

Your Farm Service Agency Online Monthly Newsletter Covering the Latest Topics

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New Microloan Program

The Farm Service Agency (FSA) developed the Microloan program (ML) to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.

The program will operate similar to the Operating Loan program but will include reduced requirements for managerial experience and loan security, as well as reduced paperwork. The Microloan program can be used for such expenses as annual crop inputs, marketing and distribution expenses, purchase of livestock and equipment, and minor farm improvements such as wells and coolers. Eligible applicants may obtain a microloan for up to \$35,000. The repayment term may vary but will not exceed seven years. Annual operating loans are typically repaid within 12-18 months of when the loan is closed. The interest rate is the same as the regular Operating Loan (currently 1.125%).

For more information on the new Microloan Program please contact your local county office.

Payment Limitation

All payment eligibility and payment limitation provisions, including Adjusted Gross Income (AGI) limitations, are extended for the 2013 crop year, program year, and fiscal year.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payment and benefits. This includes the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity.

Additional information on payment limitations is available at Farm Service Agency county offices or online at: www.fsa.usda.gov.

Reminder

To assure fast service at your local FSA County Office, call for an appointment.
Our staff are always happy to serve you.

Hawaii State & Pacific Basin Farm Service Agency Offices:

Hawaii State & Pacific Basin FSA Office
737 Bishop St, Ste 2340
Honolulu, HI 96813
Ph: (808)441-2704
Fax: (808)441-2705

Hawaii County FSA Hilo
154 Waiuanue Ave,
Rm 102
Hilo, HI 96720
Ph: (808)933-8381 x 1
Fax: (808)933-8345

Kona
The Kona Office is closed until further notice
Please call (808)933-8381 x 1 for service or information

Honolulu County FSA
99-193 Aiea Heights Dr,
Suite 114
Aiea, HI 96701
Ph: (808)483-8600 x 2
Fax: (808)483-8615

Kauai County FSA
4334 Rice St, Rm 103
Lihue, HI 96766
Ph: (808)245-9014 x 2
Fax: (808)246-4639

Maui County FSA
77 Hookele St, Ste 201
Kahului, HI 96732
Ph: (808)871-5500 x 2
Fax: (808)873-6183

Guam FSA Office
770 East Sunset Blvd.
Suite 265
Barrigada, GU 96913
Ph: (671)472-7568
Fax: (671)472-7580
CNMI (670)234-0896

American Samoa FSA
Pago Plaza Building
Suite 213
Pago Pago, AS 96799
Ph: (684)633-1031 x121
Fax: (684)633-7614

Hours
Monday—Friday
8:00 am—4:00 pm

Website
www.fsa.usda.gov/hi



Hispanic and Women Farmers and Ranchers Claims Process

Hispanic and women farmers and ranchers who allege discrimination by the United States Department of Agriculture (USDA) in past decades can file claims until March 25, 2013.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied their applications for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000.

The voluntary claims process will make available at least \$1.33 billion for cash awards and tax relief payments, plus up to \$160 million in farm debt relief. There are no filing fees to participate in the program. Claimants can obtain a claims package through the toll-free number or by visiting the website below.

Website: www.farmerclaims.gov
Phone: 1-888-508-4429.
Deadline for Claims: March 25, 2013

IRS 1099-G Changes

Calendar year 2012 brought changes to the way Farm Service Agency (FSA) reports farm program payments to the producer and to the Internal Revenue Service (IRS).

In past years, IRS Forms 1099-G would be issued to show all program payments received from FSA, regardless of the amount.

For calendar year 2012, producers whose total reportable payments from FSA were less than \$600 will not receive IRS Form 1099-G. Also, producers who received payments from more than one county will only receive one Form 1099-G if the total of all payments from all counties was \$600 or more.

The same changes will apply to those who normally receive IRS Form 1099-MISC from Farm Service Agency.



SURE Program

The Supplemental Revenue Assistance Program (SURE) provides assistance to producers suffering crop losses due to natural disasters occurring through September 30, 2011. To receive SURE payments, an eligible producer must have qualifying losses of at least 10 percent production loss affecting at least one crop of economic significance due to natural disaster on a farm in a disaster county.

Producers outside a declared disaster county are eligible if they experience production losses greater than or equal to 50 percent of normal production in the farm. To be eligible for SURE, a producer must have obtained a policy or plan of insurance for all crops through the Federal Crop Insurance Corporation and obtained Noninsured Crop Disaster Assistance Program (NAP) coverage, if available, from the Farm Service Agency. Forage crops intended for grazing are not eligible for SURE benefits.

Need Information?

The Hawaii and Pacific Basin Farm Service Agency (FSA) internet site contains news and information on FSA programs, an FSA calendar, and hot links to other agriculture related sites.

Find the information you are looking for at:

www.fsa.usda.gov/hi

Land Contract Guarantees

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or qualified minority farmer or rancher. The guarantee reduces the financial risk to the seller.

Farm Service Agency offers two types of guarantees:

- Prompt Payment Guarantee - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- Standard Guarantee - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property.

For additional information, go to: http://www.fsa.usda.gov/Internet/FSA_File/lc_guarantee_program.pdf.

