



Oklahoma State Farm Service Agency
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Farm Storage Facility Loan (FSFL) Program

Producers may begin submitting loan applications for farm storage facility loans under the new provisions provided by the 2008 Farm Bill. The 2008 Farm Bill expanded commodities eligible for storage structures, increased loan limits and terms, and provided for partial loan disbursements up to 50 percent of the approved total loan amount.

Eligible FSFL commodities now include feed grains, fruits and vegetables (including nuts), hay, oilseeds, peanuts, pulse crops, renewable biomass, and rice. Fruits and vegetables crops were added as eligible FSFL commodities and cold storage facilities as eligible structures for loan. Hay and renewable biomass were added as eligible FSFL commodities allowing loans to be made on storage structures for these commodities. Other items available for loan included as an integral part of the structures include, safety, monitoring, and electrical equipment, and flooring. Traditional grain commodity storage structures and handling equipment continue to be eligible for loan. A complete list of eligible storage structures for all crops can be obtained from the County FSA Office.

FSFL terms are 7, 10, or 12 years, with term determined by the total FSFL principal and the borrower election. The FSFL interest rate is the rate in effect for the specified FSFL term at initial FSFL approval and remains in effect for the entire FSFL term. Current interest rates for August 2009 approved applications are:

7-year term = 3.125%

10 year term = 3.5%

12 year term = 3.875%

The maximum FSFL amount is \$500,000 per FSFL. There is no limit to the overall total number of loans or dollar amount a producer may have; rather these totals are limited by overall calculated storage needs and repayment ability. A \$100 application fee is charged for each loan application. To be eligible for FSFL, the borrower must be a producer of a facility loan commodity, demonstrate a need for increased storage capacity, and show the ability to repay FSFL through the financial analysis process.

Structures built under the FSFL program must be new and have a useful life of at least 15 years to ensure that FSFL will be adequately secured throughout the FSFL term. A real estate lien will be taken as additional security on all FSFL's exceeding \$50,000; where the aggregate outstanding balance of all loans to a borrower exceeds \$50,000, and on FSFL's of \$50,000 or less with no resale collateral value.

Facilities must have construction completed within four month of loan approval.

Multi peril crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage is required on all commodities stored in the FSFL-funded facility (whether economically significant or not) and insurable facility loan commodities of economic significance on all farms operated by the borrower in the county where the storage facility is located. Also, all borrowers are required to obtain all peril insurance on all storage structures receiving FSFL financing. The amount of coverage must always equal or exceed the outstanding FSFL balance.

Contact your County FSA Office for additional information on the FSFL program.