United States Department of Agriculture
Farm Service Agency

2016
Montana
Farmer & Rancher
FSA Handbook

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

United States Department of Agriculture

January 28, 2016

Dear Montana Farmers and Ranchers,

Our job at the USDA Farm Service Agency (FSA) is to deliver to you the many programs we have been authorized by Congress to administer. Our goal is to do that in a fair and timely manner that provides the most benefits to Montana farmers and ranchers.

The Agricultural Act of 2014, also known as the 2014 Farm Bill, was signed by President Obama on Feb. 7, 2014. The legislation repeals certain programs, continues some programs with modifications, and authorizes several new programs administered by FSA. Most of these programs are authorized and funded through 2018. Refer to the Table of Contents to access specific program factsheets.

The enclosed fact sheets provide detailed information for individual programs explaining eligibility requirements, deadline dates, forms to submit, and procedures to follow in order to participate and receive benefits from programs administered by FSA here in Montana. I hope this handbook will assist you in meeting your responsibilities for participation in our programs.

You can visit us online at www.fsa.usda.gov/mt for an electronic version of this handbook and to locate a USDA service center, view daily LDP rates, important deadlines, meetings and monthly eNewsletters, access FSA program information and to learn how to conduct business with FSA electronically. If you aren't already receiving electronic news bulletins and eNewsletters from Montana FSA, you can subscribe at www.fsa.usda.gov/subscribe or contact your local FSA office. If you don't have Internet or computer access, you can get a copy of the current monthly newsletter at the FSA office.

If you have any questions about these programs, please contact your local FSA office. The hard-working men and women of Montana's FSA service center offices are at the forefront of our efforts and remain the primary contact for program participation.

We at FSA are proud to be serving Montana's number one industry.

Sincerely,

Bruce Nelson

BRUCE NELSON
State Executive Director
Montana USDA Farm Service Agency

United States Department of Agriculture

U.S. Department of Agriculture (USDA) Farm Service Agency (FSA)
2016 Program Handbook for Montana Farmer & Ranchers
According to the Agricultural Act of 2014 (2014 Farm Bill)

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USDA Farm Service Agency - Montana Office Directory

Montana FSA State Office | P.O. Box 670 | Bozeman, MT 59771 | State Executive Director Bruce Nelson
Phone: 406.587.6872 Fax: 855.546.0264 Web: www.fsa.usda.gov/mt

FSA Service Center Offices *(Listed by County/Reservation)*		Phone #	Fax #
Beaverhead	420 Barrett Street, Dillon, MT 59725	406/683-3830	855/556-1258
Big Horn, Crow Reservation, Northern Cheyenne Reservation	724 West Third, Hardin, MT 59034	406/665-3442	855/556-1457
Blaine, Fort Belknap Reservation	PO Box 307, 228 Ohio, Chinook, MT 59523	406/357-2320	855/546-0388
Broadwater	415 South Front Street, Townsend, MT 59644	406/266-4253	855/575-2506
Carbon	PO Box 509, 606 W Front Street, Joliet, MT 59041-0136	406/962-3300	855/558-5641
Carter	PO Box 5, 308 S. Mormon Ave., Ekalaka, MT 59324	406/775-6355	855/556-1271
Cascade	#12 Third St NW, Suite 300, Great Falls, MT 59404	406/727-7580	866/609-8434
Chouteau	PO Box 309, 1210 25th Street, Fort Benton, MT 59442-0309	406/622-5401	855/556-1450
Custer	3120 Valley Drive East, Miles City, MT 59301-5599	406/232-7905	855/558-5665
Daniels	131 B Highway 5 East, Scobey, MT 59263	406/487-5366	855/575-2501
Dawson	102 Fir Street, Glendive, MT 59330-3196	406/377-5566	855/556-1455
Deer Lodge	1002 Hollenback Road, Suite B, Deer Lodge, MT 59722	406/846-2337	855-547-5750
Fallon	PO Box 1516, 141 South 4th Street West, Baker, MT 59313-1516	406/778-2238	855-510-7029
Fergus	211 McKinley St., Suite 2, Lewistown, MT 59457	406/538-3489	855/558-5654
Flathead	133 Interstate LN, Kalispell, MT 59901-2877	406/752-4242	855/558-5653
Gallatin	3710 W. Fallon St. Ste. D, Bozeman, MT 59718-6433	406/522-4000	855/546-0262
Garfield	PO Box 329, 307 Main St., Jordan, MT 59337	406/557-2740	855/558-5652
Glacier, Blackfeet Reservation	1 3rd St. NE, Cut Bank, MT 59427	406/873-5618	855/547-5749
Golden Valley	PO Box 5, 206 First Street North, Ryegate, MT 59074	406/568-2221	855/575-2500
Granite	1002 Hollenback Road, Suite B, Deer Lodge, MT 59722	406/846-2337	855-547-5750
Hill, Rocky Boy's Reservation	Hill Co. FSA Office, 206 25th Ave W. Suite #2, Havre MT 59501	406/265-6792	855/556-1459
Jefferson	3 Whitetail Road, Whitehall, MT 59759-9635	406/287-3262	855/576-2669
Judith Basin	121 Central Avenue, Stanford, MT 59479	406/566-2218	855/575-2504
Lake, Flathead Reservation	64352 US Highway 93, Ronan, MT 59864-8738	406/676-2811	855/575-2498
Lewis and Clark	790 Colleen Street, Helena, MT 59601	406/449-5277	855/558-5608
Liberty	PO Box 669, 18 Main Street, Chester, MT 59522-0669	406/759-5129	855/546-0386

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County/ Reservation:	FSA Office Address:	Phone #	Fax #
Lincoln	133 Interstate LN, Kalispell, MT 59901-2877	406/752-4242	855/558-5653
McCone	PO Box 187, 104 10th Street, Circle, MT 59215-0187	406/485-2744	855/546-0416
Madison	3 Whitetail Road, Whitehall, MT 59759-9635	406/287-3262	855/576-2669
Meagher	PO Box J, 4147 Highway 89, White Sulphur Springs, MT 59645	406/547-3521	855/576-2402
Mineral	3550 Mullan Road, Suite 106, Missoula, MT 59808-5125	406/829-3395	855/558-5666
Missoula	3550 Mullan Road, Suite 106, Missoula, MT 59808-5125	406/829-3395	855/558-5666
Musselshell	109 Railroad Ave. East, Roundup, MT 59072	406/323-2067	855/575-2499
Park	5242 Hwy. 89 South, Livingston, MT 59047-9611	406/222-0212	855/558-5656
Petroleum	211 McKinley St., Suite 2, Lewistown, MT 59457	406/538-3489	855/558-5654
Phillips, Fort Belknap Reservation	1120 US Hwy 191 S, Suite 2, Malta, MT 59538	406/654-1333	855/558-5661
Pondera	406 North Main, Conrad, MT 59425-2706	406/278-7611	855/547-5499
Powder River	PO Box 9, 114 N. Lincoln Ave., Broadus, MT 59317	406/436-2321	855/546-0273
Powell	1002 Hollenback Road, Suite B, Deer Lodge, MT 59722	406/846-2337	855-547-5750
Prairie	PO Box 626, 409 East Spring, Terry, MT 59349	406/635-5381	855/575-2505
Ravalli	1709 North First Street, Hamilton, MT 59840-3357	406/363-1444	855/556-1456
Richland	2745 West Holly Street, Sidney, MT 59270	406/433-2103	855/575-2503
Roosevelt, Fort Peck Reservation	PO Box 519, 508 6th St. E, Culbertson, MT 59218-0519	406/787-6262	855/547-5748
Rosebud, Northern Cheyenne Res.	PO Box 6, 270 South Prospect, Forsyth, MT 59327-0006	406/346-7333	855/556-1448
Sanders	PO Box 639, 7487 MT Highway 200, Plains, MT 59859	406/826-3751	855/558-5669
Sheridan,	119 North Jackson, Plentywood, MT 59254	406/765-1550	855/575-2496
Silver Bow	3 Whitetail Road, Whitehall, MT 59759-9635	406/287-3262	855/576-2669
Stillwater	334 North 9th Street, Columbus, MT 59019	406/322-5348	855/546-0421
Sweet Grass	PO Box 610, 225 Big Timber Loop Rd., Big Timber, MT 59011	406/932-5159	855/546-0258
Teton	1102 Main Ave. North, Suite 2, Choteau, MT 59422-0836	406/466-5351	855/546-0390
Toole	1125 Oilfield Avenue, Shelby, MT 59474	406/434-5234	855/575-2502
Treasure	PO Box 6, 270 South Prospect, Forsyth, MT 59327-0006	406/346-7333	855/556-1448
Valley, Fort Peck Reservation	54059 US Highway 2, Suite 1, Glasgow, MT 59230-2846	406/228-4321	855/556-1454
Wheatland	PO Box 669, 809 Second Ave., NW, Harlowton, MT 59036-0669	406/632-5622	855/556-1458
Wibaux	502 2nd Ave., NW Wibaux, MT 59353-9040	406/796-2221	855/576-2670
Yellowstone	1629 Ave. D, Bldg. A, Suite 2, Billings, MT 59102-3042	406/657-6135	855/546-0259

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Farm Service Agency Programs

BACKGROUND

The Farm Service Agency (FSA) is an agency of the Department of Agriculture (USDA) that serves all farmers, ranchers and agricultural partners through the delivery of effective, efficient agricultural programs for all Americans. The agency provides America's farmers with a strong safety net through the administration of farm commodity and disaster programs. FSA's long-standing tradition of conserving the nation's natural resources continues through the Conservation Reserve Program (CRP). The agency provides credit to agricultural producers who are unable to receive private, commercial credit, including special emphasis on beginning, minority and women farmers and ranchers, and purchases and delivers commodities for use in international humanitarian food programs.

Following are programs and services offered by FSA.

AGRICULTURAL MEDIATION PROGRAM

The USDA Agricultural Mediation Program makes grants to state-designated entities that provide alternative dispute resolution (ADR) through mediation to agricultural producers, their lenders and others directly affected by the actions of certain USDA agencies. In mediation, a trained, impartial mediator helps participants review and discuss their conflicts, identify options to resolve disputes and agree on solutions. Ideally, this process helps to avoid expensive and time-consuming administrative appeals and/or litigation. These grants are administered by FSA. Cases covered by the grants include agricultural loans, whether made by USDA or commercial lenders, and disputes involving USDA actions on farm and conservation programs, wetland determinations, rural water loan programs, grazing on national forest system lands, pesticides, rural housing and business loans, and crop insurance.

AGRICULTURE RISK COVERAGE (ARC) AND PRICE LOSS COVERAGE (PLC) PROGRAM

The 2014 Farm Bill authorized the Agriculture Risk Coverage (ARC) Program and Price Loss Coverage (PLC) Program, which are administered by FSA. ARC and PLC provide revenue and price loss payments to eligible producers for the 2014 through 2018 crop years. For more information, visit **www.fsa.usda.gov/arc-plc**.

BEGINNING FARMERS AND RANCHERS LOANS

Each fiscal year, FSA targets a portion of its direct and guaranteed farm ownership and operating loan funds to beginning farmers and ranchers. FSA makes and guarantees loans to beginning farmers and ranchers who are unable to obtain financing from commercial lenders. A beginning farmer or rancher is an individual or entity who (1) has not operated a farm or ranch for more than 10 years, (2) meets the loan eligibility requirements of the program to which he/she is applying,
(3) substantially participates in the operation, and,
(4) for farm ownership loan purposes, does not own a farm greater than 30 percent of the average size farm in the county and meet training and experience requirements. For more information, visit **www.fsa.usda.gov/farmloans**.

BIOMASS CROP ASSISTANCE PROGRAM (BCAP)

BCAP is a voluntary program for agricultural and forestland owners and operators. BCAP supports the production and use of biomass crops for conversion to bioenergy or for the development of bio-based products. BCAP can include 1) Project Areas: Supports establishing and maintaining eligible crops up to five years for annual and non-woody perennial crops or up to 15 years for woody perennial crops for conversion to bioenergy or bio-based products. Support may include annual payments and up to 50 percent

cost-share to establish eligible crops; and
2) Matching Payments: Assists agricultural and forest land owners and operators with retrieving eligible farm and forestry residues to a qualified Biomass Conversion Facility. The 2014 Farm Bill reauthorized BCAP through fiscal year 2018. For more information, visit **www.fsa.usda.gov/bcap**.

BOLL WEEVIL ERADICATION LOAN PROGRAM

The Boll Weevil Eradication Loan Program provides low interest loans to nonprofit organizations that work collaboratively with state agencies, USDA's Animal and Plant Health Inspection Service, and the National Cotton Council to eradicate the boll weevil. The program objective is to assist producers and state government agencies in the eradication of boll weevils from cotton producing areas and ensuring the pest is not re-introduced.

CONSERVATION LOAN PROGRAM (CL)

FSA guarantees CLs to implement conservation techniques that will conserve natural resources. Guaranteed CLs are available from lenders working with FSA. CL funds can be used to implement conservation practices approved by the Natural Resources Conservation Service (NRCS), such as the installation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; implementation of manure management; and the adaptation of other emerging or existing conservation practices, techniques or technologies. For more information, visit **www.fsa.usda.gov/farmloans**.

CONSERVATION RESERVE PROGRAM (CRP)

CRP is a voluntary program available to agricultural producers to plant long-term, resource-conserving grasses or trees on environmentally-sensitive farmland to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years. For more information, visit **www.fsa.usda.gov/crp**.

CONSERVATION RESERVE ENHANCEMENT PROGRAM (CREP)

CREP is a derivative program of the Conservation Reserve Program (CRP) whereby nonfederal partners and resources are coupled with federal resources to address conservation concerns within a State. CREP is a voluntary program that helps agricultural producers protect environmentally-sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. For more information, visit **www.fsa.usda.gov/conservation**.

CONSERVATION RESERVE PROGRAM - STATE ACRES FOR WILDLIFE ENHANCEMENT (SAFE)

SAFE is a voluntary program available under CRP's continuous enrollment authority. SAFE is designed to address state and regional high-priority wildlife objectives. Producers within a SAFE area can submit offers to voluntarily enroll acres in CRP contracts for 10-15 years. In exchange, producers receive annual CRP rental payments, incentives and cost-share assistance to establish, improve, connect or create higher-quality wildlife habitat. For more information, visit **www.fsa.usda.gov/conservation**.

CONSERVATION RESERVE PROGRAM - GRASSLANDS

CRP Grasslands is a voluntary program that helps landowners and operators protect grassland, including rangeland, pastureland and certain other lands, while maintaining the areas as grazing lands. The program emphasizes support for grazing operations, plant and animal biodiversity
, and grassland and land containing shrubs and forbs under the greatest threat of conversion. For more information, visit **www.fsa.usda.gov/crp**.

DAIRY INDEMNITY PAYMENT PROGRAM (DIPP)

The Dairy Indemnity Payment Program pays dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. Payments are made to manufacturers of dairy products only for products removed from the market because of pesticide contamination. For more information, visit **www.fsa.usda.gov/dairy**.

DAIRY PRODUCT DONATION PROGRAM

The Dairy Product Donation Program (DPDP) is authorized by the 2014 Farm Bill through Dec. 31, 2018. The DPDP addresses low margins for dairy operations by using Commodity Credit Corporation (CCC) funds to purchase dairy products for donation to public and private nonprofit organizations that provide nutrition assistance to low-income populations. Purchases are only made by USDA during periods of low margins. This program does not involve dairy operator or nutrition assistance enrollment. The FSA and the Food and Nutrition Service (FNS) administer DPDP. For more information, visit **www.fsa.usda.gov/dairy**.

DEBT FOR NATURE PROGRAM

The Debt for Nature Program, also known as the Debt Cancellation Conservation Contract Program, is available to persons with FSA loans secured by real estate who may qualify for cancellation of a portion of their FSA indebtedness in exchange for a conservation contract with a term of 50, 30, or 10 years. A conservation contract is a voluntary legal agreement that restricts the type and amount of development and farming practices that may take place on portions of a landowner’s property. Contracts may be established on marginal cropland and other environmentally sensitive lands for conservation, recreation, and wildlife purposes.

DIRECT FARM OWNERSHIP LOAN PROGRAM

FSA direct farm ownership loans (FO) may be made to purchase farmland, construct or repair buildings and other fixtures, and promote soil and water conservation. To qualify for a direct loan, the applicant must be unable to obtain credit from commercial credit sources, able to show sufficient repayment ability and pledge enough collateral to fully secure the loan. A percentage of loan funds is targeted to beginning farmers and ranchers and minority applicants. To learn more, visit **www.fsa.usda.gov/farmloans**.

DIRECT OPERATING LOAN PROGRAM

FSA direct farm operating loans (OL) may be made to purchase items such as livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. They can also be used to pay for minor improvements to buildings, costs associated with land and water development, family subsistence, and refinancing debts under certain conditions. To qualify for a direct loan, the applicant must be unable to obtain credit from commercial credit sources, able to show sufficient repayment ability and pledge enough collateral to fully secure the loan. A percentage of loan funds are targeted to beginning farmers and ranchers and minority applicants. To learn more, visit **www.fsa.usda.gov/farmloans**.

DOWN PAYMENT FARM OWNERSHIP LOANS

Down Payment Farm Ownership Loans were developed to help targeted underserved and beginning farmers and ranchers purchase a farm or ranch. These loans provide a way for retiring farmers to transfer their land to a future generation of farmers and ranchers. The applicant provides a five percent down payment; FSA provides 45 percent of the needed loan funds at a reduced interest rate and other financing provides the remaining 50 percent. To learn more, visit **www.fsa.usda.gov/farmloans**.

ECONOMIC ADJUSTMENT ASSISTANCE TO USERS OF UPLAND COTTON

The Commodity Credit Corporation (CCC) issues payments to eligible domestic users of upland cotton. Payments are made to eligible domestic users who enter into an agreement with the CCC. The payment rate is three cents per pound beginning Aug. 1, 2012. Proceeds received under this program must be used for capital investments that relate to manufacturing upland cotton into cotton products. For more information, visit **www.fsa.usda.gov/daco**.

EMERGENCY CONSERVATION PROGRAM (ECP)

ECP provides funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency water conservation measures during periods of severe drought. The natural disaster must create new conservation problems, which, if not treated, would 1) impair or endanger the land, 2) materially affect the productive capacity of the land, 3) represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area, and 4) be so costly to repair that federal assistance is or will be required to return the land to productive agricultural use. Subject to availability of funds, locally elected county committees are authorized to implement ECP for all disasters except drought, which may be authorized by the FSA national office. Eligible ECP participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency land rehabilitation practices as determined by county FSA committees; qualified limited resource producers may receive financial assistance of up to 90 percent. To learn more, visit **www.fsa.usda.gov/conservation**.

EMERGENCY FOREST RESTORATION PROGRAM (EFRP)

EFRP provides payments to eligible owners of rural nonindustrial private forest land in order to carry out emergency measures to restore forest health on land damaged by natural disaster events such as floods, hurricanes, or other natural disasters. Subject to availability of funds, locally elected county committees are authorized to implement EFRP for all disasters except drought and insect infestations, which may be authorized by the FSA national office. Eligible EFRP participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by county FSA committees. To learn more, visit **http://disaster.fsa.usda.gov**.

EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEYBEES AND FARM-RAISED FISH PROGRAM (ELAP)

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides payments to eligible producers of livestock, honeybees, and farm-raised fish to help compensate for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, as determined by the Secretary. ELAP was authorized by the Agricultural Act of 2014 (the 2014 Farm Bill) as a permanent program and provides retroactive authority to cover losses that occurred on or after Oct. 1, 2011. ELAP assistance is provided for losses not covered by the Livestock Forage Disaster Program (LFP) and the Livestock Indemnity Program (LIP). For more information, visit **http://disaster.fsa.usda.gov**.

EMERGENCY LOAN PROGRAM (EM)

FSA provides EM loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. EM loans may be made to farmers and ranchers who cannot obtain credit from commercial sources and own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster area or quarantine area (for physical losses only, the FSA Administrator may authorize emergency loan assistance). Emergency loan funds may be used to 1) restore or replace essential property, 2) pay all or part of production costs associated with the disaster year, 3) pay essential family living expenses, 4) reorganize the farming operation, and 5) refinance certain debts. For more information, visit **http://disaster.fsa.usda.gov**.

EXTRA LONG STAPLE (ELS) COTTON COMPETITIVNESS PAYMENTS

ELS Cotton Competitiveness Payments are made to domestic users and exporters of ELS cotton when the market prices of domestically produced versus foreign grown ELS cotton are such that payments are necessary to improve the competitiveness of domestically produced cotton in the world market. For more information, visit **www.fsa.usda.gov/daco**.

FARM STORAGE FACILITY LOAN PROGRAM

The CCC, through FSA, may make loans to producers to build or upgrade farm storage and handling facilities for rice, soybeans, dry peas, lentils, small chickpeas, peanuts, hay, honey, renewable biomass, sunflower seeds, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined and announced by CCC. Corn, grain sorghum, oats, wheat, barley, and fruits and vegetables are also eligible, subject to program requirements. For more information, visit **www.fsa.usda.gov/pricesupport**.

FARMABLE WETLANDS PROGRAM (FWP)

The Farmable Wetlands Program (FWP) is a voluntary program to restore up to 750,000 acres of farmable wetlands and associated buffers by improving the land's hydrology and vegetation. Eligible producers can enroll eligible land in the FWP through the Conservation Reserve Program (CRP). Contract duration is between 10 and 15 years. FWP is designed to prevent degradation of wetland areas, increase sediment trapping efficiencies, improve water quality, prevent soil erosion and provide habitat for waterfowl and other wildlife. For more information, visit **www.fsa.usda.gov/conservation**.

FEEDSTOCK FLEXIBILITY PROGRAM (FFP)

FFP is designed to avoid sugar loan forfeitures to the Commodity Credit Corporation (CCC) by diverting excess sugar in the marketplace to bioenergy production. Every quarter, USDA announces whether it plans to purchase sugar for the purpose of bioenergy production. Raw, refined and in-process sugars are eligible for purchase. Such sugar can be purchased from any marketer located in the United States. For more information, visit **www.fsa.usda.gov/pricesupport**.

FOREIGN FOOD ASSISTANCE

FSA procures agricultural commodities that are donated to international relief agencies to help feed people around the world. The Foreign Agricultural Service (FAS) of USDA organizes the delivery of the donated food to international development and humanitarian organizations operating in dozens of countries. Food donations also assist in the FAS Food for Progress program, which assists countries working to transition to market-oriented economies. For more information, visit **www.fsa.usda.gov/daco**.

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

The Grassroots Source Water Protection Program (GSWPP) is a joint effort between FSA and the nonprofit National Rural Water Association (NRWA) designed to help prevent source water pollution in states through voluntary practices installed by producers and other landowners at the local level. GSWPP relies on the onsite technical assistance capabilities of each state's rural water association in those states that operate a source water protection program. These associations deliver assistance in developing source water protection plans within watersheds with the goal of preventing contamination of drinking water supplies. For more information, visit **www.fsa.usda.gov/conservation**.

GRAZE-OUT PROGRAM

The Graze-out Program provides for payments to eligible producers who elect to use their acreage planted to wheat, barley, oats, or triticale for grazing by livestock and agree to forgo any other harvesting of the commodity on such acreage during the applicable crop year. Graze-out payments are subject to the same basic eligibility requirements as commodity loans and, when available, loan deficiency payments.

GUARANTEED FARM OWNERSHIP LOAN PROGRAM

FSA guaranteed loans provide lenders (banks, Farm Credit System institutions, credit unions) with a guarantee of up to 95 percent of the loss of principal and interest on a loan. Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. The FSA guarantee permits lenders to make agricultural credit available to farmers who do not meet the lender's normal underwriting criteria. A percentage of guaranteed loan funds is targeted to beginning farmers and ranchers and minority applicants. Guaranteed Farm Ownership Loans may be made to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, or to refinance debt. To learn more, visit **www.fsa.usda.gov/farmloans**.

GUARANTEED OPERATING LOAN PROGRAM

FSA guaranteed loans provide lenders (banks, Farm Credit System institutions, credit unions) with a guarantee of up to 95 percent of the loss of principal and interest on a loan. Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. The FSA guarantee permits lenders to make agricultural credit available to farmers who do not meet the lender's normal underwriting criteria. A percentage of guaranteed loan funds are targeted to beginning farmers and ranchers and minority applicants. Guaranteed Operating Loans may be made to purchase items needed such as livestock, farm equipment, feed, seed, fuel, farm chemicals, repairs, insurance, and other operating expenses. OLs also can be used to pay for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debts under certain conditions. To learn more, visit **www.fsa.usda.gov/farmloans**.

HOMESTEAD PROTECTION PROGRAM

If the FSA has exhausted all loan servicing options and foreclosures on a property as required by law, the Homestead Protection Program allows the borrower to lease, with an option to purchase, their primary residence and up to 10 adjoining acres for up to five years.

INDIAN TRIBAL LAND ACQUISITION PROGRAM (ITLAP)

ITLAP loans enable Indian tribes to purchase privately held lands that lie within their reservations. Loan funds may be used to pay expenses incidental to the purchase of the land, but not for land development.

LAND CONTRACT GUARANTEE PROGRAM

Guarantees are available for the owner of a farm who sells real estate through a land contract to a beginning or targeted underserved farmer. The guarantee provides an incentive to sell to individuals in these groups as it reduces the financial risk to the seller in the event of default. FSA offers two types of guarantees: a seller may request either a Prompt Payment Guarantee of up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance; or a Standard Guarantee of 90 percent of the outstanding principal balance under the land contract. To qualify for assistance, buyers must meet eligibility requirements similar to those for the Guaranteed and Direct Farm Ownership programs.

LIVESTOCK FORAGE DISASTER PROGRAM (LFP)

LFP provides compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or is planted specifically for grazing. The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. LFP also provides compensation to eligible livestock producers that have suffered grazing losses on rangeland managed by a federal agency if the eligible livestock producer is prohibited by the federal agency from grazing the normal permitted livestock on the managed rangeland due to a qualifying fire. For more information, visit **http://disaster.fsa.usda.gov**.

LIVESTOCK INDEMNITY PROGRAM (LIP)

LIP provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather. In addition, LIP covers attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. For more information, visit **http://disaster.fsa.usda.gov**.

MARGIN PROTECTION PROGRAM FOR DAIRY (MPP-Dairy)

The Margin Protection Program for Dairy (MPP-Dairy) is a voluntary risk management program for dairy producers authorized by the 2014 Farm Bill through Dec. 31, 2018. The MPP-Dairy offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer. For more information, visit **www.fsa.usda/gov/dairy**.

MICROLOAN PROGRAM

Microloans are a special subcategory of direct operating loans that provide flexible access to credit for small farming operations, including specialty, niche and local food producers. The Microloan Program simplifies the loan application process and reduces the paperwork burden substantially. It provides additional flexibility regarding certain loan eligibility requirements, reduces documentation requirements, and streamlines financial planning for small operations. Eligible applicants may obtain a microloan for up to $50,000. For more information, visit **www.fsa.usda.gov/microloans**.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

NAP provides financial assistance to noninsurable crop losses due to drought, flood, hurricane, or other natural disasters. Landowners, tenants, or sharecroppers who share in the risk of producing an eligible crop are eligible. Eligible crops are those where crop insurance is unavailable. Also eligible for NAP coverage are controlled-environment crops (mushroom and floriculture), specialty crops (honey and maple sap), and value loss crops (aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod). The 2014 Farm Bill allows producers to purchase higher levels of coverage beyond the catastrophic coverage level for an additional premium. New, limited resource and targeted underserved farmers are eligible for free catastrophic coverage and higher levels of coverage for a significantly discounted premium. For more information, visit **www.fsa.usda.gov/nap**.

NONRECOURSE MARKETING ASSISTANCE LOAN (MAL) AND LOAN DEFICIENCY PAYMENT (LDP) PROGRAMS

MALs provide producers interim financing at harvest time to help them meet cash flow needs when market prices are typically at harvest-time lows. MALs for covered commodities are nonrecourse because the commodity is pledged as loan collateral and producers have the option of delivering the pledged collateral to the CCC as full payment for the loan at maturity. A producer who is eligible to obtain a loan, but who agrees to forgo the loan, may obtain an LDP. An LDP is the amount by which the applicable loan rate exceeds the alternative loan repayment rate for the respective commodity. For more information, visit **www.fsa.usda.gov/pricesupport**.

PRIMARY LOAN SERVICING PROGRAM

The Primary Loan Servicing Program gives options to existing direct FSA borrowers who, due to reasons beyond their control, are unable to make the scheduled payments on their debt to the government. These options may include consolidation, rescheduling or re-amortization, deferral, interest rate reduction, and write down. The program allows delinquent and/or financially distressed FSA borrowers to attain, or maintain, their current loan status while at the same time allowing the borrower to regain a more solid financial footing for the long term.

RECOURSE SEED COTTON LOANS

Recourse seed cotton loans are made available by the CCC to producers through March 31 of the year following the calendar year in which the cotton crop is normally harvested. Seed cotton pledged as collateral for a loan must be tendered to CCC by an eligible producer and must be in existence and in good condition at the time of disbursement of loan proceeds, in addition to other requirements. A producer must repay the seed cotton loan principal, interest, and the charges before pledging the cotton for a nonrecourse loan or before a loan deficiency payment can be approved. Seed cotton loans mature on demand by CCC but no later than May 31 following the calendar year in which such crop is normally harvested. For more information, visit **www.fsa.usda.gov/pricesupport**.

REIMBURSEMENT TRANSPORTATION COST PAYMENT PROGRAM (RTCP) FOR GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS

The 2014 Farm Bill reauthorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP) to reimburse geographically disadvantaged producers with a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity. For more information, visit **www.fsa.usda.gov/pricesupport**.

SUGAR LOAN PROGRAMS AND SUGAR MARKETING ALLOTMENTS

The Sugar Loan Program provides nonrecourse loans to processors of domestically grown sugarcane and sugar beets. This program provides producers with interim financing at harvest time so that producers need not sell their commodity when market prices are typically at harvest-time lows. The 2014 Farm Bill authorizes FSA to administer nonrecourse loans for the 2014 through 2018 crops on behalf of the CCC. For more information, visit **www.fsa.usda.gov/pricesupport**.

SUGAR STORAGE FACILITY LOAN PROGRAM

FSA may make loans to processors of domestically-produced sugarcane and sugar beets for the construction or upgrading of storage and handling facilities for raw sugars and refined sugars. Loans may be made only for the purchase and installation of eligible storage facilities, permanently affixed handling equipment, or the remodeling of existing facilities. For more information, visit **www.fsa.usda.gov/pricesupport**.

TREE ASSISTANCE PROGRAM

The 2014 Farm Bill reauthorized the Tree Assistance Program (TAP) to provide financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters. The 2014 Farm Bill established TAP as a permanent disaster program and provides retroactive authority to cover eligible losses back to Oct. 1, 2011. For more information, visit **http://disaster.fsa.usda.gov**.

UNITED STATES WAREHOUSE ACT (USWA)

The USWA authorizes the Secretary to issue licenses to public warehouse operators who voluntarily request regulation through licensing under the USWA to store agricultural products, including bulk grain, cotton, peanuts, sugar and other agricultural products. FSA administers

USWA by providing licensing of warehouse operators, regulation of paper and electronic warehouse receipt providers, protection for depositors through bonding or other financial assistance and compliance examinations. The USWA provides for the use of warehouse receipts and requires warehouse operators to accept agricultural products for storage without discrimination. Under the USWA, the facilities meet and are maintained at established standards. The USWA allows FSA to enforce a uniform regulatory system for the protection of depositors and the agricultural commodities stored in the licensed facilities. For more information, visit **www.fsa.usda.gov/daco**.

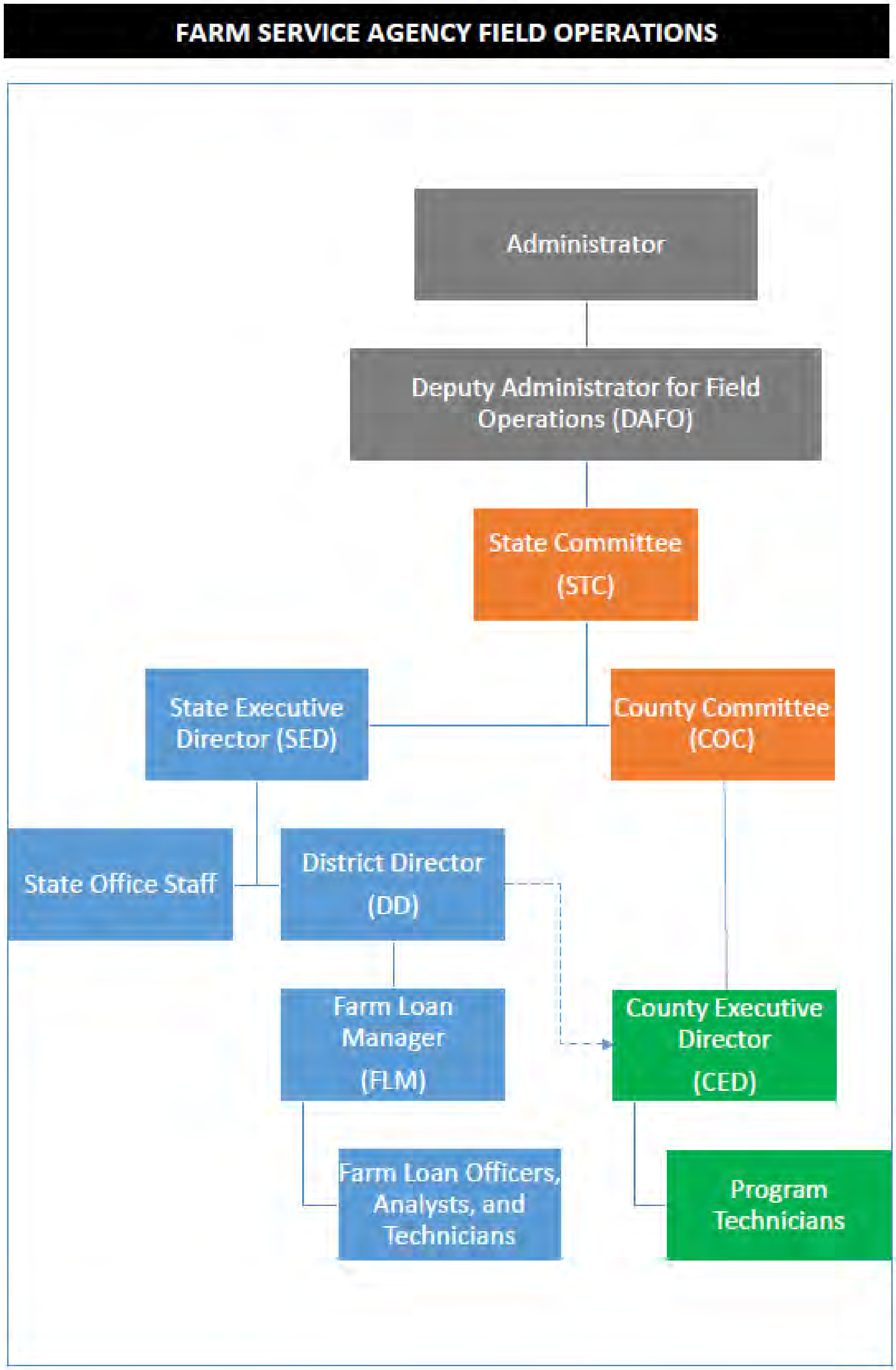
YOUTH LOANS

FSA makes loans to individual rural youth, between the ages of 10 and 20 years, to establish and operate agriculture-related income-producing projects of modest size in connection with their participation in 4-H clubs, the Future Farmers of America and similar organizations. The project must be planned and operated with the help of the organization adviser, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience. For more information, visit **www.fsa.usda.gov/youth-loans**.

MORE INFORMATION

For more information about FSA programs, go to www.fsa.usda.gov/factsheets or contact your local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

Chain of Command Within FSA Structure



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

November 2015

Conducting Business with Montana Farm Service Agency

Guide for new FSA customers

About FSA
USDA Farm Service Agency (FSA) administers farm programs authorized by Congress through 48 county offices and local offices across Montana. The FSA State Office is located in Bozeman, Montana.

Working with FSA
Farmers and ranchers new to working with FSA should bring hard copies of Deeds, Leases, Tribal Resolutions or comparable documents to prove control of land. The first time in the office you will be asked to supply your name, address and phone number, and to identify the properties you own or operate. In addition, if you will be enrolling in one of our farm programs you will be asked to provide a valid tax ID (Social Security Number or EIN) and to fill out:

- Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification (Form AD-1026),
- Additional Payment Eligibility Forms as applicable (such as farm operating plans or Adjusted Gross Income certifications)

The questions are asked of every producer who receives or potentially receives payments from FSA. Some of the eligibility forms are also used by Natural Resources Conservation Service (NRCS) in the administration of their programs.

Setting up an FSA farm
FSA will use the information you supply to set up a farm for you. Your farm will have a specific number and will contain only the land you own or operate. Once the farm is set up, you will receive a copy of your farm maps with fields and acreage delineated. The maps will be used to submit timely acreage reports. Some FSA programs require mandatory acreage reporting. You are encouraged to file a timely acreage report even if you are not participating in a farm program, as it could impact your eligibility for programs implemented in the future.

Land Changes
If you pick up additional leases, give up leases or buy or sell land you will need to notify the FSA county office promptly so the office can update your records.

Contact FSA
For more information contact your FSA county office. To locate your county office, visit www.fsa.usda.gov/mt or call Montana FSA State Office at (406) 587-6872.

Conservation Compliance - Highly Erodible Land and Wetlands

OVERVIEW

Conservation compliance requires producers to have a conservation plan approved by and on file with USDA if they plant annually tilled crops on highly erodible soil, and prohibits producers from planting on converted wetlands or converting wetlands for crop production.

The 2014 Farm Bill requires producers, and any affiliated individuals or entities to participating producers, to comply with these provisions who participate in most programs administered by the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and the Risk Management Agency (RMA). Non-compliance may affect the following types of USDA program benefits:

- FSA loans and disaster assistance payments
- NRCS and FSA conservation program benefits
- Federal crop insurance premium support

COMPLIANCE WITH HELC AND WC PROVISIONS

Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions (known as “conservation compliance”) aim to reduce soil loss on erosion-prone lands and to protect wetlands for the multiple benefits they provide. HELC and WC provisions apply to all land that is considered highly erodible or a wetland, and that is owned or farmed by persons voluntarily participating in USDA programs, unless USDA determines an exemption applies.

To comply with the HELC and WC provisions, producers and affiliated persons must fill out and sign form AD-1026 certifying they will not:

- Plant or produce an agricultural commodity on highly erodible land without following an NRCS approved conservation plan or system;
- Plant or produce an agricultural commodity on a converted wetland; or
- Convert a wetland which makes the production of an agricultural commodity possible.

In addition, producers planning to conduct activities that may affect their HELC or WC compliance, for example removing fence rows, conducting drainage activities, or combining fields, must notify FSA by filing form AD-1026. FSA will notify NRCS, and NRCS will then provide highly erodible land or wetland technical evaluations and issue determinations if needed.

A copy for form AD-1026 can be found at **www.fsa.usda.gov/ad1026form**.

AGRICULTURAL COMMODITY

An agricultural commodity is any crop planted and produced by annual tilling of the soil, including one-trip planters and sugarcane.

HIGHLY ERODIBLE LAND

Highly erodible land is any land that can erode at excessive rates because of its soil properties and/or is designated by field and based on the proportion of the total field acreage that contains highly erodible soils.

Producers who produce agricultural commodities on land identified as highly erodible are required to farm such land in accordance with a conservation plan or system that is approved by NRCS and that substantially reduces soil loss. Producers proposing to produce agricultural commodities on highly erodible land that has no crop history prior to Dec. 23, 1985 (known as sodbusting), are required to farm such land in accordance with a conservation plan or system that provides for no substantial increase in soil erosion. A conservation plan or system to reduce soil erosion is not required for land that is not highly erodible.

WETLAND

A wetland is an area that:

- Has a predominance of hydric soils (wet soils);
- Is inundated or saturated by surface or groundwater (hydrology) at a frequency and duration sufficient to support a prevalence of hydrophytic (water tolerant) vegetation typically adapted for life in saturated soil conditions and
- Under normal circumstances supports a prevalence of such vegetation except that this term does not include lands in Alaska identified as having a high potential for agricultural development and a predominance of permafrost soils.

EXPLANATION OF AFFILIATED PERSONS WHO NEED TO FILE AN AD-1026 FOR HELC AND WC COMPLIANCE PURPOSES

An “affiliated person” is an individual or entity who has a specific connection to the individual or entity completing the AD-1026. Affiliated persons could be family members or business partners. See the fact sheet titled **“Conservation Compliance for Highly Erodible Land and Wetlands - Affiliated Persons”** for a description of who or what are considered affiliated persons.

AD-1026 FILING REQUIREMENT FOR AFFILIATED PERSONS

Although an individual or entity may be considered an affiliated person to a producer requesting benefits, an affiliated person who does not have a farming interest does not need to file an AD-1026. A “farming interest” for this purpose is an owner, operator or other producer on any farm. An example of an affiliated person who does not need to file an AD-1026 is a minor child that does not have a farming interest.

NRCS AND FSA ROLES IN MAKING DETERMINATIONS

When making HELC and WC compliance determinations:

NRCS responsibilities include:

- For HELC compliance:
  - Making highly erodible determinations;
  - Working with producers to develop conservation plans and systems; and
  - When required, determining if highly erodible land is being farmed in accordance with a conservation plan or system approved by NRCS.

- For WC compliance:
  - Making wetland determinations, including establishing if certain technical exemptions apply, such as prior converted cropland; and
  - Determining if a wetland conversion has occurred.

FSA makes eligibility determinations, such as who is ineligible based upon NRCS technical determinations of HELC or WC non-compliance. FSA also acts on requests for the application of certain eligibility exemptions, such as the good faith relief exemption.

HIGHLY ERODIBLE LAND AND WETLAND DETERMINATION

FSA maintains the official USDA records of highly erodible land and wetland determinations. The determinations are recorded within the geographic information system and the automated farm and tract records maintained by FSA; however, it is important to know that determinations may not include all of the producer's land. Producers may obtain aerial imagery of their farms and a printout of their farm and tract records from the FSA office servicing their farm. If a producer is uncertain of the highly erodible land and wetland determinations applicable to their land, the producer should contact the appropriate USDA Service Center for assistance. The following link will help in locating local USDA Service Centers: **http://offices.usda.gov** .

HELC AND WC NON-COMPLIANCE

The 2014 Farm Bill re-established the applicability of the HELC and WC provisions to crop insurance financial support. The Act made no change in HELC and WC implementation with respect to NRCS and FSA programs.

FSA AND NRCS PROGRAMS

Producers who are not in compliance with HELC and WC provisions are not eligible to receive benefits for most programs administered by FSA and NRCS. If a producer received program benefits and is later found to be non-compliant, the producer may be required to refund all benefits received and/or may be assessed a penalty.

In particular, unless specific exemptions apply, a producer participating in FSA and NRCS programs must be in compliance with an NRCS approved conservation plan or system for all highly erodible land used for agricultural commodity production; not have planted or produced an agricultural commodity on a wetland converted after December 23, 1985; and after November 28, 1990, must not have converted a wetland making the production of an agricultural commodity possible on such converted wetland.

A producer who violates HELC or WC provisions is ineligible for applicable FSA and NRCS benefits for the year(s) in violation. A planting violation, whether on highly erodible land or a converted wetland, results in ineligibility for benefits for the year(s) when the planting occurred. A wetland conversion violation results in ineligibility beginning with the year in which the conversion occurred and continuing for subsequent years, unless the converted wetland is restored or mitigated before January 1 of the subsequent year.

HELC AND WC NON-COMPLIANCE - RISK MANAGEMENT AGENCY – POLICIES REINSURED BY THE FEDERAL CROP INSURANCE CORPORATION

Producers obtaining federally reinsured crop insurance will not be eligible for any premium support paid by the Federal Crop Insurance Corporation (FCIC) for any policy or plan of insurance if the producer:

- Has not filed an accurately completed AD-1026 with FSA certifying compliance with HELC and WC provisions; or
- Is not in compliance with HELC and WC provisions. Unless specific exemptions apply, a producer must:

- Be in compliance with a NRCS-approved conservation plan for all highly erodible land;
- Not plant or produce an agricultural commodity on a wetland converted after Feb. 7, 2014; and
- Not have converted a wetland after Feb. 7, 2014, to make possible the production of an agricultural commodity.

