



Hawaii & Pacific Basin NEWSLETTER

March 2016



Your Farm Service Agency Online Monthly Newsletter Covering the Latest Topics

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Maui Job and Resource Fair

Recently, the Maui County Farm Service Agency joined more than 40 career-based organizations and employers at a job and resource fair in a tangible effort to support the transition of Hawaiian Commercial and Sugar Company's (HC&S) employees who stand to lose their jobs when the plantation closes. Approximately 450 workers attended this first of many planned job fairs.



Plantation workers visit with service providers at the HC&S Mill in Puunene.

Earlier this year, HC&S' parent company Alexander & Baldwin, announced it would close the state's last remaining sugar plantation. Only 15 employees are expected to remain of the current 675 when the last harvest ends in December. Some 36,000 acres have been in sugar for over a hundred years, but will soon be converted to diversified agricultural crops.

The Farm Service Agency has been actively engaged with company management, county led task force and plantation workers to provide risk management and loan information.

Direct Loans

Farm Service Agency (FSA) offers direct farm ownership and direct farm operating loans to producers who want to establish, maintain or strengthen their farm or ranch. Direct operating loans can be used to purchase livestock and feed, farm equipment, fuel, farm chemicals, insurance and other costs including family living expenses. Operating loans can also be used to finance minor improvements or repairs to buildings and to refinance some farm-related debts, excluding real estate.

Direct farm ownership loans can be used to purchase farmland, enlarge an existing farm, construct and repair buildings, and to make farm improvements.

The maximum loan amount for both direct farm ownership and operating loans is \$300,000 and a down payment is not required. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your local [FSA County Office](#) for more information or to apply for a direct farm ownership or operating loan.

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A Simple Start to Retirement Savings

Don't have access to a retirement savings plan? Haven't found an easy way to start saving? The U.S. Department of the Treasury's *myRA* can help you get on the path to retirement saving. It costs nothing to open an account and there are no fees. Visit [myRA.gov](#) today to get started.

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Office Hours: Monday—Friday from 8:00 am to 4:00 pm	
Next County Committee Meeting Dates:	
<u>Hawaii County</u> - April 8, 2016	
<u>Honolulu County</u> - March 18, 2016	
<u>Kauai County</u> - March 17, 2016	
<u>Maui County</u> - March 17, 2016	
<u>Guam County</u> - April 13, 2016	
<u>CNMI County</u> - April 13, 2016	
Contact the County Office to confirm meeting date and time, as budget constraints may limit the County Committee's ability to meet each month. A list of County Offices, contact numbers and addresses may be found at: http://www.fsa.usda.gov/Internet/FSA_File/hi_cof_staff.pdf	

Ag Producers Supported with Renewable Energy Systems and Improvements

United States Department of Agriculture Rural Development (RD) is seeking applications for the [Rural Energy for America Program](#) (REAP) to compete for FY 2016 funding. Grant applications for Hawaii and the Western Pacific are due by close of business May 2, 2016. Guaranteed Loans for REAP are accepted throughout the year.

Last year, Hawaii and the Western Pacific region received 17 awards totaling more than \$1.4 million through the REAP program. Loan guarantees cover up to 75 percent of total eligible project costs with grants covering up to 25 percent. A loan-grant combination may fund up to 75 percent of total eligible project costs.

Rural Energy for America Program grants are available to agricultural producers with at least 50 percent of their gross income coming from agricultural operations and small businesses in [eligible rural areas](#). Funds can be used for the purchase, installation and construction of renewable energy systems such as small and large solar and wind generation, hydropower below 30 megawatts, biomass, geothermal and ocean generation.

When making energy efficiency improvements, funds may be used for the following: high efficiency heating; ventilation and air conditioning systems; insulation; lighting; cooling or refrigeration units; doors and windows; electric; and replacement of energy-inefficient equipment.

For more information on the REAP program, contact John Antonio, RD's State Energy Coordinator at (808) 933-8318 or john.antonio@hi.usda.gov.



USDA Maui Service Center staff Faith Umetsu (left) and Nenita Acob (right) are eager to meet with HC&S plantation workers in transition to explain available services through the Department.

CRP Payment Limitation

Payments and benefits received under the Conservation Reserve Program (CRP) are subject to the following:

- Payment limitation by direct attribution
- Foreign person rule
- Average adjusted gross income (AGI) limitation

The 2014 Farm Bill continued the \$50,000 maximum CRP payment amount that can be received annually, directly or indirectly, by each person or legal entity. This payment limitation includes all annual rental payments and incentive payments. Annual rental payments are attributed (earned) in the fiscal year in which program performance occurs. Sign-up Incentive Payments (SIP) are attributed (earned) based on the fiscal year in which the contract is approved, not the fiscal year the contract is effective. Practice Incentive Payments (PIP) are attributed (earned) based on the fiscal year in which the cost-share documentation is completed and the producer or technical service provider certifies performance of practice completion to the Farm Service Agency (FSA) County Office.

