

**Regular Minutes of the State Committee (STC) meeting held on March 13, 2012, in the STO, Raleigh, NC. The meeting was called to order at 10:00 am.**

**STATE COMMITTEE: T. Pender Sharp III, Chairman, Thomas O. Gilmore, Sr., John E. Ashe, Jr., and Nancy E. Fish**

**STAFF: Aaron A. Martin, State Executive Director, Cindy Kernodle, Executive Officer, Cindy Robbins, Eddie Woodhouse, Alicia Bridges, Mike Huskey, Victor Youngblood, Tommy McLamb, Tim Jones, Ralph Price, and Susan Woodall**

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### **Approval of Minutes**

The STC reviewed and approved the Regular Session minutes for February 14, 2012.

### **Review FSA-958's, Work Schedule Log**

The STC Chairperson reviewed and approved FSA-958's, Work Schedule Log for PP 06 for the STC.

The SED reviewed and approved FSA-958, Work Schedule Log for PP 06 for the STC Chairperson.

### **Review Travel Vouchers**

The STC Chairperson reviewed and approved the Travel Vouchers for STC Members for February 13<sup>th</sup> and 14<sup>th</sup> and March 12<sup>th</sup> and 13<sup>th</sup>.

The SED reviewed and approved the TDY Local Travel Voucher for the STC Chairperson for February 14<sup>th</sup> and Travel Voucher for March 12<sup>th</sup> and 13<sup>th</sup>.

### **2011 NAP Rates and Yields – October Beans**

In accordance with Part 3 of 1-NAP, the STC considered the rates and yields for October beans for 2011 NAP. The request was for Surry County and had been filed in March 2011. The crop had been added to the NCT but no data had been entered for yields or rates. In researching October beans it was discovered that they are a subgroup (Heirloom variety) of the Cranberry bean family, and that no specific data was available relative to production and marketing as October beans. The only data available for October beans was from the NCT for neighboring states (South Carolina, Tennessee and Virginia). Data collected and presented to the committee is filed in the 2012 NAP 2-2 Prices & Yields folder.

After reviewing the available information, the STC determined that October beans would not be differentiated from the Cranberry bean group, and that they would be considered as Cranberry beans for NAP purposes.

**SURE Maximum Average Loss Levels**

The STC concurred with the COC Established Maximum Average Loss Levels Based on Other County Office Losses for SURE purposes as shown below.

2010 COC-Established Maximum Average Loss Levels Based on Other County Losses								
County	Crop	Unit of Measure	Practice (IR/NI)	Intended Use	STC Established County Yield	Maximum Average Loss Level (Average County Yield Produced Based On Other County Or Area Losses)	Percent Maximum Loss 1 Minus (Average County Yield Divided By the STC Established Yield)	Approval/ Disapproval
2010 Alamance	Hay	Ton	NI	FG	1.97 tons	0.89 tons	45%	
2010 Bladen	Beans (BUT)	Cwt	NI	FH	21.88	16.41	75%	
	Beets (HYB)	Cwt	IR	FH	209.40	156.75	75%	
	Cabbage (CHO)	Cwt	IR	FH	209.00	156.75	75%	
	Corn (SWT)	Cwt	NI	FH	43.53	32.65	75%	
	Cukes (COM)	Cwt	NI	FH	73.01	54.75	75%	
	Grass (BCM) (BCS)	Cwt	NI	FG	2.71	2.00	75%	
	Greens (COL)	Cwt	IR	FH	112.11	84.08	75%	
	Peas (CRO)	Cwt	NI	FH	14.50	10.87	75%	
	Turnips (HYB)	Cwt	IR	FH	106.26	79.70	75%	
	Watermelon (COM)	Cwt	NI	FH	190.00	142.50	75%	
	Greens (TUR)	Cwt	IR	FH	118.89	89.16	75%	
	Sweet Potatoes (BEA) (COV)	Cwt	NI	FH	170.00	127.50	75%	
	Pumpkins	Cwt	NI	FH	121.80	91.35	75%	