A producer is ineligible for any premium support paid by FCIC on all policies and plans of insurance for the reinsurance year(s) (July 1 – June 30) following the reinsurance year of a final determination of a violation of HELC or WC provisions, including all administrative appeals, unless specific exemptions apply. Further, a producer will be ineligible for any premium support paid by FCIC on all policies and plans of insurance for the reinsurance year if they do not have a completed form AD-1026 on file with FSA certifying compliance on or before June 1 prior to the beginning of the subsequent reinsurance year (July 1), unless otherwise exempted.

REGAINING ELIGIBILITY FOR BENEFITS LOST BECAUSE OF A VIOLATION

Producers who are found to be in violation of HELC or WC provisions, but acted in good faith and without the intent to violate, may file a request to regain eligibility for the period in violation at the FSA office where their farm records are administered. If the request is approved, producers are required to take corrective action within an established period. There are exemptions that may apply in limited circumstances.

ADDITIONAL INFORMATION

For additional information on HELC and WC compliance, contact the FSA office or the NRCS office at a local USDA Service Center.

Additional information can be found online at **www.fsa.usda.gov** for FSA, **www.nrcs.usda.gov** for NRCS and **www.rma.usda.gov** for RMA. The regulations covering these provisions are set forth in the Code of Federal Regulations at 7 CFR Part 12.

USDA

CONSERVATION

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
RISK MANAGEMENT AGENCY
NATURAL RESOURCES CONSERVATION SERVICE

FACT SHEET

April 2015

Conservation Compliance for Highly Erodible Land and Wetlands - Affiliated Persons

OVERVIEW

Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions aim to reduce soil loss on erosion-prone lands and protect wetlands for the multiple benefits they provide. HELC and WC provisions apply to all land that is considered highly erodible and wetlands that are owned or farmed by persons voluntarily participating in U.S. Department of Agriculture (USDA) programs, unless USDA determines an exemption applies.

Producers and any affiliated individuals or entities who participate in most programs administered by the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and the Risk Management Agency (RMA) are required to comply with these provisions. Non-compliance may affect the following types of USDA program benefits:

- FSA loans and disaster assistance payments;
- NRCS and FSA conservation program benefits;
- Federal crop insurance premium subsidies.

For general information about HELC and WC provisions, view the fact sheet titled **"Conservation Compliance and Crop Insurance**."

COMPLIANCE WITH HELC AND WC PROVISIONS

To comply with the HELC and WC provisions, producers and affiliated persons must fill out and sign form AD-1026 certifying they will not:

- Plant or produce an agricultural commodity on highly erodible land without following an NRCS approved conservation plan or system;
- Plant or produce an agricultural commodity on a converted wetland or;
- Convert a wetland that makes the production of an agricultural commodity possible.

In addition, producers planning to conduct activities that may affect their HELC or WC compliance, for example removing fence rows, conducting drainage activities or combining fields, must notify FSA by filing form AD-1026. FSA will notify NRCS and NRCS will then provide highly erodible land or wetland technical evaluations and issue determinations if needed.

A copy of form AD-1026 can be found at http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/AD1026.PDF

EXPLANATION OF AFFILIATED PERSONS WHO NEED TO FILE AN AD-1026 FOR HELC AND WC COMPLIANCE PURPOSES

An "affiliated person" is an individual or entity who has a specific connection to the individual or entity completing the AD-1026. Affiliated persons could be family members or business partners. The following table describes who or what are considered affiliated persons.

IF the producer is	THEN the affiliated persons who need to file an AD-1026 are
An individual	The individual's spouse or minor children, if they have a farming interest. For all entity types (except for a corporation (see rule for corporations below) in which the individual has any interest at the first level if they have a farming interest.
An entity other than a corporation	All members/interest holders at the first level in the entity if they have a farming interest. Scenario: WXYZ General Partnership has the following interest holders and indicated interest as follows: Individual W…..... 25 percent - X LLC ……….. 25 percent - Y Inc. ………... 25 percent - Individual Z….. 25 percent <u>Analysis</u>: The affiliated persons of WXYZ General Partnership would be <u>Individual W</u>; <u>X LLC</u>; <u>Y Inc</u>.; and <u>Individual Z</u> because they are members of the general partnership at the first level. The interest holders in X LLC and Y Inc. would **not** be affiliated persons of WXYZ Partnership because they are not interest holders in WXYZ General Partnership at the first level.
A corporation	Interest holders at the first level in the corporation with more than 20 percent interest if they have a farming interest Scenario: ABC Inc. has the following interest holders and indicated interest as follows: Individual A – 15 percent Corporation C – 85 percent Corporation C is 100 percent owned by Individual B <u>Analysis</u>: Only <u>Corporation C</u> is considered an affiliated person to ABC Inc. Individual A does not have more than a 20 percent interest in ABC Inc. and Individual B only holds an indirect interest in ABC Inc. through Corporation C and, therefore is **not** an interest holder at the first level.

AD-1026 FILING REQUIREMENT FOR AFFILIATED PERSONS

Although an individual or entity may be considered an affiliated person to a producer requesting benefits, an affiliated person who does not have a farming interest does not need to file an AD-1026. A “farming interest” for this purpose is an owner, operator or other producer on any farm. An example of an affiliated person who does not need to file an AD-1026 is a minor child that does not have a farming interest.

ADDITIONAL INFORMATION

To get additional information on affiliated persons, contact the FSA office at a local USDA Service Center. More information on general conservation compliance can be found at www.fsa.usda.gov/programs-and-services/payment-eligibility/conservation_compliance/index.

Additional information about programs offered by FSA, NRCS and RMA can be found online at: www.fsa.usda.gov for FSA; www.nrcs.usda.gov for NRCS; and www.rma.usda.gov for RMA.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY
RISK MANAGEMENT AGENCY
NATURAL RESOURCES CONSERVATION SERVICE

CONSERVATION

FACT SHEET

April 2015

Conservation Compliance and Crop Insurance

OVERVIEW

Conservation compliance requires producers to have a conservation plan approved by and on file with USDA if they plant annually tilled crops on highly erodible soil, and prohibits producers from planting on converted wetlands or converting wetlands for crop production.

The 2014 Farm Bill requires producers, and any affiliated individuals or entities to participating producers, to comply with these provisions who participate in most programs administered by the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and the Risk Management Agency (RMA). Non-compliance may affect the following types of USDA program benefits:

- FSA loans and disaster assistance payments
- NRCS and FSA conservation program benefits
- Federal crop insurance premium support

COMPLIANCE WITH HELC AND WC PROVISIONS

Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions (known as "conservation compliance") aim to reduce soil loss on erosion-prone lands and to protect wetlands for the multiple benefits they provide. HELC and WC provisions apply to all land that is considered highly erodible or a wetland, and that is owned or farmed by persons voluntarily participating in USDA programs, unless USDA determines an exemption applies.

To comply with the HELC and WC provisions, producers and affiliated persons must fill out and sign form AD-1026 certifying they will not:

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In addition, producers planning to conduct activities that may affect their HELC or WC compliance, for example removing fence rows, conducting drainage activities, or combining fields, must notify FSA by filing form AD-1026. FSA will notify NRCS, and NRCS will then provide highly erodible land or wetland technical evaluations and issue determinations if needed.

A copy for form AD-1026 can be found at **www.fsa.usda.gov/ad1026form**.

AGRICULTURAL COMMODITY

An agricultural commodity is any crop planted and produced by annual tilling of the soil, including one-trip planters and sugarcane.

HIGHLY ERODIBLE LAND

Highly erodible land is any land that can erode at excessive rates because of its soil properties and/or is designated by field and based on the proportion of the total field acreage that contains highly erodible soils.

Producers who produce agricultural commodities on land identified as highly erodible are required to farm such land in accordance with a conservation plan or system that is approved by NRCS and that substantially reduces soil loss. Producers proposing to produce agricultural commodities on highly erodible land that has no crop history prior to Dec. 23, 1985 (known as sodbusting), are required to farm such land in accordance with a conservation plan or system that provides for no substantial increase in soil erosion. A conservation plan or system to reduce soil erosion is not required for land that is not highly erodible.

WETLAND

A wetland is an area that:

- Has a predominance of hydric soils (wet soils);
- Is inundated or saturated by surface or groundwater (hydrology) at a frequency and duration sufficient to support a prevalence of hydrophytic (water tolerant) vegetation typically adapted for life in saturated soil conditions and
- Under normal circumstances supports a prevalence of such vegetation except that this term does not include lands in Alaska identified as having a high potential for agricultural development and a predominance of permafrost soils.

EXPLANATION OF AFFILIATED PERSONS WHO NEED TO FILE AN AD-1026 FOR HELC AND WC COMPLIANCE PURPOSES

An "affiliated person" is an individual or entity who has a specific connection to the individual or entity completing the AD-1026. Affiliated persons could be family members or business partners. **See the table on page 3** for a description of who or what are considered affiliated persons.

AD-1026 FILING REQUIREMENT FOR AFFILIATED PERSONS

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NRCS AND FSA ROLES IN MAKING DETERMINATIONS

When making HELC and WC compliance determinations:

NRCS responsibilities include:

- For HELC compliance:
  - o Making highly erodible determinations;
  - o Working with producers to develop conservation plans and systems; and
  - o When required, determining if highly erodible land is being farmed in accordance with a conservation plan or system approved by NRCS.

- For WC compliance:
  - o Making wetland determinations, including establishing if certain technical exemptions apply, such as prior converted cropland; and
  - o Determining if a wetland conversion has occurred.

FSA makes eligibility determinations, such as who is ineligible based upon NRCS technical determinations of HELC or WC noncompliance. FSA also acts on requests for the application of certain eligibility exemptions, such as the good faith relief exemption.

IF the producer is	THEN the affiliated persons who need to file an AD-1026 are
An individual	The individual's spouse or minor children, if they have a farming interest. For all entity types (except for a corporation (see rule for corporations below) in which the individual has any interest at the first level if they have a farming interest.
An entity other than a corporation	All members/interest holders at the first level in the entity if they have a farming interest. Scenario: WXYZ General Partnership has the following interest holders and indicated interest as follows: Individual W…..... 25 percent - X LLC ……….. 25 percent - Y Inc. ………... 25 percent - Individual Z….. 25 percent Analysis: The affiliated persons of WXYZ General Partnership would be Individual W; X LLC; Y Inc.; and Individual Z because they are members of the general partnership at the first level. The interest holders in X LLC and Y Inc. would **not** be affiliated persons of WXYZ Partnership because they are not interest holders in WXYZ General Partnership at the first level.
A corporation	Interest holders at the first level in the corporation with more than 20 percent interest if they have a farming interest Scenario: ABC Inc. has the following interest holders and indicated interest as follows: Individual A – 15 percent Corporation C – 85 percent Corporation C is 100 percent owned by Individual B Analysis: Only Corporation C is considered an affiliated person to ABC Inc. Individual A does not have more than a 20 percent interest in ABC Inc. and Individual B only holds an indirect interest in ABC Inc. through Corporation C and, therefore is **not** an interest holder at the first level.

HIGHLY ERODIBLE LAND AND WETLAND DETERMINATION

FSA maintains the official USDA records of highly erodible land and wetland determinations. The determinations are recorded within the geographic information system and the automated farm and tract records maintained by FSA; however, it is important to know that determinations may not include all of the producer's land. Producers may obtain aerial imagery of their farms and a printout of their farm and tract records from the FSA office servicing their farm. If a producer is uncertain of the highly erodible land and wetland determinations applicable to their land, the producer should contact the appropriate USDA Service Center for assistance. The following link will help in locating local USDA Service Centers: **http://offices.usda.gov** .

FSA AND NRCS PROGRAMS

Producers who are not in compliance with HELC and WC provisions are not eligible to receive benefits for most programs administered by FSA and NRCS. If a producer received program benefits and is later found to be non-compliant, the producer may be required to refund all benefits received and/or may be assessed a penalty.

In particular, unless specific exemptions apply, a producer participating in FSA and NRCS programs must be in compliance with an NRCS approved conservation plan or system for all highly erodible land used for agricultural commodity production; not have planted or produced an agricultural commodity on a wetland converted after Dec. 23, 1985; and after Nov. 28, 1990, must not have converted a wetland making the production of an agricultural commodity possible on such converted wetland.

A producer who violates HELC or WC provisions is ineligible for applicable FSA and NRCS benefits for the year(s) in violation. A planting violation, whether on highly erodible land or a converted wetland, results in ineligibility for benefits for the year(s) when the planting occurred. A wetland conversion violation results in ineligibility beginning with the year in which the conversion occurred and continuing for subsequent years, unless the converted wetland is restored or mitigated before January 1 of the subsequent year.

HELC AND WC NON-COMPLIANCE - RISK MANAGEMENT AGENCY – POLICIES REINSURED BY THE FEDERAL CROP INSURANCE CORPORATION

Producers obtaining federally reinsured crop insurance will not be eligible for any premium support paid by the Federal Crop Insurance Corporation (FCIC) for any policy or plan of insurance if the producer:

- Has not filed an accurately completed AD-1026 with FSA certifying compliance with HELC and WC provisions; or

- Is not in compliance with HELC and WC provisions. Unless specific exemptions apply, a producer must:
  - Be in compliance with a NRCS-approved conservation plan for all highly erodible land;
  - Not plant or produce an agricultural commodity on a wetland converted after Feb. 7, 2014; and
  - Not have converted a wetland after Feb. 7, 2014, to make possible the production of an agricultural commodity.

A producer is ineligible for any premium support paid by FCIC on all policies and plans of insurance for the reinsurance year(s)

(July 1 – June 30) following the reinsurance year of a final determination of a violation of HELC or WC provisions, including all administrative appeals, unless specific exemptions apply. Further, a producer will be ineligible for any premium support paid by FCIC on all policies and plans of insurance for the reinsurance year if they do not have a completed form AD-1026 on file with FSA certifying compliance on or before June 1 prior to the beginning of the subsequent reinsurance year (July 1), unless otherwise exempted.

REGAINING ELIGIBILITY FOR BENEFITS LOST BECAUSE OF A VIOLATION

Producers who are found to be in violation of HELC or WC provisions, but acted in good faith and without the intent to violate, may file a request to regain eligibility for the period in violation at the FSA office where their farm records are administered. If the request is approved, producers are required to take corrective action within an established period. There are exemptions that may apply in limited circumstances.

ADDITIONAL INFORMATION

For additional information on HELC and WC compliance, contact the FSA office or the NRCS office at a local USDA Service Center at http://offices.usda.gov . Additional information can be found online at **www.fsa.usda.gov/compliance** for FSA, **www.nrcs.usda.gov** for NRCS and **www.rma.usda.gov** for RMA. The regulations covering these provisions are set forth in the Code of Federal Regulations at 7 CFR Part 12.

2014 Farm Bill

FACT SHEET

December 2015

Payment Eligibility and Payment Limitations

Note: On Dec. 15, 2015, the U.S. Department of Agriculture (USDA) changed the "actively engaged in farming" requirements of certain farm program eligibility provisions. **These changes and the information in this fact sheet are applicable to the 2016 and subsequent program years.** Farms that produce fall-seeded crops for the 2016 crop year have until the 2017 program year to comply.

The changes apply only to farming operations conducted by general partnerships and joint ventures comprised of non-family members, and payment eligibility for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, loan deficiency payments (LDP) and marketing loan gains (MLG) realized via the Marketing Assistance Loan Program.

For information on whether these changes to the "actively engaged in farming" requirements affect you or your current farming operation, please read *Frequently Asked Questions* found on pages 5-7 of this fact sheet. This fact sheet is provided for informational purposes only, other restrictions may apply. For full details, consult with your local USDA Farm Service Agency (FSA) office. To find your local FSA office, visit http://offices.usda.gov.

OVERVIEW

Congress and the USDA have established requirements to ensure that farm program payments only go to farmers who are actively engaged in farming. The Agricultural Act of 2014 (the 2014 Farm Bill) extends the actively engaged and payment limitation requirements for the 2014 through the 2018 program years. To be eligible for payments, the 2014 Farm Bill requires program participants to meet specific requirements.

ACTIVELY ENGAGED IN FARMING

To be considered as "actively engaged in farming," all participants, whether an individual or a legal entity (partnerships, corporations, etc.), must provide significant contributions to the farming operation. Contributions consist of capital, land, and/or equipment, and 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.

ADDITIONAL PAYMENT ELIGIBILITY REQUIREMENTS

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, and 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 $125,000.

ADDITIONAL PAYMENT ELIGIBILITY PROVISIONS FOR JOINT OPERATIONS AND LEGAL ENTITIES COMPRISED OF NON-FAMILY MEMBERS OR PARTNERS, STOCKHOLDERS OR PERSONS WITH AN OWNERSHIP INTEREST IN THE FARMING OPERATION

Effective for the 2016 and subsequent crop and program years, non-family general partnerships and joint ventures must document the actions of the members who make significant contributions of management to the farming operation, defined as 500 hours of specific management activities per year, or 25 percent of the total management time necessary for the success of the farming operation. Most farming operations conducted by non-family general partnerships and joint ventures will be limited to only one member who can meet actively engaged in farming requirements and qualify for payments based solely on the documented contribution of active personal management. Operations that can demonstrate that they are large OR complex farming operations, according to newly established standards, may be allowed an additional manager. Similar, an operation that can demonstrate that it is a large AND complex farming operation may qualify a third manager for payment, but only if all three managers can document substantial management contributions to the farming operation. Compliance with these changes, along with all other payment eligibility requirements, affect the eligibility for 2016 and subsequent crop years for ARC and PLC Programs, LDPs and MLGs realized via the Marketing Assistance Loan Program. Farming operations that produce fall-seeded for the 2016 crop year have until the 2017 program year to comply.

EXCEPTIONS TO THE GENERAL REQUIREMENTS

Landowners may be considered "actively engaged in farming" if they contribute the land to the farming operation and in return, receive rent or income for the use of the land. The landowner's share of the profits or losses from the farming operation must also be commensurate with the landowner's contributions to the farming operation and the contributions must be at risk.

If one spouse has been determined "actively engaged in farming," the other spouse will be considered to have made a significant contribution of active personal labor or active personal management toward meeting the requirements of "actively engaged in farming."

Sharecroppers may be considered "actively engaged in farming" if the sharecropper makes a significant contribution of active personal labor to the farming operation and in return receives a specified share of the crop(s) produced on the farm. The sharecropper's share of the profits or losses from the farming operation must be commensurate with the sharecropper's contributions and the contributions must be at risk.

A cash-rent tenant will be ineligible to receive payments on the cash-rented land unless the tenant makes a significant contribution of active personal labor. If the cash-rent tenant does not provide labor, he or she must make a significant contribution of both active personal management and equipment to the farming operation. All other "actively engaged in farming" requirements apply as well.

FOREIGN PERSONS

Foreign persons, other than registered aliens, are not eligible to receive any program benefits including commodity loans, unless that person provides a significant contribution of capital, land and active personal labor to the farming operation.

NOTIFICATION REQUIREMENTS

Every legal entity earning payment subject to these rules must report to their local FSA committee the name and social security number of each person who owns, either directly or indirectly, any interest in such legal entity. The legal entity is also required to inform all members of the rules regarding payment eligibility and payment limitation.

DIRECT ATTRIBUTION

The 2014 Farm Bill establishes a maximum dollar amount for each program that can be received annually, directly or indirectly, by each person or legal entity. Such limitations on payments are 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 to 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.

COMMON ATTRIBUTION

Common attribution means crediting payments made to a person or legal entity collectively to one limitation due to a unique or specific relationship between the persons or legal entities. Common attribution applies to a minor child and a parent or legal guardian; and a parent organization over a secondary organization when the parent organization exercises control over the secondary organization.

OWNERSHIP INTEREST FOR DIRECT ATTRIBUTION

For the purposes of the direct attribution of payments, ownership interest that a person or legal entity holds in a legal entity on June 1 of the current year is used. Direct attribution of payments is not applicable to cooperative associations of producers. The payments will instead be attributed to the members of the association that produced the commodities marketed by the association on behalf of the members.

MINOR CHILD RULES

June 1 of the current year is the date a child is considered to be a minor for payment attribution purposes. Payments received both directly and indirectly by a minor child are attributed to the parent or legal guardian.

PAYMENT LIMITS

Person - Payments made directly or indirectly to a person cannot exceed the annual amounts specified in the table on page 4.

Joint Operations and General Partnerships - Payments made directly or indirectly to a joint operation such as a general partnership, cannot exceed, for each payment specified in the table on page 4, the amount determined by multiplying the maximum payment amount specified for a program by the number of persons and legal entities that comprise the ownership of the joint operation. Payments to the joint operation will be reduced by an amount that represents the direct or indirect ownership in the joint operation by any person or legal entity that has reached the maximum limitation.

Legal Entities - Payments made directly or indirectly to a legal entity cannot exceed the annual amounts specified in the table on page 4. Payments made to a legal entity will be reduced by an amount that represents the direct or indirect ownership in the legal entity by any person or legal entity that has reached the maximum limitation.

This table contains the annual payment limitations for a person or legal entity for programs that are subject to the provisions of the 2014 Farm Bill.

Program Payment Type	Limitation Amount 2014 Through 2018
Commodity Programs	
PLC, ARC, LDP and MLG payments - other than peanuts	$125,000
PLC, ARC, LDP and MLG payments - peanuts	$125,000
Cotton Transition Assistance Program (CTAP)	$40,000 **1/**
Conservation Programs	
Conservation Reserve Program (CRP) - annual rental payment and incentive payment	$50,000 **2/**
Emergency Conservation Program (ECP) - per disaster event	$200,000
Emergency Forest Restoration Program (EFRP) - per disaster event	$500,000
Conservation Stewardship Program (CSP)	$200,000 **3**/
Environmental Quality Incentives Program (EQIP)	$450,000 **4**/
Agricultural Management Assistance (AMA)	$50,000 **5**/
Disaster Assistance Programs	
Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), Livestock Forage Disaster Program (LFP) and Livestock Indemnity Program (LIP)	$125,000 **6/**
Noninsured Crop Disaster Assistance Program (NAP)	$125,000
Tree Assistance Program (TAP)	$125,000
Other Programs	
Trade Adjustment Assistance for Farmers (TAAF)	$10,000

1/ CTAP is only available in the 2014 and 2015 program years.
2/ CRP contracts approved prior to Oct. 1, 2008, may exceed the limitation, subject to payment limitation rules in effect on the date of contract approval.
3/ The $200,000 limitation is the total limit under all CSP contracts entered into subsequent to the enactment of the 2014 Farm Bill during fiscal years 2014 through 2018.
4/ The $450,000 limitation is the total limit under all EQIP contracts entered into subsequent to the enactment of the 2014 Farm Bill during fiscal years 2014 through 2018.
5/ The $50,000 limitation is the total limit that a participant may receive under the AMA program in any fiscal year.
6/ Total payments received under LIP, LFP and ELAP may not exceed $125,000. A separate limitation applies to TAP payments.

USDA Announces Changes to Actively Engaged in Farming Definition

Frequently Asked Questions
December 2015

Q: What is "actively engaged" in farming?

A: To receive certain farm program payments, a person or legal entity must be "actively engaged in farming," which is defined as making significant contributions of (1) land, capital, or equipment, and (2) personal labor, active personal management, or a combination of personal labor and active personal management.

For farming operations that are legal entities, such as corporations and limited liability companies, adding an additional member to the entity does not affect the number of payment limits available; it simply increases the number of members that can share a single $125,000 payment limit, should such a limit be reached. But for general partnerships and joint ventures, adding another member to the operation can provide an additional $125,000 payment limit if the new member meets the other eligibility requirements, including being determined as actively engaged in farming.

Q: Why did the U.S. Department of Agriculture (USDA) revise this rule?

A: The changes are consistent with provisions enacted by Congress in the 2014 Farm Bill, which are the first changes made by Congress to the definition since it was established in 1987. The changes apply to general partnerships and joint ventures. The definition is designed so that only farming operations and its members who are "actively engaged in farming" (including active management) are eligible for farm program payments.

Q: Who is affected by the new changes to "actively engaged"?

A: The new requirements apply to approximately 3,200 nonfamily farming general partnerships and joint ventures seeking to qualify more than one farm manager based solely on providing management or a combination of management and labor. For a member of such a farming operation, the active management now has a recordkeeping requirement, and a measurable standard in hours, or a percentage of the management needed annually for the entire farming operation. Under certain circumstances relating to farm size and complexity, no greater than three active managers may be allowed. Passive management, such as attendance of board meetings or conference calls, will not be considered as contributions of management. The rule does not change existing regulations regarding contributions of land, capital, equipment, or labor, or to landowners with a risk in the crop, or to spouses. Farming operations operated by entities other than general partnerships or joint ventures will not be affected.

Q: Are general partnerships and joint ventures totally comprised by family members exempt from this rule?

A: A farming operation with all members as family members is not subject to the provisions of this rule. This rule did not change the definition of "family member." A family member is "a person to whom another member in the farming operation is related as a lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage." FSA handbooks clarify that family members include a great grandparent, grandparent, parent, child, including legally adopted children and stepchildren, grandchild, great grandchild, or a spouse or sibling of family members.

Q: "Actively engaged" affects payments from what programs?

A: By law, the "actively engaged" requirement applies to payment eligibility for the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, loan deficiency payments and marketing loan gains realized via the Marketing Assistance Loan program. For most farming operations, the new changes apply to eligibility for 2016 crop, program, or fiscal year payments. For farming operations that have already planted fall crops for the 2016 crop year, the changes will not apply until 2017. USDA data estimates approximately 3,200 operations may be affected by this change.

Q: What is "active personal management"?

A: "Active personal management" means personally providing and participating in management activities critical to the profitability of the farming operation and performed under one or more of the following categories:

(1) Capital (which includes: arranging financing and managing capital; acquiring equipment; acquiring land and negotiating leases; managing insurance; and managing participation in USDA programs);

(2) Labor (which includes hiring and managing of hired labor); and

(3) Agronomics and marketing (which includes: selecting crops and making planting decisions; acquiring and purchasing crop inputs; managing crops and making harvest decisions; and pricing and marketing of crop production.)

Q: What is "significant contribution of active personal management"?

A: "Significant contribution of active personal management" means active personal management activities performed by a person or member, with a direct or indirect ownership interest in the farming operation, on a regular, continuous, and substantial basis to the farming operation, and meets at least one of the following:

(1) Performs at least 25 percent of the total management hours required for the farming operation on an annual basis; or

(2) Performs at least 500 hours of management annually for the farming operation.

Q: What is a "significant contribution of active personal labor"?

A: The definition of a "significant contribution of active personal labor" is not changed by this rulemaking. "Significant contribution of active personal labor" means active personal labor activities performed by a person or member, with a direct or indirect ownership interest in the farming operation, on a regular, continuous, and substantial basis to the farming operation, and meets at least one of the following:

(1) Performs at least 50 percent of the total labor hours required for the farming operation on an annual basis; or

(2) Performs at least 1,000 hours of labor annually for the farming operation.

Q: What changed based on the comments?

A: A number of commenters provided that an equitable, measurable standard of significance should be one that combines both labor and management contributions due to the difficulty at times of deciding whether an activity or action is labor or management. In response, FSA clarified the current rule to address the issue when a person contributing both labor and management. The new standard for the combination of labor and management establishes minimum hourly requirements based on the existing hourly standard of labor of 1,000 hours and the new hourly standard of active personal management of 500 hours.

As examples:

- If a person is contributing mostly management with a minimum number of hours of labor, then that person must contribute a minimum of 550 hours combined of management and labor;
- If a person is contributing mostly labor and with a minimum number of hours of management, then that person must contribute a minimum of 950 hours combined of management and labor; and
- Other combinations of management and labor would require between 600 and 900 hours combined of management and labor.

Combination of Active Personal Labor and Active Personal Management
Minimum Requirement for a Significant Contribution
(in hours)

Management contribution in hours	Labor contribution in hours	Meets the minimum threshold for significant contribution, in hours
475	75	550
450	100	550
425	225	650
400	250	650
375	375	750
350	400	750
325	425	750
300	550	850
275	575	850
250	600	850
225	625	850
200	650	850
175	675	850
150	800	950
125	825	950
100	850	950
75	875	950
50	900	950
25	925	950

Q: When is this rule effective?

A: 2016 crop year for most farming operations. For farming operations that have already planted fall crops for the 2016 crop year, the rule will be effective 2017.

For more details or to learn more, contact your local Farm Service Agency office.

14. **Q: What are the requirements that must be met to allow these additional managers to a farming operation?**

A: There are two sets of requirements for the addition of managers. At least one of the sets of requirements must be met for the addition of one manager; both sets must be met for the addition of two managers. One set addresses the size of the farming operation in terms of cropland acres or number of livestock in the operation if crop production is not part of the operation. The other set addresses the complexity of the farming operation in terms of the number and various types of crops grown or livestock produced, the marketing channels utilized for sale of the production, and the geographical area covered by the farming operation. All requests are subject to FSA and FSA State Committee approval.

15. **Q: I'm not sure if this definition affects me - - how or where can I learn more?**

A: You may read the proposed changes online at:
http://www.fsa.usda.gov/FSA/federalNotices?area=home&subject=lare&topic=frd-pi

For further information, contact James Baxa at (202) 720-7641. Persons with disabilities who require alternative means for communication (Braille, large print, audio tape, etc.) should contact the USDA Target Center at (202) 720-2600 (voice and TDD).

16. **Q: I want to comment on these proposed changes. How may I do so?**

A: Stakeholders interested in commenting on the proposed definition and changes are encouraged to provide written comments by the deadline of May 26, 2015. In your comments, please include the Regulation Identifier Number (specifically, RIN 0560-AI31) and the volume, date, and page number of the specific issue of the *Federal Register*. You may submit comments by any of the following methods:

- Federal eRulemaking Portal: Go to http://www.regulations.gov. Follow the online instructions for submitting comments.
- Mail, hand delivery, or courier: James Baxa, Production, Emergencies, and Compliance Division, FSA, U.S. Department of Agriculture (USDA), Stop 0501, 1400 Independence Ave. SW, Washington, DC, 20250-0501.

Comments will be available online at www.regulations.gov. Comments may also be inspected at the mail address listed above between 8:00 a.m. and 4:30 p.m., Monday through Friday, except holidays. A copy of this proposed rule is available at http://go.usda.gov/3C6Kk.

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

March 2016

Average Adjusted Gross Income (AGI) Certification and Verification, 2014-2018

OVERVIEW

The 2014 Farm Bill requires the implementation of an average adjusted gross income (AGI) limitation for payment eligibility for the 2014 through 2018 program years. The AGI limitation provision applies to most programs administered by the Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS).

APPLICABILITY

All persons and legal entities requesting certain program payments, either directly or indirectly, are subject to the average AGI limitation provision. If a person's or legal entity's average AGI for the three taxable years preceding the most immediately preceding complete taxable year for which payments or benefits are requested exceeds the limitation, then the person or legal entity is ineligible for the applicable program payment or benefit. Further, program payments issued to an entity, general partnership or joint venture will be reduced by an amount commensurate with the direct and indirect interest of any member or interest holder who is ineligible because the member or interest holder's average AGI exceeds the applicable limitation.

DEFINITIONS

Adjusted Gross Income: AGI for the individual is the Internal Revenue Service (IRS) reported adjusted gross income; or for a legal entity, a comparable measure as determined by the Commodity Credit Corporation (CCC).

Legal Entity: The term "legal entity" includes a corporation, joint stock company, association, limited partnership, charitable organization or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust or a participant in a similar entity.

BASE PERIOD FOR DETERMINING AVERAGE AGI

A three-year average AGI will be used to determine whether an individual or legal entity qualifies to receive program benefits subject to AGI rules. Base years for computing average AGI are:

For Crop Year:	AGI Base Years Are:
2014	2010, 2011, 2012
2015	2011, 2012, 2013
2016	2012, 2013, 2014
2017	2013, 2014, 2015
2018	2014, 2015, 2016

ANNUAL CERTIFICATIONS

Participants in programs subject to average AGI rules must annually certify their eligibility to receive program benefits. The IRS requires written consent from the individual or legal entity to provide the U.S. Department of Agriculture (USDA) verification of the individual's or legal entity's certification of compliance with average AGI limitation provisions. Such annual average AGI certification and written consent are accomplished by completion of form CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information.

Producers and their members and interest holders are encouraged to submit the completed CCC-941 before payments and benefits are requested under USDA programs that are subject to the average AGI limitation. Producers can mail or return the completed CCC-941 directly to the appropriate USDA service center. As required by law, producers must sign the CCC-941 to grant the IRS the authority to use tax information for the purpose of AGI compliance verification requested by USDA. Failure to provide the certification and consent will result in the determination of ineligibility and the required refund of applicable program payments received from FSA and NRCS. Form CCC-941 may be obtained from local FSA and NRCS offices or online at **http://forms.sc.egov.usda.gov/efcommon/eFileServices/eFormsAdmin/CCC0941_140328V01.pdf**.

AGI LIMITATION

The $900,000 average AGI limitation is as follows.

IF the average AGI exceeds…	THEN the person or legal entity is ineligible for payments and benefits under the following programs…
$900,000 (Average AGI, or comparable measure, of the person or legal entity over the three taxable years preceding the most immediately preceding complete taxable year for which payments or benefits are requested. Exclude any years for which the person or legal entity did not have taxable income.)	**Oct. 1, 2011, and subsequent years:** • Livestock Indemnity Program (LIP) • Livestock Forage Disaster Program (LFP) • Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) • Tree Assistance Program (TAP) **2014 and subsequent years:** • Noninsured Crop Disaster Assistance Program (NAP) **2014-2018:** • Price Loss Coverage (PLC) • Agriculture Risk Coverage (ARC) • Marketing Loan Gain (MLG) • Loan Deficiency Payment (LDP) • Agricultural Management Assistance (AMA) **2014-2015 only:** • Transition Assistance for Producers of Upland Cotton **2015 and subsequent years:** • Conservation Reserve Program (CRP) • Environmental Quality Incentives Program (EQIP) • Conservation Stewardship Program (CSP) • Agricultural Conservation Easement Program (ACEP) • Regional Conservation Partnership Program • Conservation of Private Grazing Land Program • Farmable Wetlands Program • Grassroots Source Water Protection Program • Voluntary Public Access and Habitat Incentive Program

TRACKING AGI COMPLIANCE THROUGH LEGAL ENTITY OWNERSHIP

Compliance with the average AGI limitation is tracked through four levels of legal entity ownership. If individuals or legal entities within those four levels do not comply with average AGI limitation provisions, payments to the participating legal entity will be reduced by an amount commensurate with the ineligible share.

If the participant is a general partnership or joint venture, average AGI certifications are required from each:

- Member who is an individual or legal entity; and
- Embedded interest holder.

If the participant is a legal entity, average AGI certifications are required from:

- The participating legal entity;
- Each interest holder who is an individual or legal entity; and
- Each embedded interest holder.

AVERAGE AGI VERIFICATION PROCESS

USDA and IRS developed an electronic information exchange process strictly for the purpose of average AGI certification verification. This process involves a series of IRS calculations of specific line items on IRS tax forms for the applicable three-year period to arrive at the average amount. IRS then compares this value to the average AGI limitation. USDA receives indicators when a program participant appears to meet or not meet the AGI requirement. USDA does not receive any actual tax data from IRS. Participants who USDA receives confirmation that the average AGI limitation was not exceeded will remain eligible for program benefits and no further actions are necessary. For any participant who appears to exceed the average AGI limitation, the participant's average AGI certification will be evaluated further by FSA state office personnel.

STEP-BY-STEP PROCESS

The following steps describe the average AGI certification and verification processes:

- FSA and NRCS provide producers with an average AGI certification and consent form (CCC-941) to complete. The CCC-941 includes the participant's certification of average AGI compliance for the appropriate year and authorizes the IRS to disclose to USDA tax-related information for the AGI compliance purposes for the indicated year only.
- Producers (and each of the producer's members and interest holders) complete and return CCC-941 forms by mail or in person to the appropriate USDA service center (address printed in the upper right-hand corner, first page).
- FSA submits the completed CCC-941 forms to the IRS for processing.
- The IRS checks each participant's (and each participant's direct and indirect member or interest holder) average AGI certification by performing computerized calculations that indicate whether or not the participant (or the participant's direct and indirect member or interest holder) may exceed the average AGI limitation.
- Persons and legal entities for whom IRS has indicated as meeting the AGI limitation will remain eligible for program benefits and no further actions are necessary for that person or legal entity for the year.
- Producers whose average AGI appears to exceed the average AGI limitation will be notified in writing of the results and provided an opportunity to make available within 30 days to the applicable FSA office:
    - o A third-party verification from a certified public accountant or attorney of their average AGI that demonstrates the limit has not been exceeded; or
    - o Copies of the complete federal tax returns that were filed with the IRS for the applicable tax years under review.
- Producers determined not to be in compliance with AGI limitation will be offered appeal rights to either FSA or the National Appeals Division.

- Producers who fail to respond to written notices of average AGI non-compliance or who are determined non-compliant will be notified of the requirement to refund the applicable program payments. Actions required by the Debt Collection Improvement Act will be followed by NRCS and FSA.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

ELECTIONS
FACT SHEET
May 2015

USDA Farm Service Agency County Committee Election
Eligibility to Vote and Hold Office as a County Committee Member

USDA encourages all eligible farmers to vote or hold office as a county committee member, including beginning producers, longtime producers, small operations, large operations, women, African-Americans, American Indians or Alaska Natives, Hispanics, Asian Americans, Native Hawaiians or other Pacific Islanders.

PROSPECTIVE VOTER REQUIREMENTS

A person who meets the requirements in No. 1 or No. 2 below, as well as No. 3, is eligible to vote.

1. Be of legal voting age and have an interest [1] in a farm or ranch as either:

- An individual who meets one or more of the following:
  - o Is eligible to vote in one's own right.
  - o Is a partner of a general partnership.
  - o Is a member of a joint venture.

- A non-individual who is the authorized representative of a legal entity, such as:
  - o A corporation, estate, trust, limited partnership or other business enterprise, excluding general partnerships and joint ventures.
  - o A state, political subdivision of a state or any state agency.

Only the designated representative may cast a vote for the entity.

OR

2. Not of legal voting age, but supervises and conducts the farming operations of an entire farm.

AND

3. Participates or cooperates in any U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) program that is provided for by law.

DISCRIMINATION PROHIBITED

USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal or because all or part of an individual's income is derived from any public assistance program.

INTERPRETATION OF VOTING ELIGIBILITY FOR SPOUSES IN COMMUNITY PROPERTY STATES

In community property states, the spouse of an eligible voter is eligible to vote.

AMERICAN INDIAN TRIBAL LANDS

Members of American Indian tribes holding agricultural land are eligible to vote in an FSA county committee election if the tribal member meets the voting requirements. For purposes of FSA county committee elections, every member of an American Indian tribe is considered an agricultural landowner if the land on which the tribal member's voting eligibility is based is tribally owned, or held in trust by the United States for the tribe, even if the individual does not personally produce a crop on that land.

VOTING ELIGIBILITY

Local Administrative Areas

A county or multi-county jurisdiction served by an FSA county committee is divided into 3 to 11 local administrative areas (LAA). Each LAA is represented by one member on the FSA county committee. A person may only vote in one LAA (the LAA in which he or she participates or cooperates in FSA programs or programs administered by FSA).

1 *i.e. have legal documentation of ownership or tenancy of a farm or ranch, with the farm or ranch in FSA records.*

Multiple Farm Interests in Same County or Area

Eligible voters who participate or cooperate in FSA programs on separate farms in more than one LAA in the same county or multi-county jurisdiction may only cast one ballot. Such voters must choose only one LAA in which they wish to cast their ballots.

Multi-County Jurisdictions

Eligible voters with separate farming interests in more than one county or in more than one FSA county committee jurisdiction (which may include more than one county) are eligible to vote in each election conducted for each jurisdiction's committee. Voting is limited to one LAA in which farming interests are located per each FSA county committee jurisdiction. Only one vote may be cast in each county or multi-county jurisdiction.

ELIGIBILITY TO HOLD OFFICE

To hold office as an FSA county committee member, a person must meet each of the basic eligibility requirements described below:

1. Participate or cooperate in a program administered by FSA.

2. Be eligible to vote in an FSA county committee election.

3. Reside in the LAA in which the person is a candidate. [2]

4. A person must not have been:

- Removed or disqualified from
  - o FSA county committee membership or alternate membership, or
  - o FSA employment.
- Removed for cause from any public office or have been convicted of fraud, larceny, embezzlement or any other felony.
- Dishonorably discharged from any branch of the armed services.

People uncertain about their eligibility to vote in the FSA county committee election should contact their local FSA office. Affirmation of eligibility to vote must be determined in order for a vote to count in an election.

Any candidate may request that all voted ballots for an individual FSA county committee election be returned to the respective FSA state office in lieu of being returned to the FSA county office. This request must be in writing and submitted to the local FSA county executive director prior to the announced end of the nomination period.

During the election period, individuals not recei ving a ballot in the mail may obtain a ballot directly from their FSA county office. The ballot must be cast on or before the election deadline.

FOR MORE INFORMATION

For more information about FSA county committees, visit www.fsa.usda.gov/elections or visit a local FSA office. To find your local FSA office, visit http://offices.usda.gov.

2 In special cases, this requirement may be waived. Check with the local FSA office.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Revised August 2013

Agricultural Mediation Program

Overview

The USDA Agricultural Mediation Program makes grants to state-designated entities that provide alternative dispute resolution (ADR) through mediation to agricultural producers, their lenders and others directly affected by the actions of certain USDA agencies. In mediation, a trained, impartial mediator helps participants review and discuss their conflicts, identify options to resolve disputes and agree on solutions. Ideally, this process helps avoid expensive and time-consuming administrative appeals and/or litigation.

These grants are administered by the Farm Service Agency (FSA). Cases covered by the grants include agricultural loans, whether made by USDA or commercial lenders, and disputes involving USDA actions on farm and conservation programs, wetland determinations, rural water loan programs, grazing on national forest system lands, pesticides, rural housing and business loans, and crop insurance.

How Mediation Works

USDA program participants are offered the opportunity to request mediation prior to a formal administrative appeal. If this option is requested, some state programs provide assistance to prepare participants for the mediation session, which is held at a time and place convenient to all parties.

Unlike a judge or arbitrator, the mediator has no decision-making authority and is present only to help participants discuss and explore their issues in a useful, non-confrontational manner. Successful mediation is based on the cooperation and involvement of all participants.
Mediation can be accomplished in one meeting or may take several sessions depending on the complexity of the issues and the number of participants. If an agreement is not reached, the case is closed and all parties remain free to pursue other available administrative appeals and/or legal action.

Mediation Benefits

Successful mediation benefits participants in the following ways:

- Mediation may resolve disputes within a participant's financial means, providing a low-cost alternative to appeals or often expensive litigation and bankruptcy.
- The program may reduce stress caused by lengthy litigation. While it can take years for a case to filter through the courts, mediation generally takes only a few meetings to complete.
- Mediation is confidential. Documents are not used for any other legal action against the participants.

Cost to Participants

Some state programs charge mediation participants a nominal fee for mediation services. This varies from state to state, and anyone considering mediation should inquire about fees when discussing the possibility of exercising this option.

State Mediation Program Contacts

The following states have state-certified mediation programs that have been designated by the Governor or Designee. When mediation with FSA is needed in a state without a certified program, a reputable mediator from the private sector can provide those services, and FSA will pay half of the cost. If your state is not listed here, ask your local FSA office for assistance in locating a mutually acceptable mediator.

