eLoan Commonality Matrix

Commonalities	ED	HUD	SBA	VA	FEMA	FDIC	HHS	USDA
Core Competencies								
Types of Citizens								
Serving rural America with financial assistance			X					X
Farmers			X					X
Homeowners		X	X	X				X
Communities			X					X
Businesses			X					X
Cooperatives			X					X
Individuals	X	X	X	X				
Non-profits			X	X				X
Disaster Victims			X					X
Veterans				X				
Loan Functions								
New loans	X	X	X	X				X
Grants	X		X	X				X
Loan Origination	X	X	X	X				X
Loan Servicing		X	X	X				X
Mortgage origination and servicing		X	X	X				
Mortgage Insurance		X	X	X				
Risk Management			X					
Partner Oversight			X					
Strategic Direction								
Consolidated and centralized financial information and processes	X	X	X	X				X
Reduce foreclosure rate		X	X	X				X
Lower delinquency rates	X	X	X	X				X
Reduced loan losses	X		X	X				X
Data Quality	X	X	X	X				X
Lower Operating Cost	X	X	X	X				X
Web enablement of services (eCommerce)	X	X	X	X				X
Increase Home Ownership	X	X	X	X				

Commonalities	ED	HUD	SBA	VA	FEMA	FDIC	HHS	USDA
Privatization	X	X	X	X				X
Ensure Equal Opportunity to Loan Access	X	X	X	X				X
System Direction								
Information Exchange and Resource Sharing	X	X	X	X				X
COTS Acquisition	X	X	X	X				X
Enterprise Architecture	X	X	X	X				X
Information Engineering Methodology	X	X	X	X				X
Focus on Information Security	X	X	X	X				X
Information Systems Technology Architecture	X	X	X	X				X
System to System interfaces	X	X	X	X				X
Decreased Processing Time	X	X	X	X				X
Netsourced solutions	X	X	X	X				X
Data Quality	X	X	X	X				X
Regulation Requirements								
GPEA	X	X	X	X				X
FFMIA	X	X	X	X				X
GISRA	X	X	X	X				X
JFMIP	X	X	X	X				X
CFO Act of 1990	X	X	X	X				X
GPRA	X	X	X	X				X
Section 508	X	X	X	X				X
FMFIA	X	X	X	X				X
OMB Regulations	X	X	X	X				X
Section 515	X	X	X	X				X
Clinger-Cohen Act of 1996	X	X	X	X				X
Common Gaps								
OIG Audit Findings								
GAO Audit Findings								
Corrective Action Planning								
Risk Mitigation								

Agency: Department of Education

Information Required:

1. Audience and Business Partners
2. Loan Processes
3. Loan Programs
4. System Inventory
5. Primary Business Partners
6. Risks & Assumptions
7. Relevant eGovt Initiatives
8. Opportunities for Outsourcing

1. Audience & Business Partners

Information Required:	❑ Identify/define the audience as it relates to your agency. What is a citizen? (e.g., at HUD it's homebuyers, homeowners, senior citizens, etc.) ❑ Identify/define any other business partners as it relates to your agency. (e.g., lenders, brokers, etc.)

a) Identify/define the citizens

- Students
- Parents
- Children
- Colleges/Universities/Trade Schools
- People with disabilities
- Teachers

b) Identify/define the business partners

- Private Lenders (FFEL)
- Guaranty Agencies (insure FFEL loans)
- Credit Agencies (PLUS)
- Servicers
- Secondary Markets

2. Loan Processes

Information Required:	❑ Identify/define the high-level loan process. What are the primary steps involved in your agency's loan process? (e.g., application, eligibility, originating, servicing and fulfillment). Include relevant process flows if possible. ❑ Identify/define processes that you feel may be unique to your agency. (e.g., USDA deals with commodities therefore an intermediary is responsible to pick-up and store the goods)

a) Identify/define the high-level processes.

- Aid Awareness – The SFA conducts student population research to identify demographics where there is a need for aid awareness. They also provide program information and publications, and participate in outreach activities for prospective postsecondary students. Publications include the FAFSA and FAFSA en espanol, Completing the FAFSA, Funding Your Education, and The Student Guide. Outreach activities include attendance and participation in conferences, fairs and expos targeted to various demographics where a need has been identified.
- Application – In order to apply for a loan, the student completes a Free Application for Federal Student Aid (FAFSA) form and submits this information to the Central Processing System (CPS) through FAFSA on the Web, a mailed-in paper copy, their school, or a 3rd party Servicer.
- Eligibility – The CPS edits the FAFSA data, and performs SSA, INS, NSLDS, VA, SS, Prisons and DCS checks. Information from the FAFSA yields the Expected Family Contribution, which is used to determine the loan amount for which the student is eligible. The CPS then generates the ISIR and the SAR, which detail the student's demographic and other related loan information. The CPS and prints the SAR, which is mailed to the applicant for verification/confirmation, and passes the ISIR to both EDExpress and the school.
- Originating – The school uses information from the ISIR to determine the loan amount and create the Loan Origination Record and the award package. The Loan Origination Record is electronically transmitted to the Loan Origination Center (LOC) and the award package is sent to the borrower for acceptance. After receiving an acknowledgement of the Loan Origination Record from the LOC, the school requires the borrower to complete a Promissory Note. After returning the Promissory Note to the Loan Origination Center, the school requests the funds from the Department of Education. GAPS deposits the funds directly to the schools, and the disbursement is recorded in the Loan Origination System.
- Servicing - Once a Direct Stafford Loan is established on the servicing system the grace period and repayment begin date is calculated from the anticipated graduation date. The Direct Loan Servicing Center performs functions including placing the loan into repayment at the proper time, billing the borrower, and tracking subsequent payments and delinquencies.
- Fulfillment

b) Identify/define the processes that are unique to your agency

- During the Loan Origination process, the Loan Origination System performs Credit Checks for the parents for all PLUS loans. Credit Checks are not performed for Stafford loans.

- To qualify for a subsidized loan a student must have financial need, which is determined by the following elements: Cost of Attendance (COA), Expected Family Contribution (EFC), Estimated Financial Aid (EFA)
- Direct Loans provides borrowers with an up front "interest rebate" equal to the amount that borrower would have paid as an origination fee. The interest rebate is contingent upon the borrower's promise to make on-time, consecutive payments for the first 12 months of repayment. If, upon entering repayment, the borrower fails to make the first 12 payments in accordance with this agreement, the fee is then re-imposed.
- A student must be enrolled at least halftime as a regular student in an eligible program at a participating school.
- Student must sign a Promissory Note.
- Financial need is not considered when determining the amount of the PLUS Loan, but COA and EFA must be considered.
- A six-month grace period begins the day after a Direct Subsidized or Unsubsidized borrower graduates, leaves school or ceases to be enrolled as at least a halftime student in an eligible school.
    - During the grace period, the subsidized loan borrowers are not required to make payments on loan principal and are not charged interest.
    - Unsubsidized loan borrowers are not required to make payments on loan principal but are responsible for interest that accrues during the grace period. At the end of the grace period, the interest that has accrued is capitalized.
- For PLUS loans, the parent borrower will enter repayment the day after the final disbursement. The first payment is due within 45 days after the final disbursement for each loan.
- At present, Direct Stafford loans have a loan fee of 3% and Direct PLUS loans have a loan fee of 4%. This fee is deducted from the loan proceeds. A prorated portion of the fee is deducted from each disbursement.
- As of June 30, 2000, there were more than 650,000 Perkins borrowers at more than 2,300 participating schools.
- There is no MPN for Perkins loans. There is an open-ended prom note that requires the student's signature each award year

3. Loan Programs

Information Required:	❑ Identify/define your agency's loan programs. 1. What are the loan funding channels (e.g., direct, guaranteed, insured and crisis)? 2. What is the total annual dollar amount for each of these programs? 3. What is the total number of annual loan awards? 4. What is the average size of each of the awards? ❑ Provide any additional facts and statistics that may be valuable in supporting the business case (e.g., HUD endorsed 971,207 mortgages last year). ❑ For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

a) Identify/define your agency's loan programs

SFA offers nine loan products through three separate student loan programs: Direct Loan Program, Federal Family Education Loan Program, and Perkins Loans.

Direct Loan and FFEL Programs

Both the Direct Loan Program and the Federal Family Education Loan Program offer the following four types of student loans:

1. Stafford Subsidized - Awarded based on financial need. Borrowers are charged interest while in school at least part-time, during grace and deferment periods.
2. Stafford Unsubsidized - Awarded regardless of financial need. Borrowers are responsible for paying interest that accrues during any period.
3. PLUS - Allows parents to borrow funds on behalf of their dependent children who are enrolled in school at least part-time. Borrowers are responsible for interest that accrues during any period. Requires a credit check.
4. Consolidation - Allows a borrower to combine one or more federal education loans into a new Direct Loan to facilitate repayment.

Note: FFEL loans are provided by private lenders and are insured by guaranty agencies and reinsured by the federal government (SFA). Apart from reinsurance, SFA only gets involved when loans default and the guaranty agencies return them to SFA.

Perkins Loan Program

5. Perkins – Low-interest loans made to students with exceptional financial need. Interest does not accrue until the student enters repayment.

Note: Schools provide Perkins loans through their own revolving funds and yearly Congressional funds (Federal Capital Contribution). SFA only gets involved when loans default and the schools return them to SFA

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
FFEL Stafford Subsidized	Awarded based on financial need. Borrowers are charged interest while in school at least part-time, during grace and deferment periods.	Guaranteed	$11.7 billion	3,377,000	$3,460
FFEL Stafford Unsubsidized	Awarded regardless of financial need. Borrowers are responsible for paying interest that accrues during any period.	Guaranteed	$10.6 billion	2,524,000	$4,202
FFEL PLUS	Allows parents to borrow funds on behalf of their dependent children who are enrolled in school at least part-time. Borrowers are responsible for interest that accrues during any period. Requires a credit check.	Guaranteed	$2.8 billion	388,000	$7,276
Direct Stafford Subsidized	Awarded based on financial need. Borrowers are charged interest while in school at least part-time, during grace and deferment periods.	Direct	$5.6 billion	1,533,000	$3,589
Direct Stafford Unsubsidized	Awarded regardless of financial need. Borrowers are responsible for paying interest that accrues during any period.	Direct	$4.4 billion	1,078,000	$4,099
Direct PLUS	Allows parents to borrow funds on behalf of their dependent children who are enrolled in school at least part-time. Borrowers are responsible for interest that accrues during any period. Requires a credit check.	Direct	$1.4 billion	193,000	$7,355
FFEL Consolidation	Allows a borrower to combine one or more federal education loans into a new FFEL Loan to facilitate repayment	Guaranteed	$6.1 billion	309,000	$19,666
Direct Consolidation	Allows a borrower to combine one or more federal education loans into a new Direct Loan to facilitate repayment	Direct	$5.3 billion	275,000	$19,265
Perkins	Low-interest loans made to students with exceptional financial need. Interest does not accrue until the student enters repayment.	Other *	$1.1 billion	695,000	$1,600

Note: All statistics are for the FY02

* Perkins is a $1 billion dollar a year program with funding from a combination of sources:

- Revolving funds from the school
- $100 million/year from Congress (Federal Capital Contribution)
- Collections
- Interest
- Schools' matching component (Institutional Capital Contribution)
- Service cancellation provisions ($60 million from Congress for FY01)

b) Additional Facts/Stats regarding loan programs

- SFA currently has a combined total of 21 Collection Agencies performing collections work on the defaulted loan portfolio.
    - 13 PCAs work under contracts signed in FY2000 with a fee structure of:
        - Regular & AWG Collections 23%
        - Loan Consolidations 12%
        - Loan Rehabilitations 12%

    - 16 PCAs (*8 of which also holds an FY2000 contract) work under contracts signed in FY97 with a fee structure of:
        - Regular & AWG Collections 20%
        - Loan Rehabilitations 15%
        - FFEL Consolidations 12%
        - Direct Consolidations 10%

c) For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

- Perkins should be considered outside the scope, as SFA does not run these programs on the front end.

4. System Inventory

Information Required:	❑ Identify/define the applicable systems within your agency that will be part of the eLoans initiative? 1. Identify program office or agency division if relevant (e.g., Single Family vs. Multi-Family at HUD). 2. Identify the high-level loan process that the systems supports (e.g., application, eligibility, originating, servicing and fulfillment) 3. Identify the current platform of the front-end (citizen-facing) and backend systems. 4. Identify the system owner as in-house or licensed (e.g., HUD primarily owns all of their systems, but a few are licensed for use by HUD) 5. Identify the Operations and Maintenance Contractor? 6. Identify the location of the physical location of the system assets. 7. Identify the cost of Operations and Maintenance Contract per year. ❑ Provide any additional facts and statistics regarding your systems that may be valuable in supporting the business case.

a) Identify/define your agency's systems

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Central Processing System (CPS)	SFA		IBM CICS 4.1			NCS Pearson, Iowa City, IA	Virtual Data Center (VDC), Meriden CT	
MDE								
Direct Loan Origination System (DLOS)	SFA	Origination	HP-UX 11.0	DoEd		EDS, Montgomery, AL	VDC, Meriden, CT	33,000,000 *
Direct Loan Servicing System (DLSS)	SFA	Servicing and Fulfillment	Windows 2000, Windows NT Server 4.0	AFSA owns the system. DoEd owns the loan data	AFSA	ACS, AFSA	Rockville, MD; Utica, NY	150,000,000
Direct Loan Consolidation System (DLCS)						EDS		

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
FFEL/DMCS	SFA	Servicing and Fulfillment	IBM 9672 35 BRAVO	CSC owns the system. DoEd owns the loan data	DoEd	CSC, Raytheon Corp.	Meriden, CT; Greenville, TX	27,900,000**
National Student Loan Data System Infrastructure (NSLDS)	SFA		IBM CICS 2			Raytheon Corp.	Greenville, TX	
PELL RFMS		Origination				ACS		
TIV-WAN						NCS		
VDC						CSC		
CBMD						Indus Corp.		
Post-secondary Education Participants System (PEPS)				SFA		CSC	Meriden, CT	2,300,000
FAFSA (mailing)						Aspen		
GAPS								

* COD is replacing the current Loan Origination System in December 2002. As a result, there will be no new development or major implementations to the Loan Origination System during FY02. The cost for the system in FY01 was approximately $40,000,000.

** Multiple contractors address the processing and servicing of defaulted loans. CSC and Raytheon Corp. cover the processing and servicing of the defaulted loans. The Debt Collection Service Information Center (DCSIC), part of the PIC contract, interfaces with the borrower and addresses all questions and concerns. Below is an itemized list of the estimated costs for SFA Collections. The DCSIC figure is based on FY01 total costs.

- DCSIC 8,500,000
- Automated processes 2,300,000
- Deliverables 11,000,000
- Task Orders 1,500,000
- Key Personnel (Schedule E) 4,600,000

b) Additional Facts/Stats regarding systems

➢ Central Processing System Infrastructure: CPS is a mainframe application that computes an applicant's eligibility for Title IV SFA. Applicants apply for a SFA loan through the CPS. The CPS performs matches against IRS, SSA, and INS databases, produces summary data for

States and institutions, supports Electronic Data Exchange (EDE) and Integrated Student Aid Management System (ISAMS), and calculates the Estimated Family Contribution. The Student Aid Report (SAR) is printed and sent back to the applicant. Aid includes Pell Grants and FFEL student loans. The CPS receives more than 10 million applications and correspondences annually.

- Direct Loan Origination System (DLOS): DLOS performs loan origination for regular and PLUS loan originations. The DLOS provides direct interface with schools, 3rd party services, and the Student Account Manager (SAM). The DLOS receives and processes all eligible loan applications and disbursements, and records the receipt of the completed promissory note. It provides the principle communication link with the schools to regulate the flow of information. DLOS and RFMS are legacy systems that are being replaced by COD.

- Direct Loan Servicing System (DLSS): The DLSS services Direct Loans while borrowers are in school, in deferment status, or in repayment. The DLSS receives all booked student loans from DLOS and maintains them for their remaining life. DLSS performs functions including placing the loan into repayment at the proper time, billing the borrower, and tracking subsequent payments and delinquencies.

- SFA Collections: SFA Collections supports collection process for federally guaranteed loans: receives defaulted loan data from GA's, schools, and DLSS; interfaces with external systems, agencies and contractors; supports set up of repayment schedules; produces loan payment notices, etc.

5. Primary Business Partners

Information Required:	❑ Define the primary business partners that work with your agency? (e.g., lenders, banks, brokers, etc.)

- 3^{rd} Party Servicers – The individual Universities/Colleges/Trade Schools hire independent Servicers to service all Perkins loans.
- Bank of America (Lockbox)
- Over 7,000 Universities/Colleges/Trade Schools
- Contractors for DL (Origination, Servicing & Consolidation); and, FFEL & Perkins as they relate to SFA Collections
- GA's – The banks and lending institutions hire independent Guarantee Agencies to collect on defaulted loans.

6. Risks and Assumptions

Information Required:	❑ Identify any additional risks and assumptions specific to your agency that should be included in the business case.

7. Relevant eGovernment Initiatives at your agency

Information Required:	❑ Identify any current eGovt Initiatives within your agency.

- Direct Loan eMPN - SFA implemented an electronically signed Master Promissory Note (eSigned eMPN process) for the Direct Loan program on June 30, 2001. This Direct Loan process can be used by over 1,400 Direct Loan schools and over three million Direct Loan borrowers, and allows students to complete and sign their promissory notes online, using the SFA PIN.
- The Department of Education is a participating agency in the following eGovt Initiatives which may be relevant to this effort:
    1. Eligibility Assistance
    2. E-Grants
    3. E-Training

8. Opportunities for Outsourcing

Information Required:	❑ Identify any opportunities for outsourcing within your agency.