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2010 Chatham	FCTB	LB	NI		2249	2024.1	10%	
	Grain/Sorghum	Bu	NI	GR	50.00	45.0	10%	
	Corn	Bu	NI	GR	117.00	784	33%	
	Corn	TN	NI	SG	16.67	11.2	33%	
	Wheat	Bu	NI	GR	49	24.5	50%	
	Barley	Bu	NI	GR	67	40.2	40%	
	Oats	Bu	NI	GR	80	48	40%	
	Soybeans Full Season	Bu	NI	GR	31.0	27.9	10%	
2010 Forsyth	Soybeans Double Cropped	Bu	NI	GR	31.0	15.50	50%	
	Corn	Bu	NI	GR	117	58.50	50%	
	Soybean	Bu	NI	GR	31	9.3	70%	
	Grass	Ton	NI	GR	1.87	.94	50%	
	Wheat	Bu	NI	GR	49	29.4	40%	
2010 Wayne	Corn	Bu	NI	GR			65%	
	FC Tobacco	LBS	NI	GR			65%	
	Oats	Bu	NI	GR/GZ/LS			65%	
	Peanuts (Virginia)	LBS	NI	GR/HP/NP			65%	
	Rye	Bu	NI	GR/SD/GZ			65%	
	Sorghum	Bu	NI	GR/FG/SG			65%	
	Soybeans	Bu	NI	GR			65%	
	Cotton, Upland	LBS	NI				65%	
	Wheat	Bu	NI	GR/GZ/LS			65%	
	Alfalfa	Ton	NI	FG/GZ			65%	
Butter Beans	Cwt	NI	FH			65%		
Green Beans	Cwt	NI	FH			65%		

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Wayne (Cont.)	Beets	Cwt	NI	FH			65%	
	Blueberries	LBS	NI	FH			65%	
	Tobacco, Burley	LBS	NI				65%	
	Cabbage	Cwt	NI	FH			65%	
	Cantaloupes	Cwt	NI	FH			65%	
	Carrots	Cwt	NI	FH			65%	
	Cucumbers	Cwt	NI	FH			65%	
	Cucumbers	LBS	NI	PR			65%	
	Egg Plant	Cwt	NI	FH			65%	
	Grapes	Ton	NI	FH			65%	
	Grass, Bermuda Coastal	Aud	NI	FG/GZ			65%	
	Grass, Fescue Tall	Aud	NI	FG/GZ			65%	
	Grass, Sudan	Aud	NI	FG/GZ			65%	
	Grass, Centipede	Sqy					65%	
	Grass, Native	Aud	NI	GZ			65%	
	Grass, Johnson	Aud	NI	GZ			65%	
	Grass, Ryegrass	Aud	NI	GZ			65%	
	Greens, Collards	Cwt	NI	FH			65%	
	Greens, Turnip	Cwt	NI	FH			65%	
	Greens, Kale	Cwt	NI	FH			65%	
	Greens, Mustard	Cwt	NI	FH			65%	
	Greens, Spinach	Cwt	NI	FH			65%	
	Honey Dew	Cwt	NI	FH			65%	
	Millet	Ton	NI	FG			65%	
	Millet	Aud	NI	GZ			65%	
	Nursery	Con					65%	
	Nursery	FLD					65%	
	Okra	Cwt	NI	FH			65%	
	Onions	Cwt	NI	FH			65%	
	Parsnip	Cwt	NI	FH			65%	

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Wayne (Cont.)	Peaches	Bu	NI	FH			65%	
	Peas, Crowder	Cwt	NI	FH			65%	
	Peas, English	Cwt	NI	FH			65%	
	Pecans	Cwt	NI				65%	
	Peppers, Green Bell	Cwt	NI	FH			65%	
	Peppers, Jalapeno	Cwt	NI	FH			65%	
	Peppers, Banana	Cwt	NI	FH			65%	
	Potatoes	Cwt	NI	FH			65%	
	Pumpkin	Cwt	NI	FH			65%	
	Radishes	Cwt	NI	FH			65%	
	Sunflowers	Cwt	NI	SED			65%	
	Sprite Melon	Cwt	NI	FH			65%	
	Squash, Summer	Cwt	NI	FH			65%	
	Squash, Butternut	Cwt	NI	FH			65%	
	Squash, Acorn	Cwt	NI	FH			65%	
	Squash, Zucchini	Cwt	NI	FH			65%	
	Squash, Spaghetti	Cwt	NI	FH			65%	
	Strawberries	Cwt	NI	FH			65%	
	Sweet Potatoes Beauregard	Cwt	NI	FH			65%	
	Sweet Potatoes, Covington	Cwt	NI	FH			65%	
	Sweet Potatoes, Hernandez	Cwt	NI	FH			65%	
	Sweet Potatoes, White	Cwt	NI	FH			65%	