State Mediation Program Contacts

Alabama Agricultural Mediation Program 1445 Federal Drive, Montgomery, AL 36107-1123 Phone: (334) 240-7151 or (256) 526-7724 Fax: (334) 240-7190 Website: www.agi.alabama.gov/ag-mediation	Illinois Agriculture Mediation Program P.O. Box 1136, Carbondale, IL 62903-1136 Phone: (618) 549-1300 Fax: (618) 351-1419 Website: www.dri-inc.org
Arizona Agricultural Mediation Program 13641 South 33rd St., Phoenix, AZ 85044-3608 Phone: (480) 496-5926	Indiana Agricultural Mediation Program 60918 U.S. 31, South, South Bend, IN 46614 Phone: (574) 299-9648 Fax: (574) 299-9666
Arkansas Farm/Creditor Mediation Program P.O. Box 8023, Little Rock, AR 72203 Phone: (501) 682-5895 Fax: (501) 682-5893 Website: www.state.ar.us/adfa/index.html	Iowa Mediation Services, Inc. 1025 Ashworth Rd., Suite 504 West Des Moines, IA 50266 Phone: (515) 331-8081 Fax: (515) 331-8085
Common Ground: Center for Cooperative Solutions UC Davis Extension 1333 Research Park Drive, Davis, CA 95616 Phone: (530) 757-8777 Fax: (530) 757-8558 Website: http://extension.ucdavis.edu/unit/common_ground	Kansas Agricultural Mediation Services Kansas State University, 2A Edwards Hall, Manhattan, KS 66506-4806 Phone: (785) 532-6958 Fax: (785) 532-6532 Website: www.ksre.ksu.edu/kams
Colorado Agricultural Mediation Program 2331 West 31st Ave., Denver, CO 80211 Phone: (303) 867-9213 Fax: (303) 480-9236	Louisiana State Agricultural Mediation Program Southern University Law Center P.O. Box 9294, Baton Rouge, LA 70813 Phone: (225) 771-4900 Fax: (225) 771-2474 Website: www.suagcenter.com/LAMP/lamp_info.html
Florida Agricultural Mediation Service P.O. Box 110240, Gainesville, FL 32611-0240 Phone: (352) 846-1511 Fax: (352) 392-0240 Website: www.fams.ifas.ufl.edu	Maine Agricultural Mediation Program Volunteers of America 14 Maine St., Suite 301, Brunswick, ME 04011 Phone: (207) 373-1140 Fax: (207) 373-1160
Hawaii Agricultural Mediation Program c/o Hawaii Department of Agriculture 1428 South King St., Honolulu, HI 96814 Phone: (808) 447-1790 Fax: (802) 277-3343 Website: www.hiamp.org	Maryland Agricultural Conflict Resolution Service 50 Harry S. Truman Parkway Annapolis, MD 21401 Phone: (800) 492-5590 Fax: (410) 841-5987 Website: www.marylandacres.org
Idaho Agricultural Mediation Program 2011 Northwest Boulevard, Suite 320 Coeur d'Alene, ID 83814 Phone: (208) 667-5325 Fax: (208) 665-7958	Massachusetts Agricultural Mediation Program University of Massachusetts, Boston, McCormack Building, M-1-627, 100 Morrissey Boulevard, Boston, MA 02125 Phone: (617) 287-4048 Fax: (617) 287-4049

State Mediation Program Contacts, Continued

Michigan Agricultural Mediation Program DRER, 516 South Creyts Rd., Suite A Lansing, MI 48917 Phone: (517) 485-2274 Fax: (517) 485-1183	New Mexico Agricultural Mediation Program P.O. Box 30003, MSC 3AE, Las Cruces, NM 88003 Phone: (575) 646-2433 Fax: (575) 646-3808 Website: www.cahe.nmsu.edu/nmamp
Minnesota Farmer Lender Mediation Program 1526 170th Ave., Bejou, MN 56516-9736 Phone: (218) 935-5785 Fax: (218) 935-9053 Website: www.extension.umn.edu/mediation	New York State Agricultural Mediation Program State Unified Court System 98 Niver Street, Cohoes, NY 12047 Phone: (518) 238-4354 Fax: (518) 238-2951 Website: www.nysamp.com
Mississippi Agriculture Mediation Program 341 Hamilton St., Jackson, MS 39202 Phone: (888) 914-9941 Fax: (601) 354-2777	North Carolina Agricultural Mediation Program Western Carolina University 202 Forsyth, Cullowee, NC 28723 Phone: (828) 227-7191 Fax: (828) 227-7417
Missouri Ag Mediation Program P.O. Box 630, Jefferson City, MO 65102 Phone: (573) 751-5520 Fax: (573) 751-5516	North Dakota Mediation Service 600 East Boulevard Ave., Dept. 602 Bismarck, ND 58505-0020 Phone: (701) 328-4756 Fax: (701) 328-4567
Montana Agricultural Mediation Program 211 West Augusta Ave., Spokane, WA 99205 Phone: (406) 587-9091 Fax: (509) 838-5588	Oklahoma Agricultural Mediation Program, Inc. 2800 North Lincoln Blvd., Oklahoma City, OK 73105 Phone: (405) 521-3934 Fax: (405) 521-3926 Website: www.ok.gov/mediation
Nebraska Farm Mediation Service P.O. Box 94947, Lincoln, NE 68509-4947 Phone: (402) 471-6890 Fax: (402) 471-2759	Oregon Certified Agricultural Mediation Program 205 Wasco Loop, Suite 101, Hood River, OR 97031 Phone: (541) 386-1283 Fax: (541) 386-2189 Website: www.6rivers.org
New Hampshire Agricultural Mediation Program NH Dept. of Agriculture P.O. Box 2042, Concord, NH 03302 Phone: (603) 685-4780 Fax: (802) 277-3343 Website: www.nhamp.org	Pennsylvania Agricultural Mediation Program P.O. Box C, Tunkhannock, PA 18657 Phone: (717) 705-7960 Fax: (717) 705-8402
New Jersey Agricultural Mediation Program P.O. Box 330, Trenton, NJ 08625-0330 Phone: (609) 984-2504 Fax: (609) 633-2004 Website: www.nj.gov/agriculture/sadc	Rhode Island Agricultural Mediation Program Community Mediation Center of Rhode Island 570 Broad Street, 2nd Floor Carriage House Providence, RI 02907 Phone: (401) 273-9999 Fax: (401) 273-7311

State Mediation Program Contacts, Continued

South Dakota Agricultural Loan Mediation Services 523 East Capitol Ave., Pierre, SD 57501-3182 Phone: (605) 773-5436 Fax: (605) 377-3481 Website: www.state.sd.us/doa/ag_dev/mediation	Virginia State Agricultural Mediation Program Virginia State University P.O. Box 9081, Petersburg, VA 23806 Phone: (804) 524-5470 Fax: (804) 524-5714
Texas Rural Mediation Services P.O. Box 10536, Lubbock, TX 79408 Phone: (806) 775-1720 Fax: (806) 775-1729	Washington Agricultural Mediation Program 211 West Augusta Ave., Spokane, WA 99205 Phone: (509) 838-2799 Fax: (509) 838-5588
Utah Agricultural Mediation Program P.O. Box 146500, Salt Lake City, UT 84114-6500 Phone: (801) 538-7102 Fax: (801) 538-4939	Wisconsin Farm Mediation & Arbitration Program 2811 Agriculture Dr., Madison, WI 53708-8911 Phone: (608) 224-5084 Fax: (608) 224-5107 Website: http://datcp.wi.gov/Farms/Wisconsin_Farm_Center/Farm_Mediation/index.aspx
Vermont Agricultural Mediation Program 177 Paddy Hill Rd., Moretown, VT 05660 Phone: (802) 583-1100 Fax: (802) 277-3343 Website: www.vtamp.org	Wyoming Agriculture Mediation Program 2219 Carey Ave., Cheyenne, WY 82002-0100 Phone: (307) 777-8788 Fax: (307) 777-6593

ARC-PLC

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

June 2015

Agriculture Risk Coverage (ARC) & Price Loss Coverage (PLC)

Enrollment of ARC and PLC

2014 and 2015 Enrollment
2014 and 2015 enrollment of ARC and PLC farms, consistent with the program election for the farm and covered commodities made in the election period begins June 17, 2015, and ends Sept.30, 2015.

2016 through 2018 Enrollment
2016, 2017, and 2018 enrollment of ARC and PLC farms, will begin Dec.1 and end Aug.1 of the applicable contract year.

- 2016 enrollment will begin Dec.1, 2015 and end Aug.1, 2016;
- 2017 enrollment will begin Dec.1, 2016 and end Aug.1, 2017;
- 2018 enrollment will begin Dec.1, 2017 and end Aug.1, 2018.

Price Loss Coverage (PLC)

PLC program payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity. The effective price equals the higher of the market year average price (MYA) or the national average loan rate for the covered commodity. See table below.

The PLC payment amount for a covered commodity is equal to 85 percent times the base attributable to the covered commodity, times the payment rate for the covered commodity. The base attributed to the covered commodity is the covered commodity base plus the generic base attributed to the covered commodity. The payment rate for the covered commodity is the difference between the reference price and the effective price times the program payment yield for the covered commodity.

PLC payments are not dependent on the crops planted and/or considered planted (except for generic base acres as noted above) for the current crop year.

Crop	Reference Prices	National Loan Rates	Maximum PLC Rate
Barley 1/	$4.95 per bu.	$1.95 per bu.	$3.00 per bu.
Chickpeas, Large (Garbanzo Bean, Kabuli)	$21.54 per cwt.	$11.28 per cwt.	$10.26 per cwt.
Chickpeas, Small (Garbanzo Bean, Desi)	$19.04 per cwt.	$7.43 per cwt.	$11.61 per cwt.
Corn	$3.70 per bu.	$1.95 per bu.	$1.75 per bu.
Dry Peas	$11.00 per cwt.	$5.40 per cwt.	$5.60 per cwt.
Grain Sorghum	$3.95 per bu.	$1.95 per bu.	$2.00 per bu.
Lentils	$19.97 per cwt.	$11.28 per cwt.	$8.69 per cwt.
Oats	$2.40 per bu.	$1.39 per bu.	$1.01 per bu.
Canola	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Crambe	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Flaxseed	$11.28 per bu.	$5.65 per bu.	$5.63 per bu.
Mustard	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Rapeseed	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Safflower	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Sesame Seed	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Sunflower	$20.15 per cwt.	$10.09 per cwt.	$10.06 per cwt.
Peanuts	$535.00 per ton	$355.00 per ton	$180.00 per ton
Rice, Long Grain	$14.00 per cwt.	$6.50 per cwt.	$7.50 per cwt.
Rice, Medium Grain 2/	$14.00 per cwt.	$6.50 per cwt.	$7.50 per cwt.
Rice, Temperate Japonica	$16.10 per cwt.	$6.50 per cwt.	$8.60 per cwt.
Soybeans	$8.40 per bu.	$5.00 per bu.	$3.40 per bu.
Wheat	$5.50 per bu.	$2.94 per bu.	$2.56 per bu.

1/ Barley price is based on the price of "all barley." Previously the price was based on the "feed barley" price.
2/ Includes short grain; excludes temperate japonica.

PLC Payment Example

Farm Number 1200:

Crop	Base Acres	Planted Acres	PLC Yield
Wheat	100	0	30 bu.
Corn	100	110	80 bu.
Alfalfa	0	165	N/A
TOTAL	**200**	**275**	

Payment Rate Calculation:

Crop	Reference Price	Effective Price		PLC Payment Rate
		MYA Price	Loan Rate	
Wheat	$5.50	$5.00	~~$2.94~~	$0.50
Corn	$3.70	$4.00	~~$1.95~~	$0.00

***MYA Prices are hypothetical in this example**

In this example, the MYA prices are HIGHER than the loan rate, so the MYA prices are the effective prices.

For wheat, the PLC payment rate is $0.50 ($5.50 reference price minus the $5.00 effective price)

For corn, the PLC payment rate is $0.00 because the effective price ($4.00) is greater than the reference price ($3.70)

Payment Calculation:

Crop	Base Acres	Payment %	Payment Rate	PLC Yield	PLC Payment
Wheat	100	85	$0.50	30 bu.	$1,275
Corn	100	85	$0.00	80 bu.	$0

Note that a payment is triggered for wheat even though no wheat has been planted in the crop year.

Risk Management Agency's (RMA) Supplemental Coverage Option (SCO)

Starting in crop year 2015, producers who have elected PLC and who also participate in the federal crop insurance program administered by the Risk Management Agency (RMA), may purchase additional crop insurance coverage called the Supplemental Coverage Option (SCO). SCO provides additional coverage for a portion of a producer's underlying crop insurance policy deductible, and is based on expected average county yields or revenue. The cost of SCO is subsidized and indemnities are determined by the yield or revenue loss for the county or area.

Crops on farms for which the producer has elected to receive County Agricultural Risk Coverage (ARC-CO) or Individual Agriculture Risk Coverage (ARC-IC) are not eligible for SCO benefits.

County Agriculture Risk Coverage (ARC-CO)

The ARC-CO program provides revenue loss coverage at the county level. ARC-CO payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity. The ARC-CO guarantee equals 86 percent of the previous five-year national MYA price, excluding the years with the highest and lowest price (the ARC guarantee price), multiplied by the five-year average county yield, excluding the years with the highest and lowest yield (the ARC county guarantee yield). If the county yield in any of the five years is below 70 percent of the county transitional yield (T yield), then 70 percent of the T yield is substituted for each year the county yield is less than 70 percent of the T yield.

The ARC-CO payment is equal to 85 percent of the base acres of the covered commodity times the difference between the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the ARC-CO guarantee price multiplied by the ARC-CO guarantee yield. Generic base consideration also applies to ARC-CO in the same manner as PLC.

ARC-CO Example:

Joe Farmer has 100 percent interest in this farm participating in ARC-CO.

CROP	BASE ACRES	PLANTED ACRES
Wheat	100	0.00
Corn	100	30.00
TOTAL	200	30.00

Determination of ARC-CO Payment Rates

The two following charts provide the steps that are used to calculate the ARC-CO payment rate for the two covered commodities on Joe's farm. The county yields in the example are hypothetical and do not represent a specific county. The historic MYA prices for the 2009-2012 crops are NASS estimates; the 2013 and 2014 MYA prices are hypothetical to demonstrate alternative outcomes for the ARC-CO payment rates.

ARC-CO Payment Rate Determination: Wheat Example

Crop Year	2009	2010	2011	2012	2013	**2014 Payment Factors**
Step 1. Calculation of Benchmark Revenue						
(A) County Yield (bu/acre)	44	51	65	31	46	(D) ARC-CO County
(B) 70 percent of T-yield	32	32	32	32	32	Guarantee Yield 1/
(C) Higher of (A) or (B)	44	51	~~65~~	~~32~~	46	47
(E) MYA Price 2/	4.87	5.70	7.24	7.77	6.50	(H) ARC-CO
(F) Reference Price 4/	5.50	5.50	5.50	5.50	5.50	Benchmark Price 3/
(G) Higher of (E) or (F)	~~5.50~~	5.70	7.24	~~7.77~~	6.50	6.48
(I) ARC-CO Benchmark Revenue, (D) times (H) 4/						**304.56**
Step 2. Calculation of Actual Revenue						
(J) 2014 Price						6.50
(K) 2014 Loan Rate						2.94
(L) Higher of (J) or (K)						6.50
(M) 2014 County Yield						29.00
(N) Actual County Revenue, (L) times (M)						**188.50**
Step 3. Calculation of ARC-CO Payment Rate						
(O) ARC-CO Guarantee, (I) times 0.86 5/						261.92
(P) Maximum ARC-CO Payment Rate, (I) times 0.10 6/						30.46
(Q) Revenue Shortfall, (O) minus (N)						73.42
(R) ARC-CO Payment Rate, Lesser of (P) or (Q)						**30.46**

1/ The ARC-CO Guarantee Yield is the 2009-2013 Olympic average of the higher of the county yield or 70 percent of T-yield for each year.

2/ The Market Year Average (MYA) price is the season average farm price for the covered commodity as published by NASS or determined by the WAOB.

3/ The ARC-CO Benchmark Price is the 2009-2013 Olympic average of the higher of the Market year Average (MYA) Price or the 2014 loan rate for each year.

4/ ARC-CO Benchmark Revenue is the product of ARC-CO Guarantee Yield and ARC-CO Benchmark Price.

5/ ARC-CO Guarantee is 86 percent of the ARC-CO Benchmark Revenue.

6/ The maximum ARC-CO payment rate is 10 percent of the ARC-CO Benchmark Revenue.

ARC-CO Payment Rate Determination: Corn Example

Crop Year	2009	2010	2011	2012	2013	**2014 Payment Factors**
Step 1. Calculation of Benchmark Revenue						
(A) County Yield (bu/acre)	125	100	165	110	95	(D) ARC-CO County Guarantee Yield 1/
(B) 70 percent of T-yield	84	84	84	84	84	
(C) Higher of (A) or (B)	125	100	~~165~~	110	~~95~~	112
(E) MYA Price 2/	3.55	5.18	6.22	6.89	4.50	(H)ARC-CO Benchmark Price 3/
(F) Reference Price 4/	3.70	3.70	3.70	3.70	3.70	
(G) Higher of (E) or (F)	~~3.70~~	5.18	6.22	~~6.89~~	4.50	5.30
(I) ARC-CO Benchmark Revenue 4/						**593.60**
Step 2. Calculation of Actual Revenue						
(J) 2014 Price						5.25
(K) 2014 Loan Rate						1.95
(L) Higher of (J) or (K)						5.25
(M) 2014 County Yield						140.00
(N) Actual County Revenue, (L) times (M)						**735.00**
Step 3. Calculation of ARC-CO Payment Rate						
(O) ARC-CO Guarantee 5/						510.50
(P) Maximum ARC-CO Payment Rate 6/						59.36
(Q) Revenue Shortfall, (O) minus (N)						**-**
(R) ARC-CO Payment Rate, Lesser of (P) or (Q)						-

1/ The ARC-CO Guarantee Yield is the 2009-2013 Olympic average of the higher of the county yield or 70 percent of T-yield for each year.

2/ The Market Year Average (MYA) price is the season average farm price for the covered commodity as published by NASS or determined by the WAOB.

3/ The ARC-CO Benchmark Price is the 2009-2013 Olympic average of the higher of the Market year Average (MYA) Price or the 2014 loan rate for each year.

4/ ARC-CO Benchmark Revenue is the product of ARC-CO Guarantee Yield and ARC-CO Benchmark Price.

5/ ARC-CO Guarantee is 86 percent of the ARC-CO Benchmark Revenue.

6/ The Maximum ARC-CO Payment Rate is 10 percent of the ARC-CO Guarantee.

Note that in the above examples, wheat base on Joe's farm receives an ARC-CO payment even though he did not plant wheat on the farm, and conversely, corn base on his farm will not receive an ARC-CO payment.

Calculation of Payment:

Calculation of Farm Total Payment: Joe Farmer Example

Crop	Base Acres	Payment Percentage	Payment Rate	ARC-CO Payment
Wheat	100.00	85 percent	$30.46	$ 2,589.10
Corn	100.00	85 percent	0.00	0
Total ARC-CO Payments for Joe Farmer				**$2,589.10**

Indiviual Agriculture Risk Coverage (ARC-IC)

The ARC-IC program provides revenue loss coverage at a farm level. An ARC-IC farm is defined as the sum of the interests of a producer in all FSA farms that are enrolled in the individual coverage option for ARC in a state. Producers that have interests in multiple farms in multiple states that are enrolled in ARC-IC have a separate ARC-IC farm in each state.

ARC-IC revenue loss payments are made to the ARC-IC farm when the current year revenue for all covered commodities planted on the ARC-IC farm falls below 86 percent of the farm benchmark revenue.

All ARC-IC farms in the state in which the producer has an interest are included in a single ARC-IC revenue calculation to determine a payment rate. The payment rate for the ARC-IC farm is capped at 10 percent of the farm's benchmark revenue.

The ARC-IC farm's guarantee equals 86 percent of the ARC-IC farm's individual benchmark guarantee, defined as the five-year average of a ARC-IC farm's annual ARC-IC benchmark revenue (farm's yield for each crop year, multiplied by the higher of the reference price or the MYA price) for all covered commodities, excluding the high and low annual revenues. Actual revenue is computed using the ARC-IC farm's actual yield times the higher of the MYA price or the national average loan rate.

ARC-IC payments are calculated by multiplying:

- The ARC-IC payment rate, multiplied by
- The total base acres of the ARC-IC farm(s), multiplied by 65 percent.

Producers on farms that have both elected and enrolled into ARC-IC will need to work with FSA to establish yields for each of the current year planted covered commodities on the ARC-IC farm(s) for the immediately preceding five years. The yields established for the immediately preceding five years are known as the **benchmark yields**. If prior yields are not available for each of the current year covered commodities, a yield will be assigned by FSA for each of the missing years, up to five years, to allow the farm benchmark revenue to be calculated for the farm.

After harvest in the current year, the producer is required to report current production to FSA for calculation of the current year revenue on the farm. The reported production multiplied by the higher of the reference price or the national marketing year average (MYA) price for all covered commodities on the ARC-IC participating farm(s) are totaled and then divided by the total planted acreage of all covered commodities on the participating ARC-IC farm(s), resulting in an actual revenue per acre. The result will be either a revenue loss or gain per acre. If a loss is determined, the ARC-IC revenue loss per acre is the ARC-IC payment rate and it is used to make the ARC-IC payment on the farm.

The ARC-IC payment on the farm will be calculated as follows:

- The ARC-IC payment rate, multiplied by
- The total base acres of the ARC-IC farm(s), multiplied by 65 percent.

Payment shares are then taken into account for each producer who had an interest in the covered commodities on the farm.

ARC-IC Example:

The following is an example of a how an ARC-IC payment is calculated. Payments are made on base acres in proportion to the planting of covered commodities on the farm; however, payment acres are limited to 65 percent of the total base acres on the farm.

Consider the following farm information for the 2014 crop. Jane Farmer has 100 percent interest in this farm, which is her only farm enrolled in ARC-IC. Jane planted three covered commodities on her farm in 2014, and the farm has 200 acres of covered commodity base and no generic base. This ARC-IC farm information for Jane Farmer is shown in the following chart, including the production of the covered commodities for the 2014 crop.

Crop	Base Acres	2014 Planted Acres	Percentage of Crop Planted 1/	2014 Crop Production
Corn	100.00	110.00	36.67 percent	11,550 bushels
Soybeans	100.00	25.00	8.33 percent	1,000 bushels
Grain Sorghum	0.0	165.00	55.00 percent	9,900 bushels
Total	200.00	300.00	100.00 percent	

1/ Percentage of covered commodity for each crop is the planted and considered planted acres divided by the total acres of covered commodities planted and considered planted on the ARC-IC farm.

The following charts illustrate how Jane Farmer's benchmark revenue, ARC-IC guarantee, maximum ARC-IC payment rate are calculated for her ARC-IC enrolled farm. Each of these ARC-IC program factors are calculated on a per acre basis. Thus, each factor reflects a value weighed by the plantings of covered commodities on the farm for the 2014 crop.

ARC-IC Benchmark Revenue: Calculations for Jane Farmer's ARC-IC Farm

Crop/Program Year	2009	2010	2011	2012	2013	
Step 1. Calculation of the 5-Year Olympic Average Revenue for Covered Commodities						
Corn						
(A) Yield	125	100	165	110	95	5-Year
(B) 70 percent of T-Yield	~~85~~	~~85~~	~~85~~	~~85~~	~~85~~	Olympic
(C) MYA Price 1/	~~3.55~~	5.18	6.22	6.89	4.50	Average
(D) Reference Price	3.70	~~3.70~~	~~3.70~~	~~3.70~~	~~3.70~~	Revenue 2/
(E) Annual Revenue 3/	462.50	518.00	~~1,026.30~~	757.90	~~427.50~~	**579.47**
Soybeans						
(A) Yield	38	41	29	48	33	5-Year
(B) 70 percent of T-Yield	~~27~~	~~27~~	~~27~~	~~27~~	~~27~~	Olympic
(C) MYA Price	9.59	11.30	12.50	14.40	12.95	Average
(D) Reference Price	~~8.40~~	~~8.40~~	~~8.40~~	~~8.40~~	~~8.40~~	Revenue
(E) Annual Revenue	364.42	463.30	~~362.50~~	~~691.20~~	427.35	**418.36**
Grain Sorghum						
(A) Yield	90	~~40~~	75	80	99	5-Year
(B) 70 percent of T-Yield	~~65~~	65	~~65~~	~~65~~	~~65~~	Olympic
(C) MYA Price	~~3.22~~	5.02	5.99	6.33	4.25	Average
(D) Reference Price	3.95	~~3.95~~	~~3.95~~	~~3.95~~	~~3.95~~	Revenue
(E) Annual Revenue	355.50	~~326.30~~	449.25	~~506.40~~	420.75	**408.50**

Step 2. Calculation of Benchmark Revenue, Guarantee, and Maximum Payment Rate.

Crop	Olympic Avg. Rev.	2014 Percent Planted	Weighted Revenue (F) 4/
Corn	579.47	36.67	212.49
Soybeans	418.36	8.33	34.85
Grain Sorghum	408.50	55.00	224.68
(G) ARC-IC Benchmark Revenue (per acre), Sum items (F)			**472.02**
(H) ARC-IC Guarantee, (G) times 86 percent			**405.94**
(I) Maximum ARC-IC Payment Rate, 10 percent times (G)			**47.20**

1/ MYA price is the season average farm price for the covered commodity as published by NASS or determined by the WAOB.
2/ The 5-year Olympic Average Revenue is the average of the 2009-2013 crop revenues dropping the years with the highest and lowest revenue.
3/ The annual revenue for a crop is the higher of the crops actual yield (A) or 70 percent of the T-Yield (B) times the higher of the MYA price (C) or the crop's reference price (D). Strike throughs indicate the values excluded in the calculations.
4/ Weighted Revenue is Olympic average revenue for a crop times the percent planted.

The ARC-IC actual revenue is also calculated on a per acre basis by determining the total revenue for the farm and dividing it by the total planted acres on the farm. The per acre ARC-IC revenue for Jane Farmer's ARC-IC farm is illustrated in the following chart.

Actual Revenue Calculation: Jane Farmer's ARC-IC Farm, 2014 Crop

Crop	2014 Production	MYA Price 1/	National Average Loan Rate	Crop Revenue 2/
Corn	11,550	5.25	~~1.95~~	60,637.50
Soybeans	1,000	8.50	~~5.00~~	8,500.00
Grain Sorghum	9,900	4.98	~~1.95~~	49,302.00
(A) Total Farm Revenue, sum of crop revenues				118,439.50
(B) ARC-IC Actual Revenue, (A) divided by total planted acres 3/				**394.80**

1/ MYA price is the season average farm price for the covered commodity as published by NASS or determined by the WAOB.
2/ Crop revenue is the product of planted acres times the higher of the MYA Price or the national average loan rate. The national average loan rate is struck out because it is lower than the MYA price.
3/ Total planted acres of covered commodities on the ARC-IC farm for the 2014 Crop.

To determine if Jane Farmer earns ARC-IC payments on her farm for the 2014 crop, the farm's actual revenue is compared to the ARC-IC guarantee. If the ARC-IC actual revenue is less than the guarantee, then Jane earns ARC-IC payments. The ARC-IC payment on a farm may be limited by the maximum ARC-IC payment rate. The determination and calculation of payments that Jane Farmer is due on her ARC-IC farm are illustrated in the chart below. For 2014, Jane's ARC-IC payment rate is $11.40 per acre which is below the maximum payment rate.

ARC-IC Payment Calculation: Jane Farmer's ARC-IC Farm

ARC-IC Payment Item	
(A) Benchmark Revenue, Item (G) from Benchmark Revenue Chart	472.02
(B) ARC-IC Guarantee, Item (H) from Benchmark Revenue Chart	405.94
(C) ARC-IC Actual Revenue, Item (B) from Actual Revenue Chart	394.80
(D) ARC-IC Revenue Shortfall, Item (B) minus (C)	11.14
(E) Maximum ARC-IC Payment Rate, Item (I) from Benchmark Revenue Chart	47.20
(F) ARC-IC Payment Rate, Lessor of (D) or (E)	11.14
(G) 2014 Base Acres (Jane Farmer's ARC-IC Farm)	200
(I) ARC-IC Payment Percentage	0.65
(J) ARC-IC Payment, (F) times (G) times (I)	**1,448.20**

Treatment of Generic Base Acres for Payment

Generic base acres planted to a covered commodity are eligible for ARC/PLC payments and will be attributed to a covered commodity as follows:

- If a single covered commodity is planted on the farm and the total acreage planted equals or exceeds the generic base acres on the farm, the generic base acres are attributed to that covered commodity in an amount equal to the total number of generic base acres on the farm.
- If multiple covered commodities are planted on the farm and the total number of acres planted to all covered commodities on the farm exceeds the generic base acres on the farm, the generic base acres will be attributed to each of the covered commodities on the farm on a pro rata basis to reflect the ratio of:
    - The acreage planted to a covered commodity on the farm; to
    - The total acreage planted to all covered com modities on the farm.
- If the total number of acres planted to all covered commodities on the farm does not exceed the generic base acres on the farm, the total acres planted to each covered commodity are attributed to that covered commodity.

<u>Example 1</u> – Single Covered Commodity Planted in Excess of Generic Base Acres

Farm Serial Number 10 (FSN 10) – Producer elects PLC. The farm consists of:

- 300 acres Cropland
- 100 acres Corn Base
- 100 acres Wheat Base
- 100 acres Generic Base

The producer plants 250 acres of corn and no other covered commodities. PLC payments in this example are calculated using a total of 200 acres of corn (100 acres of corn base acres plus 100 acres of corn planted on generic base acres) and 100 acres of wheat base. In this example, 50 acres of cropland are left idle or planted to a non-covered commodity.

<u>Example 2</u> – Multiple Covered Commodities Planted on Farm in Excess of Generic Base Acres

FSN 30 – Producer elects PLC:

- 300 acres Cropland
- 100 acres Corn Base
- 100 acres Wheat Base
- 100 acres Generic Base

Producer plants:

- 200 acres of corn
- 50 acres grain sorghum
- 50 acres of soybeans
- 300 total acres

Generic base acres are attributed to the covered commodities as follows:

- 200 acres corn planted divided by 300 acres total covered commodities planted on the farm multiplied by 100 acres generic base equals 66.67 acres of generic base attributable to corn.
- 50 acres of grain sorghum planted divided by 300 total covered commodities planted on the farm multiplied by 100 acres generic base equals 16.67 acres of generic base attributable to grain sorghum.
- 50 acres of soybeans planted divided by 300 total covered commodities planted on the farm multiplied by 100 acres generic base equals 16.67 acres of generic base attributable to soybeans.

ARC and PLC Payments

Payments for PLC, ARC-CO, and ARC-IC are issued after the end of the respective crop year for each covered commodity (if triggered), but not before Oct. 1 of the following year.

- 2014 program year payments will not be issued until after Oct.1, 2015;
- 2015 program year payments will not be issued until after Oct.1, 2016;
- 2016 program year payments will not be issued until after Oct.1, 2017;
- 2017 program year payments will not be issued until after Oct.1, 2018;
- 2018 program year payments will not be issued until after Oct.1, 2019.

FOR MORE INFORMATION

For more information on ARC/PLC, visit www.fsa.usda.gov/arc-plc or contact your local USDA Service Center, Farm Service Agency (FSA) office, or online at www.fsa.usda.gov. To find your local FSA office, visit http://offices.usda.gov.

2014 Farm Bill

FACT SHEET

April 2014

Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Program Fruit, Vegetable and Wild Rice Provisions

OVERVIEW

The Agricultural Act of 2014 (the 2014 Farm Bill) authorized the Agriculture Risk Coverage (ARC) Program and Price Loss Coverage (PLC) Program, which are administered by USDA's Farm Service Agency (FSA). ARC/PLC provides revenue and price loss payments to eligible producers for the 2014 through 2018 crop years.

Producers who participate in ARC/PLC are subject to an acre-for-acre payment reduction when fruits, vegetables and wild rice (FAV/Wild Rice) are planted on the base acres of a farm.

Applicable Crops

FAV/Wild Rice planting provisions apply to the following commodities:

- Fruits (including nuts);
- Vegetables, other than mung beans and pulse crops (dry peas, lentils and chickpeas) and;
- Wild rice

FAV/Wild Rice Planting Provisions on Base Acreage

In general, planting and harvesting FAV/Wild Rice on ARC/PLC payment acreage is subject to an acre-for-acre payment reduction when more than 15 percent of the base acres of a farm enrolled in ARC using the county coverage or PLC are planted to FAV/Wild Rice; or when more than 35 percent of base acres of a farm enrolled in ARC using individual coverage are planted to FAV/Wild Rice.

Double-Cropping Exception

ARC/PLC payment acres are not reduced for FAV/Wild Rice planted under the double-cropping exception.

FAV/Wild Rice may be double-cropped with a covered commodity. The farm must be in a county that is included as a region approved for double-cropping covered commodities with FAV/Wild Rice. These regions are established by FSA state committees and will be published in the Federal Register.

FAV/Wild Rice Planting Provisions on Non-Base Acreage

Planting FAV/Wild Rice on acres that are not considered base acres will not result in payment reductions.

FAV/Wild Rice Planting Provisions for Non ARC/PLC Farms

If a farm is eligible to participate in ARC/PLC, but is not enrolled in ARC/PLC for a particular year, then:

- Unlimited FAV/Wild Rice can be planted and harvested for that year;
- The farm will not receive any ARC/PLC payments for the applicable year;
- The farm may be enrolled in ARC/PLC in succeeding years and be eligible for ARC/PLC benefits and;
- Production of loan commodities from the farm is eligible for marketing assistance loans and loan deficiency payments.

For More Information

For additional information on FAV/Wild Rice rules or other ARC/PLC program matters, please contact your local FSA county office or USDA Service Center, or visit FSA's website at: www.fsa.usda.gov.

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Conservation

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

CONSERVATION

FACT SHEET

December 2015

Conservation Reserve Program

OVERVIEW

USDA Farm Service Agency's (FSA) Conservation Reserve Program (CRP) is a voluntary program that contracts with agricultural producers so that environmentally sensitive agricultural land is not farmed or ranched, but instead used for conservation benefits. CRP participants establish long-term, resource-conserving plant species, such as approved grasses or trees (known as "covers") to control soil erosion, improve water quality and develop wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

In its 30th year, CRP is authorized by the Food Security Act of 1985 and was reauthorized by the Agricultural Act of 2014 (the 2014 Farm Bill). The program is also governed by regulations published in 7 CFR, part 1410. The program is implemented by FSA on behalf of USDA's Commodity Credit Corporation.

BENEFITS

CRP protects tens of millions of acres of American topsoil from erosion and is designed to safeguard the nation's natural resources. By reducing water runoff and sedimentation, CRP protects groundwater and helps improve the condition of lakes, rivers, ponds and streams. The vegetative covers also make CRP a major contributor to increased wildlife populations in many parts of the country.

Since it was established on Dec. 23, 1985, CRP has:

- Prevented more than 9 billion tons of soil from eroding, enough soil to fill 600 million dump trucks;
- Reduced nitrogen and phosphorous runoff relative to annually tilled cropland by 95 and 85 percent respectively;
- Sequestered an annual average of 49 million tons of greenhouse gases, equal to taking 9 million cars off the road.

Since 1996, CRP has created nearly 2.7 million acres of restored wetlands.

As of 2015, CRP is protecting more than 170,000 stream miles with riparian forest and grass buffers, enough to go around the world 7 times.

ADMINISTRATION

FSA administers CRP while technical support functions are provided by:

- USDA's Natural Resources Conservation Service (NRCS);
- USDA's National Institute of Food and Agriculture (NIFA);
- State forestry agencies;
- Local soil and water conservation districts and;
- Other non-federal providers of technical assistance.

GENERAL ENROLLMENT AUTHORITY

Under general enrollment authority, producers can offer land for CRP general enrollment only during announced enrollment periods. There is a general enrollment period scheduled to begin Dec. 1, 2015, through Feb. 26, 2016.

CONTINUOUS ENROLLMENT AUTHORITY

Under CRP continuous enrollment authority, environmentally sensitive land devoted to certain conservation practices may be enrolled in CRP at any time. Certain eligibility requirements still apply, but offers are not subject to competitive bidding. Further information on CRP continuous enrollments is available in the FSA fact sheet "**Conservation Reserve Program Continuous Enrollments**."

GRASSLANDS ENROLLMENTS

CRP Grasslands helps landowners and operators protect grassland, including rangeland, and pastureland, and certain other lands, while maintaining the areas as grazing lands. The program emphasizes support for grazing operations, plant and animal biodiversity, and grassland and land containing shrubs and forbs under the greatest threat of conversion. Further information on CRP Grassland enrollments is available in the FSA fact sheet "**Conservation Reserve Program (CRP – Grasslands**."

For information on enrolling land in CRP contact a local FSA office. To find a local office, visit **http://offices.usda.gov**.

RANKING LAND OFFERS DURING GENERAL ENROLLMENT PERIODS

Offers for CRP contracts are ranked according to the Environmental Benefits Index (EBI). FSA collects data for each of the EBI factors based on the relative environmental benefits for the land offered. Each eligible offer is ranked in comparison to all other offers and selections made from that ranking. FSA uses the following EBI factors to assess the environmental benefits for the land offered:

- Wildlife habitat benefits resulting from covers on contract acres;
- Water quality benefits from reduced erosion, runoff and leaching;
- On-farm benefits from reduced erosion;
- Benefits that will likely endure beyond the contract period;
- Air quality benefits from reduced wind erosion and;
- Cost.

ELIGIBLE PRODUCERS

A producer must have owned or operated the land for at least 12 months prior to close of the CRP general enrollment period, unless:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right of redemption in accordance with state law or;
- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

ELIGIBLE LAND

Land must be cropland that is planted or considered planted to an agricultural commodity for four of six crop years from 2008 to 2013, and that is physically and legally capable of being planted (no planting restrictions due to an easement or other legally binding instrument) in a normal manner to an agricultural commodity. Land also must meet one of the following criteria:

- Have a weighted average erosion index of eight or higher;
- Be enrolled in a CRP contract that expires Sept. 30 or;
- Be located in a national or state CRP conservation priority area.

PAYMENTS

FSA provides CRP participants with annual rental payments, including certain incentive payments and cost-share assistance:

- **Rental Payments**
  In return for establishing long-term, resource-conserving covers, FSA provides annual rental payments to participants. FSA bases rental rates on the relative productivity of the soils within each county and the average dry-land cash rent using data provided by the National Agricultural Statistics Service or cash-rent equivalent as guidelines. The maximum CRP rental rate for each offer is calculated in advance of enrollment. Producers may offer land at that rate or offer a lower rental rate to increase the likelihood that their offer will be accepted.

- **Cost-Share Assistance**
  FSA provides cost-share assistance to participants who establish approved cover on eligible cropland. The cost-share assistance can be an amount not more than 50 percent of the participants' costs in establishing approved practices.

OTHER INCENTIVES

FSA may offer additional financial incentives of up to 20 percent of the annual payment for certain continuous enrollment practices.

MORE INFORMATION

This fact sheet is provided for informational purposes only; other restrictions may apply. For details, contact your local FSA office. To find your local FSA office, visit **http://offices.usda.gov**. To learn more about FSA conservation programs, visit **www.fsa.usda.gov/conservation**.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

CONSERVATION FACT SHEET

December 2015

Conservation Reserve Program, 49th General Enrollment Period Dec. 1, 2015, through Feb. 26, 2016

OVERVIEW

USDA's Farm Service Agency (FSA) will conduct a Conservation Reserve Program (CRP) general enrollment period from Dec. 1, 2015, through Feb. 26, 2016.

CRP is a federally-funded voluntary program that contracts with agricultural producers so that environmentally sensitive agricultural land is not farmed or ranched, but instead used for conservation benefits. CRP participants establish long-term, resource-conserving plant species, such as approved grasses or trees (known as "covers") to control soil erosion, improve water quality and develop wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years. Accepted contracts for the 49th CRP enrollment period will begin Oct. 1, 2016.

In its 30th year, CRP is authorized by the Food Security Act of 1985 and was reauthorized by the Agricultural Act of 2014 (the 2014 Farm Bill). FSA administers CRP, while other USDA agencies and partners provide technical support. More detailed information on CRP is available in the FSA fact sheet, "**Conservation Reserve Program**."

SUBMITTING CRP OFFERS

Land that is not currently enrolled in CRP may be offered for enrollment during the 49th CRP general enrollment period. In addition, CRP participants with contracts expiring on Sept. 30, 2016, may submit offers.

To submit CRP offers, producers must visit their local FSA office. FSA will accept offers only during the enrollment period. To find a local FSA office, visit **http://offices.usda.gov**.

ELIGIBLE PRODUCERS

To be eligible for CRP enrollment, a producer must have owned or operated the land for at least 12 months prior to the end of this CRP enrollment period, unless:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right of redemption in accordance with state law or;
- The circumstance of the acquisition presents adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

ELIGIBLE LAND

To be eligible for the CRP general enrollment period, land must be cropland (including field margins) that is planted, or considered planted, to an agricultural commodity four of the six crop years from 2008 to 2013, and be physically and legally capable of being planted (no planting restrictions due to an easement or other legally binding instrument) in a normal manner to an agricultural commodity. Alfalfa or other multiyear grasses and legumes grown in a rotation not to exceed 12 years may be eligible for the 49th CRP enrollment period.

ADDITIONAL CROPLAND REQUIREMENTS

In addition to the eligible land requirements for the CRP general enrollment period, cropland must meet one of the following criteria:

- Have a weighted average erosion index of eight or higher;
- Be expiring CRP acres or;
- Be located in a national or state CRP conservation priority area.

CRP PAYMENTS

FSA provides those applicants who are selected for the 49th CRP general enrollment with annual rental payments, including certain incentive payments and cost-share assistance.

- **Rental Payments**
  In return for establishing long-term, resource-conserving covers, FSA provides rental payments to participants. FSA bases rental rates on the relative productivity of the soils within each county and the average dryland cash rent. County office staff working with the producer will calculate the maximum CRP rental rate for each offer prior to enrollment. Producers may offer land below the rate to increase the likelihood that their offer will be accepted.

- **Cost-Share Assistance**
  FSA provides cost-share assistance to participants who establish approved cover on eligible cropland. The cost-share assistance cannot exceed 50 percent of the participant's costs to establish approved practices.

RANKING CRP OFFERS

FSA will rank offers for the 49th CRP general enrollment period according to the Environmental Benefits Index (EBI). FSA collects data (primarily based on location, soils information and selected conservation practice) and determines the environmental indices for the land offered.

FSA ranks each eligible offer in comparison to all other offers and selects from that ranking. After the enrollment period ends, the Secretary of Agriculture will decide where to make the EBI cutoff. Those who have met previous EBI thresholds are not guaranteed a contract under this enrollment period. Producers may consult with local FSA and Natural Resource Conservation (NRCS) staff on how to maximize EBI points and increase the likelihood that their offer will be accepted.

More information on EBI for the 49th CRP enrollment period is available by reading the FSA fact sheet, "**Conservation Reserve Program Enrollment 49, Environmental Benefits Index**."

CRP CONTINUOUS ENROLLMENT

In addition to the 49th CRP general enrollment period, producers at any time can participate in CRP continuous enrollment period, in which producers can enroll the most environmentally sensitive land. More information on CRP continuous enrollment is available in the FSA fact sheet, "Conservation Reserve Program Continuous Sign-Up" located at **http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/crp_continuous_sign_up_november_2015.pdf**.

FOR MORE INFORMATION

This fact sheet is for informational purposes; other restrictions may apply. Consult your local FSA office for details. For more information on CRP, visit FSA's website at **www.fsa.usda.gov/crp** or contact your local FSA office. To find the nearest FSA office, visit **http://offices.usda.gov**.

Conservation Reserve Program 49th General Enrollment Period Environmental Benefits Index (EBI)

OVERVIEW

USDA's Farm Service Agency (FSA) will conduct a Conservation Reserve Program (CRP) general enrollment period from Dec. 1, 2015, through Feb. 26, 2016.

CRP is a federally-funded voluntary program that contracts with agricultural producers so that environmentally sensitive agricultural land is not farmed or ranched, but instead used for conservation benefits. CRP participants establish long-term, resource-conserving plant species, such as approved grasses or trees (known as "covers") to control soil erosion, improve water quality and develop wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years. Accepted contracts for the 49th CRP enrollment period will begin Oct. 1, 2016.

In its 30th year, CRP is authorized by the Food Security Act of 1985 and was reauthorized by the Agricultural Act of 2014 (the 2014 Farm Bill). FSA administers CRP, while other USDA agencies and partners provide technical support. More detailed information on CRP is available in the FSA fact sheet, "**Conservation Reserve Program 49th General Enrollment Period, Dec. 1, 2015, through Feb. 26, 2016**."

RANKING CRP OFFERS

FSA will rank offers submitted by landowners for the 49th CRP general enrollment period according to the Environmental Benefits Index (EBI). FSA collects data for each EBI factor based on the relative environmental benefits for the land offered. EBI rankings are unique for each tract of land offered for CRP.

FSA assigns each offer a score based on the offer's relative environmental factors. Each offer competes with all other offers. FSA determines the acceptability of the offer based on the ranking results.

For the 49th CRP general enrollment period, FSA will use the following EBI factors to assess the environmental benefits for the land offered, as follows:

- Wildlife habitat benefits resulting from covers on contract acres (N1);
- Water quality benefits from reduced erosion, runoff and leaching (N2);
- On-farm benefits from reduced erosion (N3);
- Benefits that will likely endure beyond the contract period (N4);
- Air quality benefits from reduced wind erosion (N5) and;
- Cost (N6).

N1 - WILDLIFE FACTOR: (10 TO 100 POINTS)

Factor N1 is an evaluation of the expected wildlife benefits of the offer and is comprised of three subfactors (N1a-c). The formula for N1 = N1a + N1b + N1c.

