



## Washington State Conservation Commission

<b>Policy #</b>	18-01 – CREP PIP Loan Policy
<b>Applies to:</b>	All Conservation Districts
<b>Effective Date:</b>	20 September 2018

### PURPOSE

The purpose of this policy is to set a uniform Conservation Reserve Enhancement Program (CREP) Practice Incentive Payment (PIP) Loan policy for all CREP projects located in the State of Washington. The Conservation Commission has a loan program for CREP participants to receive their PIP from SCC at the time the cost is incurred rather than upon completion of all cost share implementation activities from the Farm Services Agency (FSA). There is currently no policy for award of funds and to date, projects have been awarded on a first-come/first-served basis. This has resulted in rapid depletion of allocated funds and has not given later participants an opportunity to apply. To ensure continued availability of funds and establish that funds are awarded consistently with the intent of the loan program, the Conservation Commission has determined it advisable to have a policy setting limits and conditions for the appropriate award of PIP Loan funds.

### BACKGROUND

It is the intent of the Conservation Commission to ensure that CREP planting projects are available to a wide variety of qualifying applicants and to remove barriers to participation when possible in a fiscally responsible manner. For each CREP project, FSA provides 50% of the installation costs as the expenses are incurred and SCC provides 10% of the costs as they are incurred. The remaining 40% is offered as an incentive called a Practice Incentive Payment (PIP). However, the PIP payments from the FSA are not issued to the landowner until the restoration is complete, which may be one to three years later. Many landowners are unable to pay the restoration costs then wait for federal reimbursement. Financial burdens are especially severe to low income producers, to those whose projects encounter some unanticipated delay, and to those with very large project areas. To address this problem, the 2004 Legislature created the Conservation Assistance Revolving Account for the Conservation Commission to administer. This provides the loans to participating landowners as costs are incurred. Those funds are later reimbursed by FSA to the Commission via assignment of payment from FSA and then made

available to other participants. Loans are made based on actual receipts in accordance with FSA, USDA, and Conservation Commission policies. Repayment of the loans ranges from 1 to 3 years, depending on the time necessary to completely install the remainder of the project practices and FSA to process payments.

## POLICY

It will be the policy of the Conservation Commission to authorize PIP Loan funding for CREP projects in accordance with the following criteria:

1. Complete PIP Loan applications will be received during two annual time periods:
  - a. January 15- February 14
  - b. July 15- August 14
2. Applications and supporting documentation will be submitted to the WSCC CREP Program Manager.
3. PIP loan awards are valid for one year from the start of the application period. After that, if no progress has occurred on the project to incur costs requiring a PIP loan, the awarded amount will be rescinded and the SCC will make the funds available to other applicants in the next award time period.
4. The total awarded for each time period will be one quarter of SCC's biennial allocated spending authority for the CREP PIP Loan program.
5. For each FSA CREP contract, the total award for project PIP Loans plus the 10% of installation cost share will be a maximum of \$50,000, consistent with other SCC program limits.
6. The following applicants are eligible for 100% of the estimated project PIP amount for their projects on a first come/first served basis. These applicants will have priority over all other applicants. Their applications will be processed in the order received and before other applicants:
  - a. Those that qualify as a Limited Resource Producer. Applicants must document that they are a Limited Resource Producer by completing and providing the results of NRCS's self-determination tool at: <https://lrftool.sc.egov.usda.gov/DeterminationTool.aspx?fyYear=2018> or current equivalent (example provided at Appendix A). Verification date on the income determination form must be within one month of the loan application.
  - b. Those with projects that have encountered an unanticipated delay of six (6) months. Documentation of delay must include the original work schedule from the approved conservation plan and a statement from the Conservation District describing the nature and expected duration of the delay.
  - c. Projects where the total project PIP amount is greater than \$20,000. These represent the largest 10% of all PIP awards.
7. Applicants not meeting the above criteria (6a,6b, or 6c) are eligible for 50% of the estimated project PIP amount for their projects on a first come/first served basis, provided there are funds remaining after distribution to those described above.

8. PIP Loans will not be available for total project PIP amounts less than \$1000. This ensures that the SCC effort to process the loan is an efficient use of program resources. Amendments to existing PIP loans of any amount will be processed in accordance with this policy.
9. PIP loans must be secured by assignment of payment of the FSA PIP award and any necessary rental payment from FSA should the PIP Loan exceed the actual PIP award from FSA. PIP loans for 50% of PIP do not require secondary assignment of rental payment.
10. Completed application materials include the following:
  - a. PIP Advance Promissory Note & Security Agreement,
  - b. Signed FSA form CRP-1 uploaded to CPDS,
  - c. FSA form 848B (estimated cost share amounts),
  - d. All original invoices for work completed,
  - e. Conservation Plan of Operation (including work schedule) uploaded to CPDS,
  - f. FSA form CCC-36, Assignment of payment for FSA PIP and, if applicable, rental payment,
  - g. PIP Promissory Note Amendment (if increasing the amount of PIP loan),
  - h. If applicable, documentation that the applicant is Limited Resource Producer,
  - i. If applicable, a statement from the Conservation District describing the nature and expected duration of the delay supporting the 100% PIP loan request.

Appendix A. Example of printed Limited Resource Farmer and Rancher Program Status showing eligibility to qualify.

<https://irftool.sc.egov.usda.gov/DeterminationTool.aspx?fyYear=2018>

**USDA  
LIMITED RESOURCE FARMER AND RANCHER  
FY2018 PROGRAM STATUS**

**VERIFICATION DATE: 6/15/2018**

**THURSTON, WASHINGTON**

<b>INCOME DETERMINATION</b>	
<b>Gross Farm Sales for 2015 and 2016:</b>	<b>is less than or equal to \$174,600 per year</b>
<b>Adjusted Gross Income:</b>	<b>is less than \$32,227</b>
<b>Limited Resource Farmer/Rancher Status:</b>	<b>Based on your answers to the two questions: You ARE ELIGIBLE to qualify as a Limited Resource Producer. You may be required to provide sufficient documentation to verify your claim.</b>