

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

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

**Amendment 4**

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**Approved by:** Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 2 G has been amended to add CCC-185 approval authority under special conditions.

Subparagraph 10 C has been amended to add that storage facilities must be a stand-alone structure.

Subparagraph 12 A has been amended to:

- remove the provision that all applicants must be determined actively engaged in farming according to 4-PL
- clarify that a producer does not need to demonstrate a need for increased storage capacity when requesting a FSFL for handling and drying equipment
- clarify that if the county flood map is updated, the borrower must immediately purchase insurance.

Subparagraphs 13 B, 52 B, 54 F, 115 B, and 186 A have been amended to update contact information.

Subparagraph 15 B has been amended to provide that a late fee must be paid for each crop year that an acreage report was filed late.

Subparagraph 18 A has been amended to include that the storage facility constructed must be a stand-alone structure.

## Transmittal Amendment (Continued)

### A Reasons for Amendment (Continued)

Paragraph 24 has been amended to include the following:

- that the aggregate outstanding FSFL balance means the sum of the outstanding balances of all FSFL loans disbursed to the borrower(s) signing CCC-186
- additional adequate security policy
- that FSA-2319 or similar agreement is **not** required if CCC is adequately secured and any agency of USDA has first position on the additional security
- if the land separate from the collateral is not owned by the borrower, CCC-297 is required from the land owner and CCC **must** have first lien on the acreage securing FSFL
- clarify that the irrevocable letter of credit must be for the total of FSFL principal plus interest for the first year plus 60 calendar days.

Subparagraph 29 A has been amended to clarify that the interest rate in effect on the date of approval will be the same for the partial and final disbursement.

Subparagraph 52 D has been amended to include changes to CCC-195.

Subparagraph 53 G has been amended to include the following:

- detailed written recommendation for approval or disapproval, based on the applicant's credit history and financial information, shall be provided to the COC by FLP or County Office employee with FLP loan approval authority
- financial analysis and credit report are required for the members with the greatest shares in the entity.

Paragraph 54 has been amended to:

- clarify that credit reports are required for entity members with the greatest shares in the entity
- add that State and County Offices shall **not** request Individual or Joint Mortgage reports
- provide an e-mail address for credit report initial set up
- recommend that designated employees accessing credit reports should establish a calendar event using Microsoft Outlook Calendar to remind them to change their password.

## **Transmittal Amendment (Continued)**

### **A Reasons for Amendment (Continued)**

Paragraph 69 has been amended to include the following:

- CCC must be listed as loss payee on all-peril structural and flood insurance policies
- if the aggregate total of FSFL's is less than \$50,000, STC's may authorize COC's to determine if multi-peril crop insurance is required for all commodities produced by the producer. If it is determined that multi-peril crop insurance is not required for commodities not being stored in the structure, the uninsured commodity cannot temporarily be stored in the storage structure during the FSFL term.

Subparagraph 82 A has been amended to include that the required FSA-850 must be filed in the County Office before approving CCC-185.

Subparagraph 127 A, step 10 has been amended to include that a screen print of the final lien search is needed to document the lien search was performed. The screen print must be filed in the producer's FSFL folder.

Subparagraph 127 B, step 13 has been amended to instruct County Offices to perform a lien search on the collateral within 5 workdays of the FSFL closing and a screen print is needed to document the lien search was performed. The screen print must be filed in the producer's FSFL folder.

Subparagraph 130 B has been amended to add that CCC-297 is required when the security is owned by someone other than the borrower.

Subparagraph 158 E has been amended to provide that a later payment of an installment may be requested 1 time only for each installment during the FSFL term.

Paragraph 165 has been amended to clarify that the County Office shall not release any documents that will release any lien, security, or allow removal of the FSFL structure until the full payment has been received according to subparagraph 161 A.

Subparagraph 177 B, step 5 has been amended to provide that a new application fee for an assumption is not required if the remaining co-borrowers will continue to meet the FSFL eligibility requirements and demonstrate the need for the storage.

Subparagraph 230 B has been amended to instruct County Offices to ensure that acceptable evidence and CCC-191's are collected and reviewed to substantiate the repair costs.

Subparagraph 301 B has been amended to provide alternative delivery methods for sending requests for relief cases to the National Office for DAFP approval.

Subparagraph 312 B has been amended to clarify when the NRRS code "XXFSFLFEES" is used for depositing FSFL application fees.

## Transmittal Amendment (Continued)

### A Reasons for Amendment (Continued)

Paragraph 314 has been amended to clarify when NRRS codes “XXFSFLAME” for reimbursable fees and “XXFSFLRF” lien search and UCC-1 recordings are used.

Subparagraph 338 B has been amended to add notes to clarify the following:

- approved FSFL amount shall **not** be increased to allow a padding for unexpected expenses associated with the construction of the storage structure
- FSFL application fee must be entered in NRRS under “Direct Sales” using XXFSFLFEES.

**Note:** XX represents the last 2 digits of the FY in which the FSFL application is “Approved Pending Funding” by STC or COC.

Subparagraphs 355 A and B have been amended to clarify that the interest rate will remain the same, based on the original approval date for the funding decrease or increase.

Subparagraph 380 H has been amended to correct the FI handbook reference for dishonored check fee policy.

Exhibit 12 has been added to provide authorized methods for determining the value of FSFL real estate security.

Exhibit 13 has been added to provide instructions for requesting and paying for FSFL real estate appraisals.

Exhibit 34 has been added to provide NRRS FSFL program codes.

Exhibit 35 has been added to provide an FSFL application fee example for recording in NRRS.

Exhibit 36 has been added to provide an FSFL repayment example for recording in NRRS.

**Transmittal Amendment (Continued)**

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5, 6	2-1, 2-2	2, pages 1, 2
7	2-6.5, 2-6.6 (add)	12, pages 1, 2 (add)
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	2-13, 2-14	34, page 1 (add)
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2 **FSFLP Information (Continued)**

**E Waivers**

DAFP may authorize STC's and COC's to waive or modify deadlines and other FSFLP requirements in cases where lateness or failure to meet other FSFLP requirements does not adversely affect the FSFL operation. STC's and COC's without authority to act may prepare a request for waiver to the applicable FSFLP requirement according to paragraph 301.

**F FSFL Approval Authority**

The authority to approve all FSFL forms, **except** CCC-185, and documents prepared according to this handbook may be redelegated in writing by:

- COC to CED, **except** CCC-185's and applications in which CED has a monetary interest
- CED to Federal and non-Federal County Office employees, **except** CCC-185's and applications in which the person approving has a monetary interest.

COC or STC is the approval authority for CCC-185. STC can redelegate CCC-185 approval authority to SED only.

Use the following table for exceptions.

<b>IF the FSFL applicant is...</b>	<b>THEN the approval authority for CCC-185 shall be...</b>
a State, Federal, or non-Federal County Office employee, including CED's	*--STC, STC-delegated SED, or STC-designated DD.
COC member	
a relative to County Office employees or COC members	<b>Note:</b> If total FSFL amount is over \$250,000, only STC or STC-delegated SED is authorized to approve CCC-185.
<b>Note:</b> See Exhibit 2.	
DD	STC or STC-delegated SED.
STC member	
SED	STC.
a relative to DD or STC member	STC or STC-delegated SED.
<b>Note:</b> See Exhibit 2.	
a relative to SED	STC.--*
<b>Note:</b> See Exhibit 2.	

**\*--Notes:** Questionable cases shall be referred to the next higher authority for determination. Potential conflict of interest cases shall be handled according to 3-PM and 22-PM.

An individual acting for DD or SED **does not** have CCC-185 approval authority.--\*

2 **FSFLP Information (Continued)**

**F FSFL Approval Authority (Continued)**

To protect CCC’s financial interests, 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. <u>3/</u>

1/ For FSFL’s with partial and final disbursements, 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.

3/ STC may redelegate CCC-185 approval authority to SED only.

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

**Note:** All increases to the original approved FSFL amounts must be referred to the original approval authority or a higher authority, if required, for the total FSFL principal amount. See subparagraph 133 C.

**\*--G CCC-185 Approval Authority Under Special Conditions**

When STC or COC meetings are conducted by conference calls, e-mail, or polling process for CCC-185 approvals, the following actions are **required**:

- record approval/disapproval of CCC-185 in the STC or COC meeting minutes
- document the date and method of approval in CCC-185, item 18
- STC or COC chairperson **must** sign CCC-185 at the next opportunity.

**Note:** After CCC-185 is approved by conference call, e-mail, or polling process, the CCC-185 loan approval date shall be recorded in APSS and uploaded for funding.

If a polling process is used, document in the STC or COC meeting minutes the names of the committee members that were polled, date of the polls, and the determinations.

Continue to follow FSFL approval authority policy in subparagraph F. This new policy **only** applies to CCC-185 approvals for specific situations as specified in subparagraph 11 A.--\*

**H Approved FSFL Supplies or Vendors**

FSFL regulations do **not** provide for creating a list of approved FSFL equipment suppliers or vendors. Potential conflict of interest cases shall be handled according to 3-PM and 22-PM.

**3-9 (Reserved)**

## Part 2 Basic FSFL-Making Policies

### 10 FSFL Availability

#### A Signup

[7 CFR 1436.4] County Offices shall accept CCC-185's and supporting documents:

- anytime during normal office hours
- from producers in person, **not** by FAX
- at least 15 calendar days before the COC meeting at which CCC-185 will be acted.

#### B Where to Apply

CCC-185's from eligible borrowers for FSFL's for all commodities, **except** FSFL's for renewable biomass and cold storage facilities for FAV's, 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.

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.

#### C Documentation

Upon request, the applicant shall provide information and documents as STC or COC determines reasonably necessary to support CCC-185. The following are examples of information and documentation:

- CCC-901's and CCC-902's
- drawings
- financial statements
- invoices
- legal description of parcel where facility will be placed
- plats or aerial photograph with structure location marked
- purchase orders
- receipted bills
- specifications
- written authorization of access to the proposed storage site.

**\*--Note:** The storage facility **must** be a stand-alone structure. An example of a structure that would be ineligible for FSFL and **not** be considered a stand-alone structure is when 2 structures are built, and the structures share common components, such as, but **not** limited to, access door, wall, or roof.--\*

**10 FSFL Availability (Continued)**

**C Documentation (Continued)**

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

COC is responsible for taking appropriate action on CCC-185.

**D Producer Action Before CCC-185 Approval**

Submitting CCC-185's does **not** ensure approval nor does it create any liability on CCC's behalf.

FSFL applicants, who authorize delivery, site preparation, or construction actions without an approved CCC-185, do so at their own risk and **without** creating any liability on CCC's behalf.

**11 CCC-185 Approval Authorities for Specific Situations**

**A COC Authorized Approval Authority**

CCC-185 approval should be obtained **before** any action is taken by the applicant to install the facility.

COC's, according to subparagraph 2 F and paragraph 115, have the authority to approve CCC-185's for FSFL's:

- \$100,000 or less
- \$100,000.01 to \$250,000, **after** DD review.

## 12 Eligible Borrowers

### A Basic Requirements

[7 CFR 1436.5] An eligible borrower is 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:

- has a satisfactory credit history as determined by CCC
- has no delinquent Federal nontax debt as defined by DCIA of 1996 unless the delinquent debt is resolved before FSFL is disbursed
- is a producer of FSFL commodities as defined in paragraph 13 and Exhibit 2

**\*--Note:** County Offices must review FSA-578's, including late-filed, to ensure that the producer is a producer of eligible FSFL commodities.--\*

- provides proof of multi-peril crop insurance offered under the Federal Crop Insurance Program or NAP on all eligible FSFL commodities
- is in compliance with USDA provisions for highly erodible land and wetlands according to 7 CFR Part 12
- demonstrates the ability to pay the downpayment and repay the debt resulting from FSFLP
- demonstrates compliance with NEPA according to 40 CFR Parts 1500-1508
- \*--demonstrates a need for increased storage capacity unless the borrower is requesting FSFL for handling and drying equipment

**Notes:** The borrower must still be producing a commodity that will use the handling or drying equipment.--\*

DAFP waiver may be issued, if requested, on a case-by-case basis if a crop share landlord or tenant requests to construct a structure to store all commodities produced on a farm, but only 1 of the producers wants to accept liability.



12 Eligible Borrowers (Continued)

A Basic Requirements (Continued)

- demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures
- provides all-peril structural insurance and, if required, flood insurance
- \*--**Note:** If the county flood map is updated, either before or after FSFL disbursement, and the flood map indicates FSFL is in an area requiring flood insurance, the borrower must immediately purchase insurance.--\*
- has **not** been convicted under Federal or State law of a controlled substance violation, according to 1-CM, Part 30.

**Note:** CCC-926 does **not** apply to FSFL's.

## 12 Eligible Borrowers (Continued)

### B Determining Borrowing Entity

County Offices shall:

- determine the borrowing entity from CCC-902
- allow borrowers who are otherwise eligible to enter into joint FSFL's with another eligible borrower if adequate security requirements can be met
- require FSFL's to be joint when more than 1 borrower or entity has an interest in a facility

**Example:** Two brothers with separate farming operations are requesting FSFL on 1 grain storage bin. The brothers will be required to obtain 1 joint FSFL for the bin. The bin will be jointly owned with each brother responsible for the entire FSFL. They may **not** apply for 2 separate FSFL's, each for half the FSFL principal.

- not allow schemes to avoid FSFL limit per structure

**Note:** The borrowing entity will be the producer:

- of FSFL commodities that require storage at the proposed storage location
- who meets all other requirements.
- inform borrowers requesting joint FSFL's, or borrowers who are partnerships or joint ventures, that all reminders and pertinent information on FSFL will be sent only to the contact producer
- inform borrowers on joint FSFL's, that the contact borrower will receive IRS-1098 for the entire amount.

**Example:** Three brothers obtained a joint FSFL. One brother will be the contact borrower and receive IRS-1098 for the entire FSFL.

**Note:** Kansas City will prepare and mail IRS-1098's for FSFL interest.

### C Applicants Who Are Minors

Applicants who are minors may be approved for FSFL if:

- minor meets all eligibility requirements
- minor signs CCC-186
- financially responsible adult, as approved by COC, cosigns CCC-186.

**13 Eligible FSFL Commodities****A Commodities Authorized Under CCC Charter Act**

Eligible commodities authorized by CCC Charter Act for FSFL's include the following:

- feed grains, harvested as whole grain or other than whole grain include the following:
  - barley
  - corn
  - grain sorghum
  - oats
  - wheat
  
- \*--other grains include the following:
  - buckwheat
  - speltz
  - triticale--\*
  
- oilseeds include the following:
  - canola
  - crambe
  - flaxseed
  - mustard seed
  - rapeseed
  - safflower
  - sesame seeds
  - soybeans
  - sunflower seeds
  
- peanuts
  
- pulse crops include the following:
  - chickpeas
  - dry peas
  - lentils
  - dry beans
  
- rice.

13 Eligible FSFL Commodities (Continued)

**B Cold Storage Facilities for FAV’s Including Nuts**

The following provides FAV’s eligible for cold storage FSFL’s that must be grown on cultivated farmland.

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

**Note:** Caneberries include blackberries and raspberries.

For FAV’s, including nuts, **not** currently identified as eligible for cold storage FSFL’s and the need has been determined, the State Office shall prepare a written document to justify the \*--addition of the crop and e-mail to Toni Williams at [toni.williams@wdc.usda.gov](mailto:toni.williams@wdc.usda.gov).--\*

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

- general information about the fruit or vegetable, including its use
- cold storage needs
- market for the requested fruit or vegetable.

**14 Ineligible FSFL Commodities**

**A Ineligible Commodities**

Not all commodities are eligible for FSFL, according to subparagraph B.

**B List of Ineligible FSFL Commodities**

The following are ineligible FSFL commodities:

- commodities not listed in paragraph 13
- corn gluten
- firewood
- manure
- old growth timber
- processed commodities
- waste from domestic/residential/municipal sources
- waste from food source operations or food processing plants.

**15 Determining Storage Need**

**A Storage Need Determinations**

Subparagraph B provides a formula for determining basic storage need. See paragraphs 16 and 17 for assistance in determining specific storage need.

15 Determining Storage Need (Continued)

B Basic Formula

Applicants shall demonstrate a need for storage capacity as determined by the following formula.

Step	Action
1	Determine the borrowing entity and applicable farm operation from CCC-902.
2	<p>Determine up to a 3-year average acreage for each FSFL commodity that requires storage at the proposed location, from the producer’s share of up to the 3 most recent FSA-578’s.</p> <p>When a farming operation reorganizes and the <b>same</b> individuals or entities continue to operate the farm, the cropping history applicable to the previous operation may be used.</p> <p>A reasonable 1-year acreage and yield projection may be used instead of an average for 1 of the following:</p> <ul style="list-style-type: none"> <li>• newly acquired farms</li> <li>• FSFL crops being grown for the first time</li> <li>• cases where prevented planting or disasters adversely affect the average production</li> <li>• cases where crop rotations adversely affect the acreage production.</li> </ul> <p><b>Notes:</b> County Offices <b>must</b> use FSA-578’s for determining the average acreage of each eligible commodity.</p> <p>*--Late-filed FSA-578’s <b>must</b> be filed according to 2-CP and a late fee <b>must</b> be paid for each crop year the acreage report was filed late; however, County Offices may request DAFP waiver according to subparagraph 2 E when late-filed FSA-578’s do not meet the requirements in 2-CP, paragraph 21.--*</p> <p>For FSFL’s for structures to store silage, use the average acreage harvested as silage.</p> <p>For FSFL’s for structures for hay, use <b>only</b> the hay acreage from established farms.</p>

## 18 Facility Purpose and Useful Life

### A Facility Purpose

The intent of FSFLP is to provide on-farm storage to producers to store the eligible facility loan commodities they produce. FSFL collateral **must** be used for the purpose for which the \*--storage facility was constructed for the **entire** FSFL term and must be a stand-alone structure.--\*

FSFLP does **not** have the resources to provide financing for commercial storage facilities.

