

FSA HANDBOOK

Farm Storage Facility Loan Program

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For State and County Offices

SHORT REFERENCE

1-FSFL
(Revision 3)

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, DC 20250

Farm Service Agency

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Farm Service Agency
Washington, DC 20250

**Farm Storage Facility Loan Program
1-FSFL (Revision 3)**

Amendment 1

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Amendment

This handbook has been revised to update FSFL procedures.

B Obsolete Material

This handbook obsoletes 1-FSFL (Rev. 2).

Table of Contents

Page No.

Part 1 Basic Provisions

Section 1 General Provisions

1	Overview	1-1
2	FSFL Publicity Requirements	1-3
3	Internet Web Sites	1-4
4	FSFL Information.....	1-5
5	Facility, Drying and Handling Equipment and Storage and Handling Trucks Purpose and Useful Life	1-6
6	FSFL Signature Authority Documentation Requirements	1-7
7-9	(Reserved)	

Section 2 Approval Authorities

10	FSFL Approval Authority	1-31
11	FSFL's Where Any Delivery or Construction Has Begun Before Approval	1-37
12	Using Alternative Options for In-Person STC or COC Meetings.....	1-41
13	Notification to Applicant of Approval or Disapproval	1-41
14	FSFL Approval Expiration.....	1-42
15-24	(Reserved)	

Section 3 Relief and Other Actions

25	Waivers	1-57
26	Appeals, Misaction, and Misinformation.....	1-59
27-31	(Reserved)	

Table of Contents (Continued)

Page No.

Part 2 FSFL Provisions

32	Eligible Commodities, Structure and Storage Needs Table.....	2-1
33	Eligible FSFL Commodities	2-2
34	Ineligible FSFL Commodities.....	2-11
35	Eligible Applicants.....	2-12
36	Eligible and Ineligible Structures and Equipment	2-15
37	Eligible and Ineligible Structures for Hay and Renewable Biomass Storage	2-20
38	Eligible and Ineligible Structures for Eligible Perishable Commodity Cold Storage.....	2-23
39	Eligible and Ineligible Structures for Honey.....	2-25
40	Asphalt Flooring for FSFL Structures.....	2-28
41	Renovating Structures and Preowned Facilities.....	2-31
42	Eligible and Ineligible Storage and Handling Trucks	2-34
43	Storage and Handling Equipment	2-38
44-46	(Reserved)	

Part 3 Determining Storage Need and Applicable Waivers

47	Storage Need Self-Certification.....	3-1
48	Determining Storage Need for Eligible Commodities Storing 2 Years of Production.....	3-2
49	Determining Storage Need for Hay and Biomass	3-5
50	Determining Storage Need for Eligible Commodities Storing One Year of Production.....	3-8
51	Determining Storage Need for Honey.....	3-14
52	Determining Storage Need for Maple Sap and Milk	3-16
53	Storage Need Waivers.....	3-19
54	Ineligible Space and Larger Capacity	3-20
55, 56	(Reserved)	

Table of Contents (Continued)

Page No.

Part 4 FSFL Policies and Application Processing

Section 1 FSFL-Making Policies

57	Partial and Final Disbursement Options	4-1
58	FSFL Fees	4-3
59	FSFL Microloan Provisions	4-5
60	FSFL Amount and Terms (Except Microloan)	4-8
61	Downpayment	4-10
62	Interest Rate	4-12
63	FSFL Policy on Other Grants and Loans	4-13
64	Lobbying Activity Provisions	4-16
65-67	(Reserved)	

Section 2 Items Needed for FSFL Application

68	FSFL Availability.....	4-27
69	Obtaining Forms and Filing CCC-185's	4-28
70-73	(Reserved)	

Section 3 Processing CCC-185's, Checklists, and FSFL Folders

74	Completing CCC-195, CCC-195A, and CCC-195B	4-47
75	Application Processing and Producer File Folder Maintenance	4-49
76-81	(Reserved)	

Table of Contents (Continued)

Page No.

Part 5 Credit and Financial Worthiness

82	Credit History and Credit Reports	5-1
83	FSFL and Federal Delinquent Debt Applicants	5-7
84	Federal Judgment Liens	5-9
85	Financial Planning	5-10
86-95	(Reserved)	

Part 6 Other Requirements

Section 1 Insurance

96	Multi-Peril Crop Insurance, NAP Requirement, or Dairy Insurance Coverage...	6-1
97	All-Peril Structural Insurance	6-3
98	Automobile Insurance	6-4
99	Flood Insurance.....	6-5
100-108	(Reserved)	

Section 2 Environmental Review

109	Overview	6-21
110	Evaluating Potential Environmental Effects	6-22
111	Other Actions	6-24
112	Local Land Use and State and County Building Code Requirements	6-25
113-119	(Reserved)	

Table of Contents (Continued)

Page No.

Part 7 Securing FSFL's

120	Security for FSFL's	7-1
121	Additional Security Requirements	7-2
122	Valuation of Security	7-8
123-139	(Reserved)	

Part 8 Liens

140	State Supplement Explaining State Legal Requirements.....	8-1
141	Completing CCC-10's	8-1
142	Chattel Lien Instruments	8-3
143	Real Estate Lien Instruments	8-6
144	Lien Searches	8-7
145-152	(Reserved)	

Part 9 FSFL Decision

153	Items To Be Reviewed for FSFL Approval	9-1
154	FSFL Approval	9-4
155	FSFL Disapproval	9-6
156	Conditions of FSFL Approval.....	9-7
157	Insurance Waivers.....	9-9
158	Approval Extensions	9-13
159-169	(Reserved)	

Table of Contents (Continued)

Page No.

Part 10 Final Review of Documents

170	Disbursements.....	10-1
171	Inspection.....	10-5
172	Final Review of Cost Documents	10-7
173	CCC-191	10-9
174	CCC-197	10-12
175	Disbursement Calculator.....	10-13
176	Determining Final FSFL Amount and Making Changes to FSFL Amount.....	10-15
177-184	(Reserved)	

Part 11 Closing FSFL's

Section 1 Finalizing FSFL's

185	Required Final Actions	11-1
186	Processing Check Requests.....	11-3
187	Closing FSFL's Secured by Real Estate	11-6
188-194	(Reserved)	

Section 2 Disbursing FSFL's

195	Preparing CCC-186.....	11-39
196	CCC-297	11-41
197	Storing Original Security Documents	11-45
198	Overdisbursements and Underdisbursements	11-45
199	Correcting Real Estate Lien Instruments	11-47
200-208	(Reserved)	

Table of Contents (Continued)

Page No.

Part 12 Basic Servicing Policies

Section 1 Routine Servicing

209	Producer Reminder Notification	12-1
210	CCC-195 Servicing	12-3
211	Collecting Installments	12-5
212	FSFL Balances	12-8
213	Real Estate Taxes	12-9
214	Monitoring Insurance Requirements	12-10
215	Inspections	12-12
216	Maintaining UCC Lien.....	12-14
217	FSFL Structures, Equipment and Trucks Used for Purposes Other Than Originally Intended	12-15
218	FSFL's Paid in Full and Releasing Security	12-17
219	Discharging CCC-297's	12-20
220-230	(Reserved)	

Section 2 Other Servicing

231	Changes to a Farming Operation	12-41
232	Relocating FSFL Collateral	12-42
233	Repairing or Replacing FSFL Collateral.....	12-43
234	Assumptions.....	12-46
235	UCC-1 Partial Releases Before FSFL Is Paid in Full	12-53
236	Partial Release of Real Estate	12-54
237	Real Estate Lien Subordination.....	12-56
238	Deceased Borrowers	12-58
239-241	(Reserved)	
242	Disbursements for Unpaid Real Estate Taxes.....	12-81
243	Applicability of the Service Members Civil Relief Act.....	12-82
244	Divorce Policy.....	12-85
245	Conveyance by Borrower to CCC.....	12-86
246	CCC-400	12-86
247-261	(Reserved)	

Table of Contents (Continued)

Page No.

Part 13 Delinquent Servicing

262	Delinquent FSFL's	13-1
263	Calling FSFL's	13-6
264	Liquidation Actions	13-10
265	Reinstatements	13-13
266-270	(Reserved)	
271	Sale of Collateral.....	13-31
272	Liquidating FSFL's Secured With Portable Collateral	13-32
273	Liquidating FSFL's Not Secured by Real Estate With Nonmovable or Nonsaleable Collateral	13-40
274	Liquidating FSFL's Secured With Real Estate Liens	13-41
275-290	(Reserved)	

Part 14 Bankruptcy

291	Bankruptcy Actions.....	14-1
292-300	(Reserved)	

Part 15 Fees

301	Program-Related Codes	15-1
302	Issuing Payments for Lien Searches and Recording Fees	15-2
303	Reimbursable Fees	15-3

Table of Contents (Continued)

Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority
2	Definitions of Terms Used in This Handbook
3-5	(Reserved)
6	CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D, Farm Storage Facility Loan Deed of Trust for (State of ____)
7	Approval Notification Letter
8	Adverse Determination Notification Letter
9	(Reserved)
10	Example of FSA-850 for Storage and Handling Truck FSFL Request
11-19	(Reserved)
20	Worksheet for Determining Hay and Biomass Storage Capacity in a Structure
21	Worksheet for Determining Capacity of a Cold Storage Structure
22	Worksheet for Determining Capacity of a Honey Storage Structure
23	Example Worksheet for Determining Capacity of Milk Bulk Tank
24	FSFL Quick Guide
25-27	(Reserved)
28	CCC-185, Loan Application for Farm Storage Facility Loan Program
29	CCC-195, Farm Storage Facility Loan (FSFL) Processing Checklist
30	CCC-195A, Farm Storage Facility Loan (FSFL) Real Estate Security Checklist
31	CCC-195B, Farm Storage Facility Loan (FSFL) No Real Estate Security Checklist
32	Suggested FSFL Filing Guide for Eight Position Files
33-50	(Reserved)
51	Authorized Methods for Determining the Value of FSFL Real Estate Security
52	Instructions for Requesting and Paying for FSFL Real Estate Appraisals
53	CCC-10, Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents
54, 55	(Reserved)
56	CCC-190, Farm Storage Facility Loan Program Lien Waiver
57	CCC-194, Farm Storage Facility Loan Subordination Agreement
58	CCC-185-D, Determination for Farm Storage Facility Loan Program
59-63	(Reserved)
64	CCC-197, Final Farm Storage Facility Loan (FSFL) Program Cost Certification
65, 66	(Reserved)
67	CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement
68	CCC-297, Severance Agreement
69	Letter of Intent or Guarantee
70	Example of Annual Reminder and Notification Letter
71	CCC-195 Servicing, Farm Storage Facility Loan (FSFL) Servicing Checklist
72	Example of First Demand Letter for Installment Payment
73-80	(Reserved)
81	Deceased Borrower – Secured by FSFL Fixture Only Letter
82	Deceased Borrower – Loan Secured by FSFL Fixture and Real Estate Mortgage or Deed of Trust Letter

Part 1 Basic Provisions

Section 1 General Provisions

1 Overview

A Purpose

[7 CFR 1436.1] This handbook provides the terms and conditions under which CCC may provide low cost financing for producers to store, handle and/or transport eligible commodities.

This handbook also provides policies and procedures to administer the FSFL program for the following:

- acquiring, constructing, installing and upgrading new or used, portable or permanently affixed, on-farm storage and handling facilities
- acquiring new or used, storage and handling trucks
- acquiring new or used, portable or permanently affixed storage and handling equipment.

B Sources of Authority

Authorities for the requirements in this handbook are as follows:

- 7 CFR Part 1436
- CCC Charter Act, 15 U.S.C. 714 et seq.
- Food, Conservation, and Energy Act of 2008, 7 U.S.C. 7971 and 8789.

1 Overview (Continued)

C Related FSA Handbooks

The following FSA handbooks concern FSFL.

IF the area of concern is about...	THEN see...
acreage reporting	2-CP.
actively engaged determinations	4-PL or 5-PL.
appeals	1-APP.
approved abbreviations, signatures, and authorizations	1-CM.
audits and investigations	9-AO.
automation	2-FSFL.
delegations of authority	16-AO.
disbursing, lien search, and UCC-1 recording fees	1-FI.
document retention period	32-AS.
environmental quality	1-EQ and 2-EQ.
establishing claims	58-FI.
interest rates	50-FI.
IRS reporting	62-FI.
MAL yield	8-LP.
misaction and misinformation	7-CP.
payments and deposits	64-FI.
prompt payment	61-FI.
safety guidelines	5-LP.
SSFL's	12-SU.
web-based subsidiary files	3-PL (Rev. 2).

D State Supplements

SED's are authorized to issue State supplements to this handbook.

State supplements may:

- **not** be issued to simply state verbatim, policies already established in this handbook
- be issued:
 - when this handbook does **not** provide complete guidance
 - to provide additional guidance for employees with limited experience
 - when State law requirements are **not** specifically addressed in this handbook
 - when STC have authority to be more restrictive or waive provisions.

2 FSFL Publicity Requirements

A State Office Action

State Offices are encouraged to publicize the availability of FSFL's by:

- providing press releases and fact sheets to regional news media within the State
- informing regional farm storage facility distributors about basic FSFL provisions
- informing regional banks and other farm lending institutions about basic FSFL provisions
- providing basic FSFL provisions on the State Internet web site, if available.

B County Office Action

County Offices shall publicize, at least twice each calendar year, preferably well in advance of the storage season for applicable crops, the availability of FSFL by:

- providing basic FSFL provisions in:
 - periodic newsletters
 - press releases
 - radio announcements
 - the County Office Internet web site, if available
- informing local farm storage facility distributors about the availability of FSFL's
- informing local banks and other farm lending institutions about the availability of FSFL's.

3 Internet Web Sites

A PSD Web Site

PSD shall provide FSFL fact sheets on PSD's web site at
<http://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage/index>.

B Forms Web Sites

Forms are available from the following web sites:

- FFAS Employee Forms/Publications Online Website at
<https://intranet.fsa.usda.gov/dam/ffasforms/forms.html>
- USDA Service Center Agencies eForms web site at
<https://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>.

C FSFL Interest Rate Web Site

FSFL interest rates for the current month are available on PSD's web site at
<https://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/farm-storage/index>.

4 FSFL Information

A Administering the FSFL Program

[7 CFR 1436.2] The FSFL Program will be:

- administered under the general supervision of DAFP
- carried out in the field by STC's, COC's, and FSA employees.

Farm program staff administer numerous program areas. FLP staff is involved in the FSFL program by assisting, at a minimum, with the financial review. SED may establish priorities for farm program and FLP staff for FSFL activities.

B Restrictions

STC's and COC's, and representatives and employees thereof, do **not** have the authority to modify or waive any of the provisions of this handbook **unless** authority is provided by DAFP.

C STC Actions

STC will:

- take any action **required** by this handbook that has **not** been taken by COC
- correct, or require COC to correct, an action taken by COC that is **not** according to this handbook
- require COC to withhold taking any action that is **not** according to this handbook
- require all FSFL checklists to be completed for FSFL making and FSFL servicing.

STC may:

- approve CCC-185D's up to the maximum approval amount
- establish additional limits for COC approval on a Statewide basis and **not** on a case-by-case basis
- establish maximum per bu. or per unit of measure limits for net cost.

4 FSFL Information (Continued)

D Determinations

No provision or delegation to STC or COC shall preclude the CCC Executive Vice President, or a designee, or the FSA Administrator, or a designee, from:

- determining any question arising under FSFL
- reversing or modifying any determination made by STC or COC.

5 Facility, Drying and Handling Equipment and Storage and Handling Trucks Purpose and Useful Life

A Facility Purpose

The intent of the FSFL Program is to provide on-farm storage to producers to store and handle eligible facility loan commodities they produce. FSFL collateral **must** be used for the purpose for which the FSFL storage, equipment and storage and handling truck was acquired, constructed or installed for the **entire** FSFL term.

FSFL must **not** be approved to provide financing for purchased commodities or commercial storage facilities.

B Facility Useful Life

To ensure the FSFL will be adequately secured throughout the FSFL term, CCC has determined the useful life of the eligible collateral **must** be at least the term of the loan.

6 FSFL Signature Authority Documentation Requirements

A FSFL Signature Authority for Individuals

FSFL shall follow FSA signature authority requirements for individuals according to 1-CM.

B Entity Signature Authority for FSFL's

The signature authority for **all** forms and documents for FSFL's for corporations, limited partnerships, LLC's, and other similar entities is a copy of any of the following applicable documents:

- the corporate charter, bylaws, articles of organization, operating agreement, or partnership papers executed according to State law, that designates officers, members, or managers as authorized signatories
- resolution by the corporation's board of directors signed by the corporation's secretary, or an officer, other than the signatory being extended signature authority

6 FSFL Signature Authority Documentation Requirements (Continued)

B Entity Signature Authority for FSFL's (Continued)

- corporate minutes signed by the corporation's secretary, or an officer, other than the signatory being extended signature authority.

Notes: A copy of the **required** documentation **must** be obtained and kept on file in the County Office.

The entire document presented does **not** have to be maintained. However, all applicable pages that identify the entity, pertinent authority, and any limitations, etc., **must** be maintained.

If the intent of the resolution is to extend signature authority to all officers of a corporation, then all officers **must** sign the resolution.

Exception: For a **1-person corporation**, that person is authorized to sign for the corporation by default if documentation, such as a corporate charter, is on file in the County Office that does **both** of the following:

- identifies the "1 person"
- validates that 100 percent of the corporation's shares are held by that "1 person".

6 FSFL Signature Authority Documentation Requirements (Continued)

B Entity Signature Authority for FSFL's (Continued)

It is the respective entity's responsibility to:

- inform County Offices of all changes in signature authority
- ensure that current documentation is provided accordingly with respect to FSFL requirements.

The identification or list of officers and/or shareholders of a corporation does **not**, by itself, provide sufficient evidence of who has authority to act on behalf of the corporation.

6 FSFL Signature Authority Documentation Requirements (Continued)

B Entity Signature Authority for FSFL's (Continued)

An agent may:

- redelegate the authority to sign FSFL forms and documents for a corporation, limited partnership, LLC, or other similar entity
- grant this authority according to the following table.

IF the entity documents...	THEN the...
allow for redelegation of signature authority	<p>person authorized to sign for the entity according to subparagraph A may redelegate their authority to an agent on FSA-211.</p> <p>Important: The person authorized to sign for the entity according to this subparagraph shall not redelegate this authority, if the entity documents do not allow for redelegation of signature authority.</p> <p>Example 1: The XYZ Corporation charter designates Mary Brown as the corporate officer with signature authority for the corporation. The corporate charter provides that the authority to sign for XYZ Corporation may be redelegated. Mary Brown may redelegate her signature authority for XYZ Corporation to an agent by completing FSA-211.</p> <p>Example 2: The ABC Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for ABC Corporation may be redelegated. Mike Jones cannot redelegate his signature authority for ABC Corporation.</p>

6 FSFL Signature Authority Documentation Requirements (Continued)

B Entity Signature Authority for FSFL's (Continued)

IF the entity documents...	THEN the...
do not allow for redelegation of signature authority	<p>following may be used to authorize an agent to sign for the entity for:</p> <ul style="list-style-type: none"> • corporations, either of the following: <ul style="list-style-type: none"> • FSA-211 signed by all officers • resolution of the board of directors, signed by an officer of the corporation, providing name of agent authorized to sign for the corporation • limited partnerships and other similar entities, FSA-211 signed by all members of the entity • LLC's, FSA-211 signed by all members or authorized managers. <p>Notes: Certain properly executed and completed affidavits, on file in a County Office should be used as evidence of signature authority. These affidavits should be honored as evidence of signature authority by State and County Offices.</p> <p>County Offices shall review CCC-902E, Part C to ensure that members and their respective shares have not changed, if FSA-211 or an affidavit recently executed is used as evidence of signature authority.</p> <p>Example: ABC Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for ABC Corporation may be redelegated. Mike Jones cannot redelegate his signature to sign for ABC Corporation. However, an agent may be authorized to sign for ABC Corporation, if all officers of ABC Corporation sign FSA-211.</p>

6 FSFL Signature Authority Documentation Requirements (Continued)**C Joint Venture Signature Authority for All FSFL's**

Members of a joint venture may appoint an individual on FSA-211 to **request** FSFL on CCC-185. **All** members of the joint venture **must** sign FSA-211. Members of the joint venture are appointing an attorney-in-fact to act on behalf of the joint venture.

Note: If an attorney-in-fact has **not** been appointed on FSA-211 to act on behalf of the joint venture, all members **must** sign CCC-185.

All members of a joint venture, including spouses if **required** by State law, are **required** to sign the following FSFL security documents:

- CCC-186
- CCC-186-1
- CCC-193 (Exhibit 6)
- CCC-193-D (Exhibit 6)
- CCC-298
- CCC-400
- all other real estate lien forms approved for use by a regional OGC
- UCC-1, if signatures are **required**.

Note: FSA-211 for the joint venture does **not** authorize the appointed person to sign for individual members on FSFL security documents.

County Offices shall review CCC-902E, Part C or CCC-901, Part A for joint ventures for member names to ensure that all members have signed FSA-211 and all applicable FSFL security documents.

6 FSFL Signature Authority Documentation Requirements (Continued)

C Joint Venture Signature Authority for All FSFL's (Continued)

Determine acceptable evidence of signature authority for a joint venture as an entity according to the following table.

IF the individual signing for the joint venture is...	THEN acceptable evidence of authority is a valid FSA-211 signed by...
a member of the joint venture	all members of the joint venture for CCC-185 only . Note: Certain properly executed and completed affidavits, on file in a County Office should be used as evidence of signature authority. These affidavits should be honored as evidence of signature authority by State and County Offices, if the members and their respective shares are unchanged.
an agent	all members of the joint venture.

The following are examples of FSFL signature requirements for joint ventures.

Example 1: ABC Joint Venture has a permanent TIN and is comprised of Jane Black, Bob Green, and Mike Brown.

ABC Joint Venture is the owner and operator of a farm and submits CCC-185. FSA-211 is on file in the County Office authorizing Mike Brown to sign for ABC Joint Venture. For CCC-186 and all applicable security documents listed in this subparagraph, all 3 members, including spouses, if **required** by State law, will be **required** to sign. FSFL disbursement will be issued to ABC Joint Venture using their permanent TIN.

Example 2: DEF Joint Venture does **not** have a permanent TIN and is composed of Mike Smith and Tom Williams.

DEF Joint Venture is the operator of a farm and submits CCC-185. Because DEF Joint Venture does **not** have a permanent TIN, CCC-185 **must** be submitted in the names of the 2 members with Mike Smith designated as the contact borrower. Both members shall be listed as co-applicants on all FSFL documents. Both members, including spouses, if **required** by State law, will be **required** to sign CCC-186 and all applicable security documents listed in this subparagraph. FSFL disbursement will be issued under Mike Smith's TIN as the contact borrower.

6 FSFL Signature Authority Documentation Requirements (Continued)**D General Partnership Signature Authority for FSFL's**

For all FSFL's issued to general partnerships, the partnership **must** provide the Articles of Partnership. If no Articles of Partnership are available, IRS documents, such as IRS-1065 (Schedule K-1) showing members and their respective shares, may be used. A written statement identifying all members and shares of the partnership and signed by all members of the partnership may be used as acceptable documentation the first year the partnership is in effect, or if the membership of the partnership has changed and the partnership has **not** filed any IRS forms.

Notes: Certain properly executed and completed affidavits, on file in a County Office should be used as evidence of signature authority. These affidavits should be honored as evidence of signature authority by State and County Offices.

County Offices shall review CCC-902E, Part E to ensure that membership of the general partnership and their respective shares have **not** changed.

Any member of a general partnership may:

- sign for the general partnership
- bind all members **unless** the Articles of Partnership are more restrictive.

Note: FSA considers this policy acceptable because the majority of States have laws that provide for this; however, this is **not** the case for any other business enterprise.

A member of a general partnership may:

- execute FSA-211 to appoint an attorney-in-fact to act on behalf of the general partnership
- bind all members, **unless** the Articles of Partnership restrict member's authority.

6 FSFL Signature Authority Documentation Requirements (Continued)**E Conservatorship, Estate, Guardianship, or Trust Signature Authority for FSFL's**

For an individual to sign FSFL forms and documents as administrator, conservator, executor, guardian, receiver, or trustee, evidence of authority consisting of 1 of the following documents that was executed according to State law is **required**:

- court orders of appointment
- court-approved certificate or letter of administration
- trust agreement or last will and testament that established the trust
- similar document approved by the regional OGC.

These documents, **except** trust agreements and documents approved by the regional OGC, shall contain the following:

- signature of an officer of the issuing court
- certification by an officer of the issuing court that the evidence of authority is in full force and effect.

F Charitable and Tax-Exempt Organization Signatory Authority for FSFL's

Either of the following documents will authorize an individual to sign on behalf of a charitable organization, church, fraternal, or society organization on all FSFL forms and documents:

- letter of authorization signed by either of the following:
 - legal head of the church or organization
 - head of the local church body, if applicable
- FSA-211 on which individuals authorized in this subparagraph may redelegate authority to an agent.

6 FSFL Signature Authority Documentation Requirements (Continued)**G Indian Tribe Signatory Authority for FSFL's**

On all FSFL forms and documents for an Indian tribe, a copy of tribal bylaws designating members authorized to sign and bind other members of the venture will be **required** to authorize a member to sign and obligate other members of the Indian tribal venture.

Note: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, **must** be witnessed by an FSA employee or notarized to be considered acceptable.

H Spouse and Attorney-in-Fact Signatory Authority for Entities and Joint Operations

For any of the following entities and joint operations: charitable/tax exempt organizations, conservatorships, corporations, estates, general partnerships, guardianships, Indian tribes, joint ventures, limited partnerships, LLC's, sole proprietorships, or trusts:

- spouses shall **not** sign on behalf of each other as an authorized signatory
- individuals who are appointed an attorney-in-fact for another individual shall **not** sign for that individual as an authorized signatory.

Example: Joe Blue is a member of B Inc. The charter for B Inc. authorizes Joe Blue to sign for the corporation. Joe Blue's spouse shall **not** sign for Joe Blue as the authorized signatory for B Inc.

Joe Blue appointed Mary Smith as his **personal** attorney-in-fact on FSA-211. Mary Smith **cannot** sign for Joe Blue as the authorized signature for B Inc.

6 FSFL Signature Authority Documentation Requirements (Continued)

H Spouse and Attorney-in-Fact Signatory Authority for Entities and Joint Operations (Continued)

Spouses may sign on behalf of each other's **individual** interest in a corporation, joint venture, limited partnership, LLC, or other similar entity, **unless** a written notification denying a spouse this authority is provided to the County Office. Individuals who are appointed as an attorney-in-fact for another individual may sign for that **individual's** interest in a corporation, joint venture, limited partnership, LLC, or other similar entity.

Examples: Jane Brown is a member of JBB Inc. The corporate charter for JBB Inc. requires all members to sign documents for the corporation. Jane Brown's spouse may sign for Jane Brown's individual member interest in the corporation. Jane Brown appointed Mike Black as her personal attorney-in-fact on FSA-211. Mike Black may sign for Jane Brown's individual member interest in the corporation.

Jack Green is a member of JJJ Joint Venture. All members of JJJ Joint Venture signed FSA-211 appointing Jack Green attorney-in-fact for the joint venture. Jack Green's spouse shall **not** sign for Jack Green as the authorized signatory for JJJ Joint Venture. Jack Green appointed Bill Brown as his personal attorney-in-fact on FSA-211. Bill Brown **cannot** sign for Jack Green as the authorized signatory for JJJ Joint Venture.

Jill White is a member of EE Joint Venture. No member of EE Joint Venture is authorized to sign for the joint venture and bind all members; therefore, all members **must** sign documents for the joint venture. Jill White's spouse may sign for Jill White's individual interest in the joint venture. Jill White appointed Mike Jones as her personal attorney-in-fact on FSA-211. Mike Jones may sign for Jill White's individual interest in the joint venture.

I Sole Proprietorship Signatory Authority

A sole proprietorship is a business operation conducted by an individual under a name other than the name of the individual. This individual may sign all FSFL forms and documents for the business operation, if a signed CCC-902E, Part C lists only this 1 individual as a member of the proprietorship.

7-9 (Reserved)

Section 2 Approval Authorities

10 FSFL Approval Authority

A Delegations of Authority for All Forms Except CCC-185D

The authority to approve all FSFL forms, **except** CCC-185D, and documents prepared according to this handbook may be delegated in writing by:

- COC to CED, **except** CCC-185D's and applications in which CED has a monetary interest
- CED to Federal and non-Federal County Office employees, **except** CCC-185D's, CCC-186, and applications in which the person approving has a monetary interest
- STC to FLM or SFLO, **except** CCC-185D's and applications in which the person approving has a monetary interest
- FLM to Federal and non-Federal County Office employees, **except** CCC-185D's, CCC-186, and applications in which the person approving has a monetary interest.

Note: STC may authorize SED to designate offices where FLP employees will administer the FSFL program.

See subparagraph 195 E for guidance on who has authority to sign CCC-186 as approving official for CCC.

B Authority to Approve FSFL's and Sign CCC-185D

CCC-185D approval must be obtained **before** any action is taken by the applicant to install the facility or drying and/or handling equipment. See paragraph 11.

COC or STC only is the approval authority for CCC-185D. STC may redelegate CCC-185D approval authority to:

- CED or FSA employee with loan approval authority for FSFL's with an aggregate outstanding balance of \$25,000 or less
- SED or DAFO-appointed acting SED **only**.

An individual acting for CED, FSA employee with loan approval authority, DD or SED **does not** have CCC-185D approval authority.

Approval of CCC-185D is authorized **only** after FSA-850 has been successfully completed, as determined by the approval official.

See subparagraph C for information on FSFL's for employees and relatives.

10 FSFL Approval Authority (Continued)

B Authority to Approve FSFL's and Sign CCC-185D (Continued)

To protect CCC's financial interests, approval authority for FSFL's is as follows.

IF the total aggregate outstanding FSFL balance <u>1/</u> <u>2/</u> amount is...	THEN the approval authority is...	Reference
\$25,000 or less	CED and/or FSA employee with loan approval authority, if designated approval authority by STC	Subparagraph D
\$100,000 or less	COC.	Subparagraph D.
\$100,000.01 to \$250,000	COC approval after DD review. <u>3/</u>	Subparagraph E.
\$250,000.01 to \$500,000	STC.	Subparagraph F.

1/ For FSFL's with partial and final disbursements, the two FSFL amounts are combined.

2/ Aggregate outstanding FSFL balance includes the new request and any principal balance on existing FSFL's. For example, producer has an outstanding FSFL for \$90,000 and requests a new FSFL for \$30,000. DD review of the \$30,000 FSFL request is **required before** COC approval.

3/ DD's **must** review **all** CCC-185's with a total aggregate outstanding FSFL principal amount between \$100,000.01 and \$250,000. FSFL approval date will be the date COC approves FSFL **after** DD review.

Exception: STC is the approval authority for **all** renewable biomass CCC-185's.

Notes: All increases to the original approved FSFL amounts **must** be referred to the original approval authority or a higher authority, if **required**, for the total aggregate outstanding FSFL balance amount. See paragraph 176.

When the aggregate outstanding FSFL balance is equal to or exceeds \$500,000.01, the approval authority is the STC.

DD concurrence is necessary for all FSFL's with asphalt flooring.

The correct review process will vary dependent on FSFL approval authority required and whether the applicant has taken delivery or began construction. See subparagraphs D through F and paragraph 11 for additional guidance.

10 FSFL Approval Authority (Continued)

C Authority to Approve FSFL's for Employees and Relatives

Use the following table for exceptions.

IF the FSFL applicant is...	THEN the approval authority for CCC-185D shall be...
a State, Federal, or non-Federal County Office employee, including CED's	Note: If the aggregate FSFL amount is over \$250,000, only STC or STC-delegated SED is authorized to approve CCC-185D.
COC member	
a relative to County Office employees or COC members	
Note: See Exhibit 2 for the definition of relative.	
DD	STC or STC-delegated SED.
STC member	
SED	STC.
a relative to DD or STC member	STC or STC-delegated SED.
Note: See Exhibit 2 for definition of relative.	
a relative to SED	STC.
Note: See Exhibit 2 for definition of relative.	

Notes: Questionable cases shall be referred to the next higher authority for determination. Potential conflict of interest cases shall be handled according to 3-PM and 22-PM.

STC may delegate to a DAFO-appointed acting SED any authorities that may be delegated to SED.

Employees are **not** allowed to work on their own application processing or loan servicing, or the application processing or loan servicing of their relative. The employee will only complete forms where he/she must sign and date **as the applicant**. Another employee with authority must complete all other required forms.

10 FSFL Approval Authority (Continued)

D FSFL's Within CED, FSA Employee With Loan Approval Authority and COC Approval Authority

For FSFL's with the total aggregate outstanding FSFL balance of \$25,000 or less, STC's are authorized to designate loan approval to CED or an FSA employee with loan approval authority. Employees shall approve or disapprove FSFL by signing CCC-185D, only if STC has granted the employee approval authority. The designation **must** be documented in the STC regular meeting minutes.

Note: CED is not required to have loan approval authority for this delegation.

For FSFL's with the total aggregate outstanding FSFL balance of \$100,000 or less, COC shall approve or disapprove FSFL by signing CCC-185D.

See Part 9 for detailed information about FSFL decision and paragraph 13 for notification to applicant.

E FSFL's Within COC Approval Authority After DD or State Office Designee Review

DD or State Office designee with loan approval authority shall, **before** approval by COC, review CCC-185 and CCC-185D where the total aggregate outstanding FSFL balance is equal to \$100,000.01 to \$250,000. If the review:

- reveals discrepancies or errors, the file shall be returned to the County Office for correction

Note: After corrections have been made, DD or State Office designee shall again review the file.

- is acceptable, a statement similar to the following shall be entered in CCC-185D, item 5 or documented in the producer's FSFL folder:

"From review of the completed documents and review of the financial documents, I concur with the FLM/FLO/SFLO's recommendation, concurring with the financial ability of the applicant and I also recommend approval or disapproval of FSFL to COC."

Note: DD or State Office designee shall sign and date the statement.

After the review is complete and all discrepancies are corrected, COC shall approve or disapprove FSFL by signing CCC-185D.

FSFL approval date will be the date COC approves FSFL **after DD review**.

See Part 9 for detailed information about FSFL decision and paragraph 13 for notification to applicant.

10 FSFL Approval Authority (Continued)

F FSFL's Within STC Approval Authority

STC or designated SED shall approve or disapprove the following:

- CCC-185D's with a total aggregate outstanding FSFL balance of \$250,000.01 or greater
- biomass CCC-185D's
- CCC-185D's where STC has set other limitations for COC approval
- FSFL's with asphalt flooring.

For FSFL's where the producer's **total aggregate FSFL balance** is over \$250,000, DD or State Office designee with loan approval authority, before STC approval, must review the most recent FSFL documents to ensure that the producer is financially able to meet all FSFL obligations.

If STC or designated SED disapproves the CCC-185D, the reasons **must** be explained in a memorandum to COC.

See Part 9 for detailed information about FSFL decision and paragraph 13 for notification to applicant.

STC is the approval authority for all renewable biomass FSFL's. The following information **must** be immediately submitted by the State Office after STC approval to Toni Williams by e-mail to **toni.williams@wdc.usda.gov**:

- resale collateral value for which the facility is approved
- type of storage approved
- capacity of the storage facility
- county, FY, and FSFL number
- total FSFL amount approved.

10 FSFL Approval Authority (Continued)**G Confidentiality of Applicant's Financial Information**

For CCC to ensure confidentiality of an applicant's financial information, STC's and COC's shall:

- **not** view financial information, such as balance sheets and cash flow statements, provided by applicants
- **not** discuss an applicant's financial information with anyone outside of the State or County Office
- obtain the FBP, FSFL Credit Presentation that provides recommendation for approval about the applicant's credit from an FSA employee with FLP loan approval authority
- use the recommendation to determine whether the:
 - applicant's credit history is satisfactory
 - applicant has the ability to repay the debt resulting from FSFL.

Notes: The applicant's financial information shall be kept in the applicant's FSFL folder. After a complete review by an FSA employee with FLP loan approval authority and STC and/or COC approval, SED may mandate sealing any or all of an applicant's financial information in an envelope to be kept in the applicant's FSFL folder.

Applicants may submit a written request for a copy of their credit report after it has been obtained from Data Facts, Inc.

11 FSFL's Where Any Delivery or Construction Has Begun Before Approval**A FSA-850 and FSA-851**

All FSFL requests to construct or renovate farm storage facilities or to purchase and install drying and/or handling equipment and a storage and handling truck require FSA-850 according to 1-EQ. Also, see paragraph 110.

Note: FSA-850's completed for portable storage, equipment and/or storage and handling truck may not require a site visit.

All FSFL's secured by real estate will be evaluated by completing FSA-851, on the real estate offered as collateral, according to 2-EQ.

FSA-850 and FSA-851, as applicable, **must** be satisfactorily completed with no extraordinary circumstances, **before** CCC-185D approval.

If FSA-850 **cannot** be satisfactorily completed, CCC-185D shall **not** be approved. A programmatic waiver request is **not** authorized.

B Actions That Impede Completing FSA-850

The following producer actions must **not** occur at the FSFL site location before FSA-850 is considered successfully completed, according to 1-EQ, and CCC-185D is approved:

- accepted delivery of equipment and/or materials
- site preparation or foundation construction
- alterations to any structures that are 50-years-old or older or within a historic district.

C FSA-850 Completed Before CCC-185D Approval

FSA-850 is considered successfully completed when required consultations have been successfully completed, signature requirements are met, and an environmental determination has been made, according to 1-EQ, paragraph 23.

Note: If CED, SEC, or employee with FSA loan approval authority is FSA-850 preparer, then an approval official's signature is not required.

11 FSFL's Where Any Delivery or Construction Has Begun Before Approval (Continued)

C FSA-850 Completed Before CCC-185D Approval (Continued)

Example: The producer requested FSFL to install a grain bin on October 25, 2017. FSA-850 was prepared and an environmental evaluation site visit was completed on November 21, 2017; there were no potential environmental impacts determined. The FSA-850 preparer, who is CED, signed and dated FSA-850 on November 21, 2017. COC determined the producer met all FSFL eligibility requirements and CCC-185D was approved on November 27, 2017.

D Programmatic Waiver Request

Producers may request a programmatic waiver request, in writing, when actions according to subparagraph B started **before** CCC-185D approval. **All** of the following **must** have been completed **before** the producer performed the actions:

- FSA-850 and FSA-851, if applicable, were successfully completed with **no** adverse impacts identified, according to 1-EQ and 2-EQ
- CCC-185 was completed, signed, and dated by the producer and received in the County Office
- \$100 application fee per producer was received and deposited in DLS according to 2-FSFL.

The producer's written waiver request **must**:

- include the reasons why the producer started the action **before** receiving FSFL approval
- be documented in COC or STC minutes, as applicable.

11 FSFL's Where Any Delivery or Construction Has Begun Before Approval (Continued)

D Programmatic Waiver Request (Continued)

The following provisions **must** be met before forwarding the case to the appropriate approving authority:

- all **required** documentation for financial analysis for all applicants and/or entities was received
- a favorable financial analysis **must** be received from the FSA employee with loan approval authority
- FSA-850 must be satisfactorily completed before approval of the FSFL
- all applicant eligibility, equipment eligibility, and collateral security requirements, if necessary, **must** be met.

Example: The producer requested FSFL in the amount of \$99,000 to install a grain bin on September 21, 2017. CCC-185 was properly completed and the \$100 application fee was collected. FSA-850 was prepared and an environmental evaluation site visit was completed on September 22, 2017, and no potential environmental impacts or extraordinary circumstances were determined. FSA-850 was signed and considered successfully completed on September 25, 2017. The FSA employee with loan approval authority recommended approval of the FSFL on September 26, 2017. The producer started site preparation on September 27, 2017. COC determined the producer met all FSA eligibility requirements and CCC-185D was approved on September 29, 2017.

Based on policy in this subparagraph, FSFL can be approved by COC, as applicable, according to subparagraph E.

Note: If deemed necessary by STC or the National Office, additional information may be requested, such as, but not limited to, site preparation documentation and/or invoices to assist with determining eligibility and environmental compliance.

11 FSFL's Where Any Delivery or Construction Has Begun Before Approval (Continued)

E Approval Authority for Producers Taking Actions Before CCC-185D Approval

All waiver requests for producers starting any actions according to this paragraph **must** be reviewed, approved, or disapproved by the following table.

IF the total aggregate outstanding FSFL balance amount is...	THEN the approval authority is...
\$100,000 or less	COC.
\$100,000.01 to \$250,000	COC approval after DD review.
\$250,000.01 to \$500,000	STC or STC can delegate approval authority to SED or DAFO-appointed acting SED only.

The following provisions also are applicable:

- conditional approval for environmental compliance is **not** authorized
- interest rate of FSFL is based on CCC-185D approval date
- waiver provisions are **not** authorized for producers who requested FSFL **after** the FSFL project has been completed
- STC has authority to establish a more restrictive policy, statewide, if necessary.

12 Using Alternative Options for In-Person STC or COC Meetings

A Conducting Meetings

When STC or COC meetings are conducted by conference call, e-mail, or polling process for CCC-185D approvals, the following actions are **required**:

- record CCC-185D approval or disapproval in STC or COC meeting minutes, as applicable
- document in STC or COC meeting minutes, as applicable, the names of the committee members that were polled, dates of the poll, and the determinations.

After CCC-185D is approved or disapproved by conference call, e-mail, or polling process, follow Part 9 for FSFL decision and paragraph 13 for notifying the applicant.

B Signing CCC-185D When Alternative Option Is Used

If an alternative option is used to conduct STC and/or COC meeting:

- STC or COC chairperson, as applicable, **must** sign CCC-185D at the next opportunity
- document the date and method of approval in CCC-185D, item 5.

13 Notification to Applicant of Approval or Disapproval

A Notifying Applicants

The applicant **must** be notified by notification letter when CCC-185D:

- approval has been entered and obligated in DLS
- is disapproved.

B Approval Notification Letter

See Exhibit 7 for the Approval Notification Letter that is available electronically.

C Adverse Determination Notification Letter

See Exhibit 8 for the Adverse Determination Notification Letter that is available electronically.

14 FSFL Approval Expiration**A Approval Expiration**

FSFL approvals expire 6 months after the approval date, **unless** extended in writing.

An additional 6-month extension, for a total of 12 months from the original approval date, may be approved according to the following.

IF the total aggregate outstanding FSFL amount is...	THEN approval authority is...
less than or equal to \$250,000	COC after DD or State Office designee review.
greater than \$250,000	STC or delegated authority to SED or DAFO-appointed acting SED only .
	Note: The delegation of authority must be recorded in STC minutes.

STC's only are authorized to grant extensions of FSFL approvals beyond 12 months, **not** to exceed 18 months from the date of approval.

B Requesting Extension of the Approval Expiration

See paragraph 158 for detailed information on requesting extensions on the approval expiration date.

15-24 (Reserved)

Section 3 Relief and Other Actions**25 Waivers****A DAFP Waivers**

DAFP may authorize STC's and COC's to waive or modify deadlines and other FSFL requirements in cases where lateness or failure to meet other FSFL requirements does **not** adversely affect the FSFL operation.

STC's and COC's may prepare a request for waiver to the applicable FSFL requirement according to this paragraph.

When COR determines a corrective action is **required** because FSFL was improperly disbursed or serviced and the producer wants FSFL to remain outstanding, a DAFP waiver is **required**.

B County Office Action

To address special situations, County Offices shall:

- prepare a memorandum to STC containing the following:
 - full details of the situation
 - purpose of the request
 - COC recommendations.
- provide copies of all **applicable** FSFL documents, including the following:
 - CCC-185
 - CCC-185-1
 - CCC-185D
 - CCC-186
 - CCC-186-1
 - COC and STC minutes
 - FSA-850 and FSA-851
 - servicing forms and information.
- forward the request to STC.

25 Waivers (Continued)**C State Office Action**

If STC concurs with COC request, State Offices shall:

- prepare a memorandum to DAFP containing the following:
 - full details of the situation
 - purpose of the request
 - STC and COC recommendations
- provide copies of all applicable FSFL documents listed in subparagraph B.

Note: The original file and FSFL documents shall **not** be sent.

The National Office may request, at any time and for any case, additional information after the DAFP waiver is received.

Documents may be e-mailed (encrypted) to Toni Williams at **toni.williams@wdc.usda.gov**, or to **fsflpolicy@wdc.usda.gov**.

D DAFP Action

DAFP shall:

- review
- approve or disapprove the request
- notify the applicable State Office.

26 Appeals, Misaction, and Misinformation**A Adverse Determinations**

Approving authorities making adverse determinations against FSFL applicants and borrowers shall:

- send the Adverse Determination Notification Letter (Exhibit 8)
- provide mediation, reconsideration, and appeal rights according to 1-APP
- follow procedure in 1-APP to process and act on appeals.

Note: If the approval authority is STC, follow guidance in paragraph 155. STC will provide documentation to COC with the reasons for disapproval and authorize the COC to send the disapproval notification letter.

B Misaction and Misinformation

When there is misaction, misinformation, or a situation involving the finality rule, follow procedure in 7-CP.

Misaction and misinformation provisions do not apply to FSFL requests where the producer started actions, according to paragraph 11, before CCC-185D approval. The FSFL request must be disapproved by the approval authority and appeal rights provided according to 1-APP.

For questionable situations, contact the National Office.

27-31 (Reserved)

Part 2 FSFL Provisions

32 Eligible Commodities, Structure and Storage Needs Table

A Helpful Table

This part provides detailed information for eligible commodities and structures as well as calculating storage needs. The following table identifies the maximum production storage capacity and applicable paragraphs for each commodity type.

Commodity Type	Production Storage Capacity	Defining Eligible Commodity (paragraph)	Eligible Structures (paragraph)	Storage Need Calculations (paragraph)
Aquaculture	1 year	33 K	38	50
Butter, Cheese, Eggs, Yogurt	1 year	33 I	38	50
Floriculture	1 year	33 G	38	50
Grain, Oilseeds, Etc.	2 years	33 B	36	48
Hay	2 years	33 D	37	49
Honey	1 year	33 F	39	51
Hops	1 year	33 L		50
Maple Sap	1 week	33 M		52A
Meat and Poultry	1 year	33 J	38	50
Milk	3 days	33 H	38	52B
Perishable Commodities, Nuts	1 year	33 C	38	50
Renewable Biomass	1 year	33 E	37	49

33 Eligible FSFL Commodities**A Documentation Necessary to Add a Commodity**

For any commodities **not** currently identified as eligible for FSFL's, STC shall determine whether the requested new commodity is produced in that State using resources including, but not limited to, NAP availability and/or NASS data.

If the need has been determined by STC, the State Office shall prepare a written document to justify the addition of the new commodity and send it by email to Toni Williams at **toni.williams@wdc.usda.gov**.

The justification document should, at a minimum, provide the following

- general information about the commodity, including its use
- market for the requested commodity
- storage needs.

Note: State Offices **must** allow time for National Office approval of the requested commodity. In most cases, the Secretary's office **must** make the final decision about eligibility of a commodity.

33 Eligible FSFL Commodities (Continued)**B Grain, Oilseed, Pulse and Other Commodities**

Eligible commodities authorized for FSFL's include the following:

- grains, harvested as whole grain or other than whole grain include the following:
 - barley
 - corn
 - grain sorghum
 - oats
 - quinoa
 - wheat
- oilseeds include the following:
 - canola
 - crambe
 - flaxseed
 - mustard seed
 - rapeseed
 - safflower
 - sesame seeds
 - soybeans
 - sunflower seeds
- other grains include the following:
 - buckwheat
 - millet
 - speltz
 - triticale
 - rye
- peanuts
- pulse crops include the following:
 - chickpeas
 - dry beans
 - dry peas
 - lentils
- rice
- wild rice
- grass and clover seed.

33 Eligible FSFL Commodities (Continued)

C Eligible Perishable Commodities

The following provides eligible perishable commodities eligible for cold storage FSFL's.

Eligible Perishable Commodities			
Almonds	Chestnuts	Lemons	Potatoes
Apples	Chicory/Radicchio	Lettuce	Potatoes, Sweet
Apricots	Coconuts	Limes	Prunes
Aronia Berries	Corn	Macadamia Nuts	Pumpkins
Artichokes	Cranberries	Mangos	Radishes
Asparagus	Cucumbers	Mushrooms	Raisins
Avocados	Currants	Nectarines	Rhubarb
Bamboo Shoots	Dates	Okra	Rutabaga
Bananas	Eggplant	Olives	Saskatoon Berries
Beans	Elderberries	Onions	Scallions
Beets	Figs	Oranges	Shallots
Blueberries	Garlic	Papaya	Squash
Broccoli	Ginger	Parsnip	Strawberries
Brussel Sprouts	Grapefruit	Peaches	Tangelos
Cabbage	Grapes	Peas	Tomatoes
Caneberries	Green Peanuts	Pears	Turnips
Cantaloupes	Greens	Pecans	Walnuts
Carrots	Hazelnuts	Peppers	Water Cress
Cashews	Herbs	Pineapple	Watermelon
Cauliflower	Honeydew	Pistachios	Yams
Celery	Kiwifruit	Plantain	
Cherries	Kohlrabi	Plums	
	Leeks	Pomegranates	

Notes: Caneberries include blackberries and raspberries.

Contact Toni Williams at toni.williams@wdc.usda.gov for guidance and/or authorization for an unlisted eligible perishable commodity.

33 Eligible FSFL Commodities (Continued)**D Hay**

Hay means a grass or legume that has been cut and stored, and includes the following:

- commonly used grass mixtures include the following:
 - brome
 - costal Bermuda
 - fescue grass
 - orchard grass
 - rye grass
 - timothy grass
 - other native grass species prevalent in the region
- forage legumes include the following:
 - alfalfa
 - clovers
 - trefoil
- grain legumes include, but are **not** limited to, the following:
 - lentils
 - peas
 - soybeans
- all FSFL commodities that are baled after harvest for animal feed qualify as hay including wheat straw, peanuts, and corn stubble. For example; wheat stubble baled that will be used for animal feed.

Note: Processed hay is ineligible for FSFL financing.

33 Eligible FSFL Commodities (Continued)**E Renewable Biomass**

Renewable biomass means any organic matter that is available on a renewable or recurring basis used for the production of energy in the form of heat, electricity, and liquid, solid, or gaseous fuels. Renewable biomass includes the following:

- algae
- crop residue including, but **not** limited to:
 - corn stover
 - orchard prunings
 - various straws and hulls
- plants and trees, **excluding old growth timber**
- renewable plant materials as follows:
 - feed grains
 - other agricultural commodities including, but **not** limited to:
 - soybeans
 - switch grass
- vegetative waste (compost) material including, but **not** limited to:
 - food waste
 - wood residue
 - wood waste
 - yard waste.

33 Eligible FSFL Commodities (Continued)

F Honey 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	Rattan Vine
Blueberry	Safflower
Brazil Brush	Sage
Brazilian Pepper	Salt Cedar (Tamarix Gallica)
Buckwheat	Saw Palmetto
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	

33 Eligible FSFL Commodities (Continued)**G Floriculture**

For FSFL purposes, floriculture is defined as potted or cut plants, bulbs, tubers, and seeds grown in a field or in a nursery. These would include but are not limited to:

- flowering shrubs and bushes
- potted flowering plants
- foliage plants
- potted herbaceous perennials
- annual bedding/garden plants
- cultivated greens
- broadleaf evergreens
- coniferous evergreens
- deciduous shade trees
- deciduous flowering trees
- deciduous shrubs
- ornamentals plants
- fruit and nut plants
- Christmas trees.

H Milk

The following are eligible species for a milk FSFL:

- cow
- goat
- sheep
- buffalo.

I Butter, Cheese, Eggs, Yogurt

Eligible butter, cheese, eggs and yogurt must be from producing animal, hen, or other egg laying species or livestock that the producer owned or has leased for at least 30 calendar days. COC **must** determine this requirement is met.

The eligible producer's individual packaged or bulk butter, cheese, eggs and yogurt products are eligible for storage.

33 Eligible FSFL Commodities (Continued)

J Meat and Poultry

For FSFL purposes, the following are eligible livestock species:

- adult or nonadult beef cattle
- adult or nonadult beefalo
- adult or nonadult buffalo
- adult or nonadult dairy cattle
- elk
- moose
- alpacas
- deer
- emus
- goats
- llamas
- rabbit
- poultry, including egg-producing poultry
- sheep
- swine.

For storage purposes, the slaughtered meat and poultry may be:

- cured (salt or sugar)
- cut/sliced
- smoked
- ground.

Note: All applicable State laws **must** be followed by the producer for storing the slaughtered meat and poultry in the FSFL storage collateral.

For FSFL purposes, all other processing methods, such as but not limited to the following, are **not** eligible for a meat and poultry FSFL:

- cooking
- baking
- churning
- canning
- jarring
- dying
- other methods determined by STC.

For questionable situations, contact Toni Williams in the National Office at **toni.williams@wdc.usda.gov**.

For a producer to be considered eligible for a meat and poultry FSFL, COC **must** determine the producer owned the eligible livestock species for at least 30 calendar days.

33 Eligible FSFL Commodities (Continued)

K Aquaculture

Aquaculture species, for FSFL purposes, are defined as any species of aquatic organisms grown as food for human consumption, or fish raised as feed for fish that are consumed by humans. Aquaculture species include, but are **not** limited to:

- general species:
 - sturgeon fish
 - fish eggs
 - caviar
 - catfish
- crustaceans:
 - crabs
 - crawfish for food
 - lobster
 - prawns, freshwater
 - shrimp, saltwater
 - fin fish which include:
 - bass, hybrid striped
 - carp
 - perch, yellow
 - tilapia
 - trout
- mollusks:
 - abalone
 - clams
 - mussels
 - oysters
 - scallops
- seaweed:
 - kelp
 - dulse
 - laver
 - gacilaria
 - sea lettuce.

COC **must** determine the producer owns or has leased property with readily identifiable boundaries to produce the eligible aquaculture species for at least 30 calendar days.

33 Eligible FSFL Commodities (Continued)**L Hops**

For hops to be considered eligible for the FSFL program, the producer must own or has leased property with readily identifiable boundaries. COC **must** determine this requirement is met.

M Maple Sap

For maple sap to be considered eligible for the FSFL program, the producer must own or has leased the sugar bush with readily identifiable boundaries for at least 30-calendar days. COC **must** determine this requirement is met.

34 Ineligible FSFL Commodities**A List of Ineligible FSFL Commodities**

The following are ineligible FSFL commodities:

- a commodity without a food value or energy value
- cider
- corn gluten
- firewood
- illegal substances
- juices processed from an eligible commodity
- manure
- marijuana (ineligible for Federal assistance)
- old growth timber
- processed commodities, which includes but is not limited to; baking, canning and jarring
- waste from domestic/residential/municipal sources
- waste from food source operations or food processing plants
- wine.

35 Eligible Applicants

A Basic Requirements

[7 CFR 1436.5] Eligible applicant means any person, as defined in Exhibit 2, who, as a landowner, landlord, operator, producer, leaseholder, tenant, or sharecropper, meets **all** of the following eligibility requirements:

- demonstrates compliance with NEPA according to 40 CFR Parts 1500 through 1508 and 1-EQ and 2-EQ
- is in compliance with USDA provisions for HEL and WC according to 7 CFR Part 12
- has no delinquent Federal nontax debt as defined by DCIA of 1996 **unless** the delinquent debt is resolved before FSFL is disbursed
- has **not** been convicted under Federal or State law for a disqualifying controlled substance violation according to 1-CM, Part 30 or a crop insurance violation under 7 CFR Part 718
- is a producer of FSFL commodities as provided in paragraph 33

Notes: County Offices **must** review FSA-578's, including late-filed, to ensure that the producer produces eligible FSFL commodities.

Purchased commodities are **not** authorized for FSFL benefits.

- has a satisfactory credit history as determined by CCC
- demonstrates the ability to pay the downpayment and repay the debt resulting from FSFL
- demonstrates a need for increased storage capacity, **unless** the producer is submitting CCC-185 only for eligible handling and drying equipment, storage and handling trucks, or renovating an approved storage structure
- provides proof of multi-peril crop insurance offered under the Federal Crop Insurance Program or NAP, LGM or MPP on all eligible FSFL commodities

35 Eligible Applicants (Continued)

A Basic Requirements (Continued)

- demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures
- provides all-peril structural insurance and, if **required**, flood insurance.

Note: If the county flood map is updated, either before **or** after FSFL disbursement, and the flood map indicates FSFL is in an area requiring flood insurance, the producer **must** immediately purchase insurance. This also applies if it is later discovered that flood insurance should have been **required** before FSFL disbursement.

CCC-941 does **not** apply to FSFL's.

B Determining Borrowing Entity

County Offices shall:

- determine the borrowing entity from CCC-902 according to 5-PL
- allow borrowers who are otherwise eligible to enter into joint FSFL's with another eligible borrower, if adequate security requirements can be met
- require FSFL's to be joint when more than 1 borrower or entity has an interest in the collateral

Example: Two brothers with separate farming operations are submitting CCC-185 for 1 grain storage bin. The brothers will be **required** to obtain 1 joint FSFL for the bin. The bin will be jointly owned with each brother responsible for the entire FSFL. They may **not** apply for 2 separate FSFL's, each for half the FSFL principal.

35 Eligible Applicants (Continued)**B Determining Borrowing Entity (Continued)**

- **not** allow schemes to avoid FSFL limit per structure

Note: The borrowing entity will be the producer:

- of FSFL commodities that require storage at the proposed storage location
- who meets all other requirements.
- inform borrowers submitting joint CCC-185, or borrowers who are partnerships or joint ventures, that all reminders and pertinent information on FSFL will be sent **only** to the contact producer
- inform borrowers on joint FSFL's that the contact borrower will receive IRS-1098 for the entire amount.

C Applicants Who Are Minors

Applicants who are minors may be approved for FSFL if:

- minor meets all eligibility requirements
- minor signs CCC-186
- financially responsible adult, as approved by COC, cosigns CCC-186.

D Multiple Borrowers

Multiple borrowers are allowed for FSFL's. Each borrower signing CCC-186 is jointly liable for the entire FSFL amount.

At this time, one IRS-1098 will be issued to the contact borrower.

Example: Three brothers obtained a joint FSFL. One brother will be the contact borrower and receive IRS-1098 for the entire FSFL.

36 Eligible and Ineligible Structures and Equipment

A FSFL Suppliers or Vendors

County Offices may not create a list of FSFL equipment suppliers or vendors. Potential conflict of interest cases shall be handled according to 3-PM and 22-PM.

B Eligible Items for FSFL's

The net costs that may be financed under FSFL's include the following:

- appraisal cost
- approved electrical lighting, motor wiring, and installation labor

Note: The FSFL program supports energy efficient equipment; therefore, solar power may be included in the loan request. The solar power must be used as an energy source for the FSFL structure or equipment only.

- archaeological study or attorney fees
- eligible equipment to maintain and monitor commodity quality
- fees, such as title insurance and motor vehicle title fees
- installation costs
- material and labor for utility hookup from meter to structure

Note: Utility includes electric lines, natural gas lines, and liquefied petroleum tanks used for the structure to operate.

- material and labor for concrete pads or other approved and acceptable flooring
- on-farm material approved by COC
- off-farm labor as defined in Exhibit 2
- purchase price and sales tax of structure or materials
- shipping and delivery charges
- site preparation costs.

Note: When net cost expenses are reviewed, State and County Offices may question if net costs are excessive and request guidance from COC or STC to determine if the costs are within reason. For questionable situations, contact the National Office for additional guidance.

36 Eligible and Ineligible Structures and Equipment (Continued)**B Eligible Items for FSFL's (Continued)**

The net cost shall **not** include the following:

- on-farm labor as defined in Exhibit 2
- cost to tear down an existing structure
- secondhand material
- real estate
- travel expenses of the vendors
- gas line or electrical hookups from the utility supply source to the producer's meter.

C Eligible Storage and Handling Facilities for All FSFL Eligible Commodities

Each storage facility is eligible for the maximum FSFL amount as provided in paragraph 60. If a storage structure is not determined to be a stand-alone structure, as defined in Exhibit 2, only one FSFL may be approved for the storage structure. A lien will be placed on the entire structure. Contact the National Office for questionable situations.

[7 CFR 1436.6] FSFL's shall only be made for purchasing and installing eligible new or used, portable or permanently affixed, storage facilities, including pre-fabricated structures, drying or handling equipment, or remodeling existing facilities as follows:

- conventional type cribs or bins designed and engineered for FSFL commodity storage having a useful life of at least the term of the loan
- oxygen-limiting and other upright silo-type structures designed for FSFL commodity storage having a useful life of at least the term of the loan
- flat-type storage structures, including a permanent concrete floor and bulkheads, designed for and primarily used to store FSFL commodities for at least the term of the loan
- concrete foundations, aprons, pits, and pads, including site preparation, labor, and material, essential to the proper operation of the storage and handling equipment
- concrete pads without walls or separate, detachable sides on which an FSFL commodity is stored

36 Eligible and Ineligible Structures and Equipment (Continued)

C Eligible Storage and Handling Facilities for All FSFL Eligible Commodities (Continued)

- structures that are bunker-type, horizontal, or open silo structures, with at least 2 concrete walls and a concrete floor, designed for FSFL commodity storage and having a useful life of at least the term of the loan
- renovating existing storage, according to paragraph 41, without an increase in storage capacity
- remanufactured oxygen-limiting storage structures built to the original manufacturer's design specifications using original manufacturer's rebuild kits designed for FSFL commodity storage and having a useful life of at least the term of the loan

Notes: STC's:

- are strongly encouraged to only allow rebuilt kits from the original manufacturer of oxygen-limiting storage structures to ensure that these structures are rebuilt correctly and ensure the safety of the structure
- are authorized to approve rebuilt kits from original manufacturer of oxygen-limiting storage structures for FSFL's \$25,000 or less
- may request a DAFP waiver to allow companies other than the original manufacturer of the oxygen-limiting storage structure to supply rebuild kits for FSFL-financed structures.

DAFP waiver requests shall:

- follow paragraph 25
- be for the specific company located at a specified location
- be submitted **before** approving FSFL's using manufacturer's rebuild kits
- include copies of all pertinent information about the following:
 - company
 - how their rebuild kits are manufactured
 - warranty offered on their rebuild kits.

36 Eligible and Ineligible Structures and Equipment (Continued)

C Eligible Storage and Handling Facilities for All FSFL Eligible Commodities (Continued)

- area of the shed/structure to house and protect electronic and control equipment
- walk-in including prefabricated storage coolers or containers
- cheese storage structures
- portable storage containers, essential to the proper storage of the eligible commodity
- bulk tanks suitable for storing honey, maple sap, and milk
- portable storage facilities and containers which are manufactured storage containers that may be used when transported, hitched, or mounted on a trailer or truck for the purpose of storing and handling eligible commodities
- uptake and discharge re-circulatory systems that are used for storage and holding tanks for aquaculture products, wherein the water used is exclusively from on-farm aquifers and is discharged back on the farm

Note: FSFL's are authorized when the holding or storage structure will have uptake or discharge water that comes from natural sources, tributaries, coastal and ocean waters, or perennial waterways.

- electrical equipment, such as lighting, motors, and wiring, integral to the proper operation of the storage and handling equipment, **excluding** installing electrical service to the electrical meter
- equipment to improve, maintain, or monitor the quality of stored FSFL commodities, such as cleaners, moisture testers, and heat detectors, along with a proposed storage facility
- handling and drying equipment determined by COC to be needed and essential to the proper functioning of a storage system, without showing a need and/or obtaining FSFL for the storage structure
- liquefied petroleum tanks to fuel dryers
- safety equipment, as **required** by CCC, such as lighting and inside and outside ladders.

Note: County Offices are **not** responsible for determining that equipment meets OSHA standards.

36 Eligible and Ineligible Structures and Equipment (Continued)**D Ineligible Storage and Handling Facilities for All FSFL Eligible Commodities**

Ineligible storage and handling equipment includes the following:

- structures of a temporary nature that require the weight or bulk of the commodity stored to maintain its shape, such as fence or bags, **not** having a useful life of at least the term of the loan
- storage area included in the capacity worksheet to house (store) handling equipment or storage and handling trucks in the storage structure
- storage structures to be used for purchased commodities or for commercial purposes, as defined in Exhibit 2
- structures determined by COC and/or STC that are **not** suitable for storing FSFL commodities for which a need is determined
- feed handling and processing equipment.

Note: When necessary, STC's or COC's are authorized to review CCC-191s, bills, invoices and/or sales receipts to determine if the FSFL components are reasonably priced and determine final eligibility or ineligibility of the cost to be included in the FSFL.

37 Eligible and Ineligible Structures for Hay and Renewable Biomass Storage**A Eligible Structures**

All FSFL-financed storage structures for hay and renewable biomass commodities **must be used** for the purpose for which they were constructed, assembled, or installed for the entire FSFL term.

