

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

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

Amendment 10

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 13 B has been amended to add Saskatoon Berries as an eligible FAV FSFL commodity.

Subparagraph 24:

- J has been amended to update adequate security and appraisals of real estate policy so that it aligns with subparagraph 24 P, real estate appraisal policy
- P has been amended to provide that the appraisal must be completed before loan approval or a conditional FSFL approval may be issued dependent on the appraisal.

Subparagraph 51 C has been amended to remove proof of crop insurance from the list of supporting documents needed before approving CCC-185. Proof of crop insurance or NAP can be provided before FSFL disbursement according to subparagraph 69 A.

Subparagraph 439 C has been amended to update the Treasury mailing address change for canceled and voided checks.

Exhibit 14 has been amended to update commodities and crop codes eligible for FSFL.

Page Control Chart		
TC	Text	Exhibit
	2-9, 2-10 2-33, 2-34 2-36.5, 2-36.6 4-1, 4-2 22-33, 22-34	14, pages 1-4 page 5 (add)

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
- honey
- 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.

1 Added based on the Secretary's authority to approve additional commodities.

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

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.

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.

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 and a financial analysis is not required, unless a more restrictive policy has been set by STC.

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

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.

IF the transaction is for...	THEN the fee is paid by...
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	
--continuation of UCC-1 and UCC-1 as a fixture filing using UCC-3--	

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	the 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 offered as security 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)

P Real Estate Appraisal

*--To ensure that CCC is adequately secured and to 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** or a conditional FSFL approval may be issued dependant on the appraisal--*
- 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.--*

Part 4 Accepting and Preparing CCC-185's

Section 1 CCC-185's and Supporting Information

51 CCC-185's

A Initial Contact

Use the following table for paragraph references to topics in this handbook.

Topic	Reference
Compliance with local land use law	Paragraph 70
Disbursements – partial and final	Paragraph 28
Downpayments	Paragraph 27
Eligible commodities	Paragraph 20
Eligible storage facility types	Paragraph 19
Environmental evaluation and assessment	Paragraphs 81, 82, and 83
FSFL funding availability	Subparagraph 127 A
Insurance – crop, all-peril structural, and flood	Paragraph 69
Interest rates	Paragraph 29
Maximum FSFL amount	Paragraph 25
Producer eligibility	Paragraph 12
Repayments	Paragraph 158
Security types and filings	Paragraph 24
Storage needs	Paragraph 15

B Obtaining Forms and Filing CCC-185's

Applicants:

- may obtain forms from the web sites provided in paragraph 42
- must hand carry the CCC-185 package to the County Office for discussion and submission
- shall **not** FAX signed CCC-185's.

51 CCC-185's (Continued)

C Accepting CCC-185's

County Offices shall:

- assist the applicant in manually completing CCC-185 and obtain the applicant's signature
- collect the application fee before accepting CCC-185 and deposit immediately
- ensure that **all** of the following are completed **before** approving CCC-185:
 - CCC-185
 - supporting documents include, but are **not** limited to, the following:
 - AD-1026
 - CCC-10
 - CCC-901
 - CCC-902
 - FSA-2004
 - FSA-2037 or similar form
 - FSA-2038 or similar form
 - written authorization of access
 - location of structure marked on plat map or aerial photograph
 - dimensions of proposed structure
 - a contract with a buyer, if requesting a renewable biomass FSFL
 - ***
 - building plan or detailed drawing
 - planting history, if not on file
 - purchase orders
 - cost estimates
- for accepted forms missing information, notify the applicant in writing granting 15 workdays to provide missing information. If no response, refer CCC-185 to COC for disapproval and provide the appeal rights
- discuss key program provisions with the applicant.

439 Canceling FSFL Transactions (Continued)

B Disbursement Cancellation for Disbursement Option 1 That Will Be Re-Issued (Continued)

County Offices shall ensure that a receivable is present in NPS **before** processing a disbursement on the new FSFL.

Note: Debt Management Reports will be available listing these receivables. Follow FMD guidance for obtaining Debt Management Reports.