- **N1a - Wildlife Habitat Cover Benefits (10 to 50 points)**

This subfactor is an evaluation of the wildlife habitat cover offered. FSA assigns points for cover practice planting mixtures based on the potential value to wildlife within each state. FSA awards higher scores for cover types that are more beneficial to wildlife. Local USDA Service Centers have a list of approved planting mixes and the assigned point scores for each cover mix. Point scores are based on the weighted average score for cover mixes the producer selects. Native mixes of diverse species generally receive the highest point scores. Eligible cover practices under the N1a criteria are in Table 1.

(Producers should note that wildlife habitat cover selection is the most critical factor impacting wildlife benefits. Optimum cover types significantly increase the point score for this factor).

- **N1b - Wildlife Enhancement (0, 5 or 20 points)**

This subfactor provides up to 20 points for actions producers take to enhance the wildlife benefits for the offered acres. Enhancement to the acres is necessary in order to receive the points. For example, to receive 20 points producers may offer to establish a minimum of 10 percent of the acres offered to pollinator habitat. Eligible practices under the N1b criteria are provided in Table 2.

- **N1c - Wildlife Priority Zones (0 or 30 points)**

FSA consulted with farm, commodity, wildlife and environmental groups to develop high-priority wildlife areas that would benefit from being enrolled in CRP. For land located within this defined geographic area, points are awarded for planting cover mixes to benefit wildlife species. This subfactor provides 30 points if at least 51 percent of the offered acres is located within the wildlife priority zone and the weighted average N1a score is greater than or equal to 40 points.

N2 - WATER QUALITY BENEFITS FROM REDUCED EROSION, RUNOFF, AND LEACHING (0 TO 100 POINTS)

One of CRP's main goals is to reduce the amount of sediment, nutrients and pollutants that enter our nation's waterways. Factor N2 is an evaluation of the potential impacts that CRP may have on both surface and groundwater quality. N2 is comprised of three subfactors (N2a-c). The formula for N2 = N2a + N2b + N2c.

- **N2a - Location (0 or 30 points)**

This subfactor is an evaluation of the benefits of improving ground or surface water quality impaired by crop production. States have identified water quality zones for protection. At least 51 percent of the acres offered must be within an approved water quality zone to receive 30 points. Local USDA Service Centers have detailed maps of the approved water quality zones.

- **N2b - Groundwater quality (0 to 25 points)**

This subfactor is an evaluation of the predominant soils, the potential leaching of pesticides and nutrients into groundwater, and the impact to people who rely on groundwater as a primary source of drinking water. Point scores are based on the weighted average leach index for soils offered for enrollment and the population that utilizes groundwater for drinking.

- **N2c - Surface water quality (0 to 45 points)**

This subfactor is an evaluation of the amount of sediment (and associated nutrients) that may be delivered into streams or other water courses. This factor is determined by potential water erosion in the watershed in which the offer is located.

N3 - EROSION FACTOR (0 TO 100 POINTS)

CRP helps maintain the long-term productivity of the land for future generations. Factor N3 is an evaluation of the potential for the land to erode as the result of either wind or water erosion. This factor is measured using an Erodibility Index (EI). FSA awards points for the weighted average of the higher value of either the wind or water EI, based on the results from Table 3.

N4 - ENDURING BENEFITS FACTOR (0 TO 50 POINTS)

Factor N4 is an evaluation of the likelihood for certain practices to remain in place beyond the CRP contract period. N4 values are determined by calculating the weighted average score for all practices in Table 4.

N5 - AIR QUALITY BENEFITS FROM REDUCED WIND EROSION (3 TO 45 POINTS)

Factor N5 is an evaluation of the air quality improvements by reducing airborne dust and particulate caused by wind erosion from cropland. In addition, this factor has points for the value of

CRP land that provides carbon sequestration. This factor is comprised of four subfactors (N5a-d). The formula for N5 = N5a + N5b + N5c +N5d.

- **N5a - Wind Erosion Impacts (0 to 25 points)**

FSA will determine the potential for the site to have wind erosion damage. FSA will award points based on potential wind erosion and the amount of population that may be impacted by the erosion. The potential wind erodibility is based on a climatic factor (wind speed, wind direction and duration of wind events) and soil erodibility.

- **N5b - Wind Erosion Soils List (0 or 5 points)**

A list of soils that are susceptible to wind and contribute significantly to nonattainment of air quality standards has been developed. These soils have a dominant component of volcanic or organic materials that are highly erodible and can be transported great distances on the wind. If at least 51 percent of the offered acres are comprised of these soils, the offer is awarded five points.

- **N5c - Air Quality Zones (0 or 5 points)**

FSA awards a maximum of five points if at least 51 percent of the acres offered is located in an air quality zone that contributes to nonattainment of air quality standards and the calculated weighted wind EI is equal to or greater than three.

- **N5d - Carbon Sequestration (3 to 10 points)**

The subfactor is an evaluation of the benefits of sequestering greenhouse gases by practice over the expected life of the practice. FSA awards points based on a weighted average of carbon sequestration benefits for all practices using the value in Table 5.

N6 - COST

Factor N6 is designed to optimize the environmental benefits per dollar for CRP rental payments. Factor N6 is comprised of two subfactors (N6a and N6b). The formula for N6 = N6a + N6b.

- **N6a - Cost (point value determined after end of enrollment based on actual offer data)**

Offers with lower per acre rental rates may receive more N6a points and have increased chances of being accepted.

- **N6b - Offer Less Than Maximum Payment Rate (0 to 25 points)**

Offers equal to the maximum payment rate will receive 0 points. Offers below the maximum payment rate will receive points according to the value in Table 6.

EBI THRESHOLD FOR ACCEPTANCE

After the 49th CRP general enrollment period ends Feb. 26, 2016, FSA will analyze and rank all eligible offers. The Secretary of Agriculture will then determine the EBI threshold used to accept offers. Because CRP is a highly competitive program, producers who would have met EBI during previous enrollment periods are not guaranteed an offer acceptance under the 49th CRP general enrollment period.

MAKING CRP OFFERS MORE COMPETITIVE

Beginning FY 2017, maximum CRP enrollment authority is 24 million acres. As such, the demand to enroll land in CRP is expected to be greater than the amount that FSA can accept.

To make offers more competitive, producers should consider the following:

- The single most important producer decision involves determining which cover practice to apply to the acres offered. Planting or establishing the highest scoring cover mixture is the best way to improve the chances of offer acceptance.

- Producers should only offer the most environmentally sensitive land. Where possible, subdividing fields to include only the most sensitive acres can substantially increase the point score for erosion and improve the water quality score and/or air quality score. Producers should consider enhancing covers for the benefit of wildlife or establishing pollinator habitat. In addition, producers may plant and manage hardwood or softwood trees that increase wildlife habitat values or restore certain rare and declining habitats. These potentially increase the EBI score in subfactors N1a and N4.
- Producers should consider accepting a lower payment rate than the maximum amount FSA is willing to offer.

FSA also encourages producers to consult with local USDA experts on steps to take to maximize EBI points and increase the likelihood that an offer will be accepted.

FOR MORE INFORMATION

This fact sheet is for informational purposes only; other restrictions may apply. Consult your local FSA office for details. For more information on CRP, visit FSA's CRP website at **www.fsa.usda.gov/crp** or contact a local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

Table 1 – Cover Practices (CP) for the N1a Criteria	
	Point Score
CP1 – Permanent introduced grasses and legumes	
Existing stand of one to three species or planting new stand of two to three species of an introduced grass species.	10
Existing stand or planting mixture (minimum of four species) of at least 3 introduced grasses and at least one forb or legume species best suited for wildlife in the area.	40
CP2 – Establishment of permanent native grasses and legumes	
Existing stand (minimum of one to three species) or planting mixed stand (minimum of three species) of at least two native grass species and at least one forb or legume species beneficial to wildlife.	20
Existing stand or planting mixed stand (minimum of five species) of at least three native grasses and at least one shrub, forb, or legume species best suited for wildlife in the area.	50
CP3 – Tree planting (general) 2/	
Southern pines (softwoods) – Solid stand of pines/softwoods (existing, according to state developed standards, or planted at more than 550 trees per acre).	10
Northern conifers (softwoods) – Solid stand of conifers/softwoods (existing, according to state developed standards, or planted at more than 850 trees per acre).	10
Western pines (softwoods) – Solid stand of pines/softwoods (existing, according to state developed standards, or planted at more than 650 trees per acre).	10
Southern pines (softwoods) – Pines/softwoods existing or planted at a rate of 500 to 550 per acre depending upon the site index (state-developed standards) with 10 to 20 percent openings managed to a CP4D wildlife cover.	50
Northern conifers (softwoods) – Conifers/softwoods existing or planted at a rate of 750 to 850 trees per acre depending upon the site index (state-developed standards) with 10 to 20 percent openings managed to a CP4D wildlife cover.	50
Western pines (softwoods) – Pines/softwoods existing or planted at a rate of 550 to 650 per acre depending upon the site index (state-developed standards) with 10 to 20 percent openings managed to a CP4D wildlife cover.	50
CP3A – Hardwood tree planting	
Existing or planting solid stand of nonmast producing hardwood species.	10
Existing or planting solid stand of a single hard mast producing species.	20
Existing or planting mixed stand of two hardwood species best suited for wildlife in the area.	30
Existing or planting mixed stand (three or more species) of hardwood species best suited for wildlife in the area.	50
Existing or planting stand of Longleaf pine or Atlantic white cedar - Planted at rates appropriate for the site index.	50
CP4B - Permanent wildlife habitat (corridors), noneasement	
Existing stand or planting mixed stand (minimum of four species) of either grasses, trees, shrubs, forbs, or legumes planted in mixes, blocks, or strips best suited for various wildlife species in the area. A wildlife conservation plan must be developed with the participant.	40

Existing stand or planting mixed stand (minimum of five species) of either predominantly native species including grasses, forbs, legumes, shrubs, or trees planted in mixes, blocks, or strips best suited to providing wildlife habitat. Only native grasses are authorized. Introduced grasses are not authorized for and cannot be included in cover mixes for 50-point N1a scores for CP4B. A wildlife conservation plan must be developed with the participant.	50	
CP4D - Permanent wildlife habitat, noneasement		
Existing stand or planting mixed stand (minimum of four species) of either grasses, trees, shrubs, forbs, or legumes planted in mixes, blocks, or strips best suited for various wildlife species in the area. A wildlife conservation plan must be developed with the participant.	40	
Existing stand or planting mixed stand (minimum of five species) of either predominantly native species including grasses, forbs, legumes, shrubs, or trees planted in mixes, blocks, or strips best suited to providing wildlife habitat. Only native grasses are authorized. Introduced grasses are not authorized for and cannot be included in cover mixes for 50-point N1a scores for CP4D. A wildlife conservation plan must be developed with the participant.	50	
CP12 –Wildlife food plot 3/		
Wildlife food plots are small non-cost-shared plantings in a larger area. Wildlife food plots will never be the predominant cover.	NA	
CP25 –Rare and declining habitat restoration 4/		
Existing stand or seeding or planting will be best suited for wildlife in the area. Plant species selections will be based upon Ecological Site Description data.	50	
CP42 – Pollinator Habitat		
Existing stand or planting of a diverse mix of multiple species suited for pollinators.	50	

Footnotes:
1/ Cover that is existing or will be established must accomplish the purpose of the practice.
2/ State Conservationist may revise the Field Office Technical Guide (FOTG) on planting rate to be consistent with CRP. The opening for southern and western pines must be a minimum of two acres up to a maximum of five acres in size for fields of 20 acres and larger. For smaller fields, the size is based on a percentage. Opening in northern conifers will be one-half to two acres in size. The opening may include buffers on the interior of the field. Field edges (borders) may be used if they are irregular in shape and average 30 feet in width. Natural regeneration of native herbaceous or shrubby vegetation with required maintenance may be permitted within open areas if it is consistent with USDA Natural Resources Conservation Service (NRCS) technical standards and the Northern Bobwhite Conservation Initiative, and has concurrence from state fish and wildlife service (FWS) or U.S. FWS officials. Open areas of native grasses and/or shrub planting best suited for wildlife in the area is considered CP3 for EBI scoring and contract purposes.
3/ CP12 acres is not included in the weighted average point score. For example, a 50-acre offer with 45 acres planted to CP25 and five acres planted to a wildlife food plot would calculate a weighted average using only the 45 acres of the CP25 planting. This calculates as follows: 45 acres x 50 points (CP 25 EBI score) = 2,250 points. 2,250 points / 45 acres = 50 points.
4/ Technical practice standards for the selected habitat type must meet applicable standards and be approved by FSA at least 30 calendar days before the beginning of the enrollment period.

<table>
<tr><th colspan="2">Table 2 - Practices for the N1b Criteria</th></tr>
<tr><th>Practice</th><th>Point Score</th></tr>
<tr><td>Conversion of at least 51 percent of a primarily monoculture stand to a mixture of native species that provides wildlife benefits.</td><td>20</td></tr>
<tr><td>Establishment of pollinator habitat (CP42) that remains in the location of the CRP-1. The habitat size, shape, and composition must meet the following requirements:
Size
<table>
<tr><th>CRP Acres Offered</th><th>Habitat Size Requirement</th></tr>
<tr><td>Less than 10 acres</td><td>At least one acre of pollinator habitat. Habitat areas must be at least 0.5 acre.</td></tr>
<tr><td>10 acres or greater</td><td>At least 10 percent of the acres offered in pollinator habitat. Habitat areas must be at least 0.5 acre.</td></tr>
</table></td><td>20</td></tr>
<tr><td>Annual or permanent food plot (CP12) that remains in the same location for the contract length, or rotated food plot (CP12) for which the location on the contract is moved during the contract length consistent with the NRCS Field Office Technical Guide up to 10 percent of a field, not to exceed 5 acres per field.</td><td>5</td></tr>
</table>

Table 3 - Erodibility Index Points 1/

EI	Points	EI	Points	EI	Points
4	1	10	22	16	79
5	2	11	29	17	92
6	4	12	37	18	97
7	7	13	46	19	98
8	11	14	56	20	99
9	16	15	67	21+	100

1/ EI of less than 4 = 0 points

Table 4 - Practices for the N4 Criteria

Practice	Point Score
New hardwood tree, longleaf pine, and/or Atlantic white cedar plantings (CP3A) and CP25 (Rare and declining habitat restoration) if the plant community is existing or will be established to primarily trees.	50
Existing or enhanced stand of hardwood tree, longleaf pine, and/or Atlantic white cedar plantings (CP3A).	40
New pine/softwood tree (CP3).	30
Rare and declining habitat restoration (CP25) where the plant community is existing or will be established to a primarily grass and/or shrub complex.	25
Existing pine/softwood tree - original contract signed as CP3.	20
CP1, CP2, CP4B, CP4D.	0

Table 5 - N5d Air Quality	
Practice	**Point Score**
CP3 (Tree planting - general), CP3A (Hardwood tree planting), and CP25 (Rare and declining habitat restoration) planted to trees.	10
CP25 (Rare and declining habitat restoration) planted to grass/shrub complexes, and CP42 (Pollinator Habitat).	5
CP4B (Permanent wildlife habitat (corridors), noneasement) and CP4D (Permanent wildlife habitat, noneasement).	4
CP1 (Permanent introduced grasses and legumes) and CP2 (Establishment of permanent native grasses).	3
CP12 (Wildlife food plot).	0

Table 6 – N6b Offer Less Than Maximum Payment Rate	
Percent Below Maximum Payment Rate	**N6b Points**
1	2
2	4
3	6
4	8
5	10
6	12
7	14
8	16
9	18
10	20
11	21
12	22
13	23
14	24
>=15	25

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

CONSERVATION

FACT SHEET

November 2015

Conservation Reserve Program Continuous Sign-Up

OVERVIEW

USDA Farm Service Agency's (FSA) Conservation Reserve Program (CRP) is a voluntary program that contracts with agricultural producers so that environmentally sensitive agricultural land is not farmed or ranched, but instead used for conservation benefits. CRP participants establish long-term, resource-conserving vegetative species, such as approved grasses or trees (known as "covers") to control soil erosion, improve the water quality and enhance wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Continuous sign-up contracts are 10 to 15 years in duration.

The Food Security Act of 1985, as amended, authorized CRP. The program is also governed by regulations published in 7 CFR, part 1410. The program is implemented by FSA on behalf of USDA's Commodity Credit Corporation. More detailed information on CRP is available in the FSA fact sheet, "Conservation Reserve Program" located at www.fsa.usda.gov/Internet/FSA_File/2014_crp-general.pdf

BENEFITS

CRP protects millions of acres of American topsoil from erosion and is designed to safeguard the nation's natural resources. By reducing water runoff and sedimentation, CRP protects groundwater and helps improve the condition of lakes, rivers, ponds, and streams. The vegetative covers also make CRP a major contributor to increased wildlife populations in many parts of the country.

ADMINISTRATION

FSA administers CRP while technical support functions are provided by:

- USDA's Natural Resources Conservation Service (NRCS);
- USDA's National Institute of Food and Agriculture (NIFA);
- State forestry agencies;
- Local soil and water conservation districts;
- Other non-federal providers of technical assistance.

CONTINUOUS SIGN-UP

Under continuous sign-up authority, environmentally sensitive land devoted to certain conservation practices can be enrolled in CRP at any time. Offers are automatically accepted provided the land and producer meet certain eligibility requirements. Unlike CRP enrollments under general sign-up authority, offers for continuous sign-up are not subject to competitive bidding.

The effective date of the CRP contract is the first day of the month following the month of approval. In certain circumstances, producers may defer the effective date for up to six months.

If the acreage is currently under CRP contract and is within one year of the scheduled expiration date, the effective date is Oct. 1 following the expiration date.

To offer land for continuous sign-up, producers should contact their local FSA office.

ELIGIBLE PRODUCERS

A producer must have owned or operated the land for at least 12 months prior to submitting the offer, unless:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right of redemption in accordance with state law or;
- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

ELIGIBLE LAND

Land must be cropland that is planted or considered planted to an agricultural commodity four of the previous six crop years from 2008 to 2013, and is physically and legally capable of being planted (no planting restrictions due to an easement or other legally binding instrument) in a normal manner to an agricultural commodity.

ELIGIBLE PRACTICES

The land must be eligible and suitable for any of the following conservation practices:

- Riparian buffers;
- Wildlife habitat buffers;
- Wetland buffers;
- Filter strips;
- Wetland restoration;
- Grass waterways;
- Shelterbelts;
- Living snow fences;
- Contour grass strips;
- Constructed wetlands;
- Restoration of aquaculture wetlands;
- Wildlife habitat restoration within approved State Areas for Wildlife Enhancement (SAFE) projects;
- Salt tolerant vegetation or;
- Shallow water areas for wildlife.

Land within an Environmental Protection Agency (EPA)-designated public wellhead area also may be eligible for enrollment on a continuous basis.

PAYMENTS

FSA provides CRP continuous sign-up participants with annual rental payments, including certain incentives and cost-share assistance:

- **Rental Payments**

° In return for establishing long-term, resource-conserving covers, FSA provides annual rental payments to participants. FSA bases rental rates on the relative productivity of the soils within each county and the average dry-land cash rent or cash rent equivalent as guidelines.

° The per-acre annual rental rate may not exceed the calculated rate determined in advance of enrollment. While continuous sign-up acceptance is not determined by a competitive offer process, producers may elect to receive an amount less than the maximum payment rate.

- **Cost-Share Assistance**

° An upfront signing incentive payment (SIP) up to **$150** per acre. The one-time SIP will be made after the contract is approved and all payment eligibility criteria are met and;

° A practice incentive payment (PIP) equal to 40 percent of the eligible installation costs for eligible participants who enroll certain practices. The one-time PIP will be issued after the practice is installed, eligible costs are verified and other payment eligibility criteria are met.

MORE INFORMATION

To find more information about FSA programs, contact your local FSA office or USDA Service Center. To find your local FSA county office, visit http://offices.usda.gov.

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

CONSERVATION

FACT SHEET

Revised September 2015

Conservation Reserve Program (CRP) - Grasslands

OVERVIEW

The Conservation Reserve Program (CRP) Grasslands is part of the CRP program, a federally funded voluntary program that contracts with agricultural producers so that environmentally sensitive agricultural land is not farmed or ranched, but instead used for conservation benefits.

The U.S. Department of Agriculture (USDA) provides participants with rental payments and cost-share assistance. Contract duration is between 14 and 15 years.

CRP Grasslands helps landowners and operators protect grassland, including rangeland, and pastureland, and certain other lands, while maintaining the areas as grazing lands. The program emphasizes support for grazing operations, plant and animal biodiversity, and grassland and land containing shrubs and forbs under the greatest threat of conversion.

CRP Grasslands is authorized by the 2014 Farm Bill. The USDA Farm Service Agency (FSA) administers the program on behalf of the USDA Commodity Credit Corporation (CCC).

BENEFITS

Protecting grasslands contributes positively to the economy of many regions, provides biodiversity of plant and animal populations and improves environmental quality.

HOW THE PROGRAM WORKS

Participants voluntarily limit future use of the land while retaining the right to conduct common grazing practices, produce hay, mow, or harvest for seed production (subject to certain restrictions during the nesting season of bird species that are in significant decline or those that are protected under federal or state law), conduct fire rehabilitation, and construct firebreaks and fences.

RANKING LAND OFFERED FOR CRP GRASSLANDS

Interested participants may file applications with FSA at any time. These applications will be batched and reviewed several times a year to determine which applications can be approved.

Applications for CRP Grassland will be ranked after each batching period using Grassland Ranking Factors. FSA collects data for each of the ranking factors based on the relative benefits for the land offered. Each eligible offer is ranked in comparison to all other offers and selections made from that ranking.

FSA uses the following ranking factors, including:

- Existence of expiring CRP or Grassland Reserve Program land;
- Existing grassland;
- Multi-species cover existence and predominance of native species;
- Livestock grazing operation;
- State Focus Area (land-based) determined in consultation with State Technical Committee;
- Whether the applicant is an eligible beginning, veteran, or socially disadvantaged farmer or rancher and;
- Other factors as determined by the Deputy Administrator.

ELIGIBLE PRODUCERS

A producer must have owned or operated the land for at least 12 months prior to close of the CRP enrollment period, unless:

- The new owner acquired the land due to the previous owner’s death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right of redemption in accordance with state law or;

- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

ELIGIBLE LAND

Land currently must be planted to a grass cover.

RENTAL PAYMENTS

In return for following an approved CRP conservation plan, FSA provides annual rental payments to participants in an amount that is not more than 75 percent of the grazing value of the land covered by the agreement as determined by FSA for the life of the agreement.

COST-SHARE ASSISTANCE

FSA provides cost-share assistance to participants who establish approved practices on eligible land in an amount that is not more than 50 percent of the participants' costs in establishing approved practices.

FOR MORE INFORMATION

This fact sheet is for informational purposes only; other restrictions may apply. To find more information about CRP-Grasslands, visit **www.fsa.usda.gov/crp**. For more details on FSA conservation programs, visit **www.fsa.usda.gov/conservation** or contact your local FSA office. To locate the nearest FSA office or USDA Service Center visit **http://offices.usda.gov**.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

May 2015

CRP Habitat Buffers for Upland Birds Initiative

Background

The Habitat Buffers for Upland Birds Initiative is a practice under the Conservation Reserve Program (CRP) designed to convert marginally productive cropland along the borders of agricultural fields into grass buffers that create more habitats for upland birds.

This practice allows producers to create up to 500,000 acres of habitat for upland and grassland dependent birds. Upland birds include the northern bobwhite quail, pheasant, prairie chicken, mourning dove, wild turkey, finches, sparrows, red-winged blackbirds, meadowlark, bobolinks, and other species.

Beginning January 26, 2015, producers are allowed to enroll pivot corners under this initiative.

Objectives

The "covers" created by this program will help with nesting and brood-rearing of upland birds. Also, the vegetation established by this program will reduce soil erosion and protect water quality by trapping field sediments and nutrients.

Continuous Signup

Producers in Montana may submit offers on a continuous basis until the state allocation of 10,000 acres is reached.

The CRP contract is effective the first day of the month following the month it was approved by the local FSA county committee. The effective date may be deferred up to six months.

Eligible Land

This practice may be applied to:

- Pivot corners that meet the provisions of eligible land, are eligible for enrollment.
- The pivot corners must be installed around a cropped field.
- There are no minimum or maximum size requirements.
- Cropland that has been planted or considered planted to an agricultural commodity during four (4) of the six (6) crop years from 2008 to 2013.

Eligibility

To be eligible for cost share, this practice shall:

- Be included in an approved conservation plan
- Be maintained for the life of the CRP contract.

Contract Duration

Contracts will be between 10 and 15 years in duration.

Management Activities

Management activities are site specific and are used to enhance the wildlife habitat and benefits for the site. Management activities must be completed before the end of year six (6) of the contract. Contract participants can receive cost-share for completing management activities.

Payments

Participants are eligible for the following types of financial assistance:

- **Annual Rental Payments:**
  The per acre payment rate is calculated by using the average of the rental rates for the three predominate soils of the eligible acres offered.
- **Signing Incentive Payment (SIP)**
  Equal to $150 per acre.
- **Cost-Share**
  Payment will be made up to 50 percent of the eligible cost of establishing a permanent cover.
- **Practice Incentive Payment (PIP)**
  Equal to 40 percent of the total eligible cost to establish the practice.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: http://www.fsa.usda.gov/mt

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USDA United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Prairie Pothole-Upland Game Bird Habitat Enhancement

State Acres for Wildlife Enhancement (SAFE)

July 2015

Authorization

In 2007 the USDA Farm Service Agency (FSA) unveiled a new initiative, State Acres for Wildlife Enhancement (SAFE), to improve habitat for high-priority wildlife species.

SAFE allows producers to install practices through the Conservation Reserve Program (CRP) that benefit high priority State wildlife conservation objectives. The cooperative effort is based on locally developed conservation proposals that address the highest priority wildlife objectives before the practices may be implemented. The practices must be used to address wildlife habitat that can be enhanced through the restoration of eligible cropland through CRP.

Overview

Development of the Prairie Pothole-Upland Game Bird Habitat Enhancement SAFE project is a cooperative effort between the following agencies and organizations in Montana: USDA Farm Service Agency, USDA Natural Resources Conservation Service, Montana Fish Wildlife and Parks, U.S. Fish and Wildlife Service – Partners for Fish & Wildlife, Ducks Unlimited and Pheasants Forever.

The purpose of the Prairie Pothole-Upland Game Bird Habitat Enhancement project is to:

- Expand habitats for ground nesting ducks. Other species that will benefit from the expanded habitat are ring-necked pheasant, Hungarian (gray) partridge, native sharp-tailed grouse, and neotropical birds.
- To enhance or augment existing habitats by providing key nesting cover adjacent to duck brood water

Outcomes

The Prairie Pothole-Upland Game Bird Habitat Enhancement project intends to combine the biological and ecological knowledge about the primary wildlife species, ground nesting ducks, to expand utilization of the combined existing cover types by contracting the additional cropland acreages to provide missing cover types – nesting cover, broodrearing cover, and food. Properly positioned contracted cropland acreage will increase year long utilization by wildlife generally.

Project Area

Montana recently received an additional 7,500 acres for enrollment in the SAFE Prairie Pothole Area. The following counties are in the SAFE Prairie Pothole Area: Blaine, Cascade, Chouteau, Daniels, Glacier, Hill, Liberty, Phillips, Pondera, Roosevelt, Sheridan, Teton, Toole and Valley. Over 14,000 acres have been enrolled in the SAFE Prairie Pothole Area since 2009.

Requirements

Habitat requirements of the targeted species, ground nesting ducks, must be met.

Acres enrolled must:

- Be with-in a maximum 2-miles distance from streams or impoundments;
- Improve and/or expand ground nesting habitat
- Prevent degradation of wildlife habitat from recurring
- Follow NRCS Field Office Technical Guide (FOTG) Standard 645 – Upland Wildlife Habitat Management to provide missing components of the habitat
- Be included in an approved conservation plan

Cropland Eligibility

Eligible cropland is cropland that has been planted or considered planted to an agricultural commodity during 4 of the 6 crop years from 2008 through 2013.

Practices

The 7,500 acres now available for enrollment in this area must be offered as the following practices:

- CP38E-CP1 – Permanent Introduced Grasses and Legumes
- CP38E-CP2 – Permanent Native Grasses
- CP38B-CP23, Wetland Restoration
- CP38B-CP23A, Wetland Restoration – Non-Floodplain

Conservation Plan and Planting Specification Review

To meet expected goals of SAFE, conservation plans and planting specifications will be designed by, or in consultation with, a wildlife biologist and will require approval by a wildlife biologist. Conservation plans and planting specifications will meet the Natural Resources Conservation Service (NRCS) Technical Standards. Planting or sowing of the approved cover shall be completed within 12 months of the effective date of the contract.

Contract Duration

Contracts will be between 10 and 15 years in duration.

Continuous Signup

Producers within the Prairie Pothole-Upland Game Bird Habitat Enhancement area can submit offers to voluntarily enroll cropland in CRP contracts. SAFE applications will be accepted throughout the year. Eligible SAFE applications can be approved by the local FSA County Committee. The contract effective date is the first day of the month following the month it is approved by the local FSA County Committee. The effective date may be deferred up to 6 months.

Management Activities

Management activities are site specific and are used to enhance the wildlife habitat and benefits for the site. Management activities must be completed before the end of year 6 for contracts with a 10 year contract length or before the end of year 9 for contracts with a 15 year contract length. Contract participants can receive cost-share for completing management activities.

Project Acreage Limitation

Producers within the Prairie Pothole-Upland Game Bird Habitat Enhancement area can submit offers to voluntarily enroll cropland in CRP contracts. The Prairie Pothole-Upland Game Bird Enhancement SAFE area now has 7,500 acres available.

Payments

Participants are eligible for the following types of financial assistance:

- **Annual Rental Payments –** The per acre payment rate is calculated by using the average of the rental rates for the three predominate soils of the eligible acres offered.
- **Signing Incentive Payment (SIP)** – Equal to $10 per acre for each full year (Not to exceed 10 years) of the contract. Re-enrolled acres are not eligible for SIP.
- **Cost-share –** Payment will be made up to 50 percent of the eligible cost of establishing a permanent cover.
- **Practice Incentive Payment (PIP) –** Equal to 40 percent of the total eligible cost to establish the practice. PIP is authorized for re-enrolled continuous signup practices only if new cost share is approved.

Additional Cost-share Assistance – Montana Fish, Wildlife and Parks may provide additional cost-share assistance for grass seed and/or shrub seedling costs.

Definitions of Terms

Nesting Cover – Undisturbed grass-legume mixtures, hay fields (undisturbed during the primary nesting season) winter wheat, vegetated roadsides, ditch banks, and rangeland.

Broodrearing Cover – Shallow wetlands, ponds, reservoirs, streams, rivers and emergent vegetation.

Food – Aquatic vegetation with aquatic invertebrates, grain fields, undisturbed grasses and grass/legume mixtures

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt.

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

July 2015

Montana Pheasants Winter Cover Enhancement
State Acres for Wildlife Enhancement (SAFE)

Authorization

In 2007 the USDA Farm Service Agency (FSA) unveiled a new initiative, State Acres for Wildlife Enhancement (SAFE), to improve habitat for high-priority wildlife species.

SAFE allows producers to install practices through the Conservation Reserve Program (CRP) that benefit high priority State wildlife conservation objectives. The cooperative effort is based on locally developed conservation proposals that address the highest priority wildlife objectives before the practices may be implemented. The practices must be used to address wildlife habitat that can be enhanced through the restoration of eligible cropland through CRP.

Overview

Pheasant Winter Cover Enhancement SAFE project is a cooperative effort between the following agencies and organizations in Montana: USDA Farm Service Agency, USDA Natural Resources Conservation Service, Montana Fish Wildlife and Parks, landowners and Pheasants Forever.

The purpose of the Pheasant Winter Cover Enhancement project is to:

- Provide blocks of grass and/or shrub cover for ring-necked pheasants and other upland birds near existing permanent winter cover;
- Improve habitat for ring-necked pheasants and other upland game birds near existing permanent winter cover;
- Expand habitat for ring-necked pheasants and other upland birds by converting eligible croplands to grassy cover;
- Improve water quality and reduce soil erosion within the project area.

Project Area

Montana recently received an additional 7,500 acres for enrollment in the SAFE Pheasants Winter Cover Area. The following counties are in the SAFE Pheasants Winter Cover Area: Daniels, Dawson, McCone, Richland, Roosevelt, Sheridan and Valley. Over 19,000 acres have been enrolled in the SAFE Pheasants Winter Cover Area since 2009.

Requirements

Year round habitat requirements of the targeted species must be met. Acres enrolled must:

- Be at least 40 acres in size;
- Be located next to winter cover;
- Have available nest cover within 1.5 miles of winter cover;
- Include an area of at least 10 percent winter cover;
- Be evaluated to determine whether planting native shrub thickets is required if shrubby cover is determined to be a limiting feature in the surrounding landscape or for restoring native riparian habitat;
- Have a developed Wildlife Resource Management System;
- Be included in an approved conservation plan.

Cropland Eligibility

Eligible cropland is cropland that has been planted or considered planted to an agricultural commodity during 4 of the 6 crop years from 2008 through 2013.

Practices

The 7,500 acres now available for enrollment in this area must be offered as one of the following practices:

- CP38E-CP1 – Introduced Grasses and Legumes
- CP38E-CP2 – Native Grasses
- CP38E-CP4D – Wildlife Habitat
- CP38E-CP12 – Wildlife Food Plot
- CP38B-CP23 – Wetland Restoration
- CP38B-CP23A – Wetland Restoration, Non-Floodplain

Conservation Plan and Planting Specification Review

To meet expected goals of SAFE, conservation plans and planting specifications will be designed by, or in consultation with, a wildlife biologist and will require approval by a wildlife biologist. Conservation plans and planting specifications will meet the Natural Resources Conservation Service (NRCS) Technical Standards. Planting or sowing of the approved cover shall be completed within 12 months of the effective date of the contract.

Contract Duration

Contracts will be between 10 and 15 years in duration.

Continuous Signup

SAFE applications will be accepted throughout the year. Eligible SAFE applications can be approved by the local FSA County Committee. The contract is effective the first day of the month following the month it is approved by the local FSA County Committee. The effective date may be deferred up to 6 months.

Management Activities

Management activities are site specific and are used to enhance the wildlife habitat and benefits for the site. Management activities must be completed before the end of year 6 for contracts with a 10 year contract length or before the end of year 9 for contracts with a 15 year contract length. Contract participants may receive up to 50 percent cost-share for completing management activities.

Project Acreage Limitation

Producers within the Pheasant Winter Cover Enhancement SAFE area can submit offers to voluntarily enroll cropland in CRP contracts. The Pheasant Winter Cover Enhancement SAFE area now has 7,500 acres available.

Payments

Participants are eligible for the following types of financial assistance:

- **Annual Rental Payments –**
  The per acre payment rate is calculated by using:
  1. The average of the rental rates for the 3 predominate soils of the eligible acres offered.

- **Signing Incentive Payment (SIP)** –
  Equal to $10 per acre for each full year (Not to exceed 10 years) of the contract. The SIP payment will be issued after approval of the CRP contract. Re-enrolled acres are not eligible for SIP.

- **Cost-share –**
  Payment will be made up to 50 percent of the eligible cost of establishing a permanent cover and completing management activities.

- **Practice Incentive Payment (PIP) –**
  Equal to 40 percent of the total eligible cost to establish the practice. PIP is authorized for re-enrolled continuous signup practices only if new cost share is approved.

Maximum Annual Payment Limitation

The maximum annual non-cost-share payments that an eligible entity or attributable limit can receive under CRP is $50,000. Non-cost-share payments include Annual Rental Payments, Signing Incentive Payments (SIP) and Practice Incentive Payments (PIP).

Additional Cost-share Assistance –

Montana Fish, Wildlife and Parks may provide additional cost-share assistance for grass seed and/or shrub seedling costs.

Definitions of Terms

Nest Cover – undisturbed grass-legume mixtures, hay fields (undisturbed during the primary nesting season) winter wheat, vegetated roadsides, ditch banks, and rangeland.

Winter Cover – Consists of cattail marshes, tall, stiff-stemmed grasses (i.e., basin wild rye, tall wheatgrass), shelterbelts, woody riparian cover, and areas of tall, rank weeds.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt.

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

May 2015

Montana Sagebrush-Grassland Restoration State Acres for Wildlife Enhancement (SAFE)

Authorization

In 2007 the USDA Farm Service Agency (FSA) unveiled a new initiative to improve habitat for high-priority wildlife species.

SAFE allows producers to install practices through the Conservation Reserve Program (CRP) that benefit high priority State wildlife conservation objectives. The cooperative effort is based on locally developed conservation proposals that address the highest priority wildlife objectives before the practices may be implemented. The practices must be used to address wildlife habitat that can be enhanced through the restoration of eligible cropland through CRP.

Overview

The Montana Sagebrush-Grassland Restoration Enhancement SAFE project is a cooperative effort between the following agencies and organizations in Montana: USDA Farm Service Agency, USDA Natural Resources Conservation Service, Montana Fish Wildlife and Parks, landowners and the Northern Great Plains Joint Venture.

The purpose of the Montana Sagebrush-Grassland Restoration Enhancement SAFE project is to:

- Expand habitats for sage grouse and other sagebrush obligates such as sage sparrow, sage thrasher and other sagebrush associated wildlife;
- Restore big sage and associated native forbs, grasses and shrubs;
- Provide critical nesting habitats which would be largely undisturbed through the sage grouse breeding and brood rearing seasons.

Project Area

The following counties are in the Montana Sagebrush-Grassland Restoration Area: Beaverhead, Big Horn, Carbon, Carter, Fallon, Fergus, Garfield, Golden Valley, Madison, Musselshell, Petroleum, Powder River, Rosebud and Treasure. Over 800 acres have been enrolled in the SAFE Montana Sagebrush-Grassland Restoration Area since 2009.

Requirements

Year round habitat requirements of the targeted species, sage grouse, must be met. Acres enrolled must:

- Be a minimum tract size of 100 acres;
- Include Big Sagebrush in the seeding mixture;
- Be enhanced to provide missing habitat components for grass stands already established on eligible cropland;
- Protect new seeding from domestic grazing and browsing for two to three years;
- Not be hayed for the life of the contract;
- Not use fire as a management activity
- Follow NRCS seedbed preparation and planting procedures and be seeded within the first year of the contract;
- Be included in an approved conservation plan.

Cropland Eligibility

Eligible cropland is cropland that has been planted or considered planted to an agricultural commodity during four of the six crop years from 2008 to 2013.

Practices

The 1,500 acres available for enrollment in this area must be offered as one of the following practices:

- CP38E-CP2 – Permanent Native Grasses which includes Big Sagebrush

Conservation Plan and Planting Specification Review

To meet expected goals of SAFE, conservation plans and planting specifications will be designed by, or in consultation with, a wildlife biologist and will require approval by a wildlife biologist.
Conservation plans and planting specifications will meet NRCS Technical Standards.
Planting or sowing of the approved cover shall be completed within 12 months of the effective date of the contract.

Contract Duration

Contracts will be no less than 10 years or more than 15 years in duration.

Continuous Signup

Producers within the Montana Sagebrush-Grassland Restoration SAFE area can submit offers to voluntarily enroll cropland in CRP contracts. SAFE applications will be accepted throughout the year. Eligible SAFE applications can be approved by the local FSA County Committee. The contract is effective the first day of the month following the month it is approved by the local FSA County Committee. The effective date may be deferred up to six months.

Management Activities

Management activities are site specific and are used to enhance the wildlife habitat and benefits for the site. Management activities must be completed before the end of year 6 of the contract. Contract participants can receive cost-share for completing management activities.

Payments

Participants are eligible for the following types of financial assistance:

- **Annual Rental Payments –** The per acre payment rate is calculated by using:
  1. The average of the rental rates for the three predominate soils of the eligible acres offered.

- **Signing Incentive Payment (SIP)** – Equal to $100 per acre for each full year (Not to exceed 10 years) of the contract.

- **Cost-share –** Payment will be made up to 50 percent of the eligible cost of establishing a permanent cover.

- **Practice Incentive Payment (PIP) –** Equal to 40 percent of the total eligible cost to establish the practice.

Additional Cost-share Assistance –
Montana Fish, Wildlife and Parks may provide additional cost-share assistance for grass seed and/or shrub seedling costs.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

CONSERVATION

FACT SHEET

June 2014

Conservation Reserve Program (CRP) – Transition Incentives Program (TIP)

OVERVIEW

The Transition Incentives Program, administered by the USDA Farm Service Agency (FSA), assists with the transition of expiring Conservation Reserve Program (CRP) land from a retired or retiring owner or operator to a beginning, veteran, or socially disadvantaged farmer or rancher to return land to production for sustainable grazing or crop production.

CRP is a voluntary program that contracts with agricultural producers so that environmentally sensitive agricultural land is not farmed or ranched, but instead used for conservation benefits. CRP participants establish long-term, resource-conserving vegetative species, such as approved grasses or trees (known as "covers") to control soil erosion, improve the water quality, and enhance wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Continuous sign-up contracts are 10 to 15 years in duration.

CRP protects millions of acres of American topsoil from erosion and is designed to safeguard the nation's natural resources. By reducing water runoff and sedimentation, CRP protects groundwater and helps improve the condition of lakes, rivers, ponds, and streams. The vegetative covers also make CRP a major contributor to increased wildlife populations in many parts of the country.

The Agricultural Act of 2014 (the 2014 Farm Bill) authorizes $33 million for fiscal years 2014 through 2018 for TIP. The Food Security Act of 1985, as amended, authorized CRP, and is governed by regulations published in 7 CFR, part 1410.

FSA implements TIP and CRP on behalf of USDA's Commodity Credit Corporation (CCC).

ENROLLMENT

Enrollment in TIP is on a continuous basis until the total funds authorized for the program are exhausted. Beginning (including veteran), or socially disadvantaged farmers and ranchers and retired or retiring CRP participants may enroll in TIP during the final year before the scheduled date of CRP contract expiration or Sept. 30.

For example, if a CRP contract is scheduled to expire on Sept. 30, 2014, the land may be enrolled in TIP from Oct. 1, 2013, through Sept. 30, 2014.

TIP enrollment may begin immediately for contracts scheduled to expire on Sept. 30 2014.

PROVISIONS

To be eligible for TIP, an owner or operator must be a retired or retiring farmer or rancher on land enrolled in an expiring CRP contract.

The retired or retiring owner or operator must agree to sell, or have a contract to sell, or agree to lease long-term (at least 5 years) the land enrolled in an expiring CRP contract to a beginning, veteran, or socially disadvantaged farmer or rancher.

The retired or retiring owner or operator must agree to permit the beginning, veteran, or socially disadvantaged farmer or rancher to make conservation and land improvements according to an approved conservation plan.

Beginning or socially disadvantaged farmers and ranchers participating in TIP may re-enroll otherwise eligible land under CRP's continuous signup provisions including the Conservation Reserve Enhancement Program (CREP).

Also, the beginning or socially disadvantaged farmer or rancher may be eligible for enrollment in the Conservation Stewardship Program or the Environmental Quality Incentives Program (EQIP), provided all eligibility requirements are met.

DEFINITIONS

Retired or retiring owner or operator means an owner or operator of land enrolled in a CRP contract who has ended active labor in farming operations as a producer of agricultural crops or expects to do so within five years of the CRP contract modification.

Beginning farmer or rancher means, as determined by CCC, a person or entity who:

- Has not been a farm or ranch operator for more than 10 years; and
- Materially and substantially participates in the operation of the farm or ranch involved in CRP contract modification.
- A veteran farmer or rancher who served in the Armed Forces and who has:
    - Not operated a farm or ranch; or
    - Operated a farm or ranch for no more than 10 years.

Socially disadvantaged farmer or rancher means a farmer or rancher who is a member of a socially disadvantaged group whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. Gender is not included.

TRANSITION PAYMENTS

Retired or retiring owners or operators participating in TIP may receive up to two additional annual rental payments after their CRP contract expires provided the beginning or socially disadvantaged farmer or rancher is not a family member.

FOR MORE INFORMATION

For more information about FSA and its programs, visit your local FSA county office or USDA Service Center, or on the web at : http://www.fsda.usda.gov.

FACT SHEET

CREP
Montana Conservation Reserve Enhancement Program
Missouri and Madison River Systems

MT CREP

Overview

The Conservation Reserve Enhancement Program (CREP) targets high-priority state and federal conservation issues and related environmental concerns.
The United States Department of Agriculture's (USDA) Farm Service Agency (FSA) administers the Conservation Reserve Program (CRP) and CREP on behalf of the Commodity Credit Corporation (CCC). CRP is authorized by the Food Security Act of 1985, as amended.

