

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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**Farm Storage Facility Loan Program  
1-FSFL**

**Amendment 25**

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**Approved by:** Acting Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 11 A has been amended to remove a duplicate eligibility requirement for FSFL borrowers.

Subparagraph 14 B has been amended to clarify that CCC-297 shall be filed with the appropriate county real estate records before loan closing.

Subparagraph 15 J has been amended to allow STC, or representative, to conduct additional reviews of FSFL's if STC determines necessary.

Subparagraphs 43 A and 115 A have been amended to clarify that CCC-297 shall be filed with the appropriate county real estate records before loan closing.

Subparagraph 117 E has been amended to clarify that an estimate of the closing costs and the amount required for the down payment is to be inserted in the letter notifying the applicants of loan closing for those loans involving real estate.

Subparagraph 118 D has been amended to clarify that CCC-297 shall be filed with the appropriate county real estate records before loan closing. If CCC-297 is not obtained before loan approval, a condition of approval on CCC-185 shall be receipt of the required CCC-297.

Subparagraph 121 E has been amended to clarify when County Offices shall obtain CCC-191.

Subparagraph 136 A has been amended to clarify that FSFL's must be disbursed through the APSS software.

Subparagraph 150 C has been amended to remind County Offices not to change the installment amount due on the reminder and notification letters that prints out at SOD the first workday that is 45 calendar days before the FSFL installment due date.

**Amendment Transmittal (Continued)**

**A Reasons for Amendment (Continued)**

Subparagraph 150 J has been added to direct STC, or representative, to quarterly review the Repayment Status Report and ensure that the County Offices are sending the required demand letters timely and following correct procedure for collecting any delinquent payments.

Subparagraph 151 A has been amended to clarify that only on those FSFL’s secured with real estate is proof of payment of real and personal property taxes due annually.

Subparagraph 152 A has been amended to clarify that the County Offices must annually obtain proof of multi-peril crop insurance for the entire term of the loan.

Subparagraph 172 A has been amended to include a list of information that must be provided to PSD in the National Office on FSFL’s included in a bankruptcy filing.

Subparagraph 181 A has been amended to have County Offices notify their State Office of pending liquidations.

Subparagraph 203 H has been amended to instruct County Offices to contact PSD in the National Office, through the State Office, for instructions and guidance on using the liquidation software contained in the automated FSFL system.

Subparagraph 347 A has been amended to clarify that all FSFL’s must be disbursed through the APSS software.

Subparagraph 361 C has been amended to revise the table clarifying the repayment process and date to use for installment payments.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
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	12-3, 12-4	
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	19-71, 19-72	
	20-1, 20-2	

## 11 Eligible Borrowers

### A Basic Requirements

[7 CFR 1436.5] An eligible borrower is any person, as defined in Exhibit 2, who, as a landowner, landlord, operator, producer, leaseholder, tenant, or sharecropper:

- has a satisfactory credit history as determined by CCC
- has no delinquent Federal nontax debt as defined by DCIA of 1996 unless the delinquent debt is resolved before FSFL is disbursed
- is a producer of facility loan commodities as defined in Exhibit 2
- provides proof of multi peril crop insurance offered under the Federal Crop Insurance Program
- is in compliance with USDA provisions for highly erodible land and wetlands

\* \* \*

- demonstrates the ability to repay the debt resulting from FSFLP
- demonstrates compliance with the National Environmental Policy Act at 40 CFR Parts 1500-1508
- demonstrates a need for increased storage capacity
- demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures
- provides all peril insurance and, if required, flood insurance
- has not been convicted under Federal or State law of a controlled substance violation, according to 1-CM, Part 30.

**Note:** CCC-526 does not apply to FSFL's.

11 Eligible Borrowers (Continued)

**B Determining Borrowing Entity**

County Offices shall:

- determine the borrowing entity from County Office records, if available
- allow borrowers who are otherwise eligible to enter into joint loans with another eligible borrower if adequate security requirements can be met
- not allow schemes to avoid the maximum loan limit.

**Note:** Generally, the borrowing entity will be the producer:

- of facility loan commodities that require storage at the proposed storage location
- who meets all other requirements
- \*--inform borrowers requesting joint loans, or borrowers who are partnerships or joint ventures, that all reminders and pertinent information on the loan will be sent only to the contact producer
- inform borrowers on joint loans, secured by real estate, that the contact borrower will receive IRS-1098 for the entire amount.

**Example:** Three brothers obtained a joint loan. One brother will be the contact borrower and receive IRS-1098 for the entire loan.--\*

**12 Eligible and Ineligible Equipment (Continued)****D Used Structures**

Loans may be approved for new components of used structures that are purchased and moved to a new location. Allowable net cost items are those such as:

- site preparation
- foundation material and off-farm paid labor
- off-farm paid construction labor to erect the used bin
- new doors, new roof panels, and new rings needing replacement.

Items ineligible for loan are those such as:

- the cost of the used structure
- \*--the cost to disassemble and move the used structure.--\*

**13 Term of Loan****A Maximum Term**

[7 CFR 1436.7] The maximum term of the loan shall be 7 years from the date of the execution of CCC-186.

**B Extensions**

No extensions of the loan term are authorized.

**14 Security for Loans****A Secured by CCC-186's**

[7 CFR 1436.8] All loans shall be secured by CCC-186 covering the farm storage facility. CCC-186 shall:

- grant CCC a security interest in the collateral
- be executed as required by applicable State law.

## 14 Security for Loans (Continued)

### B Prior Liens on Real Estate

CCC's security interest in the **collateral**, such as the actual storage structure, shall constitute the sole security interest in collateral. If prior liens on the underlying real estate attach to the collateral, County Offices shall:

- unless waived by Regional OGC, obtain CCC-297 from each prior or superior lien holder and each person, including the borrower, having an interest in the real estate on which the collateral is to be located before approving the loan

**\*--Notes:** CCC-297 shall be filed with the appropriate county real estate records before loan closing.--\*

See paragraph 118 for more details.

- not allow any additional liens or encumbrances to be placed on the storage facility after the loan is approved unless CCC approves otherwise in writing.

### C Real Estate Lien Requirements

A lien on the real estate on which the farm storage facility will be located is required if any of the following apply:

- a loan amount exceeds \$50,000
- the aggregate outstanding loan balance exceeds \$50,000
- COC determines as a result of financial analysis that additional security is required

For loan amounts secured by real estate, CCC's interest in the real estate shall be superior to all other lien holders. If the real estate is covered by a prior lien, a lien subordination may be obtained by a form approved for use in the State by the Regional Attorney.

**Exception:** If FSA holds a superior lien on applicable real estate through an FLP loan, a subordination is not required. However, a junior real estate lien is required.

If prior lien holders will not subordinate to CCC, COC may approve alternative forms of security, such as:

- subsequent lien position
- first lien on different realty
- letter of credit.

**15 Loan Amount and Loan Approvals (Continued)**

**I Approval Expiration**

Loan approvals expire 4 months after the approval date, unless extended in writing for up to an additional 4 months by STC.

