

Module 2:

Category Walkthrough – Bankruptcy

DIRECT LOAN SYSTEM
SPECIAL SERVICING

Bankruptcy

- Bankruptcy may be initialized as a category by itself, or
- Bankruptcy may be initialized as a concurrent category.
 - ▣ Concurrent category allows the user to place an open category on hold and add another category in Special Servicing. At the present time only bankruptcy can be a concurrent category.

Sample Situations

- **Primary borrower is presently being serviced in the 90 Days Delinquent category. The Co-borrower files bankruptcy on own.**
 - **User must put primary Borrower's 90 day category on Hold.**
 - **User must initialize the primary Borrower in the Bankruptcy category.**

- **The Co-borrower files bankruptcy on own. The Primary borrower has no open categories in Special Servicing.**
 - **User must initialize the primary Borrower in the Bankruptcy category.**

Place the open category on Hold.

1. In this example, at the 90 days past due tab, select the hyperlink under open activity.

Open Categories Add Category

90 Days Past Due **Bankruptcy**

Category Name: 90 DAYS PAST DUE
Initialized Date: 05/03/2010 Status: Open Version: 1.2
Default Date: 05/03/2010
Days Delinquent: 164 Edit Category

Function **Activities** **Time Clocks**

Open Activity Paths

Branch	Branch Type	Open Activity	Activity Type	Activity Name	Due Date
	Primary Borrower	A2	Certified Mail	SEND FSA 2510, 2511, AND 1951-C OFFSET LTR TO ALL B BY SEP CERT MAIL	06/01/2010
	Related		Certified	SEND FSA 2510, 2511, AND 1951-C	

2. From the Open Activity section, select the Control Functions button.

Open Category

Category: 90 DAYS PAST DUE
Initialized Date: 05/03/2010 Status: Open Version: 1.2
Default Date: 05/03/2010
Days Delinquent: 164

Branch / Path
Primary Borrower Branch: [redacted] JV Path: A Open
Initialized [redacted] JV into 90 DAYS PAST DUE on 05/03/2010

Completed Activities 

Open Activity

A2: **SEND FSA 2510, 2511, AND 1951-C OFFSET LTR TO ALL B BY SEP CERT MAIL**

Activity Purpose: **BORROWER 90 DAYS PAST DUE. SEND ALL BORROWERS FSA 2510, 2511, AND 1951-C1 OR 1951-C2 OFFSET LETTER BY CERTIFIED MAIL. THE SERVICING NOTIFICATION AND OFFSET LETTER MUST BE SENT IN**

Select Single Outcome

- FSA 2510, 2511, & 1951-C-1 OFFSET LTR SENT TO B BY SEPARATE CERT MAIL
WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER
WAIT FOR CERTIFIED MAIL FSA 2510 & 2511
- FSA 2510, 2511, & 1951-C-2 OFFSET LTR SENT TO B BY SEP CERT MAIL
WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER
WAIT FOR CERTIFIED MAIL FSA 2510 & 2511
- 1951-C-2 ONLY LTR SENT CERTIFIED MAIL AFTER 1951-C-1 SENT
WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER
- Jump to next activity - Continuation of service
[text input field]
- Jump to next activity - Correction of service
[text input field]

3. Select function
“hold” from the
drop down list.

Activity Completion Process

Category: 90 DAYS PAST DUE
Initialized Date: 05/03/2010 Status: Open Version: 1.2
Default Date: 05/03/2010
Days Delinquent: 164

Branch / Path
Primary Borrower Branch: [redacted] JV Path: A Open
Initialized [redacted] JV into 90 DAYS PAST DUE on 05/03/2010

Control Function

Step 1 of 2. Select the desired control function.

Select Function: --- Select Function ---
Select Reason: --- Select Reason ---

Continue to Next Cancel

- Select Function ---
- End Path
- End Category
- Category Hold

4. Select Reason
“Bankrupt” from the
drop down list.

Activity Completion Process

Category: 90 DAYS PAST DUE
Initialized Date: 05/03/2010 Status: Open Version: 1.2
Default Date: 05/03/2010
Days Delinquent: 164

Branch / Path
Primary Borrower Branch: [redacted] JV Path: A Open
Initialized [redacted] / JV into 90 DAYS PAST DUE on 05/03/2010

Control Function

Step 1 of 2. Select the desired control function.

Select Function: Category Hold
Select Reason: --- Select Reason ---

Continue to Next Cancel

- Select Reason ---
- Appeal
- Assign
- Bankrupt
- Civil
- Convert
- Suspense

Sep-07-2010 17:09 PM
| USDA Intranet | FSA

5. Verify the information displayed is correct, then select **Continue to Next Step** button.

6. The system returns the **Final Confirmation** screen. Verify the information is correct, then click the **Submit** button.