Montana CREP is 524 miles in length and encompasses nine counties including: Blaine, Broadwater, Cascade, Chouteau, Fergus, Gallatin, Lewis & Clark, Madison and Phillips.

Through the Montana CREP, federal and state resources are made available to program participants to voluntarily enroll in the Conservation Reserve Program (CRP) for a minimum of 14-year, not to exceed 15-year contracts. Participants remove cropland and marginal pastureland from agricultural production and convert the land to native and introduced grasses, and the restoration of wetlands.

Goals

The goals of the Montana CREP are to:

- Improve water quality of the Missouri and Madison Rivers.
- Enhance wildlife habitat along the Missouri and Madison Rivers.
- Restore degraded wetlands along the Missouri and Madison Rivers.

Program Benefits

The Montana CREP helps farmers improve the water quality of the Missouri and Madison River systems by reducing sediment and nutrient runoff, and reducing or removing livestock access to the rivers. Through CREP, Montana farmers are able to buffer approximately 524 miles of watercourses. This helps lower water temperatures, increase dissolved oxygen and enhance fish and wildlife habitat.

Eligible Conservation Practices

The following specific CRP conservation practices are available:

- CP1, Establishment of Permanent Introduced Grasses and Legumes;
- CP2, Establishment of Permanent Native Grasses;
- CP4D, Permanent Wildlife Habitat;
- CP9, Shallow Water Areas for Wildlife;
- CP21, Filter Strips;
- CP22, Riparian Buffer;
- CP23, Wetland Restoration;
- CP23A, Wetland Restoration, Non-Floodplain;
- CP25, Rare and Declining Habitat;

- CP29, Marginal Pastureland Wildlife Habitat Buffer;
- CP30, Marginal Pastureland Wetland Buffer

Eligibility Requirements and Signup Date

Enrollment in the Montana CREP is on a continuous basis. Cropland must meet cropping history criteria and be physically and legally capable of being cropped in a normal manner. Marginal pastureland is also eligible for enrollment provided it is suitable for use as an eligible riparian buffer. Persons who have an existing CRP contract or an approved offer with a contract pending, are not eligible for CREP on that land until that contract expires.

CREP Payments

Under the Montana CREP, eligible CREP participants may receive the following payments:

- An annual rental payment based on the land use and irrigation status. The payment consists of a: 1) base soil rental rate for the individual county; 2) an incentive payment; and; 3) a maintenance payment
- For dryland cropland, an incentive payment equal to 20 percent of the base soil rental rate.
- For certain irrigated cropland and marginal pastureland, an incentive of 40 percent of the soil rental rate.
- Annual maintenance payment, limited to certain practices.
- A one-time signing incentive payment (SIP) for installing practices (CP21, CP22, CP29 or CP30. The SIP is calculated by multiplying the number of eligible acres enrolled times the number of full years of the contract (not to exceed 10 years) times $10. Example: 50 acres enrolled times 10 year contract times $10=$5,000 SIP payment.
- A one-time practice incentive payment (PIP) for installing practice CP9, CP21, CP22, CP23, CP23A, CP29 or CP30. The PIP is equal to 40 percent of the total eligible cost of installing the practice. Example: Producer's total eligible cost of installing the practice is $2,000. The PIP would be $800 ($2,000 times .40) = $800.
- In addition to the annual rental payment
- and incentive payments, CCC provides eligible participants a cost-share payment of up to 50 percent of the eligible cost of installing the conservation practice.

  In addition, the State of Montana provides the following payments (subject to some limits):

  - A cost-share payment of 50 percent of the eligible cost of installing practices CP2, CP4D, CP23, and CP25;
  - A cost-share payment of 10 percent of the eligible cost of installing practices CP9, CP21, and CP22.

CREP Payment Examples

A Gallatin County producer elects to enroll 20 acres of eligible marginal pastureland to be devoted to a riparian buffer (CP22) practice in a 14 year contract. The marginal pastureland rental rate is $30 per acre. The incentive payment is $12 per acre ($30 times.40). The maintenance rate is $5 per acre. The producer's annual rental rate will be $47 per acre for a total annual payment of $940 ($47 times 20 acres). In addition, the producer will receive a one-time signing incentive payment (SIP) of $2,000. The producer will have no out-of-pocket costs of installing the riparian buffer because of the federal cost-share and practice incentive payment, plus the State of Montana cost-share.

A Broadwater County producer elects to enroll 100 acres of eligible dryland cropland to be devoted to permanent native grasses (CP2) practice in a 15 year contract. The dryland cropland rental rate for the acreage offered is $47 per acre. The incentive is $9 per acre ($47 times .20). The producer's annual rental rate will be $56 per acre for a total annual payment of $5,600 ($56 times 100 acres). The producer will receive a total $84,000 in annual rental payments over the 15 year life of the contract. The producer will have no out-of-pocket costs for installing the riparian buffer because of the federal and State cost-share payments.

NOTE: The preceding are examples only. The per acre base soil rental rate varies based on the county and soil types offered.

Haying and Grazing

Haying and grazing is not permitted during the CRP contract period, unless specifically authorized by USDA.

For More Information

For more information on CREP, contact your local USDA Service Center, FSA office. To find your local FSA county office or learn more about FSA conservation programs, visit: http://www.fsa.usda.gov/mt

USDA

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

April 2013

Emergency Conservation Program

Overview

USDA Farm Service Agency's (FSA) Emergency Conservation Program (ECP) provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters and to implement emergency water conservation measures in periods of severe drought. Funding for ECP is appropriated by Congress.

Program Administration

ECP is administered by FSA state and county committees. Subject to availability of funds, locally elected county committees are authorized to implement ECP for all disasters except drought, which is authorized by the FSA national office.

Land Eligibility

FSA county committees determine land eligibility based on on-site inspections of damaged land and the type and extent of damage. For land to be eligible, the natural disaster must create new conservation problems that, if untreated, would:

- Impair or endanger the land;
- Materially affect the land's productive capacity;
- Represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and
- Be so costly to repair that federal assistance is or will be required to return the land to productive agricultural use.

Conservation problems existing before the applicable disaster event are ineligible for ECP assistance.

Payments

As determined by FSA county committees, ECP participants may receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices. Qualified limited-resource producers may receive cost-share assistance of up to 90 percent of the cost to implement approved emergency conservation practices.

Individual or cumulative requests for cost-share assistance of $50,000 or less per person or legal entity, per disaster are approved at the county committee level. Cost-share assistance requests exceeding $50,000 require approval from the state committee or national office. Cost-share assistance is limited to $200,000 per person or legal entity per disaster.

Technical assistance may be provided by USDA's Natural Resources Conservation Service.

Emergency Conservation Practices

To rehabilitate farmland, ECP participants may implement emergency conservation practices such as:

- Debris removal from farmland;
- Grading, shaping, or leveling land;
- Restoring livestock fences and conservation structures and;
- Providing water for livestock during periods of severe drought.

Other conservation measures may be authorized by FSA county committees with approval from FSA state committees and the FSA national office.

Sign-up Periods

Producers should inquire with their local FSA county office regarding ECP sign-up periods, which are established by FSA county committees.

For More Information

More information on ECP is available at FSA offices and on FSA's website at: http://disaster.fsa.usda.gov.

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

DISASTER ASSISTANCE

FACT SHEET

September 2015

Emergency Forest Restoration Program (EFRP)

OVERVIEW

The Emergency Forest Restoration Program (EFRP), administered by the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA), provides payments to eligible owners of nonindustrial private forest (NIPF) land in order to carry out emergency measures to restore land damaged by a natural disaster. Available funding for EFRP is determined annually by Congress.

PROGRAM ADMINISTRATION

EFRP is administered by FSA state and county committees and offices. Subject to availability of funds, locally-elected members of FSA county committees are authorized to implement EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office. To learn more about FSA county committees, visit **www.fsa.usda.gov/elections**.

LAND ELIGIBILITY

FSA county committees determine land eligibility using on-site damage inspections that assess the type and extent of damage. To be eligible for EFRP, NIPF land must:

- Have existing tree cover (or had tree cover immediately before the natural disaster occurred and is suitable for growing trees) and;
- Be owned by any nonindustrial private individual, group, association, corporation or other private legal entity that has definitive decision-making authority over the land.

In addition, the natural disaster must have resulted in damage that, if untreated, would:

- Impair or endanger the natural resources on the land and;
- Materially affect future use of the land.

PAYMENTS

EFRP program participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by FSA county committees.

Individual or cumulative requests for financial assistance of $50,000 or less per person or legal entity, per disaster are approved by the county committee. Financial assistance from $50,001 to $100,000 is approved by the state committee. Financial assistance over $100,000 must be approved at the FSA national office. A payment limitation of $500,000 per person or legal entity applies per disaster.

ELIGIBLE FOREST RESTORATION PRACTICES

To restore NIPF, EFRP program participants may implement emergency forest restoration practices, including emergency measures:

- Necessary to repair damage caused by a natural disaster to natural resources on nonindustrial private forest land and;
- Restore forest health and forest related resources on the land.

Other emergency measures may be authorized by FSA county committees, with approval from FSA state committees and the FSA national office.

ENROLLMENT PERIODS

Producers should check with their local FSA county offices regarding EFRP enrollment periods, which are set by FSA county committees.

FOR MORE INFORMATION

Additional information on EFRP is available at FSA offices, USDA service centers and on the FSA website at **http://disaster.fsa.usda.gov** and **www.fsa.usda.gov/conservation**. To find your local FSA office, visit **http://offices.usda/gov**.

Disaster

DISASTER ASSISTANCE

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

FACT SHEET

September 2015

Farm Service Agency Disaster Assistance Programs at a Glance

Disaster programs	Blizzard	Fire	Hurricane/ Typhoon	Excessive Moisture/ Flood	Excessive Winds/ Tornado	Drought	Hail	Volcanic Eruption/ Emissions	Freeze	Earthquake
Emergency Conservation Program (ECP) - provides funding to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency water conservation measures during periods of severe drought	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes
Emergency Forest Restoration Program (EFRP) - provides payments to eligible owners of rural nonindustrial private forest land to carry out emergency measures to restore forest health on land damaged by natural disaster events such as floods, hurricanes, or other natural disasters	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes
Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) - provides payments to eligible producers of livestock, honeybees, and farm-raised fish to help compensate for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires.	Yes	Yes, except on federally managed land	Yes	Yes	Yes	No, except for water transportat ion	Yes	Yes	No	Yes
Emergency Loan Program (EM) - provides EM loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Livestock Forage Disaster - Program (LFP) - provides compensation for grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or certain crops planted specifically for grazing. The grazing losses must be due to a qualifying drought condition or fire on Federally managed land during the normal grazing period for the county.	No	No	No	No	No	Yes	No	No	No	No
Livestock Indemnity Program (LIP) - provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather. In addition, LIP covers attacks by animals reintroduced into the wild by the federal government or protected by federal law.	Yes	Yes	Yes	Yes	Yes	No, except when associated with anthrax	Yes	Yes	No	Yes
Noninsured Crop Disaster Assistance Program (NAP) - provides financial assistance for noninsurable crop losses due to drought, flood, hurricane, or other natural disasters.	Yes	Yes, Only as a related condition to an eligible disaster	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tree Assistance Program (TAP) - provides financial assistance to qualifying orchardists and nursery tree growers to replant or, where applicable, rehabilitate eligible trees, bushes and vines lost by natural disasters.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Other natural disasters that may apply to some of these programs include:

- Explosion
- High water
- Landslide
- Mudslide
- Severe snowstorm
- Storm, including ice storms
- Tidal wave
- Wind-driven water
- Insect infestation
- Plant disease
- Lightning
- Other **natural** phenomena

Some man-made conditions qualify for disaster assistance, as follows:

Disaster programs	Pesticide Contamination	Nuclear Radiation/Fallout	Toxic Substances Other Than Pesticides	Chemical Residue Other Than Pesticides
Dairy Indemnity Payment Program (DIPP) - Pays dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides.	Yes	Yes	Yes	Yes

FOR MORE INFORMATION

For more information on the FSA disaster programs, visit your local FSA county office or Service Center, or visit online at http://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/index. To find your local FSA county office, visit http://offices.usda.gov

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DISASTER ASSISTANCE

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

FACT SHEET

August 2015

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) - Livestock Assistance

OVERVIEW

The 2014 Farm Bill authorized up to $20 million of Commodity Credit Corporation (CCC) funds in a fiscal year (FY) for the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) to provide emergency assistance to eligible producers of livestock, honeybees and farm-raised fish. ELAP covers losses due to an eligible adverse weather or eligible loss condition, including blizzards, disease (including cattle tick fever), water shortages and wildfires, as determined by the Secretary. ELAP covers losses that are not covered under other disaster assistance programs authorized by the 2014 Farm Bill (such as the Livestock Forage Disaster Program (LFP) and the Livestock Indemnity Program (LIP).

Recipients of ELAP payments may receive a reduced payment should the total annual national demand for ELAP exceed $20 million in a fiscal year.

ELAP is administered by the Farm Service Agency (FSA) of the United States Department of Agriculture (USDA).

SUMMARY OF ASSISTANCE

There are four categories of livestock losses covered by ELAP, described in greater detail within this fact sheet:

- Livestock death losses caused by an eligible loss condition;
- Livestock feed and grazing losses that are not due to drought or wildfires on federally managed lands;
- Losses resulting from the additional cost of transporting water to livestock due to an eligible drought;
- Losses resulting from the additional cost associated with gathering livestock for treatment related to cattle tick fever.

LIVESTOCK DEATH LOSSES

<u>Eligible Livestock</u>

To be eligible for livestock death losses, livestock must:

- For eligible livestock owners, be alpacas, adult or non-adult dairy cattle, beef cattle, beefalo, buffalo, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep or swine;
- For eligible contract growers, be poultry or swine;
- Be maintained for commercial use as part of a farming operation on the date of death;
- Have died:
    - As a direct result of an eligible loss condition;
    - On or after the beginning date of the eligible loss condition;
    - No later than 60 calendar days from the ending date of the eligible loss condition.

Examples of ineligible livestock for livestock death losses include wild free roaming animals or animals for recreational purposes, such as pleasure, hunting, roping, pets or for show.

<u>Eligible Producer</u>

Livestock owners must have legal ownership of the livestock on the day the livestock died. Livestock contract growers must have had:

- A written agreement with the owner of the eligible livestock;
- Control of the eligible livestock on the day the livestock died;
- A risk of loss in the livestock.

<u>Eligible Death Losses</u>

Eligible livestock death losses must be:

- Incurred by an eligible livestock owner or contract grower;
- Due to an eligible loss condition occurring during the program year for which payment is requested

(for 2015, on or after Oct. 1, 2014 and before Oct. 1, 2015);
- In excess of normal mortality.

FSA determines the eligible loss conditions for livestock death losses and these loss conditions cannot be covered under LIP.

Death Loss Payments

Payments for eligible livestock death losses will be based on a national payment rate for each livestock category times the number of eligible livestock that died in each category in excess of normal mortality. The national payment rate for eligible livestock owners is based on a minimum of 75 percent of the average fair market value of the livestock. The national payment rate for eligible contract growers is based on a minimum of 75 percent of the average income loss sustained by the contract grower with respect to the dead livestock. USDA will reduce a contract grower's ELAP payment by the amount of monetary compensation they receive from their contractor for the loss of income suffered from the death of livestock under contract.

LIVESTOCK FEED AND GRAZING LOSSES

Eligible Livestock

For livestock feed and grazing losses, livestock must be:

- Alpacas, adult or non-adult dairy cattle, adult or non-adult beef cattle, adult or non-adult buffalo, adult or non-adult beefalo, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep and swine;
- Livestock that would normally have been grazing the eligible grazing land or pastureland during the normal grazing period for the specific pasture type of grazing land or pastureland in the county where the eligible adverse weather or eligible loss condition occurred;
- Owned, cash-leased, purchased, under contract for purchase, or been raised by a contract grower or an eligible livestock producer, during the 60 calendar days prior to the beginning date of the eligible adverse weather or loss condition;
- Maintained for commerical use as part of the producer's farming operation on the beginning date of the eligible adverse weather or loss condition.

Livestock that were or would have been in a feedlot are not eligible for livestock feed and grazing losses under ELAP.

Eligible Producer

For livestock grazing and feed losses, producers must have:

- During the 60 calendar days before the beginning date of the eligible adverse weather or loss condition, owned, cash-leased, purchased, entered into a contract to purchase or been a contract grower of eligible livestock;
- Suffered a loss on land that is either:
  - Native or improved pastureland with a permanent vegatative cover;
  - Planted to a crop specifically for the purpose of providing grazing for covered livestock.
- Provided pastureland or grazing land during the normal grazing period to eligible livestock, including cash-leased pastureland or grazing land for livestock that are physically located in the county where the eligible adverse weather or loss condition occurred during the normal grazing period.

Eligible Adverse Weather or Loss Condition

Eligible adverse weather or loss conditions for livestock feed and grazing losses include, but are not limited to:

- Blizzard;
- Eligible winter storm;
- Flood;
- Hurricane;
- Lightning;
- Tidal surge;
- Tornado;
- Volcanic eruption, or;
- Wildfire on non-federal land.

Drought and wildfire on federally managed land are not eligible adverse weather or loss conditions for livestock feed and grazing losses under ELAP. These conditions are covered by the Livestock Forage Disaster Program (LFP).

Eligible Grazing Losses

Eligible grazing losses must be incurred on eligible grazing lands physically located in the county where the eligible adverse weather or loss condition occurred and because of an eligible adverse weather or loss condition.

Eligible Feed Losses

Eligible feed losses under ELAP are losses:

- Of purchased forage or feedstuffs;
- Of mechanically harvested forage or feedstuffs;
- Resulting from the additional costs incurred for transporting feed to eligible livestock because of an eligible adverse weather or loss condition;
- Resulting from the additional costs of purchasing additional feed, above normal quantities, required to maintain eligible livestock during an eligible adverse weather or loss condition, until additional livestock feed becomes available.

Eligible feed losses shall not exceed 150 days of lost feed.

Grazing Loss Payments, Excluding Wildfires on Non-Federal Land

Payments for eligible grazing losses, except grazing losses due to wildfires on non-federal land, will be calculated based on a minimum of 60 percent of the lesser of the total value of:

- The feed cost for all covered livestock owned by the eligible livestock producer based on the number of grazing days lost, not to exceed 150 days of daily feed cost for all covered livestock;
- Grazing lost for eligible livestock based on the normal carrying capacity of the eligible grazing land of the eligible livestock producer for the number of grazing days lost, not to exceed 150 days of lost grazing.

Grazing Loss Payments For Wildfires on Non-Federal Land

Payments for eligible livestock producers for losses suffered because of a wildfire on non-federal land will be calculated based on a minimum of 60 percent of:

- The result of dividing the number of acres of grazing land or pastureland acres affected by the wildfire by the normal carrying capacity of the specific type of eligible grazing land or pasture land, multiplied by;
- The daily value of grazing, multiplied by;
- The number of days grazing was lost due to the wildfire, not to exceed 180 calendar days.

Livestock Feed Payment Calculations

Payment calculations for feed losses will be based on a minimum of 60 percent of the producer's actual cost for:

- Livestock feed that was purchased or mechanically harvested forage or feedstuffs intended for use as feed for the producer's eligible livestock that was physically damaged or destroyed due to an eligible adverse weather or loss condition;
- The additional costs incurred for transporting livestock feed to eligible livestock due to an eligible adverse weather or loss condition;
- The additional cost of purchasing additional livestock feed above normal to maintain the eligible livestock during an eligible adverse weather or loss condition until additional livestock feed becomes available.

FSA will calculate ELAP payments for an eligible livestock producer for livestock feed and grazing losses for no more than 150 calendar days.

LOSSES RESULTING FROM ADDITIONAL COST OF TRANSPORTING WATER

Eligible Livestock

For losses resulting from the additional cost of transporting water, eligible livestock must be:

- Alpacas, adult or non-adult dairy cattle, adult or non-adult beef cattle, adult or non-adult buffalo, adult or non-adult beefalo, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep and swine;
- Owned, cash-leased, purchased, under contract for purchase, or been raised by a contract grower or an eligible livestock producer, during the 60 calendar days prior to the beginning date of the eligible adverse weather or loss condition;

- Livestock that are grazing eligible pastureland or grazing land during the normal grazing period for the specific pasture type of grazing land or pasture land that:
  - Are physically located in the county where the eligible adverse weather or eligible loss condition occurred;
  - Had adequate livestock watering systems or facilities before the eligible adverse weather or eligible loss condition occurred;
  - Do not normally require the transport of water by the producer.
- Livestock that are grazing eligible pastureland or grazing land during the normal grazing period for the specific pasture type of grazing land or pasture land that:
- Maintained for commerical use as part of the producer's farming operation on the beginning date of the eligible adverse weather or loss condition.

Livestock that were or would have been in a feedlot are not eligible for livestock losses resulting from transporting water under ELAP.

Eligible Producer

For losses resulting from transporting water, producers must have during the 60 calendar days before the beginning date of the eligible adverse weather or loss condition, owned, cash-leased, purchased, entered into a contract to purchase or been a contract grower of eligible livestock.

Eligible Adverse Weather or Loss Condition

Eligible adverse weather for losses resuting from the additional cost of transporting water to eligible livestock includes an eligible drought, meaning that any area of the county has been rated by the U.S. Drought Monitor as having a D3 (extreme drought) intensity that directly impacts water availability at any time during the normal grazing period.

Eligible Losses from Transporting Water

Eligible losses due to the additional costs of transporting water under ELAP are losses that:

- Are due to an eligible drought;
- Are for the additional cost of transporting water to eligible livestock including, but not limited to, costs associated with water transport equipment fees, labor, and contracted water transportation fees;
- Do not include the cost of the water itself.

Payments for Losses from Transporting Water

Payments for losses due to transporting water will be based on a minimum of 60 percent of the lesser of:

- The total value of the cost to transport water to eligible livestock for 150 days, based on the daily water requirements for the eligible livestock, or;
- The total value of the cost to transport water to eligible livestock for the program year, based on the actual number of gallons of water the eligible producer transported to eligible livestock for the program year.

The national average price per gallon to transport water is provided in the following table based on the method the producer uses to transport water for the applicable program year. A state or regional price may be established based on the recommendation and documentation by the FSA State Committee.

Method of Transporting Water	National Average Price per Gallon
Personal labor/equipment	$0.035
Hired labor/rented equipment	$0.05
Contracted water transportation	$0.07

LOSSES RELATED TO TREATMENT FOR CATTLE TICK FEVER

Eligible Livestock

For losses resulting from the additional cost to treat for cattle tick fever, eligible livestock must be:

- Alpacas, adult or non-adult dairy cattle, adult or non-adult beef cattle, adult or non-adult buffalo, adult or non-adult beefalo, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep and swine;
- Owned, cash-leased, purchased, under contract for purchase, or been raised by a contract grower or an eligible livestock producer, during the 60 calendar days prior to the beginning date of the eligible adverse weather or loss condition;

- Maintained for commerical use as part of the producer's farming operation on the beginning date of the eligible adverse weather or loss condition.

Livestock that were or would have been in a feedlot are not eligible for livestock losses resulting from the additional cost to treat for cattle tick fever under ELAP.

Eligible Losses for Gathering Livestock to Treat for Cattle Tick Fever

Eligible losses include those losses resulting from the additional cost associated with gathering livestock to treat for cattle tick fever. To be considered an eligible loss, acceptable records that provide the number of livestock treated for cattle tick fever and the number of treatments given during the program year must be on file with the USDA Animal and Plant Health Inspection Service (APHIS).

Payments for Losses for Gathering Livestock to Treat for Cattle Tick Fever

Payments for losses resulting from the additional cost associated with gathering livestock to treat for cattle tick fever will be equal to the sum of the following for each treatment:

- A minimum national payment factor of 60 percent, multiplied by;
- The number of eligible livestock treated by APHIS for cattle tick fever, multiplied by;
- The average cost to gather livestock, per head, as established by FSA.

UNDERSERVED, LIMITED RESOURCE AND BEGINNING FARMERS AND RANCHERS

With respect to the national payment factors referenced above, an eligible livestock producer who certifies they are underserved, limited resource, or a beginning farmer or rancher, will not have their payments for livestock losses under ELAP reduced by more than 10 percent.

PAYMENT LIMITATION

No person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $125,000 total in payments under ELAP, LFP, and LIP combined. The average adjusted gross income (AGI) limitation on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average AGI will apply. Specifically, a person or legal entity with an average AGI (as defined in 7 CFR Part 1400) that exceeds $900,000 will not be eligible to receive ELAP payments.

Direct attribution provisions also apply to ELAP. Under direct attribution, any payment to a legal entity will also be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

APPLYING FOR ASSISTANCE

Producers can apply to receive ELAP assistance at local FSA service centers. For the 2015 program year and subsequent program year losses, the application period will end no later than Nov. 1 after the end of the program year in which the livestock loss occurred.

In addition to submitting an application for payment, producers who suffered livestock losses should submit a notice of loss to the local FSA office that maintains their farm records.

The following table provides the final dates to file a notice of loss and application for payment for livestock losses.

Date of Livestock Loss	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Program year 2015 and subsequent program years	30 days after livestock loss is apparent	Nov. 1 after the program year in which the loss occurred.

The producer must include a copy of the grower contract if they are a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory, and evidence that grazing land or pastureland is owned or leased.

Payments may be made for eligible losses suffered by an eligible participant who is now deceased or is a member of a dissolved entity if a representative, who currently has authority to act on behalf of the estate of the deceased participant, signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a participant is now a dissolved general partnership or joint venture, all members of the general partnership or joint venture at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

FSA will use data furnished by the applicant to determine eligiblity for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

MORE INFORMATION

This fact sheet is for informational purposes only; other restrictions may apply. To find more information about ELAP, visit **www.fsa.usda.gov/ELAP**, or contact your local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

USDA

DISASTER ASSISTANCE

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

FACT SHEET

August 2015

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) - Honeybee Assistance

OVERVIEW

The 2014 Farm Bill authorized up to $20 million in a fiscal year (FY) for the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP). ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish. It covers losses due to an eligible adverse weather or loss condition, including blizzards and wildfires, as determined by the Secretary. ELAP covers losses that are not covered under other disaster assistance programs authorized by the 2014 Farm Bill (such as the Livestock Forage Disaster Program (LFP) and the Livestock Indemnity Program (LIP).

Recipients of ELAP payments may receive a reduced payment should the total annual national demand for ELAP exceed $20 million in a fiscal year.

ELAP is administered by the Farm Service Agency (FSA) of the U.S. Department of Agriculture (USDA).

ELIGIBLE HONEYBEES

Eligible honeybees include bees housed in a managed hive and used for honey production, pollination or honeybee breeding. Eligible honeybees do not include wild, feral honeybees, leaf cutter bees or other bee species that are not used for producing honey, pollinating or breeding honeybees.

ELIGIBLE LOSSES

Losses of colonies must be in excess of normal mortality. ELAP covers damage to hives and feed that was purchased or produced, including additional feed purchased above normal quantities to sustain honeybees until such time that additional feed becomes available.

The colony, hive and feed losses must be:

- Due to an eligible adverse weather or loss condition;
- Incurred by an eligible honeybee producer in the county where the eligible adverse weather or loss condition occurred.

ELIGIBLE CONDITIONS

The losses must be the direct result of an eligible adverse weather or loss condition, including but not limited to:

- Colony Collapse Disorder (CCD) (colony loss only);
- Earthquake;
- Eligible winter storm (colony loss only);
- Excessive wind;
- Flood;
- Hurricane;
- Lightning;
- Tornado;
- Volcanic eruption and;
- Wildfire.

ELIGIBLE PRODUCER

To be eligible for losses, the producer must have:

- An interest and risk in an eligible colony for the purposes of producing honey, pollination or breeding operation for commercial use as part of a farming operation on the beginning date of the eligible adverse weather or loss condition;
- Suffered an eligible honeybee loss in a county where the eligible adverse weather or loss condition occurred on the beginning date of the eligible adverse weather or loss condition.

COLONY LOSS PAYMENTS

FSA has established a normal mortality rate for colony losses of 15 percent for 2015 program year.

Payments for colony losses are based on the average fair market value of colonies in the program year in which the loss occurs, as established by FSA. FSA has established the average fair market value at $130 per colony for the 2015 program year.

ELAP payments for honeybee colony losses will be based on a minimum of 75 percent of the result of multiplying:

- The number of colonies lost in excess of normal mortality (15 percent for 2015) due to an eligible adverse weather or loss condition, times;
- The average fair market value per colony for the applicable program year.

HIVE LOSS PAYMENTS

Payments for hive losses are based on the average fair market value of hives in the program year in which the loss occurs, as established by FSA. FSA has established average fair market value at $240 per hive for the 2015 program year.

ELAP payments for hive losses will be based on a minimum of 75 percent of the result of multiplying:

- The number of hives lost due to an eligible adverse weather or loss condition, times;
- The average fair market value per hive, for the applicable program year.

FEED LOSS PAYMENTS

Payments are based on a minimum of 60 percent of the actual cost of purchased or harvested feed that was intended for honeybees and was damaged because of an eligible adverse weather or loss condition. This includes additional feed purchased above normal quantities to sustain the honeybees for a short time period until additional natural feedstock becomes available.

UNDERSERVED, LIMITED RESOURCE AND BEGINNING FARMERS AND RANCHERS

With respect to the national payment factors referenced above, an eligible honeybee producer who certifies they are underserved, limited resource, or a beginning farmer or rancher, will not have their payments for honeybee losses under ELAP reduced by more than 10 percent.

PAYMENT LIMITATIONS

No person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $125,000 total in payments under ELAP, LFP, and LIP combined. The average adjusted gross income (AGI) limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average AGI will apply. Specifically, a person or legal entity with an average AGI (as defined in 7 CFR Part 1400) that exceeds $900,000 will not be eligible to receive ELAP payments.

Direct attribution provisions also apply to ELAP. Under direct attribution, any payment to a legal entity will also be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

APPLYING FOR ASSISTANCE

Producers can apply to receive ELAP assistance at local FSA service centers. For 2015 (loss occurring on or after Oct. 1, 2014, through Sept. 30, 2015) and subsequent program year losses, the application period will end no later than Nov. 1 after the end of the program year in which the honeybee loss occurred.

In addition to submitting an application for payment, producers who suffered honeybee losses must submit a notice of loss to the local FSA service center that maintains the farm records for their business; however, if the local FSA service center that maintains the farm records for the honeybee producer is not in close proximity to the physical location county where the honeybee loss occurs, the honeybee producer may submit a notice of loss to the local FSA service center in the county where the loss occurred.

The following table provides the final dates to file a notice of loss and application for payment for honeybee losses.

Date of Honeybee Loss	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Program Year 2015 and Subsequent Program Years	30 days after honeybee loss is apparent	Nov. 1 after the program year in which the loss occurred.

For honeybee colony and hive losses, the participant must include proof of inventory at the beginning of the program year and ending inventory immediately after the eligible adverse weather event or loss condition. For honeybee colony losses due to CCD, the participant must provide proof that best management practices are being followed, such as honeybee colonies are provided proper nutrition, preventative treatment for varroa mites and disease, proper maintenance of hive equipment and proper colony management, and any other supporting documents required for determining eligibility.

Payments may be made for eligible losses suffered by an eligible participant who is now deceased or is a member of a dissolved entity, if a representative who currently has authority to act on behalf of the estate of the deceased participant signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a participant is now a dissolved general partnership or joint venture, all members of the general partnership or joint venture at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

FSA will use data furnished by the applicant to determine eligiblity for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

MORE INFORMATION

This fact sheet is for informational purposes only; other restrictions may apply. To find more information about ELAP, visit **www.fsa.usda.gov/ELAP**, or contact your local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

DISASTER ASSISTANCE

FACT SHEET

August 2015

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) - Farm-Raised Fish Assistance

OVERVIEW

The 2014 Farm Bill authorized up to $20 million in a fiscal year (FY) for the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) to provide emergency assistance to eligible producers of livestock, honeybees and farm-raised fish. ELAP covers losses due to an eligible adverse weather or loss condition, including blizzards and wildfires, as determined by the Secretary of Agriculture. ELAP covers losses that are not covered under other disaster assistance programs authorized by the 2014 Farm Bill (such as the Livestock Forage Disaster Program (LFP) and the Livestock Indemnity Program (LIP).

Recipients of ELAP payments may receive a reduced payment if the total annual national demand for ELAP exceeds $20 million in a fiscal year.

ELAP is administered by the Farm Service Agency (FSA) of the U.S. Department of Agriculture (USDA).

ELIGIBLE PRODUCER

An eligible producer is a producer:

- Of any aquatic species that is propagated and reared in a controlled environment which is being maintained for commercial use as part of the producer's farming operation.
- Who:
  - Owned or leased property with readily identifiable boundaries;
  - Had control of the waterbed, the ground under the specific type of water and not just control over a column of water;
  - Provided purchased or produced feed to the farm-raised fish.

ELIGIBLE FISH

The fish must have been:

- Bait or game fish that were propagated and reared in a controlled environment;
- Maintained for commercial use as part of a farming operation;
- Destroyed as a direct result of an eligible adverse weather or loss condition;
- Physically located in the county where the eligible adverse weather or loss condition occurred on the beginning date of the the eligible adverse weather or loss condition.

ELIGIBLE FEED

Feed must be intended for fish that are:

- An aquatic species that is propagated and reared in a controlled environment;
- Maintained and harvested for commercial use as part of a farming operation;
- Physically located in the county where the eligible adverse weather or loss condition occurred on the beginning date of the eligible adverse weather or loss condition.

Alligators and turtles are not eligible for losses under ELAP.

ELIGIBLE LOSSES

ELAP covers:

- Death losses, in excess of normal mortality, of eligible bait fish or game fish caused by an eligible adverse weather or loss condition incurred in the county where the eligible adverse weather or loss condition occurred;

- Purchased or produced farm-raised fish feed losses for feed that was intended to be fed to eligible farm-raised fish and was damaged because of an eligible adverse weather or loss condition in the county where the eligible adverse weather or loss condition occurred.

ELIGIBLE CONDITIONS

The loss must be the direct result of an eligible adverse weather or loss condition, including but not limited to:

- Earthquakes;
- Excessive heat (death losses only);
- Excessive winds (feed losses only);
- Flooding;
- Hurricanes;
- Tidal surge;
- Tornadoes and;
- Volcanic eruption.

FISH LOSS PAYMENTS

Payments are based on the state's average fair market value for the type of bait or game fish lost as established by the FSA. ELAP payments for bait and game fish death losses will be based on a minimum of 75 percent of the result of multiplying:

- The number of bait or game fish lost in excess of normal mortality rates due to an eligible adverse weather or loss condition, times;
- The state's average fair market value for the type of bait or game fish as established by FSA.

FEED LOSS PAYMENTS

Payments are based on a minimum of 60 percent of the actual cost of purchased or harvested feed intended for eligible fish and was damaged because of an eligible adverse weather or loss condition in the program year in which the loss occurred.

UNDERSERVED, LIMITED RESOURCE AND BEGINNING FARMERS AND RANCHERS

With respect to the national payment factors referenced above, an eligible farm-raised fish producer who certifies he or she is underserved, limited resource, or a beginning farmer or rancher will not have his or her payments for fish losses under ELAP reduced by more than 10 percent.

PAYMENT LIMITATIONS

No person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $125,000 total in payments under ELAP, LFP and LIP combined. The average adjusted gross income (AGI) limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average AGI will apply. Specifically, a person or legal entity with an average AGI, as defined in 7 CFR Part 1400, that exceeds $900,000 will not be eligible to receive ELAP payments.

Direct attribution provisions also apply to ELAP. Under direct attribution, any payment to a legal entity will also be considered (for payment limitation purposes) to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

APPLYING FOR ASSISTANCE

Producers can apply to receive ELAP assistance at local FSA service centers. For 2015 (loss occurring on or after Oct. 1, 2014, throught Sept. 30, 2015) and subsequent program year losses, the application period will end no later than Nov. 1 after the end of the program year in which the farm-raised fish loss occurred.

In addition to submitting an application for payment, producers who suffered farm-raised fish losses must submit a notice of loss to the local FSA office that maintains the farm records for their business. The following table provides the final dates to file a notice of loss and application for payment for farm-raised fish losses.

Date of Farm-Raised Fish Loss	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Program Year 2015 and Subsequent Program Years	30 days after farm-raised fish loss is apparent	Nov. 1 after the program year in which the loss occurred

Payments may be made for eligible losses suffered by an eligible participant who is now deceased or is a member of a dissolved entity, if a representative currently has authority to act on behalf of the estate of the deceased participant signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a participant is now a dissolved general partnership or joint venture, all members of the general partnership or joint venture at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

FSA will use data furnished by the applicant to determine eligiblity for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

MORE INFORMATION

This fact sheet is for informational purposes only; other restrictions may apply. To find more information about ELAP, visit **www.fsa.usda.gov/ELAP**, or contact your local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

March 2015

Livestock Forage Disaster Program (LFP)

OVERVIEW

The Agricultural Act of 2014 (2014 Farm Bill) makes the Livestock Forage Disaster Program (LFP) a permanent program and provides retroactive authority to cover eligible losses back to Oct. 1, 2011. LFP provides compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or is planted specifically for grazing. The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. LFP also provides compensation to eligible livestock producers that have suffered grazing losses on rangeland managed by a federal agency if the eligible livestock producer is prohibited by the federal agency from grazing the normal permitted livestock on the managed rangeland due to a qualifying fire.

The grazing losses must have occurred on or after Oct.1, 2011.

LFP is administered by the Farm Service Agency (FSA) of the U.S. Department of Agriculture.

ELIGIBLE COUNTIES FOR DROUGHT

An eligible livestock producer that owns or leases grazing land or pastureland physically located in a county rated by the U.S. Drought Monitor as having a:

- D2 (severe drought) intensity in any area of the county for at least eight consecutive weeks during the normal grazing period is eligible to receive assistance in an amount equal to one monthly payment;
- D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period is eligible to receive assistance in an amount equal to three monthly payments;
- D3 (extreme drought) intensity in any area of the county for at least four weeks during the normal grazing period or is rated a D4 (exceptional drought) intensity at any time during the normal grazing period is eligible to receive assistance in an amount equal to four monthly payments;
- D4 (exceptional drought) in a county for four weeks (not necessarily four consecutive weeks) during the normal grazing period is eligible to receive assistance in an amount equal to five monthly payments.

A map of eligible counties for LFP drought may be found at http://disaster.fsa.usda.gov.

ELIGIBLE LIVESTOCK

Eligible livestock types under LFP include alpacas, beef cattle, buffalo, beefalo, dairy cattle, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep or swine that have been or would have been grazing the eligible grazing land or pastureland:

- During the normal grazing period for the specific type of grazing land or pastureland for the county or;
- When the federal agency excluded the livestock producer from grazing the normally permitted livestock on the managed rangeland due to fire.

Eligible livestock must:

- Have been owned, purchased or entered into a contract to purchase during the 60 days prior to the beginning date of a qualifying drought or fire condition;
- Have been held by a contract grower or sold or otherwise disposed of due to a qualifying drought condition during the current production year or one or both of the two production years immediately preceding the current production year;
- Have been maintained for commercial use as part of a farming operation on the beginning date of the eligible drought or fire condition;
- Not have been produced and maintained for reasons other than commercial use as part of a

farming operation. Such excluded uses include, but are not limited to, wild free roaming animals or animals used for recreational purposes such as pleasure, hunting, pets, roping or for show;

- Not have been livestock that were or would have been in a feedlot on the beginning date of the qualifying drought or fire as part of the normal business operation of the producer.

ELIGIBLE PRODUCERS

To be eligible for LFP, producers must:

- Own, cash or share lease, or be a contract grower of covered livestock during the 60 calendar days before the beginning date of a qualifying drought or fire;
- Provide pastureland or grazing land for covered livestock, including cash-rented pastureland or grazing land that is either:
  - Physically located in a county affected by a qualifying drought during the normal grazing period for the county, or;
  - Rangeland managed by a federal agency for which the otherwise eligible livestock producer is prohibited by the federal agency from grazing the normally permitted livestock because of a qualifying fire.
- Certify that they have suffered a grazing loss because of a qualifying drought or fire;
- Timely file an acreage report for all grazing land for which a loss of grazing is being claimed.

PAYMENTS

FSA will calculate LFP payments for an eligible livestock producer for grazing losses because of a qualifying drought equal to 1, 3, 4 or 5 times the LFP monthly payment rate. The LFP monthly payment rate for drought is equal to 60 percent of the lesser of the monthly feed cost:

- For all covered livestock owned or leased by the eligible livestock producer;
- Calculated by using the normal carrying capacity of the eligible grazing land of the eligible livestock producer.

Total LFP payments to an eligible livestock producer in a calendar year for grazing losses will not exceed five monthly payments for the same livestock.

In the case of an eligible livestock producer who sold or otherwise disposed of livestock because of drought conditions in one or both of the two previous production years immediately preceding the current production year, the payment rate will equal 80 percent of the monthly payment rate.

FSA will calculate LFP payments for eligible livestock producers for losses suffered because of a qualifying fire on federally managed rangeland for which the producer is prohibited from grazing the normally permitted livestock. The payment begins on the first day the permitted livestock are prohibited from grazing the eligible rangeland and ending on the earlier of the last day of the federal lease of the eligible livestock producer or the day that would make the period a 180 calendar day period. The payment rate is 50 percent of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland because of a qualifying fire, not to exceed 180 calendar days.

PAYMENT LIMITATION

For 2012 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $125,000 total in payments under LFP, ELAP, and LIP combined.

For 2011, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly more than $125,000 total in the 2011 program year in payments under the LFP, ELAP, LIP, and Supplemental Revenue Assistance Payments (SURE) program, when at least $25,000 of such total 2011 program payments is from LFP or LIP, for losses from Oct. 1, 2011, through Dec. 31, 2011.

In applying the limitation on average adjusted gross income (AGI), an individual or legal entity is ineligible for payment under LFP if the individual's or legal entity's average AGI exceeds $900,000.

Direct attribution provisions apply to LFP for 2011 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

SIGN-UP

For grazing losses that occurred between Oct. 1, 2011 through Dec. 31, 2014, sign-up began April 15, 2014, and ended Jan. 30, 2015. For 2015 and subsequent calendar years, producers must provide a completed application for payment and required supporting documentation to their FSA office within 30 calendar days after the end of the calendar year in which the grazing loss occurred.

The producer should include a copy of the grower contract if the producer is a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory, evidence that grazing land or pastureland is owned or leased and evidence that if the loss of grazing was due to a fire that the producer was prohibited by the federal agency from grazing the normal permitted livestock on the managed rangeland due to a fire.

PAYMENTS ON BEHALF OF DECEASED PRODUCERS

Payments may be made for eligible losses suffered by an eligible producer who is now deceased or for a dissolved entity if a currently authorized representative signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a producer is a dissolved entity, all former members at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

FSA will use data furnished by the applicant to determine eligibility for program benefits. Furnishing the data is voluntary; however, without all required data, program benefits will not be approved or provided.

The table on page 4 provides the monthly payment rate per head by covered livestock category.

MORE INFORMATION

To find more information about FSA programs, contact your local FSA office or USDA Service Center, or visit FSA online at www.fsa.usda.gov.

Livestock Payment Rates

Kind	Type	Weight Range	Payment Rate Per Head 2011	2012	2013	2014	2015
Beef	Adult	Bulls, Cows	$34.57	$51.81	$57.27	$52.56	$40.79
	Non-adult	500 pounds or more	$25.93	$38.86	$42.96	$39.42	$30.59
Dairy	Adult	Bulls, Cows	$89.89	$134.71	$148.90	$136.66	$106.05
	Non-adult	500 pounds or more	$25.93	$38.86	$42.96	$39.42	$30.59
Buffalo/Beefalo	Adult	Bulls, Cows	$34.57	$51.81	$57.27	$52.56	$40.79
	Non-adult	500 pounds or more	$25.93	$38.86	$42.96	$39.42	$30.59
Sheep	All		$8.64	$12.96	$14.32	$13.14	$10.20
Goats	All		$8.64	$12.96	$14.32	$13.14	$10.20
Deer	All		$8.64	$12.96	$14.32	$13.14	$10.20
Equine	All		$25.58	$38.34	$42.38	$38.90	$30.18
Swine		Less than 45 pounds	$1.03	$1.55	$1.72	$1.56	$1.21
		45 to 124 pounds	$2.41	$3.63	$4.01	$3.67	$2.85
		125 to 234 pounds	$4.15	$6.22	$6.87	$6.31	$4.90
	Sow	235 pounds or more	$14.18	$21.24	$23.48	$21.56	$16.73
	Boar	235 pounds or more	$8.31	$12.43	$13.74	$12.63	$9.80
Elk		Less than 400 pounds	$7.61	$11.40	$12.60	$11.58	$8.98
		400 to 799 pounds	$14.18	$21.24	$23.48	$21.56	$16.73
		800 pounds or more	$18.67	$27.98	$30.93	$28.39	$22.03
Poultry		Less than 3 pounds	$0.22	$0.33	$0.36	$0.33	$0.26
		3 to 7.9 pounds	$0.44	$0.65	$0.72	$0.66	$0.51
		8 pounds or more	$0.99	$1.48	$1.64	$1.50	$1.17
Reindeer		All	$7.61	$11.40	$12.60	$11.58	$8.98
Alpacas		All	$28.48	$42.68	$47.18	$43.30	$33.60
Emus		All	$17.69	$26.52	$29.31	$26.90	$20.87
Llamas		All	$12.62	$18.91	$20.90	$19.18	$14.89

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

March 2015

Livestock Indemnity Program (LIP)

OVERVIEW

The Agricultural Act of 2014 (2014 Farm Bill) authorized the Livestock Indemnity Program (LIP) to provide benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather. In addition, LIP covers attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. LIP payments are equal to 75 percent of the market value of the applicable livestock on the day before the date of death of the livestock as determined by the Secretary.

