

# **Farm Storage Facility Loans**

# Objective

Farm Storage Facility Loan (FSFL) Program provides low cost financing for producers to build or upgrade farm storage and handling facilities for eligible commodities.

# Eligible Borrowers

An eligible borrower must

- have satisfactory credit history and not be delinquent on any nontax debt
- be a producer of an eligible FSFL commodity
- have crop insurance or NAP coverage on all eligible FSFL commodities
- demonstrate the ability to pay the down payment (15% of eligible net costs) and to repay the loan.

# Eligible Borrowers (continued)

An eligible borrower must

- demonstrate a need for increased storage capacity
- be in compliance with USDA provisions for HEL and Wetlands as well as NEPA requirements
- meet other requirements if the applicant is an entity

# Eligible Commodities

- Grain crops
- Corn silage, haylage
- Hay (dry hay storage)
- Fruits (includes nuts) and vegetables - cold storage facilities

\*Partial listing of crops applicable to our area

# Example of a bunk silo



# Formula for determining storage need

- 3-year average acreage for each FSFL commodity using 3 most recent crop reports.(must file late reports if not updated)
- a 1-year acreage projection can be used for newly grown commodities.
- Multiply this average commodity acreage by reasonable crop yield to come up with annual production projections.

# Loan Terms & Interest Rates

\$100,000 or less – 7 years

February 2014 interest rate – 2.375%

\$100,000.01 - \$250,000 – 7 or 10 years

February 2014 interest rate – 3.000%

\$250,000.01 - \$500,000 – 7, 10 or 12 years

February 2014 interest rate – 3.125%

Note: Loan interest rate is base on approval date,  
not application date



# FSFL Disbursements

## Final Loan Disbursement

- Entire structure being financed must be complete
- FSA inspects structure before closing
- Additional security presented at closing, if not already on file
- CCC-186, Note and Security Agreement must be signed by all borrowers
- Form CCC-197 “Final FSFL Program Cost Certification”
- Form CCC-191 “FSFL Release of Liability”

# FSFL Security Requirements

- All FSFL's are secured by Promissory Note and Security Agreement
- UCC filed on the structure

## **Additional Security is required if**

- FSFL exceeds \$50,000
- the aggregate outstanding FSFL balance exceeds \$50,000
- County Committee determines, as result of financial analysis, that additional security is required
- the structure has no resale value

# FSFL Application Fee

- \$100 per borrower on loan
- Nonrefundable
- If a partial and final disbursement are requested only 1 application fee is required

# FSFL Approval Extensions

FSFL approvals expire 6 months after the approval date. Under certain circumstances, extensions may be granted. Extensions may not exceed 18 months.

# Purpose of Facility

FSFL collateral **must be used** for the purpose for which the storage facility was constructed for the entire FSFL term and must be a stand alone structure.

Note: FSFL amount must be adjusted to exclude ineligible space not used for storing FSFL commodities (office space, display area)

# Crop Insurance Requirement

Multi-peril crop insurance or NAP is required on both of the following:

- Commodities stored in FSFL funded facility
- Insurable FSFL commodities of economic significance on all farms operated by the borrower

# **Farm Storage Facility Loans**

Hay

# Eligible Structures for Storing Hay

- Must have a useful life of at least 15 years
- Traditional and non-traditional barn style structures are acceptable
- The structure must have suitable flooring for the region where facility is located



# Eligible Components

- Safety equipment meeting OSHA standards
- Equipment to monitor and maintain quality
- Electrical equipment
- Concrete aprons
- Flooring suitable for region located

# Structural Insurance Requirement

- All storage structures receiving FSFL financing must obtain all peril insurance
- Amount of coverage must be equal to or exceed outstanding loan balance
- CCC listed as loss payee

# **Farm Storage Facility Loans**

Fruits and Vegetables

# Fruits and Vegetables

- Cold storage facilities for storing FAV's produced by the borrower
- Includes nuts and honey
- Eligible FAV's – Most common FAV's

# Determining Storage Need for FAV's

- Crop reports for previous or current crop year (Late filed acreage reports accepted for FSFL purposes only)
- COC to determine yield
- One year of needed storage capacity to be used for FAV's
- Cold storage facility can only be used for FAV's producer/applicant grows

# Eligible Cold Storage Structures for FAV's

- New cold storage structures suitable for storing the FAV's produced by the borrower
- Permanently affixed equipment necessary for cold storage such as:
  - Refrigeration units or system
  - Circulation fans
- Having a useful life of at least 15 years

# Eligible Cold Storage Structures for FAV's (cont'd)

Examples of eligible buildings:

- Wood pole & post construction
- Steel
- Concrete
- Walk-in prefabricated cooler

# Eligible Cold Storage Structures for FAV's (cont'd)

Example of eligible components:

- Cement slab floor
- Insulation on walls, ceiling & in floor
- Vapor barrier
- Equipment to monitor & control atmosphere
- Lighting



# Eligible Cold Storage Structures for FAV's (cont'd)

New components for existing structures:

- Suitable for cold storage
- Remodeled to specifications required for a cold storage facility
- Having a useful life of at least 15 years

# Old Apple Storage



# New Apple Storage



# Eligible Cold Storage Structures for FAV's (cont'd)

Any portable cooling or cold storage equipment is ineligible for FSFL

Questions