

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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

**Amendment 2**

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**Approved by:** Acting Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 10 A has been amended to add additional delegations of authority for all forms except CCC-185D.

Subparagraph 11 C has been amended to add that FSA-850 signature requirements are in 1-EQ.

Subparagraph 33:

- B has been amended to add alfalfa seed and malted small grains as eligible FSFL commodities, and provide that STC is the approval authority for all renewable biomass CCC-185D's
- D has been amended to add millet and sorghum/sudan as eligible for a hay FSFL.
- H has been amended to add the requirement that eligible species must be owned or leased for at least 30 calendar days
- M has been amended to add maple syrup as an eligible FSFL commodity.

Subparagraph 35:

- A has been amended to remove LGM and MPP as a requirement, however producers must obtain dairy insurance
- B has been amended to provide that FSFL's are to be joint when more than 1 borrower or entity has an interest in the items that will be financed with the FSFL
- C has been amended to provide that one application fee is required for a minor FSFL applicant, if the minor is the only producer of the commodity.

Subparagraph 38 B has been amended to update the subparagraph reference for eligible components and equipment.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Subparagraph 42 A has been amended to:

- clarify that a trailer is considered handling equipment
- move automobile insurance policy guidance to paragraph 98.

Subparagraph 43:

- A has been amended to clarify that inspections must be completed to assist with determining a fair and reasonable value of the FSFL components before loan approval
- C has been amended to clarify that the cost to install ineligible equipment must not be included in the FSFL.

Paragraph 44 has been added to provide eligible and ineligible structures and equipment for milk.

Subparagraph 52 B has been amended to add guidance that COC will multiply production for every other day milk pick-up by 1.5.

Subparagraph 58 C has been amended to provide that motor vehicle lien filing fees will be paid by CCC.

Subparagraph 59 A has been amended to remove the provision that an irrevocable letter of credit cannot be used in lieu of a financial analysis for an FSFL microloan.

Subparagraph 60 C has been amended to update the paragraph reference for net cost items.

Subparagraph 63 B has been amended to update the paragraph reference for notification and demand letter guidance.

Subparagraph 68 C has been amended to update the paragraph reference for producer action before CCC-185D approval.

Subparagraph 82 D has been amended to remove the requirement that symbols are not allowed when ordering credit reports.

Subparagraph 85:

- C has been amended to provide additional provisions when a financial analysis of cash flow may be waived
- G has been amended to remove guidance that an irrevocable letter of credit must not be accepted for FSFL's that do not require additional security.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Subparagraph 98 A has been amended to add that liability insurance only is not acceptable automobile coverage.

Subparagraph 99 A has been amended to clarify that FSA-850, item 3 J is **not** required if FSA-850 is being completed for a portable equipment or storage and handling truck.

Subparagraph 110:

- A has been amended to provide additional guidance for preparing evaluations according to 1-EQ
- B has been amended to add that applicants are not to start any actions as provided in paragraph 11 before written FSFL approval has been provided.

Subparagraphs 120 B and 121 E have been amended to add that an Irrevocable Letter of Credit may be used for any loan amount.

Subparagraph 121 E has been amended to clarify that flood insurance is still required when an Irrevocable Letter of Credit is provided to secure the FSFL.

Subparagraph 122:

- C has been amended to clarify that if a structure is not on the land being offered for collateral, the value of the FSFL structure is not reflected in the appraisal
- D has been amended to clarify that CCC-185, item 10 provides the applicant's certification statement which informs the applicant that the appraisal cost is the applicant's responsibility.

Subparagraph 144 E has been amended to update the reference for CCC-297 provisions.

Subparagraph 155 A has been amended to clarify that if STC disapproved an FSFL case file, the file should be returned to the County Office for disapproval processing.

Subparagraph 156 F has been amended to update the reference for CCC-297 provisions.

Paragraphs 170, 171, 233, and 291 have been amended to add a reference to CCC-295 C.

Subparagraph 172 D has been amended to add that trade-in allowances cannot be used towards the down payment for FSFL.

Subparagraph 187 K has been amended to update the reference for the amount of calendar days in the FSFL Closing Instructions to Closing Agent letter.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Subparagraph 196 D has been amended to clarify for FSFL's secured with real estate security, the closing agent should perform the lien search before loan closing.

Subparagraph 198 B has been amended to update the paragraph reference for the FSFL demand letter.

Subparagraph 214 A has been amended to add that the CIMS Policy Holder Report may be used for the annual crop insurance verification requirement.

Subparagraph 246 A has been amended to update CCC-400 instructions.

Subparagraph 262 G has been amended to update the paragraph reference for guidance on setting the delinquent DCIA flag.

Subparagraphs 303 B, C, D, and E have been amended to provide reimbursable fee collection and recording instructions.

Exhibit 10 has been amended to provide an example for completing FSA-850 for a storage and handling truck.

Exhibit 52 has been amended to add instructions for paying an appraisal invoice and establishing a manual receivable.

Exhibit 53 has been amended to provide an example of a completed CCC-10.

Exhibit 58 has been amended to add instructions for completing, and provide a completed example of CCC-185D.

Exhibit 72 has been amended to update the demand letter.

**A Reason for Amendment (Continued)**

<b>Page Control Chart</b>		
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## 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's, and applications in which the person approving has a monetary interest
- ~~STC~~ to FLM, SFLO, FLO, or FSA employee with loan approval authority, **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's, 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 B 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 their 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 <b>after</b> DD review. <u>3/</u>	Subparagraph E.
*--\$250,000.01 or more--*	STC.	Subparagraph F.

\*--**Note:** When the aggregate outstanding FSFL balance is equal to or exceeds \$250,000.01, the approval authority is the STC.--\*

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-185D’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.