**Note:** See paragraph 123 for further details.

**J STC Concurrence**

STC or its representative shall:

- concur before disbursement with the first 3 applications filed and approved each FY at an administrative County Office regardless of the amounts requested

**\*--Note:** Additional reviews, including those following loan disbursement, may be--\* conducted if determined necessary by STC.

- document concurrence in the loan folder
- initiate corrective action where necessary.

**16 Downpayment**

**A Minimum Downpayment**

[7 CFR 1436.10] A minimum downpayment shall be:

- the difference between the net cost of the storage facility and the amount of the loan determined by paragraph 15
- made by the loan applicant to the supplier or contractor before the loan is disbursed.

**B Allowances**

The downpayment must be in cash. The cash may be the result of a loan. County Offices shall ensure that downpayments obtained from loans are accounted for when determining the borrower's capability of repaying a loan.

16 Downpayment (Continued)

C Exclusions

The downpayment shall not include any of the following:

- discount
- rebate
- credit
- deferred payment
- post-dated check
- promissory note to the supplier or contractor
- trade-in value.

17 Disbursement

A Inspection and Approval

[7 CFR 1436.11] CCC shall disburse the loan when the farm storage facility has been:

- delivered
- constructed
- assembled
- installed
- inspected and approved by a COC representative
- determined to be free of liens other than CCC's by a final lien search.

B Evidence of Total Cost

Disbursement will be made only if the borrower provides satisfactory evidence of the following:

- total cost of the facility
- payment of all debts on the facility in excess of the amount of the loan
- required downpayment.

C Joint Disbursement

Disbursements shall be made jointly to the borrower and the contractor or supplier.

**Exception:** Disbursement may be made to the borrower if the County Office determines the borrower has paid the contractor or supplier all amounts that are due and owing with respect to the facility.

42 Applications (Continued)

F Loan Folders

County Offices shall:

- prepare a separate 6-position or similar folder for each CCC-185
- file all applicable documents in the folder
- safeguard the original CCC-186 and security documents in a custody file
- according to 25-AS.

G Example of Manual CCC-185

Following is an example of a manual CCC-185.

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This form is available electronically. Form Approved - OMB No. 0560-0204

<b>CCC-185</b> (08-20-01)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		<b>FOR COUNTY USE ONLY</b>	
<b>LOAN APPLICATION AND APPROVAL FOR FARM STORAGE AND DRYING EQUIPMENT LOAN PROGRAM</b>				<b>1. LOAN IDENTIFICATION NUMBER</b>	
Privacy Act and Public Burden Statements on Page 2		2A. Name and Address of Loan Applicant (Including ZIP Code)		2B. Tax Identification Number	
Clark Farm Inc. 282 State Route 245 Penn Yan, NY 14527		2C. Telephone Number (Including Area Code) (315) 536-8989		3. Requested Loan Amount \$ 29,256.00	
4. Purpose of Loan (For example, loan to purchase, construct, erect, install or remodel the farm storage facility.) Construct 3- 15,000 bushel (28' diam by 10 rings) grain storage bins with grain spreader and motor, inside and outside ladders, perforated floor with aeration system and motor, installed on concrete foundations, to store corn and soybeans. See attached list.					
5. Facility Equipment described in Item 4 needed for the storage, drying, or handling of the estimated production of the listed commodities on the farm.					
A.	B.	C.	D.	E.	
Farm Number	Commodities	Acres	Yield Per Acre	Total Production for Each Commodity (Item 5C times Item 5D = Item 5E)	
999, 1652	CORN	400 X	100 =	40,000	
452, 888	SOYBEANS	400 X	40 =	16,000	
		X	=		
		X	=		
		X	=		
		X	=		
		X	=		
F. Total Production from Item 5E. ➔				56,000	
G. Total Estimated Production Times 2 (Item 5F times 2) ➔				112,000	
H. Existing Capacity ➔				8500	
I. Additional Capacity Needed ➔				103,500	
J. Capacity of Proposed Storage Structure Described in Item 4. ➔				45,000	
K. Eligibility and Proration Indicator (Item 5I minus Item 5J) ➔				58,500	
6. Date Facility Equipment Purchased or Tentative Purchase Date (MM-DD-YYYY) 07/01/00			7. Name of Company Where Facility Equipment Was Purchased Acme Grain Systems Company		
8. Date Facility Equipment Erected or Installed Or Tentative Date to Erect or Install (MM-DD-YYYY) 08/01/00			9. Name of Company That Erected or Installed the Facility Equipment Acme Grain Systems Company		
10. Date Facility Equipment Was/Will Be Delivered to the Farm (MM-DD-YYYY) 07/25/00			11. Location of Real Estate on Which Facility Equipment Was/Will Be Erected or Installed 11 miles west of Penn Yan, New York on State Route 245		
12A. Name of Owner of Real Estate in Item 11 (If Other than Applicant) Richard Clark			12B. Lien Information (Name of Person Having a Lien or Interest in The Real Estate.) Federal Land Bank of Springfield		
<b>13. APPLICANT'S CERTIFICATION</b>					
The Applicant certifies that the statements made on this application are true, complete and correct to the best of the applicant's knowledge and belief, and made in good faith to obtain a loan. Section 1001 of Title 18, United States Code provides for criminal penalties to those who provide false statements on loan applications.					
Are you or any co-applicant delinquent on any federal non tax debt? (If YES, provide details in the remarks) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
A. Signature of Applicant /s/ Richard Clark, President			B. Date of Application (MM-DD-YYYY) 05/15/00		
C. Signature of Co-applicant			D. Date of Application (MM-DD-YYYY)		

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43 Processing an Application

A County Office Action

County Offices shall process an application as follows.

Step	Action
1	Collect the \$45 application fee and accept a complete application.
2	Conduct a lien search when there is a sufficient description of equipment, and file financing statement on the collateral.
3	<p>For loans where a real estate lien is required, inform the applicant that he or she must obtain a CCC-approved attorney or a title company for title clearance. The attorney or a title company should perform all lien searches.</p> <p>For loans where a real estate lien is not required, County Offices shall conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility to determine whether severance agreements must be obtained.</p>
4	Determine the storage need for increased storage capacity based upon existing storage availability and cropping history.
5	Obtain and analyze a credit history report.
6	Complete a financial analysis to verify applicant has financial ability to provide downpayment and to pay future installments.
7	Obtain CCC-190 for waivers of prior liens on collateral such as the storage structure, if applicable.
8	Obtain CCC-297 from holders of liens on real estate underlying the intended *--storage facility, including the borrower. CCC-297 shall be filed with the appropriate county real estate records before loan closing.--*
9	Verify that aggregate outstanding FSFLP balance for each borrower is less than or equal to \$100,000.
10	Verify compliance with DCIA of 1996.
11	Complete FSA-850. Verify whether the site is located in a flood hazard area and if flood insurance is necessary, complete FEMA 81-93.
12	Verify compliance with National Historic Preservation Act.
13	*--Obtain proof of multi peril crop insurance.--*
14	Verify compliance with HEL and WC provisions.
15	Verify compliance with local land-use laws.
16	Verify that applicant has not been convicted of growing controlled substances.

