

**For:** State and County Offices

**Updating Flags for Delinquent Farm Storage Facility Loan (FSFL)  
Borrowers in FSA Financial Services (FSA-FS)**

**Approved by:** Acting Deputy Administrator, Farm Programs



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**1 Overview**

**A Background**

County Offices shall follow procedure in 1-FSFL, subparagraph 150 D when an FSFL installment is not paid by the due date. Delinquent FSFL installment payments plus additional interest to the date of repayment shall be collected by offset from any CCC payments due the borrower.

**B Purpose**

This notice informs State and County Offices with delinquent FSFL’s that the “Other Agency Claim” flag in FSA-FS shall be set for all FSFL borrowers delinquent on their installment payments.

**C Contact**

State specialists with questions about this notice shall contact the following:

- for **policy**, DeAnn Allen by either of the following:
  - e-mail at [deann.allen@wdc.usda.gov](mailto:deann.allen@wdc.usda.gov)
  - telephone at 202-720-9889
- for **automation**, Joseph Doleski by either of the following:
  - e-mail at [joseph.doleski@wdc.usda.gov](mailto:joseph.doleski@wdc.usda.gov)
  - telephone at 202 720-8401.

<b>Disposal Date</b>	<b>Distribution</b>
February 1, 2009	State Offices; State Offices relay to County Offices

## Notice FSFL-48

### 2 FSFL Delinquent Loan Installment Policy

#### A Reminder and Notification Letters

FSFL reminder and notification letters are automatically generated during start-of-day 45 calendar days before an installment due date. County Offices shall mail these letters to borrowers immediately after they are printed by the system.

#### B Loans Not Paid by the Installment Due Date

County Offices shall consider FSFL's delinquent and eligible for offset from any payments due borrower on the day after the due date when the installment principal balance remaining after payment exceeds \$25, except for the final installment payment. The final installment payment must be paid in full.

On the day after the installment due date, County Offices shall do both of the following:

- prepare and mail the first demand letter to contact borrower and all co-borrowers describing actions that may be taken against the debtor, if the installment is not paid within 30 calendar days of the date of the letter
- set the other "Agency Claim Flag" in FSA-FS on all borrowers listed on the delinquent loan.

**Note:** This flag is needed to update the accounting customer profile in FSA-FS and bring up the set-off option for a payment. See Notice FI-2842, for procedure to set this flag.

#### C Ongoing Collection Policy

County Offices shall:

- continue to follow policy for handling delinquent FSFL installment payments in 1-FSFL, subparagraph 150 D, including sending subsequent demand letters
- do the following to ensure that delinquent FSFL amounts are set-off:
  - ensure that all County Office employees are researching the reason for the "Other Agency Claim" flag when processing any payments to delinquent FSFL borrowers
  - ensure that the County Office employee certifying payments made through the National Payment Services (NPS) is aware of the delinquent FSFL installment payment and that the total installment amount plus interest to date is set-off
  - re-compute the total amount owed on the installment to include additional interest to ensure that the correct amount is set-off.

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### 3 “Other Agency Claim” Flag in FSA-FS

#### A Setting the Flag

See Notice FI-2842, for instructions on accessing FSA-FS and setting the “Other Agency Claim” flag.

When the “Other Agency Claim” flag is set to “Yes”, a screen will be displayed in the payment application for the delinquent borrower to allow the County Office to enter the withholding amount, Commodity Credit Corporation, and the address of the County Office. The payment amount shall include interest to the date the payment is generated. A check will be sent to the County Office to be applied to the FSFL.

The “Other Agency Claim” flag must be reset to “No”, according to Notice FI-2842, when the delinquent FSFL installment payment, plus interest to date of repayment, has been collected in full.

### 4 Action

#### A State Offices Action

State Offices shall:

- ensure that County Offices follow:
  - the instructions in this notice
  - FSFL delinquent loan procedure in 1-FSFL, subparagraph 150 D
- assist County Offices, if needed, when:
  - setting “Other Agency Claim” flags
  - offsetting payments for delinquent FSFL’s
  - applying offset check to delinquent FSFL.

#### B County Office Action

County Offices shall:

- follow the instructions in this notice
- follow the procedure for delinquent FSFL borrowers in 1-FSFL, subparagraph 150 D
- set “Other Agency Claim” flags in FSA-FS on delinquent FSFL borrowers
- offset any CCC or FSA payments due borrowers with delinquent FSFL’s
- apply offset checks to delinquent FSFL’s.