FSFL eligible storage structures for hay and renewable biomass commodities:

- **must** have a useful life of at least the term of the loan
- **must** be built:
 - of such quality that the structure can be insured
 - to support snow load for the area
 - with proper drainage.
- include structures suitable for storing the following:
 - hay, that are built according to acceptable design guidelines from NIFA or land-grant universities
 - renewable biomass, that are built according to acceptable industry guidelines.

37 Eligible and Ineligible Structures for Hay and Renewable Biomass Storage (Continued)

A Eligible Structures (Continued)

Producers are **required** to submit a building plan to the County Office for any hay or renewable biomass storage structures requested for FSFL.

Note: The building plan does **not** have to be professionally prepared, but **must** include the following:

- type of structure or building design
- exact size and shape of proposed facility
- access
- details of site preparation, including leveling and soil compacting
- base materials, including type, size, and depth of rock or gravel used
- construction materials, including type and gauge of material used for the entire structure.

Many of the land-grant universities have the following available online:

- detailed building plans for hay structures
- plans for structures suitable for storing renewable biomass commodities.

B Eligible Components

FSFL's for hay and renewable biomass storage structures may include the following:

- safety equipment meeting OSHA requirements
- equipment to maintain and monitor the quality of stored eligible hay and renewable biomass commodities, such as heat detectors
- electrical equipment
- concrete aprons essential to proper facility operation

37 Eligible and Ineligible Structures for Hay and Renewable Biomass Storage (Continued)

B Eligible Components (Continued)

- 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.

Notes: In some regions of the country, NIFA and land-grant universities do **not** recommend storing hay and renewable biomass commodities on concrete. Acceptable alternatives have been developed that include using compacted coarse gravel or small rock.

Asphalt flooring may only be used if built to the specifications in paragraph 40.

C Eligible Items for FSFL's

See subparagraph 36 B for eligible items.

D Ineligible Items for FSFL's

See subparagraph 36 D for ineligible items.

38 Eligible and Ineligible Structures for Eligible Perishable Commodity Cold Storage**A Eligible Structures**

FSFL-financed cold storage structures for eligible perishable commodities **must** be used for the purpose for which they were approved for the entire FSFL term.

Note: See Exhibit 2 for the definition of cold storage facility.

Cold storage facilities with a useful life of at least the term of the loan and eligible for FSFL's include the following:

- cold storage facility of wood pole and post construction, steel, or concrete suitable for storing eligible perishable commodities produced by the producer
- walk-in including prefabricated, cold storage coolers that are suitable for storing the producer's eligible perishable commodities
- freezer units suitable for storing eligible commodities.

FSFL eligible cold storage structures must be built:

- of such quality that the structure can be insured
- to protect the eligible commodity from contaminants
- to support local climate conditions for the area.

Cold storage facilities must be built according to acceptable design guidelines from the manufacturer, NIFA or land-grant universities.

38 Eligible and Ineligible Structures for Eligible Perishable Commodity Cold Storage (Continued)**B Eligible Components**

Cold storage structures may have components that are permanently affixed or portable. See subparagraph 44 B for eligible components and equipment.

Notes: The area of a structure required to affix or station eligible handling equipment is eligible, in addition to the cold storage space.

Contact the National Office if a component is **not** listed to confirm eligibility of the component or questionable situations.

C Eligible Items for Eligible Perishable Commodity FSFL's

See subparagraph 36 B for eligible items.

D Ineligible Structures and Components

See subparagraph 36 D for ineligible items. In addition, the following are ineligible for eligible perishable commodity FSFL's:

- bin boxes
- controlled atmosphere structures and components
- store fronts to market the eligible perishable commodity
- structures determined by STC or COC **not** suitable for eligible perishable commodity cold storage.

Note: Controlled atmosphere structures generally require rooms to be sealed so that gaseous exchange can be effectively controlled.

39 Eligible and Ineligible Structures for Honey**A Eligible Structures for Honey**

FSFL-financed honey storage structures **must** be used for the purpose for which the structure was approved for the entire FSFL term.

Honey storage facilities loans, with a useful life of at least the term of the loan, may be approved for financing a facility or additions and/or 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
- to protect the honey from adverse weather conditions built to support snow load for the area
- with proper drainage.

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

39 Eligible and Ineligible Structures for Honey (Continued)**B Eligible Components**

FSFL's for honey may include the following:

- concrete aprons essential to proper facility operation
- electrical equipment
- equipment to maintain and monitor the quality of stored honey, such as heat detectors
- safety equipment meeting OSHA requirements
- 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

See subparagraph 36 B for eligible items.

39 Eligible and Ineligible Structures for Honey (Continued)**D Ineligible Structures and Components**

See subparagraph 36 D for ineligible items. In addition, the following includes, but is **not** limited to, structures and components ineligible for honey FSFL's:

- controlled atmosphere structures and components
- processing equipment
- packing containers, such but not limited to retail honey containers
- storage space for storing bees
- structures of temporary nature that require the weight or bulk of the honey stored to maintain its shape
- structures determined by STC **not** suitable for honey storage.

40 Asphalt Flooring for FSFL Structures**A Asphalt Flooring**

Documentation from a number of land-grant universities, in certain regions, has concluded that asphalt flooring:

- is acceptable for usage in storage pads for agricultural commodities
- has proven to be even more resilient than concrete in bunker silos and storage pads
- is successful **only** if constructed properly.

FSFL applicants requesting to use asphalt flooring in structures to store corn, oats, wheat, barley, and grain sorghum harvested as other than whole grain, shall be:

- advised by the County Office that asphalt flooring **must** be constructed according to specific specifications in subparagraph B

Note: If **not** constructed according to the specific specifications, FSFL approval and disbursement is **not** authorized.

- informed that DD concurrence is necessary before COC recommending or approving FSFL's with asphalt flooring.

B Specifications for Asphalt Flooring

COC's or designee will be responsible for monitoring construction to ensure that the asphalt flooring is constructed according to **all** the specifications in this subparagraph.

Note: STC **must** determine:

- the number of field visits the County Office shall make to monitor construction
- if the following specifications may be modified on a case by case basis.

The following specifications **must** be followed for asphalt flooring for all commodities:

- 6- to 12-inch, well-packed, crushed gravel base with drainage both inside and outside the footing to prevent water from getting under the asphalt
- 4 to 6 inches of high-grade asphalt, including 3 to 5 inches of fine material and 1 inch of very fine material

40 Asphalt Flooring for FSFL Structures (Continued)

B Specifications for Asphalt Flooring (Continued)

- compacted at least twice with a 20-ton roller:
 - first with a vibrating roller
 - second with a finishing roller to remove ripples
- sealed with an asphalt sealer.

C Required FSFL Spot Checks of Asphalt Flooring

County Offices are **required** to periodically conduct collateral checks of all outstanding FSFL's according to paragraph 215. See subparagraph 215 B for additional requirements on asphalt flooring.

40 Asphalt Flooring for FSFL Structures (Continued)**D STC Action**

For FSFL's storing FSFL commodities, STC's shall:

- determine, with the assistance of their land-grant university and NIFA, if asphalt is a viable option instead of concrete in their State
- if determined viable in the State:
 - advise County Offices that asphalt flooring is acceptable **only** if properly constructed
 - approve on a case-by-case basis, CCC-185D's for using asphalt flooring.

E COC and County Office Action

For FSFL's storing FSFL commodities, COC's and County Offices shall:

- inform FSFL applicants requesting to use asphalt flooring in their structures:
 - that STC approval, on a case-by-case basis, is **required**
 - of construction specifications **required** for asphalt flooring according to subparagraph B
- submit each CCC-185 and CCC-185D to STC for approval **before** construction.

41 Renovating Structures and Preowned Facilities

A Renovating Facilities

Approval of CCC-185D for renovated structures **must** comply with all eligibility requirements, including the environmental review.

Existing structures for all FSFL eligible commodities are eligible for FSFL renovations as long as all requirements are met. Authorized loan terms for FSFL renovations are 3 and 5 years only.

Note: National Office, when a case is submitted for review, will determine if a longer term should be authorized.

Storage that is deteriorated to the point where it is, in STC or COC's opinion, no longer functional for storage purposes, will **not** be considered as existing storage capacity.

CCC-185D's may be approved for financing additions to, or modifications of, an existing storage facility with an expected useful life of at least the term of the loan, if COC determines that the modification is:

- necessary to renovate the storage capacity of the unit
- **not** for maintaining, repairing, or replacing worn out items, such as motors, fans, and wiring that do **not** have a useful life of at least the term of the loan
- for items, such as the following:
 - replacing cement or wooden floors
 - grain kit for flat storage walls and bulkheads, as needed
 - drying, aeration, or handling equipment
 - replacing any deteriorated bin walls or rings, roof panels, or other roofing material and related off-farm labor costs
 - refrigeration units.

41 Renovating Structures and Preowned Facilities (Continued)

B Preowned Structures

FSFL's may be approved for components of used or preowned structures that are purchased and/or moved to a new location. Allowable net cost items are items such as the following:

- purchase of the used or preowned structure
- site preparation
- foundation material and off-farm labor
- off-farm labor to erect the used or preowned structure
- doors, roof panels, and rings needing replacement
- dryer systems
- installation.

The producer is responsible for the costs to disassemble and move the structure.

FSFL's will not be used to purchase real estate. The producer is responsible for the cost of the underlying real estate.

42 Eligible and Ineligible Storage and Handling Trucks**A Eligible Storage and Handling Trucks**

FSFL-financed storage and handling trucks **new or used** must be used for the purpose for which they were acquired for the entire FSFL term.

A storage capacity calculator worksheet is **not** required for eligible storage and handling truck FSFL requests.

Eligible storage and handling trucks, **new or used**, include the following, for FSFL purposes:

- cold storage trucks; a van or truck designed to carry perishable freight at specific temperatures. Cold storage trucks differ from simple insulated and ventilated vans which are commonly used for transporting fruit. Cold storage trucks can be ice-cooled or equipped with any variety of mechanical refrigeration systems.
- flatbed trucks; truck that has an open body in the form of a platform with no side walls for easy loading and unloading. These trucks can be categorized into different sizes which range from light, medium, or heavy duty, compact or full-size, or short and expandable beds.
- grain trucks; a piece of farm equipment specially made to accommodate grain products and are traditionally truck chassis units with a mounted grain “dump” body where grain commodities are transported from a field to either a grain elevator or a storage bin.
- storage trucks with a chassis unit; commonly referred to as a box truck, box van or straight truck, is a truck with a cargo body mounted on the same chassis with the engine and cab.

42 Eligible and Ineligible Storage and Handling Trucks (Continued)

A Eligible Storage and Handling Trucks (Continued)

Storage and handling truck FSFL's must:

- be \$100,000 or less
- have a maximum of four axles with a gross weight rating of 60,000 pounds or less
- be less than 15 years old.

Notes: The trailer is not to be included in the axle or weight limits.

There is no limit on the number of storage and handling truck FSFL requests a producer may submit; however, COC or STC must review the business operation to ensure the storage and handling trucks are not being purchased for a commercial operation.

Example: A producer submits a \$75,000 FSFL request for a new grain truck with a new trailer. The cost of the new grain truck is \$52,000 and the cost of the new trailer is \$23,000. Because the grain truck is less than \$100,000, and the GWR is less than 60,000 pounds, the FSFL is acceptable. There are no axle or weight limits for the trailer.

The National Office will review on a case by case basis:

- the need for an operation's FSFL request to exceed these limits when purchasing a storage and handling truck
- an FSFL request for a storage and handling truck older than 15 years old.

A FSA-850 must be completed for a storage and handling truck; however, a site visit is not required. See Exhibit 10 for an example of FSA-850 for a storage and handling truck FSFL request.

The new or used storage and handling truck must not have been purchased before the FSFL request (CCC-185) was submitted in the County Office, FSA-850 completed and CCC-185D approval provided.

State Offices **must** contact the National Office when there are questions about eligible and ineligible storage and handling trucks.

42 Eligible and Ineligible Storage and Handling Trucks (Continued)

A Eligible Storage and Handling Trucks (Continued)

Producers requesting a storage and handling truck FSFL **must**:

- properly register the truck with the applicable State MVA and all State and local MVA laws and insurance
- obtain a clear Certificate of Title
- use the FSFL collateral for at least the entire FSFL term
- provide a valid VIN
- obtain the required State emissions and vehicle inspection
- obtain full coverage (comprehensive and collision) automobile insurance policy which must be renewed annually throughout the term of the loan.

Notes: STC has authority to determine a statewide minimum full coverage automobile insurance deductible.

Liability insurance only is **not** acceptable automobile coverage.

The automobile insurance policy must be provided to the County Office, according to paragraph 98.

See paragraph 98 for State supplemental policy requirements.

For questionable situations, consult with the regional OGC and/or an FSA employee with loan approval authority to ensure that registration and/insurance requirements are in accordance with all State and local MVA laws.

The required lien search fees and UCC-1 filings are paid by CCC.

FSFL's for storage and handling trucks have different requirements for maximum term of the loan. See subparagraph:

- 59 B for FSFL microloan terms
- 60 D for regular FSFL terms.

42 Eligible and Ineligible Storage and Handling Trucks (Continued)

B Ineligible Storage and Handling Trucks

Ineligible storage and handling trucks include the following for FSFL purposes:

- pick-up trucks; a light or heavy duty truck having an enclosed cab and an open bed with low sides and tailgate
- semi-trucks; typically referred as “semi-tractor or road tractor” and also known as “tractor-trailer”. The most common “semi-truck” has a forward engine compartment, one front steering axle, and two rear drive axles with a fifth-wheel trailer coupling to hitch the “semi-trailer” over its rear axles
- dump trucks; a truck chassis with a dump body that can be tilted and mounted to the frame used for transporting loose material (such as sand, gravel, or dirt) and discharging its contents through an open tailgate. These types of trucks are most commonly used for construction and excavation projects or movement of non-farm materials.

Also, **ineligible** for FSFL financing are storage and handling trucks:

- older than 15 years - see subparagraph A
- with a salvaged title
- determined by STC or COC to **not** have a lifespan of at least the entire FSFL term
- determined by STC or COC that are not suitable for the applicable commodity
- cannot meet **all** of the requirements in subparagraph A.

43 Storage and Handling Equipment**A FSFL for Portable or Permanently Affixed Equipment**

FSFL-financed equipment and handling components must be used for an eligible commodity and for the purpose the funds acquired to purchase, construct, assemble or install for the entire FSFL term and **may be portable or permanently affixed.**

FSFL's are for storage and handling equipment and storage and handling trucks only. Equipment for crop production, feeding livestock or harvesting is not eligible for FSFL's.

The **new or used** equipment and handling components must **not** have been purchased before CCC-185 was submitted in the County Office and CCC-185D is approved/disapproved.

Note: A down payment made to the dealer or vendor for the equipment does not mean the equipment was purchased.

Along with the FSFL request, a dated statement with the intent to purchase, or sales contract/order, must be provided and must include the location and description of the equipment and handling components.

A storage calculator worksheet is **not** required for handling equipment only FSFL requests.

A FSA-850 must be completed for handling equipment FSFL requests; however, a site visit to complete the FSA-850 is not required, unless there will be ground disturbance for any of the equipment installation. See Exhibit 10 for an example of FSA-850 for a handling equipment FSFL.

State and County Office employees must be allowed to inspect the equipment and handling components, when necessary, before approval to determine fair and reasonable value, according to subparagraphs 122 J and K.

43 Storage and Handling Equipment (Continued)**B Eligible Equipment**

Eligible equipment necessary for eligible FSFL commodities may include the following:

- augers
- automatic bale stackers
- back-up generators
- baggers/unloaders, excluding bags
- bale accumulators
- bale band-its, excluding ties
- bale bed carrier
- bale wrappers, excluding wrapping supplies
- bottler systems for honey and milk, excluding the honey and milk containers
- boxers
- brush polishers
- bulk bin tippers
- case palletizers
- circulation fans
- cold dip tanks
- conveyors

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

- dryers
- drying sheds, trailers and tunnels
- dumpers
- dump carts
- electrical equipment, such as lighting, motors, and wiring integral to the proper operation of an eligible structure
- fans
- food safety-related equipment, such as sanitizing or pre-washing filter tanks
- forklifts
- freezers, including blast freezers
- front and rear-end loader attachments
- fruit and/or vegetable hoppers
- generators
- grain carts with auger systems
- grain hauler trailers
- grain vacuums
- gravity flow wagons
- gripper attachments

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

- hay spears and attachments
- hay wagons
- hoppers
- hydrolifts
- hydrocoolers
- ice machines
- lines to evaporator
- liquidated petroleum tanks to fuel dryers
- pallet jacks
- pilers
- plumbing installed from the milk bulk tank for cleaning purposes
- quality graders
- racking systems
- refrigeration units or systems
- roller creepfeeders
- roller spray units

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

- safety equipment meeting OSHA requirements

Note: County Offices are **not** responsible for determining that equipment meets OSHA standards.

- sealants
- self-dumping or non-dumping hay trailers
- self-propelled fork lifts
- shelves
- sizers
- skid steers
- solar panels
- sorting bins and/or tables
- telehandler
- walk-in coolers
- washers

Note: Not to include truck washers or waxers.

- waxers
- weight graders
- weight scales:
 - portable
 - concrete installed weight scales to weigh the FSFL commodity

Note: FSFL requests for weigh scales exceeding \$100,000, must be reviewed on a case by basis by STC to determine whether the need is justified for the producer's operation.

43 Storage and Handling Equipment (Continued)**B Eligible Equipment (Continued)**

- equipment to improve, maintain, or monitor the quality of stored FSFL commodities, such as cleaners, moisture testers, and heat detectors, along with a proposed storage facility
- handling and drying equipment determined by COC to be needed and essential to the proper functioning of a storage system
- electrical equipment, such as pumps, lighting, motors, and wiring, integral to the proper operation of the storage and handling equipment, **excluding** installing electrical service to the electrical meter.

Note: STC's may request DAFP approval of a wind turbine on a case by case basis.

State Offices **must** contact the National Office when there are questions about eligible and ineligible drying and handling equipment.

C Ineligible Equipment

Ineligible storage and handling equipment includes the following for all commodity types:

- ATV/gator
- backhoes
- chicken houses
- combines
- crushers
- extractors
- feed handling and processing equipment
- fuel trailers
- greenhouses
- grinders

43 Storage and Handling Equipment (Continued)**C Ineligible Equipment (Continued)**

- hay balers
- hay mowers
- hay rakes
- hay tedders
- hops baler
- hops picker
- livestock pens and trailers
- malting equipment
- milking machine pulsation units
- milking parlor equipment
- pay (wheel) loaders
- processing equipment
- production and feed facilities
- robotic milkers
- seed carts (pull type or trailered)
- silage blowers
- storage structures and handling equipment determined by STC or COC that are not suitable for the applicable commodity and do not have a lifespan of at least the term of the loan
- storage structures to be used for a commercial purpose, as defined in Exhibit 2
- structures of a temporary nature **not** having a useful life of the term of the loan
- tractors.

44-46 (Reserved)

Part 3 Determining Storage Need and Applicable Waivers

47 Storage Need Self-Certification

A Self-Certification Storage Need for All Eligible Commodities

The provision in this paragraph applies to producers of **all** eligible FSFL commodities who have applied for a Microloan. See paragraph 59.

Producers may self-certify to the storage capacity need when the aggregate outstanding balance is equal to \$50,000 or less. A written storage need waiver request from the producer is **not** required at the time of loan request and during the term of the FSFL.

Note: For the producer to be eligible to self-certify to the storage need, County Offices must verify the producer's aggregate outstanding FSFL balance does not exceed \$50,000.

B Self-Certification Calculator Worksheet

The storage need self-certification, must be:

- completed on a worksheet calculator available at <http://www.fsa.usda.gov/programs-and-services/price-support/Index>
- filed in the producer's FSFL folder.

The self-certified information will be used by STC's and COC's when reviewing the FSFL request to determine production reasonableness for the storage capacity need.

SED's may approve State Office developed storage capacity worksheet calculators for determining the FSFL storage structure need. National Office concurrence is **not** required.

Important: For all storage structure FSFL's, the:

- storage capacity calculator worksheet **must** be attached to CCC-185
- producer **must** sign and date the storage capacity calculator worksheet certifying to the requested storage need.

Notes: In most instances, using the producer's actual yield and production records for the eligible commodity, provides more accurate information for calculating the producer's storage need.

According to 2-CP, subparagraph 322 C, State and County Offices may spot check any producer **not** identified on the national producer selection list if there is reason to question the producer's compliance with any program provisions. The National Office will annually determine if additional producers should be added to the national producer selection list for compliance.

48 Determining Storage Need for Eligible Commodities Storing 2 Years of Production

A Storage Need Determinations

When an applicant is not self-certifying to the storage need as provided in paragraph 47, County Offices shall calculate the FSFL storage need using guidelines in this paragraph. This requirement applies only to FSFL requests that are to build or increase the size of storage structures.

Storage capacity calculators are located on PSD's web site at <http://www.fsa.usda.gov/programs-and-services/price-support/Index>

SED's may approve State Office developed storage capacity worksheet calculators for determining the FSFL storage structure need. National Office concurrence is **not** required.

STC's may establish storage specifications for commodities that can be properly stored for 2 years for their State using STC knowledge, NIFA, land-grant universities, available ARS publications, and extension guidelines.

B General Statements on Calculating Acreage

A 3-year average acreage **must** be calculated for each FSFL commodity that requires storage at the proposed location, from the producer's share of up to the 3 most recent FSA-578's.

Note: County Offices **must** use FSA-578's for determining the average acreage of each eligible commodity.

A reasonable 1-year acreage and yield projection may be used instead of an average for any the following:

- newly acquired farms
- FSFL crops being grown for the first time
- cases where crop rotations adversely affect the acreage production
- cases where prevented planting or disasters adversely affect the average production.

Notes: Follow 2-CP policy for failed and prevented planting.

Producers may request an STC waiver to allow prevented planted acres that do **not** fall within the 2-CP failed and prevented planting guidelines.

For questionable situations, State Offices shall contact Toni Williams by e-mail to toni.williams@wdc.usda.gov.

48 Determining Storage Need for Eligible Commodities Storing 2 Years of Production (Continued)

B General Statements on Calculating Acreage (Continued)

When a farming operation reorganizes and the **same** individuals or entities continue to operate the farm, the cropping history applicable to the previous operation may be used.

Late-filed FSA-578's **must** be filed according to 2-CP and a late fee may be paid for each crop year FSA-578 was filed late; however, State Offices may request a DAFP waiver according to paragraph 25 when late-filed FSA-578's do **not** meet the requirements in 2-CP, paragraph 21. STC's can approve FSFL request of \$100,000 or less. Other cases require a DAFP waiver.

For FSFL's for structures to store silage, use the average acreage harvested as silage.

For FSFL's for structures for hay, use **only** the hay acreage from established farms.

STC's are authorized to determine statewide, predominant use (intended vs actual) for hay acreage.

C Basic Information on Grain or Silage Yield Calculation

The same unit of measure for yields **must** be used for each commodity.

COC **must** determine the yield used for the storage calculation to be reasonable. The following are possible options for yields:

- MAL yields established according to 8-LP
- crop insurance proven production yields
- proof of actual production history provided by applicant.

48 **Determining Storage Need for Eligible Commodities Storing 2 Years of Production (Continued)**

D Formula for Eligible Commodities Storing 2 Years of Production

Applicants shall demonstrate a need for storage capacity as determined by the following formula.

Step	Action	
1	Determine applicant and applicable farm operation from CCC-902.	
2	Determine up to a 3-year average acreage for each FSFL commodity, as provided in subparagraph B, using the applicant's share of crop on each tract and farm.	
3	Multiply each average acreage times the applicable crop yield as provided in subparagraph C and total. Multiply the result by 2.	
4	Deduct existing storage capacity (as defined in Exhibit 2) owned by the applicant for the applicable crops.	
5	IF result from step 4 is...	THEN...
	greater than zero	the applicant is eligible for the needed capacity, not to exceed the producer's proposed capacity or capacity to be upgraded.
	less than zero	notify the applicant that they are ineligible. Provide appeal rights according to 1-APP.
	greater than zero, but less than proposed storage capacity	see paragraph 54.

49 Determining Storage Need for Hay and Biomass**A Storage Need Determinations**

Applicants **must** show a need for hay or renewable biomass storage as determined by the formula in this paragraph.

Before STC can approve an application for a renewable biomass FSFL, the applicants **must** provide a contract or letter of commitment with the company or facility that will purchase the applicant's biomass commodity.

Note: The contract or letter of commitment **must** be for at least 1 entire production and marketing cycle.

When an applicant is not self-certifying to the storage need as provided in paragraph 47, County Offices shall calculate the FSFL storage need using guidelines in this paragraph.

Storage capacity calculators are located on PSD's website at **<http://www.fsa.usda.gov/programs-and-services/price-support/Index>**.

SED's may approve State Office developed storage capacity worksheet calculators for determining the FSFL storage structure need. National Office concurrence is **not** required.

B Hay and Biomass Acreages

A 3-year average acreage **must** be calculated for hay or renewable biomass storage using up to the 3 most recent FSA-578's.

See subparagraph 48 B for general information on calculating acreage.

C Hay and Biomass Yields

The unit of measure for hay and renewable biomass commodities will be in tons.

If State and County Offices are unable to determine an annual yield for any of the hay or renewable biomass commodities with the assistance of NIFA, land-grant universities, or available ARS publications, contact PSD.

49 Determining Storage Need for Hay and Biomass (Continued)

D Formula for Hay and Biomass Storage

An applicant's needed storage can be determined with NIFA and land-grant university assistance or with the worksheet in Exhibit 20.

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

The applicant shall provide the County Office with either of the following:

- dimensions of the facility to convert into cubic feet of available space
- capacity of the proposed structure in pounds or tons from the contractor constructing the storage facility.

COC's shall use either of the following conversion factors and the worksheet in Exhibit 20 to determine the capacity of a proposed facility:

- 1 pound of hay requires 0.125 cubic feet of space
- 1 short ton of hay requires 250 cubic feet of space.

Note: These factors shall be used to determine the storage capacity of a structure **unless** the applicant supplies the County Office with detailed documentation of a different conversion factor.

The following publications may also assist State and County Offices in determining the capacity of a proposed structure:

- Oklahoma State University publication BAE-1716, titled "Round Bale Hay Storage", available at <http://osufacts.okstate.edu/docushare/dsweb/Get/Document-1772/BAE-1716web.pdf>
- Ohio State University publication, titled "Worksheet for Sizing Hay Storage Pads and Calculating FGD Needs", available at <http://ohioline.osu.edu/aex-fact/pdf/0332.pdf>
- Iowa State publications available at http://www.public.iastate.edu/~mwps_dis/mwps_web/hy_plans.html.

49 Determining Storage Need for Hay and Biomass (Continued)

D Formula for Hay and Biomass Storage (Continued)

Applicants shall demonstrate a need for storage capacity as determined by the following formula. See Exhibit 20 for an example of the need calculation.

Step	Action	
1	Determine applicant entity and applicable farm operation from CCC-902.	
2	Determine up to a 3-year average acreage for each FSFL commodity, as provided in subparagraph B, using the borrower's share of crop on each tract and farm.	
3	Multiply each average acreage times the applicable crop yield as provided in subparagraph C and total. Multiply the result by 2.	
4	Deduct existing storage capacity (as defined in Exhibit 2) owned by the applicant, for the applicable crops	
5	IF result from step 4 is...	THEN...
	greater than zero	the applicant is eligible for the needed capacity, not to exceed the applicant's proposed capacity or capacity to be upgraded.
	less than zero	notify the applicant that they are ineligible. Provide appeal rights according to 1-APP.
	greater than zero, but less than proposed storage capacity	see paragraph 54.

50 Determining Storage Need for Eligible Commodities Storing One Year of Production**A Storage Need Determinations for Eligible Perishable Commodities**

Subparagraph 33 C provides a complete list of eligible perishable commodities.

Applicants **must** show a need for the cold storage capacity as determined by the following formula and information in this paragraph.

The cold storage need will be determined based on production from 1 year.

The quality of all eligible perishable commodities can only be maintained for a limited period of time. Cold storage facilities can extend this period of time and maintain the quality of eligible perishable commodities.

See Exhibit 21 for a worksheet that can be used to compute the storage need requirement and capacity of a proposed structure for eligible perishable commodities.

When an applicant is not self-certifying to the storage need as provided in paragraph 47, County Offices shall calculate the FSFL storage need using guidelines in this paragraph.

Storage capacity calculators are located on PSD's website at **<http://www.fsa.usda.gov/programs-and-services/price-support/Index>**.

SED's may approve State Office developed storage capacity worksheet calculators for determining the FSFL storage structure need. National Office concurrence is **not** required.

50 Determining Storage Need for Eligible Commodities Storing One Year of Production

A Storage Need Determinations for Eligible Perishable Commodities (Continued)

County Offices may determine the need for cold storage by using 1 of the following:

- the basic formula storage calculation according to subparagraph D
- verifiable information to determine a 3-year average that may include, but is **not** limited to:
 - actual acreage yields used to produce the eligible commodity, by type or in aggregate

Notes: For aquaculture, actual yield (not acreage).
For other animal-type production, per producing animal.

- actual production records, by crop or aggregated by categories
- records of sales, volume sold, or other business records that can be extrapolated to demonstrate cold storage need

Example: Farmers market sales may **not** be broken out by commodity, but controlled by stall space or vehicle size.

- production shares as part of a community-supported agriculture business.

Notes: In some instances, using the producer's actual yield for the eligible perishable commodities and production records provides more accurate information for calculating the producer's cold storage capacity need.

Producers may request the storage need waiver, in writing, according to subparagraph 53 B. The waiver determination **must** be maintained in the FSFL folder and documented in STC or COC meeting minutes, based on the requested FSFL amount.

A COC-determined 1 year-acreage and yield projection may be used instead of an average for any of the following:

- newly acquired farms
- eligible perishable commodity being grown for the first time
- cases where disasters adversely affect the average production of the eligible perishable commodity.

50 Determining Storage Need for Eligible Commodities Storing One Year of Production (Continued)**B Eligible Perishable Commodities' Acreage**

A 3-year average acreage **must** be calculated for eligible perishable commodities' storage from the producer's share of up to the 3 most recent FSA-578's.

See subparagraph 48 B for general information on calculation of acreage.

C Eligible Perishable Commodity Yields

COC's:

- **must** determine a reasonable yield for each eligible perishable commodity included on CCC-185 for a cold storage facility
- may review and use STC NAP yield determinations
- may use the following resources in determining a reasonable yield:
 - ARS publications
 - detailed producer records
 - Internet
 - land-grant university located in the State or neighboring State
 - NIFA in the State
- **must** use the same unit of measure for yields for each commodity.

50 Determining Storage Need for Eligible Commodities Storing One Year of Production (Continued)

C Eligible Perishable Commodity Yields (Continued)

Contact the Cooperative Extension Service at the State's land-grant university, or where relevant a local laboratory, to assist with reasonable yields and determining needed storage capacity for eligible perishable commodities in situations where that information **cannot** be reasonably furnished by the applicant.

Notes: State Offices can contact PSD for assistance, if they are unable to find a yield for a specific eligible fruit or vegetable.

Request National Office guidance when the producer's operation is unusual or if the producer is seeking to increase the operation's storage capacity to support a growing demand. DAFP review of the situation may result in waivers of certain FSFL provisions that restrict the producer's eligibility for FSFL.

Agriculture departments in each State have identified specific units of measure for eligible perishable commodities sold in their State. To determine the unit of measure that applies to a specific commodity in a particular State, contact the State's Department of Agriculture or check FSA's NCT web site.

To access NCT, go to <http://fsaintranet.sc.egov.usda.gov/fsa/applications.asp> to access the FSA Intranet page. Under "Applications Directory", CLICK "G-O", scroll down to "NCT – National Crop Table", which is listed by crop years, and click on the applicable grouped years to display the NCT - Main Menu. Follow the search options to search by year, crop, and State.

50 Determining Storage Need for Eligible Commodities Storing One Year of Production (Continued)

D Formula for Eligible Perishable Commodity Cold Storage

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

- volume of product to store
- produce containers (pallet bins, boxes, bulk)
- volume **required** per container
- aisle space needed (mechanical or manual operation)
- lateral and head space
- available site space.

Note: The area of a structure **required** to house eligible handling equipment and space **required** to move the storage containers are eligible, in addition to the cold storage space.

Example: The applicant stores pumpkins in 1,000 pound pallet boxes. Forklifts are **required** to move the pallets. Space for the driving lanes can be included in the cold storage request.

Kansas State University, Cooperative Extension Service publication MF-1039, titled “Storage Construction, Fruits & Vegetables”, may assist County Offices in determining the cold storage needed by an applicant.

Note: Because MF-1039 is no longer available online, State Offices may request a copy from PSD by e-mail to **toni.williams@wdc.usda.gov**.

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

50 Determining Storage Need for Eligible Perishable Commodities Storing One Year of Production (Continued)

D Formula for Eligible Perishable Commodity Cold Storage (Continued)

See Exhibit 21 for a worksheet that can be used to compute the storage need requirement and capacity of a proposed structure for eligible perishable commodities.

Applicants **must** show a need for the cold storage capacity as determined by the following formula and information in this paragraph. See Exhibit 21.

Step	Action	
1	Determine applicant entity and applicable farm operation from CCC-902.	
2	Determine the 3-year average acreage for each FSFL commodity as provided in subparagraph B.	
3	Multiply each average acreage times the applicable crop yield, determined to be reasonable by COC, and total the result.	
4	Deduct existing storage capacity, owned by the applicant, for the applicable crops.	
5	IF result from step 4 is...	THEN...
	greater than zero	the applicant is eligible for the needed capacity, not to exceed the applicant's proposed capacity or capacity to be upgraded.
	less than zero	notify the applicant that they are ineligible. Provide appeal rights according to 1-APP.
	greater than zero, but less than proposed storage capacity	see paragraph 54.

Note: The cold storage need requirement will be determined based on previous production for 1 year, **unless** a storage waiver is requested according to paragraph 53.

51 Determining Storage Need for Honey

A Storage Need Determination

An applicant's honey storage need 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 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:

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

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

B Basic Information on Yield Calculation for Honey

COC's **must** determine whether the applicant's production and yield from subparagraph C is reasonable. COC's shall use the following resources in determining a reasonable yield:

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

If the applicant participated with NAP, documentation may be provided to assist in determining the applicant's honey production.

County Offices may review the NASS Honey Annual Report that contains the number of colonies producing honey, yield per colony, honey production, average price, price by color class, and value by State in the U.S.

The latest NASS Honey Annual Report is available at
<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1191>.

51 Determining Storage Need for Honey (Continued)

B Basic Information on Yield Calculation for Honey (Continued)

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

If the capacity of the proposed structure can be obtained from the construction contractor of the honey storage facility, the applicant shall provide the information to the County Office.

C Formula for Honey Storage

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. Note: COC shall determine whether the average annual production is reasonable.
2	Determine honey storage space needed to store 1 year's honey crop with the assistance of NIFA, land-grant university, or ARS publications.
3	Determine capacity of proposed structure using the worksheet in Exhibit 22, or other verifiable documentation. Note: All documentation used must be verifiable and kept in the FSFL folder.
4	Compare capacity of proposed honey facility with storage needed to determine whether applicant is eligible for additional storage.

52 Determining Storage Need for Maple Sap and Milk

A Maple Sap Storage Need Determination

The quality of maple sap can only be maintained for a limited period of time. Maple sap bulk tank facilities can extend this period of time, but in most cases a maple sap bulk tank facility will not maintain the quality of maple sap for longer than 30 calendar days.

The maple sap bulk tank storage need will be determined as based on production for 1 season divided by the average number of weeks of sap production.

A useful web site to assist County Offices with determining maple sap bulk storage need can be found at <http://www.uvm.edu/~pmrc/jones.pdf>.

To account for production expansion, and on a case-by-case basis, STC or COC may authorize no more than a 50 percent increase in the maple sap bulk tank facility. The producer must submit a written request and the increase must be documented in the STC or COC minutes.

Example: The maple sap starts running on February 16 and ends on March 30 which equals 42 days divided by 7 days = 6 weeks of maple sap production. The producer has 10,000 taps that will produce, on average 10.75 gallons of maple sap through the season.

$10,000 \times 10.75 = 107,500$ gallons of maple sap divided by 6 weeks producing an average of 17,918 gallons of maple sap per week in storage $\times 1.5$ percent = maximum eligible storage tank for loan would have a capacity no greater than 26,877 gallons.

Follow guidance in paragraph 51 for maple sap storage need calculations.

52 Determining Storage Need for Maple Sap and Milk (Continued)

B Milk Storage Need Determination

Applicants must show the need for the milk bulk tank capacity as determined by the following formula. Applicants may be required to provide verifiable records for COC to determine milk production for the requested storage. See Exhibit 23 for additional guidance.

Step	Action
1	The applicant may provide milk quantity from the highest milk shipment receipt within the past 24 months. Note: COC will determine if the milk pick up is daily or intermittent.
2	COC will determine the milk produced on an individual day and multiple results by 3.
3	Subtract the existing milk storage from the result of Step 2 to determine additional milk storage needed. Note: If the applicant has existing milk bulk tank storage, the storage must be subtracted from the milk storage need unless the new bulk tank is being purchased to replace the existing milk bulk tank.

COC's may:

- determine if the applicant's production/yield for milk is reasonable using guidance above
- use practical knowledge of the producer's dairy business when determining a reasonable yield.

A COC determined reasonable yield based on the daily milk production per animal and the average number of animals milked per day may be used to determine the average for any of the following:

- newly acquired farms
- eligible milk being produced for the first time
- cases where disasters adversely affect the average production.

52 Determining Storage Need for Maple Sap and Milk (Continued)**B Milk Storage Need Determination (Continued)**

The capacity of the milk bulk tank can be obtained from the manufacturer of the bulk tank. The applicant shall provide this information to the County Office, if requested.

When necessary, the milk bulk tank can be upgraded to the next available tank size from the manufacturer.

Example: The applicant provides a milk shipment indicating the need of a bulk milk tank for 20,000 lbs. of milk production, or 2,325 gallons. The next available bulk milk tank size is 2,500 gallons, or 21,500 lbs. Therefore, the upgrade for the bulk milk tank size of 2,500 gallons is eligible.

Note: The above example provides the industry average conversion of 8.6 lbs. per gallon.

53 Storage Need Waivers

A Storage Need Waiver for All Commodities, Except for Eligible Perishable Commodities

The provisions in this subparagraph apply to producers who have **not** previously filed FSA-578's.

STC's may authorize:

- the acceptance of actual yield and production records to determine a 3-year average
- on a case-by-case basis, a waiver of late-filed fees when accepting late-filed FSA-578's for FSFL requests of \$100,000 or less.

Notes: The producer **must** request the storage need waiver in writing. The waiver determination **must** be maintained in the FSFL folder and documented in STC or COC meeting minutes.

STC has authority to establish a more restrictive policy and may redelegate authority to COC only for provisions provided in this subparagraph.

County Offices may request additional information from the producer to verify the reported yield and production.

Notes: See subparagraph B for eligible perishable commodity storage need waiver provisions.

In questionable situations, State Offices shall contact Toni Williams by e-mail to toni.williams@wdc.usda.gov.

B Storage Need Waiver for Eligible Perishable Commodity Producers

The provisions provided in subparagraph A may apply to eligible perishable commodity producers with **both** of the following:

- an aggregate outstanding FSFL balance of \$100,000 or less
- a minimum of 3 different types of eligible perishable commodities.

Note: The 3 different eligible perishable commodities may be butter, grapes, and oranges.

54 Ineligible Space and Larger Capacity

A Ineligible Space in a Flat Storage Structure

When a storage structure has space that is **not** used primarily for eligible commodity storage, such as office or marketing space, compute the maximum FSFL amount, as follows.

Step	Action
1	Determine a factor for eligible space by dividing the square footage that is primarily used for eligible commodity storage by the total square footage of the building.
2	Determine the total net cost of the building.
3	Multiply the result from step 2 times .85 and multiply that result times the factor from step 1.

Example: Applicant proposes to build a 75,000 square foot flat storage building. Net cost is \$75,000. Eligible storage space is 74,000 square feet. Factor for eligible space is .99 (74,000 divided by 75,000). The maximum FSFL amount is \$63,112.50 (\$75,000 times .85 times .99).

B Larger Capacity Than Needed

When a storage structure has a larger capacity than the applicant's needed capacity, the net cost shall be prorated and the maximum FSFL amount computed as follows.

Step	Action
1	Divide eligible net cost by the bu. of capacity.
2	Multiply per bu. cost times bu. of capacity for which the applicant is eligible.
3	Multiply result times .85.

Example: Applicant proposes to build a 60,000 bu. storage bin. Net cost is \$75,000. Eligible storage need is 50,000 bu. Net cost per bu. is \$1.25 (\$75,000 divided by 60,000 bu.). Eligible net cost is \$62,500 (\$1.25 times 50,000 bu.). Maximum FSFL amount is \$53,125 (\$62,500 times .85).

55, 56 (Reserved)

Part 4 FSFL Policies and Application Processing**Section 1 FSFL-Making Policies****57 Partial and Final Disbursement Options****A FSFL Disbursement Policy**

So that borrowers can facilitate purchasing and constructing a storage facility, acquiring drying and handling equipment, and acquiring storage and handling trucks, 1 partial and 1 final principal disbursement are available. A partial disbursement is **not** required.

At the time of application, in CCC-185, item 3D, applicants indicate whether they are requesting 1 or 2 disbursements. This election **cannot** be changed after FSFL has been approved in DLS.

B Partial Disbursements

One partial disbursement:

- may be requested by the borrower when a portion of the FSFL project has been acquired or completed
- will be commensurate with the amount of the approved FSFL project that has been completed, supported by documentation and inspected, if applicable
- can be disbursed **up** to the maximum amount of 50 percent of the projected and approved total FSFL amount, **not** to exceed \$250,000.

If the applicant requests the partial disbursement:

- there will be two FSFL's with 2 installment payments due each year
- a separate CCC-186 and closing in DLS will be **required** for the partial and final FSFL amounts
- only 1 **manual** CCC-185 will be required for the partial and final FSFL amounts.

57 Partial and Final Disbursement Options (Continued)

B Partial Disbursements (Continued)

County Offices shall:

- assist producers with completing 1 CCC-185 for the total FSFL amount requested
- enter the partial and final FSFL request in DLS following instructions in 2-FSFL, paragraph 31
- see paragraph 187 for FSFL security requirements for FSFL's with partial and final disbursements
- see paragraph 58 for application fees for FSFL's with partial and final disbursements
- ensure all CCC-185D conditions are met before partial disbursements are disbursed
- ensure a CCC-186 is properly signed and dated for the partial disbursement.

58 FSFL Fees

A County Office Action

County Offices shall:

- charge FSFL applicants a nonrefundable application fee of \$100 per borrower per FSFL
- collect the application fee when CCC-185 is submitted.

Note: The application fee is necessary to cover the costs to CCC for making FSFL's. These costs include the following:

- credit reports
- lien searches
- UCC-1 filings.

If in CCC-185, item 3D the applicant elects the partial and final disbursement option, only 1 application fee is required even though there will be 2 separate FSFL's disbursed.

A spouse is **not** required to pay a separate FSFL application fee if required by State law to sign the FSFL security documents, and is **not** an eligible producer on a farm whose production is used to determine FSFL eligibility.

The application fee for assumptions **must** be collected at the time the assumption is requested.

B Multiple Borrowers

A husband and wife would be considered 2 borrowers and each charged an application fee **if** both are receiving farm program payments on the farm whose production is used to determine FSFL eligibility.

Note: If a spouse does **not** receive a share of the farm program payment and is only signing CCC-186 because of a State or STC requirement, only 1 fee is required.

Farming entities, **excluding** joint ventures that are paid under one TIN, will be considered 1 applicant and charged 1 application fee.

58 FSFL Fees (Continued)

C Fees for Filing and Recording UCC's, Instruments, and Other Transactions

Filing and recording fees shall be paid according to the following.

IF the transaction is for...	THEN the fee is paid by...
a collateral lien search	CCC.
a credit report	
fees charged by a local or State municipality for expenses associated with a real estate lien search for CCC-297 (Exhibit 68) purposes	
filing UCC-1	
filing UCC-1 as a fixture filing	
continuation of UCC-1 and UCC-1 as a fixture filing using UCC-3	
motor vehicle lien search and recording fees	
all other instrument filing and recording transactions related to a lien on real estate used to secure FSFL	the borrower.
fees for motor vehicle emission inspection and other required state inspections	
attorney fees related to a lien on real estate used to secure FSFL	
fees charged by superior lienholders to subordinate or release collateral to CCC	
filing a discharge of CCC-297	
filing a release or discharge of a real estate lien, such as a mortgage	
filing and recording a subordination agreement related to a lien on real estate used to secure FSFL	
real estate lien, deed, or title search related to a lien on real estate used to secure FSFL	
recording CCC-297	
terminating UCC-1 using UCC-3	

See paragraph 302 for assistance when processing and ordering checks for filing fees as displayed in this table.

59 FSFL Microloan Provisions**A FSFL Microloan Amount**

The maximum amount of an FSFL microloan shall **not** exceed an aggregate outstanding FSFL balance of \$50,000. Therefore, if a producer currently has an outstanding FSFL in the amount of \$20,000, the producer is eligible for an FSFL microloan of no more than \$30,000.

State and County Offices are required to verify in DLS, **the aggregate outstanding FSFL** balance does **not** exceed \$50,000 at the time of loan approval **and** disbursement.

A nonrefundable \$100 application fee per borrower is required per FSFL microloan request.

A financial analysis is required for all FSFL microloan requests.

Note: Because an FSFL microloan does not require additional security, an irrevocable letter of credit **cannot** be used in lieu of a financial analysis.

Partial and final disbursements are applicable to an FSFL microloan.

The producer must select on CCC-185, item 3 B whether the FSFL request is for an FSFL microloan. State and County Offices must **not** assume the request is an FSFL microloan.

Refer to paragraph 60 for additional information on loan amount. The variances for an FSFL microloan versus regular FSFL's are the following:

- down payment requirement of 5 percent
- availability to self-certify to the storage need
- the aggregate outstanding loan amount of \$50,000.00, threshold.

59 FSFL Microloan Provisions (Continued)**B FSFL Microloan Terms**

The FSFL microloan shall have a maximum term of 3, 5, or 7 years for **new** and 3 or 5 years for **used** storage structures, equipment and storage and handling trucks, from the date of the execution of CCC-186.

STC has authority to establish policy when determining whether new and used equipment may be listed on one FSFL request or separate requests.

The STC authority must be documented in the STC regular meeting minutes.

Example: John Clark submitted one FSFL request in the amount of \$46,000, for a new portable grain vacuum and used batch dryer. The maximum loan term for the **new** portable grain vacuum is 7 years. The maximum loan term for the **used** batch dryer is 5 years. Because both eligible FSFL components are on the same FSFL request, the maximum loan term is 5 years (using the maximum loan term for used equipment).

Notes: Based on authorization provided to STC's in this subparagraph for determining if new and used equipment can be included on one FSFL request, the loan term must be limited to the eligible FSFL component with the lowest term.

The STC authorization and example also applies to a regular FSFL (maximum loan amount \$500,000) when a new and used storage structure, handling equipment or storage and handling truck FSFL request is received.

All FSFL-financed equipment, structures and storage and handling trucks (new or used) must have a useful life for at least the FSFL term.

An FSFL microloan should be made available to producers of **all** commodities, provided that eligibility requirements are satisfied.

59 FSFL Microloan Provisions (Continued)**C Down Payment**

A minimum down payment for an **FSFL microloan** shall be:

- 5 percent of the eligible net costs
- made by the applicant to the contractor, seller, supplier, or vendor.

Example: The producer's FSFL microloan request was approved for \$50,000. Supported by a dated sales contract, the net cost of the equipment included on the FSFL microloan request is \$53,000. The minimum down payment of 5 percent of \$53,000, is \$2,650. Although, the total net cost of the equipment is \$53,000, and the dated sales contract indicates \$2,650 was paid to the supplier, the FSFL microloan maximum amount of \$50,000, will be disbursed to the producer. The difference of \$350 must be paid by the producer at or prior to closing.

An FSFL disbursement calculator for the microloan **must** be completed and filed in the producer's FSFL folder before the FSFL microloan is disbursed.

See paragraph 61 for other provisions of down payment requirements.

D Monthly Interest Rate

The interest rate for FSFL microloans are the same as the interest rate for a regular FSFL. See paragraph 62.

E Processing Microloans

See paragraph 47 for guidance on self-certification by the applicant. All other processing and security requirements for FSFL microloans are the same as a regular FSFL.

60 FSFL Amount and Terms (Except Microloan)**A Maximum Amount**

The maximum amount of each FSFL shall **not** exceed \$500,000. A borrower may have multiple FSFL's. Each separate FSFL **must** meet all eligibility, financial and security requirements for FSFL.

Only one FSFL is allowed on a stand-alone structure. Therefore, if 2 adjoined storage structures are built, only one FSFL is authorized for the eligible components and a lien will be placed on the adjoined structures.

Note: See Exhibit 2 for a definition and example of stand-alone structure.

B Determining FSFL Amount

The principal amount of any FSFL shall be 85 percent or less of the net cost of the applicant's needed storage, drying and/or handling equipment, **not** to exceed \$500,000 for each FSFL.

Each borrower signing CCC-186 is jointly liable for the entire FSFL amount.

Grants and loans from any Federal Government Agency shall be subtracted from the FSFL amount before disbursement. See paragraph 63.

C Net Cost

[7 CFR 1436.9] The cost on which FSFL shall be based is the net cost of the following:

- items listed in paragraphs 36 through 44
- accessories
- eligible facility
- services to the applicant after discounts and rebates.

Note: STC may establish a maximum per bu. or per unit of measure for net cost.

60 FSFL Amount and Terms (Except Microloan) (Continued)

D Maximum Term

[7 CFR 1436.7] The FSFL maximum term shall be 3, 5, 7, 10, or 12 years from the date of the execution of CCC-186 based on total FSFL principal as follows if:

- \$100,000 or less, 3, 5, 7-year FSFL term **only**
- \$100,000.01 to \$250,000, 3, 5, 7, or 10-year FSFL term
- \$250,000.01 to \$500,000, 3, 5, 7, 10, or 12-year FSFL term.

Used storage structures, equipment, and storage and handling trucks shall have a maximum term of 3 or 5 years from the date of the execution of CCC-186.

The term **must** be specified when CCC-185 is submitted, because the required financial analysis **must** take into account the annual installment payment amount.

Applicants may select the term in CCC-185, item 3C based on the amount requested.

After FSFL is approved in DLS, the term or disbursement type **cannot** be changed unless the final FSFL amount is changed because the project cost was more than estimated and an increase is requested by the applicant. A decrease in the FSFL amount may be necessary, if after reviewing acceptable documents, such as, but not limited to, receipts and/or sales invoices and it is determined the FSFL amount should be decreased.

Based on whether the FSFL amount will be decreased or increased, a different term category may be required. For questionable situations, contact the National Office.

STC has authority to establish policy when determining whether new and used equipment may be included on one FSFL request or separate requests. If the STC approves the use of one request, the loan term must be limited to the eligible FSFL component with the lowest term.

See Exhibit 24 for a quick guide on loan types, down payments, maximum loan amount and terms.

61 Down Payment**A Minimum Down Payment**

[7 CFR 1436.10] A minimum down payment shall be:

- 15 percent of the eligible net costs
- the difference between the net cost of the storage facility, storage truck and/or storage handling and process equipment and the amount of FSFL determined by paragraph 60
- made by the FSFL applicant to the contractor, dealer, seller, supplier or vendor **before** the final FSFL disbursement.

Note: See subparagraph 59 C for the minimum down payment requirement applicable to FSFL microloan and provisions.

B Allowances

The down payment may be the proceeds of a loan from a nongovernment source. FSA employees with loan approval authority shall ensure that down payments obtained from nongovernment loans are accounted for when determining the applicant's ability of repaying FSFL.

61 Down Payment (Continued)

C Exclusions

The down payment shall **not** include any of the following:

- deferred payment
- discount
- grant or loan proceeds from any Government Agency (paragraph 63)
- post-dated check
- promissory note to the supplier or contractor
- rebate.

62 Interest Rate**A FSFL Interest Rate**

[7 CFR 1436.12] The interest rate for FSFL shall be the rate:

- equivalent to Treasury securities of a comparable term in effect during the month of the initial FSFL **approval** by STC or COC, or FSA delegated official for loans with an aggregate outstanding balance of \$25,000.00, or less
- in effect for the FSFL term
- the same for a partial and final disbursement.

B Monthly Announcements

Interest rates may be different for the 3, 5, 7, 10, or 12-year terms and will be:

- updated monthly
- published on FSA's Internet web site
- posted in County Offices
- automatically downloaded to the FSFL interest rate table in DLS.

63 FSFL Policy on Other Grants and Loans

A Duplication and Reporting of Benefits

In general, and subject to program regulations and statutory authority, programs administered by FSA do **not** allow for duplicating benefits.

In an effort to ensure that there is no possible duplication of benefits, all financial assistance from all sources **must** be identified **before** the partial or final FSFL is disbursed.

B FSFL's

For FSFL purposes, Federal Government grants or loans **must** be disclosed to the County Office.

The following table provides additional guidance.

IF the County Office is ready to make the final FSFL disbursement and the borrower...	THEN the...
has received a grant or loan from another Federal Government Agency for the same structure or equipment, for the same or overlapping time period	<p>amount of the grant or loan must be subtracted from the total eligible cost of FSFL before disbursement.</p> <p>Note: If the grant or loan was included in the FSFL amount, this would be a duplication of benefits and not allowed under FSA programs.</p>
has applied for or has been approved for, but not yet received, a grant or loan from another Federal Government Agency for the same structure or equipment, for the same or overlapping time period	amount of the grant or loan may be included in FSFL; however, the producer must agree to repay the grant or loan amount towards FSFL when it is received.
uses a nongovernment loan for the required downpayment for FSFL	County Office shall ensure that the loan was accounted for when determining the producer's ability to repay FSFL.

The above policies include federal grants and loan funds. The STC, on a statewide basis, has authorization to determine whether state grants and loan funds should be subtracted from the total FSFL eligible costs before loan disbursement.

63 FSFL Policy on Other Grants and Loans (Continued)

B FSFL's (Continued)

Notes: If there is a possible duplication of benefits on a previously disbursed FSFL, County Offices shall:

- follow paragraph 199 for the applicable procedure for notification and demand letters
- prepare and send all FSFL notification and demand letters.

NRRS does **not** prepare notification and demand letters for FSFL's until FSFL collateral has been liquidated.

Example: The total cost of an FSFL structure is \$100,000. The producer receives a REAP grant for \$25,000 for the same structure for the same or overlapping time period. The REAP grant is subtracted from the total cost of the structure. The producer is **required** to contribute at least 15 percent, or in this example \$11,250, of their own money to the project. The maximum amount the producer can receive for FSFL is \$63,750, determined as follows.

\$100,000	Total cost of structure.
<u>- 25,000</u>	REAP grant received for the same structure.
\$ 75,000	Maximum FSFL amount before required down payment.
<u>- 11,250</u>	Required 15 percent down payment.
\$ 63,750	Total eligible amount allowable for FSFL.

63 FSFL Policy on Other Grants and Loans (Continued)

C Applicable Grant and Loan Amounts

There may be costs associated with securing a Federal Government grant or loan. The following are examples of eligible costs, with documentation, that may be subtracted from the grant or loan amount to be applied to FSFL.

- **Grant writer fee.** Grant writers are being hired to write grant proposals for many Government grants. The fee charged by the grant writer is either a flat fee or a percentage of the final grant.
- **Energy audits.** REAP grants and loan applicants may be required to provide and pay for an energy audit for their proposed project. If a REAP grant or loan is approved, the cost of the energy audit may be subtracted from FSFL.

Example: An approved FSFL applicant has hired a grant writer to prepare the grant proposal for a \$250,000 grain storage facility. The fee charged by the grant writer is 10 percent of the final grant award. The REAP grant is awarded for \$62,500. The grant recipient owes the grant writer \$6,250. The applicable grant amount for FSFL purposes is \$56,250. This amount **must** be subtracted from the total cost of the structure, as follows.

\$250,000.00	Total cost of structure.
<u>- 56,250.00</u>	REAP grant received less the grant writer fee.
\$193,750.00	Maximum FSFL amount before required down payment.
<u>- 29,062.50</u>	Required 15 percent down payment.
\$164,687.50	Total eligible amount allowable for FSFL

64 Lobbying Activity Provisions

A Applicability

Lobbying disclosure requirements apply to applicants and recipients of FSFL proceeds exceeding \$150,000.

B Filing Forms

FSFL recipients **must** file the form specified in this table for **each** FSFL exceeding \$150,000.

IF monies received have...	THEN...
not or will not be used to lobby or otherwise influence the actions of a Federal official about a particular FSFL	CCC-674 is not required because CCC-186, item 11 contains lobbying disclosure certification language. FSFL applicants certify to compliance when signing CCC-186.
or will be used to lobby or otherwise influence the actions of a Federal official about a particular FSFL	file SF-LLL (subparagraph C). CCC-674 is not required because CCC-186, item 11 contains lobbying disclosure certification language. FSFL applicants certify to compliance when signing CCC-186.
	Note: File SF-LLL-A (subparagraph D), if applicable.

64 Lobbying Activity Provisions (Continued)

C Example of SF-LLL

The following is an example of SF-LLL.

Approved by OMB No. 0348-0046		
DISCLOSURE OF LOBBYING ACTIVITIES Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352 (See Reverse for public burden disclosure.)		
1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known:		5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
Congressional District, if known:		Congressional District, if known:
6. Federal Department/Agency:		7. Federal Program Name/Description: CFDA Number, if applicable:
8. Federal Action Number, if known:		9. Award Amount, if known: \$
10. a. Name and Address of Lobbying Registrant (If individual, last name, first name, MI):		b. Individuals Performing Services (Including address if different from No. 10a) (last name, first name, MI):
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.		Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

64 Lobbying Activity Provisions (Continued)

C Example of SF-LLL (Continued)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be a prime or subaward receipt. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (Item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in Item 1 (e.g., Request for Proposal (RFP) number; Invitation for bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes.
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in Item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in Item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name and Middle Initial (MI).
11. Certifying official shall sign and date the form, print his/her name, title and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

64 Lobbying Activity Provisions (Continued)

D Example of SF-LLL-A

The following is an example of SF-LLL-A.

DISCLOSURE OF LOBBYING ACTIVITIES CONTINUATION SHEET		Approved by OMB 0348-0046
<div style="border: 1px solid black; height: 500px; margin-top: 10px;"></div>	<div style="border: 1px solid black; height: 500px; margin-top: 10px;"></div>	<div style="border: 1px solid black; height: 500px; margin-top: 10px;"></div>

Reporting Entity: _____ Page _____ of _____

%

Authorized for Local Reproduction
Standard Form--LLL-A

64 Lobbying Activity Provisions (Continued)**E County Office Action**

County Offices shall follow procedures in this table **each** time CCC-185 exceeding \$150,000 is submitted and the borrower will use FSFL to lobby or otherwise influence the actions of a Federal official according to subparagraph B.

Step	Action
1	Provide the producer a copy of SF-LLL and SF-LLL-A with instructions to complete and return completed SF-LLL and SF-LLL-A, as applicable, to the County Office.
2	Disburse FSFL after the producer returns the completed SF-LLL and SF-LLL-A, as applicable, to the County Office.
3	File the original completed SF-LLL and SF-LLL-A, as applicable, in the FSFL folder in the County Office.

Examples: A producer is approved for FSFL totaling \$160,000. FSFL partial disbursement of \$75,000 is made. The final disbursement of \$85,000 **cannot** be made until SF-LLL for the final disbursement is received. Both FSFL numbers shall be referenced.

A producer is approved for FSFL totaling \$400,000. FSFL's for a partial disbursement of \$200,000 and a final disbursement of \$200,000 **cannot** be made until SF-LLL is received for **each** disbursement.

F Assistance

For situations **not** covered in this paragraph, County Offices shall contact PSD through the State Office's Price Support Specialist for additional assistance.

65-67 (Reserved)

Section 2 Items Needed for FSFL Application

68 FSFL Availability

A Signup

CCC-185 may be obtained from any of the following:

- any FSA office
- FSA's employee forms web site at <https://inside.fsa.usda.gov/>
- eForms's web site at <https://www.sc.egov.usda.gov/>.

See Exhibit 28 for detailed information on completing CCC-185.

Electronic CCC-185's may be accepted from applicants that have Level 2 eAuthentication credentials. See <https://www.eauth.usda.gov/MainPages/eauthsitemap.aspx> for guidance on obtaining Level 2 eAuthentication credentials.

FAXed CCC-185's are acceptable; however, an original signature **must** be obtained on CCC-185 **before** FSFL approval.

Note: The **new or used** storage, drying and handling equipment and/or storage and handling truck must **not** have been installed or purchased before the FSFL request (CCC-185) was submitted in the County Office, FSA-850 completed and CCC-185D approval.

[7 CFR 1436.4] County Offices shall accept CCC-185's and supporting documents:

- anytime during normal office hours
- to ensure that eligibility requirements can be determined timely before STC or COC meeting at which CCC-185 and CCC-185D will be reviewed and approved or disapproved.

CCC-185 should always be accepted regardless of the time of month STC or COC will meet.

Note: Manual CCC-185's **must** be typed or completed using black or blue ink.

B Where to Apply

CCC-185's from eligible producers for FSFL's for all commodities shall be submitted to the administrative County Office that maintains the applicant's farm records of the farm or farms to which CCC-185 applies.

If some or all of the land does not have farm records established, CCC-185 must be submitted to the County Office that services the county where the facility or producer's farming operation is located unless STC has established other guidelines.

68 FSFL Availability (Continued)

C Producer Action Before CCC-185D Approval

FSFL applicants, who authorize delivery, site preparation, or construction actions without an approved CCC-185D, do so at their own risk and **without** creating any liability on CCC's behalf.

State and County Offices **must** ensure that FSA-850 was completed **before** the producer authorized delivery of equipment, site preparation, or foundation construction. See paragraphs 11 and 110 for additional information.

69 Obtaining Forms and Filing CCC-185's

A Obtaining Forms

Applicants may:

- obtain forms from the web sites provided in paragraph 68
- provide additional CCC-185 information to the County Office by fax, e-mail, hand delivery, or mail. If a document requires a signature, the original signature **must** be on file **before** FSFL approval.

Note: Electronic CCC-185's may be accepted from applicants that have Level 2 eAuthentication credentials. FAXed CCC-185's are acceptable; however, an original signature **must** be obtained on CCC-185 **before** the FSFL is processed.

B Items Needed for an FSFL Application Package

The following forms and supporting documentation are needed for an FSFL application package and **must** be filed in the FSFL folder:

- CCC-185
- Storage capacity calculator (except for FSFL requests that are only for storage and handling equipment and/or storage and handling truck or requests for improvements to existing structures without increasing storage capacity of existing storage structure)
- AD-1026
- CCC-10, see paragraph 141 for detailed information
- CCC-901 or CCC-902
- FSA-2004, if applicable, see paragraph 82 for additional information

69 Obtaining Forms and Filing CCC-185's (Continued)

B Items Needed for an FSFL Application Package (Continued)

- FSA-2037 or similar financial statement form, see paragraph 85
- FSA-2038 or similar projected income and expense form, see paragraph 85
- documentation to support proposed FSFL structure plan, if applicable, as follows:
 - building plan, specifications, or detailed drawing
 - cost estimates
 - dimensions of proposed structure
 - purchase orders
- legal description of the parcel where the facility will be placed if the loan request includes a storage structure that will be permanently affixed to the real estate
- legal description of all properties offered as additional security, if applicable
- plat map or aerial photograph with the structure's location marked
- a contract with a buyer, if submitting a renewable biomass CCC-185
- planting history if **not** on file, see paragraph 48
- written authorization of access to the proposed storage site if the structure is being placed on real estate **not** owned by the applicant
- valid State-issued driver's license or State-issued ID card, if **required** by State law for UCC filing information
- application fee according to subparagraph 58 A
- proof of crop insurance or other program coverage according to paragraph 96
- letter of intent from financial institution about Irrevocable Letter of Credit according to subparagraph 121 E, Exhibit 69 if applicable.

Note: If the applicant intends to utilize an Irrevocable Letter of Credit as security for the **entire** FSFL, the letter of intent from the financial institution should be received with the application package. This will allow the County Office to waive the financial review; in addition, the County Office will not initiate actions pertaining to perfecting security liens unless required by STC, statewide, not on a case by case basis. Otherwise, a financial analysis is required and the Irrevocable Letter of Credit must be provided at the time of loan closing.

69 Obtaining Forms and Filing CCC-185's (Continued)

B Items Needed for an FSFL Application Package (Continued)

- for an entity applicant, entity documents documenting the following:
 - list of entity members and the number of shares and percentage of ownership
 - balance sheet and projected income and expense information for members with the greatest share according to subparagraph 85 G
 - authorization to incur debt
 - parties **required** to sign security and debt instruments.

69 Obtaining Forms and Filing CCC-185's (Continued)**C Accepting CCC-185's**

For CCC-185's **not** supported by existing farm records, the applicant **must** provide all the documentation **required** to the County Office to determine if the applicant is eligible.