Part 7 Closing Loans

115 Finalizing Loans

A Finalizing Loans Not Secured by Real Estate

County Offices shall take the following steps, not necessarily in this order, when finalizing loans where the loan is not secured by real estate.

Step	Action
1	If the loan was approved, ensure that funding transmission has taken place and return funding transmission has been received.
2	If the loan is funded, notify the applicant. See an example letter in subparagraph 116 A.
3	If the loan was not approved by COC, notify the applicant. See an example letter in subparagraph 116 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final loan amount exceeds the approved amount, return application to COC for consideration. Obtain funding approval. See paragraph 121.
5	If applicable, prepare CCC-297 and obtain necessary signatures to sever collateral *--from real estate and file appropriate county real estate records before loan closing. See paragraph 118.--*
6	Obtain proof of: <ul style="list-style-type: none"> <li>• multi peril and, if applicable, flood insurance</li> <li>• crop insurance</li> <li>• current real estate taxes.</li> </ul>
7	Inspect the facility. See paragraph 122.
8	Confirm a loan closing date with the applicant.
9	Prepare CCC-186 for the closing date.
10	Prepare checks for the closing date.
11	Within 5 days before loan closing perform a final lien search on the collateral.
12	On the closing date: <ul style="list-style-type: none"> <li>• meet with the applicant and obtain all necessary signatures</li> <li>• distribute checks to producer and other applicable payees.</li> </ul>

115 Finalizing Loans (Continued)

**\*--B Finalizing Loans Secured by Real Estate**

County Offices shall take the following steps, not necessarily in this order, when finalizing loans where the loan is secured by real estate.--\*

Step	Action
1	If the loan was approved, ensure that funding transmission has taken place and return funding transmission has been received.
2	If the loan is funded, notify the applicant. See the example letter in subparagraph 116 A.
3	If the loan was not approved by COC, notify the applicant. See the example letter in subparagraph 116 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final loan amount exceeds the approved amount, return application to COC for consideration. Obtain funding approval. See paragraph 121.
5	The borrower selects a closing agent. Provide a letter to the applicant to use for requesting title clearance and legal services. See the example letter in subparagraph 117 A.
6	Obtain certification of attorney, if applicable, on CCC-296. See subparagraph 117 B.
7	Require title insurance or obtain title opinion. Use CCC-299 for title opinion requests. See subparagraph 117 C.
8	See subparagraph 117 D for transmittal of title information letter.
9	Issue a notification of loan closing to the applicant. See the example letter in subparagraph 117 E.
10	Inspect the facility after it is completed.
11	Prepare CCC-186.
12	*--Issue closing letter to the agent with CCC-186 signed by approving official and other instructions. See the example letter in subparagraph 117 F.--*
13	Write checks for loan proceeds. Provide to the closing agent.
14	The closing agent closes the loan and provides the loan closing statement to the County Office.

\*--117 Closing Loans Secured by Real Estate (Continued)

**D Transmittal of Title Information (Continued)**

5) Other instructions: (insert applicable instructions, such as for homestead designations or lien requirements)

a) Lien priority: (include the applicable requirement)

CCC requires a first lien on the real estate security. All prior mortgagees or other lienholders must provide a subordination of their respective prior liens to CCC on a form acceptable to CCC. The subordination agreements must be recorded.

CCC does not require a first lien, but will accept a junior lien position at least equivalent to the loan amount. All prior mortgagees must also provide a severance agreement on CCC-297.

b) Severance agreement, if applicable, from borrowers and other owners: Other persons or entities who own an interest in the real estate security, but who are not applicants and who will not be signing the promissory note, must sign CCC-297, Severance Agreement. Obtain CCC-297 from borrowers unless OGC waives the requirement.

c) Agreement with prior lienholder: (if required by the Regional Attorney) All prior mortgagees and other lienholders must provide an agreement with prior lienholder.

d) Contractor release of liability: The contractor must certify that all materials and labor have been paid in full, or in the case of partial payment, has agreed to joint disbursement of the loan on CCC-191.

e) other (as applicable).

\_\_\_\_\_  
CCC Representative

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117 Closing Loans Secured by Real Estate (Continued)

E Notification of Loan Closing

County Offices shall use the following letter to notify applicants of conditions to be met and information to be provided before establishing a date for loan closing.

\*--

**NOTIFICATION OF LOAN CLOSING**

Date: \_\_\_\_\_

(Insert name and address of loan applicant)

Your Commodity Credit Corporation (CCC) loan under the Farm Storage Facility Loan Program will be closed soon. To schedule a closing date, you must complete and comply with the items below and return this letter to CCC at the above address by (insert applicable date).

Your loan approval was based on annual farm income, off-farm income, and farm expenses before the date of loan approval. If these amounts have changed since the time of approval or your farm operation size has changed, please contact the County Office.

If you have incurred any debts since (insert date of loan approval) that have an unpaid balance of more than \$500, please list these debts below:

<u>To whom owed:</u>	<u>Amount:</u>	<u>Security:</u>	<u>Monthly payment:</u>
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Provide the closing agent with a standard all peril structural insurance policy insuring the farm storage facility, effective not later than the date of loan closing, and listing CCC as a loss payee. Failure to provide proof of insurance will delay closing of your loan.

CCC requires an inspection of the storage facility before loan closing. Annual inspections will also be done to protect the security interest of CCC.

(Insert other information required for closing)

You will be notified of the time and place of loan closing and any other specific requirements to be met. At loan closing, you will be required to provide payment from your personal funds for the closing costs and the required down payment. From the documentation we have received, this is estimated to be \$\_\_\_\_\_. If you are unable to comply with the above requirements, please notify the County Office immediately.

\_\_\_\_\_  
Signature and title of CCC representative

Enclosures:

I certify that the information provided by me on this letter is accurate. I have reviewed the instructions given by the CCC representative and understand that I must meet the conditions outlined.

\_\_\_\_\_  
Signature of applicant

\_\_\_\_\_  
Date

--\*

## 118 CCC-297, Severance Agreement

**A When CCC-297 Is Required**

To sever FSFL storage structure collateral from real estate, County Offices shall obtain CCC-297 from:

- prior or superior lien holders including FSA
- the borrower if the borrower has interest in the real estate
- \*--the lienholder of the property, where facility is located, if constructed on leased or rented land.--\*

**B When CCC-297 Is Not Required**

CCC-297 is not required if:

- collateral is considered a nonfixture
- an FSFL loan is secured by a first lien on the underlying real estate
- the Regional Attorney waives the requirement for a severance agreement because State law makes using such an agreement unnecessary.

**C State Office Action**

State Offices shall:

- request changes and instructions to CCC-297 from the Regional Attorney
- make CCC-297 a State form
- provide a copy to PSD.

**D County Office Action**

County Offices shall:

- for loans where a real estate lien is
  - required, inform the applicant that he or she must obtain a CCC approved attorney for title clearance

**Note:** The attorney should perform all lien searches.

## 118 CCC-297, Severance Agreement (Continued)

**D County Office Action (Continued)**

- not required, conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility to determine whether severance agreements must be obtained
- \*-file the severance agreement before loan closing in the appropriate county real estate records unless the Regional Attorney waives the filing requirement.

