

# VIRGINIA'S AGRICULTURAL BMP LOAN PROGRAM GUIDELINES

## STATE WATER CONTROL BOARD

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### **VIRGINIA'S AGRICULTURAL BMP LOAN PROGRAM INITIATIVE AND ENABLING LEGISLATION**

In order to reduce agriculture non-point source pollution of Virginia's waters, the Virginia General Assembly in its 1999 session amended Chapter 22 of the *Code of Virginia* by expanding the activities of the Virginia Water Facilities Revolving Fund (VWFRF). Low interest loan financing is now available to the Commonwealth's agricultural producers for the implementation of specific agricultural best management practices.

#### □ 62.1-229.1. Loans for agricultural best management practices

*Loans may be made from the Fund, in the board's discretion, to an individual for the construction of facilities or structures to implement agricultural best management practices to prevent pollution of state waters, to a local government which has developed a low-interest loan program to provide loans or other incentives to facilitate the construction of such facilities or structures, or to a financial institution working with a local government to establish such a program. The Board shall develop guidelines for the administration of such loans and shall determine the terms and conditions of any loan from the Fund.*

The purpose of this Agricultural BMP Loan initiative is to provide a source of low interest financing which will encourage the use of specific best management practices which reduce or eliminate the impact of Agricultural Non-point Source (NPS) pollution on Virginia waters. The goal of the program is to improve water quality in the Commonwealth.

### **FUNDING AVAILABILITY**

The initial funding to implement the Ag BMP low interest loan program was provided by a set-aside of \$5,000,000 from the Virginia Clean Water Revolving Loan Fund (VCWRLF) program's fiscal year 2000 revenue and two additional \$5,000,000 set-asides in subsequent years. The VCWRLF loan program was established in 1988 to create a self perpetuating source of low interest financing which would be available to Virginia municipalities for improving publicly owned wastewater treatment works and collection systems. On behalf of the State Water Control Board, DEQ developed and continues to administer the VCWRLF program. DEQ's Virginia Ag BMP loan program is a subset of the parent VCWRLF loan program and is intended to create a continuing source of low interest financing that will be available to Virginia's agricultural producers to assist them in their efforts to reduce agricultural non-point source pollution. Unlike other assistance programs, the Ag BMP loan program is not dependent on legislative appropriations for its fund availability. All repayments of principal and interest from previous Ag BMP loans are returned to the Fund and used to provide additional loans to other Virginia farmers. In addition to the revenue available from repayments, DEQ will request that the State Water Control Board (SWCB) consider making additional funding set-asides from the VCWRLF revenue as deemed necessary in order to meet Virginia's agricultural non-point source pollution reduction needs.

## **WHO'S ELIGIBLE TO APPLY**

Any Virginia agricultural producer wishing to implement eligible Best Management Practices in order to reduce the amount of polluted agricultural runoff entering Virginia waters adjacent to their existing agricultural operation will be considered by DEQ for Ag BMP low interest loan assistance. Producers will be considered for low interest loan assistance whether or not they choose to participate in any other State and/or Federal agricultural assistance program.

## **ACRONYMS AND DEFINITIONS**

Definitions of terms and acronyms used in this guidance document as they apply to the Virginia Agricultural BMP Loan Program are:

<b>Ag BMP</b> .....	<b>Agricultural Best Management Practice</b>
<b>BOARD or SWCB</b> .....	<b>State Water Control Board</b>
<b>DEQ</b> .....	<b>Department of Environmental Quality</b>
<b>DCR</b> .....	<b>Department of Conservation and Recreation</b>
<b>"Fund"</b> .....	<b>Virginia Clean Water Revolving Loan Fund</b>
<b>"IN-KIND SERVICES"</b> .....	<b>Labor and/or materials provided by the Producer or their farm employees and/or rental fees for farm equipment owned by the Producer</b>
<b>"LONG TERM" loan need</b> ....	<b>the amount remaining after all approved federal, state and local grant funds and practice incentive payments are deducted from the total estimated cost of the practice(s).</b>
<b>Incurred cost</b> .....	<b>eligible expenses for which the loan recipient has been invoiced or amounts which are due and stipulated in a contract for labor, material or professional services.</b>
<b>NPS</b> .....	<b>Non-Point Source – Pollution from runoff of agricultural chemicals, animal waste, storm water, fertilizer and/or erosion</b>
<b>NRCS</b> .....	<b>United States Department of Agriculture, Natural Resources Conservation Service</b>
<b>Producer</b> .....	<b>a landowner, agent, or operator of record engaged in agricultural production for market and having control of the property on which the practice will be located</b>
<b>SWCD</b> .....	<b>Soil and Water Conservation District</b>
<b>VRA</b> .....	<b>Virginia Resources Authority</b>
<b>VWFRF</b> .....	<b>Virginia Water Facilities Revolving Fund</b>

