Agriculture (USDA), Rural Housing Service (RHS), and _____, hereafter known as Trading Partner, prescribes the general procedures and policies to be followed when accessing the Electronic Status Reporting (ESR) application used for transmitting and receiving electronic loan default and loan status reports to RHS.

The Trading Partner Agreement (Agreement) is a key document in the implementation process of ESR. This Agreement sets forth the rights and obligations of the ESR trading parties and outlines the conditions that will allow the parties to communicate electronically with each other.

1.0 DEFINITIONS

Application Authorization Security Management system (AASM) -- a secured Web application used to authorize access to other USDA applications once the user has an e-Auth ID of the appropriate level for the desired application.

E-Authentication system (e-Auth) -- a system used by USDA agencies to enable customers to obtain authenticated accounts that will allow them to access USDA Web applications and services via the Internet.

Electronic Data Interchange (EDI) -- an electronic communication method that provides standards for exchanging data via any electronic means. It is the computer-to-computer interchange of strictly formatted messages that represent documents other than monetary instruments. EDI implies a sequence of messages between two parties, either of whom may serve as originator or recipient. The formatted data representing the documents may be transmitted from originator to recipient via telecommunications or physically transported on electronic storage media.

USDA LINC -- the U.S. Department of Agriculture's Lender Interactive Network Connection (LINC) web site.

GRH LINC -- the Single Family Guaranteed Rural Housing section of the RHS LINC web site. This section provides links to the Electronic Status Reporting application as well as other SFH Guaranteed applications and information available to lenders.

RHS LINC -- a sub-section of the Rural Housing section of the USDA LINC web site.

Rural Housing Service Business Day -- a RHS business day is a day in which RHS is officially open for normal business at its St. Louis, Missouri, office.

Rural Housing Service ESR Implementation Guide -- a RHS-provided manual that describes the electronic submission of business documents to RHS.

Rural Housing Service Processor -- the RHS-owned computer that receives electronic business documents from the RHS ESR Web Server for subsequent processing by the appropriate RHS computer application program.

Service Bureau -- an agent of the Trading Partner authorized by the Trading Partner to submit business documents electronically to RHS. The Trading Partner must specify this relationship in a properly executed addendum to this agreement.

System -- The Electronic Status Reporting web application and supporting AASM and e-Auth applications and systems.

Trading Partner -- the RHS approved lender (identifiable by the 9-digit lender tax ID number and RHS-issued 3-digit branch number) who consents to the electronic exchange of pertinent business documents in accordance with all specifications of the agreement.

Trading Partner Security Administrator -- an employee of the Trading Partner (Lender) designated by the Trading Partner and granted access to AASM so that they can authorize ESR access to additional users of the Trading Partner.

Transaction Set -- a transaction set (TS) is the data that is exchanged electronically in order to convey meaning between parties engaged in EDI, consisting of a specific group of segments that represent a business document. The business information included in a TS is equivalent to the information in a conventionally printed document.

User -- the employee or Agent of the Trading Partner that is granted authorized access into the ESR application.

2.0 PURPOSE

In accordance with reporting requirements outlined in the current version of Form RD 3555-16, "Agreement for Participation in Single Family Housing Guaranteed/Insured Loan Programs of the United States Government" (Lender Agreement), 7 CFR part 3555 and Handbook HB-1-3555, Trading Partners will comply with all RHS filing requirements. This Agreement ensures that Web reporting and transmissions between USDA RHS and the Trading Partner will be deemed as an acceptable business practice and that the Trading Partner will not challenge the admissibility of the electronic information into evidence in any administrative or judicial review, except in circumstances in which an analogous paper document could be challenged.

3.0 TERMS AND CONDITIONS

3.1 Electronic communications between RHS and its electronic Trading Partner will occur via direct submission to the GRH LINC.