Agency: Department of Agriculture

Information Required:

1. Audience and Business Partners
2. Loan Processes
3. Loan Programs
4. System Inventory
5. Primary Business Partners
6. Risks & Assumptions
7. Relevant eGovt Initiatives
8. Opportunities for Outsourcing

1. Audience & Business Partners

Information Required:	❑ Identify/define the audience as it relates to your agency. What is a citizen? (e.g., at HUD it's homebuyers, homeowners, senior citizens, etc.) ❑ Identify/define any other business partners as it relates to your agency. (e.g., lenders, brokers, etc.)

a) Identify/define the citizens

- Homebuyers
- Low-income Rural Residents
- Rural Senior Citizens
- Farmers
- Association of Farmers

b) Identify/define the business partners

- Municipalities
- Counties
- Special-purpose District
- State and Local Public Agencies
- Consumer Cooperatives
- Institutions of Higher Learning and Universities
- Non-profit organizations
- Research institutions
- American Indian Tribe

2. Loan Processes

Information Required:	❑ Identify/define the high-level loan process. What are the primary steps involved in your agency's loan process? (e.g., application, eligibility, originating, servicing and fulfillment). Include relevant process flows if possible. ❑ Identify/define processes that you feel may be unique to your agency. (e.g., USDA deals with commodities therefore an intermediary is responsible to pick-up and store the goods)

a) Identify/define the processes that are unique to your agency

- LDP: This program provides producers with financial tools to alleviate possible short-term cash flow needs without selling their crop, thus allowing farmers to store production and market their crops when conditions are more favorable. When producers enter the program, they can choose to receive a loan against their crop, or if prices are low, they can choose to be paid an LDP instead of taking out a loan.
- Commodity Certificate: Commodity certificates are issued to allow producers to redeem their own loan collateral, in an effort by CCC to avoid forfeitures.
- Interest Credit and Rental Assistance programs at Rural MF Housing – Upon USDA approval, loan applicants can get payment assistance in interest and rental payments.

3. Loan Programs

Information Required:	❑ Identify/define your agency's loan programs. 5. What are the loan funding channels (e.g., direct, guaranteed, insured and crisis)? 6. What is the total annual dollar amount for each of these programs? 7. What is the total number of annual loan awards? 8. What is the average size of each of the awards? ❑ Provide any additional facts and statistics that may be valuable in supporting the business case (e.g., HUD endorsed 971,207 mortgages last year). ❑ For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

a) Identify/define your agency's loan programs

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
Farm Loan					
Commodity Loans and Loan Deficiency Payment	The objective of commodity loans and loan deficiency payments is to improve and stabilize farm income, to assist in bringing about a better balance between supply and demand of applicable commodities, and to assist farmers in the orderly marketing of their crops.	Direct	$9.69B	177,779	
Farm Storage Facility Loans	The objective of the Farm Storage Facility Program is to encourage the construction of on-farm grain storage capacity and provide additional storage options for farmers when commercial storage space is in short supply or otherwise unavailable.	Direct	$79.7M	1500	
Special Apple Program	The objective of the Special Apple Loan Program is to make direct loans available to assist producers of 1999 or 2000 crop year apples who are suffering from economic loss as a result of low prices for apples. (These are direct loans that should be included)		$99.58M	2000-4000	
Emergency Loans for Seed Producers	The objective of these loans is to assist seed producers who produced seed under contract to		$35M	2000	

Program	**Description**	**Loan Funding Channels** (direct, guaranteed, insured, or crisis)	**Annual Dollar Amount**	**Number of Annual Awards**	**Average Size of Awards**
	AgriBio Tech and were adversely impacted by the bankruptcy filing of AgriBio Tech in 1999. (These are direct loans that should be included)				
Farm Operating Loans	Operating Loans (OL) may be used to purchase items needed for a successful farm operation.	Direct/Guaranteed/ Insured	$664M direct, $1.8B Guaranteed	11,444 direct, 14023 guaranteed	
Farm Ownership Loans	Farm Ownership (FO) Loans may be made to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, or to refinance debt.	Direct/Guaranteed/ Insured	$233M direct, $873M guaranteed	2085 direct, 3488 guaranteed	
Indian tribes and Tribal Corporation Loans	The objective of these loans is to enable federally recognized Indian tribes and tribal corporations to acquire land within tribal reservations and Alaskan communities.	Direct	$673,000	1	
Interest Assistance Program	The objective of this program is to provide a 4 percent subsidy to farmers and ranchers who do not qualify for commercial credit. (Guaranteed loans)	Guaranteed/ Insured	$802M	4646	
Boll Weevil Eradication Loan	This program provides funding to eradicate the Boll Weevil bug.	Direct	$100,000		
Rural Business Service					
Business and Industry Guaranteed loan	This program provides guarantees up to 90 percent of a loan made by a commercial lender. Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing.	Guaranteed	$1B	591	
Business and Industry Direct Loan	The Business and Industry (B&I) Direct Loan Program provides loans to public entities and private parties who cannot obtain credit from other sources. Loans to private parties can be made for improving, developing, or financing business and industry, creating jobs, and improving the economic and environmental climate in rural communities (including pollution abatement).	Direct	$50,524,131	48	
Intermediary Relending	The purpose of the Intermediary Relending	Direct	$39,041,686	69	

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
program	Program (IRP) is to finance business facilities and community development projects in rural areas.				
Rural Business Enterprise Grant	The Rural Business-Cooperative Service (RBS) makes grants under the Rural Business Enterprise Grants (RBEG) Program to public bodies, private nonprofit corporations, and Federally-recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in areas outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area.	Grant	$49,230,075	474	
Rural Business Opportunity Grant		Grant	$9,099,188	207	
Rural Economic Development loan	Provides zero-interest loans to electric and telephone utilities financed by the Rural Utilities Service (RUS), an agency of the United States Department of Agriculture, to promote sustainable rural economic development and job creation projects.	Grant	$22,640,569	66	
Rural Economic Development Grant	Provides grant funds to electric and telephone utilities financed by the Rural Utilities Service (RUS), an agency of the United States Department of Agriculture, to promote sustainable rural economic development and job creation projects through the operation of a revolving loan fund program.	Grant	$2,956,569	16	
Rural Cooperative Services					
Value Added Agricultural Product Market Development Grants	This program encourages independent producers of agricultural commodities to further refine these products increasing their value to end-users. The second objective is to establish an information	Grant	$19,856,719	63	

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
	resource center to collect, disseminate, coordinate, and provide information on value-added processing to independent producers and processors.				
Rural Cooperative Opportunities and Problems via Cooperative Agreements	This special initiative has a primary objective of encouraging research, funded through cooperative agreements, on critical issues vital to the development and sustainability of cooperatives as a means of improving the quality of life in America's rural communities.	Grant	$300,000		
Rural Cooperative Development Grant	Rural Cooperative Development grants are made for establishing and operating centers for cooperative development for the primary purpose of improving the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.	Grant	$4M	21	
Rural Housing Single Family					
Rural Housing Direct Loan & grants	The purpose of this program is to provide financing at reasonable rates and terms with no down payment.	Direct/Loans	$1,222,493,314	17,587	
Housing Repair & Rehabilitation Loan & Grants	The program provides funds for repairs to improve or modernize a home, or to remove health and safety hazards.	Direct/Guaranteed	$66,453,495	12330	
Self-Help Technical Assistance Grant	These grants provide financial assistance to non-profit organizations that will provide technical assistance to low- and very low-income households to build their own homes in a rural area.				
Mutual Self-Help Loans	The Section 502 Mutual Self-Help Housing Loan program is used primarily to help very low- and low-income households construct their own homes.	Direct	$4,052,360	6	
Mutual Self-Help Grant		Guaranteed	$17,628,054	70	
Rural Housing Site Loans	This program provides Government funding for a public or private non-profit organization to buy and	Direct	$3,684,510	2	

Program	**Description**	**Loan Funding Channels** (direct, guaranteed, insured, or crisis)	**Annual Dollar Amount**	**Number of Annual Awards**	**Average Size of Awards**
	develop building sites, including the construction of access roads, streets, and utilities.				
Individual Water & Waste Grants	This program provides Government funds to households residing in an area recognized as a colonia before October 1, 1989.	Grant	$956,960	300	
Housing Application Packaging Grants	This program provides government funds to tax-exempt public agencies and private non-profit organizations to package applications for submission to Rural Housing Service.	Grant	$3,3985	30	
Rural Housing MultiFamily					
Farm Labor Housing Loans and Grants	The Farm Labor Housing Loan and Grant program provides capital financing for the development of housing for domestic farm laborers.	Direct and Guaranteed Loan/Grant	$44,584,289	56	
Rural Rental Housing	The program is adaptable for participation by a wide variety of owners. Loans can be made to individuals, trusts, associations, partnerships, limited partnerships, State or local public agencies, consumer cooperatives, and profit or nonprofit corporations.	Direct/Guaranteed Loans	$114,059,581	71	
Housing Preservation Grant	The Housing Preservation Grant (HPG) program provides grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing.	Grant	$8,163,850	125	
Guaranteed Rental Housing	The Rural Housing Service guarantees loans under the Rural Rental Housing Guaranteed loan program for development of multi-family housing facilities in rural areas of the United States.	Guaranteed	$100M	75	
Rural Housing Community Facility					
Community Facilities Direct Loan Program	Community Programs can make and guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population.	Direct	$302,586,000	589	
Community Facilities	Community Programs can make and guarantee	Guaranteed	$139,468,573	88	

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
Guaranteed Loan Program	loans to develop essential community facilities in rural areas and towns of up to 20,000 in population.				
Community Facilities Grant Program	Community Programs provides grants to assist in the development of essential community facilities in rural areas and towns of up to 20,000 in population.	Grant	$25,644,374	590	
Rural Utility					
Water and waste disposal loan/grants	To develop water and waste disposal (including solid waste disposal and storm drainage) systems in rural areas and towns with a population not in excess of 10,000.	Direct/Guaranteed/ Grant	$883,701,251 direct, $5M guaranteed, $564,550,000 grants		
Emergency community water assistance grants	To assist rural communities that has had a significant decline in quantity or quality of drinking water. Grants can be made in rural areas and cities or towns with a population not in excess of 10,000 and a median household income of 100 percent of a State's non-metropolitan median household income.	Grant	$16,215,000		
Technical assistance training grants	To make grants to nonprofit organizations to provide technical assistance and training to associations on a wide range of issues relating to the delivery of water and waste disposal service.	Grant	$3,500,000		
Rural Utility					
Hardship Loan	This program provides funding to alleviate hardship experienced in the rural area.	Electric Insured	$118,953,298	36	
Municipal Rate Loan	This program offers funding at the municipal rate.	Electric Insured	$351,403,291	44	
Electric Guaranteed	USDA offers guaranteed loans to the rural population.	Electric Guaranteed	$1,471,868,000	75	
Electric Treasury Rate Loans	USDA offers loans at the treasury rate to provide assistance to citizens in the rural area.	Direct	$500,000,000	60	
Distance learning/telemedicine	This program provides greater educational opportunities and medical service to rural citizens	Direct	$26,750,535	87	

4. System Inventory

Information Required:	
	❑ Identify/define the applicable systems within your agency that will be part of the eLoans initiative? 1. Identify program office or agency division if relevant (e.g., Single Family vs. Multi-Family at HUD). 2. Identify the high-level loan process that the systems supports (e.g., application, eligibility, originating, servicing and fulfillment) 3. Identify the current platform of the frontend (citizen-facing) and backend systems. 4. Identify the system owner as in-house or licensed (e.g., HUD primarily owns all of their systems, but a few are licensed for use by HUD) 5. Identify the Operations and Maintenance Contractor? 6. Identify the location of the physical location of the system assets. 7. Identify the cost of Operations and Maintenance Contract per year. ❑ Provide any additional facts and statistics regarding your systems that may be valuable in supporting the business case.

a) Identify/define your agency's systems

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Cotton Online Processing System	FSA		Application Server 2000, Web Server 2000, IBM 3090,	KCAO-APD	FSA	EDS	Kansas City	
Guaranteed Loan System	ITSDO/FCAD		MF	USDA			St. Louis	1,508,000
Program Loan Accounting System	FSA		MF	USDA			St. Louis	251,000
Automated Cotton Reporting System	FSA		Mainframe	KCAO-APD	FSA	EDS	Kansas City	
Cotton Receipts Tracking Systems	FSA		Mainframe	KCAO-APD	FSA	EDS	Kansas City	
Cotton Warehouse System	FSA		PC	KCAO-APD	FSA	EDS	Kansas City	Total of the three

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
								2,983,000
Tobacco Loan Association Automation System	ITSDO/P SCAD		Unix RX6000	USDA		Cardinal Systems Group	Kansas City	370,000
Automated Price Support System	ITSDO/P SCAD		AS400	USDA			Kansas City	504,000
Automated Multi Housing Accounting System	Housing		Mainframe	RD		Rose International / UNISYS	Kansas City	1,385,000
Dedicated Loan Origination/Servicing System	Housing		Mainframe	RD		MortgagServ	Kansas City	10,439,000
Executive Information Tracking System	CBP and Water Program/ FSA		Mainframe	RD		UNISYS	Kansas City	39,000
Program Loan Accounting System	CBP and Water Program/ FSA		Mainframe	RD		Rose International	Kansas City	407,000
Rural Utilities Loan Service Legacy Systems	Rural Utilities		Mainframe / Server	RD			Kansas City	140,000

5. Primary Business Partners

Information Required:	❑ Define the primary business partners that work with your agency? (e.g., lenders, banks, brokers, etc.)

- Lenders
    - National Rural Utility Finance Cooperation
    - COBank
    - Other regional and local banks
- Commercial Loan Servicing Centers

6. Risks and Assumptions

Information Required:	❑ Identify any additional risks and assumptions specific to your agency that should be included in the business case.

- Data protection
- Integration of new and existing applications

7. **Relevant eGovernment Initiatives at your agency**

Information Required:	❑ Identify any current eGovt Initiatives within your agency.

- ELDP (FSA) – Electronic payment system to handle LDP.

1. Rural Utilities Loan Servicing System (Rural Development) – Online system to accept rural utility loan applications.
2. Cotton Online Processing System (FSA) – Online system to process cotton purchase transactions.
3. E-File – USDA has started the effort to design online application forms for different programs at the department.
4. GLS – Rural development lenders can reserve the funds online using this system.
5. EDI – Lenders can send the loan status reports online to USDA.

8. Opportunities for Outsourcing

Information Required:	❑ Identify any opportunities for outsourcing within your agency.

- Nothing specific has been identified

Agency: Department of Housing and Urban Development

Information Required:

1. Audience and Business Partners
2. Loan Processes
3. Loan Programs
4. System Inventory
5. Primary Business Partners
6. Risks & Assumptions
7. Relevant eGovernment Initiatives
8. Opportunities for Outsourcing

1. Audience & Business Partners

Information Required:	❑ Identify/define the audience as it relates to your agency. What is a citizen? (e.g., at HUD it's homebuyers, homeowners, senior citizens, etc.). ❑ Identify/define any other business partners as it relates to your agency. (e.g., lenders, brokers, etc.).

a) Identify/define the citizens

- Homebuyers
- Homeowners
- Senior citizens
- Veterans
- Kids
- Students
- People with disabilities
- Researchers
- Native Americans

b) Identify/define the business partners

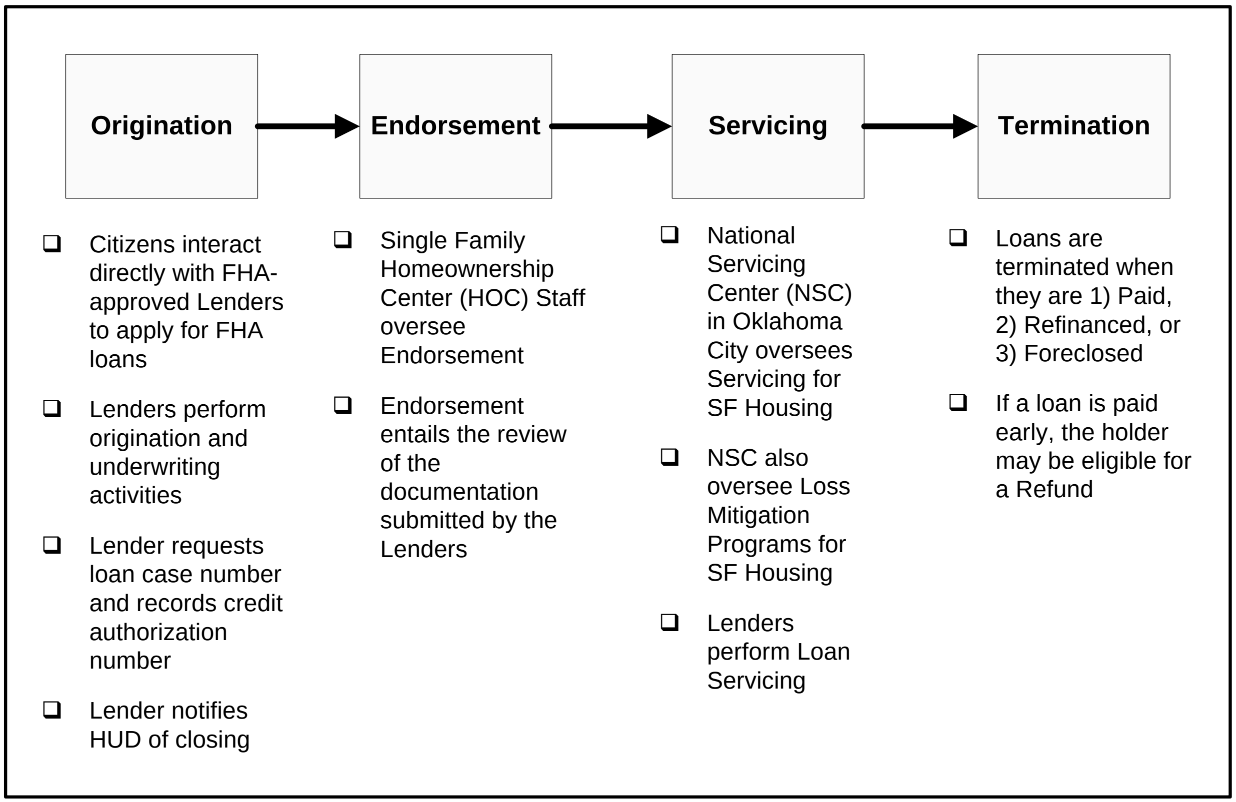
- Lenders
- Brokers
- Realtors
- Tribes
- Counseling Agencies
- Inspectors
- Home Builders
- Appraisers
- Fair Housing

2. Loan Processes

Information Required:	❑ Identify/define the high-level loan process. What are the primary steps involved in your agency's loan process? (e.g., application, eligibility, originating, servicing and fulfillment). Include relevant process flows if possible. ❑ Identify/define processes that you feel may be unique to your agency. (e.g., USDA deals with commodities therefore an intermediary is responsible to pick-up and store the goods).

a) Identify/define the high-level processes.