**Note:** If COC approves the loan before receiving the necessary CCC-297's, then ENTER "The receipt of required CCC-297's" on CCC-185, item 18, as a condition of approval.--\*

**E STC Action**

STC's may enter into blanket CCC-297's with lenders if CCC-297's are approved by the Regional Attorney.

## 119 Real Estate Lien Instruments

**A Security Instruments**

State Offices shall develop a real estate lien instrument in consultation with their Regional Attorney. The security instrument may be a real estate mortgage, deed of trust, or other type of instrument. The security instrument must be used for all loans to be secured with real estate. CCC-193 is a real estate mortgage available for FSFLP. CCC-193-D is a deed of trust available for FSFLP.

**B Signatures**

For a lien on real estate, all of the following shall sign the instrument:

- the borrower, **only** if the borrower has an ownership interest in the land
- all persons or entities having an ownership interest in the applicable real estate
- the borrower's spouse shall also sign the instrument in States where spousal signatures are required by statute.

**C Closing Agent Action**

The closing agent shall:

- prepare the instrument
- file or record the original document according to State law.

**121 Final Review of Cost Documents**

**A Acceptable Cost Documents**

County Offices shall review:

- final evidence of total cost
- proof of downpayment
- payment of amounts in excess of the loan.

**Note:** Evidence must be signed and dated by the seller.

**B Examples of Acceptable Evidence**

The following are examples of acceptable evidence of cost documents:

- a sales document or receipt, which is signed and dated by the seller
- a certification, which is signed and dated by the seller or provider of services
- a canceled check, which is supported by a signed and dated sales document
- a receipt, which is signed and dated by the seller or provider of services
- copies or facsimiles of documents with the seller's original signature and date.

**\*--Note:** Seller signatures on sales documents are not required if CCC-191 is on file for an amount equal to the sales document amounts.--\*

**121 Final Review of Cost Documents (Continued)****C County Office Action**

County Offices shall:

- date-stamp original evidence, make a copy for the loan folder, and return original evidence to the borrower
- request applicant to provide any additional information or documentation considered necessary to support costs or downpayment
- verify evidence with sellers, if necessary
- obtain COC reconsideration if final review indicates that:
  - final costs exceed costs on which COC approval was based
  - final documentation includes items not in the original approval
- ensure that all necessary actions and forms have been completed
- calculate the amount to be disbursed according to paragraphs 15 and 16.

**D Trade in Allowances**

County Offices shall not allow trade in allowances.

**Example:** Borrower has an old grain dryer he or she values at \$1,000 to

- trade in to the storage bin distributor
- use towards the downpayment.

**E Release of Liability**

\*--County Offices shall obtain CCC-191 for storage and handling facility construction projects from the following:

- the primary contractor who either constructs or subcontracts all aspects of the facility construction and presents 1 bill to the borrower for the entire FSFL project
- all contractors providing a separate bill for work or services performed in the construction of FSFL, whether their part of the project is included in the final amount of FSFL.--\*

121 Final Review of Cost Documents (Continued)

E Release of Liability (Continued)

\*--CCC-191 is necessary to protect CCC and the loan applicant from the following:--\*

- mechanic's or other liens
- claims arising against the contractor or subcontractors.

The following is an example of CCC-191.

This form is available electronically.		Form Approved - OMB No. 0560-0204	
<b>CCC-191</b> (09-24-03)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
<b>FARM STORAGE FACILITY LOAN PROGRAM                  RELEASE OF LIABILITY</b>			
<p><b>NOTE:</b> The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1438, Title 7, Code of Federal Regulations and the Commodity Credit Corporation Charter Act, 15 U.S.C. 714 et seq. The information will be used to determine the amount of a loan. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in delays to disburse a loan. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 288, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3720, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>			
1. APPLICANT'S NAME AND ADDRESS (Including ZIP Code) Clark Farms, Inc. 282 State Route 245 Penn Yan, NY 14527		2. CONTRACTOR'S NAME AND ADDRESS (Including ZIP Code) Acme Grain Systems Company 114 Hicks Street Penn Yan, NY 14527	
TELEPHONE NUMBER (Including Area Code): (315) 536-9989		TELEPHONE NUMBER (Including Area Code): (315) 536-7261	
<b>3. CERTIFICATION:</b> I hereby acknowledge the receipt of (a) <u>thirty-four thousand, four hundred eighteen</u> dollars (b) (\$ <u>34,418</u> ) which represents full or partial payment of my contract/purchase invoice dated (c) <u>06-20-03</u> for construction or improvement work on the (d) <u>36' Butler Steel Bin</u> with dryer located in (e) <u>NW 1/4 Sec. 26, Penn Yan Twp, Yates County</u> and which is further described in my contract/purchase invoice. (When payment towards part of the total cost has been made by the loan applicant as evidenced by the final cost data on file in the County FSA Office, the remaining cost will be covered by joint disbursement of the loan.) I hereby release the loan applicant and the Commodity Credit Corporation (CCC) from any claims or liens filed against my business, or me, as an individual, on account of injuries sustained by any worker employed by me or by any subcontractor, arising by virtue of this contract/purchase invoice. I hereby also release the loan applicant and the Commodity Credit Corporation (CCC) from any and all claims, liens, and lien rights, of any kind, nature, or description whatsoever, filed against my business, or me, as an individual, by all who provided labor, materials, supplies, or equipment in the construction or improvement work on the above referenced structure.			
3(f). SIGNATURE OF CONTRACTOR <i>/s/ Phil Morehouse</i>		3(g). DATE (MM-DD-YYYY) <i>09-30-03</i>	
<b>WARNING</b> The statements and representations made above are made in connection with construction financed in whole or in part by the Commodity Credit Corporation (CCC), United States Department of Agriculture (USDA). The statements and representations will be used to determine the release of USDA provided funds. The making of any false statement or misrepresentation herein may be a crime punishable under Title 18 U.S.C. Section 1001 which provides in part: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or statement or entry, shall be fined under [Title 18 of the United States Code] or imprisoned not more than five years, or both."			
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 726-2600 (voice and TDD). To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 726-5984 (voice or TDD). USDA is an equal opportunity provider and employer.</small>			

**122 Inspection and Disbursement****A Inspection**

County Offices shall:

- inspect the facility after the applicant has advised that the installation is complete
- document the results of the final inspection in the loan folder on CCC-295A
- document the results of the annual inspection in the loan folder on CCC-295B.

**\*--B Safety Guidelines**

FSA is committed to providing a safe environment for employees who:

- inspect newly constructed storage facilities
- perform annual inspections of existing storage facilities.

Employees shall follow safety practices according to 5-LP, paragraph 89. In addition, observe the following guidelines when performing initial and annual FSFL inspections:

- do not climb stairs or ladders unless it is necessary to visually locate handling equipment that will be collateral for FSFL and the equipment can be safely inspected
- if climbing stairs or ladders is necessary, use proper safety equipment, if available
- if handling equipment cannot be located, verify installation with the borrower
- do not attempt to locate serial numbers for equipment that is inaccessible or is not in a safe location
- document unsafe conditions on CCC-295A or CCC-295B that should be fixed by the borrower, such as loose ladders.--\*

**Part 8 Disbursing Loans**

**136 Preparing Manual CCC-186**

**A Manually Preparing CCC-186**

When APSS is not available, County Offices shall manually prepare CCC-186 as follows.

