

For: State and County Offices

**FSFL Program Changes**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

FSFL regulations incorporating the changes mandated by the Food, Conservation, and Energy Act of 2008, will be published as a final rule in FR on August 18, 2009.

Effective August 17, 2009, producers may begin submitting CCC-185's under the new provisions provided in FSFL regulations found at 7 CFR Part 1436.

**Note:** 1-FSFL will be amended to incorporate the changes detailed in this notice.

**B Purpose**

This notice:

- informs State and County Offices of the changes to the FSFL program
- obsoletes Notice FSFL-56 to correct reissued FSFL notice numbers that were cross referenced in the obsolete notice
- removes "raw or refined sugar" as eligible FSFL commodities in subparagraph 3 A.

**C Contact**

State specialists with questions about this notice shall contact DeAnn Allen by either of the following:

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

<b>Disposal Date</b>	<b>Distribution</b>
January 1, 2010	State Offices; State Offices relay to County Offices

## **Notice FSFL-61**

### **2 General Information**

#### **A Major Changes to the FSFL Program**

Major changes to the FSFL Program are as follows:

- adds eligible FSFL commodities as follows:
  - fruit and vegetable cold storage facilities
  - hay and renewable biomass
- adds FSFL terms of 10 and 12 years
- authorizes 1 partial disbursement
- increases the maximum FSFL amount to \$500,000 per FSFL
- allows borrowers to increase the required down payment from 15 percent to 20 percent to negate the requirement for a severance agreement
- increases the FSFL application fee to \$100 per eligible borrower.

## Notice FSFL-61

### 2 General Information (Continued)

#### B Index of FSFL Topics

The following provides topics and the paragraph references in this notice that provides detailed information applicable to that topic.

IF FSFL Program topic is...	THEN see...
eligible commodities	paragraph 3 and Notice: <ul style="list-style-type: none"> <li>• FSFL-62 for hay and renewable biomass</li> <li>• FSFL-63 for FAV's.</li> </ul>
terms and interest rates	paragraph 4.
amounts and borrower requirements	paragraph 5.
partial and final disbursements	paragraph 6.
severance agreements	paragraph 7.
security	paragraph 8.
application fees	paragraph 9.
useful life of facilities	subparagraph 10 A.
changes to farming operations	subparagraph 10 B.
no resale collateral value	subparagraph 10 C.
approval authority	subparagraph 10 D.
approval period extensions	subparagraph 10 E.
purpose of facility	subparagraph 10 F.
portion of structure <b>not</b> used for FSFL commodity storage	subparagraph 10 G.
crop insurance requirements	subparagraph 10 H.
submitting applications	subparagraph 10 I.
storage need requirements	subparagraph 10 J.
types of structures and equipment allowed	paragraph 11 and Notice: <ul style="list-style-type: none"> <li>• FSFL-62 for hay and renewable biomass</li> <li>• FSFL-63 for FAV's.</li> </ul>

#### C FSFL Software

FSFL software allowing changes to FSFL's was broadcast to the field on August 17, 2009, according to Notice FSFL-65.

## Notice FSFL-61

### 2 General Information (Continued)

#### D CCC-185's

CCC-185:

- is first completed manually
- has been revised to provide a place to enter the requested FSFL term (Exhibit 1, item 3B)
- dated August 17, 2009, will be the **only** manual version accepted on or after August 17, 2009
- can be printed from the FFAS Employee Form/Publication Website at **<https://intra3.fsa.usda.gov/dam/ffasforms/currentforms.asp>**.

**Note:** County Offices shall print, from the FFAS Employee Form/Publication Website referenced in this subparagraph, an adequate number of blank copies of the revised CCC-185 to use as manual applications. **Earlier versions of CCC-185 must be destroyed.**

County Offices shall:

- assist the applicant in manually completing CCC-185 printed from FFAS forms web site
- enter CCC-185 into the FSFL software when the FSFL software broadcast has been received in the County Office according to Notice FSFL-65
- proceed with the FSFL approval process.

**Note:** CCC-185 **must** be approved by the approving authority designated in subparagraph 10 D. The approving authority **must** complete and sign CCC-185, page 2, items 14 and 15 when approved.

When the software is released, County Offices shall:

- enter the approval date and amount when approved by authorized approval authority
- proceed according to Notice FSFL-65 with FSFL disbursement or disbursements when applicable.