IF CCC-186...	THEN...
has been generated in the FSFL System 36 APSS software and later canceled	a new FSFL must be recorded. APSS will not allow corrections once CCC-186 has been generated.
was printed for FSFL, but the payment was not requested (disbursement option 1 only)	*--FSFL will need to be canceled according to this paragraph.--*

C Disbursement Cancellation for Disbursement Option 2 That Will Not Be Re-Issued

When a forced check is received (disbursement option 2) and the borrower informs the County Office that they **no** longer want FSFL's, use the following table to cancel the disbursement.

Step	Action
1	<p>The County Office shall:</p> <ul style="list-style-type: none"> • write “VOID” on the check and make a photo copy for the file • mail the check marked “VOID” to Treasury at the following address: *--Philadelphia Regional Financial Center PO Box 51320 Philadelphia, PA 19154--* • not use Federal Express to mail checks to Treasury •*--send an e-mail to FSA’s Payment Management Office in Kansas City at RA.mokansasc2-PMO-Treasury Pay, explaining why checks are being returned.--*
2	<p>The County Office shall send an e-mail, to both of the following, requesting that the check be re-issued payable to CCC. The e-mail shall include the producer’s name, check number, and address to send the re-issued check:</p> <ul style="list-style-type: none"> • Rhonda Quinlan at rhonda.quinlan@kcc.usda.gov • Mary Grisham at mary.grisham@kcc.usda.gov.
3	<p>The County Office shall cancel FSFL, according to subparagraph A, and create an overpayment receivable.</p>
4	<p>When the overpayment receivable has been created in NPS, and the re-issued check made payable to CCC is received in the County Office, the check must be applied as a collection to the receivable.</p>

439 Canceling FSFL Transactions (Continued)

D Repayment Cancellation

Access and complete FSFL repayment cancellations according to the following table.

Step	Action	Result
1	On Application Selection Menu FAX07001: <ul style="list-style-type: none"> • ENTER “13”, “Price Support” • PRESS “Enter”. 	Price Support Main Menu PCA005 will be displayed.
2	On Menu PCA005: <ul style="list-style-type: none"> • ENTER “15”, “Farm Storage Facility Loan Functions” • PRESS “Enter”. 	Facility Loans Main Menu VCA005 will be displayed.
3	On Menu VCA005: <ul style="list-style-type: none"> • ENTER “9”, “Cancel Transaction” • PRESS “Enter”. 	Screen VCA11000 will be displayed.
4	On Screen VCA11000: <ul style="list-style-type: none"> • enter the applicant’s name, ID number and type, and FSFL number • PRESS “Enter”. 	Screen VGA00005 will display all transactions for the selected FSFL.
5	On Screen VGA00005, ENTER “Y” next to the transaction to be reversed.	The correction posting check-off list will be printed.
6	If the listed transaction is correct, PRESS “Enter”.	The repayment is reversed in the FSFL software.

Commodities Eligible for FSFL

*--The following commodities are eligible for FSFL.

Crop Name	Crop Code	Crop Abbr.	Unit of Measure
Alfalfa	0027	ALFA	Varies
Almonds	0028	ALMN	Varies
Apples	0054	APPL	Varies
Apricots	0326	APRC	Varies
Aronia Berries	0143	ARON	Varies
Artichokes	0458	ARTI	Varies
Asparagus	0104	ASPR	Varies
Avocados	0106	AVOC	Varies
Bamboo Shoots	0111	BAMB	Varies
Bananas	0173	BANA	Varies
Barley	0091	BRLY	Varies
Beans (Chickpeas/Dry Beans)	0047	BEAN	Varies
Beets	0642	BEET	Varies
Blueberries	0108	BLUB	Varies
Broccoli	0110	BRCL	Varies
Brussel Sprouts	0112	BRUS	Varies
Buckwheat	0114	BUKW	Bushels
Cabbage	0116	CABA	Varies
Caneberries	6000	CANB	Varies
Canola	0711	CANO	Varies

Note: Caneberries include blackberries and raspberries.--*

Commodities Eligible for FSFL (Continued)

