

# Department of Environmental Quality

## Virginia Agricultural BMP Loan Program

### Map to Closing

The purpose of Virginia's Agricultural BMP Loan Program is to provide a source of low-cost financing to encourage the use of specific best management practices that benefit water quality. Best management practices that reduce or eliminate non-point source pollution are eligible (see attached list for eligible practices).

The following information clearly outlines the process necessary to obtain funding, from the submittal of an AgBMP application to loan closing, construction, and project completion.

Phase	Action Item	Responsibility	Description
<b>PHASE 1</b> <b>Application Process</b>	Application Submittal	Applicant	<p>Completing and submitting an AgBMP Application is necessary to begin the process. The DEQ AgBMP Application is available on the <a href="#">DEQ website</a> and from regional Clean Water Financing &amp; Assistance Program (CWFAP) staff. Interested applicants can obtain, complete, and submit according to the instructions on the application. Completed applications are received continuously and batched by month. Cutoff is the 20<sup>th</sup> of each month.</p> <p>Applications can be submitted via email at <a href="mailto:CWFAP@deq.virginia.gov">CWFAP@deq.virginia.gov</a> or by mail (address included at the end of this document).</p>
	Application Receipt by DEQ	DEQ Central Office (Richmond) Staff and Regional Project Managers	The applicant completes and submits the AgBMP Application to DEQ. DEQ Central Office staff forwards a copy of the application to the appropriate regional office project manager and collectively, review begins.
	Application Review	DEQ	Upon receipt of the completed application, DEQ will review and follow up with the applicant if there are any questions, missing information or discrepancies.
	Gather Information about the Operation	Applicant/ Cost Share Provider(s)	By signing the application, the applicant consents to allow cost share providers to discuss project specifics and provide information about the project to DEQ staff. <ol style="list-style-type: none"> <li>1. Cost Share Amounts</li> <li>2. Cost Share Status (approved or not?)</li> <li>3. Copies of your Conservation Plan, Nutrient Management Plan (NMP), information, Cost Share Approval letters, etc.</li> <li>4. Project Components / Eligible Practices</li> <li>5. Engineering Design (Ag Waste Structures)</li> </ol>
	Score and Rank the Application	Applicant  DEQ Central & Regional Offices	<p>In order to score and rank the application, DEQ will need to identify the environmental benefit of the project, and will need to ask questions about the type of operation, number of animal units, type of livestock/animals, etc. This information is used to score or rank an individual application with respect to the group of applications received for the monthly period. This can be done via telephone conversation or possibly via an in-person meeting.</p> <p>Additionally, DEQ Central Office will gather water quality information from the appropriate DEQ regional office with respect to identified surface water impairments and implementation strategies to address the impairment(s). DEQ will need to know the location of the operation and names of any surface water streams draining the property.</p>
	Determine / Verify Loan Need	DEQ	DEQ will review the application, applicable conservation plan(s), project description, water quality information, etc., and verify loan need.

	Project Prioritization & Conditional Funding Authorization	DEQ	<p>DEQ staff will prioritize applications for assistance on a monthly basis. Completed applications received by the 20<sup>th</sup> of each month will be considered in that month's applicant group, then scored and ranked. Depending on the score, and environmental benefit, worthy projects will be conditionally authorized for loan funding. Projects that are determined to provide the greatest water quality benefit are given the highest funding priority.</p> <p>High and Medium priority projects that are ready to go to construction within 6 months will be recommended for conditional funding authorization. Final loan authorization is dependent upon the applicant obtaining a conservation plan and/or nutrient management plan that meets the loan program requirements and that the applicant is approved by DEQ and Virginia Resources Authority (VRA) following credit review and underwriting.</p> <p>Applications with BMP and/or watershed information that cannot be confirmed by DEQ will be deferred to the next ranking period.</p> <p>Projects with no apparent water quality benefit will receive a Low priority and will not be recommended for funding.</p>
	Conditional Authorization Letter	DEQ	<p>If the project ranks High or Medium priority, the applicant will receive a letter of Conditional Authorization from DEQ. This letter will provide the following:</p> <ol style="list-style-type: none"> <li>1. Amount of loan funds that are authorized and the interest rate</li> <li>2. Credit Application (with instructions)</li> <li>3. Advise applicant of conditions necessary for funding, which are: <ol style="list-style-type: none"> <li>a. Requirement for an <u>approved</u> Conservation Plan</li> <li>b. Requirement for an <u>approved</u> and current Nutrient Management Plan (NMP) if animal waste containment structures are being funded.</li> <li>c. That the applicant will be recommended for funding following submittal of the credit application and subsequent credit review.</li> </ol> </li> </ol> <p><b>Final loan approval is contingent upon submittal of appropriate documentation and a satisfactory credit review.</b></p>
Phase	Action Item	Responsibility	Description
<b>PHASE 2</b> Credit Review	Submittal of Credit Application	Applicant	<p>Within 30 days of receipt of the Conditional Authorization Letter, the applicant should submit the credit application package to VRA. Submittal instructions are on the credit application and/or provided separately with the credit application. To avoid delays, please fill out all required credit application information and submit all requested documents. <b>Do not submit sensitive or personal financial information to DEQ.</b></p> <p>VRA will provide the applicant with a secure link to submit the information electronically via email or a hard copy can be submitted. Applicants may request a secure link from VRA at AgBMPloans@virginiareources.org. If a hard copy submittal is preferred, we recommend that applicants select a method that enables them to track delivery (such as USPS return receipt) and that the submittal includes copies of support documentation. VRA's mailing address is included on the last page of this Map to Closing.</p> <p>Upon VRA review and approval of the application package, they will contact the applicant via phone to confirm an email address. VRA will then send a secure credit bureau web link to that email address. The applicant will complete the questions on the website, pay \$15.00 via a credit/debit card, and click the "share" button to share the credit score directly with VRA.</p>

