

For: State and County Offices

**FSFL Program Approval Authority**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

COC and STC are currently authorized to approve FSFL's.

**Note:** STC's are the approval authority for all:

- FSFL's with a total principal amount over \$250,000
- renewable biomass FSFL's.

Approval of FSFL's has been delayed because the timing of the STC meeting does not always coincide with when CCC-185's needing their approval are received in the State Office. Consequently, FSFL applicants have had to wait until the next scheduled meeting, up to a month, for their CCC-185's to be approved.

In addition, STC's are required to request a waiver for approval from DAFP when FSFL construction was started before loan approval.

**B Purpose**

This notice informs State and County Offices that effective on May 5, 2010:

- STC's are authorized to delegate FSFL approval to SED only
- that specific FSFL's where construction of the loan started before loan approval can be approved by STC and will **no** longer require a DAFP waiver.

Disposal Date	Distribution
August 1, 2010	State Offices; State Offices relay to County Office

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### 1 Overview (Continued)

#### C Contact

If there are questions about this notice, contact DeAnn Allen, PSD by 1 of the following:

- e-mail at [deann.allen@wdc.usda.gov](mailto:deann.allen@wdc.usda.gov)
- telephone at 202-720-9889
- FAX at 202-690-3307.

### 2 FSFL's Requiring STC Approval

#### A Regular FSFL's With a Principal Amount Over \$250,000

STC's are the approval authority for FSFL's with a principal amount over \$250,000. Because of the schedule of STC meetings, the approval of many FSFL's can be delayed for a month until STC is scheduled to meet.

#### B Authority to Re-Delegate to SED Regular FSFL Approval Authority

Effective on May 5, 2010, STC's may re-delegate to SED, only, the FSFL approval authority for loans with a principal amount over \$250,000.

If authorized by STC, SED will be the approval authority for FSFL's between STC meetings.

SED will be responsible for ensuring that all the following requirements are met:

- applicant eligibility
- equipment eligibility
- collateral security.

The interest rate will be based on the date SED approves the loan, as indicated by their signature and date in CCC-185, item 15.

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### 3 Expanded STC Authorized Approval Authority

#### A FSFL's Where Construction Started Before Loan Approval

FSFL's, where construction started before loan approval, have required STC to request a DAFP waiver authorizing approval.

Effective as of May 5, 2010, STC's may approve FSFL's where construction started before loan approval if **all** of the following apply:

- total loan principal of the applicable loan application is \$250,000 or less
- total of this CCC-185 and all other outstanding FSFL's to the same borrower is \$300,000 or less
- CCC-185 and all documentation required for the financial analysis is submitted to the County Office within 3 months after construction completed
- all applicant eligibility, equipment eligibility, and collateral security requirements are met
- FSA-850, and if applicable, FSA-851 are completed with no significant adverse impacts identified.

If all these provisions apply:

- DAFP waiver is **not** required
- loan approval date will be the date STC approves FSFL.

**Note:** The interest rate of FSFL is based on loan approval date.

FSFL applicants starting construction before loan approval **must** be informed that:

- approval and funding is **not** guaranteed
- applicant started construction at their own risk and **without** creating any liability on CCC's behalf.

#### B Re-Delegation of Approval Authority to SED

STC may re-delegate approval authority of FSFL's where construction started before loan approval to SED only.

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### 4 Action

#### A STC Action

STC's shall determine if FSFL approval authority is delegated to SED for:

- regular FSFL's over \$250,000
- FSFL's where construction started before loan approval, if all provisions in subparagraph 3 A apply.

Document such authority in the STC executive minutes.

#### B SED Action

SED shall, if delegated the authority by STC, approve:

- FSFL's over \$250,000
- FSFL's where construction started before loan approval, if all provision in subparagraph 3 A apply.

All FSFL's approved by SED will be:

- reviewed with STC at their next regular meeting
- included in the STC minutes, indicating the approval date.