



Your Farm Service Agency Online Monthly Newsletter Covering the Latest Topics

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USDA Designates 2 Counties in Hawaii as Primary Natural Disaster Areas

The U.S. Department of Agriculture (USDA) has designated two counties in Hawaii as primary natural disaster areas due to a recent drought. Those counties are:

- Hawaii
- Maui

“Our hearts go out to those Hawaii farmers and ranchers affected by recent natural disasters,” said Agriculture Secretary Tom Vilsack. “President Obama and I are committed to ensuring that agriculture remains a bright spot in our nation’s economy by sustaining the successes of America’s farmers, ranchers, and rural communities through these difficult times. We’re also telling Hawaii producers that USDA stands with you and your communities when severe weather and natural disasters threaten to disrupt your livelihood.”

Hawaii and Maui counties were designated natural disaster areas on January 15, 2014, making all qualified farm operators in the designated areas eligible for low interest emergency (EM) loans from USDA’s Farm Service Agency (FSA), provided eligibility requirements are met.

Farmers in eligible counties have eight (8) months from the date of the declaration to apply for loans to help cover part of their actual losses. Farm Service Agency will consider each loan application on its own merits, taking into account the extent of losses, security available and repayment ability. A variety of programs are available from FSA, in addition to the EM loan

program, to help eligible farmers recover from adversity.

The Obama Administration remains committed to helping the thousands of farm families and businesses struggling with natural disasters. Actions taken by Agriculture Secretary Tom Vilsack in 2012 to provide assistance to producers impacted by the drought included:

- Reduced the emergency loan rate, from 3.75 percent to 2.875 percent, as well as making emergency loans available earlier in the season.
- USDA worked with crop insurance companies to provide flexibility to farmers, and one-third of all policyholders took advantage of the extended payment period.
- Authorized \$16 million in existing funds from the Wildlife Habitat Incentive Program (WHIP) and Environmental Quality Incentives Program (EQIP) to target states experiencing exceptional and extreme drought.
- Transferred \$14 million in unobligated program funds into the Emergency Conservation Program (ECP) to help farmers and ranchers rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought.
- Authorized haying and grazing of Wetlands Reserve Program (WRP) easement areas in drought-affected areas where haying and grazing is consistent with conservation of wildlife habitat and wetlands.

Continued...

Hawaii State & Pacific Basin Farm Service Agency Office	
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Hawaii County Farm Service Agency Hilo Office	
154 Waiuanue Ave, Room 219 Hilo, HI 96720 Ph: (808)933-8381 x 1 Fax: (808)933-8345	Lester Ueda County Executive Director Miki Miyasato Farm Loan Manager
Honolulu County Farm Service Agency Office	
99-193 Aiea Heights Dr, Room 114 Aiea, HI 96701 Ph: (808)483-8600 x 2 Fax: (808)483-8615	Jason Shitanishi County Executive Director Melissa Rodrigues Farm Loan Manager
Kauai County Farm Service Agency Office	
4334 Rice St, Suite 103 Lihue, HI 96766 Ph: (808)245-9014 x 2 Fax: (808)246-4639	Robert Ishikawa County Executive Director Melissa Rodrigues Farm Loan Manager
Maui County Farm Service Agency Office	
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Guam-CNMI Farm Service Agency Office	
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American Samoa Farm Service Agency Office	
Pago Plaza Building, Room 213 Pago Pago, AS 96799 Ph: (684)633-1031 x121 Fax: (684)633-7614	Josephine Lealasola Agricultural Specialist Letisha Gaoa Farm Loan Technician
Office Hours: Monday—Friday from 8:00 am to 4:00 pm	
<p>Next County Committee Meeting Dates:</p> <p><u>Hawaii County</u> - January 17 at 8:30 a.m.</p> <p><u>Honolulu County</u> - January 24 at 3:00 pm</p> <p><u>Kauai County</u> - January 22 at 8:30 a.m.</p> <p><u>Maui County</u> - January 23 at 9:00 a.m.</p> <p><u>Guam County</u> - January 29 at 9:00 a.m.</p> <p><u>CNMI County</u> - January 29 at 9:00 a.m.</p> <p>Contact the County Office to confirm meeting date and time, as budget constraints may limit the County Committee's ability to meet each month. A list of County Offices, contact numbers and addresses may be found at:</p> <p>http://www.fsa.usda.gov/Internet/FSA_File/hi_cof_staff.pdf</p>	

- Simplified the Secretarial disaster designation process and reduced the time it takes to designate counties affected by disasters by 40 percent.

