



# NEWSLETTER



**January 2014**

**North Carolina  
FSA Office  
e-News**

**Bob Etheridge  
State Executive  
Director**

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**Hours**

Monday - Friday  
8:00 a.m. - 4:30 p.m.

**State Committee**

Pender Sharp,  
Chairman  
Members:  
John E. Ashe, Jr.  
Tom O. Gilmore  
Nancy Fish  
Doane Cottle

**State Office Staff**

Cindy Kernodle,  
Executive Officer

Mike Eaves,  
Administrative Officer

Mike Huskey  
Chief Farm Loans

Tim Jones, Chief  
Chief Farm Programs

Philip Farland  
State Civil Rights  
Coordinator

Eddie Woodhouse  
Public Affairs  
Specialist/Outreach  
Coordinator

**STC Meeting Dates:**  
**January 15, 2014**  
**February 11, 2014**

## **Bob Etheridge named State Executive Director North Carolina Farm Service Agency**

Bob Etheridge has been named as the State Executive Director for North Carolina's Farm Service Agency. In 1978, Etheridge was elected to the N.C. House of Representatives and served as chairman of the House Appropriations Committee. In 1988, Etheridge was elected as State Superintendent of Public Instruction, becoming the first non-educator since 1856 to hold that post. In 1996, Etheridge was elected to Congress from N.C.'s second district, serving for twelve years on the House Agriculture Committee and as Chairman of the General Farm Commodity and Risk Management Subcommittee for two years. Etheridge then moved to the House Ways and Means Committee for two years, the first North Carolinian to serve on that committee for 60 years. Etheridge and his wife, Faye, have been married for 48 years, have three children and eight grandchildren. He is an active member of Leaflet Presbyterian Church where he is an elder, president of the Presbyterian men and a long-time Sunday school teacher. He still spends as much time as he can on the family farm where he has beef cattle. He can be reached at (919) 875-4800.

## **New ballots were mailed to producers on December 20, 2013**

These ballots will indicate that they are the corrected ballot in several places, including on the outside of the mailing, on the ballot and on the outside of the return envelope.

## **New County Committee Election Ballots to be mailed**

The County Committee Election ballots that were mailed to producers on Nov. 4 were incorrectly printed with the producer's name and address on the back of the ballot. County committee elections must use a secret ballot so the misprinted ballots cannot be used. Please destroy or recycle the misprinted ballot. If you have already voted, your ballot will be destroyed unopened.

## **The corrected ballot must be returned to the Local County FSA Office or postmarked by January 17, 2014**

All newly elected county committee members will take office February 18, 2014. All county committee members whose term expired on Dec. 31, 2013, will have their term extended to January 31, 2014.

County committee members are an important component of the operations of FSA and provide a link between the agricultural community and USDA. Farmers and ranchers elected to county committees help deliver FSA programs at the local level, applying their knowledge and judgment to make decisions on commodity price support programs; conservation programs; incentive indemnity and disaster programs for some commodities; emergency programs and eligibility. FSA committees operate within official regulations designed to carry out federal laws.

To be an eligible voter, farmers and ranchers must participate or cooperate in an FSA program. A person who is not of legal voting age, but supervises and conducts the farming operations of an entire farm may also be eligible to vote.

More information on county committees, such as the new 2013 fact sheet and brochures, can be found on the FSA website at [www.fsa.usda.gov/elections](http://www.fsa.usda.gov/elections) or at a local USDA Service Center.

## 2014 Acreage Reporting Dates

Producers now have until January 15, 2014, to report crops that have a November 15, 2013, or December 15, 2013, reporting deadline without paying a late-file fee. Crops under this waiver include wheat and native and improved grasses intended for grazing or haying. The Risk Management Agency (RMA) did not grant a waiver so producers need to consult their crop insurance agent for deadlines for insured crops.

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit the local FSA office to file an accurate crop certification report by the applicable deadline.

The following acreage reporting dates are applicable for North Carolina:

**Nov. 15, 2013:** Perennial hay and grazing, apiculture

**May 15, 2014:** Cabbage, Beans, Potatoes

**Jan. 15, 2014:** Fall seeded small Grains, Apples Blueberries, Grapes, Peaches, Canola

**July 15, 2014:** Tobacco, Corn, Soybeans, CRP, Peanuts, Grain Sorghum, Peanuts, Processing Beans, Cotton, All other crops and land uses

**Sept. 15, 2014** Cabbage and Beans Planting Period 2

**Sept. 30, 2014:** Aquaculture

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
- If a producer acquires additional acreage after the above acreage reporting date, then the acreage must be reported no later than 30 calendar days after purchase or acquiring the lease. Appropriate documentation must be provided to the county office.

- If a perennial forage crop is reported with the intended use of “cover only,” “green manure,” “left standing,” or “seed,” then the acreage must be reported by July 15th.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above or 15 calendar days before grazing or harvesting of the crop begins. Additionally, producers can purchase both NAP and RMA coverage for 2014 annual forage crops. NAP coverage will not be available for 2015 annual forage crops.

