



NEWSLETTER



Kansas FSA State Office
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Guaranteed Lender News – Kansas 24th Edition – Fall 2012

Maximum Loan Authorities Effective 10/1/2012



The annual increase to the guaranteed loan limits as outlined in 2-FLP Paragraph 244 A stating that the dollar limit of guaranteed loans is adjusted annually based on the percentage change in the Prices Paid by Farmers Index has been announced.

The new guaranteed loan limit is \$1,302,000, for loans approved on or after 10/1/12.

Please contact the County Office for increased loan limits when working with multiple loans in both guaranteed and direct FSA loan programs.

Guidance on Guaranteed Loan Making and Servicing Actions

Historic drought conditions and record feed costs have dramatically increased financial stress for many farmers and ranchers nationwide. Without assistance, many FSA guaranteed, as well as direct loan borrowers may find it difficult to survive the adverse effects of the drought. FSA is committed to using all available authorities, consistent with prudent lending practices, to assist borrowers in surviving this period of uncertain unprofitability.

We would like to remind you that 2-FLP Handbook, Paragraph 137 allows lenders to schedule repayment of Lines of Credits (LOC) for up to 7 years when recovering from an economic reversal. FSA may also accommodate the lender to schedule unequal installments on term loans (OL) if needed to recover from the same adversities. These measures are authorized to assist producers with long-term viability in obtaining operating capital in difficult times.

Additionally, we want to remind lenders that they are responsible for ensuring that adequate security for the guaranteed loan is obtained at loan closing and also accounted for throughout the life of the loan. When repayment of a Line of Credit (LOC) is scheduled over multiple years the lender must ensure that adequate collateral is available to protect the interests of the lender and the Government. If the borrower's expected normal income security will not be sufficient security, then prudent lending practices will be used and basic security should be taken as collateral for the LOC.



Additional security may be required if the cash flow margin is excessively tight. Adequate security requirements are found in 2-FLP Handbook, Paragraph 166 B.

Lenders are permitted to temporarily release normal income security. However, any releases beyond what is necessary to make the annual payments will require the lender to prepare a cash flow budget showing repayment in the year of the release or a typical year cash flow reflecting loan restructuring, including any deferral considerations, that will be necessary to keep the operation viable. Loan servicing options may require FSA approval depending on lender type.

Please do not hesitate to contact the FSA County Office loan official to learn of loan servicing options available to assist your guaranteed loan borrowers.

Annual Lender Training



Dates for annual lender training are unknown as of this newsletter writing. We will anticipate a Microsoft® Live Meeting.

More information will be provided at a later date regarding a Live Meeting. In the interim, we are asking for your input on what topics or additional training you'd like for FSA to cover.

All lenders, regardless of lender status, are invited and encouraged to tune into FSA Live Meetings. PLP and CLP must attend annual training to maintain lender status.

Funding at a Glance

The numbers below represent loans funded through **October 1, 2012**, and the last column is for the previous fiscal year, which ended September 30, 2011.

Program	Funds used in FY 2012	Number of Loans Funded	Compared to FY 2011
Guaranteed Operating - Unsubsidized	\$ 18,362,259	117	\$ 27,928,080
Guaranteed Operating-Interest Assistance	\$0	0	\$ 2,670,790
Direct Operating	\$ 36,440,940	624	\$ 41,550,667
Guaranteed Farm Ownership	\$ 21,178,095	78	\$ 25,391,588
Direct Farm Ownership	\$ 26,551,100	198	\$ 33,462,690
Conservation Loans	\$0	0	\$ 196,600
Emergency Loans	\$ 285,020	2	\$ 0

Note that the chart *includes* Conservation Loans which FSA rolled out in August 2010; however, due to the agency’s shortfall of funding; the Direct Conservation Loan authorities expired in April 2011. The agency continued with the Guaranteed Conservation loans; however, early news has disclosed that this program may not be funded in FY 2013. If that is the case, 2-FLP Handbook will be updated.

As you are aware, many USDA programs expired September 30th under the “2008 Farm Bill”. Agriculture Secretary Tom Vilsack issued a [news release](#) on 10/1/12 explain that “authority and funding for additional programs is set to expire in the coming months. Without action by the House of Representatives on a multi-year Food, Farm and Jobs bill, rural communities are today being asked to shoulder additional burdens and additional uncertainty in a tough time.” Even though a lot of FSA programs did expire, FSA loan funding is separate and will operate under a continuing resolution. At the current time we do not know what our funding levels will be for FY 2013, which began on October 1, 2012. Unfortunately, we still have a waiting list in Kansas. The following represents Kansas’ backlog with dollars and the number of applicants affected:

Loan Type	# OF Applicants	\$ Amount on Waiting List
D-FO-NBF	53	\$8,490,400.00
D-FO-BF	47	\$7,779,850.00
Downpayment	15	\$1,747,060.00
D-OL-NBF	4	\$422,750.00
D-OL-BF	9	\$518,200.00
G-OL-BF	1	\$100,000.00
G-FO-NBF	10	\$2,683,944.00
G-FO-BF	1	\$95,000.00
	140	\$21,837,204.00

Key: D = Direct | G = Guaranteed | FO = farm ownership (long term loans) | OL = operating loans (including G-LOC’s) | BF = Beginning Farmer | Non-Beginning Farmer

Greener USDA – FSA



Due to budget constraints, Kansas Farm Service Agency has eliminated monthly Producer newsletters. Current and older newsletters are accessible on the [web](#). To sign up for our new GovDelivery electronic system to give you monthly program news – please visit us on the web at www.fsa.usda.gov/ks to select your state and county newsletters.

