

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 5

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 5 A has been amended to clarify that collateral may, with prior approval, be used by the borrower to temporarily store other agricultural-related items until the next harvest season.

Subparagraph 32 A has been amended to provide new eligible commodities, hemp, seed cotton and wool.

Subparagraph 33 B has been amended to add “teff” as an eligible grain.

Subparagraph 33 C has been amended to add “ginseng” as an eligible perishable commodity.

Subparagraph 33 D has been amended to add purchased hay is ineligible for FSFL.

Subparagraphs 33 N, O, and P have been amended to add hemp, seed cotton and wool as FSFL eligible.

Subparagraph 34 A has been amended to add roller creepfeeder and tobacco as FSFL ineligible.

Subparagraph 36 B has been amended to:

- remove secondhand material as ineligible items for FSFL’s
- add a note that a down payment to the contractor, dealer, supplier or vendor does not mean the facility or equipment was purchased.

Subparagraph 36 D has been amended to add:

- that storage area for office space, store front, restrooms or breakrooms and condominium storage are considered ineligible for FSFL financing
- an example to clarify eligible storage space.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 40 A has been amended to provide that STC must review each CCC-185 and approve the CCC-185D for FSFL's with asphalt flooring.

Subparagraph 42 A has been amended to remove the requirements that the storage and handling trucks be \$100,000 or less, have a GVW of 60,000 or less and be less than 15 years old.

Subparagraph 42 B has been amended to include replacement parts, warranty plans, and maintenance plans as ineligible and will not be financed in the FSFL.

Subparagraph 43 B has been amended to include:

- hanging carcass rail, winch, and hay squeeze are considered eligible equipment
- remove roller creepfeeder as eligible equipment
- examples of seed cotton packing, handling, storage, and transport equipment eligible for FSFL
- a note clarifying DAFP approval of wind turbines and when to contact the National Office with questions about eligible and ineligible drying and handling equipment.

Paragraph 45 has been added to provide the types of structures for wool storage.

Paragraph 46 has been added to provide the types of structures for hemp storage.

Subparagraph 49 E has been added to provide provisions for storage need requirements for seed cotton.

Paragraph 55 has been added to provided storage need requirements for wool.

Paragraph 56 has been added to provide storage need requirements for hemp.

Subparagraph 57 A has been amended to add reference to the 2008 Farm Bill authorization for the 1 partial and 1 final principal disbursement.

Subparagraph 58 C has been amended to add that:

- fees for filing and recording UCC's, instruments and other transactions must be processed using DLS
- if a collateral lien search is determined necessary by OGC for underlying real estate, the lien search is paid for by CCC.

Subparagraph 59 A has been amended to further clarify provisions for a maximum FSFL microloan amount and when a severance agreement is not required.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 61 A has been amended to add that an FSFL disbursement calculator will be completed in DLS before the FSFL is disbursed and the calculator must be filed in the producer's FSFL folder.

Subparagraph 61 C has been amended to include that the down payment must not include the trade-in value.

Subparagraph 68 A has been amended to clarify applicants who have filed bankruptcy must work with the bankruptcy trustee to determine if the applicant can obtain new debt and the State Office must consult with OGC before FSFL approval.

Subparagraph 69 B has been amended to clarify FSFL's with an aggregate outstanding balance of \$50,000 or less, a financial analysis for entity members with the greatest shares is not required unless the STC determines it is necessary on a Statewide basis and not on a case-by-case basis.

Subparagraph 74 C has been amended to clarify required actions when the applicant's administrative county is different from where the FSFL will be physically located.

Subparagraph 82 A has been amended to provide:

- State and County Office staff must use Data Facts, Inc. to order FSFL credit reports
- that State and County Offices must refer to subparagraph 85 G to determine if a credit report is required for members of the entity with the greatest shares.

Subparagraph 82 E has been added to provide that Data Facts, Inc. uses two different portals when ordering FSFL credit reports for individuals, joint producers, and entities.

Subparagraph 82 F has been amended to provide:

- FICO scores are now available for individual/joint reports
- resources to assist with understanding and evaluating FICO scores and credit reports.

Subparagraph 82 H has been amended to clarify instructions for completing the monthly FSFL credit report reconciliation report.

Subparagraph 82 J has been amended to clarify instructions when requesting initial setup instructions to order FSFL credit reports.

Subparagraph 82 K has been amended to:

- clarify procedure for resetting expired passwords when ordering FSFL credit reports.
- provide alternative credit report options.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 85 F has been amended to clarify a reasonable timeframe for completing a financial analysis.

Subparagraph 85 G has been amended to add a note about entity aggregate balance of \$50,000 or less.

Paragraph 86 has been added to provide information about the FSFL Loan Recommendation Approval Authority Training Program.

Subparagraph 96 B has been amended to provide that RMA's Pasture, Rangeland and Forage Program, PFR insurance is sufficient to insure hay.

Subparagraph 96 C has been amended to add evidence of insurance must be provided by the borrower and documented on CCC-195 Servicing when received by the County Office.

Subparagraphs 98 A and B have been amended to provide CCC must be listed on the automobile insurance as loss payee or mortgage payee.

Subparagraph 99 A has been amended to clarify the flood insurance requirements for storage facilities.

Subparagraph 109 A has been amended to clarify the requirement for environmental evaluations.

Subparagraph 110 A has been amended to update information for preparing environmental evaluations.

Subparagraph 121 B has been amended to clarify a DAFP waiver is required to change collateral used for security after FSFL disbursement.

Subparagraph 121 E has been amended to provide the Irrevocable Letter of Credit is considered sufficient security for all FSFL's (regardless of the loan amount) 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.

Subparagraph 122 I has been amended to provide the weblink for NASS Land Values and 2021 Summary.

Subparagraph 158 E has been amended to remove the requirement that State Offices must email the FSFL details to the National Office when a FSFL has been extended beyond 12 months.

Subparagraph 176 B has been amended to add instructions to document FSFL loan increase or decrease on the CCC-185 and to initial and date the change.

Subparagraph 195 A has been amended to require 2nd party review of the CCC-186 after it is printed.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 196 B has been amended to provide additional guidance for when a CCC-297 is not required.

Subparagraphs 209 A, B, and C have been amended to clarify process on how FSFL reminder letters are mailed, State and County Office action after mailing, and to add a note about FSFL servicing during the pandemic.

Subparagraph 210 A has been amended to:

- remove that County Office must provide an annual reminder and notification letter to the borrower
- add a County Office must complete the CCC-195 Servicing for FSFL's that are physically located in their county, but the FSFL is handled administratively in another county.

Subparagraph 210 C has been added to clarify when a State may edit the CCC-195 Servicing to account for individual State laws.

Subparagraph 210 D has been added to clarify the annual State Office CCC-195 Review Process.

Subparagraph 210 E has been added to clarify procedure for submitting National CCC-195 Servicing Report to the National Office.

Subparagraph 211 E has been amended to refer to FSFL deferral policy in paragraph 247.

Subparagraph 215 A has been amended to update when County Offices are to conduct collateral checks for all outstanding loans.

Subparagraph 218 C has been amended to add that CED is the authorized representative to release vehicle title liens unless documented differently in the STC or COC minutes.

Subparagraph 242 B has been amended to add that real estate lien filings must be used as the recoverable fee in DLS when real estate taxes must be paid by CCC and repaid by the borrower.

Paragraph 247 has been added to provide financial hardship annual installment deferral policies and procedures.

Subparagraph 262 G has been amended to remove from the timeline for FSFL annual requirements that an annual reminder and notification letter will be mailed from the County Office.

Subparagraph 291 A has been updated to clarify National Office contacts to report bankruptcy notifications and adds that bankruptcies must be entered in FSAFS according to 63-FI.

Subparagraph 291 C has been amended to clarify State and County Office action for bankruptcy reorganization plans.

Amendment Transmittal (Continued)

Amendment Transmittal (Continued)

Subparagraph 291 D has been added to require State Office reporting requirements to National Office.

Exhibit 2 has been amended to add or clarify definitions for eligible facility loan commodities, mortgage, nonmoveable or nonsaleable collateral, off-farm labor, and storage and handling truck.

Exhibit 28 has been amended to provide updated instructions for CCC-185 and example of updated CCC-185. The updated CCC-185 asks if the FSFL project will include clean energy or energy efficient equipment.

