UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FSFL-29

For: State and County Offices

Farm Storage Facility Loan (FSFL) Program COR Findings

Approved by: Deputy Administrator, Farm Programs

1 Overview

A Background

A recent COR report of reviews conducted during FY 2003 indicated that FSFL common findings, in some cases, occurred in 30 percent or more of the 32 County Offices reviewed. Therefore, DAFP was asked to issue a notice to State and County Offices reinforcing the procedure that relates to the findings meeting a 30 percent or higher error rate. Additionally, County Offices shall be completing CCC-195 or a similar State-prepared loan processing checklist that, as a minimum, provides the same results as completing CCC-195 to avoid loan processing errors that may occur.

B Purpose

This notice provides State and County Offices with FSFL provisions where common findings occurred in 30 percent or more of County Offices reviewed.

C Contact

State Offices shall direct questions about this notice to Jerry Epting by either of the following:

- e-mail to **jerry_epting@wdc.usda.gov**
- telephone at 202-720-7696.

Disposal Date	Distribution
December 1, 2004	State Offices; State Offices relay to County Offices

2 FSFL Common Findings Occurring in More Than 30 Percent of County Offices Reviewed

A Original Evidence and Cost Documents

1-FSFL, paragraph 121 requires that final evidence of cost to construct the facility be provided. The evidence must be signed and dated by the seller, except when the seller has provided CCC-191 for the same net cost items and same dollar amount. County Offices shall review the documents for reasonableness and date-stamp original evidence of cost. 1-FSFL, subparagraph 121 B provides examples of acceptable evidence of cost documents.

B No Evidence That a Loan Closing Date Was Confirmed

1-FSFL, subparagraph 115 A, step 8 requires that the applicant be notified to confirm a loan closing date.

C CCC-191 Is Not Obtained From Contractor for Release of Lien

1-FSFL, subparagraph 121 E requires that CCC-191 be obtained from the primary contractor of the storage and handling facility construction project to protect CCC and the loan applicant from the following:

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

D Proof of Payment of Real Estate Taxes Not Obtained Annually

1-FSFL, subparagraph 121 B requires that 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.

E County Offices Are Not Using the Correct Accounting Codes

1-FSFL, subparagraph 291 B provides the program code for depositing application fees as "XXFSFLFEES", where "XX" represents the last 2 digits of the FY in which the application is expected to be "Approved Pending Funding" by COC.

1-FSFL, subparagraph 292 B provides the program code for paying fees associated with the application as "XXFSFLRF", where "XX" represents the last 2 digits of the FY in which the fee is paid.