STC or COC is responsible for taking appropriate action on CCC-185 and CCC-185D.

County Offices shall:

- assist the applicant in completing CCC-185, if necessary, for the entire FSFL amount and obtain the applicant's signature
- collect the application fee when the completed CCC-185 is submitted and deposit immediately according to subparagraph 75 B
- discuss key program provisions with the applicant

Note: Ensure that CCC-185 is typed or completed in black or blue ink.

70-73 (Reserved)

Section 3 Processing CCC-185's, Checklists, and FSFL Folders**74 Completing CCC-195, CCC-195A, and CCC-195B****A Using CCC-195's, CCC-195A's, and/or CCC-195B's**

CCC-195, CCC-195A, and CCC-195B were developed to assist State and County Offices to avoid the types of errors that have been found by COR reviews. See Exhibit:

- 29 for an example of CCC-195
- 30 for an example of CCC-195A
- 31 for an example of CCC-195B.

CCC-195 is **required** to be completed for **all** FSFL's. In addition to CCC-195, CCC-195A (real estate security) or CCC-195B (no real estate security) will be used after it is determined whether the FSFL requires additional security.

It is **not** the intent of CCC-195, CCC-195A, or CCC-195B to supersede or replace procedure. County Offices are **required** to use CCC-195, CCC-195A, and CCC-195B, as applicable, as reminders of the most frequently found errors when completing FSFL's.

B State Office Modifications

State Offices shall, only as necessary to incorporate individual State laws, modify CCC-195, CCC-195A, and CCC-195B for State usage by using the blank lines provided on CCC-195, CCC-195A, and CCC-195B, or by further editing the document in Microsoft Word.

Important: SED's **may** authorize the State Office to modify FSFL CCC-195 checklists to incorporate individual State laws. National Office concurrence is **not** required.

Note: The current version of CCC-195, CCC-195A, and CCC-195B are available at <https://intranet.fsa.usda.gov/dam/ffasforms/forms.html>.

74 Completing CCC-195, CCC-195A, and CCC-195B (Continued)

C County Office Responsibilities

County Offices shall:

- prepare CCC-195 for all CCC-185's
- prepare CCC-195A or CCC-195B for all CCC-185's
- maintain CCC-195 and CCC-195A or CCC-195B in each FSFL folder
- check, initial, and date the appropriate box for each item as it is performed
- for items that are **not** applicable, CHECK (✓) "N/A" only
- obtain all **required** signatures on CCC-195 and CCC-195A or CCC-195B on or before FSFL disbursement.

75 Application Processing and Producer File Folder Maintenance**A FSFL Folders**

County Offices shall:

- prepare a 6- or 8-position or similar folder for each CCC-185
- file all applicable documents in the folder

Note: See Exhibit 32 for a **suggested** filing guide.

- safeguard the original CCC-186 and all security documents according to 32-AS, paragraph 59.

When there are separate FSFL's for partial and final disbursements, all documents for both FSFL's shall be filed in the same folder.

B Processing Application Fees

County Office **must** collect the application fee when accepting CCC-185, input the application fee in DLS according to 2-FSFL, and deposit immediately according to 64-FI.

See paragraph 301 for additional guidance.

75 Application Processing and Producer File Folder Maintenance (Continued)

C Notify Applicant of Missing Information

An employee shall review the application information submitted for completeness and missing forms or information according to paragraph 69.

CCC-185 and other forms should be reviewed for completeness. For example, verify that the applicant answered the DCIA question in CCC-185, item 11.

If all **required** items are **not** received within 15 workdays of application receipt, the County Office **must** notify the applicant in writing of the items needed. The letter **must**:

- grant 15 workdays for the applicant to provide the missing information
- notify the applicant that a new application fee will be collected if the FSFL request is withdrawn and the applicant must re-apply for the FSFL.

If no response is received within 15 workdays from the applicant, the County Office may withdraw the FSFL request in DLS and no further action is required by the applicant.

If a response is received within 15 workdays from the applicant, requesting no more than 15 additional workdays, the County Office may approve the request. No additional extensions are authorized.

Note: The letter notifying the applicant of missing information may be sent by certified mail, if necessary.

Contact the National Office for questionable situations.

D Entering Application Information Into DLS

The FSFL application shall be entered into DLS according to 2-FSFL. Ensure the FSFL information is correctly entered as a final disbursement only or as a partial/final disbursement, based on CCC-185, item 3D.

It is very important to enter the FSFL request in DLS as soon as the producer has provided the application fee and sufficient information.

E DLS-Assigned Loan Number

The FSFL number will automatically be assigned by DLS when the application is entered. FSFL numbers will be the FY followed by the next sequential number for that county. For example: "2018-00001". The FSFL number **must** coincide with the FY the application approval/disposition occurs. If FSFL request is **not** processed in the FY that the request was received, see 2-FSFL for the appropriate action to be taken.

76-81 (Reserved)

Part 5 Credit and Financial Worthiness

82 Credit History and Credit Reports

A Obtaining Credit Reports

State or County Offices shall:

- request credit reports for all FSFL applicants only from the credit reporting agency under contract with CCC
- obtain a current report of the FSFL applicant's credit history
- ensure that **only** FSFL credit reports are requested from the agency under contract to supply CCC with FSFL credit reports
- **not** collect the cost of the report from the applicant
- request credit reports before the **required** financial analysis is completed
- ensure that reports requested for another County Office are processed timely and immediately sent to the requesting office.

State and County Offices requesting entity credit reports shall also request individual or joint "Express 3 Bureau" reports for the members of the entity with the greatest shares.

Examples: If there is a:

- 4-member partnership, each sharing 25 percent, a credit report is **required** for all members of the partnership
- 2-member partnership, 60 percent for 1 member and 40 percent for the other member, a credit report is **required** for the member with the 60 percent share.

Notes: FLP FBP shall **not** be used to obtain FSFL credit reports. However, if an FLP credit report is available, that report may be used for FSFL purposes if generated within 90 calendar days of both CCC-185 and submission of information **required** for the financial analysis.

If the applicant provides a Letter of Intent from a lender that an Irrevocable Letter of Credit will be utilized for the entire loan amount according to subparagraph 121 E, a credit report and financial review is **not** required.

82 Credit History and Credit Reports (Continued)**B Applicant Authorization**

The Fair Credit Reporting Act requires, at a minimum, a signature from all FSFL applicants for whom a credit report will be requested. **Immediately before** requesting a credit report from Data Facts, Inc., a signature is **required** from all FSFL applicants and/or entity members for which CCC needs a credit report to determine eligibility.

Signature on CCC-185 is acceptable for Fair Credit Reporting Act compliance. If additional signature space is needed to authorize the credit report, use CCC-185, item 12.

County Offices may use FSA-2004 for authorization if the individual for whom FSA is requesting a credit report has **not** signed CCC-185. The Fair Credit Reporting Act requires a signature from the individual authorizing the credit report. **In community property States**, a husband or wife **cannot** sign FSA-2004 on behalf of the spouse.

Producers may submit a written request for a copy of their credit report after it has been obtained from Data Facts, Inc.

C Available Credit Reports

Credit reports will be available for the following FSFL applicants:

- “Individual”, 1 specific person who is solely responsible for their debts
- “Joint”, 2 **married** individuals who, according to the law in a specific State, jointly own assets and are responsible for the debts of each other
- “Entity”, legal entities doing business as any of the following:
 - corporations
 - estates
 - limited and general partnerships
 - LLC’s
 - trusts.

82 Credit History and Credit Reports (Continued)**D Ordering Credit Reports**

Unless State Offices have been notified in writing by their regional OGC, use the “**Joint**” search option if husbands and wives on the same CCC-185 are searched.

State and County Offices shall **not**:

- request individual or joint mortgage reports
- **not** use any symbols (% , & , etc.) in the request name.

Ensure that the correct legal name and address are entered when requesting a credit report. CCC is charged for each request submitted, even if the information is incorrect. This includes typographical errors.

When requesting any type of credit report, **only click “Submit” once.**

To prevent being charged for duplicate credit reports, designated employees shall turn off pop-up blockers on the FSFL credit report web site as follows:

- go into the web site provided when authorized to request credit reports
- CLICK the following:
 - “**Tools**”
 - “**Pop-up Blocker**”
 - “**Turn Off Pop-up Blocker**”.

E Analyzing Credit History Reports

The authorized individual performing the financial analysis shall:

- analyze credit reports to detect:
 - patterns of late payments or nonpayments
 - bankruptcy and foreclosures
 - heavy usage of short-term or high-interest loans or credit cards
- use pertinent information from the financial statements and credit history reports to prepare recommendations to COC
- protect the hard copy of the credit report according to PII policy.

82 Credit History and Credit Reports (Continued)**F Centralized Payment**

Payments for all FSFL credit reports shall be made to the approved contractor from the **National Office**. State and County Offices shall **not** pay for FSFL credit reports.

G Monthly Reconciliation of Credit Report Bill

Before the National Office is able to pay the bill for FSFL credit reports requested the previous month, the entire bill **must** be reconciled.

Each month, the National Office will forward the bill to State Offices with activity. Authorized State and County Offices submitting requests for FSFL credit reports are **required** to provide to PSD, through the State Office, the following information to aid in reconciliation:

- State
- requesting county
- names of credit reports requested
- type of each request (individual, joint, or entity)
- FSFL number including year
- date of each request.

The reconciliation report is due in PSD by the 10th calendar day of the following month, **or** as provided by the National Office, and **must** be sent to Kimberly Kimpel by e-mail to **kimberly.kempel@wdc.usda.gov**. No response is required if a State was **not** forwarded the credit report bill to reconcile.

State Offices **must** determine the date the reconciliation reports from County Offices are required in the State Office to adhere to the due date of the monthly reconciliation to PSD.

Because the bill **cannot** be paid until it is completely reconciled, the reconciliation report from State Offices that requested credit reports the previous month **must** be received in PSD by the 10th calendar day of the following month, or as provided by the National Office. There are **no** exceptions to submitting this report.

82 Credit History and Credit Reports (Continued)**H State Office Determination of Sites and Designated Employee at Each Site**

To request credit reports from Data Facts, Inc., for FSFL applicants, State Offices shall determine the:

- offices to be set up from the following:
 - all County Offices
 - select County Offices throughout the State (a district or area office)
 - State Office
- employees in the selected offices to be authorized.

The selected employee will be:

- responsible for all FSFL credit reports submitted from that location
- **required** to submit the reconciliation information in subparagraph G to the State Office by the due date.

82 Credit History and Credit Reports (Continued)**I Request for Initial Set Up**

After State Offices have determined the offices and designated employees to be set up to request FSFL credit reports, the following information shall be sent to Toni Williams, PSD by e-mail at **toni.williams@wdc.usda.gov**:

- employee's name
- title
- GSA number
- County Office name
- office address
- phone number of office and employee
- e-mail address.

The information will be forwarded to the contract holder who will contact individuals for initial set up and training instructions. The amount of time required before initial set up will depend on the number of offices submitted at the same time.

When the e-mail is received advising that the account has been established, the employee **must** login to Data Facts, Inc. the same day the logon ID and password is received. Otherwise, the temporary password expires and the process **must** be repeated.

Data Facts, Inc. has created a Help Guide. Employees may contact their State Office for a copy of the help guide.

J Account Password Maintenance

Designated employees set up to request FSFL credit reports **must** access the specified request site once every 90 calendar days or their password will need to be reset.

It is recommended that a calendar event be established using Microsoft Outlook Calendar to remind the employee to change their password.

83 FSFL and Federal Delinquent Debt Applicants**A FSFL Compliance With DCIA**

County Offices shall:

- identify producers who are delinquent on Federal debts according to DCIA
- require FSFL applicants to certify to DCIA compliance on CCC-185.

FSFL approval authority shall **not** approve FSFL's for delinquent Federal debtors, **unless** the delinquent Federal nontax debt will be resolved on or before FSFL disbursement. See 58-FI.

Note: A Federal nontax debt is a debt that an individual owes to the Federal Government, other than taxes, according to IRS; for example, a Federal student loan.

B CAIVRS

FLP employees have access to the CAIVRS reporting system. If an FLP employee has accessed CAIVRS within the past 90 calendar days for the FSFL applicant, the information obtained from the CAIVRS reporting system may be used.

A CAIVRS report will **not** be obtained for an FSFL application unless a report has **previously** been obtained for an FLP application. County Offices will **not** order a CAIVRS report for FSFL only applications.

C Identifying Applicable Parties for Delinquent Debt

Delinquent Federal debt includes debt by any applicant.

If the applicant is a joint applicant, all individuals are reviewed for delinquent Federal debt status.

If the applicant is a joint venture, all members are considered. This includes spouses if **required** by State law.

83 FSFL and Federal Delinquent Debt Applicants (Continued)

C Identifying Applicable Parties for Delinquent Debt (Continued)

If the applicant is an entity, all members shall be considered. Applicable entities include, but are **not** limited to, the following:

- corporations
- estates
- general partnerships
- limited partnerships
- LLC's
- sole proprietorships
- trusts.

D Resolving Delinquent Federal Debt

Applicants delinquent on Federal debt may provide proof that the delinquency is paid in full before FSFL approval.

If the applicant is unable to resolve the delinquency before FSFL approval, FSFL approval authority shall:

- **not** determine that the applicant is ineligible for FSFL
- notify applicant that the delinquency will be offset if the delinquent Federal nontax debt is **not** resolved before FSFL disbursement
- offset the delinquent Federal debt at FSFL disbursement

Note: If the delinquent Federal debt will be offset at disbursement, FSFL approval official **must** increase the down payment amount when considering whether a feasible plan can be achieved.

- apply the offset amount to the delinquent debt.

If the delinquent Federal debt is offset at FSFL disbursement, the applicant is still responsible for the entire FSFL amount, including the amount offset. In addition, if the delinquency is offset, the applicant **must** provide additional down payment to ensure that all bills for the FSFL structure are paid in full at or before disbursement.

84 Federal Judgment Liens**A Background**

U.S.C. Title 28, Section 3201, enacted in 1999, provides that a debtor with a judgment lien against the debtor's property as a result of debt to the U.S. shall **not** be eligible to receive any grant or loan that is made by the Federal Government until the judgment is paid in full or otherwise satisfied.

B Outstanding Federal Judgment Liens

The FSFL applicant and anyone who will sign CCC-186 shall **not** have any outstanding unpaid judgment liens obtained by the U.S. in any court.

Exception: These judgments do **not** include Federal judgment liens filed as a result of action in the U.S. Tax Courts.

C County Office Action

County Offices shall:

- perform searches of recorded judgment dockets and applicable real estate records to identify applicants who may have outstanding Federal judgment liens
- **not** approve CCC-185D's for applicants who have unresolved Federal judgment liens filed against them
- continue FSFL processing if applicants prove they have satisfied Federal judgment liens
- **not** use FSFL proceeds to pay Federal judgment liens.

85 Financial Planning**A Analyzing Balance Sheets and Cash Flow Statements**

Use FSA-2037 and FSA-2038 or similar forms, prepared by either the applicant or a financial institution within 90 calendar days of submission, to determine the following:

- that the applicant has the financial ability to make the down payment according to subparagraph D
- that the applicant has the financial ability to timely repay FSFL according to subparagraph E
- whether COC or STC should approve or disapprove FSFL
- the level of collateral security needed.

B Acceptable Balance Sheets and Cash Flow Statements

Use 1 of the following to make the determinations in subparagraph A:

- FSA-2037 and FSA-2038 available at the FSA eForms web site at **<https://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>**
- balance sheet and cash flow statement approved for usage in the State
- balance sheet and cash flow statement that provides all the information necessary to make the determinations in subparagraph A.

Note: Existing plans used for FLP may be used, but **must** be revised to plan for FSFL debt. FLP staff **must** be consulted before any revisions to existing plans take place.

85 Financial Planning (Continued)**C When a Cash Flow Statement Is Not Necessary**

Employees performing financial analysis may waive analysis of cash flow and accept only a balance sheet meeting the requirements of subparagraphs A and B from FSFL applicants when **both** of the following conditions apply:

- aggregate outstanding total of all FSFL's, including the new FSFL, will be \$25,000 or less
- review of the balance sheet indicates that the applicant has met all of the following:
 - debt to asset ratio of 40 percent or less
 - net worth of 3 times the requested FSFL amount or greater
 - working capital of 3 times the **required** down payment or greater
 - is current on all payments to all creditors, including FSA and CCC.

D Planning for Down Payment

Prepare or obtain a plan for the applicant's current FY:

- total cost of the storage facility, storage and handling truck, and/or handling equipment
- approximate amount of FSFL
- using actual expenses, if available
- showing enough cash available to make the **required** down payment
- showing increased down payment needed to pay any offset that may occur according to paragraph 83 for delinquent Federal debt.

E Planning for Future Installments in Typical Year

Prepare a projected plan for the applicant's FY in which the first FSFL installment is due showing the projected installment amount for FSFL.

The employee performing the financial analysis will determine whether the applicant has a feasible plan.

85 Financial Planning (Continued)**F Obtaining Additional Information if Needed**

County Offices may:

- verify debts and assets only when debt and asset information provided by the applicant is different than shown on the credit report or through a lien search
- if applicable, prepare FSA-2015 for each applicant's creditor according to the instructions on FSA-2015
- before requesting information on FSA-2015 from the applicant's creditors, have the applicant sign FSA-2004 to give FSA the authority to verify their debts and assets.

Note: FSA-2004 shall be filed in the FSFL folder.

If additional information is necessary to evaluate an applicant's ability to repay FSFL, FSA-2002 and FSA-2003 may be requested.

Note: Use:

- FSA-2002 for 3 years financial history
- FSA-2003 for 3 years production history.

85 Financial Planning (Continued)

G Financial Analysis

The financial analysis of an FSFL applicant shall be performed by either an FLP or County Office employee with FLP loan approval authority. The FBP, FSFL Credit Presentation recommendation for approval or disapproval, based on the applicant's credit history and financial information, shall be provided to COC or STC. The FBP, FSFL Credit Presentation recommendation **must** include:

- FSFL amount
- FSFL term
- down payment ability
- whether producer can timely repay FSFL
- if additional security is **required**, see paragraph 122 for the summary of the valuation of security policy.

Example: "Based on FSFL applicant's credit history and financial information, I recommend approval of the FSFL in the amount of \$_____ with a loan term of ____ years. The information provided demonstrates the applicant is creditworthy and has the ability to make the down payment and timely repay FSFL."

If it is determined during the financial analysis that the producer **cannot** reasonably make the annual installment payments for the requested FSFL, the FSA employee with loan approval authority may recommend a lower amount for FSFL.

1-FLP, Exhibit 15 provides guidance for FSA employees with loan approval authority to use the FBP, FSFL Credit Presentation to document their recommendation of FSFL approval or disapproval.

If an Irrevocable Letter of Credit is used as security for FSFL and a letter of intent or guarantee is provided with the FSFL application package, a financial analysis and credit report are **not** required, **unless** it is required by STC. This determination will be on a statewide basis and **not** on a case-by-case basis. The acceptable Irrevocable Letter of Credit must be provided at or before FSFL closing.

An Irrevocable Letter of Credit **must not** be accepted for FSFL's that do not require additional security.

If an increase of up to 10 percent of the FSFL is requested by the producer after FSFL has been approved, a new financial analysis is **not** required, **unless** it is required by STC. See subparagraph 176 B.

85 Financial Planning (Continued)**G Financial Analysis (Continued)**

A financial analysis is **required** for the members of the entity with the greatest share.

Examples: If there is a:

- 4-member partnership, each sharing 25 percent, a financial analysis is **required** for all members of the partnership
- 2-member partnership, 60 percent for 1 member and 40 percent for the other member, a financial analysis is **required** for the member with the 60 percent share.

STC may determine whether a financial analysis is **required** for all members. This determination will be on a statewide basis and **not** on a case-by-case basis.

86-95 (Reserved)

Part 6 Other Requirements**Section 1 Insurance****96 Multi-Peril Crop Insurance, NAP Requirement, or Dairy Coverage****A Requirements**

For the purposes below, a crop of economic significance is defined as any insurable FSFL commodity that contributes 10 percent or more of the total expected value of all commodities grown by the applicant.

MPCI, NAP, or dairy coverage is **required** on all eligible insurable commodities for all borrowers **with an outstanding aggregate balance** of \$25,000.01 or more:

- stored in the FSFL-funded facility
- economic significance on all farms operated by the borrower in the county where the storage facility is located.

MPCI, NAP, or dairy coverage is **not** required for drying and handling equipment or storage and handling trucks, **unless**:

- determined necessary when the financial analysis is performed; or
- a more restrictive policy has been set by STC on a Statewide basis and **not** on case-by-case basis.

MPCI, NAP, or dairy coverage is **not** required when an Irrevocable Letter of Credit is provided to secure the FSFL, unless determined necessary by the STC.

FSFL dairy producers are required to provide an insurance policy that insures both of the following, at a minimum:

- dairy cattle death
- unexpected decreases in milk production.

96 Multi-Peril Crop Insurance, NAP Requirement, or Dairy Coverage (Continued)**A Requirements (Continued)**

If it is determined insurance is not available for the applicable commodity, the producer may request a waiver for the term of the loan and STC or COC may approve or disapprove.

County Offices shall require the producer to provide proof of multi-peril crop insurance and/or verify NAP, or dairy coverage before disbursement, **except** if subparagraph D applies.

If multi-peril crop insurance, NAP, or dairy coverage is **not** available for some of the renewable biomass commodities, then COC minutes **must** document the unavailability of multi-peril crop insurance, NAP, or dairy coverage for each FSFL to which this applies.

Note: LGM or MPP are not required for FSFL eligibility.

B Acceptable Forms of Insurance

Acceptable forms of crop insurance are any level of coverage offered under FCIC, NAP, or dairy insurance policies.

Rainfall and Vegetation Index, Whole-Farm Revenue Protection, farm and ranch insurance policies are acceptable and must specify the eligible commodities being covered.

C Acceptable Proof of Insurance

County Offices shall accept proof of crop insurance, NAP, or dairy coverage, such as the following:

- statements of coverage for the applicable crop year
- applications for insurance for the applicable crop year signed by the agent
- other forms of proof acceptable to CED.

Evidence of insurance or a copy of CCC-471 shall be maintained in the FSFL folder.

D Failure to Meet Multi-Peril, NAP, or Dairy Coverage Requirements

County Offices shall ensure multi-peril crop insurance, NAP, or dairy coverage requirements are met before FSFL closing **unless** a waiver has been granted according to paragraph 157.

97 All-Peril Structural Insurance**A Requirements**

All-peril structural insurance is **required** to protect CCC's interest in collateral.

B Acceptable Forms of Insurance

County Offices shall:

- require applicants to obtain all-peril structural insurance on all storage structures receiving FSFL financing
- ensure that CCC is listed on the all-peril structural insurance policy as a loss payee or mortgage payee

Note: Listing FSA as loss payee or mortgage payee is **not** authorized for FSFL.

- ensure that amount of coverage shall always equal or exceed outstanding FSFL balance.

Note: Authorization is provided to accept a current farm policy from the producer if the farm policy is amended to include the storage structure or other eligible FSFL components receiving FSFL financing. CCC must be listed on the policy as loss payee or mortgage payee for the storage structure or eligible FSFL component.

C Failure to Obtain All-Peril Structural Insurance

County Offices shall ensure all-peril insurance requirements are met before FSFL closing **unless** a waiver has been granted according to paragraph 157.

98 Automobile Insurance**A Requirements**

To protect CCC's interest on the storage and handling truck, County Offices shall require **all** applicants to:

- obtain full coverage automobile insurance, which may include hazard insurance, for the storage and handling truck purchased with FSFL financing

Note: STC's may establish, on a statewide basis, a maximum automobile insurance deductible. The STC policy must be documented in the STC regular meeting minutes.

- ensure full automobile insurance coverage includes CCC as loss payee
- maintain the full automobile insurance coverage continuously during the period the FSFL is outstanding.

B Acceptable Proof of Insurance

County Office shall:

- accept proof of full coverage automobile insurance coverage with a maximum deductible not exceeding the amount established by the STC
- ensure CCC is listed as loss payee or mortgage payee on the insurance policy.

Note: Listing FSA as loss payee is **not** authorized for FSFL.

Because the storage and handling truck may not already be purchased, the proof of automobile insurance may not be available prior to loan closing. See subparagraph 170 C for additional information on this process.

99 Flood Insurance

A Requirements

To protect CCC's interest in collateral, County Offices shall:

- determine whether proposed storage facility sites are located in flood hazard areas by viewing national flood insurance program maps
- document the review on FSA-850, or other acceptable environmental form
- ensure that FSA-850, item 3 J is completed
- document in FSA-850, item 14 that flood insurance coverage is **required**, if "Yes" is checked (✓) for any of the questions listed in item 3 J
- attach to FSA-850, any supporting documentation (such as flood maps, etc.) for evidence that flood insurance coverage is needed, if applicable
- see 1-EQ for additional guidance on properly completing FSA-850
- require the FSFL applicant to obtain flood insurance if the review documented on FSA-850 indicates that flood insurance is required
- **not** approve FSFL's if flood insurance is required and not obtained or not available.

DAFP waiver provisions are **not** available if flood insurance has been determined **required** before or after FSFL closing.

When flood insurance is required and an Irrevocable Letter of Credit is provided to secure the FSFL, flood insurance must still be purchased on or before closing of the FSFL.

See subparagraph 214 D if it is determined the FSFL security is located in a floodplain after the loan is closed.

99 Flood Insurance (Continued)

B Acceptable Forms of Insurance

County Offices shall:

- review proof of insurance provided by insurance companies to ensure that insurance is maintained for the life of FSFL
- ensure that CCC is listed on the flood insurance policy as loss payee
- take action to call FSFL's or contact the National Office for additional guidance when borrowers do **not** maintain insurance.

C Failure to Obtain Flood Insurance

County Offices shall ensure flood insurance requirements are met before FSFL closing.

If the **required** flood insurance is **not** purchased before FSFL closing, the producer **must** be notified in writing that the FSFL will be withdrawn if proof of flood insurance is **not** provided within 15 calendar days. STC has authorization to extend the period to purchase flood insurance for an additional 15 calendar days.

100-108 (Reserved)

Section 2 Environmental Review

109 Overview

A Background

For FSFL participation, FSA-850 is used to determine whether the proposed action could potentially affect protected resources. See 1-EQ.

Individual farm participation in FSA programs does **not** normally require EA preparation. However, for certain practices, FSA-850 **must** still be completed to verify that no protected resources would be affected. If through completing FSA-850 it is determined that there is no potential for the FSFL-proposed action to impact the environment, FSA-850 serves as FSA's documentation of compliance with NEPA, as well as the requirements of other environmental laws, regulations, and Executive Orders.

Notes: NEPA regulations require that Agencies complete the NEPA process **before** approving the proposed action that includes coordination and/or consultation on protected resources with regulatory agencies and entities responsible for managing protected resources, such as surface water quality, threatened and endangered species, and cultural resources.

FSFL applicants must consult with FSA regarding environmental processes early in the planning process so that the appropriate level of environmental review can be determined and subsequently completed. See 1-EQ and related responsibilities in subparagraph 4 C.

Example: A plan to build a barn on the farm is the beginning point but not adequate for completion of the environmental review (FSA 850 or Environmental Assessment). To complete the related processes it will be necessary to know some specifics or minimums in order to be able to adequately assess potential impacts, such as but not limited to, where on the farm, design (size, foundation etc.) related infrastructure involved (electrical, water or gas lines, roadway for access, culverts, etc.) This information is necessary to adequately assess potential impacts.

See environmental policy according to paragraph 11 for situations when the producer started actions before FSFL approval.

B Objectives

The primary objectives of this section are for FSA to make better decisions by:

- taking into account potential environmental impacts of proposed projects
- working with applicants, other Federal Agencies, Indian tribes, State and local governments, and interested citizens and organizations to formulate actions that advance FSFL goals in a manner that will protect, enhance, and restore environmental quality.

110 Evaluating Potential Environmental Effects**A Preparing Evaluations**

All CCC-185's submitted to acquire, construct, install or renovate farm storage facilities, drying or handling equipment, and/or storage and handling trucks must have an FSA-850 completed according to 1-EQ. If indicated by FSA-850, EA may be necessary. Contact SEC for further guidance if EA is necessary.

Producers may request completing FSA-850 before submitting CCC-185 by:

- visiting the County Office
- marking an aerial photograph of the proposed location of the structure
- indicating what type of structure they propose to construct.

A site visit is **required** to complete FSA-850 on storage structures only. A physical site visit is not required for loans only involving portable equipment and storage and handling trucks.

An example of a completed FSA-850 is provided at Exhibit 10 for portable equipment and storage and handling trucks.

Notes: See 1-EQ for guidance on completing FSA-850 and subparagraph 11 C.

FSA-850 for all FSFL requests **must** be completed and no adverse environmental impacts **must** be determined **before** CCC-185D can be approved.

The preparer and concurring official's signature and date **must** be obtained on FSA-850 before EA is considered acceptable for determining eligibility for FSFL. All FSFL's secured by real estate will also be evaluated by completing FSA-851, on the real estate offered as collateral, according to 2-EQ.

Note: See 2-EQ, Exhibit 5 for instructions on completing FSA-851.

110 Evaluating Potential Environmental Effects (Continued)**B Applicant Responsibilities**

FSA expects applicants to:

- consider the potential environmental impacts of their requests at the **earliest** planning stages and to develop proposals that minimize the potential to adversely impact the quality of the human environment
- contact County Offices to determine FSA's environmental requirements as soon as possible after they decide to apply for FSFL
- provide information necessary to evaluate their proposal's potential environmental impacts and alternatives to them.

Example: The applicant will be **required** to provide a complete description of the project elements and the proposed site or sites to include location maps, topographic maps, and photographs when needed.

111 Other Actions**A EA's**

If after completing FSA-850 or EA the preparer determines there will be potential impacts to important resources listed and no alternatives or mitigation measures exist, the County Office shall do either of the following:

- deny the applicant's request for FSFL
- contact SEC for further guidance.

B Monitoring

FSA staff that normally has responsibility for the post-approval inspection and monitoring of approved projects shall ensure that any mitigation measures identified in the approval stage and **required** to reduce adverse environmental impacts are effectively implemented and documented as such.

Whenever noncompliance with an environmental special condition is detected by FSA, SEC will be immediately informed who will then take appropriate steps, in consultation with the responsible program office, to bring the action into compliance.

C Environmental Risk Management

The release or presence of a hazardous substance, hazardous waste, or leaking underground storage tank on a property could affect the value of the property that is offered as security for FSFL. Therefore, due diligence will be performed for all new FSFL's involving real estate as security, including real estate offered as additional security according to 2-EQ.

112 Local Land Use and State and County Building Code Requirements

A County Office Action on Local Land Use

To avoid conflicts with local land use laws, County Offices shall:

- determine whether local land use laws are applicable at the proposed storage facility location by contacting local code enforcement officers

Note: Information obtained from the contact shall be documented in the FSFL file.

- obtain, from producers, copies of applicable:
 - building permits
 - construction permits for flood hazard areas
 - environmental evaluations and EA's
 - site plans
 - zoning variances
- use information obtained for FSA eligibility purposes and environmental evaluations
- **not** approve FSFL's where applicants are **not** in compliance with applicable local land use laws.

B State and County Building Code Requirements

All FSFL's **must** comply with any applicable State and county building code requirements. These may include, but are **not** limited to, the following:

- construction permits and inspections
- electrical permits and inspections.

113-119 (Reserved)

Part 7 Securing FSFL's**120 Security for FSFL's****A Secured by CCC-186's**

[7 CFR 1436.8] All FSFL's shall be secured by CCC-186 covering the farm storage facility, equipment and/or storage and handling trucks. CCC-186 shall:

- grant CCC a security interest in the collateral
- be executed as **required** by State law where the collateral is located.

B Description of Security for FSFL

FSFL's shall be secured by a lien on the farm storage facility, equipment, and/or storage and handling trucks financed.

Exception: FSFL's completely secured by an Irrevocable Letter of Credit as described in subparagraph 121 E.

Additional security may be **required**. See paragraph 121.

Liens will be perfected on the proposed security. Guidance on perfecting liens is found in Part 8.

C Renovated Structures

If an existing structure is remodeled and an addition becomes an attached, integral part of the existing storage structure, CCC's security shall include the existing storage structure.

D Security on Leased Land

For an applicant proposing to put an FSFL structure on leased land or land that is **not** owned by the applicant, COC shall **require** a written agreement from the landowner to the FSFL applicant. The agreement **must** allow the applicant and CCC access to the structure for at least the entire length of FSFL.

For all cases, CCC-297 is **required** from the land owner when the FSFL structure is placed on real estate **not** owned by the borrower.

Notes: If an Irrevocable Letter of Credit will secure the entire FSFL, a CCC-297 is not required unless it is required by State law.

A CCC-297 requirement must not be waived when a producer increases the down payment for a FSFL micro loan.

121 Additional Security Requirements

A When Additional Security Is Required

Additional security is **required** if any of the following apply:

- aggregate outstanding FSFL balance exceeds \$100,000

Note: Aggregate outstanding FSFL balance means the sum of the outstanding balances of **all** FSFL's disbursed to borrowers signing CCC-186.

- STC has authority to establish a more restrictive policy; however, requiring additional security **must** be for FSFL's greater than \$50,000 and **must** be statewide and **not** on a case-by-case basis.

Examples: These examples are based on STC determining statewide additional security is **not** required for FSFL's with an aggregate outstanding FSFL balance less than \$100,000.

- Producer has an outstanding FSFL of \$75,000 and requests a new FSFL for \$30,000. Additional security is only required to secure the new \$30,000 FSFL.
- A 2-person partnership submits CCC-185 for \$105,000. FSFL is made to the partnership because the partnership is the farming entity. Additional security is needed because FSFL exceeds \$100,000.

STC or COC shall determine resale collateral value based on local market conditions. See subparagraph 122 F for guidance.

STC or COC does **not** have authorization:

- to require additional security for FSFL's with an aggregate outstanding FSFL balance of \$50,000 or less
- on a case-by-case basis, to determine whether additional security is required because of a financial analysis or type of structure when the FSFL amount is less than the additional security threshold established by STC.

121 Additional Security Requirements (Continued)

B Real Estate as Additional Security

A lien on the real estate that includes the land where FSFL structure and/or equipment will be located is the preferred additional security.

After receiving guidance from the FSA employee with loan approval authority, FSFL's **must** be determined to be adequately secured according to this paragraph. See paragraph 122 for guidance on valuing real estate security.

For FSFL amounts secured by real estate, CCC's interest in the real estate shall be superior to all other lienholders. If the real estate is covered by a prior lien, a lien subordination may be obtained by a form approved for usage in the State by the regional OGC.

If FSA holds a superior lien on applicable real estate through a direct FLP loan, a subordination agreement is **not** required. However, a junior lien on the real estate **must** be filed as security for FSFL.

If prior lienholders will **not** subordinate to CCC, COC may approve alternative forms of security, such as the following:

- second lien position only if **both** of the following apply:
 - CCC is adequately secure
 - FSA-2319 or a similar agreement is executed by the prior lienholder, following requirements specified by the regional OGC, **not** to extend additional liens on the property

Exception: CCC will **not** require FSA-2319 or a similar agreement from any USDA Agency.

- first lien on different real estate
- Irrevocable Letter of Credit.

Note: See subparagraph E for additional Irrevocable Letter of Credit guidance.

Items, such as livestock, machinery, vehicles, and other equipment, are **not** authorized to be used as additional collateral for FSFL.

121 Additional Security Requirements (Continued)**C Real Estate Lien Guidelines**

The lien should cover specific acreage, including the entire parcel of real estate underlying the collateral that is:

- sufficient in size and value in the approving COC's or STC's, as applicable, opinion to ensure FSFL payment

Note: If necessary, consult with an FSA employee with loan approval authority to determine real estate value.

- a **salable unit** in the event of foreclosure.

D Land Separate From the Facility

Real estate liens may cover acreage separate from the facility, if an adequate lien on the underlying real estate is **not** feasible, and if all of the following apply:

- applicant owns the separate acreage that is **not** subject to any other liens or mortgages that would be superior to CCC's lien interest

Note: If there is a prior lien of record, a subordination agreement is **required** to give CCC a first lien position.

- acreage of the entire parcel is adequate in size and value, in the approving COC's or STC's, as applicable, opinion, to adequately secure and insure FSFL payment.

If FSA holds a first lien on the applicable real estate through a direct FLP loan, a subordination agreement is **not** required. However, a junior lien on the real estate **must** be filed as security for FSFL.

STC's have authority to approve using real estate owned by someone other than the applicant. This will be a Statewide determination and **not** on a case-by-case basis. In all cases, a CCC-297 will be **required**.

Note: See subparagraph 122 E and Exhibit 51 when applying value to the FSFL structure separate from real estate.

121 Additional Security Requirements (Continued)

E Irrevocable Letters of Credit or Bonds

Other forms of security may be considered to be acceptable by the approving COC or STC, as applicable, such as Irrevocable Letters of Credit, bonds, or similar CCC-approved instruments.

The original Irrevocable Letter of Credit **must** be:

- from a financial institution and provided by the applicant

Note: A letter of intent from the financial institution shall accompany the application package. See Exhibit 69 for an example of the Letter of Intent.

- for the total of FSFL principal plus interest for the first year, unless required by STC on a statewide basis, for an additional 60 calendar days.

Notes: If an Irrevocable Letter of Credit is used in addition to the structure, handling equipment, storage and handling trucks, or real estate to secure FSFL, the Irrevocable Letter of Credit **must**:

- be provided for the amount needed to secure FSFL
- include the amount needed to secure total FSFL plus interest for the first year.

STC has authority to establish interest for an additional sixty days on the Irrevocable Letter of Credit. This must be Statewide and not on a case-by-case basis.

- written to allow partial draws if the annual installment payment is **not** received by the due date
- written in a manner sufficient to protect CCC's security interest in the collateral

Note: PSD has an example of an acceptable Irrevocable Letter of Credit that will be sent to State Offices on request.

- used in each State, under guidance of the regional OGC, to comply with laws specific to that State
- used by each financial institution and reviewed and approved by the regional OGC each FY.

Note: Any variances to FSFL requirements when Irrevocable Letters of Credit are used **must** be specified, in writing, from the regional OGC.

- filed according to 32-AS, paragraph 59.

121 Additional Security Requirements (Continued)**E Irrevocable Letters of Credit or Bonds (Continued)**

STC's are authorized to approve a replacement Irrevocable Letter of Credit when a producer requests, in writing, to annually provide a replacement Irrevocable Letter of Credit that will be for the reduced outstanding FSFL principal balance and interest for one year. If changes other than the reduced outstanding principal balance are made to the Irrevocable Letter of Credit, STC's or designee must obtain the regional OGC concurrence.

Note: County Offices must obtain and maintain an original Irrevocable Letter of Credit.

Multi-peril crop insurance, NAP, or dairy coverage, and all-peril structural and flood insurance, as discussed in Part 6, are **not required** if FSFL is fully secured with an Irrevocable Letter of Credit only, unless STC determined it is required statewide.

FSFL may be conditionally approved and County Offices **must** require that the Irrevocable Letter of Credit or other form of security be provided **before** disbursement. CCC-185D, item 4 should be noted that an Irrevocable Letter of Credit will be used to secure FSFL.

State Offices **must** check with their respective regional OGC to ensure that laws specific to their State are included in the Irrevocable Letter of Credit.

The Irrevocable Letter of Credit is considered sufficient security for FSFL when all requirements are met according to this paragraph and a financial analysis is **not** required, **unless** a more restrictive policy has been set by STC on a statewide basis and **not** on case-by-case basis.

The STC or COC may authorize using an Irrevocable Letter of Credit, FSFL structure, and/or real estate to adequately secure FSFL.

An Irrevocable Letter of Credit is **not** required for FSFL's with an aggregate outstanding FSFL balance equal to \$100,000 or less, **unless** STC determined, on a statewide basis and **not** on case-by-case basis, that additional security is **required** for FSFL's with an aggregate outstanding FSFL balance between \$50,000.01 and \$100,000.

If UCC-1 was previously filed, then UCC-1 should be released after the County Office has received the Irrevocable Letter of Credit for the full amount of FSFL, **unless** STC or regional OGC determined UCC-1 is still necessary.

An Irrevocable Letter of Credit can be used in addition to the FSFL structure or collateral if additional security is required. STC may allow up to 50 percent of FSFL amount for the value of the structure when an Irrevocable Letter of Credit is used in addition to the FSFL structure or collateral.

121 Additional Security Requirements (Continued)

E Irrevocable Letters of Credit or Bonds (Continued)

Example 1: CCC-185 submitted for \$200,000 FSFL that requires additional security. When using an authorized method according to subparagraph 122 K, STC has authority to allow up to 50 percent of FSFL amount for the value of the **new** structure. The Irrevocable Letter of Credit **must** be provided for the remaining security needed.

\$200,000	FSFL amount.
- <u>\$100,000</u>	Value of structure (STC authorizes COC to allow the value of the FSFL structure to equal 50 percent of FSFL amount).
\$100,000	Remaining security needed.
 \$100,000	 Irrevocable Letter of Credit provided to secure FSFL.

Irrevocable Letter of Credit + value of FSFL structure (50 percent) = 100 percent; therefore, FSFL is adequately secured.

Example 2: CCC-185 submitted for \$120,000 FSFL that requires additional security. When using an authorized method according to subparagraph 122 K, STC approved COC's to allow the value of the **used** hay storage structure to equal 20 percent of FSFL amount, or in this case \$24,000, when the structure is located on the property to be mortgaged. In this example, the value of the structure and security **must** equal at least 125 percent of FSFL.

\$150,000	Total security needed for \$120,000 FSFL (125 percent of FSFL amount).
- <u>24,000</u>	Value of structure STC authorizes COC to use.
\$126,000	Additional security needed.
 \$71,000	 Irrevocable Letter of Credit.
+ <u>55,000</u>	15 acres.
\$126,000	Additional security provided.

The producer will provide as security for the \$120,000 FSFL, the FSFL hay storage structure, first lien on 15 acres (valued at \$55,000), and an Irrevocable Letter of Credit in the amount of \$71,000. Based on this example, FSFL will be considered adequately secured.

122 Valuation of Security

A Adequate Security and Appraisals of Real Estate

FSFL's are considered to be adequately secured when the value of real estate offered as security is at least equal to FSFL's amount. For FSFL's where the value of real estate and previous improvements offered as collateral is in doubt, approving COC or STC, as applicable, may request an appraisal, at the FSFL applicant's expense, from a list of FLP-approved appraisers. The applicant **must** agree to the request for an appraisal. See Exhibit 52.

State and County Offices **must** request a formal DAFP waiver according to paragraph 25 for authorization **before** using a method **not** listed in this paragraph when determining value for FSFL security.

If no additional security is **required** according to paragraph 121, valuation of security is **not required**, unless the FSFL request is for used and/or portable eligible drying and handling equipment or storage and handling trucks. See subparagraph 122 J.

The CCC-185D, Item 5 must be noted with the source for the valuation that was utilized.

Note: To ensure consistency in determining the value of FSFL real estate security within a State, STC's may set specific procedure to be followed. It is the responsibility of STC to ensure that all FSFL's in their State are adequately secure.

Example 1: CCC-185 submitted for a \$200,000 FSFL that requires additional security. An appraisal determined the value of the 60 acres, including FSFL, to be \$277,500.

\$277,500 Appraised value including the structure.

\$200,000 - FSFL x 100 percent **required** security value = \$200,000.

Appraised value of 60 acres, including the structure, is adequate to secure FSFL.

122 Valuation of Security (Continued)

A Adequate Security and Appraisals of Real Estate (Continued)

Example 2: CCC-185 submitted for a \$200,000 FSFL that requires additional security. An appraisal determined the value of the 80 acres, including FSFL, to be \$370,000. Local bank has a \$120,000 mortgage on the ground where the facility is located and they will **not** subordinate.

\$370,000	Appraised value including the structure.
<u>- 120,000</u>	Bank mortgage will not subordinate, but must sign FSA-2319.
\$250,000	Remaining value for CCC.

\$200,000 FSFL x 100 percent **required** security value = \$200,000.

Appraised value is adequate to secure FSFL.

B Value of FSFL Security Approval Authority

Concurrence of determined value of FSFL security **must** be made according to the following.

IF FSFL amount is...	THEN concurrence of determined value of FSFL security must be made by...
\$100,000 or less	COC.
\$100,001 to \$250,000	COC after DD review.
\$250,001 to \$500,000	STC. STC can delegate approval to SED only .

Note: See first table in subparagraph 10 C for exceptions applicable to FSA employees and their relatives.

A conditional CCC-185D approval may be issued dependent on an appraisal or other authorized method for determining adequate real estate security. The conditional CCC-185D approval **must** be documented in CCC-185D, item 3. It **must** be conveyed to the applicant that FSFL will **not** be disbursed if the determined security value is **not** sufficient.

STC's may set a more restrictive Statewide policy for determining FSFL real estate security values if it is determined that the economic conditions in the State and in agriculture, in general, require such action to protect CCC's interests. This shall be on a statewide basis and **not** on case-by-case basis.

122 Valuation of Security (Continued)

C Real Estate Appraisal

To ensure that CCC is adequately secured and to prevent potential losses to the Government, the real estate value on FSFL appraisals shall be at least **100** percent of FSFL amount, and security that is offered for FSFL's **must** be in salable units. The **required** 100 percent gives CCC the needed collateral support for FSFL. However, if necessary based on market conditions, STC's may request Statewide authorization from DAFP to apply a value less than 100 percent of the FSFL amount when determining the appraised value.

FSFL applicants may request a real estate appraisal completed by an FLP-approved appraiser at the applicant's expense.

IF the structure is...	THEN the value of the FSFL structure is...
on the land being offered for collateral	included in the appraisal.
not on the land being offered for collateral	not considered in the appraisal.

Third party appraisals are acceptable. If an appraisal was made on the real estate within the last 12 months by a bank or for FLP, and the real estate values have remained consistent, that appraisal may be used to determine value, **if** the appraiser conducting the appraisal is on the list of FLP-approved appraisers.

If a third-party appraisal is being used, which was prepared within the last 12 months and did not reflect the proposed FSFL structure, a value may be given to the proposed FSFL structure to:

- 50 percent of the FSFL loan amount if the structure is being built on the underlying real estate
- 20 percent of the FSFL loan amount if the structure is being built on real estate separate from our additional real estate security.

STC's have authority to allow using State-certified general appraisers in addition to FLP appraisers.

122 Valuation of Security (Continued)

D Appraisals Completed At Applicant's Expense

If an applicant requests an appraisal, the County Office shall:

- enter in CCC-185, item 12:

“I request an appraisal to determine the value of the real estate and my FSFL structure to use for the **required** real estate security. I understand that I am responsible for the entire cost of the appraisal.”

- obtain the applicant's signature and date on CCC-185 **before** requesting the appraisal.

Note: The producer has the option of paying the entire appraisal cost at the time request.

During the appraisal process, the appraiser is provided information from the bids the applicant has received for the structure to determine the value the structure will add to the real estate.

The appraisal **must** be:

- completed before FSFL approval or a conditional FSFL approval may be issued dependent on the appraisal
- considered when the financial analysis is completed.

Note: After the appraisal is completed, if it is determined adequate security collateral is **not** available, FSFL shall **not** be approved. If FSFL is approved with a conditional approval, the security will be reassessed when the appraisal is received.

State Offices shall request and complete the required paperwork for appraisals according to Exhibit 52, but the entire cost of appraisals is at the applicant's expense and **must** be paid regardless if the producer withdraws the FSFL request.

Applicants may authorize the County Office to add the cost of the appraisal to the eligible net cost. If the applicant paid for the appraisal in full before the final disbursement, the cost for the appraisal may be included in the applicant's **required** down payment.

Follow Exhibit 52 to establish a receivable for the appraisal cost if the producer did not submit payment for the entire appraisal cost at the time of loan request. The established receivable for the appraisal cost will be paid when FSFL is disbursed, if **not** previously paid.

122 Valuation of Security (Continued)**E Applying Value to FSFL Structure Separate From Real Estate**

When FSFL real estate security is separate from the FSFL structure, the County Office may apply a value of no more than **20** percent of FSFL amount to the structure if **all** of the following apply:

- CCC-297 is obtained from the owners of the real estate on which FSFL structure is located severing the FSFL structure from the real estate

Note: Unless State law, as determined by the regional OGC, makes using CCC-297 unnecessary **and** CCC is adequately protected without CCC-297.

- UCC-1 is filed on FSFL structure giving CCC first lien position
- FSFL structure **must** have resale collateral value according to subparagraph F.

See Exhibit 51 to determine the value of real estate security separate from the FSFL facility.

F Resale Collateral Value

This subparagraph only applies if STC determined additional security is **required** for FSFL's with an aggregate outstanding FSFL balance between \$50,000 and \$100,000.

County Offices, with assistance from an FSA employee with loan approval authority, when required by this paragraph, shall determine resale collateral value based on local market conditions and depreciation factors.

In most cases, the resale collateral value will **not** equal the outstanding FSFL value, if the collateral is moved or sold, and will be less than its fair market value. The resale collateral value **must** be a reasonable price that CCC can expect to receive if FSFL has to be liquidated. A reasonable valuation will provide security for both the applicant and CCC.

Resale collateral values should be provided by a qualified FSA expert, such as but **not** limited to, an employee delegated chattel appraisal authority according to 1-FLP.

122 Valuation of Security (Continued)**F Resale Collateral Value (Continued)**

Use the following table as an option when it is determined by STC or COC that **both** of the following apply:

- storage structure, handling equipment, or storage and handling trucks have been determined to have **no resale collateral value**
- producer does **not** have additional security to secure FSFL.

IF the aggregate outstanding FSFL balance is...	THEN the FSA employee with loan approval authority must determine the producer has the ability to repay FSFL and is credit worthy and STC...
\$50,000.01 to \$75,000	may determine Statewide that a downpayment of 20 percent of the eligible net costs is required . Note: A minimum downpayment of 15 percent is required according to paragraph 60.
\$75,000.01 to \$100,000	must require Statewide a downpayment of 20 percent of the eligible net costs.

Note: State or County Offices **must** ensure that the additional downpayment is recorded on the FSFL Disbursement Calculator, according to paragraph 175, and provide the following comment in FSFL Disbursement Calculator Excel spreadsheet, Part C:

“An additional downpayment was **required** according to subparagraph 122 F policy.”

G Determining Security Values for Existing Structures

No security value can be given to existing structures **unless** the value of the property is included in an appraisal or the tax assessment statement. STC's, COC's, and/or FLP employees shall **not** assign a value to an existing structure based on common knowledge obtained from others in the community.

Note: Third party appraisals are acceptable according to subparagraph C.

122 Valuation of Security (Continued)**H County TAV**

TAV's differ from State-to-State and county-to-county.

FSFL applicant may use the assessed property value from the current county tax bill for a specified parcel or parcels to determine the value of real estate used for FSFL security.

If a State uses TAV on the county tax bills, that percent can be applied if the exact percent is annually documented.

TAV reflects the State and county tax equalization process. The market value on the county tax bill represents the market value of the real estate.

If the market value is **not** included on the county tax bill, the exact percent used to determine the market value **must** be annually documented by the County Assessor. This documentation shall be:

- attached to a copy of the applicable tax bills
- retained in the FSFL folder.

This table provides various examples that may be used to compute the market value of real estate if a percent is obtained.

IF TAV or comparable percent is...	THEN to determine the market value of the real estate, multiply the assessed value times...
40	2.5000.
50	2.0000.
60	1.6667.
65	1.5385.
75	1.3334.
100	1.0000.

122 Valuation of Security (Continued)

H County TAV (Continued)

Under this option, and if authorized by STC, COC may determine the value of FSFL structure to equal **up to**, but **not** exceed, **50** percent of FSFL amount, **if** the facility is located on the property to be mortgaged.

Example: CCC-185 submitted for a \$250,000 FSFL that requires additional security. STC has approved COC's to allow the value of the new FSFL structure to equal 50 percent of FSFL amount, or in this case, \$125,000. Real estate security without any value given to the FSFL structure **must** equal \$125,000. Current county tax bill shows the assessed value of an 80 acre parcel to be \$62,500. The County Assessor provides CCC written documentation that indicates TAV is 50 percent (\$62,500 x 2 = \$125,000).

\$250,000	FSFL amount.
<u>- 125,000</u>	Value of structure STC authorizes COC to use.
\$125,000	Real estate security needed.
 \$125,000	 Real estate security value (TAV must equal \$125,000).

In this example, CCC has first lien on the 80 acre parcel. With the new structure and first lien on the 80 acres, CCC is secure.

I Additional Authorized Methods

If any of the authorized methods in this subparagraph are used:

- and if authorized by STC, COC may assign a value to the structure of no more than **50 percent** of FSFL amount, **if** the structure is located on the property to be mortgaged unless a more restrictive policy has been set by STC

Note: If the structure is **not** located on the property being mortgaged, the structure may be valued at no more than **20 percent** of the FSFL amount according to subparagraph E.

- the value of the structure and real estate **must** equal at least 125 percent of FSFL.

To ensure that FSFL's are adequately secured, County Offices **must** use the most practicable method and be conservative in judgment when determining the value of FSFL security.

122 Valuation of Security (Continued)

I Additional Authorized Methods (Continued)

If the following methods are available by county or regional areas, it is recommended that County Offices primarily use that method. County Offices, with the assistance of an FLP loan approval official when necessary, are authorized to use the following methods when determining value of FSFL security:

- NASS Land Values 2015 Summary published annually in August

Note: The NASS Land Values and 2015 Summary can be obtained at <https://www.usda.gov/nass/PUBS/TodayRPT/land0815.pdf>. The NASS publications may also be available for individual States by county or regional areas.

Example: The NASS Land Values 2015 Summary was used to determine the value of crop land for 2017 for FSFL 2017-00002. The South Carolina 2015 Cropland Value was valued at \$2,460 per acre and is determined to be conservatively reasonable. Therefore, 120 acres of cropland times \$2,460 equals \$295,200. NASS Land Values 2015 Summary, page 11 is filed in the producer's FSFL folder for reference.

- market value estimate from a FSA employee with loan approval authority.

Note: Must be documented and **cannot** use appraisals from other producers.

- NIFA farm land value surveys
- land-grant university published reports
- State or county published Agricultural Sales and Median Ratio Report.

Important: The authorized method selected **must** be maintained in FSFL folder or a referenced folder and include the methodology used to determine the security value for FSFL.

122 Valuation of Security (Continued)**J Value of New Portable Storage Facilities, Handling Equipment and Storage and Handling Trucks**

County Offices are not required to value new portable storage structures, handling equipment, and storage and handling trucks. The sales documents, invoices and bills for new FSFL components are sufficient when determining the value.

Note: STC or COC may determine if the cost for the FSFL components are reasonable and request additional information to support the cost, if necessary.

If the aggregate outstanding FSFL balances require additional security, the following guidelines must be met:

- COC may assign a value of no more than **50 percent** of the FSFL amount for the items being purchased
- additional security as described in paragraph 121 must be obtained. The additional security plus the **50 percent** of the FSFL amount must equal **at least** 100 percent of the FSFL.

K Value of Any Used Portable Storage Facilities, Handling Equipment and Storage and Handling Trucks

County Offices may use the following resources for determining the value of **used** storage and facilities, handling equipment and storage and handling trucks:

- NADA
- Kelly Blue Book
- local auction/internet comparable sales
- bill of sale/invoice for a similar type of equipment
- reputable auction websites, such as Auctiontime.com
- qualified FSA expert, such as but not limited to, an employee delegated chattel appraisal authority according to 1-FLP.

122 Valuation of Security (Continued)**K Value of Any Used Portable Storage Facilities, Handling Equipment and Storage and Handling Trucks (Continued)**

If it is determined that these sources are not available to provide a fair and reasonable market value, STC or COC can use other sources, practical knowledge and expertise to determine a reasonable value to support the cost of the **used** FSFL component. The reasonable value must be a reasonable price that CCC can expect to receive if the FSFL collateral has to be liquidated.

For questionable situations, contact the National Office.

If the aggregate outstanding FSFL balance does not require additional security, the valuation of the **used** items to be purchased must be equal to or exceed the amount of the loan.

If the aggregate outstanding FSFL balance requires additional security, the following guidelines must be met:

- COC may assign a value of no more than **50 percent** of the FSFL amount for the **used** items being purchased

Note: For used items STC's are authorized to allow a reduced value of **20 percent** of the FSFL amount. This must be on a statewide basis and **not** on a case by case basis.

- additional security as described in paragraph 121 must be obtained. The additional security plus the **50 percent** (or 20 percent if reduced by State Committee) of the FSFL amount must equal **at least** 125 percent of the FSFL.

STC or COC must document on CCC-185D, item 5 the source used for determining a reasonable value. A reasonable valuation to support the cost will provide security for both the producer and CCC.

123-139 (Reserved)

Part 8 Liens

140 State Supplement Explaining State Legal Requirements**A Method of Securing a Lien**

Filing UCC-1 provides FSA with a lien on the structure being built. If a lien is **required** on real estate, the form to file is dependent on State law. For additional information on filing these documents, see paragraphs 142 and 143.

B Verifying Lien Position

A lien search **must** be performed to determine CCC has the lien position required. See paragraph 144.

The method to properly perfect a lien on security varies significantly between States. Each State, with regional OGC guidance, **shall** issue a State supplement to provide additional guidance on properly perfecting liens within their State.

141 Completing CCC-10's**A Applicability**

Producers applying for FSFL's at the County Office are **required** to provide specific information on CCC-10. CCC-10 will:

- serve as CCC's or FSA's notice of intent to perfect its security interest
- identify the debtor's exact full legal name, and if the debtor is an entity, the type and location of the entity
- identify the jurisdiction in which CCC will conduct lien searches
- authorize CCC to file UCC-1's before executing CCC-186.

See Exhibit 53 for instructions on completing CCC-10.

141 Completing CCC-10's (Continued)

B Obtaining Authorization

County Offices shall:

- if a current CCC-10 is **not** already filed, obtain a signed CCC-10

Note: If the County Office has a signed CCC-10 on file, a new CCC-10 is **not** required, even if a new form revision has been issued. However, if a new FSFL is requested after the form revision date, a new CCC-10 is required.

- ensure that producers understand that:
 - applicable collateral for FSFL's is **not** described on CCC-10
 - CCC-10 remains in effect until the producer notifies CCC or FSA of any changes by completing a new CCC-10
- for UCC-1's filed manually that require the debtor's signature, according to CCC, require the producer to identify the jurisdiction in which to perform lien searches

Note: County Offices shall ensure that the name is as it appears on the valid State-issued driver's license or State-issued ID card.

- allow spouses to sign CCC-10 on behalf of each other only as allowed, according to 1-CM
- gather data and signatures about spouses where spousal information is **required** by State law, according to OGC
- if a spouse is a co-borrower, ensure that the husband and wife complete separate CCC-10's, if **required** by State law
- if applicable, provide a copy of CCC-10 to other County Offices in which the producer is active
- file CCC-10's in alphabetical order in folders labeled "PSLF-3-d-2 Financing Statements".

142 Chattel Lien Instruments**A Perfecting Liens for Storage and Handling Trucks and Handling Equipment**

Filing UCC-1 provides FSA with a lien on the permanently affixed or portable (new or used) structure or FSFL equipment being acquired, installed or built.

To perfect a lien on storage structures, storage and handling trucks and/or handling equipment with an identifiable number, such as serial numbers or VIN, the County Office must list the identifiable number on CCC-186 as FSFL collateral at closing.

For storage and handling trucks, when there is no existing Certificate of Title, serial number or VIN, the FSFL request must **not** be approved.

Because State laws vary for acquiring, installing, purchasing and perfecting liens for portable storage structures, handling equipment, and storage and handling trucks, **SED's are authorized** to issue State supplemental policy, that may be more restrictive; however, the State supplemental policy **must** at least include the following **how or when** requirements:

- full coverage automobile insurance (collision and comprehensive) must be provided
- State emissions and vehicle inspection must take place and will be verified, if applicable
- CCC will be listed as lienholder, if applicable
- Certificate of Title will be recorded at the State or local MVA.

It is recommended that SED's work with FSA employees with loan approval authority to establish the necessary State supplemental policy.

B Obtaining UCC-1's for Financing Statements

UCC-1's for FSFL financing statements shall be obtained, completed, and submitted according to State laws.

142 Chattel Lien Instruments (Continued)

C State Office Action

The method to properly perfect a lien on security varies significantly between States. Each SED, with regional OGC assistance, shall issue a State supplement to provide additional guidance on properly perfecting liens on portable structures, equipment and/or storage and handling trucks within their State.

State Offices shall:

- contact their regional OGC to:
 - determine whether UCC Article 9, 2010 amendments have been adopted in their State
 - obtain guidance on filing new UCC-1's with their filing offices
 - obtain guidance on the **required** documents needed to verify changes for business entities and other registered organizations
 - determine whether chattel lien and/or fixture filing are **required** for their State
- modify or issue State supplements, as necessary, according to 1-AS.

142 Chattel Lien Instruments (Continued)

D County Office Action

County Offices shall:

- if applicable according to State law, obtain the applicant's signature on the applicable manual UCC-1 when CCC-185 is submitted and **before** or immediately after the farm storage equipment is delivered to the farm
- prepare manual or electronic UCC forms according to State law as soon as an adequate description of the collateral is available using data from a current CCC-10 prepared according to paragraph 141

Note: If CCC-185 submitted is only for part of the structure, a lien shall be filed on the **entire** structure.

- ensure that UCC-1 is filed in the name as it appears on the valid State-issued driver's license or State-issued ID card

Note: UCC-1's **must** identify the debtor's exact full name, and if the debtor is an entity, the type and location of the entity as provided in paragraph 69.

- file UCC forms according to State law before, or as soon as possible after, the equipment is delivered to the proposed location

Note: If the Letter of Intent for Irrevocable Letter of Credit is received in the County Office with the application package, UCC-1 is **not** required, unless it is required by State law or STC.

- pay filing or recording fees as provided in paragraph 302
- maintain UCC filings according to paragraph 216.

143 Real Estate Lien Instruments

A Form of Real Estate Lien

Real estate liens shall be in the form of a real estate mortgage, Deed of Trust, or other security instrument approved by OGC and according to applicable State laws.

State Offices shall develop a real estate lien instrument in consultation with their regional OGC. The security instrument may be a real estate mortgage, Deed of Trust, or other type of instrument. The security instrument **must** be used for all FSFL's to be secured with real estate. CCC-193 is a real estate mortgage available for FSFL. CCC-193-D is a Deed of Trust available for FSFL. Refer to Exhibit 6 for examples.

See Part 11 for guidance on forms necessary at FSFL closing for securing real estate and perfecting liens on real estate.

B Lien Provisions

The lien on the site on which the facility is to be located **must**:

- contain an exact legal description of the site
- grant CCC access rights to the property.

C Signatures

For a lien on real estate, **all** of the following shall sign the real estate lien instrument:

- applicant, **only** if the applicant has an ownership interest in the land
- all persons or entities having an ownership interest in the applicable real estate
- applicant's spouse in States where spousal signatures are **required** by statute.

143 Real Estate Lien Instruments (Continued)**D County Office Action**

County Offices shall:

- prepare the instruments and provide to the closing attorney
- file a copy of the instrument in the FSFL folder
- provide a copy of the instrument to the borrower through the closing agent
- record the filing date, place, book, and page number on the County Office copy.

E Closing Agent Action

The closing agent shall:

- obtain all necessary signatures on the instrument
- file or record the original document according to State law.

F Fees

The borrower shall pay all title fees according to paragraph 58.

144 Lien Searches**A Chattel Lien Searches**

Applicants shall **not** allow any additional liens or encumbrances to be placed on the storage facility, handling equipment or storage and handling truck after FSFL is approved **unless** CCC approves otherwise in writing.

A lien search **must** be performed to determine CCC has the necessary lien position required for the FSFL structure, equipment and/or storage and handling truck. The lien search **must** occur **after** the FSFL UCC-1 has been filed to determine the lien position.

County Offices shall perform a lien search to determine that no other liens are filed on the collateral according to State policy.

Note: Some instances may require the lien search to also be performed using the seller's information.

CCC is responsible for costs associated with chattel lien searches.

144 Lien Searches (Continued)**B Real Estate Lien Searches When FSFL Has No Real Estate for Security**

If the FSFL is for portable equipment and/or storage and handling trucks, this subparagraph does not apply.

In the initial stages of the application process, County Offices shall:

- conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility that will determine whether CCC-297's **must** be obtained
- document the lien search on FSA-2360 or similar form.

If County Offices are unable to obtain the **required** real estate lien searches from their County Recorder, or if State procedure requires, the County Office shall use either of the following:

- local title company with moderate fees
- FSA personnel trained to perform real estate lien searches.

C Real Estate Lien Searches When FSFL Has Real Estate for Security

In the initial stages of the application process, County Offices shall:

- conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility that will determine whether CCC-297's **must** be obtained
- document the lien search on FSA-2360 or similar form.