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Wayne (Cont.)	Tomatoes	Cwt	NI	FH			65%	
	Turnips	Cwt	NI	FH			65%	
	Watermelons, Seedless	Cwt	NI	FH			65%	
	Watermelon, Common	Cwt	NI	FH			65%	
	Watermelon, Personal/Mini	Cwt	NI	FH			65%	
	Watermelons, Ice Box/Sugar Babies	Cwt	NI	FH			65%	

## Review of State Specific Policies for Price Support Programs

The Committee reviewed Price Support policies and procedures, and determined the following:

- NC Notice LP-1816 – Maximum Moisture Levels for Commodity Loans (replacement for expired NC Notice LP-1809)

The STC in accordance with program procedure in paragraph 225 of Handbook 8-LP (Rev. 2) set maximum moisture levels for commodities pledged as collateral for nonrecourse loans and for LDP's. Resource data included materials from the following along with personal knowledge of the committee:

- Handbook 2-LP
- South Carolina FSA established levels
- Virginia FSA established levels
- Georgia FSA established levels
- University of Minnesota
- Farm Press
- North Carolina State University
- Penn State University
- University of Arkansas
- Alabama Cooperative Extension Service
- Walton Feed Company
- CBH Group

Following are the applicable commodities with the STC established maximum moisture levels:

- |                                |     |
|--------------------------------|-----|
| ○ Corn                         | 30% |
| ○ Grain sorghum                | 30% |
| ○ Soybeans                     | 25% |
| ○ Wheat and other small grains | 25% |

(Note: percentages are unchanged from 2011 crop year.)

While these maximums apply to the 2012 crop year commodities, it is noted that all farm-stored **loan** commodities are required to be dried to the applicable moisture standards set forth in Handbook 2-LP Grains and Oilseeds.

- NC Notice LP-1817 – Spousal Signatures on Commodity Loan Notes

Previous NC Notice LP-1811 regarding when a spouse's signature is required on a commodity loan note had expired. The committee agreed with reissuance of the notice to clarify when a spouse's signature is required. OGC had advised that spousal signatures were required only when the spouse had an interest in the commodity or in the farming operation that produced the commodity.

- NC Notice LP-1818 – Policy on Rented or Leased Farm Storage Structures (replacement for expired NC Notice LP-1812)

The current state policy requires that a producer that wants to store harvested commodity in a rented or leased farm storage structure and receive a marketing assistance loan on the commodity, must provide FSA a copy of a written agreement between the lessor and the lessee. The agreement must provide assurances that will protect CCC as a lender and not involve CCC as a party to the lease agreement. The current policy was retained in all aspects by the committee.

- NC Notice LP-1819 – Commodity Loan Lien Searches, Waivers and Filings (replacement for NC Notice LP-1813)

Lien filings and searches are addressed in paragraphs 504, 505 and 521 of Hand book 8-LP, and paragraph 124 of Handbook 7-CN. State requirements have differed from the national requirements because lien searches are at no cost (free) at the Office of the Secretary of State. Thus, past policy has been to search ALL producers on all commodity loans for liens. Also, this notice clarifies that lien filings must occur on ALL farm stored loan commodities. The STC agreed with the reissuance of this notice without revision.

- NC Notice LP-1820 – State Committee Guidelines for Adding Producers for Compliance Reviews (replacement for NC Notice LP-1814)

The national compliance spot-check procedure was previously supplemented with state procedure requiring 10% of all outstanding farm stored loans be spot-checked each month. The STC agreed that this requirement be retained “as is” for the next calendar year. Also clarified in this notice are the STC guidelines for conducting additional spot checks for MAL’s and LDP’s. The previous policy was retained without modification.

