



United States
Department of
Agriculture

Farm Service Agency

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Fact Sheet

Farm Storage Facility Loan Program

Montana State Producer Handbook



Background

Under the Commodity Credit Corporation (CCC) Charter Act, USDA may make loans to producers to build or upgrade farm storage and handling facilities. USDA's Farm Service Agency (FSA) administers the Farm Storage Facility Loan Program.

Facility Loan Commodities

Commodities covered under this storage program are rice, soybeans, dry peas, lentils, small chickpeas, peanuts, sunflower seeds, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined and announced by CCC. Corn, grain sorghum, oats, wheat, or barley harvested as whole grain or other than whole grain are also eligible.

Eligible Borrowers

An eligible borrower is any person who, as landowner, landlord, operator, producer, tenant, leaseholder, or sharecropper:

- Has a satisfactory credit history, no delinquent Federal debt, and demonstrates an ability to repay debt;
- Is a producer of a facility loan commodity;
- Demonstrates a need for increased storage capacity if applying for a loan for a storage structure;
- Provides proof of crop insurance offered under the Federal Crop Insurance (FCIC) program;

- Is in compliance with USDA provisions for highly erodible land and wetlands;
- Demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures;
- Provides proof of all peril structural insurance to CCC annually and proof of flood insurance if CCC determines such insurance is necessary to protect the interests of CCC;
- Demonstrates compliance with the National Environmental Policy Act regulations, and;
- Has not been convicted under Federal or State law of a disqualifying controlled substance violation.

Eligible Storage or Handling Equipment

Loans may be made only for the purchase and installation of eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities.

Eligible facilities and equipment include:

- New conventional-type cribs or bins designed and engineered for whole grain storage and having a useful life of at least 10 years;
- New oxygen limiting and other upright silo-type structures designed for whole grain storage or other than whole

- grain wet storage having a useful life of at least 10 years;
- Re-manufactured oxygen-limiting storage structures built to original manufacturer's design specifications using original manufacturer's rebuild kits having a useful life of at least 10 years;
- New structures that are upright, bunker-type, horizontal, or open silo structures with at least 2 concrete walls and a concrete floor, designed for whole grain storage or other than whole grain storage having a useful life of at least 10 years;
- New permanently affixed grain handling equipment and grain drying equipment determined by FSA to be needed and essential to the proper functioning of a grain storage system, with or without a loan for storage structures;
- Existing storage renovated according to FSA regulations without an increase in storage capacity;
- New electrical equipment, such as lighting and motors integral to the proper operation of grain storage and handling equipment, excluding the installation of electrical service to the electrical meter;
- New equipment to improve, maintain or monitor the quality of stored grain;
- Safety equipment as required by CCC; and
- New flat-type storage structures, including a permanent concrete floor and

bulkheads, designed for and primarily used to store whole grain for the term of the loan.

Ineligible Structures

Storage structures for commercial purposes (the storage of grain for others, whether paid or unpaid) are ineligible for loans, as are portable handling or drying equipment and portable or permanent weigh scales.

How to Apply

The applicant must:

- Complete all items on form CCC-185 (Loan Application and Approval for Farm Storage and Drying Equipment Loan Program);
- Pay a non-refundable application fee of \$45.00 to the local county FSA office;
- Provide copies of contracts, project cost breakdown, copies of site plans or estimates for all proposed work;
- Provide form FSA 440-32 (Financial Statement);
- Provide proof of Multi-peril crop insurance;
- Provide legal description of parcel (s) of land to be offered as security and legal description of land where facility will be placed;
- File CCC-10 (Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents).

FSA will conduct an Environmental & Historical Evaluation **before** the work begins.

Applicant Responsibilities

County Committees may approve delivery of storage structure parts,

site preparation, and foundation construction before the loan is approved; however, NOT before the environmental evaluation is completed. Upon approval for a storage loan, applicants are given 4 months to complete construction and to submit cost documentation so FSA can compute the final loan amount. Under certain circumstances, an extension of the 4-month loan approval period may be granted.

Loans cannot be disbursed until construction is complete, applicants provide final cost documentation, final net cost is determined, and the facility is inspected by FSA.

Term of Loan

The maximum term of the loan is 7 years. No extensions will be granted.

Security for Loan

All loans shall be secured by a promissory note and security agreement. For loans where the approving committee determines further security is required, loans exceeding \$50,000, or where a borrower's aggregate outstanding loan balance exceeds \$50,000, a lien on the real estate on which the farm storage facility is located will be required in the form of a real estate mortgage, deed of trust, or other security instrument approved by CCC.

Loan Amount

The maximum principal amount of any farm storage facility loan shall be 85 percent of the net cost of the applicant's needed storage or handling equipment not to exceed \$100,000 for each borrower signing the note and security agreement.

Down-Payment

A minimum down payment representing the difference between the net cost of the storage facility and the amount of the loan shall be made by the loan applicant to the supplier or contractor before the loan is disbursed.

Interest

Loans shall bear interest at the rate equivalent to the rate of interest charged on U.S. Treasury securities of comparable maturity on the date the loan is approved. The interest rate for each loan will remain in effect for the term of the loan.

Other requirements may apply.

For More Information

For more information about this or any other FSA program, contact your FSA local office, or visit Montana FSA's home page at: <http://www.fsa.usda.gov/mt>

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