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Loan Monitoring: One System, Many Agencies

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Introduction

When new federal loan programs are created, the primary focus is on getting them off the ground quickly. Building a robust loan monitoring system to track those credits is equally important. Artificial intelligence (AI), predictive insights, and other technology increase efficiency and enable scalability, integration, real-time reporting, and automation. However, modernization efforts among agencies remain disjointed, which leads to the following questions:

> Sharing creates a flywheel of innovation where the entire ecosystem gets **smarter, faster, and more secure**.

- Why can't there be a single, shared loan monitoring system for all federal credit programs?
- What would it take to build one?

One of the most important topics around federal technology is not just how to modernize, but how agencies can modernize together.

The Current Loan Monitoring Landscape

There are a few reasons a standard loan monitoring system for all federal credit programs does not already exist. The short answer includes historical practices, customization, and control. Over the years, every agency has developed its own loan monitoring system, each with varying degrees of complexity, support, and modernization. Some are built on mainframes, others are client-based, and some are web-based custom apps built 10 or 15 years ago. When faced with a system upgrade, nearly every agency has reinvented the wheel by building a new, custom solution from scratch. Even though federal credit programs have nearly identical functionality (including origination, monitoring, disbursements, and repayment) each agency took its own path. This separation leads to inconsistency, duplication, and increased costs.

One of the biggest myths in federal credit programs is that federal credit program needs for loan monitoring are unique. Summit has worked with multiple agencies that required almost identical features. Portfolio managers track disbursements, monitor covenants, write risk reports, process repayments, and track the same sets of data. The workflows are also similar. Any differences (such as environmental impact reporting or grant-loan hybrids) can be handled with modular customizations and do not require separate platforms.

Downside to Siloed Systems

There are many downsides to having siloed systems across agencies, which can add up in dollars and in operational drag. The biggest challenges include the following:

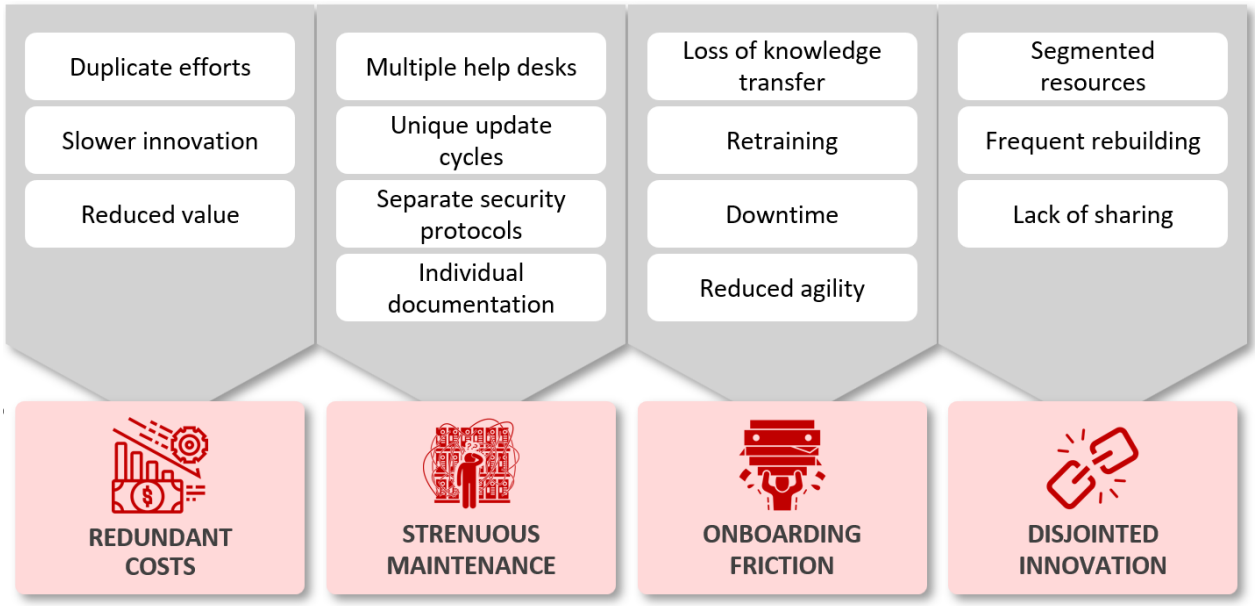
- **Redundant cost.** Agencies are spending tens of millions of dollars to build and maintain systems that complete the same activities: tracking loans, monitoring compliance, and processing payments. Instead of pooling resources and building once, each agency has procured, developed, and supported its own solution, often repeating another agency's work. This rework leads to massive duplication, slower innovation, and less bang for the taxpayer's buck.
- **Strenuous maintenance.** Every system requires ongoing maintenance:
  - A dedicated help desk and technical support
  - Unique software updates and patch cycles