High Level Process for HUD Loan Endorsement



FHA Insurance Underwriting: Office of Housing insures mortgages under a contract of mortgage insurance with a HUD-approved Mortgagee for single-family homeowners. FHA is responsible for gathering information about the borrower's credit and the value of the property. The credit and the property are then scored to evaluate the risk of extending the insurance policy. This process determines whether the policy will be extended and how much the premium will be. HUD limits the purchaser's risk as an investment incentive.

Insurance Servicing: HUD collects monthly bills from lenders for mortgage insurance premiums due on policies.

Insurance Termination: Housing handles insurance termination as a result of three situations: 1) Borrower carries the loan to maturity, 2) Borrower prepays or refinances the loan, or 3) Loan ends in foreclosure. If a borrower defaults, HUD pays the claim against the insurance policy to the lender who is the current holder of the loan.

Property Management: Upon foreclosure, HUD becomes the owner of the insured property. HUD manages the properties until they can be sold. Or HUD agrees to become the Mortgagee and has a small portfolio of loans, where the borrowers make the monthly payments directly to HUD.

b) Identify/define the processes that are unique to your agency

The mortgage insurance process is unique to HUD/FHA. HUD/FHA maintains a Mutual Mortgage Insurance Fund in support of this process.

3. Loan Programs

Information Required:	❑ Identify/define your agency's loan programs. 9. What are the loan funding channels (e.g., direct, guaranteed, insured and crisis)? 10. What is the total annual dollar amount for each of these programs? 11. What is the total number of annual loan awards? 12. What is the average size of each of the awards? ❑ Provide any additional facts and statistics that may be valuable in supporting the business case (e.g., HUD endorsed 971,207 mortgages last year). ❑ For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

a) Identify/define your agency's loan programs

Overview: HUD's Office of Single Family Housing programs make loans and homes more readily available for low and moderate-income families through a variety of programs. HUD insures loans for first-time and low-income homebuyers to increase access to the benefits of homeownership.

Locations

Major activities for endorsement processing take place at HUD headquarters or at the Homeownership Centers (HOCs), which are located in Denver, Philadelphia, Atlanta, and Santa Ana, CA. The National Servicing Center (NSC) which provides servicing and loss mitigation services to lenders and FHA-insured homeowners is located in Oklahoma City.

Program	**Description**	**Loan Funding Channels** (direct, guaranteed, insured, or crisis)	**Annual Dollar Amount**	**Number of Annual Awards**	**Average Size of Awards**
Manufactured Home Loan Insurance (Title I)	This program insures mortgage loans made by private lending institutions to finance the purchase of a new or used manufactured home.	Insured	$46M	1,601	
Manufactured Home Lot and Combination Loan Insurance	This program insures mortgage loans made by private lenders to buyers of manufactured homes and the lots on which to place them.	Insured			
Mortgage Insurance for One- to Four-Family Homes (Section 203(b))	The Section 203(b) program provides mortgage insurance for a person to purchase or refinance a principal residence. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, savings and loan association and the mortgage is insured by HUD.	Insured	$106,372.7M	963,500	
Insurance for Adjustable Rate Mortgages (Section	The Section 251 program provides mortgage insurance for a person to purchase or refinance a	Insured			

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
251)	principal residence at a lower initial interest rate. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, savings and loan association and the mortgage is insured by HUD. (Note: This section was amended in the Appropriations Act for FY2002 to hybrid rates.)				
Single-Family Mortgage Insurance for Disaster Victims (Section 203 (h))	The Section 203(h) program provides mortgage insurance for a person to purchase a principal residence after being displaced by a disaster. The residence to be purchased need *not* be located in the same area as the disaster.	Insured, Disaster			
Mortgage Insurance for Members of the Armed Forces (Section 222)	Section 222 enables members of the Coast Guard and National Oceanic and Atmospheric Administration on active duty to purchase a home that is partially subsidized by the respective service.	Insured			
Mortgage Insurance for Older, Declining Areas (Section 223(e))	Section 223(e) provides mortgage insurance to enable people to purchase or rehabilitate housing in older, declining urban areas. Section 223(e) can be used only to supplement other HUD mortgage insurance programs.	Insured			
Rehabilitation Mortgage Insurance (Section 203(k))	The Section 203(k) program provides mortgage insurance for a person to purchase or refinance a principal residence or investment property and to accomplish rehabilitation and/or improvement of an existing one-to-four unit dwelling.	Insured	$923.5M	8,662	
Property Improvement Loan Insurance (Title I)	Under Title I, HUD insures lenders against most losses on home improvement loans.	Insured	$109.165M	9,715	
Energy Efficient Mortgages Program	The Energy Efficient Mortgages Program (EEM) provides mortgage insurance for a person to purchase or refinance a principal residence and incorporate the cost of energy efficient improvements into the mortgage. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, savings and loan	Insured			

Program	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount	Number of Annual Awards	Average Size of Awards
	association and the mortgage is insured by HUD.				
Single-Family Cooperative Mortgage Insurance (Section 203(n))	The Section 203(n) program provides mortgage insurance for a person to purchase a Corporate Certificate (stock certificate or membership certificate) and an Occupancy Certificate in a cooperative. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, savings and loan association and the mortgage is insured by HUD.	Insured			
Home Equity Conversion Mortgage Program	The Home Equity Conversion Mortgage program enables older homeowners to withdraw some of the equity in their home in the form of monthly payments for life or a fixed term, or in a lump sum, or through a line of credit.	Insured	$633.3M	7,800	
Mortgage Insurance for Condominium Units (Section 234(c))	The Section 234(c) program provides mortgage insurance for a person to purchase or refinance a principal residence in a condominium project. The mortgage loan is funded by a lending institution, such as a mortgage company, bank, savings and loan association and the mortgage is insured by HUD.	Insured	$7,703M	81,295	

Note: The programs that have numbers here now represent > 95% of both the # of loans insured (endorsements) and the total dollar amount.

b) Additional Facts/Stats regarding loan programs

- FHA endorsed 971,207 mortgages, including HECMs, totaling $107 billion, so far this fiscal year (from FHA Portfolio Analysis – Data as of August 2001).
- The number of fiscal year-to-date 2001 Mutual Mortgage Insurance (MMI) Fund endorsements was 876,116.
- Endorsement that used Freddie Mac Loan Prospector for credit processing represented 40% of all endorsements so far this fiscal year compared to only 34% during the same period last fiscal year.
- (As of 7/2001)Total mortgage insurance applications increased 47% through July 2001 compared to the same period in FY 2000.
- (As of 7/2001) FHA applications increased 34% through July 2001; this compares to a 61% increase in conventional mortgage applications and a 21% increase in Veteran Affairs (VA) guarantee applications.
- (As of 7/2001) FHA's share of insured mortgage endorsements remained the same at 31% through July 2001, up 21% for the same period last year.
- (As of 7/2001) The share for conventional insurer increased from 57% to 61% and VA's share remained the same at 8%.

- (As of 7/2001) The number of FHA purchase mortgages decreased 5% through July 2001 compared tot eh same period for FY2000.
- Overall, home sales are up 5% so far in FY 2001 compared to the same period a year ago.
- FHA's share of home sales was 12.8% through July 2001 compared to 14.1% for the same period a year ago.

c) For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

- Multi-family, Community Planning and Development, and Public and Indian Housing are all out of scope because they are not applicable to the Government to Citizen agenda.

4. System Inventory

Information Required:	
	❑ Identify/define the applicable systems within your agency that will be part of the eLoans initiative? 1. Identify program office or agency division if relevant (e.g., Single Family vs. Multi-Family at HUD). 2. Identify the high-level loan process that the systems supports (e.g., application, eligibility, originating, servicing and fulfillment) 3. Identify the current platform of the front-end (citizen-facing) and backend systems. 4. Identify the system owner as in-house or licensed (e.g., HUD primarily owns all of their systems, but a few are licensed for use by HUD). 5. Identify the Operations and Maintenance Contractor? 6. Identify the location of the physical location of the system assets. 7. Identify the cost of Operations and Maintenance Contract per year. ❑ Provide any additional facts and statistics regarding your systems that may be valuable in supporting the business case.

a) Identify/define your agency's systems

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Asset Recovery Center – Debt Collection Asset Management System	SF			In House	N/A	ATS*	HUD Data Center, Lanham, MD	1,046,328
Computerized Homes Underwriting Management System	SF		Unisys (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	3,393,640
Consolidated Single Family Statistical	SF		Unisys (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	87,000
Credit Alert Interactive Voice Response	SF		Unisys (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	151,410
Single Family Enterprise Data Warehouse	SF		Application Server	In House	N/A	ATS*	HUD Data Center, Lanham, MD	716,797
Distributive Shares & Refund	SF		Hitachi		ACS	ACS		436,074

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Subsystem			(mainframe)					
FHA Connection	SF		LAN (no component on user PC)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	1,812,492
Title I Insurance and Claims System	SF		Hitachi (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	154,492
Home Equity Conversion Mortgage	SF		Hitachi (mainframe)		ACS	ACS		522,656
Home Mortgage Disclosure Act	SF		Unisys (mainframe)	In house	N/A	ATS*	HUD Data Center, Lanham, MD	136,407
Single Family Acquired Asset Management System	SF		Hitachi (mainframe)		EDS	EDS		5,548,579
Single Family Insurance - Claims Subsystem	SF		Hitachi (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	940,968
Single Family Default Monitoring Subsystem	SF		Unisys (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	172,926
Single Family Premiums Collection Subsystem – Periodic	SF		Hitachi (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	2,551,296
Single Family Premiums Collection Subsystem – Upfront	SF		Hitachi (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	1,306,000
Single Family Insurance System	SF		Hitachi (mainframe)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	2,316,296
Single Family Mortgage Notes System	SF		IBM-compatible Mainframe (offsite)	In House	N/A	ATS*	HUD Data Center, Lanham, MD	1,037,640

**** Currently ATS, however contracts are in the process of being re-competed***

b) Additional Facts/Stats regarding systems

- FHA Connection processes over 90,000 transactions daily; over 50,000 users.
- CHUMS processes over 120,000 transactions daily.
- Single Family Premium Collection Subsystem – Upfront processes collections of approximately $2 billion a year.
- Single Family Premium Collection System – Periodic processes 4.8M case-level payment transactions monthly.
- Over 65,000 CAIVERS users.
- Single Family Default Monitoring System – approximately 250,000 monthly transactions.

5. Primary Business Partners

Information Required:	❑ Define the primary business partners that work with your agency? (e.g., lenders, banks, brokers, etc.)

- Lenders must be authorized to process FHA loans. Over 9,000 FHA-approved lenders.
- Appraisers must be authorized to process FHA loans.
- Section 203K Consultants must be authorized to process FHA loans.
- Inspectors are accredited by individual states and are not subject to a HUD authorization process.

6. Risks and Assumptions

Information Required:	❑ Identify any additional risks and assumptions specific to your agency that should be included in the business case.

HUD/FHA's Mutual Mortgage Insurance Fund: Capital reserves are the responsibilities of the FHA Commissioner and should not be commingled with funding for eLoans.

The other loan programs (Multi-family Housing, Community Planning and Development, Public and Indian Housing) are out of the scope of the eLoans effort because they are business-to-government (B2G) interactions.

7. Relevant eGovernment Initiatives at your agency

Information Required:	❑ Identify any current eGovernment Intitiatives within your agency.

FHA Homeowner Refunds web Site
HUD Approved Appraiser Search Web Site
HUD Approved Condos Web Site
HUD Planned Unit Developments (PUD) Web Site
Maximum mortgage limits Web Site

8. Opportunities for Outsourcing

Information Required:	❑ Identify any opportunities for outsourcing within your agency.

Department of Housing and Urban Development
Government Paperwork Elimination Act (GPEA) Implementation Plan

Design and Approach

HUD's schedule for offering, when practicable, an option for the maintenance, submission, or disclosure of information by electronic means for transactions covered by the Paperwork Reduction Act (PRA) has been updated via the web through the GPEA on-line system. HUD's Reports Liaison Officers, Program Area contacts within each Program Office, and HUD's Electronic Government Working Group (EGWG) assisted staff in the Office of the Chief Information Officer (OCIO) in developing the GPEA Implementation Plan for PRA and non-PRA transactions.

Compliance with the GPEA is part of a broader Electronic Government (eGovernment) strategy at HUD whereby the Department is utilizing information technology (IT) to transform its core business processes and advance its mission. Leadership on GPEA by the Office of Management and Budget (OMB) and the Congress provides an added incentive to the strategic imperative for change brought about by the rising expectations of our Department's primary customers and business partners.

Moreover, GPEA serves as an important driver to achieve other legislative and executive mandates, including, but not limited to, President Bush's Management and Performance Agenda, Government Performance and Results Act (GPRA), Clinger-Cohen Act, PRA, and Electronic Signatures in Global and National Commerce Act (ESIGN). Indeed, we have found that it is only when viewed within the context of these other legislative priorities, that the full promise of GPEA can be realized in support of HUD's mission and efforts to improve internal efficiency and customer service. The importance of realizing this promise is why we approach GPEA as part of a holistic, Department-wide eGovernment strategy.

To that end, HUD developed an eGovernment Strategic Plan to provide a single Departmental strategy for the implementation of eGovernment technology and solutions to meet the Department's mission, goals, and objectives. HUD's eGovernment Strategic Plan:

- Defines HUD's eGovernment mission;
- Describes the goals and objectives supporting the mission;
- Presents high-level implementation strategies;

- Identifies and describes HUD's eGovernment strategic goals, objectives, performance indicators, and current, short/long term eGovernment projects to meet the needs of citizens, business partners (State/Local governments, non-profits, lenders, mortgage companies, other Federal agencies) and employees; and
- Identifies the required capabilities for successful implementation.

HUD's eGovernment Strategic Plan is located on our award winning website at **http://www.hud.gov/cio/egov/eplan.html**.

Snapshots of Continuing eGovernment Leadership Initiatives

HUD has been and aspires to continue being a leader in eGovernment. We have roughly 75 existing electronic government initiatives of varying sophistication and maturity in place serving citizens, business partners, and employees. Below are some representative samples of public-facing accomplishments we have achieved since last October:

- **Real Estate Assessment Center (REAC) – Resident Assessment Subsystem (RASS):** One of the best examples of a true eBusiness in the public sector, REAC, seeks to harness technology through personal and organizational leadership to transform government, rather than automate existing practices. REAC is an information-intensive operation responsible for assessing the performance of entities managing or owning housing in which the Department has a financial interest or a statutory obligation to monitor.

Through collaboration of both public and private sector organizations and industry best practices, REAC has been able to develop and implement a standard process and system to assess the resident satisfaction of Public Housing Authorities (PHAs). For the first time, resident satisfaction is objectively measured and counted in HUD's evaluation of PHAs as to their ability to provide decent, safe, and sanitary housing. This is a significant foray for HUD into customer relationship management and e-democracy.

A key component of REAC's overall assessment approach is its Customer Service and Satisfaction Survey, which supports President Bush's Management and Performance Agenda objectives for government to become more citizen-focused. RASS is the electronic communication and data storage system developed by REAC to support administration of the Survey. There is no comparable private sector organization or government agency addressing this demand for decent, safe, and sanitary housing on a national scale. In the long term, the investment in RASS is expected to reduce reporting costs for program participants and help simplify HUD's monitoring procedures. On an annual basis, RASS is expected to survey the opinion of approximately 300,000 residents in public housing and over 130,000 tenants in HUD-assisted multifamily (MF) projects.

- **Redesigned HUD.gov:** Since HUD's last submission, HUD.gov (and its intranet counterpart HUDWeb now called HUD@Work) has been completely redesigned to be more intuitive, citizen-centered, and user-friendly. Currently the web site receives 50,000 visitors per month. From the homepage, which integrates the content and numerous eGovernment applications of various Program Areas, HUD's customers can:

- Learn how to buy a HUD home;
- Learn how to apply for public housing and Section 8 assistance;
- Obtain information regarding Federal Housing Administration (FHA) refunds;
- Locate HUD-approved lenders in a specific area;
- Find housing counselors in their community;
- File housing discrimination complaints;

- Discover how to apply for Super Notice of Funding Availability and grants;
- Submit Freedom of Information Act requests; and
- View maps of HUD activities in their hometown.

- **Largest On-line Loan Auction:** On April 4, 2001, HUD conducted its first Internet-based loan sale. The $111 million auction was the largest Internet loan sale to date by the U.S. Government. The auctioned loans were originated under the Department's Section 312 Loan Program, which provided funds for the rehabilitation of homes in distressed neighborhoods at below market interest rates. The marketing, investor due diligence, and bidding were done on-line. By empowering bidders through an advanced loan trading system, HUD increased bidder interest in the sale and, maximized its sale proceeds.

