

For: State and County Offices

**Honey Included as Eligible FSFL Commodity**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

State and County Offices have received several inquiries from producers about honey eligibility for FSFL. The Food, Conservation, and Energy Act of 2008 gave the Secretary the discretionary authority to add other commodities for FSFL eligibility. Using this authority, the Secretary is adding honey as an eligible commodity for FSFL.

Policies and procedures included in this notice:

- are effective immediately
- will be included in a forthcoming amendment to 1-FSFL.

**B Purpose**

This notice provides:

- policy and procedure for honey FSFL's
- authorization to State and County Offices to accept CCC-185's for honey
- eligible honey floral sources
- eligible structures and equipment
- worksheet for determining capacity of a honey storage structure.

**C Contact**

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

- e-mail at [toni.williams@wdc.usda.gov](mailto:toni.williams@wdc.usda.gov)
- telephone at 202-720-2270.

<b>Disposal Date</b>	<b>Distribution</b>
February 1, 2012	State Offices; State Offices relay to County Offices

## Notice FSFL-78

### 2 General Information on FSFL's for Honey

#### A Eligible Floral Sources

The following provides honey floral sources that are eligible for FSFL.

**Note:** The eligible floral sources are the same as for MAL and LDP.

Floral Sources	
Alfalfa	Mangrove
Apple	Manzanita
Aster	Mesquite
Athel	Mint
Avocado	Orange
Basswood	Partridge Pea
Bird's-foot Trefoil	Raspberry
Blackberry	RattanVine
Blueberry	Safflower
Brazil Brush	Sage
Brazilian Pepper	Salt Cedar (Tamarix Gallica)
Buckwheat	Saw Palmeto
Cabbage Palmetto	Snowberry
Catsclaw	Sourwood
Chinese Tallow	Soybean
Clover	Spanish Needle
Cotton	Spikeweed
Dandelion	Star Thistle (Barnaby's Thistle)
Eucalyptus	Sunflower
Fireweed	Sweet Clover
Gallberry	Titi
Goldenrod	Toyon
Heartsease (Smartweed)	Tulip Poplar
Horsemint	Tupelo
Huajillo	Vetch
Kiawe	Western Wild Buckwheat
Knapweed (American)	Wild Alfalfa
Lima Bean	Wild Cherry
Loosestrife	Yaupon
Macadamia	

## Notice FSFL-78

### 3 FSFL Eligible Borrowers

#### A Basic Requirements

An eligible borrower for a honey FSFL must adhere to the same requirements as all other FSFL borrowers, according to 1-FSFL, paragraph 12.

An FSFL borrower must:

- be a producer of an eligible honey floral source according to subparagraph 2 A
- have a satisfactory credit rating as determined by CCC
- possess no delinquent nontax Federal debt
- demonstrate the ability to repay the debt
- demonstrate a need for honey storage
- provide proof of multi-peril crop insurance offered under the Federal Crop Insurance Program or NAP on all eligible FSFL commodities

**Note:** Honey is an eligible NAP crop according to 1-NAP, Exhibit 7.4.

- provide all-peril structural insurance and, if applicable, flood insurance with CCC as loss payee
- be in compliance with USDA provisions for HEL and WC according to 7 CFR Part 12
- demonstrate compliance with NEPA according to 40 CFR Parts 1500-1508
- demonstrate compliance with any applicable local zoning, land use, and building codes for the applicable storage structure
- have not been convicted under Federal or State law of a controlled substance violation according to 1-CM, Part 30
- adhere to FSFL security requirements, applicable to all other types of FSFL
- be determined actively engaged in farming according to 4-PL.

## Notice FSFL-78

### 4 Storage Need Requirement for Honey

#### A Determining Honey Storage Need

Applicants must show a need for the honey storage capacity as determined by the following formula.