The 2014 Farm Bill makes LIP a permanent program and provides retroactive authority to cover eligible livestock losses back to Oct. 1, 2011.

LIP is administered by the U.S. Department of Agriculture Farm Service Agency (FSA).

ELIGIBLE LIVESTOCK OWNERS

To be eligible for LIP, a livestock producer must have legally owned the eligible livestock on the day the livestock died.

Owners of the following types of livestock may be eligible for LIP:

Cattle	Poultry	Swine	Other
Adult Beef Bulls	Chickens, Broilers, Pullets (regular size)	Swine, Feeder Pigs (less than 50 pounds)	Alpacas
Adult Beef Cows	Chickens, Chicks	Swine, Sows, Boars, Barrows, Gilts (50 to 150 pounds)	Deer
Adult Buffalo, Beefalo Bulls	Chickens, Layers, Pullets/Cornish Hens (small size)	Swine, Sows, Boars, Barrows, Gilts (151 to 450 pounds)	Elk
Adult Buffalo, Beefalo Cows	Ducks	Swine, Sows, Boars (over 450 pounds)	Emus
Adult Dairy Bulls	Ducks, Ducklings		Equine
Adult Dairy Cows	Geese, Goose		Goats, Bucks
Non-Adult Beef Cattle	Geese, Goslings		Goats, Nannies
Non-Adult Buffalo/Beefalo	Turkeys, Poults		Goats, Slaughter Goats/Kids
Non-Adult Dairy Cattle	Turkeys, Toms, Fryers, Roasters		Llamas
			Reindeer
			Sheep, Ewes
			Sheep, Lambs
			Sheep, Rams

To be eligible for LIP, an owner's livestock must:

- Have died as a direct result of an eligible adverse weather event occurring;
  - On or after Oct. 1, 2011, and;
  - No later than 60 calendar days from the ending date of the applicable adverse weather event, and;
  - In the calendar year for which benefits are requested.
- Have been maintained for commercial use as part of a farming operation on the day they died and;
- Not have been produced for reasons other than commercial use as part of a farming operation. Excluded livestock includes wild free roaming animals, pets or animals used for recreational purposes, such as hunting, roping or for show.

ELIGIBLE LIVESTOCK CONTRACT GROWERS

To be eligible for LIP, a contract grower must have had the following on the day the livestock died:

- Possession and control of the eligible livestock and;
- A written agreement with the eligible livestock owner setting the specific terms, conditions and obligations of the parties involved regarding the production of livestock.

In addition to the requirements listed for livestock owners above, the only eligible livestock of contract growers under LIP are poultry and swine.

PAYMENTS

LIP payments are calculated by multiplying the national payment rate for each livestock category by the number of eligible livestock in each category. National payment rates are found at the end of this fact sheet.

The LIP national payment rate for eligible livestock owners are based on 75 percent of the average fair market value of the livestock.

The LIP national payment rate for eligible livestock contract growers are based on 75 percent of the average income loss sustained by the contract grower with respect to the dead livestock.

A contract grower's LIP payment will be reduced by the amount of monetary compensation received from their contractor for the loss of income suffered from the death of livestock under contract.

PAYMENT LIMITATIONS AND ADJUSTED GROSS INCOME (AGI)

For 2012 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $125,000 total in payments under the Livestock Forage Disaster Program, the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program and LIP combined.

In applying the limitation on average adjusted gross income , an individual or entity is ineligible for payment under LIP if the average AGI of the individual or entity exceeds $900,000.

Direct attribution provisions apply to LIP for 2011 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

For more information on payment limitations, visit http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pfs&newstype=prfactsheet&type=detail&item=pf_20140328_insup_en_pmtlmt.html

APPLYING FOR LIP

Producers may apply to receive LIP benefits at local FSA offices.

Producers who suffer livestock death losses should submit a notice of loss and an application for payment to the local FSA office that maintains their farm records.

To be eligible, the notice of loss must be submitted the earlier of:

- 30 calendar days of when the loss of livestock is apparent to the producer; or
- 30 calendar days after the end of the calendar year in which the loss of livestock occurred.

The following table provides the final dates to file a notice of loss and application for payments:

Date of Livestock Death	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Calendar Year 2015 and all subsequent years	30 days after death is apparent	Jan. 30 after the calendar year in which the loss occurred.

The producer must include a copy of the grower contract if he/she is a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory and location of the livestock at the time of death.

Payments may be made for eligible losses suffered by an eligible producer who is now deceased or for a dissolved entity if a currently authorized representative signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a producer is a dissolved entity, all former members at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

LIVESTOCK DEATH LOSS DOCUMENTATION

Livestock owners should record all pertinent information of livestock death losses due to adverse weather and attacks by animals reintroduced into the wild by the federal government or protected by federal law.

Documentation of the number and kind of livestock that have died, supplemented if possible by such items as, but not limited to:

- Photographs or video records to document the loss, dated if possible;
- Purchase records, veterinarian records, production records, bank or other loan documents;
- Written contracts, records assembled for tax purposes, private insurance documents, and other similar reliable documents.

Applicants must provide adequate proof that the eligible livestock deaths occurred as a direct result of an eligible adverse weather event or eligible attack by an eligible animal or avian predator in the calendar year for which benefits are being requested. The quantity and kind of livestock that died as a direct result of the eligible event may be documented by:

- Purchase records;
- Veterinarian records;
- Bank or other loan documents;
- Rendering truck receipts or certificates;
- Federal Emergency Management Agency records;
- National Guard records;
- Written contracts;
- Production records;
- Records assembled for tax purposes;
- Property tax records;
- Private insurance documents;
- Similar documents.

If adequate verifiable proof of death records documentation is not available, FSA will accept reliable records in conjunction with verifiable beginning and ending inventory records as proof of death. Reliable records may include, but are not limited to;

- Contemporaneous producer records existing at the time of the adverse weather event;
- Pictures(s) with a date;
- Brand inspection records;
- Dairy herd improvement records; and
- Similar reliable documents.

FSA will accept certifications of livestock deaths by third parties on form CCC-854 along with verifiable beginning and ending inventory documentation if the following conditions are met:

- The livestock owner or livestock contract grower, as applicable, certifies in writing:
  - That there is no other documentation of death available;
  - The number of livestock in inventory at the time of the adverse weather event.
- The third party provides their telephone number, address and a written statement containing:
  - Specific details about their knowledge of the livestock deaths;
  - Their affiliation with the livestock owner;
  - The accuracy of the deaths claimed by the livestock owner.

FSA will use data furnished by the applicant to determine eligibility for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

MORE INFORMATION

To find more information about FSA programs, contact your local FSA office or USDA Service Center, or visit FSA online at www.fsa.usda.gov

Table 1: LIP Payment Rates for Eligible Livestock Owners (these rates have been reduced by the required 75%)			
Kind	**Type**	**Weight Range**	**2015 Payment Rate Per Head**
Alpacas			270.00
Beef	Adult	Bull	$1,965.78
		Cow	$1,512.14
	Nonadult	Less than 400 pounds	$716.48
		400 to 799 pounds	$1,136.61
		800 pounds or more	$1,375.41
Buffalo/ Beefalo	Adult	Bull	$2,495.75
		Cow	$1,331.07
	Nonadult	Less than 400 pounds	$680.66
		400 to 799 pounds	$1,079.78
		800 pounds or more	$1,306.64
Chickens	Broilers/ Pullets (Regular Size)		$2.57
	Chicks		$0.22
	Layers		$19.61
	Pullets/ Cornish Hens (Small Size)		$1.65
	Roasters		$3.32
Dairy	Adult	Bull	$1,475.00
		Cow	$1,475.00
	Nonadult	Less than 400 pounds	$368.75
		400 to 799 pounds	$737.50
		800 pounds or more	$1,191.35
Deer			$518.11
Ducks	Ducklings		$0.67
	Ducks		$4.19
Elk			$719.19
Emus			$206.67
Equine			$878.34
Geese	Goose		$15.78
	Gosling		$3.31
Goats	Bucks		$136.35
	Nannies		$110.45
	Slaughter Goats/Kids		$78.58
Llamas			$217.50
Reindeer			$518.11
Sheep	Ewes		$136.34
	Lambs		$169.24
	Rams		$143.97
Swine	Feeder Pigs	Less than 50 pounds	$66.15
	Lightweight Barrows/Gilts	50 to 150 pounds	$93.93
	Sows/Boars/Barrows/Gilts	151 to 450 pounds	$121.71
	Boars/Sows	450 pounds or more	$305.48
Turkeys	Poults		$1.25
	Toms/Fryers/roasters		$14.58

Table 2: LIP Payment Rates for Eligible Livestock for Livestock Contract Growers
(rates have been reduced by the required 75%)

Kind	Type	Weight Range	2015 Payment Rate Per Head
Chickens	Broilers, Pullets (Regular Size)		$0.28
	Layers		$1.18
	Pullets, Cornish Hens (Small Size)		$0.18
	Roasters		$0.36
Ducks			$0.46
Geese			$2.31
Swine	Feeder pigs	Less than 50 pounds	$7.51
	Lightweight Barrows, Gilts	50 to 150 pounds	$14.11
	Sows, Boars, Barrows, Gilts	151 to 450 pounds	$18.28
	Boars, Sows	450 pounds or more	$125.54
Turkeys	Toms, Fryers, Roasters		$1.60

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2016 Noninsured Crop Disaster Assistance Program (NAP)

According to the Agricultural Act of 2014

September 2015

Background

The Noninsured Crop Disaster Assistance Program (NAP), reauthorized by the 2014 Farm Bill, provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occurs as the result of natural disasters. NAP provides coverage for crops for which the catastrophic level of insurance is not available.

Eligible Crops

Crops that are noninsurable and eligible for disaster assistance include commercially produced:

- crops grown for food;
- crops planted and grown for livestock consumption, including but not limited to grain, seeded and native forage crops;
- crops grown for fiber, such as cotton and flax, except for trees;
- crops grown under a controlled environment, such as mushrooms and floriculture;
- specialty crops, such as honey and maple sap;
- sweet sorghum and biomass sorghum;
- industrial crops, including crops used in manufacturing or grown as a feedstock for renewable biofuel, renewable electricity, or biobased products;
- value loss crops, such as aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod; and
- Seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production.

Natural Disasters

Natural disasters include:

- damaging weather, such as drought, hail, freeze, hurricane, excessive moisture or wind;
- an adverse natural occurrence, such as an earthquake or a flood; and
- a condition related to damaging weather or adverse natural occurrence such as excessive heat, disease or insect infestation.

Note: *The natural disaster must occur during the coverage period, before or during harvest, and must directly affect the eligible noninsurable crop.*

Producer Eligibility Requirements

An eligible producer is a landowner, tenant, or sharecropper who shares in the risk of producing a crop that qualifies as noninsurable and is entitled to an ownership share of that crop. The 2014 Farm Bill specifies than an individual or entity's average adjusted gross income (AGI) cannot exceed $900,000 in order to be eligible for NAP payments.

Note*: If you have questions regarding your eligibility, contact your local Farm Service Agency (FSA) office.*

Coverage Levels

NAP provides catastrophic level (CAT) coverage based on the amount of loss that exceeds 50 percent of expected production at 55 percent of the average market price for the crop.

The 2014 Farm Bill authorized additional coverage levels ranging from 50 to 65 percent of production, in 5 percent increments, at 100 percent of the average market price. Additional coverage must be elected by a producer by the application closing date. Producers who elect additional coverage must pay a premium in addition to the service fee. Crops intended for grazing are not eligible for additional coverage.

Program Eligibility Requirements

Producers must meet all program requirements in order to take advantage of NAP assistance in the event of a disaster. The producer must provide certain information to FSA annually before a disaster occurs. Specifically, producers must:

- certify that they comply with all highly erodible land and wetland conservation requirements;
- report crop losses within 15 calendar days of the earlier of the date disaster occurs, the final planting date if planting is prevented by a natural disaster, the date crop damage becomes apparent, or the normal harvest date;

- producers of hand-harvested crops and certain perishable crops must notify FSA within 72 hours of when a loss becomes apparent;
- request payment within 60 days of the last day of coverage for the crop year for any NAP covered crop in the unit;
- accurately report the acreage and shares for all crops potentially eligible for NAP, certify crop production history, and report current crop year production on or before the required deadline.

If you have questions regarding acreage reporting dates and normal harvest dates, contact your local FSA office.

Determination of Crop Losses

As with crop insurance, FSA allows producers to establish an expected level of production to reflect normal production capabilities.

Except for a few crops that are considered "value loss" crops, the actual history of producing the crop is used to determine the extent of the loss in the disaster year. FSA calculates approved yields by averaging producers' actual production history (APH) for a minimum of 4 to a maximum of 10 crop years (five years for apples and peaches). To calculate APH, FSA divides a producer's total production by the producer's crop acreage. If a producer does not report production for a crop with NAP coverage, or at least 4 years of acceptable production records are not provided, a producer's approved yield may be calculated using substantially reduced yield data.

Individual crop losses are determined on a unit basis. A unit includes all the eligible acreage of the crop in the administrative county in which the producer has a unique crop interest. A unique crop interest is either:

- 100 percent interest; or
- A shared interest with another producer.

Payment of NAP

FSA compensates eligible producers for:

- losses of noninsurable crops exceeding 50 percent of the expected yield based on 55 percent of the average market price of the commodity for producers with a catastrophic (CAT) level of coverage;
- losses of noninsurable crops exceeding additional buy-up coverage levels ranging from 50 to 65 percent of production, in 5 percent increments, at 100 percent of the average market price;
- prevented planting of more that 35 percent of the intended acreage.

To reflect a decrease in production costs incurred, the payment rate is reduced for any crop that is unharvested or prevented from being planted. NAP payments received, directly or indirectly, will be attributed to the applicable individual or entity and limited to $125,000 per crop year, per individual or entity. Producers cannot receive assistance for the same loss under more than one USDA program.

For payment calculation examples, please refer to "NAP Payment Examples" on page 5 of the fact sheet.

NAP Coverage

Crop Losses

NAP will be based on individual producer crop losses.

Application for Coverage

Eligible producers must apply for coverage on eligible noninsurable crops. All applications for coverage must be filed and the applicable service fees paid at the local FSA office by the application closing date. State committees establish application-closing dates.

Service Fees

For all coverage levels, eligible NAP producers must pay a service fee of the lesser of $250 per crop or $750 per producer per administrative county, not to exceed $1,875 for a producer with farming interests in multiple counties.

Producers who elect additional coverage must also pay a premium equal to:

- the producer's share of the crop; times
- the number eligible acres devoted to the crop; times
- the approved yield per acre; times
- the coverage level; times
- the average market price; times
- a 5.25 percent premium fee.

For value loss crops, premiums will be calculated using the maximum dollar value selected by the producer on form CCC-471, "Application for Coverage."

The maximum premium for a producer is $6,563 (the maximum payment limitation times a 5.25 percent premium fee).

An online NAP tool has been developed to assist producers in calculating an estimated premium. This tool is available at the following site: http://www.fsa.usda.gov/FSA/webapp?area=home&subject=diap&topic=nap

Beginning, limited resource, and traditionally underserved farmers are eligible for a waiver of the service fee and a 50 percent premium reduction when they file form CCC-860, "Socially Disadvantaged, Limited Resource and Beginning Farmer or Rancher Certification."

If you have questions regarding beginning, limited resource, and traditionally underserved farmer definitions and eligibility, please contact your local FSA office.

Coverage Period
The coverage period is the time during which coverage is available against loss of production of the noninsurable crop as a result of a natural disaster. The coverage period varies depending on the type of crop grown, which may be annual, perennial, value loss, etc.

The coverage period for an annual crop begins the later of:
- 30 days after application for coverage and the applicable service fees have been paid; or
- The date the crop is planted (cannot exceed the final planting date).

The coverage period for an annual crop ends the earlier of the:
- Date the crop harvest is completed;
- Normal harvest date for the crop;
- Date the crop is abandoned; or
- Date the entire crop acreage is destroyed.

The coverage period for a perennial crop, other than a crop intended for forage, begins 30 calendar days after the application closing date and ends the earlier of:
- 10 months from the application closing date;
- The date the crop harvest is completed;
- The normal harvest date for the crop;
- The date the crop is abandoned; or
- The date the entire crop acreage is destroyed.

Note*: Perennial forage crops, controlled-environment crops, value loss crops, and specialty crops have different coverage periods. For complete information on coverage periods, contact your local FSA office.*

Participant Responsibilities

Eligible producers who participate must:
1. Be aware of program deadlines that apply in the counties where they have farming interests;
2. File an application for coverage **CCC-471**, and pay the applicable service fees at their local FSA office by the application closing date;
3. Request a waiver of service fees if they are a limited-resource producer, beginning farmer or rancher, or traditionally underserved farmer by filing form CCC-860;
4. File Notice of Loss, Part B, **CCC-576** timely and give FSA the opportunity to inspect the acreage;
5. Complete payment eligibility forms;
6. Comply with all other program requirements, including highly erodible land and wetland conservation;
7. Provide documentation to establish actual production history and support most recent year production;
8. Annually report your crop acreage, yield, and production at your local FSA office;
9. Timely file an application for payment in order to receive financial assistance through NAP.

Payment of service fee and premium does not guarantee coverage.

Information Required to Remain Eligible for NAP

To remain eligible for NAP assistance, the producer must report the following crop information annually:
- name of the crop;
- type and variety of the crop;
- location and acreage of the crop;
- share of the crop and the names of other producers with an interest in the crop;
- type of practice used to grow the crop, such as irrigated or non-irrigated;
- date the crop was planted in each field; and
- intended use of the commodity.

In addition, producers must provide the following production information annually:
- the quantity of all harvested production of the crop in which the producer held an interest during the crop year;
- the disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged, or used differently than intended; and
- verifiable or reliable crop production records.

Failure to report acreage and production information may result in reduced or zero NAP assistance.

For aquaculture, floriculture and ornamental nursery operations, producers must maintain records according to industry standards, including daily crop inventories. Unique reporting requirements apply to beekeepers and producers of Christmas trees, turf-grass sod, maple sap, mushrooms, ginseng, and commercial seed or forage crops. Producers should contact the FSA office where their farm records are maintained regarding these requirements.

Spring Application Deadline

FSA has set March 15, 2016 as the application sales closing date for all 2016 spring seeded annual NAP crops except mixed forage crops, wheat, rye, speltz, triticale, wheat, garlic, “value loss” and honey.

In Montana, NAP coverage may be available for hay type barley varieties intended for seed. Overage stands of irrigated alfalfa and alfalfa grass mixtures are now eligible for crop insurance coverage.

Crop situations that will not be eligible for NAP coverage include insurable crops planted in unrated map areas, however, those crops will be eligible for crop insurance through written agreements. Contact your Crop Insurance Agent for more information.

NAP Important Dates for 2016

January 2 - Final production reporting deadline for 2015 honey

January 15 - Final production reporting deadline for 2015 cherries

March 15 - NAP application sales closing date for all 2016 spring seeded annual NAP crops except mixed forage crops, wheat, rye, speltz, triticale, wheat, garlic, "value loss" and honey.

July 15 Final NAP production reports are due for all 2015 crops except perennial forage, fall seeded annual NAP crops, rye, speltz, triticale, wheat, mixed forage crops, perennial fruit, and honey

Sept. 1 2017 NAP application sales closing date for value-loss crops

Sept. 30 2017 NAP application sales closing date for annual fall-seeded crops, perennial forage and grazing, mixed forage crops, rye, speltz, triticale, wheat, and garlic

Nov. 15 Final production reporting deadline for 2016 perennial forage, rye, speltz, triticale, wheat, mixed forage crops and fall seeded annual NAP crops

December 1 2017 NAP application sales closing date for honey.

Nap pull-off date – varies by county. Check with your local county FSA office for the exact date.

Notice of Loss – is within 15 calendar days of the earlier of a natural disaster occurrence, the final planting date if planting is prevented by a natural disaster, the date that damage to the crop or loss of production becomes apparent; or the normal harvest date.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: http://www.fsa.usda.gov/mt.

NAP PAYMENT EXAMPLES

NAP is designed to provide some crop loss protection during times of catastrophic losses. The following examples show what a producer with a catastrophic (CAT) level of NAP coverage might receive as a NAP payment in comparison to a 65% buy-up level of coverage when 100 acres of dryland barley hay are timely reported and subsequently lost due to a natural disaster. Remember that the NAP market prices are established by the State Committee (STC). Also shown is a NAP grazing loss payment calculation. Note that NAP coverage on grazing is only available at the CAT level.

Barley intended for Hay with NAP CAT 50/55 coverage:

1.6 T/ac. APH x 50% coverage level = 0.8 T/ac. NAP coverage guarantee

$114/Ton NAP Price x 55% coverage rate = $62.70/Ton NAP payment rate

100 planted acres x 0.8 T/ac. = 80 Tons guarantee

80 Tons – 0.0 production to count (appraisal) = 80 Tons for payment

80 T x $62.70/T x 87% planted but unharvested factor = $4,364 payment

Barley intended for Hay with 65/100 Buy-up coverage:

1.6 T/ac. APH x 65% coverage level = 1.04 T/ac. NAP coverage guarantee

$114/Ton NAP Price x 100% coverage rate = $114/Ton NAP payment rate

100 planted acres x 1.04 T/ac. = 104 Tons guarantee

104 Tons – 0.0 production to count (appraisal) = 104 Tons for payment

104 T x $114/T x 87% planted but unharvested factor = $10,315 payment

Native grass for grazing with NAP CAT 50/55 coverage:

20.3 acres per animal unit carrying capacity (set by COC)

215-day grazing period for native range (set by COC)

70% grazing loss (set by COC and approved by STC)

$1.4130 per animal unit day (AUD) rate (2015 rate set by national office)

640 acres native pasture divided by 20.3 ac/AU times 215 days = 6778 normally expected AUD's

6778 expected AUD's times 20% (grazing loss over 50%) = 1356 AUD's eligible for NAP payment.

1356 pmt AUD's x $1.4130 x 55% = $1054 total NAP payment

USDA

DISASTER ASSISTANCE

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

FACT SHEET

October 2015

Tree Assistance Program

OVERVIEW

The 2014 Farm Bill authorized the Tree Assistance Program (TAP) to provide financial assistance to eligible orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines lost by natural disasters. TAP is administered by the Farm Service Agency (FSA) of the U.S. Department of Agriculture (USDA).

ELIGIBLE TREE TYPES

Eligible trees, bushes, and vines are those from which an annual crop is produced for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees produced for commercial sale. Trees used for pulp or timber are ineligible for TAP assistance.

ELIGIBLE LOSSES

To be considered an eligible loss:

- Eligible trees, bushes, or vines must have suffered more than a 15 percent mortality loss in a stand (after normal mortality) due to a natural disaster;
- Mortality loss on a stand of eligible trees, bushes, or vines is based on:
  - Each eligible disaster event, except for losses due to plant disease;
  - For plant disease, the time period as determined by the FSA for which the stand is infected.
- The loss must not have been preventable through reasonable and available measures;
- The loss must be visible and obvious to the FSA representative; if the loss is no longer visible, FSA may accept other loss evidence and determine whether that other evidence substantiates that an eligible loss due to natural disaster occurred;
- FSA may require information from a qualified expert to determine extent of loss in the case of plant disease or insect infestation.

ELIGIBLE PRODUCERS

To qualify for TAP, eligible orchardists and nursery tree growers must:

- Have suffered qualifying tree, bush or vine losses in excess of 15 percent mortality for the stand (adjusted for normal mortality) from an eligible natural disaster;
- Have owned the eligible trees, bushes and vines when the natural disaster occurred, but eligible growers are not required to own the land on which eligible trees, bushes and vines are planted;
- Replace eligible trees, bushes and vines within 12 months from the date the TAP application is approved.

ACREAGE LIMITATIONS

The cumulative total quantity of acres planted to trees, bushes, or vines for which an eligible orchardist or nursery tree grower can receive TAP payments cannot exceed 500 acres annually.

PAYMENT LIMITATION AND ADJUSTED GROSS INCOME (AGI)

For 2012 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive, directly or indirectly, more than $125,000 total in payments under TAP.

In applying the limitation on average adjusted gross income, an individual or entity is ineligible for payment under TAP if the average AGI of the individual or entity exceeds $900,000.

Direct attribution provisions apply to TAP for 2011 and subsequent years. Under direct attribution, any payment to a legal entity will be considered (for payment limitation purposes) to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

PAYMENT CALCULATOR

For tree, bush, or vine replacement, replanting and/or rehabilitation, the payment calculation is the lesser of the following:

- 65 percent of the actual cost of replanting, in excess of 15 percent mortality (adjusted for normal mortality), and, where applicable, 50 percent of the actual cost of rehabilitation, in excess of 15 percent damage or mortality (adjusted for normal tree damage and mortality), or;
- The maximum eligible amount established for the practice by FSA.

APPLICATIONS

The following table provides the final dates to submit a TAP application and supporting documentation:

Date of Loss	Final Date to Submit an Application and Supporting Documentation
Calendar year 2015 and subsequent years	Later of 90 calendar days of: • The disaster event, or • The date when the loss is apparent.

FOR MORE INFORMATION

For more information on FSA disaster programs, visit http://disaster.fsa.usda.gov or visit your local FSA county office. To find your local FSA county office, visit http://offices.usda.gov.

Energy

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

ENERGY
FACT SHEET

Revised February 2015

Fiscal Year 2015 Biomass Crop Assistance Program

OVERVIEW

The Biomass Crop Assistance Program (BCAP), created by the 2008 Farm Bill and reauthorized with modifications by the 2014 Farm Bill, is part of the national strategy to reduce U.S. reliance on foreign oil, improve domestic energy security, and reduce carbon pollution, by developing more agricultural products made in rural America

BCAP provides funds to assist farmers and forester landowners with growing, maintaining, and harvesting biomass that can be used for energy or bio-based products. BCAP provides assistance in three ways:

- Establishment payments. For growing new biomass crops, BCAP can cover up to 50 percent of the cost of establishing a new, perennial energy crop[1] ;
- Maintenance payments (annual payments). To maintain the new biomass crop as it matures until harvest, BCAP can provide up to five years of assistance for an herbaceous crop, or up to 15 years for a woody crop;
- Retrieval payments (matching payments). To collect existing biomass residues that are not economically retrievable, BCAP can help with the cost of sustainably harvesting and transporting agricultural or forest residues to an energy facility (biomass conversion facility)[2].

The Agricultural Act of 2014 (2014 Farm Bill) reauthorized BCAP with an annual mandatory funding level of $25 million through FY 2018, of which between 10 and 50 percent (no greater than $12.5 million) is reserved for matching payments. BCAP is administered by the U.S Department of Agriculture Farm Service Agency (FSA).

PROJECT AREAS

A project area has specified boundaries approved by the U.S. Department of Agriculture and includes producers with contract acreage (i.e. crops under contract with USDA to receive establishment and maintenance payments) that, upon maturity, will be supplied to an existing or in-progress biomass conversation facility. The project area is physically located within an economically practicable distance from the biomass conversion facility.

ELIGIBLE CROPS

For establishment and maintenance payments in project areas, eligible biomass (or ‘”eligible crops”) does not include plants that are invasive or noxious, as determined by USDA, or “conventional” crops (crops that are eligible to receive payments under title I of the 2014 Farm Bill), such as barley, corn, grain, sorghum, oats, rice or wheat, honey; mohair; oilseeds (including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, soybeans, sesame seed, and sunflower seed); peanuts; pulse; chickpeas, lentils and dry peas; dairy products; sugar; and wool and cotton boll fiber.

Other restrictions may apply. For full details on eligible crops, please consult your local FSA county office, or visit the web at www.fsa.usda.gov/bcap.

[1] Up to $750 per acre for underserved producers, or up to $500 per acre for other producers.
[2] At the rate of up to $1 for each $1 per ton delivered to an approved biomass conversion facility, not to exceed $20 per dry ton, for a period no longer than two years.

ELIGIBLE MATERIALS

For retrieval payments, eligible biomass (or "eligible materials" such as certain agricultural and forestry residues) includes:

- Agricultural or crop residues (i.e. crop residues remaining in the field after harvest of conventional crops), woody agriculture residues, like orchard waste, that are removed directly from land, in accordance with an approved conservation plan;
- Woody forest residues removed directly from that land that are byproducts of preventative treatments that reduce the threat of forest fires, disease or insect infestation; that do not have an existing market, that are removed directly from the land, in accordance with an approved forest stewardship or equivalent plan.

Biomass that is ineligible for retrieval payments include:

- Conventional crops that are eligible to receive payments under Title I of the 2014 Farm Bill;
- Secondary agricultural or forest residues resulting from the processing activity of a delivered primary product of biomass;Animal waste or byproducts, bagasse, food and yard waste, algae.

Other limitations may apply. For full details on eligible materials, please consult your local FSA county office, or visit the web at www.fsa.usda.gov/bcap.

APPLICATION AND ENROLLMENT PERIODS FOR FY 2015

Enrollment periods for BCAP funding will be announced by news release in the spring of 2015. To enroll in electronic updates for upcoming BCAP announcements, visit www.fsa.usda.gov/bcap.

ADDITIONAL INFORMATION

This fact sheet is intended for basic informational purposes only. For full information on specific program requirements and restrictions, please consult the USDA Farm Service Agency or visit the web at www.fsa.usda.gov/bcap.

United States Department of Agriculture

Rural Development • Rural Business-Cooperative Service

Rural Energy for America Program - Renewable Energy & Energy Efficiency

What does this program do?

Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements.

Who may apply?

- Agricultural producers with at least 50% of gross income coming from agricultural operations, and
- Small businesses in eligible rural areas.

NOTE: Agricultural producers and small businesses must have no outstanding delinquent federal taxes, debt, judgment or debarment.

What is an eligible area?

- Businesses must be in an area other than a city or town with a population of greater than 50,000 inhabitants and the urbanized area of that city or town. Check eligible business addresses.
- Agricultural producers may be in rural or non-rural areas.

How may the funds be used?

Funds may be used for the purchase, installation and construction of renewable energy systems, such as:

- Biomass (for example: biodiesel and ethanol, anaerobic digesters, and solid fuels).
- Geothermal for electric generation or direct use.
- Hydropower below 30 megawatts.
- Hydrogen.
- Small and large wind generation.
- Small and large solar generation.
- Ocean (tidal, current, thermal) generation.

Funds may also be used for the purchase, installation and construction of energy efficiency improvements, such as:

- High efficiency heating, ventilation and air conditioning systems (HVAC).
- Insulation.
- Lighting.
- Cooling or refrigeration units.
- Doors and windows.
- Electric, solar or gravity pumps for sprinkler pivots.
- Switching from a diesel to electric irrigation motor.
- Replacement of energy-inefficient equipment.

What funding is available?

- Loan guarantees on loans up to 75% of total eligible project costs.
- Grants for up to 25% of total eligible project costs.
- Combined grant and loan guarantee funding up to 75% of total eligible project costs.

What are the loan guarantee terms?

- $5,000 minimum loan amount.
- $25 million maximum loan amount.
- Up to 85% loan guarantee.
- Rates and terms negotiated with the lender and subject to USDA approval.
- Maximum term of 30 years for real estate.
- Maximum term of 15 years, or useful life, for machinery and equipment.
- Maximum term of 7 years for capital loans.
- Maximum term of 30 years for combined real estate and equipment loans.

What are the grant terms?

Renewable Energy System Grants:

- $2,500 minimum.
- $500,000 maximum.

Energy Efficiency Grants:

- $1,500 minimum.
- $250,000 maximum.

Are there additional requirements?

- Applicants must provide at least 75% of the project cost if applying for a grant only.
- Applicants must provide at least 25% of the project cost if applying for loan, or loan and grant combination.
- Projects greater than $200,000 require a technical report.
- Energy efficiency projects require an energy audit or assessment.

How do we get started?

Applications for this program are accepted year round at your local office.

Who can answer questions?

Contact your State Rural Development Energy Coordinator.

What governs this program?

- Basic Program – 7 CFR 4280, Subpart B
- This program is authorized by Title IX of the Agricultural Act of 2014, (2014 Farm Bill)

Why does USDA Rural Development do this?

This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements. Over time, these investments can also help lower the cost of energy costs for small businesses and agricultural producers.

NOTE: Because citations and other information may be subject to change please always consult the program Instructions listed in the section above titled "What Law Governs this Program?" You may also contact your local office for assistance.

You will find additional forms, resources, and program information at www.rd.usda.gov

Farm Loans

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SERVICE AGENCY

Farm Loans

2014 FARM BILL FACT SHEET

November 2015

Conservation Loan Program

OVERVIEW

The U.S. Department of Agriculture's Farm Service Agency (FSA) guarantees loans to promote conservation practices on farms and ranches that help protect natural resources throughout the United States.

The goal of FSA's Conservation Loan (CL) program is to provide access to credit for farmers who need and want to implement conservation measures on their land but do not have the "up front" funds available to implement these practices.

Unlike FSA's traditional farm ownership and operating loan programs that are targeted toward smaller and less financially established farmers, eligibility requirements for the CL program are expanded to permit FSA to provide assistance to some applicants who may be large and financially strong.

FSA CONSERVATION LOAN PROGRAM

CL funds can be used to implement a conservation practice approved by the Natural Resources and Conservation Service (NRCS), such as:

- Reducing soil erosion;
- Improving water quality and;
- Promoting sustainable and organic agricultural practices.

Specific conservation practices include:

- Installing conservation structures;
- Establishing forest cover;
- Installing water conservation measures;
- Establishing or improving permanent pastures;
- Transitioning to organic production;
- Manure management, including manure digestion systems;
- Adapting other emerging or existing conservation practices, techniques or technologies.

Interested applicants who do not already have NRCS-approved conservation plans should work with the local NRCS staff to develop a conservation plan, including all applicable conservation practices. New or existing conservation plans must be NRCS approved before FSA can provide financing.

RATES AND TERMS

Those interested may apply for guaranteed CLs with loan limits up to $1,399,000 (amount adjusted for inflation), by applying with lenders working with FSA, to obtain a guarantee.

Interest rates on guaranteed CLs are negotiated between the lender and the borrower within certain allowable benchmarks.

Terms will vary and will be based on the life of the security offered, but not to exceed 30 years. CLs must be fully secured and can only be approved for those who have the ability to repay them.

STREAMLINED CL APPLICATION

A streamlined application process reduces paperwork requirements for applicants with a strong financial position by eliminating the requirement to provide a cash flow statement and supplementary documentation.
To submit a streamlined CL application, the applicant must be current on payments to all creditors, have a debt-to-asset ratio of 40 percent or less, have a minimum FICO score of 700 and have a net worth of at least three times the loan amount.

FOR MORE INFORMATION

Additional information may be obtained at local FSA offices or through the FSA website at www.fsa.usda.gov.

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UNITED STATES DEPARTMENT OF AGRICULTURE
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2014 Farm Bill

FACT SHEET

March 2014

New Farm Bill Offers Modifications to Farm Loan Programs

OVERVIEW

The 2014 Farm Bill, signed by President Obama on Feb. 7, 2014, updates certain requirements and modifies several loan programs administered by the Farm Service Agency (FSA).

ACTIONS FSA CUSTOMERS CAN EXPECT TO TAKE EFFECT IMMEDIATELY

The following will be implemented immediately due to the 2014 Farm Bill.

- The percent of guarantee offered on all Conservation Loans (CL) will increase from 75 percent to 80 percent. The percent of guarantee will increase to 90 percent for CLs made to socially disadvantaged (SDA) and beginning farmers.
- The interest rate charged on Direct Farm Ownership loans that are made in conjunction with other lenders is set at 2 percent below the regular Direct Farm Ownership rate, with a floor of 2.5 percent.
- The requirement for FSA to appraise the value of oil, gas, or other minerals to be used as collateral for Farm Ownership loans has been removed.
- The maximum loan amount for down payment Farm Ownership loans increased to $300,000 from $225,000, consistent with all other Direct Farm Ownership loans.
- The rural residency requirement for Youth Loans (YL) is removed. Previously, to qualify for a YL an applicant had to live in a rural area.
- Microloans made to beginning and veteran farmers or ranchers are exempt from direct term limits. Term limits still apply for non-microloan direct loans (regular operating loans and Farm Ownership loans).
- A limited resource rate is available to beginning and veteran farmers who receive a Microloan. Borrowers will be given a choice to accept the limited resource rate or regular operating loan rate.
- The restriction that an applicant could receive a Guarantee Operating Loan (OL) for no more than 15 years has been eliminated.
- The definition of a qualified beginning farmer or rancher is modified to set the average size of farmland owned at no greater than 30 percent of the average size farm. Previously, this definition used the median farm size which eliminated many otherwise qualified applicants.
- Debt forgiveness will no longer preclude a former Youth Loan (YL) borrower from obtaining additional loans from any U.S. government agency. Additionally, borrowers with YL debt forgiveness or who are delinquent on YL debt can receive student loans. The servicing and collection of YLs is not affected by the statute and will continue under the present regulation. FSA is revising the definition of debt forgiveness to comply with this statute.

Additional information regarding FSA Farm Loans or other FSA programs can be found by visiting a nearby FSA Service Center or online at fsa.usda.gov.

DISASTER ASSISTANCE

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

FACT SHEET

June 2015

Emergency Disaster Designation and Declaration Process

OVERVIEW

Agriculture-related disasters and disaster designations are quite common. Many counties in the United States have been designated as disaster areas in the past several years, even in years of record crop production.

The Secretary of Agriculture is authorized to designate counties as disaster areas to make emergency loans (EM) available to producers suffering losses in those counties and in counties that are contiguous to a designated county. In addition to EM eligibility, other emergency assistance programs, such as FSA disaster assistance programs, have historically used disaster designations as an eligibility trigger.

TYPES OF DISASTER DESIGNATIONS

FSA administers four types of disaster designations:

- USDA Secretarial disaster designation;
- Presidential major disaster and Presidential emergency declarations;
- FSA Administrator's Physical Loss Notification; and
- Quarantine designation by the Secretary under the Plant Protection Act or animal quarantine laws.

USDA Secretarial disaster designations must be requested of the Secretary of Agriculture by a governor or the governor's authorized representative, by an Indian Tribal Council leader, or by an FSA State Executive Director (SED). The Secretarial disaster designation is the most widely used and its process is the most complicated of the four. An expedited process for drought was introduced in 2012. The general process and the expedited process are described in further detail under "**Secretarial Disaster Designation Process**."

Presidential major disaster declarations, which must be requested of the President by a governor, are administered through the Federal Emergency Management Agency (FEMA). A Presidential major disaster declaration can be made within days or hours of the initial request. FEMA immediately notifies FSA of the primary counties named in a Presidential declaration.

An FSA Administrator's Physical Loss Notification (APLN) is for physical losses only, such as a building destroyed by a tornado. Livestock-related losses are considered physical losses. An APLN is requested of FSA's Administrator by an FSA SED.

A quarantine designation is requested of the Secretary of Agriculture by an FSA SED. A quarantine designation authorizes EM loans for production and physical losses resulting from quarantine.

WHAT DOES A DISASTER DESINGNATION SPECIFY?

A disaster designation specifies:

- The disaster that resulted in the designation;
- The incident period (dates) of that disaster;
- The specific counties included in the designation.

THE SECRETARIAL DISASTER DESIGNATION PROCESS

In 2012, USDA streamlined the Secretarial disaster declaration process to reduce paperwork and documentation requirements at the local FSA level, making the process more efficient and timely for agricultural producers. The program improvements included Fast Track Secretarial disaster designations for severe drought, which provide for a nearly automatic designation when, during the growing season, any portion of a county meets the D2 (Severe Drought) drought intensity value for eight consecutive weeks or a higher drought intensity value for any length of time as reported in the U.S. Drought Monitor (http://droughtmonitor.unl.edu/).

For all other natural disaster occurrences, including drought conditions that do not trigger a Fast Track designation, the county must have a 30 percent production loss of at least one crop or a determination must be made by surveying producers that other lending institutions will not be able to provide emergency financing. The process for those Secretarial disaster designations is described below.

PROCESS

STEP 1
The governor, Indian Tribal Council leader, or FSA SED makes a request in writing to the Secretary of Agriculture within three months of the ending date of the disaster

STEP 2
FSA county offices assemble required agricultural loss information for the Loss Assessment Report (LAR).

STEP 3
The County Emergency Board (CEB) reviews the LAR and makes a recommendation to approve, defer, or reject the request.

STEP 4
The State Emergency Board (SEB) reviews the request and the CEB's recommendation. The SEB's recommendation is submitted to FSA's National Headquarters (NHQ).

STEP 5
FSA NHQ reviews the loss information on the LAR, determines eligibility, and prepares a package, including the letter of approval or disapproval, to be signed by the Secretary.

ELIGIBLE NATURAL DISASTERS

Eligible natural disasters are disasters in which damaging weather conditions or other adverse natural occurrence phenomena have substantially affected farmers causing severe production losses. Eligible natural disaster conditions include drought, flooding, excessive rain and humidity, severe storms, lightning, hail, mudslides and landslides, snow, ice, blizzards, frost, freeze, below-normal temperatures, wind, tornadoes, hurricanes, typhoons, tropical storms, fire, excessive heat, volcanoes, pests and disease.

FSA PROGRAMS INITIATED BY DESIGNATIONS AND/OR DECLARATIONS

All four types of designation, (Secretarial disaster designations, Presidential disaster declarations, APLNs, and quarantine designations) immediately trigger the availability of low-interest FSA EM loans to eligible producers in all primary and contiguous counties. More information about EM loans is available at http://www.fsa.usda.gov/programs-and-services/farm-loan-programs/emergency-farm-loans/index.

FSA borrowers located in designated disaster areas or contiguous counties, who are unable to make their scheduled payments on any debt, may be authorized to have certain set asides. Under Section 331A of the Consolidated Farm and Rural Development Act, FSA is authorized to consider setting aside certain payments owed by FSA borrowers to allow the operation to continue.

Additional disaster assistance requiring a designation may also be provided by new programs in the future.

REGULATION GOVERNING DISASTER DESIGNATION PROCESS

The regulation governing disaster designations is at 7 CFR Part 759. The rule was published in the Federal Register on July 13, 2012, at http://www.gpo.gov/fdsys/pkg/FR-2012-07-13/html/2012-17137.htm.

FOR MORE INFORMATION

For more information on FSA disaster programs, visit http://disaster.fsa.usda.gov or visit your local FSA county office. To find your local FSA county office, visit http://offices.usda.gov.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Farm Loans

FACT SHEET

March 2015

Emergency Loan Program

OVERVIEW

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters or quarantine.

LOAN USES

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation and;
- Refinance certain debts.

ELIGIBILITY

Emergency loans may be made to farmers and ranchers who:

- Own or operate land located in a county declared by the President or designated by the Secretary of Agriculture as a primary disaster area or quarantine area. All counties contiguous to the declared, designated, or quarantined primary counties also are eligible for emergency loans. A disaster designation by the FSA administrator authorizes emergency loan assistance for physical losses only in the designated and contiguous counties;
- Are established family farm operators and have sufficient farming or ranching experience;
- Are citizens or permanent residents of the United States;
- Have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate or chattel property;
- Have an acceptable credit history;
- Are unable to receive credit from commercial sources;
- Can provide collateral to secure the loan and;
- Have repayment ability.

LOAN REQUIREMENTS

FSA loan requirements are different from those of other lenders. Some of the more significant differences are the following:

- Borrowers must keep acceptable farm records;
- Borrowers must operate in accordance with a farm plan they develop and agree to with local FSA staff and;
- Borrowers may be required to participate in a financial management training program and obtain crop insurance.