3.2 The Trading Partner will designate a Security Administrator (SA). The SA will be responsible for assigning roles and maintaining user account information for all USDA LINC users identified by the Trading Partner for ESR application activity. The SA will be required to enter all identified users in the AASM system through USDA LINC to allow users to complete electronic transactions. The transactions are based on requirements identified in the Lender Agreement and 7 CFR part 3555. All Trading Partner Security Administrators and Users are required to have a Level 2 e-Auth ID.

3.3 The standards for business documents shall be in accordance with the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 specifications and represent the most current version of those standards in use at RHS, as specified in this Agreement and the ESR Implementation Guide, available at: <https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>. Any changes to the X12 standard RHS intends to employ with its Trading Partner will be subject to the provisions stated in paragraphs 6.0 and 9.0 and will be outlined in the ESR Implementation Guide.

3.4 Trading Partner must deliver transactions destined for RHS through the GRH LINC Electronic Status Reporting application. The Trading Partner agrees to be bound by, and RHS is authorized to conclusively rely on, the accuracy, and good faith of the EDI transaction received by RHS from the Trading Partner.

3.5 Trading Partners using ASC X12 EDI transmissions are required to undergo testing at least 2 months prior to implementation or actual production submission, whichever comes first.

3.6 All electronic documents transmitted to RHS will be considered delivered at the time of receipt by the Electronic Reporting Web Server.

3.7 Trading Partners will be able to submit or exchange electronic business documents any time during the normal operating hours of RHS's USDA LINC. Normal operating hours of USDA LINC are located at: <https://usdalinc.sc.egov.usda.gov/msgb/LINCMessageBoard.htm>.

3.8 All X12 transactions received by either party in an electronic exchange will be acknowledged by returning to sender an X12 Functional Acknowledgment, TS 997. A copy of TS 997 and related documentation are presented in RHS's ESR Implementation Guide. In response to an incoming business document, RHS will send a functional acknowledgment no later than the close of business of the next RHS business day following its delivery to the RHS Electronic Web Server ("postmark").

3.9 RHS will make business documents and acknowledgments available for retrieval, bear the cost of making business documents and acknowledgments available for retrieval by the Trading Partner at GRH LINC, and will receive documents and acknowledgments transmitted to GRH LINC from the Trading Partner.

3.10 Trading Partner will be able to submit or exchange electronic business documents any time during the normal operating hours of RHS's Electronic Web Server.

3.11 If any errors occur in a transmission received by a Trading Partner, RHS will be responsible only for those errors occurring on the RHS system. If a Trading Partner receives a garbled transmission, RHS must be contacted immediately to arrange a retransmission. Procedures for technical assistance and error reporting can be found in the RHS ESR Implementation Guide.

3.12 RHS will not be responsible for any damages incurred by the Trading Partner as a result of missing or delayed transmissions. RHS.

3.13 Any document from RHS's system placed on GRH LINC for retrieval by the Trading Partner is to be considered a valid and authentic document backed by the same guarantees and legitimacy as are found in an equivalent paper transaction. Likewise, any document from a Trading Partner transmitted to GRH LINC will be considered a valid and authentic document backed by the same guarantees of legitimacy as are found in an equivalent paper transaction.

3.14 Parties to this Agreement will protect and safeguard confidential information in accordance with applicable privacy laws.

3.15 The Trading Partner's signer of this Agreement should have the equivalent or higher authority as the signer of the Lender Agreement of record, if applicable.

3.16 RHS represents that it has the right to grant to User the rights granted by this Agreement.

4.0 FORCE MAJEURE

None of the parties in this Agreement will be liable for failure to properly conduct ESR in the event of war, accident, riot, fire, flood, epidemic, power outage, labor dispute, act of God, act of public enemy, malfunction or inappropriate design of hardware or software, or any other cause beyond such party's control. If, in RHS's judgment, standard business cannot be conducted by ESR, RHS may, at its discretion, return to paper- or tape-based systems, as appropriate, for processing the business documents described in this agreement.

