Colorado State FSA Newsletter

SED Message

Spring is one of my favorite times of year in Colorado. The fields will start turning green before we know it. I know that many of you are in the throes of calving and planting begins. It is definitely a time of new beginnings. I’m wishing you all a very successful season, and a prosperous start to what will be an incredibly busy season for you as producers. Stay Colorado strong and proud. Together, we are keeping the economy strong, and we are feeding America.

Clarice Navarro
Colorado State Executive Director

USDA Announces January Income over Feed Cost Margin Triggers First 2019 Dairy Safety Net Payment

The U.S. Department of Agriculture’s Farm Service Agency (FSA) announced that the January 2019 income over feed cost margin was $7.99 per hundredweight, triggering the first payment for eligible dairy producers who purchase the appropriate level of coverage under the new but yet-to-be established Dairy Margin Coverage (DMC) program. DMC, which replaces the Margin Protection Program for Dairy, is a voluntary risk management program for dairy producers that was authorized by the 2018 Farm Bill. DMC offers protection to dairy producers when the difference
disabilities who require accommodations to participate in FSA programs should contact the County Executive Director in the FSA Office in your area or Federal Relay Service at 1-800-877-8339. Alternatively, you may also contact Colorado FSA David Nix at 720-544-2879 or david.nix@co.usda.gov.

To find contact information for your local office go to www.fsa.usda.gov/co.

Agriculture Secretary Sonny Perdue announced that sign up for DMC will open by mid-June of this year. At the time of sign up, producers who elect a DMC coverage level between $8.00 and $9.50 would be eligible for a payment for January 2019.

For example, a dairy operation with an established production history of 3 million pounds (30,000 cwt.) that elects the $9.50 coverage level for 50 percent of its production could potentially be eligible to receive $1,887.50 for January.

Sample calculation:

$9.50 - $7.99 margin = $1.51 difference

$1.51 times 50 percent of production times 2,500 cwt. (30,000 cwt./12) = $1,887.50

The calculated annual premium for coverage at $9.50 on 50 percent of a 3-million-pound production history for this example would be $2,250.

Sample calculation:

3,000,000 times 50 percent = 1,500,000/100 = 15,000 cwt. times 0.150 premium fee = $2,250

Operations making a one-time election to participate in DMC through 2023 are eligible to receive a 25 percent discount on their premium for the existing margin coverage rates.

Additional details about DMC and other FSA farm bill program changes can be found at farmers.gov/farmbill.

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**FSA Offers Joint Financing Option on Direct Farm Ownership Loans**

The USDA Farm Service Agency's (FSA) Direct Farm Ownership loans are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations. Depending on the applicant’s needs, there are three types of Direct Farm Ownership Loans: regular, down payment and joint financing. FSA also offers a Direct Farm Ownership Microloan option for smaller financial needs up to $50,000.

Joint financing allows FSA to provide more farmers and ranchers with access to capital. FSA lends up to 50 percent of the total amount financed. A commercial lender, a State program or the seller of the property being purchased, provides the balance of loan funds, with or without an FSA guarantee. The maximum loan amount for a Joint Financing loan is $600,000 and the repayment period for the loan is up to 40 years.

To be eligible, the operation must be an eligible farm enterprise. Farm Ownership loan funds cannot be used to finance nonfarm enterprises and all applicants must be able to meet general eligibility requirements. Loan applicants are also required to have participated in the business operations of a farm or ranch for at least three years out of the 10 years prior to the date the application is
submitted. The applicant must show documentation that their participation in the business operation of the farm or ranch was not solely as a laborer.

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

Communication is Key in Lending

Farm Service Agency (FSA) is committed to providing our farm loan borrowers the tools necessary to be a success. A part of ensuring this success is providing guidance and counsel from the loan application process through the borrower’s graduation to commercial lending institutions. While it is FSA’s commitment to advise borrowers as they identify goals and evaluate progress, it is crucial for borrowers to communicate with their farm loan staff when changes occur. It is the borrower’s responsibility to alert FSA to any of the following:

- Any proposed or significant changes in the farming operation;
- Any significant changes to family income or expenses;
- The development of problem situations;
- Any losses or proposed significant changes in security

In addition, if a farm loan borrower cannot make payments to suppliers, other creditors, or FSA on time, contact your farm loan staff immediately to discuss loan servicing options. For more information on FSA farm loan programs, visit www.fsa.usda.gov.

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