

For: State and County Offices

FSFL Questions and Answers

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

The Food, Conservation, and Energy Act of 2008 contained changes to the FSFL program. These changes were incorporated into the FSFL regulations found at 7 CFR 1436 and published in the Federal Register on August 18, 2009.

Many questions were asked during the National Farm Bill Training in Dallas, Texas, in October 2008, and since the FSFL notices on the new program provisions were issued.

Note: 1-FSFL will be amended to incorporate the changes in this notice.

B Purpose

This notice provides answers in Exhibit 1, to the questions:

- recorded during the FSFL sessions in Dallas
- received since the FSFL notices on the new program provisions were issued.

C Contacts

The following provides contacts if there are questions about this notice.

| IF located in a... | THEN contact... |
|--------------------|--|
| County Office | State Office. |
| State Office | either of the following as applicable: <ul style="list-style-type: none"> • DeAnn Allen for FSFL policy by either of the following: <ul style="list-style-type: none"> • e-mail to deann.allen@wdc.usda.gov • telephone at 202-720-9889 • Stacy Carroll for FSFL automation by either of the following: <ul style="list-style-type: none"> • e-mail to stacy.carroll@wdc.usda.gov • telephone at 202-690-8037. |

| | |
|----------------------|--|
| Disposal Date | Distribution |
| May 1, 2010 | State Offices; State Offices relay to County Offices |
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Notice FSFL-67

2 Index of Topics

A Index of FSFL Question Topics

The following table provides topics and the applicable questions in Exhibit 1.

| IF FSFL Program topic is... | THEN in Exhibit 1 see questions... |
|--|---|
| applicable to all FSFL's and deals with... | |
| applications | 1 - 6. |
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3 Action

A State Office Action

State Offices shall:

- ensure that all County Offices are following the policy in this notice
- assist County Offices with questions on the information in this notice.

B County Office Action

County Offices shall:

- comply with the policy in this notice effective immediately
- contact the State Office if there are any questions about this notice
- accept, submit for approval, and disburse FSFL's under the FSFL regulations outlined in Notices FSFL-61, 62, 63, 64, and 65, and 1-FSFL.

Questions and Answers

Q1: When were the new FSFL regulations effective?

A1: The FSFL regulations were effective on Monday, August 17, 2009, the date on which County Offices could begin accepting applications under the new regulations.

Q2: How are FSFL applications submitted before August 17, 2009, handled? Are they under the old regulations or the regulations when they are approved?

A2: FSFL applications submitted but not approved before August 17, 2009, are under the old regulations unless the borrower withdraws the initial application and submits a new application. A CCC-185 submitted before August 17, 2009, would not qualify for the larger loan amounts, longer terms, and a partial disbursement. (Notice FSFL-64, paragraph 3)

Q3: If the applicants own the farm as individuals, can they apply for a FSFL as a joint venture?

A3: An FSFL **must** be made to a farming entity with a share of the crop. If the joint venture is the farming entity, the FSFL would need to be made to the joint venture. (1-FSFL, subparagraph 11 A)

Q4: Is a separate loan for each structure required?

A4: It depends. The principal amount for a loan cannot exceed \$500,000, and there can be only 1 loan on a stand alone structure. A stand alone structure is a structure that is not dependent on anything else and can function independently.

The following table provides examples of when separate loans are allowed.

| IF an applicant... | THEN the applicant... |
|---|--|
| requests to build 2 separate grain bins, each costing \$350,000, and wants to receive the maximum amount available for each bin (85 percent of the total cost) | would need to have a separate loan for each structure because the total cost of the 2 bins would exceed \$500,000. |
| requests to build a grain storage bin for \$500,000, and at the same time, requests to build a separate dryer bin for \$350,000 | would be allowed to have separate loans on each structure because they are both stand alone structures. |
| requests to build a grain storage bin for \$400,000, with a roof grain dryer system in the same bin costing an additional \$250,000 | would only be allowed 1 loan on this structure (bin and roof dryer) because the roof dryer system is not a stand alone structure. |

Q5: Is it possible for a FSFL facility to be used for storing multiple eligible commodities? For example, a flat storage facility that can be used to store grain, hay and renewable biomass.

A5: The applicant needs to inform the County Office of this if eligibility from more than 1 type of commodity will be needed to qualify for the structure. When entering the application into FSFL software, the County Office shall enter the facility code of the commodity qualifying for the largest amount of storage.

