April 2020

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Farm Service Agency Electronic News Service

NEWSLETTER

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Nebraska FSA State Office Newsletter

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Scott Spilker, *chair*

A Message from the State Executive Director

Nebraska Farm Service Agency is in its fourth week of an operational status that has been adjusted due to the COVID-19 response. Our county office employees across the state continue to conduct business, but are doing so only through phone, email, mail and fax communication at this time, as we work to protect the safety of our customers and our staff. If you have any questions about FSA programs or need service, please contact your county FSA office.

Geoff Ruth
Lonnie Starke
Mark Jagels

Program Chiefs:
Cathy Anderson, *Production/Compliance*
Doug Klein, *Conservation/Price Support*
Mark Wilke, *Farm Loans*
Tim Divis, *Executive Officer*

To find more information about FSA programming or contact information for your local office, go to www.fsa.usda.gov/ne.

FSA has made some program adjustments as a part of its response to COVID-19. This includes important farm loan program flexibilities and an extension of the maturity deadline on Marketing Assistance Loans for some 2019 and 2020 crops. See the articles below for additional details. You also can learn more about these options by tuning in to a webinar at noon (CT) on Thursday, April 23, featuring FSA staff. This is part of a series of COVID-19 informational webinars being hosted by the University of Nebraska-Lincoln's Department of Agricultural Economics. Click here for additional information.

Our offices are receiving questions about the programs contained within Coronavirus Aid, Relief and Economic Security (CARES) Act that was recently approved by Congress. USDA continues to evaluate the Act and prepare to implement the programs under its purview. We will be certain to promote information about these opportunities for assistance as soon as more details are available.

Meantime, please take note of the calendar entries below as we have a number of ongoing activities, including enrollment for 2020 in the Agriculture Risk Coverage/Price Loss Coverage (ARC/PLC) commodity crop safety net programs (if you haven't done so already) and application to the CRP Grasslands program through May 15. The deadline to secure a Marketing Assistance Loan on some 2019 crops also is approaching. In addition, staff is working with customers on PLC yield updates and preparing for spring-seeded crop acreage reporting.

It's a busy time in our offices, and we know it's a busy time for you, our farmer and rancher customers. Please don't hesitate to contact your county FSA office with questions, as we know we are operating in an unprecedented time and want to do all we can to provide you the services you need.

Stay safe, stay healthy. Talk to you next month.

--Nancy Johner

USDA Announces Loan Maturity for Marketing Assistance Loans Now Extended to 12 Months

Agricultural producers now have more time to repay Marketing Assistance Loans (MAL) as part of the U.S. Department of Agriculture's implementation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. The loans now mature at 12 months rather than nine, and this flexibility is available for most commodities.

Effective immediately, producers of eligible commodities now have up to 12 months to repay their commodity loans. The maturity extension applies to nonrecourse loans for crop years 2018, 2019 and 2020. Eligible open loans must in good standing with a maturity date of March 31, 2020, or later or new crop year (2019 or 2020) loans requested by September 30, 2020. All new loans requested by September 30, 2020, will have a maturity date 12 months following the date of approval.

The maturity extension for current, active loans will be automatically extended an additional 3 months. Loans that matured March 31 have already been automatically extended by USDA's Farm Service Agency (FSA). Producers who prefer a nine-month loan will need to contact their local FSA county office. Loans requested after September 30, 2020, will have a term of nine months.

Eligible commodities include barley, chickpeas (small and large), corn, cotton (upland and extra-long staple), dry peas, grain sorghum, honey, lentils, mohair, oats, peanuts, rice (long and medium grain), soybeans, unshorn pelts, wheat, wool (graded and nongraded); and other oilseeds, including canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sunflower seed, and sesame seed. Seed cotton and sugar are not eligible.

About MALs

Placing commodities under loan provides producers interim financing to meet cash flow needs without having to sell their commodities when market prices are low and allows producers to store production for more orderly marketing of commodities throughout the year.

These loans are considered nonrecourse because the commodity is pledged as loan collateral, and producers have the option of delivering the pledged collateral to the Commodity Credit Corporation (CCC) for repayment of the outstanding loan at maturity.

MAL Repayment

Under the new maturity provisions, producers can still repay the loan as they would have before the extension:

- repay the MAL on or before the maturity date;
- upon maturity by delivering or forfeiting the commodity to CCC as loan repayment; or
- after maturity and before CCC acquires the farm-stored commodity by repaying the outstanding MAL principal and interest.

Marketing Loan Gains

A Marketing Loan Gain occurs when a MAL is repaid at less than the loan principal. If market gain is applicable during the now-extended loan period, producers can receive a gain on the repayment made before the loan matures.