## **LOAN AMOUNTS**

### **□ Minimum Loan Amount**

The minimum allowable loan amount is \$5,000. In order to be considered for funding, a loan request must demonstrate a "long term" loan need of not less than \$5,000. Loan funded projects fall into two broad categories which are: 1) projects where both loan and federal/state grant funds are involved and 2) projects where only Ag BMP loan funds are involved. The first step in determining if your proposed BMP project meets the "long term" loan need requirement is to decide which of the two categories fits your project.

IF YOUR PROPOSED PRACTICES HAVE BEEN APPROVED FOR ANY FEDERAL, STATE AND/OR LOCAL GRANT FUNDS, THE FOLLOWING METHOD SHOULD BE USED TO DETERMINE "LONG TERM" LOAN NEED:

**Add the estimated cost of each loan eligible practice for which you intend to request low interest loan assistance. Subtract the amount of all federal, state and local grant funds that have been approved for the practices. If one of the grant programs providing funds for your project is the Conservation Reserve Enhancement Program (CREP), you must also subtract the amount of**

the program's Practice Incentive Payment (PIP). Then subtract the amount of all "in-kind" services for labor, equipment or material you will provide. If you intend to apply funds of your own toward the project cost then you also need to subtract that amount. The result, after making these deductions, constitutes your "long term" loan need under the Ag BMP loan program. If the figure is greater than \$5,000 your project is eligible for loan assistance from the program.

IF THERE IS NO FEDERAL, STATE AND/OR LOCAL GRANT PARTICIPATION IN THE PRACTICES FOR WHICH YOU ARE REQUESTING LOAN FUNDING, THE FOLLOWING METHOD SHOULD BE USED TO DETERMINE THE "LONG TERM" LOAN NEED:

**Add the estimated cost of each loan eligible practice for which you intend to request low interest loan assistance. Subtract "in-kind" services for labor, equipment or material that is included in the estimated cost. Also subtract the amount of any of your own funds that you intend to use for the practice(s). The remainder constitutes your "long term" loan need under the Ag BMP loan program. If the figure is greater than \$5,000 your project is eligible for loan assistance from the program.**

□ Maximum Loan Amount

There has been no maximum loan amount established for the Ag BMP loan program. However, funding can only be authorized for the expenses relating to implementation of the eligible practice(s) and the loan amount cannot be greater than the total estimated cost of implementing the practice(s).

□ Eligible Loan Amount

Virginia agricultural producers may request loan assistance from the DEQ Ag BMP low interest loan program in order to finance their portion of implementation expenses under a cost-share grant agreement or up to 100% of loan eligible expenses for approved BMPs if they are not participating in another funding program. Where cost-share funds will be provided at completion of one or more practices an Ag BMP low interest loan may be approved for the total cost of the proposed practice(s). In such cases, when the cost-share funds become available they must immediately be applied to retirement of the Producer's loan obligation in order to avoid any duplication of funding.

**LOAN REPAYMENT PERIOD**

The total Ag BMP loan amount, life of the structure or facility being financed, and the level of payment which the individual can meet without undue financial burden are factors which are considered in setting the loan repayment period. Based on these factors, repayment periods may range from 1 to 10 years but will not exceed the standard useful life of the practice being funded. In special cases, loan repayment periods greater than 10 years may be authorized if these factors warrant an extended repayment period. DEQ will extend repayment periods beyond the standard practice life only in instances where it is necessary in order for the Producer to implement a practice or practices which result in a significant water quality benefit.

**ELIGIBLE PRACTICES FOR FINANCING BY PROGRAM**

Virginia's legislation specifically limits Ag BMP low interest loan assistance to facilities and structures that are necessary for Producers to implement agricultural best management practices. The following list of Best Management Practices pertains to construction of facilities or structures as prescribed by statute and is specific to practices designed for water quality protection. These are the practices that are eligible for loan assistance through the Fund's Ag BMP loan program.

