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Delaware State FSA October Newsletter

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USDA Extends Margin Protection Program for Dairy Enrollment Deadline

USDA announced that it will extend the deadline for dairy producers to enroll in the Margin Protection Program (MPP) for Dairy to Dec. 16, 2016, from the previous deadline of Sept. 30. This voluntary dairy safety net program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer. A USDA web tool, available at www.fsa.usda.gov/mpptool, allows dairy producers to calculate levels of coverage available from MPP based on price projections.

**Executive
Committee:**

Dale Scuse

Robert Baker

(Open)

Please contact your local [FSA Office](#) for questions specific to your operation or county.

Farm Reconstitutions

When changes in farm ownership or operation take place, a farm reconstitution is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

The following are the different methods used when doing a farm recon.

Estate Method — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;

Designation of Landowner Method — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding;

DCP Cropland Method — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;

Default Method — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

USDA Encourages Producers to Consider Risk Protection Coverage before Crop Sales Deadlines

The Farm Service Agency encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline.

Producers are reminded that crops not covered by insurance may be eligible for NAP. The 2014

Farm Bill expanded NAP to include higher levels of protection. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage, as well as discounted premiums for additional levels of protection."

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

USDA has partnered with Michigan State University and the University of Illinois to create an online tool at www.fsa.usda.gov/nap that allows producers to determine whether their crops are eligible for federal crop insurance or NAP and to explore the best level of protection for their operation. NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production, with higher levels of coverage, up to 65 percent of their expected production at 100 percent of the average market price, including coverage for organics and crops marketed directly to consumers.

Deadlines for coverage vary by state and crop. To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to <http://offices.usda.gov>.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: <http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

Marketing Assistance Available for 2016 Corn, Other Crops in Delaware

The 2014 Farm Bill authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs).

MALs and LDPs provide financing and marketing assistance for corn, as well as other commodities such as feed grains, soybeans and other oilseeds. MALs provide producers interim financing after harvest to help them meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows.

To be eligible for an MAL or an LDP, producers must have a beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when control of and title to the commodity is maintained. For an LDP, the producer must retain beneficial interest in the commodity from the time of planting through the date the producer filed [Form CCC-633EZ \(page 1\)](#) in the FSA County Office. For more information, producers should contact their local FSA county office or view the [LDP Fact Sheet](#).

Filing a Notice of Loss

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for

all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP), you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent or 15 calendar days after the normal harvest date.

Producers of hand-harvested crops must notify FSA of damage or loss through the administrative County Office within 72 hours of the date of damage or loss first becomes apparent. This notification can be provided by filing a CCC-576, email, fax or phone. Producers who notify the County Office by any method other than by filing the CCC-576 are still required to file a CCC-576, Notice of Loss, within the required 15 calendar days.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

Farm Loan Graduation Reminder

FSA Direct Loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

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

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

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

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

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

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

Selected Interest Rates for October 2016

- **Farm Operating Loans — Direct - 2.125%**
- **Farm Ownership Loans — Direct - 3.125%**
- **Farm Ownership Loans — Direct Down Payment, Beginning Farmer and Rancher - 1.50%**
- **Farm Storage Facility Loans (7 yr. term) - 1.50%**

- **Commodity Loans - 1.625%**

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).