Limitation on payments is controlled by direct attribution.

- Program payments made directly or indirectly to a *person* are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Program payments made directly to a *legal entity* are attributed to those persons that have a direct and indirect interest in the legal entity, unless the payments to the legal entity have been reduced by the pro rata share of the person.
- Payment attribution to a legal entity is tracked through four levels of ownership. If any part of the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect interest of the fourth level entity in the payment entity.
- Essentially, all payments will be “attributed” to a person’s Social Security Number. Given the current CRP annual rental rates in many areas, it is important producers are aware of how CRP offered acreages impact their \$50,000 annual payment limitation. Producers should contact their local [FSA County Office](#) for additional information.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of agricultural land in the United States to report their holdings to the Secretary of Agriculture. The Farm Service Agency (FSA) administers this program.

All individuals who are not United States citizens, and have purchased or sold agricultural land are required to report the transaction to FSA with 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.

2016 Acreage Reporting Dates

In order to comply with Farm Service Agency (FSA) program eligibility requirements, all producers are encouraged to make an appointment with their FSA County Office to file an accurate crop certification report by the following deadlines:

March 15, 2016	Coffee for 2016
July 15, 2016	Banana, Papaya, Conservation Reserve Enhancement Program
September 30, 2016	Aquaculture, Floriculture, Ginseng, Mushrooms, Turfgrass Sod for the ensuing year
December 16, 2016	Grazed Forage – 15 days before the onset of grazing
January 2, 2017	Honey for 2017

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 the purchase or acquisition of the lease. Appropriate documentation must be provided to the FSA County Office. For questions regarding crop certification and crop loss reports, contact your [local FSA County Office](#).

Loan Interest Rates for March 2016

Farm Operating Loans	2.625%
Microloans	2.625 %
Farm Ownership Loans	3.750 %
Farm Ownership Loans Direct Down Payment, Beginning Farmer or Rancher	1.50 %
Emergency Loans	3.625 %

Farm Loan Graduation Reminder

Farm Service Agency (FSA) direct loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

Farm Service Agency periodically conducts direct loan graduation reviews to determine a borrower's ability to graduate to commercial credit. If the borrower's financial condition has improved to a point where they can refinance their debt with commercial credit, they will be asked to obtain other financing and partially or fully pay off their FSA debt.

By the end of a producer's operating cycle, the Agency will send a letter requesting a current balance sheet, actual financial performance and a projected farm budget. The borrower has 30 days to return the required financial documents. This information will be used to evaluate the borrower's potential for refinancing to commercial credit.

If a borrower meets local underwriting criteria, FSA will send the borrower's name, loan type, balance sheet and projected cash flow to commercial lenders. The borrower will be notified when loan information is sent to local lenders.

If any lenders are interested in refinancing the borrower's loan, FSA will send the borrower a letter with a list of lenders that are interested in refinancing the loan. The borrower must contact the lenders and complete an application for commercial credit within 30 calendar days.

If a commercial lender rejects the borrower, the borrower must obtain written evidence that specifies the reasons for rejection and submit the statement to their local FSA County Office.

If a borrower fails to provide the requested financial information or to graduate, FSA will notify the borrower of noncompliance, FSA's intent to accelerate the loan, and appeal rights.

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).

Guaranteed Loan Program

Farm Service Agency (FSA) guaranteed loans allow lenders to provide agricultural credit to farmers who do not meet the lender's normal underwriting criteria. Farmers and ranchers apply for a guaranteed loan through a lender, and the lender arranges for the guarantee. Farm Service Agency can guarantee up to 95 percent of the loss of principal and interest on a loan.

Guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, develop farmland to promote soil and water conservation or to refinance debt.

Guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses.

Farm Service Agency can guarantee farm ownership and operating loans up to \$1,399,000. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Contact your lender or local [FSA County Office](#) for more information on guaranteed loans.



Dates to Remember

March 15, 2016	Deadline to report 2016 coffee acreage
April 5, 2016	Deadline for Saipan and Tinian producers to apply for Emergency Loans due to impacts from Typhoon Soudelor
April 19, 2016	Deadline for Maui and Kauai County producers to apply for Emergency Loans due to impacts of drought
June 5, 2016	Deadline for Hawaii County producers to apply for Emergency Loans due to flooding that occurred between August 24-September 27, 2015
Continuous	Conservation Reserve Enhancement Program sign-up