## Notice FSFL-61

### 3 Eligible FSFL Commodities

#### A Eligible FSFL Commodities

Eligible commodities for FSFL's include the following:

- feed grains, harvested as whole grain or other than whole grain as follows:
  - barley
  - corn
  - grain sorghum
  - oats
  - wheat
- FAV's (including nuts)
- hay
- oilseeds as follows:
  - canola
  - crambe
  - flaxseed
  - mustard seed
  - rapeseed
  - safflower
  - sesame seed
  - soybeans
  - sunflower seeds
- peanuts
- pulse crops as follows:
  - chickpeas
  - dry peas
  - lentils
- renewable biomass
- rice.

**Note:** Subparagraphs B, C, and D provide additional information on FAV's, hay, and renewable biomass.

## Notice FSFL-61

### 3 Eligible FSFL Commodities (Continued)

#### B FAV's

FAV's have been added as eligible FSFL commodities and cold storage facilities as eligible structures.

Exhibit 2 provides a list of FAV's eligible as an FSFL cold storage facility.

A separate FSFL notice will be issued with provisions specific to FAV's and eligible cold storage facilities.

**Note:** Controlled atmosphere storage structures are **not** eligible for FSFL.

#### C Definition of Hay

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

- commonly used grass mixtures including:
  - brome
  - costal Bermuda
  - fescue grass
  - orchard grass
  - rye grass
  - timothy grass
  - other native grass species prevalent in the region
- forage legumes including:
  - alfalfa
  - clovers

**Note:** Grain legumes for hay are also included, and are defined as hay where the entire plant, including the seeds, is harvested at maturity and used for animal feed.

**Examples:** Examples of grain legumes are as follows:

- lentils
- peanuts
- peas
- soybeans.

A separate FSFL notice will be issued with provisions specific to hay.

## Notice FSFL-61

### 3 Eligible FSFL Commodities (Continued)

#### D Definition of Renewable Biomass

Renewable biomass is defined as 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:

- 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 material including, but **not** limited to:
  - wood waste
  - wood residues
  - food waste
  - yard waste.

**Manure from any source is not included.**

A separate FSFL notice will be issued with provisions specific to renewable biomass.

## Notice FSFL-61

### 4 FSFL Terms and Interest Rates

#### A FSFL Terms

FSFL terms are 7, 10, or 12 years, with term determined by the total FSFL principal and the borrower.

Total principal amount term options for FSFL's are as follows:

- \$100,000 or less the term is **7 years only**
- \$100,000.01 to \$250,000, the borrower can specify **7 or 10** years
- \$250,000.01 - \$500,000, the borrower can specify **7, 10, or 12** years.

For FSFL's over \$100,000, the applicant has an option in the term. The requested term **must** be specified when CCC-185 is submitted, because the required financial analysis **must** take into account the annual installment payment amount.

To support the requested FSFL amount and term, the applicant **must** provide the following information to the County Office when completing CCC-185:

- purchase order or contract
- written cost estimates.

**Note:** Because the term is based on total FSFL amount, (85 percent of the total eligible costs), County Offices **must** keep copies of **all** documentation presented by the applicant, with CCC-185, on file to support the 10 and 12 year FSFL terms.

#### B Interest Rates for FSFL Terms

FSFL interest rates are equivalent to the interest rate charged on Treasury Securities of comparable term and maturity.

The FSFL interest rate:

- is the rate in effect for the specified FSFL term at initial FSFL approval
- remains in effect for the entire FSFL term.



## Notice FSFL-61

### 4 FSFL Terms and Interest Rates (Continued)

#### B Interest Rates for FSFL Terms (Continued)

FSFL interest rates:

- are updated every month
- can be different for the 7, 10, or 12 year FSFL terms.

**Example:** This is an example of the various interest rates based on each FSFL term for FSFL's approved in a given month:

- 7 year term – 2.375 percent
- 10 year term – 2.75 percent
- 12 year term – 3 percent.

The monthly interest rates for the three FSFL terms:

- will be published on FSA web site
- posted in County Offices
- automatically downloaded to the FSFL interest rate table in the County Office software.

### 5 FSFL Amounts and Borrower Requirements

#### A FSFL Amount

The maximum amount of any FSFL shall **not** exceed \$500,000.

Total principal amount term options for FSFL's are as follows:

- \$100,000 or less the term is **7 years only**
- \$100,000.01 to \$250,000, the borrower can specify **7 or 10** years
- \$250,000.01 to \$500,000, the borrower can specify **7, 10, or 12** years.

