



# NEWSLETTER



April 2013

## ALASKA FSA Offices

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### County Executive Director Vacant

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### State Executive Director

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

## FSA State Director's Column

### New "StrikeForce" Initiative Will Target USDA Resources in SE Alaska

Last month, Agriculture Secretary Tom Vilsack launched its "StrikeForce" initiative in 10 additional areas of the country, including Southeast Alaska. The primary goal of the StrikeForce initiative is to partner with local and state governments and community organizations on projects to promote economic development and job creation.

I'm excited about continuing our collaboration with other USDA agencies to help build healthy, prosperous communities in Southeast. USDA has a broad range of programs to provide financing and technical assistance to help local communities create jobs and provide more food security by supporting more local food production.

We have already been working with the US Forest Service and other agencies and local businesses to strengthen the economy of SE Alaska communities. We are developing strategies to lower energy costs and create jobs by converting more facilities to use woody biomass instead of imported fuel oil. FSA loans are helping local oyster farmers expand their operations. We also hope to support more local food production in SE with new high tunnels and other USDA programs. We will continue to collaborate with the Natural Resources Conservation Service (NRCS), Rural Development (RD), Food and Nutrition Service (FNS) and other USDA offices and agencies.

The StrikeForce initiative started as a pilot project in 2010 in selected regions in three states: Arkansas, Georgia and Mississippi. In 2011, it expanded to include areas in Colorado, New Mexico and Nevada. It has already shown impressive results in these states. Last month, Secretary Vilsack announced new efforts to bring the StrikeForce for rural growth and opportunity to selected regions of Alabama, Alaska, Arizona, North Carolina, North Dakota, South Carolina, South Dakota, Texas, Utah and Virginia.

Over the next few years, this new StrikeForce initiative can really make a difference by helping businesses in SE communities have better access to USDA loans, grants and other programs.

## Microloans Are Cultivating Big Dreams on a Small Scale

Microloans are helping small, niche and beginning farmers and ranchers meet their goals. The less burdensome and more simplified loan process allows producers to apply for a maximum of \$35,000 to pay for initial start-up expenses such as hoop houses, essential tools, irrigation, delivery vehicles and annual expenses such as seed, fertilizer, utilities, land rents, marketing and distribution expenses. Producers interested in applying for a microloan should contact the local FSA office to schedule an appointment with a Farm Loan Officer or Farm Loan Manager.

## CRP Sign-Up Starts soon

USDA will conduct a four-week general sign-up for the Conservation Reserve Program (CRP), beginning May 20 and ending on June 14. CRP protects the nation's natural resources through voluntary participation, while providing significant economic and environmental benefits to rural communities across the United States.

Currently, about 27 million acres are enrolled in CRP. Producers that are accepted in the program can receive cost-share assistance to plant long-term, resource-conserving covers and receive an annual rental payment for the length of the contract (10-15 years.)

Contracts on 3.3 million acres of CRP are set to expire on Sept. 30, 2013. Producers with expiring contracts or producers with environmentally sensitive land are encouraged to evaluate their options under CRP.

For more information on CRP and other FSA programs, visit a local FSA service center or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## Land Contract (LC) Guarantees

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers.

Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- Prompt Payment Guarantee** - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.

- Standard Guarantee** - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property.

For additional information you can read the [Land Contract Guarantee Program Fact Sheet](#).

## DCP/ACRE Sign-up Continues

The sign-up period for DCP and ACRE are still open. Producers must sign up for DCP before the Aug. 2, 2013, deadline. Producers signing up for ACRE, have until 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 seven, 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.

Funding is 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](http://www.fsa.usda.gov).

## **Guaranteed Loan Program**

The Farm Service Agency loan limit for the Guaranteed Loan Program has increased to \$1,302,000. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The lending limit increases every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness has increased to \$1,602,000.

As a reminder, the one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan.

Producers should contact their local FSA County Offices with questions about farm loans.

## **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 \$5,000.

For more information you can stop by your FSA county office. Our staff can help with preparing and processing the application forms.

## **Farm Safety**

Flowing grain in a storage bin or gravity-flow wagon can be fatal. It takes less than five seconds for a person caught in flowing grain to be trapped.

The mechanical aspects of grain handling equipment, also present real dangers. Augers, power take offs, and other moving parts can grab people or clothing. These hazards, along with pinch points and missing shields, are dangerous enough for both adults and children. It is always advisable to keep children a safe distance from operating farm equipment. Always use extra caution when backing up or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before machinery is engaged. Remember to always put safety first.

## **Farm Record Changes**

June 1, 2013 is the deadline to provide changes to your farm records at the local FSA office for the current crop year. If you are changing your operation entity type, adding or dropping cropland or farms, or adding entities to your operation, contact the FSA county office by June 1.

## **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 a loan contract.

## **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.

## Adjusted Gross Income

USDA and the Internal Revenue Service have established an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent is required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to FSA.

This ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-931 to their local FSA County Office to avoid interruption of program benefits. This form may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainservlet>.

## Hispanic and Women Farmers and Ranchers Claims Process Extended

Agriculture Secretary Tom Vilsack has announced the extension of the voluntary claims process for Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades. All claims must now be filed by **May 1, 2013**.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied his or her application for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000. As announced in February 2011, 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 may register for a claims package by calling the telephone number below Monday through Friday 9 a.m. to 8 p.m. Eastern Time or by downloading the forms from the website.

Website: [www.farmerclaims.gov](http://www.farmerclaims.gov)

Phone: 1-888-508-4429

Fax: (855) 626-8343

Email: [claims@hwfr.org](mailto:claims@hwfr.org)

Claims Period: September 24, 2012 – May 1, 2013.

Claim packages and other documentation may be mailed to Hispanic and Women Farmers and Ranchers Claims Administrator, PO Box 4540, Portland, OR 97208-4540. Claim packages and other documentation may also be emailed to [claims@hwfr.org](mailto:claims@hwfr.org). Claimants may also fax claims packages and other documentation to (855) 626-8343. Completed forms and documentation must be received no later than 11:59 p.m. PDT on May 1, 2013.

Selected Interest Rates for April 2013	
Farm Operating - Direct	1.375%
Farm Ownership - Direct	3.500%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.500%
Farm Storage Facility – 7 year	1.375%
Farm Storage Facility – 10 year	2.000%
Farm Storage Facility – 12 year	2.250%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
May 1	Hispanic and Women Claims Deadline
May 20	45 <sup>th</sup> CRP Sign-up opens
June 3	ACRE Sign-up ends
June 14	CRP Sign-up ends
Aug. 2	DCP Sign-up ends

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