Additional programs available to assist farmers and ranchers include the Emergency Conservation Program, Federal Crop Insurance, and the Noninsured Crop Disaster Assistance Program (NAP). Interested farmers may contact their local USDA Service Centers for further information on eligibility requirements and application procedures for these and other programs. Additional information is also available online at <http://disaster.fsa.usda.gov>.

Secretary Vilsack also reminds producers that Congress has not funded the five (5) disaster assistance programs authorized by the 2008 Farm Bill. These are the Supplemental Revenue Assistance Payments Program (SURE); the Livestock Indemnity Program (LIP); the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP); the Livestock Forage Disaster Program (LFP); and the Tree Assistance Program (TAP). Production losses due to disasters occurring after September 30, 2011, are not eligible for disaster program coverage.

FSA news releases are available on FSA's website at www.fsa.usda.gov via the "Newsroom" link.

LDPs for Unshorn Lamb Pelts

Eligible producers have until January 31, 2014, to apply for Loan Deficiency Payments (LDP) for unshorn pelts produced during the 2013 crop year. Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

Dates to Remember	
Jan. 17, 2014	Last day to return COC Election Ballots to County Office or postmark ballots
Jan. 20, 2014	Office closed for Martin Luther King Day
Feb. 17, 2014	Office closed for Presidents' Day

Hawaii County—Big Island Rainstorms December 19-31, 2013



Flash flood damages to fence line and access road as a result of rainstorms on the island of Hawaii from Dec. 19-31, 2013.

Hawaii County farmers and ranchers who had previously signed up for 2013 Non-Insured Crop Disaster Assistance Program (NAP) and suffered crop or livestock losses due to the storms that occurred between December 19 and December 31, 2013 are eligible to file a loss report and application for payment with the Farm Service Agency (FSA).

The loss report and application for payment must be completed and submitted to the FSA County Office within 15 calendar days of whichever occurs earlier:

- Occurrence of the natural disaster; or
- Final planting date if planting was prevented by a natural disaster; or
- Date of damage to the crop or loss of production became apparent; or
- The normal harvest date.

The FSA Hawaii County Office is located at 154 Waianuenue Avenue, Room 219 in Hilo or call 933-8381, extension 1 for details and further assistance.

Bank Account Changes

Current policy mandates that Farm Service Agency (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.

County Committee Elections Update

The County Committee Election ballots that were mailed to producers on November 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 could not be used.

New ballots were mailed to producers on December 20, 2013. These ballots indicated 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. The corrected ballot was to be returned to the applicable County Farm Service Agency (FSA) Office, or postmarked by January 17, 2014. We would like to thank all who have participated and voted in this year's County Committee election.

All newly elected county committee members will take office February 18, 2014. All county committee members whose term expired on December 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 United States Department of Agriculture. 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. County committees operate within official regulations designed to carry out federal laws.

FSA Signature Policy

Using the correct signature when doing business with Farm Service Agency (FSA) can save time and prevent a delay in receiving 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.

Refining Farming in Guam

When it comes to sustainable farming very few can match that of local farmer, Bernard Watson.

Considered a seasoned expert in farming, the native of Guam has been advocating improvements in farming for over 30 years.

Born into the farming way of life, Bernard spent most of his life on the farm but took a short hiatus and began working as a Chief Operator for the now defunct Guam Oil and Refining Company (GORCO). Following his instincts, Bernard began planning his transition from refining oil to refining agriculture roughly a year prior to the 1984 GORCO closing.

Returning to his roots in farming, Bernard envisioned vast potential in commercial farming but realized that established farmers had basically controlled most of the market. He understood that to become successful in the farming industry he would have to figure out a way to diversify his approach to conventional farming.

With “out of the box” forward thinking and the help of collaborating partners such as the Cooperative Extension Service at the University of Guam and leveraging United States Department of Agriculture (USDA) resources, Bernard’s farming techniques and diversification earned him a reputation as a pioneer of modern farming techniques. While old fashion farming techniques stifle growth, Bernard likes to explore unconventional methods like no-till farming. He attributes his success with his ability to sustain his livelihood in farming while facing an ever changing landscape that is influenced by many factors including economic, environmental and ecological conditions.



Standing in his field, Bernard Watson contemplates his next “out of the box” idea.

