

USDA lowers FmHA's interest rates

WASHINGTON, D.C. — Interest rates on most loan programs at the U.S. Department of Agriculture's Farmers Home Administration went down Oct. 1, reported Secretary of Agriculture John R. Block.

Block said the reductions, which were as much as a full percentage point for farm operating loans and market rate community facilities loans, reflect progress in the nation's drive to roll back inflationary interest rates.

Reductions will apply to farm, community and rural housing loans made by the rural credit agency.

The reductions are a result of legislation that calls for the USDA agency's interest rates to parallel those in other key sectors of the money market.

"We are able to lower our interest rates because the cost of money to the U.S. Treasury has been down in recent months and

the average yield for municipal bonds also has been lower," said Charles W. Shuman, Farmers Home administrator.

In farmer programs, the interest rate for farm operating loans is reduced from 14.25 percent to 13.25 percent. For long-term farm loans, such as farm ownership, soil and water, recreation, grazing associations, irrigation and drainage and Indian land acquisition, the rate declines from 13.25 percent to 13 percent.

For limited resource borrowers, operating loan rates drop from 11.25 percent to 10.25 percent and farm ownership loans move downward slightly, from 6.625 percent to 6.5 percent.

In the emergency loan program, the rate drops from 17 percent to 16.25 percent on actual loss loans for disasters occurring after Oct. 1 to applicants who can obtain credit from other sources but choose to borrow from the agency. For

borrowers unable to obtain credit from other lenders, actual loss loans will continue to be made at 8 percent. For borrowers eligible for continued annual production loans, the rate goes down from 16 percent to 15.5 percent.

Under the agency's housing programs, the interest rate drops from 13.5 percent to 13.125 percent for single family housing, rural rental housing and housing site loans.

The rate for housing loans to above-moderate-income borrowers (and moderate-income borrowers who can afford Housing and Urban Development Department rates) was lowered from 15 percent to 14 percent on Sept. 20.

For community facility and water and waste disposal loans, the full interest rate drops from 11.625 to 10.625 percent. This rate is based on current market yields for

municipal obligations. The intermediate rate, for communities of moderately less than average means, declines from 8.375 percent to 7.875 percent. The rate for lower-income communities remains unchanged at 5 percent.

Shuman said the intermediate rate recently introduced by the USDA agency "will keep credit resources alive for many communities that need public facility improvements to create job opportunities or maintain present employment."

Guaranteed loans for business and industrial development continue to be negotiated between borrowers and lenders. Loans made by Farmers Home for small scale biomass energy projects will be made at 13 percent instead of the previous rate of 13.25 percent.

Farmers Home Administration

is the rural credit agency of the U.S. Department of Agriculture. It makes a wide variety of loans and grants and provides technical assistance to help improve economic and living conditions in rural America.

Services of the agency are delivered through a system of nearly 2,000 county offices, 300 district offices and 46 state offices covering rural areas throughout the nation.



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Cut conservation costs

HARRISBURG — Soil loss by erosion costs agricultural producers money, reminds Joel Myers of the Soil Conservation Service in Dauphin County. Myers says both direct and indirect losses are involved.

Direct losses, he explains, include the value of the lost soil as well as lost spray materials, lime, fertilizer and organic matter. A 15-ton soil loss, average for land farmed in continuous row crops, results in a loss of \$75 when calculating the loss of \$5 per ton, stresses Myers. Estimates also show that \$22 worth of spray materials, lime, fertilizer and organic matter are lost, for a total of \$97.

Indirect losses include the reduction of yields due to losses of spray materials and fertilizer.

"The loss of potential production by the reduction in depth of top soil, in many instances shallow, has already reduced soil depth," add Myers.

Myers notes "common" conservation practices help retain rainfall and increase soil moisture, specifically contouring, stripcropping, terraces, crop residue utilization, winter cover crops and conservation tillage.

"At a time when conservation is so badly needed, it is unfortunate that farm income is down and government assistance is also being reduced," says Myers. He pledges one of the 1983 goals of SCS is to accomplish more conservation work at less total cost. "This means utilizing such equipment as the new terrace plow, farm tractors and plows, and other equipment, while making the best use of the currently available heavy earth moving equipment," Myers says.

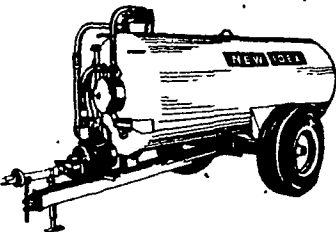


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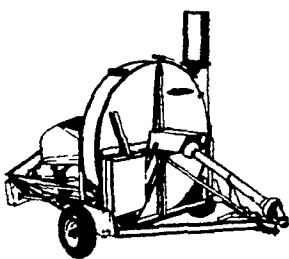
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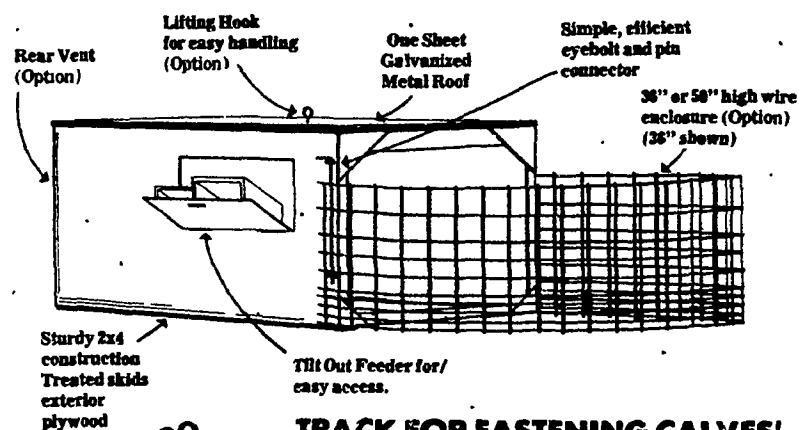
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