5.0 WARRANTIES: LIMITATION OF LIABILITY

5.1 It is USDA RHS's desire to operate a System, which satisfies the performance objectives established by USDA RHS, as previously communicated by RHS to the Trading Partner. However, USDA RHS makes no representation or warranty with respect to the System. In addition, RHS makes no representation or warranty with respect to any of the data obtained, provided or transmitted by or through the System. EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT, THE SYSTEM AND ALL DATA ARE BEING PROVIDED TO USER "AS IS" AND ALL WARRANTIES ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF ACCURACY AND THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5.2 RHS will have no liability under this Agreement or related in any respect to the System (including, without limitation, under any other agreement with User related to the System) for consequential, exemplary, indirect or incidental damages, even if it has been advised of the possibility of such damages.

5.3 RHS's Representations and Warranties.

5.3.1 RHS represents and warrants that it will comply with all applicable laws and regulations in its operation of the System.

5.3.2 RHS represents and warrants that:

5.3.2.1 it did not use information to design the System in a manner that violates the Equal Credit Opportunity Act (ECOA) or other applicable anti-discrimination laws.

5.3.2.2 It will not use the system in a manner that violates ECOA or other applicable anti-discrimination laws.

5.4 User's Representations and Warranties.

5.4.1 Trading Partner represents and warrants that it is licensed to conduct business in all jurisdictions where it is necessary for Trading Partner to be licensed to comply with its obligations under the terms of this Agreement. Trading Partner further represents and warrants that it will comply with all applicable laws and regulations in its use of the System and any output of the System.

5.4.2 Trading Partner represents and warrants that all information that it has provided to RHS in the course of registering as an authorized User, and upon which RHS has relied in agreeing to permit User to access and use the System, is true and correct.

6.0 AGREEMENT REVIEW AND UPDATE

6.1 This Agreement will be reviewed periodically by RHS to make mutually agreeable changes, additions, or deletions, as necessary.

6.2 Trading Partner will notify RHS's ESR contact, identified below, in writing within fifteen (15) calendar days after any change of company name.

6.3 The Trading Partner will notify RHS's ESR contact in writing at least thirty (30) calendar days in advance of any change in service bureau.

6.4 RHS will note changes, such as those described in paragraphs 6.2 and 6.3, and will incorporate them into the Trading Partner Agreement at the periodic review.

6.5 Trading Partner will alert RHS's ESR contact within ten (10) calendar days if there is a change in the corporate charter that will necessitate a change in Trading Partner's Tax ID number. Upon receipt of this notification, RHS will prepare a new Trading Partner Agreement and addenda and forward them for the Trading Partner's signature.

6.6 RHS will notify Trading Partner in writing at least sixty (60) days in advance of any change in the technical provisions; that is, the Guaranteed Rural Housing LINC, ID qualifier, EDI address, interchange envelope, control ID, document format, or document version.

6.7 All notifications required under this Agreement will be submitted in writing to the ESR contact indicated below in the approval section of this Agreement.

7.0 TECHNICAL PROVISIONS

7.1 RHS will use the GRH LINC for receiving the EDI TS 264 and TS 203 and for transmitting the TS 997 and related business documents.

7.2 RHS will not use any third-party service provider for receiving or transmitting electronic files.

7.3 RHS will transmit a TS 997 within one (1) business day following delivery of a TS 264 and TS 203.

7.4 Trading Partner will be responsible for verifying that RHS has received all the status reports transmitted by comparing the TS 997 confirmations received from RHS with the status reports transmitted through TS 264 and TS 203.

7.5 Trading Partner will transmit its status submission to GRH LINC by close of business on the sixth business day following the end of the month. Trading Partner will have the option to print the submission listing or the confirmation screen as its receipt.

8.0 EFFECTIVE DATE

The effective date of this Agreement will be the latest date shown on the signature page of this document.

9.0 TERMINATION

This Agreement may be terminated by either RHS or the Trading Partner, effective thirty (30) days after receipt of written notice by either party. Termination notice will have no effect on transactions occurring prior to the effective date of termination.

