

For: State and County Offices

FSFL Eligibility of Wool

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

FSFL provides low cost financing for producers to store, handle, and transport eligible commodities. Eligible commodities currently include grain, oilseed and pulse crops, hemp, eligible perishable commodities, hay, renewable biomass, honey, floriculture, milk, butter, cheese, eggs, yogurt, meat and poultry, and aquaculture. The Food, Conservation, and Energy Act of 2008 gave the Secretary discretionary authority to add other commodities for FSFL eligibility. Using this authority, the Secretary added wool as an eligible FSFL commodity.

Wool is an annual crop and takes about 365 days to produce and needs to be stored in a temperature-controlled environment to maintain the quality. The addition of wool as an eligible FSFL commodity will benefit wool producers nationwide.

Refer to 1-FSFL (Rev. 3) for all FSFL eligibility requirements.

Policy and procedure included in this notice will be included in a future amendment to 1-FSFL (Rev. 3).

B Purpose

This notice announces FSFL eligibility for wool.

Disposal Date	Distribution
November 1, 2021 10-28-20	State Offices; State Offices relay to County Offices

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2 Storage Need Requirements for Wool

A Determining the Wool Storage Need

For a person or legal entity to be considered eligible for a wool FSFL, COC **must** determine the person or legal entity owned the sheep for 30 calendar days or more before date of shearing.

Applicants **must** show a need for the wool capacity as determined by the following formula and information in this paragraph.

Wool storage need is determined based on production for 2 years.

County Offices will determine the need for wool storage by using either of the following:

- the sheep owner's share of actual wool yields and production records to determine a 3-year average
- records of sales, volume sold, or other business records that can be extrapolated to demonstrate the storage need but **not** limited to production shares as part of a community-supported agriculture business.

A COC-determined reasonable 2-year average and yield projection may be used instead of an average for any the following:

- newly acquired farms
- wool being produced for the first time
- cases where disasters adversely affect the average production.

Note: In most instances, using the sheep owner's actual yield and production records provides better information for calculating the sheep owner's wool storage need.

COC's will:

- determine whether the applicant's production/yield for wool is reasonable using guidance in subparagraph A
- use actual factual knowledge of the sheep owner's farming business when determining a reasonable yield.

B Determining the Capacity of the Wool Structure

The capacity of the proposed structure can be obtained from the manufacturer of the storage facility for wool. If requested, the applicant must provide this information to the County Office.

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3 Types of Structures for Wool Storage

A Eligible Structures

FSFL-financed structures for wool must be used for the purpose for which constructed, assembled, or installed for the entire FSFL term.

Wool storage facilities, with a useful life of at least the term of the loan, and eligible for FSFL's include the following:

- a facility of wood pole and post construction, steel or concrete, suitable for storing wool produced by the borrower
- walk-in prefabricated storage structures that are suitable for storing the wool production
- a barn or hay shed.

FSFL eligible storage structures for wool must be built:

- of such quality that the structure can be insured
- to protect the wool from containments
- to support local climate conditions for the area.

Wool storage facilities must be built according to acceptable design guidelines from the manufacturer, NIFA, or land-grant universities.

4 Types of Wool Handling, Drying Equipment and Storage and Handling Trucks

A Wool Handling, Drying Equipment and Storage and Handling Trucks Authorization

Authorization is provided to approve FSFL's for new or used wool handling, drying equipment and storage and handling trucks, provided it has a useful life of at least the term the loan.

The following are examples of wool handling, drying equipment and storage and handling trucks eligible for FSFL:

- other types of handling and drying equipment, portable or stationary, that are unique to the wool industry and the COC determines are essential to the proper functioning of a wool storage facility
- related equipment such as motors, electrical boxes and connections, pumps, lighting fixtures and wiring and the COC determines are required for proper functioning of a wool storage facility

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4 Types of Wool Handling, Drying Equipment and Storage and Handling Trucks (Continued)

A Wool Handling, Drying Equipment and Storage and Handling Trucks Authorization (Continued)

- trucks and trailers
- wagons.

Notes: If there are questions regarding any of the provisions, State Offices must contact the National Office for guidance.

Refer to 1-FSFL (Rev. 3) for all eligibility requirements.

Wool storage, handling, drying equipment and storage and handling trucks financed with a FSFL must **not** be used for commercial purposes and processing equipment is ineligible.

B Entering Wool Handling and Drying Equipment in DLS

When entering the eligible commodity type for wool in DLS, select commodity type “wool”.

5 Action

A State Office Action

State Offices will:

- assist County Offices with questions on the information in this notice
- contact PSD with any questions they may have about this notice.

B County Office Action

County Offices will:

- immediately start accepting requests for wool FSFLs and ensure that all FSFL eligibility requirements are met
- contact State Offices with questions on the information in this notice.