

For: State and County Offices

**Incomplete Interest Rate Printed on CCC-186's**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Farm Storage Facility Loan (FSFL) software, since County Release No. 634 was installed in February 2008, had been printing incomplete interest rates on CCC-186's. In CCC-186, item 3, the system failed to print the portion of the rate following the decimal point in the "Annual Percentage Rate" field. The printing error did **not** affect the amount financed, total finance charges, or installment amount that printed on CCC-186 signed by the borrower.

Information Bulletin No. 4391, transmitted on March 21, 2008, provided information for correcting the FSFL software. FSFL software now prints the complete annual percentage (interest) rate in CCC-186, item 3.

A number of FSFL's were disbursed and/or loan papers were printed **after** County Release No. 634, released February 7, 2008, installation and **before** loading the software fix in Information Bulletin No. 4391.

OGC has been consulted about this matter and specified the actions to be taken.

**B Purpose**

This notice instructs State and County Offices of the procedure to follow for:

- identifying loans disbursed and/or loan papers printed during the period after installing County Release No. 634 and before loading the software fix provided in Information Bulletin No. 4391
- notifying borrowers of loans disbursed with incomplete CCC-186, item 3's.

<b>Disposal Date</b>	<b>Distribution</b>
June 1, 2008	State Offices; State Offices relay to County Offices

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### 1 Overview (Continued)

#### C Contact

If there are questions about this notice, State Offices shall contact DeAnn Allen, PSD by either of the following:

- e-mail to [deann.allen@wdc.usda.gov](mailto:deann.allen@wdc.usda.gov)
- telephone at 202 720-9889.

### 2 Action

#### A County Office Action

County Offices with FSFL activity during February and March 2008 shall complete the table in Exhibit 1, including **each** FSFL on which there was any disbursement activity, and send to their State Office by the date determined in each State, or by no later than **April 30, 2008**.

The following steps provide procedures that **must** be followed by County Offices.

Step	Action
1	Review <b>all</b> FSFL's disbursed and/or loan papers printed in February and March 2008.  <b>Note:</b> To see which FSFL's were disbursed, County Offices can run an accounting payment history report for a list of payments disbursed under program codes 07FSFL and 08FSFL for February and March 2008. See 1-FI, paragraphs 267 and 270.
2	All FSFL's in which there was <b>any</b> activity associated with loan disbursement in the system <b>must</b> be reviewed.  For CCC-186's printed before and disbursed after: <ul style="list-style-type: none"><li>• County Release No. 634 was installed, CCC-186, item 3 may be correct</li><li>• Information Bulletin No. 4391 was loaded, CCC-186, item 3 is most likely incorrect.</li></ul>
3	Identify which CCC-186, item 3's had incomplete interest rates printed. This rate is different than the interest rate printed on the Loan Amortization Report.  <b>Note:</b> For FSFL's initially approved in July and August 2007, when the interest rate was 5.000 percent, the borrower does <b>not</b> need to be notified.
4	Determine whether a copy of the Loan Amortization Report was given to the borrowers at loan disbursement.
5	Follow the applicable instructions in the next table.

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**2 Action (Continued)**

**A County Office Action (Continued)**

The following table provides instructions for the County Office after determining whether the borrower was given a copy of the Loan Amortization Report at loan disbursement.

<b>IF a copy of the Loan Amortization Report was....</b>	<b>THEN County Offices shall...</b>
<p>given to the borrower at loan disbursement</p>	<ul style="list-style-type: none"> <li>• prepare the letter in Exhibit 2, specific to each applicable loan and borrower</li> <li>• mail the letter to all borrowers identified in step 3 of this subparagraph and who signed CCC-186 by Certified Mail/Return Receipt by <b>April 24, 2008</b></li> <li>• attach the proof of mailing receipt and return receipt post card to the file copy of Exhibit 2 sent to the borrower and file in the respective FSFL folder</li> <li>• make these notification letters <b>high priority</b>; it is <b>imperative</b> that borrowers are notified within a specified time period.</li> </ul> <p><b>Note:</b> Some County Offices noticed that the annual percentage (interest) rate printed on CCC-186, item 3 was <b>not</b> complete. These County Offices inserted the additional numbers in CCC-186, item 3. If this was done at loan closing, <b>and</b> the County Office employee and <b>all</b> borrowers initialed the change, it is <b>not</b> necessary to notify the borrower by sending Exhibit 2.</p>
<p><b>not</b> given to the borrower at loan disbursement</p>	<p><b>immediately</b> notify their State Office specialist.</p> <p><b>Note:</b> State Office specialists will <b>immediately</b> contact DeAnn Allen at the e-mail or telephone number in subparagraph 1 C for further instructions.</p>

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**2 Action (Continued)**

**B State Office Action**

The following steps provide procedures that **must** be followed by State Offices.