Only one FSFL is allowed on a stand alone structure.

#### B Borrower Requirements

To be eligible for FSFL, the borrower **must**:

- be a producer of a facility loan commodity
- demonstrate a need for increased storage capacity
- show the ability to repay FSFL through the financial analysis process
- meet all other eligibility requirements.

The entity or person rule **no** longer applies.

## Notice FSFL-61

### 5 FSFL Amounts and Borrower Requirements (Continued)

#### C Examples

This is an example of 1 structure and FSFL amount available.

The total cost of one FSFL storage structure and eligible equipment totals \$800,000. The borrower is limited to one FSFL for \$500,000 on this storage structure. One FSFL for \$500,000 and a separate FSFL for \$300,000 on the same storage structure will **not** be allowed.

This is an example of 2 structures and the number of FSFL's available.

A producer wants to build **2 separate** bins totaling \$800,000. The borrower is limited to one FSFL for \$500,000 unless 2 separate FSFL's are requested. Because the bins are 2 separate structures, two FSFL's can be requested, 1 for each separate bin totaling \$400,000 each minus the 15 percent required downpayment for each loan.

### 6 FSFL Disbursements

#### A FSFL Disbursement Policy

So that borrowers can facilitate the purchase and construction of a facility, 1 partial and 1 final principal disbursement are available per FSFL.

A partial disbursement is **not** required; borrowers may request only a final disbursement when the facility has been completed.

#### B Partial Disbursements

One partial disbursement:

- may be requested by the borrower when a portion of the construction has been completed
- will be commensurate with the amount of construction completed
- can be disbursed at the maximum amount of 50 percent of the projected and approved total FSFL amount, **not** to exceed \$250,000.

To receive a partial disbursement, the following is **required**:

- acceptable documentation providing the cost of the completed portion
- security required for the principal amount **before** the partial disbursement is closed.

## Notice FSFL-61

### 6 FSFL Disbursements (Continued)

#### B Partial Disbursements (Continued)

The following examples explain the maximum amount of the partial disbursement allowed.

FSFL is approved for \$125,000. The applicant completes the site preparation, foundation, and the shell of the steel bin. Bills are presented to the County Office for \$100,000. The bills presented are over half of the approved total FSFL amount. The maximum partial disbursement the borrower can receive on this FSFL is \$62,500. Acceptable security is **required** on this FSFL **before** the partial disbursement is closed.

FSFL is approved for \$100,000. The applicant completes the site preparation and foundation of the steel bin. Bills are presented to the County Office for \$25,000. The maximum partial disbursement the borrower can receive on this FSFL is \$25,000. Additional security is required before the **final** FSFL disbursement; however, for the \$25,000 partial disbursement, only UCC-1 filing is required.

If the applicant requests the partial disbursement:

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

County Offices shall:

- assist producers with completing 1 manual CCC-185 for the total FSFL amount requested
- enter 2 separate FSFL's into the FSFL software according to Notice FSFL-65.

**Notes:** Currently, to process the partial and final FSFL disbursements, 2 separate FSFL's are required in FSFL software; one FSFL for 50 percent of the requested FSFL total will be initially entered into the FSFL software for the partial disbursement, and another FSFL for the other 50 percent of the requested FSFL amount will be entered into the FSFL software for the final disbursement.

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

- enter the approval date and amount for each FSFL when the requested facility has been approved by COC or STC
- follow Notice FSFL-65 for instructions on issuing the partial and final disbursements

## Notice FSFL-61

### 6 FSFL Disbursements (Continued)

#### B Partial Disbursements (Continued)

- see subparagraph 8 D for loan security requirements for FSFL's with partial and final disbursements
- see paragraph 9 for application fees for FSFL's with partial and final disbursements.

#### C Final Disbursement

CCC will disburse FSFL, or make the final disbursement, when all security requirements have been met and the **entire** facility has been:

- assembled
- constructed
- determined to be free of liens other than CCC's by a final lien search
- inspected and approved by a COC representative
- installed.

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

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

If a partial disbursement has been issued, the term on the amount disbursed **cannot** be adjusted because CCC-186 establishing the interest rate and term have already been completed and the lien perfected.