			<p>If an applicant does not have access to email or a way to utilize the credit bureau web link, please contact your local Project Manager as soon as possible.</p> <p>For projects under \$80,000.00 in anticipated permanent debt only the application package and credit score will be needed for the credit review. For projects that are over \$80,000.00 in anticipated permanent debt, additional credit ratios are also reviewed. This process is administered by VRA and can take up to 30 days.</p>
	Credit Review & Approval	VRA & DEQ	VRA notifies DEQ when the credit review is complete. DEQ then notifies the applicant. The credit recommendation is valid for 6 months (180 days).
	Initial Site Visit	DEQ Regional Office	A DEQ Regional Project Manager will schedule a visit to the farm after the credit review has been completed. This visit will clearly identify the practices for which funding is approved and help verify the estimated project cost.
	Verification of Approved Conservation Plan and Nutrient Management Plan (if applicable)	Applicant	Prior to development of the Loan Closing Packet, an approved Conservation Plan and certification of an approved Nutrient Management Plan (for animal waste containment structures) need to be submitted to the appropriate DEQ Regional Project Manager.
	Cost Estimates, Engineering Design Information	Applicant	<p>The applicant is responsible for obtaining cost estimates for the practices that are being funded. This information is used to determine the final loan need.</p> <p>If structures such as animal waste containment facilities are being funded, these have to be designed by a professional engineer to NRCS or SWCD standards.</p> <p>Design documents and a cost estimate must be provided to DEQ. These documents need to be submitted within 6 months of the Conditional Authorization Letter date.</p>
Phase	Action Item	Responsibility	Description
<b>PHASE 3</b> Loan Closing Packet	Verify Documentation Submitted to Develop the Loan Agreement	DEQ	Once the loan has been approved by DEQ & VRA, an appropriate conservation plan (and/or nutrient management plan certification) submitted and verified by DEQ, design completed (if applicable), an estimate of all eligible project costs submitted, and estimated construction start / stop dates determined, DEQ will finalize the loan amount, and authorize VRA to develop a loan agreement.
Phase	Action Item	Responsibility	Description
<b>PHASE 4</b> Loan Closing	Loan Agreement	VRA	VRA will develop and execute a loan agreement with the applicant. This agreement will specify the loan amount, interest rate, repayment period, loan security, etc. Loan closing documents will include the Promissory Note, Guaranty Agreement, Consent Agreement (if corporation), and Bank ACH Information. Assignment of payment document(s) will be included for projects receiving cost share. The loan agreement will also include a requirement to utilize and maintain the practice(s) for the life of the loan.
	Loan Closing	VRA/Applicant	The applicant will be advised when the loan closes. Once a loan closes, the applicant can begin making disbursement requests. A one-page form is used to make requests and is provided to the loan recipient.

Phase	Action Item	Responsibility	Description
<b>PHASE 5</b> <b>Project Construction</b>	Disbursement Requests	Loan Recipient	Loan recipients can request funds on a cost reimbursement basis once costs have been incurred for eligible practices. Disbursement requests, including copies of supporting invoices, are submitted to DEQ for review (either by mail or via email). DEQ will review each request and may make a site visit. Based on the review and site visit, DEQ recommends, as appropriate, payment by VRA. Instructions for submittal are on the disbursement request form.
	Project Completion / Final Disbursement	Loan Recipient	Once a project is complete, submit a request for a final inspection. As a result of this inspection, if the project is deemed complete and functioning for its intended purpose, a final disbursement request can be submitted to DEQ. DEQ may hold disbursement to 95% per approved practice until the overall project is complete and functioning for its intended purpose.

**DEQ Ag BMP Loan Program Contacts:****James Moneymaker**

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**Mailing Address for AgBMP Application**

Department of Environmental Quality  
 Clean Water Financing & Assistance Program  
 P. O. Box 1105  
 Richmond, VA 23218

**Lars Bolton**

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**Mailing Address for Credit Application**

Virginia Resources Authority  
 1111 East Main Street  
 Suite 1920  
 Richmond, VA 23219

**Electronic Submittal of AgBMP Application**

CWFAP@deq.virginia.gov

**Electronic Submittal of Credit Application**

To submit forms electronically, request a secure link from VRA at AgBMPloans@virginiareources.org to upload documents

**Acronyms:**

**AgBMP** – Agricultural Best Management Practice  
**CWFAP** – Clean Water Financing and Assistance Program  
**DEQ** - Department of Environmental Quality  
**NMP** – Nutrient Management Plan  
**NRCS** – USDA Natural Resources Conservation Service  
**SWCD** – Soil and Water Conservation District  
**VRA** – Virginia Resources Authority