- SL-4      TERRACE SYSTEM
- SL-5      DIVERSION

<b>SL-6</b>	<b>GRAZING LAND PROTECTION</b>
<b>SL-6B</b>	<b>ALTERNATIVE WATER SYSTEM</b>
<b>SL-11B</b>	<b>ANIMAL TRAVEL LANE STABILIZATION</b>
<b>WP-1</b>	<b>SEDIMENT RETENTION, EROSION OR WATER CONTROL STRUCTURES</b>
<b>WP-2</b>	<b>STREAM PROTECTION</b>
<b>WP-2A</b>	<b>STREAMBANK STABILIZATION</b>
<b>WP-2B</b>	<b>STREAM CROSSING &amp; HARDENED ACCESS</b>
<b>WP-2C</b>	<b>STREAM CHANNEL STABILIZATION</b>
<b>WP-4</b>	<b>ANIMAL WASTE CONTROL FACILITY</b>
<b>WP-4B</b>	<b>LOAFING LOT MANAGEMENT SYSTEM</b>
<b>WP-4C</b>	<b>COMPOSTER FACILITIES</b>
<b>WP-4E</b>	<b>ANIMAL WASTE STRUCTURE PUMPING EQUIPMENT</b>
<b>WP-5</b>	<b>STORMWATER RETENTION POND</b>
<b>WP-6</b>	<b>AGRICULTURAL CHEMICAL &amp; FERTILIZER HANDLING FACILITY</b>
<b>WP-7</b>	<b>SURFACE WATER RUNOFF IMPOUNDMENT FOR WATER QUALITY</b>
<b>WP-8</b>	<b>RELOCATION OF CONFINED FEEDING OPERATIONS</b>
<b>WQ-5</b>	<b>WATER TABLE CONTROL STRUCTURE</b>
<b>WQ-6</b>	<b>CONSTRUCTED WETLANDS</b>
<b>WQ-6B</b>	<b>WETLAND RESTORATION</b>
<b>WQ-8</b>	<b>FUEL STORAGE TREATMENT</b>
<b>NTD</b>	<b>NO-TILL DRILLS/ NO-TILL PLANTERS</b>

A BRIEF DESCRIPTION OF THE AFOREMENTIONED PRACTICES AND THEIR PURPOSES IS INCLUDED IN APPENDIX A OF THESE GUIDELINES.

**INTEREST RATE AND LOAN FEES**

Loan assistance will be made available at an effective rate of 3% per year. The repayment term may be up to 10 years, depending on the design life of the practice(s) being funded. A loan servicing fee to cover the Farm Credit financial analysis, loan recommendation and incidental loan servicing activities for an Ag BMP loan will be added to each loan request. The servicing fee for loans with a “long term” need of less than \$25,000 is \$500 and the fee for loans with a “long term” need of \$25,000 or more is \$1,000. In order to further reduce the financial burden on Virginia producers, the VCWRLF loan program, not the Producer, will absorb this fee. The servicing fee will be included in the loan amount, but the Producer’s loan payments will be the same as a 3% loan on the amount borrowed before the fee was added. The following Ag BMP loan example is based on a ten-year term, semi-annual payments, and a Producer loan need of \$20,000.

	<b>Amount Borrowed</b>	<b>Interest Rate</b>	<b>Number of Payments</b>	<b>Semi-annual Payment</b>	<b>Total Payments</b>
①	\$20,000.00	3.0000%	20	\$1,164.91	\$23,298.20
②	\$20,500.00	2.5015%	20	\$1,164.91	\$23,298.20

Row ① shows the semi-annual (twice a year) payment and the total amount that would be repaid if a Producer borrowed \$20,000 without the \$500 loan servicing fee. The VWFRF loan program absorbs the servicing fee by adjusting the interest rate as shown in Row ② of the table. In Row ②, the \$500 loan-servicing fee has been included in the amount borrowed but the interest rate

has been adjusted to 2.5015% and the semi-annual and total payments are the same as the no fee example in Row ①. In order to pay the loan-servicing fee for the Producer, the VWFRF program will adjust the interest rate on each Ag BMP loan in this manner. The actual interest rate on loans will vary according to the loan term and amount but the payments will always be equivalent to 3% interest on the loan need, not including the service fee.

### **ELIGIBLE LOAN EXPENSES**

Authorized loan amounts will be restricted to costs associated with services, labor and materials necessary to complete or implement the approved BMP(s). Disbursements from the approved loan will be made as the cost of implementation or construction is incurred by the borrower. The following expenses may also be included when determining the allowable amount of an Ag BMP low interest loan and can be reimbursed from loan proceeds after the cost is incurred.

1. an Ag BMP loan servicing fee at the time of loan closing and other costs incidental to loan closing
2. cost associated with professional services for any planning, design, or construction services needed to implement the approved BMP
3. contractor(s) invoices for payments due or payments which are due to contractor(s) as specified in a binding contract relating to the approved BMPs
4. invoiced cost of materials stored on site / incorporated in the work
5. invoiced cost for labor used to install the practice
6. other related cost incurred as necessary and as approved by DEQ

### **INELIGIBLE LOAN EXPENSES**

The following expenses cannot be included when determining the allowable amount of an Ag BMP low interest loan or reimbursed from loan proceeds.