\* \* \*

\*--DD concurrence is necessary for all FSFL’s with asphalt flooring, regardless of the FSFL balance.

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

## 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/or 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 FSA staff and 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 by FSA staff 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, \* \* \*.

\*--**Note:** FSA-850 preparer and official signature requirements can be found at 1-EQ, subparagraph 31 B.--\*

## 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.

## 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

**\*--Note:** Malted small grains are authorized.--\*

- peanuts
- pulse crops include the following:
  - \*--chickpeas (large and small)--\*
  - dry beans
  - dry peas
  - lentils
- rice
- wild rice
- \*--alfalfa, 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](mailto: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
  - \*--millet--\*
  - orchard grass
  - rye grass
  - \*--sorghum/sudan--\*
  - 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.

<b>Floral Sources</b>	
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.

**\*--Note:** The eligible species must be owned or leased for at least 30 calendar days.--\*

**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 individually packaged or bulk butter, cheese, eggs and yogurt products are eligible storage commodities.--\***

## 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
- rabbits
- 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:** The producer must adhere to all applicable State laws 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
- \*--dyeing--\*
- 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 or leased 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 lease 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.

**\*--Note:** Maple syrup storage and handling is eligible for FSFL financing.--\*

**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, unless identified in subparagraphs 33 H, 33 I, or 33 J, 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, NAP, or dairy insurance, 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 must:

- 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 \*--items(s) that will be financed with FSFL--\*

**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 jointly and severally responsible and liable for the entire FSFL. They may **not** apply for 2 separate FSFL's, such as each for one-half the FSFL principal.--\*

## 35 Eligible Applicants (Continued)

### B Determining Borrowing Entity (Continued)

- \*--not permit schemes to be perpetrated to the evade the 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 borrower--\*
- 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.

\*--One application fee is required for the minor, if the minor is the only producer of the commodity, however, a financial analysis is required for the minor and the adult who will cosign CCC-186.--\*

### D Multiple Borrowers

\*--Multiple borrowers are allowed for FSFL's. Each borrower signing CCC-186 is jointly and severally 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.

**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 43 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 as **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.

**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 and is considered handling equipment.--\*

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 being purchased for use in the commercial farming 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 for the truck--\*
- 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:** \* \* \*

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.

An 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 using CCC-295A or CCC-295C when necessary, before approval. The inspection results will assist with determining a 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)

## 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.

**\*--Note:** The cost to purchase or install ineligible equipment **must not** be included in FSFL.--\*

**\*--44 Types of Structures and Equipment Eligible and Ineligible for Milk****A Eligible Structures**

FSFL-financed milk bulk tanks must be used for the purpose for which the milk bulk tank was constructed, assembled, or installed for the entire term of the loan.

Milk bulk tank facilities, with a useful life of at least the term of the loan, may be approved for financing, including new facilities, 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 bulk tanks for milk must be:

- new, used, portable, or permanently affixed and built:
  - of such quality that the structure can be insured
  - to protect the milk from contaminants
  - to support local climate conditions for the area
- properly drained.

Milk bulk tanks must be built according to acceptable design guidelines from the manufacturer, NIFA, or land-grant universities. The applicant shall provide this information to the County Office, if requested.

**B Eligible Components**

The following are eligible permanently affixed or portable bulk milk tank components:

- bulk tanks
- plate coolers
- freezers
- compressor
- washing equipment
- automation equipment
- water lines
- affixed tank washers
- hot water tanks necessary for milk house use
- hot air recovery systems
- vats for storage of milk for further processing
- milk house structure
- condenser
- safety equipment meeting OSHA requirements
- equipment to maintain and monitor the quality of stored milk
- bottler system, excluding bottles--\*

**\*--44 Types of Structures and Equipment Eligible and Ineligible for Milk (Continued)**

**B Eligible Components (Continued)**

- electrical equipment
- concrete aprons and floors essential to proper facility operation
- flooring:
  - suitable for the region where the facility is located
  - designed according to acceptable guidelines from NIFA or land-grant universities
  - made to avert water and drainage so the floor does not retain moisture.

All eligible components financed with FSFL funds must be insured and must **not** be used for commercial purposes.

**C Ineligible Components**

Ineligible storage and handling equipment includes the following:

- robotic milkers
- milk pulsators
- pasteurization units.

**Note:** FSFL financing is intended for post-milking equipment.--\*

**45-46 (Reserved)**



**50 Determining Storage Need for Eligible \* \* \* 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	<b>IF result from step 4 is...</b>	<b>THEN...</b>
	greater than zero	the applicant is eligible for the needed capacity, <b>not</b> 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>.

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.  <b>Note:</b> COC will determine if the milk pick up is daily or intermittent.
2	*--COC will determine the milk produced on an individual day and multiply results by 3. For every other day milk pick-up, multiply results by 1.5.--*
3	Subtract the existing milk storage from the result of Step 2 to determine additional milk storage needed.  <b>Note:</b> If the applicant has existing milk bulk tank storage, the storage must be subtracted from the milk storage need <b>unless</b> 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.

## 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.

<b>IF the transaction is for...</b>	<b>THEN the fee is paid by...</b>
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, lien filing fee, 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 except when the loan will be secured with an Irrevocable Letter of Credit.--\*

\* \* \*

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 threshold of \$50,000.00.

**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 and severally liable for the entire FSFL amount.

Grants and loans from any Federal Government Agency for the same purpose as the FSFL loan 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 43--\*
- 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.

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.