COLLATERAL IS REQUIRED

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment ability may be considered as collateral to secure the loan. A first lien is required on property or products acquired, produced or refinanced with loan funds.

LOAN LIMIT

Producers can borrow up to 100 percent of actual production or physical losses to a maximum amount of $500,000.

LOAN TERMS

Loans for crop, livestock and non-real estate losses are normally repaid within one to seven years, depending on the loan purpose, repayment ability and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

CURRENT INTEREST RATE

To find the current emergency loan interest rate, visit www.fsa.usda.gov/FSA/webapp?area=home&subject=fmlp&topic=fir.

APPLICATION DEADLINE

Applications for emergency loans must be received within eight months of the county's disaster or quarantine designation date.

FOR MORE INFORMATION

For more information on FSA disaster assistance, visit http://disaster.usda.fsa.gov. For more information on FSA farm loans, visit www.fsa.usda.gov/farmloans. Further information about this and other FSA programs is available from local FSA offices or on the FSA website at www.fsa.usda.gov. To find your local FSA office, visit http://offices.usda.gov.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Farm Loans

2014 FARM BILL FACT SHEET
November 2015

Farm Loans Overview

OVERVIEW

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes and guarantees loans to family farmers and ranchers to promote, build and sustain family farms in support of a thriving agricultural economy. FSA maintains its headquarters in Washington, DC, with offices located in each state, usually in a state capital or near a state land-grant university, as well as in most agriculturally productive counties. Farmers may apply for direct loans at local FSA offices. Guaranteed loans may be available from commercial lenders who apply for loan guarantees from FSA. Although general information may be obtained from headquarters and state offices, all programs are administered through local offices.

The goal of FSA's farm loan programs is to graduate its borrowers to commercial credit. Once a farmer is able to obtain credit from the commercial lending sector, the agency's mission of providing temporary, supervised credit is complete.

FSA FARM LOANS

FSA's loan programs are designed to help family farmers to start, purchase or expand their farming operation. In many cases, these are beginning farmers who need additional financial and business acumen to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural disasters, or who need additional resources with which to establish and maintain profitable farming operations.

Some farmers obtain their credit needs through the use of loan guarantees. Under a guaranteed loan, a commercial lender makes and services the loan, and FSA guarantees it against loss up to a maximum of 90 percent in most cases. In certain limited circumstances, a 95-percent guarantee is available. FSA has the responsibility of approving all eligible loan guarantees and providing oversight of lenders' activities.

For those not yet meeting the qualifications for a loan guarantee from a commercial lender, FSA also makes direct loans, which are serviced by an FSA official. FSA has the responsibility of providing credit counseling and supervision to its direct borrowers by making a thorough assessment of the farming operation. FSA helps applicants evaluate the adequacy of the real estate and facilities, machinery and equipment, financial and production management, and the applicant's goals. FSA assists the applicant in identifying and prioritizing areas needing improvement in all phases of the operation. An FSA official then works one-on-one with the applicant to develop and to help strengthen the identified areas that ultimately result in the applicant's graduation to commercial credit.

Unlike FSA's commodity loans, most farm loans must be fully secured and can only be approved for those who have repayment ability.

FARM OWNERSHIP LOANS

Eligible applicants may obtain direct loans up to a maximum indebtedness of $300,000. Maximum indebtedness for guaranteed loans is $1,399,000 (amount adjusted annually for inflation). The maximum repayment term is 40 years for both direct and guaranteed farm ownership loans. In general, loan funds may be used to purchase a farm, enlarge an existing farm, construct new farm buildings and/or improve structures, pay closing costs, and promote soil and water conservation and protection.

FARM OPERATING LOANS

Eligible applicants may obtain direct loans for up to a maximum indebtedness of $300,000 and a direct operating Microloan for up to a maximum indebtedness of $50,000. Maximum indebtedness for a guaranteed loan is $1,399,000 (amount adjusted annually for inflation). The repayment term may vary, but typically it will not exceed seven years for intermediate-term purposes. Annual operating loans are generally repaid within 12 months or when the commodities produced are sold. In general, loan funds may be used for normal operating expenses, machinery and equipment, minor real estate repairs or improvements, and refinancing debt.

TARGETED FUNDS TO SOCIALLY DISADVANTAGED AND BEGINNING FARMERS

Each year Congress targets a percentage of farm ownership and farm operating loan funds to socially disadvantaged (SDA) and beginning farmers. For more information, refer to the FSA Fact Sheet, “Loans for Socially Disadvantaged Farmers.”

DOWN PAYMENT PROGRAM

FSA has a special loan program to assist SDA and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

To qualify:

- The applicant must make a cash down payment of at least 5 percent of the purchase price.
- The maximum loan amount does not exceed 45 percent of the least of (a) the purchase price of the farm to be acquired; (b) the appraised value of the farm to be acquired or; (c) $667,000 (*Note: This results in a maximum loan amount of $300,000*).
- The term of the loan is 20 years. The interest rate is 4 percent below the direct FO rate, but not lower than 1.5 percent.
- The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95-percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.
- Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

YOUTH LOANS

These are available as direct loans only and have a maximum loan amount of $5,000. Youth loans may be made to individuals who are sponsored by a project advisor, such as a 4-H Club, FFA or local vocational instructor. Individuals must be at least 10 but not more than 20 years old to be eligible.

EMERGENCY LOANS

These loans are available only as direct loans from FSA. Emergency Loans assist farmers who have suffered physical or production losses in areas declared by the President as disaster areas or designated by the Secretary of Agriculture as disaster or quarantine areas (for physical losses only, the FSA Administrator may authorize Emergency Loan assistance). For production loss loans, applicants must demonstrate a 30-percent loss in a single farming enterprise. Applicants may receive loans up to 100 percent of production or physical losses.

Loan purposes include operating and real estate, restoring/replacing essential property, production costs for disaster year, essential family living expenses, reorganization and refinancing certain debts.

The maximum indebtedness under the Emergency Loan program is $500,000.

CONSERVATION LOANS

Conservation loans are available as guaranteed loans only. Eligible applicants may use Conservation Loan funds to complete any conservation activity included in a conservation plan or Forestry Management Plan and refinance debts related to implementing any conservation activity if refinancing will result in additional conservation benefits. Maximum indebtedness is $1,399,000 (amount adjusted annually for inflation) and the maximum repayment term is 30 years.

Note: The family farm and test for credit requirements are not applicable to Conservation Loans.

LAND CONTRACT GUARANTEES

These provide certain financial guarantees to the seller of a farm through a land contract sale to a beginning or socially disadvantaged farmer. The seller may request either of the following:

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 purchase price of the farm cannot exceed the lesser of (a) $500,000 or (b) the market value of the property. The buyer must provide a minimum down payment of 5 percent of the purchase price of the farm. The interest rate is fixed at a rate not to exceed the direct FO loan interest rate in effect at the time the guarantee is issued, plus 3 percentage points. The guarantee period is 10 years for either plan regardless of the term of the land contract. The contract payments must be amortized for a minimum of 20 years. Balloon payments are prohibited during the 10-year term of the guarantee.

LOAN SERVICING AND SUPERVISED CREDIT

FSA's mission is not limited to providing just credit — it is to provide supervised credit. This means that FSA works with each direct loan borrower to identify specific strengths and opportunities for improvement in farm production and management, and then works with the borrower on alternatives and other options to address the areas needing improvement to achieve success. Learning improved business planning and financial acumen through supervised credit is the difference between success and failure for many farm families.

To help keep borrowers on the farm, FSA may be able to provide certain loan servicing benefits to direct loan borrowers whose accounts are distressed or delinquent due to circumstances beyond their control. These benefits include:

- Re-amortization, rescheduling, and/or deferral of loans;
- Rescheduling at the Limited Resource (lower interest) rate;
- Acceptance of conservation contracts on environmentally sensitive land in exchange for reduction of debt and;
- Writing down the debt (delinquent borrowers only).

If none of these options result in a feasible farm operating plan, borrowers may be offered the opportunity to pay off their debt at the current market value of the security. If this is not possible, other options include:

- Debt settlement based on inability to repay;
- In some cases, where a feasible operating plan cannot be developed, FSA works with commercial lenders to help the borrower retain the homestead and up to 10 acres of land.

Farms that come into FSA ownership are sold at market value, with preference given to SDA and beginning farmers.

WHO MAY BORROW

To qualify for assistance, applicants must meet all loan eligibility requirements including:

- Be a family farmer;
- Have a satisfactory history of meeting credit obligations;
- For direct OL loans, have sufficient education, training, or at least 1-years' experience in managing or operating a farm or ranch within the last 5 years. For direct FO loans, all applicants must have participated in the business operations of a farm for at least three years out of the 10 years prior to the date the application is submitted. Other relevant experience, such as post-secondary education, farm apprenticeship, leadership or management experience while serving in any branch of the military or extension programs, may count toward one of the three years' experience required.
- Be a citizen of the United States, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Commonwealth of the

Northern Mariana Islands, Republic of Palau, Federated States of Micronesia and the Republic of Marshall Islands, a U.S. non-citizen national, or a qualified alien under federal immigration law;
- Be unable to obtain credit elsewhere at reasonable rates and terms to meet actual needs;
- Possess legal capacity to incur loan obligations;
- Not be delinquent on a federal debt;
- Not have caused FSA a loss by receiving debt forgiveness (certain exceptions apply) and;
- Be within the time restrictions as to the number of years they can receive FSA assistance.

In the case of an entity, certain eligibility requirements apply. The entity must:

- Meet applicant eligibility requirements;
- Be authorized to operate a farm in the state where the actual operation is located, and;
- Be owned by U.S. citizens, U.S. non-citizen nationals or qualified aliens.

For SDA members, they must hold a majority interest in the entity applicant to receive benefits.

If the individuals holding a majority interest in the entity are related by blood or marriage, at least one member must operate the family farm. If they are not related by blood or marriage, the member(s) holding a majority interest must operate the farm.

FOR MORE INFORMATION

Additional information may be obtained by contacting your local FSA offices at http://offices.usda.gov or through the FSA website at www.fsa.usda.gov/farm loans.

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

FARM LOANS

2014 FARM BILL
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November 2015

Farm Loan Information Chart

The following chart summarizes FSA farm loan information. Additional details are available at local FSA offices and on FSA's website: www.fsa.usda.gov.

Program	Maximum Loan Amount	Rates and Terms	Use of Proceeds
Direct Farm Ownership (FO)	$300,000	• Rate based on agency borrowing costs • Term up to 40 years	• Purchase farm • Construct buildings or other capital improvements • Soil and water conservation • Pay closing costs
Direct Farm Ownership (FO) Participation	$300,000	• Rate is direct FO rate less 2% with a floor of 2.5% if at least 50% of loan amount provided by other lender • Term up to 40 years	Same as Direct FO
Direct Down Payment Farm Ownership Program	The lesser of: • 45% of the purchase price, • 45% of the appraised value, • $300,000	• Rate is direct FO rate less 4% with a floor of 1.5% • Term of 20 years • Down payment of at least 5%	• Purchase of farm by a beginning or underserved farmer
Direct Operating (OL)	$300,000	• Rate based on agency borrowing cost • Term from 1 to 7 years	• Purchase livestock, poultry, equipment, feed, seed, farm chemicals and supplies • Soil and water conservation • Refinance debts with certain limitations
Direct Operating Microloan (ML)	$50,000	Same as Direct OL	Same as Direct OL
Direct Emergency	100% actual or physical losses $500,000 maximum program indebtedness	• Rate is based on the OL rate plus 1% • Term from 1 to 7 years for non-real estate purposes • Term up to 40 years for physical losses on real estate	•Restore or replace essential property • Pay all or part of production costs associated with the disaster year • Pay essential family living expenses • Reorganize the farming operation • Refinance debts with certain limitations
Guaranteed Operating	$1,399,000 (Amount adjusted annually for inflation)	• Rate determined by the lender • Term from 1 to 7 years • Loan guarantee fee is 1.5%	• Same as direct OL
Guaranteed Farm Ownership	$1,399,000 (Amount adjusted annually for inflation)	• Rate determined by the lender • Term up to 40 years • Loan guarantee fee is 1.5%	• Same as direct FO except loan may be used to refinance debts
Guaranteed Conservation Loan (CL)	$1,399,000 (Amount adjusted annually for inflation)	• Rate determined by the lender • Term not to exceed 30 years, or shorter period, based on the life of the security • Loan guarantee fee is 1.5% • Eligibility requirements expanded to include large and financially strong operations	• Implement any conservation practice in an NRCS approved conservation plan • May be used to refinance debts related to implementing an NRCS approved conservation plan
Land Contract (LC) Guarantee	The purchase price of the farm cannot exceed the lesser of: • $500,000 • The current market value of property	• Rate cannot exceed the direct FO interest rate plus 3% • Amortized over a minimum of 20 years with no balloon payments during the first 10 years of loan • Down payment of at least 5%	• Sell real estate through a land contract to a beginning or underserved farmer • Guarantee is with the seller of the real estate

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2014 Farm Bill
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November 2014

FSA Loans to For-Profit Farm Cooperatives

OVERVIEW

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) makes and guarantees loans for farming and ranching operations. FSA loans may be used to start, purchase, expand and maintain operations, or to support exciting new industry trends, like urban and community farming, value-added products (transforming a product from its original state to a more valuable state), sales directly to customers, organic, and specialty crop operations.

Direct loan funds are made and serviced by FSA to eligible farmers. Guaranteed loans are made and serviced by lending institutions like banks, savings and loans, Community Development Financial Institutions, and units of the Farm Credit System, but guaranteed by FSA. Direct emergency loans also are available for farmers and ranchers to assist in recovering from natural disasters.

WHO MAY BORROW

Eligible cooperative applicants are:
• For-profit cooperatives;
• Cooperatives where members meet all general and program-specific eligibility requirements;
• Cooperatives not larger than a family farm if all members are not related by blood or marriage;
• Cooperatives where either the individual(s) holding the majority interest in the co-op or the individual(s) responsible for the day-to-day operations of the co-op can demonstrate sufficient managerial ability and;
• Cooperatives where members have an individual ownership interest in the co-op and are able to assume personal liability.

TYPES OF LOANS AND USES OF LOAN FUNDS

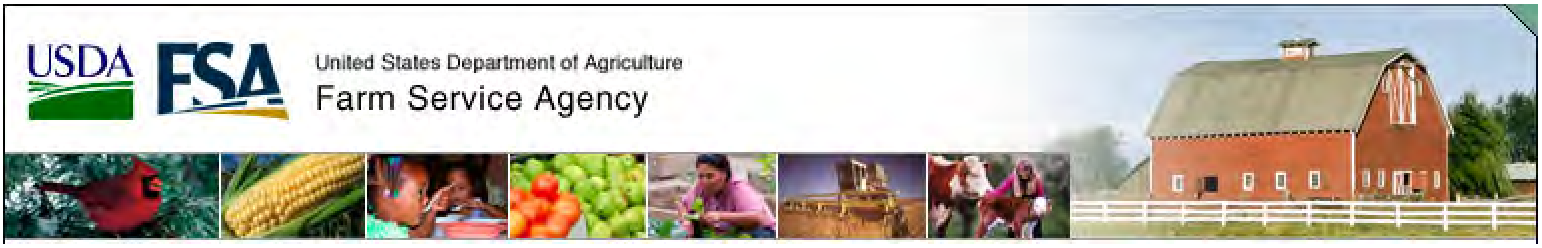
Farm Ownership (FO) loans may be used to purchase or enlarge a farm or ranch; purchase easements or rights of way needed for the farm's operation; erect or improve buildings; implement soil and water conservation measures; and pay closing costs. Guaranteed FO funds also may be used to refinance debt. The maximum loan amount for a direct FO loan is $300,000; the maximum loan amount for a guaranteed FO loan is $1,392,000 (amount adjusted annually for inflation).

Operating loans (OL) may be used to purchase livestock, poultry, farm equipment, feed, seed, fuel, fertilizer, veterinary services, chemicals, insurance, and other operating expenses, including family subsistence. Training costs, loan closing costs and costs associated with reorganizing an operation also are authorized loan purposes. The maximum direct OL amount is $300,000 and the guaranteed OL maximum loan amount is $1,392,000 (amount adjusted annually for inflation).

Microloans serve the unique financial operating needs of beginning, niche and the smallest of family farm operations. Individual cooperative members may want to consider individual microloans, which have a maximum loan amount of $50,000. The Microloan is a modified direct operating loan which offers more flexible access to credit and is an attractive loan alternative for cooperative members, such as operators of Community Supported Agriculture and other non-traditional farm operations that often face limiting financial options.

FOR MORE INFORMATION

For additional information on loans available to for-profit farming cooperatives, contact the FSA office at a local USDA Service Center. Additional information can be found at www.fsa.usda.gov.



Guaranteed Loan Program

Loan Purposes

Guaranteed Ownership Loans

Guaranteed Farm Ownership (FO) Loans may be made to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, or to refinance debt.

Guaranteed Operating Loans

Guaranteed Operating Loans (OL) may be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating Loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debts under certain conditions.

Maximum Loan Size

FSA can guarantee OLs or FO loans up to $1,399,000 (amount adjusted annually based on inflation).

Borrower Eligibility

To qualify for an FSA Guarantee, a loan applicant must:

- be a citizen of the United States (or legal resident alien), which includes Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and certain former Pacific Trust Territories.
- have an acceptable credit history as determined by the lender.
- have the legal capacity to incur the obligations of the loan.
- be unable to obtain a loan without a guarantee.
- not have caused FSA a loss by receiving debt forgiveness on more than 3 occasions on or prior to April 4, 1996; or any occasion after April 4, 1996.
- be the owner or tenant operator of a family farm after the loan is closed. For an OL, the producer must be the operator of a family farm after the loan is closed. For an FO Loan, the producer needs to also own the farm.
- not be delinquent on any Federal debt.

Entities (corporations, cooperatives, joint operations, partnerships, trusts, and limited liability companies) and their members/stockholders must meet these same eligibility requirements. The entity must also be authorized to operate a farm or ranch in the State where the land is located.

What Other Criteria Does FSA Consider?

In addition to meeting the eligibility criteria, the loan applicant must have a satisfactory credit history, demonstrate repayment ability, and provide sufficient security for the loan.

If the Producer Qualifies, What Next?

The following actions are usually taken as part of the application process:

- The producer and lender complete the guaranteed application and submit it to FSA (FSA will assist if needed.)
- FSA reviews the application for eligibility, repayment ability, security, and compliance with other regulations.
- FSA approves and obligates the loan.
- The lender receives a conditional commitment indicating funds have been set aside, and the loan may be closed.
- The lender closes the loan and advances funds to the producer.
- FSA issues the guarantee.

Loan Terms and Interest Rates

Repayment terms vary according to the type of loan made, the collateral securing the loan, and the producer's ability to repay. OLs are normally repaid within 7 years and FO loans cannot exceed 40 years.

The Guaranteed loan interest rate and payment terms are negotiated between the lender and the borrower within certain allowable benchmarks. In addition, under the *Interest Assistance Program, FSA will subsidize 4 percent of the interest rate on loans to qualifying borrowers.

*Note: At this time there is no funding for Interest Assistance.

Security

Each loan must be adequately secured. Collateral for OLs consists of a first lien on crops to be produced and on livestock and equipment purchased or refinanced with loan funds. A lien may be taken on certain other chattel and real estate property, and an assignment usually will be taken on income such as that from a dairy enterprise. Collateral for FO loans consists of real estate only or a combination of real estate and chattels. FSA staff determines whether the collateral proposed by the lender is adequate.

Is this the Lender's Loan or an FSA Loan?

Guaranteed loans are the property and responsibility of the lender. The lender makes the loan and services it to conclusion. If successful, the borrower is able to repay the loan and no taxpayer money will be used except for administrative expenses. If a loan fails, and the lender suffers a loss, FSA will reimburse the lender with Federal funds according to the terms and conditions specified in the guarantee.

What Happens if the Loan Becomes Delinquent or the Borrower Defaults?

The lender must notify FSA when a borrower is 30 days overdue on a payment and is unlikely to bring the account current within 60 days, or if a loan is otherwise a problem. Lenders are encouraged to work with the borrower to resolve any problems.

Percent of Guarantee

For most loans, the maximum guarantee is 90 percent. The guarantee percentage will be determined by FSA based on the risk involved in the loan. The lender may receive a 95 percent guarantee when:

- The purpose of the loan is to refinance direct FSA farm credit program debt. If only a portion of the loan is for this purpose, a weighted percentage of guarantee will be used.
- The loan is made to a beginning farmer to participate in the beginning farmer down payment loan program or a qualifying State beginning farmer program.

Guarantee Fees

For most loans, FSA charges a guarantee fee of 1.5 percent of the guaranteed portion of the loan. This fee may be passed on to the borrower. The guarantee fee is waived for:

- Interest assistance loans
- Loans where more than 50% of the loan funds are used to pay off direct FSA loan debt
- Loans in conjunction with a Downpayment Farm Ownership Loan program for beginning farmers or a qualifying state beginning farmer program. This fee waiver does not extend to all beginning farmers.

Secondary Market

The secondary market for USDA guaranteed loans is a key feature of the guaranteed lending program. The lender may resell the guaranteed portion of the loan to an interested party. The interested party then becomes the *Holder* of the loan, but the original lender must retain the loan servicing responsibilities. Investors who are looking for safe investments with a reasonable return are attracted to these loans because of the Government's full Faith and Credit guarantee against default. The existence of the secondary market makes guaranteed loan notes more liquid. By reselling the guaranteed portions, lenders reduce interest rate exposure, increase their lending capabilities, and generate fees.

Advantages of Using the Secondary Market

The existence of the secondary market is a strong inducement for lenders to become involved in guaranteed lending. Selling the guaranteed portion of the loan to other investors offers a number of advantages, including:

- **Reduced Interest Rate Risk**. Lenders can transfer risk of interest rate increases on the guaranteed portion of a fixed rate loan.
- **Increased Liquidity**. Selling the loan on the secondary market frees the funds for additional lending or investing activity.
- **Increased Lending or Investing Capabilities**. Since the guaranteed portion of the loan is generally not applied against a bank's lending limit, it can be used to expand lending capabilities.
- **Increased Return on Investment**. The sale of the guaranteed portion of the loan in the secondary market increases the lender's overall return on investment. Each time a bank sells a guaranteed portion, it generally retains a servicing fee.
- **Rates and Terms**. Lenders may be able to offer the producer more flexible repayment terms, as well as fixed and/or reduced interest rates to improve cash flow.

Where to Go for More Information

Further information and applications for FSA loan programs are available at the Agency's local county offices. These are usually listed in telephone directories in the section set aside for governmental/public organizations under the U.S. Department of Agriculture, Farm Service Agency. To locate your local FSA Office, click here.

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the bases of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited bases will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities

Farm Loans

FACT SHEET

December 2015

Highly Fractionated Indian Land Loan Program (HFIL)

BACKGROUND

Highly Fractionated Indian Land Loan Program (HFIL), created by the 2014 Farm Bill, provides a way for tribes and tribal members to obtain loans to purchase fractionated interests through intermediary lenders.

Fractionation occurs because reservation land was divided and allotted to individual tribal members through the General Allotment Act of 1887 (also called the Dawes Act). Since that time, in each generation when an allottee died without a will, the land was not divided and parceled among heirs, but instead title ownership for the single parcel was divided among many owners. This means the same parcel of land once owned by a single person could now be owned by up to hundreds of individuals with each inheriting an undivided interest in the land. The number of owners grows exponentially through each generation, resulting in highly fractionated ownership of many allotments of Indian land, and the problem continues to grow.

The ability of the owners to use land decreases as fractionation increases, sometimes to the point where it is nearly impossible to locate the owners or for the known owners to coordinate the use of the property. This program seeks to alleviate this by providing a way to consolidate the fractionated interests.

ELIGIBILITY REQUIREMENTS FOR AN INTERMEDIARY LENDER

To be eligible for HFIL, an intermediary lender may be a bank, credit union or other financial or tribal institution approved by the U.S. Department of Agriculture (USDA) to participate in HFIL. Intermediary lenders must have:

- Knowledge and familiarity of working with Indian Country and experience of working with Bureau of Indian Affairs;
- Legal authority necessary for carrying out the proposed loan purposes and for obtaining, giving security for, and repaying the proposed loan; and
- An adequate assurance of repayment of the loan based on the fiscal and managerial capabilities of the proposed intermediary lender.

ELIGIBILITY REQUIREMENTS FOR AN ULTIMATE RECIPIENT

An ultimate recipient is a Native American tribe, tribal entity, or member of either that receives a loan from an intermediary lender's HFIL revolving fund. To receive a loan from the intermediary, they must:

- Comply with highly erodible land conservation and wetland conservation requirements on all their land;
- Agree to continue to use the land for agricultural purposes during the term of the loan;
- Agree to comply with the requirements of the intermediary lender;
- Funds may be used to pay costs incidental to land acquisition, including, but not limited to, title clearance, legal services, archeological or land surveys, and loan closing;
- May be used to pay for costs of an appraisal conducted for this loan; and
- Be able to purchase fractionated interests resulting in at least 51 percent ownership.

FOR MORE INFORMATION

Further information on HFIL is available at local Farm Service Agency (FSA) offices or on FSA's website at **www.fsa.usda.gov**. Visit **http://offices.usda.gov** to locate the nearest FSA office or service center.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

May 2015

Indian Tribal Land Acquisition Program

According to the 2014 Farm Bill

Overview

The Farm Service Agency (FSA), an agency of the U.S. Department of Agriculture, extends credit to Indian Tribes or Tribal corporations that do not qualify for standard commercial loans to purchase land within their own reservation or Alaskan community. Nationwide, $2 million has been authorized for the Indian Tribal Land Acquisition Program each year the program has been in existence.

Eligibility Requirements

Native American Tribes must meet the following eligibility requirements to be eligible for an **ITLAP** loan:

• The application must be submitted on form FSA-2620 *(Indian Land Acquisition Program Application)* and be signed by the Tribe's or Tribal Corporation's authorized representative.
• An acceptable option to purchase or purchase agreement for land to be purchased with the loan funds must be provided along with the loan application.
• The Tribe must show funding from other sources is not available to purchase the real estate. Documents to be furnished include: 1) a current financial statement; 2) a projected cash flow statement; and 3) the past 3 years financial statements and cash flow statements.
• The land must be located within the Tribe's reservation for use by the members of the Native American Tribe or Tribal Corporation.
• The Tribe must provide at least 3 letters from outside lenders, one of which will be from the Bureau of Indian Affairs (BIA), stating funding has been denied to the Tribe.
• A feasibility plan for the use of lands and a method of repayment of the loan funds must be provided.
• The Tribe must be in good standing with all Federal Agencies and not subject to a judgment lien against the Tribe's property due to a debt to the United States.
• The Tribe must not have received a write-down on any other loans within the past 5 years.
• The amount of the loan funds must not exceed the market value of the land determined by the current appraisal.

What the Loan Funds May be Used For

• Purchase of land located within the Tribe's reservation which will be used for the benefit of the Tribe or its members;
• Title clearance, legal services, land surveys, and loan closing;
• Refinance preexisting debts other than from the United States Department of Agriculture which were incurred from land purchases; and
• Pay for the cost of an appraisal.

What the Loan Funds May Not Be Used For

• Land improvements or development purposes;
• Acquisition or repair of buildings or personal property;
• Operating costs;
• Finder's fees, or similar costs; and
• Projects that will contribute to excessive erosion of highly erodible land or for the conversion of wetlands to produce an agriculture commodity.

Funding

Loan approval is subject to the availability of funds and will be funded based on the date FSA approves the application. Loans terms can be up to 40 years from the date the loan application is closed. The interest rate will be fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date.

Security for the Loan

An assignment of Tribal income will be taken as security to ensure repayment of the loan. A mortgage or deed of trust on the land to be purchased will be taken as security for the loan.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: http://www.fsa.usda.gov/mt

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Farm Loans

2014 FARM BILL FACT SHEET

November 2015

Loans for Beginning Farmers and Ranchers

OVERVIEW

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) makes and guarantees loans to beginning farmers who are unable to obtain financing from commercial lenders. Each fiscal year, FSA targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to beginning farmers.

A beginning farmer is an individual or entity who:

- Has not operated a farm for more than 10 years;
- Meets the loan eligibility requirements of the program to which he/she is applying;
- Substantially participates in the operation and;
- For FO purposes, does not own a farm greater than 30 percent of the average size farm in the county, at time of application. *(Note: All applicants for direct FO loans must have participated in the business operations of a farm for at least three years out of the 10 years prior to the date the application is submitted).* If the applicant is an entity, all members must be related by blood or marriage, and all entity members must be eligible beginning farmers.

MAXIMUM LOAN AMOUNTS

- Direct FO: $300,000
- Direct OL: $300,000
- Microloan: $50,000
- Guaranteed FO or OL: $1,399,000

(Amount varies annually based on inflation)

DOWN PAYMENT PROGRAM

FSA has a special loan program to assist underserved and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

To qualify:

- The applicant must make a cash down payment of at least 5 percent of the purchase price.
- The maximum loan amount does not exceed 45 percent of the least of:

a) the purchase price of the farm to be acquired;
b) the appraised value of the farm to be acquired or;
c) $667,000 (Note: This results in a maximum loan amount of $300,000).

- The term of the loan is 20 years. The interest rate is 4 percent below the direct FO rate, but not lower than 1.5 percent.
- The remaining balance may be obtained from commercial lender or private party. FSA can provide up to a 95-percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.
- Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

JOINT FINANCING ARRANGEMENT

Beginning farmers may choose to participate in a joint financing arrangement. With this arrangement, FSA lends up to 50 percent of the amount financed and another lender provides 50 percent or more. The applicant will use funds from the joint financing arrangement along with FSA funds for any authorized FO purpose. The interest rate is 2 percent less than the direct FO rate but not lower than 2.5 percent. The term of the loan will not exceed 40 years or the useful life of the security.

LAND CONTRACT GUARANTEES

These provide certain financial guarantees to the seller of a farm through a land contract sale to a beginning or underserved farmer. The seller may request either of the following:

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 purchase price of the farm cannot exceed the lesser of (a) $500,000 or (b) the market value of the property. The buyer must provide a minimum down payment of 5 percent of the purchase price of the farm. The interest rate is fixed at a rate not to exceed the direct FO loan interest rate in effect at the time the guarantee is issued, plus 3 percentage points. The guarantee period is 10 years for either plan regardless of the term of the land contract. The contract payments must be amortized for a minimum of 20 years. Balloon payments are prohibited during the 10-year term of the guarantee.

SALE OF INVENTORY FARMLAND

FSA advertises inventory property within 15 days of acquisition. Eligible underserved and beginning farmers are given first priority to purchase these properties at the appraised value. If one or more eligible underserved or beginning farmer offers to purchase the same property in the first 135 days, the buyer is chosen randomly.

WHERE TO APPLY

Applications for direct loan assistance may be submitted to the local FSA office serving the area where the operation is located. Local FSA offices are listed in the telephone directory under U.S. Government, Department of Agriculture or Farm Service Agency. For guaranteed loans, applicants must apply to a commercial lender who participates in the Guaranteed Loan Program. Contact your local FSA office for a list of participating lenders.

FOR MORE INFORMATION

Further information about this and other FSA programs is available from local FSA offices or on the FSA website at www.fsa.usda.gov.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Farm Loans

2014 FARM BILL
FACT SHEET
November 2014

Loans for Socially Disadvantaged Farmers and Ranchers

OVERVIEW

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) makes and guarantees loans to eligible socially disadvantaged farmers (SDA) to buy and operate family-size farms and ranches. Each fiscal year, the agency targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to SDA farmers. Non-reserved funds can also be used by SDA individuals.

A SDA farmer or rancher is a group whose members have been subject to racial, ethnic or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of American Indians or Alaskan Natives, Asians, Blacks or African-Americans, Native Hawaiians or other Pacific Islanders, Hispanics and women.

The agency:

- Helps remove barriers that prevent full participation of SDA farmers in FSA's farm loan programs;
- Provides information and assistance to SDA farmers to help them develop sound farm management practices, analyze problems and plan the best use of available resources essential for success.

TYPES OF LOANS AND USES OF LOAN FUNDS

Direct farm ownership loans (FO) and farm operating loans (OL) are made by FSA to eligible farmers. Guaranteed FO and OL loans are made by lending institutions subject to federal or state supervision (banks, savings and loans, and units of the Farm Credit System) and guaranteed by FSA. Typically, FSA guarantees 90 percent of any loss the lender might incur if the loan fails. FO funds may be used to purchase or enlarge a farm or ranch, purchase easements or rights of way needed in the farm's operation, erect or improve buildings, implement soil and water conservation measures and pay closing costs. Guaranteed FO funds also may be used to refinance debt.

OL funds may be used to purchase livestock, poultry, farm equipment, feed, seed, fuel, fertilizer, chemicals, insurance, and other operating expenses. The funds also may be used for training costs, closing costs and to reorganize and refinance debt.

TERMS AND INTEREST RATES

Repayment terms for direct OL depend on the collateral securing the loan and usually run from one to seven years. Repayment terms for direct FO vary but never exceed 40 years.

Interest rates for direct loans are set periodically according to the government's cost of borrowing.

Guaranteed loan terms are set by the lender. Interest rates for guaranteed loans are established by the lender.

DOWN-PAYMENT PROGRAM

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

To qualify:

- The applicant must make a cash down payment of at least 5 percent of the purchase price.
- The maximum loan amount does not exceed 45 percent of the least of (a) the purchase price of the farm or ranch to be acquired; (b) the appraised value of the farm or ranch to be acquired or; (c) $667,000 (*Note: This results in a maximum loan amount of $300,000*).
- The term of the loan is 20 years. The interest rate is 4 percent below the direct FO rate, but not lower than 1.5 percent.
- The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95-percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.
- Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

LAND CONTRACT (LC) GUARANTEES

These provide certain financial guarantees to the seller of a farm through a land contract sale to a beginning or socially disadvantaged farmer. The seller may request either of the following:

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 purchase price of the farm cannot exceed the lesser of (a) $500,000 or (b) the market value of the property. The buyer must provide a minimum down payment of 5 percent of the purchase price of the farm. The interest rate is fixed at a rate not to exceed the direct FO loan interest rate in effect at the time the guarantee is issued, plus 3 percentage points. The guarantee period is 10 years for either plan regardless of the term of the land contract. The contract payments must be amortized for a minimum of 20 years. Balloon payments are prohibited during the 10-year term of the guarantee.

SALE OF INVENTORY FARMLAND

FSA advertises inventory property within 15 days of acquisition. Eligible SDA and beginning farmers are given first priority to purchase these properties at the appraised market value. If one or more eligible SDA or beginning farmer offers to purchase the same property in the first 135 days, the buyer is chosen randomly.

WHERE TO APPLY

Applications for direct loan assistance may be submitted to the local FSA office serving the area where the operation is located. Local FSA offices are listed in the telephone directory under U.S. Government, Department of Agriculture or Farm Service Agency. For guaranteed loans, applicants must apply to a commercial lender who participates in the Guaranteed Loan Program. Contact the local FSA office for a list of participating lenders.

FOR MORE INFORMATION

More information is available from local FSA offices or on the FSA website at www.fsa.usda.gov.

Farm Loans
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January 2016

Microloans

OVERVIEW

The Farm Service Agency (FSA) developed the microloan program to better serve the unique financial operating needs of new, niche and small to mid-sized family farm operations.

Microloans offers more flexible access to credit and serves as an attractive loan alternative for smaller farming operations, like specialty crop producers and operators of community supported agriculture (CSA). These smaller farms, including non-traditional farm operations, often face limited financing options.

TYPES OF MICROLOANS

Two types of microloans are available: Farm Operating Loans and Farm Ownership Loans. The microloans are issued to the applicant directly from the USDA FSA.

- Operating microloans can be used for all approved operating expenses authorized by the FSA Operating Loan (OL) Program, including but not limited to: initial start-up expenses; annual expenses such as seed, fertilizer, utilities, land rents; marketing and distribution expenses; family living expenses; purchase of livestock, equipment and other materials essential to farm operations; minor farm improvements such as wells and coolers; hoop houses to extend the growing season; essential tools; irrigation; and delivery vehicles.
- Ownership microloans can be used for all approved operating expenses authorized by the FSA Farm Ownership (FO) Loan Program, such as to purchase a farm or farm land, enlarge an existing farm, construct new farm buildings, improve existing farm buildings, pay closing cost and implement soil and water conservation and protection practices.

SIMPLIFIED APPLICATION PROCESS

The microloan application process is simpler, requiring less paperwork to complete, consistent with a smaller loan amount. Requirements for managerial experience and loan security have been modified to accommodate veterans, smaller farm operations and beginning farmers.

- Microloan applicants for operating loans will need to have some farm experience; however, FSA will consider an applicant's small business experience as well as any experience with a self-guided apprenticeship as a means to meet the farm management requirement. This will assist applicants who have limited farm skills by providing them with an opportunity to gain farm management experience while working with a mentor during the first production and marketing cycle.
- Microloan applicants for ownership loans need to have three years of farm experience out of the last 10 prior to the date of the application being submitted. One of the years can be substituted with any of the following experience:

  - o Post-secondary education, that is at least 16 semester hours in agriculture business, horticulture, animal science, agronomy or other agriculture-related fields
  - o Significant business management, that is at least one year of management experience in a non ag-related field where the applicant's day-to-day responsibilities included direct management experience, such as personnel decisions, payroll and inventory ordering; however, not an individual who is a manager in title only
  - o Military leadership or management that is, as a general rule, any officer or E5 or above will have completed an acceptable military leadership course
  - o If an applicant has successfully repaid an FSA youth loan, the term of that loan may be used towards the three years of management experience required for an ownership loan.

SECURITY REQUIREMENTS

Operating microloans for annual operating expenses must be secured by a first lien on a farm property or agricultural products having a security value of at least 100 percent of the microloan amount, and up to

150 percent, when available. Operating microloans made for purposes other than annual operating expenses must be secured by a first lien on a farm property or agricultural products purchased with loan funds and having a security value of at least 100 percent of the microloan amount.

Ownership microloans are secured by the real estate being purchased or improved. The value of the real estate must be at least 100 percent of the loan amount.

RATES AND TERMS

For operating microloans, eligible applicants may obtain up to $50,000. The repayment term may vary and will not exceed seven years. Annual operating loans are repaid within 12 months or when the agricultural commodities produced are sold. Interest rates are based on the regular FSA operating loan rates that are in effect at the time of the microloan approval or microloan closing, whichever is less.

For ownership microloans, eligible applicants may obtain a microloan for up to $50,000. The repayment term may vary and will not exceed 25 years. Interest rates are the regular FSA farm ownership rates in effect at the time of the loan approval or closing.

OBTAINING FORMS AND SUBMITTING AN APPLICATION

FSA microloan application forms can be obtained from the local FSA office or can be downloaded and printed from the USDA website at **www.fsa.usda.gov/microloans**. Applicants who are having problems gathering information or completing forms should contact their local FSA office for help. After completing the required paperwork, an applicant should submit the farm loan application to their local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

WHAT HAPPENS AFTER A LOAN APPLICATION IS SUBMITTED?

After a loan application is submitted, FSA reviews the application and determines if the applicant is eligible for the requested loan. The applicant will receive written notification of each step in the process, such as when the application is received, when more information is needed, when an eligibility determination is made and when a final decision is made. If the application is approved, FSA makes the loan and funds are distributed as needed. If the application is denied, the applicant is notified in writing of the specific reasons for the denial, and provided reconsideration and appeal rights.

ELIGIBILITY CRITERIA

To qualify for assistance, the applicant must not be larger than a family-sized farmer, have a satisfactory history of meeting credit obligations, be unable to obtain credit elsewhere at reasonable rates and terms and meet all other loan eligibility requirements.

FOR MORE INFORMATION

This fact sheet is for informational purposes only, other restrictions may apply. Additional information on the FSA microloan program may be obtained at **www.fsa.usda.gov/microloans** or at local FSA offices. To find your local FSA office, visit **http://offices.usda.gov**. For more information on other FSA loans, visit **www.fsa.usda.gov/farmloans**.

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FARM SERVICE AGENCY

Farm Loans

2014 FARM BILL FACT SHEET

March 2014

Youth Loans

OVERVIEW

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes operating loans of up to $5,000 to eligible individual youths ages 10 to 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational, and initiated, developed and carried out by youths participating in 4-H Clubs, FFA, or a similar organization.

The project must be an organized and supervised program of work. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience in agriculture-related skills.

WHO MAY BORROW

To qualify for a loan, the applicant must:

- Comply with FSA's general eligibility requirements;
- Conduct a modest income-producing project in a supervised program of work.

HOW LOAN FUNDS MAY BE USED

These loans can finance many kinds of income-producing agricultural projects. The loan funds may be used to:

- Buy livestock, seed, equipment and supplies;
- Buy, rent or repair needed tools and equipment;
- Pay operating expenses for the project.

WHAT DETAILS TO KNOW

To apply, the applicant must submit completed plans and budgets signed by the project advisor and parent or guardian along with the FSA application for loan assistance.

These loans:

- Have a maximum loan amount of $5,000 (total principal balance owed at any one time cannot exceed this amount);
- Have an interest rate which is determined periodically, based on the cost of money to the federal government (after the loan is made, the interest rate for that loan will not change);
- Will be secured, in addition to promissory notes, by liens on the products produced for sale and on chattel property, including livestock, equipment and fixtures purchased with loan funds;
- Have a repayment schedule which varies depending on the type of project for which the loan is made (For example, if it involves raising livestock or crops, the loan is paid when th animals or produce are normally sold).

FOR MORE INFORMATION

To apply or find out more, visit your local USDA Service Center. A listing of centers and more information about youth and other loan programs are available on the FSA website at www.fsa.usda.gov.

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Disaster Set-Aside Program

OVERVIEW

When Farm Service Agency (FSA) borrowers located in designated disaster areas or contiguous (adjoining) counties are unable to make their scheduled payment on any FSA debt, FSA is authorized to consider set-aside of one payment to allow the operation to continue. This program is authorized under Section 331A of the Consolidated Farm and Rural Development Act.

DESIGNATION AND NOTIFICATION

The first time in a calendar year that a county in which a borrower farms, or a contiguous county, is designated as a disaster area by the president or secretary of agriculture, farmers indebted to FSA will be notified of the availability of the Disaster Set-Aside Program (DSA).

APPLICATION

Borrowers have eight months from the date of designation to apply. A complete application for DSA consists of the following items:

- A written request for DSA signed by all parties liable for the debt;
- Actual production, income and expense records for the production and marketing period in which the disaster occurred (unless the agency already has this information); and
- Other items as required based on the individual application.

ELIGIBILITY AND LIMITATIONS

Eligibility to receive the DSA will primarily be determined based on the following criteria:

- As a direct result of the disaster, the borrower is unable to pay all family living and farm operating expenses, payments to other creditors, and payments to FSA;
- The borrower must have operated a farm or ranch in a county designated as a disaster area or in a contiguous county. Each loan considered for DSA must have been outstanding at the time of the disaster;
- The borrower must have acted in good faith and complied with written agreements with FSA;
- The borrower must be current or not more than 90 days past due on any FSA loan. No loan to be set aside may have a remaining term of less than two years. Loans must not be accelerated;
- After the DSA is completed, the borrower will be current on all FSA loans;
- The borrower's FSA debt has not been restructured since the disaster;
- The amount set aside will not exceed one year's FSA payment;
- No loan may receive more than one disaster set-aside unless it is later restructured; and
- The borrower must be able to develop a positive cash-flow projection for the coming year.

PAYMENT

Each payment set-aside must be repaid prior to the final maturity of the note. Any principal set-aside will continue to accrue interest until it is repaid.

FOR MORE INFORMATION

For more information about FSA and its programs, visit your local FSA office or online at **www.fsa.usda.gov**. To find your local FSA office, visit **http://offices.usda.gov**.

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Primary and Preservation Loan Servicing for Delinquent FSA Borrowers

When FSA borrowers are unable to make scheduled payments on their farm loan programs debt to the agency because of reasons beyond their control, Federal law provides a process by which their FSA loan accounts may be serviced to avoid foreclosure and liquidation.