7. "IN-KIND-SERVICES" cannot be included in the loan amount or reimbursed from the Ag BMP loan proceeds.
8. cost related to farm production equipment
9. cost associated with the purchase of land, right-of-ways or easements cannot be included in the loan amount or reimbursed from loan proceeds
10. there can be no duplication of payment. Costs, which have been paid by any federal, state, local or other grant sources cannot be included in the loan amount or reimbursed from loan proceeds. In the event that grant funds are received for work previously paid for with loan funds, the grant funds must be applied to reduction of the loan debt.

### **AG BMP LOAN PROCESS OVERVIEW**

11. **PRE-APPLICATION** – The Pre-application (Appendix A) is a short questionnaire which provides the name of the Producer, location of the farm, specific BMP(s) proposed for loan financing, estimated total cost of the practice(s), and the applicant's estimate of the amount of loan assistance that will be required. *Virginia Agricultural BMP Loan Program Guidelines* booklets which include the Pre-application form are available to Virginia agricultural producers at their local SWCD offices, DEQ and DCR regional offices, and Farm Credit offices.

The Pre-application documents the Producer's intent to apply for a DEQ Ag BMP low

interest loan, allows DEQ to verify that the intended practices are loan eligible, and provides planning data used by DEQ to estimate the number of loans and total amount of loan funds that will be required in a given period. Loan Pre-applications do not need to be submitted by any specific date and there is no scheduled solicitation of applications for Ag BMP loans. After a Pre-application is received by DEQ, a member of the Clean Water Financing & Assistance Program staff will contact the applicant and arrange a meeting on the farm. This “*Initial Meeting*” provides an opportunity for the CWF&AP staff to gain a better understanding of what the project will involve, determine if any part of the proposed practice(s) is not loan eligible, explain what happens next in the loan review and approval process and answer any questions the applicant may have. (See **RANKING OF APPLICATIONS section below**)

At any time during the year a Virginia Producer may take the first step in applying for an Ag BMP low interest loan from DEQ by completing the Pre-application and sending it to DEQ at the address below.

Mr. Walter A. Gills  
Clean Water Financing & Assistance Program  
Department of Environmental Quality  
P.O. Box 1105  
Richmond, Virginia 23218

12. **RANKING OF APPLICATIONS** – DEQ staff will prioritize applications for loan assistance on a monthly basis. Applications for practices which are expected to provide the greatest water quality benefit will be given the highest funding priority. Applications considered to impact segments of Impaired, Threatened or Nutrient Enriched waters will receive a HIGH funding priority. Applications affecting an area with a high NPS designation, an impoundment, a natural trout stream, a designated scenic river, or that demonstrate another recognizable water quality benefit will be given a MEDIUM priority rating. All applications which do not meet the criteria for a HIGH or MEDIUM prioritization will receive a LOW ranking. This prioritization process is conducted once per month.
13. Contingent on availability of funds, all projects that receive a HIGH or MEDIUM priority ranking and are ready to proceed to construction or the implementation phase will be recommended for a conditional funding authorization. The conditions of that authorization are that DEQ receives verification that the applicant has an acceptable conservation plan / nutrient management plan and that DEQ receives a satisfactory loan recommendation from the Farm Credit Association.

HIGH and MEDIUM priority projects that cannot proceed to construction or the implementation phase within a six-month timeframe will be deferred and may be reconsidered for funding at a later date. In order to be reconsidered, the applicant will have to resubmit an application when the project has moved to within six months of construction or implementation.

Because they demonstrated no recognizable water quality benefit, loan funding will be denied for all proposed projects that received a LOW priority ranking.

#### 14. **CONSERVATION PLANS**

**PLANNING FOR PRACTICES THAT ARE NOT ANIMAL WASTE PRACTICE(S)** - Prior to funding approval for projects that do not include animal waste practices (animal waste practices require that the producer provide evidence that they possess a current nutrient management plan), the loan program requires that the applicant have a conservation plan that has been approved by the local Soil & Water Conservation District (SWCD) and contains the proposed practice(s) and an implementation schedule for the specific site or field. Several

types of plans qualify as a conservation plan for Ag BMP loan projects which do not include animal waste practices. If the proposed practice is not related to animal waste and a schedule is already in one of the following commonly used plans, that plan can be used to fulfill the loan program's conservation planning requirement.