- **Empowerment Zone/Enterprise Community Software:** The Empowerment Zone/Enterprise Community (EZ/EC) suite of software provides a full range of services to HUD, communities, and U.S. citizens from the program selection phase to post-award performance reporting. This includes the Internet-based EZ/EC Initiative Application Evaluation System (IAES), the EZ/EC Performance Measurement System (PERMS), and the EZ/EC Urban Web page. During the application evaluation process, the EZ/EC IAES allows communities to submit on-line, their nomination form and their Notice of Intent to Participate in the Renewal Community and Round III EZ/EC designations. After the applications are logged and the eligibility requirements are met, HUD staff can also review, score, and select the winners among the applicants. Once nominated by the HUD Secretary as EZ or EC designees, HUD provides these communities with another on-line application, the EZ/EC PERMS. Through this process, communities can report on the actual performance against the projected activities as outlined in HUD's Strategic Plan. HUD, in turn, can track and provide timely reports to the Congress and citizens about a designee's performance and progress. The EZ/EC Urban Web page is another on-line application that was developed to assist HUD in communicating information, news, and resources related to the EZ/EC initiative to HUD business partners, communities, and the public.

- **Leading Citizen-facing Interagency eGovernment Solutions:** In keeping with the need for interagency solutions for citizens and business partners, as emphasized by the President, OMB, and the CIO Council, HUD has continued to provide leadership on four major fronts: eMultifamily Application Process, Faith-based, NativeEdge, and the Virtual Home Center. See below:

    - In partnership with the Census Bureau, Environmental Protection Agency (EPA), and soon the Department of Justice and Small Business Administration, HUD has developed a geographic information system-based mapping software for citizens, nonprofits, and State and Local governments to analyze government data by a variety of geographic dimensions. For example, this combination is particularly powerful allowing users to crosscheck the proximity of brownfield or Superfund cleanup sites against the current housing stock.

- For advancing economic development on rural Native American lands and implementing the President's Executive Order on Faith and Community-Based Organizations, HUD has created and maintained interagency web sites (www.nativeedge.hud.gov/ and www.hud.gov/offices/fbci/) focused on citizens, nonprofits, and small businesses.

- Lastly, the Virtual Home Center is a new initiative to centralize and automate the sale of Federally owned homes across 10 different Federal agencies. HUD was recently designated as the lead agency by the CIO Council's eGovernment Subcommittee to lead this initiative.

Moving GPEA Forward

In addition to the above-mentioned highlights that fulfill the spirit and letter of GPEA, we have also undertaken a number of specific actions to improve our efforts to comply with the legislation. In particular, HUD has:

Policy Development

- As promised in HUD's October 2000 report, the Department has developed and issued formal enterprise-wide policies and guidance on electronic signatures, electronic records management (ERM), and ESIGN. These policies are at the core of the holistic framework necessary to implement GPEA. Information regarding these policies has been included as a part of our eGovernment and Enterprise Security Awareness Training (eSAT) instructor-led training course. The Department will launch a formal communications plan to provide information on electronic signatures and ERM. Our policies and guidance encapsulate recommendations from OMB, General Accounting Office (GAO), Departments of Justice, Treasury, Commerce, and the National Archives and Records Administration.

Training

- Provided instructor-led Introduction to eGovernment classes focusing on eGovernment legislative and industry drivers, including GPEA policies and HUD best practices.
- Provided specialized training and guidance specifically for HUD's Department-wide EGWG, HUD's Reports Liaison Officers, Program contacts, and Program Managers in regard to GPEA compliance and their respective roles and responsibilities.

Marketing and Outreach

- Provided an orientation on GPEA to HUD's Principal Staff and Technology Investment Board Executive Committee members.
- Have continued to advise other agencies concerning HUD's GPEA initiatives and continue to exchange best practices.

- Instituted an annual eGovernment Day and monthly eGovernment Champion Program to recognize HUD employees who are leading the Department's efforts to meet GPEA compliance and implement the goals and objectives of the eGovernment Strategic Plan.

9. Response to Required Questions

I. Summarize your agency's strategy for meeting the GPEA deadline, and how that is being integrated into its overall plan for transforming your agency to achieve electronic government. In your summary please address:

- **What are your plans for addressing Government to Citizen transactions?**

HUD is addressing this area on three fronts: (a) The first goal in HUD's eGovernment Strategic Plan focuses on the citizen, "Improve housing opportunities, self-sufficiency, and quality of life for citizens and HUD beneficiaries by leveraging electronic commerce to meet their needs directly." The Plan identifies four objectives that contain a total of four short-term initiatives and five long-term opportunities specifically targeting eGovernment services to the citizen. (b) HUD will continue to focus on high volume transactions in its efforts to comply with GPEA. HUD's primary transactions with citizens are high volume. (c) HUD will continue to focus on the needs of citizens in the on-going development of its Homes and Communities website.

- **What are your plans for addressing Government to Business transactions?**

HUD is already a leader in the development of eGovernment to Business transactions and will continue to focus in this very important area. The second goal in HUD's eGovernment Strategic Plan concerns business partners, "Ensure HUD's business partners have the needed tools to deliver HUD products and services effectively and efficiently in a virtual environment." An example of HUD's current focus in this area is our efforts to further expand the use of eGovernment in the transactions between HUD and the thousands of mortgage companies with which the Department does business. Currently, lenders can obtain an FHA case number online and, future plans include the transformation of the single-family loan origination process. HUD is planning a business process re-engineering effort to review the baseline and processes for single-family loan origination. This project will have a significant impact on many fronts, including Business Process Improvement (BPI), eGovernment, Security, Privacy, and the Enterprise Architecture.

- **What are your plans for addressing transactions with other Governments?**

HUD has established significant electronic connectivity with its key government partners such as the Department of Treasury. Additionally, HUD works with State and Local governments on a daily basis through its public housing and community development programs. Many electronic links exist between HUD and these entities. For example, in the Office of Public and Indian Housing (PIH) the PIH Information Center (PIC) system provides real time data sharing between HUD and municipal public housing authorities. HUD views other government entities as business partners and includes them as a part of the second goal in the eGovernment Strategic Plan.

- **What are your plans to address internal efficiencies within your agency and transactions within the Federal government?**

  The third goal in HUD's eGovernment Strategic Plan focuses on HUD employees and internal efficiencies, "Restore the public trust by utilizing technology to operate a productive and responsive enterprise." HUD has had many successes and will continue to pursue opportunities to increase efficiencies. For example, HUD is embarking on a BPI initiative concerning integrated document management. This effort will focus on electronic record keeping, correspondence management, and workflow management.

II. How is your work to implement GPEA and electronic government related to your agency's on-going work to develop and maintain an enterprise architecture?

HUD's enterprise architecture supports the Department's eGovernment transformation and GPEA implementation processes in two distinct ways. First, the information the enterprise architecture provides about HUD's stakeholders and their interaction with the Department's business applications, and data can be used to identify and prioritize potential eGovernment solutions. Second, the target enterprise architecture establishes boundaries that all approved eGovernment solutions must work within, ensuring that initiatives are designed and implemented in an architect fashion.

HUD will use its enterprise architecture to identify opportunities for eGovernment transformation through careful analysis of the relationship between HUD's stakeholders and the other architectural layers. Foreseeing the utility of this relationship, HUD expanded upon the Federal Enterprise Architecture Framework's four-layered enterprise architecture model (Business, Data, Application, and Technology) by adding a stakeholder layer to the Department's enterprise architecture. The stakeholder layer describes the organizations or individuals that play a role or have a stake in the achievement of the Department's mission. Internal (G2E) and external (G2B, G2C, and G2G) stakeholders are also included.

Since eGovernment promotes customer-focused transformation, the architectural analyses used to identify eGovernment opportunities begin with the stakeholder layer of the architecture as follows:

- Stakeholders: Who are your external and internal customers and stakeholders?
- Business: What services do stakeholders need or provide?
- Data: What information do stakeholders require?
- Applications: How do stakeholders access and manipulate the information? How could they be better supported?
- Technology: What technology supports these activities?

The stakeholder layer can also be used to categorize the method of transaction between stakeholders and the Department's business processes (web services, telephone, paper, etc). Paper-intensive transactions are prime candidates for GPEA initiatives. HUD is currently working to complete the population of the stakeholder layer.

Once eGovernment and GPEA opportunities have been identified, HUD will use the enterprise architecture to ensure their implementation occurs in a standardized, architect fashion. HUD's target architecture defines technology and product standards that all new IT initiatives must demonstrate. The close integration of the Department's enterprise architecture and eGovernment Program with its IT Capital Planning Process provides assurance that all GPEA and eGovernment initiatives will comply with the target architecture.

- **What efforts are underway to implement customer relationship management (CRM) (including convergence of on-line physical citizen interaction and including accessibility standards)?**

As a first step towards CRM and eCRM, the Department conducted an eServices Assessment this past spring examining HUD's three primary customer groups: (1) homeless/transitional population, (2) public housing, and (3) residents and first-time homebuyers. Through primary and secondary research, including focus groups and a survey instrument, we documented the extent to which our core customers were using the Internet and other technology; what Departmental products and services they were currently utilizing, including their level of satisfaction; and what HUD might do better in terms of providing improved Internet and other technology to our clients. This assessment provides the Department with direct input from its citizens. While cognizant of GPEA's definition of the public as citizens and business partners, and given limited resources, we focused our analysis on citizens in line with the President's emphasis in this important area. Our goal was to have citizens provide information that would assist HUD in determining eGovernment and GPEA funding priorities, as well as document the extent to which our citizens were ready to use the Internet and other eGovernment options.

In addition, our award-winning web site, "hud.gov," continues to improve, to include on-line chats with housing counselors and other knowledgeable sources; a more user-friendly look, feel, and navigation; automated topic-based electronic newsletters; and by adding more transactive capabilities. Focus groups are also conducted on an on-going basis by the Departmental Web Team to solicit input for site design. Moreover, recognizing the importance of multiple channels for customers, highlighted by our eServices Assessment results, HUD offers an expanding number of kiosks for our customers to access information in Storefronts and other locations.

Our efforts, as underscored on page 2, concerning the RASS is an example of a cutting-edge eCRM initiative to solicit and utilize citizen/customer input in evaluating the performance of our business partners (Public and Indian Housing agencies) and the Department. NativeEdge is another example where HUD provides customer service to community and economic development professionals and small businesses in Indian Country via integrated physical, phone, and website channels.

Lastly, one of our most important CRM activities is inherent to the Virtual Home Center/homes.gov initiative. The Office of Housing is following up on our initial eServices Assessment work with additional focus groups, and plans to begin redesigning Housing's web pages to be more intuitive for core customers. Examining our customer call centers across the Department for integration and making improvements to the Single Family Origination System is also key CRM-related activities.

In regards to accessibility standards, the OCIO is leading the Department in the development and implementation of Section 508 standards, policies, and guidelines. Guidelines will include a framework for identifying IT systems with Section 508 implications as well as guidelines for implementing process changes resulting from the Federal Acquisition Regulations coverage.

- **What efforts are underway to implement supply chain management?**

In terms of procurement, we have several excellent resources and tools available on-line through both our intranet and Internet sites, including the "Contract Cafe," training for project managers, posting of bid and grant opportunities, and associated policies. In Fiscal
Year (FY) 2002, we will begin a BPI initiative concerning our contracting of services to examine improvement options and the potential for eProcurement and eContracting solutions in the rapidly maturing market place where these two functionalities are merging into single solutions.

In terms of grants information on the Departmental Grants Management System (DGMS) is provided on page 10 of this document. In addition, we are conducting a BPI of our grants payment processes to further support streamlining and expediting the execution of our mission in cooperation with our business partners.

Finally, in terms of housing stock creation, monitoring, and inventory application, we have utilized technology to document the condition of our 30,000+ portfolios of single- and multi-family dwellings. The REAC and the homes.gov initiatives are focused on improving inventory turns of foreclosed homes at HUD and across the Federal government. By advertising homes for sale on-line through brokers to citizens and enabling on-line bidding, we have improved our inventory turns and saved Federal dollars.

- **What efforts are underway to implement enterprise information management?**

In terms of data management, HUD has pursued a data quality and data warehousing initiative over the course of the past two years. This effort has increased Program Area emphasis on the importance of keeping data timely and accurate and emphasized the identification, inventorying, and mapping of data in HUD's numerous systems to business processes and information flows necessary for decision-making. Our Enterprise Program Information Center (EPIC) initiative is mutually reinforcing efforts in this important area. HUD recognizes the importance of such data/information not only for our own decisions but also for the decisions that citizens and business partners must make. For example, the mapping component of EPIC allows State and Local governments, community and economic development professionals, urban planners, and citizens to map HUD, the Census Bureau, and EPA data to provide a composite picture of their neighborhood, town, and etc. This information can also be used to answer basic citizen health and real estate purchase questions.

In addition, the Department’s eGovernment Strategic Plan contains numerous knowledge management opportunities as described in the Plan. Further, our intranet site, “HUD@Work,” has been revamped to include several knowledge management type capabilities such as collaborative work tools.

III. How are you using information technology and on-line processes to unify and simplify transactions?

HUD requires that all major development efforts be preceded by a BPI that examines the underlying processes prior to automation. The goal of such efforts is to streamline and remove non-relevant transactions. In keeping with the intent of GPEA and PRA, the Department has launched a BPI on document and correspondence management and will pursue a BPI on records management in FY 2002. In addition, BPI efforts have continued on a number of fronts in accordance with prospective applications that will meet GPEA requirements, including eContracts/Procurement, Single Family Origination, and Grants Payment.

IV. What methods are you using to ensure the most beneficial projects for implementation?

HUD's method for ensuing that the most beneficial projects are implemented is a combination of our IT Capital Planning process, including scoring criteria, and HUD's emphasis on providing fully electronic options for paper-based transactions with more than 50,000 annual respondents. Projects that include the automation of GPEA-covered transactions are given additional points in the scoring criteria. The weighting criteria provides an incentive to the Program Areas to ensure that as a part of the IT Capital Planning process they prioritize their projects to include GPEA and eGovernment initiatives, thus ensuring that GPEA compliance is emphasized in the overall portfolio. This year we analyzed GPEA's relationship to every IT initiative for which we submitted an individual 300B and ensured that GPEA concerns were addressed appropriately in each 300B IT project submission.

To ensure the principles of the Clinger-Cohen Act and investment management are addressed, HUD's IT Capital Planning selection process mandates that all IT investments include a cost benefit analysis, project plan, needs statement, feasibility study, security plan, risk analysis, and performance measures. In addition, the Department's IT Investment Portfolio
System (I-TIPS) was modified to collect information on each IT investment's linkage and compliance to GPEA and eGovernment requirements.

- **Which initiatives appear to have the highest net benefit and why?**

The Department has identified six priority eGovernment initiatives that will have a significant impact on the Department's ability to meet the GPEA compliance date. The six priority projects are as follows:

- Single Family Integration (eLoan origination) initiative is a major eGovernment project to re-engineer and streamline the single-family loan origination process. This project will automate numerous paper-based transactions involving over 1.2 million respondents. A BPI effort is currently underway to identify the baseline and processes involved in loan origination. The BPI will also identify business and technical requirements, which will be used in the systems development phase.

- DGMS will streamline and automate paper-based transactions involving over 300,000 respondents. DGMS will also automate and control grant processing throughout the full grant life cycle.

- PIC is a current HUD eGovernment application that provides PIH business partners the ability to collect and process information in an Internet environment. HUD intends to continue to enhance this award winning eGovernment initiative to automate paper- based transactions involving over 53,000 respondents. PIC reduces the administrative burden on HUD and public housing authorities, promotes "self-service" government, and increases collaboration with our business partners.

- Financial Assessment Subsystem (FASS)-FHA is an award winning current eGovernment initiative. FASS-FHA is a key component to HUD's overall portfolio assessment system. HUD manages 30,000 MF housing projects representing $40 billion of mortgage insurance or loan risk and $12 billion of annual project-based subsidies. The FASS-FHA system collects annual project financial statement information to assess the project's financial performance and compliance and has accepted and assessed nearly 52,000 electronic submissions of Annual Financial Statements (AFSs). HUD will continue to build upon this success, as FASS will automate current financial paper-based transactions involving 34,000 respondents who provide over 78,000 responses to the Department per year.

- Development Application Processing (DAP) is a current eGovernment initiative that provides automated underwriting for MF Accelerated Processing Lenders, Historically Underutilized Businesses, and Program Centers in the creation, calculation, and processing of development applications. DAP generates documents needed for initial endorsement of all MF program types. DAP is currently used by HUD staff to process MF loans; however, future plans include providing this capability to the MF lenders so that they may electronically initiate MF loan processing. Although DAP does not currently meet the 50,000 respondents or more criteria, once DAP is extended to the MF business community we foresee the number of respondents dramatically increasing.

- Active Partners Performance System (APPS) is an existing eGovernment initiative that will enable HUD's business partners to submit their Previous Participation Certification request to HUD for processing via the Internet. APPS will replace paper-based processes involving over 7,000 respondents per year. Once fully implemented, APPS will provide a more efficient approval process, automate the Field office review process, and provide a central access point for all HUD MF business partners. More importantly, it will facilitate public trust actions such as ensuring enforcement against MF business partners who have been terminated or barred from doing business with the Department. We have selected APPS as a GPEA priority to pilot eSignature technology. Once implemented, the technology could be used in other eGovernment applications and assist the Department in moving to an eSignature environment.

The above GPEA priorities represent the streamlining of a number of paper-based PRA transactions into eGovernment-reengineered solutions for HUD's customers. The implementation of these projects will result in cost savings to the Department, increased efficiency and speedier processing, one-time data entry, improved integration with business partners, and the shift of employee efforts from paper-processing to focusing on value-added CRM services.

- **Which initiatives are not practicable and why?**

The Department has made an initial determination, based on a high-level, cost-benefit analyses and on other fiscal priorities, that it is not cost-effective to automate transactions with less than 1,000 responses, just for the sake of meeting GPEA compliance alone, unless otherwise planned as part of a larger eGovernment effort or BPI. A number of PRA transactions involving citizens are not practical for automation at this time due to the Federal government's lack of an implemented standard Public Key Infrastructure (PKI) to authenticate individuals across agencies through eSignature technology. Since most of HUD's transactions with citizens require a signature, achieving this in an electronic environment poses a significant barrier. Due to the high cost of fully implementing PKI and the fact that the General Services Administration (GSA) is developing a PKI Federal Bridge, it is not cost-effective for HUD to implement a PKI infrastructure. We will, however, explore technology and opportunities to implement eSignature at a level above Personal Identification Number and passwords.