**Note:** If a partial disbursement has been issued, and the final disbursement amount indicates that FSFL was approved at a longer term than should have been allowed, the final disbursement will be allowed to be made at the term originally determined **if** documentation is on file supporting the original FSFL term in the form of:

- written estimates from all suppliers
- purchase order or contract.

This example explains when a term longer than authorized is allowed.

Documentation originally presented by the applicant indicated that the entire facility would cost \$120,000. The amount eligible for FSFL is 85 percent or \$102,000. This principal amount qualifies for a 7 or 10 year term. The applicant requested a 10 year term when CCC-185 was originally submitted. When the final costs were presented, the total cost of the facility was \$116,000, of which 85 percent is \$98,600. FSFL term for this amount is only 7 years. Because the original term was based on written estimates from all suppliers, the 10 year term is allowable.

## Notice FSFL-61

### 6 FSFL Disbursements (Continued)

#### C Final Disbursement (Continued)

**Note:** COC **must** document, on a case-by-case basis, approval for using a longer term in both the FSFL folder and COC minutes. Documentation supporting initial approval of the longer term **must** be maintained in the FSFL folder.

### 7 Severance Agreement Policy

#### A Severance Agreements

County Offices are **required** to obtain severance agreements to sever FSFL storage structures from the real estate.

Severance agreements are:

- required from:
  - prior or superior lien holders, including FSA
  - borrower, if the borrower has an interest in the real estate
  - lien holders of the property where the facility is located, if constructed on leased or rented land
- **not** required if:
  - collateral is considered a nonfixture
  - FSFL is secured by a first lien on the underlying real estate
  - regional attorney waives the requirement for a severance agreement because State law makes using severance agreements unnecessary
  - borrower agrees to do either of the following:
    - increasing the down payment on the storage facility
    - providing another form of security acceptable to the Secretary.

If the borrower increases the down payment from 15 percent to 20 percent, severance agreements will **not** be required. The applicant **must** be informed of and request this option when CCC-185 is submitted.

This option only applies to FSFL's of \$50,000 or less because all other FSFL's already require additional security and, in most instances when CCC has a mortgage on the real estate, the facility is **not** severed from the real estate.

## Notice FSFL-61

### 8 FSFL Security Requirements

#### A FSFL Security

All FSFL's are secured by CCC-186 covering the farm storage facility.

CCC-186's **must**:

- grant CCC a security interest in the collateral
- be perfected according to the laws of the State where the collateral is located.

#### B Additional Security Requirements

Additional security is required on FSFL's as follows:

- all FSFL's exceeding \$50,000
- where the aggregate outstanding balance of all loans to a borrower exceeds \$50,000
- FSFL's where COC determines that additional security is required as a result of financial analysis
- FSFL's of \$50,000 or less with no resale collateral value as determined by CCC (paragraph 10 C).

See 1-FSFL, paragraph 14 for the approved forms of security.

#### C Real Estate Liens

FSFL's will be adequately secured when the real estate security for FSFL is at least equal to the FSFL amount.

A subparcel of real estate used as security **must**:

- be of adequate size and value when CCC-185 is submitted to adequately secure and insure FSFL repayment
- **not** be subject to any other liens or mortgages that are superior to CCC's lien interest.

Real estate liens may cover land separate from the collateral if **all** of the following apply:

- a lien on the underlying real estate is **not** feasible
- the borrower owns separate acreage that is **not** subject to any other liens or mortgages that would be superior to CCC's lien interest
- the lien is of adequate size and value to adequately secure and insure FSFL repayment.

## Notice FSFL-61

### 8 FSFL Security Requirements (Continued)

#### D Partial and Final FSFL Closings Using Real Estate as Additional Security

When real estate is used for the required additional security for the:

- partial disbursement, security applicable to the partial disbursement amount will be required **before** FSFL closing
- final disbursement, security applicable to the total FSFL amount will be required **before** FSFL closing.

The following is an example of FSFL with both a partial and final disbursement and the security required for each.

FSFL is approved for \$80,000. Half of the facility is constructed and a partial disbursement is requested for \$40,000. UCC-1 has been filed on the structure, but additional security is not required when the \$40,000 partial disbursement is closed. When the final FSFL disbursement is made, additional security for both FSFL's totaling \$80,000 is **required**.

The following is an example of FSFL with both a partial and final disbursement where additional security is required.

