



SEPTEMBER 2009

STEVENS COUNTY FSA NEWS

Stevens County FSA

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Web Sites

National:

www.fsa.usda.gov

WA State:

www.fsa.usda.gov/wa

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FARM STORAGE FACILITY LOAN PROGRAM

Loans for constructing grain bins have been available through the Farm Facility Loan Program for several years now. The 2008 farm bill has made buildings for **hay storage** facilities also eligible for loan. In addition, storage buildings for fruits and vegetables as well as renewable biomass are now included in the program.

Eligible: Grain bins, hay sheds, buildings for biomass storage, oxygen limiting silos, bunker silos, flat type grain storage structures, safety equipment, grain monitoring equipment, concrete foundations and pits, grain drying and handling systems.

Ineligible: Scales, portable equipment, used bins, used equipment.

Loan terms vary from 7 to 12 years.

Maximum loan amount is \$500,000.

Down payment of 15% is required.

Interest rates are fixed and established based on the rate of interest charged on treasury securities.

Repayment: Loans will be repaid in equal amortized installments.

Security: All loans will be secured by a promissory note and security agreement. Severance agreements are required from all lien holders on the real estate where the facility will be located unless the borrower increases the down payment from 15 to 20%. For loans exceeding \$50,000, the borrower must provide a first lien on the real estate where the facility is located, other real estate security, or a letter of credit from a financial institution in an amount sufficient to cover the outstanding loan balance.

An eligible borrower is a landowner, landlord, leaseholder, tenant, or sharecropper that produces an eligible commodity. The borrower must have a satisfactory credit rating and have repayment ability. A storage need must be demonstrated based on a three year production history less any current storage.

Crop insurance and/or Noninsured Crop Disaster Assistance Program coverage is required for all producers that have Farm Facility Loans. All peril insurance is required on all storage structures receiving FSFL financing.

To begin the application process the borrower will need to provide a \$100 application fee, a current balance sheet, cost estimates and building plans, as well as income and expense projections.

BIOMASS CROP ASSISTANCE PROGRAM

A new program announced last month provides matching funds to contractors collecting, processing, and transporting biomass materials used to generate heat, power, or fuel to qualified Biomass Conversion Facilities. The first step in the process is for the receiving facility to register with FSA and receive a Facility ID number. Once the facility is registered and an allocation is received contractors can begin applying for matching funds through FSA. For



example in our area, a contractor with a grinder and chip trucks may enter into a contract to remove slash piles from public or private land and convert them into hog fuel. Once a receiving facility is approved, the contractor can submit an application at our office estimating the number of tons of hog fuel to be delivered to the biomass conversion facility. If the facility pays the contractor \$20 per ton on a dry weight basis, FSA will also pay \$20 per ton to the contractor. FSA will match the price per ton up to the limit of \$45 per ton. The matching funds are available to each material owner for a period of two years.

The program is intended to assist biomass owners with the costs of processing and transporting eligible materials to processing plants. Logging debris and slash piles that would in most cases be burned and turned into smoke will be used to generate power for our businesses and homes. The incentive payments make it possible for the contractors to economically access materials farther from the conversion plant while ensuring the conversion facility a steady supply of biomass material.

OCTOBER PAYMENTS

Payments for both the Conservation Reserve Program and the Direct and Counter-Cyclical Payment Program will be paid in October. Have you made changes to your checking account or changed banks in the last year? Please notify us of any banking changes you have made. This year, new processes will be in place for disbursing payments. Payments should reach your account sometime between mid-October and the month's end.

FARM CHANGES

Fall is a great time to report farm and business changes to our office. Changes that need to be reported are lease changes, ownership changes, and business changes such as forming or dissolving corporations, LLC's, trusts, or partnerships. Reporting your changes now means that your records will be up to date when the time comes to sign up for programs and file acreage reports.

NON-INSURED CROP DISASTER ASSISTANCE PROGRAM (NAP) DEADLINE

The 2008 farm bill created several permanent disaster relief programs that will be offered every year without congress having to approve new legislation. One stipulation connected with these programs is that you must purchase Crop Insurance for your insurable crops and Noninsured Crop Disaster Assistance Program coverage for all other crops in order to qualify for disaster assistance. Crops that contribute less than 10% of the total expected revenue are not required to have coverage.

The deadline to purchase coverage for 2010 on Non-insurable crops is September 30, 2009. In our county, this deadline applies to most types of hay and pasture. The fee is \$250 per crop, not to exceed \$750 per county. There is also a limit of \$1875 for producers farming in multiple counties.

As stated above, Crop Insurance for insurable crops is also required to be eligible for disaster relief. The deadline to purchase coverage for wheat is September 30, 2009. The deadline for spring oats and barley is March 15, 2010. This coverage needs to be purchased through a crop insurance agent.