- When a borrower becomes 90 days past due on an FSA loan account, the Agency provides a servicing packet outlining available options.
- Borrowers who respond with a completed application within 60 days from receipt of the packet are considered for restructuring of the debt -- rescheduling, reamortization, consolidation, deferral, or write-down of the amount owed -- as long as FSA will receive an equal or greater net return than it would realize through foreclosure.
- Borrowers who are not delinquent, but will not be able to make their next payment, may request the servicing packet at any time and may qualify for all of the options noted above, except write-down. (Federal law limits debt forgiveness to one instance of no more than $300,000.)
- Calculations to determine appropriate servicing options are made by the electronic Debt and Loan Restructuring System (eDALR$), a sophisticated computer program, using information provided by the borrower.
- The account may be restructured if a feasible plan is possible. If eDALR$ indicates that no feasible plan is possible, State-sponsored mediation or a meeting of creditors is offered.
- If restructuring is not possible after mediation, the borrower may have the opportunity to buyout the debt at the current market value of the security and any non-essential assets. The remainder of the debt is written off when the buyout is accomplished.
- If the borrower is unable to take advantage of the buyout option, FSA is required to proceed with foreclosure in an effort to recover as much as possible. In certain situations, borrowers may avoid foreclosure by voluntarily conveying the security property to the Government.
- Prior to such a conveyance or foreclosure, and again if FSA takes the property into inventory, borrowers are provided the opportunity to apply to lease with option to purchase their homestead and up to 10 adjoining acres of land, including farm buildings. To take advantage of Homestead Protection, borrowers must meet certain statutory requirements concerning farm income and continuous occupation of the property. The Agency will make every effort to allow qualified borrowers to remain in their homes.

FOR MORE INFORMATION

For more information about FSA and its programs, visit your local FSA office or online at **www.fsa.usda.gov**. To find your local FSA office, visit **http://offices.usda.gov**.

Conservation Contracts

BACKGROUND

The Conservation Contract Program is a unique program for eligible landowners that protects important natural resources and other sensitive areas while providing a debt management tool.

A conservation contract is available to persons with Farm Service Agency (FSA) loans secured by real estate. These individuals may qualify for a reduction of their FSA indebtedness in exchange for a conservation contract with a term of 50, 30 or 10 years. The conservation contract is a voluntary legal agreement that restricts the type and amount of development that may take place on portions of the landowner's property. Contracts may be established on marginal cropland and other environmentally sensitive lands for conservation, recreation and wildlife purposes.

HOW CONSERVATION CONTRACTS WORK

All FSA Farm Loan Program borrowers who have loans secured by real estate are eligible if they have land that qualifies for a conservation contract. This includes both borrowers who are current on their payments as well as those who are experiencing difficulty in keeping their loans current. A conservation contract may be considered alone, in conjunction with FSA's primary loan servicing programs, or on new loans that are secured by real estate.

By participating in this program, borrowers reduce their FSA debt, thereby improving their overall financial stability. In addition, borrowers conserve wildlife habitat and improve the environmental and scenic value of their farms.

Eligible lands include the following types:

- Wetlands;
- Highly erodible lands;
- Lands containing aquatic life, endangered species or wildlife habitat of local, regional or national importance;
- Lands in 100-year floodplains;
- Areas of high water quality or scenic value;
- Historic or cultural properties listed or eligible for the National Register of Historic Places;
- Aquifer recharge areas of local, regional or State importance;
- Buffer zones necessary to protect proposed conservation easement areas; and
- Areas within or adjacent to Federal, State or local conservation areas.

CONTRACT PROCESS

FSA will determine if the borrower is eligible and establish a contract review team. This team, consisting of representatives from FSA, the Natural Resources Conservation Service (NRCS), the U.S. Fish and Wildlife Service and interested State, local and nonprofit conservation agencies, will work with the borrower to conduct a field evaluation of the farm. Within 30 days of the site review, the team provides a report to the county FSA official indicating the following:

- A finding of whether the land being offered is suitable for conservation, recreation and/or wildlife purposes;
- Potential contract boundaries;
- Recommended conditions of the contract; and
- A proposed management plan that is consistent with the contract purposes.

FSA evaluates the contract review team's report to determine if a conservation contract can be established on the farm in exchange for debt reduction.

REDUCTION OF DEBT

In general, the maximum amount of a borrower's FSA debt that can be canceled is calculated by considering the present market value of the farm; the borrower's FSA debt secured by real estate;

and the number of acres to be covered by the contract. For borrowers who are up to date on their loan payments or receiving a new loan secured by real estate, no more than 33 percent of the loan principal can be canceled in exchange for a contract. For delinquent borrowers, the amount of debt canceled may surpass this amount provided it does not exceed the appraised value of the land on which the contract is placed. Conservation contracts can be used in conjunction with other FSA primary loan servicing options available to delinquent and financially distressed borrowers.

CONTRACT ESTABLISHMENT COSTS

If FSA determines that a survey is necessary in order to develop legal descriptions, FSA will cover the cost. FSA will cover the costs of appraisals and recording fees associated with the conservation contract.

TERMS AND CONDITIONS

The term of a conservation contract may be either 50, 30 or 10 years. In general, the following activities are prohibited:

- Building, construction or other development;
- Altering the vegetation or surface or ground water on the contract area, except for the purpose of wildlife habitat restoration or management functions;
- Allowing access for livestock unless necessary to provide drinking water;
- Harvesting timber*;
- Agricultural production; and
- Placing refuse, wastes or other debris or contaminants on the contract area.

*Timber thinning/harvesting and other compatible uses may be allowed if they achieve the protection and enhancement of the conservation values for which the contract was established.

The borrower retains the right to control public access to the contract area and may use the area in a manner compatible with the contract (e.g., hunting and fishing, if allowed by the management plan). Access to the contract area must be provided to FSA for enforcement purposes.

The borrower is responsible for ensuring compliance with the terms and conditions of the conservation contract. If the property is sold, the borrower must ensure that the purchaser is aware of the conservation contract and that the terms and conditions remain applicable and binding on all subsequent owners.

FOR MORE INFORMATION

For more information about FSA and its programs, visit your local FSA office or online at **www.fsa.usda.gov**. To find your local FSA office, visit **http://offices.usda.gov**.

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Shared Appreciation Agreements

OVERVIEW

Farm Service Agency (FSA) farm loan borrowers who own real estate, apply for loan servicing and qualify to have real estate debt written down must sign a shared appreciation agreement (SAA).

The SAA allows the Government to recapture all or a portion of the amount written down if the real estate security increases in value during the term of the SAA. Recapture cannot exceed the amount of the write-down. Recapture is calculated as of the expiration date of the SAA, or sooner if one of the following occurs:

- the property is sold or conveyed, with the exception of transferring title to the spouse upon the death of a borrower;
- the FSA loans are repaid;
- the borrower ceases farming; or
- the account is accelerated.

Recapture due under the SAA is 75 percent of the appreciation when one of the above events occurs within 4 years of receiving the write-down, and 50 percent of the appreciation after 4 years. If the amount of write-down is less than the appreciation calculated, the amount due is the write-down amount.

APPRAISALS

Appreciation of the property's value is determined by appraisal, with deductions for certain capital improvements made during the term of the agreement. The borrower may appeal the Agency appraisal by obtaining a technical appraisal review of the Agency's appraisal. The issue of the appeal will be the compliance of the Agency appraisal with the Uniform Standards of Professional Appraisal Practice. Once appreciation has been calculated, the borrower is required to pay the amount of recapture due.

IF A BORROWER CANNOT PAY THE RECAPTURE AMOUNT

In some instances, borrowers will be unable to pay the recapture amount or obtain financing to do so. In such cases, provided that the borrower can show a positive cash flow and meet other regulatory requirements, the recapture amount can be repaid over a period of up to 25 years at a special low interest rate.

FOR MORE INFORMATION

For more information about FSA and its programs, visit your local FSA office or online at **www.fsa.usda.gov**. To find your local FSA office, visit **http://offices.usda.gov**.

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Administrative Offset Debt Owed to Federal Agencies

Under law, delinquent debt owed to Federal agencies must be offset against any payments due from the Federal Government. The Debt Collection Improvement Act of 1996 (DCIA), effective April 26, 1996, was passed to increase collections of Federal non-tax debt.

The Farm Service Agency (FSA) is required to collect payments that otherwise would be made to producers/borrowers who owe Commodity Credit Corporation (CCC), or delinquent direct farm loan program debt, unless the borrower can present an acceptable plan to resolve the delinquency. FSA is also required to offset payments to guaranteed farm loan program debtors who received loans after July 20, 2001, if a final loss claim has been paid on a loan. Payments subject to offset are issued by the United States and include:

- Program payments;
- Tax refunds;
- Federal salary offset, including military pay;
- Federal retirement pay, including military retirement pay;
- Contract or vendor payments;
- Social Security, including Social Security Disability;
- Railroad retirement, other than tier two payments; and
- Black lung.

FSA is committed to working with producers/borrowers to assist them in resolving any delinquency. Under certain circumstances direct farm loan program debt may be restructured, interest rates may be lowered and/or the debt may be written down. If the borrower has accepted a written offer from FSA to restructure the account, payments will not be offset. If the borrower presents an acceptable written plan that can be approved by FSA and will resolve the delinquency, the offset can be lifted. Guaranteed debtors can submit an offer directly to FSA to settle their Federal debt after a final loss claim has been paid.

All USDA payments due delinquent producers/borrowers will be offset unless a statutory provision bars that action.

FOR MORE INFORMATION

For more information about FSA and its programs, visit your local FSA office or online at **www.fsa.usda.gov**. To find your local FSA office, visit **http://offices.usda.gov**.

Price Support

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

August 2014

DAIRY PRODUCT DONATION PROGRAM

OVERVIEW

The Dairy Product Donation Program (DPDP) is authorized by the 2014 Farm Bill through Dec. 31, 2018. The DPDP addresses low margins for dairy operations by using Commodity Credit Corporation (CCC) funds to purchase dairy products for donation to public and private nonprofit organizations that provide nutrition assistance to low-income populations. Purchases are only made by USDA during periods of low margins. No enrollment is required for dairy operators to benefit from the DPDP. The Farm Service Agency (FSA) and the Food and Nutrition Service (FNS) will administer DPDP if ever triggered.

COMMENCEMENT OF DPDP PURCHASES

DPDP purchases begin when FSA determines that the actual dairy production margin has been $4 or less per hundredweight (cwt) for each of the preceding two months. The actual dairy production margin that applies to all participating dairy operations will be calculated on a national basis and is the amount by which the all-milk price exceeds the average feed cost for dairy producers. All calculations will be made on a per cwt basis.

TERMINATION OF DPDP PURCHASES

DPDP purchases terminate if:

1) Purchases were made for the preceding three months, even if the actual dairy production margin remains $4 or less per cwt of milk.

2) The actual dairy production margin has been greater than $4 per cwt of milk for the immediately preceding month.

3) The actual dairy production margin has been $4 or less, but more than $3 per cwt for the immediately preceding month and during the same month:

(i) The price in the United States for cheddar cheese was more than 5 percent above the world price, or
(ii) The price in the United States for non-fat dry milk (NDM) was more than 5 percent above the world price of skim milk powder.

4) The actual dairy production margin has been $3 or less per cwt of milk for the immediately preceding month and during the same month:

(i) The price in the United States for cheddar cheese was more than 7 percent above the world price; or
(ii) The price in the United States for NDM was more than 7 percent above the world price of skim milk powder.

DPDP PURCHASE AND DISTRIBUTION

The Secretary of Agriculture delegates the authority to determine DPDP dairy product purchase and distribution methods to FSA in consultation with FNS. FSA and FNS will determine the types and quantities of products that will be purchased in consultation with public and private nonprofit organizations and state and local agencies eligible to receive such products.

After appropriate consultations, FSA will determine the quantity of purchases to be made for a qualifying month. In making the determination, FSA will also take into account dairy product market conditions, logistical considerations involved in the efficient and immediate distribution of the dairy products, the potential effect on markets and margins, and time constraints of DPDP. FNS will be responsible for the distribution of DPDP products. Quantities approved for a month will not exceed the amount of product that is expected to be used within 60 days.

FSA will try to complete all purchases within one month and will work with FNS to achieve delivery of products to recipient agencies within 90 days. Dairy products purchased with the DPDP cannot be stored by or for CCC, nor can CCC incur storage costs on behalf of recipient agencies.

Dairy products purchased under the DPDP will be at the prevailing open market price for like dairy products or at the price determined by normal FNS food procurement methods.

Public and private nonprofit organizations receiving donated dairy products under the DPDP will be held responsible for the proper handling and distribution.

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PRICE SUPPORT

FACT SHEET

August 2015

Farm Storage Facility Loan Program

OVERVIEW

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) Farm Storage Facility Loan Program (FSFL) provides low-interest financing for producers to build or upgrade farm storage and handling facilities. FSA is authorized to implement the program through the USDA Commodity Credit Corporation (CCC).

The maximum loan amount is $500,000 per loan request. Loan terms are 7, 10 or 12 years depending on the amount of the loan. Each applicant will be charged a nonrefundable $100 application fee.

ELIGIBLE COMMODITIES

The following commodities are eligible:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, or minor oilseeds harvested as whole grain;
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain;
- Other grains (triticale, speltz, and buckwheat);
- Pulse crops (lentils, chickpeas and dry peas);
- Hay;
- Honey;
- Renewable biomass;
- Fruits (includes nuts) and vegetables - cold storage facilities;
- Floriculture;
- Hops;
- Maple sap;
- Milk;
- Cheese;
- Butter;
- Yogurt;
- Eggs;
- Meat/poultry (unprocessed);
- Rye and;
- Aquaculture (excluding systems that maintain live animals through uptake and discharge of water).

ENVIRONMENTAL EVALUATION REQUIREMENTS

These loans must be approved by the local FSA state or county committee before any site preparation and/or construction can be started.

All loan requests are subject to an environmental evaluation. Accepting delivery of equipment, starting any site preparation, or construction before loan approval, may impede the successful completion of an environmental evaluation and may adversely affect loan eligibility.

ELIGIBLE FACILITIES AND UPGRADES

The following types of facilities and upgrades are eligible and must have a useful life of at least 15 years:

- New conventional cribs or bins;
- New oxygen-limiting structures and remanufactured oxygen-limiting structures;
- New flat-type storage structures;
- New electrical equipment and handling equipment, excluding the installation of electrical service to the electrical meter;
- New safety equipment, such as interior and exterior ladders and lighting;
- New equipment to improve, maintain or monitor the quality of stored grain;
- New concrete foundations, aprons, pits, and pads, including site preparation, off-farm labor and material, essential to the proper operation of the grain storage and handling equipment;
- Renovation of existing farm storage facilities, under certain circumstances, if the renovation is for maintaining or replacing items;
- New permanently affixed grain handling and grain drying equipment determined by CCC to be needed and essential to the proper operation of a grain storage system (with or without a loan for the storage facility);
- New structures that are bunker-type, horizontal or open silo structures, with at least two concrete walls and a concrete floor;
- New structures suitable for storing hay built according to acceptable design guidelines;
- New structures suitable for storing renewable biomass;
- New bulk tanks for storing milk;
- New cold storage buildings, including prefabricated buildings that are suitable for storing fruits and vegetables. Also may include permanently affixed cooling, circulating and monitoring equipment and electrical equipment including labor and materials for installation of lights, motors and wiring integral to the proper operation of a cold storage facility.

Provisions for fruits and vegetables include the following:

• baggers • boxers • brush polishers • bulk bin tippers • case palletizers • cement flooring • circulation fans • cold dip tanks • drying tunnels • dumpers	• electrical equipment • food safety-related equipment • fruit/vegetable conveyors • fruit and/or vegetable hoppers • hydrolifts • hydrocoolers • ice machines • quality graders • refrigeration units or systems • roller creepfeeders	• roller spray units • safety equipment meeting Occupational Safety and Health Administration requirements • sealants • sizers • sorting bins and/or tables • washers • waxers • weight graders

Notes:

- Scales, portable equipment, used bins and used equipment are not eligible for financing.
- Facilities built for commercial purposes and not for the sole use of the borrower(s) are not eligible for financing.

ELIGIBILITY REQUIREMENTS

An eligible borrower is any person who is a landowner, landlord, leaseholder, tenant or sharecropper. Contact an FSA office for more details.

WHERE TO FILE THE APPLICATION

Loan applications should be filed in the administrative FSA office that maintains the farm's records.

MORE INFORMATION

For more information about Farm Storage Facility Loans, visit www.fsa.usda.gov/pricesupport, or contact your local FSA office. To find your local FSA office, visit http://offices.usda.gov.

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

November 2015

Margin Protection Program for Dairy (MPP-Dairy)

The Margin Protection Program for Dairy (MPP-Dairy) is a voluntary risk management program for dairy producers authorized by the 2014 Farm Bill through Dec. 31, 2018. The MPP-Dairy offers protection to dairy producers when the difference between the all milk price and the average feed cost (the margin) falls below a certain dollar amount selected by the producer.

ELIGIBLE DAIRY OPERATIONS

To be eligible for MPP-Dairy, a dairy operation must:

- Produce and commercially market milk from cows located in the United States;
- Provide proof of milk production at the time of registration;
- Not be enrolled in the Risk Management Agency's Livestock Gross Margin for Dairy program (LGM-Dairy).

Dairy operations may consist of one or more dairy producers that are in the business of commercially producing and marketing milk as a single unit.

Dairy producers who are members of the dairy operation must share in the risk of producing milk and make contributions to the dairy operation that are at least commensurate with their share of the proceeds of the operation.

Dairy operations must be in compliance with Highly Erodible Land and wetland conservation provisions. For more information, visit www.fsa.usda.gov/compliance. Adjusted Gross Income provisions do not apply to MPP-Dairy.

Producers may have more than one dairy operation, but they must be separate and distinct in order to have a separate contract.

Dairy operations, as constituted for the Milk Income Loss Contract (MILC) Program, are eligible for the MPP-Dairy program.

REGISTRATION

Eligible dairy operations must register for coverage at the Farm Service Agency (FSA) office where their farm records are maintained by:

- Establishing a production history by completing and submitting form CCC-781, "Production History Establishment";
- Completing and submitting form CCC-782, "Contract and Annual Coverage Election";
- Paying the $100 administrative fee and;
- Paying the premium, if any.

An administrative fee of $100 is required to be paid for each covered year through the duration of the program.

Note: The registration period for coverage year 2016 will begin July 1, 2015 and continues through Nov. 20, 2015.

Registration periods for subsequent years are as follows:

Coverage Year	Registration Periods
2017	July 1 - Sept. 30, 2016
2018	July 1 - Sept. 29, 2017

A new dairy operation that has been established after a registration period closes is required to submit a contract within the first 90 calendar days in which the dairy operation first commercially markets milk for the calendar year, or wait until the next registration period for the next calendar year of coverage. Coverage for dairy operations registering within the first 90 days of marketing milk will become effective beginning the next full two-month marketing period after registration.

PRODUCTION HISTORY ESTABLISHMENT

Participating dairy operations establish their production history upon initial registration and all producers in the participating dairy operation must provide adequate proof of the dairy operation's quantity of milk marketed commercially. All information provided is subject to verification and spot checked by FSA.

For existing dairy operations, the production history is established using the highest annual milk production marketed during the full calendar years of 2011, 2012 or 2013.

Dairy operations without 12 full months of milk marketings as of Feb. 7, 2014, may be considered new dairy operations.

New dairy operations may establish their production history using one of the following methods:

- Available full month's marketed milk production for the calendar year the operation first began to market milk, calculated to a yearly amount using a national index based on seasons, or;
- Estimated actual marketed milk production based on the actual herd size of the dairy operation relative to the national rolling herd average

In subsequent years, the production history of a participating dairy operation will be adjusted to reflect any increase in the national average milk marketing production; no change in production history is otherwise allowed. Additionally, there will be no change in production history through the expansion or reduction in herd size of the participating dairy operation.

COVERAGE ELECTION

Catastrophic Coverage (CAT) of $4 margin coverage level at 90 percent of the established production history requires no premium payment, but the dairy operation must pay the $100 administrative fee.

For increased protection, dairy operations may annually select a percentage of coverage from 25 to 90 percent of the established production history in five percent increments and a coverage level threshold from $4.50 to $8 in 50 cent increments.

Coverage election must be made prior to the end of the annual election period. After the initial year of registration, failure to make an election results in the coverage level defaulting to the CAT level of 90 percent at $4 margin. Dairy operations may only select one coverage level percentage and coverage level threshold for the applicable calendar year. All producers in the participating dairy operation with a share and risk in the milk marketing must agree to the coverage elected on the contract.

A web tool is available that will allow dairy producers to use data unique to their specific operation, combined with other variables, to test a variety of financial scenarios before eventually enrolling in the new MPP-Dairy. The web tool is located at: **www.fsa.usda.gov/mpptool**

PREMIUMS

A participating dairy operation will pay a premium based on the level of coverage elected. Premiums will be calculated by multiplying the coverage percentage selected (from 25 percent to 90 percent) multiplied by the production history of the dairy operation to obtain the covered milk marketings. The covered milk marketings in hundredweight (cwt.) are multiplied by the premium per cwt. applicable to the coverage level selected. Premiums will be calculated from Tier 1 for covered production history up to 4 million pounds and from Tier 2 for covered production history exceeding 4 million pounds.

For calendar years 2016 through 2018, 100 percent of the calculated premium is due by Sept. 1 of the calendar year of coverage for dairy operations that elect coverage above the $4 level.

An operation must pay either:

(1) the premium in full at the time of annual coverage election, or;
(2) 100 percent of the premium by Sept. 1 of the applicable calendar year of coverage.

For Example: the premium is due Sept. 1, 2016 for the 2016 coverage year.

Premium balances due by Sept. 1 will not be deducted from any MPP-Dairy payments made to the participating dairy operation during the applicable calendar year of coverage.

New dairy operations formed after the annual registration period will have their premiums prorated for that year based on the portion of the calendar year for which they purchase coverage.

Coverage Level (Margin) per cwt.	Tier 1 Premium for 2016-2018 ------------------ Covered production history LESS THAN 4 million lbs.	Tier 2 Premium for 2014-2018 ------------------- Covered production history GREATER THAN 4 million lbs.
$4.00	None	None
$4.50	$0.010	$0.020
$5.00	$0.025	$0.040
$5.50	$0.040	$0.100
$6.00	$0.055	$0.155
$6.50	$0.090	$0.290
$7.00	$0.217	$0.830
$7.50	$0.300	$1.060
$8.00	$0.475	$1.360

Premium payments may be submitted to the administrative FSA county office at any time prior to Sept. 1.

Dairy operations may have their milk marketing company remit the premium payment to their administrative FSA county office on their behalf if an agreement is worked out with their milk marketing company.

MARGIN CALCULATIONS

The “production margin” is the difference between the national all-milk price and the national average feed cost.

The all milk price is the average price of milk marketed in the United States as reported by NASS.

The average feed cost is calculated by using the sum of:

- 1.0728 times the price of corn per bushel, plus
- .00735 times the price of soybean meal per ton, plus
- .0137 times the price of alfalfa hay per ton.

The corn and alfalfa hay prices are those reported in the monthly NASS Agricultural Prices report. The price of soybean meal is the Central Illinois soybean meal price delivered by rail as reported in the Agricultural Marketing Service (AMS) Market News-Monthly.

The production margin will be calculated each consecutive two-month period consisting of the months of January/February, March/April, May/June, July/August, September/October and November/December.

PAYMENTS

A participating dairy operation will receive a margin protection payment whenever the average actual dairy production margin for a consecutive two-month period is less than the coverage level threshold selected by the participating dairy operation.

The margin protection payment calculation is the:

- Coverage level threshold selected by the participating dairy operation, minus
- Actual dairy production margin for the consecutive two-month period, multiplied by
- Coverage percentage selected by the participating dairy operation, multiplied by
- Established production history in cwt of the participating dairy operation, divided by six.

Example: A dairy operation has an established production history of 3 million pounds (30,000 cwt). The participating dairy operation selected the 50 percent coverage level at the $7 threshold. For the two-month marketing period, the actual production margin is $5. The actual production margin is less than the threshold selected. Therefore, a payment will be earned as calculated below:

$7 threshold minus $5 margin = $2 difference
$2 times 50 percent times 5,000 cwt (30,000 cwt / 6) = $5,000.

Payments under the MPP-Dairy program may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be necessary, FSA will reduce the payment by the required amount.

CONTRACT MODIFICATIONS

Dairy operations must immediately notify FSA of any modifications that may affect their participation in MPP-Dairy. Contract modifications include, but are not limited to, the death of a producer on the contract; producer joining the operation; member exiting the operation; relocation of the dairy operation; transfer of shares by sale or other transfer action or dairy operation reconstitutions resulting in a change in the organizational structure of the participating dairy. Changes are subject to review by FSA to determine if the changes were made solely to circumvent the purpose of the program.

In general, if premiums are paid in full, modifications will take effect the next consecutive two-month marketing period. Otherwise, modifications will not be recognized until the following open election period when all associated premiums from any previous calendar year of coverage have been paid in full.

HOW TO APPLY

To apply for MPP-Dairy, dairy operations must submit form CCC-781 "Margin Protection Program for Dairy Producers Production History Establishment" and form CCC-782 "Margin Protection Program for Dairy Producers Contract and Annual Coverage Election" to their local FSA county office.

These forms are available at FSA county offices and online at: forms.sc.egov.usda.gov/eForms/welcome-Action.do?Home.

FOR MORE INFORMATION

Dairy operations can obtain more information on MPP-Dairy at FSA county offices and online at www.fsa.usda.gov/dairy. The MPP-Dairy webtool is available online at www.fsa.usda.gov/mpptool. To find your local FSA county office, visit http://offices.usda.gov.

USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

2014 Farm Bill

FACT SHEET

February 2016

Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

OVERVIEW

The Agricultural Act of 2014 (2014 Farm Bill) authorizes nonrecourse marketing assistance loans (MALs) and loan deficiency payments (LDPs) for wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, unshorn pelts, honey and peanuts.

MALs and LDPs are marketing tools available to producers beginning upon harvest or shearing. The MAL provides interim financing at harvest time for to help agricultural producers to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows, allowing the producer to delay the sale of the commodity until more favorable market conditions emerge. Allowing producers to store production at harvest (or at shearing in the case of wool and mohair) also provides for a more orderly marketing of commodities throughout the year.

MALs for commodities are considered "nonrecourse" because the loan can be redeemed by repayment, or by delivering the agricultural commodity that was pledged as collateral to the Commodity Credit Corporation (CCC) as full payment for the loan upon maturity.

MAL repayment provisions specify that, under certain circumstances, producers may repay at less than the loan rate (principal) plus accrued interest and other charges. Alternatively, LDP provisions specify that in lieu of securing a MAL producers may elect to receive an LDP.

MAL repayment and LDP provisions are intended to minimize potential delivery, storage, and related costs of agricultural commodities to CCC. The provisions also are designed to avoid discrepancies in marketing loan benefits across state and county boundaries and to allow U.S.-produced commodities to be marketed freely and competitively.

PRODUCER ELIGIBILITY

To be eligible for a MAL or LDP, the producer must:

- Comply with conservation and wetland protection requirements;
- Submit an acreage report to account for all cropland on all farms;
- Have and retain beneficial interest in the commodity until the MAL is repaid or CCC takes title to the commodity; and
- Meet adjusted gross income limitations (described in a later section).

COMMODITY ELIGIBILITY

To be eligible for a MAL or LDP, the commodity must:

- Have been produced, mechanically harvested or shorn from live animals, by an eligible producer and be in storable condition;
- Be merchantable for food, feed or other uses, as determined by CCC; and
- Meet specific CCC minimum grade and quality standards for nonrecourse MALs.

BENEFICIAL INTEREST

A producer retains beneficial interest in the commodity if both of the following remain with the producer:

- Control of the commodity. The producer retains the ability to make all decisions affecting the commodity, including movement, sale and the request for a MAL or LDP.
- Title to the commodity. The producer has not sold, or has not delivered, the commodity or warehouse receipt to the buyer. If delivered,

title may be considered to be transferred before the producer receives payment for the commodity. For example, title is considered transferred if a producer executes an option to purchase, without a provision that states that title and control remain with the producer, until the buyer exercises the option to purchase and the option to purchase expires at the earlier of:

1. The maturity of any CCC loan secured by such commodity;
2. The date CCC claims title to such commodity, or
3. Another date provided in the option.

Once beneficial interest in the commodity is lost, the commodity loses eligibility for a MAL or LDP and remains ineligible even if the producer later regains beneficial interest.

If the commodity is delivered to a buyer, processor, feedlot or mill that rejects the commodity because minimum standards are not met, beneficial interest shall not be considered lost by the producer if the commodity is returned to the producer.

The commodity is not considered rejected if the producer receives a reduced contract price for the commodity.

FINAL LOAN/LDP AVAILABILITY DATES

Producers may obtain MALs or receive LDPs on all or part of their eligible production anytime during the loan availability period. The loan availability period runs from when the commodity is normally harvested (or sheared for wool) until specified dates in the following calendar year. The final loan/LDP availability dates for the respective commodities are listed in **Table 1**.

NONRECOURSE MARKETING ASSISTANCE LOANS

Loan Rates

The 2014 Farm Bill sets national loan rates at the levels shown in **Table 2**.

County and regional loan rates are based on each commodity's national loan rate, and they:

- Vary by county or region and;
- Are based on the average prices and production of the county or region where the commodity is stored.

Loan Premiums and Discounts

Loan premiums and discounts are determined according to the grade and quality of a specific quantity of a commodity that a producer pledges as loan collateral. Premium and discount schedules vary by commodity and are applied to the loan rate in the county where the commodity is stored. On a per-unit basis, premiums are added to and discounts are subtracted from the loan rate only when the MAL is forfeited to CCC for all loan commodities except cotton and peanuts for which premiums and discounts are applied at the time a loan is made.

Interest

The interest rate charged on a commodity loan is set at one percentage point above CCC's cost of borrowing from the U.S. Treasury at the time the loan is made as required by Section 163 of the Federal Agricultural Improvement and Reform Act of 1996. After a loan is made, the rate is fixed except the interest rate for loans outstanding on Jan. 1 is adjusted to reflect CCC's cost of borrowing on Jan. 1, plus one percentage point.

Accrued interest is the amount of interest that accumulates while a loan is outstanding starting with the day the loan is made. Accrued interest is calculated by multiplying: (i) the applicable interest rate times, (ii) the ratio of the number of days under loan (starting with the initial day and continuing through the day prior to the day a loan is repaid) to the number of days in a year (i.e., 365) times, (iii) the loan principal. **Table 3** provides an example of how accrued interest is calculated.

Loan Settlement

MALs mature on the last day of the ninth calendar month following the month in which the MAL is approved. A producer may settle an outstanding nonrecourse MAL:

- Before maturity period by repaying the MAL or;
- Upon maturity by forfeiting the commodity to CCC.

For all loan-eligible commodities except extra-long staple (ELS) cotton, a producer may repay a MAL any time during the loan period at the lesser of the:

- Loan rate plus accrued interest and other charges or;
- Alternative loan repayment rate as determined by CCC.

For wheat, feed grains and oilseeds, the CCC-determined alternative loan repayment rate is often referred to as the posted county price (PCP). PCPs are established and available at each local USDA service center. PCPs are based upon market prices at appropriate U.S. terminal markets, adjusted to reflect quality and location. PCPs are announced daily for wheat, feed grains, soybeans, canola, flaxseed and sunflower seed, and weekly for other oilseeds.

For peanuts, CCC determines national posted prices (NPP) for four types of peanuts and announces them weekly. For dry peas and lentils, CCC determines and announces regional posted prices weekly. For wool and large and small chickpeas, CCC determines and announces a national posted price weekly. For honey, CCC determines and announces the national survey price monthly. For long and medium grain rice and upland cotton, a producer may repay a MAL any time during the loan period at the lesser of the:

- Loan rate plus accrued interest and other charges or;
- Adjusted world price (AWP).

The AWP is the prevailing world market price adjusted to U.S. quality and location. Separate AWPs for long grain, medium grain rice and upland cotton are announced weekly.

Commodity Certificate Exchange

Commodity certificates are available to producers, beginning with the 2015 crop, to exchange collateral pledged to CCC for a MAL. Commodity certificates will be available for sale at USDA service centers to producers with outstanding nonrecourse MALs. The exchange rate will be the AWP for upland cotton or rice, the NPP for peanuts, or the PCP for other commodities, as applicable on the date the commodity certificate is purchased. Realized gains from the certificate exchange gains equal the amount by which the loan rate exceeds the repayment rate. Commodity certificate exchanges will not be available when the exchange rate exceeds the applicable loan rate. Payment limitation provisions do not apply to commodity certificate exchanges.

For further information, see the Commodity Certificate Exchange (CCE) fact sheet at **www.fsa.usda.gov/factsheets**, contact a local USDA service center or visit the FSA website at **www.fsa.usda.gov/pricesupport**.

Marketing Loan Gains

A producer realizes a marketing loan gain (MLG) if the MAL is repaid at less than the loan principal. The MLG rate equals the amount by which the applicable loan rate exceeds the MAL repayment rate.

Commodity loan gains realized from the commodity certificate exchange are not subject to payment limits or Adjusted Gross Income (AGI) provisions.

LOAN DEFICIENCY PAYMENT

A producer who is eligible to obtain a MAL, but who agrees to forgo the MAL, may obtain an LDP under certain market conditions. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP amount equals the LDP rate times the quantity of the commodity for which the LDP is requested. **Table 4** provides an example of how MLGs and LDPs are calculated.

OTHER REQUIREMENTS

Production Evidence

A producer who repays a MAL at less than the loan rate plus accrued interest and other charges or receives an LDP may be subject to a spot check and must provide production evidence acceptable to CCC, such as evidence of sales, warehouse receipts, or load summary or assembly sheets.

Adjusted Gross Income Limitation

Beginning with the 2014 crop year, producers or legal entities whose average AGI exceeds $900,000 are not eligible for MLGs and LDP payments; but are eligible for MALs that must be repaid at principal plus interest, or with a commodity certificate exchange.

Payment Limitations

Beginning with the 2014 crop year, there are payment limitations on MLGs and LDPs associated with the MAL or LDP programs. The total amount of payments received, directly or indirectly, by a person or legal entity (except joint ventures or general partnerships) for Price Loss Coverage, Agricultural Risk Coverage, MLGs, and LDPs (for commodities other than for peanuts), is limited to no more than $125,000 annually. A person or legal entity that receives, directly or indirectly, payments for peanuts has a separate $125,000 payment limit for those payments. Producers exceeding this limit are still eligible for MALs but must repay at principal plus interest. The indirect benefit realized by producers who forfeit their loan quantity to CCC is not subject to the payment limit.

For additional information on payment limitations for marketing loan gains and LDPs, visit **www.fsa.usda.gov/limits**.

Payment limitation provisions do not apply to commodity certificate exchanges.

FOR MORE INFORMATION

This fact sheet is for informational purposes only; other restrictions or details may apply. To learn more about commodity certificates, visit **www.fsa.usda.gov/pricesupport** or contact your local FSA office. To find your local FSA office, visit **http://offices.usda.gov**.

Table 1. Final Loan/LDP Availability Dates by Commodity

Final Loan/LDP Availability Date	Commodity
Jan. 31	Peanuts, Wool, Mohair and LDP only for Unshorn Pelts
March 31	Barley, Canola, Crambe, Flaxseed, Honey, Oats, Rapeseed, Sesame seed and Wheat
May 31	Corn, Dry peas, Grain sorghum, Lentils, Mustard seed, Long grain rice, Medium grain rice, Safflower, Small chickpeas, Large chickpeas, Cotton, Soybeans and Sunflower seed

Table 2. National Loan Rates, 2014-2018 Crops (per production unit)

Commodity	Production Unit	2014-2018
Wheat	bushel	$2.94
Corn	bushel	$1.95
Grain Sorghum	bushel	$1.95
Barley	bushel	$1.95
ELS Cotton	pound	$0.7977
Upland Cotton	pound	*
Oats	bushel	$1.39
Long Grain Rice	cwt	$6.50
Medium Grain Rice	cwt	$6.50
Soybeans	bushel	$5.00
Other Oilseeds	cwt	$10.09
Dry Peas	cwt	$5.40
Lentils	cwt	$11.28
Small Chickpeas	cwt	$7.43
Large Chickpeas	cwt	$11.28
Wool, graded	pound	$1.15
Wool, nongraded	pound	$0.40
Honey	pound	$0.69
Peanuts	ton	$355.00
Mohair	Pound	$4.20

* The upland cotton loan rate is the simple average of the adjusted prevailing world price for the 2 immediately preceding marketing years, but not more than 52 cents per pound nor less than 45 cents per pound. The loan rate for the 2015 crop year was announced April 15, 2015, at 52 cents per pound.

Table 3. Accrued Interest Calculation Examples

Facts	Accrued Interest for Loan A		
Applicable Interest	**2.250 %**		
Loan Principal	**$1,000**		
	Scenario 1	***Scenario 2***	***Scenario 3***
Days Loan Outstanding	90	120	150
Days in a Year	365	365	365
Accrued Interest	$5.55	$7.40	$9.25

Table 4. Marketing Loan Gain/Loan Deficiency Payment Examples

County A	MAL Repayment Rate Scenario ($ per bushel)		
Loan Rate	**1.95**		
	Scenario 1	***Scenario 2***	***Scenario 3***
Loan Rate Plus Interest	1.98	1.98	1.98
Effective Posted County Price (PCP)	2.05	1.90	1.98
MLG or LDP Rate	0.00	0.05*	0.00

*Does not include accrued interest of $0.03.

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UNITED STATES DEPARTMENT OF AGRICULTURE

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FACT SHEET

November 2014

Sugar Loan Program, Sugar Marketing Allotments and Feedstock Flexibility Program

OVERVIEW

The federal sugar loan program provides nonrecourse loans to processors of domestically grown sugarcane and sugar beets. The loans provide sugar producers with interim financing at harvest time to meet cash flow needs without having to sell the commodity when market prices are typically at harvest-time lows. Allowing sugar producers to store production at harvest helps the more orderly marketing of commodities throughout the year. The Agricultural Act of 2014 (2014 Farm Bill) provides the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) with the authority to administer sugar nonrecourse loans for the 2011 through 2018 crops on behalf of the Commodity Credit Corporation (CCC) http://fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc.

LOAN ELIGIBILITY

Loans for sugar and in-process sugar (e.g. the intermediate sugar-containing product, as CCC determines, produced in the processing of sugarcane or sugarbeets) are available beginning Oct. 1 of each fiscal year and mature at the earlier of:

1. The end of the nine-month period beginning on the first day of the first month after the month in which the loan is made or,
2. The end of the fiscal year in which the loan is made.

If a loan is made in the last three months of a fiscal year (July, August, or September), the processor may re-pledge the sugar as collateral for a second loan (referred to as a supplemental loan) in the subsequent fiscal year. The supplemental loan is made at the loan rate in effect at the time the initial loan was made and matures in nine months minus the quantity of time that the initial loan was in effect.

To be eligible, processors must:

- Process sugar from domestically grown sugarcane or sugar beets from producers who are in compliance with both highly erodible and wetlands regulations (For more information on conservation compliance, go to www.fsa.usda.gov/compliance);
- Agree to all terms and conditions in the loan application;
- Execute a note, a security agreement and a storage agreement with CCC.

LOAN RATE

The 2014 Farm Bill requires the Secretary of Agriculture to provide nonrecourse loans to processors of domestically grown:

1. Sugarcane at a rate equal to 18.75 cents per pound for raw cane sugar for each of the 2011 through 2018 crop years and,
2. Sugar beets at a rate equal to 24.09 cents per pound for refined beet sugar for each of the 2011 through 2018 crop years.

Loan rates are adjusted to reflect the processing location of the sugar pledged as collateral. (See the tables under National Average Loan Rates by Crop Year).

The in-process sugar loan rate equals 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, as determined by the Secretary on the basis of the source material for the in-process sugar and syrups. In-process sugars and syrups do not include raw sugar, liquid sugar, invert sugar or syrup, or other finished products otherwise eligible for sugar loans.

- In-process sugar forfeiture: The law authorizes CCC to accept forfeiture of in-process sugar and syrup loan collateral as full loan repayment if the processor converts them within one month after loan maturity into raw cane sugar or refined beet sugar of acceptable grade and quality for sugar eligible for the loans. If forfeited in-process sugars are not converted into raw cane sugar or refined beet sugar of suitable quality and transferred to CCC within one month, CCC may charge liquidated damages.

- In-process sugar crystallization: If the processor does not forfeit the collateral, but instead further processes the in-process sugar into raw cane sugar or refined beet sugar and repays the loan, the processor may obtain a loan at the higher rate for the raw cane sugar or refined beet sugar. The term of a loan made for an in-process sugar, when combined with the term of a loan made for raw cane sugar or refined beet sugar derived from in-process sugars, may not exceed nine months.

National Average Loan Rates by Crop Year

Crop Year	2014
(Cents Per Pound)	
Raw Cane Sugar	18.75
Refined Beet Sugar	24.09

Regional 2014 (FY 2015)-crop Loan Rates of Raw Cane Sugar

Crop Year	2014
(Cents Per Pound)	
Florida	18.11
Hawaii	17.45
Louisiana	19.58
Texas	18.49
Sugar processed in Hawaii but placed under loan on the United States mainland	18.75

Regional 2014(FY 2015)-crop Loan Rates of Refined Beet Sugar

Crop Year	2014
(Cents Per Pound)	
Mich. & Ohio	25.32
Minn. & E ½ N.D.	23.72
NE ¼ Colo., Neb., SE ¼ Wyo.	24.36
Mont. & NW ¼ Wyo., & W ½ N.D.	23.81
Idaho, Oregon, & Washington	23.98
California	25.03

MINIMUM PRICE SUPPORT FOR SUGAR CANE

As a condition to receive CCC sugar loans, sugarcane processors are required to pay their growers at least the minimum payments as specified in the annual CCC loan rate news release and available in their FSA county office.

SUGAR BEET MINIMUM PAYMENT

Sugar beet grower minimum payments are the amount specified in the grower/processor contract.

MARKETING ALLOTMENTS

At the beginning of each fiscal year, CCC will estimate the domestic human consumption of sugar and establish marketing allotments for sugar sold for domestic human consumption that has been processed from sugarcane, sugar beets or in-process beet sugar, whether such sugar beets or in-process beet sugar was produced domestically or imported. The Secretary will strive to establish an overall allotment quantity that results in no forfeitures of sugar to CCC under the federal sugar loan program and assigns domestic producers at least 85 percent of the market share of domestic human consumption for the crop year. The Secretary shall make estimates of sugar consumption, stocks, production and imports for a crop year as necessary, but not later than the beginning of each of the second through fourth quarters of the crop year.

- ***Beet Sugar***: Beet sugar's allotment is derived by multiplying the overall allotment quantity for the crop year by 54.35 percent. This allotment may only be filled with sugar domestically processed from sugar beets or in-process beet sugar.
- ***Cane Sugar***: Cane sugar's allotment is derived by multiplying the overall allotment by 45.65 percent. Offshore states receive an allocation of 325,000 short tons, raw value, of cane sugar. Remaining cane sugar is allotted to individual mainland cane sugar states. Cane sugar's allotment may only be filled with sugar processed from domestically grown sugarcane.

CCC establishes cane state allotments and sugarcane processor allocations as mandated by regulation. A state cane sugar allotment may be filled only with sugar processed from sugarcane grown in the state covered by the allotment.

If a sugarcane processor is unable to market its allocation, CCC will reassign the estimated quantity of the deficit to other processors within that state. If after reassignment, the deficit cannot be eliminated, CCC will reassign the deficit proportionately to allotments for other cane sugar states. If this deficit cannot be eliminated, CCC will reassign the deficit to CCC for sale of CCC sugar inventory unless such sales would have a significant effect on the price of sugar. If the deficit still has not been eliminated, CCC will reassign the remainder to raw cane sugar imports. Likewise, if a sugar beet processor is unable to market its allocation, CCC will reassign the deficit to other sugar beet processors, then to CCC, and then to raw cane sugar imports.

During any crop year or portion thereof for which marketing allotments have been established, no sugar beet or sugarcane processor shall market a quantity of sugar for human consumption in excess of the allocation established for such processor, except to enable another processor to fulfill an allocation or for export. Processors knowingly violating their allocation shall be liable to CCC for a civil penalty in an amount equal to three times the U.S. market value at the time of the commission of the violation of that quantity of sugar involved in the violation.

SUGAR LOAN FORFEITURES AND FEEDSTOCK FLEXIBILITY PROGRAM

In order to forestall loan forfeitures, the 2014 Farm Bill also provides authority for CCC to purchase sugar and sell it to bioenergy producers. If sugar forfeitures occur, the Secretary can dispose of the sugar inventory by a sale to bioenergy producers, by transfer to sugarcane and sugar beet processors under a payment-in-kind program, by the buyback of certificates of quota eligibility, or by any means permitted for CCC-owned sugar before the 2014 Farm Bill was enacted; however, unless there is an emergency shortage of sugar for human consumption, the sugar cannot be sold in a manner that increases the supply of sugar available for human consumption.

Other requirements apply. Contact your local FSA county office at **http://go.usa.gov/pYV3** for more program details.