FSFL is approved for \$150,000. Half of the facility is constructed and a partial disbursement is requested for \$75,000. Additional security is **required** for \$75,000 FSFL. The borrower elects to present CCC with 1 real estate mortgage for the total FSFL amount of \$150,000, so he will **not** have to pay the attorney's fees again for a separate mortgage on the final disbursement. When the final FSFL disbursement is made, CCC already has the additional security required for the total FSFL.

The following is an example of another option for the previous FSFL.

In the previous example, the borrower may elect to present 2 separate real estate mortgages, 1 for the partial disbursement and another for the final disbursement.

### 9 FSFL Application Fee

#### A Increase to FSFL Application Fee

The nonrefundable application fee for each FSFL is:

- \$100 per **borrower** on FSFL
- necessary to cover the cost to CCC of making FSFL's

## Notice FSFL-61

### 9 FSFL Application Fee (Continued)

#### A Increase to FSFL Application Fee (Continued)

- applicable to **all** CCC-185's accepted by a County Office from the effective date of the revised regulations.

**Notes:** If the producer elects the partial and final disbursement option, only 1 application fee is required even though there are 2 separate FSFL's.

A spouse is **not** required to pay a separate FSFL application fee if required by State law to sign FSFL security documents and is an eligible producer whose eligibility is **not** used to show need for the additional storage.

### 10 Miscellaneous Changes to FSFL Policy

#### A Useful Life of a Facility

CCC has determined that the useful life of a facility must be at least 15 years to ensure that FSFL will be adequately secured throughout the FSFL term.

#### B Changes to a Farming Operation

FSFL's are approved and disbursed to a farming operation that is an eligible entity or an eligible producer at the time of approval.

FSFL procedure is amended to allow that if any changes are made to a farming operation with an outstanding FSFL, the borrower **must** do 1 of the following:

- find an eligible borrower or entity to assume FSFL
- repay FSFL
- undergo new financial analysis to ensure that CCC's interests are protected and that the current borrower is in a position to continue making the scheduled FSFL payments.

**Notes:** The only way TIN can be changed on an outstanding FSFL is through the loan assumption process. If an individual borrower changes his farming operation to a corporation, the corporation **must** assume FSFL for IRS-1098 to report the interest paid to the new TIN. All the steps for loan assumption **must** be completed for the corporation.

**The facility is still prohibited from being used as a commercial facility or operation as long as FSFL is outstanding.**



## Notice FSFL-61

### 10 Miscellaneous Changes to FSFL Policy (Continued)

#### C FSFL's with No Resale Collateral Value

Some FSFL facilities, such as poured-cement open-bunker silos, have nothing that can be removed and sold if a borrower defaults on FSFL.

CCC requires COC to determine if a structure has resale collateral value. If it is determined that a facilities resale collateral value is less than FSFL amount, additional security is required for FSFL.

This change is needed to protect CCC's interests in case of default.

#### D FSFL Approval Authority

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

<b>IF the total FSFL principal <u>1/</u> amount is...</b>	<b>THEN the approval authority is...</b>
\$100,000 or less	COC.
\$100,000.01 to \$250,000	COC approval <b>after</b> DD review. <u>2/</u>
\$250,000.01 to \$500,000	STC.

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

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

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

FSFL approval authority for all FSA employees and their relatives, as required in 1-FSFL, subparagraph 2 F is still applicable.

#### E FSFL Approval Period Extensions

The authority to extend FSFL approval period for an additional 4 months or a total of 12 months from the original approval date has been granted to STC.

The initial FSFL approval period:

- is set at 4 months from the COC or STC approval date
- could be extended another 4 months by STC or their representative
- can now be extended for an additional 4 months by STC.

**Notes:** Only STC will have the authority to extend FSFL approval period to 12 months and that authority **cannot** be delegated.

This authority is only applicable on the FSFL approval periods that expire on or after August 17, 2009.

## Notice FSFL-61

### 10 Miscellaneous Changes to FSFL Policy (Continued)

#### E FSFL Approval Period Extensions (Continued)

The authority to extend FSFL approval period **must** still follow 1-FSFL, paragraph 123 and be for reasons beyond the applicant's control including, but **not** limited to the following:

- delays in the delivery of parts
- bad weather conditions
- lack of necessary skilled labor
- legal delays involving real estate liens.

Send DAFP waiver requests **only** for FSFL's with extension requests for 12 months or more according 1-FSFL, paragraph 276.

