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USDA Implements Farm Storage Facility Loan Program

Manhattan, Kansas, August 20, 2009 – Adrian J. Polansky, state executive director of USDA's Farm Service Agency (FSA), today announced that changes to the Farm Storage Facility Loan (FSFL) program have been implemented in accordance with the 2008 Farm Bill. FSA administers FSFL on behalf of the USDA Commodity Credit Corporation (CCC).

"This program helps to ensure that producers have adequate capacity to store their harvested production until they sell it on the open market," said Polansky.

The FSFL Program provides low-interest financing for producers of eligible commodities to build or upgrade farm storage and handling facilities. The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Loan terms of seven, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department. Seven year loans approved in August 2009 will have an interest rate of 3.125 percent. Each borrower on the loan must pay a \$100 application fee.

Loan proceeds are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops – lentils, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables – cold storage facilities.

For more information about FSFL or other FSA price support program, please visit your FSA county office or www.fsa.usda.gov.