Step	Action
1	Determine the average of the applicant's share of honey production for the most recent 3 years of honey requiring storage at the proposed location.
2	COC shall determine if the average annual production is reasonable. (subparagraph B)
3	Determine honey storage space needed to store 1 year's honey crop with the assistance of NIFA, land-grant university, or ARS publications. (subparagraphs B and C)
4	Determine capacity of proposed structure using worksheet in Exhibit 1, or other verifiable documentation. All documentation used must be verifiable and kept in the loan folder. (subparagraph D)
5	Compare capacity of proposed honey facility with storage needed to determine whether applicant is eligible for additional storage.

**Note:** The honey storage need requirement will be determined based on previous production for 1 year and the honey storage need will be determined to allow the storage of 1 year's honey production.

#### B Determining Reasonable Commodity Production/Yield

COC's must determine if the applicant's production/yield for honey from step 1 above is reasonable.

COC's shall use the following resources in determining a reasonable yield:

- NIFA in the State
- land-grant university located in the State or neighboring State
- ARS publications
- NASS reports
- detailed producer records for past 3 years.

**Notes:** If the honey producer participated with NAP, documentation may be provided to assist with the producer's honey production.

County Offices may review the NASS Honey Annual Report which contains the number of colonies producing honey, yield per colony, honey production, average price, price by color class, and value by state in the United States.

County Offices can review the latest NASS Honey Annual Report at <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1191>.

## Notice FSFL-78

### 4 Storage Need Requirement for Honey (Continued)

#### C Determining Honey Storage Needed

An applicant's needed honey storage can be determined with the assistance of NIFA, land-grant universities, ARS publications, and NASS reports.

Applicable laws, regulations, construction codes, and zoning restrictions can also affect the size of a facility and where it can be located.

The following must be determined before defining the size of honey storage needed:

- volume of product to store
- honey containers
- volume required per container
- aisle space needed
- lateral and head space
- available site space.

**Note:** Honey stored in jars (processed) is considered ineligible for FSFL storage.

#### D Determining Capacity of Honey Structure

Capacity of the proposed structure can be obtained from the contractor constructing the honey storage facility. The applicant shall provide this information to the County Office.

### 5 Types of Structures and Equipment Allowed for FSFL Honey Storage

#### A Eligible Structures

FSFL-financed honey storage structures must be used for the purpose for which the structure was constructed, assembled, or installed for the entire term of the loan. This requirement is applicable to all FSFL storage structures.

Honey storage facilities, with a useful life of at least 15 years, may be approved for financing a new facility, or additions/modifications to an existing storage facility, if CCC determines there is a need for the capacity of the structure.

FSFL eligible storage structures for honey must be:

- built of such quality that the structure can be insured
- built to protect the honey from sunlight and rain
- built to support snow load for the area
- properly drained.

Honey storage facilities must be built according to acceptable design guidelines from NIFA or land-grant universities.

## Notice FSFL-78

### 5 Types of Structures and Equipment Allowed for FSFL Honey Storage (Continued)

#### B Eligible Components

FSFL's-financed for honey may include the following:

- safety equipment meeting OSHA requirements
- equipment to maintain and monitor the quality of stored honey, such as heat detectors
- electrical equipment
- concrete aprons essential to proper facility operation
- flooring:
  - suitable for the region where the facility is located
  - designed according to acceptable guidelines from NIFA or land-grant universities
  - made to avert water so the floor does not retain moisture.

#### C Eligible Items for Honey FSFL's

The net costs for honey FSFL's may include the following:

- approved electrical lighting and wiring
- archaeological study or attorney fees
- eligible equipment to maintain and monitor commodity quality
- installation costs
- new material and labor for concrete pads or other approved and acceptable flooring
- off-farm paid labor
- purchase price and sales tax of new structure or materials
- shipping and delivery charges
- site preparation costs.