- **What crosscutting barriers to implementation have you identified?**

The availability of sufficient budget resources is the most significant factor affecting the success of HUD's GPEA efforts. Competing IT Capital Planning priorities, in particular infrastructure and the costly, but necessary, maintenance of legacy systems critical to our core business operations, stand to impede the progress of eGovernment implementation. We are addressing these issues on two fronts: the HUD IT Services (HITS) procurement and the development of an IT Strategic Plan. HITS is a procurement strategy for a major system/services procurement that will satisfy programmatic and operational needs for IT services. The Department will also begin an IT strategy effort to identify and convert legacy systems to eGovernment solutions. However, to implement HUD's GPEA plan successfully, additional resources are required.

There are a number of crosscutting barriers where we believe OMB can assist HUD and other agencies in overcoming obstacles. Suggestions regarding ways that OMB can assist HUD and other agencies in meeting our GPEA compliance requirements are as follows:

- Encourage interagency initiatives to address and decrease the digital divide. HUD's citizen customer segment falls within the digital divide spectrum, as they are low to moderate income individuals and families and tend to not have access to the Internet. While HUD's Neighborhood Networks Program addresses this issue at an agency level, an interagency effort would pool limited resources, technology, and knowledge to assist the citizen population in narrowing the digital divide.
- Ensure that GSA implements the Federal Bridge initiative to provide a standard infrastructure for digital certificates, non-repetition, authentication, and recognition of our customers across agencies.
- Provide guidance earlier each year, preferably by the end of June, given the October due dates for updates to GPEA Implementation Plans. Ensure that the National Association of Realtors, Departments of Justice, Commerce, and other agencies also issue updated guidance at the same point in time.
- Sponsor government information sessions where representatives from each agency can share ideas, success stories, and lessons learned.
- Include automating specific PRA/GPEA-covered transactions (responses) as criteria for the selection of eGovernment interagency initiatives.
- Advocate that agencies allocate sufficient funding or target a percent of funding for their GPEA transactions.
- Create a supplemental, multi-year IT GPEA fund for agencies to meet GPEA requirements for high-volume transactions. This is a similar approach to how the Y2K project was handled.

5. Are any of your priority projects behind schedule? What actions are you taking to assure that they are completed on time?

The Department is pleased to report that none of HUD's GPEA priority projects are behind schedule. We will continue to monitor GPEA implementation and progress through the IT Capital Planning control process to ensure continued success.

Agency: Department of Small Business Administration

Information Required:

1. Audience and Business Partners
2. Loan Processes
3. Loan Programs
4. System Inventory
5. Primary Business Partners
6. Risks & Assumptions
7. Relevant eGovt Initiatives
8. Opportunities for Outsourcing

1. Audience & Business Partners

Information Required:	❑ Identify/define the audience as it relates to your agency. What is a citizen? ❑ Identify/define any other business partners as it relates to your agency. (e.g., lenders, brokers, etc.)

a) Identify/define the citizens

- Start-up business
- Small business
- Commercial lending institutions
- Defense-dependent small companies (adversely affected by defense cuts)
- Businesses in communities with significant job losses related to NAFTA
- Export-ready small businesses
- New-markets

b) Identify/define the business partners.

SBA lending partners are critical links in service delivery to the small business borrower, and consist of both traditional bank lending institutions and non-bank lending institutions.

The 7(a) program is provided through a network of lenders across the country that is authorized by SBA to make 7(a) guaranteed loans (approximately 4,725 entities). These lenders include: (1) regulated depository institutions such as Federally and State chartered banks and credit unions; (2) regulated non-depository institutions such as insurance companies and Business Industry Development Companies (BIDCOs) which are typically regulated locally; and, (3) non-regulated, non-depository institutions, i.e., the Small Business Lending Companies (SBLCs) which are regulated only by SBA.

The 504 program is provided through a national network of SBA-chartered Certified Development Companies (CDCs – currently, 270). These CDCs are periodically examined by SBA, and are not generally subject to other regulation. Although SBA refers to CDCs as "lenders," CDCs really act as facilitators, arranging for project financing which includes the first mortgage portion of the funding as well as the funding that is provided by an SBA-guaranteed debenture. Except for lenders participating in the Premier Certified Lender Program (PCLP), CDCs do not "lend" their own funds, and do not share any loss sustained by the first mortgage lender or SBA. Under PCLP, a CDC is authorized to make credit decisions and take servicing and liquidation/litigation actions with little or no SBA involvement. A PCLPCDC shares 10 percent of any loss sustained on a 504 loan that the CDC has processed under its PCLP authority.

The MicroLoan program authorizes: (1) loans coupled with technical assistance; (2) technical assistance for obtaining non-SBA backed loans; and, (3) technical assistance for capacity building. The loan portion of the program is provided through a national network of "intermediaries" (currently, 170 entities) that receive loans and technical assistance grants from SBA to enable them to provide loans, in amounts up to $25,000, and supporting management assistance to small businesses. Currently there are approximately 170 MicroLoan intermediaries participating in this program. Approximately 20 additional intermediaries provide technical assistance to enable low-income small businesses to obtain non-SBA financing. SBA also contracts on an individual basis with entities that provide assistance to increase the capacity of institutions provided services to the smallest businesses.

COLSON SERVICES CORPORATION

In 1995, Congress enacted a 50-basis-point ongoing guaranty fee on 7(a) program loans as part of the appropriation legislation for the Small Business Administration, and Colson Services Corp. was designated as the collection agent for this fee. The Department of the Treasury also requires increased information from the SBA on borrower payments as part of an effort to improve the management of U.S. Government financial obligations.

In order to collect the 50-basis-point fee and to meet the new information requirements of the Department of Treasury, SBA has established a revised monthly reporting process using a standard remittance form, i.e. SBA Form 1502, which accommodates both secondary market remittance reporting and loan status information collection.

2. Loan Processes

Information Required:	❑ Identify/define the high-level loan process. What are the primary steps involved in your agency's loan process? (e.g., application, eligibility, originating, servicing and fulfillment). Include relevant process flows if possible. ❑ Identify/define processes that you feel may be unique to your agency. (e.g., USDA deals with commodities therefore an intermediary is responsible to pick-up and store the goods)

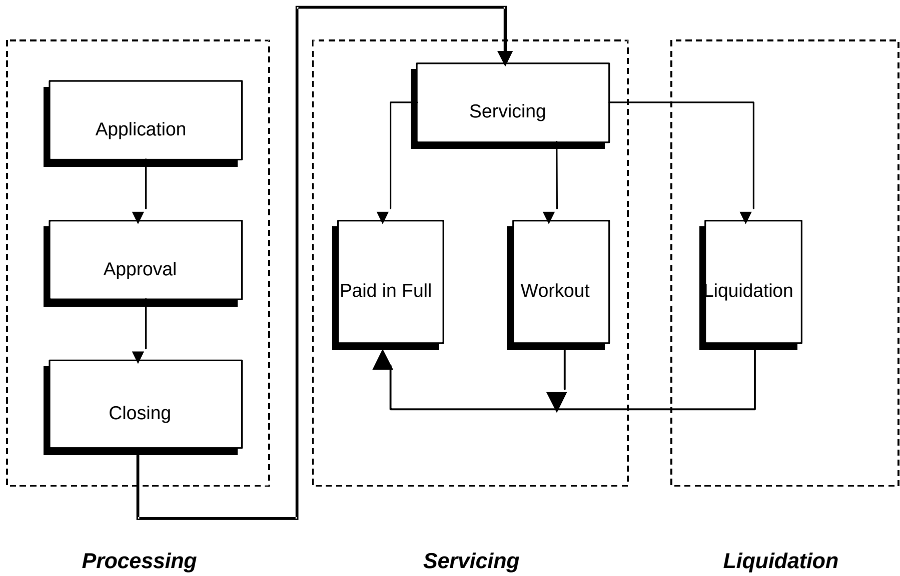
a) Identify/define the high-level processes.

Overview: SBA receives applications for loan guarantees, processes those applications, services guaranteed loans as well as direct loans, and liquidates any non-performing SBA-serviced loans. The description is based upon a regular 7(a) loan guaranty application, although the process is very similar for most SBA guaranties. The exception to this analysis is the LowDoc Loan Program (LD) and the Preferred Lender Program (PLP). LD loans have a reduced set of information requirements, an abbreviated review process (36 hours) and loan authorization. PLP loans have few information requirements, an abbreviated review process (1 business day) and a 1-page loan authorization.

The Guaranty Process as a whole encompasses the full life cycle of a loan, from application through payment in full or liquidation.

- **Processing**: encompasses application, approval and closing
- **Servicing**: includes all loan actions handled up through payment in full and loan workout
- **Liquidation**: the process of recovering value from defaulted loans

Exhibit 1
Loan Guaranty Processes



Source: Guaranty Procedures Team

b) Identify/define the processes that are unique to your agency

Processing

Application Process

Lenders submit guaranty applications for some of the loan programs to their local SBA District/Branch Office. Each of the sixty-nine District Offices receives and processes guaranty applications. In addition, together the dedicated PLP (PLP and SBAExpress) and two LowDoc Processing Centers handle approximately 70 percent of all 7(a) loan applications. Information requirements for SBA loan applications vary depending on the sub-program. Many of the sub-programs have slightly different forms and other paperwork requirements and participation criteria. The processes are entirely manual and require the lender to deviate from its non-SBA loan processing. Some lenders process the application as they would any small business loan and after deciding to seek an SBA guaranty later collects the additional documentation required by the Agency. The lender enters the loan information into its internal loan processing system and then must transfer the data to SBA forms for submission by mail or fax.

Currently, SBA clerks enter minimum data on each loan application into the existing Loan Accounting System. At time of application, approximately 55 data elements are collected on regular 7(a) loans and even less data are collected for PLP and SBAExpress loans. SBA offices rely on the paper loan file folder for additional information, as it is needed. SBA has piloted on-line entry of loan applications by lenders for the former FA$TRAK (now SBAExpress) program, and loan reporting for MicroLoan. The pilot requires lenders to enter data into their internal system and then duplicate the data entry into the SBA system.

Upon arrival at a SBA office, a loan application is logged into the centralized Loan Application Tracking System (LATS). This tracks the application from receipt through final action (screen-out, withdrawal, decline or approval) and funding. In addition, some SBA offices rely on local tracking systems to maintain additional data elements for the application process – as well as disbursement, servicing, and liquidation processes. After the loan application is entered in LATS, it is then screened to ensure that it contains all required information and forms. The current screening process may require several days for a clerk to request receive and add missing information and/or correct incomplete or inaccurate information. Once the application package is complete and accepted for processing, a loan officer reviews the application.

Approval Process

The loan approval process may vary by District Office and by loan officer. While detailed standard operating procedures are intended to establish uniform procedures for making guaranty decisions, local practices sometimes rely on local interpretation and can lack consistency. In general, however, a loan officer performs a review of the application, prepares a loan officer's report detailing the specifics of the loan and recommending approval or decline, and drafts the loan authorization if the recommendation is to approve. This may take from a day to several weeks depending upon the complexity of the loan, workload, and local procedures. Once the loan officer reaches an initial decision, the loan officer forwards the application to a senior loan officer for supervisory review and action. The "rule of two" requires that two authorized SBA employees agree on the final decision.

The senior loan officer performs a review of the application, loan officer's report, and draft authorization (if applicable) and either agrees or disagrees. This process may take from an hour to several days, again depending on workload and local processes. If the senior loan officer disagrees with the processing loan officer, the entire package is reviewed by a third level of authority to resolve the split decision.

The above process is expedited within the LD and PLP Centers, where the procedures are standardized. The typical processing time for LD of 36 hours and PLP is less than one day.

Approved applications additionally require legal review by an attorney in the District Office for compliance with SBA regulations. The legal review is intended to include consideration of all legal issues. Although not expressly authorized in some offices counsel extends his/her review to financial issues including loan credit worthiness or underwriting. The legal counsel also reviews the draft loan authorization and may make recommendations for changes. The processing loan officer is then responsible for any subsequent changes and finalization of the documentation. Some offices may require entry of the results of the legal review into local tracking systems. Processing Center's legal review is centered in loan eligibility and/or franchise review – the loan application is not subjected to additional financial review by Center legal staff.

Once an application has been approved, a clerk obligates SBA funds in the Loan Application Tracking System (LATS). The SBA office transmits a written confirmation of the approval to the lender, along with any required documentation. The loan authorization requests the lender to forward the guaranty fee the Denver Finance Center. In some instances lenders do not provide the guaranty fee to SBA on a timely basis, or do not provide the fee altogether.

Time to complete the process to this point – from submission of the application to approval, obligation of SBA funds, and production of legal documents – currently ranges from several days to as long as six weeks. Timeliness is dependent on the subprogram, the District Office, and the staff involved. As a form of comparison, Nations Bank handles over 100,000 small business loans a year in centralized processing centers, yet is able to maintain a cycle time of 11 minutes per application for approval. However, it should be noted that this is a 'best case' scenario where the loan application is for small loans ($50,000 and under), applicant is a known customer with existing accounts and/or loans and Nations Bank has immediate access to customer data. The LD and PLP processes are most comparable to this lender's practices and currently account for approximately 70 percent of all guaranty loans with these loans being approved within 24-36 hours.

As part of the loan approval process, SBA approves a period of time during which the loan should be disbursed. This period is typically ___ days. However, in practice the lender may take between one day and twelve months to fully disburse the loan or release the SBA guaranty loans. If a loan is approved in one fiscal year, and cancelled in a different fiscal year, the Agency generally does not have the ability to recoup this program authority to make a loan(s) to another borrower. In some cases, the lender will activate the loan with the SBA guaranty, but delay or neglect to forward the guaranty fee to SBA.

Closing Process

The lender is required to begin reporting to SBA on the status of all guaranteed loans immediately upon approval. This notification is through the SBA Form 1502 reporting process. Lenders also notify SBA of the final disbursement of the loan, usually through the manual completion of an SBA Form 2004 and with submission of the 1502 report. The length of time between SBA's obligation of funds and final disbursement can range from one day to twelve months – and in a few cases, longer. Lenders also provide information for first, interim and/or final disbursements through the 1502 process. Not all lenders provide timely and/or accurate reports on their SBA loan portfolio. Therefore, there have been instances of non-reporting lenders notifying SBA of disbursements when making a request to purchase – but reporting problems are addressed in the "As Is" Servicing section.

Assuming a loan is performing, the submission of SBA Form 2004 triggers the transfer of the loan file from the District Office or PLP Processing Center to one of two centralized commercial loan servicing centers. An exception is LowDoc loans, which are transferred immediately following approval.

It should be noted that throughout Loan Closing, Servicing and Liquidation, Administrative Actions are required whenever there are changes to the loan's terms and conditions. These require review and documentation by a loan officer, legal review in some cases, and final authority approval. These actions are identified as SBA Form 327 Administrative Actions. Most of these actions are entered into the mainframe legacy database and the forms are filed in the loan docket file.

Servicing Process

Servicing Process

When a loan arrives at the appropriate servicing center, the loan information is immediately entered into a local proprietary, internal tracking system and the loan folder is filed. All direct loans (primarily disaster home and business loans) are assimilated into the process at this point. Assuming the loan always remains in current status and is ultimately paid in full, the loan file may never be accessed again. However, it is estimated that 50 percent of 7(a) loans and 80 percent of direct loans will require a loan modification during the life of the loan.

At the end of each month, SBA produces a file of all SBA guaranty loans and provides that file to an external contractor. Each lender is required to report the status of every guaranty loan in its portfolio by the third day of each month, using a 1502 form. This monthly reporting system replaced a system that required only quarterly loan status reports from the lender. For those lenders that have not automated, the reporting process requires the lender to perform duplicate data entry, first while updating the lender's system and again for transport to SBA. The lender may provide the information, however, in one of several formats: electronic disk, via e-mail file, hard copy paper, or electronic tape. SBA requires all lenders to report certain data elements, although the order and format of reporting these elements may vary. The 1502 report serves three purposes: reporting on the status of the loan; transmitting the loan payment for loans sold in the Secondary Market; and transmitting the ongoing servicing fee for loans approved since 1997.

The reports received by the external contractor are assimilated into one format and transmitted via electronic tape to SBA between the 21st and the 30th of each month. OCIO then breaks the information down and places the information into the central mainframe system. The servicing centers and District Offices also receive hard copy lists of those secondary market loans that are not performing. This may duplicate the information available in the mainframe.

As a result of the cumbersome monthly reporting process, loan status data provided to SBA is always approximately 30 days behind. The lender reports the last month's loan status to an external contractor. The external contractor spends 25 days formatting the information and transmitting it to SBA's central office, and an additional ten days elapse before this information is disseminated to the field. As a result, a servicing center or district office is looking at a loan status that is 65 days old. At 60 days, benchmark lenders, the best performers identified by Booz Allen, have already designated a loan in default or have initiated a workout in consultation with the SBA.

All non-performing loans and loans whose monthly 1502 reports contain errors, as identified by the external contractor, are flagged for both servicing center and District Office actions. Error messages are generated by either non-reporting, or invalid entries. In some instances, lenders do not submit any of the required monthly data. This triggers a follow-up by SBA.

The servicing center dedicates up to 360 man-hours every month to determine the cause of the error messages. In one month alone, one service center was responsible for correcting approximately 8,000 errors, which involved contacting each lender to resolve its errors. Additionally, the servicing center dedicates up to 240 man-hours per month to contact lenders and direct loan borrowers with regard to delinquent loans.