Exhibit 30 has been amended to:

- update item 10Q to 10P on the instructions for completing CCC-195A
- provide an example of the revised version of the form with the following changes:
 - correct the reference on CCC-195A Item 10 O to paragraph 195
 - remove the reference to 2-FSFL Part 8 in Item 10 P and Item 10Q is now Item 10P.

Exhibit 31 has been amended to:

- update Item 10 G to 10 F on the instructions for completing CCC-195B
- provide an example of the revised version of the form with the following changes:
 - correct the reference on CCC-195B Item 10 E to paragraph 195
 - remove the reference to 2-FSFL Part 8 in Item 10 F and Item 10G is now Item 10F.

Exhibit 52 has been amended to provide the County Office must review 2-FSFL, paragraph 52 for paying the appraisal fee using DLS.

Exhibit 70 has been amended to include the most current automated version of the notification and reminder letter.

Exhibit 83 has been added to provide an example of an Adverse Determination Letter for Annual Installment Deferral.

Amendment Transmittal (Continued)

Page Control Chart		
TC	Text	Exhibit
1-4 7, 8 9	1-5, 1-6 2-1 through 2-6 2-10.5, 2-10.6 (add) 2-11, 2-12 2-15, 2-16 2-19, 2-20 2-27, 2-28 2-33 through 2-36 2-39 through 2-44 2-45 2-46 (add) 2-47, 2-48 (add) 2-49 (add) 3-5 through 3-8 3-19, 3-20 3-21 through 3-24 (add) 4-1 through 4-6 4-9 through 4-12 4-27 through 4-30 4-47, 4-48 5-1 through 5-6 5-6.5, 5-6.6 (add) 5-11 through 5-14 5-15 (add) 6-1 through 6-22 6-22.5, 6-22.6 7-3 through 7-6 7-15, 7-16 9-15 10-15, 10-16 11-39 through 11-42 12-1 through 12-4 12-7, 12-8 12-13, 12-14 12-17, 12-18 12-81, 12-82 12-87, 12-88 12-89 through 12-104 (add) 13-5, 13-6 14-1 through 14-4	1, pages 1-4 2, pages 5-8 28, pages 1-4 30, pages 1, 2 page 3 31, pages 1, 2 page 3 52, page 1 70, page 1 83, page 1 (add)

Table of Contents

Page No.

Part 1 Basic Provisions

Section 1 General Provisions

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

Section 2 Approval Authorities

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

Section 3 Relief and Other Actions

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

Table of Contents (Continued)

Page No.

Part 2 FSFL Provisions

32	Eligible Commodities, Structure and Storage Needs Table.....	2-1
33	Eligible FSFL Commodities	2-2
34	Ineligible FSFL Commodities.....	2-11
35	Eligible Applicants.....	2-12
36	Eligible and Ineligible Structures and Equipment	2-15
37	Eligible and Ineligible Structures for Hay and Renewable Biomass Storage.....	2-20
38	Eligible and Ineligible Structures for Eligible Perishable Commodity Cold Storage.....	2-23
39	Eligible and Ineligible Structures for Honey	2-25
40	Asphalt Flooring for FSFL Structures	2-28
41	Renovating Structures and Preowned Facilities	2-31
42	Eligible and Ineligible Storage and Handling Trucks.....	2-34
43	Storage and Handling Equipment	2-38
44	Types of Structures and Equipment Eligible and Ineligible for Milk.....	2-45
45	Types of Structures for Wool Storage	2-47
46	Types of Structures Eligible for Hemp Storage.....	2-48

Part 3 Determining Storage Need and Applicable Waivers

47	Storage Need Self-Certification.....	3-1
48	Determining Storage Need for Eligible Commodities Storing 2 Years of Production.....	3-2
49	Determining Storage Need for Hay, Biomass, and Seed Cotton	3-5
50	Determining Storage Need for Eligible Commodities Storing One Year of Production	3-8
51	Determining Storage Need for Honey	3-14
52	Determining Storage Need for Maple Sap and Milk	3-16
53	Storage Need Waivers.....	3-19
54	Ineligible Space and Larger Capacity	3-20
55	Storage Need Requirements for Wool	3-21
56	Storage Need Requirements for Hemp	3-22

Table of Contents (Continued)

Page No.

Part 4 FSFL Policies and Application Processing

Section 1 FSFL-Making Policies

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

Section 2 Items Needed for FSFL Application

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

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

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

Table of Contents (Continued)

Page No.

Part 5 Credit and Financial Worthiness

82	Credit History and Credit Reports	5-1
83	FSFL and Federal Delinquent Debt Applicants.....	5-7
84	Federal Judgment Liens	5-9
85	Financial Planning	5-10
86	FSFL LRA Training Program.....	5-14.5
87-95	(Reserved)	

Part 6 Other Requirements

Section 1 Insurance

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

Section 2 Environmental Review

109	Overview.....	6-21
110	Evaluating Potential Environmental Effects.....	6-22.5
111	Other Actions	6-24
112	Local Land Use and State and County Building Code Requirements	6-25
113-119	(Reserved)	

Table of Contents (Continued)

Page No.

Part 12 Basic Servicing Policies

Section 1 Routine Servicing

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

Section 2 Other Servicing

231	Changes to a Farming Operation	12-41
232	Relocating FSFL Collateral	12-42
233	Repairing or Replacing FSFL Collateral	12-43
234	Assumptions.....	12-46
235	UCC-1 Partial Releases Before FSFL Is Paid in Full.....	12-53
236	Partial Release of Real Estate	12-54
237	Real Estate Lien Subordination	12-56
238	Deceased Borrowers	12-58
239-241	(Reserved)	
242	Disbursements for Unpaid Real Estate Taxes.....	12-81
243	Applicability of the Service Members Civil Relief Act.....	12-82
244	Divorce Policy	12-85
245	Conveyance by Borrower to CCC	12-86
246	CCC-400	12-86
247	Financial Hardship Annual Installment Deferral.....	12-89
248-261	(Reserved)	

Table of Contents (Continued)

Page No.

Part 13 Delinquent Servicing

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

Part 14 Bankruptcy

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

Part 15 Fees

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

Table of Contents (Continued)

Exhibits

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

4 FSFL Information

A Administering the FSFL Program

[7 CFR 1436.2] The FSFL Program will be:

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

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

B Restrictions

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

C STC Actions

STC will:

- take any action **required** by this handbook that has **not** been taken by COC
- correct, or require COC to correct, an action taken by COC that is **not** according to this handbook
- require COC to withhold taking any action that is **not** according to this handbook
- require all FSFL checklists to be completed for FSFL making and FSFL servicing
- *--require completion of the environmental review by trained FSA staff prior to initiation of action by an applicant to begin a project and/or approval of the request.--*

STC may:

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

4 FSFL Information (Continued)**D Determinations**

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

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

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

The intent of the FSFL Program is to provide on-farm storage to producers to store and handle eligible facility loan commodities they produce. FSFL collateral **must** be used for the purpose for which the FSFL storage, equipment and storage and handling truck was acquired, *--constructed or installed for the **entire** FSFL term, unless prior approval was authorized to temporarily use the FSFL components for other agricultural-related items until the next harvest season.--*

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

B Facility Useful Life

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

Part 2 FSFL Provisions

32 Eligible Commodities, Structure and Storage Needs Table

A Helpful Table

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

Commodity Type	Production Storage Capacity	Defining Eligible Commodity (paragraph)	Eligible Structures (paragraph)	Storage Need Calculations (paragraph)
Aquaculture	1 year	33 K	38	50
Butter, Cheese, Eggs, Yogurt	1 year	33 I	38	50
Floriculture	1 year	33 G	38	50
Grain, Oilseeds, Etc.	2 years	33 B	36	48
Hay	2 years	33 D	37	49
--Hemp	1 year	33 N	46	56--
Honey	1 year	33 F	39	51
Hops	1 year	33 L		50
Maple Sap	1 week	33 M		52A
Meat and Poultry	1 year	33 J	38	50
Milk	3 days	33 H	38	52B
Perishable Commodities, Nuts	1 year	33 C	38	50
Renewable Biomass	1 year	33 E	37	49
*--Seed Cotton	1 year	33 O	43	49
Wool	1 year	33 P	46	55--*

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

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

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

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

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

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

33 Eligible FSFL Commodities (Continued)

B Grain, Oilseed, Pulse and Other Commodities

Eligible commodities authorized for FSFL's include the following:

- grains, harvested as whole grain or other than whole grain include the following:
 - barley
 - corn
 - grain sorghum
 - oats
 - quinoa
 - wheat
 - *--teff--*
- 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	*--Ginseng--*	Peaches	Tangelos
Cabbage	Grapefruit	Peas	Tomatoes
Caneberries	Grapes	Pears	Turnips
Cantaloupes	Green Peanuts	Pecans	Walnuts
Carrots	Greens	Peppers	Water Cress
Cashews	Hazelnuts	Pineapple	Watermelon
Cauliflower	Herbs	Pistachios	Yams
Celery	Honeydew	Plantain	
Cherries	Kiwifruit	Plums	
	Kohlrabi	Pomegranates	
	Leeks		

Notes: Caneberries include blackberries and raspberries.