### B Using FSFL Structure That Once Stored FSFL Commodities Now Marketed

After the stored commodity has been marketed, the facility may, with **prior** approval, be used by the borrower to **temporarily** store their other agricultural-related items until the next harvest season.

An FSFL borrower must:

- submit a written request to the County Office for approval to store anything other than an eligible FSFL commodity in the structure
- have written approval from CED **before** storing anything other than an eligible FSFL commodity in the structure
- notify the County Office servicing FSFL within 5 workdays when the FSFL commodity has been removed and another agricultural-related item is stored in the FSFL structure.

COC's shall closely monitor FSFL structures temporarily storing other agricultural-related items to ensure that the structure is used for the purpose for which it was constructed for a good portion of every year during the FSFL term. If it is discovered that a borrower consistently fails to obtain approval from the County Office before storing another agricultural-related item in an FSFL structure, the State Office shall contact PSD for guidance.

### C Facility Useful Life

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.

## 19 Eligible and Ineligible Equipment

### A Eligible Storage and Handling Facilities for All CCC Charter Act Commodities

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

- new conventional type cribs or bins designed and engineered for FSFL commodity storage having a useful life of at least 15 years
- new oxygen-limiting and other upright silo-type structures designed for FSFL commodity storage having a useful life of at least 15 years
- new flat-type storage structures, including a permanent concrete floor and bulkheads, designed for and primarily used to store FSFL commodities for the FSFL term
- new electrical equipment, such as lighting, motors, and wiring, integral to the proper operation of the storage and handling equipment, **excluding** installing electrical service to the electrical meter
- new 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
- new concrete foundations, aprons, pits, and pads, including site preparation, labor, and material, essential to the proper operation of the storage and handling equipment
- remanufactured oxygen-limiting storage structures built to the original manufacturer's design specifications using original manufacturer's rebuild kits designed for FSFL commodity storage and having a useful life of at least 15 years

**Note:** STC's are strongly encouraged to only allow rebuilt kits from the original manufacturer of oxygen-limiting storage structures to ensure that these structures are rebuilt correctly and ensure the safety of the structure. But, STC's may request a DAFP waiver to allow companies other than the original manufacturer of the oxygen-limiting storage structure to supply rebuild kits for FSFL-financed structures. These requests shall:

- follow paragraph 301 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

**24 Security for FSFL's****A Secured by CCC-186's**

[7 CFR 1436.8] All FSFL's shall be secured by CCC-186 covering the farm storage facility. CCC-186 shall:

- grant CCC a security interest in the collateral
- be executed as required by State law where the collateral is located.

**B Prior Liens on Real Estate**

CCC's security interest in the **collateral**, such as the actual storage structure, shall constitute the sole security interest in collateral. If prior liens on the underlying real estate attach to the collateral, County Offices shall:

- unless waived by regional OGC, obtain CCC-297 from each prior or superior lienholder and each person, including the borrower, having an interest in the real estate on which the collateral is located **before** FSFL closing and disbursement and **before** the partial disbursement, if applicable

**Notes:** CCC-297 shall be filed with the appropriate county real estate records **before** FSFL closing.

See paragraph 130 and Exhibit 10 for more details.

- **not** allow any additional liens or encumbrances to be placed on the storage facility after FSFL is approved unless CCC approves otherwise in writing.

## 24 Security for FSFL's (Continued)

## C Additional Security Requirements

Additional security is required if any of the following apply:

- FSFL amount exceeds \$50,000
- the aggregate outstanding FSFL balance exceeds \$50,000

**\*--Note:** The aggregate outstanding FSFL balance is the sum of the outstanding balances of **all** FSFL's disbursed to borrower(s) signing CCC-186.--\*

**Examples:** The producer has an outstanding FSFL for \$30,000 and requests a new FSFL for \$40,000. Additional security is only required to secure the new or \$40,000 FSFL.

A 2-person partnership requests FSFL for \$95,000. FSFL is made to the partnership because the partnership is the farming entity. Additional security is needed as **FSFL** exceeds \$50,000.

- COC determines, as a result of financial analysis, that additional security is required
- FSFL where the total FSFL principal is equal or less than \$50,000 and COC determines that the structure has no resale value.

**Note:** COC shall determine resale collateral value based on local market conditions.

A lien on the real estate that includes the land where FSFL will be located is the preferred additional security.

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

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 use in the State by the regional attorney.

**Exception:** If FSA holds a superior lien on applicable real estate through an FLP loan, subordination is **not** required. However, a junior real estate lien is **required**.

## 24 Security for FSFL's (Continued)

### C Additional Security Requirements (Continued)

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 attorney, **not** to extend additional liens on the property

**\*--Exception:** CCC will **not** require such an agreement from any agency of USDA.--\*

- first lien on different realty
- letter of credit.

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

### D Form of Real Estate Lien

Real estate liens shall be in the form of a real estate mortgage, deed of trust, or other security instrument approved by CCC and according to applicable State laws.

### E 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 committee's opinion to ensure FSFL repayment
- a **salable unit** in the event of foreclosure.

## 24 Security for FSFL's (Continued)

**F Land Separate From the Collateral**

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

- borrower owns the separate acreage that is not subject to any other liens or mortgages that would be superior to CCC's lien interest
- acreage of the entire parcel is adequate in size and value, in the approving committee's opinion, to adequately secure and insure FSFL repayment.

**Notes:** Document why a lien on the underlying real estate was **not** feasible.

\*--See subparagraph M and Exhibit 12 when applying value to the FSFL structure separate from real estate.

CCC-297 is required from the land owner when the land separate from the collateral is not owned by the borrower. CCC must have first lien on the land securing FSFL.

**Exception:** If FSA holds a first lien on the applicable real estate through an FLP loan, a subordination agreement is **not** required; however, a second lien on the real estate is **required**.--\*

**G Other Forms of Security**

Other forms of security may be considered to be acceptable by the approving committee, such as irrevocable letters of credit, bonds, or similar CCC-approved instruments.

An irrevocable letter of credit **must** be:

- from a financial institution and provided by the applicant
- \*--for the total of FSFL principal plus interest for the first year plus 60 calendar days--\*

\* \* \*

- 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 letter of credit that will be sent to State Offices upon request.

24 Security for FSFL’s (Continued)

**G Other Forms of Security (Continued)**

- 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 letters of credit are used must be specified, in writing, from the regional OGC.

- stored in a locked, fireproof file and not released until 30 calendar days after the date of the final repayment.

\*--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 FSFL when all requirements are met according to this paragraph.

**Notes:** At this time, an irrevocable letter of credit **cannot** be used along with other methods.

If an irrevocable letter of credit is used as security for FSFL greater than \$250,000.01, a financial analysis is required.--\*

**H Renovated Structures**

If an existing structure is remodeled and an addition becomes an attached, integral part of the existing storage structure, CCC’s security shall include the existing storage structure.

**I Fees for Filing and Recording UCC’s, Instruments, and Other Transactions**

Filing and recording fees shall be paid according to the following.

<b>IF the transaction is for...</b>	<b>THEN the fee is paid by...</b>
a collateral lien search	CCC.
a credit report	
fees charged by a local or State municipality for expenses associated with a real estate lien search for CCC-297 purposes	
filing UCC-1	
filing UCC-1 as a fixture filing	

24 Security for FSFL’s (Continued)

**I Fees for Filing and Recording UCC’s, Instruments, and Other Transactions (Continued)**

IF the transaction is for...	THEN the fee is paid by...
all other instrument filing and recording transactions related to a lien on real estate used to secure FSFL	borrower.
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	

**J Adequate Security and Appraisals of Real Estate**

FSFL’s are considered to be adequately secured when the value of real estate security for FSFL, before installing the requested FSFL structure, is at least equal to FSFL’s amount. For FSFL’s where the value of real estate and previous improvements offered as collateral is in doubt, approving committees may request an appraisal, at the FSFL applicant’s expense, from a list of FLP-approved appraisers. The applicant must agree to the request for an appraisal.

**Notes:** To ensure consistency in determining the value of FSFL real estate security within a State, STC’s may set specific procedure to be followed. It is the responsibility of STC to ensure that all FSFL’s in their State are adequately secure.--\*

If an appraisal was made on the real estate within the last year by a bank or for FLP, and the real estate values have remained consistent, that appraisal may be used to determine value, **if** the appraiser conducting the appraisal is on the list of FLP-approved appraisers.

**K Security on Leased Land**

For an applicant proposing to put FSFL structure on leased land or land that is **not** owned by the applicant, COC shall require a written agreement from the landowner to the FSFL applicant. The agreement should allow the borrower access to the structure for at least the entire length of FSFL.

## 24 Security for FSFL's (Continued)

**L Partial and Final FSFL Closings Using Real Estate as Additional Security**

One partial disbursement and the final disbursement are available for FSFL's when CCC-185 was submitted on or after August 17, 2009.

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

**Examples:** The following is an example of FSFL with both partial and final disbursements and the security required for each.

FSFL is approved for \$80,000. Half 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 partial and final disbursements where additional security is required.

FSFL is approved for \$150,000. Half the facility is constructed and a partial disbursement is requested for \$75,000. Additional security is required for the \$75,000 partial disbursement and for the \$75,000 final disbursement. The following options are available to the borrower:

- present 2 separate real estate mortgages, 1 for the partial disbursement and another for the final disbursement
- present 1 real estate mortgage to secure both the partial and final disbursement at the time of the partial disbursement, if possible according to the laws in the State. Check with the regional OGC to ensure that this is possible.

## 24 Security for FSFL's (Continued)

**\*--M Applying Value to FSFL Structure Separate From Real Estate**

When FSFL real estate security is separate from FSFL collateral, the County Office may apply a value of no more than **20** percent of the loan amount to the structure if **all** of the following apply:

- CCC-297 is obtained from the owners of the real estate on which FSFL structure is located severing the FSFL structure from the real estate

**Note:** Unless State law, as determined by the regional OGC, makes using CCC-297 unnecessary, **and** CCC is adequately protected without CCC-297.

- UCC-1 is filed on FSFL structure giving CCC first lien position
- FSFL structure **must** have resale collateral value according to subparagraphs C and N.

See Exhibit 12 to determine the value of real estate security separate from the FSFL facility.

**N Resale Collateral Value**

County Offices, with assistance from an FLP loan approval official, when necessary, shall determine resale collateral value based on local market conditions and depreciation factors.

**Note:** Resale collateral value is collateral that can be sold and moved to a new location for which compensation equal to the outstanding loan value can be expected.

In most cases, the resale collateral value will **not** equal the outstanding loan value if the collateral is moved or sold and will be less than its fair market value. The resale collateral value **must** be a reasonable price that CCC can expect to receive if the loan has to be liquidated. A reasonable valuation will provide security for both the borrower and CCC.

Resale collateral values provided by a qualified expert, such as an FSA employee delegated chattel appraisal authority according to 1-FLP.

**O Determining Security Values for Existing Structures**

No security value can be given to existing structures unless the value of the property is included in an appraisal or the tax assessment statement. STC's, COC's, and/or FLP employees shall **not** assign a value to an existing structure based on common knowledge obtained from others in the community.--\*

## 24 Security for FSFL's (Continued)

**\*--P Real Estate Appraisal**

To ensure that CCC is adequately secured and prevent potential losses to the Government, the real estate value on FSFL appraisals shall be at least **100** percent of the loan amount and security that is offered for FSFL's **must** be in salable units. The required 100 percent gives CCC the needed collateral support for FSFL.

FSFL applicants may request a real estate appraisal completed by an FLP-approved appraiser at the applicant's expense. Under this option, if the appraisal is on the real estate where the structure is located, the value of the FSFL structure is included in the appraisal. If the structure is **not** on the land being offered for collateral, the value of the structure is **not** considered in the appraisal.

During the appraisal process, the appraiser is provided information from the bids the applicant has received for the structure to determine the value the structure will add to the real estate.

The appraisal **must** be:

- completed before loan approval
- considered when the financial analysis is completed.

After the appraisal is completed, if it is determined adequate security collateral is not available, FSFL shall **not** be approved.

Third party appraisals are acceptable. The appraisal must be made on the real estate within the last 12 months of CCC-185 request by a bank or for FLP.

**Note:** The third party appraisal shall be at 100 percent of the loan amount and security that is offered for FSFL must be in salable units.

State Offices shall request and complete the required paperwork for appraisals according to Exhibit 13, but the entire cost of appraisals is at the applicant's expense.

Applicants may authorize the County Office to add the cost of the appraisal to the eligible net cost. If the applicant has paid for the appraisal in full before the final disbursement, the cost for the appraisal may be included in applicants required downpayment.

In **all** cases, follow Exhibit 13 to establish a receivable for the appraisal cost. The established receivable for the appraisal cost will be paid when FSFL is disbursed, if not previously paid.--\*

## 24 Security for FSFL's (Continued)

**\*--P Real Estate Appraisal (Continued)**

If an applicant requests an appraisal, the County Office shall:

- enter in CCC-185, item 18, "I request an appraisal to determine the value of the real estate and my FSFL structure to use for the required real estate security. I understand that I am responsible for the entire cost of the appraisal."
- obtain the applicants signature and date **before** requesting the appraisal.

**Note:** See Exhibit 13 for detailed instructions on requesting FSFL appraisal.

**Example 1:** CCC-185 submitted for a \$200,000 FSFL that requires additional security. An appraisal determined the value of the 60 acres, including FSFL, to be \$277,500.

\$277,500 - Appraised value including the structure.

\$200,000 loan **X** 100 percent required security value = \$200,000.

Appraised value of 60 acres, including the structure, is adequate to secure FSFL.

**Example 2:** CCC-185 submitted for a \$200,000 FSFL that requires additional security. An appraisal determined the value of the 80 acres, including FSFL, to be \$370,000. Local bank has a \$120,000 mortgage on the ground where the facility is located and they will **not** subordinate.

\$370,000 – Appraised value including the structure.

- 120,000 – Bank mortgage will not subordinate but **must** sign FSA-2319.

\$250,000 – Remaining value for CCC.

\$200,000 loan **X** 100 percent required security value = \$200,000.

Appraised value is adequate to secure FSFL.

A conditional FSFL approval may be issued dependent on the appraisal. The conditional FSFL approval must be documented in CCC-185, item 18. It must be conveyed to the applicant that CCC is **not** liable for the loan if the determined security value is not sufficient.--\*

24 Security for FSFL’s (Continued)

**\*--Q County Tax Assessed Value**

Tax assessed values differ from State to State and county to county.

FSFL applicant may use the assessed property value from the current county tax bill for a specified parcel or parcels to determine the value of real estate used for FSFL security.

If a State uses TAV on the county tax bills, that percent can be applied if the exact percent is annually documented.

TAV reflects the State and county tax equalization process. The market value on the county tax bill represents the market value of the real estate.

If the market value is **not** included on the county tax bill, the exact percent used to determine the market value must be annually documented by the County Assessor. This documentation shall be:

- attached to a copy of the applicable tax bills
- retained in FSFL folder.

The following shows various examples that may be used to compute the market value of real estate if a percent is obtained.

<b>IF TAV or comparable percent is...</b>	<b>THEN to determine the market value of the real estate, multiply the assessed value times...</b>
40	2.5000
50	2.0000
60	1.6667
65	1.5385
75	1.3334
100	1.0000

--\*

## 24 Security for FSFL's (Continued)

**\*--Q County Tax Assessed Value (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 loan 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 FSFL structure to equal 50 percent of the loan 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.  
 - \$125,000 - 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 structure and first lien on the 80 acres, CCC is secure.

**R Additional Authorized Methods**

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.

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 and Cash Rents Summary published annually in August

**Note:** The NASS Land Values and Cash Rents 2010 Summary can be obtained at <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1446>. The NASS publications may also be available for individual States by county or regional areas.

**Example:** The NASS Land Values and Cash Rents 2010 Summary was used to determine the value of crop land for 2011 for FSFL No# 2011-00002. The South Carolina 2010 Cropland Value was valued at \$2,520 per acre and is determined to be conservatively reasonable. Therefore, 120 acres of cropland times \$2,520 equals \$302,400. NASS Land Values and Cash Rents 2010 Summary, page 6 is filed in the producer's FSFL folder for reference.--\*

## 24 Security for FSFL's (Continued)

**\*--R Additional Authorized Methods (Continued)**

- Market Value Estimate from an FLP loan approval official

**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.

**Example:** 2010 Farmland Value Survey Iowa State University at  
[www.extension.IAstate.edu/agdm/wholefarm/html/c2-70.html](http://www.extension.IAstate.edu/agdm/wholefarm/html/c2-70.html).

**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.

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 the **loan** amount **if** the structure is located on the property to be mortgaged.