If real estate is security for FSFL, the closing agent will complete a search of the records. This is accomplished by a title opinion or a title insurance policy. See paragraph 187 for detailed information.

144 Lien Searches (Continued)**D Liens on FSFL Structure**

If the chattel lien search identifies other liens on the collateral before CCC filing, County Office **must** obtain lien waivers. CCC-190 (Exhibit 56) shall be used.

Example: If CCC is taking a lien on handling equipment, and the chattel lien search indicates another lender has a lien on the equipment, obtain CCC-190 from the other lender.

E Land Already Encumbered

CCC's security interest in the **collateral**, such as the actual storage structure, shall constitute the sole security interest in collateral.

If CCC requires a first lien and the real estate is already encumbered or subject to a prior lien, the County Office shall advise the closing agent that a subordination agreement shall be obtained and recorded making CCC's lien a first lien on the real estate where the facility is to be located. This information will be provided to the closing agent in the letter discussed in subparagraph 187 F.

Exception: See subparagraph 121 B.

CCC-194 (Exhibit 57) is a subordination agreement that may be used for FSFL purposes.

State Offices may develop their own subordination agreement in consultation with their regional OGC.

In addition, if there are prior liens on the underlying real estate to which the collateral is attached, County Offices shall obtain CCC-297 according to paragraph 197.

145-152 (Reserved)

Part 9 FSFL Decision

153 Items To Be Reviewed for FSFL Approval

A Responsibility

The approving authority shall determine:

- whether the applicant meets all eligibility requirements
- whether the proposed facility or renovation is eligible and needed
- whether the handling equipment and/or storage truck is eligible
- whether the estimated yields and acreages to calculate the storage needs are reasonable
- whether the FSA-850 environmental conditions of the site would place CCC at risk
- whether additional security is required according to paragraph 121

Note: Based on authorization provided to STC's in subparagraph 121 A, additional security may be **required** on a statewide basis for FSFL's with an aggregate outstanding balance greater than \$50,000.00.

- the type of security to be required, including but not limited to, Letter of Intent to provide an Irrevocable Letter of Credit at loan closing
- concur with the valuation of the security according to subparagraph 122 B
- the conditions of approval according to paragraph 156.

153 Items To Be Reviewed for FSFL Approval (Continued)

B COC or CED/Farm Loan Approval Official Review

COC shall review all FSFL requests, except requests that have an aggregate outstanding FSFL balance of \$25,000 or less and the STC has delegated authority to the CED or FSA loan approval official. This review **must** be documented in the executive COC minutes.

Reminder: If COC is **not** meeting in the near future, County Offices should use the provisions in paragraph 12 to expedite processing the FSFL request.

See paragraph 10 for the appropriate loan approval authority. If FSFL is **not** within COC loan approval authority, follow the appropriate guidance in subparagraph C or D.

C DD or State Office Designee Review Before COC Review

DD or State Office designee with loan approval authority shall, before approval by COC, review CCC-185 where the total aggregate outstanding FSFL balance is equal to \$100,000.01 to \$250,000. If the review:

- reveals discrepancies or errors, the file shall be returned to the County Office for correction

Note: After corrections have been made, DD or State Office designee shall again review the file.

- is acceptable, a statement similar to the following shall be entered in CCC-185D, item 5:

“After reviewing the completed documents and reviewing the financial documents, I concur with the recommendation of the [*insert as applicable, FLM, FLO, or SFLO*], concurring with the financial ability of the applicant, and I also recommend [*insert as applicable, approval or disapproval*] of FSFL to COC.”

Note: DD or State Office designee shall sign and date the statement.

After DD or State Office designee review, COC shall review FSFL and sign CCC-185D.

The FSFL approval date will be the date COC approves FSFL **after** DD or State Office designee review.

153 Items To Be Reviewed for FSFL Approval (Continued)

D STC Review

STC or STC-delegated SED **only** is the approval authority for an individual FSFL with a total aggregate outstanding FSFL balance of \$250,000.01 or greater.

STC or STC-delegated SED shall approve or disapprove the following:

- CCC-185's with a total aggregate outstanding FSFL balance of \$250,000.01 or greater
- biomass CCC-185's
- CCC-185's where STC has set other limitations for COC approval.

County Offices shall forward to the applicable reviewing or approving officials the following:

- original case file, including the complete CCC-185 with documentation to support the determinations in subparagraph A
- an ArcGIS map layout of the proposed site where the facility will be located identifying roads and other key points
- written recommendation from COC:
 - advising if FSFL should be approved
 - suggested commodity yield for eligible perishable commodities and renewable biomass commodities

Note: It is recommended that alternative options for in-person COC meetings according to paragraph 12 be utilized to prevent delays of approval.

- recommendation in FBP, FSFL Credit Presentation from individual conducting the financial analysis about the applicant's credit history, ability to repay, and type of security.

Before STC or SED review, DD or State Office designee with loan approval authority shall also review all FSFL's where the borrower's **total aggregate outstanding FSFL balance** is over \$250,000 before STC or SED review.

154 FSFL Approval

A Documenting FSFL Approval

If the decision is to approve FSFL after the review in paragraph 153 is complete and all discrepancies are corrected, the appropriate approving official shall:

- complete CCC-185D, items 3 through 10A according to Exhibit 58
- approve FSFL with signature and date in CCC-185D, items 10B and 10C

Note: County Office employees shall develop FSFL conditions as explained in paragraph 156. By approving CCC-185D, the appropriate approving official is concurring with these FSFL conditions.

- document the determination in the executive COC and/or STC minutes, as applicable.

Note: If the FSFL is within the loan approval authority of a CED or FSA loan approval official for FSFL's with an aggregate outstanding balance of \$25,000 or less according to subparagraph 10 B, the COC will be informed at the next COC meeting that this loan was approved.

If STC is the approval authority, after approval return the case file to the County Office for FSFL processing, disbursement, and servicing.

B Renewable Biomass FSFL's

STC is the approval authority for all renewable biomass FSFL's. The following information **must** be immediately submitted by the State Office after STC approval to Toni Williams by e-mail to **toni.williams@wdc.usda.gov**:

- resale collateral value for which the facility is approved
- type of storage approved
- capacity of the storage facility
- county and FSFL number
- total FSFL amount approved.

154 FSFL Approval (Continued)**C Processing FSFL Approvals**

After CCC-185D is approved, County Office shall:

- ensure the FSA employee with loan approval authority update the FBP, Credit Action to “Approved” according to 1-FLP, Exhibit 15, item J 15

Note: It is critical that the FBP, Credit Action be updated to “Approved” immediately after STC or COC approval because the monthly interest rate will not be properly applied to FSFL if the credit action is not timely updated.

- enter approval date in DLS according to 2-FSFL, paragraph 302

Note: If in CCC-185, item 3D, partial and final disbursements are requested, enter the approval date and amount for each FSFL.

- immediately after entering approval in DLS, the FSFL will be obligated

Note: If in CCC-185, item 3D partial and final disbursements are requested, obligate each FSFL immediately on approval.

- after the requested funding has been received in the County Office, notify the borrower of FSFL approval as directed in paragraph 13 using Exhibit 7.

The borrower shall **not** be notified of FSFL approval before the funding obligation is received in DLS.

D Distribution of CCC-185D

County Offices shall:

- retain the original in the FSFL folder
- mail a copy to the FSFL applicant with the Approval Notification Letter (Exhibit 7).

155 FSFL Disapproval**A Documenting FSFL Disapproval**

If the decision is to disapprove FSFL after the review in paragraph 153 is complete and all discrepancies are corrected, the appropriate approving official shall:

- in CCC-185D, item 6A, select “Disapproved”
- in CCC-185D, item 6B, ENTER “0”
- disapprove FSFL by signing CCC-185D
- document the determination in the executive COC and/or STC minutes, as applicable.

If STC is the approval authority, after approval return the case file to the County Office for disapproval processing.

B Processing FSFL Disapproval

After CCC-185D is disapproved by COC or STC, County Office shall:

- send the producer the Adverse Determination Notification Letter (Exhibit 8) according to paragraph 13

Note: Include appeal rights according to 1-APP.

- enter COC, DD, or STC disapproval date, as applicable, in DLS according to 2-FSFL, paragraph 303
- if the producer appeals the decision, track the appeal in DLS according to 2-FSFL, paragraph 303.

C Distribution of CCC-185D

County Offices shall:

- retain the original in the FSFL folder
- mail a copy to the FSFL applicant with the Adverse Determination Letter (Exhibit 8).

156 Conditions of FSFL Approval**A FSFL Conditions**

Conditions of approval will include actions that must be taken or documents that must be provided before disbursement as required by STC, COC, or other approving authority.

Note: Conditions of approval shall **not** include eligibility determinations.

Loan approval official shall complete CCC-185D, items 3 and 4 for items **required** according to Exhibit 58.

Additional FSFL conditions shall be entered in CCC-185D, item 5, "Remarks". Examples of additional FSFL conditions are provided in subparagraphs B through H.

See paragraph 157 for information about waivers of insurance requirements.

B Real Estate Appraisal

Subparagraph 122 B allows approval of CCC-185D conditional on a real estate appraisal.

If this is applicable, FSFL condition **must** be documented in CCC-185D, item 5.

C Irrevocable Letter of Credit

If the producer is providing an Irrevocable Letter of Credit to secure FSFL, CCC-185D, item 4 should be noted that the Irrevocable Letter of Credit **must** be received before FSFL closing.

D Costs for Closing Agent

If a real estate lien is **required**, inform the applicant that they **must** obtain an attorney, or that a title company is required, for title clearance. The attorney or title company shall perform all real estate lien searches. Costs shall be paid by applicant.

E Signature Requirements

Signature requirements for individuals and entities vary by State law. See paragraph 185 for State guidance on signature requirements. If additional parties will be **required** to sign the closing documents, the applicant should be advised in CCC-185D, Item 5.

156 Conditions of FSFL Approval (Continued)**F Voluntary Increased Down Payment**

According to subparagraph 197 B, the applicant may increase the down payment from 15 percent to 20 percent, and CCC-297 will **not** be **required**. If applicants request this option, FSFL condition **must** be noted in CCC-185D, item 5.

Authorization is not provided to increase the FSFL micro loan down payment to 20 percent to avoid the CCC-297 requirement.

G Proof of Final Cost

After construction has been completed, the applicant shall submit final cost documents. In addition, CCC-197 and CCC-191's are **required** to calculate the final cost of the FSFL project.

H Security Requirements

FSFL's state specific requirements for security. If the lien search is completed before closing and it is determined CCC is **not** currently in the correct lien position, CCC-190, CCC-194, and/or FSA-2319 may be needed.

157 Insurance Waivers

A Multi-Peril Crop Insurance, NAP, or Dairy Coverage Waivers

COC may waive the multi-peril crop insurance, NAP or dairy program coverage requirement for FSFL's with an aggregate outstanding FSFL balance of \$100,000, or less if:

- it is too late for the producer to obtain multi-peril crop insurance or program coverage for the crop year
- the producer did **not** realize or forgot to purchase multi-peril crop insurance or program coverage for the crop year.

STC has authority to establish a more restrictive policy on a Statewide basis.

The waiver may apply to both of the following:

- a prior crop year
- current crop year.

After COC has made a determination, County Offices **must**:

- enter the following statement in CCC-185, item 14:

“I agree to purchase the required insurance for loan commodities during the next available sales period. I understand that my failure to meet this requirement will be construed as a program violation.”
- ensure that producers initial and date the statement in CCC-185, item 14 to signify that the statement will be complied with and is understood
- maintain a copy of the determination and statement in the FSFL folder and ensure that the determination is documented in COC minutes.

157 Insurance Waivers (Continued)

B Waiver for Commodities Not Being Stored in Structure

For commodities **not** being stored in the structure and the aggregate outstanding FSFL balance is \$100,000 or less, STC's may authorize COC's to determine whether multi-peril crop insurance is **required** for all commodities produced by the producer. For additional guidance, see paragraph 96.

If it is determined that multi-peril crop insurance is **not** required for commodities not being stored in the structure, COC is not authorized to allow the producer to store the uninsured commodity in the storage structure during the FSFL term. Contact the National Office for questionable situations.

If approved by COC, the County Office **must** have the applicant initial and date the following statement in CCC-185, item 14:

"I understand that I am **not** authorized to store my [*enter commodity*] production in the structure during the FSFL term."

C Multi-Peril Crop Insurance or NAP Coverage Waivers for Hay Producers

For hay producers, STC's are authorized to waive, on a case-by-case basis, multi-peril crop insurance or NAP coverage if **both** of the following apply:

- aggregate outstanding FSFL balance is \$100,000 or less
- multi-peril crop insurance or NAP coverage insurance cost for producer will range between \$500 and \$750.

In place of the multi-peril crop insurance or NAP coverage, hay producers **must** obtain and maintain all-peril structural insurance on the hay stored in the FSFL structure.

The hay producer **must** annually submit, in writing to the County Office, a request to waive the multi-peril crop insurance or NAP coverage. STC will determine, on a case-by-case basis, if the request will be approved.

The producer's request and waiver determination **must** be maintained in the FSFL folder and documented in STC or COC meeting minutes.

STC has authority to establish a more restrictive policy and is authorized to redelegate authority to COC only for provisions provided in this subparagraph.

157 Insurance Waivers (Continued)

D Multi-Peril Crop Insurance, NAP, or Dairy Coverage Waivers for Eligible Perishable Commodity Producers

For eligible perishable commodity producers, STC's are authorized to waive, on a case-by-case basis, multi-peril crop insurance, NAP, or dairy coverage if **both** of the following apply:

- aggregate outstanding FSFL balance is \$100,000 or less
- producer produces a minimum of 3 different eligible perishable commodities.

The eligible perishable commodity producer **must** annually submit, in writing to the County Office, a request to waive the multi-peril crop insurance, NAP, or dairy insurance coverage. STC will determine, on a case-by-case basis, if multi-peril crop insurance, NAP, or dairy insurance coverage is **or** is **not** feasible for the eligible perishable commodity producer.

STC or designee may waive for the FSFL term, on a case-by-case basis, the dairy insurance coverage requirement, when the insurance coverage according to subparagraph 96 A cannot be obtained.

When determining feasibility, STC should take into account a variety of factors, including but **not** limited to:

- number of crops
- typical area planted to each crop
- whether the producer markets the products in a way that commands a price premium above traditional markets; for example, direct-to-consumer; through a food hub; to a local restaurant certified organic, etc.

The producer's request and waiver determination **must** be maintained in the FSFL folder and documented in STC or COC meeting minutes.

Note: STC has authority to establish a more restrictive policy and is authorized to redelegate authority to COC only for provisions provided in this subparagraph.

157 Insurance Waivers (Continued)

E All-Peril Structural Insurance Waivers

STC has authority to establish a more restrictive policy and is authorized to redelegate authority to COC to waive the all-peril structural insurance requirement, on a case-by-case basis, for the term of FSFL, if the aggregate outstanding FSFL balance is \$100,000, or less, and either of the following applies:

- it is determined the storage structure **cannot** be insured with all-peril structural insurance
- storage structure is a concrete bunker silo and there is no chance of loss from fire or other hazardous risks.

The waiver determination **must** be maintained in the FSFL folder and documented in STC or COC meeting minutes.

A hoop building **must** be insured with all-peril structural insurance to be considered eligible for FSFL.

158 Approval Extensions**A Extensions That May Be Granted**

Based on the date the FSFL obligation appears in the system, CCC starts paying interest to Treasury on the obligated funds. Therefore, it is important that FSFL construction projects are completed timely and FSFL's are closed. However, extensions are permitted if necessary.

FSFL approvals expire 6 months after the date of approval. See subparagraph 14 A for approval authorities to grant extensions. See subparagraphs E and F for extensions beyond 12 or 18 months.

Extensions become necessary only if the applicant has **not** completed construction or has **not** submitted all documentation **required** to disburse FSFL. Delays in disbursing FSFL within the control of CCC, such as obligation of funds and the need for additional lien waivers discovered during the lien search, does **not** require a request for an extension from the applicant.

FSFL must **not** be disbursed with an expired FSFL approval date. If all documentation to disburse FSFL is received in the County Office and date-stamped before the FSFL expiration date, FSFL may be disbursed.

B Expiration Reminder Notification to Applicant

County Office **must** establish a follow-up system to remind the applicant of the FSFL approval expiration.

County Offices shall notify applicants by phone, e-mail, or letter, 14 workdays before the expiration date that, if necessary, the applicant **must** request an extension in writing.

158 Approval Extensions (Continued)**C Applicant Request for Extension**

If an extension is being requested, the applicant **must**:

- submit a written request for an extension within 7 calendar days of notification by the County Office or the FSFL approval period expiration date, whichever is later

Note: Extensions may be approved after the FSFL approval expiration date, if the request for the extension was made in a timely manner.

- applicant provides a binding contract, signed by the applicant and supplier, proving there is a purchase commitment
- provide evidence that CCC-185 was made in good faith
- provide evidence that lack of completion is because of reasons beyond their control.

Examples: The following are examples of reasons beyond the applicant's control:

- bad weather conditions
- delays in the delivery of parts
- lack of necessary skilled labor
- legal delays involving:
 - contractor discrepancies
 - real estate liens
 - regional OGC opinions.

158 Approval Extensions (Continued)

D Review of Applicant Request for Extension

STC's, delegated SED's, or COC's shall:

- grant the extension **only** if the applicant meets the requirements in subparagraph C
- grant extensions only for the time necessary to complete the FSFL project
- **not** grant automatic extensions
- if determined an extension will be granted, approve extensions on CCC-185D, item 8B or 8C, by notating the next expiration date.

E Requests for Extensions Beyond 12 Months

See subparagraph 185 F for a **required** financial review if FSFL closing has been delayed for more than a year.

STC's **only** are authorized to grant extensions of FSFL approvals beyond 12 months, **not** to exceed 18 months from the date of the original approval. This authority may **not** be redelegated.

STC's **must** use discretion when approving extensions beyond 12 months, **not** to exceed 18 months of the original FSFL approval date.

State Offices **must** e-mail the following details about FSFL to Toni Williams at **toni.williams@wdc.usda.gov** when FSFL extensions are granted by STC beyond 12 months:

- FSFL number
- FSFL amount
- reason for extension beyond 12 months
- date STC approved the FSFL approval extension
- FSFL approval extension expiration date.

F Requests for Extensions Beyond 18 Months

DAFP waiver is **required** for extensions beyond 18 months of the original FSFL approval date.

159-169 (Reserved)

Part 10 Final Review of Documents**170 Disbursements****A General Information for FSFL Disbursement**

All FSFL projects **must** be inspected using CCC-295A before disbursement.

Actions required in Parts 10 and 11 shall be completed for both a partial and final disbursement.

B Evidence of Total Cost

The disbursement will be made **only** if the borrower provides satisfactory evidence of the following:

- total cost of the facility, handling equipment, and/or storage and handling truck as evidenced by completed and signed CCC-191's from all contractors, dealers, suppliers, and vendors
- payment of all debts on the collateral in excess of FSFL amount
- **required** down payment.

This is applicable to both partial and final disbursements.

The FSFL Disbursement Calculator and CCC-197 should include all CCC-191's received from contractors, suppliers, and vendors.

C Purchasing Portable Storage Structures, Drying and Handling Equipment, and Storage and Handling Trucks

The applicant may complete the purchase of the portable storage structures, drying and handling equipment and storage and handling trucks at any time **after** loan approval.

170 Disbursements (Continued)

D Disbursement for Portable Storage Structures, Drying and Handling Equipment, and Storage and Handling Trucks

The minimum down payment is required prior to closing the FSFL. CCC-191's **are** required for the minimum down payment (plus any voluntary additional amount paid) prior to closing. The disbursement calculator will be prepared utilizing the acceptable dated statement with the intent to purchase and/or sales contract/order.

The FSFL **may** be disbursed before the FSFL components are acquired or purchased. If FSFL funds are being disbursed to complete the acquisition or purchase, inform the producer the following must be returned to the County Office within **15 workdays** after the closing of the FSFL:

- a signed and dated original sales receipt for the purchase, including the seller's name, address and contact number
- for storage and handling trucks:
 - provide automobile insurance policy, according to paragraph 98
 - proof that the emission and/or vehicle inspection was successfully performed, as required in the State
 - proof that sales tax, registration fee and other applicable MVA fees were paid
 - certificate of title and lien release, if applicable.

Note: On a case-by-case basis, the borrower may request in writing, an extension of 15 workdays, but no more than 30 workdays, to provide to FSA the applicable documents for the purchase of the portable storage structure, drying and handling equipment, and/or storage and handling trucks.

Example: Producer Clark is purchasing a used grain auger. The producer submitted the FSFL request and sales order for the used grain auger in the amount of \$10,500, in the County Office on November 7, 2017. A financial analysis was performed by an FSA employee with loan approval authority. A recommendation is received from an FSA employee with loan approval to approve the FSFL request. The STC designated the CED approval authority to approve the FSFL request. The producer is notified of the approval, a closing date, and the amount of the minimum down payment required to be paid to the dealer or seller prior to closing. The producer visits the County Office to close the FSFL. The FSFL is disbursed. Producer Clark is instructed to return to the FSA County Office the original sales receipt for the purchase of the used grain auger within 15 workdays after the closing of the FSFL.

170 Disbursements**D Disbursement for Portable Storage Structures, Drying and Handling Equipment, and Storage and Handling Trucks (Continued)**

If the signed and dated original sales receipt is **not** returned to the County Office within 15 workdays after the closing of the FSFL **and** the producer did not request, in writing, an extension, a receivable must be established for the FSFL and the FSFL must be accelerated.

E Partial Disbursements

According to paragraph 57, on CCC-185, item 3D, applicants select whether FSFL will be disbursed in “Partial/Final” or “Final” disbursement.

County Office employees **must** inspect the FSFL project **before** the partial disbursement and determine whether the completed part of the FSFL project is commensurate with the partial disbursement amount. CCC-295C must be used to document the inspection for portable structures, equipment, or storage and handling trucks, according to subparagraph 171 C.

Example: The following example explains the maximum amount of the partial disbursement allowed.

FSFL is approved for \$110,000. The applicant completes the site preparation, foundation, and the outer shell of the steel bin. Bills are presented to the County Office for \$60,000. The bills presented are over half the approved total FSFL amount. The maximum partial disbursement the borrower can receive on this FSFL is \$55,000. Although additional security is **required** for \$110,000 **before** the final FSFL disbursement, only the UCC-1 filing is **required** for the \$55,000 partial disbursement.

170 Disbursements (Continued)

F Final Disbursements

CCC will disburse FSFL or make the final disbursement when:

- the **entire** collateral has been:
 - assembled, constructed, installed, or acquired/purchased,
 - inspected and approved by County Office representative
 - determined to be free of liens other than CCC's by a final lien search according to paragraph 144
- all security requirements have been met.

The final FSFL disbursement **must** subtract all grants and loans on the same structure from any Federal Government Agency according to paragraph 61.

Example: RD grants and loans.

171 Inspection**A Inspection and Approval of Facility Construction**

County Offices shall:

- inspect the facility before the partial **and** final disbursements
- document results of the partial and final inspections in the FSFL folder on CCC-295A.

Note: If both partial and final disbursements are requested, CCC-295A for each disbursement is **required**.

B Safety Guidelines

FSA is committed to providing a safe environment for employees who:

- inspect newly constructed storage facilities
- perform inspections of existing storage facilities.

Employees shall follow safety practices according to 5-LP, paragraph 89. In addition, observe the following guidelines when performing initial and annual FSFL inspections:

- do **not** climb stairs or ladders, unless it is necessary to visually locate handling equipment that will be collateral for FSFL and the equipment can be safely inspected
- if climbing stairs or ladders is necessary, use proper safety equipment, if available
- if handling equipment **cannot** be located, verify installation with the borrower
- do **not** attempt to locate serial numbers for equipment that is inaccessible or **not** in a safe location
- document unsafe conditions on CCC-295A that should be fixed by the borrower, such as loose ladders.

C Inspection of Portable Storage Structures, Drying and Handling Equipment and Storage and Handling Trucks

If accessible, a County Office employee must evaluate the equipment and handling component at the location provided on the FSFL request and purchase contract/order.

Note: For questionable situations, contact the National Office.

Use CCC-295C to document the complete description of the portable structure, equipment and/or storage and handling truck with identifiable numbers and odometer reading, if available.

171 Inspection (Continued)

D Example of CCC-295A

The following is an example of CCC-295A.

This form is available electronically.

CCC-295A (12-21-17)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation FARM STORAGE FACILITY LOAN PROGRAM FINAL INSPECTION OF PERMANENTLY AFFIXED FSFL COLLATERAL BEFORE LOAN DISBURSEMENT		
BORROWER INFORMATION			
1A. Applicant's Name and Address (Including Zip Code)	2. Loan Number		
1B. Applicant's Telephone Number (Including Area Code):			
INSTRUCTIONS: Review each item below. If "NO", explain deficiencies and corrective action needed in remarks.			
REQUIRED FINAL INSPECTIONS	YES	NO	REMARKS
3. Does the permanently affixed FSFL collateral structure and/or equipment match what was approved by COC?			
4. Was affixed FSFL collateral installation properly inspected?			
5. Does the cost of permanently affixed FSFL collateral appear to be reasonable?			
6. Is there legal access to the farm for inspection of the FSFL collateral?			
7. Complete the description of FSFL collateral.			
8. Locate and record serial numbers of FSFL collateral.			
9. Additional Remarks (Indicate Item Number for each remark.)			
10A. Signature of Agency Official Inspecting Facility		10B. Title	10C. Date of Inspection (MM-DD-YYYY)

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

172 Final Review of Cost Documents**A Acceptable Cost Documents**

County Offices shall review:

- final evidence of total cost
- proof of down payment

Note: CCC-191's, signed and dated by the contractor or seller with the amount of the down payment listed in items 3(a) **and** 3(b), are considered proof of down payment.

- payment of amounts in excess of FSFL.

CCC-191's are **required** when an Irrevocable Letter of Credit is used to secure FSFL.

B Examples of Acceptable Evidence

The following are examples of acceptable evidence of cost documents:

- a sales document or receipt
- a certification
- a receipt
- copies or facsimiles of documents
- a canceled check that is supported by a signed and dated sales document.

Notes: All acceptable evidence **must** be signed and dated by the contractor or seller **if** evidence is **not** on the original letterhead or stamped with the company's seal.

When a signature and date are **required**, initials are **not** acceptable.

The amount of the final invoice or bill must **not** be included in the FSFL amount and FSFL shall **not** be disbursed if CCC-191 is **not**:

- properly completed
- supported with acceptable evidence
- signed and dated, if applicable.

Notes: Releasing liability exceptions policy according to subparagraphs 173 B and C applies.

Although CCC-191's are waived according to subparagraphs 173 B and C, the eligible cost must be included on the FSFL Disbursement Calculator, CCC-197, and acceptable evidence of the eligible cost is required.

172 Final Review of Cost Documents (Continued)**C County Office Action**

County Offices shall:

- date-stamp the original evidence, make a copy for the FSFL folder, and return the original evidence to the borrower
- request the applicant to provide, within 10 calendar days, any additional information or documentation considered necessary to support costs or down payment
- verify evidence with the contractor or seller, if necessary
- discuss and obtain approval from COC/STC or State Office designee, any questionable evidence or costs.

D Trade-In Allowances

County Offices may allow trade-in allowances.

Example: The borrower has an old grain dryer valued at \$1,000 to:

- trade in to the storage bin distributor
- use towards the down payment.

The value of the old grain dryer **can** be used towards the down payment for FSFL, unless COC determines the trade-in value is unreasonable.

Questionable situations must be discussed with the State Office, and when necessary, State Office may contact the National Office for additional guidance.

173 CCC-191

A Releasing Liability

CCC-191 is necessary to protect CCC and the FSFL applicant from the following:

- mechanics or other liens
- claims arising against the contractor or subcontractors.

County Offices shall obtain CCC-191's for all FSFL construction projects from the following:

- primary contractor who either constructs or subcontracts all aspects of the facility construction and presents 1 bill to the applicant for the entire FSFL project
- all contractors and suppliers providing separate bills for supplies, work, or services performed in the construction of FSFL, whether their part of the project is included in the final amount of FSFL.

Only one CCC-191 is **required** from each contractor supplying goods or performing services for each FSFL disbursement. A new CCC-191 is **required** from the contractor if the contractor has presented bills for both the partial and final disbursement.

CCC-191 is required for purchases of storage and/or handling equipment or handling trucks to document receipt of the required down payment and if there is an outstanding payment due to the contractor and/or supplier.

CCC-191 on file does **not** have to reflect that the total amount of the bill has been paid. CCC-191 can show a partial or no payment has been made.

Example: The borrower paid the cement contractor the **required** 15 percent of the total cement bill as reflected in their total, final bill. The 15 percent is entered in CCC-191, items 3 (a) and (b). Because the cement contractor has **not** been totally paid, FSFL disbursement was made to the borrower and cement contractor. A new CCC-191, following disbursement with the contractor's name on the check, is **not** required from the contractor.

If the supplier and/or contractor did **not** receive payment, the County Office **must** notate in CCC-191, item 3 (a) that no payment was made and the FSFL disbursement **must** be joint to the producer and supplier and/or contractor.

CCC-191 will **not** be required for some exceptions. See subparagraph B.

173 CCC-191 (Continued)

B Releasing Liability Exception for Purchases of Supplies up to \$3,000

STC is authorized to approve an exception to current CCC-191 policy, on a statewide basis, under specified conditions.

Note: STC can only delegate this approval to SED, or DD.

The specified conditions include all of the following:

- **eligible supplies** are from a retail establishment, suppliers and/or vendors, including on-line internet purchases

Note: CCC-191 contains a release of liability and will still be **required** from anyone performing work on the structure with no exceptions to the cost.

Example: The total bill for the electrician to wire the fans in a grain bin totals \$1,100. CCC-191 is **required** because the bill includes services.

- total sales receipts from retail establishments is \$3,000 or less

Example: A producer has bills from Lowe's for \$1,550 and an electrical supply store for \$1,600. CCC-191 waiver can only be requested for 1 of these bills because together the total is over \$3,000. Both bills were paid using checks. DAFP waiver for the other bill will be **required**.

- dated sales receipt, identifying all eligible items and costs, indicating method of payment.

C Releasing Liability Exception for Credit Card Purchases

STC's are authorized to approve a waiver of the CCC-191 requirement, on a statewide basis, if the amount of the invoice or sales receipt for eligible FSFL components were paid in full by credit card. The statewide waiver must be documented in the STC meeting minutes.

173 CCC-191 (Continued)

C Example of CCC-191

The following is an example of CCC-191.

This form is available electronically.		
CCC-191 (11-19-15)		
U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		
FARM STORAGE FACILITY LOAN PROGRAM RELEASE OF LIABILITY		
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program through documentation of contractor release of the loan applicant and CCC from liability concerning any and all claims, liens, and lien rights filed relating to construction or improvement work performed on a farm storage facility. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program. This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.		
1. Applicant's Name and Address (Including ZIP Code) Cordell Simmons 1501 Blabe Drive Lawrence, Arkansas 12522 Telephone Number (Including Area Code): 555-124-4569	2. Contractor's Name and Address (Including ZIP Code) Kelly's Cement 88011 Circle Court Bloomfield, Arkansas 12521 Telephone Number (Including Area Code): 555-123-8880	
3. CERTIFICATION: I hereby acknowledge the receipt of (a) <u>Sixteen hundred</u> dollars (b) (\$ <u>1,600.00</u>) which represents <input checked="" type="checkbox"/> full, <input type="checkbox"/> partial payment or <input type="checkbox"/> no payment of my contract/purchase invoice dated (c) <u>12-01-XXXX</u> for construction or improvement work on the (d) <u>permanent cement floor</u> <u>located in (e) NE Sec. 2 lot 13 Lawrence County</u> and which is further described in my contract/purchase invoice. (When payment towards part of the total cost has been made by the loan applicant as evidenced by the final cost data on file in the County FSA Office, the remaining cost will be covered by joint disbursement of the loan.) I hereby release the loan applicant and the Commodity Credit Corporation (CCC) from any claims or liens filed against my business, or me, as an individual, on account of injuries sustained by any worker employed by me or by any subcontractor, arising by virtue of this contract/purchase invoice. I hereby also release the loan applicant and the Commodity Credit Corporation (CCC) from any and all claims, liens, and lien rights, of any kind, nature, or description whatsoever, filed against my business, or me, as an individual, by all who provided labor, materials, supplies, or equipment in the construction or improvement work on the above referenced structure.		
3(f) Signature of Contractor (By) <u>/s/ Mike Butler</u>	3(g) Title/Relationship of the Individual if Signing in a Representative Capacity Owner	3(h) Date (MM-DD-YYYY) 12-01-XXXX
WARNING The statements and representations made above are made in connection with construction financed in whole or in part by the Commodity Credit Corporation (CCC), United States Department of Agriculture (USDA). The statements and representations will be used to determine the release of USDA provided funds. The making of any false statement or misrepresentation herein may be a crime punishable under Title 18 U.S.C. Section 1001 which provides in part: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or statement or entry, shall be fined under [Title 18 of the United States Code] or imprisoned not more than five years, or both."		
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small> <small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small>		

174 CCC-197

A Overview

CCC-197 is available to assist FSA in identifying federal grant and loan recipients **before** preparing FSFL documents for the final closing of FSFL. All eligible costs shown on CCC-197 will have CCC-191, unless not required based upon the release of liability exception in subparagraphs 173 B and 173 C, and will be listed on the applicable FSFL Disbursement Calculator.

After completing CCC-197, FSFL borrowers will:

- identify all bills and invoices for the entire structure
- identify all other sources of funding for the FSFL structure
- sign and date a certification statement certifying that a request or application has **not** been submitted, approved, or paid by any Federal Government grant or loan on the same structure or other collateral used for this FSFL. If a grant or loan is received after FSFL is disbursed for the same structure, the grant or loan **must** be paid as a lump sum payment and applied to the outstanding FSFL.

B When to File

CCC-197 **must** be filed in the County Office when final evidence of total cost is submitted, according to paragraph 172.

County Offices shall:

- assist the applicant in manually completing CCC-197 according to Exhibit 64 and obtain the applicant's signature
- discuss examples of acceptable evidence and CCC-191 requirement, if applicable, according to paragraph 173.

C Approving CCC-197's

STC, COC, or designee shall approve CCC-197's only after CCC-197 is completely filed and all acceptable evidence is submitted, according to paragraph 172.

D Maintaining CCC-197's

CCC-197's shall be completed and maintained in the producer's FSFL file folder.

175 Disbursement Calculator**A Calculating Final FSFL Costs**

The FSFL Disbursement Calculator was created to assist State and County Offices in calculating the final FSFL project costs and down payment needed for FSFL.

When all final bills are received as evidenced by CCC-191's, CCC-197 and/or supporting documentation, County Offices **must** access the FSFL Disbursement Calculator in DLS, and enter the appropriate information to document and calculate the final FSFL project costs and FSFL down payment for a partial or final disbursement.

County Offices **must** complete in DLS and:

- attach a printout of the completed FSFL Disbursement Calculator to CCC-197
- file an FSFL Disbursement Calculator printout in the producer's FSFL file folder **before** a partial **or** final FSFL is disbursed.

175 Disbursement Calculator (Continued)**B Manual FSFL Disbursement Calculator**

Manual calculation must **only** be used when the FSFL Disbursement Calculator is unavailable in DLS.

The FSFL Disbursement Calculator:

- **must** be accessed and completed on a computer running Microsoft Excel 2007 or later software
- is available from the PSD web site located at **<http://www.fsa.usda.gov/programs-and-services/price-support/Index>**. Under “Additional Resources”, CLICK “**Farm Storage Facility Loan Disbursement Calculator (Excel)**” or “**FSFL Microloan Disbursement Calculator (Excel)**”.

The PSD web site has two FSFL Disbursement Calculators available. One is for a 5 percent down payment for microloans. The other is for the minimum 15 percent down payment for regular FSFL's. State and County Offices **must** assure the correct disbursement calculator is used.

176 Determining Final FSFL Amount and Making Changes to FSFL Amount**A Calculating FSFL Amount**

Because the exact amount of the partial and final FSFL disbursements **cannot** be determined before the FSFL project is completed, it may be necessary to increase or decrease the approved and obligated amounts for each FSFL when the total for each disbursement has been determined.

County Offices shall calculate the amount to be disbursed according to paragraph 175.

B Increase in FSFL Amount

If FSFL amount increases, County Offices shall:

- obtain reconsideration of financial analysis by an FSA employee with loan approval authority and by the applicable approving authority identified in subparagraph 10 B, if final review indicates that:
 - final costs exceed the amount on which the original approval was based
 - final documentation includes items **not** in the original approval

Example: FSFL for \$95,000 was originally approved by COC. Final costs indicate that the new FSFL amount will be \$101,000. DD review is **required** before COC can approve the additional FSFL amount.

Exception: A financial analysis is not required if the loan will be secured entirely with an Irrevocable Letter of Credit, unless it is required by STC. A Letter of Intent should have accompanied the FSFL request providing an Irrevocable Letter of Credit will be provided before closing to secure the entire FSFL.

176 Determining Final FSFL Amount and Making Changes to FSFL Amount (Continued)**B Increase in FSFL Amount (Continued)**

- if an increase of up to 10 percent of FSFL is requested by the borrower after FSFL has been approved, a new financial analysis is **not** required, unless it is required by STC

Note: The applicable approving authority could review the increase request without a new financial analysis.

- if the approving authority determines the borrower is eligible for the increased FSFL amount, document this in COC or STC minutes
- in CCC-185D, complete Part B, Items 11 A through 12 C
- request additional funding according to 2-FSFL, subparagraph 351.

Note: The interest rate does **not** change.

C Change in FSFL Term

The borrower may change the FSFL term before the final FSFL disbursement **if**:

- the final FSFL amount qualifies for a different FSFL term
- a new financial analysis indicates the annual payments will be manageable.

If applicable, STC or COC **must** document, on a case-by-case basis, approval for using the longer FSFL term for the final disbursement in both the FSFL folder and STC or COC minutes. Documentation supporting the longer FSFL term **must** also be maintained in the FSFL folder.

When a change in FSFL terms is necessary, the State Office shall contact Toni Williams by e-mail to **toni.williams@wdc.usda.gov** for assistance.

177-184 (Reserved)

Part 11 Closing FSFL's**Section 1 Finalizing FSFL's****185 Required Final Actions****A Completed CCC-195, CCC-195A, and/or CCC-195B Requirement**

County Offices shall ensure that CCC-195, CCC-195A (real estate security), and/or CCC-195B (no real estate security) are properly completed before closing a partial or final FSFL.

All required actions to finalize FSFL's secured with or without real estate security are provided on CCC-195A and CCC-195B. See paragraph 74 and Exhibits 29, 30, and 31 for completing required FSFL checklists.

B Verify Loan Conditions Met

Before closing FSFL, County Office employees shall verify that FSFL conditions as stated on the approved CCC-185D have been met.

C Real Estate Taxes

If real estate is taken as additional security, County Office:

- **must** verify that real estate taxes have been paid
- **not** disburse FSFL's secured by real estate when real estate taxes are **not** current.

D Final Lien Search Policy

A final lien search is required **before** FSFL can be disbursed. For FSFL's with no real estate security, State and County Offices are **required** to perform and record the final lien search within 5 workdays before the check is requested in DLS **or** FSFL closing.

For FSFL's with real estate security, see paragraph 187.

For FSFL's involving only purchase of storage and handling equipment and/or storage and handling trucks, the elapsed time from approval to loan closing may be much shorter. State and County Offices may be able to only order one lien search, provided it is within 5 workdays before the check is requested in DLS **or** the FSFL closing.

Note: If an Irrevocable Letter of Credit will secure the entire FSFL, a lien search is not necessary, unless required by STC.

185 Required Final Actions (Continued)**E Signature Requirements**

All members of a joint venture, including spouses if required by State law, **must** sign all FSFL security documents, and are jointly and severally liable for the entire debt.

State supplements **must** provide guidance on signature requirements for promissory notes and security documents for other entities.

F Closing Delayed More Than a Year

If closing of FSFL is delayed for more than a year after FSFL approval, the financial analysis **must** be reassessed. County Offices **must** obtain an updated balance sheet and cash flow information.

A financial analysis shall be conducted according to subparagraph 85 G. It is **not** necessary to complete a new FBP, FSFL Credit Presentation. The financial analysis will only verify there have been no adverse financial changes that would negatively impact down payment ability or the producer's ability to repay FSFL.

If it is determined that FSFL should **not** be closed because of financial changes, FSFL **must** be reviewed by the applicable approving authority for a determination and, if necessary, an Adverse Determination Notification Letter **must** be provided according to subparagraph 13 C.

185 Required Final Actions (Continued)**G STC or Designee Review Before Disbursement**

FY's begin on October 1 each year. STC or designee, as delegated by the STC, shall review the three FSFL's scheduled for closing each FY, and **before** disbursement. For these 3 reviews, a thorough review of FSFL documents **must** be completed. This review must be performed **after** all applicable checklist items have been completed and always **before** disbursement. The file will need to be reviewed for this process.

STC or designee as delegated by the STC shall:

- review three FSFL's scheduled for closing each FY, **before** disbursement, at an administrative County Office regardless of the amounts requested
- document review in the FSFL folder, CCC-195 and CCC-195A or CCC-195B. In Item 18 of CCC-195 and Item 13 of CCC-195A or CCC-195B, ENTER:

“This review was **required** according to 1-FSFL, subparagraph 185 G. All items of the CCC-195 and the CCC-195A/B through item 9 have been completed and any deficiencies resolved.”

The designee will then sign and date the above statement.

- indicate corrective action where necessary.

A County Office employee shall notate on CCC-195A or CCC-195B, Item 10A, that this review and remarks have been completed.

Additional reviews, including reviews following FSFL disbursement, may be conducted if determined necessary by STC.

186 Processing Check Requests**A Joint Disbursements**

Disbursements shall be made jointly to the borrower and the contractor, supplier, or vendor as shown on CCC-191's.

Exception: Disbursement may be made solely to the borrower if the County Office determines the borrower has paid the contractor or supplier all amounts that are due with respect to the eligible drying and handling equipment, storage structure and/or storage and handling truck.

186 Processing Check Requests (Continued)

B Disbursement Process

All FSFL's **must** be disbursed through DLS according to current FI notices and handbooks 1-FSFL and 2-FSFL. County Offices shall disburse FSFL by processing DLS "Check Request" according to 2-FSFL, Part 6.

The following 2 options are available for disbursing FSFL's.

IF borrower has...	THEN order of completion is...	AND delivery of FSFL funds...	
paid all contractors and suppliers before FSFL closing and FSFL does not require additional security	1. closing documents are signed 2. check request entered in DLS according to 2-FSFL 3. in DLS, ENTER " Close Loan " according to 2-FSFL	will be generated at the time of closing.	
		IF the borrower...	THEN...
		is set up for direct deposit	the funds will be sent EFT within the specified time allowed.
not paid all contractors and suppliers in full before closing or if closing is held by a closing agent	1. check requests entered in DLS according to 2-FSFL Note: Alternate payee is used for all payees. 2. closing documents executed 3. in DLS, ENTER " Close Loan " according to 2-FSFL	does not have direct deposit	a paper check will be mailed to borrower.
		disbursement checks will be mailed to the County Office by NPS. On receipt of the checks, FSFL closing will be scheduled. Checks are made payable to supplier and borrower and provided at time of closing.	

For either disbursement method, interest begins on the date of closing.

186 Processing Check Requests (Continued)**C Monitoring Check Requests and FSFL Closings**

If the applicant did **not** pay all bills and the County Office will request checks to have available at FSFL closing, the County Office **must**:

- monitor DLS to ensure that checks are received as requested
- schedule FSFL closing within 21 calendar days from the date of the check.

If the applicant paid all bills and 1 check request is entered to be paid directly to the applicant, the County Office **must** monitor DLS to ensure that the check has been processed.

If checks or FSFL transaction statements are **not** received by the County Office in a timely manner, County Offices **must** contact their State Office to determine the corrective action.

D Checks Ordered and Situation Changes

If check requests have been processed and situations change, follow this table.

IF...	THEN...
applicant no longer wants FSFL	follow 2-FSFL, subparagraph 400.5 D to cancel the disbursement.
there will be a delay and FSFL will not be closed within 21 calendar days of the check date	State Offices should contact the National Office for guidance.

187 Closing FSFL's Secured by Real Estate

A Partial and Final FSFL Closings Using Real Estate as Additional Security

When real estate is used for the **required** additional security for the:

- partial disbursement, security applicable to the partial disbursement amount will be required **before** the partial disbursement FSFL closing
- final disbursement, security applicable to the total FSFL amount will be required **before** FSFL closing.

Example 1: The following is an example of FSFL with both partial and final disbursements and the security **required** for each.

FSFL is approved for \$110,000. Half the facility is constructed and a partial disbursement is requested for \$55,000. UCC-1 has been filed on the structure, but additional security is **not** required when the \$55,000 partial disbursement is closed. When the final FSFL disbursement is made, additional security for both FSFL's totaling \$110,000 is **required**.

Example 2: The following is an example of FSFL with both partial and final disbursements where additional security is **required**.

FSFL is approved for \$202,000. Half the facility is constructed and a partial disbursement is requested for \$101,000. Additional security is **required** for the \$101,000 partial disbursement and for the \$101,000 final disbursement. The following options are available to the borrower:

- present 2 separate real estate mortgages, 1 for the partial disbursement and another for the final disbursement
- present 1 real estate mortgage to secure both the partial and final disbursement at the time of the partial disbursement, if possible according to the laws in the State.

Note: Check with the regional OGC to ensure this is possible.

187 Closing FSFL's Secured by Real Estate (Continued)

B Closing Agent Method

There are 2 common methods of obtaining the real estate title information and closing real estate FSFL's, as follows.

Action	Attorney	Title Insurance
	CCC-296 as explained in subparagraphs D and E.	Insurance company provides closing protection letter.
Method of verifying liability insurance.	After adequate liability insurance is verified or closing protection letter received, the transmittal of title information is completed according to subparagraph F.	
Lien search information obtained.	CCC-299 as explained in subparagraphs G and H.	Title insurance commitment or binder.
	After a determination that title requirements can be met according to subparagraph I, the: <ul style="list-style-type: none"> • borrower is notified of FSFL closing according to subparagraph J • transmittal of FSFL closing documents is completed according to subparagraph K. 	
Verification of title after closing	CCC-299 as explained in subparagraph L.	Title insurance policy.

Note: State Offices **must** issue a State supplement, if additional alternatives are available or clarify if the process is different than this table.

County Offices may utilize FSA-2340 for applicants to select the attorney or title agent.

County Offices shall direct applicants to request a title opinion when, in consultation with the regional OGC, the State Office determines that the usage of title insurance is **not**:

- available
- feasible for FSFL
- feasible for the State or the area of the State where FSFL will be closed.

187 Closing FSFL's Secured by Real Estate (Continued)

C Borrower Selection of a Closing Agent

Borrowers shall select closing agents. County Offices shall provide the borrower with the following letter, or a similar letter that is provided by the regional OGC, to:

- make clear who is to pay the closing costs
- provide a means for the FSFL borrower to request a title insurance policy from a title insurance company
- provide a means to request FSFL closing and related legal services from an attorney or a title company.

<p>Date</p> <p>_____, Attorney at Law</p> <p>_____ Street</p> <p>City, State, and ZIP Code</p> <p>Dear:</p> <p>The undersigned hereby requests you to perform loan closing and other legal services in accordance with instructions and requirements of the Commodity Credit Corporation (CCC), including the disbursal of any funds that we are required to provide in connection with the transaction by CCC.</p> <p>CCC is providing you a description of the real property to be mortgaged. It is understood that the closing cost is to be a reasonable figure to be set by you in accordance with your usual charges for comparable services.</p> <p>Subject to that understanding, the undersigned loan applicant agrees to be responsible for payment of all closing costs.</p> <p>It is understood that no liability or responsibility for payment of any portion of the closing cost is assumed by CCC or by a CCC representative or any officer, employee, or agency of the United States Department of Agriculture.</p> <p>X_____</p> <p>Borrower's signature, name, and address</p> <p>Enclosures: Copy of Deed / Legal description of RE property for mortgage CCC-296, Farm Storage Facility Loan Program Certification of Attorney</p>

187 Closing FSFL's Secured by Real Estate (Continued)

D Example of CCC-296

If an attorney and title opinion will be obtained, County Offices shall require certification from the attorney selected for FSFL closings by using CCC-296, FSA-2342 or a similar form approved by the regional OGC.

<p>This form is available electronically. CCC-296 (12-21-17)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>FARM STORAGE FACILITY LOAN PROGRAM CERTIFICATION OF ATTORNEY</p>						
<p>4. TO:</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 60%;"> <p>Mr. John B. Lawyer 448 State Street Uptown, NY 55555</p> </div> <div style="width: 35%; border: 1px solid black; padding: 5px;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">1. NAME OF LOAN APPLICANT</td> </tr> <tr> <td style="padding: 2px;">John G. Farmer</td> </tr> <tr> <td style="padding: 2px;">2. AMOUNT OF LOAN</td> </tr> <tr> <td style="padding: 2px;">\$ 66,000.00</td> </tr> <tr> <td style="padding: 2px;">3. LOAN NUMBER</td> </tr> <tr> <td style="padding: 2px;">2015/00010</td> </tr> </table> </div> </div>		1. NAME OF LOAN APPLICANT	John G. Farmer	2. AMOUNT OF LOAN	\$ 66,000.00	3. LOAN NUMBER	2015/00010
1. NAME OF LOAN APPLICANT							
John G. Farmer							
2. AMOUNT OF LOAN							
\$ 66,000.00							
3. LOAN NUMBER							
2015/00010							

187 Closing FSFL's Secured by Real Estate (Continued)

E Instructions for Completing CCC-296

County Offices shall complete CCC-296 according to the following table.

Item	Instructions
1	Enter name of FSFL applicant.
2	Enter amount of FSFL.
3	Enter FSFL number, including FY.
4	Enter name and mailing address of the attorney selected by the applicant.
5A and 5B	CCC representative shall sign and date before sending to the attorney.
(6a) through (6h)	Selected attorney/closing agent shall complete items (a) through (c).
7A and 7B	Selected attorney shall sign and date.
8	After CCC-296 is returned to the County Office, the CCC representative shall approve or disapprove the attorney's completion.
9A and 9B	<p>CCC representative shall sign and date.</p> <p>Note: CCC representative shall not approve CCC-296 if the attorney is not:</p> <ul style="list-style-type: none"> • in good standing with the State bar association • covered by liability insurance.

187 Closing FSFL's Secured by Real Estate (Continued)

F Transmittal of Title Information

To transmit information and documents to approved closing agents or title insurance companies for title clearance and FSFL closing services, County Offices shall issue the following letter or a similar letter that is approved for use by the regional OGC.

Note: This letter is available on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 187F".

1-FSFL Par 187F
<p>(Use FSA County Office Letterhead format with local return address.)</p> <p style="text-align: center;">Transmittal of Title Information</p> <p>Date _____</p> <p>_____, Attorney at Law Street City, State, and ZIP Code</p> <p>Dear:</p> <p>You have been selected by an applicant for a Commodity Credit Corporation loan to perform the title work and loan closing of this transaction in connection with the loan application identified below. The following documents are enclosed for preparation of a title opinion or a commitment for a mortgagee policy of title insurance and other handling in accordance with 7 CFR Part 1436.</p> <p>1) Name of applicant _____ Address _____ Phone number _____ Marital Status (name of spouse, if married) _____ Loan Number _____</p> <p>If the borrower is not the owner of the real estate, add Name of Real Estate Owner, Address, and Phone Number.</p> <p>2) Proposed insured - Commodity Credit Corporation</p> <p>The real estate security for the loan - all of the land described in paragraph 3.</p> <p>Required lien position - CCC requires a first lien on the land described. If that is not possible, a junior lien may be taken that secures the loan amount.</p> <p>Amount of loan - \$_____ (Calculated with 15% downpayment)</p> <p>Type of loan - Farm Storage Facility Loan</p> <p>Type and purpose of financing - The loan is being made to provide financing for the construction and/or installation of a farm storage facility on the land described in paragraph 3.</p> <p>Interest rate - _____</p> <p>Repayment period - _____ years</p>

187 Closing FSFL's Secured by Real Estate (Continued)

F Transmittal of Title Information (Continued)

- 3) Other information and documents attached, if applicable:
 - a) CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program, or Deed of Trust, as applicable for the State.
 - b) legal description of land (copy of deed Warranty Deed is attached)
 - c) CCC-299, Title Opinion - Farm Storage Facility Loan Program
 - d) CCC-194, Farm Storage Facility Loan Subordination Agreement (Lien on Real Property), if needed
 - e) FSA-2319, Agreement with Prior Lienholder of real estate
 - f) CCC-190, Farm Storage Facility Loan Program Lien Waiver for structures
 - g) Other documents _____
- 4) Requirements of title insurance commitment:
 - a) Alterations and omissions: If the **required** information is altered or omitted, the approving official is **not** authorized to accept the commitment, but **must** return it for completion.
 - b) Property description: The approved attorney **must** review the legal description of the land to ensure that the legal description and recital of all encumbrances, reservations, exceptions, and defects are complete and accurate. If a water right is to be included in the security for the loan, the approved attorney **must** also attach a full legal description of the water right followed by a recital of all encumbrances, reservations, exceptions, and defects. Land of water rights may be described by reference to a legally adequate description contained in the recorded instrument. A copy of this instrument **must** be provided to CCC for review before closing. If the description of the property is **not** legally adequate, the deficiency **must** be listed as a title defect and the necessary curative action **must** be included on CCC-299, Part B or in the commitment.
 - c) Encumbrances, reservations, exceptions, and defects mean all matters that would prevent CCC from obtaining the **required** lien on the property. These include, but are **not** limited to, liens; taxes and assessments; leases; easements; covenants; conditions; restrictions; reservations; rights relating to mineral oil, gas, geothermal, timber, and water rights; prior sales of part of the property; judgment, probate proceedings, bankruptcy proceedings, or pending court actions in Federal and State courts; other matters of record that affect title to the real property or the ability of the buyer to convey title or the seller to accept title; and legally inadequate property descriptions.
 - d) Scope of search: The approved attorney will determine:
 - 1) all owners of record of the real property
 - 2) whether there are any outstanding encumbrances, reservations, exceptions, and defects on the real property as outlined in paragraph c above
 - 3) if a water right is to be included in the security for the loan (the attorney or title insurance company will attach a full legal description of the water right)
 - 4) if there are any liens or recorded claims that would prevent CCC from obtaining an enforceable mortgage lien of the **required** priority on the security property. Title examination will include searches of records, or certificates from the clerks of appropriate State courts, Federal bankruptcy courts, and United States district courts, for the period determined necessary by local custom, to issue a title opinion or title insurance policy.
 - e) Homestead property: If a lien is being taken on homestead property, the necessary steps to take a valid lien on homestead **must** be taken and completed.

187 Closing FSFL's Secured by Real Estate (Continued)

F Transmittal of Title Information (Continued)

- f) Title exceptions: Complete legal descriptions of encumbrances, reservations, exceptions, and defects **must** be provided to CCC on request.
- g) Prohibited title exceptions: The following title exceptions are **not** allowed and **must** be removed from the commitment before the issuance of the mortgagee policy:
- 1) liens unless CCC is taking a junior lien
 - 2) the possibility of reverter
 - 3) the possibility of the failure of title
 - 4) homestead or homestead rights
 - 5) lack of the right of access, and
 - 6) any exception that may adversely affect the title to the security property, suitability of the security property, value of the security property, or successful use and/or operation of the security property.
- 5) Other instructions:
- a) Lien priority:
- CCC requires a first lien on the real estate security. All prior mortgagees or other lienholders **must** provide a subordination of their respective prior liens to CCC on a form acceptable to CCC. The subordination agreements **must** be recorded.
- b) Under certain circumstances CCC does **not** require a first lien, but will accept a junior lien position at least equivalent to the loan amount (if applicable). If CCC accepts a Junior lien, the following is **required**:
- all prior mortgagees **must** provide for FSA-2319, Agreement with Prior Lienholder
 - CCC-297, Severance Agreement, from all mortgagees and parties with an interest in the real estate.

Other - Please advise what date this loan can be closed. The CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement, and drafts will be prepared at that time.

Sincerely,

County Executive Director

Enclosures

187 Closing FSFL's Secured by Real Estate (Continued)

G Requesting CCC-299

Title opinions shall be requested using the transmittal of title information in subparagraph F and CCC-299 as follows.

This form is available electronically. CCC-299 (11-19-15)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. STATE CODE 36	2. COUNTY CODE 017
TITLE OPINION - FARM STORAGE FACILITY LOAN PROGRAM				3. SERIAL NUMBER 2015/00010	
(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)					
PART A - PRELIMINARY TITLE OPINION					
TO THE TITLE EXAMINER:					
(1) John Q. Farmer, 844 Any Street, Uptown, KY 55555 (Applicant's Name and Address)					
has applied for a loan under the Farm Storage Facility Loan Program. The loan would be secured by a (2) FIRST LIEN <input checked="" type="checkbox"/> (3) SECOND LIEN <input type="checkbox"/> , subject only to the prior lien of					
(4) _____ , against the real property described on the attached schedule.					
PART B - CERTIFICATION OF TITLE EXAMINER					
Based on my examination of the title to the real estate described on the attached schedule, I am of the opinion that the above-named person can convey the lien indicated above, SUBJECT ONLY TO:					
a. Taxes and assessments not yet due.					
b. Outstanding oil and mineral rights.					
c. Easements and rights of way which do not affect the construction or utility of said storage or drying facilities.					
AND FURTHER SUBJECT TO the joinder, release or subordination of the following described persons or interest: (5)					
4. SIGNATURE OF TITLE EXAMINER <i>/s/ Cathy Daniels</i>			5. THIS TITLE IS CERTIFIED TO AS OF 07-01-20XX		
PART C - FINAL TITLE OPINION					
RE: Mortgage, deed of trust, or other security instrument executed in favor of the Commodity Credit Corporation, described as follows:					
_____ duly filed for record in the County of (1) Mortgagor(s) (2) Month & Day (3) Year					
(4) _____ , State of (5) _____ on the (6) _____ day of _____ (7) Month (8) Year					
and recorded in Book (9) _____ Page (10) _____ . Recorder's document or filing number (11) _____ . (Show either book and page or document number.)					
I certify that the above described instrument constitutes a valid (12) FIRST LIEN <input checked="" type="checkbox"/> (13) SECOND LIEN <input type="checkbox"/> , against the real property described on the attached schedule, subject only to Exceptions Part B, Items a through c above.					
6. TITLE EXAMINER'S NAME AND ADDRESS Cathy Daniels 55501 Wrights Place, Suite 101 Uptown, KY 55555			7. DATE OF CERTIFICATION (MM-DD-YYYY) 11-01-20XX		
NOTE TO TITLE EXAMINER: All actions necessary to remove, eliminate, or cure defects and objections or to satisfy or discharge items and encumbrances must be completed before the final opinion portion of this document is executed.					
PART D - COUNTY OFFICE INFORMATION					
8A. SIGNATURE OF FSA COUNTY OFFICE OFFICIAL <i>/s/ Any FSA County CED</i>			9. FSA COUNTY OFFICE NAME AND ADDRESS (Including Zip Code) Any County, FSA Office 1146 River Road Any Town, State 21117		
8B. TITLE County Executive Director		8C. DATE (MM-DD-YYYY) 11-03-20XX		TELEPHONE NUMBER (Include Area Code):	

187 Closing FSFL's Secured by Real Estate (Continued)**H Instructions for Completing CCC-299**

County Offices shall complete CCC-299 according to the following table.

Item	Instructions
1	Enter State code.
2	Enter County code.
3	Enter FSFL number, including FY.
Part A	
(1)	Enter borrower's name and address.
(2) or (3)	Check (✓) to indicate if FSFL will be secured by a (2) "First Lien" or (3) "Second Lien".
(4)	If (3) "Second Lien" was checked, enter name of the prior lienholder.
Parts B and C	Attorney or title company shall complete.
Part D	
8A	CCC representative shall sign before sending to the attorney.
8B	CCC representative signing in item 8A shall enter their title before sending to the attorney.
8C	CCC representative shall date before sending to the attorney.
9	Enter County Office name, address including ZIP Code, and phone number.

I FSA Review of Title Search

When CCC-299 or the title insurance binder and/or commitment is received, the County Office **must** review closely. If the proper lien position can be obtained, the applicant and closing agent will be notified according to subparagraphs J and K.

187 Closing FSFL's Secured by Real Estate (Continued)

J FSFL Closing Notification to Applicant

County Offices shall prepare the following letter or a similar letter that is approved for use in the State by SED, to notify applicants of conditions to be met and information to be provided **before** establishing a date for FSFL closing. The applicant **must** sign, date, and return this letter to the County Office so FSFL closing can be scheduled.

Note: This notification is available in a fillable format at <http://intranet.fsa.usda.gov/fsa/>. CLICK "FFAS Employee Forms/Publications Site" and CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 187J".

1-FSFL Par 187J				
(Use FSA County Office Letterhead format with local return address.)				
FSFL Closing Notification to Applicant				
Date _____				
(Borrower Name) _____				
Street _____				
City, State, and ZIP Code _____				
Dear:				
Your Commodity Credit Corporation (CCC) loan under the Farm Storage Facility Loan Program will be closed soon. To schedule a closing date, you must complete and comply with the items below and return this letter to CCC at the above address by _____ date _____.				
Your loan approval was based on annual farm income, off-farm income, and farm expenses before the date of loan approval. If these amounts have changed since the time of approval or your farm operation size has changed, please contact the County Office.				
If you have incurred any debts since _____ date _____ that have an unpaid balance of more than \$500, please list these debts below:				
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">To whom owed:</td> <td style="width: 20%;">Amount:</td> <td style="width: 30%;">Security:</td> <td style="width: 20%;">Monthly Payment:</td> </tr> </table>	To whom owed:	Amount:	Security:	Monthly Payment:
To whom owed:	Amount:	Security:	Monthly Payment:	
Provide the closing agent with a standard all-peril structural insurance policy or automobile insurance policy insuring the farm storage facility or storage and handling truck, effective not later than the date of loan closing, and listing CCC as a loss payee or mortgage payee. FSFL collateral must be insured for at least the value of this loan. Failure to provide proof of insurance will delay closing of your loan.				
CCC requires an inspection of the storage facility or equipment before loan closing. (This inspection was completed _____ date _____.) Periodic inspections will also be done to protect the security interest of CCC.				
You will be notified of the time and place of loan closing and any other specific requirements to be met. At loan closing, you will be required to provide payment from your personal funds for the closing costs and the required downpayment. From the documentation we have received, this is estimated to be \$ _____. If you are unable to comply with the above requirements, please notify the County Office immediately.				
County Executive Director				
cc: _____ Attorney at Law				
Enclosures:				
I certify that the information provided by me on this letter is accurate. I have reviewed the instructions given by the CCC representative and understand that I must meet the conditions outlined.				
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">_____ Signature of Applicant</td> <td style="width: 50%;">_____ Date</td> </tr> </table>	_____ Signature of Applicant	_____ Date		
_____ Signature of Applicant	_____ Date			

187 Closing FSFL's Secured by Real Estate (Continued)

K FSFL Closing Instructions to Closing Agent

County Offices shall prepare the following letter, or a similar letter that is approved for use in the State by the regional OGC, to transmit FSFL closing instructions to the approved closing agent, attorney, or title insurance company.

Note: This letter is available on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov/dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 187K".

1-FSFL Par 187K

(Use FSA County Office Letterhead format with local return address.)

FSFL Closing Instructions to Closing Agent

Date _____

_____, Attorney at Law
 _____ Street
 City, State, and ZIP Code

Dear:

Reference is made to the transmittal of title information dated *(insert date)* for a Commodity Credit Corporation (CCC) Farm Storage Facility Loan to *(insert name of applicant)*, loan number *(insert FSFL number including year 20XX/XXXXXX)*. The requirements of that letter are incorporated by reference. Please notify the County Office when closing can occur. Loan checks **must** be handled according to the following instructions.

Please notify the applicant of all loan closing requirements and arrange for closing **not** later than 20 workdays after the date of the loan check. If the loan is **not** closed by that date, return the loan check to the County Office.

CCC requirements regarding the exceptions in the commitment for the title insurance mortgagee, policy number *(insert policy number)* dated *(insert month and date)*, *(insert year 20XX)*, are as follows:
(Complete items that apply.)

Number _____ **must** be removed. *(Closing attorneys like this format. Numbers correspond to # on title opinion. Add numbers as needed.)*

Number _____ **must** be subordinated to the lien of CCC that will be created at loan closing.

Number _____ may remain ahead of the lien of CCC that will be created at loan closing.

Number _____ **must** be changed as follows:

187 Closing FSFL's Secured by Real Estate (Continued)

K FSFL Closing Instructions to Closing Agent (Continued)

The requirements below **must** be met at or before loan closing:

- applicant to provide proof of one-year all-peril structural insurance policy showing CCC as loss payee or mortgage payee
- other applicable requirements that have **not** been met, such as crop insurance
- signatures on mortgage that will be filed on the [enter legal description, township, county, State] will be **required**. Owners are listed as [insert owners]. *[If spouses are included, address accordingly.]*

The borrower **must** provide personal funds at closing to pay for their closing costs.

