



## **“SCOOP”**

### **ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE**

**May 2014**

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### **CONSERVATION RESERVE PROGRAM (CRP)**

- FSA's authority to accept or approve offers ended September 30, 2013, this continues until the National Agricultural Act of 2014 Farm Bill is implemented.

### **EMERGENCY CONSERVATION PROGRAM (ECP)**

- If you have been approved and funded for assistance under a Disaster ID, please be mindful of the expiration date for implementing the practice(s) for which you applied.

### **EMERGENCY FOREST RESTORATION PROGRAM (EFRP)**

- If you have been approved and funded for assistance under a Disaster ID, please be mindful of the expiration date for implementing the practice(s) for which you applied.

### **TREE ASSISTANCE PROGRAM (TAP)**

- Signup Began on April 15, 2014 for the years of 2012, 2013, 2014 Tree Assistance Program. The National Agricultural Act of 2014 authorized Tree Assistance Program (TAP) as a permanent program.
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- TAP provides assistance to eligible orchardists and nursery tree growers to replant or rehabilitate bushes, vines, and trees, including nursery, ornamental, fruit, nut, or Christmas trees that were lost and damaged because of an eligible natural disaster. Contact your County Office to make an appointment to apply for this program.
- 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.
- Spouses may sign on behalf of each other's individual interest in a partnership, unless notification denying a spouse that authority is provided to the county office.
- Persons signing in a representative capacity must ensure that the applicant is still living. Once a person is deceased, signature authority ceases to exist. If an FSA document is signed in a representative capacity for a deceased person, then the document is invalid and FSA program benefits are not earned.

### **CHANGING BANKS**

Almost all Farm Service Agency payments are made electronically using direct deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can update our files to insure continued uninterrupted service.

## **SELLING LAND**

If you plan on selling farmland, you should be aware of several consequences associated with FSA programs. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you might have to refund all of the payments you've received to date.

Reviewing program implications with your local Farm Service Agency staff before completing a sale of farmland is always a prudent precaution.

## **INCREASED GUARANTEED LOAN LIMIT**

The loan limit for the Guaranteed Loan Program increased to \$1,355,000 on Oct. 1, 2013. 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 will also increase to \$1,655,000.

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.

## **MICROLOAN PROGRAM**

The Farm Service Agency (FSA) developed the Microloan 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 interested in applying for a microloan or would like to discuss other farm loan programs available, should contact the local FSA office to setup an appointment with a Loan Approval 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
- 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 average 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.

### **GUARANTEED LOAN ELIGIBILITY (AS PER FLP-667)**

Changes to FSA regulations have removed Guaranteed Operating term limits. Previous and current guaranteed loan borrowers who were not eligible for further guaranteed loans due to the previous 15 year eligibility term limit may now be eligible for further guaranteed loans through their commercial lender.

### **DIRECT LOAN CHANGES (AS PER FLP-667)**

Changes were made to the interest rate charged on loans where FSA provides 50 percent or less on jointly financed purchases of real estate also called Direct Farm Ownership Participation Loans. The interest rate will be the greater of 2.5 percent or the current interest rate for Direct Farm Ownership Loans minus 2 percent, as a fixed rate for the duration of the loan. At present, the May Direct Farm Ownership rate is 4.00 percent. Because the 2.5 percent floor is greater than subtracting 2 percent from the Direct Farm Ownership Loan rate, the rate for Direct Farm Ownership Participation Loans in May is 2.5 percent.

### **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.

## **COUNTIES ELIGIBLE FOR 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).

Selected Interest Rates for May 2014	
90-Day Treasury Bill	0.125%
Farm Operating Loans — Direct	2.125%
Farm Ownership Loans — Direct	4.000%
Farm Ownership Loans, Direct Down Payment, Beginning farmer or Rancher	1.500%
Emergency Loans Actual Loss	3.125%
Farm Ownership – Joint Financing	2.500%
Farm Storage Facility Loans 7 years	2.125%
Farm Storage Facility Loans 10 years	2.750%
Farm Storage Facility Loans 12 years	2.875%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996-Present	1.125%

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“USDA is an equal opportunity provider and employer.” To file a complaint of discrimination, write USDA, Office of the Assistant Secretary for Civil Rights, office of Adjudication, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll Free Customer Service), (800) 877-8339 (local or Federal relay), (866) 377-8642 (Relay voice users).

Linda Newkirk, State Executive Director  
James Culpepper, Chief, Farm Loans Program  
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Sharon Baker, Administrative Officer  
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## **PROGRAM DEADLINES**

<b><u>Final</u></b> date to <b>inform FSA of crop losses</b>	<b>Before Crop Disposition</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Corn</b>	<b>May 10, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Grain Sorghum</b>	<b>May 30, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Upland Cotton for: Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Mississippi, Poinsett, St. Francis, White, and Woodruff Counties</b>	<b>June 4, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Rice</b>	<b>June 9, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Upland Cotton for: Arkansas, Ashley, Bradley, Chicot, Clark, Dallas, Desha, Drew, Jefferson, Lafayette, Lee, Lincoln, Little River, Lonoke, Miller, Monroe, Phillips, Prairie, and Pulaski Counties</b>	<b>June 9, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Peanuts</b>	<b>June 9, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Soybeans Not Following Another Crop (NFAC)</b>	<b>June 30, 2014</b>
<b><u>Final</u></b> date to file prevented planted acreage/credit for <b>Soybeans Following Another Crop (FAC)</b>	<b>July 10, 2014</b>
<b><u>Final</u></b> date to <b>Report 2014 Spring Seeded Crops</b> (Note crop insured under the NAP Program may have an earlier acreage reporting date. Check with your local county office for verification.)	<b>July 15, 2014</b>