The value of the structure and real estate must equal at least 125 percent of the loan.

State and County Offices **must** request a formal DAFP waiver according to paragraph 301 for authorization **before** using a method **not** listed in this subparagraph when determining FSFL security.--\*

24 Security for FSFL’s (Continued)

\*--S Value of FSFL Security Approval Authority

Concurrence of determined value of FSFL security must be made according to the following.

<b>IF loan amount is...</b>	<b>THEN concurrence of determined value of FSFL security must be made by...</b>
\$100,000 or less	COC.
\$100,001 to \$250,000	COC after DD review.
\$250,001 to \$500,000	STC (STC can delegate approval to SED <b>only</b> ).

**Note:** See first table in subparagraph 2 F for exceptions applicable to FSA employees and their relatives.

A conditional loan approval may be issued dependent on an appraisal or other authorized method for determining adequate real estate security. The conditional loan approval must be documented in CCC-185, item 18. It must be conveyed to the applicant that CCC is **not** liable for the loan if the determined security value is not sufficient.

STC’s may set a more restrictive Statewide policy for determining FSFL real estate security values if it is determined that the economic conditions in the State and in agriculture, in general, require such action to protect CCC’s interests.--\*

25 **FSFL Amount**

**A Maximum Amount**

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

**Note:** Only one FSFL is allowed on a stand alone structure.

**B Determining FSFL Amount and Number of Borrowers**

The principal amount of any FSFL shall be 85 percent or less of the net cost of the applicant's needed storage or handling equipment, **not** to exceed \$500,000 for each FSFL.

**Note:** Each borrower signing CCC-186 is jointly liable for the entire FSFL amount.

**C Net Cost**

[7 CFR 1436.9] The cost on which FSFL shall be based is the net cost of the following:

- accessories
- eligible facility
- services to the applicant after discounts and rebates.

**Note:** STC may establish a maximum per bushel or per unit of measure for net cost.

**D Net Cost Items**

The net cost for storage and handling equipment may include the following:

- delivery charges
- fees, such as attorney, archaeological study, or title insurance fees
- installation costs
- material and labor for concrete pads
- material and labor for electrical wiring and electrical motors
- new on-farm material approved by COC
- off-farm paid labor



## 29 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
- in effect for the FSFL term
- \*--the same for a partial and final disbursement.--\*

### B Monthly Announcements

Interest rates may be different for the 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 the County Office software.

## 30 Application 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.

**Notes:** The application fee is necessary to cover the cost to CCC of making FSFL's. These fees include the following:

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

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 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 and is the fee in effect at the time the assumption is requested.

See subparagraph 312 B for the correct program code when an application is accepted in one FY but the loan is not approved until the next FY.

**30 Application Fees (Continued)****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.

A borrower who is requesting a partial disbursement shall be charged 1 application fee even though CCC is disbursing two FSFL's.

**31 FSFL Signature Authority Documentation Requirements****A FSFL Signature Authority for Individuals**

The FSFL Program shall follow FSA signature authority requirements for individuals according to 1-CM.

**B Entity Signature Authority for FSFL's**

The signature authority for **all** forms and documents for FSFL's for corporations, limited partnerships, limited liability companies, and other similar entities is a copy of any of the following applicable documents:

- the corporate charter, bylaws, articles of organization, operating agreement, or partnership papers executed according to State law, that designates officers, members, or managers as authorized signatories
- resolution by the corporation's board of directors signed by the corporation's secretary, or an officer, other than the signatory being extended signature authority

## 52 Processing CCC-185 Packages (Continued)

**B Using CCC-195's**

CCC-195 was developed to assist State and County Offices to avoid the types of errors that have been found by COR reviews. See subparagraph D for an example of CCC-195. CCC-195 is required to be completed for **all** FSFL's. It is **not** the intent of CCC-195 to supersede or replace procedure. County Offices should use CCC-195 as a reminder of the most frequently "erred" determinations when completing FSFL.

State Offices shall:

- only as necessary to incorporate individual State laws, modify CCC-195 for State use by using the blank lines provided on CCC-195 or by further editing the document in Microsoft Word

**Note:** The current version of CCC-195 is available on the FFAS Employee Forms/Publications Online web site.

- **--e-mail State CCC-195's that differ from the national CCC-195 to Toni Williams at [toni.williams@wdc.usda.gov](mailto:toni.williams@wdc.usda.gov) for National Office approval--\***
- issue only National Office-approved CCC-195's to County Offices.

County Offices shall:

- prepare CCC-195 received from the State Office for each FSFL that was **not** disbursed as of the date of receiving CCC-195
- maintain CCC-195 in each FSFL folder
- check, initial, and date the appropriate box for each item as it is performed
- for items that are **not** applicable, ENTER "N/A" in the "No" column, initial, and date
- ensure that all required signatures are in CCC-195, item 20 at FSFL disbursement
- obtain signature and date of CED on CCC-195, items 21B and 21C at loan disbursement.

**Note:** For FSFL's **not** disbursed at the time the most current revision of CCC-195 is posted, attach a copy of the most current CCC-195 to the partially completed CCC-195. Obtain signatures on CCC-195, item 20 at FSFL disbursement.

52 Processing CCC-185 Packages (Continued)

C Completing CCC-195's

Complete CCC-195 according to the following table.

Item	Instructions
1	Enter the applicant's name. If a joint FSFL, a separate CCC-195 is required for each applicant.
2	Enter the date CCC-185 is signed.
3	Enter the APSS-assigned FSFL number that is FY and FSFL number.
4	Enter the State where facility equipment will be located.
5	Enter the county where FSFL will be processed.
6A through 19G	For each item listed, check (✓) either "Yes" or "No". The employee completing the action shall initial and date. If item is <b>not</b> applicable to this FSFL, ENTER "N/A" in the "NO" column. The employee determining that the action is <b>not</b> applicable shall initial and date.
20A	Any County Office employee who initials in items 6 through 19 is required to sign as a preparer. Signing as the preparer does <b>not</b> insinuate that an employee checked items 6 through 19, only that the employee completed an item that was initialed by the employee.
20B	County Office employee who signs item 20A shall enter the current date.
*--21A through 21C	<p>CED shall indicate whether or not they concur with how items 6 through 19 are completed. CED or designated representative shall review CCC-195's for <b>all</b> FSFL's.</p> <p>CED who completed item 21A shall sign item 21B.</p> <p>CED who signed item 21B shall enter the current date in item 21C.</p> <p><b>Note:</b> If CED was 1 of the preparers who completed items 20A and 20B, CED shall <b>not</b> complete this section. STC or its representative shall complete items 21A through 21C for all CED-prepared FSFL's.</p>
22	If this FSFL is 1 of the first 3 FSFL's disbursed in FY, according to subparagraph E, STC or its representative shall review FSFL, before disbursement. To document the review, the reviewer shall notate FSFL has been reviewed, sign, and date.--*

52 Processing CCC-185 Packages (Continued)

D Example of CCC-195

The following is an example of CCC-195.

\*--

<b>This form is available electronically.</b>		1. Name of Applicant			
<b>CCC-195</b> (02-16-12)  <b>FARM STORAGE FACILITY LOAN (FSFL)</b> <b>PROCESSING CHECKLIST</b>	U.S. Department of Agriculture Commodity Credit Corporation	2. Date of Application (MM-DD-YYYY)		3. Loan No.	
		4. State Office Name		5. County Office Name	
		<b>Office Staff Actions:</b>		<b>Applicable References (1-FSFL)</b>	<b>YES</b>
<b>6. While Working with Producer:</b>					
A. Discuss key program provisions with applicant including provision that application must be approved before construction, insurance requirements, filing and search needs and who pays fees.		Subparagraph 51C			
B. Complete all items on front side of manual CCC-185 (Loan Application and Approval for Farm Storage and Drying Equipment Loan Program). Applicant must initial Item 12B, if applicable, and answer DCIA question in Item 13.		Paragraph 51			
C. Collect application fee of \$100.00 per borrower.		Paragraph 30			
D. Enter application into APSS. If partial disbursement is requested, enter 2 separate applications.		Subparagraph 51D & paragraphs 338 & 353			
E. Schedule a farm visit to complete FSA-850 and, if applicable FSA-851.		Paragraphs 62, 63 & Handbook 1-EQ			
F. Obtain copy of contracts, cost breakdown, or estimates for all proposed work.		Subparagraphs 10C, 51C & 51E			
G. Obtain copy of site plans, if available, and building plan for hay and renewable biomass structures.		Subparagraphs 10C & 20A			
H. Obtain copy of any building permits or zoning variances, if applicable.		Subparagraph 12A & paragraph 70			
I. Obtain proof of crop insurance or if sales period is over, ensure waiver statement for current year is in remarks on CCC-185 and initiated by producer.		Subparagraphs 12A & 69A, B, C, & D			
J. Obtain actual farm expenses from most recent year available.		Paragraph 53			
K. Obtain financial statement that is less than 90 days old on FSA-2037, FSA-2038 or similar form.		Paragraph 53			
L. Obtain CCC-10 (Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to file a Financing Statement and Related Documents) if a current CCC-10 is not on file.		Paragraph 58			
M. <b>Remind</b> applicant that delivery, site preparation and construction cannot begin until after the loan is approved.		Subparagraph 10D			
N. Inform applicant that any other government funding (including RD grants and loans) must be subtracted from the net loan amount.		Subparagraph 25D			
<b>7. Application Processing:</b>					
A. Immediately deposit application fee through NRRS using XXFSFL FEES. XX represent the FY the FSFL was approved.		Paragraph 312, Exhibit 35			
B. Prepare an 8-position or similar folder for each CCC-185.		Subparagraph 51F			
C. For applications lacking required information, notify applicant in writing.		Subparagraph 51C			
D. Order applicable credit report.		Paragraph 54			
E. Obtain verification of debts and assets, if applicable, using FSA-2015 (Verification of Debts and Assets).		Subparagraph 53F			
F. FSA-211 or acceptable documentation on file in county office for any individual signing in a representative capacity.		Paragraph 31			

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52 Processing CCC-185 Packages (Continued)

D Example of CCC-195 (Continued)

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CCC-195 (02-16-12)		Page 2 of 6			
Office Staff Actions:	Applicable References (1-FSFL)	YES	NO	Initials	Date
<b>8. Determine Loan Amount, Storage Need and Equipment Eligibility:</b>					
A. Determine maximum loan amount not to exceed \$500,000. "padding" the loan is not authorized..	Paragraph 25, Subparagraph 338B				
B. Review CCC-185 and verify storage need.	Paragraphs 15, 16 & 17				
C. Verify eligibility of proposed structure and equipment.	Paragraphs 19, 20, 21, & 22				
<b>9. Applicant Eligibility:</b>					
A. Verify DCIA compliance by checking applicant certification on CCC-185 and CCC or FSA Receivable records.	Subparagraphs 12A, 51E, 52A, & paragraph 55				
B. Verify compliance with controlled substance provisions by checking the controlled substance field in the producer's eligibility record.	Subparagraph 12A Handbooks 3-PL, paragraph 32, & 1-CM, Part 30				
C. Producer of an eligible facility loan commodity.	Paragraphs 12 & 13				
D. Demonstrates the need for increased storage capacity.	Paragraphs 15, 16, & 17				
E. Verify proof of crop insurance.	Subparagraphs 12A, 69A, B, & C				
<b>10. Lien Searches and Filing UCC's:</b>					
A. Complete lien search for all UCC's and any judgments. If a mortgage is not needed, conduct real estate lien search to determine need for severance agreements. (Document on Form FSA-2360.)	Paragraphs 24, 56 & 57				
B. Obtain legal description of parcel facility will be placed on.	Paragraph 24, subparagraphs 10C & 51E				
C. Obtain legal description of parcel(s) of land to be offered as security, such as described on a tax bill, if applicable.	Paragraphs 24 & 131				
D. File UCC financing statement on collateral as soon as description is available.	Paragraph 56				
E. Obtain lien waivers on CCC-190 (Farm Storage Facility Loan Program Lien Waiver), if applicable.	Subparagraphs 52A & 56B, & Exhibit 16				
<b>11. Ability to Repay: Individual with FLP Loan approval authority shall:</b>					
A. Review a balance sheet and cash flow plan for the current year showing that a 15% down payment is available.	Subparagraph 53D				
B. Review a balance sheet and cash flow plan showing that there are funds available to pay the first installment amount.	Subparagraph 53E				
C. Determine credit worthiness by requesting and reviewing credit reports.	Paragraph 54				
D. Prepare written recommendation to COC, indicating whether applicant is creditworthy and has ability to make down payment and pay future installments.	Subparagraphs 53G & 115C				
<b>12. Environmental and Historic Reviews:</b>					
A. Visit the site before site preparation and complete FSA-850 (Environmental Evaluation Checklist).	Paragraphs 82, 83 & Handbook 1-EQ				
B. Complete FSA-851 (Environmental Risk Survey Form) for loans secured by real estate.	Paragraphs 82, 83 & Handbook 2-EQ				

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52 Processing CCC-185 Packages (Continued)

D Example of CCC-195 (Continued)

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Office Staff Actions:		Applicable References (1-FSFL)	YES	NO	Initials	Date
<p>CCC-195 (02-16-12) <span style="float: right;">Page 3 of 6</span></p> <p><b>12. Environmental and Historic Reviews: (Continued)</b></p>						
C. Notify State Historic Preservation Officer according to guidelines in applicable EQ directives. Notify Fish and Wildlife Service of proposed action, if applicable.	Subparagraph 81B					
D. Verify HEL and WC compliance with copy of the most current AD-1026 (Highly Erodeable Land Conservation (HEL) and Wetland Conservation (WC) Certification) and AD-1026A (Supplemental to AD-1026 (Continuation)).	Subparagraphs 12A & 51C					
E. Verify compliance with any zoning ordinances or building permits.	Subparagraph 12A & paragraph 70					
F. Conduct further reviews as required, such as Class II Environmental Assessments.	Paragraphs 81, 82 & 83 Handbooks 1-EQ & 2-EQ					
G. Review applicable flood maps and prepare FEMA-81-93. Notify applicant if flood insurance will be required.	Subparagraphs 12A & 69G					
<p><b>13. Collateral Security:</b></p>						
A. Determine if applicant has other outstanding FSFL's. If the total outstanding loan balance with this loan exceeds \$50,000, additional security is required.	Subparagraph 24C					
B. Determine need for severance agreements and/or subordinations.	Paragraph 130					
C. Determine if collateral has resale value. If no collateral resale value, additional security is required.	Subparagraphs 24N & 115A					
D. Prepare a recommendation to COC for collateral security requirements and present prior to approval.	Subparagraphs 24C & 115A					
<p><b>14. Loan Approval:</b></p>						
A. Refer application to appropriate approval official.	Subparagraph 2F					
B. Date of Executive Meeting Minutes ( date: _____ )	Subparagraph 115B					
C. Applicant meets all eligibility requirements, including creditworthiness and ability to repay.	Paragraphs 53 & 55 & subparagraph 115A					
D. Proposed facility or renovation is eligible and needed.	Subparagraph 115A					
E. Yields and acreage used to calculate storage need are reasonable.						
F. Environmental conditions of the site do not place CCC at risk.						
G. District Director review of loan and concurrence of approval <b>before</b> COC approval, if loan between \$100,000.01 and \$250,000.	Subparagraphs 2F & 115B					
H. Type of collateral security required. Enter on CCC-185, Item 17.	Subparagraphs 115A & 116A					
I. Approved or denied by signature on reverse of CCC-185. If denied, enter zero in Item 14A.	Subparagraphs 115B, 116A & B					
J. Enter conditions of approval, such as all peril insurance or flood insurance, in CCC-185 remarks section.	Subparagraphs 115A & 116A					
K. If the application is one of first 3 received each FY or because of STC policy, refer application to STC.	Subparagraph 52E					

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52 Processing CCC-185 Packages (Continued)

D Example of CCC-195 (Continued)