FSA Farm and Ranch 2013 Planning Guide

Attached is the current revision of the 2013 Farm and Ranch Planning guide. Last month we took another look at cattle prices and milk and adjusted those accordingly. Please refer to the attached 2013

Farm and Ranch Planning Guide for your use in submitting guaranteed loan requests. For your information, we also keep the planning prices up-to-date on our website: [KS FLP Prices](#).



Use of these prices set by FSA is optional; however, sources must be documented by the lender and acceptable to the Agency. Preferred Lenders will follow their CMS Agreement of price projections. The lender may use price forecasts from land grant universities, other published prices, forward contracted prices, futures or price histories of specialty crops on other commodities. The lender should use price forecasts that provide an accurate projection of commodity prices that the borrower will receive. **All lenders** must use price forecasts that are reasonable and defensible according to 2-FLP Paragraph 152 C. The guaranteed loan making and servicing handbook is available here: [FSA-Guaranteed Loans](#).

Hispanic and Women Farmer and Rancher Claims Period Now Open

Agriculture Secretary Tom Vilsack announced that Hispanic and women farmers and ranchers who allege discrimination by the United States Department of Agriculture (USDA) in past decades can file claims between September 24, 2012 and March 25, 2013. If you, or someone you know, believes the USDA has improperly denied them farm loan benefits between 1981 and 2000 because they are Hispanic or female, they may be eligible to apply for compensation.

If someone thinks they might be eligible to file a claim, they can access the **Farm and Rancher Call Center 1-888-508-4429** or the **website at www.farmerclaims.gov**. Claims **MUST** be filed between September 24, 2012 and March 25, 2013 to be considered for cash payment or loan forgiveness.

For guidance, individuals may contact an attorney or other legal service provider in their community. If they are currently represented by an attorney regarding allegations of discrimination or in a lawsuit claiming discrimination, they should contact their attorney regarding this claims process. USDA cannot provide legal advice.



Kansas FSA State Office – Farm Loan Program Contact Information

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The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

FARM SERVICE AGENCY FARM AND RANCH 2013 PLANNING GUIDE

The prices included in this Exhibit are to be used in completing 2013 Cash Flows. These prices are established for term loans. If you are making an annual loan (LOC) only, it is allowable to use contracted prices, but only on the amount of grain under contract and the file needs to contain documentation to support prices. These prices were obtained by consultation with other agriculture lenders, agricultural agencies and other FSA State Offices.

Do **NOT** include Direct and County Cyclical Payments (**DCP**) in cash flow projections. If the operator is participating in other government programs, the payments need to be described by the type of government program (i.e. CRP). If the payment information is not available from FSA Farm Program staff, then you'll need to work with the customer and if necessary, the FSA Farm Loan Programs staff to obtain projections on the payment amounts.

2013 Crop and Livestock Prices:

Wheat – Bu.	6.95	Cotton – lb.	.78
Milo – Bu.	5.80	Cows – cwt.	63.00
Corn – Bu.	6.10	450# calves- cwt (blended price)	145.00
Soybeans – Bu.	12.00	750# calves- cwt (blended price)	135.00
Oats – Bu.	3.00	Fat Cattle – cwt	115.00
Pinto Beans – cwt.	29.00	Sows – cwt	40.00
Sunflowers (oil) – cwt.	24.00	Feeder Pigs (50-60 lbs.) – head	50.00
Sunflowers (confection) – cwt.	26.00	Market Hogs – cwt (live)	65.00
Alfalfa – ton	130.00	Cull Ewes & Rams – lb.	.35
Other Hay – ton	80.00	Market Lambs – lb.	1.00
Corn Silage – ton	60.00	Cull Goats – lb.	.80
Other Silage – ton	54.00	Slaughter Goats – lb.	1.50
		Grade A Milk – cwt.	17.50

The prices listed above for livestock are projected for cow/calf and farrowing operations. For example, since a cow/calf operation would normally include steers and heifers to be sold, the price of \$1.35 per pound for 450# calves is blended to cover all calves to be sold at that weight. These prices are not to be used when calves or pigs have been purchased or are being purchased for resale at heavier weights. In those cases, the actual or projected purchase price should be used for the livestock to be bought. When the livestock are sold, the projected price will be based on the appropriate futures market (less basis), contract prices, adjusting current cash prices, etc. The justification for price variance must be documented in the lender's narrative/customer's loan docket. With livestock, as with other commodities, if the individual can provide reliable evidence that a premium price will be received, the higher prices will be allowed in the plan.

In regard to a commodity that notoriously is of less quality, the price will be lower than the prices stated above, and needs to be adjusted (i.e., premium alfalfa v. grinding alfalfa).

Typical price spreads for steers and heifers will be used. The price difference between steers and heifers is generally greater at lighter weights with the gap narrowing as the cattle reach the fat cattle weight. When steers and heifers are to be purchased and sold, the cash flow is to list steers and heifers separately.

Prices for Specialty Commodities (i.e Elk, Deer, Etc.) will be determined by contracts the applicants have with the buyers of the products.

All lenders must use price forecasts that are reasonable and defensible. PLP Lenders will follow their CMS Agreement of price projections. Use of these prices set by FSA is optional; however, sources must be documented by the lender and acceptable to the Agency. The lender may use price forecasts from land grant universities, other published prices, forward contracted prices, futures, or price histories of specialty crops on other commodities. The lender should use price forecasts that provide an accurate projection of commodity prices that the borrower will receive.