- NC Notice LP-1821 – Waiver of Liquidated Damages (replacement for NC Notice LP-1815)

(Reference: Handbook 8-LP, subparagraph 412B – Authority to Waive Liquidated Damages) When a violation of the terms and conditions of a commodity loan occurs there are administrative actions and penalties that are applied to the situation. The local committee is charged with determining whether a producer acted in “Good Faith” or “No Good Faith”, and they must determine whether the violation occurred inadvertently, accidentally, or unintentionally. The STC is charged with establishing written guidelines for determining when a violation occurred inadvertently, accidentally, or unintentionally. Such guidelines had been established previously and the committee reaffirmed them without adjustment. Following are those guidelines:

- The producer must submit a written explanation to the County Committee of the circumstances, which were beyond the producer's control, that resulted in the violation, and
  - The loan or LDP is documented to show that when the producer was notified of the action that was considered a violation, the producer immediately stopped the violating actions and complied with all authorized removal provisions thereafter, and
  - The producer must submit full repayment (P+I) for the violation quantity within 15 calendar days of the discovery, and
  - The District Director or Acting District Director must concur with all COC determinations of inadvertent, accidental or unintentional.
- NC Notice FSFL-13 – Farm Storage Facility Loan (FSFL) Application Approvals by STC (replacement for NC Notice FSFL-8)

(Reference: Handbook 1-FSFL, subparagraph 2 F – FSFL Approval Authority) The STC is charged with approving all farm storage facility loans where the total loan amount or the producer's total aggregate outstanding loan amount exceeds \$250,000. The committee may delegate CCC-185 approval authority to the SED for all loans except for renewable biomass facilities. The authority to approve FSFL's was again redelegated to the SED (with the exception of the renewable biomass applications). The issuance of this new NC Notice provides field offices with a streamlined process to expedite loan processing and approval.

- NC Notice FSFL-14 – Farm Storage Facility Loan (FSFL) Extensions (replacement for NC Notice FSFL-9)

(Reference: Handbook 1-FSFL, paragraph 135 – Extension of Approvals) FSFL applications expire at the end of 4 months after the date of approval and can be extended for up to an additional 4 months if approved by the STC or the STC designee. The STC agreed that the District Director or Acting District Director would be their designee for the purpose of approving extensions. This action reaffirms a similar policy that was in effect previously.

### **Fact Sheets**

The following conservation fact sheets were made available to Mrs. Nancy Fish, new STC member: CRP General Signup 43, CRP General Signup 43 Environmental Benefits Index (EBI), CRP Continuous Signup, Emergency Conservation Program, and Emergency Forest Restoration Program.

**CRP General Signup 43**

General Signup 43 began Monday, March 12<sup>th</sup>. CRP SU43 Summary Report- Eligible/Submitted CRP Offers indicated six offers were received for 280.6 acres at an average rental rate of \$54.27 on the first day of signup.

**Emergency Conservation Program (ECP)**

Burke County has been approved for ECP due to a tornado on January 11, 2012; however, funding is still pending.

A discussion was held concerning counties that suffered damage due to Hurricane Irene in August of 2011. It was noted funding had been distributed to counties and counties are in the process of approving applications and receiving bills from applicants. Due to software issues, it is not expected that payments will be made before May 2012.

**Emergency Forestry Restoration Program (EFRP)**

Funding has been distributed to counties approved for EFRP. Counties are in the process of making cost-share approvals subject to practice plans submitted by DFR representatives.

Exception: Caldwell County did not receive a major disaster declaration through the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288), as amended, Stafford Act. Approval was received to implement EFRP; however, funding is still pending.

**Review Policy of Crop Reporting Dates for 2012 and 2013**

In lieu of the fact that WDC has authorized no late filed penalties for 2012-2013 crop reporting dates, the STC determined that that same authorization shall apply to the May 15 2012 date for reporting small grain.