Questions and Answers (Continued)

- Q6: Notice FSFL-64 did not cover the following situation: A producer constructs a new FSFL structure before submitting an application. Is it still possible to take an application?**
- A6:** Follow 1-FSFL subparagraph 10.5.
- Q7: If there are 2 borrowers on a loan, would they each be charged the \$100 loan application fee?**
- A7:** For all FSFL applications received on or after August 17, 2009, the \$100 loan application fee applies. If there are 2 borrowers on a loan, they would each be charged the \$100 loan application fee as CCC is required to file security documents, obtain lien searches, and credit reports on all applicants. (Notice FSFL-61, paragraph 9)
- Q8: Are a husband and wife required to each pay the \$100 loan application fee?**
- A8:** If a spouse does not receive a share of the farm program payments and is only required to sign CCC-186 because of a State or STC requirement, only 1 application fee is required. However, if both are receiving farm program payments on the farm whose production is used to determine eligibility for the FSFL, they would both be considered borrowers and each be charged the \$100 loan application fee. (Notice FSFL-61, paragraph 9)
- Q9: How many application fees are required for an application from a General Partnership consisting of 2 members?**
- A9:** Farming entities that are paid under one TIN or EIN, will be considered 1 applicant for the FSFL loan application fee.
- Q10: When processing the second loan for the partial disbursement, is the applicant required to pay another loan application fee?**
- A10:** No, a second application fee would not be required because a separate second loan is required because of software limitations. The County Office will have 1 CCC-185, signed by the applicant, for the total loan amount. (Notice FSFL-61, paragraph 9)
- Q11: Why is MPCCI or NAP required on all crops of economic significance? “Crops of economic significance” is defined in 1-FSFL, Exhibit 2, as crops contributing at least 10 percent of the total expected value of all crops grown by the loan applicant.**
- A11:** All crops of economic significance should have been used in the financial analysis and cash flow of an FSFL applicant. Because of this, MPCCI or NAP is required on all of these commodities. In case of a crop failure, MPCCI or NAP helps to ensure that funds are still available to make annual FSFL installment payments. (1-FSFL, subparagraph 58 A)

Questions and Answers (Continued)

Q12: If a producer is requesting an FSFL to store hay, and his hay crop is not “economically significant”, is the producer required to carry crop insurance on his hay?

A12: Yes. If the applicant is putting up a storage structure for hay, crop insurance **must** be carried on the hay crop.

Q13: What happens if a borrower lapses on his MPCCI or NAP crop insurance coverage?

A13: The lack of insurance is considered to be a program violation and the FSFL can be called. If a County Office discovers that a borrower failed to maintain MPCCI or NAP insurance coverage, a DAFP waiver may be requested. If the waiver is granted, the borrower will be required to submit proof of crop insurance to the County Office each year in advance of the crop insurance sales closing date. (1-FSFL, subparagraph 58 E)

Q14: Is NAP coverage a program requirement?

A14: Yes. NAP insurance coverage is required if MPCCI is not available for a commodity.

Q15: What if the date to purchase MPCCI or NAP has passed for that crop year?

A15: The FSFL can be approved under the condition that the applicant/borrower purchase insurance for the next crop year and the entire remaining term of the loan. (1-FSFL, subparagraph 58 D)

Q16: When is CCC-191, Release of Liability, required?

A16: A CCC-191 is required anytime an invoice is over \$100, even if the cost is not included in the final FSFL amount. If the borrower goes into the local hardware store and purchases \$45 of bolts used on his bin, the invoice must be signed and dated by the seller if the cost is to be included in the final FSFL amount. In this instance a CCC-191 would not be required. If the cost of the bolts was \$105, the seller would not be required to sign and date the invoice if the dollar amount on the CCC-191 matched the amount on the invoice. (1-FSFL, subparagraph 121 E)

Q17: When a partial disbursement is requested, is the borrower required to pay the 15 percent down payment when the partial loan is processed or is the 15 percent down payment verified with the final disbursement?

A17: No. The 15 percent down payment can be paid at any time but proof that the required down payment has been made is needed before the final disbursement.

Q18: The partial disbursement must be commensurate with the amount of construction completed. Does this include any bin materials that have been delivered?

A18: If the bin materials have been delivered but not used in constructing the facility, they cannot be included in the partial disbursement.

