

For: State and County Offices

Budget Restraints and the FSFL Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Recently issued AO notices provide guidance to State and County Offices for conducting and operating services using cost saving efforts that will not cause adverse impacts on program payments or other program related activities. State Offices have contacted PSD requesting flexibility with FSFL procedures because of budget restraints and the new policy for scheduling STC and COC meetings.

B Purpose

This notice provides:

- authorization for STC’s and COC’s to approve CCC-185’s by conference calls, e-mail, or a polling process
- delegation authority to STC’s to delegate to SED’s **only** the authority to approve a second 4-month loan approval extension
- changes to the FSFL collateral check schedule for annual installment payments.

Policies and procedures included in this notice are effective **immediately**.

C Contact

State specialists with questions about this notice shall contact Toni Williams by either of the following:

- e-mail to **toni.williams@wdc.usda.gov**
- telephone at 202-720-2270.

Disposal Date	Distribution
March 1, 2012	State Offices; State Offices relay to County Offices

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2 CCC-185 Approvals, Approval Expirations, and Maintenance

A CCC-185 Approval Authority

When STC or COC meetings are conducted by conference calls, e-mail, or a polling process for CCC-185 approvals, the following actions are **required**:

- record approval/disapproval of CCC-185 in the STC or COC meeting minutes
- document the date and method of approval on CCC-185, item 18, Remarks
- STC or COC chairperson **must** sign CCC-185 at the next face to face meeting.

Note: After CCC-185 is approved by conference call, e-mail, or polling process, the CCC-185 loan approval date shall be recorded in APSS and uploaded for funding.

If a polling process is used, document in the STC or COC meeting minutes the names of the committee members that were polled, date of the polls, and the determinations.

Continue to follow FSFL approval authority policy in 1-FSFL, subparagraph 2 F. This new policy **only** applies to CCC-185 approvals for specific situations as specified in 1-FSFL, subparagraph 11 A.

B Approval Extensions

FSFL approvals expire 4 months after the date of approval. A producer **must** timely request an approval extension **before** the loan approval expires. A loan approval extension that requires a second 4-month extension, from the original approval date, may be approved by STC. This authority may be redelegated to SED **only**. The delegation of authority **must** be recorded in the STC meeting minutes.

Continue to follow FSFL approval expiration policy in 1-FSFL, subparagraph 26 A and extension of approval policy in 1-FSFL, paragraph 135.

C Collateral Checks

The borrower **must** maintain the FSFL collateral in a condition suitable for the storage of 1 or more FSFL commodities.

County Offices shall perform collateral checks:

- annually on FSFL's where the full annual installment payment is **not** made within 30 calendar days **after** the installment due date

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2 CCC-185 Approvals, Approval Expirations, and Maintenance (Continued)

C Collateral Checks (Continued)

- when the full annual installment payment is **not** made **before** the installment due date for the following FSFL terms:
 - 7-year term – third and fifth year of FSFL
 - 10-year term – third, fifth and eighth year of FSFL
 - 12-year term – third, fifth, eighth, and tenth year of FSFL.

Example: FSFL 2008-00001 has an annual installment payment due on November 1, 2011. The full annual installment payment is received in the County Office on November 2, 2011. Because the full annual installment payment is received after the due date, the County Office **must** conduct a collateral check on the FSFL security.

Note: If there is reason to believe CCC's collateral is at risk, STC or COC may authorize the County Office to perform a collateral check at any time.

3 Action

A State Office Action

State Offices shall:

- ensure that County Offices are following the procedure in this notice **immediately**
- ensure STC FSFL approvals are recorded in STC meeting minutes according to subparagraph 2 A
- ensure that the delegation of authority for FSFL approval extensions to SED **only** for the second 4-month extension are recorded in the STC meeting minutes according to subparagraph 2 B
- assist County Offices with questions they may have about this notice
- contact PSD according to subparagraph 1 C with any questions about this notice.

B County Office Action

County Offices shall:

- comply with the procedures in this notice effective **immediately**
- ensure all COC FSFL approvals are recorded in Executive Session COC meeting minutes according to subparagraph 2 A
- direct any questions about this notice to the State Office.