Contact Toni Williams at toni.williams@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.

--Notes: Processed and purchased 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)**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.

***--N Hemp**

The 2018 Farm Bill authorizes the production of hemp at 0.3 or less of THC content in the United States. For hemp to be considered eligible for the FSFL program, the strain of the cannabis sativa plant species must be grown specifically for the industrial uses of its derived products.

Hemp growers will be required to obtain a USDA, State, or Tribal issued hemp production license or authorization number, and file an acreage report with FSA.

Notes: Processed hemp and/or purchased hemp is not eligible for FSFL financing.

The AMS regulation providing eligibility for hemp production for the 2020 crop year is found at <https://www.ams.usda.gov/rules-regulations/hemp>.

O Seed Cotton

FSFL requests may be accepted for seed cotton handling, storage, and transport equipment.

P Wool

For wool to be considered eligible for the FSFL program, the producer must maintain and own the sheep for 30 calendar days or more before date of shearing.--*

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

* * *

--honeybees (beehives)--

- illegal substances
- juices processed from an eligible commodity
- manure
- marijuana (ineligible for Federal assistance)
- old growth timber
- processed commodities, unless identified in subparagraph 33 H, I, or J, which includes but is not limited to baking, canning and jarring

*--roller creepfeeder

- tobacco--*
- 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, *--7 CFR Part 799, 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 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

36 Eligible and Ineligible Structures and Equipment

A FSFL Suppliers or Vendors

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

B Eligible Items for FSFL's

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

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

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

--archaeological or biological studies or attorney fees--

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

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

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

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

36 Eligible and Ineligible Structures and Equipment (Continued)

B Eligible Items for FSFL's (Continued)

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

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

***--Note:** A down payment made to the contractor, dealer, supplier, or vendor for the storage facility or equipment does not mean the facility or equipment was purchased.--*

C Eligible Storage and Handling Facilities for All FSFL Eligible Commodities

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

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

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

36 Eligible and Ineligible Structures and Equipment (Continued)

D Ineligible Storage and Handling Facilities for All FSFL Eligible Commodities

Ineligible storage and handling equipment includes the following:

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

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

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

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

FSFL eligible storage structures for hay and renewable biomass commodities:

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

39 Eligible and Ineligible Structures for Honey (Continued)

D Ineligible Structures and Components

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

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

40 Asphalt Flooring for FSFL Structures

A Asphalt Flooring

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

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

FSFL applicants requesting to use asphalt flooring in structures to store corn, oats, wheat, barley, and grain sorghum harvested as other than whole grain, must be advised by the County Office that:

- asphalt flooring **must** be constructed according to specific specifications in subparagraph B and 2-EQ, paragraph 81
- FSA is indemnified from any liability subsequently arising from the presence of asphalt or asbestos on the property

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

--STC must review each CCC-185 and approve the CCC-185D for FSFL's with asphalt-- flooring.

B Specifications for Asphalt Flooring

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

Note: STC **must** determine:

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

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

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

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 * * * 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 point of sale or a storage bin.

Note: Similar trucks are eligible to transport other eligible FSFL commodities, such as but not limited to, onions and potatoes.--*

- 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.

*--semi-trucks or truck tractors, any vehicle configuration consisting of a power-unit designed in combination to draw or pull a semi-trailer or farm machinery.

Notes: All laws and regulations on the use of agriculture vehicles must be followed; including but not limited to, any weight restrictions imposed by State or local authorities.

There is no limit on the number of storage and handling truck FSFL requests a producer may submit; however, COC or STC must review the business operation to ensure the storage and handling trucks are not being purchased for a commercial operation and/or purposes, according to the definition in Exhibit 2.--*

42 Eligible and Ineligible Storage and Handling Trucks (Continued)

A Eligible Storage and Handling Trucks (Continued)

* * *

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
- dump trucks; a truck chassis with a dump body that can be tilted and mounted to the frame used for transporting loose material and discharging its contents through an open tailgate

*--truck repairs and replacement parts

- warranty plans
- maintenance plans.--*

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

- 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 as not suitable for the applicable commodity
- cannot meet **all** of the requirements in subparagraph A.

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

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

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

--hanging carcass rail and winch--

- hay spears and attachments

--hay squeeze--

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

* * *

- roller spray units

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

- safety equipment meeting OSHA requirements

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

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

Note: Not to include truck washers or waxers.

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

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

--winch--

43 Storage and Handling Equipment (Continued)

B Eligible Equipment (Continued)

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

* * *

*--The following are examples of seed cotton packing, handling, storage, and transport equipment eligible for FSFL:

- module builder
- boll buggy
- storage structures, such as shed or concrete pad
- tractor implements to carry and stage modules
- hauling equipment, such as module truck, semi-trailer, or trailer
- other types of equipment COC determines essential to secure the quality of lint before ginning.--*

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

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

--The purchase or use of energy efficient equipment is encouraged for FSFL financing.--

43 Storage and Handling Equipment (Continued)

C Ineligible Equipment

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

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

43 Storage and Handling Equipment (Continued)

C Ineligible Equipment (Continued)

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

A Eligible Structures

FSFL-financed structures for wool must be used for the purpose for which constructed, assembled, or installed for the entire FSFL term.

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

- a facility of wood pole and post construction, steel or concrete, suitable for storing wool produced by the borrower
- walk-in prefabricated storage structures that are suitable for storing the wool production
- a barn or hay shed.

FSFL eligible storage structures for wool must be built:

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

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

B Types of Wool Handling, Drying Equipment and Storage and Handling Trucks

Authorization is provided to approve FSFL's for new or used wool handling, drying equipment and storage and handling trucks, provided it has a useful life of at least the term the loan.

The following are examples of wool handling, drying equipment and storage and handling trucks eligible for FSFL:

- other types of handling and drying equipment, portable or stationary, that are unique to the wool industry and COC determines are essential to the proper functioning of a wool storage facility
- related equipment such as motors, electrical boxes and connections, pumps, lighting fixtures and wiring and COC determines are required for proper functioning of a wool storage facility
- trucks and trailers
- wagons.--*

***--45 Types of Structures for Wool Storage (Continued)**

B Types of Wool Handling, Drying Equipment and Storage and Handling Trucks (Continued)

Notes: If there are questions about any of the provisions, State Offices must contact the National Office for guidance.

Wool storage, handling, drying equipment, and storage and handling trucks financed with FSFL must not be used for commercial purposes and processing equipment is ineligible.

46 Types of Structures Eligible for Hemp Storage

A Eligible Structures

Hemp storage facilities, with a useful life of the term of the loan, and eligible for FSFL's may include the following:

- new facility of wood pole and post construction, steel or concrete, suitable for storing hemp produced by the borrower
- new walk-in prefabricated, permanently installed cold storage coolers that are suitable for storing the producer's hemp production
- conventional type cribs or bins designed and engineered for FSFL commodity storage having a useful life of at least the term of the loan
- oxygen-limiting and other upright silo-type structures designed for FSFL commodity storage having a useful life of at least the term of the loan
- flat-type storage structures, including a permanent concrete floor and bulkheads, designed for and primarily used to store FSFL commodities for at least the term of the loan
- concrete foundations, aprons, pits, and pads, including site preparation, labor, and material, essential to the proper operation of the storage and handling equipment
- concrete pads without walls or separate, detachable sides on which an FSFL commodity is stored--*

***--46 Types of Structures Eligible for Hemp Storage (Continued)**

A Eligible Structures (Continued)

- structures that are bunker-type, horizontal, or open silo structures, with at least 2 concrete walls and a concrete floor, designed for FSFL commodity storage and having a useful life of at least the term of the loan.