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CCC-195 (02-16-12)		Page 4 of 6			
Office Staff Actions:	Applicable References (1-FSFL)	YES	NO	Initials	Date
<b>15. Approval Processing by Office Staff:</b>					
A. Record approval and funding through APSS. Queue FSFL Detail Transmission Report.	Subparagraph 340C & paragraph 351				
B. When notified of funding, issue approval letter. Enter date approval letter is issued, on CCC-185, Item 14D. Distribute CCC-185, according to subparagraph 116C.	Subparagraphs 116B, 128A, & 352B				
C. Remind applicant that all peril structural insurance, listing CCC as loss payee, and possibly, flood insurance, on the structure and equipment will be required.	Paragraph 69				
D. Remind applicant that if real estate is required to secure the loan, title insurance or a title opinion will be required. This may result in attorney fees that must be paid by the applicant for title clearance and loan closing.	Subparagraph 127B & paragraph 129				
E. Notify applicant that loans cannot be disbursed <b>until construction is complete</b> , final net cost is determined, and the facility is inspected.  One partial disbursement not to exceed 50% of loan obligation is allowed.	Subparagraphs 127A & B, paragraphs 28, 133 & 134  Paragraph 28				
F. Discuss filing and recording fees and who pays each fee.	Subparagraph 24I				
G. If applicable, issue disapproval letter.	Subparagraphs 115B & 128B				
H. Monitor approval expiration date. Obtain and act on requests for extension of approval by STO, if applicable.	Paragraph 135				
I. File UCC financing statement on collateral if not already filed.	Paragraph 56				
J. Request Severance Agreements on CCC-297 (Severance Agreement), or Subordination Agreements on CCC-194 [Farm Storage Facility Loan Subordination Agreement (Lien on Real Property)] or other form provided, if necessary.	Paragraph 130 & subparagraph 131E, Exhibits 10 & 18				
K. Obtain release of liability on CCC-191 (FSFL Program Release of Liability) from all contractors submitting bills.	Subparagraph 133E & F				
L. Obtain proof of all peril structural insurance (CCC as loss payee), crop insurance, and current real estate tax.	Paragraph 69, subparagraphs 127A & B				
M. Verify UCC's, severance agreements, and subordinations have been filed and recorded.	Subparagraphs 127A & 131E, & paragraph 130				
N. If applicable, obtain equipment lien waivers, on CCC-190, before loan is disbursed.	Subparagraph 56B & Exhibit 16				
<b>16. Partial Loan Disbursement (if applicable):</b>					
A. Approved applicant requests partial disbursement.	Subparagraph 28B				
B. Inspect and verify the amount of construction completed. Document on CCC-295A (FSFL Program Final Inspection of Facility before Loan Disbursement).	Paragraph 134				
C. Approved applicant supplied acceptable documentation for that portion of construction completed.	Subparagraph 28B				
D. Determine if Disbursement will be made to borrower only or if Treasury checks are required for joint disbursement.	Paragraph 366				
If payment to borrower only, print CCC-186 and request payment on day of closing. Verify correct interest rate printed in Item 3.	Paragraph 367				
If Treasury check(s) required for other payees: <ul style="list-style-type: none"> <li>• Request checks</li> <li>• When check(s) received, schedule closing within 21 days after payment request</li> <li>• Print CCC-186 and verify correct interest rate printed in Item 3.</li> </ul>	Paragraph 368				

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52 Processing CCC-185 Packages (Continued)

D Example of CCC-195 (Continued)

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CCC-195 (02-16-12)		Page 5 of 6			
Office Staff Actions:	Applicable References (1-FSFL)	YES	NO	Initials	Date
<b>16. Partial Loan Disbursement (if applicable): (Continued)</b>					
E. Obtain borrower signatures. Obtain signature of CCC representative with authority to sign.	Subparagraph 2F & paragraph 31				
F. FSA-211 or acceptable documentation on file in county office for any individual signing in a representative capacity.	Paragraph 31				
<b>17. Final Disbursement:</b>					
A. Obtain evidence of final net cost and compute final loan amount. be sure: <ul style="list-style-type: none"> <li>• 15% minimum down payment amount has been paid to suppliers</li> <li>• evidence of cost is date stamped by County Office</li> <li>• seller has signed evidence of cost</li> <li>• copy of original documents are retained in the loan folder (original evidence returned to borrower)</li> </ul>	Paragraphs 27, 28 & 133				
B. Inspect the complete facility and document results on CCC-295A (FSFL Program Final Inspection of Facility Before Loan Disbursement).	Paragraph 134				
C. Adjust funding obligation (if needed).	Paragraphs 354 & 355				
<b>18. Closing Loans Secured by Real Estate:</b>					
A. Provide borrower with letter to select title company and legal Services.	Subparagraph 129A				
B. Obtain completed CCC-296 (Farm Storage Facility Loan Program Certification of Attorney) from attorney.	Subparagraphs 129B & C				
C. Obtain completed CCC-299 (Title Opinion - Farm Storage Facility Loan Program) from attorney.	Subparagraphs 129D & E				
D. Review Title Opinion and update security requirements, if needed.	Subparagraphs 129E & F				
E. Issue closing notification to borrower.	Subparagraph 129G				
F. Determine if disbursement will be made to borrower only or if checks to borrower and contractors are required.	Subparagraph 127B & paragraph 366				
G. If disbursement to borrower only, on the day of closing, print CCC-186 and request payment. Verify interest rate is correct.	Subparagraph 127B & paragraph 367				
H. If Treasury check(s) required for disbursement (suppliers have not been paid): <ul style="list-style-type: none"> <li>• request check(s)</li> <li>• when check(s) received, schedule closing within 21 days of payment request</li> <li>• print CCC-186, verify interest rate correct, and complete loan closing.</li> </ul>	Paragraph 368				
I. Send transmittal of title information.	Subparagraph 129F				
J. Prepare Real Estate Mortgage for FSFL Program on CCC-193 or FSFL Deed of Trust on CCC-193D.	Paragraph 131				
K. Issue closing instruction letter with applicable documents and CCC checks to closing agent on day loan will be disbursed/closed.	Subparagraph 129G				
L. Receive and review loan closing statement from closing agent.	Subparagraph 129H				
M. The County Office must perform the final lien search within 5 workdays before FSFL closing and initial and date action was completed on CCC-195.	Subparagraph 127B				

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52 Processing CCC-185 Packages (Continued)

D Example of CCC-195 (Continued)

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CCC-195 (02-16-12)		Page 6 of 6			
<b>Office Staff Actions:</b>	<b>Applicable References (1-FSFL)</b>	<b>YES</b>	<b>NO</b>	<b>Initials</b>	<b>Date</b>
<b>19. Closing Loans Not Secured by Real Estate:</b>					
A. Determine if disbursement will be made to borrower only or if checks to borrower and contractors are required.	Subparagraph 127A & paragraph 366				
B. If disbursement to borrower only, on the day of closing, print CCC-186 and request payment. Verify interest rate is correct.	Subparagraph 127A & paragraph 367				
<b>19. Closing Loans Not Secured by Real Estate: (Continued)</b>					
C. If Treasury check(s) required for disbursement (suppliers have not been paid): <ul style="list-style-type: none"> <li>• request check(s)</li> <li>• when check(s) received, schedule closing within 21 days of payment request</li> <li>• print CCC-186, verify interest rate correct, and complete loan closing.</li> </ul>	Subparagraph 127A & paragraph 368				
D. The County Office must perform the final lien search within 5 workdays before FSFL closing and initial and date action was completed on CCC-195.	Subparagraph 127A				
E. Obtain borrower signatures and initials.	Subparagraph 146A				
F. Obtain signature of CCC representative with authority to sign.	Subparagraph 146A				
G. FSA-211 or acceptable documentation on file in county office for any individual signing in a representative capacity.	Paragraph 31				
<b>Certification:</b>					
20A. Signature of Preparer(s)			20B. Date (MM-DD-YYYY)		
21A. I concur/do not concur the above items have been verified and updated. <input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur					
21B. CED Signature (Required for all Loans)			21C. Date (MM-DD-YYYY)		
22. Remarks					
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs 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, political beliefs, genetic information, 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 or 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, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small></p>					

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52 Processing CCC-185 Packages (Continued)

E STC or Designee CCC-195 Concurrence

STC or designee shall:

- review **before** disbursement with the first 3 FSFL's disbursed each FY at an administrative County Office regardless of the amounts requested

**Notes:** Additional reviews, including reviews following FSFL disbursement, may be conducted if determined necessary by STC.

FY's begin on October 1 each year. STC or designee shall review the first 3 FSFL's disbursed each FY beginning on October 1.

- document review in the FSFL folder on CCC-185, item 18 and CCC-195, item 22

**Note:** In CCC-195, item 22, indicate that this review was required according to subparagraph 52 E.

- indicate corrective action where necessary.

## 53 Financial Planning

### A Obtaining Balance Sheets and Cash Flow Statements

Use FSA-2037 and FSA-2038 or similar forms, prepared by either the borrower or a financial institution within 90 calendar days of submission, to determine the following:

- that the applicant has the financial ability to make the downpayment
- that the applicant has the financial ability to timely repay FSFL
- whether COC should approve or disapprove FSFL
- the level of collateral security needed.

### B Acceptable Balance Sheets and Cash Flow Statements

Use 1 of the following to make the determinations in subparagraph A:

- FSA-2037 and FSA-2038 available at the FSA eForms web site at <http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>
- balance sheet and cash flow statement approved for use in the State
- balance sheet and cash flow statement that provides all the information necessary to make the determinations in subparagraph A.

**Note:** Existing plans used for FLP may be used, but **must** be revised to plan for FSFLP debt. FLP staff **must** be consulted before any revisions to existing plans take place.

### C Situation Where 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 both of the following conditions apply:

- aggregate total of all FSFL's, including the new loan, will be \$10,000 or less
- review of the balance sheet indicates that the applicant has:
  - enough funds for the required FSFL downpayment
  - sufficient probable cash flow to pay the required FSFL installments.

**53 Financial Planning (Continued)****D Planning for Downpayment**

Prepare or obtain a plan for the applicant's current FY:

- using actual expenses, if available
- showing enough cash available to make the required downpayment.

**E Planning for Future Installments**

Prepare a projected plan for the applicant's FY in which the first FSFL installment is due showing the:

- total cost of the storage facility
- approximate amount of FSFL
- projected installment amount for FSFL.

The employee performing the financial analysis will determine whether the applicant has a feasible plan.

**F Obtaining Verification of Debts and Assets**

County Offices shall:

- verify debts and assets only when debt and asset information provided by the applicant is different than that 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.

## 53 Financial Planning (Continued)

**G Financial Analysis**

The financial analysis of an FSFL applicant shall be performed by either an FLP or County \*-Office employee with FLP loan approval authority. A detailed written recommendation for approval or disapproval, based on the applicant's credit history and financial information, shall be provided to COC. This written recommendation must be signed and dated by the individual providing the financial analysis.

**Example:** "Based on FSFL applicant John W. Banks' credit history and financial information, I recommend approval of the FSFL in the amount of \$\_\_\_\_\_. The information reviewed provides that Mr. Banks has a satisfactory financial position and demonstrates the ability to timely repay the FSFL."

A financial analysis is required for the members of the entity with the greatest share and a credit report must be obtained for the members.

**Examples:** If there is a:

- 4-member partnership, each sharing 25 percent, a financial analysis and 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 financial analysis and credit report is required for the member with the 60 percent share.

STC may determine if a financial analysis and credit report is required for all members.

If an irrevocable letter of credit is used as security for FSFL greater than \$250,000.01, a financial analysis is **required**--\*

If additional information is necessary 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.

## 54 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
- 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.

**Note:** FLP Farm Business Plan 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.

### B Analyzing Credit History Reports

The authorized individual performing the financial analysis shall:

- analyze credit reports to detect:
  - patterns of late payments or nonpayments
  - bankruptcy and foreclosures
  - heavy use 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.

### 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

## 54 Credit History and Credit Reports (Continued)

## C Available Credit Reports (Continued)

- entity – legal entities doing business as any of the following:
  - corporations
  - limited liability corporations or companies
  - limited and general partnerships
  - trusts
  - estates.

**Notes:** State and County Offices requesting entity credit reports shall also request individual \*--or joint “Express 3 Bureau” reports for the members of the entity with the greatest shares.

**Examples:** If there is a:

- 4-member partnership, each sharing 25 percent, a financial analysis and 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 financial analysis and credit report is required for the member with the 60 percent share.--\*

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
- **not** use any symbols (% , & , etc) in the request name.--\*

Make certain 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 **not** correct. This includes typos.

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 on the following:
  - “Tools”
  - “Pop-up Blocker”
  - “Turn Off Pop-up Blocker”.

**54 Credit History and Credit Reports (Continued)****D Centralized Payment**

Payments for all FSFL credit reports shall be made to the approved contractor from the **FSA National Office**. State and County Offices shall **not** pay for FSFL credit reports.

**E Monthly Reconciliation of Credit Report Bill**

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

Each month, authorized State and County Offices submitting requests for FSFL credit reports are required to provide to PSD, through the State Offices, the following information to aid in reconciliation:

- State
- county
- names of credit reports requested
- date of each request
- type of each request – individual, joint, or entity
- FSFL number including year.

**F Monthly Reconciliation of Bill**

The reconciliation report is due in PSD by the 10th of the following month and must be sent \*--to Toni Williams at **toni.williams@wdc.usda.gov**, with cc: to Tom Fink at **tom.fink@wdc.usda.gov**--\*

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.

**Notes:** Because the bill **cannot** be paid until it is completely reconciled, the reconciliation report from State Offices that requested credit reports the previous month **must** be received in PSD by the tenth of the following month. There are **no** exceptions to submitting this report.

State Offices shall follow PII policy when submitting their monthly reconciliation to PSD.

## 54 Credit History and Credit Reports (Continued)

### G State Office Determination of Sites and Designated Employee at Each Site

To request credit reports for FSFL applicants, State Offices shall determine which:

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

**Note:** The selected employee will be:

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

### H Request for Initial Set Up

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

- employee's name
- title
- State or County Office name
- office address
- telephone number of office and employee
- e-mail address.

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

**Notes:** 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 is established using Microsoft Outlook Calendar to remind the employee to change their password.--\*

## 55 FSFL and Federal Delinquent Debt Applicants

### A FSFL Compliance With DCIA

County Offices shall:

- identify producers who are delinquent on Federal debts according to DCIA
- require FSFL applicants to certify to DCIA compliance on CCC-185.

FSFL approval authority shall **not approve** FSFL's for delinquent Federal debtors, unless the delinquent Federal nontax debt is resolved before FSFL disbursement. See 58-FI.

### B Delinquent Federal Debt Individual Applicants

FSFL approval authority, according to subparagraph 2 F, shall **not** approve:

- FSFL's for individual applicants who are delinquent Federal debtors, unless the delinquent Federal nontax debt is resolved before FSFL disbursement
- joint FSFL requests when 1 or more of the individual applicants are delinquent Federal debtors.

### C Delinquent Federal Debt Joint Venture Applicants

FSFL approval authority, according to subparagraph 2 F, shall **not** approve:

- FSFL's for joint venture applicants who are delinquent Federal debtors, unless the delinquent Federal nontax debt is resolved before FSFL disbursement
- FSFL requests for joint ventures when 1 or more of the members are delinquent Federal debtors.

**Note:** All members of a joint venture, including spouses if required by State law, must sign all FSFL security documents, and are jointly and severally liable for the entire debt. See subparagraph 31 C.

## Section 2 Other Requirements

## 69 Insurance Requirements

## A Multi-Peril Crop Insurance or NAP Requirement

To enhance a borrower's repayment ability, multi-peril crop insurance or NAP is **required** on both of the following:

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

**Notes:** 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.

\*--All crops of economic significance, used in the borrower's cash flow, included in the documentation for their financial analysis, and used to determine eligibility--\* require crop insurance.

County Offices shall:

- require the producer to provide proof of multi-peril crop insurance and/or verify NAP coverage before disbursement, except if subparagraph D applies
- annually obtain proof of multi-peril crop insurance for each crop year applicable to the entire FSFL term, except for sugar beets because sugar beets are **not** an FSFL commodity.

**Note:** 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.

## B Acceptable Forms of Insurance

Acceptable forms of crop insurance are any level of coverage of multi-peril crop insurance, including the catastrophic level, group coverage, and crop revenue coverage offered under the Federal Crop Insurance Program.

## 69 Insurance Requirements (Continued)

**C Acceptable Proof of Insurance**

County Offices shall accept proof of insurance, 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.

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

**D Crop Insurance Waiver**

County Offices shall:

- waive the crop insurance requirement if it is too late for the producer to obtain multi-peril crop insurance for the crop year

**Note:** The waiver will apply to the current crop year only.

- enter the following statement on CCC-185, item 18:

“I agree to purchase multi-peril crop insurance for facility loan commodities during the next available sales period. I understand that my failure to meet this requirement will be construed as a program violation.”

- ensure that producers initial and date the statement on CCC-185 to signify that the statement will be complied with and is understood.

\*--If the aggregate total of FSFL's is less than \$50,000, STC's may authorize COC's to determine if multi-peril crop insurance is required for all commodities produced by the producer. Also, if it is determined that multi-peril crop insurance is not required for commodities not being stored in the structure, COC is **not** authorized to allow the producer to store the uninsured commodity in the storage structure during the FSFL term.

If approved by COC, the County Office must have the applicant initial and date the statement, “I understand that I am not authorized to store my [*enter commodity*] production in the structure during the FSFL term.”, in CCC-185, item 18.

**Example:** The producer receives FSFL to store corn and the aggregate total of the producer's FSFL's are less than \$50,000. The producer produces corn and barley. STC provides COC with authorization to determine if multi-peril crop insurance is needed for all of the producer's commodities. COC determines that the producer does not need to obtain crop insurance on his/her crop of barley. Because the crop of barley is uninsured, barley **cannot** temporarily be stored in the storage structure during the FSFL term.--\*

## 69 Insurance Requirements (Continued)

### E Failure to Obtain Crop Insurance or NAP Coverage

County Offices shall:

- monitor the borrower's crop insurance or NAP status
- consider a lack of insurance or NAP to be an FSFL violation
- take action to call FSFL's when borrowers do **not** maintain insurance or NAP coverage.

**Note:** Before calling FSFL's, COC's may request a waiver for the specified year only, according to subparagraph 2 E.

### F All-Peril Structural Insurance

To protect CCC's interest in collateral, County Offices shall:

- require borrowers to obtain all-peril structural insurance on all storage structures receiving FSFL financing
- ensure that amount of coverage shall always equal or exceed outstanding FSFL balance
- annually obtain proof of all-peril structural insurance that lists CCC as a loss payee as soon as it is available
- review proof of all-peril structural insurance provided to CCC periodically by insurance companies or borrowers
- take action to call FSFL's when borrowers do **not** maintain insurance

**Note:** Before calling FSFL for lapse of insurance, COC's, according to subparagraph 2 E, may request a waiver for failure to fully comply with FSFL requirements, if borrowers obtain insurance before the waiver is requested.