Questions and Answers (Continued)

- Q19:** Notice FSFL 61, subparagraph 8 D included in an example the scenario where the borrower could present 1 letter of credit or mortgage at the time of the partial disbursement to secure both the partial and final disbursement. How are both loans identified on the letter of credit or listed on the real estate mortgage as the CCC-186 and loan amount are not known for the final disbursement?
- A19:** Since Notice FSFL-61 was released, PSD has been informed by a number of States that this scenario is not possible. Check with your Regional Attorney to see if this above scenario is possible according to the laws in a given State.
- Q20:** In reference to question 19, if the borrower wants the partial disbursement but does not want to pay for 2 real estate mortgages, is there another option?
- A20:** If the partial disbursement is \$50,000 or less, the partial disbursement can be secured with a UCC-1 filing, fixture filing, and severance agreement. At the time of the final disbursement, both disbursements can be identified and included on the real estate mortgage.
- Q21:** Will interest be charged on the partial loan when it is disbursed?
- A21:** Yes, interest on the partial disbursement begins upon disbursement.
- Q22:** Will the final loan carry the same interest rate as the second loan?
- A22:** Both the partial and final loan disbursements will have the same loan approval date, so they should have the same interest rate.
- Q23:** A dairy purchases the majority of their hay and grain for feed. Has there been any discussion to base the storage needs for livestock producers on their number of livestock or acres?
- A23:** No. FSFL storage facilities are for commodities produced by the borrower only. Therefore purchased commodities are not eligible for FSFL.
- Q24:** Is a producer required to have been producing an FSFL eligible commodity (history) or can a producer be planning to produce an eligible commodity for the first time?
- A24:** No history is required. But new producers are required to bring in seed and/or fertilizer receipts to show the intent to produce an eligible commodity if the crop has not been planted. If the producer requests a loan for a structure to store renewable biomass, a written sales contract or purchase commitment agreement is required between the applicant and a facility using or converting the renewable biomass material into energy. (1-FSFL, subparagraph 11 C and Notice FSFL-62)

Questions and Answers (Continued)

Q25: Will County Offices need to establish farms and farm numbers for producers who presently do not have the land they are farming or land on which renewable biomass commodities are being harvested carried as a farm in the FSA offices?

A25: Yes. County Offices must establish farm numbers in order to determine HEL and WC eligibility. An AD-1026 is required for all FSFL applicants because the applicants must be in compliance with HEL and WC provision.

Q26: Will there be a charge for the late filed acreage reports for the FSFL program?

A26: As of the date of this notice, County Offices will follow the procedure in 2-CP for all late filed acreage reports. 1-FSFL, subparagraph 11 C will be amended.

Q27: Why are producers required to complete CCC-902's?

A27: CCC-902's are needed to determine if an applicant is actively engaged.

Q28: If a producer is delinquent on a Federal non-tax debt, will the loan be issued to offset that debt?

A28: If a producer is delinquent on a Federal non tax debt, he would **not** be eligible for an FSFL until the delinquent Federal non tax debt has been resolved. If the producer has a Federal non-tax debt on which he is current with his payments, he would be eligible for an FSFL if the financial analysis shows he can cash flow the payments, and he meets all other eligibility and security requirements. (1-FSFL, subparagraph 46 D)

Q29: How can the County Office be assured that the applicant complies with the DCIA requirement?

A29: Presently, we are relying on the applicant's certification that he complies with the DCIA requirement on CCC-185, item 13. At some time in the future, County Offices will have access to Treasury's Debt Check system which will identify borrowers delinquent on Federal non tax debts.

Q30: Is a producer eligible for an FSFL if he has received forgiveness of a previous debt through Farm Loan Programs (FLP)?

A30: If an applicant meets all the FSFL eligibility requirements for a loan, including the ability to cash flow the additional debt, previous debt forgiveness through FLP does not disqualify him from an FSFL.

Q31: Can we substitute State-established yields for determining eligibility?

A31: Yes, if a county yield is not available.

Questions and Answers (Continued)

Q32: Can we use NAP or crop insurance yields to determine eligibility?

A32: NAP and other crop insurance yields will only be used if a State or county yield is **not** available.

Q33: Is a concrete pad without walls eligible for an FSFL? What would you store on such a pad?

A33: Yes. Silage, haylage, hay, and grain that, in most instances, would be fed, would be eligible crops for such a facility. (1-FSFL, subparagraph 12 A)

Q34: Is a hoop structure eligible for an FSFL?