**\*--Note:** FSFL’s must be disbursed through the APSS software. See 1-FI, paragraph 218 and 1-CM, paragraph 813 for more information.--\*

<b>Item</b>	<b>Instructions</b>
1A	Enter the State code.
1B	Enter the county code.
1C	Enter the loan number.
2	Enter the amount calculated according to paragraph 15.
3	Enter the annual interest rate in effect at time of approval.
4	Enter an approximate total finance charge. Use System 36 amortization schedule software to calculate finance charge and installment amount.
5	Enter the applicable number of annual installments.
6	Enter the installment amount.
7	Enter the borrower’s name, address, and telephone number.
	Describe the collateral, where indicated.
	Describe the location of the real estate where the collateral is located, where indicated.
8	Debtor shall sign.
9	Enter the date of execution.
10A	Debtor’s spouse shall sign, if required.
10C	Enter the date of spouse’s signature.
11A	COC chairman or designee shall sign.
11B	Enter the title of the approving official.
12	Enter the date of disbursement.
13	Enter the County Office’s name and address.
Page 2	Borrower enters initials and date at bottom of page.

136 Preparing Manual CCC-186 (Continued)

B Example of Manual CCC-186

Following is an example of a manual CCC-186.

\*--

<b>REPRODUCE LOCALLY.</b> Include form number and date on all reproductions.		Form Approved - OMB No. 0560-0204	
<b>CCC-186</b> U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation  <b>Farm Storage Facility Loan Program</b>		<b>FOR FSA USE ONLY</b>	
<b>PROMISSORY NOTE AND SECURITY AGREEMENT</b>		1. Loan Identification Number	
		A. State Code 36	B. County Code 123
		C. Loan Number 2000/97001	
		2. Amount Financed \$ 29,100.00	
7. Debtor's Name and Address (including ZIP Code)  Clark Farms, Inc. 282 State Route 245 Penn Yan, NY 14527  Telephone Number: ( 315 ) 536-8989		3. Annual Percentage Rate  6.75	4. Finance Charge 1/  \$ 8,368.40
		5. No. of Annual Installments 7	6. Installment Amount \$ 5,352.63
		1/ Assuming installments are paid on anniversary date at the interest rate shown in item 3 above.	
<p>The undersigned Debtor(s) jointly and severally promise to pay to the order of the Commodity Credit Corporation (CCC) the principal amount shown above as "Amount Financed," together with interest and other charges provided herein. Payment shall be in the number of equal annual installments shown above with interest at the "Annual Percentage Rate" specified above. Equal loan installments, amortized over the loan term are due and payable no later than the last day of each 12 months of the loan period. Payments shall be applied first to interest and then to principal. Payment of loan installments and interest shall be made by check, cash, money order, or by deduction from amounts due Debtor from CCC. Any delinquent amount may be deducted and paid out of any amounts due Debtor under any program carried out by any agency of the Department of Agriculture and any other agency of the United States. The Debtor waives presentment for payment, demand, protest, notice of protest, and notice of nonpayment of this note.</p> <p>Debtor hereby grants to CCC as collateral security for the payment of this note, plus interest and charges, a security interest in the following described farm storage equipment:</p> <p>3- 15,000 bushel (28' diam by 10 rings) grain storage bins with grain spreader and motor, inside and outside ladders, perforated floor with aeration system and motor, installed on concrete foundations.</p> <p>and the proceeds from any disposition of the collateral. The collateral shall not be sold without prior written authority of CCC. Such collateral is to be located upon the premises in Debtor's possession described:</p> <p>132 acre parcel of real estate 11 miles west of Penn Yan, NY, on state route 245 described in the Yates County Clerk's book of deeds number 100, page 356.</p> <p>Debtors shall grant CCC such additional security as it may require. The above provisions and those on the reverse side hereof have been read and considered by the undersigned. It is agreed that by signing this combined Promissory Note and Security Agreement, they make the representations, warranties, and agree to all the terms and conditions specified.</p>			
8A. Debtor's Signature  <i>/s/ Richard Clark, President</i>		8B. Debtor's Identification Number  16 189420	9. Date of Execution  09/01/00
10A. Co-Debtor's Signature (if applicable)		10B. Co-Debtor's Identification Number	10C. Date
<b>11. COMMODITY CREDIT CORPORATION SECURED PARTY</b>			
11A. By: Approving Official's Signature  <i>/s/ Tam CED</i>		13. FSA County Office Name and Address (include ZIP Code)  Yates Farm Service Agency 270 Lake Street Penn Yan, NY 14527  Telephone Number: ( 315 ) 536-4012	
11B. Title  CED	12. Date of Disbursement  09/01/00		
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436 and the Commodity Credit Corporation Charter Act, 15 USC 714 et seq. The information will be used to determine eligibility for CCC financing for farm storage and drying equipment. Furnishing the requested information is voluntary, however, without it CCC financing under the program cannot be provided. Failure to furnish the requested information will result in denial of CCC financing under this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.  According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.  The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-N, Whitten Building, 1400 Independence Avenue, SW, Washington, D. C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.			

--\*

**Part 9 Basic Servicing Policies**

**150 Collecting Installments \* \* \***

**A Installment Payments**

[7 CFR 1436.13] The loan shall be repayable in equal annual installments of principal and interest amortized over the term of the loan.

Installments are due and payable no later than the last day of each 12 months of the loan period until the principal plus accrued interest has been paid in full.

\*--**Note:** County Offices shall process installment repayments according to Part 20.--\*

**B Method of Payment**

The payment of each installment may be by any of the following:

- cash
- money order
- \* \* \*
- personal, certified, or cashier's check
- setoff, when applicable.

Repayment shall be applied first to accrued interest and then to principal.

150 Collecting Installments (Continued)

**C Reminder and Notification Letter**

\*--The following letter will be generated at SOD the first workday that is 45 calendar days--\* from the installment due date of FSFL. If an installment due letter should be prepared on a nonworkday, the system will generate the letter the first workday after the 45 calendar days. Other letters such as demand letters, call letters, or liquidation letters must be prepared by the County Office as needed. See subparagraph 150.5 D when sending this notification letter.