Late file fees will be assessed for 2013 crops reported after September 15, 2013, and 2014 crops reported after January 15, 2014.

For questions regarding crop certification and crop loss reports, please contact your local County FSA office. Sign-Up Starts soon

## FSA Advises Producers to Anticipate Payment Reductions due to Mandated Sequester

USDA’s Farm Service Agency (FSA) is reminding farmers and ranchers who participate in FSA programs to plan accordingly in FY2014 for automatic spending reductions known as sequestration. The Budget Control Act of 2011 (BCA) mandates that federal agencies implement automatic, annual reductions to discretionary and mandatory spending limits. For mandatory programs, the sequestration rate for FY2014 is 7.2%. Accordingly, FSA is implementing sequestration for the following programs:

- Dairy Indemnity Payment Program;
- Marketing Assistance Loans;
- Loan Deficiency Payments;
- Sugar Loans;
- Noninsured Crop Disaster Assistance Program;
- Tobacco Transition Payment Program;
- 2013 Direct and Counter-Cyclical Payments;
- 2013 Average Crop Revenue Election Program;
- 2011 and 2012 Supplemental Revenue Assistance Program;
- Storage, handling; and Economic Adjustment assistance for upland cotton

Conservation Reserve Program payments are specifically exempt by statute from sequestration, thus these payments will not be reduced.

These sequester percentages reflect current law estimates; however with the continuing budget uncertainty, Congress still may adjust the exact percentage reduction. Today's announcement intends to help producers plan for the impact of sequestration cuts in FY2014.

At this time, FSA is required to implement the sequester reductions. Due to the expiration of the Farm Bill on September 30, FSA does not have the flexibility to cover these payment reductions in the same manner as in FY13. FSA will provide notification as early as practicable on the specific payment reductions.

For information about FSA programs, visit your county USDA Service Center or go to [www.fsa.usda.gov/](http://www.fsa.usda.gov/).

## **Counties Eligible for Emergency Loans**

Alleghany, Ashe, Caldwell, Chatham, Durham, Franklin, Granville, Harnett, Iredell, Johnston, Lee, Surry and Wilkes Counties were declared a primary/contiguous disaster due to drought and heat using the streamlined Secretarial Disaster Designation process. Under this designation, producers with operations in any primary or contiguous county are eligible to apply for low interest emergency loans.

The streamlined disaster designation process issues a drought disaster declaration when a county has experienced a drought intensity value of at least a D2 (severe drought) level for eight consecutive weeks based on the U.S. Drought Monitor during the crop year.

Emergency loans help producers recover from production and physical losses due to drought, flooding and other natural disasters or quarantine.

Producers have eight months from the date of the declaration to apply for emergency loan assistance. FSA will consider each loan application on its own merits, taking into account the extent of losses, security available and repayment ability. Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of \$500,000.

For more information about emergency loans, please contact your local FSA office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

## **MARKETING ASSISTANCE LOANS (MAL)**

Short-term financing is available by obtaining low interest commodity loans for eligible harvested production. A nine-month Marketing Assistance Loan provides financing that allows producers to store production for later marketing. The crop may be stored on the farm or in the warehouse.

Loans are available for producers who share in the risk of producing the eligible commodity and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss because of damage to the commodity and title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible for a loan, even if you regain beneficial interest.

## **Foreign Buyers Notification**

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA.

All individuals who are not U.S. citizens, and have purchased or sold agricultural land in the county are required to report the transaction to FSA with 90 days of the closing. Failure to submit the AFIDA form (FSA-153) could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, Realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

facilities, hay barns and for all loans exceeding \$50,000. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

For more information about FSFL please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## **FSA Allows Lenders to Use Evaluations Instead of Appraisals for Loans of \$250,000 or Less**

Lenders that originate Farm Service Agency (FSA) guaranteed loans may now use internal real estate “collateral evaluations” to support loan requests of \$250,000 or less, rather than appraisals.

This policy change will allow lenders more flexibility and a faster underwriting process, and is consistent with industry standards.

Lenders must follow their regulator’s “Interagency Appraisal and Evaluation Guidelines” and apply these same policies to FSA guaranteed loans as non-guaranteed loans. In addition, lenders should request an appraisal

when they would do so for unguaranteed loans even if the loan is under the threshold, such as when the expected loan-to-value is above their established standards.

A description of the method of establishing the real estate value – whether appraisal or evaluation – needs to be described to FSA in their credit presentation.

## **MicroLoan Program**

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

FSA offers applicants a Microloan designed to help farmers with credit needs of \$35,000 or less. The loan features a streamlined application process built to fit the needs of new and smaller producers. This loan program will also be useful to specialty crop producers and operators of community supported agriculture (CSA).

Eligible applicants can apply for a maximum amount of \$35,000 to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation and annual expenses such as seed, fertilizer, utilities, land rents, marketing, and distribution expenses. As financing needs increase, applicants can apply for a regular operating loan up to the maximum amount of \$300,000 or obtain financing from a commercial lender under FSA’s Guaranteed Loan Program.