- \*--ensure that CCC is listed on the all-peril structural insurance policy as a loss payee.--\*

### G Flood Insurance

To protect CCC's interest in collateral, County Offices shall:

- determine whether proposed storage facility sites are located in flood hazard areas by viewing national flood insurance program maps
- document the review on FEMA 81-93, available on the Internet at <http://www.fema.gov/business/nfip/sfhform.shtm>
- require the FSFL applicant to obtain flood insurance if the review documented on FEMA 81-93 indicates that flood insurance is required

**69 Insurance Requirements (Continued)****G Flood Insurance (Continued)**

- obtain proof of flood insurance coverage
- **not** approve FSFL's if flood insurance is required and **not** obtained or **not** available
- review proof of insurance provided by insurance companies to ensure that insurance is maintained for the life of FSFL
- take action to call FSFL's when borrowers do **not** maintain insurance
- \*--ensure that CCC is listed on the flood insurance policy as loss payee.--\*

**70 Local Land Use and State and County Building Code Requirements****A County Office Action on Local Land Use**

To avoid conflicts with local land use laws, County Offices shall:

- determine whether local land use laws are applicable at the proposed storage facility location by contacting local code enforcement officers

**Note:** The information obtained from the contact shall be documented in the file.

- obtain, from producers, copies of applicable:
  - building permits
  - zoning variances
  - site plans
  - environmental evaluations and assessments
  - construction permits for flood hazard areas
- use information obtained for FSA eligibility purposes and environmental evaluations
- **not** approve FSFL's where applicants are **not** in compliance with applicable local land use laws.

**B State and County Building Code Requirements**

All FSFL's must comply with any applicable State and county building code requirements. These may include, but are not limited to, the following:

- electrical permits and inspections
- construction permits and inspections.

**71-80 (Reserved)**

## Section 3 Environmental Review

### 81 Overview

#### A Background

For FSFLP participation, FSA-850 is used to determine whether the proposed action could potentially affect protected resources. See 1-EQ, Part 5.

Individual farm participation in FSA programs does **not** normally require EA preparation. However, for certain practices, FSA-850 must still be completed to verify that no protected resources would be affected. If through completing FSA-850 it is determined that there is no potential for the FSFL-proposed action to impact the environment, FSA-850 serves as FSA's documentation of compliance with NEPA, as well as the requirements of other environmental laws, regulations, and Executive Orders.

**Note:** NEPA regulations require that agencies complete the NEPA process **before** approving the proposed action, which includes coordination/consultation on protected resources with regulatory agencies and entities responsible for managing protected resources, such as surface water quality, threatened and endangered species, and cultural resources.

#### 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 FSA 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.

## 82 Evaluating Potential Environmental Effects

### A Preparing Evaluations

All requests for FSFL's to construct or renovate farm storage facilities or for drying or handling equipment, will be evaluated by completing FSA-850 according to 1-EQ. If indicated by FSA-850, EA may be necessary. Contact SEC for further guidance if EA is necessary.

**Notes:** See 1-EQ, subparagraph 23 B for guidance on completing FSA-850.

Producers may request completing FSA-850 before submitting CCC-185 by:

- visiting the County Office
- marking an aerial photograph of the proposed location of the structure
- indicating what type of structure they propose to construct.

NRCS-CPA-052 can be accepted instead of FSA-850.

A site visit is required to complete FSA-850.

\*--A conditional loan approval may be provided dependent on the results of EA. The conditional loan approval must be documented in CCC-185, item 18. It must be conveyed to the applicant that CCC is **not** liable for the loan if EA is not favorable.--\*

All FSFL's secured by real estate will also be evaluated 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.

### B Applicant Responsibilities

FSA expects applicants to:

- consider the potential environmental impacts of their requests at the earliest planning stages and to develop proposals that minimize the potential to adversely impact the quality of the human environment
- contact County Offices to determine FSA's environmental requirements as soon as possible after they decide to apply for FSFL
- provide information necessary to evaluate their proposal's potential environmental impacts and alternatives to them.

**Example:** The applicant will be required to provide a complete description of the project elements and the proposed site or sites to include location maps, topographic maps, and photographs when needed.

## 115 CCC-185 Reviews (Continued)

**B Approvals and Disapprovals (Continued)**

The FSFL approval date will be the date COC approves FSFL **after** the DD review.

DD or State Office designee shall also review all FSFL's where the borrower's **total aggregate FSFL balance** is over \$250,000 before COC approval. Review the most recent FSFL documents to ensure that the producer is financially able to meet all FSFL obligations.

**Note:** STC or designated SED is the approval authority for an individual FSFL with a total principal of \$250,000.01 to \$500,000.

STC or designated SED shall:

- approve or disapprove the following:
  - FSFL requests with a total principal of \$250,000.01 to \$500,000
  - biomass FSFL requests
  - FSFL's where STC has set other limitations for COC approval

**Notes:** Approve or disapprove as required by subparagraph 2 C.

If disapproved, ENTER "0" on CCC-185, item 14A.

- document approval or disapproval in the executive STC minutes
- indicate approval by signing CCC-185
- explain reasons for **not** approving CCC-185's in a memorandum to COC

**Note:** Notify the applicant of the disapproval using the letter in subparagraph 128 B. Provide applicable appeal rights according to 1-APP. Attach a copy of the completed and signed CCC-185.

- return the case file to the County Office for:
  - entering the approval date
  - entering the disapproval date, if applicable
  - requesting the obligation
  - disbursing FSFL
  - collecting FSFL repayments.

## 115 CCC-185 Reviews (Continued)

**B Approvals and Disapprovals (Continued)**

STC is the approval authority for all renewable biomass FSFL's. The following information must be immediately submitted by the State Office specialist after STC approval to  
\*--Toni Williams, FSFLP Manager at [toni.williams@wdc.usda.gov](mailto:toni.williams@wdc.usda.gov):--\*

- renewable biomass commodity for which the facility is approved
- type of storage approved
- capacity of the storage facility
- county, FY, and FSFL number
- total FSFL amount approved.

County Offices shall:

- if CCC-185 is submitted to the County Office that needs DD review or STC approval:
  - notify the applicable reviewing or approving authority, upon accepting the application fee, that FSFL requiring approval will be forthcoming

**Note:** This is needed to be able to manage the workflow.

- after completing CCC-185, forward the following to the applicable reviewing or approving officials:
  - original case file, including the complete CCC-185 with documentation to support the determinations in subparagraph A
  - an ArcGIS map layout of the proposed site where the facility will be located identifying roads and other key issues
  - written recommendation from COC:
    - advising if FSFL should be approved
    - suggested commodity yield for FAV and renewable biomass commodities
  - written recommendation from individual conducting the financial analysis about the applicant's credit history, ability to repay, and type of security
- if FSFL is disapproved by COC, DD, or STC:
  - send the producer the disapproval letter in subparagraph 128 B

**Note:** Include appeal rights according to 1-APP.

- after appeal rights have been exhausted, disapprove CCC-185 in the FSFL software according to subparagraph 340 D

Part 7 Closing FSFL's

127 Finalizing FSFL's

A Finalizing FSFL's Not Secured by Real Estate

County Offices shall take the following steps, not necessarily in this order, when finalizing FSFL's where FSFL is **not** secured by real estate.

Step	Action
1	If FSFL funding was approved, ensure that transmission requesting funding has taken place and return funding transmission has been received.
2	<b>After</b> return funding transmission is received in the County Office, notify the applicant of FSFL approval. See the example letter in subparagraph 128 A.
3	If FSFL was <b>not</b> approved by the applicable approving authority, notify the applicant. See the example letter in subparagraph 128 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final FSFL amount exceeds the approved amount, return CCC-185 to COC for consideration. Obtain approval for increase to FSFL amount and request additional funding. See paragraph 133.
5	If applicable, prepare CCC-297 and obtain necessary signatures to sever collateral from real estate and file in appropriate county real estate records before FSFL closing. See paragraph 130 and Exhibit 10.
6	Inspect the facility according to paragraph 134.
7	Obtain proof: <ul style="list-style-type: none"> <li>• that the downpayment and any amount in excess of the approved FSFL amount has been paid</li> <li>• of all-peril structural insurance, multi-peril crop or NAP insurance, and if applicable, flood insurance, all with CCC as the loss payee.</li> </ul>
8	Ensure that the following are on file: <ul style="list-style-type: none"> <li>• CCC-190, if applicable</li> <li>• CCC-191, from each vendor according to subparagraph 133 E.</li> </ul>
9	If checks are needed, submit the payment request according to subparagraph 368 B. After checks are received in the County Office, immediately schedule a closing date.  <b>Note:</b> FSFL closing shall be completed within 21 calendar days of signing in NPS.
10	Within 5 workdays before FSFL closing, perform a final lien search on the collateral.  <b>*--Note:</b> County Office must initial and date that this action was completed on CCC-195, step 19D.--*
11	On the closing date: <ul style="list-style-type: none"> <li>• prepare CCC-186 for closing according to subparagraph 367 B or 368 E</li> <li>• meet with the applicant and obtain all necessary signatures</li> <li>• distribute checks to producers and other applicable payees.</li> </ul>

**Note:** These steps are applicable to both the partial and final disbursements for FSFL's **not** secured by real estate.

127 Finalizing FSFL’s (Continued)

**B Finalizing FSFL’s Secured by Real Estate**

County Offices shall take the following steps, not necessarily in this order, when finalizing FSFL’s where FSFL is secured by real estate.

Step	Action
1	If FSFL funding was approved, ensure that transmission requesting funding has taken place and return funding transmission has been received.
2	<b>After</b> return funding transmission is received in the County Office, notify the applicant of FSFL approval and funding. See the example letter in subparagraph 128 A.
3	If FSFL was <b>not</b> approved by the applicable approving authority, notify the applicant. See the example letter in subparagraph 128 B.
4	The borrower selects a closing agent. Provide a letter to the applicant to use for requesting title clearance and legal services. See the example letter in subparagraph 129 A.
5	Obtain certification of attorney, if applicable, on CCC-296. See subparagraph 129 B.
6	Require title insurance or obtain title opinion. Use CCC-299 for title opinion requests according to subparagraph 129 D.
7	See subparagraph 129 F for the transmittal of the title information letter.
8	As soon as possible, obtain evidence for and compute final net cost of facility. If the final FSFL amount exceeds the approved amount, return CCC-185 to COC for consideration. Obtain approval for increase to FSFL amount and request additional *--funding. See subparagraph 2 F and paragraph 133 about approval for increases in the FSFL amount.--*
9	<p>Ensure that the following are on file:</p> <ul style="list-style-type: none"> <li>• CCC-190</li> <li>• CCC-297, if applicable according to paragraph 130</li> <li>•*--CCC-194 or either FSA-1927-8 or FSA-2319, according to subparagraphs 24 C--* and 131 E</li> <li>• CCC-191 for all vendors, according to subparagraph 133 E.</li> </ul>
10	Inspect the facility after it is completed and document on CCC-295A.
11	<p>Obtain proof:</p> <ul style="list-style-type: none"> <li>• that the downpayment and any amount in excess of the approved FSFL amount have been paid</li> <li>• of all-peril structural insurance, and if applicable, flood insurance with CCC as the loss payee</li> <li>• of multi-peril crop or NAP insurance</li> <li>• that real estate taxes are current.</li> </ul>

127 Finalizing FSFL's (Continued)

**B Finalizing FSFL's Secured by Real Estate (Continued)**

Step	Action
12	<p>If checks are required, submit the payment request for checks according to subparagraph 368 B. When checks are received, immediately schedule a closing date.</p> <p><b>Note:</b> FSFL closing must be completed within 21 calendar days of signing in NPS. Checks may be made out to the closing attorney to be held in escrow, if allowed by State law. In this case, the day the attorney cashes the check will be the date of FSFL closing and CCC-186 must be signed that day. In the case of escrow, the attorney will then issue checks as indicated in FSFL closing instructions.</p>
*--13	<p>Within 5 workdays before FSFL closing, perform a final lien search on the collateral.</p> <p><b>Note:</b> County Office must initial and date that this action was completed on CCC-195, step 18M.</p>
14	<p>Issue a notification of FSFL closing to the applicant. See the example letter in subparagraph 129 G.</p>
15	<p>Issue a closing letter to the agent with CCC-186 signed by the approving official together with other closing instructions. See the example letter in subparagraph 129 H.--*</p>
16	<p>Prepare the following:</p> <ul style="list-style-type: none"> <li>• CCC-186</li> <li>• CCC-193 or CCC-193-D.</li> </ul>
17	<p>The closing agent closes FSFL and provides the FSFL closing statement to the County Office.</p>

**Notes:** These steps are applicable to both the partial and final disbursements for FSFL's secured by real estate.

If a partial disbursement is requested and the FSFL principal of the partial is \$50,000 or less, the instructions in subparagraph A may be followed.

## 128 Examples of FSFL Approval and Initial Determination Letters

**A Example of FSFL Approval Notification Letter**

The following is an example of an FSFL approval notification letter.

<p>(Date of Letter)</p> <p>(Borrower Name)</p> <p>(Borrower Address Line 1)</p> <p>(Borrower Address Line 2)</p> <p>Dear (Borrower Name),</p> <p>Please be advised that the Commodity Credit Corporation has approved your request for a Farm Storage Facility Loan in the amount of \$_____. The loan will be repaid in equal installments over a period of ___ years and will carry an annual interest rate of _____% for the entire term. Your loan has also been funded.</p> <p>The loan was approved based upon the following (enter those that are needed):</p> <ul style="list-style-type: none"> <li>• Additional security is provided in the form of Real Estate or other form authorized by CCC.</li> <li>• Crop insurance or NAP coverage is purchased for all crops of economic significance.</li> <li>• All-peril structural insurance is obtained for an amount at least equal to the loan amount.</li> <li>• CCC-297's, Severance Agreements, are obtained from anyone with a lien or interest in the real estate underlying the structure.</li> </ul> <p>Loan approval will expire _____ (4 months after the date of approval). If you need additional time to complete construction, you must submit a request for an extension, in writing, providing evidence that the lack of completion is for reasons beyond your control.</p> <p>As soon as possible, you must:</p> <ul style="list-style-type: none"> <li>• Complete construction and notify this office when the facility is ready for inspection. The system, or components of the system, need to be inspected before use.</li> <li>• Provide evidence of final cost of the facility and the payment of the downpayment to this office.</li> <li>• Provide evidence that all-peril structural insurance has been obtained.</li> </ul> <p>We will:</p> <ul style="list-style-type: none"> <li>• Compute the final net cost of the facility and request an increase in funding, if needed.</li> <li>• Prepare loan documents and, if applicable, have mortgage documents prepared.</li> <li>• Notify you of a loan closing date.</li> </ul> <p>You are responsible for notifying this office to request a partial disbursement after a portion of your structure has been completed. One partial disbursement is authorized. This disbursement can be for up to 50 percent of the total anticipated loan amount and commensurate with the amount of construction completed.</p> <p>Please keep us informed of any changes that can affect your loan approval. If you should decide not to proceed with this loan, please inform our office, in writing, of your decision so obligated funds can be returned.</p> <p>Sincerely,</p> <p>County Executive Director</p>
--

129 Closing FSFL's Secured by Real Estate (Continued)

H FSFL Closing Instructions (Continued)

Additional information and instructions:

A copy of the loan closing statement signed by you, CCC-186, Promissory Note and Security Agreement, and all other executed documents required for loan closing are to be returned to the County Office within one day after the loan is closed. As soon as possible, after closing, provide the final mortgagee policy of title insurance and the recorded mortgage to the County Office.

\_\_\_\_\_ Date \_\_\_\_\_  
 CCC Representative

Loan Closing Statement  
 (To be completed by approved closing agent/attorney)

I certify that the subject loan was closed on \_\_\_\_\_ insert date \_\_\_\_\_ in accordance with written directions received from CCC. Enclosed are properly executed forms in connection with loan closing.

*(Enter items to fit your situation)*

\_\_\_\_ 1. Original CCC-186, Promissory Note and Security Agreement.  
 \_\_\_\_ 2. Original, recorded mortgage.  
 \_\_\_\_ 3. Original, recorded subordination agreements from each mortgagee or other lienholder who holds an existing lien on the land (as required) (CCC-194 form).  
 \_\_\_\_ 4. Original contractor certification or release of liability (CCC-191, Release of Liability form).  
 \_\_\_\_ 5. Copy of the loan closing settlement statement.  
 \_\_\_\_ 6. Proof of all-peril structural insurance.  
 \_\_\_\_ 7. Other: \_\_\_\_\_.

\_\_\_\_\_  
 Signature of Approved Closing Agent/Attorney

\_\_\_\_\_  
 Signature Title Date

*(Attorney must complete and sign the above loan closing statement after closing is completed and return to FSA.)*

For CCC use only:

I have examined the loan closing documents and determined that the loan was properly closed in accordance with the instructions provided.

