

For: State and County Offices

FY 2022 FSFL State Office Annual Servicing Review Findings

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

To improve the accountability and effectiveness of the FSFL program, 1-FSFL, paragraph 210 requires State Offices to perform annual reviews of outstanding FSFL's to measure and evaluate the effectiveness of FSFL policies and internal controls. Therefore, State Offices are required every FY for the prior FY to do the following:

- randomly select and review FSFL's CCC-195 Servicing completed by County Offices from October 1, 2021, to September 30, 2022, according to 1-FSFL, subparagraphs 210 D and E
- compile and report "do not concur" findings according to 1-FSFL, subparagraph 210 E, and report findings to the National Office on or before the 4th Friday each January following the new FY.

The FSFL program error findings identified in this notice are critical to protecting the government's interest, and the established FSFL policies in place must be enforced.

B Purpose

This notice:

- informs State and County Offices of the State Office findings for FY 2022
- is being issued to minimize future FSFL servicing errors.

C Contacts

State Offices will direct questions about this notice to the following:

- Toni Williams at toni.williams@usda.gov
- Kimberly Kempel at kimberly.kempel@usda.gov.

Disposal Date	Distribution
January 1, 2024 5-19-23	State Offices; State Offices relay to County Offices

2 State FSFL Servicing Findings

A SED Action

SED's will ensure that:

- applicable State Office program chiefs and specialists review this notice and all program-related finding reports in detail to ensure that County Offices follow applicable program procedures issued through national notices and program handbooks, and thoroughly complete the required checklists
- additional internal control procedures are developed to avoid findings, indicated by any program-related reviews for the FSFL program
- applicable State Office program chiefs provide additional training, where needed
- DD's within their respective districts will:
 - review this notice with CED's and PT's
 - ensure understanding of the contents.

SED's are authorized to issue State supplements to 1-FSFL; however, the State supplements may not be:

- issued to simply state, word for word, policies already established in 1-FSFL
- less restrictive than national policy.

Notice FSFL-202

2 State FSFL Servicing Findings (Continued)

B Loan Servicing Common Findings

The following table provides common findings for FSFL's serviced during FY 2022. The references are applicable to 1-FSFL and Notices FSFL-173 and FSFL-186.

Note: During FY 2022, Notices FSFL-173 and FSFL-186 provided guidance for completing CCC-195 Servicing TS.

Loan Servicing	
Descriptions of Findings	Applicable Reference
County Office failed to complete CCC-195 Servicing or CCC-195 Servicing TS timely or was incomplete.	1-FSFL, subparagraphs 210 A and 262 G Notices FSFL-173 and FSFL-186
CCC-195 Servicing TS was not used as required.	Notices FSFL-173 and FSFL-186
All-peril structural insurance was not on file.	1-FSFL, subparagraph 214 A
Proof of property taxes was not on file.	1-FSFL, subparagraph 213 A
Proof of multi-peril crop insurance was not on file.	1-FSFL, subparagraphs 214 A and B
UCC-1 or UCC-3 filing was not current.	1-FSFL, paragraph 216
Collateral inspection was not timely completed.	1-FSFL, paragraph 215
FSA listed instead of CCC as loss payee on all-peril insurance.	1-FSFL, subparagraph 214 A