## Notice FSFL-78

### 5 Types of Structures and Equipment Allowed for FSFL Honey Storage (Continued)

#### D Ineligible Structures and Components

The following, but not limited to, are ineligible for honey FSFL's:

- controlled atmosphere structures and components
- handling and processing equipment
- freezer units
- portable handling and cooling equipment
- portable or permanent weigh scales
- portable structures, including structures on wheels
- storage containers
- structures of temporary nature that require the weight or bulk of the honey stored to maintain its shape
- structures not suitable for honey storage.

### 6 FSFL Honey Approvals

#### A Approval Requirements

FSFL approval requirements for honey storage FSFL are the same as for all other FSFL's. An applicant requesting a honey storage FSFL is required to submit the following with the loan application:

- \$100 loan application fee per applicant or borrower
- balance sheet prepared within the last 90 calendar days
- income and expense projections for the borrowers honey operation
- cost estimates and building plans
- proof of crop insurance
- exact location and size of structure for the environmental evaluation
- honey production history records if not already available in the County Office.

**Notice FSFL-78**

**6 FSFL Honey Approvals (Continued)**

**A Approval Requirements (Continued)**

For CCC-185's **not** supported by existing honey production history records, the applicant must provide this information before CCC-185 can be approved. The applicant **must** provide to the County Office all the documentation required for the applicant to be determined an eligible producer and borrower, including, but **not** limited to, the following:

- AD-1026
- CCC-10
- CCC-902.

**7 Other Pertinent Loan Information**

**A FSFL Handbook References**

The following provides topics and references in 1-FSFL that provides detailed information applicable to that topic. These provisions are applicable to FSFL's for honey.

<b>IF the FSFL program topic is...</b>	<b>THEN see 1-FSFL...</b>
<ul style="list-style-type: none"><li>• application fees</li><li>• depositing application fees</li></ul>	<ul style="list-style-type: none"><li>• paragraph 30</li><li>• paragraph 312.</li></ul>
approvals	paragraph 26.
approval authority	subparagraph 2 F.
borrower requirements	paragraph 12.
CCC-185's	paragraph 51.
facility purpose and useful life	paragraph 18.
insurance requirements	paragraph 69.
issuing payments for lien searches and recording fees	paragraph 313.
security requirements	paragraph 24.
terms	paragraph 23.

**Important:** FSFL application, lien searches, and recording fees must be properly recorded in NRRS according to 1-FSFL, paragraphs 312 and 313 and 1-FI.



## Notice FSFL-78

### 8 Action

#### A State Office Action

State Offices shall:

- ensure that County Offices are following the procedure in this notice
- assist County Offices with questions about this notice
- contact PSD with any questions about this notice
- contact NIFA and land-grant universities in their State to assist with reasonable yields and determining capacity of honey storage.

#### B County Office Action

County Offices shall:

- begin accepting CCC-185's for honey storage facilities according to this notice
- comply with the policy and procedures in this notice and 1-FSFL
- contact the State Office for guidance if there are questions or concerns about the policy and procedure in this notice
- contact the State Office for guidance on determining:
  - reasonable honey production/yield
  - storage capacity of a honey storage facility
  - eligible honey components, storage structures, and equipment.

**Example of Worksheet for Determining Capacity of a Honey Storage Structure**

**A Blank Example of Worksheet**

The following is a blank worksheet for determining the estimated capacity of a honey storage structure.