- Separate security reviews (accreditation and compliance)
- Individual documentation and user guides

Multiply that across 10, 15, or even 20 federal credit programs, and the result is a government-wide IT burden that is decentralized with each agency reinventing the wheel in isolation.

- **Onboarding friction.** When staff move between agencies, or between loan programs within a large agency, they often encounter a completely different platform. Each platform requires new logins, new layouts, and new workflows, which means retraining and downtime. This reduces overall agility in the workforce because knowledge of one system does not transfer to the next.
- **Disjointed innovation.** If an agency builds a unique new feature, such as automated covenant tracking or a better disbursement calendar, that innovation stays siloed. Other agencies are unable to use it unless they rebuild it themselves.

Figure 1: Challenges of working in a siloed environment



With a shared, consistent user interface, transitions could be smoother and reduce time-to-productivity for new hires or reassigned staff. Additionally, a standard platform enables automatic sharing of improvements. If one agency invests in a new AI model or dashboard, every agency benefits. This sharing creates a flywheel of innovation where the entire ecosystem gets smarter, faster, and more secure over time.

Establishing a shared loan monitoring system enables shared infrastructure, shared development roadmaps, shared security, and seamless compliance protocols. This efficiency could flip the entire model. Each enhancement would result in a collective benefit across agencies. A shared system would be cost-effective, easier to maintain, and faster to deploy. Most importantly, it would enable continuous improvement across the federal credit landscape. It's not only about saving money, it's about building a smarter, more connected government.

Highlights of a shared platform—
- Joint infrastructure
- Custom modules
- Integrated AI
- Real-time data
- Better outcomes for borrowers, taxpayers, portfolio managers

Barriers to Building a Shared System

Despite the benefits, a shared system has not been developed yet. There are four primary barriers to building a shared system across agencies:

- **Security and data governance.** Agencies need to meet strict security standards like FedRAMP High and FISMA. Each agency's borrower data must be strictly isolated so there's no risk of cross-agency data access or Freedom of Information Act exposure. However, other shared systems like *MAX.gov* and *Login.gov* already manage that level of segmentation.
- **Perceived uniqueness.** Many programs believe their requirements are unique and that they need a customized software platform. In reality, 80% to 90% of functionality is common across federal credit programs.
- **Procurement and control.** Agencies often want to own their systems, even if that means duplicating efforts. A shared platform requires interagency governance, which can be politically and operationally complex. Shared procurement models such as cloud marketplaces and interagency working groups demonstrate that collective ownership can still preserve agency autonomy.
- **Legacy integration.** Many agencies still rely on old financial or document systems. A shared platform must have APIs and middleware that integrate smoothly or provide paths to migrate away from those legacy systems. However, modern integration frameworks and low-code tools now make it easier to connect legacy systems without major disruptions.

The technology and knowledge exist to solve these challenges. Federal credit programs need vision, leadership, and incentives to drive a unified approach.

The Vision—What One System Could Look Like

Picture a federal loan platform hosted by the U.S. Department of the Treasury, the Office of Management and Budget (OMB), or a shared services provider. Each agency gets its own secure, segmented "room" that is isolated in terms of data access but runs on the same infrastructure.

The system would support the following:

- ☑ Origination workflows
- ☑ Loan monitoring dashboards
- ☑ Loan accounting, disbursement processing, and repayment tracking
- ☑ Periodic risk reports
- ☑ Covenant and compliance reporting

Each agency could customize its modules. For example:

- ☑ An environmental loan program could add an emissions tracker.
- ☑ A rural development program could add infrastructure milestones.
- ☑ A hybrid grant-loan program could toggle on dual funding workflows.