<b>Step</b>	<b>Action</b>
1	<p>Run the State Online Reporting System (SORS) FSFL Disbursement Report for their State for the months of February and March 2008.</p> <p>The report can be obtained at <a href="https://intra2.fsa.usda.gov/pscad">https://intra2.fsa.usda.gov/pscad</a>. See 1-FSFL, paragraph 451. Contact PSD if additional assistance is needed.</p>
2	<p>Notify the County Offices identified on the SORS FSFL Disbursement Report of the following:</p> <ul style="list-style-type: none"> <li>• FSFL loans listed</li> <li>• date they <b>must</b> have Exhibit 1 completed and sent to the State Office.</li> </ul>
3	<p>Ensure that the counties listed and notified have reviewed <b>all</b> loans identified to determine whether the annual percentage (interest) rate printed correctly on CCC-186, item 3.</p>
4	<p>Notify PSD <b>immediately</b> for further instructions if notified by any County Office of any FSFL's disbursed with incomplete CCC-186, item 3, where the Loan Amortization Report was <b>not</b> given to the borrowers at loan disbursement.</p>
5	<p>Verify that Exhibit 2 was mailed by Certified Mail/Return Receipt by the County Office to the affected borrowers identified in subparagraph A, step 3 and who received a copy of the Loan Amortization Report at loan disbursement, by <b>April 24, 2008</b>.</p>
6	<p>Compile County Office Exhibit 1's and send the State Office compiled Exhibit 1 by <b>April 30, 2008</b>, to DeAnn Allen by either of the following:</p> <ul style="list-style-type: none"> <li>• e-mail to <a href="mailto:deann.allen@wdc.usda.gov">deann.allen@wdc.usda.gov</a></li> <li>• FAX at 202-690-1536.</li> </ul> <p><b>Note:</b> Negative reports are <b>required</b>. After running the SORS FSFL Disbursement Report, States showing <b>no</b> FSFL disbursement activity during the specified time period shall <b>immediately</b> send Exhibit 1 specifying a negative report. This will allow PSD to concentrate on the States with FSFL disbursements.</p>



County Office Notification Letter

The following is an **example** of the letter that **must** be prepared for all FSFL borrowers on which the complete interest rate failed to print in CCC-186, item 3, and a copy of the Loan Amortization Report was given to the borrowers at loan disbursement. Insert the specific information relevant to each FSFL and borrower on the blank lines and where indicated by the "x".

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY  
JONES COUNTY FSA OFFICE  
PO BOX 555  
CITY, STATE, ZIP

Date

CERTIFIED MAIL/RETURN RECEIPT

Mr. \_\_\_\_\_ (Borrower's Name)  
\_\_\_\_\_ (Address)  
\_\_\_\_\_ (City, State, Zip)

Dear Mr. \_\_\_\_\_ (Borrowers Name) \_\_\_\_\_:

This letter is to notify you that due to a minor issue that was discovered in our software, the interest rate that appeared in CCC-186, Item 3, Farm Storage Facility Loan (FSFL) Promissory Note and Security Agreement, for your FSFL No. 200x-0000x did not print fully. The \_\_\_\_\_ County Farm Service Agency (FSA) Committee recently discovered a software issue when the CCC-186 printed for your FSFL No. 200x-0000x. As a result of the software issue, the complete annual percentage (interest) rate did not print in CCC-186, Item 3, for your FSFL disbursed on \_\_\_\_\_, 2008. The portion of the rate after the decimal point failed to print.

Specifically, the annual percentage (interest) rate that appeared in CCC-186, Item 3, for your FSFL No. 200x-0000x, printed as a whole percent. The complete annual percentage (interest) rate should be carried out to 3 decimal places to the right of the period. The annual percentage (interest) rate that printed in your CCC-186, Item 3, was \_\_ percent, and should be \_\_\_\_\_ percent. The amount financed, total finance charges, and the installment amount that printed on the CCC-186, that you signed, were not affected by this printing issue.

If you have any questions, please contact the FSA Service Center.

Sincerely,

County Executive Director

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