Notes: If a storage structure is not determined to be a stand-alone structure, as defined in Exhibit 2, only one FSFL may be approved for the storage structure and a lien will be placed on the entire structure.

FSFL eligible storage structures for hemp must be:

- built of such quality that the structure can be insured
- built to protect the hemp from contaminants
- built to support the snow load for the area
- equipped with proper drainage.

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

--49 Determining Storage Need for Hay, Biomass, and Seed Cotton--**A Storage Need Determinations**

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

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

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

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

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

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

B Hay and Biomass Acreages

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

See subparagraph 48 B for general information on calculating acreage.

C Hay and Biomass Yields

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

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

--49 Determining Storage Need for Hay, Biomass, and Seed Cotton (Continued)--

D Formula for Hay and Biomass Storage

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

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

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

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

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

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

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

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

- Oklahoma State University publication BAE-1716, titled “Round Bale Hay Storage”, available at <http://osufacts.okstate.edu/docushare/dsweb/Get/Document-1772/BAE-1716web.pdf>

* * *

- Iowa State publications available at <https://www.mwps.iastate.edu/building-plans>.

--49 Determining Storage Need for Hay, Biomass, and Seed Cotton (Continued)--

D Formula for Hay and Biomass Storage (Continued)

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

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

***--E Storage Need Determinations for Seed Cotton**

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

The quality of seed cotton can only be maintained for a limited period of time. The seed cotton storage need will be determined based on production from 1 year.

When an applicant is not self-certifying to the storage need as provided in paragraph 47, County Offices will calculate the FSFL storage need using guidelines in paragraph 50.

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

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

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

A Storage Need Determinations for Eligible Perishable Commodities

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

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

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

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

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

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

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

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

53 Storage Need Waivers

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

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

STC's may authorize:

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

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

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

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

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

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

B Storage Need Waiver for Eligible Perishable Commodity Producers

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

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

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

54 Ineligible Space and Larger Capacity

A Ineligible Space in a Flat Storage Structure

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

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

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

B Larger Capacity Than Needed

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

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

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

*--55 Storage Need Requirements for Wool

A Determining the Wool Storage Need

For a person or legal entity to be considered eligible for a wool FSFL, COC must determine the person or legal entity own and maintain the sheep for 30 calendar days or more before date of shearing.

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

Wool storage need is determined based on production for 2 years. County Offices will determine the need for wool storage by using either of the following:

- the sheep owner's share of actual wool yields and production records to determine a 3-year average
- records of sales, volume sold, or other business records that can be extrapolated to demonstrate the storage need but not limited to production shares as part of a community-supported agriculture business.

A COC-determined reasonable 2-year average and yield projection may be used instead of an average for any the following:

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

Note: In most instances, using the sheep owner's actual yield and production records provides better information for calculating the sheep owner's wool storage need.

COC's will:

- determine whether the applicant's production/yield for wool is reasonable using guidance in this subparagraph
- use actual factual knowledge of the sheep owner's farming business when determining a reasonable yield.

B Determining the Capacity of the Wool Structure

The capacity of the proposed structure can be obtained from the manufacturer of the storage facility for wool. If requested, the applicant must provide this information to the County Office.--*

--56 Storage Need Requirements for Hemp*A Determining the Hemp Storage Need**

For a producer to be considered eligible for a hemp FSFL, COC must determine that the producer owns or has leased property with readily identifiable boundaries.

Applicants must show a need for the hemp capacity as determined by the following formula and information in this paragraph. The conversion factor for converting from net cubic feet to cwt is .352.

The hemp storage need will be determined based on production for 2 years.

STC's have the authority to:

- establish a more restrictive policy and may redelegate authority to COC's only for provisions provided in this subparagraph
- approve a waiver to self-certify to the hemp storage capacity need on CCC-185 for FSFL's with an aggregate outstanding balance equal to \$50,000 or less, on a Statewide basis, not a case-by-case basis

Note: According to 2-CP, subparagraph 728 A, State and County Offices may spot check any producer not identified on the National producer selection list if there is reason to question the producer's compliance with any program provisions.

County Offices may determine the need for hemp storage by using any of the following:

- producer's share of up to the 3 most recent FSA-578's
- verifiable information to determine a 3-year average that may include, but is not limited to:
 - actual yields
 - actual production records
 - records of sales, volume sold, or other business records that can be extrapolated to demonstrate the storage need
 - production shares as part of a community-supported agriculture business.--*

--56 Storage Need Requirements for Hemp (Continued)*A Determining the Hemp Storage Need (Continued)**

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

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

B Determining Reasonable Hemp Production/Yield

COC's:

- must determine a reasonable yield for hemp
- may review and use STC NAP yield determinations
- may use the following resources in determining a reasonable yield:
 - ARS publications
 - detailed producer records
 - Internet
 - land-grant university located in the State or neighboring State
 - NIFA in the State.

County Office staff may contact the Cooperative Extension Service at State's land-grant university, or a local laboratory where relevant, to assist with reasonable yields and determining needed storage capacity for hemp in situations where that information cannot be reasonably provided by the applicant.

State Offices can contact PSD for assistance if they are unable to find a yield for hemp.

Requests for PSD guidance are encouraged when the hemp producer's operation is unusual or if the applicant is seeking to increase the operation's storage capacity to support a growing demand.

PSD review of the situation may result in waivers of certain FSFL provisions that restrict the producer's eligibility for FSFL.--*

***--56 Storage Need Requirements for Hemp (Continued)**

B Determining Reasonable Hemp Production/Yield

COC's may:

- determine whether the applicant's production/yield for hemp is reasonable using guidance in subparagraph A
- use practical knowledge of the producer's farming business when determining a reasonable yield.

C Determining Capacity of Hemp Structure

Capacity of the proposed structure can be obtained from the manufacturer of the hemp storage facility. If requested, the applicant will provide this information to the County Office.--*

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

--The 2008 Farm Bill Section 1614 (e) provides authority for 1 partial and 1 final principal disbursement so that borrowers can facilitate purchasing and constructing a storage facility, acquiring drying and handling equipment, and acquiring storage and handling trucks. A-- partial disbursement is **not** required.

At the time of application, in CCC-185, item 3D, applicants indicate whether they are requesting 1 or 2 disbursements. National Office program manager approval is required to change this election after FSFL has been approved in DLS.

B Partial Disbursements

One partial disbursement:

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

If the applicant requests the partial disbursement:

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

57 Partial and Final Disbursement Options (Continued)

B Partial Disbursements (Continued)

County Offices shall:

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

58 FSFL Fees

A County Office Action

County Offices shall:

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

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

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

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

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

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

B Multiple Borrowers

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

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

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

58 FSFL Fees (Continued)

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

*--Filing and recording fees must be processed using DLS and shall be paid according to the following.

IF the transaction is for...	THEN the fee is paid by...
a collateral lien search (includes lien searches determined necessary by OGC for underlying real estate)--*	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.

*--If a producer submits an FSFL microloan request for \$30,000, and subsequently, submits an FSFL microloan request for \$40,000, and the \$40,000 FSFL microloan is disbursed before the \$30,000 FSFL microloan request, the producer is only eligible for an FSFL microloan of no more than \$10,000.

If the producer wants to proceed with the \$30,000 FSFL request, the \$30,000 FSFL microloan request must be deleted in DLS and re-entered in DLS as an FSFL regular loan. The application fee provided for the \$30,000 FSFL microloan can be used for the FSFL regular loan.--*

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.

--A severance agreement is not required from the holder of any prior lien on the real estate parcel on which the facility is located for a FSFL microloan.--

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.

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

D Maximum Term

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

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

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

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

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

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

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

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

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

61 Down Payment**A Minimum Down Payment**

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

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

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

--An FSFL disbursement calculator will be completed in DLS before the FSFL is disbursed and the calculator must be filed in the producer's FSFL folder.--

B Allowances

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

61 Down Payment (Continued)

C Exclusions

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

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

62 Interest Rate

A FSFL Interest Rate

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

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

B Monthly Announcements

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

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

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.