<b>IF the County Office is ready to make the final FSFL disbursement and the borrower...</b>	<b>THEN the...</b>
has 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 <b>must</b> be subtracted from the total eligible cost of FSFL <b>before disbursement</b> .  <b>Note:</b> If the grant or loan was included in the FSFL amount, this would be a duplication of benefits and <b>not</b> allowed under FSA programs.
has applied for or has been approved for, but <b>not</b> 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 <b>must</b> 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 198 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 <b>required</b> down payment.
<u>- 11,250</u>	<b>Required</b> 15 percent down payment.
\$ 63,750	Total eligible amount allowable for FSFL.

## 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, 109, 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

### 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"
- obtain all **required** signatures on CCC-195 and CCC-195A or CCC-195B on or before FSFL disbursement.

**\*--Notes:** The employee completing the applicable actions shall initial and date the appropriate box.

Do not line through items when initials and dates are required.--\*

## 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.--\*

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 Kempel 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.

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 all of the following conditions apply.

Aggregate outstanding total of all FSFL's, including the new FSFL	Debt to Asset ratio	Net worth of the requested FSFL amount or greater	Required down payment from working capital is at least
Up to \$10,000.00	50 percent or less	2	1 time
\$10,000.01 - \$30,000.00	40 percent or less	4	3 times
\$30,000.01 - \$50,000.00	30 percent or less	6	5 times

For loan amounts provided in the table:

- FSA employee with loan approval authority must review the balance sheet, and
- all requirements must be met, including the applicants **must** be current on all payments to all creditors, including FSA and CCC.

**Example:** Requested loan amount: \$7,000 (FSFL ML)

Debt to Asset ratio: 33 percent (required 50 percent or less)

Net worth is: \$200,000 (required at least 2 times of FSFL amount (\$7,000) = \$14,000)

Working capital: \$130,000 (required 5 percent down payment = \$350).--\*

**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.

**85 Financial Planning (Continued)****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.

**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.

\* \* \*

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)

## 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 permanently affixed or portable 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, excluding storage and handling trucks 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

**Notes:** 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.

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

- 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, **except** for FSA-850's being completed for portable equipment or storage and handling trucks--\*
- 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 FSA-850's must be completed according to 1-EQ. 1-EQ provides procedure and guidelines for completing the appropriate level of environmental compliance review or impact analysis.

**Note:** SEC should be consulted about projects that would take place in and potentially adversely affect wetlands or flood plains.--\*

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.

\*--**Notes:** See 2-EQ, Exhibit 5 for instructions on completing FSA-851.

When the authorized agency official is the preparer of FSA-850, they should sign as both of the following according to 1-EQ, subparagraph 31 B:

- the preparer, to reflect they have the requisite training to complete this function
- the official, with designated authority.--\*

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.

- \*--not start any actions as provided in paragraph 11 before written FSFL approval has been provided.--\*

**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.

## 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, for any loan amount, 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)

**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, for any loan amount, **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 \* \* \* 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.

**\*--Note:** If an Irrevocable Letter of Credit is provided to secure the FSFL and flood insurance is required as an eligibility requirement, flood insurance must be purchased before the FSFL can be disbursed.--\*

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.

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 <b>not</b> subordinate, but <b>must</b> 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 <b>only</b> .

**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.

<b>IF the structure is...</b>	<b>THEN the value of the FSFL structure is...</b>
on the land being offered for collateral	included in the appraisal.
<b>not</b> on the land being offered for collateral	<b>*--not</b> reflected 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**

\*--CCC-185, item 10 provides the applicant's certification and informs the applicant that the appraisal cost is the applicant's responsibility.

The applicant's signature and date on CCC-185 must be obtained **before** requesting the appraisal.

The producer has the option of paying the entire appraisal cost at the time of 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.

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 196.--\*

145-152 (Reserved)



**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 disapproval 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 196 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.

**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.

- **--if the reason for the extension is the builder/contractor changed, provide 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.

**Part 10 Final Review of Documents****170 Disbursements****A General Information for FSFL Disbursement**

\*--All FSFL projects **must** be inspected using CCC-295A for (permanently affixed) and/or CCC-295C for (portable equipment) 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. The applicable CCC-295A or CCC-295C must be used to document the inspection **before** the partial or final disbursement.**--\***

**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 \*--and/or CCC-295C.

**Note:** If both partial and final disbursements are requested, CCC-295A and/or CCC-295C 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 or CCC-295C 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.

<b>CCC-295A</b> (12-21-17)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation  <b>FARM STORAGE FACILITY LOAN PROGRAM</b> <b>FINAL INSPECTION OF PERMANENTLY AFFIXED FSFL</b> <b>COLLATERAL BEFORE LOAN DISBURSEMENT</b>		
<b>BORROWER INFORMATION</b>			
1A. Applicant's Name and Address (Including Zip Code)	2. Loan Number		
1B. Applicant's Telephone Number (Including Area Code):			
<b>INSTRUCTIONS: Review each item below. If "NO", explain deficiencies and corrective action needed in remarks.</b>			
<b>REQUIRED FINAL INSPECTIONS</b>	<b>YES</b>	<b>NO</b>	<b>REMARKS</b>
3. Does the permanently affixed FSFL collateral structure and/or equipment match what was approved by COC?	<input type="checkbox"/>	<input type="checkbox"/>	
4. Was affixed FSFL collateral installation properly inspected?	<input type="checkbox"/>	<input type="checkbox"/>	
5. Does the cost of permanently affixed FSFL collateral appear to be reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	
6. Is there legal access to the farm for inspection of the FSFL collateral?	<input type="checkbox"/>	<input type="checkbox"/>	
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](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](mailto:program.intake@usda.gov). USDA is an equal opportunity provider, employer, and lender.

**\*--171 Inspection (Continued)**

**E Example of CCC-295C**

The following is an example of CCC-295C.

This form is available electronically.