10.0 USE OF A SERVICE BUREAU

If the Trading Partner uses a service bureau for delivery and receipt of business documents electronically, the Trading Partner's obligations under this Agreement and applicable RHS reference procedures remain fully in force. The identification of any service bureau relationship must be clearly documented in the Trading Partner Agreement.

11.0 WHOLE AGREEMENT

11.1 This Agreement shall constitute the entire agreement between the parties. No changes in the terms and conditions of this Agreement shall be effective unless approved and signed by both parties. In the event a court of competent jurisdiction negates any of the provisions of this Agreement, the remainder of the Agreement will remain in full force and effect.

11.2 In any case, where there is a conflict between this Agreement and applicable RHS laws or regulations, RHS laws or regulations will control.

12.0 APPROVAL

Tax Identification Number (TIN): _____
 USDA Issue Branch Number (TPA's Servicing Branch): _____
 Complete legal name of Business [aka: Trading Partner]: _____
 Street address of Trading Partner: _____
 City, St, Zip Code: _____

TPA (Lender) Branch Security Administrator (SA) Information

Name of SA #1	_____	Name of SA #2	_____
E-mail of SA #1	_____	E-mail of SA #2	_____
Phone Number SA #1	_____	Phone Number of SA #2	_____
Fax Number of SA #1	_____	Fax Number of SA #2	_____
e-Auth ID of SA #1 *	_____	e-Auth ID of SA #2 *	_____


* A Level 2 e-Auth ID is required for Electronic Status Reporting. The Level 2 e-Auth ID can also be used for systems requiring Level 1 e-Auth system access. Level 2 e-Auth IDs can be created online at <http://www.eauth.egov.usda.gov>. Click on "Create and Account" and then click on "Register for a Level 2 Account." The e-Auth ID must be activated by clicking on the activate link in the email the user receives after applying for an e-Auth account. Additionally, Level 2 activation cannot occur without identity proofing. This can be accomplished online by clicking on <https://usdaoidp.sc.egov.usda.gov/> and entering the new Level 2 e-Auth ID and password created in the previous step. Identity proofing may also be requested by contacting a USDA Local Registration Authority (LRA). An LRA location can be located online at <http://www.eauth.egov.usda.gov>. If unsuccessful finding an LRA, please send an email request to RD.NFAOC.HSB@STL.USDA.GOV stating identity proofing is needed, and providing the users name, telephone number, and e-Auth ID they created.

Name of person executing Agreement for Trading Partner: _____
 Title of person executing Agreement for Trading Partner: _____
 Date of Execution: _____

Complete this section if using a Service Bureau to send and receive EDI transactions

Service Bureau Name: _____
 Service Bureau Contact Name: _____
 Address: _____
 City, St, Zip Code: _____
 Service Bureau Contact Email Address: _____
 Service Bureau Contact Phone Number: _____

NOTE: By identifying a Service Bureau on this Agreement, you are hereby authorizing RHS to communicate with identified Service Bureau with respect to the delivery and receipt of business documents of the said Trading Partner and it is understood that the Trading Partner's obligations under this agreement and applicable Rural Housing Service reference procedures remain fully in force.

<p><u>"Trading Partner" [aka Lender/Servicer]</u></p> <p>By _____ Signature</p> <p>Title _____</p> <p>Date _____</p> <p>By executing this form, I confirm I am a duly authorized officer of the company and represent and warrant the information in this form is complete and accurate.</p>	<p><u>"RHS"</u></p> <p>By Signature Authority of the Deputy Administrator, Single Family Housing</p> 
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USDA, RHS ESR/EDI Contact:

Housing Services Branch
Guaranteed Loan Division
National Financial and Accounting Operations Center
4300 Goodfellow Blvd.
Building 104, Post H50, FC-1322
St. Louis, MO 63120
Telephone: 877-636-3789
Email: RD.NFAOC.HSB@STL.USDA.GOV

Send Completed/Signed Trading Partner Agreement to:
RD.NFAOC.HSB@STL.USDA.GOV