A34: Yes, a hoop structure would be eligible for grain and hay storage as long as the structure is fully insured and there is a manufacturer's warranty on the hoops and covering for the life of the loan. A hoop structure would not meet the requirements of a cold storage facility for fruits and vegetables.

Q35: Is an FSFL to purchase existing structures allowed?

A35: A used structure would not be eligible for an FSFL but new components added to a used facility, like a new perforated floor, additional rings, and a new grain dryer, would be eligible for loan. (1-FSFL, subparagraphs 12 C and D)

Q36: Who reviews an applicant's financial data required for loan approval?

A36: Farm Loan Managers, Farm Loan Officers, or CED's with loan approval authority are authorized to review an applicant's financial data and complete the financial analysis. The STC and COC's are not authorized to review FSFL applicant's personal financial information. (1-FSFL, subparagraphs 44 G and 101 E)

Q37: Is it acceptable to use the FLP cash flow plan for the FSFL program?

A37: No. The only time the FLP cash flow plan can be used for the FSFL program is if the applicant is a FLP borrower and their plan is already in the FLP system. (1-FSFL, subparagraph 44 B)

Q38: The interest rate on an FSFL is determined by the first approval date. Does the interest rate change if the obligation is increased?

A38: No, the interest rate of an FSFL does not change if the amount approved is increased.

Q39: Why is the interest rate for each of the 3 loan terms different?

A39: CCC borrows from the U.S. Treasury to fund the FSFL program. The FSFL interest rates are equivalent to the rate of interest charged on Treasury Securities of comparable term and maturity. In most instances, the longer loan terms have a higher interest rate.

Questions and Answers (Continued)

Q40: When the producer provides quotes from the contractor, is it acceptable for a producer to give a best estimate if the quote does not contain all of the items?

A40: It is best if a producer obtains a written quote. As the loan term is based on the final loan amount, a written quote from all contractors will be required for determining the initial loan term if the final loan amount is close to the \$100,000.01 or \$250,000.01 amount and the applicant wants the longer term. As the financial analysis and approval amount are based on a specified amount, it is best if this figure is accurate. The loan term on the partial disbursement cannot be changed once disbursed. (Notice FSFL 61, subparagraph 6 C)

Q41: A DD is required to review all FSFL's before COC approval where the total principal amount is between \$100,000.01 and \$250,000. Can a State Office specialist conduct this review instead of DD?

A41: Either DD or STC-designated State Office specialist can review loans with the principal amount between \$100,000.01 and \$250,000, before COC approval. The date COC approves the loan following the DD or State specialist review, will be the approval date.

Q42: How is the DD or State Office designee review to be documented?

A42: Include a statement similar to the following in the remarks section on CCC-185, page 2: "From review of the completed documents and review of financial documents, I concur with the recommendation of the FLM, concurring with the financial ability of the applicant and I also recommend approval or disapproval of the loan to the COC." The District Director or State Office specialist shall sign and date the statement.

Q43: If unexpected expenses are incurred to properly install a storage structure, can the loan amount be increased?

A43: Increases to the original approved loan amount may be authorized if:

- the expenses incurred are eligible components
- the applicant can cash flow the additional loan principal
- additional funding for the applicable FY is still available.

Q44: When will the new useful life (15 years) for structures be effective?

A44: The 15 year useful life of FSFL structures will be effective for applications received and approved after the revised regulations were published in the Federal Register.

Q45: Why is the useful life of a loan the same for all 3 loan terms?

A45: The required useful life of all loans was increased from 10 to 15 years. To be consistent, it was determined to make the useful life of all facilities the same. If a facility is properly maintained, it should last well over the required 15 years.

Questions and Answers (Continued)

Q46: Can a producer use interim financing for the down payment?

A46: Yes, interim financing can be used for the down payment as long as this is reflected in the cash flow and financial analysis.

Q47: A FSFL borrower is unable to continue farming, and now cash rents the farm to a tenant. Is this FSFL called?

A47: This is a change in the farming operation, and the loan could either be repaid, assumed, or the current borrower would undergo a new financial analysis to see if he would be able to continue making the scheduled loan payments. The structure could not be used for a commercial purpose.

Q48: Who is notifying TOPS when the loan is transferred?

A48: PSD notifies FMD in Kansas City who notifies Treasury.

Q49: Can other items, such as tractors/equipment be stored in an FSFL structure part of the year?

A49: The loan collateral is to be used for the purpose for which the structure was constructed for the entire term of the loan. The intent of the program is to provide on-farm storage to producers for the storage of the eligible agricultural commodities produced by the borrower.