Control Function

Step 1 of 2. Select the desired control function.

Select Function:

Select Reason:

Due Date Days: Alert Date Days:

Activity Completion Process

Category: 90 DAYS PAST DUE
 Initialized Date: 05/03/2010 Status: Open Version: 1.2
 Default Date: 05/03/2010
 Days Delinquent: 164

Branch / Path
 Primary Borrower Branch: / / JV Path: A Open
 Initialized / JV into 90 DAYS PAST DUE on 05/03/2010

Final Confirmation

Step 2 of 2. Confirm the Activity Detail, Selected Outcome, the Next Activity for the Current Path, and the Next Activity for Related Entities.

Activity A2: SEND FSA 2510, 2511, AND 1951-C OFFSET LTR TO ALL B BY SEP CERT MAIL
 Completion Date: 10/14/2010
 Comments:

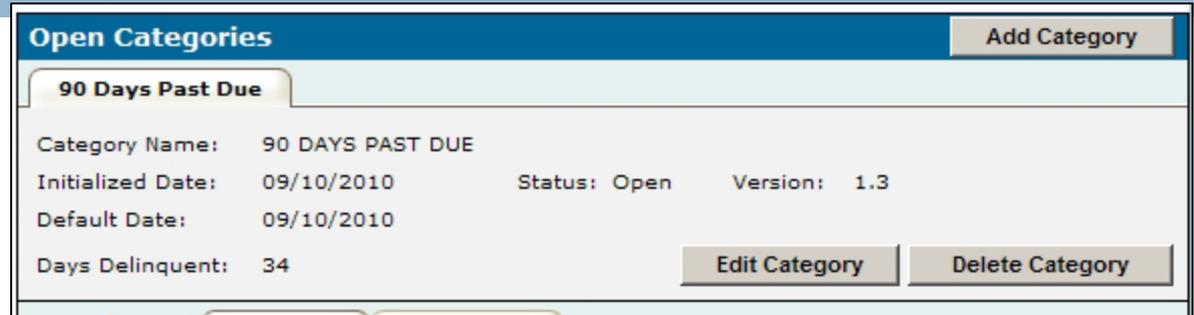
Control Function Actions	
Selected Function	Selected Reason
Category Hold	Bankrupt

The 90 Days Past Due tab will now show the Status of Hold and Hold Reason.

Open Categories		Add Category
90 Days Past Due		
Category Name:	90 DAYS PAST DUE	
Initialized Date:	05/03/2010	Status: Hold Version: 1.2
Default Date:	05/03/2010	Hold Reason: Bankrupt
Days Delinquent:	164	Edit Category

Adding category Bankruptcy while an open category is pending

1. Select “Add Category”

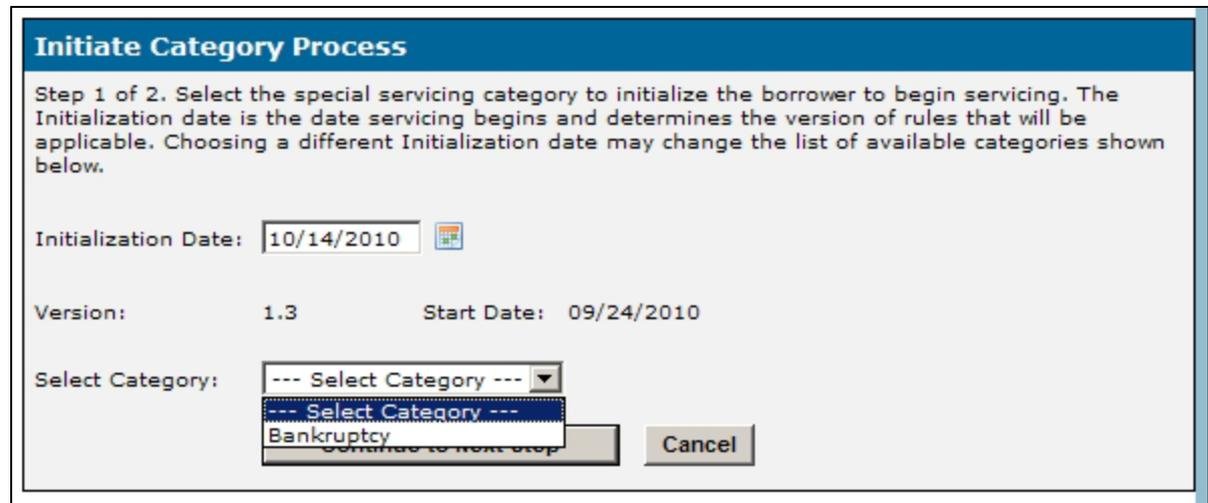


The screenshot shows a web interface titled "Open Categories" with a blue header bar. In the top right corner of the header is a button labeled "Add Category". Below the header, there is a tab labeled "90 Days Past Due". The main content area displays the following information:

Category Name:	90 DAYS PAST DUE	Status:	Open	Version:	1.3
Initialized Date:	09/10/2010				
Default Date:	09/10/2010				
Days Delinquent:	34				

At the bottom right of the form, there are two buttons: "Edit Category" and "Delete Category".

2. Enter the Initialization Date and Select Category Bankruptcy. The Bankruptcy Category is the only category that may be added from the drop down box. Click “Continue to Next Step” button.



The screenshot shows a web interface titled "Initiate Category Process" with a blue header bar. Below the header, there is a text block:

Step 1 of 2. Select the special servicing category to initialize the borrower to begin servicing. The Initialization date is the date servicing begins and determines the version of rules that will be applicable. Choosing a different Initialization date may change the list of available categories shown below.

The form contains the following fields and controls:

- Initialization Date: with a calendar icon.
- Version: 1.3
- Start Date: 09/24/2010
- Select Category: A dropdown menu with the text "--- Select Category ---" and a list of options, including "Bankruptcy".
- Buttons: "Continue to Next Step" and "Cancel".

3. Enter the date of default as outlined in the DLS quick user reference.

4. Select the Bankruptcy Parties involved in the bankruptcy filing. The user may select more than one bankrupt party under the Selected column. If the Party Name is listed more than once, the user may only select the Party Name one time.

Initiate Category Process

Step 2 of 2. Validate the selected Category, select the Bankrupt Party, validate the Activity Assignments and Submit to Initiate the Category.

BANKRUPTCY
BANKRUPTCY

Date of Default: 10/14/2010 

Category Type: Bankruptcy

Select the Bankrupt Parties

Selected	Party Name	Loan #	Relationship
<input type="checkbox"/>	JV	3	Primary
<input type="checkbox"/>	ANN	3	Coborrower
<input type="checkbox"/>	ALAN	3	Coborrower

Activity Assignments

Branch	Branch Type	Activity Type	Activity Name	Due Date
JV	Primary Borrower	Standard	SELECT BANKRUPTCY TYPE - COMPLETE DATE WHEN FSA RECD BAP NOTICE	09/08/2010

5. Follow the normal process to update and complete activities.

Open Categories						Add Category
90 Days Past Due		Bankruptcy				
Category Name:	BANKRUPTCY					
Initialized Date:	09/14/2010	Status:	Open	Version:	1.2	
Default Date:	09/14/2010					
Days Delinquent:	30	Edit Category		Delete Category		
Function						
Activities		Time Clocks				
Open Activity Paths						
Branch	Branch Type	Open Activity	Activity Type	Activity Name	Due Date	
JV	Primary Borrower	A1	Standard	SELECT BANKRUPTCY TYPE - COMPLETE DATE WHEN FSA RECD BAP NOTICE	09/14/2010	

Reminders that were pending from the category that was placed on “hold” are moved to the postponed reminder section as shown below.

Reminders		Special Servicing			
Reminders					
	Pending Reminder	Due	Alert		
	A1,SELECT BANKRUPTCY TYPE - COMPLETE DATE WHEN FSA	09/14/2010	09/14/2010		
	Bankrupt	10/14/2011	09/29/2011		
	Postponed Reminder	Due	Alert		
	A1,SEND FSA 2510, 2511, AND 1951-C OFFSET LTR TO A	06/01/2010	06/01/2010		
	A2,SEND FSA 2510, 2511, AND 1951-C OFFSET LTR TO A	06/01/2010	06/01/2010		
	A2, WAIT FOR CERTIFIED MAIL, 1951-C OFFSET LETTER	06/19/2010	06/11/2010		
	B1,WAIT FOR CERTIFIED MAIL FSA 2510 & 2511		2010		

Reminders are Paused since the Category was put on Hold.

Action that needs to be taken when the bankruptcy case is resolved.

- If the bankruptcy case is dismissed, or completed and closed with or without a discharge, the user will end the bankruptcy category as described in the DLS User Guide.
- The user will then resume servicing of the category on “hold” as applicable and described in the DLS User Guide.