When an SBA serviced director purchased loan becomes ten days past due, a past-due letter is automatically generated and sent to the borrower and the account is loaded into a predictive dialing system (Mosaix) to make initial contact with the borrower in attempts to encourage payment.

When a SBA serviced loan is over thirty days past due, Service Center personnel contact the borrower in efforts to persuade the borrower to make payment or initiate a workout plan. Collection loan officers in the service center have the authority to initiate workout plans with borrowers.

A servicing action is any modification to the loan, whether it is superficial (e.g., change in borrower's address) or structural (e.g., change in term). Lenders, borrowers, or District Offices may initiate servicing actions. Most servicing actions are done by the servicing centers, but District Offices perform some servicing.

Servicing requests are received by mail, fax, or e-mail. Once received by the service center, the request is logged into an internal tracking system, and sorted by geography and program. Particular servicing center loan officers are responsible for specific regions and programs. The loan officer reviews the request and makes a recommendation that requires the concurrence of a senior loan officer before the request is approved. If there are any legal implications, the request is also reviewed by a servicing center legal counsel.

Once a servicing action has been completed, the internal tracking system is updated, notice of the change is forwarded to the requester, and the relevant documents placed in the loan file. Turnaround on a servicing action may take from one hour to several weeks. The exception is a unilateral action, for example, a change in the borrower's address, which the lender is authorized to take without approval from SBA. The lender is required to notify the SBA of the unilateral action in writing; however, similar to the lack of lender compliance to monthly loan status reporting requirements, lenders often do not report unilateral actions.

Paid In Full

Approximately 85 percent of all loans reach term and are paid in full by the borrower. The status of paid in full is communicated in the monthly 1502 report. Once the notice of paid in full is received, the servicing center closes out the file, boxes and sends the files to the Federal Record Center that stores the file until final disposal. Because of 1502 errors, a significant number of loans are mistakenly reported as Paid in Full. As these mistakes are identified, the files are requested back from the Federal Records Center and SBA reinstates the loans.

Workouts

Loans that go into payment default but for which the lender and SBA believe that a full loan repayment can be achieved by modifications are classified in a workout status. Loans in workout status require the same steps as routine servicing, except that there is a greater intensity and loan officer seniority required.

A workout is an agreement by the borrower to begin servicing the debt under new payment terms or changes in the structure of the loan. SBA encourages the lender to arrange a workout with severely delinquent borrowers before liquidating assets. This policy often delays any strong action until well after a loan is 120 days delinquent.

For SBA-serviced loans, SBA goes to great lengths to encourage a borrower to agree to a workout plan. In some cases, the District Office will establish a workout as an alternative to liquidation after the servicing center has transferred the loan to the District Office. If a borrower agrees to a workout, the District Office retains the loan for servicing until the borrower has made three consecutive payments. The District Office may elect to retain the loan for servicing permanently even after three payments. As a result, many loans remain in the District Offices for the duration of their term.

Liquidation

Standard operating procedures at SBA "require" that a loan is designated in default for liquidation at 120 days delinquent, but this is rarely the catalyst for initiating liquidation. There is currently no consistent practice used to determine when a loan is designated in default and classified as in liquidation. A loan is classified by SBA as "in liquidation" when it is severely past due or when one of the automatic liquidation triggers occurs. Once a loan has been designated in liquidation, it is packaged and forwarded to the District Office that originated the guaranty. An exception is an SBAExpress loan, which is liquidated by the lender; the file is retained by the Servicing Center until the lender requests SBA to honor the guaranty (Purchase SBA's share). The Servicing Centers process the purchase.

For both SBA and lender-serviced loans, time is critical in collecting against the underlying assets of the loan. The longer the lender or SBA delays in initiating liquidation against a borrower, the greater the cost of obsolescence, degradation, and deterioration.

When a loan is transferred into liquidation, the loan tracking information is placed into a separate SBA mainframe database – Loan Liquidation Tracking System (LLTS).

On guaranteed loans, once a loan is designated "in liquidation," either by SBA or the lender, the lender is responsible for submitting a liquidation action plan detailing the process the lender intends to follow in order to collect on the loan. The SBA District Office liquidation loan officer reviews the action plan and recommends adjustments or approves the plan. For SBA direct loans, an SBA loan officer develops the liquidation plan.

The SBA liquidation loan officer in some cases decides to service a loan on behalf of the lender. Some SBA loan officers have indicated their beliefs that certain small lenders are unable to effectively manage the liquidation alone and some small community lenders do not want to be seen as the "bad guy" and expect SBA to serve as the 'heavy'. This may happen before SBA has purchased the guaranty.

At the same point, the lender is required to provide an update on the status of the borrower's collateral. The lender SBA may elect to contract a third party to appraise the borrower's assets even before it has exercised the guaranty purchase. The assessed value of the collateral may be a factor in determining the liquidation action plan.

SBA historically purchased the guaranty at the point of liquidation designation. The lender may elect to continue servicing the loan despite having a minimal retained interest. As part of its increasing reliance on lenders for on-going actions on a loan, SBA is frequently asking PLP lenders to complete liquidation prior to asking SBA to honor the guaranty.

If the lender requests SBA purchase of a loan, the Agency must process the request. SBA reviews the lender's performance disbursing and servicing the loan as well as its compliance with the guaranty agreement. SBA can either refuse total guaranty payment or repair its payment value (i.e. adjust to a lesser value), if the lender has not complied with the guaranty agreement. SBA rarely denies liability on a loan. More frequently, it works with the lender to adjust the guaranty percentage to account for poor lender performance. Sometimes SBA also allows a lender to correct its failure. For example, if it is learned at the point of purchasing that the lender has neither paid the guaranty fee, nor been paying required monthly servicing fees, SBA rarely denies purchase. Rather, the lender is permitted to make back payments in order to receive its guaranty. District Offices typically attempt to work out quarterly purchase issues because of their fear that failure to do so will damage their relationship with the lenders.

At 120 days past due, the borrower and any responsible Co-Borrower(s) and Guarantors recorded in the mainframe system are sent a mandatory 60 day Due Process Notice. This informs them of SBA's intent to report to Consumer Collection Agencies and the possibility of offset of federal payments (i.e., tax refund, benefits, payments) and/or Federal Salary Offset/Wage Garnishment.

If a deficiency balance remains after all other liquidation actions are taken, SBA attempts to reach a compromise with the borrower to pay a portion of the due amount. The compromise on the amount owed often occurs after SBA has taken legal action or the borrower has received notification of a treasury offset of debt against federal payments due the borrower, either in the form of another federal loan, benefit, or tax refund.

Current SBA standard operating procedures state that a loan must be litigated if the borrower refuses to cooperate and assets have been identified, or the borrower files any form of bankruptcy, including Chapter 7 (no assets).

For SBA-serviced loans, the District Office legal counsel prepares a package for referral to the Department of Justice (DOJ). DOJ assigns an Assistant United States Attorney (AUSA) to proceed with legal action. The SBA District Office legal counsel prepares litigation documents and assists the AUSA in litigating the case. The results of a judgment obtained by DOJ could either be a forced liquidation of assets, or a charge off of the loan when no assets are available.

For lender-serviced loans, the District Office legal counsel monitors the actions of the lender to ensure compliance with the liquidation action plan and the guaranty agreement. In some cases, District Office legal counsel has litigated cases on behalf of lenders as a service.

Once a judgment has been reached, SBA legal counsel reviews the costs of the lender's legal bills before agreeing to purchase the loan. If there is any value left after the lender receives its portion of the assets, SBA receives the remaining value.

The final action SBA takes on a defaulted loan is to charge off any uncollected balance from the agency's balance sheet. Either a liquidation loan officer, or a charge off clerk enters the charge off action in the SBA mainframe system.

The Debt Collection Improvement Act of 1996 requires agencies to transfer delinquent debt over 180 days old, unless specifically exempt, to Treasury for collection action. If the charged off loan is over 180 days delinquent and still legally enforceable, the loan will be forwarded to Treasury for servicing.

If a charged off loan has been compromised or exceeds the statute of limitations (10 years), an IRS 1099C is generated and sent to the borrower and IRS. This is the final SBA action.

Final decision has not been made but it is expected that Treasury will generate 1099Cs for the loans they are servicing. Once this is done, the loan will be returned to SBA, the Agency of record, for final disposition (archive).

Current Disaster Loan Making Business Processes

The Office of Disaster Assistance provides eligible home and business disaster victims with low-interest loans to cover both physical damage (home and business) and economic injury (business). In 1999, home loans represented 80% of the loans processed by ODA. Because of their relative complexity, business loans, although fewer in number, require longer to process than home loans.

Although the ODA's loan programs are aimed at facilitating long-term recovery (in contrast to the immediate and temporary relief and assistance provided by the Federal Emergency Management Administration) ODA aims to establish field presence within 3 days of a formal declaration. Obviously, the disaster site (customer location) is highly situational and unpredictable. The physical loan-making environment does not have the orderliness and atmosphere of a typical mortgage company or bank. Victims may be moved from one temporary shelter to another. Mailboxes may have disappeared with the real property. Telephone and electric lines may be down in some places. In many cases, the recently trained individuals who deliver the loan program on-site are disaster victims themselves.

The uniqueness of certain disaster loan making processes (i.e. loss verification, flood mapping, duplication of benefits checking, etc.) gives rise to requirements that are not normally found in typical private sector lending. This situation and the environment demand high levels of efficiency and reliability from a new DCMM System.

The current loan application process consists of a paper submission. Loan applications are made on paper and all documentation relative to the application is maintained in paper form. These papers are aggregated into a loan case file that travels from one processing point to another until a loan decision is made, proceeds are fully disbursed, and the case file physically turned over to the SBA loan servicing division.

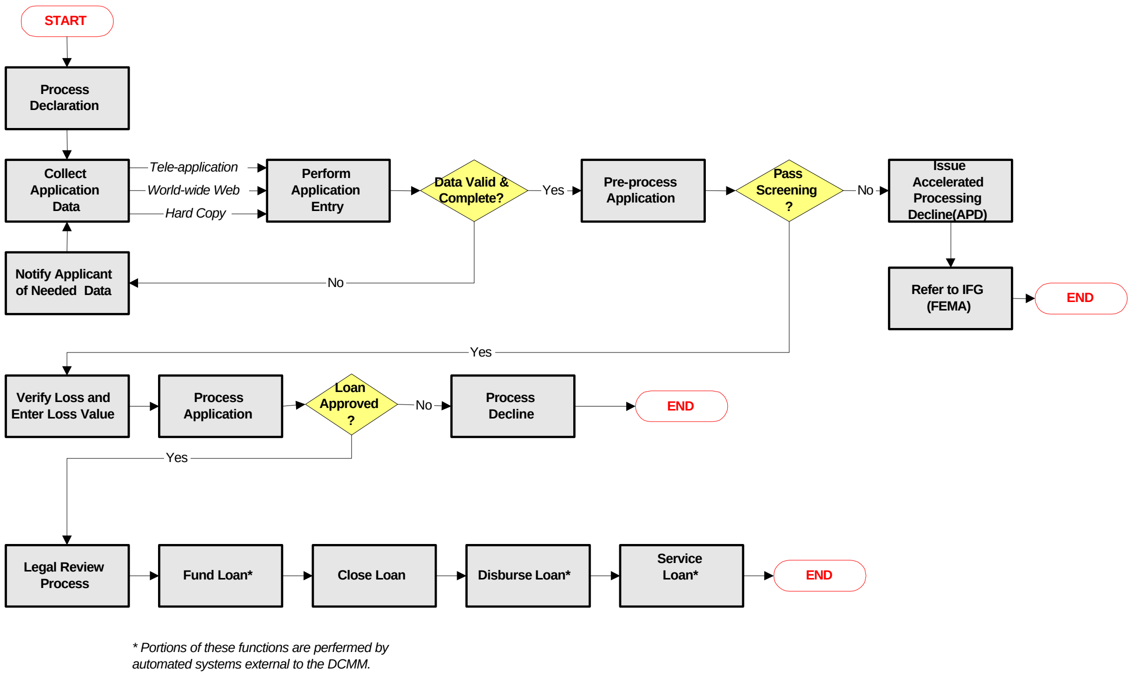
An information-system-oriented description of the current loan making processes follows:

In a typical declared major disaster or emergency involving recovery programs, FEMA coordinates the processes that provide initial registration for Temporary Housing Assistance, SBA Disaster Loans and the Individual & Family Grant (IFG) Program. FEMA registration and processing include application taking, determination of eligibility for temporary housing assistance, home inspection for reported damages, and referrals to SBA and the IFG program. FEMA's disaster assistance automated information and processing system is a decision-making tool that aids FEMA, SBA, the State and voluntary organizations in preventing and rectifying duplication of benefits. Loan applications can be received directly at the disaster location or by mail and forwarded to the area office for processing.

The loan process requires verification of applicant information before final approval and loan funding. ODA employees initiate these verifications by phone, mail, or by using independent software and hardware. Presently, the verifications are time consuming and labor intensive and include the following:

- Duplication of Benefits Check with FEMA
- Credit Reports
- Criminal Records Check
- Tax Returns
- Other Delinquent Federal Debt
- Other SBA Loans

Exhibit 2
Disaster Loan Processing Business Flow



Currently the support functions (i.e. administration, budget, personnel, payroll, etc.) lack any standard automated, integrated system with which to operate. This is evident in the lack of automation in areas such as production management, and workflow and in the diversity of locally developed applications supporting payroll, time and attendance, travel, procurement, inventory, collateral, personal property and personnel. The Joint Accounting and Administrative Management System will provide the SBA with a modern back-office infrastructure that will interface with the DCMM system.

Figure 2 – Disaster Loan Processing illustrates the process flow for disaster loans. The functions performed by the Office of Disaster Assistance will not change with the new system. However, with the implementation of the DCMM System how the functions are performed will change dramatically.

Benchmarking Study Results of Current Processes

Currently, ODA requires seven to twenty-one days to process a loan, from the time a completed application is received. Reviews conducted by ODA of the loan making process indicated that several factors affected the length of time it takes to complete a loan application. Among the key influencing factors are:

- The time involved in verifying and obtaining missing documentation
- Time involved in verifying loss
- Time to prepare loan documentation

The first of these depends on cooperation with the victim, while the others depend upon the ability to bring sufficient staff resources and information together to complete the process.

A loan officer’s productivity varied based on the nature and complexity of the type of loan being made. The basic division is between home loans and commercial loans. On average, loan officers producing home loans average between six and eight loans per day, while those producing commercial loans typically complete two per day. The introduction of ALOR has improved the quality of the work, but not productivity.

Loss verification productivity varies due to several factors, including the type of loan (business or home loan), the geography of the disaster area, the weather, and the complexity of the loss. Because scheduling is done manually, it is not always obvious what the “optimal” grouping of visits might be. This can lead to verifiers traveling long distances between victim locations, reducing the number of visits they can make during a day. Productivity is further limited because of the strong reliance on manual methods. Data about the loss is collected at the victim’s property and manually recorded. Then the verifiers must consult paper catalogs and enter the data into word processors and spreadsheets to document the loss. This data may require entry onto several forms before the verifier is completed, and is not available for automatic entry into loan preparation software. The standard for loss verifiers is 3.5 inspections per day under “ideal” conditions.

Need for Change

As the SBA addresses system modernization, it recognizes that its information technology (IT) must be responsive to the demands of changing business needs. Modernization includes implementation of a sophisticated information technology architecture (ITA). The SBA ITA bridges the gap between business needs and IT, and provides a broader context for the intersection of business requirements, technology and market trends, and IT solutions. The SBA ITA is a framework that guides the engineering of Business, Information, Application, and Infrastructure components of IT systems through a logically consistent set of principles, policies, and standards in a way that ensures alignment with business needs.

3. Loan Programs

Information Required:	❑ Identify/define your agency's loan programs. 13. What are the loan funding channels (e.g., direct, guaranteed, insured and crisis)? 14. What is the total annual dollar amount for each of these programs? 15. What is the total number of annual loan awards? 16. What is the average size of each of the awards? ❑ Provide any additional facts and statistics that may be valuable in supporting the business case. ❑ For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

a) Identify/define your agency's loan programs

Locations

SBA has 69 District Offices where they receive and process guaranty applications. Lenders submit guaranty applications for some of the loan programs to their local SBA District/Branch Office. SBA loan approval for the Preferred Lenders Program (PLP) is conducted at the SBA's PLP Center in Sacramento, CA. In addition, together the dedicated PLP (PLP and SBAExpress) and 2 LowDoc Processing Centers handle approximately 70% of all 7(a) loan applications.