The core platform stays the same—but every agency builds on top of a strong foundation.

Benefits of a Single, Shared Platform

There are several benefits to a single, shared loan monitoring platform across federal agencies:

Cost efficiency. Right now, agencies are spending tens of millions of dollars building and maintaining custom platforms, and many of these complete 90% of the same activities. A shared system results in the following:

- Consolidated infrastructure
- Streamlined development
- Reduced redundancy in contracts

Instead of every agency buying their own software licenses or hiring developers to build similar tools, the agencies can pool those resources and build one-for-all federal credit programs. This efficiency lowers the total cost of ownership while still allowing for agency-level customization.

Consistent user experience. When staff move between agencies, or even between programs, they should not have to relearn basic tasks like uploading borrower documents, reviewing covenant status, or generating reports. Having a single, familiar interface leads to the following:

- Faster onboarding
- Lower training costs
- More time to focus on mission-critical work rather than learning another software system

This consistency is especially important in the federal government, where talent moves between agencies or where contractors support multiple departments.

Speed to launch. Right now, it can take 12 to 24 months to build out a loan system from scratch when a new federal credit program is created. With a shared platform, new programs benefit from the following:

- Start from an existing foundation
- Ability to configure as needed
- Live system within months, not years

These advantages are huge when responding to urgent national needs, like disaster relief or emergency lending programs.

Simplified maintenance. Instead of a dozen different systems with separate help desks, update schedules, documentation, and security protocols, maintenance activities can be streamlined. This simplified process consists of the following:

- One help desk
- One set of technical documentation
- One security framework
- A set of APIs to govern integrations

Streamlining reduces complexity, improves response times, and ensures consistent compliance with federal IT standards like FISMA and FedRAMP.

Single source of innovation. Most importantly, custom improvements can be made instantly available across agencies in a shared environment. For example, an agency may invest in an AI-powered disbursement tracker or build an enhanced dashboard for risk alerts. Rather than duplicating development, agencies can collaborate and build off each other's momentum, creating a platform that improves with every upgrade, enhancement, and use case.

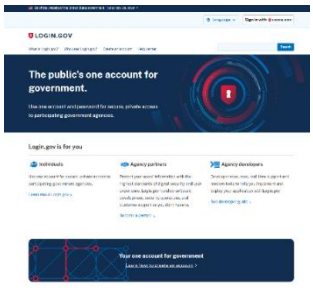
Sharing innovation and resources turns every agency into an R&D partner for the federal credit community. Instead of building silos where each agency solves the same problems independently, programs would work together and evolve the platform as a community. This collaboration creates momentum, unlocks creativity, and ensures public resources are spent wisely, not repeatedly.

This is how we move from patchwork solutions to a coordinated, forward-thinking digital infrastructure—one that truly supports the future of federal lending.

Requirements and Recommendations

The path forward and recommended actions for turning this vision into a reality are as follows:

- **Build a baseline platform.** Start with core workflows, such as origination, monitoring, disbursements, and loan accounting. Build in modular architecture so agencies can toggle features on or off. Keep it cloud-native, API-first, and FedRAMP-compliant from day one.
- **Look at what has worked before.** The following blueprints exist for interagency collaboration:

MAX.gov is used across agencies for budgeting and collaboration.	*Login.gov is a single sign-on tool integrated into dozens of agency systems.*	*Grants.gov standardizes grant submissions, while allowing agency-specific forms.*
		

- **Identify a champion.** This initiative will not move forward without leadership. Treasury or OMB could drive this as a government-wide initiative. Or a forward-thinking agency could build a pilot system and invite others to onboard as it scales.

Closing Thoughts

These are small strategic steps for a shared system. Not every agency needs to fit in the same box, but opportunity exists for a shared foundation that is secure, modern, and flexible. Agencies no longer need to choose between customization and collaboration. With today's platforms, federal credit programs can have shared infrastructure, custom modules, integrated AI, real-time data, and better outcomes for borrowers, taxpayers, and portfolio managers.