

Farm Storage Facility Loan Program Servicing Options



Overview

Farm Storage Facility Loans (FSFLs) provide low-interest financing for producers to store, handle and/or transport eligible commodities they produce. This includes the following:

- Acquire, construct or upgrade new or used, portable or permanently affixed, on-farm storage and handling facilities;
- Acquire new or used storage and handling trucks; and
- Acquire portable or permanently affixed storage and handling equipment.

A producer may borrow up to \$500,000 per loan, with a minimum down payment of 15 percent. Loan terms are up to 12 years, depending on the amount of the loan. Producers must demonstrate storage needs based on three years of production history. FSA also provides a microloan option that, while available to all eligible farmers and ranchers, also should be of particular interest to new or small producers where there is a need for financing options for loans up to \$50,000 at a lower down payment with reduced documentation.

Applicants for all loans will be charged a nonrefundable \$100 application fee.

Special Servicing Options

FSA is committed to working with producers/ borrowers to assist them in resolving any delinquency. Under certain circumstances FSFL program debt may be assumed or deferred. An annual payment may also be approved for a later payment up to an additional 120 calendar days.

Assumptions

Assumptions are authorized, but not limited, when the following situations occur:

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

An application fee may be required.

Financial Hardship Annual Installment Deferral

FSFL borrowers experiencing financial hardship may request an annual installment deferral which will extend the next installment due date by 1 year. Approval of annual installment deferral may only be granted 1 time during the FSFL term. Borrowers with more than 1 outstanding FSFL may request an annual installment deferral for each FSFL.

Outstanding FSFL's with a term of 3, 5, 7, or 10 years may receive a one-time only, one-year term extension and will have a new maturity date. The outstanding principal balance will continue to accrue daily interest at the original interest rate until the FSFL is paid in full.

The original interest rate and annual payment due date will remain the same. The one-year extension is not authorized for a 12-year term FSFL.

For More Information

To find your local service center and USDA Farm Service Agency office: farmers.gov/service-locator. This fact sheet is for informational purposes only; other eligibility requirements or restrictions may apply.



Borrowers will request to defer the annual installment by completing for CCC-777 before the loan term expires and describe the financial hardship that makes it hard to pay the FSFL annual installment payment. Upon request, provide COC or STC documentation to support the financial hardship.

The borrower is not eligible for a new FSFL until all FSFL's approved for an installment deferral have been paid in full.

FSFL's secured by an Irrevocable Letter of Credit that fully secures the FSFL are not eligible for an installment deferral.

Delinquent FSFL's approved for an annual installment deferral will not be accelerated, foreclosed, or liquidated, and allows the County Office to cease further collection actions.

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. Borrowers who **cannot** pay on the due date may request up to an additional 120 calendar days to pay an annual installment, if they submit **all** of the following:

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

Changes to a Farming Operation

If any changes are made to a farming operation with an outstanding FSFL, the borrower may:

- Repay or find an eligible borrower or entity to assume the FSFL;
- Submit current financial documents for the new business type for a financial analysis unless FSFL is secured with an Irrevocable Letter of Credit.

A borrower may be approved to continue making payments if they are no longer farming.

Conveyance by Borrower to CCC

Borrowers with FSFL's not in default or called by CCC may voluntarily convey collateral to CCC by signing CCC-400, Farm Storage Facility Loan Program Agreement for Sale of Loan Collateral.