<b>CCC-295C</b> (12-21-17)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation		
<b>FARM STORAGE FACILITY LOAN PROGRAM                  FINAL INSPECTION OF PORTABLE DRYING AND                  HANDLING EQUIPMENT AND STORAGE/HANDLING TRUCK                  BEFORE LOAN DISBURSEMENT</b>			
<b>BORROWER INFORMATION</b>			
1A. Applicant's Name and Address (Including Zip Code)  Jim Doe Campbell 11423 State Farm Road Clinton, New Hampshire 10957	2. Loan Number  2018/00002		
1B. Applicant's Telephone Number (Including Area Code):			
<b>INSTRUCTIONS: Review each item below. If "NO", explain deficiencies and corrective action needed in remarks.</b>			
<b>REQUIRED FINAL INSPECTIONS</b>	<b>YES</b>	<b>NO</b>	<b>REMARKS</b>
3. Does portable storage structures, drying and handling equipment or storage and handling truck match what was approved by COC or STC?	✓		
4. Was installation properly done, if applicable?	✓		
5. Does the cost of portable storage, drying and handling equipment or storage and handling truck seem reasonable and justifiable with supporting documentation?	✓		
6. Is there legal access to the farm for inspection of FSFL collateral?	✓		
7. Complete description of FSFL collateral.  Kewanee 8" x 57' portable grain auger			
8. Locate and record serial numbers of FSFL collateral, if applicable.  Serial number: AEX1568009			
9. Additional Remarks (Indicate Item Number for each remark.)  Auger was purchased new.			
10A. Signature of Agency Official Inspecting Facility  /s/ John Farmer	10B. Title  CED	10C. Date of Inspection (MM-DD-YYYY)  05-03-20XX	

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](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](mailto:program.intake@usda.gov). USDA is an equal opportunity provider, employer, and lender.

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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 **not** 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 **cannot** be used towards the down payment for FSFL.

Questionable situations must be discussed with the State Office, and when necessary, State Office may contact the National Office for additional guidance.

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 **no** later than 21 calendar days 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 \_\_\_\_\_

## 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  
\*--the lien search before loan closing.--\*

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 D 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.

**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
 

**\*--Note:** If sufficient information to verify crop insurance compliance can be obtained from the CIMS Policy Holder Report, the report may be used to satisfy the annual requirement.--\*
- 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.

## 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 or CCC-295C. 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.

## 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.

<b>Item</b>	<b>Instructions</b>
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)-(4)	Enter date, month, year of this CCC-400, and borrower’s name.
(5)	Enter principal amount owed, written out.
(6)	Enter principal amount owed, in numerals.
(7)--*	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.

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"> <li>• Send the Annual Reminder and Notification Letter (Exhibit 70).</li> <li>• Prepare CCC-195 Servicing (Exhibit 71), including all servicing discussions and actions.</li> </ul>	<ul style="list-style-type: none"> <li>• Paragraph 209.</li> <li>• Paragraph 210.</li> </ul>
Next workday after annual installment due date.	<ul style="list-style-type: none"> <li>• Send First Demand Letter (Exhibit 72).</li> <li>• Update CCC-195 Servicing.</li> <li>• Update FSA-FS, "Other Debt Offset" flag for all borrowers, including entity in which borrower is member.</li> <li>• Offset any payment due the borrower including pro rata share of an entity's payment.</li> </ul>	<ul style="list-style-type: none"> <li>• Subparagraph B.</li> <li>• Paragraph 210.</li> <li>• Subparagraph E.</li> <li>• Paragraph 83.</li> </ul>
30 calendar days after first demand letter.	<ul style="list-style-type: none"> <li>• Send 2nd demand letter. Same as the first demand letter (Exhibit 72).</li> <li>• Update CCC-195 Servicing.</li> </ul>	<ul style="list-style-type: none"> <li>• Subparagraph B.</li> <li>• Paragraph 210.</li> </ul>
30 calendar days after 2nd demand letter.	<ul style="list-style-type: none"> <li>• Send 3rd demand letter. Same as the first demand letter (Exhibit 72).</li> <li>• Update CCC-195 Servicing.</li> </ul>	<ul style="list-style-type: none"> <li>• Subparagraph B.</li> <li>• Paragraph 210.</li> </ul>
90 calendar days after installment due date.	Set the Subsidiary "Delinquent DCIA" flag.	*--Subparagraph C.--*
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 <b>immediately</b> .	Subparagraph B.
Acceleration.	<ul style="list-style-type: none"> <li>• CCC may declare the indebtedness immediately due and payable.</li> <li>• Update CCC-195 Servicing.</li> </ul> <p>Contact National Office for additional guidance.</p>	<ul style="list-style-type: none"> <li>• Subparagraph F.</li> <li>• Paragraph 210.</li> </ul>

## 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.

**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-295C--\*
- 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](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.”).”

**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 Payments for Reimbursable Fees Submitted by County Office**

\*--County Offices shall:

- use OLP program code “XXFSFLAME” to **pay** for FSFL reimbursable fees that will be reimbursed by the applicant/borrower, according to 1-FI, paragraphs 61 through 64--\*

**Note:** “XX” equals the last 2 digits of the FY of the FSFL approval.

- submit the payment request for reimbursable fees according to current OLP procedures in 1-FI.

“XXFSFLAME” **shall** only be used for recording a recoverable and/or reimbursable fees **receivable** in NRRS.

**C Producer Remittance of Reimbursable Fees**

The program code for depositing reimbursable fees paid for by the County Office and reimbursed by the applicant for FSFL’s is “XXFSFLAMEREC”, where “XX” equals the last 2 digits of the FY in which the original FSFL was approved.

**Note:** All OLP’s made using program code “XXFSFLAME” shall be offset with a receivable in NRRS for the same amount.--\*

**303 Reimbursable Fees (Continued)****\*--D Examples of Reimbursable Fees**

The following are examples of reimbursable fees.