Q50: Can requests be approved from current FSFL borrowers to switch the term of their current loan to 10 or 12 years?

A50: No.

Q51: Why are we limiting the loan term based on the dollar amount of the loan?

A51: The longer loan terms of 10 and 12 years, may be appropriate for the larger loans making the payments more manageable for borrowers, but for loans of \$100,000 or less, twelve years seemed an inappropriately long period of time.

Q52: Currently loans over \$50,000 require additional security. When the loan limit is increased to \$500,000, will the dollar amount for additional security also increase?

A52: No. Additional security is required for all loans over \$50,000 or where the aggregate total of a producer's loans is over \$50,000 regardless of the increased loan limit.

Q53: If an FSFL borrower has an outstanding loan of \$25,000 and submits an application for another loan costing \$40,000, does the additional security required (because of the aggregate total over \$50,000) need to cover just the \$40,000 loan or both loans?

A53: The additional security will only need to cover the new loan for \$40,000.

Questions and Answers (Continued)**Q54: Can CCC take a subordinate lien position on a loan?**

A54: CCC's preference is to take a first position, however if there is adequate collateral, CCC may take a subordinate position. (1-FSFL, subparagraph 14 C)

Q55: Can the additional security requirement include livestock or equipment?

Q55: No. The following are acceptable to use for the additional security requirement: real estate mortgage, deed of trust, or an irrevocable letter of credit approved by the Regional Attorney to comply with laws specific to the State.

Q56: Can FSFL security be released if the payment clears before the 30 days and the note is paid in full?

A56: See 1-FSFL, subparagraph 150 H.

Q57: How will the storage capacity be determined for hay?

A57: EPAS has developed a formula that has been incorporated into the worksheet in Notice FSFL-62. See paragraph 3 and Exhibit 1.

Q58: Are peanut vines baled for hay after the peanuts are dug as "nuts", and wheat, oats, barley, soybeans and rice straw baled for hay after the grain has been harvested, eligible for an FSFL for hay? What about corn stalks?

A58: If the baled commodity is going to be used as feed, it is eligible for an FSFL for hay storage.

Q59: Is the baled hay from roadside ditches eligible to be used to determine the amount of storage required for an FSFL?

A59: No. All land on which FSFL hay commodities are produced is required to be an established farm.

Q60: Is triticale an eligible FSFL commodity?

A60: Triticale is defined as a cross between wheat and rye and most commonly used as fodder. In Notice FSFL-62, a grain legume for hay is defined as hay in which the entire plant, including the seeds, is harvested at maturity and used for animal feed. If triticale is harvested as such, it would be eligible for an FSFL for hay storage.

Q61: Is haylage an eligible commodity?

A61: Yes, haylage is an eligible FSFL commodity. Manure and corn gluten are not eligible commodities.

Questions and Answers (Continued)

Q62: Trefoil is a legume hay grown in northern States. Is trefoil an eligible FSFL commodity?

A62: A legume hay would be eligible for an FSFL.

Q63: Can the grain sorghum varieties listed in Notice LP-2119, Exhibits 1-5, that are harvested as hay, be used to determine FSFL eligibility?

A63: Yes.

Q64: When entering an FSFL application for a hay structure into the FSFL software, what facility code is used?

A64: Notice FSFL-65, pages 4 and 6, list the following codes for the new facilities: Hay – “7”; Biomass – “A”; and Fruits & Vegetables – “B”. County Offices shall discontinue using these codes for maintenance equipment, upright silo for high moisture grain, and upright silos for silage. 1-FSFL, subparagraph 305 C will be amended to modify the description of these codes.

Q65: Will a dirt floor be allowed for a hay storage structure?

A65: Yes. But STC and COC in each State will have some input on this, as well as National Institute of Food and Agriculture (NIFA – formerly CSREES) and land grant universities. (Notice FSFL-62, subparagraph 4B)

Q66: Is a concrete floor going to be required in a hay facility?

A66: No. Unless NIFA or the land grant university in the State determine that a concrete floor is necessary for a hay storage facility. (Notice FSFL-62, subparagraph 4 B)

Q67: Define “old growth timber” as it relates to renewable biomass.

A67: Old growth timber requirements are set forth in paragraphs (2), (3), and (4) of subsection (e) of section 102 of the Healthy Forests Restoration Act of 2003.

Q68: If firewood is not a renewable biomass commodity, how do trees fit into biomass?