*--

Crop Name	Crop Code	Crop Abbr.	Unit of Measure
Cantaloupes	0759	CANT	Varies
Carambola (Star Fruit)	0999	CRMB	Varies
Carrots	0120	CARR	Varies
Cashew	1291	CASH	Varies
Cauliflower	0124	CLFL	Varies
Celery	0126	CLER	Varies
Cherries	0128	CHER	Varies
Chestnuts	0375	CHEN	Varies
Chicory/Radicchio	0511	CHIC	Varies
Coconuts	0175	COCO	Varies
Corn	0041	CORN	Varies
Crambe	0714	CRAM	Varies
Cranberries	0058	CRNB	Varies
Cucumbers	0132	CUCU	Varies
Currants	0325	CURR	Varies
Dates	0496	DATE	Varies
Dry Peas	0067	PEAD	Varies
Eggplant	0318	EGGP	Varies
Figs	0060	FIGS	Varies
Flaxseed	0031	FLAX	Varies
Garlic	0423	GARL	Varies
Ginger	0178	GING	Varies
Grain Sorghum	0051	SORG	Varies

--*

Commodities Eligible for FSFL (Continued)

*--

Crop Name	Crop Code	Crop Abbr.	Unit of Measure
Grapefruit	0030	GFRU	Varies
Grapes	0053	GRAP	Varies
Grass (Hay)	0102	GRAS	Tons
Greens	4000	GREE	Varies
Hazel Nuts	0376	HAZN	Varies
Herbs	5000	HERB	Varies
Honey	1190	HONE	LBS
Honeydew	0758	HNYD	Varies
Kiwifruit	0463	KIWI	Varies
Kohlrabi	0374	KOLR	Varies
Leeks	0377	LEEK	Varies
Lemons	0035	LEMO	Varies
Lentils	0401	LEND	Varies
Lettuce	0140	LETU	Varies
Limes	0036	LIME	Varies
Macadamia Nuts	0469	MACA	Varies
Mangos	0464	MANG	Varies
Mushrooms	0403	MUSH	Varies
Mustard Seed	0130	MUSD	Varies
Nectarines	0250	NECT	Varies
Oats	0016	OATS	Varies
Okra	0286	OKRA	Varies

--*

Commodities Eligible for FSFL (Continued)

*--

Crop Name	Crop Code	Crop Abbr.	Unit of Measure
Olives	0501	OLVI	Varies
Onions	0142	ONIO	Varies
Oranges	0023	ORAN	Varies
Other Fruits and Vegetables	0773	OFAV	Varies
Papaya	0181	PAPA	Varies
Parsnip	0338	PARS	Varies
Peaches	0034	PEAC	Varies
Peanuts	0075	PNUT	Varies
Pears	0144	PEAR	Varies
Pecans	0146	PECA	Varies
Peppers	0083	PEPR	Varies
Pineapple	0185	PNAP	Varies
Pistachios	0470	PIST	Varies
Plantain	0186	PLAN	Varies
Plums	0254	PLUM	Varies
Pomegranates	0467	POME	Varies
Potatoes	0084	PTAT	Varies
Potatoes Sweet	0156	SWTP	Varies
Prunes	0086	PRUN	Varies
Pumpkins	0147	PUMK	Varies
Radishes	0148	RADI	Varies
Raisins	0037	RAIS	Varies

--*

Commodities Eligible for FSFL (Continued)

*--

Crop Name	Crop Code	Crop Abbr.	Unit of Measure
Rapeseed	0129	RAPS	Varies
Rhubarb	0335	RHUB	Varies
Rice	0018	RICE	Varies
Rutabaga	0339	RUBA	Varies
Safflower	0079	SAFF	Varies
Scallions	8109	SCAL	Varies
Sesame Seeds	0396	SEME	Varies
Shallots	0533	SHAL	Varies
Soybeans	0081	SOYA	Varies
Spelt	0131	SPEL	Bushels
Squash	0155	SQAS	Varies
Strawberries	0154	STWB	Varies
Sunflower Seeds	0078	SUNF	Varies
Tangelos	0024	TANL	Varies
Tangerines	0048	TANG	Varies
Tomatoes	0087	TMAT	Varies
Triticale	0158	TRIC	Varies
Turnips	0160	TRNI	Varies
Walnuts	0029	WLNU	Varies
Water Cress	0613	WACR	Varies
Watermelon	0757	WATR	Varies
Wheat	0011	WHT	Varies
Yam	0188	YAM	Varies
Yard/Food Waste	8888	WAST	Varies

--*