- County Office pays for recording CCC-297 for FSFL approved on February 3, 2017, using OLP program code “17FSFLAME”. The borrower submits payment to the County Office for the cost of recording CCC-297 on February 10, 2017. The receivable is coded in NRRS as “17FSFLAMEREC”.
- Borrower makes the final payment on their FY 2017 FSFL and wants UCC-1 released. Borrower gives the County Office a check for the cost of releasing UCC-1. The receivable is created in NRRS using code, “17FSFLAMEREC” and OLP is used to pay the UCC filing fee using program code, “17FSFLAME”.

**E 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 subparagraphs A through C.--\*



## 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 (HELIC) 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 Redelegations 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	171	170, 233, 291 Ex. 32
CCC-295B	Form Obsolete on 2/12/13		
CCC-295C	Farm Storage Facility Loan Program Final Inspection of Portable Drying and Handling Equipment/Storage/ Handling Truck Before Loan Disbursement	171	170, 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,
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.

<b>Approved Abbreviation</b>	<b>Term</b>	<b>Reference</b>
APOC	appraisal point of contact	Ex. 51, Ex. 52
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
SFLO	Senior Farm Loan Officer	10, 153
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.

<b>Redelegation</b>	<b>Reference</b>
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 <b>only</b> .	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"> <li>• the acceptance of actual yield and production records to determine a 3-year average</li> <li>• on a case-by-case basis, a waiver of late-filed fees when accepting late-filed FSA-578's.</li> </ul>	53
<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"> <li>• aggregate outstanding FSFL balance is \$100,000 or less</li> <li>• program cost for producer will range between \$500 and \$750.</li> </ul>	157
<p>STC's may delegate authority to COC <b>only</b> 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 <b>both</b> of the following apply:</p> <ul style="list-style-type: none"> <li>• aggregate outstanding FSFL balance is \$100,000 or less</li> <li>• producer produces a minimum of 3 eligible perishable commodities.</li> </ul>	157
<p>STC's may delegate authority to COC <b>only</b> 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"> <li>• it is determined the storage structure cannot be insured with all-peril structural insurance</li> <li>• storage structure is a concrete bunker silo and there is no chance of loss from fire, theft, or other risks.</li> </ul>	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 (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, quinoa, 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 (large and small) 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 farming 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.

**Example of FSA-850 for Storage and Handling Truck FSFL Request**

The following is an example of FSA-850.

\*--

This form is available electronically.									
<p><b>FSA-850</b>      U.S. DEPARTMENT OF AGRICULTURE (02-07-17)      Farm Service Agency</p> <p align="center"><b>ENVIRONMENTAL SCREENING WORKSHEET</b></p>	<p><b>1. GENERAL INFORMATION</b></p> <p>1A. Producer or Applicant Name Hank Kimball</p> <hr/> <p>1B. State &amp; County Code 38 000</p>								
<p>1C. Location of Proposed Action SE 1/4, Sec. 20, TWP 138, Range 43</p>									
<p><b>2A. BACKGROUND</b></p> <p>(1) FSA's proposed action is: <i>(Describe Action Below)</i> FSFL for portable handling equipment.</p> <p align="center">or</p> <p>FSFL for storage and handling truck.</p> <p>(2) Describe the site and its present use: N/A</p> <p>(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: Agricultural</p> <p>(4) Will the action involve ground disturbance below the previous level of disturbance or change in land use? N/A</p> <p>(5) Has another Federal Agency already completed an environmental evaluation for this specific action? N/A</p>	<p>Note: The proposed action should clearly describe the equipment or storage and handling truck being purchased and evaluated.</p>								
<p><b>2B. LISTED CATEX's</b></p> <p>(1) Do any of the "L" CATEX's fully cover the proposed action?</p> <p align="center">If "YES", record the assigned code for the applicable "L" Categorical Exclusion:</p> <p>(2) Are there extraordinary circumstances, as listed in 1-EQ Paragraph 25, triggered?</p> <p><b>IF ITEM 2B1 IS ANSWERED "YES", AND ITEM 2B2 IS ANSWERED "NO", PROCEED TO ITEM 16.</b></p>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">YES</th> <th style="width: 50%; text-align: center;">NO</th> </tr> </thead> <tbody> <tr> <td align="center"><input checked="" type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> </tr> <tr> <td colspan="2" style="font-size: x-small;"> <p>1. (e) <span style="float: right; border: 1px solid black; padding: 2px;">Note: 1-EQ paragraph 25 must be reviewed to determine if there are extraordinary circumstances.</span></p> </td> </tr> <tr> <td align="center"><input type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> </tr> </tbody> </table>	YES	NO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>1. (e) <span style="float: right; border: 1px solid black; padding: 2px;">Note: 1-EQ paragraph 25 must be reviewed to determine if there are extraordinary circumstances.</span></p>		<input type="checkbox"/>	<input type="checkbox"/>
YES	NO								
<input checked="" type="checkbox"/>	<input type="checkbox"/>								
<p>1. (e) <span style="float: right; border: 1px solid black; padding: 2px;">Note: 1-EQ paragraph 25 must be reviewed to determine if there are extraordinary circumstances.</span></p>									
<input type="checkbox"/>	<input type="checkbox"/>								
<p><b>2C. SUPPORTED CATEX's</b></p> <p>Do any of the "S" CATEX's fully cover the proposed action? <i>(If operation is a medium or large CAFOs see Instructions)</i></p> <p align="center">If "YES", record the assigned code for the applicable "S" Categorical Exclusion:</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">YES</th> <th style="width: 50%; text-align: center;">NO</th> </tr> </thead> <tbody> <tr> <td align="center"><input type="checkbox"/></td> <td align="center"><input type="checkbox"/></td> </tr> </tbody> </table>	YES	NO	<input type="checkbox"/>	<input type="checkbox"/>				
YES	NO								
<input type="checkbox"/>	<input type="checkbox"/>								