--Applicants in an active bankruptcy must receive approval through the bankruptcy court to obtain new debt. The State Office must consult with OGC to ensure the court approval was obtained before FSFL approval.--

*--Notes: FSFL application processing, including environmental review can proceed while waiting for court approval.

The communication with the bankruptcy trustee and OGC must be filed in the producer's FSFL folder.--*

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

68 FSFL Availability (Continued)

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.

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 an environmental review was completed **before** the producer authorized delivery of equipment, site preparation, or foundation construction. See paragraphs 11, 109, 110, and 1-EQ 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
environmental review documents as provided by 1-EQ including Exhibit 15

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

B Items Needed for an FSFL Application Package (Continued)

- 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, if available for other farm program purposes~~*
- FSA-2004, if applicable, see paragraph 82 for additional information
- FSA-2037 or similar financial statement form, see paragraph 85
- FSA-2038 or similar projected income and expense form, see paragraph 85
- documentation to support proposed FSFL structure plan, if applicable, as follows:
 - building plan, specifications, or detailed drawing
 - cost estimates
 - dimensions of proposed structure
 - purchase orders
- legal description of the parcel where the facility will be placed if the loan request includes a storage structure that will be permanently affixed to the real estate
- legal description of all properties offered as additional security, if applicable
- plat map or aerial photograph with the structure's location marked
- a contract with a buyer, if submitting a renewable biomass CCC-185
- planting history if **not** on file, see paragraph 48
- written authorization of access to the proposed storage site if the structure is being placed on real estate **not** owned by the applicant
- valid State-issued driver's license or State-issued ID card, if **required** by State law for UCC filing information
- application fee according to subparagraph 58 A

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

B Items Needed for an FSFL Application Package (Continued)

- proof of crop insurance or other program coverage according to paragraph 96
- letter of intent from financial institution about Irrevocable Letter of Credit according to subparagraph 121 E, Exhibit 69 if applicable.

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

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

*--For FSFL requests with an aggregate outstanding balance of \$50,000 or less, a financial analysis for entity members with the greatest shares is **not** required unless STC determines it is necessary on a Statewide basis and not on a case-by-case basis.--*

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.

--When the applicant's administrative county is different from where FSFL will be physically located, the producer's administrative county will process FSFL, and the servicing county will be the county where FSFL is physically located unless determined otherwise by STC. See subparagraph 210 A.--

Part 5 Credit and Financial Worthiness

82 Credit History and Credit Reports

A Obtaining Credit Reports

State or County Offices shall:

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

State and County Offices requesting entity credit reports shall also request individual or joint *--reports for the members of the entity with the greatest shares. See subparagraph 85 G to determine if a credit report is required for members of the entity with the greatest shares.--*

Examples: If there is a:

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

*--For FSFL requests with an aggregate outstanding balance of \$50,000 or less, a financial analysis for entity members with the greatest shares is **not** required unless STC determines it is necessary on a Statewide basis and not on a case-by-case basis.--*

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

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

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

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

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

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

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

C Available Credit Reports

Credit reports will be available for the following FSFL applicants:

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

82 Credit History and Credit Reports (Continued)

D Ordering Credit Reports

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

State and County Offices shall **not** request individual or joint mortgage reports.

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 Ordering Credit Reports for Individuals, Joint and Entities

FSA has a contract with Data Facts, Inc. for ordering credit reports. Data Facts has 2 different platforms when ordering credit reports for individuals/joints and entities. The Data Facts Compliance Team will provide end users with an user ID and instructions to create a password for both portals.

FSFL credit reports for **entities only** will be ordered through the Experian Business IQ portal <https://gateway.secure.experian.com/BusinessIQ/login.html>.

FSFL credit reports for **individuals/joints only** will be ordered through a portal within Data Facts, Inc. called Tazworks at <https://datafacts.instascreen.net/sso/login.taz>.

User manuals for ordering credit reports entities and individuals/joints are available at https://inside.fsa.usda.gov/program-areas/dafp/dafp-training/index.--*

82 Credit History and Credit Reports (Continued)

F Analyzing Credit History Reports

The authorized individual performing the financial analysis shall:

- analyze credit reports to detect:
 - patterns of late payments or non-payments
 - 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

consider the FICO score (available on the credit report) when determining credit worthiness.

Notes: FICO scores are used by lenders to make accurate reliable and fast credit risk decisions.

The scores are highly predictive measures of applicant and customer risk.

FICO scores **are not** available for Experian business credit reports.

The following resources are also available to assist in understanding credit reports and credit scores:

- <https://www.myfico.com/credit-education/whats-in-my-credit-report>
- <https://www.lifelock.com/learn-credit-finance-what-is-credit-report.html>
- https://www.myfico.com/credit-education/what-is-a-fico-score.--*

G 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.

82 Credit History and Credit Reports (Continued)***--H Monthly Reconciliation of Credit Report Invoice**

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

State Offices must provide to the National Office at **FSFLPolicy@usda.gov**, the name(s) of the State Office contact(s) who are responsible for reconciling the monthly credit report invoice for their State. The National Office will provide PSD SharePoint access to the FSFL Credit Report folder to those State Office contacts.

Following are the steps included in the monthly reconciliation.

Each month, the National Office will post the invoice to the PSD Share Point Site at **<https://usdagcc.sharepoint.com/sites/fsa-dafp/psd/policy/SitePages/Home.aspx>**. Access the report according to the following:

- Navigate to “FSFL Credit Reports”
- Navigate to “Applicable Month”
- Navigate to “Applicable Year”.

- The National Office will notify the State Office contacts by email to provide:
 - notification that that the monthly invoice has been posted to the FSFL SharePoint Site
 - date the reconciliation report is due
 - name of the National Office POC who will assist in answering questions about the monthly reconciliation.

The most current version of the FSFL Reconciliation Spreadsheet is available at the DAFP Training Site under National Farm Storage Facility Loan Training Policy & Automation at **<https://inside.fsa.usda.gov/program-areas/dafp/dafp-training/index>**.

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 invoice **cannot** be paid until it is completely reconciled, the reconciliation report from State Offices that requested credit reports the previous month **must** be posted to the PSD SharePoint site by the date provided by the National Office. There are **no** exceptions--* to submitting this report.

82 Credit History and Credit Reports (Continued)***--H Monthly Reconciliation of Credit Report Invoice**

The following are National Office contacts for resolving credit report discrepancies:

- Toni Williams at **toni.williams@usda.gov**
- Kimberly Kempel at **kimberly.kempel@usda.gov**
- Robin Dickerson at **robin.dickerson@usda.gov**
- FSFL Policy Mailbox at **fsflpolicy@usda.gov--***.

I State Office Determination of Sites and Designated Employee at Each Site

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

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

The selected employee will be:

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

82 Credit History and Credit Reports (Continued)

J Request for Initial Set Up

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

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

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

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

--Data Facts, Inc. has created user manuals for ordering Individual/Joint Reports (Tazworks) and Entity Reports (Experian BusinessIQ). The user manuals are available on the DAFP Training Site at <https://inside.fsa.usda.gov/program-areas/dafp/dafp-training/index>.--

K Account Password Maintenance

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

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

--Employees must email directly support@datafacts.com to reset an expired password.--

82 Credit History and Credit Reports (Continued)

***--L Alternative Credit Report Options**

State and County Offices may authorize using the following alternate methods to assist with a FSFL financial analysis.

- FLP credit report that is already on file with FLP may only be used if generated within 90 days of both the CCC-185 and submission of information required for the financial analysis. FSA will not pay for an FLP credit report for FSFL's.
- If an Irrevocable Letter of Credit is used for entire loan amount, a credit report is **not** required.
- The producer may obtain a "free" online credit report from a credit reporting agency for loans with an aggregate outstanding balance of \$50,000 or less. The "free" online credit report must be dated within 90 calendar days of the FSFL request. A producer will not be reimbursed for a credit report if charged.

Note: The "free" online credit report must be from 1 of the 3 national credit reporting agencies: Equifax, Experian, or TransUnion.