Program	**Delivered Through**	**Description**	**Loan Funding Channels** (direct, guaranteed, insured, or crisis)	**Annual Dollar Amount Awarded FY01**	**Number of Annual Awards FY01**	**Average Size of Awards**
Preferred Lenders Program		The SBA delegates loan approval, closing and most servicing and liquidation authority and responsibility to carefully selected lenders. Such authority must be renewed at least every 2 years and the SBA reviews the lender's portfolio periodically.	Guaranty	$5,318,817,000	13,477	
Basic 7(a) Loan Guaranty	Commercial lending institutions	Provides short- and long-term loans to eligible, creditworthy, start-up and existing small businesses that cannot obtain financing on reasonable terms through normal lending channels.	Guaranty	$9,893,966,000	42,957	Up to $750,000
Defense Loan & Technical Assistance (DELTA)	Commercial lending institutions	Helps defense-dependent small businesses adversely affected by the defense cuts diversify into the commercial market through financial and technical assistance. Loans must be used to retain jobs of defense workers, create new jobs in impacted communities, or modernize/expand to diversify operations and remain in the national technical and industrial base.	Guaranty	$3,720,000	7	Up to $1.25M
Community	SBA district	Creates new, sustainable jobs and preserves existing jobs in	Guaranty	7(a) $29,404,817	87	

Program	Delivered Through	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount Awarded FY01	Number of Annual Awards FY01	Average Size of Awards
Adjustment and Investment (CAIP)	offices, resource partners	businesses at risk due to changed trade patterns related to the North American Free Trade Agreement (NAFTA). Business applicants must be located in CAIP-eligible communities.		CDC $24,338,783	26	
Export Working Capital (EWCP)	NADBank, SBA, US Dept. of Agriculture	Enables the SBA to guarantee up to 90% of a secured loan, or $750,000, whichever is less. Loan maturity may be up to 3 years with annual renewals. Loans can be for single or multiple export sales and can be extended for pre-shipment with working capital, post-shipment exposure coverage or a combination of the two. Proceeds can only be used to finance export transactions.	Guaranty	$166,951,000	419	Up to $750,000
International Trade Loan (ITL)	Commercial lending institutions	Offers long-term financing to small companies engaged or preparing to engage in international trade, as well as to small businesses adversely affected by import competition. The SBA can guarantee up to $1.25M for a combination of fixed-asset financing and working capital. The working-capital portion cannot exceed $750,000.	Guaranty	$269,204,000	773	Up to $1.25M
Low Documentation Loan (SBALowDoc)	Commercial lending institutions	Reduces the paperwork involved in loan requests of $150,000 or less. The agency uses a 1-page application that relies on the strengths of the applicant's character and credit history. Once an applicant satisfies all of the lender's requirements, the lender may request a LowDoc guaranty from the SBA.	Guaranty	$718,424,000	8,737	Up to $150,000
SBAExpress	Commercial lending institutions	Encourages lenders to make more small loans to small businesses. Participating banks use their own documentation and procedures to approve, service and liquidate loans of up to $150,000. In return, the SBA guarantees up to 50% of each loan.	Guaranty	$617,493,000	11,766	Up to $150,000
CommunityExpress	Specially designated commercial lending institutions	Spurs economic development and job creation in untapped rural and inner-city communities by providing loans and technical assistance. This nationwide program is available in pre-designated geographic areas only.	Guaranty	$31,000,000	324	Up to $250,000
Loan Prequalification	Specially designated commercial lending institutions, the National	Enables the SBA to pre-qualify an applicant for a 7(a) loan guaranty on a loan application of $250,000 or less before the applicant goes to a bank. The program focuses on the applicant's character, credit, experience and reliability rather than assets. An SBA-designated intermediary works with the business owner to review and strengthen the loan application.	Guaranty	$22,500,000	Approx. 300	Up to $250,000

Program	Delivered Through	Description	Loan Funding Channels (direct, guaranteed, insured, or crisis)	Annual Dollar Amount Awarded FY01	Number of Annual Awards FY01	Average Size of Awards
	Community Reinvestment Coalition	The review is based on the key financial ratios, credit and business history and the loan-request terms. The SBA's Office of Field Operations administers the program.				
Microloan – 7(a) Loan Program	Nonprofit intermediaries	Provides short-term loans of up to $25,000 to small businesses for working capital or the purchase of inventory, supplies furniture, fixtures, machinery and/or equipment. Proceeds cannot be used to pay existing debts or to purchase real estate. SBA-approved nonprofit groups make the loans and provide management and technical assistance. The SBA does not guarantee the loans. The Microloan Program is available in selected locations in most states.	Guaranty	$31,761,607	2,434	Up to $25,000
Certified Development Company (CDC) – a 504 Loan Program	Intermediary lenders	Provides long-term, fixed-rate financing to small businesses to acquire real estate, machinery or equipment for expansion or modernization. Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender, a loan secured with a junior lien from a CDC covering up to 40% of the total cost, and a contribution of at least 10% equity from the borrower.	Guaranty	$2,260,367,000	5,213	Up to $1M
Disaster Home Loan		Directs disaster loans to homeowners and renters to repair/replace disaster damaged property	Direct, Crisis	$714,742,900	43,519	
Disaster Business Loan		Directs disaster loans to small businesses for: 1) physical damage to business property or 2) Economic Injury Disaster Loans (EIDL) for economic loss suffered by businesses as a result of a declared disaster.	Direct, Crisis	$295,882,200	5,333	

Note: Understand that 7(a) business loans and Certified Development Co. are cumulative and the breakdown is by delivery method.

b) Additional Facts/Stats regarding loan programs

-

c) For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

- The Surety Bond Guarantee and Preferred Surety Bond Guarantee (PSB) are out of scope since they are more G2B focused rather than G2C.

4. System Inventory

Information Required:	❑ Identify/define the applicable systems within your agency that will be part of the eLoans initiative? 1. Identify program office or agency division if relevant. 2. Identify the high-level loan process that the systems supports (e.g., application, eligibility, originating, servicing and fulfillment) 3. Identify the current platform of the front-end (citizen-facing) and backend systems. 4. Identify the system owner as in-house or licensed. 5. Identify the Operations and Maintenance Contractor? 6. Identify the location of the physical location of the system assets. 7. Identify the cost of Operations and Maintenance Contract per year. ❑ Provide any additional facts and statistics regarding your systems that may be valuable in supporting the business case.

a) Identify/define your agency's systems

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Automated Loan Control System (ALCS)								
Denver Finance Center Systems (DEN)		Supports CFO in fulfilling SBA's financial processes						
Financial Institution File Processing (FIR)		Provides a method of maintaining information regarding lenders						
Loan Accounting Allotment System (LAA)	CFO / OFA	Manages all SBA Business Loan Funds (BLF) and Disaster Loan Fund (DLF)	MF					
Loan Approval System (LAB)	CFO / OFA	Collects transactions from various input subsystems and updates the loan database nightly	MF					

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
		Monday through Friday. Transactions add new loans, update existing loans, perform general ledger posting and daily reconciliation reporting.						
Suspense System (LABD)	CFO / OFA	Allows for the recommendation and approval of Edit Error Corrections to items that are in suspense	MF					
327 Loan Approval Modifications (LABH)	CFO / OFA	Allows a users to enter modifications to selected data values of a loan, such as the approval amount, the SBA/Bank guaranty ration or the loan repayment terms (for direct loans)	MF					
Guaranty Loan Purchase System (LABW)	CFO / OFA	Allows SBA to purchase defaulted SBA-guaranteed loans from lenders	MF					
1416 Direct Loan Disbursement (LAB0)	CFO / OFA	Allows users to enter, modify, schedule and cancel the disbursement of direct loan funds to borrowers	MF					
Daily Cycle (DCY)	CFO / OFA	Updates the Loan Accounting Database, RDMS suspense database, general ledger files and transaction register files with formatted transactions for a specified group number	MF					

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Loan Accounting Reports (LAN)								
Micro Loan System (LAM)		Designed to provide the Financial Assistance Division access to accounting functions, control of loan funds, control of lender records, loan approvals, loan disbursements, loan modifications and loan tracking.						
Loan Application Tracking System (LAT)	CFO	Allows SBA officials to track loan applications through the review process to approval or rejection	MF					
Loan Accounting On-Line Update (LAU)	CFO / OFA	Provides a mechanism whereby SBA personnel enter online loan accounting transactions can store update requests to be processed at night by the Daily Batch Update Cycle that update Loan Accounting and COLPUR data fields	MF					
Daily Loan Collection Update / Delinquent Loan Collection Reports (LCA)	OFA	Processes loan payments and identifies loans that are delinquent as well as the borrowers whose loan payments are past due	MF					
Loan Collection File Initialization (LCT)								
MMS Report Queue								

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Management (MMS)								
Credit Bureau Reporting (PMB)	OFA	Uses the loan accounting database as input when reporting loan information to the credit bureaus.	MF					
Pre-Authorized Debit (PMD)	CFO / OFA	Provides for the timely collection of loan payments through electronic transfer of authorized debit amounts from consumer bank accounts to the US Treasury	MF					
Loan Experience (PME)	OFA	Statistical analysis producing reports showing the ratio of delinquent to non-delinquent loans by Franchise Codes and Standard Industrial Codes (SIC)	MF					
Guaranty Loan Reporting (PMG)	OFA	Creates the loan accounting transactions to update the loan accounting database	MF					
Litigation & Liquidation Tracking System (PML/LLTS)	OFA / OGC	Provides a method of tracking litigation and liquidation activities associated with a loan using the loan accounting database to obtain current loan information	MF					
Miscellaneous Receivables/IRS 1099C (PMM)	OFA	Reports are sent to borrowers/IRS for those loans who are charged off/deemed uncollectable	MF					

System Name	Program Office	High-level process system supports	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
		or compromised and must claim unpaid monies as income on their tax returns						
Name & Address (PMN)	OFA	Provides an auxiliary name and address file to track additional names that may be associated with a loan	MF					
Portfolio Management Query (PMQ)	OFA / Disaster	Uses the loan accounting and collection database as input and provides SBA personnel the ability to look at different data fields associated with a loan	MF					
Servicing Office Information System (SOI)	OIRM	Designed to allow the display or update of office information by field and central office personnel	MF					

b) Additional Facts/Stats regarding systems

- The Loan Accounting and Collection system maintains and controls processing and tracking on 2.1M loans and 708K active loan accounts estimated at a value of $38.3B.
- The system is transaction driven with approximately 36.6K transactions updated and posted daily.
- The system receives and processes $11 million in collections daily.
- To support the management of its programs, SBA depends on several mission-critical application systems running on a mainframe. Around one quarter of these systems support administrative activities. The remaining systems support SBA loan activities including: loan accounting and collection, loan origination and disbursement, and loan servicing and debt collection. **Total cost of all systems in FY02 is $15,365,000.**

5. Primary Business Partners

Information Required:	❑ Define the primary business partners that work with your agency? (e.g., lenders, banks, brokers, etc.)

Which external entities have established licensing agreements or financial partnerships with SBA? Is there a list of commercial loan servicing centers, SB venture capital firms, Surety companies or other financial entities that deal with SBA on a regular basis?

- Data Equip
- DNC
- Dun & Bradstreet (Credit reports for businesses)
- Choicepoint (Legal filings, title searches, etc.)
- CBR & Equifax (Credit reports for individuals)
- AT&T Language Lines (Translation services)
- California Bank &Trust
- Wells Fargo
- First Union
- San Jose National Bank

6. Risks and Assumptions

Information Required:	❑ Identify any additional risks and assumptions specific to your agency that should be included in the business case.

- There are considerable political risks attached to the recommendations requiring our lending partners to "change the way they do business". Each eLoan related change would necessitate negotiation with external stakeholders prior to implementation.
- Many small businesses currently offer many of the services that effective eLoan portal would provide. SBA is particularly sensitive to any initiative that may be perceived as harmful to small business.
- As eLoan Joint Program Office uses technology more broadly to improve service and cut costs, we must successfully balance the efficiency that comes from automation with the continuing need to accommodate some hands-on provision of services to customers who do not currently maximize Internet technology.
- Reduction in localized/hands-on loan processing could dissolve SBA’s local presence by:
  - Decreasing SBA visibility
  - Weakening personal relationships with local lenders
- Centralization without commensurate strengthening of lender relationship management could isolate SBA from its partners.
- Increased centralization and electronic loan processing must be counterbalanced with stronger loan oversight business processes and systems. If the level of loan/lender oversight lags behind the levels of centralization and expedited processing, the likelihood of imprudent lending and risk increases.
- To the extent that SBA too closely mirrors the practices of commercial lenders, the Agency runs the risk of excluding from participation in its loan programs the very borrowers and lenders who need us the most and those whose needs we were specifically created to address.
- A breach in systems security could compromise SBA's portfolio as well as the funds management systems of our lending partners.
- Will the most technologically competent business partners be in the best position to take advantage of the efficiencies created by an eLoan portal? SBA must take measures to prevent any disparity in services that a "digital divide" can create.

7. Relevant eGovt Initiatives at your agency

Information Required:	❑ Identify any current eGovt Initiatives within your agency.

PLP Prototype Web Application System

The *PLP Prototype Web Application System* is being designed to provide a web-enabled method for SBA's business partners to submit PLP loan applications individually or in a group through a file transfer. The prototype also edits the information, funds the loan, assigns a loan number, calculates the guaranty fee amount and provides immediate feedback to the submitter.

We have processed approximately 100 PLP loans through the PLP prototype web application and all of our test lenders (California Bank &Trust, Wells Fargo, First Union, San Jose National Bank) expressed satisfaction with the application/process.

The system will also provide SBA staff the ability to monitor loan volumes and review individual loans or partner portfolios of loan applications.

Disaster E-gov Initiative

Under the concept of "anywhere, anytime" processing, ODA will receive and efficiently co-process disaster loan applications from any geographic location. The high level of standardization achieved will enable ODA to overcome roadblocks that currently hinder the ability to process information at anytime from anyplace.

In addition to this greater information processing capability, human resource deployment will be more efficient. All personnel (cadre and temporary) in all Area Offices will be well equipped and well trained so as to perform effectively at any location. The primary source of personnel for disaster programs will be from within the ODA organization. The existing pool of human resources, regardless of geographic location, will be fully utilized during a disaster before hiring temporaries.

ODA will work to establish a variety of loan application venues for the applicant's convenience: Tele-application, web application, and paper application. Paper applications will be substantially minimized due to the availability of electronic application media for the convenience of loan applicants. The choice of venues to be opened will be based on the availability of the required infrastructure especially in and around the disaster site. These possibilities will change rapidly, and unpredictably, as technical possibilities change. The standardized infrastructure will allow ODA to utilize optimal technologies as they emerge in specific areas.

With the addition of the electronic file and the ability to process anywhere, there will be no need to transfer physical files for performing most loan-processing actions. The electronic file can be accessed any time from any place. The most visible change will be that ODA personnel who perform functions prior to loan closing will not need the paper file to do their jobs. Moreover, simultaneous access on the same loan application can occur. However, key documents may need to be moved and tracked during the loan closing and disbursement processes.

The development of an integrated disaster database, containing the data shown in the Conceptual Data Model is viewed as the most important opportunity to improve disaster assistance loan making. This is because it will make accessible in electronic form (as opposed to paper) some of the most highly shared data in a case file: the application information, loan officers report, loss verifiers report, loan authorizations, loan and loan modification information, credit bureau data, prior loan information, duplication of benefits information, and chronological logs among others.

8. Opportunities for Outsourcing

Information Required:	❑ Identify any opportunities for outsourcing within your agency.

- We currently outsource 30% of disaster home loan servicing.
- Privatization through sales of business and disaster loan assets (first sale was completed in August 1999). It is estimated that $10 billion of SBA's $50 billion dollar loan portfolio will be sold over the next couple of years. This includes all disaster loans and purchased 7(a) loans. PLP lenders (Preferred Lender Partners) will provide loans servicing and liquidation for about 80% of 7(a) general business loans in FY 2000.

Agency: Department of Veterans Affairs

Information Required:

1. Audience and Business Partners
2. Loan Processes
3. Loan Programs
4. System Inventory
5. Primary Business Partners
6. Risks & Assumptions
7. Relevant eGovt Initiatives
8. Opportunities for Outsourcing

1. Audience & Business Partners

Information Required:	❑ Identify/define the audience as it relates to your agency. What is a citizen? (e.g., at HUD it's homebuyers, homeowners, senior citizens, etc.). ❑ Identify/define any other business partners as it relates to your agency. (e.g., lenders, brokers, etc.).

a) Identify/define the citizens

- Eligible Veteran Homebuyers/Homeowners
- Certain Unmarried Surviving Spouses
- Certain seriously disabled veterans
- Native Americans (living on Federally recognized trust lands)

b) Identify/define the business partners

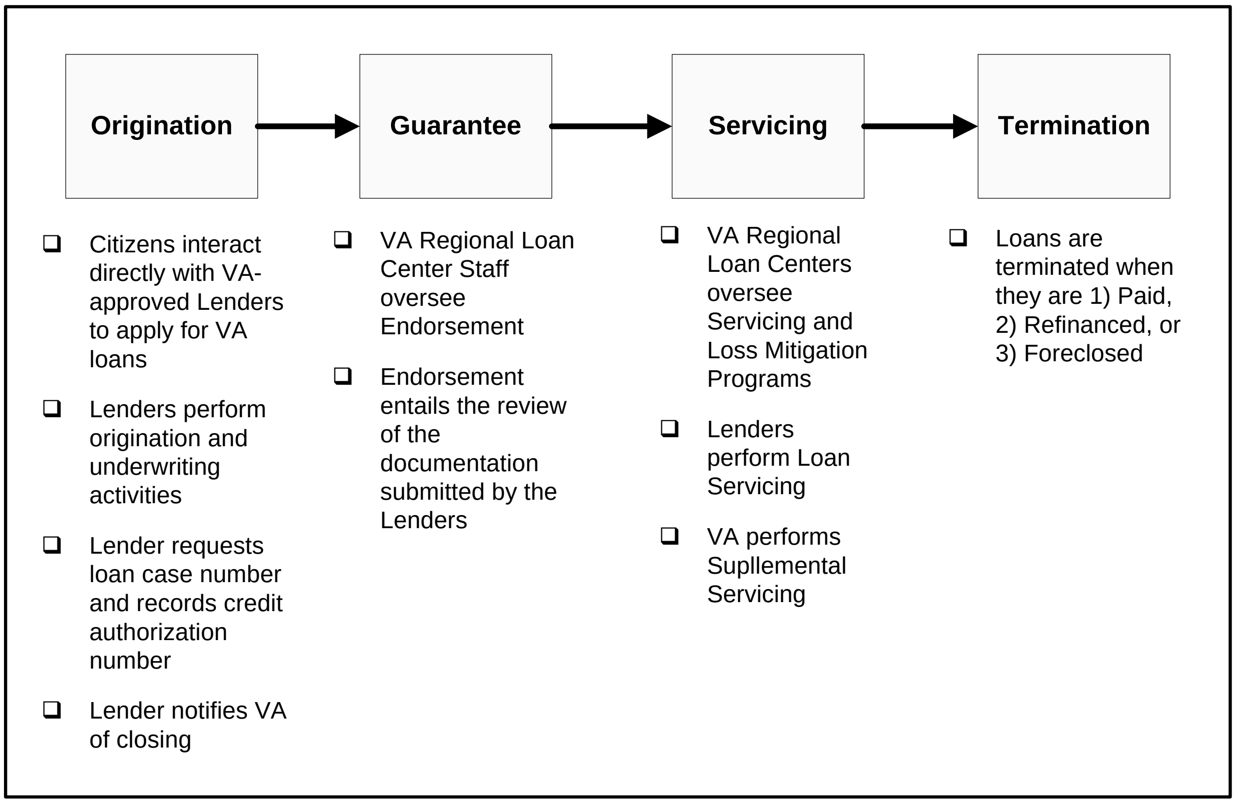
- Lenders
- Brokers
- Tribes
- Counseling Agencies
- Inspectors
- Home Builders
- Appraisers
- Realtors

2. Loan Processes

Information Required:	❑ Identify/define the high-level loan process. What are the primary steps involved in your agency's loan process? (e.g., application, eligibility, originating, servicing and fulfillment). Include relevant process flows if possible. ❑ Identify/define processes that you feel may be unique to your agency. (e.g., USDA deals with commodities therefore an intermediary is responsible to pick-up and store the goods)

a) Identify/define the high-level processes

High Level Process for VA Loan Guarantee



<u>VA Regional Loan Centers:</u> The VA home loan program is primarily a guaranteed home loan program. It is a **benefit** program for eligible veterans. VA has 9 regional loan centers, which process the majority of requests for loan guaranty. Lenders submit loan documentation and, if all criteria are met, VA issues evidence that the loan is guaranteed.