A68: There are some varieties of trees that are considered renewable biomass commodities, such as short rotation woody crops like poplars, willows, and southern pines. Also the residue from the trees, such as slash and thinning that are products of the lumber industry, are considered a renewable biomass commodity. Renewable biomass is to be used for the production of energy in the form of heat, power, bio-based products, or advanced bio-fuels.

Questions and Answers (Continued)

Q69: Does the applicant have to own the forest if requesting FSFL under renewable biomass?

A69: No. But an applicant for an FSFL of a renewable biomass commodity has to be a producer and must have a risk in the commodity, and the commodity must come from an established farm/ranch or non industrial private forest land.

Q70: Is yard waste (leaves, grass, and tree branches) from domestic, residential, or municipal sources eligible for an FSFL storage structure?

A70: No.

Q71: Is food waste, from domestic/residential/municipal sources, food source operations or edible food processing waste, eligible for an FSFL storage structure?

A71: No.

Q72: Under the FSFL program, what types of structures are eligible for storing renewable biomass commodities?

A72: For renewable biomass commodities, loan will be approved on structures acceptable to industry guidelines for the commodity being stored. Structures must have a useful life of at least 15 years. The flooring in these structures must be suitable for the region where the facility is located and designed according to acceptable guidelines from NIFA and land grant universities. (Notice FSFL-62, subparagraph 4 B)

Q73: What if a producer does not have a history of any type of biomass production but claims they will start harvesting round bales of corn stover as biomass. Is this eligible for an FSFL?

A73: In this situation, the applicant will be required to bring in a contract or letter of commitment with a company or facility that will purchase the applicant's corn stover. This facility must use the stored corn stover in the production of energy in the form of heat, power, bio-based products or advanced bio-fuels.

Q74: Is an assortment of vegetable crops allowed to be stored in a cold storage facility?

A74: Yes. The structure does not have to be used to just store 1 commodity.

Q75: Is there a possibility for cold storage for peanuts?

A75: Peanuts are an eligible commodity for cold storage but cannot be processed in any way.

Q76: Will pecans be considered a fruit and vegetable crop eligible for a cold storage facility?

A76: Yes, tree nuts are considered fruits and eligible for an FSFL cold storage facility.

Questions and Answers (Continued)

Q77: Would a producer who stores his grapes in a cold storage facility and later processes the grapes into wine, be eligible for a cold storage facility under FSFL?

A77: This producer would be eligible for an on farm cold storage facility to store his grapes. Once the grapes are processed into wine, the cold storage facility could not be used to store the wine.

Q78: Will sugar beet producers be eligible?

A78: The Farm Bill specifically excludes sugar from the definition of other storable commodities as determined by the Secretary. Storage facilities for in-processed, raw, and refined sugar are eligible to sugar processors under the Sugar Storage Facility Loan Program.

Q79: What if a commodity (spinach) is not listed as an eligible F&V commodity in Notice FSFL-61, Exhibit 2? Will the State Office need to request per Notice FSFL-63, subparagraph 2A that they be included?

A79: First check 2-CP, Exhibit 10.5 to see if the commodity is included under a type name. Spinach is included under “greens”. If not included, the State Office shall submit the required justification for a determination as to if the requested commodity should be included.

Q80: Will controlled atmosphere or oxygen limiting facilities be eligible for FSFL’s at some later date?

A80: Cold storage facilities are the only facilities eligible for FSFL’s to store fruits and vegetables.

Q81: Does cold storage include freezer storage?

A81: No.

Q82: Can a producer of fruits and vegetables just obtain a loan on the refrigeration unit if they already have the structure?

A82: Yes. If the structure is sound and is suitable for a fruit and vegetable cold storage facility. The useful life of the modified facility would have to be at least 15 years.

Q83: An owner of an apple orchard constructs a cold storage facility and adds a store for selling his apples. Would the store be eligible for an FSFL?

A83: No. The store portion of the facility would not be eligible for loan. The loan amount would be determined according to 1-FSFL, subparagraph 15 G.

Questions and Answers (Continued)

Q84: Are bin boxes eligible for loan? Bin boxes are approximately 5 feet by 5 feet boxes used to store produce in cold storage structures.

A84: No, bin boxes are not eligible for loan because loan items need to be permanently attached.

Q85: Are Cooperatives eligible to apply for an FSFL for fruit and vegetable storage?

A85: Only the growers are eligible for an FSFL and can only store what they produce.