- **Soil Erosion Plans (NRCS standards, including EQIP, WHIP or Food Security Act plans)**
- **Nutrient Management Plans (DCR standards)**
- **Ag Stewardship Plan (VDACS standards)**
- **Chesapeake Bay Plan (CBLAD standards)**

If the proposed practice(s) are not included in an existing plan, appropriate government agencies such as the local Soil and Water Conservation District (SWCD), Natural Resources Conservation Service (NRCS) or Department of Conservation & Recreation (DCR) can prepare one at no charge to the Producer. If the Producer chooses to have a private planner develop the plan, the fee can be included in the loan amount. The type of plan used is up to the Producer so long as it identifies the practice and provides an installation schedule. A Chesapeake Bay Plan is required for all practices located within areas included under the Chesapeake Bay Preservation Act. It's important to recognize that the implementation schedule applies only to the specific field or location of the proposed BMP. While "Whole Farm" plans are not required to fulfill conservation plan requirements, the development of plans which address additional water quality issues is encouraged.

**PLANNING FOR ANIMAL WASTE PRACTICES** - Prior to approving loan funding for projects that involve animal waste practices, the loan program requires that the applicant obtain a current Nutrient Management Plan (NMP) which has been prepared by a DCR certified planner. A NMP which has been prepared by a DCR certified planner does not require SWCD approval in order to fulfill the loan program conservation planning requirement. If the Producer chooses to have a DCR certified private planner develop the Nutrient Management Plan, the preparation fee can be included in the loan amount. An independent cost estimate may be required to substantiate the dollar need in the pre-application and help ensure that enough loan funds are appropriated to complete the project.

15. **CONDITIONAL LOAN AUTHORIZATION AND CREDIT REVIEW** – Shortly after the prioritization process is completed, each applicant who submitted a request for loan assistance for a practice(s) that resulted in a HIGH or MEDIUM priority and were ready to proceed will receive a Conditional Loan Authorization letter from DEQ. The letter will state the amount of loan funds that have been authorized, contingent on two conditions being fulfilled prior to DEQ's final approval of the loan. The first condition is that the applicant will provide DEQ with evidence that they have a conservation plan / nutrient management plan in place that meets the loan program requirement. The second condition is that DEQ receives a satisfactory credit review and loan recommendation from the Farm Credit Association. Included with the Conditional Loan Authorization letter will be two financial forms. One is the *Virginia Agricultural BMP Loan Program Application for Loan* and the other is the *Financial Information* worksheet. It's very important that applicants who are selected for funding enter the credit review process in a timely manner. As soon as possible after receiving a Conditional Loan Authorization Letter, the applicant should complete the two financial forms and submit them to their local Farm Credit office. Once the Farm Credit office has received the completed financial information forms and any additional financial information that was requested from the applicant, Farm Credit will conduct the appropriate underwriting analysis.

Based on the result of that financial analysis, Farm Credit will provide DEQ with a recommendation for either approval or denial of the loan. Recommendations that DEQ approve loans will also specify any collateral that Farm Credit has established as appropriate security for the loan.

16. **DESIGN** – Many practices that will be financed with loan funds will require development of design documents. This is especially the case for those projects involving construction of animal waste control facilities. The design documents usually consist of a set of specifications and construction drawings, which demonstrate that the practice or practices meet, at least, the minimum standards established by NRCS. If the Producer elects to hire a private consultant to prepare the design documents the design fee will be eligible for reimbursement from loan proceeds. Upon completion of the design, the Producer needs to provide DEQ with a copy of the design document(s) and the most recent estimate of the cost of implementing the practice(s).
17. **LOAN APPROVAL** – Once a satisfactory credit summary is provided to DEQ by Farm Credit and the appropriate conservation / nutrient management plan has been received, DEQ will finalize the terms and conditions of the loan and provide the applicant and Farm Credit with authorization to execute the loan agreement. The authorization will include the amount and term of the loan as well as a list of any special conditions that are applicable.
18. **Loan Agreement** – After receipt of authorization from DEQ, Farm Credit will, on behalf of the state, execute a loan agreement with the Producer. At minimum the loan agreement will specify the loan amount, interest rate, repayment period, loan security arrangements and any special conditions which were stipulated by DEQ. The loan agreement will also require the loan participant / recipient to operate and maintain the practice which is constructed with the loan funds for the life of the loan and utilize the practice for its Ag BMP intended use. After receipt of a copy of the signed loan documents, DEQ will authorize VRA to transfer the loan funds to the Ag BMP Disbursement Account which is maintained by the Farm Credit office. For most projects the authorized *transfer* of funds will be the lump sum total of the loan. However, for larger projects, involving longer construction times, DEQ may elect to make several transfers based on the anticipated construction schedule of the project.