With a wheel barrel full of ideas and the willingness to push the boundaries, Bernard has since built a reputation as one of Guam’s more successful farmers as well as a prominent figure in the local and regional agricultural industry. Bernard feels that the unwillingness to evolve and change with the times will only hinder one’s ability to “grow” and yes, pun intended.

Today, Bernard is one of the leading producers of Macao bananas, cherry tomatoes and bittermelon. His farm is located in Yigo, in the northern part of Guam where he currently operates on 25 acres of leased land from the Chamorro Land Trust Commission. Like a chameleon, he is able to adapt to whatever environment he faces. Bernard chooses to break loose of archaic strategies. He views traditional farming as one dimensional thinking and points out the limitations and restrictions associated with that approach.

Seeking assistance from the then Farmers Home Administration, he was able to obtain credit to purchase farm equipment. “My first loan with USDA was to purchase an orchard sprayer doing away with the manual pump sprayer,” said Watson. “It was the one of the best moves we have made.” Since then, Bernard has acquired multiple Farm Operating loans and with the assistance of the Farm Service Agency was able to apply for an Emergency Loan in 1993 after the devastating effects from Super Typhoon Omar which wreaked havoc across the island of Guam. Bernard has also participated in and benefited from disaster programs such as the Non-insured Crop Disaster Assistance Program, the Crop Disaster Program, the Reimbursement of Transportation Cost Payment Program as well as Natural Resource Conservation Service (NRCS) conservation programs.

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 (FSA) administers this program for the U.S. Department of Agriculture.

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.

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

Lenders that apply for Farm Service Agency (FSA) loan guarantees may now use internal real estate “collateral evaluations” instead of formal appraisals to support loan requests of \$250,000 or less.

This policy change allows 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 be consistent between FSA guaranteed and their own non-guaranteed loans. A description of the method of establishing the real estate value – whether appraisal or evaluation – needs to be explained in their credit presentation.

Rural Youth Loans

The Farm Service Agency (FSA) makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other organizations that can oversee an agricultural youth project. 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 U.S. commonwealths and territories) or a legal resident alien
- Be no younger than 10 or older than 20 years of age
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to obtain commercial credit
- Conduct a modest income-producing project
- 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 provide oversight.

Selected Interest Rates for January 2014	
Farm Operating Loans & Microloans — Direct	1.875%
Farm Ownership Loans — Direct	4.125%
Farm Ownership Loans - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.875%

Microloan Program

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

Farm Service Agency 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.

Eligible applicants can apply for a maximum amount of \$35,000 to pay for initial start-up expenses such as hoop houses, essential tools, irrigation and annual expenses such as seed, fertilizer, utilities, rent, 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.

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.

Breaking New Ground

Agricultural producers are reminded to consult with Farm Service Agency (FSA) and Natural Resource Conservation Service (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 (HEL) and Wetland Conservation (WC) Certification to determine whether a referral to NRCS is necessary.

FSA Advises Producers to Anticipate Payment Reductions Due to Mandated Sequester

Farm Service Agency (FSA) is reminding farmers and ranchers who participate in FSA programs to plan accordingly in Fiscal Year (FY) 2014 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;
- Loan Deficiency Payments;
- Noninsured Crop Disaster Assistance Program;
- 2011 and 2012 Supplemental Revenue Assistance Program.

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. This 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 FY2013. 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/.

Power of Attorney

For those who find it difficult to visit the county office because of work schedules, distance, health, etc., Farm Service Agency (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 FSA office for more information.

USDA Rural Development Seeking Applications for its Value-Added Producer Grants Program

The deadline for applications under USDA Rural Development's Value-Added Producer Grant (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, 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 minority or limited resource 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.

Contact your USDA Rural Development office for assistance.

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 Farm Service Agency office staff directly or by phone.

SBA Economic Injury Disaster Loans Available to Hawaii & Maui County Small Businesses

Small, nonfarm businesses in Hawaii and Maui Counties are now eligible to apply for low-interest federal disaster loans from the U.S. Small Business Administration (SBA) due to the disaster declaration issued on January 15, 2014. Eligibility for these loans is based on the financial impact of the disaster only and not on any actual property damage.

Disaster loan information and application forms are available by calling 800-659-2955 or e-mailing disastercustomerservice@sba.gov. The deadline to apply for these loans is September 15, 2014.

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 Ave., 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).