<b>Worksheet for Determining Capacity of a Honey Storage Structure</b>	
1)	Size of proposed structure: _____ ft. x _____ ft. x _____ ft. <div style="text-align: center; margin-left: 100px;"> <span style="margin-right: 100px;">Width</span> <span style="margin-right: 100px;">Length</span> <span>Height</span> </div>
2)	Size of inside usable space: _____ ft. x _____ ft. x _____ ft. <div style="text-align: center; margin-left: 100px;"> <span style="margin-right: 100px;">Width</span> <span style="margin-right: 100px;">Length</span> <span>Height</span> </div>
3)	Percentage of floor space used for aisles and walkway: _____ percent. (The normal is usually around 25 percent.)
4)	Useable floor space: _____ ft. x _____ ft. = _____ square ft. x <div style="text-align: center; margin-left: 100px;"> <span style="margin-right: 100px;">Inside Width</span> <span>Inside Length</span> </div> _____ percent non-useable space = _____ square ft. of non-useable space.
5)	_____ square ft. of useable space - _____ square ft. of non-useable space =  _____ square ft. of total useable floor space x _____ ft useable height = _____ useable cubic feet.
6)	Available for honey storage is _____ cubic feet. (27 cubic feet per 1 cubic yard and 4 - 55 gallon honey drum requires 1 cubic yard).
7)	_____ cubic feet divided by 27 cubic feet = _____ cubic yards = _____ unstacked 55 gallon honey drums. Round cubic yards down to nearest whole number.  _____ cubic yards x 4 -55 gallon honey drums (unstacked) = _____.
8)	3 - 55 gallon honey drums weighing 650 pounds can be stacked.
9)	_____ honey drums x 3 (stacked 55 gallon honey drums) = _____ honey drums.
10)	_____ - 55 gallon honey drums of estimated storage capacity in this storage structure.
<b>Note:</b> States and Counties shall modify this worksheet, as needed.	

**Example of Worksheet for Determining Capacity of a Honey Storage Structure (Continued)**

**A Blank Example of Worksheet**

The following is a blank example of worksheet for determining the capacity of a honey storage structure.

**Example:** A honey producer submits an application for a 12 ft. x 16 ft. x 15 ft. honey storage facility. The honey producer stores the honey in 55 gallon drums.

<b>Worksheet for Determining Capacity of a Honey Storage Structure</b>		
1)	Size of proposed structure:	$\frac{12}{\text{Width}} \text{ ft.} \times \frac{16}{\text{Length}} \text{ ft.} \times \frac{15}{\text{Height}} \text{ ft.}$
2)	Size of inside usable space:	$\frac{10}{\text{Width}} \text{ ft.} \times \frac{14}{\text{Length}} \text{ ft.} \times \frac{13.5}{\text{Height}} \text{ ft.}$
3)	Percentage of floor space used for aisles and walkway:	<u>25</u> percent. (The normal is usually around 25 percent.)
4)	Useable floor space:	$\frac{10}{\text{Inside Width}} \text{ ft.} \times \frac{14}{\text{Inside Length}} \text{ ft.} = \underline{140} \text{ square ft.}$
		$\underline{25}$ percent non-useable space = <u>35</u> square ft. of non-useable space.
5)		$\underline{140}$ square ft. of useable space - <u>35</u> square ft. of non-useable space = <u>105</u> square ft. of total useable floor space x <u>13.5</u> ft useable height = <u>1417.50</u> useable cubic feet.
6)	Available for honey storage is	1417.50 cubic feet. (27 cubic feet per 1 cubic yard and <u>4</u> - 55 gallon honey drum requires 1 cubic yard).
7)		$\frac{1417.50}{27} \text{ cubic feet divided by } 27 \text{ cubic feet} = \underline{52.48} \text{ cubic yards} = \underline{208} \text{ unstacked } \underline{55} \text{ gallon honey drums. Round cubic yards down to nearest whole number.}$  $\underline{52} \text{ cubic yards} \times \underline{4} \text{ -55 gallon honey drums (unstacked)} = 208.$
8)		<u>3</u> - 55 gallon honey drums weighing 650 pounds can be stacked.
9)		$\underline{208} \text{ honey drums} \times \underline{3} \text{ (stacked 55 gallon honey drums)} = \underline{624} \text{ honey drums.}$
10)		<u>624</u> - 55 gallon honey drums of estimated storage capacity in this storage structure.
<b>Note:</b> States and Counties shall modify this worksheet, as needed.		