- For FSFL's with an aggregate outstanding balance of \$25,000 or less, a financial analysis is **not** required, **unless** determined required by STC on a Statewide basis and not on a case-by-case basis, **if** the FSFL applicant is in good standing (no delinquent payments within 24 months) with the FSFL and FLP programs.

Note: The FSA employee with loan approval authority may enter in FBP notes that a financial review was waived according to 1-FSFL, subparagraph 82 K and recommend approval of FSFL.

If 1 of the authorized alternate methods is used as part of the financial review the method selected must be documented on the CCC-195 Processing checklist "Remarks" section.--*

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 information provided is not sufficient 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.

--If authorized by STC, on a Statewide basis, up to 3 years of tax returns may be requested to assist with the financial analysis.--

85 Financial Planning (Continued)

G Financial Analysis

--The financial analysis of an FSFL applicant must be performed by either an FLP or County Office employee with FLP loan approval authority within a reasonable timeframe, no later than 45 calendar days after a complete application package is received in the County Office (including all required forms, supporting documentation requested, and the application fee).--

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.

The Farm Business Plan User Guide 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.

Note: The Farm Business Plan User Guide is located at <https://inside.fsa.usda.gov/program-areas/daflp/software-manuals/index>.

85 Financial Planning (Continued)**G Financial Analysis (Continued)**

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.

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.

***--Note** For FSFL requests with an aggregate outstanding balance of \$50,000 or less, a financial analysis for entity members with the greatest shares is **not** required unless STC determines it is necessary on a Statewide basis and not on a case-by-case basis.--*

***--86 FSFL LRA Training Program**

A FSFL LRA Background

The FSFL LRA training program was implemented to train CED’s to complete a financial analysis and recommend FSFL loan approval or disapproval to COC or STC for loans with an aggregate outstanding balance of \$50,000 or less. The FSFL LRA training includes FSFL loan making, as well as reviewing and recommending FSFL credit actions in FBP. Currently, the intent of the program is:

- to perform financial analysis for FSFL only with an aggregate outstanding balance of \$50,000 or less
- alleviate FSFL workload burdens currently placed on DAFLP staff
- improve the delivery of FSFL’s in counties without a full-time DAFLP presence.
- to provide an individually paced training to SED-selected CED's at no cost.

B LRA Requirements

LRA trainees will be required to commit to the individually self-paced FSFL LRA training program for up to 6 months and must successfully complete a comprehensive proctored exam at the conclusion of the training.

There is no cost associated with enrolling and completing the FSFL LRA training program. The FSFL LRA training course is outlined in the following table:

FSFL LRA Training Course Outline	
Step	Action
1	Review/Study the FSFL LRA training manual and material provided by PSD.
2	Obtain access to FBP from State Office FBP Coordinator and complete FBP training assignments.
3	Complete quizzes 1 through 7 in AgLearn.
4	Complete final exam in AgLearn (proctored).
5	Complete FSFL LRA survey in AgLearn.
6	Complete a financial review for 2 case files assigned by the respective State Office contact within 30 calendar days.
7	The DD, State Office specialist or FLP employee will notify PSD that the financial review was adequately completed.
8	Receive a certificate of completion from the National Office.
9	Start completing financial reviews for FSFL’s with an aggregate outstanding balance of \$50,000 or less. Before loan disbursement, the State Office or DD will review the first 3 loans completed per county, per FY.

--*

87-95 (Reserved)

Part 6 Other Requirements**Section 1 Insurance****96 Multi-Peril Crop Insurance, NAP Requirement, or Dairy Coverage****A Requirements**

For the purposes below, a crop of economic significance is defined as any insurable FSFL commodity that contributes 10 percent or more of the total expected value of all commodities grown by the applicant.

MPCI, NAP, or dairy coverage is **required** on all eligible insurable commodities for all borrowers **with an outstanding aggregate balance** of \$25,000.01 or more:

- stored in the FSFL-funded facility
- economic significance on all farms operated by the borrower in the county where the storage facility is located.

MPCI, NAP, or dairy coverage is **not** required for drying and handling equipment or storage and handling trucks, **unless**:

- determined necessary when the financial analysis is performed; or
- a more restrictive policy has been set by STC on a Statewide basis and **not** on case-by-case basis.

MPCI, NAP, or dairy coverage is **not** required when an Irrevocable Letter of Credit is provided to secure the FSFL, unless determined necessary by the STC.

FSFL dairy producers are required to provide an insurance policy that insures both of the following, at a minimum:

- dairy cattle death
- unexpected decreases in milk production.

96 Multi-Peril Crop Insurance, NAP Requirement, or Dairy Coverage (Continued)

A Requirements (Continued)

If it is determined insurance is not available for the applicable commodity, the producer may request a waiver for the term of the loan and STC or COC may approve or disapprove.

County Offices shall require the producer to provide proof of multi-peril crop insurance and/or verify NAP, or dairy coverage before disbursement, **except** if subparagraph D applies.

If multi-peril crop insurance, NAP, or dairy coverage is **not** available for some of the renewable biomass commodities, then COC minutes **must** document the unavailability of multi-peril crop insurance, NAP, or dairy coverage for each FSFL to which this applies.

Note: LGM or MPP are not required for FSFL eligibility.

B Acceptable Forms of Insurance

Acceptable forms of crop insurance are any level of coverage offered under FCIC, NAP, or dairy insurance policies.

Rainfall and Vegetation Index, Whole-Farm Revenue Protection, farm and ranch insurance policies are acceptable and must specify the eligible commodities being covered.

--RMA's Pasture, Rangeland and Forage Program, PFR insurance is sufficient to insure hay.--

C Acceptable Proof of Insurance

County Offices shall accept proof of crop insurance, NAP, or dairy coverage, such as the following:

- statements of coverage for the applicable crop year
- applications for insurance for the applicable crop year signed by the agent
- other forms of proof acceptable to CED.

Evidence of insurance or a copy of CCC-471 shall be maintained in the FSFL folder.

--Evidence of insurance must be provided by the borrower and documented on the CCC-195 Servicing when received by County Office.--

D Failure to Meet Multi-Peril, NAP, or Dairy Coverage Requirements

County Offices shall ensure multi-peril crop insurance, NAP, or dairy coverage requirements are met before FSFL closing **unless** a waiver has been granted according to paragraph 157.

97 All-Peril Structural Insurance

A Requirements

All-peril structural insurance is **required** to protect CCC's interest in collateral.

B Acceptable Forms of Insurance

County Offices shall:

- *--require applicants to obtain all-peril structural insurance on all 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 or mortgage 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 or mortgage 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 a special flood hazard area

Note: The special flood hazard area is the land in the floodplain that is subject to a flood that has a one percent or greater chance of flooding in any given year, called the base flood. Special flood hazard areas shown on flood insurance rate maps are areas where the requirement to purchase flood insurance applies.--*

- document the review on FSA-850, or other acceptable environmental form
- ensure that FSA-850, item 3 J or EA as appropriate is completed, **except** for environmental reviews being completed for portable equipment or storage and handling trucks where no ground disturbance or construction is involved
- *--document on FSA-850, item 13, "Comments" or on the EA as appropriate that flood insurance coverage is **required**, if the resource is located within the area of potential effect or there is a potential to adversely impact the resource
- attach to FSA-850 or EA as appropriate, any supporting documentation (such as flood maps, base flood elevation, etc.) for evidence that flood insurance coverage is needed,--* if applicable
- see 1-EQ, paragraph 50 for additional guidance regarding applications involving floodplains and properly completing the environmental review. 7 CFR 799.2 (a)(2) states that "Consistent with Departmental Regulation and related Executive Orders, it is FSA policy NOT to approve or fund actions that as a result of their identifiable impacts, direct, indirect or cumulative, would lead to or accommodate either the conversion of these land uses or encroachment upon them."
- Note:** The availability of flood insurance is unrelated to limitations on new development within a floodplain when the action is funded by FSA. Flood insurance only serves to mitigate the risk of loss of value of loan security and in no way limits the environmental impacts of development of or encroachment on a floodplain.
- require the FSFL applicant to obtain flood insurance if the environmental review *--indicates that a proposed project is located within the special flood hazard area (100-year floodplain).--*
- **not** approve FSFL's if flood insurance is required and not obtained or not available.

99 Flood Insurance (Continued)**A Requirements (Continued)**

*--DAFP waiver provisions are **not** available if it has been determined that flood insurance is **required**.--*

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.