\_\_\_\_\_  
 CCC Representative Date

**129 Closing FSFL's Secured by Real Estate (Continued)**

**H FSFL Closing Instructions (Continued)**

Upon returning the documents to the County Office, CED shall:

- review documents to ensure that all items have been completed and returned
- sign and date the statement at the end of the letter to document the review.

**130 CCC-297**

**A When CCC-297 Is Required**

To sever FSFL storage structure collateral from real estate, County Offices shall obtain CCC-297 from:

- prior or superior lienholders, including FSA
- the borrower if the borrower has interest in the real estate
- 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 is required for:

- **all** FSFL assumptions
- FSFL's where the security is owned by someone other than the borrower.--\*

**B When CCC-297 Is Not Required**

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
- the regional attorney waives the requirement for CCC-297 because State law makes using such an agreement unnecessary
- the borrower agrees to do either of the following:

## 130 CCC-297 (Continued)

**B When CCC-297 Is Not Required (Continued)**

- increase the downpayment on the storage facility from 15 percent to 20 percent
- provide another form of security acceptable to the Secretary.

**Notes:** If the borrower increases the downpayment from 15 percent to 20 percent, CCC-297's will **not** be required. The applicant **must** be informed of and request this option when CCC-185 is submitted.

If the applicant requests to use this option, notate in CCC-185, item 18, and have the applicant sign and date. At final closing, proof that the entire 20 percent downpayment was made is required, or the loan cannot be closed until either CCC-297 is provided or additional documentation showing that the 20 percent downpayment has been made is received by the County Office.

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 underlying real estate, the facility is **not** severed from the real estate.

\* \* \*

**C State Office Action**

State Offices shall:

- request changes and instructions to CCC-297 from the regional attorney
- make CCC-297 a State form
- provide a copy to PSD.

**D County Office Action**

County Offices shall:

- for FSFL's where a real estate lien is:
  - required, have the attorney obtain the properly completed and signed CCC-297

**Notes:** The attorney should perform all lien searches.

If the County Office knows the real estate lienholders, they may obtain properly completed CCC-297's before FSFL closing.

## 130 CCC-297 (Continued)

**D County Office Action (Continued)**

- **not** required, conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility and obtain properly executed CCC-297's

**Note:** See Exhibit 10.

- file CCC-297 before FSFL closing in the appropriate county real estate records unless the regional attorney waives the filing requirement.

**Notes:** If COC initially approves CCC-185 before receiving the necessary CCC-297's, then ENTER "The receipt of required CCC-297's" on CCC-185, item 18, as a condition of approval.

\*--If County Offices are unable to obtain the required real estate lien searches from their County Recorder, the County Office shall use either of the following:

- local title company with moderate fees
- farm loan personnel trained to perform real estate lien searches.--\*

**E STC Action**

STC's may enter into blanket CCC-297's with lenders if CCC-297's are approved by the regional attorney.

## 131 Real Estate Lien Instruments

**A Security Instruments**

State Offices shall develop a real estate lien instrument in consultation with their regional attorney. The security instrument may be a real estate mortgage, deed of trust, or other type of instrument. The security instrument must be used for all FSFL's to be secured with real estate. CCC-193 is a real estate mortgage available for FSFLP. CCC-193-D is a deed of trust available for FSFLP.

**B Signatures**

For a lien on real estate, **all** of the following shall sign the real estate lien instrument:

- the borrower, **only** if the borrower has an ownership interest in the land
- all persons or entities having an ownership interest in the applicable real estate
- the borrower's spouse shall also sign the instrument in States where spousal signatures are required by statute.

## 158 Collecting Installments (Continued)

**C Reminder and Notification Letter (Continued)**

County Offices are reminded **not** to change the amount that prints on the reminder and notification letter. Although these amounts may differ from the amounts on the amortization schedule printed at FSFL disbursement, the amounts on these letters are correct. Differences in the amounts are usually because of the annual installment payment being made on a date other than the actual due date. See subparagraph 380 C for the repayment date to enter on Screen VDA11005.

The **final** FSFL installment payment shall include interest to the date payment is received in the County Office. The table in subparagraph 380 C does **not** apply to the final FSFL payment. The following note shall be attached to the reminder and notification letter for the **final installment payment**:

“The **final** installment payment on your FSFL is due soon. The installment due date is listed in the first column of the table in the attached letter. The installment amount due is the total amount owed if the final loan payment is received in the FSA County Office on the installment due date. If payment is received on another day, the amount due will be different. Please contact the FSA County Office for the total amount due, if the installment will be received on a day different than the installment due date. Any collateral security on this loan will **not** be released to the borrower until the entire principal has been repaid.”

**D Failure to Pay Installments Policy**

[7 CFR 1436.13] If installments are **not** paid by the due date, County Offices shall:

- consider FSFL’s delinquent for FSFL purposes and eligible for offset from any payments due the borrower on the next day after the due date, when the installment principal balance remaining after payment exceeds \$25
- prepare and mail a first demand letter to the contact borrower and all co-borrowers on the day after the due date describing actions that may be taken against the debtor if the installment is **not** paid within 30 calendar days of the date of the letter
- on the day after the due date, set the “Other Agency Debt” flag in the borrower’s customer profile through FSA-FS
- in addition to the first demand letter, prepare and mail 2 subsequent demand letters at 30-calendar-day intervals if the installment is **not** paid
- collect additional interest to date of the repayment
- initiate collection action against a debtor’s pro rata share of payments due any entity that the borrower participates in, either directly or indirectly

## 158 Collecting Installments (Continued)

**D Failure to Pay Installments Policy (Continued)**

- initiate collection action against related persons or entities, irrespective of the debtors share when CCC determines that the debtor has established an entity or reorganized, transferred ownership, or changed their operation for the purpose of avoiding payment of the debt
- cease collection activity until any appeal activity by the borrower is complete, but withhold any FSA or CCC payments to the borrower for later offset

**Note:** Delinquent installments **cannot** be moved out of FSFL and a receivable established in NRRS. This is because a portion of the outstanding principal is **not** due and because collateral that could be foreclosed upon exists.

- initiate foreclosure actions only after all efforts to collect the installment have been exhausted under delinquency policy.

Delinquent FSFL's will be referred to TOP 120 calendar days after the installment due date. PSD will initiate the referral.

**E Later Payment of an Installment**

FSA recognizes that installment due dates may **not** always coincide with dates by which crops are harvested and income is available. Debtors who cannot pay on the due date may request up to an additional 120 calendar days to pay an installment if they submit both of the following:

- a request in writing for COC consideration within 60 calendar days before or after the installment due date
- a current cash flow statement demonstrating that the installment can be paid within 120 calendar days after the due date.

Payment after the installment due date:

- does **not** change the system-calculated due date in APSS
- does **not** change the due date of the next installment
- allows debtors more time to pay an installment and allows the County Office to cease further collection action except for offset opportunities
- **\*--**may be requested 1 time only for each installment during the FSFL term**--\***
- requires collection of additional interest through the date of repayment of the installment.

**165 Sale or Conveyance and Assumptions****A Sale of Collateral**

[7 CFR 1436.16] The collateral securing FSFL shall be sold by CCC whenever:

- CCC has called FSFL and it has **not** been repaid
- the borrower voluntarily conveys the collateral to CCC before repaying FSFL
- the borrower desires to convey other property securing FSFL without repaying FSFL.

**Notes:** Before a borrower sells or conveys the facilities or other property securing FSFL without repaying FSFL in full, the borrower shall obtain approval for sale or conveyance from COC.

\*--The County Office shall not release any documents to release any liens, security, or allow removal of the FSFL structure until the full payment has been received according to subparagraph 161 A.--\*

**B Assumptions**

An assumption of FSFL may be approved by CCC. The approval authority for FSFL assumption is the same as for a regular FSFL. See subparagraph 2 F.

**166 Appeals, Misaction, and Misinformation****A Adverse Determinations**

Approving authorities making adverse determinations against FSFL applicants and borrowers shall:

- provide mediation, reconsideration, and appeal rights according to 1-APP
- follow procedure in 1-APP to process and act upon appeals.

**B Misaction and Misinformation**

When there is misaction, misinformation, or a situation involving the finality rule, follow procedure in 7-CP.

**167-175 (Reserved)**



**Part 10 Deceased Borrowers and Assumptions**

**176 Deceased Borrowers**

**A County Office Action**

When it is learned that an FSFL borrower has died, County Offices shall take the following action.

<b>Step</b>	<b>Action</b>
1	Notify the State Office.
2	After instructions are received from the State Office, notify the fiduciary representative of the estate using the notification letter provided by the State Office from the Regional OGC.
3	Follow the course of action to continue FSFL according to instructions provided by the State Office and the Regional OGC.
4	Process assumptions according to paragraphs 177 and 426.

**B State Office Action**

When notified of a deceased borrower by a County Office, the State Office shall take the following action.

<b>Step</b>	<b>Action</b>
1	Contact the Regional OGC for advice in preparing a letter that notifies the fiduciary representative of the estate that: <ul style="list-style-type: none"> <li>• there is an outstanding CCC loan</li> <li>• FSFL is secured by CCC-186 and, if applicable, a mortgage or deed of trust on real estate.</li> </ul>
2	Obtain advice from the Regional OGC as to the course of action CCC should take to continue FSFL.
3	Notify the County Office of OGC’s recommendations and the language of the notification letter.

177 Assumptions

**A When Authorized**

Assumptions are authorized when either of the following situations occur:

- the borrower requests an assumption to convey the secured property to another eligible producer
- the borrower is deceased and an eligible heir or another eligible producer who is **not** liable for FSFL requests an assumption.

**B County Office Action**

County Offices shall take the following action.

Step	Action
1	Approve assumptions only for applicants who meet <b>all</b> of the eligibility requirements according to subparagraph 12 A.
2	Obtain new CCC-297's, if applicable.
3	Prepare and record new security documents to protect CCC's interest in the collateral.
4	Request lien search and credit report on new applicants. Pay lien search, filing, and recording fees according to subparagraph 24 I.
5	Collect the application fee in effect at the time the assumption is requested according to paragraph 30.  *--Note: A new application fee is not required if the remaining co-borrowers will continue to meet the FSFL eligibility requirements and demonstrate the need for the storage. For this situation, CED or COC may approve CCC-298.--*
6	Prepare a manual CCC-185 to document that the applicant meets the storage need.
7	Include unpaid interest in the assumed FSFL unless the approving committee requires payment of interest to the date of assumption.
8	Use CCC-298 to document the assumption and COC approval.
9	Require the new borrower to pay filing and recording fees according to subparagraph 24 I.
10	Require the new borrower to pay the next installment when it is due.
11	Provide releases of security to the original borrower. The original borrower pays all fees associated with releasing security.
12	Call FSFL and require repayment in full when there is <b>not</b> an eligible producer to assume FSFL.

Process assumption in APSS according to paragraph 426.

## Part 11 Bankruptcy

## 186 Bankruptcy Actions

## A Notification

After notification by a bankruptcy court that a borrower is filing for bankruptcy, County Offices shall:

- send a copy of the notice of filing to the State Office for forwarding to the Regional OGC
- **not** take any action:
  - to possess or sell the collateral
  - prohibited by the Bankruptcy Code
- obtain advice from OGC through the State Office before taking any action against the person or property filing a petition for bankruptcy.

**Note:** With the approval of the Regional OGC, it is strongly suggested that the State Office file Form B10 on **all** FSFL's in bankruptcy with the bankruptcy court by the due date. This should include copies of the following:

- CCC-186
- UCC-1's and amendments
- CCC-295A
- equipment lists
- CCC-297.

Form B10 can be found at

**[http://www.uscourts.gov/rules/BK\\_Forms\\_Pending\\_2008/B\\_010\\_1208v4.pdf](http://www.uscourts.gov/rules/BK_Forms_Pending_2008/B_010_1208v4.pdf)**.

After receiving notification of a bankruptcy filing, the State Office shall e-mail the following \*--bankruptcy information to Toni Williams, PSD at **toni.williams@wdc.usda.gov**:--\*

- name and address of borrower
- State and county
- year and FSFL number
- date of bankruptcy filing
- bankruptcy chapter filed
- FSFL principal balance at bankruptcy filing
- original FSFL principal
- date FSFL disbursed.

**186 Bankruptcy Actions (Continued)****B Reorganization Plans**

After the court notifies either the State or County Office that a confirmed plan of reorganization has been approved and the terms and conditions of CCC-186 and supplemental documents are changed by court order, County Offices shall:

- maintain FSFL in FSFL status
- accept repayments according to the reorganization plan
- refer the claim to OGC for legal action if a borrower defaults on the payment schedule or any provision of the court-approved plan.

**Note:** If the terms and conditions of CCC-186 and supplemental documents are changed by court order, the County Office, through the State Office, shall contact PSD as to the correct and up-to-date procedures to follow to revise FSFL terms.

**C Selling Collateral**

If the bankruptcy court authorizes CCC to sell the collateral, rather than accepting payments according to a reorganization plan, County Offices shall:

- ask the borrower to sign CCC-400:
  - prepared according to paragraph 210
  - revised with OGC advice
- sell FSFL collateral according to Part 13
- apply sales proceeds to the outstanding FSFL amount
- if sales proceeds exceed the amount due CCC, refund the excess amount to the producer
- transfer the unpaid FSFL balance to claims if:
  - there is an unpaid FSFL balance
  - collateral has been sold
  - FSFL has been discharged by the bankruptcy court.

When FSFL collateral is sold under a bankruptcy plan, the following information must be sent to PSD:

- fair market value determined by COC
- sales proceeds received
- date sales proceeds received
- sales expenses
- date FSFL liquidated in APSS.

**187-195 (Reserved)**

## 230 Repairing or Replacing FSFL Collateral

### A Occurrences

Requests for repairing or replacing FSFL collateral may occur when:

- equipment wears out before reaching the end of its useful life
- insured structures and equipment are damaged or destroyed by insurable causes of loss, such as wind storms and fire.

### B County Office Action

County Offices shall:

- **not** approve requests to amend existing FSFL security documents to replace or substitute FSFL collateral
- when collateral is destroyed or damaged, and **will not be repaired**:
  - inspect facility to assess damage
  - immediately call FSFL according to paragraph 196
  - apply insurance proceeds as a regular FSFL repayment
  - create a claim for outstanding amounts after CCC has disposed of FSFL collateral, according to Part 13
- when collateral is damaged and **will be repaired**:
  - inspect facility to assess damage
  - inspect facility after repairs have been completed
  - release insurance proceeds to debtor when debtor presents evidence of cost of repairs

**Notes:** County Offices shall hold insurance proceeds until repairs are completed. Insurance proceeds are **not** to be deposited. **Do not let the check expire.** State specialists shall contact PSD, at least 30 calendar days before a check expires, for instructions on how to proceed.

\*--County Offices must ensure that acceptable evidence and CCC-191's are collected and reviewed to substantiate the repair costs. Collecting this information will ensure that FSA does not encounter a future liability or mechanic's lien.--\*

- advise producers that they may apply for new FSFL's for replacement facilities and equipment.

**231 Releasing Real Estate Security**

**A Partial Releases**

Partial releases of real estate used to secure FSFL's are authorized when:

- a request in writing is received from debtors
- COC determines that the:
  - partial release will **not** jeopardize CCC's security interest
  - remaining real estate has sufficient value to secure FSFL
  - remaining real estate is a saleable unit
- the borrower pays all costs associated with the release.

## Part 18 Requests for Relief

## 301 Other Situations

## A County Office Action

To address special situations, County Offices shall:

- prepare a memorandum to STC containing the following:
  - full details of the situation
  - purpose of the request
  - COC recommendations
- provide copies of all applicable FSFL documents, including the following:
  - FSA-850 and FSA-851, if applicable
  - COC minutes
  - CCC-185
- forward the request to STC.

## B State Office Action

If STC concurs with the COC request, State Offices shall:

- prepare a memorandum to DAFP containing the following:
  - full details of the situation
  - purpose of the request
  - STC and COC recommendations
- provide copies of all applicable FSFL documents listed in subparagraph A.

**Note:** The original file and FSFL documents are **not** to be sent.

\*--Documents may be FAXed to 202-690-3307 or e-mailed (encrypted) to Toni Williams at [toni.williams@wdc.usda.gov](mailto:toni.williams@wdc.usda.gov)--\*

## C DAFP Action

DAFP shall:

- approve or disapprove the request
- notify the applicable State Office.

## 302-310 (Reserved)



**Part 19 Automated CCC-185's, CCC-186's, and Disbursements**

**Section 1 Amortization Schedule and Fees**

**311 Amortization Schedule**

**A When to Use**

An automated amortization schedule may be used by County Offices for financial analysis only to provide estimated:

- installment amounts
- principal plus interest for the entire FSFL period.

**B Where to Find**

Access the amortization schedule according to the following table.

<b>Step</b>	<b>Action</b>	<b>Result</b>
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> <li>• ENTER "1", "Office Automation Functions"</li> <li>• PRESS "Enter".</li> </ul>	Office Automation Functions Menu OAF010 will be displayed.
2	On Menu OAF010: <ul style="list-style-type: none"> <li>• ENTER "11", "Amortization Schedule"</li> <li>• PRESS "Enter".</li> </ul>	Amortization Schedule Menu ODK000 will be displayed.
3	On Menu ODK000: <ul style="list-style-type: none"> <li>• ENTER "1", "Number of Payments"</li> <li>• PRESS "Enter".</li> </ul>	Number of Payments Screen ODK15001 will be displayed. Go to subparagraph C.