[If the County Office is issuing the checks to the borrower/vendors, use the following language.]

A CCC-186, Promissory Note and Security Agreement, and loan funds of \$ _____ will be delivered to your office by [insert date] as follows:

\$ _____ to _____ Vendor e.g. Bin Company (joint w/borrower if **not** totally paid) _____

\$ _____ to _____ Vendor e.g. Electric Company _____

\$ _____ to _____

\$ _____ to _____

[If the County Office is issuing the check to the closing attorney to be held in escrow, use the following language.]

A CCC-186, Promissory Note and Security Agreement, will be delivered to your office by [insert date].

Loan funds to be deposited in escrow with you will be disbursed as follows:

Pay \$ _____ to _____

Pay \$ _____ to _____

Pay \$ _____ to _____

Pay \$ _____ to _____

187 Closing FSFL's Secured by Real Estate (Continued)

K FSFL Closing Instructions to Closing Agent (Continued)

Additional information and instructions:

A copy of the loan closing statement signed by you, CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement, and all other executed documents required for loan closing are to be returned to the County Office within one day after the loan is closed. As soon as possible, after closing, provide the final mortgagee policy of title insurance and the recorded mortgage to the County Office.

CCC Representative

Date

Loan Closing Statement

[To be completed by approved closing agent/attorney]

I certify that the subject loan was closed on *(insert date)* in accordance with written directions received from CCC. Enclosed are properly executed forms in connection with loan closing.

[Enter items to fit your situation.]

- ____ 1. Original CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement.
- ____ 2. Original, recorded mortgage.
- ____ 3. Original CCC-194, Farm Storage Facility Loan Subordination Agreement (Lien on Real Property), recorded from each mortgagee or other lienholder who holds an existing lien on the land, as required).
- ____ 4. Original CCC-191, Farm Storage Facility Loan Program Release of Liability, contractor certification or release of liability.
- ____ 5. Copy of the loan closing settlement statement.
- ____ 6. Proof of all-peril structural insurance.
- ____ 7. Other: _____.

Signature of Approved Closing Agent/Attorney

Signature

Title

Date

*[Attorney **must** complete and sign the above loan closing statement after closing is completed and return to FSA.]*

For CCC use only:

I have examined the loan closing documents and determined that the loan was properly closed in accordance with the instructions provided.

CCC Representative

Date

187 Closing FSFL's Secured by Real Estate (Continued)

L Review of FSFL Documents After Closing

After FSFL closing, the closing agent **must** return the appropriate FSFL documents, including CCC-186, to the County Office. CCC-299 with Part C **must** be timely completed or the Title Insurance Policy **must** be provided by the closing agent.

On receipt of all FSFL documents in the County Office, the FSA employee shall:

- review documents to ensure that all items have been completed and returned
- immediately properly close FSFL in DLS according 2-FSFL, paragraph 401
- sign and date the statement at the end of the letter to document the review.

188-194 (Reserved)

Section 2 Disbursing FSFL's

195 Preparing CCC-186

A Preparing CCC-186

See 2-FSFL, Part 6 for the following DLS FSFL automation procedures:

- disbursement
- check request
- preparation of CCC-186
- FSFL closing.

The CCC-186 shall be generated in DLS and **must** be prepared according to 2-FSFL, paragraph 401.

See Exhibit 67 for an example of CCC-186.

195 Preparing CCC-186 (Continued)**B FSA Representative Execution of Note**

CCC or FSA representative **must** execute CCC-186. This may be CED, acting CED, or COC member. If STC has delegated authority to execute FSFL documents according to subparagraph 10 A, an FSA loan approval official may execute CCC-186.

C Process Loan Closing

Immediately after all required signatures and dates are obtained on the CCC-186, the applicable State and/or County Office **must** input the loan closing in DLS. See 2-FSFL, paragraph 401.

196 CCC-297

A When CCC-297 Is Required

CCC-297 is used to sever FSFL storage structure collateral from real estate.

If necessary, each State shall issue a State supplement to provide additional CCC-297 guidance obtained from the regional OGC.

CCC-297 is **required**, regardless of FSFL amount or the down payment amount, for:

- FSFL's where the structure is placed on real estate security that is owned by someone other than the borrower
- **all** FSFL assumptions signed by the assuming borrowers and co-borrowers.

Note: If FSFL is being assumed and the remaining co-borrowers will continue to meet the FSFL eligibility requirements, CCC-297 may not be required.

Unless waived in subparagraph B, County Offices shall obtain CCC-297 from:

- superior lienholders, including FSA, **unless** waived by regional OGC
- the lienholder of the property, where the facility is located, if constructed on leased or rented land
- all landowners on the real estate where the facility is located.

CCC-297 shall be signed by the owner of the real estate and filed with the appropriate county real estate records **before** FSFL closing. See Exhibit 68 for guidance on completing CCC-297.

196 CCC-297 (Continued)

B When CCC-297 Is Not Required

CCC-297 is **not** required if any of the following apply:

- collateral is considered a nonfixture
- an FSFL is secured by a first lien on the underlying real estate, **except** when the borrower is **not** the owner of the real estate.

Note: In most instances, when CCC has a mortgage on the underlying real estate, the facility is **not** severed from the real estate.

- the loan is secured with an Irrevocable Letter of Credit for the full value of the FSFL unless determined necessary by the regional OGC and/or STC.
- the regional OGC waives the requirement for CCC-297 because State law makes using such an agreement unnecessary

196 CCC-297 (Continued)

B When CCC-297 Is Not Required (Continued)

- the borrower agrees to do either of the following for FSFL's where the aggregate outstanding balance will be equal to \$100,000, or less:
- increase the downpayment on the storage facility from 15 to 20 percent or more of the FSFL amount

Notes: Based on the additional security authorization provided to STC's in paragraph 121, the borrower may increase the downpayment from 15 to 20 percent, and CCC-297 will **not** be **required**. The borrower **must** be informed of and request this option when CCC-185 is submitted.

The borrower may request after approval to increase the downpayment from 15 percent to 20 percent; however, COC or STC approval is **required** to amend FSFL conditions and no longer require CCC-297. STC may delegate approval to SED only. The initial FSFL interest rate will remain the same.

If the borrower requests to use this option, notate in CCC-185, item 18, and have the borrower sign and date. At FSFL closing, proof that the entire 20 percent downpayment was made is **required**. FSFL **cannot** be closed until either CCC-297 is provided or additional documentation showing that the 20 percent downpayment has been made is received by the County Office.

- provide another form of security acceptable to the Secretary to completely secure the entire FSFL, such as an Irrevocable Letter of Credit.

Notes: If an Irrevocable Letter of Credit is used in addition to the FSFL structure to secure the \$100,000 or less FSFL, CCC-297 is **not** required if the Irrevocable Letter of Credit is 20 percent or greater than the FSFL amount. See subparagraph 121 E for guidance.

Based on authorization provided to STC's in paragraph 121, additional security may be **required** for FSFL's with an aggregate outstanding FSFL balance of \$50,000 or more.

STC has authority to establish a more restrictive policy.

C State Office Action

State Offices shall:

- request changes and instructions to CCC-297 from the regional OGC
- make CCC-297 a State form, if **required** by OGC
- provide a copy to PSD.

196 CCC-297 (Continued)

D County Office Action

County Offices shall:

- for FSFL's where a real estate lien is:
 - **required**, have the closing agent obtain the properly completed and signed CCC-297

Notes: For FSFL's secured with real estate security, the closing agent should perform all lien searches.

County Offices **must** ensure that properly completed CCC-297's are obtained at or before FSFL closing.

- **not** required, conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility and obtain properly executed CCC-297's (Exhibit 68)
- file CCC-297's before FSFL closing in the appropriate county real estate records **unless** the regional OGC waives the filing requirement.

Note: If COC initially approves CCC-185D before receiving the necessary CCC-297's, CCC-185D, item 3 **must** be checked as a condition of approval.

197 Storing Original Security Documents**A Document Storage Requirement**

Original security documents must be stored in a locked, fireproof cabinet until authorized to release according to paragraph 218.

B Security Document Examples

Examples of original security documents include, but are **not** limited to, CCC-186 and Irrevocable Letter of Credit.

198 Overdisbursements and Underdisbursements**A Collecting Overdisbursements**

County Offices shall collect overdisbursements when any of the following apply:

- error was made by CCC
- error was made by the borrower and FSFL will **not** be called
- error was made by a third party and the borrower is **not** at fault.

Example: Total FSFL cost was \$10,000. FSFL was disbursed for \$9,500, but it was later found that because of a mistake by the contractor on the final cost documentation, the correct amount was \$8,500. The overdisbursed amount **must** be refunded.

The overdisbursement collection will **not** be considered towards the borrower's installment. State Offices should contact the National Office for further guidance on applying the overdisbursement collection in DLS.

B Error by CCC

If the overdisbursement was because of an error by CCC, County Offices shall:

- obtain COC determination that the error was made by CCC
- issue a demand letter according to subparagraph 262 C and pursue collection

Note: Modify the demand letter as applicable.

- process the refund as a regular payment according to 2-FSFL, paragraph 462, **except** do **not** charge interest. Use the disbursement date as the payment date. Contact PSD for additional guidance.

198 Overdisbursements and Underdisbursements (Continued)**C Error by Borrower or Third Party**

If the overdisbursement was because of an error by the borrower or a third party, County Offices shall:

- obtain COC determination that the error was made in good faith by the borrower or third party, and is **not** a program violation to the extent FSFL should be called
- issue a demand letter according to subparagraph 262 D and pursue collection

Note: Modify the demand letter as applicable.

- process the refund as a regular payment with interest, according to 2-FSFL, paragraph 462. Contact PSD for additional guidance.

D Correcting Underdisbursed FSFL's

For underdisbursed FSFL's because of errors by CCC or the borrower, contact PSD for guidance on correcting FSFL.

199 Correcting Real Estate Lien Instruments**A Annotations and Date**

When it is necessary to file and record new instruments to correct real estate security instruments previously recorded, County Offices shall:

- prepare the new instrument according to paragraph 187 and applicable State law
- ENTER “**Corrective**” immediately beneath the title on the new documents
- use the execution date as the date of the corrective instrument.

B Inserting Correction Phrase

County Offices shall insert the following phrase immediately **before** the signature lines of each corrective document.

“This instrument is intended to be corrective of an earlier instrument dated (*insert date*), filed or recorded in Volume (*insert volume*), Page (*insert page number*), as Document Number (*insert document number*), and is **not** intended to change in any way the rights, duties, or obligations of the parties hereto as to such rights, duties, or obligations set in the original instrument hereto recorded, except insofar as said instrument is corrected hereby.”

200-208 (Reserved)

Part 12 Basic Servicing Policies

Section 1 Routine Servicing

209 Producer Reminder Notification

A Payment Reminder Report

County Offices **must** use the FSA Enterprise Data Warehouse Reports, Payment Reminder Report to identify when FSFL installments are due.

See 2-FSFL, paragraph 602 for additional information on the Payment Reminder Report.

B Sending Reminder Notification

It is **important** the Reminder and Notification Letter (Exhibit 70) be prepared the first workday that is 45 calendar days from the installment due date of FSFL. If the Reminder and Notification Letter should be prepared on a nonworkday, the letter should be prepared on the next workday.

Note: CCC-195 Servicing (Exhibit 71) shall be initiated at the same time the Reminder and Notification Letter (Exhibit 70) is mailed to the FSFL borrower.

The following information shall be used to prepare the Reminder and Notification Letter.

IF the DLS FSFL Loan Inquiry Screen shows the payment...	THEN use the next installment...
"Ahead"	total due or next installment amount.
"Behind"	total due.
"Current"	amount.

When the DLS FSFL Loan Inquiry Screen shows the payment status as:

- "Ahead", and the producer wants to pay the next installment amount instead of the next installment total due, the producer will continue to be displayed as "Ahead" on the annual installment payments
- "Behind", and the producer pays the next installment amount, the producer will continue to be displayed as "Behind" on the annual installment payments. The account will be serviced as **required** in Part 13.

The FSFL Loan Inquiry Screen also provides the daily interest accrual.

209 Producer Reminder Notification (Continued)**C Attachment for FSFL's With Final Installment Payment**

The final FSFL installment payment shall include interest to the date payment is received in the County Office. The following note shall be attached to the Annual Reminder and Notification Letter for the final installment payment:

“The **final** installment payment on your FSFL is due soon. The installment due date is listed in the first column of the table in the attached letter. The installment amount due is the total amount owed if the final loan payment is received in the FSA County Office on the installment due date. If payment is received on another day, the amount due will be different. Please contact the FSA County Office for the total amount due, if the installment will be received on a day different than the installment due date. Any collateral security on this loan will not be released to the borrower until the entire principal has been repaid.”

210 CCC-195 Servicing**A Completing CCC-195 Servicing**

County Offices shall:

- prepare CCC-195 Servicing (Exhibit 71) 45 calendar days before the installment due date for all outstanding FSFL's

Notes: CCC-195 Servicing shall be initiated at the same time the Annual Reminder and Notification Letter (Exhibit 70) is mailed to the FSFL borrower according to subparagraph 209 B.

If the borrower pays the installment before the Annual Reminder and Notification Letter being mailed, CCC-195 Servicing shall be initiated at that time.

Example: FSFL installment due date is August 26, 2017. The County Office **must** complete CCC-195 Servicing on July 11, 2017, for items that can be answered before the installment due date. Items that **cannot** be answered before the installment due date **must** be answered within 120 calendar days after FSFL installment due date.

- maintain CCC-195 Servicing in each FSFL folder
- check, initial, and date the appropriate box for each item as it is performed.

Notes: Do **not** line through items when initials and dates are **required**.

It is **not** practical for CCC-195 Servicing to address every conceivable situation about servicing FSFL's.

See Exhibit 71 for completing CCC-195 Servicing.

B Accessing CCC-195 Servicing

CCC-195 Servicing is available from the FFAS Employee Forms/Publications Online Website at **<https://intranet.fsa.usda.gov/dam/ffasforms/forms.html>**.

210 CCC-195 Servicing (Continued)**C Modifying CCC-195 Servicing**

State Offices must only as necessary, and to incorporate individual State laws, modify CCC-195 Servicing for State usage by editing the document in Microsoft Word. National Office concurrence is not required.

D State Office or Designee Reviews

The State Office shall select the following every FY for the prior FY for each County Office review beginning October 1:

- three CCC-195 Servicing, if 10 or less CCC-195 Servicing's have been completed
- five CCC-195 Servicing, if 11 or more CCC-195 Servicing's have been completed.

Note: If the FSFL has been repaid in full, a spot check according to this subparagraph is not required.

Selecting the prior FY CCC-195 Servicing per County Office may be random; the reports as shown in 2-FSFL, paragraph 602 may assist with selecting CCC-195 Servicing's that **must** be reviewed.

Note: See 2-FSFL, Part 8 for further assistance.

The State Office CCC-195 Servicing Review Report is due in the National Office on or before the 4th Friday each January following the new FY.

E National Report

SED's or designee shall report the following for each County Office to the National Office:

- number of CCC-195 Servicing reviewed by State Office
- number of "Do Not Concur" signed by State Office
- reason for "Do Not Concur"
- corrective action provided to the County Office to resolve CCC-195 Servicing finding.

SED or designee shall e-mail the report to Toni Williams at **toni.williams@wdc.usda.gov**.

211 Collecting Installments

A Installment Payments

[7 CFR 1436.13] FSFL shall be payable in equal annual installments of principal and interest amortized over the FSFL term.

Installments are due and payable no later than the FSFL annual anniversary date until the principal plus accrued interest has been paid in full.

There is no grace period for FSFL annual installment payments.

FSA may be paid in full or in part at any time before maturity without penalty.

B Method of Payment

The payment of each installment may be by any of the following:

- cash
- money order
- personal, certified, or cashier's check
- setoff, when applicable.

Note: If agreed by the borrower, a milk assignment may be accepted from their milk purchaser for a periodic payment on the FSFL; however, the periodic payment does not replace the annual installment calculation of principal and interest amortized over the FSFL term.

C Application of Payment

County Offices shall process installment payments according to 2-FSFL, paragraph 462.

The date the check is received in the County Office **must** be entered in DLS as payment date for the annual installment payment.

Interest is calculated from the date disbursed to the date payment is made or from 1 payment date to the next payment date. Payment shall be applied first to accrued interest through the date of payment and then to principal. DLS will accurately apply the payment.

When the payment received does **not** cover the next installment due, the payment status will be displayed as "Behind" when the installment due date arrives. The account shall then be serviced according Part 13.

211 Collecting Installments (Continued)

D IRS-1098

All checks and/or payments received in the County Office **must** immediately be entered in DLS correctly by December 31 for calendar year IRS-1098 reporting.

When December 31 falls on a nonworkday, County Offices **must** ensure that the annual installment payment is entered on the last workday of the year.

Kansas City will prepare and mail IRS-1098's for FSFL interest.

E Later Payment of an Installment

FSA recognizes that installment due dates may **not** always coincide with dates by which crops are harvested and income is available. Borrowers who **cannot** pay on the due date may request up to an additional 120 calendar days to pay an installment, if they submit **all** of the following:

- a request, in writing, for COC consideration within 60 calendar days before or after the installment due date
- a current balance sheet
- a current cash flow statement demonstrating that the installment can be paid within 120 calendar days after the due date.

Payment after the installment due date:

- does **not** change the original FSFL and DLS-calculated due date
- does **not** change the due date of the next installment
- allows borrowers more time to pay an installment and allows the County Office to cease further collection action **except** for offset opportunities
- may be requested 1 time only for each installment during the FSFL term.

211 Collecting Installments (Continued)**E Later Payment of an Installment (Continued)**

County Offices shall:

- notify borrowers of the late payment option in the first demand letter (Exhibit 72) sent the next workday after an installment is unpaid and subsequent letters sent within 60 calendar days of the due date
- process requests for COC approval or disapproval by obtaining:
 - the borrower's request, in writing, including a reason why the installment **cannot** be paid on time
 - a recommendation about the borrower's ability to repay at a later date from an FSA employee with loan approval authority
- notify borrowers of COC decision in writing
- resume collection activity according to Part 13, if the installment is **not** paid by COC-determined date
- **continue** to collect payment of the installment due by administrative offset of any CCC payments due the borrower.

212 FSFL Balances**A Determining Outstanding Debt**

DLS maintains information on principal and interest balances.

See 2-FSFL, paragraph 461.

B How to Detect Existing Installment Balances

For FSFL's where installments have been paid, County Offices shall:

- review FSFL installment information according to 2-FSFL, paragraph 461
- identify FSFL's with installment balances that require further collection action.

Note: The "Payment Status" will identify if a borrower is "Ahead", "Current", or "Behind" in their installments.

C Collection Actions

For FSFL installments that are **not** fully satisfied and installment balances exist greater than \$100 after the installment due date, County Offices shall begin servicing the delinquent account according to Part 13.

D Small Balance Remaining After Final Payment on Loan

If it is the borrower's last payment and the outstanding amount due is \$24.99 or less, authorization is provided to write-off the outstanding balance in DLS, according to 2-FSFL, paragraph 554.

213 Real Estate Taxes**A Borrower's Responsibility**

[7 CFR 1436.14] On FSFL's where real estate is used as security, the borrower **must**:

- pay all real and personal property taxes that may affect CCC's security interest in all collateral securing the note
- provide proof of payment of taxes, applicable to collateral securing FSFL, to the County Office annually.

Note: STC's have discretionary authority to **require** proof that real estate taxes are current for FSFL's **not** requiring additional security.

B Unpaid Taxes

County Offices shall:

- monitor the real estate tax status applicable to collateral securing FSFL
- pay any unpaid taxes with respect to the collateral securing FSFL when it appears CCC's security interest is in jeopardy

Note: See subparagraph 242 B.

- bill the borrower for the amount of the tax paid

Note: See paragraph 303 for depositing borrower reimbursement of CCC-paid taxes.

- begin proper servicing action and contact the National Office for additional guidance.

214 Monitoring Insurance Requirements

A Annual Verification of Insurance Requirements

County Offices **must** annually:

- verify all-peril structural and flood insurance policies by:
 - ensuring that CCC is listed as a loss payee or mortgage payee
- **Note:** Listing FSA as loss payee or mortgage payee is not authorized for FSFL.
- reviewing proof of insurance provided to FSA by insurance companies
- obtain proof and file multi-peril crop insurance, or NAP, or dairy insurance coverage for each applicable crop year for the entire FSFL term, **unless** a waiver was provided
- verify automobile insurance coverage, if applicable.

Before calling FSFL for lapse of all-peril structural or flood insurance, COC's, according to paragraph 25, may request a waiver for failure to fully comply with FSFL requirements, if borrowers obtain insurance before the waiver is requested.

If an exception was authorized, according to paragraph 157, multi-peril crop insurance or NAP, or dairy insurance coverage may **not** be required.

B Failure to Obtain Multi-Peril Crop Insurance, NAP, or Dairy Insurance Coverage

County Offices shall:

- monitor the borrower's crop insurance or NAP, dairy insurance coverage status
- consider a lack of crop insurance or NAP, dairy insurance coverage to be an FSFL violation
- take action to call FSFL's when borrowers do **not** maintain insurance or NAP, dairy insurance coverage.

Before calling FSFL's for lapse of insurance, COC's may request a waiver for specified crop years according to paragraph 157.

214 Monitoring Insurance Requirements (Continued)

C Automobile Insurance

County Offices shall:

- monitor borrower's automobile insurance status
- consider the lack of automobile insurance to be an FSFL violation
- take action to call FSFL's when borrowers do **not** maintain automobile insurance.

A waiver is **not** allowed for FSFL's required to have automobile insurance according to paragraph 98.

D Flood Insurance

The borrower is **required** to immediately purchase flood insurance if it is later discovered that:

- the county flood map was updated after FSFL disbursement
- flood insurance should have been **required** before FSFL disbursement.

215 Inspections**A Required Inspections**

[7 CFR 1436.15] The borrower **must** maintain the FSFL collateral in a suitable condition.

County Offices shall perform collateral checks:

- at least once every other year for all FSFL's using asphalt flooring, according to subparagraph B
- for the following terms:
 - 3-year term, the 2nd year of FSFL
 - 5-year term, the 3rd year of FSFL
 - 7-year term, the 4th year of FSFL
 - 10-year term, the 4th and 8th years of FSFL
 - 12-year term, 4th and 9th years of FSFL

Important: If there is reason to believe CCC's collateral is at risk, STC or COC may authorize the County Office to perform a collateral check at any time.

- where the full annual installment payment is **not** made within 30 calendar days after the installment due date
- if possible, in conjunction with other FSA loan program collateral checks.

215 Inspections (Continued)

A Required Inspections (Continued)

Example: Producer Berry has an FY 2016 FSFL with a 10-year term and the annual installment payment is due on May 1. The following table is a schedule of when collateral checks are **required** based on the date the annual installment payment is received in the County Office.

Note: Future dates of annual installment payments were used for example **only**.

FSFL Term	Date Annual Installment Payment Received in the County Office	Collateral Check Required
Year 1	April 30, 2017	No
Year 2	May 1, 2018	No
Year 3	June 19, 2019	Yes
Year 4	April 30, 2020	Yes
Year 5	May 10, 2021	No
Year 6	April 27, 2022	No
Year 7	May 1, 2023	No
Year 8	June 3, 2024	Yes
Year 9	April 27, 2025	No
Year 10	May 31, 2026	No

County Offices shall have right of access where the collateral is located according to a term in CCC-186 whether or **not** there is a real estate mortgage.

The results of the **required** annual inspection **must** be documented in the FSFL folder in CCC-195 Servicing, item 12.

B Asphalt Flooring Inspections

To ensure that asphalt flooring is being properly maintained, County Offices **must**:

- make a field visit and conduct a collateral check of all FSFL's using asphalt flooring at least once every other year or as determined by STC
- complete CCC-195 Servicing, item 12 E to document the field visit, and item 16 to record remarks.

C HELC and WC Provisions

If a violation of HELC and/or WC provisions is determined after FSFL has been disbursed, FSFL may remain outstanding as long as the producer continues to make the annual installment payments timely.

216 Maintaining UCC Lien**A Continuing UCC Filings**

UCC-1 filings (chattel and fixture) will lapse after 5 years, **unless** continued for an additional 5-year period. The continuance shall be accomplished with a UCC-3 “Continuation”.

The only time UCC-3 “Continuation” may be filed is during the last 6 months of the 5-year effective filing period. The continuation is effective from the date the original UCC-1 would have expired, even though the continuation is filed up to 6 months before the expiration.

Example: UCC-1 was filed May 1, 2012.

UCC-3 “Continuation” may be filed anytime from November 1, 2016, through May 1, 2017.

If UCC-3 “Continuation” is filed timely within this period, UCC-1 is considered effective until May 1, 2022.

B County Offices Monitoring UCC Lien Expiration

County Office **must** ensure that a monitoring system is used so that UCC documents are continued timely.

Updating the DLS Dashboard is 1 option available for monitoring UCC documents.

C Fees for UCC Lien Continuance or Amendment

All fees associated with continuing or amending UCC documents will be paid by CCC.

See paragraph 302 for guidance on processing UCC document filing fees.

217 FSFL Structures, Equipment and Trucks Used for Purposes Other Than Originally Intended

A Original Authorization

FSFL drying and handling equipment, storage structures and trucks are authorized for eligible commodities that were used to determine the eligibility of the FSFL request. Producers must use the FSFL collateral for the intended purpose of storing, handling and/or transporting their eligible commodities.

B Using FSFL Collateral After FSFL Commodities Have Been Marketed

After the stored commodity has been marketed, the collateral may, with **prior** approval, be used by the borrower to **temporarily** store other agricultural-related items until the next harvest season.

C Temporary Reuse Authorization

Producers must use the FSFL collateral for the intended purpose in which was originally requested.

STC's are authorized to provide approval and guidance for situations where a producer may temporarily use the storage structure, drying and handling equipment, and/or storage and handling truck for other purposes. The STC guidance, at a minimum **must** include the following:

- when the producer must request, in writing, authorization to use the FSFL collateral
- frequency (seasonal, quarterly, or annual) of the written request
- situations where authorization is not required
- designated approval authorization when authorization is required.

The STC authorization must be documented in the STC Regular Meeting minutes.

D FSFL Borrower Actions

An FSFL borrower **must**:

- submit a written request to the County Office for approval to store or handle anything other than an eligible FSFL commodity
- have written approval from CED **before** storing or handling anything other than an eligible FSFL commodity.

217 FSFL Structures, Equipment and Trucks Used for Purposes Other Than Originally Intended (Continued)

E FSA Monitoring

COC's shall closely monitor FSFL structures temporarily storing other agricultural-related items to ensure that the structure is used for the purpose for which it was constructed for a good portion of every year during the FSFL term. If it is discovered that a borrower consistently fails to obtain approval from the County Office before storing another agricultural-related item in an FSFL structure, the State Office shall contact PSD for guidance.

218 FSFL's Paid in Full and Releasing Security**A Original CCC-186**

The original CCC-186 **must** be marked "Paid" and forwarded to the borrower after 30 calendar days from the date of payment.

If the borrower requests release before 30 calendar days, see subparagraph B.

B Releasing FSFL Security Earlier Than 30 Calendar Days

Security documents may be released 30 calendar days after the FSFL is paid in full. The release may be earlier than 30 calendar days after FSFL is paid in full, if after SED review, it is determined FSFL has been satisfied and paid in full and the payment was by cash, certified check, or money order. The authority for this release may **not** be redelegated.

If final FSFL payment is made by cash, certified check, or money order, the borrower may request an accelerated release of security documents from SED. Included with the request, the County Office will send a copy of the final FSFL payment receipt showing FSFL has been paid in full, and a copy of CCC-257 showing the remittance has been deposited. SED, after reviewing the documents, may advise the County Office, in writing, to proceed with releasing the security documents. The authority for this release may **not** be redelegated.

If a release of security request is received from the borrower for immediate release at the time of a bank loan closing, SED is authorized to release the security documents only after it is confirmed at the bank that closing certified funds will be used to pay the outstanding FSFL in full.

218 FSFL's Paid in Full and Releasing Security (Continued)**C Releasing FSFL Security Documents**

After FSFL is paid in full, County Offices must wait 30 calendar days and then:

- release or obtain the release of security documents, as **required** by State law, on request by the borrower

Note: See subparagraph D for releasing an Irrevocable Letter of Credit and subparagraph E for specific information on discharging the mortgage or Deed of Trust.

- require the borrower to pay all release fees.

If the borrower requests a release before 30 calendar days, follow the guidance in subparagraph B.

Note: FSA-2071 may be used to record documents and/or forms being returned to the borrower after the FSFL has been paid in full.

D Releasing Irrevocable Letter of Credit

The original Irrevocable Letter of Credit must be marked paid in full and returned to the financial institution. The County Office must maintain a copy of the Irrevocable Letter of Credit marked paid in full in the producer's file folder.

218 FSFL's Paid in Full and Releasing Security (Continued)

E Mortgage or Deed of Trust Discharge Preparation and Distribution

County Offices shall:

- prepare discharges according to the following **unless** OGC requires other language according to State law
- file the discharge with the appropriate recording official according to State law
- distribute copies of the discharge to the following:
 - secured party
 - debtor
 - FSFL folder
- the borrower pays all costs associated with the discharge.

DISCHARGE

The Commodity Credit Corporation (CCC), as owner and holder of the following described security instruments, made and executed by *[enter names of debtors]*, of *[enter County where debtor is located]* County, State of *[enter State where debtor is located]*, filed or recorded in the *[enter name of the office where security instruments were recorded]*, office of *[enter county where the office is located]*, State of *[enter State where the office is located]*, satisfies and discharges said lien instruments.

Instrument	Mortgagee	Date of Instrument	Date Filed	Document, File or Book No.	Page No.

In witness whereof, CCC has signed this form on *[enter date of execution]*.

Witness: *[enter signature of person witnessing CCC signature]*

For: Commodity Credit Corporation

By: *[signature of authorized representative of CCC]*

Title: *[enter title of authorized representative of CCC]*

[Attach acknowledgment applicable to State for notarization.]

219 Discharging CCC-297's**A Authorization for Discharging CCC-297's**

Discharges of CCC-297's used to protect CCC's security interest are authorized when the:

- County Office determines that:
 - FSFL has been paid in full
 - 30 calendar days from the date of final payment of FSFL have lapsed
- borrower pays all costs associated with the discharge.

Note: The borrower may request an accelerated release of security documents from SED. See subparagraph 218 B.

A prior lienholder executes CCC-297 at FSFL closing. If the prior lienholder is refinanced, CCC-297 may be released, provided FSA has obtained CCC-297 from the new lender.

B Partial Release of CCC-297

County Offices, after DD or State Office review, are authorized to complete a partial discharge of CCC-297 when CCC's security interest will **not** be jeopardized. The release must **not** include the real estate where the FSFL collateral is located.

Example: Real estate listed on CCC-297 is larger than necessary. The original CCC-297 described the entire 80 acres owned by the borrower. The borrower is refinancing the 80 acres with another lender. CCC will **not** release their lien position, but can discharge CCC-297 on part of the real estate that does **not** include the FSFL collateral.

The borrower must:

- submit a written request to COC describing the partial release request
- provide a survey that describes the real estate for CCC-297 partial release
- pay all costs associated with the partial release discharge.

County Offices must:

- ensure the request does **not** include the FSFL collateral
- prepare a partial discharge according to subparagraph C.

219 Discharging CCC-297's (Continued)**C Partial or Full Discharge Preparation and Distribution**

County Offices shall:

- prepare discharges according to the following **unless** OGC requires other language according to State law

Note: When a partial discharge of CCC-297 is prepared, ENTER “**Partial**” before the “Discharge of Severance Agreement”. Ensure that the legal description used is the legal description matching the survey completed.

- distribute copies of the discharge to the following:
 - secured party
 - debtor
 - FSFL folder.

219 Discharging CCC-297's (Continued)

C Partial or Full Discharge Preparation and Distribution (Continued)

DISCHARGE OF SEVERANCE AGREEMENT

The Commodity Credit Corporation (CCC), does hereby acknowledge and certify that the debt referred to in the severance agreement dated *[enter date of severance agreement]* relating to the following described real estate, *[enter real estate description according to severance agreement]* situated in the County of *[enter County where debtor is located]*, State of *[enter State where debtor is located]*, which severance agreement was filed or recorded in the *[enter name of the office where severance agreement was recorded]*, office of *[enter county where office is located]*, State of *[enter State where office is located]*, in book *[enter book number]*, page *[enter page number]* has been fully liquidated both as to principal and interest by payment to Commodity Credit Corporation or by cancellation of the loan application, and that the severance agreement is hereby terminated and shall be of no further force or effect.

For: Commodity Credit Corporation

By: *[signature of authorized representative of CCC]*

Title: *[enter title of authorized representative of CCC]*

In witness whereof, CCC has signed this form on *[enter date of execution]*.

Witness: *[enter signature of person witnessing CCC signature]*

[Attach acknowledgment applicable to State for notarization, if necessary.]

Note: This example may be modified to comply with State law, such as removing the witness requirement if the agreement **must** be notarized.

220-230 (Reserved)

Section 2 Other Servicing

231 Changes to a Farming Operation**A Farming Operation Changes**

FSFL's are approved and disbursed to a farming operation that is an eligible entity or eligible producer at the time of approval.

B Borrower Action

If any changes are made to a farming operation with an outstanding FSFL, the borrower **must** do 1 of the following:

- find an eligible borrower or entity to assume FSFL according to paragraph 234
- repay FSFL
- submit current financial documents so that a financial analysis can be completed to ensure that CCC's interests are protected and that the current borrower is in a position to continue making the scheduled FSFL payments.

If the borrower is no longer farming and is approved to continue making the FSFL payments by the original approval official, the multi-peril crop insurance, NAP, or dairy insurance coverage requirement, according to paragraph 96 may **not** be required. CCC-195 Servicing, "Remarks" section **must** be noted each year that crop insurance, NAP, or dairy insurance coverage is **not** required.

The only way TIN can be changed on an outstanding FSFL is through the FSFL assumption process. If an individual borrower changes their farming operation to a corporation, the corporation **must** assume FSFL for IRS-1098 to report the interest paid to the new TIN. All the steps for FSFL assumption **must** be completed for the corporation.

The FSFL collateral is still prohibited from being used as a commercial facility or operation as long as FSFL is outstanding.

232 Relocating FSFL Collateral**A Applicability**

Requests by borrowers to move FSFL collateral are permissible when either:

- the borrower wants to move collateral to a new location
- another producer wants to buy the collateral and assume FSFL.

B Destination County Office Action

County Offices may approve requests to move collateral when:

- the collateral is movable and **not** secured by a real estate lien
- COC determines that the move will **not** impair CCC's security interest
- all moving expenses are paid by the borrower
- before the collateral is moved:
 - necessary changes to CCC-186 are made according to OGC advice
 - a lien and deed search is performed
 - an amended UCC-1 describing the new location is filed at the borrower's expense
 - CCC-297's are obtained as necessary
- an on-site inspection at the new location is performed by the administrative or destination County Office
- environmental conditions have been reviewed.

When collateral is moved outside the county that administers FSFL, the destination County Office shall assist the administrative County Office with lien and deed searches and with an on-farm inspection.

Note: Do **not** transfer FSFL's from 1 County Office to another under this provision.

233 Repairing or Replacing FSFL Collateral**A Liability**

Until FSFL has been repaid, the borrower shall be liable for all damages to or destruction of the collateral. CCC shall **not** assume any loss of the FSFL collateral.

B Occurrences

Requests for repairing or replacing FSFL collateral may occur when:

- equipment wears out before reaching the end of its useful life
- equipment is damaged or destroyed by insurable loss
- insured structures and equipment are damaged or destroyed by insurable causes of loss, such as, but **not** limited to, wind storms and fire.

C Collateral Will Not Be Repaired

When collateral is destroyed or damaged and **will not be repaired**, County Offices shall:

- inspect collateral to assess damage
- apply insurance proceeds as a regular FSFL payment
- create a claim for outstanding amounts after CCC has disposed of FSFL collateral, according to 58-FI provisions
- discuss with the approving authority if FSFL should be called according to paragraph 263 and/or determine whether DAFP waiver is needed to allow FSFL to remain outstanding until paid in full.

State Offices may contact the National Office for additional guidance when FSFL collateral will **not** be repaired.

233 Repairing or Replacing FSFL Collateral (Continued)**D Collateral Will Be Repaired**

When collateral is damaged and **will be repaired** County Offices shall:

- notify producers that approval is **required** before existing FSFL security documents are amended for repair or replacement
- inspect collateral to assess damage
- advise borrowers that they may apply for a new FSFL for replacement facilities and equipment
- inspect collateral after repairs have been completed
- release insurance proceeds to borrower when borrower presents evidence of cost of repairs.

County Offices shall hold insurance proceeds until repairs are completed **unless** other guidance is provided by the National Office. Insurance proceeds shall **not** be deposited. **Do not let the check expire.** State specialists shall contact PSD, at least 30 calendar days before a check expires, for instructions on how to proceed.

When a portion of the insurance proceeds are needed by the borrower before the collateral can be repaired, the borrower **must** submit a written request to COC to release up to 20 percent of the insurance proceeds. After COC approval, the borrower **must** work with the insurance provider to have 2 checks issued. The County Office may then endorse 1 check for up to 20 percent to the borrower to repair the collateral. The second check **must** be held until all repairs are completed. After repairs are completed, the County Office **must** inspect the collateral and document the results on CCC-295A. If the inspection verifies the collateral was repaired properly, the second check in the amount of 80 percent may be released to the borrower.

Note: If the insurance company is **not** willing to issue 2 checks, contact the National Office for guidance.

233 Repairing or Replacing FSFL Collateral (Continued)**D Collateral Will Be Repaired (Continued)**

County Offices **must** ensure that acceptable evidence and CCC-191's are collected and reviewed to substantiate the repair costs. Collecting this information will ensure that FSA does **not** encounter a future liability or mechanics lien.

The borrower is responsible for the cost of amending and refiling FSFL security documents. The original approving authority **must** provide authorization to amend FSFL security documents.

Note: For questionable cases, contact Toni Williams by e-mail to **toni.williams@wdc.usda.gov**.

234 Assumptions**A When Authorized**

An assumption of FSFL may be approved by CCC. The approval authority for FSFL assumption is the same as for a regular FSFL.

Assumptions are authorized, but **not** limited to, when the following situations occur:

- borrower requests an assumption to convey the secured property to another eligible producer
- borrower is deceased and an eligible heir or another eligible producer who is **not** liable for FSFL requests an assumption.

B Application Package

The new applicant **must** apply for FSFL by completing CCC-185. The supplemental application package information, according to paragraph 69, shall also be provided.

C Application Fees for Assumptions

Application fees are **required** for assumptions according to paragraph 58 with 1 exception. A new application fee is **not** required, if the remaining co-borrowers will continue to meet FSFL eligibility requirements and demonstrate the need for the FSFL. For this situation, CED, COC, or FSA employee with loan approval authority may approve CCC-298.

Record application fees for assumptions in DLS according to 2-FSFL.

234 Assumptions (Continued)

D Accrued Interest

Interest due on FSFL from the date of disbursement or date of last payment, as applicable, to the effective date of the assumption may be paid either by the original borrower or by the new applicant. CCC-298, item 11 C relates to “unpaid interest to be assumed”.

IF the interest due is to be...	THEN...
paid by the original borrower	<ul style="list-style-type: none"> • calculate the interest due according to 2-FSFL • apply the interest payment before processing the assumption <p>Note: This payment:</p> <ul style="list-style-type: none"> • may be interest only with no principal repaid • must be applied before dataloading the assumption to credit the interest payment amount to the original borrower’s TIN. <ul style="list-style-type: none"> • in CCC-298, item 11 C, ENTER “0.00” to indicate the buyer is not assuming unpaid interest.
assumed by the buyer	<ul style="list-style-type: none"> • calculate the interest due according to 2-FSFL • complete CCC-298, item 11 C, by entering the calculated interest due to indicate the buyer is assuming unpaid interest. <p>Note: This “unpaid interest to be assumed” must be entered on CCC-298 before buyers and co-buyers sign CCC-298 and the assumption is approved. When the next payment is applied to FSFL, interest will be calculated from the date of disbursement or date of last payment, as applicable. This assumed interest is not collected at the time of the assumption.</p>

234 Assumptions (Continued)

E County Office Actions

County Offices shall take the following actions.

Step	Action
1	Prepare CCC-185 to document the applicant meets the storage need.
2	Collect the application fee in effect at the time the assumption is requested according to subparagraph C.
3	Request lien search and credit report on new applicants. Pay lien search, filing, and recording fees according to paragraph 58.
4	Approve assumptions only for applicants who meet all of the eligibility requirements according to paragraph 35.
5	Obtain new CCC-297's, if applicable.
6	Prepare and record new security documents to protect CCC's interest in the collateral.
7	Include unpaid interest in the assumed FSFL unless the approving STC or COC, as applicable, requires payment of interest to the date of assumption.
8	Use CCC-298 to document the assumption and STC or COC, as applicable, approval.
9	Require new applicant to pay filing and recording fees according to paragraph 58.
10	Provide releases of security to the original borrower. The original borrower pays all fees associated with releasing security.
11	Require new applicant to pay the next installment when it is due.
12	Call FSFL and require payment in full when there is not an eligible producer to assume FSFL.

Process assumption in DLS according to 2-FSFL, paragraph 550.

Note: For questionable cases, contact Toni Williams by e-mail to toni.williams@wdc.usda.gov.

234 Assumptions (Continued)**F Preparing CCC-298**

CCC-298 documents the assumption of the existing debt by the new borrower. CCC-298's will be processed manually. CCC-298 **must** be:

- signed by all **required**:
 - borrowers
 - co-borrowers
 - buyers
 - co-buyers
- approved by COC or STC, as applicable.

CCC-298's:

- maintain the original:
 - FSFL number
 - interest rate
 - installment due date
 - installment amount
 - maturity date
- may only be processed on disbursed FSFL's
- remove 1 or more original borrowers and co-borrowers
- add 1 or more new buyers and co-buyers.

234 Assumptions (Continued)

F Preparing CCC-298 (Continued)

County Offices shall prepare CCC-298 according to the following instructions.

Item	Instructions
1	Enter State code.
2	Enter county code.
3	Enter FSFL serial number, including FY.
4	Enter borrower's name, address, and telephone number that are on the current FSFL.
5	Enter State where FSFL is administered.
6	Enter county where FSFL is administered.
7	Enter legal description of where the equipment is located.
8A	Enter name, address, and telephone number of the buyer or survivor.
8B	Enter county where the buyer lives.
8C	Enter State where the buyer lives.
9 A	Enter date that the original CCC-186 was executed.
9 B	Enter principal amount of original FSFL.
9 C	Enter principal amount that is unpaid.
9 D	Enter date of the last installment.
9 E	Enter interest rate in effect for the original FSFL.
10 A	Enter State where the security instrument is filed.
10 B	Enter county where the security instrument is filed.
10 C	Enter kind of security instrument, such as UCC-1, mortgage, or Deed of Trust.
10 D	Enter date the instrument was executed.
10 E	Enter name of the office where the instrument was recorded.
10 F	Enter book, volume, or document number.
10 G	Enter page number in the book where the instrument is recorded, if applicable.
10 H	Check (✓) if new security.
11 A	Enter effective date of assumption.
11 B	Enter amount of unpaid principal to be assumed.
11 C	Enter unpaid interest to be assumed, if any.
11 D	Enter total of items 11 B and 11 C.
11 E	Enter date of the next installment according to the original schedule.
11 F	Enter interest rate applicable to the original FSFL.
12A-C	Original borrower or representative shall sign, enter title, and date.
13A-C	Co-borrower or representative shall sign, enter title, and date.
14A-C	Buyer or representative shall sign, enter title, and date.
15A-C	Co-buyer or representative shall sign, enter title, and date.
16	CCC representative shall sign and enter their title.
17	Enter name, address, and phone number of the County Office to administer FSFL.

234 Assumptions (Continued)

G Example of CCC-298

The following is an example of CCC-298.

This form is available electronically.

CCC-298 (11-19-15)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. State Code 55	2. County Code 019		
FARM STORAGE FACILITY LOAN PROGRAM ASSUMPTION AGREEMENT				3. Loan Serial Number 2009/00004			
(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)							
4A. Borrower Name and Address (Including Zip Code) Bill Holiday 113 Winter Lane Columbia, WI 55511			4B. Telephone Number (Include Area Code) 512-301-6012				
The farm storage, handling, or drying equipment (hereinafter called "property," described on Form CCC-186, loan serial number as above) are located as follows:							
5. The State of Wisconsin			6. The County of Brown				
7. Legal Description of Location of Equipment 7 Miles west of Landover, WI on state route 550 described in Brown County clerk's book of deeds number 90 page 117.							
The Commodity Credit Corporation (<i>hereinafter called "CCC"</i>), an agency and instrumentality of the United States, made available funds with which to purchase, erect, remodel, construct or install said property through a loan, which is evidenced and secured by a Promissory Note and Security Agreement (<i>Form CCC-186</i>), or by a promissory note and deed of trust or real estate mortgage (<i>hereinafter called "Mortgage"</i>), executed by the Borrower to CCC, in the State and County listed in Items 5 and 6 above. The mortgage provides that if the Borrower sells said property, then CCC may declare the whole of the indebtedness at once due and payable, and take other action as set out in said mortgage. However, the Borrower desires to sell said property to the Buyer listed in Items 8A, 8B, and 8C below (<i>hereinafter called the "Buyer"</i>).							
8A. Buyer's Name and Mailing Address (Including Zip Code): Kim Holiday 6550 Blackburn Rd Cheverly, WI 55306			8B. County where Buyer Lives Brown				
			8C. State where Buyer Lives Wisconsin				
Telephone Number (Include Area Code): 512-301-5509							
9. CCC is the holder of a note and security agreement as follows below:							
A. Date Executed (MM-DD-YYYY) 10-13-2009	B. Amount of Original Loan \$ 35,000.00	C. Principal Unpaid \$ 27,112.00	D. Last Installment Date (MM-DD-YYYY) 09-23-20XX	E. Interest Rate 3.45 %			
10. The following security instruments were taken on property below:							
A. State Wisconsin	B. County Brown	C. Kind of Instrument UCC-1 Financing Statement	D. Date Executed (MM-DD-YYYY) 07-10-20XX	E. Office where Recorded	F. Book, Volume, Document Number	G. Page Number	H. Check if New Security <input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>
11. The buyer agrees to assume the loan as follows:							
A. Effective Date (MM-DD-YYYY) 09-30-2010	B. Unpaid Principal \$ 27,112.00	C. Unpaid Interest to be Assumed \$ 186.54	D. Total of Item B and Item C \$ 27,298.54	E. Date of Next Installment (MM-DD-YYYY) 09-23-2011	F. Interest Rate 3.45 %		

234 Assumptions (Continued)

G Example of CCC-298 (Continued)

CCC-298 (11-19-15)		Page 2
BORROWER'S AND BUYER'S AGREEMENT CERTIFICATION		
<p><i>In consideration of the assumption of indebtedness and CCC's consent to the assumption and related conveyance of security property, if applicable, the Buyer agrees to jointly and severally assume liability and agrees to pay the entire unpaid indebtedness with the rates and terms stipulated in the debt and security instruments listed above.</i></p> <p><i>The provisions of said debt and security instruments and any outstanding agreements executed or assumed by the present debtors shall remain in full force and effect the same as if they had executed them as of the dates thereof as principal obligors.</i></p>		
12A. Borrower's Signature (By) <i>/s/ Bill Holiday</i>	12B. Title/Relationship of the Individual if Signing in a Representative Capacity Borrower	12C. Date (MM-DD-YYYY) 09-20-2010
13A. Co-Borrower's Signature (By)	13B. Title/Relationship of the Individual if Signing in a Representative Capacity	13C. Date (MM-DD-YYYY)
13A. Co-Borrower's Signature (By)	13B. Title/Relationship of the Individual if Signing in a Representative Capacity	13C. Date (MM-DD-YYYY)
13A. Co-Borrower's Signature (By)	13B. Title/Relationship of the Individual if Signing in a Representative Capacity	13C. Date (MM-DD-YYYY)
13A. Co-Borrower's Signature (By)	13B. Title/Relationship of the Individual if Signing in a Representative Capacity	13C. Date (MM-DD-YYYY)
13A. Co-Borrower's Signature (By)	13B. Title/Relationship of the Individual if Signing in a Representative Capacity	13C. Date (MM-DD-YYYY)
14A. Buyer's Signature (By) <i>/s/ Kim Holiday</i>	14B. Title/Relationship of the Individual if Signing in a Representative Capacity Buyer	14C. Date (MM-DD-YYYY) 09-30-2010
15A. Co-Buyer's Signature (By)	15B. Title/Relationship of the Individual if Signing in a Representative Capacity	15C. Date (MM-DD-YYYY)
15A. Co-Buyer's Signature (By)	15B. Title/Relationship of the Individual if Signing in a Representative Capacity	15C. Date (MM-DD-YYYY)
15A. Co-Buyer's Signature (By)	15B. Title/Relationship of the Individual if Signing in a Representative Capacity	15C. Date (MM-DD-YYYY)
15A. Co-Buyer's Signature (By)	15B. Title/Relationship of the Individual if Signing in a Representative Capacity	15C. Date (MM-DD-YYYY)
COMMODITY CREDIT CORPORATION SECURED CREDITOR		
16. Commodity Credit Corporation (Secured Creditor) By <u><i>/s/ Sidney Pope, CED</i></u> (Name and Title)	17. Name and Address of County FSA Office (Including Zip Code): Brown County FSA office 11550 Shirley Court Lakewood, WI 55321 Telephone Number (Include Area Code): 512-301-6005	
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program through determination of borrower eligibility for CCC financing for farm storage and drying equipment. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
<p>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</p> <p>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</p>		

235 UCC-1 Partial Releases Before FSFL Is Paid in Full

A UCC-1 Partial Releases

Occasionally a borrower will sell a specific piece of equipment that is described on UCC-1. County Offices, after DD or State Office review, are authorized to complete a partial release of UCC-1, if the borrower pays the principal and interest cost of the equipment for release.

Example: FSFL UCC-1 describes 2 Sukup round steel grain bins 27 foot diameter, 6 rings height, drying equipment including fan, motor, and an unloading auger. The borrower requests the auger be released.

The borrower shall submit the request in writing. DD or State Office **must** determine the release will **not** jeopardize CCC's security value in the FSFL collateral.

B County Office Action

County Offices shall:

- review the borrower's written request with the DD or State Office
- calculate the principal and interest that will be paid
- determine outstanding FSFL amount and value of the security after payment is received

Note: Review by an FSA employee with loan approval authority is **required** for FSFL's with additional security.

- after DD or State Office approval, review with COC
- collect the payment for the principal plus interest cost of the equipment being released
- apply producer's payment in DLS
- ensure that 30 calendar days from the date of payment of FSFL have lapsed according to paragraph 218
- complete UCC-3 to terminate the UCC filing for the partial release.

236 Partial Release of Real Estate**A General Information on Partial Releases**

Partial releases of real estate are allowed. After necessary information is obtained, COC shall make a determination on whether the partial release is approved.

STC's have authority to establish a more restrictive Statewide policy for partial releases. This **must** be a Statewide basis and **not** on case-by-case basis.

B Information Required by Borrower

Borrower shall:

- submit a written request providing information about the release
- provide a survey of the real estate to be released, if necessary to ensure that the property being released is easily identifiable
- pay all costs associated with the release, including but **not** limited to, survey costs, appraisal fees, and filing fees.

C Processing Request for Partial Release of Real Estate

Items to consider on whether the release will jeopardize CCC's security interest include:

- property released will **not** interfere with access to or operation of remaining real estate
- real estate on which the FSFL structure is located shall **not** be released.

A valuation of the remaining real estate shall be obtained as described in paragraph 122. The methodology used to determine the security value for the outstanding FSFL amount **must** be maintained in the FSFL folder.

Partial release of real estate used to secure FSFL's is authorized when COC (or STC and/or SED if determined on a Statewide basis) determines that the:

- partial release will **not** jeopardize CCC's security interest
- remaining real estate has sufficient value to secure the outstanding FSFL principal amount
- remaining real estate is a saleable unit.

236 Partial Release of Real Estate (Continued)**D Partial Release Preparation and Distribution**

County Offices shall:

- prepare partial releases according to the following **unless** OGC requires other language according to State law
- file the partial release with the appropriate recording official according to State law
- distribute copies of the partial release to the following:
 - secured party
 - debtor
 - FSFL folder.

PARTIAL RELEASE

The Commodity Credit Corporation (CCC), as owner and holder of the following described security instruments, made and executed by *[enter names of debtors]*, of *[enter county where debtor located]* County, State of *[enter State where debtor located]*, filed or recorded in the *[enter name of the office where security instruments were recorded]*, office of *[enter county where office is located]*, State of *[enter State where office is located]*, to wit:

Instrument	Mortgagee	Date of Instrument	Date Filed	Document, File or Book No.	Page No.

for value received, does release from the lien of said instruments the following described property *[describe property in detail]*.

Only the above described property is released from the lien of the aforesaid instruments. This release shall **not** affect or modify the obligations secured by those lien instruments, and these obligations shall continue in force and in effect until fully paid, satisfied, and discharged.

In witness whereof, CCC has signed this form on *[enter date of execution]*.

Witness: *[enter signature of person witnessing CCC signature]*

For: Commodity Credit Corporation

By: *[signature of authorized representative of CCC]*

Title: *[enter title of authorized representative of CCC]*

[Attach acknowledgment applicable to State for notarization.]

237 Real Estate Lien Subordination**A Real Estate Subordination**

Authority is provided to subordinate CCC's lien position if **all** of the following apply:

- adequate security is available to secure the outstanding FSFL amount according to paragraph 122

Notes: The methodology used to determine the security value for the outstanding FSFL amount **must** be maintained in the FSFL folder.

- FSFL is **not** in default
- the borrower:
 - in writing, requested that CCC subordinate its lien position
 - did **not** file bankruptcy, receive any new liens, increased credit lines, or encumbrances, **unless** CCC approves otherwise in writing
 - agrees that they will be responsible for all FSFL security re-filings and/or releases.

STC's have authority to establish a more restrictive Statewide policy for subordinating CCC's lien position. This **must** be a Statewide basis and **not** on case-by-case basis.

237 Real Estate Lien Subordination (Continued)

B Approval Authority

The subordination **must** be approved according to this table.

IF aggregate outstanding FSFL balance is...	THEN approval authority is...
less than or equal to \$250,000	DD.
greater than \$250,000	STC or delegated authority to SED only .

Note: Approval officials **must** ensure that all documents received from a creditor or financial institution for signature to subordinate CCC's lien position are reviewed thoroughly and will **not** adversely affect CCC's security. The approval official, as needed, **must** consult with the regional OGC for legal advice.

State Offices **must** provide the following information to the National Office within 30 calendar days after the subordination of CCC's lien position is approved:

- County Office
- FSFL number
- original FSFL amount
- amount of outstanding FSFL at time of subordination request.

The State Office price support specialist shall provide the information to Toni Williams at **toni.williams@wdc.usda.gov**.

238 Deceased Borrowers**A County Office Action**

When it is learned that an FSFL borrower has died, County Offices shall notify the State Office of the following:

- deceased borrower's name
- FSFL number
- date of original FSFL
- principal balance remaining
- whether other parties signed CCC-186 and are liable for the debt
- security for FSFL
- information on whether an estate probate has begun.

B State Office Action

When notified of a deceased borrower by a County Office, the State Office shall take the following action.

Step	Action
1	Contact regional OGC for advice in preparing a letter that notifies the fiduciary representative of the estate that: <ul style="list-style-type: none"> • there is an outstanding CCC loan • FSFL is secured by CCC-186 and, if applicable, a mortgage or Deed of Trust on real estate.
2	Obtain advice from the regional OGC as to the course of action CCC should take to continue FSFL.
3	Notify County Office of OGC's recommendations and the language to include in the notification letter.

C Example Letters

The following example letters are available electronically to contact the fiduciary representative.

Exhibit	Letter
81	Loan Secured by FSFL Fixture Only
82	Loan Secured by FSFL Fixture and Real Estate Mortgage or Deed of Trust

238 Deceased Borrowers (Continued)**D Typical Order of Events**

Although processing deceased borrower FSFL's will vary dependent on the situation, the following is the typical order of events when FSFL will **not** be paid in full and FSA is forced to proceed:

- a letter is sent to the fiduciary representative advising them of the outstanding FSFL debt with CCC-186 proof of debt enclosed
- County Offices shall monitor local legal publications to determine whether an estate is being administered
- if applicable, an assumption is processed to eligible parties
- if an estate is **not** probated and the heirs show no indication of resolving FSFL, State Office shall make a determination whether to proceed to service FSFL according to Part 13 by calling FSFL and liquidating the security.

239-241 (Reserved)

242 Disbursements for Unpaid Real Estate Taxes**A Applicability**

County Offices are authorized to make additional disbursements when, for FSFL's secured by real estate, real estate taxes **must** be paid when both of the following apply:

- COC determines payment is necessary to protect CCC's interest
- real estate taxes that are delinquent to the extent the property is scheduled to be sold at a tax auction.

B Issuing Payments for Real Estate Taxes

For FSFL's where additional payments are necessary to protect CCC's security interest, County Offices shall:

- issue payments using OLP program code "MISCEXP"
- create a receivable in the debtor's name for the amount paid according to current FI procedure
- pursue collecting the receivable from the debtor according to current FI procedure.

243 Applicability of the Service Members Civil Relief Act**A Applicable FSFL Borrowers**

Applicable FSFL borrowers are persons who are:

- on active duty anywhere in the world and are active members of the following:
 - U.S. Air Force
 - U.S. Army
 - U.S. Coast Guard
 - U.S. Marine Corps
 - U.S. Navy
- officers of the Public Health Service detailed by proper authority for duty with the U.S. Army or U.S. Navy
- members of Reserve or National Guard units who have been called to active duty status
- members of the referenced branches in training or education under U.S. supervision preliminary to induction into the military service
- members absent from duty because of sickness, wounds, leave, or other lawful cause.

B Applicable FSFL's

Applicable FSFL's affected by the Service Members Civil Relief Act are FSFL's:

- secured with personal or real property
- entered into before the borrower entered active military service.

243 Applicability of the Service Members Civil Relief Act (Continued)**C Relief Available**

Types of relief offered include the following:

- relief from foreclosure, sale, or seizure of property for nonpayment of FSFL obligation, during the period of active military service or within 3 months; thereafter, unless done according to an agreement with CCC or through a court order

Example: For borrowers who fail to pay installment payments, according to paragraph 262, County Offices shall **not**:

- continue with collection actions, including calling FSFL
- sell the collateral that was used to secure FSFL, unless the borrower desires to voluntarily convey the collateral on CCC-400 to satisfy the outstanding FSFL.
- Treasury and internal administrative offsets will be discontinued after a producer is ordered to report for induction or military service, and any payments received as a result of offset after the date the borrower was called to active duty will be refunded
- interest rates for applicable FSFL's may **not** exceed 6 percent during the period of active military service.

Note: The interest rate reduction is automatic. However, at this time, there is no way to modify the interest rate for FSFL **except** on a case-by-case basis.

243 Applicability of the Service Members Civil Relief Act (Continued)**D County Office Action**

County Offices shall:

- advise borrowers to notify the County Office if they are full-time members of the military or have been called to active duty status whether or **not** their financial situation has been adversely affected
- help the borrower properly execute powers of attorney to designate persons to perform CCC transactions on their behalf
- request minimal documentation to support a request for relief from affected borrowers, such as a copy of orders calling them to active service
- forward all requests applicable to the Service Members Civil Relief Act to DAFP for final consideration and approval

Note: Further instructions and guidance about interest rate reductions will be sent with the applicable approval notification. At a minimum, requests shall provide the following:

- interest rate applicable to FSFL
 - outstanding principal amount
 - amortization schedule
 - all payment receipts.
- cease any ongoing foreclosure actions against applicable borrowers.

244 Divorce Policy

A Applicability

STC's are authorized to release divorced borrowers from liability on FSFL's with an aggregate outstanding FSFL balance of \$100,000 or less.

For FSFL's with an aggregate outstanding FSFL balance greater than \$100,000, STC's and COC's are **not** authorized to release divorced borrowers from liability on FSFL. DAFP will consider a waiver, according to paragraph 25, for release of an individual's liability, if **both** of the following apply:

- jointly liable individual borrowers have divorced
- 1 spouse has withdrawn from the farming operation.

B Request for Waiver

COC, with STC concurrence, may request DAFP to remove an individual from FSFL liability. The request shall provide the following:

- a cover memorandum from the County Office with a recommendation from COC and including the following:
 - copy of CCC-186
 - outstanding principal amount
 - DLS screen print of annual installment payments
 - copies of UCC-1
 - current lien search
 - copies of any other pertinent information
- a recommendation, based on financial analysis, from an FSA employee with loan approval authority about the remaining borrower's ability to continue FSFL
- a recommendation, based on financial analysis, from an FSA employee with loan authority about the person withdrawing from FSFL, and confirming the person does **not**:
 - have any payment ability for FSFL
 - own any nonessential assets
- a copy of the divorce decree or property settlement document holding the withdrawing party **not** responsible for FSFL payments
- evidence of conveyance of the withdrawing party's interest in the security to the borrower with whom FSFL will be continued.

245 Conveyance by Borrower to CCC**A Collateral Conveyance to CCC**

Borrowers with FSFL's **not** in default or called by CCC may voluntarily convey collateral to CCC by signing CCC-400.

B County Office Action

County Offices shall take sale action according to paragraph 271 and work closely with the regional OGC to sell the collateral.

246 CCC-400**A Preparing CCC-400**

County Offices shall prepare CCC-400 according to the following table.

Item	Instructions
1	Enter County Office name, address, and phone number.
2	Enter State code, county code, FY, and FSFL number.
3	Enter borrower's name and address.
4	Enter borrower's phone number.
A	
(1)-(3)	Enter date, month, and year of this CCC-400.
(4)	Enter principal amount owed, written out.
(5)	Enter principal amount owed, in numerals.
(6)	Enter description of the FSFL collateral.
H	
1A and 1B	Witness, unrelated to the borrower, shall sign and date.
1C and 1D	Borrower shall sign and date.
2A and 2B	Second witness, unrelated to the borrower, shall sign and date.
2C and 2D	Borrower's spouse shall sign and date.
3	COC chairperson shall sign.
3A and 3B	Authorized representative of CCC shall sign and date.
4A and 4B	Authorized representative of CCC shall sign and date.

246 CCC-400 (Continued)

B Example of CCC-400

The following is an example of a completed CCC-400.

This form is available electronically.

CCC-400 (11-19-15)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. FSA County Office Name and Address (Including Zip Code) Yates County FSA Office 270 Lake Street Penn Yan, NY 14527
FARM STORAGE FACILITY LOAN PROGRAM AGREEMENT FOR SALE OF LOAN COLLATERAL		Telephone Number (Including Area Code): 315-536-4012
		2. Serial Number 36/123/2005/00001
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to enable legal conveyance of Farm Storage Facility Loan Program collateral to CCC for sale. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to convey Farm Storage Facility Loan Program collateral to CCC for sale.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
3. Borrower's Name and Address (Including Zip Code)	4. Borrower's Telephone Number (Including Area Code)	
Clark Farms, Inc. 282 State Route 245 Penn Yan, NY 14527	315-536-7182	

A. THIS AGREEMENT, is made (1) 20th day of (2) October, (Year) (3) 20XX
Between (4) Clark Farms, Inc. (the Borrower)
and the Commodity Credit Corporation shall remain in effect for six-months.

The Borrower is indebted to CCC in the principal amount of (5) Ten Thousand Four Hundred Sixty-Five dollars
and no/100 (6) (\$ 10,465.00) as evidenced by,
a Promissory Note and Security Agreement (CCC-186) executed with respect to the following property (collateral) (7) 21,000 Bu.
Bins and related equipment; the Borrower desires that CCC take possession of and to sell this property and to apply the sales
proceeds to the debt owned by the Borrower to CCC together with such other costs, expenses, and indebtedness as are described in Item F.

B. The Borrower conveys to CCC by execution of this Agreement possession of the collateral. The Borrower agrees that expenses incurred to preserve and sell the collateral shall be added to and become a part of the Borrower's indebtedness to CCC, under the same terms and conditions of the original note executed by the Borrower.

C. CCC may:

(1) To sell the collateral either at private sale or at public auction in the manner and at the place determined by CCC,

(2) Purchase the collateral, and may execute a bill of sale, either in the name of the Borrower or in the name of CCC, for any such collateral sold at any such sale.

D. The Borrower agrees that any loss of, deterioration of, or accidental damage to the collateral surrendered to CCC shall be borne by the Borrower. The Borrower releases and discharges CCC from liability for any and all claims of every nature whatsoever in connection with the handling, care, and sale by CCC of the collateral.

