



NEWSLETTER



North Carolina State FSA Office eNews

February 2014

County Committee Election Results

County committee elections are over, the ballots are counted and the results are in...

Elected county committee members serve a three-year term and are responsible for making decisions on FSA disaster, conservation, commodity, and price support programs, as well as other important federal farm program issues.

County committee members are a valuable asset because they are comprised of local producers who participate in FSA programs themselves and have a direct connection to farmers and ranchers in the community. All recently elected county committee members and alternates will take office on February 18, 2014, and join the existing committee.

For more information about county committees and the election process, please contact your local FSA Office or visit www.fsa.usda.gov

2014 Acreage Reporting Dates

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 in North Carolina Counties:

May 15, 2014: Cabbage, Beans, Potatoes

May 31, 2014: NAP Covered Nursery

July 15, 2014: Corn, Soybeans, Tobacco, Cotton, Peanuts, Grain Sorghum, CRP, and all other crops and land uses

September 15, 2014: Cabbage PP2, Beans PP2,

September 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.

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;
- 2013 Direct and Counter-Cyclical Payments;
- 2013 Average Crop Revenue Election Program;
- 2011 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/.

Farm Storage Facility Loan Program

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage 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

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.

Maintaining the Quality of Loaned Grain

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

Unauthorized Disposition of Grain

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

FSA Allows Lenders to Use Evaluation 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
 - 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.

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.

USDA Service Center. You may also visit www.fsa.usda.gov.

Please note contents of this newsletter are often county-specific. Please contact your local FSA office for more information.

Or visit county office locator:

<http://offices.sc.egov.usda.gov/locator/app?state=nc&agency=fsa/>

Selected Interest Rates for September 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.00%
Farm Ownership Loans — Direct	4.25%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.00%
Farm Storage Facility Loans (7 years)	2.375%
Sugar Storage Facility Loans	3.375%
90-Day Treasury Bill	.125%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
Feb. 17	Washington’s Birthday – USDA Offices Closed
Feb. 28	NARS Sales Closing Date