



USDA SECONDARY MARKET LOANS PAYMENT REPORTING PROCEDURES

Colson Services Corp. is commonly designated by an investor to serve as its secondary market fiscal and transfer agent ("FTA") for guaranteed portions of USDA loans purchased in the secondary market. As designated FTA, Colson provides lenders with a standard remittance form to help facilitate payment pass-through and reporting for USDA-guaranteed loans sold in the secondary market.

LENDER'S REMITTANCE FORM FOR USDA LOANS

If the USDA Assignment Guarantee Agreement for a sold loan indicates CDR & Co. (the nominee name for Colson Services Corp.) as assignee or holder, Colson is acting as the investor's secondary market agent. When payments are collected from borrowers, the lender must pass-through the secondary market portion of those payments to Colson, along with a completed remittance form.

To allow for the proper posting of USDA loan payments to the guaranteed portions Colson is servicing, lenders are required to forward payment remittance information with any payment remitted to Colson. Lenders may reproduce the Lender's Remittance Form for USDA Loans or duplicate an exact facsimile in computerized format for reporting purposes. Colson accepts remittance forms in hard-copy format (e.g., a typed form or computer printout) or on electronic media.

REMITTANCE DUE DATES

Lenders are reminded that it is their responsibility to complete and submit their remittance forms and payments to Colson subsequent to receipt of borrowers' payments. In order to facilitate the pass-through of payments by Colson to investors in a timely manner, the lender may elect to remit payments in one of two ways:

1. Payment is remitted to Colson immediately after lender's receipt of a borrower's payment.
2. All payments received by lender in a given reporting period, that is, the first calendar day of the month through the last calendar day of the month, are aggregated and remitted to Colson. Payments are to be received by Colson no later than the recommended due date, which is the third calendar day of the month, or the next business day if the third is not a business day. Payments reported are as of the last calendar day of the month immediately prior to the due date.

Example: For the month ending January 31, 2000, the remittance due date to Colson is February 3, 2000. A lender's remittance form would indicate the guaranteed portions of payments collected on sold loans (less lender's servicing fees) throughout January, 2000.

IMPORTANT NOTICE: USDA secondary market loan payments passed-through to Colson should NOT be commingled with remittance information or payment remittances associated with other loan programs, e.g., SBA Form 1502 for 7(a) loans.

REQUIRED INFORMATION

Payment remittance form instructions are included herein and a sample remittance form is attached for your reference. Questions concerning the proper completion of the remittance form can be directed to Colson's Customer Service Group at (877) 245-6159.

In certain instances, multiple line entries for a given loan may be required on the remittance form, such as when:

- More than one payment transaction occurred for a given loan in the period;
- An interest rate change occurred during the period that affected the interest payment reported, e.g., an annual-paying loan, with varying quarterly interest rates.

If multiple payments are reported for a loan, be certain that *Total to FTA* column for each line contains the sum of the amounts indicated in the *Guaranteed Portion Interest and Guaranteed Portion Principal* columns. Also, be sure to report the USDA Loan Number with each line of information reported for a given loan.