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9922 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

246 CCC-400 (Continued)

B Example of CCC-400 (Continued)

CCC-400 (11-19-15)

Page 2

E. The Borrower and CCC agree that the proceeds from the disposition of the collateral shall be applied:

- (1) First on expenses of retaking, holding, preparing for sale, selling, and for the payment of reasonable attorney's fees and legal expenses incurred by CCC,
- (2) Second to the satisfaction of indebtedness secured by the collateral,
- (3) Third to the satisfaction of subordinate security interests to the extent required by law,
- (4) Fourth to any other obligations of Borrower owing to or insured by CCC, and
- (5) Fifth to Borrower.

F. Nothing herein contained shall be construed to release the Borrower from liability for any deficiency owing to CCC after application of the proceeds of sale as provided in Item E. This agreement is a confirmation by the Borrower of the power of sale contained in the CCC-186.

G. The word "Borrower" shall include the heirs, successors, administrators, executors, assigns, agents, and principals of the Borrower.

H. IN WITNESS WHEREOF, the parties have caused this instrument to be executed the day and year first above written.

1A. Signature of Witness <i>/s/ Ima Witness</i>	1B. Date (MM-DD-YYYY) 10-20-20XX	1C. Signature of Borrower	1D. Title/Relationship of the Individual is Signing in a Representative Capacity	1E. Date (MM-DD-YYYY) 10-20-20XX
2A. Signature of Witness <i>/s/ Ima Witness 2</i>	2B. Date (MM-DD-YYYY) 10-20-20XX	2C. Signature of Borrower's Spouse	2D. Title/Relationship of the Individual is Signing in a Representative Capacity	2E. Date (MM-DD-YYYY) 10-20-20XX
3. COMMODITY CREDIT CORPORATION SECURED PARTY		3A. Signature of CCC Representative		3B. Date (MM-DD-YYYY) 10-20-20XX
By <i>/s/ Ima COC Chairperson</i> (CCC Representative)		4A. Signature of CCC Representative		4B. Date (MM-DD-YYYY) 10-20-20XX

247-261 (Reserved)

Part 13 Delinquent Servicing**262 Delinquent FSFL's****A STC Review of Payment Status**

STC or representative shall ensure that County Offices are:

- sending **required** demand letter the next workday after the installment due date
- sending other **required** demand letters timely
- following correct procedure for collecting any delinquent payments
- documenting all delinquent servicing on CCC-195 Servicing.

FSA Enterprise Data Warehouse reports are available to identify FSFL loans that are delinquent. These include:

- FSFL Delinquency Report
- Status of Farm Storage Facility Loans Report.

See 2-FSFL, Part 8.

B Failure to Pay Installments Policy

[7 CFR 1436.13] If installments are **not** paid by the due date, County Offices shall:

- consider FSFL's delinquent for FSFL purposes and eligible for offset from any payments due the borrower on the next workday after the due date, when the delinquent "behind" installment balance remaining after payment exceeds \$100
- prepare and mail a first demand letter (Exhibit 72) to the contact borrower and all co-borrowers on the next workday after the due date, describing actions that may be taken against the borrower if the installment is **not** paid within 30 calendar days of the date of the letter
- on the next workday after the due date, set the "Other Debt Offsets" flag in the borrower's customer profile through FSA-FS
- in addition to the first demand letter (Exhibit 72), prepare and mail 2 subsequent demand letters at 30-calendar-day intervals if the installment is **not** paid
- complete an inspection according to subparagraph 215 A if the payment is not made within 30 days of the due date

262 Delinquent FSFL's (Continued)

B Failure to Pay Installments Policy (Continued)

- initiate collection action against a borrower's pro rata share of payments due any entity that the borrower participates in, either directly or indirectly
- initiate collection action against related persons or entities, irrespective of the borrower's share when CCC determines that the borrower has established an entity or reorganized, transferred ownership, or changed their operation for the purpose of avoiding payment of the debt
- cease collection activity until any appeal activity by the borrower is complete, but withhold any FSA or CCC payments to the borrower for later offset

Note: Delinquent installments **cannot** be moved out of FSFL and a receivable established in NRRS. This is because a portion of the outstanding principal is **not** due and because collateral that could be foreclosed on exists.

- for delinquent installment balances greater than \$500, initiate foreclosure actions only after all efforts to collect the installment have been exhausted under delinquency policy.

Delinquent FSFL's will be referred to TOP 120 calendar days after the installment due date. National Office will initiate the referral to TOP.

Notes: If determined necessary, County Offices should discuss with the producer, the option to have FSFL assumed by another eligible producer.

Contact the National Office for additional guidance.

262 Delinquent FSFL's (Continued)**C Updating Flags for Delinquent FSFL Borrowers**

On the next workday after the installment due date, County Offices shall set the "Other Debt Offset" flag in FSA-FS, under Customer Profile, on all borrowers listed on the delinquent FSFL, according to 63-FI. Remarks **must** be provided with the reason for the flag and the County Office contact information.

A screen shot verifying the "Other Debt Offset" flag was set must be maintained in the borrower's FSFL folder.

D Demand Letters

Demand letters for delinquent FSFL installment payments (Exhibit 72) are manually prepared by County Office employees.

This subparagraph also applies to collecting over disbursements, according to paragraph 199.

E Delinquent FSFL's for DCIA Purposes

DCIA specifies that no person may obtain any Federal financial assistance in the form of a loan (other than a disaster loan) or a loan guarantee if such person has an outstanding Federal non-tax debt that is in a delinquent status. Further, any such person may obtain additional Federal financial assistance only after such delinquency is resolved.

County Offices shall consider FSFL's delinquent for DCIA purposes when either of the following occurs:

- a due and payable FSFL installment is **not** paid in full within 90 calendar days after the due date
- the installment principal balance, after a due and payable installment is applied, exceeds \$500 within 90 calendar days after the due date.

When FSFL's are over 90 calendar days delinquent, and delinquent amount is greater than \$500, then County Offices shall, in the web-based Subsidiary Eligibility Screen, Delinquent Debt Section, CLICK "Yes" to the question, "Does the producer have an outstanding delinquent Federal non-tax debt?", according to 3-PL, paragraph 33.

262 Delinquent FSFL's (Continued)**F FSFL Acceleration**

CCC may:

- declare the entire indebtedness immediately due and payable if the borrower:
 - violated any of the terms and conditions of the application and/or note and security agreement
 - abandons the FSFL collateral
 - breaches any of the terms and conditions of any of the instruments executed in connection with FSFL
- call FSFL if the collateral is used in connection with any commercial operation, including but **not** limited to, elevators, warehouses, dryers, or processing plants during the life of FSFL. See paragraph 263.

Note: FSFL may be paid in full or in part at any time before maturity without penalty.

262 Delinquent FSFL's (Continued)

G Timeline for FSFL Annual Installments

The following timeline should be followed for annual installment payments:

When	Action	Reference
45 calendar days before annual installment due date.	<ul style="list-style-type: none"> • Send the Annual Reminder and Notification Letter (Exhibit 70). • Prepare CCC-195 Servicing (Exhibit 71), including all servicing discussions and actions. 	<ul style="list-style-type: none"> • Paragraph 209. • Paragraph 210.
Next workday after annual installment due date.	<ul style="list-style-type: none"> • Send First Demand Letter (Exhibit 72). • Update CCC-195 Servicing. • Update FSA-FS, "Other Debt Offset" flag for all borrowers, including entity in which borrower is member. • Offset any payment due the borrower including pro rata share of an entity's payment. 	<ul style="list-style-type: none"> • Subparagraph B. • Paragraph 210. • Subparagraph E. • Paragraph 83.
30 calendar days after first demand letter.	<ul style="list-style-type: none"> • Send 2nd demand letter. Same as the first demand letter (Exhibit 72). • Update CCC-195 Servicing. 	<ul style="list-style-type: none"> • Subparagraph B. • Paragraph 210.
30 calendar days after 2nd demand letter.	<ul style="list-style-type: none"> • Send 3rd demand letter. Same as the first demand letter (Exhibit 72). • Update CCC-195 Servicing. 	<ul style="list-style-type: none"> • Subparagraph B. • Paragraph 210.
90 calendar days after installment due date.	Set the Subsidiary "Delinquent DCIA" flag.	Subparagraph E.
120 calendar days after installment due date.	National Office will confirm the borrower can be referred to TOP. If borrower pays, notify the National Office immediately .	Subparagraph B.
Acceleration.	<ul style="list-style-type: none"> • CCC may declare the indebtedness immediately due and payable. • Update CCC-195 Servicing. <p>Contact National Office for additional guidance.</p>	<ul style="list-style-type: none"> • Subparagraph F. • Paragraph 210.

263 Calling FSFL's

A Basis for Calling

COC shall call outstanding FSFL's and declare the entire debt due and payable when any of the following apply:

- the borrower:
 - has **not** paid an installment when due (due process **must** be provided)
 - has **not** requested deferral of an installment
 - does **not** maintain the **required** auto, crop, flood or structural insurance
 - has made representations or warranties about FSFL that prove to be false
 - does **not** comply with any covenants or agreements in connection with FSFL or in the application for FSFL
 - dies or becomes incompetent and there is no one to continue FSFL
 - abandons the FSFL collateral and has **not** repaid FSFL or authorized CCC to sell the FSFL collateral
- the FSFL collateral is relocated without COC approval
- the mortgaged property is attached or levied by execution, decree, or other court process
- CCC has sound reasons to consider itself insecure about FSFL.

Example: The condition of the FSFL collateral, such as a storage structure, has deteriorated to the extent it has little or no value, and there are several years remaining on the FSFL term.

If it is determined the borrower is no longer farming, the County Office should discuss with the borrower the option of having another eligible producer assume the outstanding FSFL.

Note: If there are questionable situations, State Offices should contact the National Office for guidance.

263 Calling FSFL's (Continued)**B COC Action**

COC shall:

- follow subparagraph A when considering calling FSFL's to protect CCC's interests
- consult State Office
- take action to call any FSFL approved by COC
- provide recommendations by memorandum to STC to call any FSFL approved by STC.

C Potential Violations

If the reasons for calling FSFL involve potential civil or criminal violations, County Offices shall:

- report the case to OIG through the State Office
- provide a full statement of the facts of the case with applicable documentation through the State Office to OIG
- **not** make recommendations about any administrative action according to 9-AO, subparagraph 50 D
- take action only after receiving legal advice from OGC.

D Notifying Borrower

On final determination to call FSFL, County Offices shall:

- notify the borrower using the letter in subparagraph E
- file a copy of the letter in the FSFL folder.

263 Calling FSFL's (Continued)**E Preparing Call Letter**

Prepare the following Call Letter for **all** borrowers who signed CCC-186 and file a copy in the FSFL folder. Send the Call Letter by certified mail, return receipt requested, 30 calendar days after the date of the last demand letter sent according to subparagraph 262 D, if:

- an installment due has **not** been paid in full
- there has been a violation of the terms and conditions of CCC-186 or the regulations at 7 CFR Part 1436.

Note: Modify the Call Letter to explain violations, as applicable.

263 Calling FSFL's (Continued)

E Preparing Call Letter (Continued)

The following shall be reproduced locally on FSA County Office letterhead.

Note: This letter is available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 263".

1-FSFL Par 263

(Use FSA County Office Letterhead format with local return address.)

Preparing Call Letter

(Date)
(Borrower Name)
(Borrower Address Line 1)
(Borrower Address Line 2)

Dear (Borrower Name),

Our (insert date) letter advised you that an installment payment was due and payable for the Farm Storage Facility Loan Program as follows.

Loan Number	Date of Note and Security Agreement	Unpaid Principal Amount	Amount of Installment Due	Date Installment Due
		\$	\$	

You were also advised that the entire loan amount would be called if you did **not** take action by (insert date). Since you have **not** taken any action to pay the amount due, the entire loan plus interest is now due and payable. This entire amount is subject to setoff from any Agency of the U. S. Government.

If you do **not** take action to pay the entire loan plus interest by (insert 30 calendar days from the date of this letter), in the amount of (insert amount due), action will proceed on behalf of the Commodity Credit Corporation to take possession of the farm storage facility and equipment under loan. Under foreclosure proceedings, the collateral securing the loan may be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.

Please send your check payable to the Commodity Credit Corporation to the County Office at the following address by the date due.

Commodity Credit Corporation
(insert office street address)
(insert City, State, and ZIP code)

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request in writing, reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director
For the (County Name) FSA County Committee

264 Liquidation Actions**A Payment Not Received**

When FSFL is called and payment is **not** received within 30 calendar days from the date of the letter in subparagraph 263 E, County Offices shall:

- notify the State Office of pending liquidation

Note: The State Office shall contact PSD for instructions on how to process the liquidation in the automated FSFL system.

- consult, as needed, with the regional OGC through the State Office
- send the Liquidation Letter in subparagraph C and a copy of the promissory note
- **not** establish a claim until CCC has disposed of FSFL collateral according to this part.

Note: If there are questionable cases, State Offices should contact the National Office for guidance.

B Borrower Options

County Offices shall explain the following options to the borrower:

- voluntarily agree to allow removal of the collateral to facilitate sale by signing CCC-400, according to subparagraph 246 A
- object to removing collateral and require formal court foreclosure before collateral can be sold and removed.

264 Liquidation Actions (Continued)

C Preparing Liquidation Letter

If the FSFL amount plus interest is **not** paid, prepare the following Liquidation Letter:

- to **all** borrowers who:
 - signed CCC-186
 - signed real estate mortgage for FSFL security
- by certified mail, return receipt requested
- with CCC-400 enclosed and prepared according to subparagraph 246 A
- 30 calendar days after the date the Call Letter was sent according to subparagraph 263 E
- with a copy to the FSFL folder.

264 Liquidation Actions (Continued)

C Preparing Liquidation Letter (Continued)

The following shall be reproduced locally on FSA County Office letterhead.

Note: This letter is available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “1-FSFL Par 264”.

1-FSFL Par 264

(Use FSA County Office Letterhead format with local return address.)

Preparing Liquidation Letter

(Date)

(Borrower Name)

(Borrower Address Line 1)

(Borrower Address Line 2)

Dear (Borrower Name),

Our (insert date) letter advised you that since you have **not** complied with the terms of your Farm Storage Facility Loan (FSFL), number (insert loan number), the Commodity Credit Corporation is calling the entire loan amount plus interest. Since you have **not** paid the entire amount due by the date specified, CCC **must** now take action to take possession of the storage facility and any other collateral used to secure the loan.

The storage facility and any other collateral used to secure the loan will be sold. The proceeds will be applied to the unpaid amount of the loan plus interest. Any costs of retaking and selling the facility will be added to the debt. Any deficiency in the debt left outstanding will still be an obligation to CCC and subject to setoff from any agency of the U.S. Government.

In order to facilitate sale of the collateral, please sign the enclosed form, Agreement for Sale of Loan Collateral (CCC-400). Return it to this office within 10 calendar days of the date of this letter. If you do **not** sign the form and object to the removal of collateral, a court foreclosure will proceed before collateral will be sold and removed.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request in writing, reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director
For the (County Name) FSA County Committee

Enclosure: CCC-400

265 Reinstatements

A Reinstating FSFL's

County Offices shall reinstate FSFL's under regular terms when all of the following apply:

- CCC has **not** taken possession of the collateral
- borrower files a written request and satisfies COC that:
 - the payment was **not** made for reasons beyond the borrower's control
 - borrower had made a good faith effort to comply with FSFL terms
- current installment is paid.

B Reinstated FSFL Terms and Conditions

When FSFL's are reinstated, all original terms and conditions of FSFL, according to the applicable CCC-186 and any other security documents, shall apply.

266-270 (Reserved)

271 Sale of Collateral

A Selling FSFL Collateral

[7 CFR 1436.16] The collateral securing FSFL shall be sold by CCC whenever:

- CCC has called FSFL and it has **not** been repaid
- the borrower voluntarily conveys the collateral to CCC before repaying FSFL according to paragraphs 245 and 246
- the borrower desires to convey other property securing FSFL without repaying FSFL.

B COC Approval Requirement

Before a borrower sells or conveys the facilities or other property securing FSFL without repaying FSFL in full, the borrower shall obtain approval for sale or conveyance from COC.

C Releasing FSFL Documentation

County Offices shall **not** release any documents to release any liens, security, or allow removal of the FSFL collateral until the full payment has been received according to paragraph 218.

272 Liquidating FSFL's Secured With Portable Collateral

A Action Instead of Foreclosure

When FSFL's have been called and a Liquidation Letter (paragraph 264) has been issued to the borrower, the collateral **must** be sold to liquidate FSFL. FSFL with collateral that is considered portable and is **not** secured by real estate may be liquidated or partially liquidated under the terms of CCC-186. County Offices shall:

- obtain borrower's signature and, if **required** by law, spouse's signature on CCC-400 prepared according to paragraph 246
- perform a lien search, no more than 10 calendar days before sending the Notification of Disposition of Collateral Letter (subparagraph B), to search:
 - property records where fixture filing was performed
 - UCC records
- send the Notification of Disposition of Collateral Letter to the following:
 - borrower
 - all co-borrowers
 - anyone who has notified CCC that they have interest in or claim to the collateral
 - any other secured party or lienholder whose interest:
 - is recorded in the county where the collateral is located
 - is indexed under the borrower's name
 - identifies CCC's collateral as of 10 calendar days before the date of notification
- use the date the Notification of Disposition of Collateral Letter is sent as the date that CCC takes possession of the FSFL collateral
- determine, with assistance from a FSA employee with loan approval authority, the estimated resale value of the collateral if the collateral will be sold. The cost of the sale expenses will be estimated and subtracted from the estimated resale value to determine whether it is in CCC's financial best interest to sell the collateral.

272 Liquidating FSFL's Secured With Portable Collateral (Continued)

B Notification of Disposition of Collateral Letter

The following shall be reproduced locally on FSA County Office letterhead.

Note: This letter is available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 272B".

1-FSFL Par. 272B

(Use FSA County Office Letterhead format with local return address.)

NOTIFICATION OF DISPOSITION OF COLLATERAL

(Date)

To: (Borrower Name)
(Co-Borrower Name)
(Any other party listed in subparagraph A)

From: Commodity Credit Corporation
(County Name) County FSA Office

We will sell the (Description of Collateral) by sealed bid to the highest qualified bidder as follows.

Day and Date: _____
Time: _____
Place: _____

You are entitled to an accounting of the unpaid indebtedness secured by the property that we intend to sell. You may request an accounting by calling us at (Phone Number).

Dated this _____ day of _____, 20XX.

Commodity Credit Corporation

(Signature)

By: (CED Name), County Executive Director
(County Name) County FSA Office
U.S. Department of Agriculture

Sent: Certified Mail, Return Receipt Requested

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

272 Liquidating FSFL's Secured With Portable Collateral (Continued)**C Refusal to Authorize Sale**

County Offices shall contact the State Office:

- if the borrower refuses to sign CCC-400
- to request foreclosure advice from OGC and then act on directions received from OGC through the State Office
- for guidance if a lien filing is found and unsure if a notification letter should be sent.

D Sale Methods

With State Office concurrence and, in the case of foreclosure, at OGC's direction, County Offices shall sell the collateral for the best price obtainable using the following methods:

- conduct public auction on the property where the collateral is located
- private sale if COC determines the method is considered most advantageous to CCC
- sealed bids, allowing 30 calendar days from bid announcement to bid opening.

Note: On any FSFL collateral sold by CCC, before the sale, COC **must** establish a fair market value to be documented in COC minutes. Send a memorandum to the State Office to be forwarded to PSD of established fair market value.

E Announcement of Sale and Invitation to Bid on CCC Loan Collateral

The following:

- is an example of an announcement of sale and invitation to bid on CCC loan collateral
- may be used in its entirety or modified to fit the situation
- shall be reproduced locally on FSA County Office letterhead.

Note: The borrower **must** be sent a Notification of Disposition of Collateral Letter (subparagraph B) before CCC can advertise.

272 Liquidating FSFL's Secured With Portable Collateral (Continued)

E Announcement of Sale and Invitation to Bid on CCC Loan Collateral (Continued)

The following announcement shall be reproduced locally on FSA County Office letterhead.

Note: This letter is available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 272E".

1-FSFL Par. 272E

(Use FSA County Office Letterhead format with local return address.)

ANNOUNCEMENT OF SALE AND INVITATION TO BID ON COMMODITY CREDIT CORPORATION (CCC) LOAN COLLATERAL

The (*County Name*) County FSA Office at (*County Office Location*), acting on behalf of CCC, hereby announces a sale and invites bids for personal property used to secure a Farm Storage Facility Loan, subject to the terms and conditions of this Invitation to Bid. The collateral is described as follows:

and is located at (*Collateral Location*).

Terms and conditions of bid and sale are as follows:

- 1) All bids **must** be submitted in writing on the form on the attached page. The bid offer **must** be in dollars and cents. The bidder understands that the bid is submitted on the collateral on a "as is" and "where is" basis.
- 2) Alternate or tie-in bids will **not** be accepted.
- 3) CCC reserves the right to accept or reject, in whole or part of, any or all bids, and in considering bids to take into consideration the financial responsibility of the bidder.
- 4) Prospective bidders may inspect the collateral before bidding by making arrangements with the County Executive Director (CED) at the above named County FSA Office.
- 5) All bids **must** be accompanied by a "non-refundable" certified check, cashier's check, postal money order, or bank draft, payable to the Commodity Credit Corporation, for at least a non-refundable 10 percent deposit of the total bid. Deposits of unsuccessful bidders will be returned. CCC may retain any or all deposits until a final acceptance is made.

Bids will be opened and evaluated at the above named County FSA Office on (*Date*), 20XX, at (*Time*). Bids will be considered only if received before the time of opening.

The successful bidder shall pay by cash, postal money order, certified check, or draft, guaranteed by the banking institution on which shown, or if approved by CED, uncertified personal or firm check within 15 workdays after the date of sale.

272 Liquidating FSFL's Secured With Portable Collateral (Continued)

E Announcement of Sale and Invitation to Bid on CCC Loan Collateral (Continued)

1-FSFL Par. 272E

Page 2 of 2

The purchaser is responsible for making reasonable arrangements with the applicable owner to disassemble and/or remove the collateral and is responsible for all costs associated with the disassembly and removal of the loan collateral, including any damage that occurs to the collateral and/or to the underlying real property.

Dated this _____ day of _____, 20XX.

Commodity Credit Corporation

By: (CED Name), County Executive Director
(County Name) County FSA Office
U.S. Department of Agriculture

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

272 Liquidating FSFL's Secured With Portable Collateral (Continued)

F Bid Form for CCC Loan Collateral

The following:

- is an example of a bid form for CCC loan collateral
- may be used in its entirety or modified to fit the situation
- shall be reproduced locally on FSA County Office letterhead.

Note: This letter is available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 272F".

1-FSFL Par. 272F

(Use FSA County Office Letterhead format with local return address.)

**BID FORM FOR COMMODITY CREDIT CORPORATION (CCC)
LOAN COLLATERAL**

The undersigned bidder offers to purchase from CCC the following property:

_____.

located at *(Property Location)* for the sum of \$ _____.

I understand that this bid is submitted on the collateral as a "as is" and "where is" basis. This bid is accompanied by a "non-refundable" certified check, cashier's check, postal money order, or bank draft, payable to the Commodity Credit Corporation, for at least a non-refundable 10 percent deposit of the total bid. Deposits of unsuccessful bidders will be returned. The successful bidder shall pay by cash, postal money order, certified check, or draft guaranteed by the banking institution on which shown, or if approved by the County Executive Director (CED), uncertified personal or firm check within 15 work days after the date of sale.

(Bidders Signature) (Date)

(Print Bidder's Complete Name) (Bidder's Street Address)

(Bidder's Telephone Number) (Bidder's City, State, and ZIP Code)

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

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272 Liquidating FSFL's Secured With Portable Collateral (Continued)**G Bill of Sale**

After the sale, County Offices shall:

- complete and sign a bill of sale (subparagraph I)
- place the original bill of sale in the FSFL folder
- provide a copy to the following:
 - borrower
 - buyer.

H Distributing Sales Proceeds

Sales proceeds shall be distributed in the following order:

- satisfying borrower's indebtedness to CCC, including cost of sale
- payment to junior lienholders if approved by OGC
- payment to the borrower.

Note: Establish a claim if the borrower's debt is **not** completely liquidated by sale of the FSFL collateral.

DLS contains a process for FSFL liquidation. Following the sale of FSFL collateral, the County Office shall follow 2-FSFL, paragraph 551 to transfer FSFL to NRRS.

272 Liquidating FSFL's Secured by With Portable Collateral (Continued)

I Example of Bill of Sale

The following bill of sale shall be reproduced locally on FSA County Office letterhead.

Note: This letter is available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Par 272I".

1-FSFL Par. 272I

(Use FSA County Office Letterhead format with local return address.)

BILL OF SALE

In consideration of *[enter dollar amount received]*, receipt of which is hereby acknowledged, the Commodity Credit Corporation (CCC), an agency and instrumentality of the United States within the Department of Agriculture, hereby sells and delivers unto *[enter name of buyer]*, Buyer, of *[enter County where buyer located]*, County, State of *[enter State where buyer located]*, all the right, title, and interest of CCC, Secured Party, and pursuant to the terms and conditions of Promissory Note and Security Agreement by and between CCC and *[enter name of former borrower]*, Debtor, or the Agreement for Sale of CCC Loan Collateral dated *[enter date of CCC-400]*, all the right, title, and interest of said debtor in and to the following described property:

[Describe property in detail]:

To have and to hold unto said Buyer, his heirs, executors, administrators and assigns forever, in witness whereof, CCC has caused this Bill of Sale to be signed on *[enter date of execution]*.

Commodity Credit Corporation

By *[enter signature of authorized representative of CCC]*

[Enter date of signature.]

(Notary Signature) (Stamp)

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

273 Liquidating FSFL's Not Secured by Real Estate With Nonmovable or Nonsaleable Collateral

A Liquidating Actions

When FSFL's have been called and a Liquidation Letter has been issued to borrower, the collateral **must** be sold to liquidate FSFL. However, for FSFL's with nonmovable or nonsaleable collateral and no real estate lien, the County Office shall:

- obtain COC determination that the collateral **cannot** be moved or **cannot** be sold
- have COC establish a fair market value for the collateral and document in COC minutes
- obtain OGC advice through the State Office
- if farm has been sold and the new landowner:
 - meets FSFL eligibility requirements, ask the new landowner to assume FSFL according to paragraph 234
 - does **not** assume FSFL, ask the new landowner to buy the collateral by private sale from CCC
- if the collateral **cannot** be sold or there is a balance remaining after a sale, establish a claim for the outstanding balance, including interest and applicable sales costs.

274 Liquidating FSFL's Secured With Real Estate Liens**A COC Action**

When FSFL's secured with real estate have been called and a Liquidation Letter has been issued to borrower, the real estate **must** be foreclosed on and sold to liquidate FSFL. COC shall:

- obtain OGC advice through the State Office
- obtain an appraisal of the property with State Office approval
- establish a fair market value or resale value before sale of the collateral and real estate.

B State Office Action

The State Office shall:

- consult with OGC on what actions to take
- coordinate foreclosure action with advice from OGC.

C Foreclosure Sale

If a foreclosure judgment is awarded by a court and a foreclosure sale is court-ordered and held, the County Office shall:

- **not** be obligated to bid at the sale
- enter a bid only if it is considered to be in the best interest of CCC.

Note: Any bid entered by CCC shall **not** exceed the fair market value of the collateral and the real estate established by COC or the borrower's outstanding debt, including interest.

D Distributing Sales Proceeds

Sales proceeds shall be distributed in the following order:

- satisfying borrower's indebtedness to CCC, including cost of sale and appraisal
- payment to junior lienholders if approved by OGC
- payment to the borrower.

Note: Establish a claim if the borrower's debt is **not** completely liquidated by sale of the FSFL collateral.

274 Liquidating FSFL's Secured With Real Estate Liens (Continued)**E If CCC Acquires Property**

Under certain circumstances, it may be in CCC's best interest to bid at the foreclosure sale and acquire the real estate.

Example: If at a foreclosure sale, other bids are **not** equal to the fair market value or the borrower's outstanding debt.

If CCC acquires the real estate, the State Office shall:

- obtain a copy of the entire FSFL folder, send to PSD, and include the following information in a cover memorandum:
 - name of borrower and FSFL number
 - description of property
 - amount of accrued interest to date
 - resale value established by COC
 - amount of any bids received plus amount paid by CCC
 - STC recommendations for disposing of property
- instruct the County Office to dispose of the property as authorized by PSD and OGC
- instruct the County Office to transfer any outstanding balance to claims after disposing of the real estate.

275-290 (Reserved)

Part 14 Bankruptcy**291 Bankruptcy Actions****A Notification**

After notification by a bankruptcy court that a borrower has filed or is filing for bankruptcy, County Offices shall:

- perform a UCC chattel and fixture lien search to verify CCC's lien position , according to subparagraphs 144 A and B
- send a copy of the notice of filing to the State Office for forwarding to the regional OGC
- **not** take any action:
 - to possess or sell the collateral
 - prohibited by the Bankruptcy Code
- obtain advice from OGC through the State Office **before** taking any action against the person or property filing a petition for bankruptcy.

Notes: With the approval of the regional OGC, it is strongly suggested that the State Office file a Proof of Claim (Form 410) on **all** FSFL's in bankruptcy with the bankruptcy court by the due date, including copies of the following:

- CCC-186
- CCC-190
- CCC-295A
- CCC-297
- equipment lists
- UCC-1's and amendments.

The Proof of Claim (Form 410) can be found at <http://www.uscourts.gov/services-forms/forms?k=&c=67&=Apply> or at http://www.uscourts.gov/sites/default/files/form_b_410_16.pdf.

291 Bankruptcy Actions (Continued)**A Notification (Continued)**

After receiving notification of a bankruptcy filing, the State Office shall e-mail the following bankruptcy information to Toni Williams at **toni.williams@wdc.usda.gov**:

- name and address of borrower
- State and county
- year and FSFL number
- date of bankruptcy filing
- bankruptcy chapter filed
- FSFL principal balance at bankruptcy filing
- original FSFL principal
- date FSFL disbursed
- verification that UCC filing is current
- provide expiration date of UCC filing.

B Form B10, Proof of Claim

After receiving guidance from OGC, State Offices may delegate to County Offices to file Form B10 with the Bankruptcy court, if advised and based on type of bankruptcy filed.

The following cite should be considered when a FSFL debtor has filed bankruptcy and Form B10 is **required**.

“11 U.S.C. § 502(b)(9) (“a claim of a governmental unit shall be timely filed if it is filed before 180 days after the date of the order for relief or such later time as the Federal Rules of Bankruptcy Procedure may provide”); Fed. R. Bankr. P. 3002(c)(1) (“A proof of claim filed by a governmental unit, other than for a claim resulting from a tax return filed under § 1308, is timely filed if it is filed **not** later than 180 days after the date of the order for relief. A proof of claim filed by a governmental unit for a claim resulting from a tax return filed under § 1308 is timely filed if it is filed no later than 180 days after the date of the order for relief or 60 days after the date of the filing of the tax return. The court may, for cause, enlarge the time for a governmental unit to file a proof of claim only on motion of the governmental unit made before expiration of the period for filing a timely proof of claim.”).”

291 Bankruptcy Actions (Continued)**C Reorganization Plans**

After the court notifies either the State or County Office that a confirmed plan of reorganization has been approved and the terms and conditions of CCC-186 and supplemental documents are changed by court order, County Offices shall:

- maintain FSFL in DLS

Notes: If the terms and conditions of CCC-186 and supplemental documents are changed by court order, the County Office through the State Office, shall contact PSD for the correct and up-to-date procedures to follow to revise FSFL terms.

A copy of the reorganization plan **must** be provided by e-mail to **toni.williams@wdc.usda.gov**.

- accept payments according to the reorganization plan
- refer the claim to OGC for legal action if a borrower defaults on the payment schedule or any provision of the court-approved plan.

291 Bankruptcy Actions (Continued)**D Selling Collateral**

If the bankruptcy court authorizes CCC to sell the collateral, rather than accepting payments according to a reorganization plan, County Offices shall:

- ask the borrower to sign CCC-400:
 - prepared according to paragraph 246
 - revised with OGC advice
- sell FSFL collateral according to Part 13
- apply sales proceeds to the outstanding FSFL amount
- if sales proceeds exceed the amount due CCC, refund the excess amount to the producer
- transfer the unpaid FSFL balance to claims if:
 - there is an unpaid FSFL balance
 - collateral has been sold
 - FSFL has been discharged by the bankruptcy court.

When FSFL collateral is sold under a bankruptcy plan, the following information **must** be sent to PSD:

- fair market value determined by COC
- sales proceeds received
- date sales proceeds received
- sales expenses
- date FSFL liquidated.

292-300 (Reserved)

Part 15 Fees**301 Program-Related Codes****A Collecting Application Fees**

An FSFL application fee of \$100 per FSFL applicant **must** be collected according to paragraph 58. Record the application fee as soon as it is collected in DLS. See 2-FSFL for correctly recording the FSFL application fee.

In addition to the FSFL application fee, the applicant is responsible for paying for certain filing fees associated with their FSFL as identified in subparagraph 58 C.

The application fee for FSFL assumption **must** be collected when the assumption is requested, according to paragraph 234.

302 Issuing Payments for Lien Searches and Recording Fees**A Fees Responsibilities**

CCC is responsible for **paying** fees for:

- credit reports (paid by PSD)
- lien searches on collateral
- recording fees for financing statements on collateral.

Note: A contract for obtaining all FSFL credit reports has been secured. The National Office is responsible for paying all costs associated with FSFL credit reports.

The applicant shall pay all other fees according to subparagraph 58 C.

State and County Offices must **not** use these codes for disbursing FSFL funds.

B Program Code for Paying Fees

The program codes for **paying** fees for FSFL lien searches and financing statements are “XXFSFLRF” (regular loan) and “XXFSMLRF”(micro loan), where “XX” equals the last 2 digits of the FY of the original FSFL approval. XXFSFLRF is utilized for regular (regular loan) FSFL while XXFSMLRF is utilized for micro (micro loan) FSFL. Offices must assure the correct code is selected.

Examples: Lien search and recording fees shall be coded as follows:

- a lien search on an individual assuming FY 2016 FSFL paid on September 27, 2016, shall be “16FSFLRF” (regular loan)
- a fee for filing UCC-1 for FSFL approved in FY 2017 and paid on June 10, 2017, shall be “17FSFLRF”(regular loan).

C Paying Fees

County Offices shall submit payment requests for FSFL lien search and recording fees according to current OLP procedures in 1-FI.

302 Issuing Payments for Lien Searches and Recording Fees (Continued)**D Overdisbursement of Fees**

“XXFSFLRF” (regular loan) or “XXFSMLRF” (micro loan) **must** be used to return funds when there is an overdisbursement of lien search and UCC-1 recording fees.

NRRS code “XXFSFLRF” or “XXFSMLRF” (micro loan):

- shall only be used for recording a lien search, UCC-1, or UCC-3 continuation recording fees in OLP
- is located in NRRS under “Existing Receivable”, then “Record New Receipt” using collection type, “Existing Receivable”.

NRRS code “XXFSFLRF” or “XXFSMLRF” (micro loan) shall **not** be used to record FSFL:

- annual installment repayments
- application fees
- reimbursable fees.

303 Reimbursable Fees**A Reimbursable Fee**

An example of a reimbursable fee is the borrower repaying the County Office for CCC-297 filed for the producer. According to subparagraph 58 C, the borrower is responsible for the cost associated with the filing of CCC-297. Other examples include, but are **not** limited to, the following:

- filing and recording CCC-297 and other forms related to a lien on real estate
- filing a release or discharge of a real estate mortgage or deed of trust
- filing a discharge of CCC-297
- terminating a financing statement using a UCC document.

FSFL recoverable and/or reimbursable costs are the responsibility of the borrower, but in some instances may be paid on behalf of the borrower by CCC because of timing issues, and then collected back from the borrower. See 2-FSFL for guidance on entering recoverable fees in DLS.

303 Reimbursable Fees (Continued)

B UCC Recording Fee

CCC is responsible for payment of lien searches on collateral and UCC-1 recording fees for financing statements on collateral. See subparagraph 302 B.

When FSFL's are paid in full, the UCC termination fee is the responsibility of the borrower, and the UCC termination fee **must** be processed according to 2-FSFL in DLS or paid directly by the borrower.

Reports, Forms, Abbreviations, and Redelegations of Authority Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		69, Ex. 32
410	Proof of Claim		291
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	Ex. 53	69, 141
CCC-185	Loan Application for Farm Storage Facility Loan Program	Ex. 28	Text, Ex. 32
CCC-185-1	Loan Application for Farm Storage Facility Loan Program (CCC-185 Continuation Sheet)		25
CCC-185D	Determination for Farm Storage Facility Loan Program	Ex. 58	Text
CCC-186	Farm Storage Facility Loan Program Promissory Note and Security Agreement	Ex. 67	Text, Ex. 2, 32
CCC-186-1	Farm Storage Facility Loan Program Promissory Note and Security Agreement (CCC-186 Continuation Sheet)	Ex. 67	6
CCC-190	Farm Storage Facility Loan Program Lien Waiver	Ex. 56	144, 156, 291, Ex. 32
CCC-191	Farm Storage Facility Loan Program Release of Liability	173	Text, Ex. 32, 64
CCC-193	Real Estate Mortgage for Farm Storage Facility Loan Program	Ex. 6	6, 143, Ex. 32
CCC-193-D	Farm Storage Facility Loan Deed of Trust for (State of_)	Ex. 6	6, 143
CCC-194	Farm Storage Facility Loan Subordination Agreement (Lien on Real Property)	Ex. 57	144, 156, Ex. 32

Reports, Forms, Abbreviations, and Delegations of Authority Reports (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-195	Farm Storage Facility Loan (FSFL) Processing Checklist	Ex. 29	74, 185, Ex. 32
CCC-195 Servicing	Farm Storage Facility Loan (FSFL) Servicing Checklist	Ex. 71	209, 210, 215, 262
CCC-195A	Farm Storage Facility Loan (FSFL) Security Checklist	Ex. 30	74, 175, 185
CCC-195B	Farm Storage Facility Loan (FSFL) No Security Checklist	Ex. 31	74, 175, 185
CCC-197	Final Farm Storage Facility Loan (FSFL) Program Cost Certification	Ex. 64	156, 170, 174, 175
CCC-257	Schedule of Deposit		218
CCC-295A	Farm Storage Facility Loan Program Final Inspection of Permanently Affixed FSFL Collateral Before Loan Disbursement Facility Before Loan Disbursement	171	170, 233, 291 Ex. 32
CCC-295B	Form Obsolete on 2/12/13	171	
CCC-295C	Farm Storage Facility Loan Program Final Inspection of Portable Drying and Handling Equipment/Storage/ Handling Truck Before Loan Disbursement	170, 171	171, Ex. 32
CCC-296	Farm Storage Facility Loan Program Certification of Attorney	187	
CCC-297	Severance Agreement	Ex. 68	Text, Ex. 32, 51
CCC-298	Farm Storage Facility Loan Program Assumption Agreement	234	6, Ex. 32
CCC-299	Title Opinion - Farm Storage Facility Loan Program	187	
CCC-400	Farm Storage Facility Loan Program Agreement for Sale of Loan Collateral	246	6, 243, 245, 264, 272, 291
CCC-471	Non-Insured Crop Disaster Assistance Program (NAP) Application for Coverage with Buy-Up Option (2015 and Subsequent Crop Years)		96
CCC-674	Certification of Contracts, Grants, Loans, and Cooperative Agreements		64
CCC-901	Members Information Agricultural Act of 2014		6, 69
CCC-902	Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years		35, 48, 49, 50 69
CCC-902E	Farm Operating Plan for an Entity-Agricultural Act of 2014		6
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information - Agricultural Act of 2014		35

Reports, Forms, Abbreviations, and Redelegations of Authority Reports (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
FSA-211	Power of Attorney		6
FSA-578	Report of Acreage		35, 48, 49, 50, 53
FSA-850	Environmental Evaluation Checklist	Ex. 10	Text, Ex. 32
FSA-851	Environmental Risk Survey Form		11, 25, 110, Ex. 32
FSA-2002	3 Years Financial History		85
FSA-2003	3 years Production History		85
FSA-2004	Authorization to Release Information		69, 82, 85, Ex. 32
FSA-2015	Verification of Debts and Assets		85, Ex. 32
FSA-2037	Farm Business Plan Worksheet Balance Sheet		69, 85
FSA-2038	Farm Business Plan Worksheet Projected/Actual Income and		69, 85
FSA-2071	Transmittal of Documents		218
FSA-2165	Administrative Appraisal Review for Real Estate Appraisals		Ex. 52
FSA-2319	Agreement With Prior Lienholder		121, 122, 156
FSA-2340	Selection of Attorney/Title Agent		187
FSA-2360	Report of Lien Search		144, Ex. 32
IRS-1065	U.S. Return of Partnership Income		6
IRS-1098	Mortgage Interest Statement		35, 211, 231
NRCS-CPA-052	Environmental Evaluation Worksheet		11, 110
SF-LLL	Disclosure of Lobbying Activities	64	
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	64	
UCC-1	UCC Financing Statement		Text, Ex. 32, 51, 53, 56
UCC-3	UCC Financing Statement Amendment		58, 216, 235, 302, Ex. 32

Reports, Forms, Abbreviations, and Delegations of Authority Reports (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
EA	environmental assessment	109-112
FBP	farm business plan	10, 82, 85, 153, 154, 185, 195
FGD	Forage Determination	49
FSA-FS	FSA Financial Services	262
FSFLP	Farm Storage Facility Loan Program	Ex. 101
GWR	Gross Weight Rating	42
MPCI	Multi-Peril Crop Insurance	96
MVA	Motor Vehicle Administration	43
OLP	online payment	242, 302, 303
OSHA	Occupational Safety and Health Administration	36-39
REAP	Rural Energy for America Program, USDA RD	62
SEC	State environmental coordinator	11, 110, 111
SORS	State Office Reporting System	210
TAV	tax assessed value	122
VIN	vehicle identification number	43

Reports, Forms, Abbreviations, and Redelegations of Authority Reports (Continued)

Redelegations of Authority

This table lists the redelegations of authority in this handbook.

Redelegation	Reference
COC delegates to CED authority to approve all FSFL forms, except CCC-185D.	10
CED delegates to Federal and non-Federal County Office employees authority to approve FSFL forms, except CCC-185D and CCC-186.	10
STC delegates to FLM/SFLO authority to approve all FSFL forms, except CCC-185D.	10
FLM delegates to Federal and non-Federal County Office employees authority to approve all FSFL forms, except CCC-185D and CCC-186.	10
STC may delegate to a DAFO-appointed acting SED any authorities that may be delegated to SED.	10
STC may delegate to CED or FSA employee with loan approval authority to approve FSFL loans with aggregate balance of \$25,000 or less.	10
STC can delegate approval authority for FSFL's greater than \$250,000.01 to SED or DAFO-appointed acting SED only .	11, 14

Reports, Forms, Abbreviations, and Redelegations of Authority Reports (Continued)

Redelegations of Authority (Continued)

Redelegation	Reference
<p>STC's authority to COC only the following for storage need waivers for all commodities, except eligible perishable commodities:</p> <ul style="list-style-type: none"> the acceptance of actual yield and production records to determine a 3-year average on a case-by-case basis, a waiver of late-filed fees when accepting late-filed FSA-578's. 	51
<p>STC's may delegate authority to COC only the authority for multi-peril crop insurance, NAP, dairy insurance program coverage waivers for hay producers, on a case-by-case basis, multi-peril crop insurance, NAP, or dairy insurance coverage, if both of the following apply:</p> <ul style="list-style-type: none"> aggregate outstanding FSFL balance is \$100,000 or less program cost for producer will range between \$500 and \$750. 	157
<p>STC's may delegate authority to COC only the authority for multi-peril crop insurance, NAP, or dairy insurance program coverage waivers for producers of eligible perishable commodities, on a case-by-case basis, multi-peril crop insurance, NAP, or dairy insurance coverage, if both of the following apply:</p> <ul style="list-style-type: none"> aggregate outstanding FSFL balance is \$100,000 or less producer produces a minimum of 3 eligible perishable commodities. 	157
<p>STC's may delegate authority to COC only the authority for all-peril crop insurance waivers, on a case-by-case basis, for the term of FSFL, if aggregate outstanding FSFL balance is \$100,000 or less, and either of the following apply:</p> <ul style="list-style-type: none"> it is determined the storage structure cannot be insured with all-peril structural insurance storage structure is a concrete bunker silo and there is no chance of loss from fire, theft, or other risks. 	157
<p>STC's may delegate authority to SED's the authority to approve an exception to current CCC-191 policy, on a case-by-case basis, under specified conditions.</p>	173
<p>STC's may delegate authority to SED's the authority to amend FSFL conditions and no longer require CCC-297.</p>	197

Definitions of Terms Used in This Handbook

Aggregate Outstanding FSFL Balance

Aggregate outstanding FSFL balance means the sum of the outstanding balances of all FSFL's disbursed to each borrower signing CCC-186.

Assumption

Assumption means the act or agreement by which a new buyer takes over or assumes the mortgage debt of another borrower.

CCC Charter Act Commodities

CCC Charter Act commodities mean commodities originally authorized for FSFL under the CCC Charter Act and include the following:

- barley
- corn
- grain sorghum
- oats
- wheat
- crambe
- sesame seed
- rice
- soybeans
- sunflower seed
- canola
- rapeseed
- safflower
- flaxseed
- mustard seed
- dry peas
- lentils
- small chickpeas, harvested as whole grain and including peanuts.

Note: Corn, grain sorghum, oats, wheat, or barley shall be included whether harvested as whole grain or other than whole grain.

Cold Storage Facility or Referred to as Eligible Perishable Commodities

Cold storage facility means a facility, or rooms within a facility, that are specifically designed and constructed for the cold temperature storage of eligible perishable commodities. The temperature and humidity in these facilities must be able to be regulated to specified conditions required for the commodity requiring storage.

Definitions of Terms Used in This Handbook (Continued)

Collateral

Collateral means the new or used, permanently affixed or portable storage structure, drying equipment, handling equipment or storage and handling trucks securing FSFL.

Commercial Purpose

Commercial purpose means the storage and handling of grain, whether paid or unpaid, for persons other than the FSFL applicant, except for family members and tenants or landlords sharing in the crop requiring storage. Any facility that is in working proximity to any commercial storage operation shall be considered to be part of a commercial storage operation.

Construction of FSFL

Construction of FSFL means:

- erecting or building the sides and/or roof of a bin or silo
- framing the flat storage structure or building
- installing any permanently affixed equipment component or part for:
 - handling
 - drying
 - maintenance.
- site preparation and/or foundation work.

Crop of Economic Significance

Crop of economic significance means any insurable FSFL commodity that contributes 10 percent or more of the total expected value of all crops grown by the FSFL applicant, **except** if the expected liability under the catastrophic level of crop insurance for a crop is equal to or less than the administrative fee for the crop, that crop shall **not** be economically significant.

Definitions of Terms Used in This Handbook (Continued)**Execution Date**

Execution date means the date the party signs the contract with the proper formalities; for example, witnesses, if required.

Existing Storage

Existing storage means FSFL commodity storage, owned by the applicant that has **not** deteriorated to the point where it is no longer functional for storage purposes. The existing storage shall be what is owned by the borrower in the county where the storage facility is located unless the State Committee determines that existing storage shall be considered for farms located statewide. This must be a statewide determination and not on a case by case basis.

Facility

Facility means any on-farm storage and handling facility or structure, storage and handling equipment, or storage and handling truck, for which an applicant may receive FSFL financing to acquire or upgrade. Such facilities can be new or used, fixed or portable.

Eligible Facility Loan Commodities

Eligible facility loan commodity means corn, grain sorghum, oats, wheat, barley, rice, raw or refined sugar, soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, crambe, sesame seed, alfalfa, grass and clover seed, millet and other grains and oilseeds as determined and announced by CCC, dry peas, lentils, or chickpeas harvested as whole grain, peanuts, hay, renewable biomass, fruits and vegetables (including nuts), aquaculture, floriculture, hops, milk, rye, triticale, maple sap, honey, meat, poultry, eggs, cheese, butter, yogurt, and other storable commodities as determined by the Secretary. Corn, grain sorghum, wheat, and barley are included whether harvested as whole grain or other than whole grains.

Family Member

A family Member is defined, according to 7 CFR Part 718 and Part 1410, as “an individual to whom a person is related as spouse, lineal ancestor, lineal descendant, or sibling, including a:

- (1) Great grandparent
- (2) Grandparent
- (3) Parent
- (4) Child, including a legally adopted child
- (5) Grandchild
- (6) Great Grandchild
- (7) Sibling of the family member in the framing operation
- (8) Spouse of a person listed in items 1 through 7.”

Definitions of Terms Used in This Handbook (Continued)**FSFL Microloan**

FSFL microloan means a loan for which the applicant's aggregate outstanding FSFL balance will be equal to or less than \$50,000 at the time of loan application and disbursement. The terms for a FSFL microloan are 3, 5, or 7 years.

Financing Statement

Financing statement means a document that gives legal notice of a lien on chattel property when properly filed or recorded.

Flood Plains

Flood plains mean lowland and relatively flat areas adjoining inland and coastal waters, including flood-prone areas of offshore islands. At a minimum, flood plains consist of those areas subject to a 1 percent or greater chance of flooding in any given year. The term flood plain will be taken to mean the base flood plain, unless the action involves a critical action, in which case the critical action flood plain is the minimum flood plain of concern.

- Base flood plain (or 100-year flood plain) is the area subject to inundation from a flood of a magnitude that occurs once every 100 years on the average, the flood having a 1 percent chance of being equaled or exceeded in any given year.
- Critical action flood plain (or 500-year flood plain) is the area subject to inundation from a flood of a magnitude that occurs once every 500 years on the average, the flood having a 0.2 percent chance of being equaled or exceeded in any given year.

Grain Legumes for Hay

Grain legumes for hay mean hay where the entire plant, including the seeds, is harvested at maturity and used for animal feed.

Hay

Hay means a grass or legume that has been cut and stored. This may include crop residues if baled and used as feed, such as wheat straw.

Lien

Lien means a legally enforceable hold or claim on the property of another and obtained as security for the payment of indebtedness or an encumbrance on property to enforce payment of obligation.

Definitions of Terms Used in This Handbook (Continued)**Mediation**

[7CFR 780.2] Mediation means a technique for resolution of disputes in which a mediator assists disputing parties in voluntarily reaching mutually agreeable settlement of issues within the laws, regulations, and the agency's generally applicable program policies and procedures, but in which the mediator has no authoritative decision making power.

Mediation is a dispute resolution process in which a neutral person, who has received special training as a mediator, helps 2 or more parties:

- look at the issues
- attempt to identify and consider additional available options for resolution of a dispute
- determine whether they can agree on a solution to the dispute that complies with statutory, regulatory, and Agency procedural requirement.

Mitigation Measures

Mitigation measures mean measures included in a project or application for the purpose of avoiding, minimizing, reducing, or rectifying identified, adverse environmental impacts.

Examples of these measures include the following:

- the deletion, relocation, redesign, or other modification of the project's elements
- the dedication to open space of environmentally sensitive areas of the project site, which would otherwise be adversely affected by the action or its indirect impacts
- soil erosion and sedimentation plans to control runoff during land-disturbing activities
- the establishment of vegetative buffer zones between project sites and adjacent land uses
- protective measures recommended by environmental and conservation agencies having jurisdiction or special expertise about the project's impacts
- storm water management plans to control potential downstream flooding effects that would result from a project
- zoning
- reusing existing facilities as opposed to new construction.

Definitions of Terms Used in This Handbook (Continued)**Mortgage**

Mortgage means a legal instrument giving the lender a security interest or lien on real property. The term “mortgage” also includes the terms “deed of trust” and “security agreement”.

Nonmovable (Permanently Affixed) or Nonsaleable Collateral

Nonmovable or nonsaleable collateral means either of the following:

- collateral COC determines cannot be sold and moved to a new location because of the type of construction
- collateral that has deteriorated to the point that it has no sale recovery value.

Off-Farm Labor

Off-farm labor means any laborer that does not work for the applicant on a regular basis, and who is not hired as a seasonal worker.

Old Growth Timber

Old growth timber means forest materials that would otherwise be used for either of the following:

- a higher-value product, such as timber, lumber, or wood pulp
- any other finished wood products, such as mulch or paper.

Note: See Healthy Forest Restoration Act of 2003, Subsection 102e, paragraphs 2 through 4.

On-Farm Labor

On-farm labor means the applicant, hired hand or family member.

Perishable Commodities

Perishable commodities means commodities that are unpreserved, unprocessed and untreated which may deteriorate quickly or spoil under normal handling and shipping conditions.

Perishable commodities usually require some sort of refrigerated storage. Perishable commodities include, but are not limited to: dairy products, eggs, floriculture, meat and poultry, seafood, fruits and vegetables.

Definitions of Terms Used in This Handbook (Continued)**Person**

Person means any individual, group of individuals, partnership, corporation, estate, trust, association, cooperative, tribal venture, or other business enterprise, or other legal entity who is, or whose members are, a citizen or citizens of the United States, or a legal resident alien.

Portable Equipment and Storage Structures

Portable equipment and storage structures means non-affixed equipment and storage containers that are manufactured to be mounted, hitched, or transported with a farm vehicle, truck, or trailer and its primary function is to store or handle eligible facility loan commodities at a different farm, market, or storage locations. Examples of portable equipment include but are not limited to, bulk tanks, conveyors, augers, vacuums, pilers, scales, batch dryers, and storage containers.

Relative

Relative, as defined in 3-PM, Exhibit 2, means an individual who is related to the employee, as father, mother, son, daughter, brother, sister, uncle, aunt, great-uncle, great-aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, or who is the grandfather or grandmother of the spouse of the employee, or who is the fiancé or fiancée of the employee.

Renewable Biomass Commodity

Renewable biomass commodity means any organic matter that is available on a renewable or recurring basis used for producing energy in the form of heat, electricity, and liquid solid or gaseous fuels.

Resale Collateral Value

Resale collateral value means collateral that can be sold and moved to a new location for which compensation equal to the outstanding FSFL value can be expected.

Satisfactory Credit History

Satisfactory credit history means a history of repaying debts as they came due unless the failure to repay or tardiness in payment was because of circumstances beyond the applicant's control as determined by CCC upon proof submitted by the applicant.

Definitions of Terms Used in This Handbook (Continued)

Stand-Alone Structures

Stand-alone structures mean structures that are **not** dependent on anything else and can function independently.

An example of a structure that would not be considered a stand-alone structure is when 2 hay sheds are built, and the sheds share common components, such as, but **not** limited to, access door, wall, or roof. One maximum FSFL can be approved for the project; however, a lien must be filed for both sheds.

An example of a structure that would be eligible for an FSFL is when a producer may have multiple grain bins at one location. Each of those grain bins would be eligible for an FSFL loan even if they may be connected by a catwalk or distribution system. They would not have a common component such as wall or roof.

A producer is requesting an FSFL to add a milk house to an existing building. The milk house structure may be attached to an existing building; however, there will be one FSFL issued for the project. In addition, a lien must be filed for the FSFL structure and the existing building.

Storage and Handling Truck

Storage and handling truck means a CCC-approved commodity storage truck or van designed to carry eligible commodities and **may** be equipped with a variety of mechanical refrigeration systems and will be used to store, handle, and move eligible commodities from the producer's farm location to market or storage. In general, storage and handling truck FSFLs may be \$100,000 or less, have a maximum of four axles with a gross weight rating of 60,000 pounds or less.

Term of Loan

Term of loan means the duration, in years, of a loan payable in a fixed number of equal installments.

Uniform Commercial Code (UCC)

UCC means the system of laws adopted in all States about commercial transactions, such as sales, negotiable instruments, and secured transactions.

Used or Pre-Owned Structure

Used or pre-owned structure means a structure that was previously owned by someone other than the manufacturer or dealer, and the buyer cannot obtain the original manufacturer's warranty.

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____)

A Example of CCC-193

The following is an example of CCC-193.

This form is available electronically.
CCC-193
(11-19-15)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

REAL ESTATE MORTGAGE FOR FARM STORAGE FACILITY LOAN PROGRAM

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

1. THIS MORTGAGE is made and entered into by the undersigned

Landowner(s) (a) Bill B. Barnes residing in
Any County _____ County, whose post office address is (b) 1400 Private Drive,
State, Any State in behalf of Applicant, (c) Kerry M. Barnes
residing in (d) Any County County, whose post
office address is (e) 5555 Stellar Road, State, (f) Any State, both together
herein called "Borrower," and the Commodity Credit Corporation, a corporate agency of the United States of America within the United States Department
of Agriculture, herein called the "Government," and:

2. WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory note(s) or assumption agreement(s), herein called
"note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of
the Government upon any default by Borrower, and is described as follows:

A. Date of Instrument (MM-DD-YYYY)	B. Principal Amount	C. Annual Rate of Interest	D. Due Date of Final Installment (MM-DD-YYYY)
07-07-20XX	\$ 60,000	.02375 %	07-07-20XX
	\$	%	
	\$	%	
	\$	%	

And the note evidences a loan to Borrower pursuant to the Commodity Credit Corporation Charter Act, 15 U.S.C. Part 714, et seq., and the Farm
Storage Facility Loan Program under 7 CFR Part 1436.

Landowner executes this mortgage as consideration to induce the Government's loan to Applicant, to provide additional security for said loan(s) and for
the purpose of subjecting the property herein described and owned by them to all of the terms and provisions of this mortgage and the debt secured thereby
to the same extent and in the same manner as if the undersigned had joined in executing the note with the Applicant.

And this instrument also secures such future advances necessary for the Government to protect its security which shall include, but not be limited to,
advances for payment of real property taxes, special assessments, prior liens, hazard insurance premiums, and costs of repair, maintenance, or
improvements,

3. NOW, THEREFORE, in consideration of the loan(s), Borrower does hereby grant, bargain, sell, transfer, convey, mortgage, and assign with
general warranty unto the Government property situated in the State(s) of (a) Any State,
County(ies) of (b) Any County, and described as (c) NW 1/4 Sec 18 Plain Twp,
10 miles east of Anytown, USA.

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and
appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or
later attached thereto or reasonably necessary to the use thereof, and all water, water rights, and water stock pertaining thereto, and all payments at any time
owing to Borrower by virtue of any sale, lease, transfer, conveyance or condemnation or any part thereof or interest therein - all of which are herein called
"the property";

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D, Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

A Example of CCC-193 (Continued)

CCC-193 (11-19-15)

Page 2 of 3

4. TO HAVE AND TO HOLD the property unto the Government and its assigns forever and in fee simple;

The Government is obligated to disburse the entire principal amount in no more than two disbursements, provided the disbursements are for purposes authorized by the Government at the time of loan closing. Pursuant to the lien priority laws of the Commonwealth of Pennsylvania, as amended, this Mortgage shall secure all such disbursements, plus interest thereon, regardless of the time when the disbursements are made.

5. BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns **WARRANTS THE TITLE** to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified herein above, and **COVENANTS AND AGREES** as follows:

- (a) To pay promptly when due any indebtedness to the Government hereby secured.
- (b) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Government.
- (c) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.
- (d) The Government may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any cost and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.
- (e) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured thereby, in any order the Government determines.
- (f) To use the loan evidenced by the note solely for purposes authorized by the Government.
- (g) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.
- (h) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.
- (i) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as CCC from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.
- (j) To comply with all laws, ordinances, and regulations affecting the property.
- (k) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorney's fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.
- (l) Except as provided by the Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government.
- (m) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.
- (n) If (1) the interest rate, payment, terms or balance due on the loan is adjusted, (2) the mortgage is increased by an amount equal to deferred interest on the outstanding principal, (3) the maturity of the debt evidenced by the note or any indebtedness to the Government secured by this instrument is extended or deferred or the payments on such debt are renewed and rescheduled, (4) any party who is liable under the note or for the debt is released from liability to the Government, (5) the lien on a portion of the property is released, (6) the lien on the property or any part thereof is subordinated, and/or (7) the Government waives any other of its rights under this instrument, the lien or the priority of this instrument of Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument shall be unaffected unless the Government says otherwise in writing. **HOWEVER**, any forbearance by the Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.
- (o) Default hereunder shall constitute default under any other real estate, or under any personal property or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such security instrument shall constitute default hereunder.
- (p) **SHOULD DEFAULT** occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared are insolvent or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (1) declare the entire amount

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

A Example of CCC-193 (Continued)

CCC-193 (11-19-15)

Page 3 of 3

unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (2) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (3) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and the Government may foreclose this instrument by court action and sell the property as prescribed by law.

(q) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (1) costs and expenses incident to enforcing or complying with the provisions hereof, (2) any prior liens required by law or a competent court to be so paid, (3) the debt evidenced by the note and all indebtedness to the Government secured hereby, (4) inferior liens of record required by law or a competent court to be so paid, (5) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (6) any balance to Borrower. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(r) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(s) Borrower agrees that the Government will not be bound by any present or future State laws, (1) providing for valuation, appraisal, homestead or exemption of the property, (2) prohibiting maintenance of any action for a deficiency judgment or limiting the amount thereof or the time within which such action must be brought, (3) prescribing any other statute of limitations, (4) allowing any right of redemption or possession following any foreclosure sale, or (5) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State laws.

(t) This instrument shall be subject to the present regulations of the Government, and to its future regulations not inconsistent with the express provisions hereof.

(u) The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Government pursuant to applicable regulations of the Government.

(v) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

6. Witness the hand(s) and seal(s) of Borrower this (a) 7th day of (b) July (c) 20XX.

(d) /s/ Bill B. Barnes

Bill B. Barnes
(Borrower's Signature)

(Borrower's Signature)

(Borrower's Signature)

(Borrower's Signature)

(e) STATE OF Any State } ss:
(f) COUNTY OF Any County

ACKNOWLEDGMENT

On this (g) 7th day of (h) July in the year (i) 20XX, before me, the undersigned, a Notary Public in and for said State, personally appeared (j) _____ and (k) _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person on behalf of which the individual(s) acted, execute the instrument.

(SEAL) (l) /s/ Betty Wright
Betty Wright
(Name of Notary Public)

My commission expires (m) 06-11-20XX

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 696-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

B Example of CCC-193-D

The following is an example of CCC-193-D.

Mail after recording to (a) <u>Bill Barnes, 51 State Road Anytown, ST 24400</u>			
This instrument was prepared by (b) <u>Any County FSA Office</u>			
CCC-193-D (11-19-15)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		
FARM STORAGE FACILITY LOAN DEED OF TRUST FOR (State of <u>West Virginia</u>)			
<small>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program. This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</small>			
THIS MORTGAGE is made and entered into by the undersigned			
Landowner(s) (c) <u>Bill B. Barnes</u> residing in			
<u>Any County</u> County, whose post office address is (d) <u>1400 Private Drive</u> ,			
State, <u>Any State</u> in behalf of Applicant, (e) <u>Kerry M. Barnes</u>			
residing in (f) <u>Any County</u> County, whose post			
office address is (g) <u>5555 Stellar Road</u> , State, (h) <u>Any State</u> .			
The trustee is (i) _____ whose mailing address is (j) _____			
(State of (k) _____),			
both together herein called "Borrower," and the Commodity Credit Corporation, a corporate agency of the United States of America within the United States Department of Agriculture herein called the "Beneficiary", and:			
WHEREAS Borrower is indebted to the Beneficiary as evidenced by one or more promissory notes or assumption agreements, herein called "note" which has been executed by the Borrower, contains provisions setting forth the interest rate, is payable to the order of the Beneficiary, authorizes acceleration of the entire indebtedness at the option of the Beneficiary upon any defaults by the Borrower, and being further described as follows:			
(l) Date of Instrument	(m) Principal Amount	(n) Annual Rate of Interest	(o) Due Date of Final Installment
<u>07-15-20XX</u>	<u>\$60,000</u>	<u>.02375</u> %	<u>07-15-20XX</u>
And the note(s) evidences a loan or loans to Borrower pursuant to the Commodity Credit Corporation Charter Act, 15 U.S.C. Part 714, <i>et seq.</i> , and the Farm Storage Facility Loan Program under 7 CFR Part 1436.			
Initial <u>BB</u> Date <u>07-15-20XX</u>		Page 1 of 7	

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

B Example of CCC-193-D (Continued)

Landowner executes this mortgage as consideration to induce the Beneficiary's loan to Applicant, to provide additional security for said loan(s) and for the purpose of subjecting the property herein described and owned by them to all of the terms and provisions of this mortgage and the debt secured thereby to the same extent and in the same manner as if the undersigned had joined in executing the note with the Applicant.

And it is the purpose and intention of this instrument that it shall secure payment of the note as well as such future advances as may be deemed necessary by Beneficiary for Beneficiary to protect its security. Such advances may include, but not be limited to, advances for payment of real property taxes, special assessments, prior liens, hazard insurance premiums, and costs of repair, maintenance, or improvements,

NOW, THEREFORE, in consideration of the loan(s) Borrower grants to Trustee, in trust, with power of sale the following described property situated in the State of (p) Any County or Counties of (q) Any, and more particularly described as: (r)

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, including but not limited to a right of ingress and egress, the rents, issues and profits thereof and revenues and income therefrom, all improvements and personal property now or later erected thereon or attached thereto or reasonably necessary to the use thereof, all water, water rights, water stock, wells, pumps, pumping plants and equipment pertaining thereto, and all payments at any time owing the Borrower by virtue of any sale, lease, transfer, conveyance or condemnation or any part thereof or interest therein - all of which are herein called "the property."