USDA-Farm Service Agency County FSA Office <b>Address</b> <b>City, Town Zip</b>				
				<b>(Date Letter Printed)</b>
REMINDER AND NOTIFICATION LETTER				
<b>(Contact Borrower Name)</b> <b>(Contact Borrower Address 1)</b> <b>(Contact Borrower Address 2)</b>				
Dear <b>(Contact Borrower Name)</b> :				
Please be advised that an installment payment will be due and payable for the Farm Storage Facility Loan (FSFL) Program loan 2000/00001 on 12/18/2004. The annual installment balance due is described in the following table.				
Installment Due Date	Installment Amount Due	Interest Amount Due	Principal Amount Due	Daily Interest Accrual
12/18/2004	\$4,451.24	\$960.04	\$3491.20	\$2.62
As of the date of this letter, the outstanding principal balance on this loan is \$15,318.64. Please send your check payable to the Commodity Credit Corporation (CCC) in time to reach the office at the following address by the due date:				
Commodity Credit Corporation <b>(office street address)</b> <b>(city, state, and ZIP code)</b>				
If payment is not received on or before the due date, the amount due will be recorded for offset from any FSA or CCC payment due you. Additionally, the CCC can declare the entire indebtedness immediately due and payable. If your loan is called, foreclosure proceedings can be initiated. Under foreclosure proceedings, the collateral securing the loan can be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.				
Feel free to give us a call if you have any questions.				
CED's Name County Executive Director For the COUNTY FSA OFFICE				

## 150 Collecting Installments (Continued)

**\*--C Reminder and Notification Letter (Continued)**

County Offices are reminded **not** to change the amount that prints on the reminder and notification letter. Although these amounts may differ from the amounts on the amortization schedule printed at loan disbursement, the amounts on these letters are correct. Differences in the amounts are usually because of the annual installment payment being made on a date other than the actual due date. See paragraph 361 C for the repayment date to enter on Screen VDA11005.--\*

**D Failure to Pay Installments Policy**

[7 CFR 1436.13] If installments are not paid by the due date, County Offices shall:

- consider FSFL's delinquent for FSFL purposes and eligible for offset from any payments due borrower on the next day after the due date, when the installment principal balance remaining after payment exceeds \$25
- mail a first demand letter to the contact borrower and all co-borrowers on the day after the due date describing actions that may be taken against the debtor if the installment is not paid within 30 calendar days of the date of the letter
- in addition to the first demand letter, mail 2 subsequent demand letters at 30 calendar day intervals if the installment is not paid
- collect additional interest to date of repayment
- initiate collection action against a debtor's pro rata share of payments due any entity that the borrower participates in, either directly or indirectly
- initiate collection action against related persons or entities, irrespective of the debtors share when CCC determines that the debtor has established an entity or reorganized, transferred ownership, or changed their operation for the purpose of avoiding payment of the debt
- cease collection activity until any appeal activity by the borrower is complete but withhold any FSA or CCC payments to the borrower for later offset

**Note:** Delinquent installments cannot be moved out of FSFLP status to claims status. This is because a portion of the outstanding principal balance is not due and because collateral that could be foreclosed upon exists.

- initiate foreclosure actions only after all efforts to collect the installment have been exhausted under delinquency policy.

**150 Collecting Installments (Continued)****\*--E Later Payment of an Installment**

FSA recognizes that installment due dates may not always coincide with dates by which crops are harvested and income is available. Debtors who cannot pay on the due date may request up to an additional 180 calendar days to pay an installment if they submit the following:

- a request in writing for COC consideration within 60 calendar days before or after the installment due date
- a current cash flow statement demonstrating that the installment can be paid within 180 calendar days after the due date.

Payment after the installment due date:

- does not change the system-calculated due date in APSS
- does not change the due date of the next installment
- allows debtors more time to pay an installment and allows the County Office to cease further collection action except for offset opportunities
- may be requested for each installment during the term of the loan
- requires collection of additional interest through the date of repayment of the installment.

County Offices shall:

- notify debtors of this option in the first demand letter sent the day after an installment is unpaid and subsequent letters sent within 60 calendar days of the due date
- process requests for COC approval or disapproval by obtaining:
  - the debtor's request in writing, including a reason why the installment cannot be paid on time
  - a recommendation about the debtor's ability to repay at a later date from an FSA employee with FLP loan approval authority--\*

150 Collecting Installments (Continued)

**G Loan Acceleration**

CCC may:

- declare the entire indebtedness immediately due and payable if the borrower:
  - violated any of the terms and conditions of the application
  - breaches any of the terms and conditions of any of the instruments executed in connection with the loan
- call the loan if the collateral is used in connection with any commercial operation, including but not limited to, elevators, warehouses, dryers, or processing plants during the life of the loan.

**Note:** The loan may be paid in full or in part at any time before maturity.

**H Releasing Security**

Upon payment of a loan in full, County Offices shall:

- release or obtain the release of security documents upon request by the borrower, or as otherwise required by State law
- require the borrower to pay all release fees
- mark the original CCC-186 “paid” and forward to the borrower after 30 calendar days from the date of repayment.

**\*--I Delinquent FSFL’s for DCIA Purposes**

County Offices shall consider FSFL’s delinquent for DCIA purposes when either of the following occurs:

- a due and payable FSFL installment is not paid in full within 90 calendar days after the due date
- the installment principal balance, after a due and payable installment is applied, exceeds \$25, within 90 calendar days after the due date.--\*

## 150 Collecting Installments (Continued)

### \*--J STC Review of Repayment Status

STC or representative shall:

- at least quarterly, review the Repayment Status Report

**Note:** See subparagraphs 414 A and G.

- ensure that County Offices are:
  - sending the required demand letter the day after the installment due date
  - sending other required demand letters timely
  - following correct procedure for collecting any delinquent payments.--\*

## 150.5 Small FSFL Installment Principal Balances

### A Why Small Balances Exist

Small installment principal balances result when installments are **not** paid on the due date and the County Office processes the repayment using the receipt date as the date of repayment; therefore, additional interest is calculated to the date of receipt. See subparagraph 361 C about repayment date.

**Note:** Interest is from date disbursed to date payment is made or from one repayment date to the next repayment date. Additional interest accrues and is owed if over 365 days.

### B How to Detect Existing Small Principal Balances

For loans where installments have been paid, County Offices shall:

- review the FSFL repayment receipt printed when the last repayment was applied, according to subparagraph 361 G

**Note:** The message, “The principal balance after this payment is current”, is printed on the repayment receipt and correct as of that day. As the loan is current until after the anniversary date or due date, any additional amount due will not be printed on the receipt or the repayment status report until after the due date.

- identify loans with small installment principal balances that require further collection action.

**Note:** County Offices are:

- encouraged to periodically run the “FSFL Repayment Status Report”, per subparagraph 414 F, to identify loans on which principal balances exist
- to take collection action according to subparagraph 150.5 C.

151 Real Estate Taxes

**A Borrower's Responsibility**

\*--[7 CFR 1436.14] On FSFL's where real estate is used as security, the borrower must:--\*

- pay all real and personal property taxes that may affect CCC's security interest in all collateral securing the note
- provide proof of payment of taxes, applicable to collateral securing FSFL, to the County Office annually.

**B Unpaid Taxes**

County Offices shall:

- not disburse loans secured by real estate when real estate taxes are not current
- monitor the real estate tax status applicable to collateral securing FSFL
- pay any unpaid taxes with respect to the collateral securing a loan when it appears CCC's security interest is in jeopardy
- bill the borrowers for the amount of the tax paid
- begin proper servicing action, such as calling the loan.

**Note:** See subparagraph 293 A for depositing reimbursement of reimbursable fees.

**152 Maintenance and Liability****A Maintenance**

[7 CFR 1436.15] The borrower must maintain the loan collateral in a condition suitable for the storage of 1 or more of the facility loan commodities.