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, an environmental review must be completed as provided by 1-EQ to determine whether the proposed action could potentially affect protected resources.

Individual farm participation in FSA programs does **not** normally require an EA or environmental impact statement preparation. However, for FSFL requests, FSA-850 or EA as appropriate **must** still be completed to verify that no protected resources would be affected. If it is determined that there is no potential for the FSFL-proposed action to impact the environment, then the FSA-850 or EA 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, including but not limited to surface water quality, threatened--*~~ and endangered species, and cultural resources.

SEC's are encouraged to work with consulting agencies and tribes to establish local agreements and workflows for expediting consultation processes and agreeing to which types of FSFL projects for which they do and do not want to be consulted. Similarly, they may agree to identify specific areas where they may or may not have an interest in being consulted and thus improve the efficiency of the consultation processes.

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. In order to not delay FSFL processing, development of the environmental review may begin prior to receipt of a completed application. Once an applicant has decided to pursue an FSFL and determined the nature and location of the proposed project a kick-off meeting with completion of 1-EQ, Exhibit 15 should be promptly held. As appropriate, a site visit and consultation letters are to be sent without delay.

109 Overview (Continued)**A Background (Continued)**

***--Example:** A plan to build a farm storage facility is the beginning point. However, additional information is necessary to properly complete the appropriate level of environmental review (FSA-850 or Environmental Assessment) as appropriate. To complete the environmental review, it will be necessary to know some of the specifics of the proposal to adequately assess potential impacts, such as:

- site location
- level of disturbance (earth moving, tree removal, etc.)
- cultural resources (cemeteries, sacred places, etc.)
- permits and plans
- design (size, foundation type etc.)
- infrastructure (electrical, water, gas, roads, and culverts, etc).

This information is necessary to adequately assess potential impacts and send consultation letters.--*

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 environmental reviews must be completed according to 7 CFR Part 799. 1-EQ provides procedure and guidelines for implementation and completing the appropriate level of environmental compliance review or impact analysis.

Note: SEC should be consulted about projects with extraordinary circumstances as well as *--those that would take place and/or potentially affect wetlands or floodplains.

All CCC-185's must have an environmental review completed according to 1-EQ. The environmental review processes including those requiring consultations are explained in 1-EQ. SEC is available for further guidance as necessary and may consult with the FPAC Business Center, Environmental Activities Division at the National Office.--*

Producers may request completion of the environmental review during the planning process before submitting CCC-185 by:

- visiting the County Office and participating in a kick-off meeting to complete 1-EQ, Exhibit 15
- marking an aerial photograph of the proposed location of the structure
- indicating what type of structure they propose to construct
- provide design details or plans as appropriate.

A site visit is **required** to complete the environmental review when any type of ground disturbance, site work, clearing, or construction is involved. A physical site visit is not required for loans only involving portable equipment and storage and handling trucks for which there will be no ground disturbance and no extraordinary circumstances.

An example of a completed FSA-850 is provided at Exhibit 10 for portable equipment and storage and handling trucks.

Note: See 1-EQ for guidance on completing environmental reviews and subparagraph 11 C.

110 Evaluating Potential Environmental Effects (Continued)**A Preparing Evaluations (Continued)**

*--Environmental reviews for all FSFL requests **must** be completed with a finding of no adverse environmental impacts and resolution of all extraordinary circumstances **before action can be taken to initiate a project or the CCC-185D can be approved.**

The preparer and concurring official's signature and date **must** be obtained on environmental review documents as provided by 1-EQ, subparagraph 31 B before the review can be considered acceptable for determining the FSFL is complete. All FSFL's secured by real estate will also be evaluated for the presence of environmental risks (for example: underground tanks, asbestos, or lead-based paint contamination) by completing FSA-851, on the real estate offered as collateral, according to 2-EQ.--*

Note: See 2-EQ, Exhibit 5 for instructions on completing FSA-851.

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.

121 Additional Security Requirements (Continued)

B Real Estate as Additional Security

A lien on the real estate that includes the land where FSFL structure and/or equipment will be located is the preferred additional security.

After receiving guidance from the FSA employee with loan approval authority, FSFL's **must** be determined to be adequately secured according to this paragraph. See paragraph 122 for guidance on valuing real estate security.

For FSFL amounts secured by real estate, CCC's interest in the real estate shall be superior to all other lienholders. If the real estate is covered by a prior lien, a lien subordination may be obtained by a form approved for usage in the State by the regional OGC.

If FSA holds a superior lien on applicable real estate through a direct FLP loan, a subordination agreement is **not** required. However, a junior lien on the real estate **must** be filed as security for FSFL.

If prior lienholders will **not** subordinate to CCC, COC may approve alternative forms of security, such as the following:

- second lien position only if **both** of the following apply:
 - CCC is adequately secure
 - FSA-2319 or a similar agreement is executed by the prior lienholder, following requirements specified by the regional OGC, **not** to extend additional liens on the property

Exception: CCC will **not** require FSA-2319 or a similar agreement from any USDA Agency.

- first lien on different real estate
- Irrevocable Letter of Credit.

Note: See subparagraph E for additional Irrevocable Letter of Credit guidance.

Items, such as livestock, machinery, vehicles, and other equipment, are **not** authorized to be used as additional collateral for FSFL.

*--For FSFL's with an aggregate outstanding balance of \$250,000 or less, STC (Statewide and not on a case-by-case basis) is authorized to approve the change of FSFL's security collateral after the loan has been disbursed. The approval must be documented in the STC meeting minutes and producer's FSFL file.

For FSFL's with an aggregate outstanding balance greater than \$250,000, a DAFP waiver is required when a request is received from the borrower to change collateral initially provided for FSFL security after the loan has been disbursed.--*

121 Additional Security Requirements (Continued)**C Real Estate Lien Guidelines**

The lien should cover specific acreage, including the entire parcel of real estate underlying the collateral that is:

- sufficient in size and value in the approving COC's or STC's, as applicable, opinion to ensure FSFL payment

Note: If necessary, consult with an FSA employee with loan approval authority to determine real estate value.

- a **salable unit** in the event of foreclosure.

D Land Separate From the Facility

Real estate liens may cover acreage separate from the facility, if an adequate lien on the underlying real estate is **not** feasible, and if all of the following apply:

- applicant owns the separate acreage that is **not** subject to any other liens or mortgages that would be superior to CCC's lien interest

Note: If there is a prior lien of record, a subordination agreement is **required** to give CCC a first lien position.

- acreage of the entire parcel is adequate in size and value, in the approving COC's or STC's, as applicable, opinion, to adequately secure and insure FSFL payment.

If FSA holds a first lien on the applicable real estate through a direct FLP loan, a subordination agreement is **not** required. However, a junior lien on the real estate **must** be filed as security for FSFL.

STC's have authority to approve using real estate owned by someone other than the applicant. This will be a Statewide determination and **not** on a case-by-case basis. In all cases, a CCC-297 will be **required**.

Note: See subparagraph 122 E and Exhibit 51 when applying value to the FSFL structure separate from real estate.

121 Additional Security Requirements (Continued)

E Irrevocable Letters of Credit or Bonds

Other forms of security may be considered to be acceptable by the approving COC or STC, as applicable, such as Irrevocable Letters of Credit, bonds, or similar CCC-approved instruments.

*--The original Irrevocable Letter of Credit, 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 all FSFL's (regardless of the loan amount) 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.

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)

H County TAV (Continued)

Under this option, and if authorized by STC, COC may determine the value of FSFL structure to equal **up to**, but **not** exceed, **50** percent of FSFL amount, **if** the facility is located on the property to be mortgaged.

Example: CCC-185 submitted for a \$250,000 FSFL that requires additional security. STC has approved COC's to allow the value of the new FSFL structure to equal 50 percent of FSFL amount, or in this case, \$125,000. Real estate security without any value given to the FSFL structure **must** equal \$125,000. Current county tax bill shows the assessed value of an 80 acre parcel to be \$62,500. The County Assessor provides CCC written documentation that indicates TAV is 50 percent (\$62,500 x 2 = \$125,000).

\$250,000	FSFL amount.
<u>- 125,000</u>	Value of structure STC authorizes COC to use.
\$125,000	Real estate security needed.
\$125,000	Real estate security value (TAV must equal \$125,000).