IN TRUST, NEVERTHELESS, (a) at all times when the note is held by Beneficiary, or in the event that Beneficiary should assign this note without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, and (b) in any event and at all time to secure the prompt payment of all advances and expenditures made Beneficiary, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or any supplementary agreement, the provisions of which are hereby incorporated herein and made a part hereon.

BORROWER, for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS the estate claimed and the title thereto unto Trustee for the benefit of Beneficiary against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, COVENANTS AND AGREES as follows:

1. To repay promptly when due the principal together with interest thereon.
2. To pay to Beneficiary such fees and other charges as may now or hereafter be required by regulations of the Beneficiary.
3. If required by Beneficiary, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the property.
4. The Beneficiary may at any time pay any other amounts including advances for payment of prior as well as junior liens, required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for Borrower's account. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.
5. All advances by Beneficiary, including advances for payment of prior as well as junior liens, required by the terms of this instrument, with interest shall be immediately due and payable by Borrower to the Beneficiary without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Beneficiary shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or an indebtedness to the Beneficiary secured herein, in any order the Beneficiary determines.
6. To use the loan evidenced by the note solely for purposes authorized by the Beneficiary.
7. To pay when due all taxes, liens, judgments, encumbrances and assessments lawfully attaching to or assessed against the property, including charges, and assessments in connection with water, water rights, and water stock pertaining to or reasonably

Initial BB Date 07-15-20XX

CCC-193-D (11-19-15) Page 2 of 7

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

B Example of CCC-193-D (Continued)

necessary to the use of the real property described above, and promptly deliver to the Beneficiary without demand receipts evidencing such payments.

8. To keep the property insured as required by and under insurance policies approved by Beneficiary and, at its request, deliver such policies to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon the loan or any other indebtedness secured hereby in such order as Beneficiary may determine, or at the Beneficiary's option may be released to Borrower. Such application or release will not cure or waive any default hereunder.

9. To maintain improvements in good repair and make repairs required by the Beneficiary; operate the property in a good and husbandmanlike manner; comply with farm conservation practices as the Beneficiary may from time to time prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Beneficiary, cut remove, or lease any timber, gravel, oil, gas, coal or other minerals except as may be necessary for ordinary domestic purposes.

10. To comply with all laws, ordinances, and regulations affecting the property.

11. To pay or reimburse Beneficiary and Trustee for expenses incurred by either that were reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default) including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorney's fees, trustee's fees, court costs and expenses of advertising, selling and conveying the property.

12. Except as otherwise provided by regulations of the Beneficiary, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred or encumbered, voluntarily or otherwise, without the written consent of Beneficiary.

13. At all reasonable times the Beneficiary and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

14. If (a) the interest rate, payment, terms or balance due on the loan is adjusted, (b) the deed of trust is increased by an amount equal to deferred interest on the outstanding principal, (c) the maturity of the debt evidenced by the note or any indebtedness to Beneficiary secured by this instrument is extended or deferred or the payments on such debt are renewed and rescheduled, (d) any party who is liable under the note or for the debt is released from liability to Beneficiary, (e) the lien on a portion of the property is released, (f) the lien on the property or any part thereof is subordinated, and/or (g) Beneficiary waives any other of its rights under this instrument, the lien or the priority of this instrument of Borrower's or any other party's liability to Beneficiary for payment of the note or debt secured by this instrument shall be unaffected unless Beneficiary says otherwise in writing. **HOWEVER**, any forbearance by Borrower whether once or often-in-exercising any right or remedy under this instrument, or otherwise affected by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

15. Default hereunder may constitute default under any other real estate, or under any personal property or other security instrument held by Beneficiary and executed or assumed by Borrower, and any default under such other security instrument may constitute default hereunder.

16. **SHOULD DEFAULT** occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower(s) die or be declared incompetent, or should any of the parties named as Borrower(s) be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of its creditors, Beneficiary, at its option, with or without notice, may: (a) declare the entire amount unpaid under the and any indebtedness to Beneficiary hereby secured immediately due and payable; (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property; (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual power of receivers in like cases; (d) without prior hearing authorize and request Trustee to foreclose this instrument and to sell the property as provided by law; and (e) bring an action to foreclose this instrument, obtain a deficiency judgment, or enforce any other remedy provided by law.

17. At the request of Beneficiary, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit at the option of Beneficiary, notice of such sale to be served on Borrower by registered or certified mail, return receipt requested, no less than ten days prior to the date of the hearing as required by NCGSA § 45-21.16 (or as otherwise permitted by law); such sale may be adjourned from time to time without other notice than oral proclamation at the time and place appointed for such sale; and at such sale Beneficiary and its agents may bid and purchase as a stranger; Trustee at Trustee's

Initial BB Date 07-15-20XX

CC-193-D (11-19-15) Page 3 of 7

**CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)**

B Example of CCC-193-D (Continued)

option may conduct such sale without being personally present through Trustee's delegate authorized by Trustee for such purpose orally or in writing, and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.

18. The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing of complying with this instrument; (b) any prior liens required by law or a competent court to be so paid; (c) the debt evidenced by the note and all indebtedness to Beneficiary secured hereby; (d) inferior liens of record required by law or a competent court to be so paid; (e) at option of Beneficiary, payment made be made to any other indebtedness of Borrower owing to Beneficiary; and (f) any balance remaining to Borrower. In case Beneficiary is the successful bidder at foreclosure or other sale of all or any part of the property, Beneficiary may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to Beneficiary in the order prescribed above.

19. All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative by law.

20. Borrower agrees that Beneficiary will not be bound by any present or future State laws: (a) providing for homestead or exemption of the property; (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within such action must be brought; (c) prescribing any other statute of limitations; (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Beneficiary may be regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to the new Borrower. Borrower expressly waives the benefit of any such State laws.

21. This instrument shall be subject to the present regulations of Beneficiary, and to its future regulations not inconsistent with the express provisions hereof.

22. Notices given hereunder shall be sent by certified mail unless otherwise required by law, and addressed, unless and until some other address is designated to the parties hereto at their address given above.

23. Upon full and final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent or otherwise, contained herein or secured hereby, Beneficiary shall request Trustee to execute and deliver to Borrower at the above post office address a full reconveyance of the property within 60 days after written demand by Borrower and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such reconveyance.

24. Borrower further agrees that he will remain in compliance with the provisions of 7 CFR 1436.5(a)(7) or successor regulation pertaining to highly erodible land and wetlands conservation provisions.

25. Beneficiary and its assigns, without notice and without specifying any reason therefore, may appoint a Substitute Trustee in place and stead of Trustee named herein, by filing for record in the office where this instrument is recorded an instrument of appointment. The Substitute Trustee may or may not be an employee of Beneficiary. Upon such filing, all the estates, rights, powers, and trusts granted to Trustee shall transfer to the Substitute Trustee. Any right to notice of substitution and bond from any trustee are hereby waived.

26. As additional security, Borrower hereby agrees that the assignment of leases and rents in this instrument is immediately effective on the recording of this instrument. Upon default, the Borrower will receive any rents in trust for Beneficiary, and Borrower will not commingle the rents with any other funds. Any amounts collected shall be applied at Beneficiary's discretion first to costs of managing, protecting and preserving the property, and to any other necessary related expenses. Any remaining amounts shall be applied to reduce the debt evidenced by the note(s). Borrower agrees that Beneficiary may demand that Borrower and Borrower's tenants pay all rents due or to become due directly to Beneficiary if the Borrower defaults and Beneficiary notifies Borrower of the default. Upon such notice, Borrower will endorse and deliver to Beneficiary any payments of rents. If the Borrower becomes subject to a bankruptcy, then Borrower agrees that Beneficiary is entitled to receive relief from the automatic stay in bankruptcy for the purpose of enforcing this assignment.

27. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary pursuant to applicable regulations of Beneficiary.

Initial BB Date 07-15-20XX

CCC-193-D (11-19-15) Page 4 of 7

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

B Example of CCC-193-D (Continued)

28. If any portion of this instrument or application thereof to any person or circumstance is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

By signing below, Borrower accepts and agrees to the terms and covenants contained in this instrument and in any rider executed by Borrower and recorded with this instrument.

_____(SEAL) _____(SEAL)
(s) (t)
_____(SEAL) _____(SEAL)
(u) (v)

29. ACKNOWLEDGMENT

STATE OF (a) _____ }
COUNTY OF (b) _____ } ss. (Individual)

On this (c) _____ day of (d) _____, before me personally appeared (e) _____
and (f) _____ to be known to me to be the same person(s) whose name is subscribed to the foregoing
instrument, and acknowledged that (he or she) signed and delivered the instrument as (his or her) free and voluntary act, for the uses
and purposes set forth.

(g) (SEAL)

(h)
NOTARY PUBLIC

My commission expires: (i) _____

The foregoing certificate(s) of (j) _____

is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the
Register of Deeds of (k) _____ County, (STATE of (l) _____) in
Book (m) _____ Page (n) _____.

This (o) _____ day of (p) _____, A.D., (q) _____ at (r) _____ o'clock (s) _____.M.

(t) _____ By (u) _____
Register of Deeds Deputy/Assistant Register of Deeds

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

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Note: Pages 6 and 7 applies to entities only and will not be recorded for individuals.

CCC-193-D (11-19-15) Page 5 of 7

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

B Example of CCC-193-D (Continued)

STATE OF (a) _____ COUNTY OF (b) _____	}	30. ACKNOWLEDGMENT ss. (Corporation)
<p>The foregoing instrument was acknowledged before me this (c) _____ day of (d) _____, by (e) _____, President and (f) _____, Secretary of (g) _____, a (h) _____ corporation, on behalf of the corporation.</p> <p>(i) (SEAL)</p> <p style="text-align: right;">_____ (j) NOTARY PUBLIC</p>		
<p>My commission expires: (k) _____</p>		
<p>The foregoing certificate(s) of (l) _____</p> <p>is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of (m) _____ County, (STATE of (n) _____) in Book (o) _____ Page (p) _____.</p> <p>This (q) _____ day of (r) _____, A.D., (s) _____ at (t) _____ o'clock (u) _____ .M.</p> <p>(v) _____ By (w) _____ Register of Deeds Deputy/Assistant Register of Deeds</p>		
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small></p> <p><small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>		
<p>Initial <u>BB</u> Date <u>07-15-20XX</u></p> <p style="text-align: right;">CCC-193-D (11-19-15) Page 6 of 7</p>		

CCC-193, Real Estate Mortgage for Farm Storage Facility Loan Program and CCC-193-D,
Farm Storage Facility Loan Deed of Trust for (State of _____) (Continued)

B Example of CCC-193-D (Continued)

31. ACKNOWLEDGMENT	
STATE OF (a) _____	}
COUNTY OF (b) _____	
ss. (Partnership)	
The foregoing instrument was acknowledged before me this (c) _____ day of (d) _____, by (e) _____, Partners on behalf of the (f) _____ _____ a (g) _____ partnership.	
(h) (SEAL)	(i) _____ NOTARY PUBLIC
My commission expires: (j) _____	
The foregoing certificate(s) of (k) _____	
is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of (l) _____ County, (STATE of (m) _____) in Book (n) _____ Page (o) _____.	
This (p) _____ day of (q) _____, A.D., (r) _____ at (s) _____ o'clock (t) _____ M.	
(u) _____ Register of Deeds	By (v) _____ Deputy/Assistant Register of Deeds
 <small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small>	
<small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small>	
Initial <u>BB</u> Date <u>07-15-20XX</u>	CCC-193-D (11-19-15) Page 7 of 7

Approval Notification Letter

The following letter is available on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Exhibit 7".

1-FSFL Exhibit 7

(Use Agency Letterhead format with local return address.)

APPROVAL NOTIFICATION LETTER

(Date of Letter)

(Applicant Name)

(Applicant Address Line 1)

(Applicant Address Line 2)

Dear (Applicant Name),

Please be advised that the Commodity Credit Corporation has approved your request for a Farm Storage Facility Loan in the amount of \$ _____. The loan will be repaid in equal installments over a period of _____ years and will carry an annual interest rate of _____ % for the entire term. Your loan has also been funded.

The loan was approved based upon the conditions provided on the enclosed CCC-185D, Determination for the Farm Storage Facility Loan Program.

Loan approval will expire _____ (6 months after the date of approval). If you need additional time to complete the FSFL project, you must submit a request for an extension, in writing, providing evidence that the lack of completion is for reasons beyond your control.

As soon as possible, you must:

- Complete the approved construction or equipment/truck purchase and notify this office when it is ready for inspection.
Note: The FSFL project must be inspected before use.
- The following evidence must be provided to this office: the FSFL project's cost and the down payment.
- Ensure Items 3 and 4 listed on CCC-185D form have been completed before loan closing date.

We will:

- Compute the final net cost of the FSFL project and request an increase in funding, if needed.
- Prepare loan documents and, if applicable, have mortgage documents prepared.
- Notify you of a loan closing date.

You are responsible for contacting this office to request disbursement after a portion of the FSFL project has been completed, **only** if a partial disbursement was requested at the time of application. The partial disbursement can be for up to 50 percent of the total anticipated loan amount and commensurate with the amount of the completed FSFL project.

Please keep us informed of any changes to the FSFL project, since some changes may affect your loan approval. If you should decide not to proceed with this loan, please inform our office, in writing, of your decision so obligated funds can be returned to the U.S. Treasury.

Sincerely,

County Executive Director

Adverse Determination Notification Letter

The following is available on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “1-FSFL Exhibit 8”.

1-FSFL Exhibit 8

(Use Agency Letterhead format with local return address.)

ADVERSE DETERMINATION NOTIFICATION LETTER

(Date of Letter)

(Borrower Name)
(Borrower Address Line 1)
(Borrower Address Line 2)

Dear (Borrower Name),

Your request for a Farm Storage Facility Loan from the Commodity Credit Corporation filed on (insert date of application) has been reviewed by the County/State FSA Committee. The request was not approved. The reason we did not approve your request for a loan is:

(Insert specific reasons for not approving the loan in plain language. Add a citation of the specific CFR reference and a reference to a specific 1-FSFL paragraph. Include a copy of the applicable handbook paragraph reference.)

If you disagree with the County Committee’s decision, you may request reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotype, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

Thank you for your interest in the program.

Sincerely,

County Executive Director
For the (County Name) FSA County Committee

Example of FSA-850 for Storage and Handling Truck FSFL Request

The following is an example of FSA-850.

This form is available electronically. FSA-850 U.S. DEPARTMENT OF AGRICULTURE (02-07-17) Farm Service Agency		1. GENERAL INFORMATION 1A. Producer or Applicant Name Hank Clark	
ENVIRONMENTAL SCREENING WORKSHEET		1B. State & County Code 39 999	
1C. Location of Proposed Action SE 1/4, Sec. 30, TWP 137, Range 41			
2A. BACKGROUND (1) FSA's proposed action is: <i>(Describe Action Below)</i> Farm Storage Facility Loan - new construction of one 20,000 bushel steel grain bin (2) Describe the site and its present use: Cropland that is currently being farmed. The site is next to township road for easy access. (3) Describe the surrounding land uses; indicate the directions and approximate distances involved. The extent of the surrounding land to be considered depends on the extent of the potential impacts of the project and its related activities: Cropland, no inhabited farmsteads for 3 miles. (4) Will the action involve ground disturbance below the previous level of disturbance or change in land use? No, the ground disturbance will not go below the previous level. However the land used will change from cropland to non-cropland. (5) Has another Federal Agency already completed an environmental evaluation for this specific action? No			
2B. LISTED CATEX's (1) Do any of the "L" CATEX's fully cover the proposed action? If "YES", record the assigned code for the applicable "L" Categorical Exclusion:		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
(2) Are there extraordinary circumstances, as listed in 1-EQ Paragraph 25, triggered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
IF ITEM 2B1 IS ANSWERED "YES", AND ITEM 2B2 IS ANSWERED "NO", PROCEED TO ITEM 16.			
2C. SUPPORTED CATEX's Do any of the "S" CATEX's fully cover the proposed action? <i>(If operation is a medium or large CAFOs see Instructions)</i>		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If "YES", record the assigned code for the applicable "S" Categorical Exclusion:		11 (a) +	

Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)

FSA-850 (02-07-17)		Page 2 of 5	
3. REQUIRED REVIEW			
3A. Date of Site Visit:		September 9, 2016	
For the below listed land uses or environmental resources, check the box as appropriate in Column (1) to the right to indicate the resources that are present on the site(s) of the proposed action or within the action's area of environmental impact, such as the areas adjacent to the proposed site(s). Check the box as appropriate in Column (2) to the right to indicate land uses and environmental resources which may potentially be adversely impacted.		(1) Check if the resource is located within the area of potential effect	(2) Is there potential to adversely impact the resource?
3B. Listed Endangered and Threatened Species or critical habitat. Attach IPaC map to this form. If any box is checked, then consult with the U.S. Fish and Wildlife and/or National Marine Fisheries Service, as applicable, to ensure that the proposed action is not likely to adversely affect a listed species or destroy or modify its "critical habitat" in accordance with the Endangered Species Act.		<input type="checkbox"/>	<input type="checkbox"/>
3C. Cultural Resources (Section 106 Compliance) Is the action one that may impact a Cultural Resource per 1-EQ Subparagraph 43 A? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> If "YES", complete the check boxes in Column (1) & (2) to the right and attach the following: (1) Consultation with known cultural resources (check National Register, State archaeological site files, and owner discussions) (2) Consultation with SHPO, THPO and/or Indian Tribes, as appropriate, to determine if further consultation required (needed identification surveys)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3D. Coastal Barrier in Coastal Barrier Resources System		<input type="checkbox"/>	<input type="checkbox"/>
3E. Approved Coastal Zone Management Area		<input type="checkbox"/>	<input type="checkbox"/>
3F. Wilderness		<input type="checkbox"/>	<input type="checkbox"/>
3G. Wild and Scenic River, or listed on the National Rivers Inventory		<input type="checkbox"/>	<input type="checkbox"/>
3H. National Natural Landmark		<input type="checkbox"/>	<input type="checkbox"/>
3I. Sole Source Aquifer Recharge Area (Designated by Environmental Protection Agency)		<input type="checkbox"/>	<input type="checkbox"/>
3J. Floodplains – Flood Map Panel # _____ For actions with disturbances or activities to occur within a floodplain, attach applicable floodplain development permit, elevation surveys, and maps, if available.		<input type="checkbox"/>	<input type="checkbox"/>
3K. Wetlands		YES	NO
(1) Does the proposed action involve ground disturbance, livestock or nutrient waste, or have other potential to adversely impact a wetland? If "YES", proceed to Item 3K(2) below. If "NO" proceed to Item 3L.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2) Is there a NRCS CPA-026e, United States Army Corps of Engineers, and/or State wetland determination on file or available based on the current AD-1026? If "YES", attach determination (including any USACE or State permits). If "NO", and a determination is not available, attach completed FSA-858.		<input type="checkbox"/>	<input type="checkbox"/>

Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)

FSA-850 (02-07-17)		Page 3 of 5	
3. REQUIRED REVIEW CONT.		YES	NO
3L. SOILS (& HEL)			
(1) Is there Highly Erodible Land present on the farm property? If "YES", attach Producer Farm Data Report, Producer Subsidiary Screen print and/or NRCS CPA-026e.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2) Is there potential to adversely impact previously undisturbed soil? [Ground disturbance below the "plow zone" or previously disturbed area(s)] If "YES", see Items required under Item 4A and 4B.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. WATER QUALITY			
A. Does the action have the potential to adversely affect surface or ground water quality? If "YES", attach as Exhibit 4 a discussion of impacts on water quality and include copies of: <ul style="list-style-type: none"> Storm Water Pollution Prevention Plan and/or permit required for construction projects National Pollutant Discharge Elimination System permits and/or nutrient or animal waste plans required for livestock operations Clean Water Act, USACE, or State water quality permits required State or County well or water use permits 		<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. Will the proposed action impact the quality of surface or ground water? If "YES", attach a discussion of any impacts to surface or ground water and supporting documentation.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. AIR QUALITY			
Will the proposed action produce air emissions or odors that are regulated by any Federal, State, or local laws or standards? If "YES", attach a discussion of any impacts to air quality and copies of any permits required.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. NOISE			
Will the proposed action result in permanent increases in noise? If "YES", attach a discussion of any noise impacts.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. IMPORTANT LAND RESOURCES			
A. Will the proposed action result in the conversion of prime and or unique farmland, prime forest land, or prime rangeland to a nonagricultural use?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. Is the action consistent with local and state zoning requirements? If "YES", list the zoning: County Alpha zoning ordinance #23		<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. SOCIOECONOMIC IMPACTS AND ENVIRONMENTAL JUSTICE			
A. Will the proposed action cause any adverse human health or environmental effects to minority or low income communities as defined in the Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations"?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. Will the proposed action have any negative impacts on the local social and economic conditions? If "YES", attach a discussion of any adverse effects.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. STATE ENVIRONMENTAL POLICY ACT			
Is the proposed action subject to a State SEPA? If "YES", attach a discussion of the results of compliance with these requirements.		<input type="checkbox"/>	<input checked="" type="checkbox"/>

Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)

FSA-850 (02-07-17)		Page 4 of 5	
10. PUBLIC REACTION		YES	NO
Have there been any negative reactions from the public related to the proposed action or similarly situated actions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If "YES", attach a discussion of any associated comments and related correspondence.			
11. CUMULATIVE IMPACTS			
Are there any cumulative impacts resulting from the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If "YES", attach a discussion of the cumulative impacts of this action and the related activities. Give particular attention to land use changes and air and water quality impacts.			
12. ALTERNATIVE AND MITIGATION			
A. Did the plan, as submitted, include alternatives and/or mitigation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
B. Will alternative or other mitigation measures have to be considered?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If "YES", to either question, attach a discussion of the feasibility of alternatives and or any measures which will be required to avoid or mitigate the action and their environmental impacts.			
13. COMMENTS – Attached additional pages as needed.			
No wetlands or cultural resources will be affected by constructing this steel grain bin, therefore no alternative or mitigation plan is necessary.			

Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)

FSA-850 (02-07-17)			Page 5 of 5		
14. CHECKLIST					
A. Permits & Consultations			B. Forms and Notices		
	Required	Not Required		Required	Not Required
Army Corps of Engineers Sec. 404 and/ or 401 Wetland Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Form FSA-851, Environmental Risk Survey (only complete for real estate security)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
National Pollutant Discharge Elimination System (NPDES) Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Form NRCS CPA-026e, HEL and WC Determination	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Floodplain Development Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Form FSA-858, Determining If A Wetland May Be Present	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Concentrated Animal Feeding Operation (CAFO) Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Public Notice for Floodplains as required by section 2(a)(4) of EO 11988	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Storm Water Pollution Prevention Plan (SWPPP) Permit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Public Notice for Wetlands as required by EO 11990	<input type="checkbox"/>	<input checked="" type="checkbox"/>
USFWS and/or NMFS consultation for Endangered and Threatened, Species or critical habitats	<input checked="" type="checkbox"/>	<input type="checkbox"/>	C. Maps, Photos and Surveys		
			Location and Aerial Maps	<input type="checkbox"/>	<input type="checkbox"/>
			Topo Maps	<input type="checkbox"/>	<input type="checkbox"/>
State Historic Preservation Officer consultation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Site Photos	<input type="checkbox"/>	<input type="checkbox"/>
			Soil Survey	<input type="checkbox"/>	<input type="checkbox"/>
Tribal Historic Preservation Officer(s) consultation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Applicable Protected Resources Maps	<input type="checkbox"/>	<input type="checkbox"/>
NOTE: Other permits, forms, maps, surveys and letters may be required and should be attached, as applicable. All permits, forms, maps, surveys and letters should be attached as exhibits corresponding to their appropriate section of this form.					
15. FINDING					
<p>I have reviewed and considered the types and degrees of adverse environmental impacts identified by this evaluation. I have also analyzed the proposal for its consistency with FSA environmental policies implementing the requirements of the National Environmental Policy Act and have considered the potential benefits of the proposal. Based upon this consideration and balancing of these factors, I recommend one of the following:</p> <p><input checked="" type="checkbox"/> A. This proposed action triggers no extraordinary circumstances. There will be no adverse impacts to the human environment as a result of this proposed action or any adverse effects, either individually or cumulatively. The action can be considered as categorically excluded per 7 CFR Part 799.30. Neither an Environmental Assessment or Environmental Impact Statement will be required. The project is recommended for approval.</p> <p><input type="checkbox"/> B. An Environmental Assessment should be completed to provide further and more complete analysis of any adverse impacts and approval of the action must be delayed pending the outcome of the assessment.</p> <p><input type="checkbox"/> C. An Environmental Impact Statement should be completed to provide further and more complete analysis of any adverse impacts and approval of the action must be delayed pending the outcome of the assessment.</p>					
16. REQUIRED SIGNATURES:					
A. NAME OF PREPARER			B. TITLE OF PREPARER		
Tom Moore			Farm Loan Officer		
C. SIGNATURE OF PREPARER			D. DATE DOCUMENT WAS PREPARED (MM-DD-YYYY)		
			02-23-2017		
E. NAME OF APPROVAL OFFICIAL			F. TITLE OF APPROVAL OFFICIAL		
Omar C. Younger			Farm Loan Manger		
G. SIGNATURE OF APPROVAL OFFICIAL			H. DATE OF APPROVAL SIGNATURE (MM-DD-YYYY)		
			02-23-2017		
<small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small>					
<small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small>					
<small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</small>					

Worksheet for Determining Hay and Biomass Storage Capacity in a Structure

An applicant's needed storage can be determined with NIFA and land-grant university assistance or with the following worksheet that is available electronically in a fillable format on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Exhibit 20"

The following is a completed example worksheet for determining hay storage capacity in a structure.

1-FSFL Exhibit 20			
WORKSHEET FOR DETERMINING HAY STORAGE CAPACITY IN A STRUCTURE			
1)	Average acres of hay planted:		
2)	COC determined reasonable yield:		tons per acre
3)	Production:		average acres of hay x tons per acre = tons x 2 years
	production =		
		tons of storage needed for 2 years production	
4)	Size of proposed structure:		ft. x ft. x ft. = cu. ft.
		Width Length Height to Plate	
5)	Tons of storage:		cu. ft. of storage divided by 250 cu. ft./ton = tons of storage in proposed structure.
Use either of these conversion factors: 1 pound of hay requires 0.125 cubic ft. of space or 1 short ton of hay requires 250 cubic ft. of space.			
Note: COC's shall use either of these conversion factors unless the applicant supplies the County Office detailed documentation of a higher yield.			
6)	Compare the tons of storage in proposed structure with the tons of storage needed for 2 years production minus the existing hay storage to determine if applicant is eligible for additional storage.		
	Tons of storage needed for 2 Years production:		
	Tons of storage in proposed structure:		
	Existing hay storage:		

Worksheet for Determining Capacity of a Cold Storage Structure

The following worksheet can be used to compute the storage need requirement and capacity of a proposed structure for FAV's. This worksheet is available on the FFAS Employee Forms/Publication Online Website in fillable format at

<https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Exhibit 21"

The following is a completed example worksheet for determining capacity of a cold storage structure, as follows.

Example: Producer has ½ acre of apples that yield about **330** bu. of apples per year. An application is submitted for an **8 ft. x 8 ft. x 12 ft.** cold storage facility. A tray pack carton, storing a bu. of apples, takes **1.67** cu. ft. of storage space.

How much of the producer's production can be stored at 1 time?

1-FSFL Exhibit 21

Worksheet for Determining Capacity of a Cold Storage Structure

- 1) Size of proposed structure: $\frac{\text{Width}}{\text{ft.}} \times \frac{\text{Length}}{\text{ft.}} \times \frac{\text{Height}}{\text{ft.}}$
- 2) Size of inside usable space: $\frac{\text{Width}}{\text{ft.}} \times \frac{\text{Length}}{\text{ft.}} \times \frac{\text{Height}}{\text{ft.}}$
- 3) Percentage of floor space used for aisles and walkway: _____ percent.
(The normal is usually around 25 percent.)
- 4) Useable space: $\frac{\text{Inside Width}}{\text{ft.}} \times \frac{\text{Inside Length}}{\text{ft.}} = \text{_____ square ft. useable space}$
 $\text{_____ percent non-useable space} = \text{_____ square ft. of non-useable space.}$
- 5) $\text{_____ square ft. of useable space} - \text{_____ square ft. of non-useable space} =$
 $\text{_____ square ft. of total useable space.}$
- 6) Available height after subtracting shelves and 1.5 ft. of space between containers
and ceiling: $\frac{\text{Inside Height}}{\text{ft.}} - 1.5 \text{ ft.} - \frac{\text{Total Shelves}}{\text{ft.}} = \text{_____ ft. useable height.}$
- 7) Cubic ft. available for storage: $\text{_____ square ft. of usable space} \times$
 $\text{_____ ft. useable height} = \text{_____ cu. ft.}$
- 8) $\text{_____ total cu. ft. divided by _____ capacity per cu. ft. container or bushel} =$
 $\text{_____ total storage capacity in bu.}$

Note: States and Counties shall modify this worksheet, as needed.

Worksheet for Determining Capacity of a Honey Storage Structure

Determine the capacity of proposed structure using the following worksheet or other verifiable documentation. All documentation used must be verifiable and kept in the FSFL folder. This worksheet is available on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Exhibit 22"

The following is a completed example worksheet for determining the estimated capacity of a honey storage structure, as follows.

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.

1-FSFL Exhibit 22

Worksheet for Determining Capacity of a Honey Storage Structure

- 1) Size of proposed structure: _____ ft. x _____ ft. x _____ ft.
Width Length Height
- 2) Size of inside usable space: _____ ft. x _____ ft. x _____ ft.
Width Length Height
- 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
Inside Width Inside Length
_____ 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 ft.
- 6) Available for honey storage is _____ cubic ft.
(27 cubic ft. per 1 cubic yard and _____ - 55 gallon honey drum requires 1 cubic yard).
- 7) _____ cubic ft. divided by 27 cubic ft. = _____ cubic yards = _____ unstacked
_____ gallon honey drums. Round cubic yards down to nearest whole number.
_____ cubic yards x _____ -55 gallon honey drums (unstacked) = _____.
- 8) _____ - 55 gallon honey drums weighing 650 pounds can be stacked.
- 9) _____ honey drums x _____ (stacked 55 gallon honey drums) = _____ honey drums.
- 10) _____ - 55 gallon honey drums of estimated storage capacity in this storage structure.

Note: States and Counties shall modify this worksheet, as needed.

Example Worksheet for Determining Capacity of Milk Bulk Tank

These worksheets are available on the FFAS Employee Forms/Publications Online web site at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “1-FSFL Exhibit 23”.

Once a Day Milk Pick-Up					
A	B = A x 3	C = B/8.6	County Office Use		
Quantity on Milk Pick-up Slip	1 Day Pick-up Times 3	Gallons	Existing Capacity of Milk Storage	Requested Tank Size or Next Size Available (if requested)	Approved Tank Size for Milk Storage

Every Other Day Milk Pick-up					
A	B = A x 1.5	C = B/8.6	County Office Use		
Quantity on Milk Pick-up Slip	Every Other Day Pick-up Times 1.5	Gallons	Existing Capacity of Milk Storage	Requested Tank Size or Next Size Available (if requested)	Approved Tank Size for Milk Storage

FSFL Quick Guide

The following FSFL table provides loan and facility types, down payment requirement, maximum loan amount, and applicable loan terms, based on new or used equipment.

Loan Type	Facility Type	Condition	Down Payment	Max Loan Amount	Production History Requirement	Terms (years)				
						3	5	7	10	12
Regular	Structure and Equipment	New	15%	\$500k	Based on Commodity	√	√	√	√	√
		Used	15%	\$500k		√	√			
	Truck	New	15%	\$100k		√	√	√		
		Used	15%	\$100k		√	√			
Microloan	Structure, Equipment and Truck	New	5%	\$50k	Self-certification	√	√	√		
		Used	5%	\$50k	Self-certification	√	√			

CCC-185, Loan Application for Farm Storage Facility Loan Program

A Instructions for Completing CCC-185

CCC-185 shall be completed according to the following instructions.

Item	Instructions																								
1A	Enter State code.																								
1B	Enter county code.																								
1C	Leave blank until a number is assigned by DLS. Enter DLS-assigned FSFL number that is formatted with FY and FSFL number; for example "2017/00002".																								
2A	Enter the name and complete address including ZIP Code for the loan applicant who will be applying for FSFL.																								
2B	Enter the last 4 digits of the loan applicant's TIN. If applying as an entity, use the entity's ID number.																								
2C	Enter the loan applicant's telephone number including area code.																								
3A	Enter the requested loan amount.																								
3B	Check "YES or NO" to indicate if the applicant is applying for a "Microloan (ML)" For ML purposes, the applicant must understand the total aggregate FSFL outstanding balance at the time of disbursement cannot exceed \$50,000.00.																								
3C	Check the box for the requested loan term of the loan. The requested loan term must be consistent with the eligible terms for the requested loan amount in Item 3A according to the following table. <table border="1"> <thead> <tr> <th>Terms</th><th>\$100,000.00 or less</th><th>\$100,000.01 to \$250,000.00</th><th>\$250,000.01 to \$500,000</th></tr> </thead> <tbody> <tr> <td>3</td><td>X</td><td>X</td><td>X</td></tr> <tr> <td>5</td><td>X</td><td>X</td><td>X</td></tr> <tr> <td>7</td><td>X</td><td>X</td><td>X</td></tr> <tr> <td>10</td><td></td><td>X</td><td>X</td></tr> <tr> <td>12</td><td></td><td></td><td>X</td></tr> </tbody> </table> <p>Note: Loan terms 3 or 5 years must be selected for used storage, equipment and/or and handling trucks, regardless of loan amount.</p>	Terms	\$100,000.00 or less	\$100,000.01 to \$250,000.00	\$250,000.01 to \$500,000	3	X	X	X	5	X	X	X	7	X	X	X	10		X	X	12			X
Terms	\$100,000.00 or less	\$100,000.01 to \$250,000.00	\$250,000.01 to \$500,000																						
3	X	X	X																						
5	X	X	X																						
7	X	X	X																						
10		X	X																						
12			X																						
3D	Check the applicable box for disbursement type requested.																								
4	Check the applicable commodity(s) type for the FSFL request.																								
5	Check facility and equipment needed for the storage based on the commodity(s) selected.																								
6	Provide a detailed description of the facility, equipment type and/or storage and handling truck. (Indicate if facility, equipment and/or storage and handling truck is used and model year of the truck).																								

Completing CCC-185, Loan Application for Farm Storage Facility Loan Program (Continued)

A Instructions for Completing CCC-185 (Continued)

Item	Instructions
7A	Enter legal description of where the permanently affixed storage facility and equipment will be erected and/or installed, or where the portable storage facility, equipment and/or storage and handling truck will be regularly stored.
7B	Enter legal owner of the real estate of where the permanently affixed storage facility and equipment will be erected and/or installed, or where the portable storage facility, equipment and/or storage and handling truck will be regularly stored.
8	Enter the complete name or names of the owner of the real estate, if applicable, only if it is different than the loan applicant.
9A	List the names of all lienholders on the real estate where the storage will be located, if applicable.
9B	If there are no lienholders enter "None" and initial and date.
10	Applicant must thoroughly read the applicant's certification and initial and date if information is provided in the other space.
11	Applicant certifies for DCIA compliance by checking (✓) "Yes" or "No". If "YES", provide details in Item 13, "Additional Remarks."
12	Will the storage facility, equipment and/or storage and handling truck be used for commercial purposes? Check the "Yes" or "No" boxes.
13	Are you or any co-applicant a family member of an FSA employee? Check the "Yes" or "No" boxes.
14	Enter additional remarks that will assist the CCC official with determining loan eligibility.
15	The applicant or co-applicant shall sign.
16	Enter percentage of shares owned for each applicant or co-applicant.
17	Enter applicant's or co-applicant's title.
18	Enter date applicant or co-applicant signed.

CCC-185, Loan Application for Farm Storage Facility Loan Program (Continued)

B Example of CCC-185

The following is an example of a manual CCC-185, page 1.

<p>This form is available electronically. (See Page 2 for Privacy Act and Paperwork Reduction Act Statements)</p>				
<p>CCC-185 (12-21-17)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>LOAN APPLICATION FOR FARM STORAGE FACILITY LOAN PROGRAM</p>	<p>FOR COUNTY USE ONLY</p> <p>1. LOAN IDENTIFICATION NUMBER</p> <table border="1"> <tr> <td>A. State Code</td> <td>B. County Code</td> <td>C. Loan No.</td> </tr> </table>	A. State Code	B. County Code	C. Loan No.
A. State Code	B. County Code	C. Loan No.		
<p>2A. Name and Address of Loan Applicant (Including ZIP Code)</p>	<p>2B. Tax Identification No. (last 4 digits)</p> <p>2C. Telephone No. (Including Area Code)</p>			
<p>3A. Requested Loan Amount</p> <p>\$</p>	<p>3B. Is this a FSFL Microloan Request?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>The aggregate outstanding FSFL balance must not exceed \$50,000.</p>			
<p>3C. Requested Loan Term</p> <p><input type="checkbox"/> 3 years <input type="checkbox"/> 5 years <input type="checkbox"/> 7 years <input type="checkbox"/> 10 years <input type="checkbox"/> 12 years</p>	<p>3D. Disbursement Type</p> <p><input type="checkbox"/> Partial/Final <input type="checkbox"/> Final</p>			
<p>4. COMMODITY TYPE (Check one or more commodity types). Check all that apply:</p> <p><input type="checkbox"/> Aquaculture <input type="checkbox"/> Biomass <input type="checkbox"/> Dairy Products (Butter, Yogurt, Cheese) <input type="checkbox"/> Eggs <input type="checkbox"/> Floriculture <input type="checkbox"/> Grain <input type="checkbox"/> Hay <input type="checkbox"/> Honey <input type="checkbox"/> Hops <input type="checkbox"/> Maple Sap <input type="checkbox"/> Meats <input type="checkbox"/> Milk <input type="checkbox"/> Poultry <input type="checkbox"/> Rye <input type="checkbox"/> Other: _____</p>	<p>5. FACILITY OR EQUIPMENT TYPE (Check facility and equipment needed for the storage based on the commodity(s) selected. If the FSFL request is for drying and/or handling equipment or truck only do not complete a storage calculation worksheet.)</p> <p><input type="checkbox"/> Additions/Modifications to Existing Storage <input type="checkbox"/> Drying Equipment <input type="checkbox"/> Handling Equipment <input type="checkbox"/> Biomass Structure <input type="checkbox"/> Bulk Tank <input type="checkbox"/> Bunker/Silo (High Moisture Grain) <input type="checkbox"/> Bunker/Silo (Silage) <input type="checkbox"/> Cold Storage <input type="checkbox"/> Flat Storage <input type="checkbox"/> Freezer <input type="checkbox"/> Hay Storage <input type="checkbox"/> Storage Bin <input type="checkbox"/> Storage Crib <input type="checkbox"/> Upright Silo <input type="checkbox"/> Storage and Handling Truck <input type="checkbox"/> Other: _____</p>			
<p>6. Description of Facility, Equipment Type and/or Storage and Handling Truck. (Indicate if the facility, equipment and/or storage and handling truck is used and model year of the truck.)</p>				
<p>7A. Legal Description of where the permanently affixed storage facility and equipment will be erected and/or installed, or where the portable storage facility, equipment and/or storage and handling truck will be regularly stored. (Attach additional documentation, if needed.)</p>				
<p>7B. Legal Owner of Real Estate of where the permanently affixed storage facility and equipment will be erected and/or installed, or where the portable storage facility equipment and/or storage and handling truck will be regularly stored. (Attach additional documentation, if needed.)</p>				
<p>8. Name of Owner of Real Estate in Item 7 (If Other than Applicant)</p>	<p>9A. Lien Information (Name of Person Having a Lien or Interest in the Real Estate)</p> <p>9B. If there are no lienholders enter "None" and initial and date.</p> <p>Initial: _____ Date: _____</p>			
<p><small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small></p> <p><small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small></p> <p><small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</small></p>				

CCC-185, Loan Application for Farm Storage Facility Loan Program (Continued)

B Example of CCC-185 (Continued)

CCC-185 (12-21-17)		Page 2 of 2	
APPLICANT'S CERTIFICATION			
<p><i>The Applicant certifies that the statements made on this application are true, complete and correct to the best of the applicant's knowledge and belief, and made in good faith to obtain a loan. Section 1001 of Title 18, United States Code provides for criminal penalties to those who provide false statements on loan applications. Applicants are aware that credit reports will be requested on all applicants and co-applicants. By signing below, I acknowledge that FSFL requirements must be met before loan disbursement.</i></p>			
<p>10. I certify that I am aware that, in accordance with the above certification that the following may be required:</p> <ul style="list-style-type: none"> All-Peril Structural Insurance shall be in place prior to loan closing and through the loan period Multi-Peril Crop Insurance, NAP coverage, or dairy insurance as applicable shall be purchased and continued through the loan period Flood insurance Automobile Insurance (Full Coverage) for Storage and Handling Truck Provide Additional Security, if required as a condition of approval Annually provide proof of real estate tax being paid on secured property and where loan collateral is located Annually allow FSA access to the farm for inspection of FSFL collateral Cost of Appraisal Other: _____ 			
			(Initial and Date)
11. Are you or any co-applicant delinquent on any Federal non-tax debt? (If "YES", provide details in the remarks)		<input type="checkbox"/> YES	<input type="checkbox"/> NO
12. Will the storage facility, equipment and/or storage and handling truck be used for commercial purposes?		<input type="checkbox"/> YES	<input type="checkbox"/> NO
13. Are you or any co-applicant a family member of a FSA employee?		<input type="checkbox"/> YES	<input type="checkbox"/> NO
14. Additional Remarks			
15A. Signature of Applicant (By)	15B. Shares %	15C. Title/Relationship of the Individual if Signing in a Representative Capacity	15D. Date of Application (MM-DD-YYYY)
16A. Signature of Co-applicant (By)	16B. Shares %	16C. Title/Relationship of the Individual if Signing in a Representative Capacity	16D. Date of Application (MM-DD-YYYY)
17A. Signature of Co-applicant (By)	17B. Shares %	17C. Title/Relationship of the Individual if Signing in a Representative Capacity	17D. Date of Application (MM-DD-YYYY)
18A. Signature of Co-applicant (By)	18B. Shares %	18C. Title/Relationship of the Individual if Signing in a Representative Capacity	18D. Date of Application (MM-DD-YYYY)
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.</p> <p>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>			

CCC-195, Farm Storage Facility Loan (FSFL) Processing Checklist

A Instructions for Completing CCC-195

CCC-195 shall be completed according to the following instructions.

Item	Instructions
1	Enter applicant's name. If a joint FSFL, a separate CCC-195 is required for each application.
2	Enter date CCC-185 is signed and received in County Office.
3	Enter DLS-assigned FSFL number Example: 2017/00001
4	Enter State where FSFL collateral will be located.
5	Enter county where FSFL will be processed.
6A through 15J	For each item listed, check (✓) either "Yes" or "No". The employee completing the action shall initial and date. If item is not applicable to this FSFL, check (✓) " NA ". The employee determining the action is not applicable shall initial and date.
16A through 16C	STC designee, CED, or FLM shall indicate whether they concur with how items 6 through 15 are completed. STC designee, CED, or FLM shall review CCC-195's for all FSFL's. STC designee, CED, or FLM who completed item 16A shall sign item 16B. STC designee, CED, or FLM who signed item 16B shall date item 16C.
17	Remarks by STC designee, CED, or FLM about FSFL.

CCC-195, Farm Storage Facility Loan (FSFL) Processing Checklist

B Example of CCC-195

The following is an example of CCC-195.

This form is available electronically. CCC-195 (12-21-17)		U.S. Department of Agriculture Commodity Credit Corporation		1. Name of Applicant			
FARM STORAGE FACILITY LOAN (FSFL) PROCESSING CHECKLIST		2. Date of Application (MM-DD-YYYY)		3. Loan No.			
		4. State Office Name		5. County Office Name			
Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
6. While Working with Producer:							
A. Discuss key program provisions with applicant including provision that application must be approved before construction, insurance requirements, filing and lien search needs and who pays fees.		Subparagraph 69C					
B. <u>Remind</u> applicant that delivery, site preparation and construction cannot begin until after the loan is approved.		Paragraphs 11 and 68					
C. Complete all items on CCC-185. Applicant must initial Item 9B, if applicable, and answer DCIA question in Item 11.		Paragraph 69 Exhibit 28					
D. Collect application fee of \$100.00 per borrower.		Subparagraph 58A					
E. Storage Capacity Calculator or Self-Certification, if handling equipment, portable storage or truck only.		Paragraphs 47- 52					
F. Planting history if not on file		Paragraph 48					
G. AD1026		Subparagraph 69B					
H. CCC-901 or CCC-902		Subparagraph 69B					
I. Obtain copy of Driver's license or state-issued ID Card for any individual we will need to file a UCC, if required by state law		Subparagraph 69B					
J. Verify the date of birth of the applicant. If the applicant is a minor, ensure that a financially responsible adult will co-sign CCC-186.		Subparagraph 35C					
K. Obtain copy of contracts, cost breakdown, or estimates for all proposed work or FSFL component purchases		Subparagraph 69B					
L. Obtain copy of site plans, if available, and building plan for hay and renewable biomass structures.		Paragraphs 36-39 and Subparagraph 69B					
M. Obtain copy of any building permits or zoning variances, if applicable.		Paragraph 112					
N. Obtain legal description of parcel facility will be placed on, if applicable.		Subparagraph 69B					
O. Plat map or aerial photograph with structure location marked, if applicable.		Subparagraph 69B					
P. Written authorization of access to the proposed storage site if the structure is placed on real estate not owned by applicant		Subparagraph 69B					
Q. Obtain legal description of parcel(s) of land to be offered as security, such as described on a tax bill, if applicable.		Subparagraph 69B and Subparagraph 121D					
R. Obtain proof of crop insurance, NAP coverage or dairy insurance. If sales period is over, ensure waiver statement for current year is in remarks on CCC-185 and initialed by producer.		Paragraph 96, Subparagraph 69B and Subparagraph 157A					
S. Obtain financial statement that is less than 90 days old on FSA-2037, or similar form.		Subparagraph 69B, Paragraph 85					
T. Obtain Projected Income and Expense on FSA-2038 or similar form.		Subparagraph 69B Paragraph 85					
U. Obtain FSA-2004 from anyone who has not signed the CCC-185 and for whom we will need to order a credit report.		Subparagraphs 69B and 82B					
V. Obtain CCC-10 (Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to file a Financing Statement and Related Documents) if a current CCC-10 is not on file.		Subparagraph 69B and Paragraph 141					
W. Entity Documentation providing proof of shares and authority to incur debt. For entity, also need financial statement for any members with greatest share.		Subparagraphs 69B and 85G					
X. FSA-211 or acceptable documentation on file in county office for any individual signing in a representative capacity.		Paragraph 6					
Y. Inform applicant that any other government funding (including RD grants and loans) must be subtracted from the net loan amount.		Paragraph 63					
Z. Contract from buyer if submitting a renewable biomass request.		Subparagraph 49A					

CCC-195, Farm Storage Facility Loan (FSFL) Processing Checklist (Continued)

B Example of CCC-195 (Continued)

Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
7. Application Processing:							
A. Enter application into DLS. If partial disbursement is requested, enter partial request first and add final request to the application package.	Subparagraph 75D 2-FSFL, Part 3						
B. Immediately record application fee in DLS.	Subparagraph 75B and Paragraph 301, 2-FSFL, Part 3						
C. For applications lacking required information, notify applicant in writing.	Subparagraph 75C						
D. Prepare an 8-position or similar folder for each CCC-185.	Subparagraph 75A						
E. Farm visit to complete a FSA-850 for drying and handling equipment and/or storage and handling trucks are not required.	Paragraphs 109, 110, 111 and Handbook 1-EQ						
F. If portable storage structure, drying and handling equipment or storage and handling truck FSFL, evaluate the FSFL component at the location provided on CCC-185.	Subparagraph 43A and Subparagraph 171 C						
8. Determine Loan Amount, Storage Need and Equipment Eligibility:							
A. Determine maximum loan amount not to exceed \$500,000. "Padding" the loan is not authorized.	Paragraphs 59 and 60						
B. Review storage worksheet unless the FSFL requirements is for handling equipment or storage handling truck.	Paragraphs 47, 48, 49, 50, 51 and 52						
C. Verify eligibility of proposed structure and/or eligible FSFL component. .	Paragraphs 36, 37, 38, 39, 42, and 43						
9. Environmental and Historic Reviews:							
A. Visit the site before site preparation. A site visit is not required to complete a FSA-850 for drying and handling equipment and/or storage and handling trucks unless there will be ground disturbance for any installation of the equipment.	Paragraphs 109-111 and Handbook 1-EQ						
B. Review applicable flood maps	Paragraphs 99 and 109						
C. Complete FSA-850 (Environmental Evaluation Checklist)							
D. Complete FSA-851 (Environmental Risk Survey Form) for loans secured by real estate.							
E. Notify State Historic Preservation Officer according to guidelines in applicable EQ directives. Notify Fish and Wildlife Service of proposed action, if applicable.	Paragraphs 109-111 and Handbook 1-EQ and 2-EQ						
F. Verify HEL and WC compliance with copy of the most current AD-1026 (Highly Erodible Land Conservation (HEL) and Wetland Conservation (WC) Certification).							
G. Verify compliance with any zoning ordinances or building permits.	Paragraph 112						
H. Conduct further reviews as required, such as Class II Environmental Assessments.	Paragraphs 109-111 and Handbooks 1-EQ & 2-EQ						
I. Notify applicant if flood insurance will be required.	Paragraph 99						
10. Applicant Eligibility:							
A. Verify DCIA compliance by checking applicant certification on CCC-185 and CCC or FSA Receivable records in NRRS.	Paragraphs 83 and 84						
B. Verify compliance with controlled substance provisions by checking the controlled substance field in the producer's eligibility record.	Subparagraph 35A Handbooks 3-PL, Paragraph 32, and 1-CM, Part 30						
C. Producer of an eligible facility loan commodity.	Paragraph 33						
D. Demonstrates the need for increased storage capacity, unless equipment or storage handling truck.	Paragraph 35A and Paragraphs 47-52						
E. Verify proof of insurance and/or NAP, dairy coverage for applicable commodities.	Paragraphs 96-99						
F. Verify no crop insurance violation according to 7 CFR Part 718.	Subparagraph 35A						

CCC-195, Farm Storage Facility Loan (FSFL) Processing Checklist

B Example of CCC-195 (Continued)

Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
<div>CCC-195 (12-21-17)</div> <div>Page 3 of 4</div>							
11. Lien Searches and Filing UCC's:							
A. File UCC financing statement as soon as description of the structure or equipment/truck is known and eligibility appears okay.	Paragraph 142						
B. Process request in OLP and NPS to order check for filing fees.	Paragraph 302 and Handbook 1-FI, Parts 3 and 5						
D. Complete the initial real estate lien search office to document fixture filing and existing liens on RE where facility will be located (to determine need for severance agreements). Document on form FSA-2360.	Paragraph 144						
E. Complete lien search at Secretary of State (assure "through" date is sufficient to document our UCC Filing).							
12. Ability to Repay: Individual with FLP Loan approval authority shall:							
A. Request and review applicable credit report to determine credit worthiness.	Paragraph 82						
B. Obtain verification of debts and assets, only if applicable, using FSA-2015 (Verification of Debts and Assets).	Subparagraph 85F						
C. Review a balance sheet and cash flow plan for the current year showing that enough cash is available to make the required down payment and there are funds available to pay the first installment amount.	Paragraph 85						
D. Prepare FBP Credit Action, indicating whether applicant is creditworthy and has ability to make down payment and pay future installments. Recommend approval, if applicable.	Subparagraph 85G						
13. Collateral Security:							
A. Determine if applicant has other outstanding FSFL's. If the total outstanding loan balance with this loan exceeds \$100,000, additional security is required.	Paragraph 121						
B. Determine if collateral has resale value. If no resale collateral value, additional security may be required. If the collateral is used, ensure you have documented the method used to determine a reasonable market value.	Subparagraph 122F						
C. Document in the FBP Credit Action the collateral security requirements.	Subparagraph 85G						
D. Determine need for severance agreements and/or subordinations.	Paragraphs 144 and 196						
E. Determine if a CCC-195A or CCC-195B is required for closing the FSFL.	Paragraph 74						
14. Loan Approval:							
A. District Director review of loan and concurrence of approval before COC approval, if aggregate outstanding loan balance is between \$100,000.01 and \$250,000.	Subparagraphs 10B and 153C						
B. Date of Executive Meeting Minutes (date: _____) unless CED/farm loan official approval.	Subparagraphs 153B and 154A						
C. Refer application to appropriate approval official if applicable.	Subparagraph 10B						
D. Applicant meets all eligibility requirements, including creditworthiness and ability to repay.	Paragraphs 35 & 85 and Subparagraph 153A						
E. Proposed facility or renovation is eligible and needed.	Subparagraph 153A						
F. Yields and acreage used to calculate storage need are reasonable.							
G. Environmental conditions of the site do not place CCC at risk.							
H. Type of collateral security required. Enter on CCC-185D, Items 3-5	Paragraphs 154 and 156						
I. Enter conditions of approval, (and/or check applicable boxes such as all peril insurance or flood insurance) in CCC-185-D, Items 3-5							
J. Approved or denied by signature on reverse of CCC-185D. If denied, enter zero in Item 6B.	Paragraphs 10, 154 and 155						
K. Approve or disapprove FBP Credit Action on the SAME DAY as loan approved or disapproved.	2-FSFL, Part 4						

CCC-195, Farm Storage Facility Loan (FSFL) Processing Checklist (Continued)

B Example of CCC-195 (Continued)

Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
15. Approval Processing by Office Staff:							
A. Record disposition and if approved, assure funding in DLS.	2-FSFL, Part 4						
B. Verify loan is obligated in DLS	2-FSFL, Paragraph 350						
C. Issue approval and/or closing letter after loan is obligated.	Subparagraph 154 D						
D. Enter date approval letter is issued, on CCC-185D, Item 9. Distribute CCC-185 and CCC-185D.	Paragraph 154						
E. Remind applicant to obtain proof of insurance listing CCC as loss payee for all items checked on the CCC-185D, Item 3 prior to closing.	Paragraphs 96-99 and Exhibit 58						
F. Remind applicant that if real estate is required to secure the loan, title insurance or a title opinion will be required. This may result in attorney fees that must be paid by the applicant for title clearance and loan closing.	Paragraph 187						
G. Remind applicant about filing and recording fees and who pays each fee.	Subparagraph 58C						
H. For storage structure FSFL requests, notify applicant that loans cannot be disbursed until construction is complete , final net cost is determined, and the facility is inspected.	Exhibits 7 and 58						
One partial disbursement not to exceed 50% of loan obligation is allowed.	Paragraph 57						
H. If applicable, issue disapproval letter.	Paragraph 155						
I. Verify if form, SF-LLL required for FSFL disbursement. Note: Only applies to loans exceeding \$150,000.	Paragraph 64						
J. Monitor approval expiration date. County offices must notify the borrower 14 workdays before the expiration date that they may request an extension in writing. Obtain and act on requests for extension of approval by STO, if applicable. FSFL must not be disbursed with an expired approval date.	Paragraph 158						
16A. I concur/do not concur the above items have been verified and updated. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur							
16B. STC Designee or FLM/CED Signature (Required for all Loans)		16C. Date (MM-DD-YYYY)					
17. Remarks							
18. Important: Each FY, STC or STC designee shall review the first 3 FSFL's scheduled for closing. The review will be completed prior to disbursement. This review was required according to 1-FSFL, subparagraph 185 G. All items of the CCC-195 have been completed. All items on the CCC-195A or CCC-195B through Item 9I have been completed and any deficiencies resolved.							
A. STC or Designee Signature		B. STC or Designee Name		C. Title		D. Date (MM-DD-YYYY)	

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCC-195A, Farm Storage Facility Loan (FSFL) Real Estate Security Checklist

A Instructions for Completing CCC-195A

Complete CCC-195A according to the following table.

Item	Instructions
1	Enter applicant's name. If a joint FSFL, a separate CCC-195A is required for each applicant. If a partial and final disbursement is made, a separate CCC-195A is required for each disbursement.
2	Enter date CCC-185 is signed.
3	Enter DLS-assigned FSFL number. Example: 2017/00001
4	Enter State where FSFL collateral will be located.
5	Enter county where FSFL will be processed.
6	Enter loan approval date.
7	Enter date loan approval expires.
8A through 10N	For each item listed, check (✓) either "Yes" or "No". The employee completing the action shall initial and date. If item is not applicable to this FSFL, check (✓) "NA". The employee determining the action is not applicable shall initial and date.
11A through 11C	"Actions Required After Loan Closing" For each item listed, check () either "Yes" or "No". The employee completing the action shall initial and date. If item is not applicable to this FSFL, check (✓) "NA". The employee determining the action is not applicable shall initial and date.
12A through 12C	STC designee, CED, or FLM shall indicate whether they concur with how items 8 through 10 are completed. STC designee, CED, or FLM shall review CCC-195A's for all FSFL's. STC designee or CED who completed item 11A shall sign item 11B. STC designee or CED who signed item 11B shall date item 11C.
13	Remarks by STC designee, CED, or FLM about FSFL.
14	If this FSFL is 1 of the first 3 FSFL's received in FY, according to subparagraph 185 G, STC designee shall review FSFL before disbursement. To document the review, STC designee shall sign and date the notation.

CCC-195A, Farm Storage Facility Loan (FSFL) Real Estate Security Checklist (Continued)

B Example of CCC-195A

The following is an example of CCC-195A.

<p>CCC-195A (12-21-17)</p> <p>FARM STORAGE FACILITY LOAN (FSFL) REAL ESTATE SECURITY CHECKLIST</p> <p>NOTE: This checklist is needed for partial or final disbursement.</p>		<p>U.S. Department of Agriculture Commodity Credit Corporation</p>		<p>1. Name of Applicant</p>		<p>2. Date of Application (MM-DD-YYYY)</p>		<p>3. Loan No.</p>	
				<p>4. State Office Name</p>		<p>5. County Office Name</p>			
				<p>6. Date of Loan Approval (MM-DD-YYYY)</p>		<p>7. Approval Expiration Date (MM-DD-YYYY)</p>			
<p>Office Staff Actions:</p>				<p>Applicable References (1-FSFL (Rev. 3))</p>	<p>YES</p>	<p>NO</p>	<p>N/A</p>	<p>Initials</p>	<p>Date</p>
<p>8. Pre-Disbursement Document Review, Structure Inspection, and Determining Loan Amount:</p>									
<p>A. Partial <input type="checkbox"/> or Final <input type="checkbox"/></p>				<p>Paragraph 57</p>					
<p>B. Inspect and verify the amount of construction completed or facility acquisition. Document on CCC-295A (FSFL Program Final Inspection of permanently affixed storage structures before Loan Disbursement) or CCC-295C (FSFL Program Final Inspection of portable storage structures, drying and handling equipment or stage and handling truck before Loan Disbursement).</p>				<p>Paragraph 171</p>					
<p>C. Construction completed or total facility acquired. If this is a partial disbursement, bills must be commensurate with work completed and not exceeding 50% of the total loan amount. If this is a final disbursement, the project must be entirely completed.</p>				<p>Paragraph 170</p>					
<p>D. Obtain completed CCC-197 (Final Farm Storage Facility Loan Program Cost Certification) from borrower(s).</p>				<p>Paragraph 174 Exhibit 64</p>					
<p>E. Obtain evidence of final net cost.</p>				<p>Paragraph 172</p>					
<p>F. Date stamp the Original Evidence of Cost.</p>				<p>Subparagraph 172C</p>					
<p>G. Verify contractor/seller has signed evidence of cost if it is not on the original letterhead.</p>				<p>Subparagraph 172B</p>					
<p>H. Retain copy of original document in the loan folder. Return original evidence to borrower.</p>				<p>Subparagraph 172C</p>					
<p>I. Verify the minimum down payment amount has been paid to suppliers. Regular FSFL is 15%. Micro FSFL is 5%.</p>				<p>Subparagraph 172A</p>					
<p>J. Obtain CCC-191, FSFL Program Release of Liability, from all contractors/suppliers submitting bills unless exception applies.</p>				<p>Paragraph 173</p>					
<p>K. Complete the FSFL disbursement calculator.</p>				<p>2-FSFL</p>					
<p>L. Second party review of FSFL disbursement calculator.</p>				<p>2-FSFL</p>					
<p>M. Attach CCC-197 to Disbursement Calculator and file in loan folder.</p>				<p>Subparagraph 175A</p>					
<p>N. Verify whether obligation will need to be increased or decreased.</p>				<p>Paragraph 176</p>					
<p>O. If loan increases more than 10%, complete financial analysis.</p>				<p>Subparagraph 176B</p>					
<p>P. If loan increases, will need to be re-approved by applicable approval official.</p>				<p>Paragraph 10 and Subparagraph 176B</p>					
<p>Q. If loan increases, complete increase in DLS.</p>				<p>2-FSFL, Part 5</p>					
<p>R. If loan decreases, complete decrease in DLS.</p>				<p>2-FSFL, Part 5</p>					
<p>S. Review financial analysis if closing delayed more than a year.</p>				<p>Subparagraph 185F</p>					
<p>9. Selection of Closing Agent and Obtaining Title Work:</p>									
<p>A. Obtain proof of insurance with CCC as loss payee for all items checked on the CCC-185D, Item 3.</p>				<p>Paragraphs 96-99 and Subparagraph 185B</p>					
<p>B. Obtain proof of current real estate taxes.</p>				<p>Subparagraph 185C</p>					
<p>C. Borrower selects attorney or title company/closing agent.</p>				<p>Subparagraph 187C</p>					
<p>D. Provide borrower with letter to send to title company or attorney.</p>				<p>Subparagraph 187C</p>					
<p>E. Obtain completed CCC-296 (Farm Storage Facility Loan Program Certification of Attorney) from attorney or Closing Protection Letter if utilizing title insurance.</p>				<p>Subparagraphs 187B, 187D and E</p>					

CCC-195A, Farm Storage Facility Loan (FSFL) Real Estate Security Checklist (Continued)

B Example of CCC-195A (Continued)

Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
F. Send transmittal of title information.		Subparagraph 187F					
G. Obtain completed CCC-299 (Title Opinion - Farm Storage Facility Loan Program) from attorney, or title insurance commitment/binder from title insurance company		Subparagraph 187B and 187G					
H. Review Title Opinion and update security requirements, if needed.		Subparagraph 187I					
10. Loan Disbursement and Loan Closing:							
A. STC or designee as delegated by STC review is required for the first three FSFLs in each COF before disbursement each fiscal year. Document review below in Item 13.		Subparagraph 185G					
B. Order Loan Check in DLS and Certify in NPS.		2-FSFL, Part 6 and 1-FI, Paragraphs 139 and 140					
C. When check(s) received, schedule closing within 21 days after payment requested.		Subparagraph 186C 2-FSFL, Part 6					
D. Issue closing notification to borrower.		Subparagraph 187J					
E. Request Severance Agreements on CCC-297 (Severance Agreement), if necessary.		Paragraph 196					
F. If UCC lien searches showed prior UCC filings with equipment/trucks as security, obtain equipment lien waivers on CCC-190, before loan is disbursed.		Subparagraph 144D and Exhibit 56					
G. Request Subordination Agreements on CCC-194 (Farm Storage Facility Loan Subordination Agreement (Lien on Real Property)) or other form provided, if necessary.		Subparagraph 144E and Exhibit 57					
H. Prepare CCC-186 in DLS		Paragraph 195, 2 FSFL, Paragraph 401					
I. Second party review of CCC-186.							
J. Prepare Real Estate Mortgage or Deed of Trust for FSFL Program on CCC-193.		Paragraph 143					
K. Issue closing instruction letter with applicable documents and CCC checks to closing agent when the closing date is known.		Subparagraph 187K					
L. Receive and review loan closing statement from closing agent.		Subparagraph 187L					
M. Obtain signature of CCC representative with authority to sign on the CCC-186		Subparagraph 195E					
N. Verify Severance Agreements and Subordinations have been filed and recorded, if applicable.		Paragraph 196 and Subparagraph 144E					
O. Input loan closing information in DLS.		Subparagraph 195 F 2-FSFL, Part 6					
P. Enter DLS workflows to track UCCs, mortgages, farm visits, etc.		2-FSFL, Part 8					
G. File original CCC-186 or Irrevocable Letter of Credit in fire proof safe.		Paragraph 197					
Certification							
11A. I concur/do not concur the above items have been verified and updated.		<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
11B. STC Designee or FLM/CED Signature (Required for all Loans)		11C. Date (MM-DD-YYYY)					
12. Remarks							
13. Important: Each FY, STC or STC designee shall review the first 3 FSFL's scheduled for closing. The review will be completed prior to disbursement. This review was required according to 1-FSFL, subparagraph 185 G. All items of the CCC-195 and the CCC-195A through Item 9I have been completed and any deficiencies resolved.							
A. STC or Designee Signature		B. STC or Designee Name		C. Title		D. Date (MM-DD-YYYY)	

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCC-195B, Farm Storage Facility Loan (FSFL) No Real Estate Security Checklist

A Instructions for Completing CCC-195B

Complete CCC-195B according to the following table.