County Offices shall:

- conduct annual collateral checks of all outstanding loans
- if possible, conduct checks in conjunction with other FSA loan program collateral checks
- document results of check on CCC-295B
- ensure that CCC is listed as a loss payee on fire and flood insurance policies

**Note:** Structures must be insured against all perils and against flooding if the structure is located in a flood plain.

- review proof of fire and flood insurance provided to FSA by insurance companies
- \*--annually obtain proof of multi-peril insurance for each crop year for the entire term of the loan--\*
- have rights of access where the facility is located according to a term in CCC-186 whether or not there is a real estate mortgage.

**B Liability**

Until the loan has been repaid, the borrower shall be liable for all damages to or destruction of the collateral. CCC shall not assume any loss of the loan collateral.

## Part 11 Bankruptcy

## 172 Bankruptcy Actions

## A Notification

After notification by a bankruptcy court that a borrower is filing for bankruptcy, County Offices shall:

- send a copy of the notice of filing to the State Office for forwarding to the Regional OGC
- not take any action:
  - to possess or sell the collateral
  - prohibited by the Bankruptcy Code
- obtain advice from OGC through the State Office before taking any action against the person or property filing a petition for bankruptcy.

**Note:** With the approval of the Regional OGC, it is strongly suggested that the State Office file Proof of Claim Form B10 on all FSFL's in bankruptcy with the bankruptcy court by the due date. This should include copies of the following:

- CCC-186
- UCC-1's and amendments
- CCC-295A
- equipment lists
- CCC-297.

Proof of Claim Form B10 can be found at  
[www.uscourts.gov/bankform/index.html](http://www.uscourts.gov/bankform/index.html).

\*--After receiving notification of a bankruptcy filing, the State Office shall e-mail the following bankruptcy information to DeAnn Allen, PSD at [deann.allen@wdc.usda.gov](mailto:deann.allen@wdc.usda.gov):

- name and address of borrower
- State and county
- year and loan number
- date of bankruptcy filing
- bankruptcy chapter filed
- loan principal balance at bankruptcy filing
- original loan principal
- date loan disbursed.--\*

**172 Bankruptcy Actions (Continued)****B Reorganization Plans**

After the court notifies either the State or County Office that a confirmed plan of reorganization has been approved and the terms and conditions of CCC-186 and supplemental documents are changed by court order, County Offices shall:

- maintain the loan in loan status
- accept repayments according to the reorganization plan
- refer the claim to OGC for legal action if a borrower defaults on the payment schedule or any provision of the court approved plan.

**\*--Note:** If the terms and conditions of CCC-186 and supplemental documents are changed by court order, the County Office, through the State Office, shall contact PSD as to the correct and up-to-date procedures to follow to revise the loan terms.--\*

**C Selling Collateral**

If the bankruptcy court authorizes CCC to sell the collateral, rather than accepting payments according to a reorganization plan, County Offices shall:

- ask borrower to sign CCC-400:
  - prepared according to paragraph 202
  - revised with OGC advice
- sell loan collateral according to Part 13
- apply sales proceeds to the outstanding loan amount
- if sales proceeds exceed the amount due CCC, issue CCC-184 to the producer
- transfer unpaid loan balance to claims if:
  - there is an unpaid loan balance
  - collateral has been sold
  - the loan has been discharged by the bankruptcy court.

**173-179 (Reserved)**

180 Calling Loans (Continued)

**E Preparing Call Letter**

Prepare the following call letter for **all** borrowers who signed CCC-186 and file a copy in the loan folder. Send the call letter by certified mail, return receipt requested, 31 calendar days after the date of the last demand letter sent according

\*--to subparagraph 150 F, if:

- an installment due has not been paid in full--\*
- there has been a violation of the terms and conditions of CCC-186 or the regulations at 7 CFR Part 1436.

**Note:** Modify the call letter to explain violations, as applicable.

(Date)  
 (Borrower Name)  
 (Borrower Address line 1)  
 (Borrower Address line 2)

Dear (Borrower Name),

Our (insert date) letter advised you that an installment payment was due and payable for the Farm Storage Facility Loan Program as follows.

Loan Number	Date of Note and Security Agreement	Unpaid Principal Amount	Amount of Installment Due	Date Installment Due
		\$	\$	

You were also advised that the entire loan amount would be called if you did not take action by (insert date). Since you have not taken any action to pay the amount due, the entire loan plus interest is now due and payable. This entire amount is subject to setoff from any Agency of the U. S. government.

If you do not take action to pay the entire loan plus interest by (insert 30 days from the date of this letter), in the amount of (insert amount due), action will proceed on behalf of the Commodity Credit Corporation to take possession of the farm storage facility and equipment under loan. Under foreclosure proceedings, the collateral securing the loan may be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.

Please send your check payable to the Commodity Credit Corporation to the County Office at the following address by the date due.

Commodity Credit Corporation  
 (insert office street address)  
 (insert City, State and ZIP code)

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request in writing, reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director  
 For the (County Name) FSA County Committee

**\*--181 Liquidation Actions**

**A Payment Not Received**

When a loan is called and payment is not received within 30 calendar days from the date of the letter in subparagraph 180 E, County Offices shall:

- \*--notify State Office of pending liquidation

**Note:** State Office shall contact PSD for instructions on how to process the liquidation in the automated FSFL system.--\*

- consult as needed with the regional OGC through the State Office
- send the liquidation letter in subparagraph C and a copy of the promissory note
- not establish a claim until CCC has disposed of loan collateral according to Part 13.

**B Borrower Options**

County Offices shall explain the following options to the borrower:

- voluntarily agree to allow removal of the collateral to facilitate sale by signing CCC-400, according to subparagraph 202 A
- object to removal of collateral and require formal court foreclosure before collateral can be sold and removed.

**203 Liquidating Loans Not Secured by Real Estate With Movable Collateral (Continued)****G Bill of Sale**

After the sale, County Offices shall:

- complete and sign a bill of sale, according to subparagraph F
- place the original bill of sale in the loan folder
- provide a copy to the following:
  - borrower
  - buyer.

**H Distributing Sales Proceeds**

Sales proceeds shall be distributed in the following order:

- satisfying borrower's indebtedness to CCC, including cost of sale
- payment to junior lien holders if approved by OGC
- payment to the borrower.

**Note:** Establish a claim if the borrowers debt is not completely liquidated by sale of the loan collateral.

\*--The automated FSFL system contains a process for FSFL liquidation. Following the sale of loan collateral, the County Office shall contact PSD in the National Office, through the State Office, for instruction and guidance on using the liquidation software. The liquidation software includes provisions for applying sale proceeds to FSFL, paying for sales expenses, and issuing refund payment to borrower. The only way a County Office can transfer an outstanding balance on a FSFL loan to claims is through the liquidation software.--\*



Section 5 Processing CCC-186's and Disbursements

346 Processing CCC-186's

A CCC-186's

To process CCC-186's, access FSFL functions according to subparagraph 304 C:

- ENTER "2", "Note and Security Agreement Processing", on Menu VCA005 and PRESS "Enter"
- complete processing according to the following table.