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Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)

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FSA-850 (02-07-17)		Page 2 of 5	
<b>3. REQUIRED REVIEW</b>			
3A. Date of Site Visit:			
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.  <b>Attach IPaC map to this form.</b>  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 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 type="checkbox"/>	<input 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 type="checkbox"/>
(2) Is there a NRCS CPA-023e, 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-850.		<input type="checkbox"/>	<input type="checkbox"/>

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**Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)**

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<b>FSA-850 (02-07-17)</b>		Page 3 of 5	
<b>3. REQUIRED REVIEW CONT.</b>		<b>YES</b>	<b>NO</b>
<b>3L. SOILS (&amp; HEL)</b>			
(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 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 type="checkbox"/>
<b>4. WATER QUALITY</b>			
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"> <li>• Storm Water Pollution Prevention Plan and/or permit required for construction projects</li> <li>• National Pollutant Discharge Elimination System permits and/or nutrient or animal waste plans required for livestock operations</li> <li>• Clean Water Act, USACE, or State water quality permits required</li> <li>• State or County well or water use permits</li> </ul>		<input type="checkbox"/>	<input 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 type="checkbox"/>
<b>5. AIR QUALITY</b>			
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 type="checkbox"/>
<b>6. NOISE</b>			
Will the proposed action result in permanent increases in noise?  If "YES", attach a discussion of any noise impacts.		<input type="checkbox"/>	<input type="checkbox"/>
<b>7. IMPORTANT LAND RESOURCES</b>			
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 type="checkbox"/>
B. Is the action consistent with local and state zoning requirements?  If "YES", list the zoning:		<input type="checkbox"/>	<input type="checkbox"/>
<b>8. SOCIOECONOMIC IMPACTS AND ENVIRONMENTAL JUSTICE</b>			
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 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 type="checkbox"/>
<b>9. STATE ENVIRONMENTAL POLICY ACT</b>			
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 type="checkbox"/>

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**Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)**

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<b>FSA-850</b> (02-07-17)	Page 4 of 5									
<p><b>10. PUBLIC REACTION</b></p> <p>Have there been any negative reactions from the public related to the proposed action or similarly situated actions?</p> <p>If "YES", attach a discussion of any associated comments and related correspondence.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">YES</th> <th style="width: 50%;">NO</th> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	YES	NO	<input type="checkbox"/>	<input type="checkbox"/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">YES</th> <th style="width: 50%;">NO</th> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	YES	NO	<input type="checkbox"/>	<input type="checkbox"/>
YES	NO									
<input type="checkbox"/>	<input type="checkbox"/>									
YES	NO									
<input type="checkbox"/>	<input type="checkbox"/>									
<p><b>11. CUMULATIVE IMPACTS</b></p> <p>Are there any cumulative impacts resulting from the proposed action?</p> <p>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.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>									
<input type="checkbox"/>	<input type="checkbox"/>									
<p><b>12. ALTERNATIVE AND MITIGATION</b></p> <p>A. Did the plan, as submitted, include alternatives and/or mitigation?</p> <p>B. Will alternative or other mitigation measures have to be considered?</p> <p>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.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>				
<input type="checkbox"/>	<input type="checkbox"/>									
<input type="checkbox"/>	<input type="checkbox"/>									
<p><b>13. COMMENTS – Attached additional pages as needed.</b></p> <p>Enter as applicable:</p> <p>"This FSFL is for a portable storage and/or drying and handling equipment and will not result in a significant environmental impact."</p> <p>"This FSFL is for a storage and handling truck and there are no significant environmental impacts."</p>										

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**Example of FSA-850 for Storage and Handling Truck FSFL Request (Continued)**

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<b>FSA-850</b> (02-07-17)			Page 5 of 5		
<b>14. CHECKLIST</b>					
<b>A. Permits &amp; Consultations</b>			<b>B. Forms and Notices</b>		
	Required	Not Required		Required	Not Required
Army Corps of Engineers Sec. 404 and/ or 401 Wetland Permit	<input type="checkbox"/>	<input type="checkbox"/>	Form FSA-851, Environmental Risk Survey (only complete for real estate security)	<input type="checkbox"/>	<input type="checkbox"/>
National Pollutant Discharge Elimination System (NPDES) Permit	<input type="checkbox"/>	<input type="checkbox"/>	Form NRCS CPA-026e, HEL and WC Determination	<input type="checkbox"/>	<input type="checkbox"/>
Floodplain Development Permit	<input type="checkbox"/>	<input type="checkbox"/>	Form FSA-858, Determining If A Wetland May Be Present	<input type="checkbox"/>	<input type="checkbox"/>
Concentrated Animal Feeding Operation (CAFO) Permit	<input type="checkbox"/>	<input type="checkbox"/>	Public Notice for Floodplains as required by section 2(a)(4) of EO 11988	<input type="checkbox"/>	<input type="checkbox"/>
Storm Water Pollution Prevention Plan (SWPPP) Permit	<input type="checkbox"/>	<input type="checkbox"/>	Public Notice for Wetlands as required by EO 11990	<input type="checkbox"/>	<input type="checkbox"/>
USFWS and/or NMFS consultation for Endangered and Threatened, Species or critical habitats	<input type="checkbox"/>	<input type="checkbox"/>	<b>C. Maps, Photos and Surveys</b>		
			Location and Aerial Maps	<input type="checkbox"/>	<input type="checkbox"/>
			Topo Maps	<input type="checkbox"/>	<input type="checkbox"/>
State Historic Preservation Officer consultation	<input 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 type="checkbox"/>	Applicable Protected Resources Maps	<input type="checkbox"/>	<input type="checkbox"/>
<b>NOTE:</b> 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.					
<b>15. FINDING</b>					
<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 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>					
<b>16. REQUIRED SIGNATURES:</b>					
<b>A. NAME OF PREPARER</b> Ralph Doe			<b>B. TITLE OF PREPARER</b> Program Technician		
<b>C. SIGNATURE OF PREPARER</b>			<b>D. DATE DOCUMENT WAS PREPARED (MM-DD-YYYY)</b> 03-16-20XX		
<b>E. NAME OF APPROVAL OFFICIAL</b> Oliver Wendell Farmer			<b>F. TITLE OF APPROVAL OFFICIAL</b> Farm Loan Manager		
<b>G. SIGNATURE OF APPROVAL OFFICIAL</b>			<b>H. DATE OF APPROVAL SIGNATURE (MM-DD-YYYY)</b> 03-16-20XX		
<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 <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> 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 <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>. USDA is an equal opportunity provider, employer, and lender.</small>					