311 Amortization Schedule (Continued)

C Amortization Screen ODK15001

Complete data entries on Screen ODK15001 according to the following table.

Field	Entry
“Name”	Producer or entity name
“Note Number”	FSFL number, if known, or any number the County Offices want to use for tracking purposes
“Note Amount”	Principle amount for estimate
“Installment Period”	“A” for annual
“Number of Payments”	“7”, “10”, or “12” are the FSFL periods at this time
“Interest Rate”	Interest rate to be used for estimate
“Interest Start Date”	1 day after the estimated disbursement date, for example “0709 2009”
“First Payment Date”	1 year from the estimated disbursement date, for example “0710 2010”

After all entries have been made on Screen ODK15001, PRESS “Enter”. Amortization Schedule Screen ODK18001 will display, for the applicable FSFL, the system-calculated estimated:

- installment amount
- total principal plus interest for the entire FSFL period.

Users shall review the results and print the schedule for financial analysis purposes only.

FSFL software will calculate FSFL amortization and print the Agreement Amortization Schedule when CCC-186 is printed according to paragraphs 367 and 368.

312 Application Fees

A Collecting Application Fees

An FSFL application fee of \$100 per FSFL applicant **shall** be collected according to paragraph 30. Deposit the application fee as soon as it is collected. **No other** fees are collected for FSFL’s, although applicants are responsible for paying for certain filing fees associated with their FSFL as identified in subparagraph 24 I.

\*--The application fee for a loan assumption must be collected the assumption is requested, according to paragraph 177.--\*

## 312 Application Fees (Continued)

### B Program Code for Application Fees

The program code for **depositing** FSFL application fees is “XXFSFLFEES”, where “XX” represents the last 2 digits of the FY in which the FSFL application is expected to be \*--“Approved Pending Funding” by STC or COC.

**Examples:** An application fee collected for FSFL that is “Approved Pending Funding” by COC between:

- 10-1-11 and 9-30-12 will be deposited using code “12FSFLFEES”
- 10-1-12 and 9-30-13 will be deposited using code “13FSFLFEES”.

The NRRS code “XXFSFLFEES”:

- **shall** only be used for application fees
- **must** equal \$100 when entering the FSFL application fee
- is located in **NRRS** under “Direct Sales”.

**Note:** State and County Offices must ensure that the FSFL application fee is selected from the “Direct Sales” NRRS drop-down menu and **not** selected from the “Price Support Farm Storage Facility Loan” NRRS drop-down menu.

**Important:** If the application fee is received in FY 2012, but FSFL is not approved until FY 2013, the application fee must be reentered in the system as, “13FSFLFEES”.--\*

**Notes:** For fees paid for by the County Office and reimbursed by the producer, see paragraph 314.

\*--See Exhibit 34 for FSFL program codes, Exhibit 35 for FSFL application fee examples for recording in NRRS, and Exhibit 36 for FSFL repayment examples for recording in NRRS.--\*

### C Retaining Application Fee Information

County Offices shall record the following in the FSFL folder:

- amount of application fee paid in dollars and cents, for example “\$100.00”
- date application fee was paid and deposited
- CCC-257 number, for example “0468”.

### D Depositing Application Fees

The FSFL application fee shall be deposited in NRRS using current FI procedure.

### 313 Issuing Payments for Lien Searches and Recording Fees

#### A Fees Responsibilities

CCC is responsible for **paying** fees for:

- credit reports (paid by PSD)
- lien searches on collateral
- recording fees for financing statements on collateral.

**Note:** A contract for obtaining all FSFL credit reports has been secured. State and County Offices shall **not** pay for these reports. PSD will request payment.

The applicant shall pay all other fees according to subparagraph 24 I.

#### B Program Code for Paying Fees

The program code for **paying** fees for FSFL lien searches and financing statements is \*--“XXFSFLRF”, where “XX” equals the last 2 digits of the FY of the original loan approval.

**Examples:** Lien search and recording fees shall be coded as follows:

- a fee for filing UCC-1 for FSFL approved in FY 2010 and paid on October 4, 2010, shall be “10FSFLRF”
- a lien search on an individual assuming FY 2007 FSFL paid on September 9, 2010, shall be “07FSFLRF”.

#### C Paying Fees

County Offices shall submit payment requests for FSFL lien search and recording fees according to current OLP procedures in 1-FI.

### 314 Reimbursable Fees

#### A Reimbursable Fee--\*

An example of a reimbursable fee is the borrower repaying the County Office for CCC-297 they filed for the producer. According to subparagraph 24 I, the producer is responsible for the cost associated with the filing of CCC-297. Other examples include, but are not limited to, the following:

- \*--filing and discharging CCC-297
- filing and recording CCC-297 related to a lien on real estate
- filing a release or discharge of a real estate mortgage--\*
- terminating a financing statement using a UCC document.

**314 Reimbursable Fees (Continued)****\*--A Reimbursable Fee (Continued)**

FSFL recoverable/reimbursable costs are the responsibility of the borrower, but in some instances may be paid on behalf of the borrower by CCC because of timing issues, and then collected back from the borrower. These recoveries are manually recorded through NRRS and are separate from the FSFL application fee code.--\*

**B Payments for Reimbursable Fees Submitted by County Office**

County Offices shall:

- use the OLP program code “XXFSFLAME” to **pay** for FSFL reimbursable fees that will be reimbursed by the applicant

**Note:** “XX” equals the last 2 digits of the FY of the original FSFL approval.

- submit the payment request for reimbursable fees according to current OLP procedures in 1-FI.

\*--“XXFSFLAME” **shall** only be used for recording a recoverable/reimbursable fee **receivable** in NRRS.

**Important:** County Offices must use OLP “XXFSFLAME” to pay reimbursable fees that will be reimbursed by the borrower.--\*

**C Producer Remittance of Reimbursable Fees**

The program code for depositing reimbursable fees paid for by the County Office and reimbursed by the applicant for FSFL’s is “XXFSFLAME”, where “XX” equals the last 2 digits of the FY in which the original FSFL was approved.

**Note:** All OLP’s made using program code “XXFSFLAME” shall be offset with a  
\*--receivable in NRRS for the same amount.--\*

**314 Reimbursable Fees (Continued)****D Examples of Reimbursable Fees**

The following are examples of reimbursable fees.

- \*--The County Office pays for recording CCC-297 for FSFL approved on August 16, 2011. OLP is coded as "11FSFLAME". The borrower submits payment to the County Office for the cost of recording CCC-297 on October 14, 2011. The receivable is coded in NRRS as "11FSFLAME".
- The borrower makes the final payment on their FY 2005 FSFL and wants UCC-1 released. The borrower gives the County Office a check for the cost of releasing UCC-1 and the receivable is coded in NRRS using code "05FSFLAME". OLP is coded as "05FSFLAME".

**E Lien Search and UCC-1 Recording Fee**

CCC is responsible for payment of lien searches on collateral and UCC-1 recording fees for financing statements on collateral. OLP code, "XXFSFLRF" is used to pay these fees, where "XX" equals the last 2 digits of the original FSFL approval.

**Example:** The County Office paid for a lien search for the FSFL approved on April 4, 2011 (FY 2011 FSFL). The County Office **must** enter the lien search fee as "11FSFLRF" when issuing payment to the payee.

NRRS code, "XXFSFLRF":

- shall only be used for recording a lien search or UCC-1 recording fee in OLP
- is located in NRRS under "Existing Receivable", then "Record New Receipt" using collection type, "Existing Receivable".

"XXFSFLRF" must be used to return funds when there is an overdisbursement of lien search and UCC-1 recording fees.

NRRS code "XXFSFLRF" shall **not** be used to record FSFL:

- annual installment repayments
- application fees
- reimbursable fees.--\*

**315-324 (Reserved)**

Section 3 Processing CCC-185's

338 Initial Entry of CCC-185 Data

A Accessing Application Processing

To process **initial** CCC-185 data entries:

- access FSFL functions according to subparagraph 325 C and:
  - ENTER “1”, “Application/Approval Processing”, on Menu VCA005
  - proceed to Screen VCA11000
- complete processing according to subparagraphs B and C.

B Data Entry

Enter CCC-185 data according to the following table. See paragraph 353 for instructions on entering CCC-185 when both a partial and final disbursement are requested.

Step	Action	Result
1	<p>On Screen VCA11000:</p> <ul style="list-style-type: none"> <li>• enter the following:                             <ul style="list-style-type: none"> <li>• contact applicant’s name, ID number, and type</li> <li>• the FY CCC-185 will be “Approved Pending Funding” or “Disapproved” by COC</li> </ul> </li> </ul> <p><b>Note:</b> See subparagraph 326 B.</p> <ul style="list-style-type: none"> <li>• “N” for <b>new</b> system-assigned FSFL number</li> <li>• PRESS “Enter”.</li> </ul> <p><b>Note:</b> Only the name of the contact applicant is entered into the system. Any co-applicants’ names should be handwritten in CCC-185, item 2A and co-applicants shall sign and date in CCC-185, items 13C and 13D.</p>	Screen VCA12000 will be displayed.

338 Initial Entry of CCC-185 Data (Continued)

B Data Entry (Continued)

Step	Action	Result
2	<p>On Screen VCA12000:</p> <ul style="list-style-type: none"> <li>• ENTER “Y” or “N”, as applicable, to the question, “Is this the correct producer?”</li> <li>• PRESS “Enter”.</li> </ul>	<p>If “Y” was the entry:</p> <ul style="list-style-type: none"> <li>• Screen VFA10000 will be displayed</li> <li>• the following will be displayed at the top of the screen:                             <ul style="list-style-type: none"> <li>• applicant’s name</li> <li>• FSFL number.</li> </ul> </li> </ul>
3	<p>On Screen VFA10000:</p> <ul style="list-style-type: none"> <li>• users are required to enter the following:                             <ul style="list-style-type: none"> <li>• requested FSFL amount (\$500,000 is the maximum allowed)</li> </ul> </li> <li>• <b>*--Note:</b> The approved FSFL amount shall <b>not</b> be increased to allow “padding” for unexpected expenses associated with the construction of the storage facility.--*</li> <li>• existing capacity (0 (zero) or higher)</li> <li>• capacity of proposed storage structure (may be 0 (zero) because of equipment-only FSFL’s)</li> <li>• date:                             <ul style="list-style-type: none"> <li>• purchased or tentative purchase date</li> <li>• delivered to the farm</li> <li>• erected or installed</li> </ul> </li> <li>• application fee:                             <ul style="list-style-type: none"> <li>• amount, for example “100.00”</li> </ul> </li> <li>• <b>*--Note:</b> The application fee must be entered in NRRS “Direct Sales” using “XXFSFLFEES”. “XX” represents the last 2 digits of FY in which the FSFL application is expected to be “Approved Pending Funding” by STC or COC.--*</li> <li>• date paid</li> <li>• CCC-257 deposit number, for example “0468”</li> </ul> <p>• PRESS “Enter”.</p>	<p>Screen VFA10500 will be displayed.</p>

355 Re-Accessing CCC-185's to Decrease or Increase Funding (Continued)

A Funding Decrease (Continued)

Step	Action	Result
<b>Changes (Continued)</b>		
3	On Screen VFA10000: <ul style="list-style-type: none"> <li>• change the “Requested Loan Amount” to <b>decreased</b> amount</li> <li>• PRESS “Enter”.</li> </ul>	Screen VFA10500 will be displayed.
4	Complete Screens VFA10500 through VFA11500, according to subparagraph 338 B, and PRESS “Enter”.	Screen VFA17005 will be displayed with the question, “Do you wish to complete this process? (Y or N)”. ENTER “Y”.
5	Complete the process according to subparagraph 338 B, step 8.	The revised CCC-185 will be printed.  <b>Note:</b> Unless the approval process in step 6 is completed, the new FSFL amount on the revised CCC-185 will <b>not</b> apply to this FSFL.
<b>Approval</b>		
6	Approve the revised CCC-185 according to subparagraph 340 C. On Screen VFA12500 in subparagraph 340 C, step 3, correct the “Amount Approved Pending Funding” to <b>decreased</b> “Requested Loan Amount”. Do <b>not</b> change the “COC Approval Date”.  *-- <b>Note:</b> The interest rate will remain based on the original approval date.--*	Another revised CCC-185 will be printed showing <b>decreased</b> “Requested Loan Amount” and revised <b>approval</b> information.
<b>Funding</b>		
7	<b>Decreased</b> amounts require <b>no</b> upload-download action.	CCC-186 and disbursement can be processed.

B Funding Increase

To **increase** a funded CCC-185 amount:

- re-access the applicable CCC-185 according to subparagraph 325 C
- ENTER “1”, “Application/Approval Processing”, on Menu VCA005 and PRESS “Enter”
- complete processing according to the following table.

**Note:** All 7 steps **must** be completed.

355 Re-Accessing CCC-185's to Decrease or Increase Funding (Continued)

B Funding Increase (Continued)

Step	Action	Result
<b>Changes</b>		
1	On Screen VCA11000: <ul style="list-style-type: none"> <li>• enter the applicant's name, ID number and type, and FSFL number</li> <li>• PRESS "Enter".</li> </ul>	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> <li>• ENTER "1", "Application Processing (Re-access for changes)"</li> <li>• PRESS "Enter".</li> </ul>	The following screens will display according to paragraph 338 and allow data changes: <ul style="list-style-type: none"> <li>• Screen VFA10000</li> <li>• Screen VFA10500</li> <li>• Screen VFA10800</li> <li>• Screen VFA11000</li> <li>• Screen VFA11500.</li> </ul>
3	On Screen VFA10000: <ul style="list-style-type: none"> <li>• change the "Requested Loan Amount" to <b>total needed</b></li> <li>• PRESS "Enter".</li> </ul>	Screen VFA10500 will be displayed.
4	Complete Screens VFA10500 through VFA11500, according to subparagraph 338 B, and PRESS "Enter".	Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".
5	Complete the process according to subparagraph 338 B, step 8.	The revised CCC-185 will be printed.  <b>Note:</b> To approve increased funding, continue with step 6.

355 Re-Accessing CCC-185's to Decrease or Increase Funding (Continued)

B Funding Increase (Continued)

Step	Action	Result
<b>Approval</b>		
6	Approve the revised CCC-185 according to subparagraph 340 C. On Screen VFA12500 in subparagraph 340 C, step 3, correct the "Amount Approved Pending Funding" to <b>new total</b> "Requested Loan Amount". Enter the <b>new</b> "COC Approval Date".  *--Note: The interest rate will remain based on the original approval date.--*	Another revised CCC-185 will be printed showing <b>increased</b> "Requested Loan Amount" and revised <b>approval</b> information.
<b>Funding</b>		
7	<b>Increased</b> amounts require <b>re-queue</b> and <b>receipt</b> of additional funding according to paragraphs 351 and 352.	<b>After</b> receipt of increased funding, CCC-186 and disbursement can be processed.

**Note:** The FSFL funding process takes **at least 5** workdays from when the FSFL approval is entered and transmitted for funding to when the obligation is received back in the County Office.

356-365 (Reserved)



380 Repayment Processing (Continued)

G FSFL Repayment Receipt (Continued)

The following is an example of a receipt where the customer is current.

U.S. Department of Agriculture Commodity Credit Corporation FSFL Repayment Receipt					
FSFL #:		2004/00045	FSFL Disbursement Date:		08/23/2004
Beginning Principal Amount:		100,000.00	Installment Due Date:		08/23/2005
FSFL Interest Rate:		4.1250	Installment Amount Due:		16,738.01
New Principal Balance:		83,838.36	Current Payment Amount:		16,738.01
Name and Address of Contact Borrower:					
Chance Farms PO Box 1120 Boston, New York 22310-1120					
Payment Date	Payment Amount	Interest Paid	Interest Paid Thru	Principal Paid	Principal Balance
08/23/2005	\$16,738.01	\$576.37	08/23/05	\$16,161.64	\$83,838.36
Note: The principal balance after this payment is current.  Thank you for your remittance.					
ORLEANS COUNTY FSA OFFICE 446 WEST AVENUE ALBION, NY. 14411-1552  Phone: (706)239-5320 For: Commodity Credit Corporation,  _____, (for) County Executive Director _____ Date					

H Dishonored Check Fee Notice

The FSFL repayment receipt does **not** contain language about CCC policy to assess a \$25 dishonored check fee on all non-FLP-related checks that are dishonored. County Offices shall:

- \*--provide notice to FSFL borrowers about dishonored check fees according to 64-FI, subparagraph 39 B--\*
- administer dishonored check policy for FSFL repayments according to current FI procedure.

381-390 (Reserved)



Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

This table lists the required reports in this handbook.