#### F Purpose of the Facility

FSFL collateral **must be used** for the purpose for which the storage facility was erected, constructed, assembled, or installed for the entire FSFL term. The intent of the FSFL Program is to provide on-farm storage to producers for storing eligible facility loan commodities they produce and **not** for any other purpose.

The FSFL Program does **not** have the resources to provide financing for commercial storage facilities.

#### G Portion of Structure Not Used for FSFL Commodity Storage

Any portion of a storage structure that is **not** used for storing facility loan commodities, such as office space or display area, will **not** be eligible for FSFL. FSFL amount **must** be adjusted to exclude this ineligible space. See 1-FSFL, subparagraph 15 G for detailed instructions on how to compute the maximum FSFL amount in these situations.

#### H Crop Insurance or NAP Requirement

Multi peril crop insurance or NAP is **required** on all:

- commodities stored in the FSFL-funded facility, whether economically significant or **not**
- insurable facility loan commodities of economic significance on all farms operated by the borrower in the county where the storage facility is located.

Crop of economic significance is defined as any insurable FSFL commodity that contributes 10 percent or more of the total expected value of all crops grown by the FSFL applicant.

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

## Notice FSFL-61

### 10 Miscellaneous Changes to FSFL Policy (Continued)

#### I Submitting CCC-185's

Applicants are required to submit CCC-185's to the administrative County Office that maintains the applicant's farm records.

For renewable biomass storage facilities and cold storage facilities, CCC-185's must also be submitted to the administrative County Office that maintains the applicant's farm records. If some or all of the land from which renewable biomass is harvested and FAV's are produced does **not** have farm records established, CCC-185's must be submitted to the County Office that services the county where the facility will be located.

For CCC-185's not supported by existing farm records, the applicant must provide all the documentation required for the applicant to be determined an eligible borrower to the County Office.

Submitting CCC-185's does **not** ensure approval nor does it create any liability on behalf of CCC. Borrower's who authorize delivery, site preparation, or construction actions without an approved CCC-185's, do so at their own risk.

#### J Storage Need Requirement for the New Eligible Commodities

For hay and renewable biomass commodities, determine the total storage capacity needed on production for 2 years.

**Note:** Notice FSFL-62, paragraph 3 contains instructions on computing the storage need requirement for hay and renewable biomass commodities.

For cold storage facilities for FAV's, determine the total storage capacity needed on production for 1 year.

**Notes:** Because FAV's are perishable commodities and quality can only be maintained for a limited period of time, only 1 year of storage need is used.

Notice FSFL-63, paragraph 4 contains instructions on computing the storage need requirement for FAV's.

## Notice FSFL-61

### 11 Types of Structures and Eligible Equipment

#### A Types of Structures and Eligible Equipment for the New Commodities

CCC wants to finance structures that are suitable for:

- storing the commodity they were approved to store
- the region where the facility is located.

For the types of structures and eligible equipment for FSFL for hay and renewable biomass commodities, see Notice FSFL-62, paragraph 4.

For the types of structures and eligible equipment for FSFL for a cold storage facility for FAV's, see Notice FSFL-63, paragraph 5.

#### B Changes in Eligibility Requirements for Remanufactured Oxygen Limiting Storage Structures

The FSFL Program allows FSFL's for remanufactured oxygen limiting storage structures built to the original manufacturer's design specifications using rebuild kits from the original manufacturer. Because the original manufacturer for many of the original oxygen limiting structures is no longer in business, a waiver to approve rebuild kits from other reputable companies can be obtained through DAFP.

STC's requesting DAFP waivers to allow companies other than the original manufacturer of an oxygen limiting storage structure to supply rebuild kits for an FSFL financed structure shall:

- follow 1-FSFL, paragraph 276 when submitting the request to DAFP
- request the waiver for the specific company located at a specified location
- submit the request **before** approving any FSFL's using the manufacturer's rebuild kits
- include copies of all pertinent information about the following:
  - company
  - how their rebuild kits are manufactured
  - warranty offered on their rebuild kits.

## Notice FSFL-61

### 12 Action

#### A State Office Action

State Offices shall:

- insure that County Offices follow the procedure in this notice immediately
- assist County Offices with questions they may have about this notice
- contact PSD with any questions about this notice and the new FSFL provisions.