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**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.

<b>IF the acceptable method is the...</b>	<b>THEN the real estate</b>
appraisal value (subparagraph 122 A)	appraisal must: <ul style="list-style-type: none"> <li>• be requested and paid for by the applicant</li> <li>• be requested by the State Office according to Exhibit 52</li> <li>•*--be from an appraiser authorized by FLP and APOC or contracting officer--*</li> <li>• include the value of the real estate <b>and</b> the structure</li> <li>• be valued at least <b>100</b> percent of the FSFL amount to adequately</li> </ul>
county tax assessed value (subparagraph 122 H)	security value: <ul style="list-style-type: none"> <li>• will be determined from current county tax bill for specified parcel or parcels, as applicable</li> <li>• 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</li> </ul> <p><b>Note:</b> See table in subparagraph 122 H.</p> <ul style="list-style-type: none"> <li>• 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</li> </ul> <p><b>Note:</b> At all times, if the FSFL is for <b>used</b> eligible components up to <b>20</b> percent of the FSFL amount may be used to determine value.</p> <ul style="list-style-type: none"> <li>• and structure, if applicable, must be valued at least 100 percent of the FSFL amount to adequately protect CCC's security interest.</li> </ul>
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.

<b>Step</b>	<b>Action</b>
1	Real estate security separate from the structure is <b>only</b> allowed when an adequate lien on the underlying real estate is not feasible and <b>all</b> of the following apply: <ul style="list-style-type: none"><li data-bbox="358 583 1373 646">• applicant owns separate acreage that is not subject to any other liens superior to CCC's</li><li data-bbox="358 695 1398 758">• 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.</li></ul>
2	Allow the value of the structure to equal <b>20</b> percent of the FSFL amount, if all of the following apply: <ul style="list-style-type: none"><li data-bbox="358 884 1268 915">• CCC-297 obtained from owners of real estate where FSFL is located</li><li data-bbox="358 919 1175 951">• UCC-1 filed on FSFL structure giving CCC first lien position</li><li data-bbox="358 955 1284 987">• FSFL structure has resale collateral value according to paragraph 122.</li></ul>

**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 APOC or contracting officer 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 APOC or contracting officer) 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 shall: <ul style="list-style-type: none"> <li>•*--pay the invoice through NPS using the code “XXFSFLAME” where “XX” indicates FY of FSFL according to 1-FI</li> <li>• in NRRS, immediately establish a manual receivable in FSFL applicant’s name for the amount of the invoice using the code “XXFSFLAME” according to 64-FI</li> </ul> <p style="margin-left: 40px;"><b>Note:</b> When establishing the receivable, use the Basic Reason Code “<b>Due Process Suspend</b>” to prevent any letters from being generated at this time.--*</p> <ul style="list-style-type: none"> <li>• send a copy of the invoice to the applicant</li> <li>• repay the receivable in NRRS when paid by the applicant.</li> </ul>
5	If the receivable is <b>not</b> paid in full by the first partial or full FSFL disbursement: <ul style="list-style-type: none"> <li>• use only FSFL Check Request Option according to 2-FSFL, subparagraph 400 C</li> <li>• set-off the amount of the NRRS receivable using “Other Agency Debt” procedures</li> <li>• on Screen VFC10010, make a separate entry for the NRRS amount</li> <li>• make this check payable to CCC and have sent to the County Office</li> <li>• when FSFL is <b>closed</b>, apply check to NRRS receivable.</li> </ul> <p><b>Note:</b> NRRS receivables are <b>not</b> 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 (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"><li>• “Individual”, the producer enters the signature as the first, middle, and last name and, if applicable, a suffix</li><li>• “Organization or Entity”, the producer enters the following:<ul style="list-style-type: none"><li>• legal name of the organization or entity</li><li>• the word “by”</li><li>• producer’s signature</li><li>• producer’s title.</li></ul></li></ul> <p><b>Example:</b> Hobbitt Farms Inc. by John H. Smith, President.</p> <p><b>Note:</b> 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.

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This form is available electronically. OMB Control No. 0560-0215  
OMB Expiration Date: 06/30/2018

<b>CCC-10</b> (11-13-17)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation Farm Service Agency	
<b>REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS</b>			
<b>NOTE:</b> <small>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 1426, 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 acknowledgement 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 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-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.</small>			
<small>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. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></small>			
<b>PART A – INTRODUCTION</b>			
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.			
<b>PART B – REPRESENTATION OF UNDERSIGNED</b>			
1. Type of Undersigned:	<input checked="" type="checkbox"/> Individual <input type="checkbox"/> Organization or Entity	2. Social Security Number or Tax Identification Number (9 Digits)	123 45 6789
3. Undersigned's Full Legal Name	Jim Doe Staten	4. Spouse's Full Legal Name	Jane Doe Staten
5. State and County of Primary Residence if Undersigned is an Individual	Laurel, Arizona	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.			
<b>PART C – AUTHORIZATION TO FILE</b>			
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>			
<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>			
10A. Signature of Individual in Item 3 (By)	10B. Title/Relationship of the Individual Signing in the Representative Capacity	10C. Date (MM-DD-YYYY)	
Is/ Jim D. Staten	Self	05-10-20XX	
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)	

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](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) 632-9922. 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](mailto:program.intake@usda.gov). USDA is an equal opportunity provider, employer, and lender.

