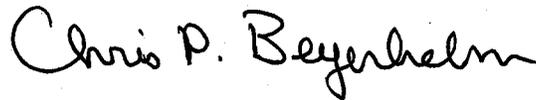


For: State and County Offices

Weaknesses Identified in DSA Processing

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

5-FLP, Part 2 explains processing DSA applications. LSPMD reviewed 78 DSA's from 19 States where several common weaknesses were identified.

B Purpose

This notice provides a list of common weaknesses identified in processing DSA applications.

C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Office shall contact Richard Cardona-Diaz, LSPMD, at 202-720-0078.

2 Weaknesses Identified

A Common Weaknesses

The processing of DSA applications must be consistent with 5-FLP, Part 2. When evaluating a request for DSA, each regulatory criterion must be considered before it is approved. Based on file reviews, common weaknesses identified include the following:

- no letter similar to 5-FLP, Exhibit 10 notifying the borrower of the availability of the DSA program was found in the file

Note: See 5-FLP, subparagraph 42 B.

Disposal Date	Distribution
November 1, 2011	State Offices; State Offices relay to County Offices

Notice FLP-590

2 Weaknesses Identified (Continued)

A Common Weaknesses (Continued)

- request for DSA was missing the signature of every debtor signing the promissory note

Notes: Entity members liable as individuals must sign as a member of the entity and as an individual liable for the debt.

See 5-FLP, subparagraph 43 A.

- incomplete actual production, income, and expense records for the year the natural disaster occurred

Note: See 5-FLP, subparagraph 45 A.

- no documentation in the FBP credit presentation about DSA

Note: See 1-FLP, Exhibit 15.

- the borrower's notification of DSA eligibility determination was **not** found

Note: See 5-FLP, subparagraph 46 A.

- incorrect effective date was recorded on FSA-2501 instructions

Note: The National Office is changing FSA-2501 to help correct this weakness.

- printout of 5S ADPS transaction for each loan with installment set-aside was **not** located in the loan file

Note: See 5-FLP, subparagraph 46 G.

- DSA requests are **not** being tracked.

Note: See 5-FLP, paragraph 44.

B Action

When processing DSA requests, the authorized agency official shall follow both 5-FLP, Part 2 and FSA-2501 instructions for completion.