#### B County Office Action:

County Offices shall:

- begin accepting CCC-185's from producers according to this notice beginning August 17, 2009
- comply with the policy and procedure in this notice **immediately**
- complete CCC-195 for **all** loans; CCC-195 is being updated to reflect new policy and procedure and will be available soon; continue to use the current version until notified that the revised CCC-195 is available
- contact the State Office for guidance if there are questions or concerns about the policy and procedure in this notice.

Example of Completed CCC-185

This form is available electronically.

<b>CCC-185</b> (08-17-09)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		<b>FOR COUNTY USE ONLY</b>																																																																					
<b>LOAN APPLICATION AND APPROVAL FOR FARM STORAGE AND DRYING EQUIPMENT LOAN PROGRAM</b>		<b>1. LOAN IDENTIFICATION NUMBER</b>																																																																							
		A. State Code 36	B. County Code 123	C. Loan No. 209/00001																																																																					
Privacy Act and Public Burden Statements on Page 2 2A. Name and Address of Loan Applicant (Including ZIP Code) Smith Farms Inc 282 State Route 245 Penn Yan, NY 14527		2B. Tax Identification Number 9420		2C. Telephone Number (Including Area Code) (123)555-5550																																																																					
		3A. Requested Loan Amount \$ 60,000.00	3B. Requested Loan Term 7																																																																						
4. Purpose of Loan (For example, loan to purchase, construct, erect, install or remodel the farm storage facility.)																																																																									
5. Facility Equipment described in Item 4 needed for the storage, drying, or handling of the estimated production of the listed commodities on the farm.																																																																									
<table border="1"> <thead> <tr> <th>A. Farm Number</th> <th>B. Commodities</th> <th>C. Acres</th> <th>D. Yield Per Acre</th> <th>E. Total Production for Each Commodity (Item 5C times Item 5D = Item 5E)</th> </tr> </thead> <tbody> <tr> <td>350</td> <td>corn</td> <td>300 X</td> <td>100 =</td> <td>30,000</td> </tr> <tr> <td>790</td> <td>corn</td> <td>200 X</td> <td>100 =</td> <td>20,000</td> </tr> <tr> <td>350</td> <td>soya</td> <td>100 X</td> <td>40 =</td> <td>4,000</td> </tr> <tr> <td>790</td> <td>soya</td> <td>100 X</td> <td>40 =</td> <td>4,000</td> </tr> <tr> <td></td> <td></td> <td>X</td> <td>=</td> <td></td> </tr> <tr> <td></td> <td></td> <td>X</td> <td>=</td> <td></td> </tr> <tr> <td></td> <td></td> <td>X</td> <td>=</td> <td></td> </tr> <tr> <td colspan="4">                     F. Total Production from Item 5E                 </td> <td>58,000</td> </tr> <tr> <td colspan="4">                     G. Total Estimated Production Times Applicable Years                 </td> <td>116,000</td> </tr> <tr> <td colspan="4">                     H. Existing Capacity                 </td> <td>40,000</td> </tr> <tr> <td colspan="4">                     I. Additional Capacity Needed                 </td> <td>76,000</td> </tr> <tr> <td colspan="4">                     J. Capacity of Proposed Storage Structure Described in Item 4.                 </td> <td>50,000</td> </tr> <tr> <td colspan="4">                     K. Eligibility and Proration Indicator (Item 5I minus Item 5J)                 </td> <td>26,000</td> </tr> </tbody> </table>		A. Farm Number	B. Commodities	C. Acres	D. Yield Per Acre	E. Total Production for Each Commodity (Item 5C times Item 5D = Item 5E)	350	corn	300 X	100 =	30,000	790	corn	200 X	100 =	20,000	350	soya	100 X	40 =	4,000	790	soya	100 X	40 =	4,000			X	=				X	=				X	=		F. Total Production from Item 5E				58,000	G. Total Estimated Production Times Applicable Years				116,000	H. Existing Capacity				40,000	I. Additional Capacity Needed				76,000	J. Capacity of Proposed Storage Structure Described in Item 4.				50,000	K. Eligibility and Proration Indicator (Item 5I minus Item 5J)				26,000		
A. Farm Number	B. Commodities	C. Acres	D. Yield Per Acre	E. Total Production for Each Commodity (Item 5C times Item 5D = Item 5E)																																																																					
350	corn	300 X	100 =	30,000																																																																					
790	corn	200 X	100 =	20,000																																																																					
350	soya	100 X	40 =	4,000																																																																					
790	soya	100 X	40 =	4,000																																																																					
		X	=																																																																						
		X	=																																																																						
		X	=																																																																						
F. Total Production from Item 5E				58,000																																																																					
G. Total Estimated Production Times Applicable Years				116,000																																																																					
H. Existing Capacity				40,000																																																																					
I. Additional Capacity Needed				76,000																																																																					
J. Capacity of Proposed Storage Structure Described in Item 4.				50,000																																																																					
K. Eligibility and Proration Indicator (Item 5I minus Item 5J)				26,000																																																																					
6. Date Facility Equipment Purchased or Tentative Purchase Date (MM-DD-YYYY) 9-10-09			7. Name of Company Where Facility Equipment Was Purchased The Bin Company																																																																						
8. Date Facility Equipment Erected or Installed or Tentative Date to Erect or Install (MM-DD-YYYY) 9-10-09			9. Name of Company That Erected or Installed the Facility Equipment The Bin Company																																																																						
10. Date Facility Equipment Was/Will Be Delivered to the Farm (MM-DD-YYYY) 9-15-09			11. Location of Real Estate on Which Facility Equipment Was/Will Be Erected or installed 13 miles west of Penn Yab, New York on State Road 245																																																																						
12A. Name of Owner of Real Estate in Item 11 (if Other than Applicant) 9-15-09			12B. Lien Information (Name of Person Having a Lien or Interest in the Real Estate.) Federal Land Bank of Springfield																																																																						
<b>13. APPLICANT'S CERTIFICATION</b>																																																																									
The Applicant certifies that the statements made on this application are true, complete and correct to the best of the applicant's knowledge and belief, and made in good faith to obtain a loan. Section 1001 of Title 18, United States Code provides for criminal penalties to those who provide false statements on loan applications. Applicants are aware that credit reports will be requested on all applicants and co-applicants.																																																																									
Are you or any co-applicant delinquent on any federal non tax debt? (if YES, provide details in the remarks) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																																																																									
A. Signature of Applicant /s/ James Smith, President			B. Date of Application (MM-DD-YYYY) 9-1-09																																																																						
C. Signature of Co-applicant			D. Date of Application (MM-DD-YYYY)																																																																						