Item	Instructions
1	Enter applicant's name. If a joint FSFL, a separate CCC-195B is required for each applicant. If a partial and final disbursement is made, a separate CCC-195B is required for each disbursement.
2	Enter date CCC-185 is signed.
3	Enter DLS-assigned FSFL number that is FY and FSFL number.
4	Enter State where facility equipment will be located.
5	Enter county where FSFL will be processed.
6	Enter loan approval date.
7	Enter date loan approval expires.
8A through 10G	For each item listed, check (✓) either "Yes" or "No". The employee completing the action shall initial and date. If item is not applicable to this FSFL, check (✓) "NA". The employee determining the action is not applicable shall initial and date.
11A through 11C	"Actions Required After Loan Closing" For each item listed, check () either "Yes" or "No". The employee completing the action shall initial and date. If item is not applicable to this FSFL, check (✓) "NA". The employee determining the action is not applicable shall initial and date.
12A through 12C	STC designee, CED, or FLM shall indicate whether they concur with how items 8 through 10 are completed. STC designee, CED, or FLM shall review CCC-195A's for all FSFL's. STC designee, CED, or FLM who completed item 12A shall sign item 12B. STC designee, CED, or FLM who signed item 12B shall date item 12C.
13	Remarks by STC designee or CED about FSFL.
14	If this FSFL is 1 of the first 3 FSFL's received in FY, according to subparagraph 185 G, STC designee shall review FSFL before disbursement. To document the review, STC designee shall sign and date the notation.

CCC-195B, Farm Storage Facility Loan (FSFL) No Real Estate Security Checklist (Continued)

B Example of CCC-195B

The following is an example of CCC-195B.

<p>CCC-195B (12-21-17)</p> <p>FARM STORAGE FACILITY LOAN (FSFL) NO REAL ESTATE SECURITY CHECKLIST</p> <p>NOTE: This checklist is needed for partial or final disbursement.</p>		<p>U.S. Department of Agriculture Commodity Credit Corporation</p>		<p>1. Name of Applicant</p>		<p>2. Date of Application (MM-DD-YYYY)</p>		<p>3. Loan No.</p>	
		<p>4. State Office Name</p>		<p>5. County Office Name</p>					
		<p>6. Date of Loan Approval (MM-DD-YYYY)</p>		<p>7. Approval Expiration Date (MM-DD-YYYY)</p>					
<p>Office Staff Actions:</p>				<p>Applicable References (1-FSFL (Rev. 3))</p>		<p>YES</p>	<p>NO</p>	<p>N/A</p>	<p>Initials</p>
									<p>Date</p>
<p>8. Pre-Disbursement Document Review, Structure Inspection, and Determining Loan Amount:</p>									
<p>A. Partial <input type="checkbox"/> or Final <input type="checkbox"/></p>				<p>Paragraph 57</p>					
<p>B. Inspect and verify the amount of construction completed or facility acquisition. Document on CCC-295A (FSFL Program Final Inspection of permanently affixed storage structure before Loan Disbursement) or CCC-295C (FSFL Program Final Inspection of portable storage structures, drying and handling equipment or storage and handling truck before Loan Disbursement).</p>				<p>Paragraph 171</p>					
<p>C. Construction completed or total facility acquired. If this is a partial disbursement, bills must be commensurate with work completed and not exceeding 50% of the total loan amount. If this is a final disbursement, the project must be entirely completed.</p>				<p>Paragraph 170</p>					
<p>D. Obtain completed CCC-197 (Final Farm Storage Facility Loan Program Cost Certification) from borrower(s).</p>				<p>Paragraph 174</p>					
<p>E. Obtain evidence of final net cost.</p>				<p>Paragraph 172</p>					
<p>F. Date stamp the Original Evidence of Cost.</p>				<p>Subparagraph 172C</p>					
<p>G. Verify contractor/seller has signed evidence of cost if it is not on the original letterhead.</p>				<p>Subparagraph 172B</p>					
<p>H. Retain copy of original document in the loan folder. Return original evidence to borrower.</p>				<p>Subparagraph 172C</p>					
<p>I. Verify the minimum down payment amount has been paid to suppliers. Regular FSFL is 15%. Micro FSFL is 5%.</p>				<p>Subparagraph 172A and Paragraph 59</p>					
<p>J. Obtain CCC-191, FSFL Program Release of Liability, from all contractors/suppliers submitting bills.</p>				<p>Paragraph 173 and Exhibit 65</p>					
<p>K. Complete the applicable FSFL disbursement calculator.</p>				<p>2-FSFL</p>					
<p>L. Second party review of FSFL disbursement calculator.</p>				<p>2-FSFL</p>					
<p>M. Attach CCC-197 to Disbursement Calculator and file in loan folder.</p>				<p>Subparagraph 175A</p>					
<p>N. Verify whether obligation will need to be increased or decreased.</p>				<p>Paragraph 176</p>					
<p>O. If loan increases more than 10%, complete financial analysis.</p>				<p>Subparagraph 176B</p>					
<p>P. If loan increases, will need to be re-approved by applicable approval official.</p>				<p>Paragraph 10 and Subparagraph 176B</p>					
<p>Q. If loan increases, complete increase in DLS.</p>				<p>2-FSFL, Part 5</p>					
<p>R. If loan decreases, complete decrease in DLS.</p>				<p>2-FSFL, Part 5</p>					
<p>U. Review financial analysis if closing delayed more than a year.</p>				<p>Subparagraph 185F</p>					
<p>9. Lien Searches and Additional Documents Needed at Loan Closing:</p>									
<p>A. Obtain proof of insurance with CCC as loss payee for all items checked on the CCC-185D, Item 3.</p>				<p>Subparagraph 185B and Paragraphs 96-99</p>					
<p>B. Obtain proof of current real estate taxes.</p>				<p>Subparagraph 185C</p>					
<p>C. Complete lien search (Document on FSA-2360).</p>				<p>Subparagraph 185D</p>					
<p>D. The County Office must perform the final lien search within 5 workdays before the FSFL check is requested in DLS.</p>				<p>Subparagraph 185D</p>					
<p>E. If UCC Lien searches show prior UCC filings with equipment/trucks as security, obtain equipment lien waivers, on CCC-190, before loan is disbursed.</p>				<p>Subparagraphs 144A and D & Exhibit 56</p>					

CCC-195B, Farm Storage Facility Loan (FSFL) No Real Estate Security Checklist (Continued)

B Example of CCC-195B (Continued)

Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
F. Request Severance Agreements on CCC-297 (Severance Agreement), if necessary.		Paragraph 196					
G. File Severance Agreements and subordinations of record, if applicable.		Paragraph 196					
10. Loan Disbursement and Loan Closing							
A. STC or STC Designee Review is Required for the first three FSFLs in each COF before disbursement each fiscal year. Document review below in Item 13.		Subparagraph 185G					
B. Determine if disbursement will be made to borrower only or if checks to borrower and contractors are required.		Subparagraph 186A & 2-FSFL, Part 6					
C. If payment to borrower only: Prepare CCC-186 in DLS		Paragraph 195					
Second Party Review of CCC-186.							
Have Borrower(s) execute CCC-186. NOTE: If minor is signing CCC-186, must also be signed by an adult.							
Obtain signature of CCC representative with Authority to sign on the CCC-186.							
Request check in DLS on day of closing after note is signed. Sign and Certify in NPS.		Subparagraph 186B 2-FSFL, Part 6					
D. If Treasury check(s) required for other Payees: Process check request(s) in DLS. Sign and Certify in NPS.		2-FSFL, Part 6; 1-FI, Paragraphs 139 and 140					
When check(s) are received in COF, schedule closing within 21 days after payment request.		Paragraph 195 2-FSFL, Part 6					
Prepare CCC-186 in DLS.							
Second Party Review of CCC-186 is required.							
Have Borrower(s) execute CCC-186. NOTE: If minor is signing CCC-186, must also be signed by an adult.							
Obtain signature of CCC representative with Authority to sign on the CCC-186.							
E. Input loan closing information in DLS.		Subparagraph 195 F 2-FSFL, Part 6					
F. Enter DLS workflows to track UCCs, mortgages, farm visits, etc.		2-FSFL, Part 8					
G. File original CCC-186 or Irrevocable Letter of Credit in fire proof safe.		Paragraph 197					
Certification							
11A. I concur/do not concur the above items have been verified and updated.			<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur				
11B. STC Designee or FLM/CED Signature (Required for all Loans)		11C. Date (MM-DD-YYYY)					
12. Remarks							
13. Important: Each FY, STC or STC designee shall review the first 3 FSFL's scheduled for closing. The review will be completed prior to disbursement. This review was required according to 1-FSFL, subparagraph 185 G. All items of the CCC-195 and the CCC-195B through Item 9I have been completed and any deficiencies resolved.							
A. STC or Designee Signature		B. STC or Designee Name		C. Title		D. Date (MM-DD-YYYY)	
<small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small>							
<small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small>							
<small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</small>							

Suggested FSFL Filing Guide for Eight Position Files

The following is a suggested FSFL filing guide that may be used for 8 position files:

- Position 1:
 - CCC-195, CCC-195A, or CCC-195B
 - UCC-1
 - UCC-3
 - CCC-190
 - FSA-2360
 - FSA-2015.
- Position 2:
 - FSFL Amortization Report
 - CCC-186
 - CCC-298
 - FSFL Repayment Receipt.
- Position 3:
 - running case records
 - CCC-185
 - financial information
 - FBP Credit Action
 - Credit Bureau Report
 - FSA-2004.
- Position 4:
 - Correspondence
 - Loan Approval or Loan Denial Letters
 - Payment Reminder Letters.

Suggested FSFL Filing Guide for Eight Position Files (Continued)

- Position 5:
 - all legal information including legal description
 - all attorney information and forms
 - CCC-193
 - CCC-194
 - copy of CCC-297 (original filed where applicable).
- Position 6:
 - bills/invoices/statements
 - estimates
 - building plans and permits
 - CCC-295A
 - CCC-295C
 - Maps of the Site with Proposed Storage Structure Location Noted
 - CCC-191(s)
 - Disbursement Calculator.
- Position 7:
 - proof of insurance – auto, crop, structural, and flood.
- Position 8:
 - AD-1026
 - FSA-850
 - FSA-851
 - Class II assessments
 - State Historical Preservation Officer determination
 - Tribal Historic Preservation Office documentation
 - FWS determination
 - appraisals.

Note: This suggested filing guide can be adjusted if 6 position folders are used.

Authorized Methods for Determining the Value of FSFL Real Estate Security

A Acceptable Methods for Determining the Value of FSFL Real Estate Security

The following are acceptable methods for determining the value of FSFL real estate security.

IF the acceptable method is the...	THEN the real estate...
appraisal value (subparagraph 122 A)	appraisal must: <ul style="list-style-type: none"> • be requested and paid for by the applicant • be requested by the State Office according to Exhibit 52 • be from an appraiser authorized by FLP and COTR • include the value of the real estate and the structure • be valued at least 100 percent of the FSFL amount to adequately protect CCC security interest.
county tax assessed value (subparagraph 122 H)	security value: <ul style="list-style-type: none"> • will be determined from current county tax bill for specified parcel or parcels, as applicable • may include a factor established from a documented percent used by the County Assessor to determine the current value of the real estate, if the market value is not included on the tax bill <p>Note: See table in subparagraph 122 H.</p> <ul style="list-style-type: none"> • if authorized by STC, COC may include up to 50 percent of the FSFL amount for new FSFL eligible components, if the facility is located on the real estate being mortgaged <p>Note: At all times, if the FSFL is for used eligible components up to 20 percent of the FSFL amount may be used to determine value.</p> <ul style="list-style-type: none"> • and structure, if applicable, must be valued at least 100 percent of the FSFL amount to adequately protect CCC's security interest.
additional authorized methods (subparagraph 122 I)	If authorized by STC, COC may determine security value using an additional authorized method and may include up to 50 percent of the FSFL amount for new FSFL components, if the facility and/or equipment is located on the real estate being mortgaged. Up to 20 percent of the FSFL amount for used FSFL components. <p>The real estate and structure, if applicable, must be valued at least 125 percent of the FSFL amount to adequately protect CCC's security interest.</p>

Authorized Methods for Determining the Value of FSFL Real Estate Security (Continued)

B Determining the Value of FSFL Real Estate Security When Separate From FSFL Facility

Determine the value of FSFL real estate security when separate from FSFL facility according to the following.

Step	Action
1	Real estate security separate from the structure is only allowed when an adequate lien on the underlying real estate is not feasible and all of the following apply: <ul style="list-style-type: none">• applicant owns separate acreage that is not subject to any other liens superior to CCC's• acreage of entire parcel is adequate in value as determined by 1 of the methods in subparagraph A to adequately secure and insure full payment.
2	Allow the value of the structure to equal 20 percent of the FSFL amount, if all of the following apply: <ul style="list-style-type: none">• CCC-297 obtained from owners of real estate where FSFL is located• UCC-1 filed on FSFL structure giving CCC first lien position• FSFL structure has resale collateral value according to paragraph 122.

Instructions for Requesting and Paying for FSFL Real Estate Appraisals

All FSFL appraisals will be requested by the State Office because of:

- the appraisal being performed for CCC although the entire cost is the applicant's expense
- a respective State Office's procedure and policies required for processing of the appraisal request submitted by County Offices.

Notes: FSFL applicants will **not** be permitted to contact an appraiser to request an appraisal.

FSFL applicants **may** authorize the County Office to add the cost of the appraisal to the eligible net costs and be used when determining the applicant's FSFL downpayment.

FSFL applicant may provide payment for the appraisal to the County Office and actions 4 and 5 are not required.

As COTR routinely requests appraisals, that person should be consulted for appraisal ordering procedure.

Upon completion of the appraisal, the following shall be completed.

Step	Action
1	Appraiser (requested by COTR) must submit the completed appraisal and invoice for the appraisal to the State Office.
2	FSA employee with administrative review authority must review the appraisal to ensure that it is acceptable. Employee may use FSA-2165.
3	State Office must forward the invoice and appraisal to the applicable County Office.
4	County Office will: <ul style="list-style-type: none">• pay the invoice through DLS as a recoverable cost according to 2-FSFL• send a copy of the invoice to the applicant• repay the receivable in NRRS when paid by the applicant.
5	If the receivable is not paid in full by the first partial or full FSFL disbursement: <ul style="list-style-type: none">• use only FSFL Check Request Option according to 2-FSFL, subparagraph 400 C• set-off the amount of the NRRS receivable using "Other Agency Debt" procedures• on Screen VFC10010, make a separate entry for the NRRS amount• make this check payable to CCC and have sent to the County Office• when FSFL is closed, apply check to NRRS receivable. <p>Note: NRRS receivables are not automatically off-set from FSFL proceeds.</p>

CCC-10, Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents

A CCC-10 Availability

CCC-10 is available for download from the following:

- by FSA employees, from the FSA Intranet at
<https://intranet.fsa.usda.gov/dam/ffasforms/forms.html>
- by producers, with instructions, from the Internet at
<https://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>.

B Instructions for Preparing CCC-10's

County Offices shall prepare CCC-10's according to the following table.

Item	Instructions
Part A	Ensure that the producer understands the statements.
1	Check (✓) the box for: <ul style="list-style-type: none">• “Individual”, if the producer conducts a farming operation as an individual• “Organization or Entity”, if the producer conducts a farming operation as an organization or entity.
2	If the box in item 1 is checked for: <ul style="list-style-type: none">• “Individual”, enter the applicable Social Security number or TIN• “Organization or Entity”, enter the applicable TIN.
3	If the box in item 1 is checked for: <ul style="list-style-type: none">• “Individual”, enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard according to regional OGC• “Organization or Entity”, enter the full legal name of the organization or entity as filed with the State and provided on the organization charter or legal documents establishing the entity.

CCC-10, Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents (Continued)

B Instructions for Preparing CCC-10's (Continued)

Item	Instructions
4	<p>If the box in item 1 is checked for "Individual", enter the naming standard according to State law, or if the 2010 amendments to UCC Article 9 have not been adopted, the naming standard according to the regional OGC, for spouse.</p> <p>Note: This is the name that will be used on UCC forms for additional debtors.</p>
5	<p>If the box in item 1 is checked for "Individual", enter the name of the State and county of the producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
6	<p>If the box in item 1 is checked for "Organization or Entity", enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, LLC's, and trusts. An informal joint operation or venture is not a legal entity. Members of an informal joint operation or venture are treated as individuals.</p>
7	<p>If the organization or entity is registered:</p> <ul style="list-style-type: none"> • it must be organized under the law of a single State and must be displayed in a State public record as being organized • enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches. <p>Note: It is important to consult with your regional OGC to ensure the UCC-1 being filed for the organization or entity is filed according to State law.</p>
8	<p>If the organization or entity is not registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC-1's and to perform lien searches.</p>
9	<p>Ensure that the producer understands the statement.</p>

CCC-10, Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents (Continued)

B Instructions for Preparing CCC-10's (Continued)

Item	Instructions
10A-11F	<p>If the box in item 1 is checked for:</p> <ul style="list-style-type: none">• “Individual”, the producer enters the signature as the first, middle, and last name and, if applicable, a suffix• “Organization or Entity”, the producer enters the following:• legal name of the organization or entity• the word “by”• producer’s signature• producer’s title. <p>Example: Hobbitt Farms Inc. by John H. Smith, President.</p> <p>Note: See paragraph 6 for signature authority documentation requirements.</p>

CCC-10, Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents (Continued)

C Example of CCC-10

The following is an example of a completed CCC-10.

This form is available electronically.		OMB Control No. 0560-0215 OMB Expiration Date: 06/30/2018
CCC-10 (11-13-17)		
U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation Farm Service Agency		
REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 761, 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under a CCC or FSA loan program through documentation of producer acknowledgment of, and agreement to, the terms and conditions of CCC's or FSA's notice of intent to protect its security interest, identification of debtor or entity, and authorization for CCC or FSA to file financing statements before executing a security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and non-governmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under a CCC or FSA loan program.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
PART A – INTRODUCTION		
<p>The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. For warehouse-stored CCC marketing assistance loans, I understand that a financing statement will not be filed but this form is necessary to establish the jurisdiction in which a lien search will be conducted. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.</p>		
PART B – REPRESENTATION OF UNDERSIGNED		
1. Type of Undersigned: <input type="checkbox"/> Individual <input type="checkbox"/> Organization or Entity	2. Social Security Number or Tax Identification Number (9 Digits)	
3. Undersigned's Full Legal Name	4. Spouse's Full Legal Name	
5. State and County of Primary Residence if Undersigned is an Individual	6. If Undersigned is an Organization or Entity, Specify the Type of Organization or Entity	
7. If undersigned's organization or entity is a registered organization or entity, specify the state in which the organization or entity was created.		
8. If undersigned's organization is a non-registered organization or entity, specify the state where the place of business is located or where the organization or entity conducts its affairs.		
PART C – AUTHORIZATION TO FILE		
<p>9. <i>The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.</i></p> <p><i>I authorize CCC to enter on the financing statement a broader description of the collateral used to secure a CCC marketing assistance loan than the description on the applicable security agreement.</i></p>		
10A. Signature of Individual in Item 3 (By)	10B. Title/Relationship of the Individual Signing in the Representative Capacity	10C. Date (MM-DD-YYYY)
10D. Signature of Individual in Item 4 (By)	10E. Title/Relationship of the Individual Signing in the Representative Capacity	10F. Date (MM-DD-YYYY)
11A. Signature for Organization or Entity in Item 3 (By)	11B. Title/Relationship of the Individual Signing in the Representative Capacity	11C. Date (MM-DD-YYYY)
11D. Signature for Organization or Entity in Item 3 (By)	11E. Title/Relationship of the Individual Signing in the Representative Capacity	11F. Date (MM-DD-YYYY)
<p>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</p> <p>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</p> <p>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (800) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</p>		

CCC-190, Farm Storage Facility Loan Program Lien Waiver

A Completing CCC-190

CCC-190:

- is required when liens are found on facilities and equipment that are pledged as collateral

Note: CCC-190 shall **not** be used to waive liens on real estate.

- shall be completed according to the following instructions.

Item	Instructions
The County Office shall complete items 1 through 6, and item 9A.	
1	Enter name and address of the borrower and co-borrower.
2	Enter State code for the loanmaking County Office.
3	Enter county code for the loanmaking County Office.
4	Enter FSFL number assigned by APSS.
5	Enter location of collateral. This should be the location entered on UCC-1.
6	Enter description of collateral as entered on UCC-1. Additional description items may be entered to further identify the items, if needed.
The lienholder shall complete items 7, 8, 9B, 10A, and 10B.	
7	Lienholder must indicate how monetary proceeds are to be disbursed by entering a checkmark (✓) in either of the boxes provided.
8	Enter any necessary comments.
9A	County Office shall enter the lienholder's name and address from the lien search.
9B	Lienholder shall enter their phone number.
10A & B	Lienholder identified or their agent identified in item 9A shall sign and date.

CCC-190, Farm Storage Facility Loan Program Lien Waiver (Continued)

B Example of CCC-190

The following is an example of CCC-190.

<p>This form is available electronically.</p> <p>CCC-190 (11-19-15)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p align="center">FARM STORAGE FACILITY LOAN PROGRAM LIEN WAIVER</p>				
<p>1. NAME AND ADDRESS OF PRODUCER (Include Zip Code)</p> <p>John Clark Mary Clark 282 East Road Pleasantville, ST 99809</p>		<p>2. STATE CODE</p> <p align="center">72</p>	<p>3. COUNTY CODE</p> <p align="center">123</p>	<p>4. LOAN NUMBER</p> <p align="center">2015/00010</p>
<p>5. LOCATION OF COLLATERAL</p> <p>NW 1/4 SW 1/4 Sec. 24 Cook Twp. Jones County</p>		<p>6. DESCRIPTION OF COLLATERAL</p> <p>1-16,000 Bushel (90' diameter bin) Butler Steel grain spreader and motor, inside and outside ladders, and perforated flooring</p>		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to obtain waivers of liens when liens filed by parties other than CCC are found on farm storage facilities and equipment that are pledged as collateral. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to obtain waivers of liens when liens filed by parties other than CCC are found on farm storage facilities and equipment that are pledged as collateral.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I Subtitle F. Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>				
<p>7. The undersigned is the holder of a lien on the collateral identified above. In order for the producer identified above to pledged such collateral as security for a Commodity Credit Corporation ("CCC") loan, with respect to CCC only, the undersigned waives all interest in, and title to, such collateral. The undersigned agrees that the proceeds of the loan shall be disbursed (<i>lienholder must check one of the following</i>):</p> <p>(A) <input type="checkbox"/> To the producer.</p> <p>(B) <input checked="" type="checkbox"/> Jointly to the producer and the undersigned lienholder.</p>				
<p>8. REMARKS</p>				
<p>9A. LIENHOLDER OR AUTHORIZED AGENT'S NAME AND ADDRESS (Include Zip Code)</p> <p>First National Bank 1200 Main St. Pleasantville, ST 99809</p>		<p>9B. LIENHOLDER OR AUTHORIZED AGENT'S TELEPHONE NUMBER (Including Area Code)</p> <p align="center">888-987-6643</p>		
<p>10A. SIGNATURE OF LIENHOLDER OR AUTHORIZED AGENT (By)</p> <p><i>/s/ Sam Johnson</i></p>	<p>10B. TITLE/RELATIONSHIP OF THE INDIVIDUAL IF SIGNING IN A REPRESENTATIVE CAPACITY</p> <p align="center">President</p>	<p>10C. DATE (MM-DD-YYYY)</p> <p align="center">07-11-20XX</p>		
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).</small></p> <p><small>If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.</small></p>				

CCC-194, Farm Storage Facility Loan Subordination Agreement

A Completing CCC-194

CCC-194 shall be completed according to the following instructions.

Item	Instructions
1	Enter borrower's name and address.
2	Enter borrower's telephone number, including area code.
3(a)	Enter borrower's name.
3(b)	Enter county where the facility will be located.
3(c)	Enter State where the facility will be located.
4	Enter complete real estate description as it is shown on the real estate mortgage, and indicated by checking box for first lien or second lien.
5(a)	Enter number or name of the book that recorded the Real Estate Mortgage or security instrument.
5(b)	Enter page number of the book identified in item 5(a).
6(a), (b), and (c)	Enter day, month, and year CCC-194 is executed.
6(d)	Lienholders shall sign.
6(e) – (m)	To be completed by the notary witnessing signatures in item 6(d).

CCC-194, Farm Storage Facility Loan Subordination Agreement (Continued)

B Example of CCC-194

The following is an example of CCC-194.

<p>This form is available electronically.</p> <p>CCC-194 (11-19-15)</p>		<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p>
<p>FARM STORAGE FACILITY LOAN SUBORDINATION AGREEMENT (LIEN ON REAL PROPERTY)</p>		
<p>NOTE: <i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility under the Farm Storage Facility Loan Program for CCC financing for erecting/constructing a farm storage facility and/or purchasing drying equipment. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.</i></p> <p><i>This information collection is exempted from the Paperwork Reduction Act, as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided.</i></p> <p>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
<p>1. BORROWER'S NAME AND ADDRESS (Including ZIP Code)</p> <p>John Clark Mary Clark 282 East Road Pleasantville, ST 99809</p>	<p>2. BORROWER'S TELEPHONE NUMBER (Including Area Code)</p> <p>123-456-7890</p>	
<p>3. WHEREAS, (a) John and Mary Clark (hereinafter called the "Borrower"), has applied to Commodity Credit Corporation (hereinafter called "CCC"), an agency of the United States for a loan for the purpose of erecting or constructing a storage facility on premises situated in the County of (b) Jones, State of (c) State Name.</p>		
<p>4. WHEREAS, the making of such a loan by CCC is conditioned upon the Borrower conveying to CCC a <input type="checkbox"/> first lien or <input type="checkbox"/> second lien on the following described real estate: SW 1/4 Sec. Cook Twp.</p>		

CCC-185D, Determination for Farm Storage Facility Loan Program

A Example of CCC-185D

The following is an example of a completed CCC-185D.

This form is available electronically. CCC-185D U.S. DEPARTMENT OF AGRICULTURE (12-21-17) Commodity Credit Corporation			FOR COUNTY USE ONLY 1. LOAN IDENTIFICATION NUMBER A. State Code B. County Code C. Loan No.		
DETERMINATION FOR FARM STORAGE FACILITY LOAN PROGRAM					
2. Applicants Name					
PART A - CCC APPROVAL <i>A loan is approved by CCC for the approximate amount shown in Item 6B below, but not to exceed the amount authorized in the program regulations. Such loan shall be repayable in the number of equal annual installments shown in Item 7. This approval shall become null and void 6 months after the date hereof unless the loan funds have been disbursed or this approval has been extended in writing by the State or County Committee. Loan funds will not be disbursed until structure has been constructed and/or installed, inspected and approved in accordance with program regulations.</i>					
3. Approval is conditionally granted with the following conditions being met at the applicable time prior to or after closing: <ul style="list-style-type: none"> <input type="checkbox"/> All-Peril Structural Insurance <input type="checkbox"/> Full Coverage Automobile Insurance <input type="checkbox"/> Multi-Peril Crop Insurance or NAP coverage <input type="checkbox"/> Obtain required state emissions and vehicle inspection <input type="checkbox"/> Flood Insurance <input type="checkbox"/> Dairy Insurance <input type="checkbox"/> Additional Security Required – see Item 4 for description <input type="checkbox"/> Severance agreement will be provided from: _____ <input type="checkbox"/> Other: _____ 					
4. Security Required: When loan approved, check type of security required by COC/STC: <ul style="list-style-type: none"> <input type="checkbox"/> Structure, Equipment and/or Storage and Handling Truck <input type="checkbox"/> Real Estate (Identified Lien Position _____) <input type="checkbox"/> Irrevocable Letter of Credit <input type="checkbox"/> Other: _____ 					
5. Remarks					
6A. Original COC/STC Determination: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved		6B. Original Loan Amount Approved by CCC Pending Funding \$		7. Number of Loan Installments: <input type="checkbox"/> 3 years <input type="checkbox"/> 5 years <input type="checkbox"/> 7 years <input type="checkbox"/> 10 years <input type="checkbox"/> 12 years	
8A. Final Loan Approval Expiration Date (MM-DD-YYYY)		8B. 1 st Extension Date (MM-DD-YYYY)		8C. 2 nd Extension Date (MM-DD-YYYY)	
9. Date CCC Mailed Approval Notification Letter to Applicant (MM-DD-YYYY)					
10A. Name of COC/STC		10B. Signature of COC/STC		10C. Date (MM-DD-YYYY)	
PART B – APPROVAL OF LOAN INCREASES					
11A. Final COC/STC Determination: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved				11B. Final Approved Loan Amount Pending Funding \$	
12A. Name of COC/STC		12B. Signature of COC/STC		12C. Date (MM-DD-YYYY)	

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCC-197, Final Farm Storage Facility Loan (FSFL) Program Cost Certification

A Instructions for Completing CCC-197's

Complete CCC-197 according to the following table.

Item	Instructions
Part A - General Information	
1-3	Enter FSFL applicant's full name, phone number (optional), and FSFL number.
4-6	Enter name, address, and phone number of the FSA County Office.
7	Producer must select either "Partial Disbursement" or "Final Disbursement".
Part B - FSFL Structure Bills and Invoices	
8	Producer must provide the name of the vendor or contractor and approved STC and/or COC on-farm equipment.
9	Producer must provide the total amount of bill.
For FSA Use Only	
10	STC, COC, or designee must answer "Yes" or "No" to the question, "Was CCC- 191 obtained, if applicable?" If "No" is answered, give the reason why not . Note: CCC-191 and signed and dated final invoices must be for the same amount or the invoice total must be greater than the total entered on CCC-191, according to paragraph 173.
Part C - Certification of Federal Grants or Loans	
11	Producer must answer "Yes" or "No" to the question, "Are there any unresolved claims or demands for payments pending with a vendor, contractor, subcontractor or material supplier in connection with the FSFL project? If "Yes", provide item number (8 A through 8 I) of the vendor or contractor in Item 18."
12	Producer must answer "Yes" or "No" to the question, "Has an application been submitted, approved or paid for by any other federal governmental loans or grants on the same structure or other collateral used for this FSFL? If "Yes", provide details of the loan and/or grant in Item 18. If "No", skip Part D."
Part D - Federal Grant and/or Other Loan Information	
13	Producer must provide the total grant eligible costs.
14	Producer must provide the total grant or loan requested.
15	Producer must provide sources of funds, if a value is entered in items 13 and/or 14.

CCC-197, Final Farm Storage Facility Loan (FSFL) Program Cost Certification (Continued)

A Instructions for Completing CCC-197's (Continued)

Item	Instructions
Part E - Producer Certification	
16A	Each producer must sign CCC-197 after carefully reading the information in Part E.
16B	Each producer must provide title and/or relationship of the individual signing in the representative capacity.
16C	Each producer must enter the last 4 digits of their TIN.
16D	Each producer must enter date CCC-197 was signed.
Part F - STC, COC or Designee Signature (for FSA Use Only) Important: STC, COC, or designee shall approve CCC-197 after all required CCC-191's are received and acceptable cost documents are received that support the total cost on CCC-191.	
17A	STC, COC, or designee shall sign.
17B	Enter title of designee signing item 17A.
17C	Enter date STC, COC, or designee signed item 17A.
18	Enter any remarks that may be pertinent to any information entered on CCC-197. If producer answers "yes" to questions 11 or 12, they must provide details in item 18.

CCC-197, Final Farm Storage Facility Loan (FSFL) Program Cost Certification (Continued)

B Example of CCC-197

The following is an example of a completed CCC-197.

This form is available electronically.

CCC-197 (12-21-17)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
FINAL FARM STORAGE FACILITY LOAN (FSFL) PROGRAM COST CERTIFICATION			
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program through certification of program costs. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.			
This information collection is exempted from the Paperwork Reduction Act, as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.			
This form needs to be completed and signed by the loan applicants before partial or final FSFL documents can be prepared.			
PART A - GENERAL INFORMATION			
1. Loan Applicant's Name	2. Telephone Number (Including Area Code) (Optional)	3. FSFL Number	
Terry Dawn Farms	555-123-4567	2611/00315	
4. County FSA Office Name	5. County FSA Office Address (Including Zip Code)	6. Telephone Number (Including Area Code)	
Buckhead County FSA Office	2020 Lewis Dr. Travis, MT 20155-1933	555-123-1000	
7. FSFL Disbursements (Check One): <input type="checkbox"/> Partial Disbursement <input checked="" type="checkbox"/> Final Disbursement			
PART B - FSFL BILLS AND INVOICES (Applicants must provide information for bills and invoices received for the FSFL project)			
8. Name of Vendor or Contractor	9. Total Amount of Bill	10. For FSA Use Only CCC-191 Obtained (If Applicable)	
A.	\$	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
B. Sand and Gravel	\$ 27,000	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
C. Kerry's Hardware	\$ 50,000	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
D. Jim and Betty's Construction	\$ 10,150.56	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
E. Home Depot	\$ 20,645	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
F. Williams Electrocal Supply	\$ 25,000.89	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
G. Kelly's	\$ 33,000	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
H.	\$	<input type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	
I.	\$	<input type="checkbox"/> YES <input type="checkbox"/> NO (If "NO", provide reason in Item 18)	

CCC-197, Final Farm Storage Facility Loan (FSFL) Program Cost Certification (Continued)

B Example of CCC-197 (Continued)

CCC-197 (12-21-17)		Page 2 of 2	
PART C – CERTIFICATION OF FEDERAL GRANTS OR LOANS <i>(Borrower must answer the following questions)</i>			
		YES	NO
11. Are there any unresolved claims or demands for payments pending with a vendor, contractor, subcontractor or material supplier in connection with the FSFL project. If "YES", provide Item numbers (Items 8A through 8I) of the vendor or contractor in Item 18.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. Has an application been submitted, approved or paid for by any other federal governmental loans or grants on the same structure or other collateral used for this FSFL? If "YES", provide details of the loan and/or grant in Item 18. If "NO", skip Part D.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
PART D – FEDERAL GRANT AND/OR OTHER LOAN INFORMATION			
13. Total Grant Eligible Costs	14. Total Grant or Loan Requested	15. Sources - Provide the sources of funds, if a value is entered in Items 13 and/or 14	
\$	\$		
PART E – PRODUCER CERTIFICATION			
Certification: <i>I certify that the information provided is true, complete, and correct to the best of my knowledge and is provided in good faith. I understand if any information is found to be false or incomplete, such finding may be grounds for denial of the FSFL. Additionally, I understand if I receive a grant or loan after the FSFL is disbursed for the same structure, or other collateral used for this FSFL, the federal grant or loan must be paid as a lump sum repayment to the outstanding FSFL.</i>			
16A. Producer's Signature (By)	16B. Title/Relationship of the Individual if Signing in a Representative Capacity	16C. Last 4 Digits of Producer's TIN	16D. Date (MM-DD-YYYY)
<i>/s/ Terry Dawn</i>			07-27-20XX
PART F – STC, COC OR DESIGNEE SIGNATURE (FOR FSA USE ONLY)			
17A. Signature of STC, COC or Designee	17B. Title	17C. Date Approved (MM-DD-YYYY)	
<i>/s/ Clark Tyson</i>	County Executive Director	07-27-20XX	
18. Remarks			

CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement

A Preparing CCC-186

The CCC-186 is generated in DLS. County Offices must ensure that CCC-186 is properly prepared according to 2-FSFL.

If CCC-186 is being prepared for portable drying and handling equipment or a storage and handling truck, the preparer must include a complete description of the FSFL and the location of where the FSFL collateral will be regularly stored.

If an Irrevocable Letter of Credit is provided to secure the FSFL, CCC-186 must be noted with the following information:

An Irrevocable Letter of Credit from_ secures FSFL No. _____ in the amount of \$ ____ .XX, plus applicable interest for the entire term.

CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement
(Continued)

B Example of CCC-186

The following is an example of CCC-186.

This form is available electronically.		FOR FSA USE ONLY	
CCC-186 (11-19-15)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
Farm Storage Facility Loan Program		1. Loan Identification Number	
		A. State Code 22	B. County Code 024
		C. Loan Number 2015/00001	
PROMISSORY NOTE AND SECURITY AGREEMENT		2. Amount Financed \$ 44,000.00	
7A. Debtor's Name and Address (Including ZIP Code) Keller Farms, Inc. 891 Camp Road Temple, ME 22345-1111	7B. Telephone Number (Including Area Code) 123-456-7899	3. Annual Percentage Rate 1.8750 %	4. Finance Charge 1/ \$ 3,351.29
8. Co-Debtor's Name and Address (Including ZIP Code)		5. No. of Annual Installments 7	6. Installment Amount \$ 6,756.90
		1/ Assuming installments are paid on anniversary date at the interest rate shown in Item 3 above.	

The undersigned Debtor(s) jointly and severally promise to pay to the order of the Commodity Credit Corporation (CCC) the principal amount shown above as "Amount Financed," together with interest and other charges provided herein. Payment shall be in the number of equal annual installments shown above with interest at the "Annual Percentage Rate" specified above. Equal loan installments, amortized over the loan term, are due and payable on the annual anniversary date. Payments shall be applied first to interest and then to principal. Payment of loan installments and interest shall be made by check, cash, money order, or by deduction from amounts due Debtor from CCC. Any delinquent amount may be deducted and paid out of any amounts due Debtor under any program carried out by any agency of the Department of Agriculture and any other agency of the United States. The Debtor waives presentment for payment, demand, protest, notice of protest, and notice of nonpayment of this note.

Debtor hereby grants to CCC as collateral security for the payment of this note, plus interest and charges, a security interest in the following described farm storage equipment (a):
30' diameter Bronx Grain Bin approximately 13,000 bushel, heater, grain spreader, and aeration system

and the proceeds from any disposition of the collateral. The collateral shall not be sold without prior written authority of CCC. Such collateral is to be located upon the premises in Debtor's possession described (b):
52 acres Locust TWF Watson Co., Farm Numbers 80815

Debtors shall grant CCC such additional security as it may require. The above provisions and those on the reverse side hereof have been read and considered by the undersigned. It is agreed that by signing this combined Promissory Note and Security Agreement, they make the representations, warranties, and agree to all the terms and conditions specified.

9A. Debtor's Signature (By) <i>/s/ James Keller</i>	9B. Title/Relationship of the Individual if Signing in a Representative Capacity Self Owner	9C. Debtor's ID No. (Last 4 digits) 1234	9D. Date (MM-DD-YYYY) 03-25-20XX
10A. Co-Debtor's Signature (By)	10B. Title/Relationship of the Individual if Signing in a Representative Capacity	10C. Debtor's ID No. (Last 4 digits)	10D. Date (MM-DD-YYYY)

11. COMMODITY CREDIT CORPORATION SECURED PARTY	
11A. By: Approving Official's Signature <i>/s/ Laura Leakes</i>	12. FSA County Office Name and Address (Including ZIP Code) Farm Service Agency 702 Sims Creek Road Baltimore, ME 12345-1111
11B. Title County Executive Director	11C. Date of Disbursement (MM-DD-YYYY) 03-25-20XX
Telephone Number (Include Area Code): 207-555-2212	

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program through documentation of the debtor's agreement to comply with the terms and conditions contained in the promissory note and security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement

C Example of CCC-186-1

The following is an example of CCC-186-1.

This form is available electronically. CCC-186-1 U.S. DEPARTMENT OF AGRICULTURE (12-21-17) Commodity Credit Corporation		See Page 2 for Privacy Act and Paperwork Reduction Act Statements.	
Farm Storage Facility Loan Program PROMISSORY NOTE AND SECURITY AGREEMENT (CCC-186 CONTINUATION SHEET)		FOR FSA USE ONLY	
		1. Loan Identification Number	
		A. State Code	B. County Code
		C. Loan Number	
PART A – PRODUCER'S INFORMATION			
2. Co-Debtor's Name and Address (Including ZIP Code)		3. Co-Debtor's Name and Address (Including ZIP Code)	
Identification Number (Last 4 Digits):		Identification Number (Last 4 Digits):	
4. Co-Debtor's Name and Address (Including ZIP Code)		5. Co-Debtor's Name and Address (Including ZIP Code)	
Identification Number (Last 4 Digits):		Identification Number (Last 4 Digits):	
6. Co-Debtor's Name and Address (Including ZIP Code)		7. Co-Debtor's Name and Address (Including ZIP Code)	
Identification Number (Last 4 Digits):		Identification Number (Last 4 Digits):	
8. Co-Debtor's Name and Address (Including ZIP Code)		9. Co-Debtor's Name and Address (Including ZIP Code)	
Identification Number (Last 4 Digits):		Identification Number (Last 4 Digits):	
PART B – PRODUCER'S CERTIFICATION			
<i>The undersigned debtor(s) agrees to all terms and conditions specified in Form CCC-186 "Promissory Note and Security Agreement" with the same loan identification number. Debtor(s)/Producer(s) who sign and date in Items 10A through 17C must also date the corresponding Item numbers on CCC-186, Page 3, Item 13.</i>			
10A. Debtor's Signature (By)	10B. Title/Relationship of the Individual if Signing in a Representative Capacity	10C. Date (MM-DD-YYYY)	
11A. Debtor's Signature (By)	11B. Title/Relationship of the Individual if Signing in a Representative Capacity	11C. Date (MM-DD-YYYY)	
12A. Debtor's Signature (By)	12B. Title/Relationship of the Individual if Signing in a Representative Capacity	12C. Date (MM-DD-YYYY)	
13A. Debtor's Signature (By)	13B. Title/Relationship of the Individual if Signing in a Representative Capacity	13C. Date (MM-DD-YYYY)	
14A. Debtor's Signature (By)	14B. Title/Relationship of the Individual if Signing in a Representative Capacity	14C. Date (MM-DD-YYYY)	
15A. Debtor's Signature (By)	15B. Title/Relationship of the Individual if Signing in a Representative Capacity	15C. Date (MM-DD-YYYY)	
16A. Debtor's Signature (By)	16B. Title/Relationship of the Individual if Signing in a Representative Capacity	16C. Date (MM-DD-YYYY)	
17A. Debtor's Signature (By)	17B. Title/Relationship of the Individual if Signing in a Representative Capacity	17C. Date (MM-DD-YYYY)	
18. REMARKS			

CCC-186, Farm Storage Facility Loan Program Promissory Note and Security Agreement

C Example of CCC-186-1 (Continued)

CCC-186-1 (12-21-17)

Page 2 of 2

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program through documentation of the debtor's agreement to comply with the terms and conditions contained in the promissory note and security agreement. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.*

*This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCC-297, Severance Agreement

A Completing CCC-297

CCC-297 shall be completed according to the following instructions.

Item	Instructions
a	Enter name of borrower.
b	Enter name of co-borrower, if applicable.
c	Enter name of town or city where borrower resides.
d	Enter County where borrower resides.
e	Enter State where borrower resides.
f	Describe the FSFL structures/components that are affixed to the real estate.
g	Enter legal description of real estate to which the FSFL structures/components are affixed.
h	Enter numeric day of the month the agreement is executed.
i	Enter month the agreement is executed.
j	Enter year the agreement is executed.
k	If the owner of the real estate is an entity, enter the name of the entity.
l	If an entity name is entered in item k, the authorized representative must sign.
m	Enter title of the authorized representative.
n and o	If real estate is owned by individuals, owners must sign.
p - w	To be completed by the notary witnessing signatures in items k through o.

CCC-297, Severance Agreement (Continued)

B Example of CCC-297

The following is an example of CCC-297.

This form is available electronically.
CCC-297
(12-21-17)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

SEVERANCE AGREEMENT

See Page 2 for Privacy Act and Paperwork Reduction Act Statements.

WHEREAS, (a) _____ and
(b) _____, of (c) _____, County of
(d) _____, State of (e) _____, (herein called Debtors), have
applied to the Commodity Credit Corporation (herein called the Secured Party), for a loan and have agreed to give the
Secured Party a security interest in the following-described fixture(s) (f):

which fixture(s) is (are) affixed to the following-described real estate: (Add legal description) (g):

NOW, THEREFORE, in consideration of the making or insuring of such loan by the Secured Party, the undersigned parties hereby (1) consent that the Debtors may grant to the Secured Party a security interest in said fixture(s) under the Uniform Commercial Code, (2) consent to the installation of said equipment and agree said equipment shall be and remain severed from the real property described above, and (3) agree that upon default of Debtors the Secured Party may (a) take possession of and remove said fixture(s) without notice to the undersigned parties and without liability to them for any diminution of value of the real estate caused by the absence of the fixture(s) or by any necessity for replacing the fixture(s), and (b) enforce its security interest against said fixture(s) as personally.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9932. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCC-297, Severance Agreement (Continued)

B Example of CCC-297 (Continued)

CCC-297 (12-21-17)	Page 2 of 2
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IN WITNESS WHEREOF, the undersigned parties hereto have executed this instrument
this (h) _____ day of (i) _____, (j) _____ (year).

if a corporation:

_____ (k) Name of Corporate (Mortgagee) (Owner) *	_____ (n) Individual (Mortgagee) (Owner) *
By _____ (l) Duly Authorized Officer	_____ (o) Individual (Mortgagee) (Owner) *
_____ (m) Title	

**CORPORATE
SEAL**

"Mortgagee" includes holder of any type of real estate lien.
*Delete "Mortgagee" or "Owner."

(p) STATE OF _____ }
(q) COUNTY OF _____ } ss. **ACKNOWLEDGMENT:**

On this (r) _____ day of (s) _____ in the year (t) _____, before me, the undersigned, a Notary Public in and for said State, personally appeared (u) _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her/their capacity (ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person on behalf of which the individual(s) acted, execute the instrument.

(SEAL) _____

(v) Notary Public

My commission expires (w) _____
(MM-DD-YYYY)

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Farm Storage Facility Loan Program through documentation of a severance agreement when there are real estate lien holders involving the land where a storage structure is to be located. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Farm Storage Facility Loan Program.

This information collection is exempted from the Paperwork Reduction Act, as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I Subtitle F, Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

Example Letter of Intent or Guarantee

The following is an example of an Official Bank Letter of Intent or Guarantee.

MUST BE AN OFFICIAL BANK LETTER OF INTENT OR GUARANTEE

(Date)

Chevy Chase County FSA Office
12700 Brookdale Drive
Severn, Colorado 12477

Dear Sir/Madam:

I understand a valued customer has applied for a Farm Storage Facility Loan with your office.
I certify that (FSFL applicant's name) has met the (Name of Financial Institution) qualifications
for an Irrevocable Letter of Credit in the amount of \$_____.00. The Irrevocable Letter of
Credit will be drafted to secure the customer's FSFL.

The Irrevocable Letter of Credit will be provided to the (Name of FSA County Office) at least
five workdays before the FSFL scheduled closing date.

Sincerely yours,

Bank Official
Name and Title
OFFICIAL SEAL of BANK

Example of Annual Reminder and Notification Letter

The following letter is available on the FFAS Employee Forms/Publication Online Website in fillable format at <https://intranet.fsa.usda.gov.dam/ffasforms/forms.html>. CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “1-FSFL Exhibit 70”.

1-FSFL Exhibit 70						
<p>(Use Agency Letterhead format with local return address.)</p> <p>USDA-Farm Service Agency County FSA Office Address City, State ZIP Code</p>						
(Date Letter Printed)						
REMINDER AND NOTIFICATION LETTER						
<p>(Contact Borrower Name) (Contact Borrower Address 1) (Contact Borrower Address 2)</p> <p>Dear (Contact Borrower Name):</p> <p>Please be advised that an installment payment will be due and payable for the Farm Storage Facility Loan (FSFL) No. XXXX/XXXXXX on XX-XX-20XX. The annual installment balance due is described in the following table.</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="text-align: center;">Installment Due Date</th><th style="text-align: center;">Installment Amount Due</th><th style="text-align: center;">Daily Interest Accrual</th></tr></thead><tbody><tr><td style="height: 20px;"></td><td style="text-align: center;">\$</td><td style="text-align: center;">\$</td></tr></tbody></table> <p>As of the date of this letter, the outstanding principal balance on this loan is \$XX,XXX.XX. Please make your check payable to the Commodity Credit Corporation (CCC) and send it to the office listed below:</p> <p>Commodity Credit Corporation (Office Street Address) (City, State, and ZIP Code)</p> <p>Please ensure the check is sent in time to reach the office by the due date. If you remit a check for payment, it may be converted to an Electronic Funds Transfer (EFT) from your Bank account. The check will be voided and destroyed within 14-calendar days of successful payment.</p> <p>If payment is not received on or before the due date, the amount due will be recorded for offset from any FSA or CCC payment due you. Additionally, the CCC can declare the entire indebtedness immediately due and payable. If your loan is called, foreclosure proceedings can be initiated. Under foreclosure proceedings, the collateral securing the loan can be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.</p> <p>Feel free to give us a call if you have any questions.</p> <p>CED's Name</p> <p>County Executive Director</p>	Installment Due Date	Installment Amount Due	Daily Interest Accrual		\$	\$
Installment Due Date	Installment Amount Due	Daily Interest Accrual				
	\$	\$				

CCC-195 Servicing, Farm Storage Facility Loan (FSFL) Servicing Checklist

A Completing CCC-195 Servicing

Complete CCC-195 Servicing according to the following table.

Item	Instructions
1	Enter producer's name.
2	Enter FSFL number.
3	Enter State where facility or equipment is located.
4	Enter County Office name where FSFL was processed.
5A	Enter FSFL term (3, 5, 7, 10, or 12 years).
5B	Enter FSFL annual term year. Example: FSFL was disbursed August 26, 2015, as FSFL 2015/00001, and CCC-195 Servicing was initiated on July 11, 2015. FSFL annual term year entered should be "1".
5C	Enter FSFL installment due date.
6 A through 12 E	For each item listed, CHECK (✓) "Yes", "No", or "N/A", as applicable. The employee completing the action shall initial and date each box. Note: When initials and date are required , lining through the item is not acceptable.
13 A	Any County Office employee who initials in items 6 through 12 is required to sign as a preparer. Signing as the preparer does not represent that an employee checked items 6 through 12, only that the employee completed an item that was initialed and dated. Note: There may be more than 1 preparer signing and dating CCC-195 Servicing.
13 B	County Office employee who signs item 13 A shall enter the current date.
14 A through 14 C	CED shall indicate whether or not they concur with how items 6 through 12 are completed. CED or designee representative shall review CCC-195 Servicing for all outstanding FSFL's. CED, or designee representative, who: <ul style="list-style-type: none"> • completed item 14 A shall sign item 14 B • signed item 14 B shall enter the current date in item 14 C. Note: If CED, or CED designee representative, was 1 of the preparers who completed items 6 through 12, CED, or CED designee representative, shall not complete this section. DD's must complete items 14 A through 14 C for all CED, or CED designee representative prepared FSFL's.

CCC-195 Servicing, Farm Storage Facility Loan (FSFL) Servicing Checklist

A Completing CCC-195 Servicing

Item	Instructions
15 A through 15 G	<p>During the applicable State Office or designee review of CCC-195 Servicing according to subparagraph 210 D, the State Office or designee shall respond to items 15 A through 15 D. Remarks or findings shall be noted for each question, if applicable.</p> <p>State Office or designee who:</p> <ul style="list-style-type: none">• completed 15 E shall sign item 15 F• signed item 15 F shall enter the current date in item 15 G.
16	Enter any remarks about any questions included on CCC-195 Servicing.
17	<p>Important: Every FY the State Office or designee shall select the following for each County Office for review beginning October 1:</p> <ul style="list-style-type: none">• three CCC-195 Servicing, if 10 or less CCC-195 Servicing have been completed• five CCC-195 Servicing, if 11 through 1,000 CCC-195 Servicing have been completed.

CCC-195 Servicing, Farm Storage Facility Loan (FSFL) Servicing Checklist

B Example of CCC-195 Servicing

The following is an example of CCC-195 Servicing.

This form is available electronically. CCC-195 Servicing (12-21-17) U.S. Department of Agriculture Commodity Credit Corporation		1. Name of Producer						
FARM STORAGE FACILITY LOAN (FSFL) SERVICING CHECKLIST		2. Loan No.						
		3. State Office Name (<i>Where facility or equipment is located</i>)			4. County Office Name			
		5A. FSFL Term (<i>Check one</i>) <input type="checkbox"/> 3 <input type="checkbox"/> 5 <input type="checkbox"/> 7 <input type="checkbox"/> 10 <input type="checkbox"/> 12		5B. FSFL Annual Term Year		5C. Installment Due Date (<i>MM-DD-YYYY</i>)		
		Office Staff Actions:						
		Applicable References (1-FSFL (Rev. 3))		YES	NO	N/A	Initials	Date
6. Collecting Installments								
A. Initiated a reminder and notification letter, 45 calendar days before the FSFL annual installment due date. Note: The final installment payment shall have the statement attached from subparagraph 209B to the reminder and notification letter.		<i>Subparagraph 209B</i>						
B. Was the FSFL annual installment payment received timely and entered in DLS? If the answer is "YES", continue to Item 8. If the answer is "NO", complete the remainder of Item 6 and Item 7.		<i>Subparagraph 211C 2-FSFL Paragraph 462</i>						
C. Prepared and mailed a first demand letter on the day after the due date.		<i>Subparagraph 262B</i>						
D. Update the "Other Agency Debt" flag in the producer's customer profile through FSA-Financial Services.		<i>Subparagraph 262E</i>						
E. Prepared and mailed a second demand letter 30 calendar days after the first demand letter. If the answer is "YES", also answer Item 12D.		<i>Subparagraph 262B</i>						
F. Prepared and mailed a third demand letter 30 calendar days after the second demand letter.								
G. Prepared collection action against a debtor's pro rata share of payments due any entity that the producer participates in, either directly or indirectly.								
H. Prepared foreclosure actions after all efforts to collect the installment have been exhausted.								
I. 120 calendar days after the installment due date, refer the producer to the National Office PSD.								
7. Later Payment of an Installment, if applicable:								
A. Did the producer make a written request for COC consideration within 60 calendar days before or after the installment due date and a current cash flow statement demonstrating that the installment can be paid within 120 calendar days after the due date? Note: Payment after the installment due date may be requested 1 time only for each installment during the FSFL term.		<i>Subparagraph 211E</i>						
B. Prepared and mailed to the producer the COC decision regarding the later payment of an installment.								
C. Resumed collection activity according to actions listed at 6C through 6I, if the installment is not paid by the COC determined date.								
8. Releasing Security, if applicable:								
A. FSFL is "paid in full." Initiate the release of security documents, as required by State law.		<i>Paragraph 218</i>						
B. Require the producer to pay all security release fees.								
C. Mark the original CCC-186 "paid" and forward to the producer 30 calendar days after the date of the final payment.								

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

CCC-195 Servicing, Farm Storage Facility Loan (FSFL) Servicing Checklist (Continued)

B Example of CCC-195 Servicing (Continued)

Office Staff Actions:		Applicable References (1-FSFL (Rev. 3))	YES	NO	N/A	Initials	Date
9. Real Estate Taxes:							
A. Producer provided proof of payment of real estate taxes, applicable to the collateral securing the FSFL and real estate taxes are current. If the answer is "NO", complete Item 9B. If the FSFL is not secured with real estate, mark N/A.	Paragraph 213						
B. Pay any unpaid taxes with respect to the collateral securing FSFL if appears CCC's security interest is in jeopardy.							
10. Annual Insurance Coverage Requirement:							
A. Multi-Peril Crop Insurance - Producer provided proof of multi-peril crop insurance, if applicable, for commodities stored in the structure.	Subparagraphs 214A and 214B						
B. All-Peril Structural Insurance - Producer provided proof of all-peril structural insurance, if applicable, for collateral securing the FSFL. CCC is listed as loss payee or mortgage payee.	Subparagraph 214A						
C. Flood Insurance - Producer provided proof of flood insurance, if applicable, for collateral securing the FSFL. CCC is listed as loss payee or loss payee.	Subparagraphs 214A and 214D						
D. Auto Insurance - Producer provided proof of auto insurance, if applicable, for collateral securing the FSFL. CCC is listed as loss payee.	Subparagraphs 214A and 214C						
11. Financing Statements:							
A. UCC-1 is current. If the answer is "NO" continue to Item 11 B.	Paragraph 216						
B. UCC-3 Continuation is filed.							
12. Collateral Inspection:							
A. Is a collateral inspection required for the applicable FSFL term? If the answer is "YES", complete the remainder of Item 12. If the answer is "NO", no further action is required for Item 12.	Paragraph 215						
B. Was there legal access to the facility site?							
C. Was there proper facility maintenance?							
D. Was this a collateral inspection needed because of a late FSFL annual installment repayment?							
E. If asphalt flooring is installed, a collateral check is required at least once every other year. Is an asphalt flooring check required for this year? If "YES", record remarks regarding the check in Item 16.							
13. Certification:							
A. Signature of Preparer(s)		B. Date (MM-DD-YYYY)					
14A. I concur/do not concur the above items have been verified or updated accordingly.		<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
14B. CED, CED Designee Representative or DD Signature (Required for all Loans)		14C. Date (MM-DD-YYYY)					
15. State Office or Designee Review:							
Question	YES	NO	Remarks or finding, if applicable				
15A. Did the County Office start preparation of the CCC-195 Servicing on the date the reminder and notification letter was mailed to the FSFL producer?							
15B. Did the respective employee check, initial, and date the appropriate box for each item as it was performed?							
15C. According to your review of CCC-195 Servicing and the actions taken, was the FSFL properly serviced?							
15D. Do you have other concerns regarding this FSFL?							
15E. I, the undersigned, certify the above items have been verified or updated accordingly.		<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
15F. State Office or Designee Signature		15G. Date (MM-DD-YYYY)					

CCC-195 Servicing, Farm Storage Facility Loan (FSFL) Servicing Checklist (Continued)

B Example of CCC-195 Servicing (Continued)

<p>CCC-195 Servicing (12-21-17)</p>	<p>Page 3 of 3</p>
<p>16. Remarks</p> <div style="border: 1px solid black; height: 150px; margin-top: 5px;"></div>	
<p>17. Important:</p> <p>The State Office or designee shall select the following per County Office for review each FY, beginning October 1:</p> <ul style="list-style-type: none"> ▪ three CCC-195 Servicing, if 10 or less CCC-195 Servicing have been completed ▪ five CCC-195 Servicing, if 11 through 1,000 CCC-195 Servicing have been completed 	

Example of First Demand Letter for Installment Payment

The following is available in a fillable format from the FSA Intranet at <http://inside.fsa.usda.gov>.
CLICK “Employee Forms” and CLICK “Find Current Forms Using Our Form Number Search”. For “Form Number”, ENTER “1-FSFL Exhibit 72”.

<p>(Use Agency Letterhead format with local return address.)</p> <p style="text-align: center;">DEMAND LETTER</p> <p>(Date of Letter)</p> <p>(Borrower Name) (Borrower Address line 1) (Borrower Address line 2)</p> <p>Dear (Borrower Name),</p> <p>Please be advised that according to the regulations at 7 CFR 1436.13 and the terms of CCC-186, Promissory Note and Security Agreement, an installment payment was due and payable for the Farm Storage Facility Loan Program on the date shown below. The installment has not been paid.</p> <p>Please send your check payable to the Commodity Credit Corporation immediately for the new amount due (shown below) because of additional interest. Please send check payable to Commodity Credit Corporation immediately to the following address:</p> <p>Commodity Credit Corporation (Insert office street address) (Insert City, State, and ZIP Code).</p> <p>Please ensure the check is sent in time to reach the office by the due date. If you remit a check payment, it may be converted to an electronic funds transfer (EFT) from your Bank account. The check will be voided and destroyed within 14-calendar days of receipt of the successful payment.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 20px;"><thead><tr><th style="width: 15%;">Loan Number</th><th style="width: 35%;">Date of Note and Security Agreement</th><th style="width: 20%;">Unpaid Installment Amount</th><th style="width: 30%;">Original Due Date</th></tr></thead><tbody><tr><td> </td><td> </td><td>\$</td><td> </td></tr></tbody></table> <p>The amount due has been recorded for offset from any Farm Service Agency or Commodity Credit Corporation payment due you. Additionally, the Commodity Credit Corporation may declare the entire indebtedness immediately due and payable. If your loan is called, foreclosure proceedings may be initiated. Under foreclosure proceedings, the collateral securing the loan may be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.</p> <p>Feel free to give us a call if you have any questions. If for some reason, you cannot pay the amount due, contact our office immediately to discuss this situation.</p> <p>(Insert as applicable language according to 1-FSFL (Rev. 3), subparagraph 211E.) Subject to COC approval, you may request up to 120 more calendar days after the due date to pay the installment. The request must be in writing, stating why you cannot pay the installment on time, and must be submitted with a current cash flow statement and balance sheet by no later than 60 calendar days after the installment due date. If approval for a later payment date is approved, CCC will continue to collect payment towards the installment due by an administrative offset of CCC payments due to you.</p>	Loan Number	Date of Note and Security Agreement	Unpaid Installment Amount	Original Due Date			\$		<p>1-FSFL Exhibit 72</p>
Loan Number	Date of Note and Security Agreement	Unpaid Installment Amount	Original Due Date						
		\$							

Example of First Demand Letter for Installment Payment (Continued)

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director
For the (County Name) FSA County Committee

Deceased Borrower - Secured by FSFL Fixture Only Letter

The following is available in a fillable format from the FSA Intranet at <http://inside.fsa.usda.gov>.
CLICK “**Employee Forms**” and CLICK “**Find Current Forms Using Our Form Number Search**”. For “Form Number”, ENTER “1-FSFL Exhibit 81”.

1-FSFL Exhibit 81

(Use Agency Letterhead format with local return address.)

Loan Secured by FSFL Fixture Only Letter

(Insert date)

(Insert salutation and name of individual representing the Estate)

(Insert title of representative)

(Insert mailing address)

(Insert City, State & Zip Code)

Re: Estate of *(insert name of deceased FSFL borrower)*.

(Insert county name) County, State

This is to advise that the Commodity Credit Corporation doing business as the Farm Service Agency is a creditor of the deceased *(insert name of deceased FSFL borrower)*. FSA loaned monies to Mr./Mrs. *(insert last name of deceased borrower)* as evidenced by a Promissory Note and Security Agreement (see enclosures).

Enclosed for your use and information is a Proof of Debt which sets forth the unpaid balances as of today's date along with the daily interest accrual amount. FSA has a security interest in the property for which this loan was disbursed to Mr./Mrs. *(insert last name of decedent)*. A copy of the Note and Security instrument is attached to the Proof of Debt.

This indebtedness may be satisfied by payment in full or by assumption of the loan by another eligible person. Assumptions are permitted only under certain circumstances. For information on either option, please contact our office at the following address: *(insert office name, address and telephone number)*.

Sincerely,

(Insert CED's name)

County Executive Director

Enclosure(s)

cc: *(insert name of DD)*, District Director

_____, State Office Program Specialist

Deceased Borrower - Loan Secured by FSFL Fixture and Real Estate Mortgage or Deed of Trust Letter

The following is available in a fillable format from the FSA Intranet at <http://inside.fsa.usda.gov>. CLICK "Employee Forms" and CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "1-FSFL Exhibit 82".

1-FSFL Exhibit 82

(Use Agency Letterhead format with local return address.)

Loan Secured by FSFL Fixture and Real Estate Mortgage or Deed of Trust Letter

(Insert date)

(Insert salutation and name of individual representing the Estate)

(Insert title of representative)

(Insert mailing address of representative)

(Insert City, State & Zip Code)

Re: Estate of *(insert name of deceased FSFL borrower)*.

(Insert county name) County, State

This is to advise that the Commodity Credit Corporation doing business as the Farm Service Agency is a creditor of the deceased *(insert name of deceased FSFL borrower)*. FSA loaned monies to Mr./Mrs. *(insert last name of deceased borrower)* as evidenced by a Promissory Note and Security Agreement, and a Deed of Trust (see enclosures).

Enclosed for your use and information is a Proof of Debt which sets forth the unpaid balances as of today's date along with the daily interest accrual amount. FSA has a security interest in the property for which this loan was disbursed to Mr./Mrs. *(insert last name of decedent)*. Copies of the Note and the security instrument are attached to the Proof of Debt.

This indebtedness may be satisfied by payment in full or by assumption of the loan by another eligible person. Assumptions are permitted only under certain circumstances. For information on either option, please contact our office at the following address: *(insert office name, address and telephone number)*.

Sincerely,

(Insert CED's name)

County Executive Director

Enclosure(s)

cc: *(insert name of DD)*, District Director

_____, State Office Program Specialist

