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Beneficial Uses of Obtaining a FSFL


- Adequate on-farm storage allows producers flexibility and control with regard to when and where the crop is marketed
- Increased quality control for crops helps ensure higher gross sales and better profit margins.

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Beneficial Uses of Obtaining a FSFL

- Competitive loan interest rates and terms as compared to commercial agriculture lenders.
- Loans are designed to guarantee and/or increase on farm storage capacity and provides necessary handling equipment needed to ensure sufficient storability of the harvested production.

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FSFL Eligible Commodities



A word cloud of FSFL eligible commodities. The largest words are Aquaculture, Fruits, Cheese, Yogurt, Eggs, Hops, Maple sap, Meat & Poultry, Vegetables, and Renewable biomass. Other words include Chickpeas, Buckwheat, Grain Sorghum, Butter, Honey, Milk, Rye, Nuts, Pulse Crops, Wheat, Oats, Speltz, Hay, Dry Peas, Minor Oilseeds, Soybeans, Corn, Barley, Rice, Triticale, Lentils, and Peanut. There are two small images: one of a field with hay bales on the left and one of potatoes on the bottom right.

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NEW FSFL Provisions




Overview:

Policies and procedures for New Eligible Commodities was issued on January 20, 2016.

All new provisions are available to producers of **all** eligible commodities.


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New FSFL Provisions – Approval Authority, Amount and Terms

Terms- Years Annual Payments	\$100,000.00 or less (COC Approval)	\$100,000.01 to \$250,000.00 (COC Approval after District Director review)	\$250,000.01 to \$500,000 (State Committee Approval)
3	X	X	X
5	X	X	X
7	X	X	X
10		X	X
12			X
3 or 5 year terms only for USED Equipment and/or Storage Trucks			


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FSFL Monthly Interest Rates July 2016



Interest rates for FSFL's approved during July 2016 are as follows:



0.xxx percent with three-year loan terms


1.xxx percent with five-year loan terms


1.xxx percent with seven-year loan terms

1.xxx percent with 10-year loan terms

1.xxx percent with 12-year loan terms.

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FSFL Microloan (ML) Provisions

Maximum FSFL ML Amount \$50,000
(aggregate outstanding balance shall **not** exceed \$50,000)


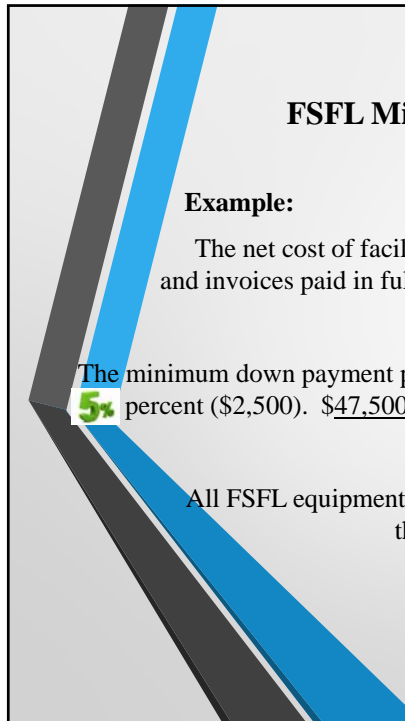
Example: A producer who currently has an outstanding FSFL for \$30,000 would only be eligible for additional \$20,000 under ML provisions.

FSFL ML is available to producers of all eligible FSFL commodities

Minimum down payment of 

Partial and final disbursement provisions apply.

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FSFL Microloan (ML) Provisions

Example:

The net cost of facility or equipment is \$50,000, supported by bills and invoices paid in full or partially paid to the supplier or contractor.

The minimum down payment paid to suppliers and/or contractors must total **5%** percent (\$2,500). \$47,500 is the amount eligible for the FSFL ML.

All FSFL equipment financed (new or used) must have useful life for the term of loan.

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FSFL ML Storage Need

Producers of all eligible commodities may self-certify to the storage capacity need. A storage capacity worksheet calculator must be attached to the FSFL Application form.