In this example, CCC has first lien on the 80 acre parcel. With the new structure and first lien on the 80 acres, CCC is secure.

I Additional Authorized Methods

If any of the authorized methods in this subparagraph are used:

- and if authorized by STC, COC may assign a value to the structure of no more than **50 percent** of FSFL amount, **if** the structure is located on the property to be mortgaged unless a more restrictive policy has been set by STC

Note: If the structure is **not** located on the property being mortgaged, the structure may be valued at no more than **20 percent** of the FSFL amount according to subparagraph E.

- the value of the structure and real estate **must** equal at least 125 percent of FSFL.

To ensure that FSFL's are adequately secured, County Offices **must** use the most practicable method and be conservative in judgment when determining the value of FSFL security.

122 Valuation of Security (Continued)

I Additional Authorized Methods (Continued)

If the following methods are available by county or regional areas, it is recommended that County Offices primarily use that method. County Offices, with the assistance of an FLP loan approval official when necessary, are authorized to use the following methods when determining value of FSFL security:

*--NASS Land Values 2021 Summary published annually in August

Note: The NASS Land Values and 2021 Summary can be obtained at https://www.nass.usda.gov/Publications/Todays_Reports/reports/land0821.pdf. The NASS publications may also be available for individual States by county or regional areas.

Example: The NASS Land Values 2021 Summary was used to determine the value of crop land for 2021 for FSFL 2021-00002. The South Carolina 2021 Cropland Value was valued at \$2,900 per acre and is determined to be conservatively reasonable. Therefore, 120 acres of cropland times \$2,900 equals \$348,000. NASS Land Values 2021 Summary, page 11 is filed in the producer's--* FSFL folder for reference.

- market value estimate from a FSA employee with loan approval authority.

Note: Must be documented and **cannot** use appraisals from other producers.

- NIFA farm land value surveys
- land-grant university published reports
- State or county published Agricultural Sales and Median Ratio Report.

Important: The authorized method selected **must** be maintained in FSFL folder or a referenced folder and include the methodology used to determine the security value for FSFL.

158 Approval Extensions (Continued)

D Review of Applicant Request for Extension

STC's, delegated SED's, or COC's shall:

- grant the extension **only** if the applicant meets the requirements in subparagraph C
- grant extensions only for the time necessary to complete the FSFL project
- **not** grant automatic extensions
- if determined an extension will be granted, approve extensions on CCC-185D, item 8B or 8C, by notating the next expiration date.

E Requests for Extensions Beyond 12 Months

See subparagraph 185 F for a **required** financial review if FSFL closing has been delayed for more than a year.

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

STC's **must** use discretion when approving extensions beyond 12 months, **not** to exceed 18 months of the original FSFL approval date.

* * *

F Requests for Extensions Beyond 18 Months

DAFP waiver is **required** for extensions beyond 18 months of the original FSFL approval date.

159-169 (Reserved)

176 Determining Final FSFL Amount and Making Changes to FSFL Amount**A Calculating FSFL Amount**

Because the exact amount of the partial and final FSFL disbursements **cannot** be determined before the FSFL project is completed, it may be necessary to increase or decrease the approved and obligated amounts for each FSFL when the total for each disbursement has been determined.

County Offices shall calculate the amount to be disbursed according to paragraph 175.

B Increase in FSFL Amount

If FSFL amount increases, County Offices shall:

- obtain reconsideration of financial analysis by an FSA employee with loan approval authority and by the applicable approving authority identified in subparagraph 10 B, if final review indicates that:
 - final costs exceed the amount on which the original approval was based
 - final documentation includes items **not** in the original approval

Example: FSFL for \$95,000 was originally approved by COC. Final costs indicate that the new FSFL amount will be \$101,000. DD review is **required** before COC can approve the additional FSFL amount.

Exception: A financial analysis is not required if the loan will be secured entirely with an Irrevocable Letter of Credit, unless it is required by STC. A Letter of Intent should have accompanied the FSFL request providing an Irrevocable Letter of Credit will be provided before closing to secure the entire FSFL.

176 **Determining Final FSFL Amount and Making Changes to FSFL Amount (Continued)**

B Increase in FSFL Amount (Continued)

- if an increase of up to 10 percent of FSFL is requested by the borrower after FSFL has been approved, a new financial analysis is **not** required, unless it is required by STC

Note: The applicable approving authority could review the increase request without a new financial analysis.

- if the approving authority determines the borrower is eligible for the increased FSFL amount, document this in COC or STC minutes
- in CCC-185D, complete Part B, Items 11 A through 12 C
- request additional funding according to 2-FSFL, subparagraph 351

Note: The interest rate does **not** change.

--document the increase or decrease of the FSFL amount on the CCC-185 and CCC-185D and have the contact producer initial and date the change(s).--

C Change in FSFL Term

The borrower may request to change the FSFL term before the final FSFL disbursement **if**:

- the final FSFL amount qualifies for a different FSFL term
- a new financial analysis indicates the annual payments will be manageable.

Documentation supporting the longer FSFL term **must** be maintained in the FSFL folder.

177-184 **(Reserved)**

Section 2 Disbursing FSFL's

195 Preparing CCC-186

A Preparing CCC-186

See 2-FSFL, Part 6 for the following DLS FSFL automation procedures:

- disbursement
- check request
- preparation of CCC-186
- FSFL closing.

The CCC-186 shall be generated in DLS and **must** be prepared according to 2-FSFL, *--paragraph 401. Once the CCC-186 is printed, a 2nd party review must be completed by an employee who did not generate the CCC-186 in the DLS FSFL automated system. The employee who completes the 2nd party review of the CCC-186 must initial and date the applicable CCC-195-A, Item 10I or CCC-195B, Item 10C. Second party reviewers must pay particular attention to ensure the loan term is correct on the CCC-186.--*

See Exhibit 67 for an example of CCC-186.

195 Preparing CCC-186 (Continued)

B FSA Representative Execution of Note

CCC or FSA representative **must** execute CCC-186. This may be CED, acting CED, or COC member. If STC has delegated authority to execute FSFL documents according to subparagraph 10 A, an FSA loan approval official may execute CCC-186.

C Process Loan Closing

Immediately after all required signatures and dates are obtained on the CCC-186, the applicable State and/or County Office **must** input the loan closing in DLS. See 2-FSFL, paragraph 401.

A When CCC-297 Is Required

CCC-297 is used to sever FSFL storage structure collateral from real estate.

If necessary, each State shall issue a State supplement to provide additional CCC-297 guidance obtained from the regional OGC.

CCC-297 is **required**, regardless of FSFL amount or the down payment amount, for:

- FSFL's where the structure is placed on real estate security that is owned by someone other than the borrower
- **all** FSFL assumptions signed by the assuming borrowers and co-borrowers.

Note: If FSFL is being assumed and the remaining co-borrowers will continue to meet the FSFL eligibility requirements, CCC-297 may not be required.

Unless waived in subparagraph B, County Offices shall obtain CCC-297 from:

- superior lienholders, including FSA, **unless** waived by regional OGC
- the lienholder of the property, where the facility is located, if constructed on leased or rented land
- all landowners on the real estate where the facility is located.

CCC-297 shall be signed by the owner of the real estate and filed with the appropriate county real estate records **before** FSFL closing. See Exhibit 68 for guidance on completing CCC-297.

196 CCC-297 (Continued)

B When CCC-297 Is Not Required

*--For loan amounts equal to or less than \$100,000, or when the aggregate outstanding FSFL's balance will be equal to or less than \$100,000, CCC will **not** require a severance agreement from the holder of any prior lien on the real estate parcel on which the facility is located. However, DAFP, or STC may, at their discretion, require a severance agreement for loan amounts greater than \$50,000 or less than \$100,000 for all FSFL's in the State.--*

CCC-297 is **not** required if any of the following apply:

- collateral is considered a nonfixture
- an FSFL is secured by a first lien on the underlying real estate, **except** when the borrower is **not** the owner of the real estate.

* * *

- the loan is secured with an Irrevocable Letter of Credit for the full value of the FSFL unless determined necessary by the regional OGC and/or STC.
- the regional OGC waives the requirement for CCC-297 because State law makes using such an agreement unnecessary