Guaranteed Loan Program

The Farm Service Agency (FSA) loan limit for the Guaranteed Loan Program has increased to \$1,302,000. The limit is adjusted annually based on an inflation index.

As a reminder, the one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan.



Lester Ueda 2012 Farm Service Agency Employee of the Year

If you happen to be a producer or work in the agricultural sector on Hawaii Island, chances are you have either worked directly with Lester Ueda or have met him at an industry meeting. Lester is a dedicated, hard-working Farm Service Agency (FSA) employee who places the ‘Service’ in the Agency’s name as a top priority; hence, he was selected as the 2012 FSA Employee of the Year.

Serving as Hawaii County Executive Director, Lester oversees a team of two employees, and together they deliver FSA’s programs, including emergency disaster programs such as the Supplemental Revenue Program (SURE) and the Emergency Conservation Program (ECP) which provide payments to producers suffering losses from drought and volcanic gases. Other programs administered by the Hawaii County staff include the Noninsured Crop Disaster Assistance Program (NAP), Grassland Reserve Program (GRP) and Reimbursement Transportation Cost Program (RTCP). The office also supports producers’ efforts to restore and maintain riparian areas through the Conservation Reserve Enhancement Program (CREP).

Yet, as busy as Lester is managing the details of the Agency’s programs, he always makes time to reach out to producers through numerous commodity organization meetings and conferences across the island. His personal touch with each producer communicates the message that they are each highly valued customers.

Farm Loan Programs Interest Rates for February 2013	
Farm Operating - Direct	1.125%
Farm Ownership - Direct	3.125%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.500%
Emergency	2.250%
Limited Resource	5.000%
Microloan	1.125%



Rebecca Beckley-Duong's CREP site near Akaka Falls

CREP - Conservation Reserve Enhancement Program

The Hawaii Conservation Reserve Enhancement Program (CREP) provides financial incentives to producers and encourages restoration of degraded agricultural land through reforestation and the establishment of sound conservation practices.

Now you know what “CREP” stands for, here's an update on the program's success on the Big Island of Hawaii. The United States Department of Agriculture Farm Service Agency (FSA), Natural Resource Conservation Service (NRCS) and the State of Hawaii Department of Land and Natural Resources (DLNR) work together to implement Hawaii CREP with the goal of ‘Restoring Our Islands Mauka to Makai’ or from the mountains to the sea. By combining resources with partners, CREP provides farmers and ranchers with a sound conservation plan for conserving and enhancing the natural resources of Hawaii.

"You don't do it alone," says Lester Ueda, FSA County Executive Director for Hawaii County. "All three agencies provide expertise to help you from start to finish. That's half the battle. Most people want to do a project like this, but don't know where to start."

Conservation Reserve Enhancement Program helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. Through CREP, program participants receive financial incentives to voluntarily enroll and remove cropland and pastureland from agricultural production and convert the land to native trees, shrubs, grasses, and other vegetation.

“Word has finally gotten around about the program, we are starting to see more and more inquiries,” says Kristen Kiriū, Program Technician with the FSA Hawaii

County Office. “Some of our participants are now in their second year since finishing their planting and the results of their hard work are becoming very evident,” noted Kiriū.

The first CREP project completed on the island belongs to Peter Kubota. Some of the trees he planted are now over 12 feet tall. "Trees are beautiful, and nobody is ever against planting more of them," remarked Kubota. “They will live well beyond our lifetime, and we can leave them for our future generations as a living legacy.



Peter Kubota's CREP progress report

Hawaii CREP enables you to do things now that would normally take 10 years to complete on your own. The knowledge, incentive, and technical advice the staff provides make your goals achievable," Kubota shared.

Hawaii CREP helps to bring back the native forests, and the resulting permanent streams that used to exist. John Lindelow, a CREP participant, states, “The Forest Stewardship Program and CREP helped formalize the vision for our 24 acres into a tangible plan. The cost sharing and incentive payments are huge incentives to become involved with these programs. Through getting involved with CREP, we now have great relationships with NRCS, FSA, DLNR, and the local watershed partnerships. I am excited to see future efforts to reforest the land.”

“The CREP program assisted me in a project I have wanted to start for years. It helped me evaluate our strengths and weaknesses,” offered Rebecca Beckley-Duong. “Jessica Newpher, District Conservationist, was instrumental in assisting me to better understand soil analysis, weed control, and potential plants best suited for our soil and weather elements. We received financial assistance promptly, with the paper work made easy through the patient assistance of the CREP Program Technician Kristen Kiriū. I was provided with resource information concerning problems that arose. I'm happy to be involved in the CREP program, and I am grateful to everyone that has helped make our project a success," said Beckley-Duong.

Another CREP participant, Dianne Higgins noted, “Hawaii is such a special place, especially where we live on the Big Island. I've always loved the land and appreciated the natural forests. When I learned that we might have an opportunity to restore former pasture land

with native plants, it always stuck in my mind. Once I made the contacts necessary to start the process, everything fell into place. First we had to prepare the site, then fence the property, and contact growers for the native plants. It's taken a while, but we are ready to start planting. We will leave a legacy that will help the earth, and that feels good."