Step	Action	Result
1	<p>On Screen VCA11000:</p> <ul style="list-style-type: none"> <li>• enter applicant's name and FSFL number</li> <li>• PRESS "Enter".</li> </ul>	<p>Screen VFB10000 will display the following:</p> <ul style="list-style-type: none"> <li>• CCC-185 approval date</li> <li>• funded amount.</li> </ul> <p>*--Note: Make sure CCC-185 approval date and funded amount on the screen are correct. If not, take Cmd7 and revise the application. No changes can be made after this screen.--*</p>
2	<p>On Screen VFB10000:</p> <ul style="list-style-type: none"> <li>• users are required to:                             <ul style="list-style-type: none"> <li>• enter the date FSFL will be disbursed (can be current date or up to 14 calendar days in the future)</li> <li>• answer the question, "Are there additional borrowers required on the CCC-186? (Y or N)"</li> </ul> </li> <li>• PRESS "Enter".</li> </ul>	<p>If the answer is:</p> <ul style="list-style-type: none"> <li>• "Y", Screen VFB10000 will allow for entry of additional borrower information</li> <li>• "N", Screen VFB13000 will:                             <ul style="list-style-type: none"> <li>• display Summary of Payments Report</li> <li>• automatically print the FSFL Amortization Report.</li> </ul> </li> </ul>
3	<p>On Screen VFB13000:</p> <ul style="list-style-type: none"> <li>• to print an additional copy of the FSFL Amortization Report, ENTER "Y" and PRESS "Enter"</li> <li>• to continue to Screen VFA17005, ENTER "N" and PRESS "Enter".</li> </ul>	<p>Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".</p>
4	<p>On Screen VFA17005:</p> <ul style="list-style-type: none"> <li>• ENTER "Y" or "N", as applicable</li> <li>• PRESS "Enter".</li> </ul>	<p>If the answer is:</p> <ul style="list-style-type: none"> <li>• "N", Screen VFB13000 will be redisplayed and allow for changes</li> <li>• "Y", completed CCC-186 is printed on the selected printer.</li> </ul>

**Note:** CCC-185 and CCC-186 may be withdrawn or deleted according to subparagraph 319 E or F, if applicable.

347 Processing Disbursements

A Disbursements

\*--All FSFL's must be disbursed through the APSS software. See 1-FI, paragraph 215 and 1-CM, paragraph 813 for more information.--\*

To process disbursements, access FSFL functions according to subparagraph 304 C:

- ENTER "3", "Disbursement Functions", on Menu VCA005 and PRESS "Enter"
- complete processing according to the following table.

Step	Action	Result
1	<p>On Screen VCA11000:</p> <ul style="list-style-type: none"> <li>• enter applicant's name and FSFL number</li> <li>• PRESS "Enter".</li> </ul>	<p>Screen VFC10000 will:</p> <ul style="list-style-type: none"> <li>• display the following:                             <ul style="list-style-type: none"> <li>• applicant's name</li> <li>• FSFL number</li> <li>• FSFL amount</li> <li>• number/amount of annual installments</li> <li>• FSFL interest rate</li> <li>• first installment due date</li> </ul> </li> <li>• allow for additional information entries.</li> </ul>
2	<p>On Screen VFC10000:</p> <ul style="list-style-type: none"> <li>• user enters requested dates</li> <li>• PRESS "Enter".</li> </ul>	<p>Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".</p>
3	<p>On Screen VFA17005:</p> <ul style="list-style-type: none"> <li>• ENTER "Y" or "N", as applicable</li> <li>• PRESS "Enter".</li> </ul>	<p>If the answer is:</p> <ul style="list-style-type: none"> <li>• "N", Screen VFC10000 will be redisplayed and allow for changes</li> <li>• "Y", Accounting Screen ABK10001 will be displayed for continuing disbursement processing. Go to subparagraph B.</li> </ul>

**Note:** Once a disbursement is completed, the loan **cannot** be disapproved, withdrawn, or deleted. The loan must be canceled, if applicable.

**\*--Part 20 Automated FSFL Repayment Processing**

**361 Repayment Processing**

**A Accessing Repayment Processing**

To process an FSFL repayment, access FSFL functions according to subparagraph 304 C and:

- ENTER “5”, “Repayment Processing”, on Menu VCA005
- proceed to Screen VCA11000.

**B Data Entry**

Select FSFL for repayment processing according to this table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> <li>• enter the loan FY and number</li> <li>• PRESS “Enter”.</li> </ul>	Screen VCA11500 will be displayed.
2	On Screen VCA11500: <ul style="list-style-type: none"> <li>• select the desired producer sequence number</li> <li>• PRESS “Enter”.</li> </ul>	Screen VCA12000 will be displayed.
3	On Screen VCA12000: <ul style="list-style-type: none"> <li>• ENTER “Y” or “N”, as applicable, to the question, “Is this the correct applicant?”</li> <li>• ENTER “Y” or “N”, as applicable, to the question, “Is the repayment date prior to today’s date?”</li> <li>• PRESS “Enter”.</li> </ul>	If the answer to the question, “Is the repayment date prior to today’s date?”, is: <ul style="list-style-type: none"> <li>• “Y”, users will be allowed to enter a repayment received before the system date</li> <li>• “N”, users will be allowed to do either of the following:                             <ul style="list-style-type: none"> <li>• process a repayment received on the system date</li> <li>• inquire about a future date repayment.</li> </ul> </li> </ul> Screen VDA00000 will be displayed.

361 Repayment Processing (Continued)

C Selecting a Repayment Option

Screen VDA00000 displays the following options for FSFL repayment:

- Lump Sum Repayment
- Installment Repayment Inquiry

**Note:** Installment Repayment Inquiry is an inquiry only function. Using this option will inform user of the amount owed by borrower based on date entered. Use the amount computed under this option and process as a “Lump Sum Repayment”.

- Loan Repayment/Inquiry.

Functions of these options are described in subparagraphs D, E, and F. For Lump Sum Repayment and Installment Repayment Inquiry options, refer to the following table to determine which repayment process and processing date to use.

\*--

<b>IF the loan was disbursed on any date and the installment repayment is received...</b>	<b>THEN collect the following for the repayment amount...</b>	<b>AND use the following process...</b>	<b>AND use the following date (see subparagraph 361 B, step 3) on Screen VDA11005...</b>
before the installment due date	the amount on the notification and reminder letter	option 1, “Lump Sum Repayment”	date installment payment was received.
on or within 15 calendar days after the due date	the amount on the notification and reminder letter		installment due date.
more than 15 calendar days after the due date	total amount due for installment including interest to the date received  <b>Note:</b> Use the installment repayment inquiry option to compute the total amount owed to the date received.		date installment payment was received (with the entire principal amount for the installment paid and interest to the date received).

**Notes:** Regular installment repayments made more than 15 calendar days after the due date require either of the following actions:

- collecting additional interest at the time of repayment (the amount due may be calculated through option 2)
- creating a small installment principal balance that must be collected according to paragraph 150.5.

If all installment repayments are made before the due date and are for the amount on the notification and reminder letters that have printed out since November 2004, when the software was revised, then the final loan payment should be less.--\*