



NEWSLETTER



February 2013

**ALASKA
FSA Offices**

Northern County Office
PO Box 585
Delta Junction, AK 99737

**County Executive Director
Lloyd Wilhelm**
907-895-4242
Fax: 907-895-5003
Email: lloyd.wilhelm@
ak.usda.gov

Southern County Office
800 W Evergreen, Ste 216
Palmer, AK 99645

**County Executive Director
Vacant**
907-761-7754
Fax: 907-761-7788

Hours Monday-Friday
8:00 a.m. – 4:30 p.m.

**State Executive
Director**
Danny Consenstein
907-761-7738
Fax: 907-761-7795
Email: danny.consenstein
@ak.usda.gov

State Committee

**Arthur Keyes, Chair
Mike Schultz, Member**

FSA State Director's Column

Cultivating Big Dreams on a Small Scale

Microloan Gains Popular Footing; Answers Need for Faster, Easier Credit

Throughout my time as State Executive Director for the Alaska Farm Service Agency (FSA), I have met many small and beginning farmers and ranchers, military veterans and disadvantaged producers interested in making a living in production agriculture. For many, the high cost of purchasing land and equipment can be prohibitive, compelling newcomers and those struggling against odds to take risks to finance their dreams by relying on credit cards and personal loans with high interest rates. I am keenly aware, too, that the average age of our farmers and ranchers is increasing. I am concerned about where the next generation of farmers and ranchers will come from.

The U.S. Department of Agriculture understands the needs of these small, beginning and specialty crop producers. Through the Farm Service Agency's (FSA) Farm Loan Programs division, the department responded to their needs by developing a new microloan program that will provide up to \$35,000 to help bolster these producers during their start-up years. Likewise, it will assist small, established producers who find themselves in extenuating financial circumstances. Microloans are like other operating loans. They can be used to purchase livestock, equipment, feed, seed, fertilizer and related supplies. **And here's a real benefit when compared to those credit cards and personal loans. The current interest rate for a microloan is 1.125%.**

It is imperative that we use solutions like the microloan to provide access to credit to those just starting out or those producing on a smaller scale in order to grow agriculture.

It's important because Agriculture can provide new jobs that will build our economy and ensure a safe and affordable food supply at home and abroad. In addition, these loans keep people living in our rural communities, sending their children to our local schools and doing business in our local shops. But here is how microloans are unlike traditional FSA loans. Applying for them is a simpler, more flexible process. By reducing the application form from 17 pages to eight and modifying requirements for experience, it's easy and far more convenient for both our customers and our employees.

Although some production experience is necessary, there are many producers who may not meet the managerial requirements for traditional loans but may be eligible for a microloan. FSA will consider an applicant's small business experience, experience with a self-guided apprenticeship and specialized education to meet the prerequisite.

As Alaska builds the infrastructure for stronger local food system, there is an increasing number of people selling their products through farmers markets and community supported agriculture. Microloans are perfect for those who want to grow niche crops to sell directly to ethnic markets, farmers markets or consumers. Young future farmers and ranchers also will benefit.

By expanding access to credit, FSA continues to help grow the industry on which our country was built — Agriculture.

At FSA, we aim for ways to help farmers and ranchers achieve their dreams, to be part of the American population that feeds the world. By supporting America's growers, we help all Americans. We provide a secure, low-cost food supply and make a major contribution to the U.S. economy.

Danny

Hispanic and Women Claims of Discrimination

Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades can file claims until March 25, 2013.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied their applications for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000.

The voluntary claims process will make available at least \$1.33 billion for cash awards and tax relief payments, plus up to \$160 million in farm debt relief. There are no filing fees to participate in the program. Claimants can obtain a claims package in through the toll-free number or by visiting the website below.

Website: www.farmerclaims.gov

Phone: 1-888-508-4429

Deadline for Claims: March 25, 2013.

County Committee Election Results

The results are as follows:

Northern County – LAA-3

Robert Green - COC Member

Charlene Veach – Alternate

Southern County – LAA-1

Christine Ford – COC Member

Gregory Bates – Alternate

FSA appreciates all of the eligible voters for taking the time to complete the election ballot. The county committee system works only because of your participation.

The committee members will hold their organizational meeting in February to determine who will serve as the county committee chairman and vice-chairman.

Noninsured Crop Disaster Assistance Program (NAP)

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop's application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verified according to agency specifications. *NAP losses must be reported within 15 days of loss.*

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 groups.