As with all new programs, there are lessons learned, mostly by trial and error. Aileen Yeh, rancher, nursery person, conservationist and researcher provided us with a few tips.

"I am glad that I started out with a small 1.7 acre area, because weed control after planting is an ongoing job until the canopy closes. That will take many years, in an open pasture such as ours. Particularly in our area where, when it can rain constantly, it is difficult to get to the site and do weed control. I have found that it is important to have an existing 'overstory' or shade in order to have success with some of the understory plants.



Naupaka (above) and Clermontia (below) installed by Aileen Yeh



It is important not to remove non-native 'overstory' completely if there are shade loving plants under them. I have been able to transplant some rare plants from the pasture into the fenced area allowing them to grow freely without the threat of pigs and cattle." Yeh also likes that CREP can work for the small landowner too.

There are six goals of the Hawaii CREP – Reduce Sediment and Nutrient Runoff, Increase Coral Reef Cover, Improve Wildlife and Plant Habitats, Reforestation of Native Vegetation, Increase Groundwater Recharge, and Reduction in Control of Invasive Species. It is the intent of USDA and the State of Hawaii that Hawaii CREP seek to achieve these goals.

"We have found many friends who have made conservation their passion and have committed to achieving these goals as well," says Ueda. One of our

friends is Rob Culbertson of Paauilo, who has just completed his project and describes the CREP vision very well.

"CREP created a valuable opportunity to deepen my engagement in conservation practices generally and native plant restoration in particular, which has been a passion of mine for some time," explained Culbertson. He went on to note, "Living in the midst of the 'extinction capitol' of the world is a sobering predicament; one requiring a long term commitment to remedy. Fortunately, CREP is one institutional response that correctly addresses the needs and time scales of this important work!"

For more information on Hawaii CREP please contact your local county office.

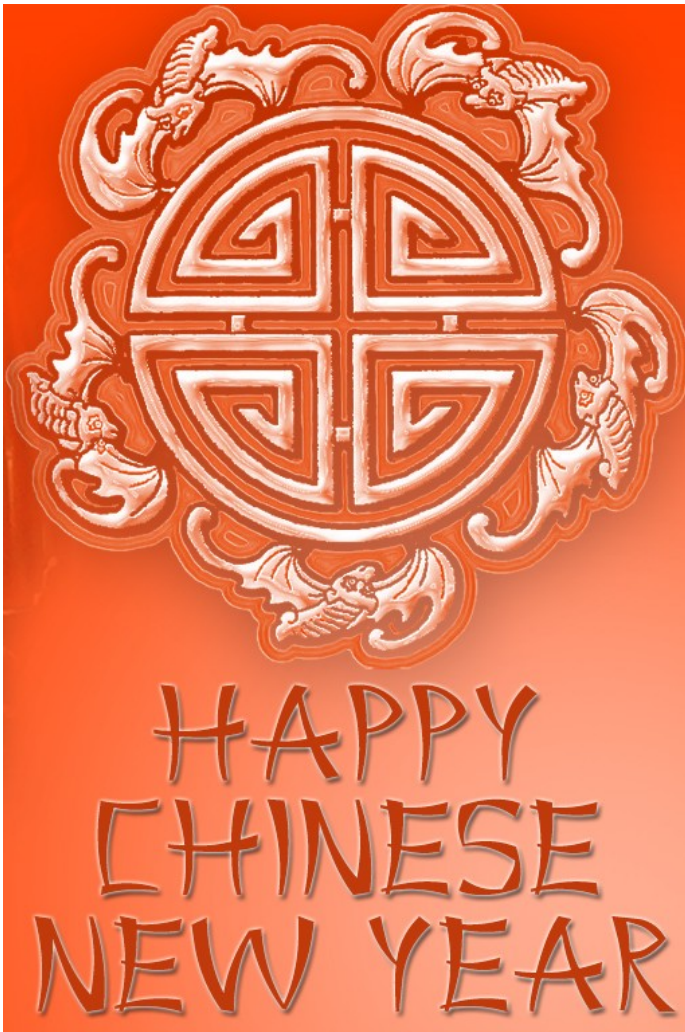


Loans for Minorities & Women

The Farm Service Agency (FSA) has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating loans and/or to purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, FSA has provided targeted funding for women and minorities. Eligible minority groups include American Indians, Alaskan natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

If producers or their spouses believe they would qualify for these targeted funds, they should contact their local FSA office for details. Applicants must meet all loan eligibility and feasibility requirements.



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Dates to Remember	
March 13, 2013	Deadline to apply for emergency loans due to drought in Honolulu County
March 25, 2013	Deadline to file a claim under the Hispanic and Women Farmer and Rancher Claims Process.
May 27, 2013	Deadline to apply for emergency loans due to drought in Kauai County
June 07, 2013	2011 SURE Application deadline
September 09, 2013	Deadline to apply for emergency loans due to drought in Hawaii County and Maui County
Ongoing	Hawaii CREP (Conservation Reserve Enhancement Program) sign-up

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