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**CCC-185D, Determination for Farm Storage Facility Loan Program**

**\*--A Instructions for Completing CCC-185D**

Complete CCC-185D according to the following instructions.

<b>Item</b>	<b>Instructions</b>
1A	Enter State Code.
1B	Enter County Code.
1C	Enter DLS-assigned FSFL number that is formatted with FY and FSFL number; for example "2018/00002.
2A	Enter the applicant's name.
3	Check the applicable boxes for conditions the applicant must complete before or after closing.
4	Check the type of security required by COC/STC.
5	Enter remarks.
6A	Enter COC/STC Determination.
6B	Enter loan amount approved by COC/STC.
7	Check number of loan installments.
8A	Enter final loan approval expiration date.
8B	Enter 1st extension date.
8C	Enter 2nd extension date.
9	Enter date CCC mailed approval notification letter to applicant.
10A	*--Enter name of COC/STC.--*
10B	COC/STC signature required.
10C	Enter COC/STC signature date.
11A	Check the applicable box for COC/STC approval/disapproval of loan increase.
11B	Enter final approved loan amount pending funding.
12A	Enter name of COC/STC.
12B	COC/STC signature required.
12C	Enter COC/STC signature date.

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CCC-185D, Determination for Farm Storage Facility Loan Program (Continued)

B Example of CCC-185D

The following is an example of a completed CCC-185D.

<p><b>This form is available electronically.</b></p> <p><b>CCC-185D</b> (12-21-17)</p> <p><b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation</p> <p align="center"><b>DETERMINATION FOR FARM STORAGE FACILITY LOAN PROGRAM</b></p>		<p align="center"><b>FOR COUNTY USE ONLY</b></p> <p align="center">1. LOAN IDENTIFICATION NUMBER</p> <table border="1"> <tr> <td>A. State Code 05</td> <td>B. County Code 064</td> <td colspan="2">C. Loan No. 2018/00004</td> </tr> </table>			A. State Code 05	B. County Code 064	C. Loan No. 2018/00004	
A. State Code 05	B. County Code 064	C. Loan No. 2018/00004						
<p>2. Applicants Name Tom Doe Whitfield</p>								
<p><b>PART A - CCC APPROVAL</b></p> <p><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></p>								
<p>3. Approval is conditionally granted with the following conditions being met at the applicable time prior to or after closing:</p> <p><input checked="" type="checkbox"/> All-Peril Structural Insurance  <input type="checkbox"/> Full Coverage Automobile Insurance  <input checked="" 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: _____</p>								
<p>4. Security Required: When loan approved, check type of security required by COC/STC:</p> <p><input checked="" 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: _____</p>								
<p>5. Remarks</p>								
<p>6A. Original COC/STC Determination: <input checked="" type="checkbox"/> Approved    <input type="checkbox"/> Disapproved</p>		<p>6B. Original Loan Amount Approved by CCC Pending Funding \$ 22,800.00</p>		<p>7. Number of Loan Installments: <input type="checkbox"/> 3 years    <input checked="" type="checkbox"/> 5 years    <input type="checkbox"/> 7 years <input type="checkbox"/> 10 years    <input type="checkbox"/> 12 years</p>				
<p>8A. Final Loan Approval Expiration Date (MM-DD-YYYY) 10-10-20XX</p>		<p>8B. 1<sup>st</sup> Extension Date (MM-DD-YYYY)</p>	<p>8C. 2<sup>nd</sup> Extension Date (MM-DD-YYYY)</p>	<p>9. Date CCC Mailed Approval Notification Letter to Applicant (MM-DD-YYYY) 04-10-20XX</p>				
<p>10A. Name of COC/STC Altarista COC</p>		<p>10B. Signature of COC/STC Bob Tobacco</p>		<p>10C. Date (MM-DD-YYYY) 04-10-20XX</p>				
<p><b>PART B – APPROVAL OF LOAN INCREASES</b></p>								
<p>11A. Final COC/STC Determination: <input type="checkbox"/> Approved    <input type="checkbox"/> Disapproved</p>			<p>11B. Final Approved Loan Amount Pending Funding \$</p>					
<p>12A. Name of COC/STC</p>		<p>12B. Signature of COC/STC</p>		<p>12C. Date (MM-DD-YYYY)</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/caregiver 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 <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> 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: <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>. USDA is an equal opportunity provider, employer, and lender.</small></p>								

**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”.

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**1-FSFL Exhibit 72**

(Use Agency Letterhead format with local return address.)

**DEMAND LETTER**

(Date of Letter)

(Borrower Name)  
(Borrower Address line 1)  
(Borrower Address line 2)

Dear (Borrower Name),

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.

Please send your check payable to the Commodity Credit Corporation immediately for the amount due (shown below). Please send check payable to Commodity Credit Corporation immediately to the following address:

Commodity Credit Corporation  
(Insert office street address)  
(Insert City, State, and ZIP Code).

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.

Loan Number	Date of Note and Security Agreement	Unpaid Installment Amount	Original Due Date
2016/00001	March 17, 2016	\$3,144.00	March 17, 2018

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.

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.

(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.

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**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