This policy is put in place due to revised crop reporting dates being put in place with alignment of reporting dates with RMA.

**General Updates on Farm Loan Issues**

General update on FLP issues as follows:

Funding:

<u>Direct</u>	<u>As of 03/13/2012</u>	<u>As of 02/10/12</u>
OL	178 loans \$14,413,360	118 loans \$ 9,404,600
FO	12 loans \$ 2,315,500	8 loans \$ 1,689,000
EM	19 loans \$ 1,604,970	12 loans \$ 942,400
CL	0	
TOTALS	209 loans \$18,333,830	138 loans \$12,036,000

Guaranteed

OL	33 loans \$ 5,059,115	22 loans \$ 2,535,143
FO	34 loans \$18,161,725	29 loans \$16,111,011
TOTALS	67 loans \$23,220,840	51 loans \$18,646,154

Current backlog:

<u>Type</u>	<u># of Loans</u>	<u>Total \$</u>
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(There are no loans on the backlog list currently.)

Funding is available for all loan types & categories.

Goals for 2012 are as follows:

	<u>Goal</u>	<u>Currently</u> <u>As of 2/29/12</u>
1. First Year Delinquency	10.8%	18.9%
2. Average Processing Times for Direct Loans	30 days	26 days
3. Average Processing Times for Guaranteed Loans	10 days	8 days
4. Lending to Beginning Farmers & Ranchers	40.4%	40.9%
5. Lending to Socially Disadvantaged Farmers & Ranchers	17.4%	12.9%
6. Direct Loan Delinquency Rate	10.3%	14.2%
7. Guaranteed Loan Delinquency Rate	2.00%	2.19%
8. Special Servicing Processing Times	60%	78%

**Public Affairs and Outreach**

(03/13/12) Public Affairs and Outreach Director, Eddie Woodhouse, provided this report to the State Committee:

**OUTREACH**

- Eddie Woodhouse supported the **Minority Magazine Annual Conference** in February. In addition to providing technical assistance, FSA maintained a constant presence at the event, being the last Agency to leave. Conference manager Victor Harris was appreciative.
- SED Martin and Outreach Director Woodhouse spoke at Bladen County Black History Month Observance. (pictures provided)
- Outreach indicates the Civil Rights Division will greatly rely on USDA's electronic data collection system (OTIS) for review. Eddie re-emphasizing to CEDs that prompt record keeping of outreach activity is essential.
- Outreach stressing a need to support events with large numbers of attendees versus those events which only provide limited exposure.
- SED Martin and Outreach Woodhouse will support NCA&T Small Farms meeting March 29.

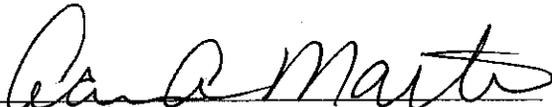
- Eddie and Alicia Bridges will work to strengthen relationship with NC Hispanic Chamber of Commerce.
- FSA staff Supporting Mexican Consulate General at Monroe event 03/17.

## **PUBLIC AFFAIRS**

- Public Affairs Director Woodhouse arranged Conservation issues interview with Susan Woodall on Southern Farm Radio Network.  
<http://www.sfntoday.com/audio/default.aspx?audioID=7402>
- Public Affairs Director Woodhouse arranged Emergency Loans issues interview with Mike Huskey on Southern Farm Radio Network.  
<http://www.sfntoday.com/audio/default.aspx?programID=2&audioID=7393>
- Public Affairs Director Woodhouse arranged office consolidation issues interview with Southern Farm Radio Network and WDC Public Affairs Chief Kent Politsch.  
<http://www.sfntoday.com/audio/default.aspx?audioID=7563>
- FSA Office consolidation Public Meeting pictures provided.
- Virginia STC article provided.
- Eddie offered to fashion media release on new STC Member, Nancy Fish.
- Weekly Report copies provided.

The meeting adjourned at 3:00 pm on March 13, 2012.

The next scheduled meeting of the FSA STC will be on April 10, 2012.

  
Approved:  
Aaron A. Martin  
Secretary

  
Approved:  
T. Pender Sharp, III  
Chairperson, FSA State Committee