Example of Completed CCC-185 (Continued)

CCC-185 (08-17-09) Page 2 of 2

**14. CCC APPROVAL**

*A loan is approved by CCC for the approximate amount shown in Item 14A below, but not to exceed the amount authorized in the program regulations. Such loan shall be repayable in the number of equal annual installments shown in Item 14B. This approval shall become null and void 4 months after the date hereof unless the loan funds have been disbursed or this approval has been extended in writing by the State or County Committee. Loan funds will not be disbursed until property has been erected or installed and inspected and approved in accordance with program regulations.*

A. Loan Amount Approved By CCC Pending Funding \$60,000.00	B. Number of Loan Installments 7	C. Final Loan Approval Expiration Date (MM-DD-YYYY) 1-11-10	D. Date CCC Contacted Loan Applicant of Final Expiration Date (MM-DD-YYYY) 9-14-09
---	-------------------------------------	--	---

15. Signature of CCC Representative  
 /s/ COC Member

Date (MM-DD-YYYY)  
 9-11-09

16A. FSA County Office Name and Address (Including ZIP Code)  
 Yates Farm Service Agency  
 270 Lake Street  
 Penn Yan, NY 14527

16B. Telephone Number (Including Area Code):

17. Security Required: When loan approved, enter type of security that approving committee is requiring (UCC or chattel mortgage or 1<sup>st</sup> lien. Enter size of tract covered by lien, if required).  
 1st Lien on the 133-acre parcel where facility is located.

18. Remarks  
 I agree to purchase multi peril crop insurance for facility loan commodities during the next available sales period. I understand that any failure to met this requirement will be construed as a program violation.

Applicant's initials \_\_\_\_\_ Date \_\_\_\_\_

\*Conditions of approval

- 1) Applicant will purchase and provide proof of all peril structural insurance
- 2) Applicant will comply with applicable provisions of National Historic Preservation Act

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1436, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for CCC financing for farm storage and drying equipment. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for CCC financing under the Farm Storage And Drying Equipment Loan Program.

This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration).

The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information ( Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of Discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

**FSFL Eligible FAV's**

FAV's eligible for a cold storage FSFL include the following:

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

**Note:** Caneberries includes Blackberries and Raspberries.