#### 19. **CONSTRUCTION AND DISBURSEMENT OF LOAN FUNDS**

Loan funds are disbursed to the loan recipient on a reimbursement basis, i.e. after costs have been incurred. Farm Credit may disburse loan funds to the Producer only upon written authorization from DEQ. Therefore, when loan recipients have incurred expenses which are eligible for payment from loan funds it is necessary for them to submit a *Request for Disbursement of Ag BMP Loan Funds* form to DEQ. Copies of loan eligible invoices or contracts must accompany the disbursement request form. Upon receipt of the Producer's request for disbursement, a Construction Assistance Program (CAP) representative will contact the Producer and arrange a visit to the project site. During the disbursement site visit the CAP representative will verify that the invoices submitted represent work, services and/or material provided for the loan eligible BMP. After the disbursement site visit the CAP representative will e-mail the DEQ Central Office a site visit memorandum. DEQ will then authorize Farm Credit to disburse the eligible amount of loan funds to the Producer. The first disbursement will also authorize the payment of the loan servicing fee to Farm Credit. Usually the disbursement is authorized within 3 to 5 days from the date DEQ receives the request for disbursement.

20. **CONSTRUCTION COMPLETION AND FINAL DISBURSEMENT** – Once construction activities are complete the Producer will request a final inspection of the practice(s) which were financed

with Ag BMP loan proceeds. As soon as possible after receiving the request for a final inspection, a DEQ Construction Assistance Program representative will conduct an onsite review of the practice(s) to determine that the loan project is complete and meets the minimum standards set forth in the plans and specifications.

21. **LOAN AND FUND MAINTENANCE** – The Farm Credit office will collect repayments on Ag BMP low interest loans for the term specified in the financing agreement. Once every three months Farm Credit will return all accumulated repayments and any interest earned to the VRA for redeposit in the Commonwealth’s Ag BMP loan fund.

**LOAN DEFAULT** – If collection attempts by Farm Credit are unsuccessful and a payment becomes 90 days past due, the defaulted loan will be returned to the Fund for collection. DEQ and VRA will take all appropriate measures, including legal actions, which are necessary to collect the balance of the loan. On loans with payments 90 days or more past due, appropriate interest, late payment charges and/or the cost associated with legal or collection services necessary to collect the balance will be added to the balance due from the borrower and any security provided for the loan may be forfeited.

## Descriptions of DEQ Loan Eligible Agricultural BMPs

Practice #	Practice Name	Practice Description	Practice Purpose
SL-4	Terrace System	Earth embankment, channel, or a combination ridge and channel constructed across the slope	Improve water quality by reducing slope and slope length to one that will slow the movement of sediment and nutrients from cropland
SL-5	Diversion	Channel with a supporting ridge on the lower side constructed across the general land slope	Improve water quality by directing nutrient and sediment laden water from large areas to sites where in can be used or disposed of safely
SL-6	Grazing Land Protection	Structural and/or management practice that will enhance or protect vegetative cover to reduce runoff of sediment and nutrients from existing pastureland and reduce NPS pollution associated with grazing livestock	Provide livestock water systems and/or fencing that will improve water quality by establishing rotation grazing to control erosion and eliminate direct access to live streams where there is a defined water quality problem
SL-6B	Alternative Water System	Structural practice that will provide an alternative water source for livestock to discourage animal access to streams	Provide watering facilities for livestock to reduce or eliminate the need for livestock to access streams, which reduces erosion and livestock waste reaching the stream
SL-11B	Animal Travel Lane Stabilization	Structural and/or management practice that will protect surface water from pollution from travelways of farm equipment and livestock	Protect or maintain water quality by stabilizing travelways used by farm equipment and/or livestock
WP-1	Sediment Retention Erosion or Water Control Structures	Structures that will collect and store debris or control the grade of drainageways	Improve water quality by reducing the movement of sediment and materials from agricultural land to receiving streams
WP-2	Stream Protection	Protection methods along streams to reduce erosion, sedimentation, and the pollution of water from agricultural Nonpoint sources	Offer an incentive that will change landuse, provide vegetative stabilization, or improve management techniques to more effectively control soil erosion, sedimentation, and nutrient loss from surface runoff to improve water quality
WP-2A	Streambank Stabilization	Protection methods along steams to reduce erosion, sedimentation and the pollution of water from agricultural Nonpoint sources	Offer an incentive that will change landuse, provide vegetative stabilization or improve management techniques to more effectively control soil erosion, sedimentation and nutrient loss from surface runoff to improve water quality