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Eligible Storage Portable or Permanently Affixed/New or Used

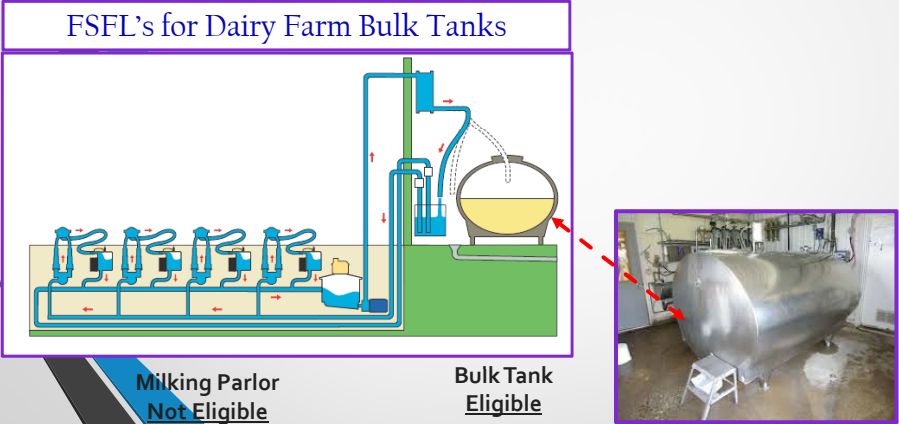
- Conventional type bins or cribs designed for storage
- Walk-in prefabricated storage coolers or containers
- Oxygen-limiting and other upright silo type structures designed for storage
- Flat type storage structures
- Bunker- type, horizontal, or open silo structures
- Hay barns/sheds
- Storage containers suitable for proper storage of the commodity
- Bulk tanks suitable for storing honey, maple sap and milk

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FSFL's for Dairy Farm Bulk Tanks





Milking Parlor Not Eligible Bulk Tank Eligible





Eligible Storage Portable or Permanently Affixed/New or Used

- Uptake and discharge re-circulatory systems that are used for storage and handling tanks for aquaculture producers.
- Renovating existing storage.

Important:
All structures must have an useful lifespan for the term of the loan.













Ineligible Storage Structures

- Temporary structures
- Structures to be used for a commercial purpose, as defined in 1-FSFL, Exhibit 2
- Structures not suitable for storing the commodity for which a need is determined
- Aquaculture holding tanks when the holding or storage structure will have uptake and discharge water that comes from natural sources, tributaries, coastal and ocean waters, perennial waterways. - Full National EA is being completed...






Ineligible Storage Structures – Cont.



- Production and feed facilities
- Livestock pens
- Chicken houses
- determined to not have a useful lifespan of at least the term of the FSFL



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New/Used Portable Storage & Handling Equipment



Necessary equipment and storage systems used to handle and maintain eligible commodities being stored includes, but **not** limited to:

<ul style="list-style-type: none"> – Bulk Tanks – Augers & Pilers – Conveyors – Vacuums – Scales – Batch Dryers – Storage Containers (can be transported, hitched, or mounted on a trailer, farm vehicle or truck) – Wheel Loaders 	<ul style="list-style-type: none"> – Skid Steers – Gripper & Front-end Loader Attachments, – 3-point Hitch Lifts – Hydraulic Self-propelled Fork Lifts
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New/Used Storage and Handling Trucks

Vehicles that store, handle, and transport eligible commodities and equipped with a variety of mechanical or refrigeration systems includes, but **not** limited to:

- cold storage refrigerated trucks
 - grain haulers
- commodity transport vans
- trucks with a chassis unit

Maximum of:


- \$100,000 loan amount
 - 4 axles
- Gross vehicle weight 60,000 lbs. or less.





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New and Used Storage & Handling Equipment and Trucks




May be applied for as a FSFL microloan (up to \$50,000) or regular FSFL request (up to \$500,000, excluding trucks \$100,000 limit)

3 or 5 year loan term for "USED" storage and handling equipment and truck

Used Equipment and Truck Values can be established using:

- Past auction sales
- Internet comparable sales
- Bill of Sale



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New and Used Storage & Handling Equipment and Trucks





If determined that these sources are not available to provide a fair and reasonable market value, COC can use practical knowledge and expertise to determine the fair market value.


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Ineligible Storage and Handling Trucks




- older than 15 years
- with a salvaged title
- that cannot obtain full coverage automobile insurance
- purchased more than 30 calendar days from the date of the FSFL request.
- determined by STC or COC to not have a lifespan of at least the FSFL term
- determined by STC or COC that are not suitable for the applicable commodity
- cannot obtain the required State emissions and vehicle inspection.