A socially disadvantaged applicant is a member of a group whose members have been subjected to racial, ethnic or gender prejudice without regard to their 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.

Actively Engaged

To be eligible for payments and benefits under specified programs, all program participants, either individuals or legal entities, must provide significant contributions to the farming operation to be considered as "actively engaged in farming." Contributions can consist of capital, land, and/or equipment, as well as active personal labor and/or active personal management. The management contribution must be critical to the profitability of the farming operation and the contributions must be at risk.

Each partner, stockholder or member with an ownership interest must contribute active personal labor and/or active personal management to the farming operation on a regular basis. The contribution must be identifiable and documentable; as well as separate and distinct from the contributions made by any other partner, stockholder or member. If any partner, stockholder or member with an ownership interest fails to meet this requirement, program payments will be reduced by the corresponding share held by that partner, stockholder or member. There is an exception allowed for legal entities, such as corporations, if total direct payments received both directly and indirectly, by the legal entity and its members do not exceed \$40,000

DCP and ACRE Sign-up

FSA will begin sign-ups for DCP and ACRE for the 2013 crops on **Feb. 19, 2013**. The DCP sign-up period will end on Aug. 2, 2013; and the ACRE sign-up period will end on June 3, 2013.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants in 2013 may choose to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012 may elect to enroll in DCP in 2013 or may re-enroll in ACRE in 2013. Likewise producers who were enrolled in DCP may opt for ACRE enrollment.

[Read more about DCP and ACRE](#) or contact the FSA county office for more information, or an appointment to enroll.

Farm Storage Facility Loans

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. 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 U.S. 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.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

Farming Operation Changes

Producers who have bought or sold land, or added or dropped rented land from their operation must report those changes to the FSA office as soon as possible. A copy of the deed or recorded land contract for purchased property is needed to maintain accurate records with FSA. Failure to report changes can lead to possible program ineligibility and penalties. While making record updates, be sure to update signature authorizations. Making record changes now will save time in the Spring.

Highly Erodible Land and Wetland Compliance

Landowners and operators are reminded that in order to receive payments from USDA, compliance with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions is required. Farmers with HEL determined soils must comply with 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 insure 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 jeopardize 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 Natural Resources Conservation Service (NRCS) is necessary.

For more information on Highly Erodible Land and Wetland Conservation provisions, contact a FSA County Office or visit the FSA website at www.fsa.usda.gov/.

FSA Signature Policy

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule. Spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

For more clarification on spousal signature authority, contact your local FSA office.

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 maintaining title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible for a loan, even if you regain beneficial interest.

Beginning and Limited Resource Farmers

FSA assists beginning farmers and members of socially disadvantaged groups 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

Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should notify the county FSA office staff in person or by phone. This service is provided for office visits and any special event sponsored by FSA.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their purchases or sales of property to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA. 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 within 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.

Appeal Process

After an FSA official makes a decision on a request for USDA services or application, the producer will be sent a letter informing him/her of the decision and options that can be pursued. Generally, program participants have three choices — an informal review with the original agency decision-maker, an opportunity for mediation and finally an appeal to the next level of authority within the agency. County office staff has further details.

Electronic News Delivery

The USDA Farm Service Agency offices have moved to a paperless news distribution system. Producers are asked to enroll in the new *GovDelivery* system, which provides notices, newsletters and electronic reminders instead of a hard copy through the mail. FSA, like many other organizations, is trying to work smarter and be more efficient. Moving to electronic notifications via email helps conserve resources and save taxpayer dollars. Producers can now subscribe to receive free email updates by going to www.fsa.usda.gov/subscribe.

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. Prohibited plants include marijuana, opium poppies and other drug producing plants.

Bank Account Changes

Current policy mandates that 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 bank routing numbers

Power of Attorney

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

Selected Interest Rates for February 2013		
Farm Operating - Direct	1.125%	
Farm Ownership - Direct	3.125%	
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.500%	
Farm Storage Facility Loan		
7 year	1.250%	
10 year	1.875%	
12 year	2.125%	
Commodity Loans	1996-Present	1.125%

Dates to Remember	
Feb 19	DCP/ACRE sign-up begins
Mar. 1	NAP Annual Crops deadline
June 7	SURE applications deadline for 2011 losses
Feb 19	DCP/ACRE sign-up begins