<u>Servicing</u>: Lenders are required to take prudent servicing efforts. VA loan service representatives perform supplemental servicing.

<u>Loan Termination</u>: Housing handles loan termination as a result of three situations: 1) Borrower carries the loan to maturity, 2) Borrower prepays or refinances the loan, or 3) Loan ends in foreclosure. If a borrower defaults, VA pays the claim against the guarantee to the lender who is the current holder of the loan.

<u>Property Management</u>: Upon foreclosure, VA typically becomes the owner of the property. VA manages the properties until they can be sold. Or VA agrees to become the Mortgagee and has a small portfolio of loans, where the borrowers make the monthly payments directly to VA.

- Most home loans are based on the automatic approval process that does not require VA underwriting approval before loan closure.
- VA uses private sector management and sales brokers to manage and sell homes VA acquires after foreclosure.
- VA sells loans to private investors through mortgage trusts.

VA Loan Guaranty collections consist mostly of payments received directly from persons who have purchased one of VA's foreclosed properties (in the case where VA is the actual lender.)

"Collection" is defined as monies received when we sell a foreclosed property and the person obtains their own financing.

VA has a Debt Management Center located in St. Paul, however the Center is mainly involved in trying to recover overpayments from GI Bill edcuation payments, pension overpayments, etc.

b) Identify/define the processes that are unique to your agency

Unlike most other programs, VA’s is a benefit program. One of the unique features we believe we have is an EDI (Electronic Data Interchange) capability for lenders to submit loan packages. Those lenders who wish can create an electronic loan file (credit and income data) and submit it electronically to VA'’ data processing center. The file must successfully pass many edits; however, once it does, the lender received evidence of guaranty within 24 to 48 hours. This is opposed to several days (and sometimes weeks) if the information is mailed to VA where our personnel have to input data. Should the case be selected for audit, the lender will be notified electronically to submit a copy of the complete origination package to the appropriate VA office.

3. Loan Programs

Information Required:	❑ Identify/define your agency's loan programs. 17. What are the loan funding channels (e.g., direct, guaranteed, insured and crisis)? 18. What is the total annual dollar amount for each of these programs? 19. What is the total number of annual loan awards? 20. What is the average size of each of the awards? ❑ Provide any additional facts and statistics that may be valuable in supporting the business case (e.g., HUD endorsed 971,207 mortgages last year). ❑ For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

a) Identify/define your agency's loan programs

Overview: The primary mission is to guarantee loans made to eligible veterans. The home loan program represents a benefit bestowed by Congress on account of the veteran's service to his or her country. The loans are actually made and processed by lenders. The VA guarantee reduces the risk to the lender, which means that, in most cases, a qualified veteran can obtain a no down payment loan. The basic premise is that veterans did not have the opportunity to accumulate funds for a down payment while performing military service, due to the relatively low pay in the military.

VA Loans can be used for the following:

- To buy a home, including townhouse or condominium unit in a VA-approved project. To build a home.
- To simultaneously purchase and improve a home.
- To improve a home by installing energy-related features such as solar or heating/cooling systems, water heaters, insulation, weather-stripping/ caulking, storm windows/doors or other energy efficient improvements approved by the lender and VA. These features may be added with the purchase of an existing dwelling or by refinancing a home owned and occupied by the veteran. A loan can be increased up to $3,000 based on documented costs or up to $6,000 if the increase in the mortgage payment is offset by the expected reduction in utility costs. A refinancing loan may not exceed 90 percent of the appraised value plus the costs of the improvements. Check with a lender or VA for details.
- To refinance an existing home loan up to 90 percent of the VA-established reasonable value or to refinance an existing VA loan to reduce the interest rate.
- To buy a manufactured home and/or lot.

Locations

VA has 9 regional loan centers: Atlanta, Cleveland, Denver, Houston, Manchester, Phoenix, Roanoke, St. Paul, and St. Petersburg. These offices handle origination and servicing activities for the majority of loans. We currently have appraisal functions in over 40 offices; however, we are transitioning to a remote management concept where they will be managed by the regional loan centers.

Program	**Description**	**Loan Funding Channels** (direct, guaranteed, insured, or crisis)	**Annual Dollar Amount FY2001**	**Number of Annual Awards FY2001**	**Average Size of Awards FY2001**
Guaranteed Home Loan Program	This program guarantees mortgage loans made by private lending institutions to finance the purchase	Guaranteed	$31,254,954,728	250,009	$125,015

Program	**Description**	**Loan Funding Channels** (direct, guaranteed, insured, or crisis)	**Annual Dollar Amount FY2001**	**Number of Annual Awards FY2001**	**Average Size of Awards FY2001**
(38 USC, Chapter 37)	of a new or used home. It also permits veterans to refinance existing loans.				
Native American Direct Loans	This is a direct loan program to Native Americans living on trust lands.	Direct			
Insurance Loans		Direct	$82,814,000	28,463	$2,910

Notes: There has not been an Education Loan in 10 years. This loan only exists for CH 35 spouses.

b) Additional Facts/Stats regarding loan programs

- Processing time for eligibility certificates (days) (Housing) in FY2001 was 5. Target for FY2002 is 5.
- Number of FTEs in Loan Guarantee Division in FY2001 was about 1,200.

c) For use in the assumptions section: Identify loan programs that are out of scope and why they are out of scope?

4. System Inventory

Information Required:	
	❑ Identify/define the applicable systems within your agency that will be part of the eLoans initiative? 1. Identify program office or agency division if relevant (e.g., Single Family vs. Multi-Family at HUD). 2. Identify the high-level loan process that the systems supports (e.g., application, eligibility, originating, servicing and fulfillment). 3. Identify the current platform of the front-end (citizen-facing) and backend systems. 4. Identify the system owner as in-house or licensed (e.g., HUD primarily owns all of their systems, but a few are licensed for use by HUD). 5. Identify the Operations and Maintenance Contractor? 6. Identify the location of the physical location of the system assets. 7. Identify the cost of Operations and Maintenance Contract per year. ❑ Provide any additional facts and statistics regarding your systems that may be valuable in supporting the business case.

a) Identify/define your agency's systems

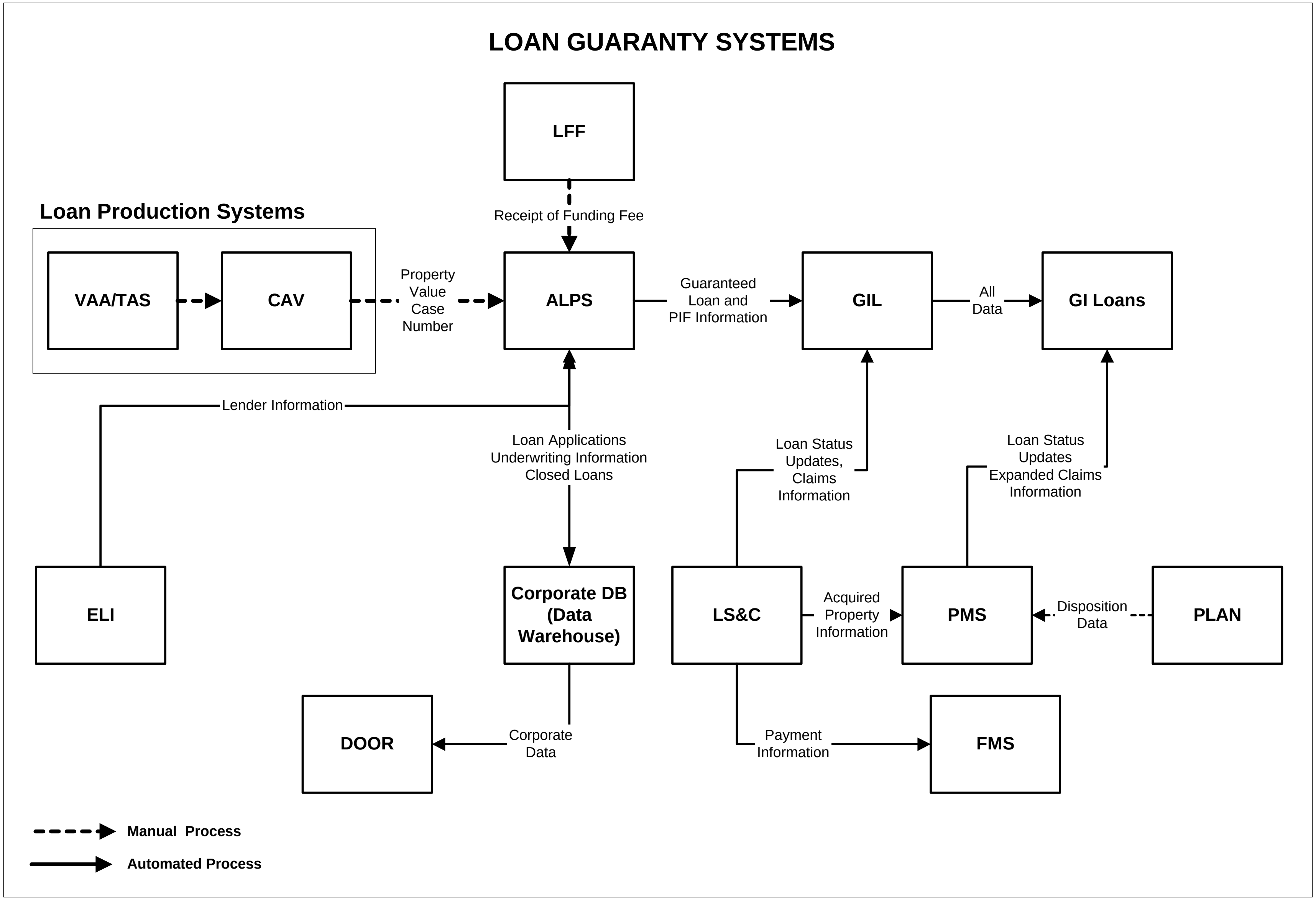
Note: Total Maintenance is an estimated **$2.3M** with the bulk toward corporate applications

System Name	Program Office	High-level process system supports	Application Type	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
ELI (Expanded Lender Information)	LGY	Nationwide Lenders, their agents, staff appraisals reviewers, and underwriters	Corporate	NUMA/Q	In House	N/A	AAC (Austin Automation Center)	AAC (Austin Automation Center) located in Austin, TX	
ALPS (Automated Loan Production System)	LGY	Nationwide Loan Origination Field Office Staff	Corporate	NUMA/Q	In House	N/A	AAC	AAC (Austin Automation Center) located in Austin, TX	

System Name	Program Office	High-level process system supports	Application Type	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
LS&C (Loan Service and Claims)	LGY	Nationwide Loan Servicing Field Staff	Corporate	NUMA/Q	In House	N/A	AAC	AAC (Austin Automati on Center) located in Austin, TX	
GIL (Guaranteed and Insured Loan System)	LGY	Nationwide Loan Guaranty Field Staff	Mainframe	IBM S/390	In House	N/A	AAC	AAC (Austin Automati on Center) located in Austin, TX	
LRA (Loan Guaranty Rapid Access) (termination scheduled for 1/2002)	LGY	Nationwide Loan Guaranty Field Staff	Mainframe	IBM S/390	In House	N/A	AAC	AAC (Austin Automati on Center) located in Austin, TX	
PMS (Property Management System) Will be replaced by CPTS 1/2002	LGY	Property Management Field Staff	Mainframe	IBM S/390	In House	N/A	AAC	AAC (Austin Automati on Center) located in Austin, TX	
CPTS (Centralized Property Tracking System)	LGY	Property Management Field Staff and Fee Personnel	Internet	Internet DPC	In House	N/A	DPC	Philadelp hia, PA	
VAAS (VA Assignment System) Replaced by The	LGY	Construction and Valuation Field Staff	Internet-based	Internet (DPC Servers)	In House	N/A	DPC	Philadelp hia, PA	

System Name	Program Office	High-level process system supports	Application Type	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Appraisal System (TAS) in 1/2002									
TAS (The Appraisal System)	LGY	Appraisers and Construction & Valuation Field Staff	Internet Based	Internet (DPC Servers)	In House	N/A	DPC	Philadelphia, PA	
Lockbox Funding Fee System. VA/Treasury/Mellon Bank Automated Clearing House (ACH) Partnership Will be replaced by Funding Fee Payment System in 3/2002	LGY	Lenders	Internet Based	Internet DPC	Dept. Treasury	N/A	Dept. Treasury	Washington, DC	
NCL (National Control Listing)	LGY	Nationwide Loan Guaranty Field Staff	Intranet	Intranet (VACO Server)	In House	N/A	AAC	Washington, DC	
GI Loans (aka Loan Inquiry)	LGY	Nationwide Loan Guaranty Field Staff	Intranet	Intranet	In House	N/A	AAC	Regional Loan Center located in Roanoke, VA	
C&V (Construction and Valuation)	LGY	Nationwide Construction and Valuation Staff	LAN	45 LAN Servers		ACS	AAC	45 Regional Offices	
PLAN (Property Management local Area Network)	LGY	Property Management Field Staff	LAN	45 LAN Servers	In House	N/A	AAC	45 Regional Offices	
COE (Certificate of Eligibility) To be replaced by ACE (Automated Certificate of Eligibility), an	LGY	Eligibility Determination Staff at 2 Regional Offices	LAN	2 LAN Servers	In House	N/A	AAC	2 Regional Offices	

System Name	Program Office	High-level process system supports	Application Type	Platform	System Owner	Licensed To	Operations and Maintenance Contractor	Location	Annual Cost FY02
Internet based application									
FMS (Financial Management System)	VA -wide	Nationwide Staff	Mainframe	IBM S/390	In House	N/A	AAC	AAC	


LOAN GUARANTY SYSTEMS
LFF
Receipt of Funding Fee
Loan Production Systems
VAA/TAS
CAV
Property Value Case Number
ALPS
Guaranteed Loan and PIF Information
GIL
All Data
GI Loans
Lender Information
Loan Applications Underwriting Information Closed Loans
Loan Status Updates, Claims Information
Loan Status Updates Expanded Claims Information
ELI
Corporate DB (Data Warehouse)
LS&C
Acquired Property Information
PMS
Disposition Data
PLAN
DOOR
Corporate Data
Payment Information
FMS
Manual Process
Automated Process

b) Additional Facts/Stats regarding systems

5. Primary Business Partners

Information Required:	❑ Define the primary business partners that work with your agency? (e.g., lenders, banks, brokers, etc.)

- Lenders must be authorized to process VA loans. Over 4,000 VA-approved lenders.
    - An automatic lender is one that may process a loan or assumption without submitting the credit package to VA for review
- Appraisers must be authorized to process FHA loans.
- A holder is any institution that owns a loan guaranteed by VA. The holder is ultimately responsible for ensuring that all applicable VA policies, procedures, and regulations are followed. In this handbook, the word "holder" refers to both the actual loan holder and any designated servicing agent. When loans have been pooled through the GNMA (Government National Mortgage Association), whoever services the loan and has the right to file and receive payment of a claim under guaranty is considered the holder.
- A servicing agent is an agent designated by the loan holder to collect installments on the loan and/or perform other functions to protect the interests of the holder. The servicing agent may perform any of the actions discussed in this handbook on behalf of the holder, including loan assumptions if the servicing agent is also an automatic lender.

6. Risks and Assumptions

Information Required:	❑ Identify any additional risks and assumptions specific to your agency that should be included in the business case.

Presently we have systems that do not “speak” to each other. While we are addressing this problem, it’s not definite how quickly the problems can be remedied. We are assuming the resources will continue to allow us to work on the problem.

We are also dependent on our lender partners having adequate technology platforms to support our initiatives. This has not always been the case.

7. Relevant eGovernment Initiatives at your agency

Information Required:	❑ Identify any current eGovt Intitiatives within your agency.

EDI (Electronic Data Interchange): This application allows lenders to submit guaranty packages electronically and receive evidence of guaranty within 24 to 48 hours electronically. However, at this point, only about 14 percent of loans are being processed by lenders using this method. We are exploring ways it increase this percentage.

ACE (Automated Certificate of Eligibility): We are developing an Internet based application to permit lenders to determine a veteran’s eligibility. The process will take seconds rather than the days it currently takes using the mail process. We hope to deploy this application in the very near future.

VAFFPS (VA Funding Fee Payment System): We expect to deploy in the very near future a redesigned funding fee payment system. It will be an Internet based application and lenders will get their receipt within a day rather than the current 7 to 10 days.

8. Opportunities for Outsourcing

Information Required:	❑ Identify any opportunities for outsourcing within your agency.