## Descriptions of DEQ Loan Eligible Agricultural BMPs

Practice #	Practice Name	Practice Description	Practice Purpose
WP-2B	Stream Crossing & Hardened Access	A stabilized area to provide access to and/or across a stream for livestock and/or farm machinery	Improve water quality by controlling bank and streambed erosion and reducing sediment by providing a controlled crossing and/or access to streams
WP-2C	Stream Channel Stabilization	Stabilizing the stream channel with the use of non erodible material and/or structures that will prevent the stream channel from eroding	Improve water quality by reducing erosion by stabilizing stream channels
WP-4	Animal Waste Control Facility	A planned system designed to manage liquid and solid waste from areas where livestock and poultry are concentrated	Improve water quality by storing and spreading waste at the proper time, rate and location
WP-4B	Loafing Lot Management System	Prevent areas which are exposed to heavy livestock traffic from experiencing excessive manure and soil losses due to the destruction of ground cover	Prevent manure and sediment runoff from entering water courses and to capture a portion of the manure as a resource for other uses such as crop fertilizer. Accomplished by dividing the area into lots. Cattle are rotated from lot to lot as necessary to maintain vegetative cover. One lot is designated as a sacrifice area for use in wet weather. Loose housing may be installed in lieu of a typical sacrifice lot.
WP-4C	Composter Facilities	Planned system designed to manage treatment and disposal of poultry/livestock carcasses resulting from normal mortality	Facilities for composting normal mortality poultry/livestock carcasses, storage of raw materials necessary for composting, storage of the composted end product, and the recycling of composted carcasses by land applying the end product in a manner that will abate pollution that would otherwise result from existing disposal methods
WP-4E	Animal Waste Structure Pumping Equipment	Mechanism used to agitate and/or pump liquid and/or semi-liquid animal waste for the purpose of land application	Insure that animal wastes are land applied at optimum times so water quality is not adversely effected
WP-5	Stormwater Retention Pond	Structure that collects and retains stormwater in order to release the water at a rate that will reduce the amount of downstream erosion due to storm flow	Improve water quality by reducing the amount of channel erosion during storm events.

## Descriptions of DEQ Loan Eligible Agricultural BMPs

Practice #	Practice Name	Practice Description	Practice Purpose
WP-6	Agricultural Chemical & Fertilizer Handling Facility	Facility to adequately store, mix and contain agricultural chemicals and fertilizers	Improve water quality by properly handling chemicals and fertilizers during mixing and cleaning equipment
WP-7	Surface Water Runoff Impoundment for Water Quality	Structure that will impound surface water runoff and allow sediment and nutrients to settle out	Improve water quality by impounding surface water and allowing sediments and nutrients to settle out
WP-8	Relocation of Confined Feeding Operations	Relocation of confined feeding facilities from areas that have an increased chance of contaminated runoff entering the state's streams, rivers and estuaries	Improve water quality by relocating confined feeding operations away from environmentally sensitive areas such as sink holes, streams and rivers to prevent pollution laden runoff from reaching these areas
WQ-5	Water Table Control Structure	Water control structure for the management of drainage water	Regulate and manage drainage water to improve water quality by trapping sediment and managing dissolved or suspended nutrients
WQ-6	Constructed Wetlands	Construction of a wetland for the treatment of animal waste runoff or stormwater runoff	Improve water quality by using a constructed wetlands to remove nutrients from animal waste or sediments and nutrients from stormwater runoff
WQ-6B	Wetland Restoration	Activities which restore land to the hydraulic condition that existed prior to 1985 and the installation of drainage and conversion to cropland	Improve water quality by returning environmental sensitive land back to its original wetland condition before it was converted to cropland
WQ-8	Fuel Storage Treatment	Excavation of farm underground fuel storage tanks and the construction of an above ground farm storage facility with proper containment system	Improve water quality by removing leaky or possibly leaking fuel storage tanks and contaminated soil and replacing the tank with an above ground storage tank with the proper spill and rupture containment facility
NTD	No-Till Planter/Drill	Purchase of no-till planters or no-till drills that are not replacements or upgrades of a no-till planter or drill that is currently owned by the applicant	Improve water quality by encouraging the use of continuous no-till planting and cover crops. Reduce the acres which are under conventional tillage

DEPARTMENT OF ENVIRONMENTAL QUALITY  
 CLEAN WATER FINANCING & ASSISTANCE PROGRAM  
 PRE-APPLICATION FOR AGRICULTURAL BMP LOAN ASSISTANCE

APPLICANT INFORMATION

NAME OF LOAN APPLICANT: \_\_\_\_\_

FARM NAME (IF ANY): \_\_\_\_\_

MAILING ADDRESS \_\_\_\_\_

CITY, STATE, ZIP CODE \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX \_\_\_\_\_ EMAIL \_\_\_\_\_

TYPE OF FARM OPERATION: \_\_\_\_\_

(DAIRY, POULTRY, SWINE, ROW CROP, BEEF, ETC.)