Individuals who are interested in applying for a microloan or would like to discuss other farm loan programs available should contact their local FSA office to set up an appointment with a loan official.

## **Rural Youth Loans**

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5000.

#### Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms.

## Beginning Farmer Loans

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- ☐ Has operated a farm for not more than 10 years
- ☐ Will materially and substantially participate in the operation of the farm
- ☐ Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- ☐ Does not own a farm in excess of 30 percent of the county's median size.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

## Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are

available for operating type loans and/or purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of socially disadvantaged applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

## Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact the county FSA office staff directly or by phone.

## Farming Operation Changes

Producers who have bought or sold land, or added or dropped rented land from their operation must report those changes to the FSA office as soon as possible. A copy of the deed or recorded land contract for purchase property is needed to maintain accurate records with FSA. Failure to do so can lead to possible program ineligibility and penalties. While making record updates, be sure to update signature authorizations. Making record changes now will save time in the spring.

## Breaking New Ground

Agricultural producers are reminded to consult with FSA and NRCS before breaking out new ground for production as doing so without prior authorization may put a producer's federal farm program benefits in

jeopardy. This is especially true for land that must meet Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions.

Producers with HEL determined soils must apply tillage, crop residue and rotation requirements as specified in their conservation plan.

Producers should notify FSA prior to conducting land clearing or drainage projects to ensure compliance. If you intend to clear any trees to create new cropland, these areas will need to be reviewed to ensure any work will not risk your eligibility for benefits.

Landowners and operators can complete form AD-1026 Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification to determine whether a referral to Natural Resources Conservation Service (NRCS) is necessary.

## **Controlled Substance**

Any person convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

## **Power of Attorney**

For those who find it difficult to visit the county office because of work schedules, distance, health, etc..., FSA has a power of attorney form available that allows producers to designate another person to conduct business at the office. If interested, contact our office or any Farm Service Agency office for more information.

## **Bank Account Changes**

Current policy mandates that FSA payments be electronically transferred into a bank account. In order for timely payments to be made, producers need to notify the FSA county office when an account has been changed or if another financial institution purchases the bank where payments are sent. Payments can be

delayed if the FSA office is not aware of updates to bank accounts and routing numbers.

## **Appeal Process**

After an FSA official makes a decision on a request for USDA services or application, the producer will be sent a letter informing him/her of the decision and options that can be pursued.

Generally, program participants have three choices — an informal review with the original agency decision-maker, an opportunity for mediation and finally an appeal to the next level of authority within the agency.

## **FSA Signature Policy**

Using the correct signature when doing business with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying a spouse this authority has been provided to the county office

- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities.

For additional clarification on proper signatures contact your local FSA office.

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**Please note contents of this newsletter are relative Statewide. Contact your local FSA office for county specific information.**

## USDA RURAL DEVELOPMENT SEEKING APPLICATIONS FOR ITS VALUE-ADDED PRODUCER GRANTS (VAPG) PROGRAM

The deadline for applications under USDA Rural Development's VAPG program is February 24, 2014. The primary objective of the VAPG program is to help agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based value-added products. Generating new products, creating and expanding marketing opportunities, and increasing producer income are the end goals of this program. You may receive priority if you are a beginning farmer or rancher, a socially-disadvantaged farmer or rancher, a small or medium-sized farm or ranch structured as a family farm, a farmer or rancher cooperative, or are proposing a mid-tier value chain, as defined in the Program Regulation. Grants are awarded on a competitive basis. The maximum grant is \$75,000 for planning grants and \$200,000 for working capital grants. Producers must match the grant funds requested with cash or eligible in-kind funds. Additional information can be found at: [http://www.rurdev.usda.gov/BCP\\_VAPG.html](http://www.rurdev.usda.gov/BCP_VAPG.html). Contact your servicing USDA Rural Development office for assistance. Texas Servicing offices can be found at: <http://www.rurdev.usda.gov/tXHome.html>. The Farm Service Agency loan limit for the Guaranteed Loan Program has increased to \$1,302,000. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The lending limit increases every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness has increased to \$1,602,000.

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.

Producers should contact their local FSA County Offices with questions about farm loans.

| Selected Interest Rates for<br>April 2013                            |        |
|--|--------|
| 90-Day Treasury Bill   | 0.125% |
| Farm Operating - Direct  | 1.875% |
| Farm Ownership - Direct  | 4.125% |
| Farm Ownership - Direct Down Payment,<br>Beginning Farmer or Rancher | 1.50%  |
| Emergency Loans  | 2.875% |
| Farm Storage Facility Loans (7 years)                                | 2.25%  |
| Sugar Storage Facility Loans   | 3.375% |
| Commodity Loans 1996-Present   | 1.125% |

| Dates to Remember |  |
|-------------------|--|
| January 15        | Crop Reporting Deadline                                    |
| January 20        | Martin Luther King Jr. Federal Holiday<br>(Offices Closed) |
| January 31        | NAP Sales Closing Date for Potatoes                        |