Report Control Number	Title	Reporting Period	Submission Date	Negative Report	Reference
VFB405-R001	FSFL Program Reminders Report	Monthly by DD			415
VAA510-R001	FSFL Repayment Status Report	Quarterly by State Office			414

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		51, Ex. 15
AD-1026A	Supplemental to AD-1026 (Continuation)		Ex. 15
B10	Proof of Claim		186
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	58	51, 52, 56
CCC-185	Loan Application and Approval for Farm Storage and Drying Equipment Loan Program	51, 116	Text, Ex. 15, 40, 41
CCC-185-1	Loan Application and Approval for Farm Storage and Drying Equipment Loan Program CCC-185 Continuation Sheet	51	
CCC-186	Farm Storage Facility Loan Program Promissory Note and Security Agreement	146	Text, Ex. 2, 15
CCC-186-1	Farm Storage Facility Loan Program CCC-186-1 Continuation Sheet	147	31, 411, 412
CCC-190	Farm Storage Facility Loan Program Lien Waiver	Ex. 16	52, 56, 127, 129, Ex. 15
CCC-191	Farm Storage Facility Loan Program Release of Liability	133	28, 127, 129, 230
CCC-193	Real Estate Mortgage for Farm Storage Facility Loan Program		31, 127, 129, 131, Ex. 15
CCC-193-D	Farm Storage Facility Loan Deed of Trust for (State of _____)		31, 127, 131

## Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-194	Farm Storage Facility Loan Subordination Agreement (Lien on Real Property)	Ex. 23	127, 129, 131, Ex. 15
CCC-195	Farm Storage Facility Loan (FSFL) Processing Checklist	52	11, 127, Ex. 15
CCC-257	Schedule of Deposit		158, 161, 231, 232, 312, 338, 353, 426
CCC-295A	Farm Storage Facility Loan Program Final Inspection of Facility Before Loan Disbursement	134	28, 127, 186, Ex. 15
CCC-295B	Farm Storage Facility Loan Program Annual Inspection Record	Ex. 25	134, 163, Ex. 15
CCC-296	Farm Storage Facility Loan Program Certification of Attorney	129	127
CCC-297	Severance Agreement	Ex. 10	Text, Ex. 15
CCC-298	Farm Storage Facility Loan Program Assumption Agreement	177	31, 426, Ex. 15
CCC-299	Title Opinion - Farm Storage Facility Loan Program	129	127
CCC-400	Farm Storage Facility Loan Program Agreement for Sale of Loan Collateral	210	31, 186, 197, 209, 211, 233
CCC-471	Non-Insured Crop Disaster Assistance Program (NAP) Application for Coverage (2010 and Subsequent Crop Years)		69
CCC-674	Certification for Contracts, Grants, Loans, and Cooperative Agreements	33	
CCC-901	Members Information 2009 and Subsequent Years		10, 31, 51, 52
CCC-902	Farm Operating Plan for Payment Eligibility Review		10, 12, 15, 51, 52
CCC-902E	Farm Operating Plan for an Entity 2009 and Subsequent Program Years		31
CCC-926	Payment Eligibility Average Adjusted Gross Income Certification		12
FEMA 81-93	Standard Flood Hazard Determination		52, 69, Ex. 15
FSA-13-A	Data Security Access Authorization Form		451
FSA-211	Power of Attorney		31
FSA-578	Report of Acreage		12, 15, 51

## Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

## Forms (Continued)

Number	Title	Display Reference	Reference
FSA-850	Environmental Evaluation Checklist		11, 52, 81-83, 301, Ex. 15
FSA-851	Environmental Risk Survey Form		11, 52, 82, 301, Ex. 15
FSA-853A	Environmental Assessment		82
FSA-1927-8	Agreement With Prior Lien Holder (State of..)		127, 129
FSA-2002	3 Years Financial History		53
FSA-2003	3 years Production History		53
FSA-2004	Authorization to Release Information		51, 53, Ex. 15
FSA-2015	Verification of Debts and Assets		53, Ex. 15
FSA-2037	Farm Business Plan Worksheet Balance Sheet		51, 53
FSA-2038	Farm Business Plan Worksheet Projected/Actual Income and Expense		51, 53
FSA-2319	Agreement With Prior Lienholder		24, 127, 129
FSA-2360	Report of Lien Search		56, Ex. 15
IRS-1098	Mortgage Interest Statement		12, 164
NRCS-CPA-052	Environmental Evaluation Worksheet		82
SF-LLL	Disclosure of Lobbying Activities	33	
SF-LLL-A	Disclosure of Lobbying Activities Continuation Sheet	33	
UCC-1	National Financing Statement		Text, Ex. 15, 16, 34
UCC-3	National Financing Statement Amendment		24, Ex. 15

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
ASG	Application Support Group	440
COTR	State Contracting Representative	Ex. 13
EA	environmental assessment	81-83
FSA-FS	FSA Financial Services	158
FSFLP	Farm Storage Facility Loan Program	Text, Ex. 2
NIFA	National Institute of Food and Agriculture	16, 17, 20
NRRS	National Receipts and Receivables System	158, 314
OLP	online payment	313, 314
OSHA	Occupational Safety and Health Administration	19-21
REAP	Rural Energy for America Program	32
SEC	State Environmental Coordinator	82, 83
SFLO	Senior Farm Loan Officer	115
SOD	start-of-day	158, 352, 414, 415
SORS	State Office Reporting System	451
TAV	Tax Assessment Value	24

Redelegations of Authority

This table lists the redelegations of authority in this handbook.

Redelegation	Reference
CED may be delegated authority by COC to sign all forms or documents, except CCC-185. Federal and non-Federal County Office employees, except those applications in which the person approving has a monetary interest, may be delegated authority by CED. See paragraph 2 for exceptions.	2
DD may be delegated authority by STC to approve CCC-185 if the loan applicant is a COC or County Office employee or relative.	2
STC may redelegate authority for loan approval period extensions up to 8 months.	135
STC may redelegate CCC-185 approval to SED only.	2, 11, 115

## Definitions of Terms Used in This Handbook

### \*--Aggregate Outstanding FSFL Balance

Aggregate outstanding FSFL balance means the sum of the outstanding balances of all FSFL's--\* disbursed to each borrower signing CCC-186.

### Assumption

Assumption means the act or agreement by which 1 borrower takes over or assumes the mortgage debt of another borrower.

### CCC Charter Act Commodities

CCC Charter Act commodities are commodities originally authorized for FSFL under the CCC Charter Act and include the following:

- rice
- soybeans
- sunflower seed
- canola
- rapeseed
- safflower
- flaxseed
- mustard seed
- other oilseeds as determined and announced by CCC
- dry peas
- lentils
- small chickpeas, harvested as whole grain and including peanuts.

**Note:** Corn, grain sorghum, oats, wheat, or barley shall be included whether harvested as whole grain or other than whole grain.

### Cold Storage Facility

Cold storage facility is defined as a facility, or rooms within a facility, that are specifically designed and constructed for the cold temperature storage of perishable commodities. The temperature and humidity in these facilities must be able to be regulated to specified conditions required for the commodity requiring storage.

### Collateral

Collateral means the storage structure, drying equipment, or handling equipment securing FSFL.

## Definitions of Terms Used in This Handbook (Continued)

### Commercial Purpose

Commercial purpose is defined as the storage and handling of grain, whether paid or unpaid, for persons other than the FSFL applicant, except for family members and tenants or landlords sharing in the crop requiring storage. Any facility that is in working proximity to any commercial storage operation shall be considered to be part of a commercial storage operation.

### Compromise

Compromise means CCC's consideration of the borrower's offer to settle FSFL by lump sum repayment or rescheduling FSFL for an amount that may be less than the sum of the outstanding principal plus interest. Prior written approval must be obtained from DAFP before any compromise can be negotiated with the borrower.

### Construction of FSFL

Construction of FSFL means:

- erecting or building the sides and/or roof of a bin or silo
- framing the flat storage structure or building
- installing any equipment component or part for:
  - handling
  - drying
  - maintenance.

### Crop of Economic Significance

Crop of economic significance means any insurable FSFL commodity that contributes 10 percent or more of the total expected value of all crops grown by the FSFL applicant, except if the expected liability under the catastrophic level of crop insurance for a crop is equal to or less than the administrative fee for the crop, that crop shall **not** be economically significant.

### Direct Impact

A direct impact is an impact caused by the action and that occurs at the same time and place.

### Execution Date

Execution date is the date the party signs the contract with the proper formalities; for example, witnesses, if required.

**\*--Authorized Methods for Determining the Value of FSFL Real Estate Security**

**A Acceptable Methods for Determining the Value of FSFL Real Estate Security**

The following are acceptable methods for determining the value of FSFL real estate security.

<b>IF the acceptable method is the...</b>	<b>THEN the real estate...</b>
appraisal value (see subparagraph 24 P)	appraisal must: <ul style="list-style-type: none"> <li>• be requested and paid for by applicant</li> <li>• be requested by State Office according to Exhibit 13</li> <li>• be from an appraiser authorized by FLP and COTR</li> <li>• include the value of the real estate <b>and</b> the structure</li> <li>• be valued at least <b>100</b> percent of the loan amount to adequately protect CCC security interest.</li> </ul>
county tax assessed value (see subparagraph 24 Q)	security value: <ul style="list-style-type: none"> <li>• will be determined from current county tax bill for specified parcel or parcels, as applicable</li> <li>• may include a factor established from a documented percent used by the County Assessor to determine the current value of the real estate, if the market value is not included on the tax bill</li> </ul> <p><b>Note:</b> See table in subparagraph 24 Q.</p> <ul style="list-style-type: none"> <li>• may include up to <b>50</b> percent of the loan amount, if the facility is located on the real estate being mortgaged unless a more restrictive policy has been set by STC according to subparagraph 24 S</li> <li>• and structure, if applicable, must be valued at least 100 percent of the loan amount to adequately protect CCC's security interest.</li> </ul>
additional authorized methods (see subparagraph 24 R)	security value is determined using an additional authorized method and may include up to <b>50</b> percent of the loan amount, if the facility is located on the real estate being mortgaged <b>unless</b> a more restrictive policy has been set by STC according to subparagraph 24 S. <p>The real estate and structure, if applicable, must be valued at least 125 percent of the loan amount to adequately protect CCC's security interest.</p>

--\*

**\*--Authorized Methods for Determining the Value of FSFL Real Estate Security (Continued)**

**B Determining the Value of FSFL Real Estate Security When Separate From FSFL Facility**

Determine the value of FSFL real estate security when separate from FSFL facility according to the following.

Step	Action
1	<p>Real estate security separate from the structure is <b>only</b> allowed when an adequate lien on the underlying real estate is not feasible and <b>all</b> of the following apply:</p> <ul style="list-style-type: none"> <li>• applicant owns separate acreage that is not subject to any other liens superior to CCC's</li> <li>• acreage of entire parcel is adequate in value as determined by 1 of the methods in subparagraph A to adequately secure and insure full repayment.</li> </ul>
2	<p>Allow the value of the structure to equal <b>20</b> percent of the loan amount, if all of the following apply:</p> <ul style="list-style-type: none"> <li>• CCC-297 obtained from owners of real estate where FSFL is located</li> <li>• UCC-1 filed on FSFL structure giving CCC first lien position</li> <li>• FSFL structure has resale collateral value according to subparagraphs 24 C and N.</li> </ul>

--\*

**\*--Instructions for Requesting and Paying for FSFL Real Estate Appraisals**

All FSFL appraisals will be requested by the State Office because of:

- the appraisal being performed for CCC although the entire cost is the applicant’s expense
- a respective State Office’s procedure and policies required for processing of the appraisal request submitted by County Offices.

**Notes:** FSFL applicants will **not** be permitted to contact an appraiser to request an appraisal.

FSFL applicants **may** authorize the County Office to add the cost of the appraisal to the eligible net costs and be used when determining the applicant’s FSFL downpayment.

As COTR routinely requests appraisals, that person should be consulted for appraisal ordering procedure.

Upon completion of the appraisal, the following shall be completed.

<b>Step</b>	<b>Action</b>
1	Appraiser (requested by COTR) shall submit the completed appraisal and invoice for the appraisal to the State Office.
2	FSA employee with administrative review authority shall review the appraisal to ensure that it is acceptable. Employee may use FSA-2165.
3	State Office shall forward the invoice and appraisal to the applicable County Office.
4	<p>County Office shall:</p> <ul style="list-style-type: none"> <li>• pay the invoice through NPS using the code “XXFSFLAME” where “XX” indicates FY of FSFL according to 1-FI</li> <li>• in NRRS, immediately establish a manual receivable in the loan applicant’s name for the amount of the invoice using the code “XXFSFLAME” according to 64-FI</li> </ul> <p style="text-align: center;"><b>Note:</b> When establishing the receivable, use the Basic Reason Code “<b>Due Process Suspended</b>” to prevent any letters from being generated at this time.</p> <ul style="list-style-type: none"> <li>• send a copy of the invoice to the applicant</li> <li>• repay the receivable in NRRS when paid by the applicant.</li> </ul>
5	<p>If the receivable is <b>not</b> paid in full by the first partial or full loan disbursement:</p> <ul style="list-style-type: none"> <li>• use only FSFL Disbursement Option 2 according to paragraph 368</li> <li>• set-off the amount of the NRRS receivable using “Other Agency Debt” procedures</li> <li>• on Screen VFC10010, make a separate entry for the NRRS amount</li> <li>• make this check payable to CCC and have sent to the County Office</li> <li>• when loan is <b>closed</b>, apply check to NRRS receivable.</li> </ul> <p style="text-align: center;"><b>Note:</b> NRRS receivables are <b>not</b> automatically off-set from loan proceeds.</p>

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**\*--FSFL Program Codes**

The following provides FSFL program codes and their location in NRRS.

<b>Commonly Used FSFL NRRS Transaction Codes</b>		
<b>NRRS Program Code</b>	<b>Activity</b>	<b>NRRS Collection Type</b>
XXFSFLFEES	FSFL application fee. The required FSFL application fee is \$100 per borrower per FSFL.	Direct Sales
XXFSFL	FSFL annual installment repayment, which include obligated amount and interest.	PSFSFL
<b>Occasionally Used FSFL NRRS Transaction Codes</b>		
XXFSFLFCL	Collections – Sales proceeds of the liquidated FSFL collateral and claims activities when there is a loss.	PSFSFL
XXFSFLQC	Collections, payables, disbursements, and receivables. Expenses related to the sale of collateral of the liquidated FSFL.	PSFSFL
XXFSFLCLP	Sales proceeds of liquidated FSFL collateral and claim activities when there is a loss.	PSFSFL
XXFSFLBANKRUPT	Repayment of principal and interest for bankrupt status loans.	PSFSFL
<b>Important:</b> NRRS transaction code, “MISC” should <b>never</b> be used.		
<b>NRRS Receivable Code</b>		
XXFSFLAME	Recoverable and reimbursable costs that the producer is responsible for, such as, but not limited to, severance agreements and releasing of UCC-1.	
XXFSFLRF	Lien search and UCC-1 recording fees.	
XXFSFLBRWG	Collections, payables, disbursements, and receivables. Gain on sales of the collateral of the liquidated FSFL.	

--\*



**\*--FSFL Application Fee Example for Recording in NRRS**

Producer John visited the County Office on April 27, 2011, to apply for a FY 2011 FSFL. FSFL was approved on June 1, 2011. The application fee of \$100 was collected for the FY 2011 FSFL.

Producer Darlene visited the County Office on August 1, 2012, to apply for a FY 2012 FSFL. FSFL was approved on September 2, 2012. The application fee of \$100 was collected for the FY 2012 FSFL.

<b>Producer</b>	<b>Application Date</b>	<b>NRRS Program Code (Under Direct Sales)</b>
John	April 27, 2011	11FSFLFEES
Darlene	August 1, 2012	12FSFLFEES

**Important:** FSFL application fees **must** be recorded in the amount of \$100 per borrower for FSFL.

The following includes the correct NRRS application fee program codes that **must** be entered for the applicable FY. The program code, “XXFSFLFEES” is accessed under NRRS “**Direct Sales**”.

<b>IF the application fee is for a loan approved in FY...</b>	<b>THEN use NRRS program code...</b>
2001	“01FSFLFEES”.
2002	“02FSFLFEES”.
2003	“03FSFLFEES”.
2004	“04FSFLFEES”.
2005	“05FSFLFEES”.
2006	“06FSFLFEES”.
2007	“07FSFLFEES”.
2008	“08FSFLFEES”.
2009	“09FSFLFEES”.
2010	“10FSFLFEES”.
2011	“11FSFLFEES”.
2012	“12FSFLFEES”.

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**\*--FSFL Repayment Example for Recording in NRRS**

Producer Keith visited the County Office on September 10, 2011, to make an annual installment repayment for a FY 2004 FSFL.

Producer Larry visited the County Office on November 1, 2011, to make an annual installment repayment for a FY 2006 FSFL.

<b>Producer</b>	<b>Loan Repayment Date</b>	<b>NRRS Program Code (Under PSFSFL)</b>
Keith	September 10, 2011	04FSFL
Larry	November 1, 2011	06FSFL

The following includes correct NRRS loan repayment program codes for loan principal and interest. The program codes **must** be entered for the applicable FY that the loan was **approved**. The program code, "XXFSFL" is accessed under NRRS Price Support Farm Storage Facility Loan "PSFSFL."

**Important:** Do **not** use the FY the repayment was made.

<b>IF the repayment is for an FSFL approved in FY...</b>	<b>THEN use NRRS program code...</b>
2000	"00FSFL".
2001	"01FSFL".
2002	"02FSFL".
2003	"03FSFL".
2004	"04FSFL".
2005	"05FSFL".
2006	"06FSFL".
2007	"07FSFL".
2008	"08FSFL".
2009	"09FSFL".
2010	"10FSFL".
2011	"11FSFL".
2012	"12FSFL".

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