	YES	NO
Have you had a Nutrient Management Plan (NMP) developed for your farm ?	<input type="checkbox"/>	<input type="checkbox"/>
Have you had a Conservation Plan developed for your farm ?	<input type="checkbox"/>	<input type="checkbox"/>
Has the plan been approved by the local soil and water conservation district?	<input type="checkbox"/>	<input type="checkbox"/>

PROJECT LOCATION AND WATERSHED INFORMATION

COUNTY WHERE FARM IS LOCATED \_\_\_\_\_

STATE OR COUNTY ROAD # \_\_\_\_\_

NEAREST WATER BODY (NAME OF CREEK, RIVER, LAKE, ETC.) \_\_\_\_\_

BRIEF DRIVING DIRECTIONS FROM NEAREST CITY OR TOWN TO YOUR FARM \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

GRANT FUNDING INFORMATION

	YES	NO
Did you apply for a Cost Share grant for any part of this project?	<input type="checkbox"/>	<input type="checkbox"/>

If the answer is YES provide the amount of Cost-Share participation you expect \$ \_\_\_\_\_

What is the amount of the Ag BMP low interest loan that you are requesting? \$ \_\_\_\_\_

AUTHORIZATION AND SIGNATURE

I wish to be considered for a low interest rate loan from the Ag BMP loan program. I also agree to allow appropriate agency or program management personnel access to land under my control for the purposes of evaluating the proposed practices during the implementation of the practices for which the requested loan is to be used.

SIGNATURE OF APPLICANT FOR DEQ AGRICULTURAL BMP LOAN FUNDS

PRINTED NAME \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

**<Please Complete and Return Page 1 and Page 2 of this Pre-application>**

**LOAN ELIGIBLE BMP(S) AND ESTIMATED COST**

**IDENTIFY EACH BEST MANAGEMENT PRACTICE (BMP) THAT YOU ARE PLANNING TO IMPLEMENT BY PROVIDING THE ESTIMATED COST FOR EACH PRACTICE ON THE APPROPRIATE LINE ( SEE ATTACHMENT FOR A DESCRIPTION OF THE PRACTICES )**

<u>PRACTICE TYPE</u>	<u>ESTIMATED COST</u>
SL-4 Terrace System.....	\$ _____
SL-5 Diversion .....	\$ _____
SL-6 Grazing Land Protection .....	\$ _____
SL-6B Alternative Water System .....	\$ _____
SL-11B Animal Travel Lane Stabilization.....	\$ _____
WP-1 Sediment Retention, Erosion or Water Control Structures .....	\$ _____
WP-2 Stream Protection .....	\$ _____
WP-2A Stream bank Stabilization .....	\$ _____
WP-2B Stream Crossing & Hardened Access .....	\$ _____
WP-2C Stream Channel Stabilization.....	\$ _____
WP-4 Animal Waste Control Facility.....	\$ _____
WP-4B Loafing Lot Management System .....	\$ _____
WP-4C Composter Facilities .....	\$ _____
WP-4E Animal Waste Structure Pumping Equipment .....	\$ _____
WP-5 Stormwater Retention Pond .....	\$ _____
WP-6 Agricultural Chemical & Fertilizer Handling Facility.....	\$ _____
WP-7 Surface Water Runoff Impoundment for Water Quality.....	\$ _____
WP-8 Relocation of Confined Feeding Operations.....	\$ _____
WQ-5 Water Table Control Structure .....	\$ _____
WQ-6 Constructed Wetlands .....	\$ _____
WQ-6B Wetland Restoration.....	\$ _____
WQ-8 Fuel Storage Treatment.....	\$ _____
NTD No-Till Drill / No-Till Planter .....	\$ _____
<b>ADD ALL AMOUNTS FROM LINES ABOVE FOR THE TOTAL ESTIMATED COST</b>	<b>\$ _____</b>

*The completed application should be mailed to the following address:*

**Mr. Walter A. Gills  
Clean Water Financing & Assistance Program  
Department of Environmental Quality  
P.O. Box 1105  
Richmond, Virginia 23218**

*For additional information you may contact **Walter Gills:***

*Phone: (804)698-4133 Email: [walter.gills@deq.virginia.gov](mailto:walter.gills@deq.virginia.gov)*

**<Please Complete and Return Page 1 and Page 2 of this Pre-application>**



