

For: State and County Offices

Farm Storage Facility Loan (FSFL) Reminders

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

In preparation for FY 2005 year-end, certain FSFL program provisions must be followed to ensure that future problems are prevented.

In addition, with the installation of County Release No. 549 in November 2004, FSFL repayment software has been correctly calculating the repayment amount due for the annual installment notification letters that includes any unpaid balances from the previous installment. County Offices are not always collecting the full amount due that shows on the letter, which is still causing small balances to occur.

B Purpose

This notice provides guidance to State and County Offices with procedures to follow for:

- interpreting the amount printed on the 45-calendar-day repayment notification letters that automatically generate during start of day
- entering data into the automated FSFL system for installment repayment dates
- entering data into the accounting system for the following:
 - application fees
 - credit report, lien search, and uniform commercial code (UCC) fees
 - depositing reimbursable fees
 - FSFL applications for the new fiscal year (FY).

Disposal Date	Distribution
July 1, 2006	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contact

State Specialists with questions about this notice shall contact DeAnn Allen by either of the following:

- telephone at 202-720-9889
- e-mail at deann.allen@wdc.usda.gov.

2 Annual Installment Notification Letters

A Enhancements Included in County Release No. 549

The annual installment notification letter automatically prints out at start of day, 45 calendar days before the installment due date. With the installation of County Release No. 549, the automated FSFL system was enhanced to correctly:

- calculate the annual repayment amount that includes any unpaid principal from the last installment plus the amount of the annual installment
- include this amount on the annual installment notification letters.

County Offices are reminded **not** to change the amount that prints on the letters. Although these amounts may differ from the amounts on the amortization schedule printed at loan disbursement, they 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.

Example: A 2003 FY FSFL was disbursed on November 4, 2003, for \$87,154. The first installment payment was made on October 26, 2004. Since the installment payment was received 7 calendar days before the installment due date, \$62.08 of the payment was applied to the second installment principal. Interest on the 2005 annual notification and reminder letter is computed from October 27, 2004, through November 4, 2005, (374 calendar days) and the total amount due is \$14,117.52, which is more than the annual amount on the amortization schedule since there were more days of interest due.

3 FSFL System Reminders and Procedure

A Entering Repayment Dates in Automated FSFL System

Interest on FSFL's is computed:

- on the unpaid principal from the date disbursed to the date the first payment is made
- from 1 repayment date to the next repayment date with any outstanding balance added to the next annual payment.

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3 FSFL System Reminders and Procedure (Continued)

A Entering Repayment Dates in Automated FSFL System (Continued)

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.

County Offices shall:

- follow the table in 1-FSFL, subparagraph 361 C as to the repayment date to enter into the automated FSFL system

Note: This will eliminate the creation of many of the small installment principal balances presently owed on many FSFL's.

- use the date the installment was received as the repayment date and collect additional interest if the installment repayment is received more than 15 calendar days after the due date
- recompute the payment if the payment is made more than 15 calendar days after the due date

Note: Since the FSFL system first pays the interest to date and then applies the balance to principal, a principal balance may remain.

- if the amount owed is \$25 or less, not pursue collection as this amount will automatically be included in the amount owed on the next installment notification letter.

4 Entering Data Into the Accounting System

A FSFL Application Fees

Deposit the \$45 application fee using code “**XXFSFLFEES**”. This program code is applicable **only** to the FSFL application fee.

FSFL application fees must be processed using the same FY for the following:

- application fee deposit
- FY included in the application number.

Note: The FY included in the application **must equal the FY** of the first COC “Approved Pending Funding” date.

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4 Entering Data Into the Accounting System (Continued)

A FSFL Application Fees (Continued)

FY 2005 CCC-185 applications entered in the FSFL system and not approved by September 30, 2005, must be canceled and reissued after October 1, 2005, as an FY 2006 application. The FY on the application must always match the FY in which the application is approved. The County Office shall follow 1-FSFL, subparagraph 317 B and the following steps to assign an FY 2006 number:

- delete FY 2005 loans and re-enter CCC-185 data for FSFL's with FY 2005 number not approved by COC by September 30, 2005
- enter FY 2006 for those FSFL's that COC will approve funding on or after October 1, 2005.

Note: If County Offices entered the application fee incorrectly, this code can be corrected in accounting by modifying the code for this particular deposit from "05FSFLFEES" to "06FSFLFEES". If a "Y" entry in the "Special Date" field was originally entered, access is blocked for this modification.

B Paying FSFL Fees

Fees paid by CCC shall be processed using the FY in which the fees were paid. These fees include the following:

- credit reports
- lien searches on collateral
- recording fees or continuations for financing statements on collateral.

For FSFL fees that were paid on or:

- before September 30, 2005, the code will be "05FSFLRF"
- after October 1, 2005, the code will be "06FSFLRF".

Note: For filing UCC-1 continuations, the code, for fees paid on or before September 30, 2005, will be "05FSFLRF". For those UCC-1 continuation fees paid on or after October 1, 2005, the code will be "06FSFLRF".

C Depositing Reimbursable Fees

The program code for depositing reimbursable fees paid for by the County Office and reimbursed by the applicant is "XXFSFLAME", where "XX" equals the last 2 digits of the FY the fee was paid.

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4 Entering Data Into the Accounting System (Continued)

D Availability of Funds

FY 2006 funding requests for FSFL approved by COC's on or after October 1, 2005:

- shall be approved in the FSFL software and transmitted
- will be held at the National Information Technology Center until FY 2006 funds are available.