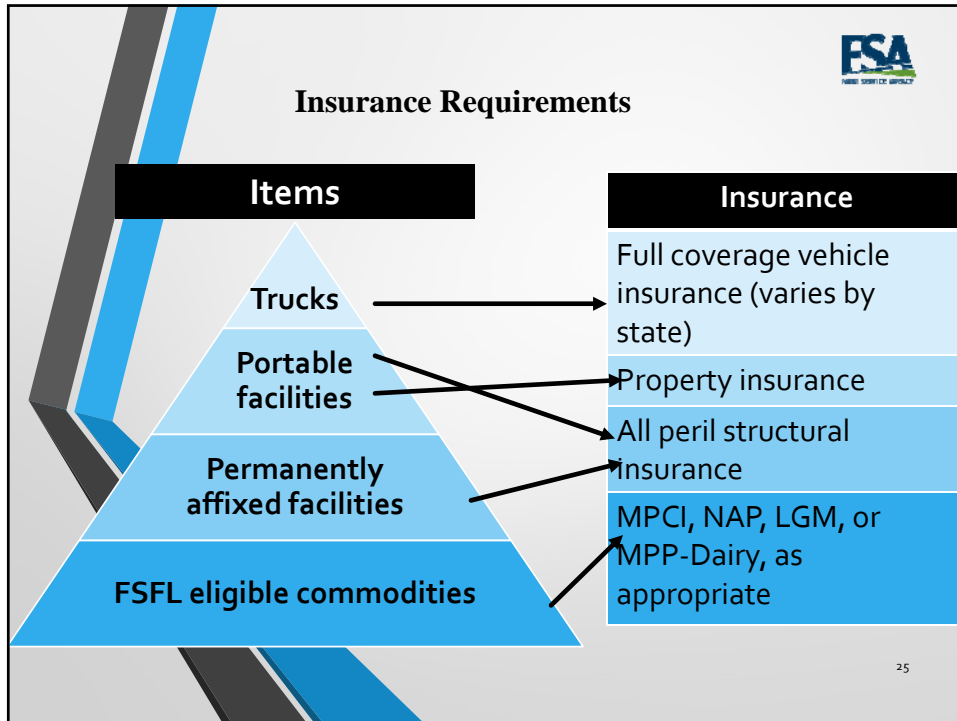
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Useful Chart



Loan Type	Facility Type	Condition	Down Payment	Max Loan Amount	Production History Requirement	Terms (years)					
						3	5	7	10	12	
Regular	Structure and Equipment	New	15%	\$500k	Based on Commodity	√	√	√	√	√	
		Used	15%	\$500k		√	√				
	Truck	New	15%	\$100k		√	√	√			
		Used	15%	\$100k		√	√				
Microloan	Structure, Equipment and Truck	New	5%	\$50k	Self-certification	√	√	√			
		Used	5%	\$50k	Self-certification	√	√				


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Insurance Requirements: Trucks

- obtain full coverage automobile insurance, which may include hazard insurance (by state)
- list CCC as a loss payee
- ensure insurance coverage equals or exceeds the outstanding FSFL balance
- be provided before loan closing and maintain insurance for the term of loan.

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Additional Security Requirements


Unless STC requires additional security for FSFL's with an aggregate outstanding balance of \$50,000 to \$100,000, additional security is only required for FSFL's where:

- the FSFL exceeds \$100,000
- the aggregate outstanding loan balance of all loans to a borrower exceeds \$100,000.

Continual access to **all** FSFL collateral (incl. portable) is required.



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Perfecting Liens

File a UCC-1 to provide FSA with a lien on **all** FSFL facilities.

A lien search **must** be performed to determine CCC has the required lien position.

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FSFL Process for Applicants

12 Steps Applicants Follow When Obtaining a FSFL




- 1 Discuss FSFL Program with FSA County Office
- 2 Complete & Submit an Application (CCC-185/CCC-185-1)
- 3 Pay \$100 Nonrefundable Application Fee (Per Applicant)
- 4 Provide Building Plans & Financial Supporting Documents
- 5 Ensure Environmental Compliance Before Project Start
- 6 Receive County Office Approval Letter Before Project Start
- 7 Have 6-months to Complete Work or Request an Extension
- 8 Receive Partial Disbursement If Initially Requested
- 9 Complete All Structural & Equipment Installation Work
- 10 Provide County Office Final Cost & Down Payment Data
- 11 Provide Proof that Applicable Insurances were Obtained
- 12 Attend Closing & Sign All Applicable Documents


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Questions?



Farm Storage Facility Loan Program

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