For more information on MALs, contact the nearest FSA county office.

FSA Adds Farm Loan Flexibilities During COVID-19 Response Effort

Farm loans are critical for annual operating and family living expenses, emergency needs and cash flow, especially in tough times. The Farm Service Agency (FSA) is providing additional flexibilities to provide producers with credit options. We encourage direct loan applicants and borrowers to contact their county office to discuss these programs and any current, and future, temporary changes to farm loan deadlines and the loan servicing options available. Customers participating in

FSA's guaranteed loan programs are encouraged to contact their lender. For a full list of flexibilities, visit farmers.gov/coronavirus.

Small Business Administration's Paycheck Protection Program Includes Farm Eligibility

The Paycheck Protection Program (PPP) is a guaranteed loan program administered by the Small Business Administration (SBA). The purpose of the program is to support small businesses and help support their payroll during the coronavirus situation.

Agricultural producers, farmers, and ranchers with 500 or fewer employees whose principal place of residence is in the United States are eligible.

Farms are eligible if: (i) the farm has 500 or less employees, **OR** (ii) it fits within the revenue-based sized standard, which is on average annual receipts of $1M.

Additionally, farms can qualify for PPP if it meets SBA's "alternative size standard." The "alternative size standard" is currently: (1) a maximum net worth of the business not more than $15 million, **AND** (2) the average net income Federal income taxes of the business for the two full fiscal years before the date of the application be not more than $5 million.

Small agricultural cooperatives may receive PPP loans as long as other eligibility requirements are met. Other forms of cooperatives may be eligible provided they comply with all other Loan Program Requirements (as defined in 13 CFR 120.10).

In regard to H-2A or H-2B workers on payroll, only employees with a principal place of residence in the U.S. count toward eligibility and calculation of the PPP loan amount.

SBA requires sole proprietors, independent contractors, and other eligible self-employed individuals to provide documentation to its lender that the business was in operation as of February 15, 2020. This documentation may include payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation to its lender, such as bank records, sufficient to demonstrate the qualifying payroll amount.

Documentation options for payroll tax filings include the following:

IRS Form 941 (quarterly wages); IRS Form 944 (calendar year wages); State income, payroll and unemployment insurance filings; QuickBooks; bank repository accounts; and/or internally generated profit and loss statements. However:

- Nonprofit organizations must include IRS Form 990;
- Sole proprietors must include IRS Form 1040 Schedule C;
- Any entity that filed IRS Form 1099-MISC must include this form;
- Seasonal employers must document the period beginning February 15, 2019 through June 30, 2019

More extensive FAQs can be found at the Treasury Department's CARES Act website.

Livestock Indemnity Program Provides Loss Assistance

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock deaths in excess of normal mortality caused by adverse weather, disease and attacks by animals reintroduced into the wild by the federal government or protected by federal law.

LIP compensates livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather, including losses due to floods, blizzards, wildfires, extreme heat or extreme cold.

For disease losses, FSA county committees can accept veterinarian certifications that livestock deaths were directly related to adverse weather and unpreventable through good animal husbandry and management.

For 2020 livestock losses, eligible livestock owners must file a notice within 30 calendar days of when the loss is first apparent.

Participants must provide the following supporting documentation to their local FSA office no later than 60 calendar days after the end of the calendar year in which the eligible loss condition occurred.

- Proof of death documentation
- Copy of grower's contracts
- Proof of normal mortality documentation

USDA has established normal mortality rates for each type and weight range of eligible livestock, i.e. Adult Beef Cow = 1.5% and Non-Adult Beef Cattle (less than 250 pounds) = 4%. These established percentages reflect losses that are considered expected or typical under "normal" conditions.

In addition to filing a notice of loss, producers must also submit an application for payment by March 1, 2021.

Additional information about LIP is available at your local FSA office or online at: www.fsa.usda.gov.

Program Participants Must Maintain Acres Enrolled in ARC/PLC, CRP; Includes Control of Noxious Weeds

Producers enrolled in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs must protect all cropland and noncropland acres on the farm from wind and water erosion and noxious weeds. Producers who sign ARC county or individual contracts and PLC contracts agree to effectively control noxious weeds on the farm according to sound agricultural practices. If a producer fails to take necessary actions to correct a maintenance problem on a farm that is enrolled in ARC or PLC, the County Committee may elect to terminate the contract for the program year.

Conservation Reserve Program (CRP) participants are responsible for ensuring adequate, approved vegetative and practice cover is maintained to control erosion throughout the life of the contract after the practice has been established. Participants also must control undesirable vegetation, weeds (including noxious weeds), insects and rodents that may pose a threat to existing cover or adversely impact other landowners in the area.

All CRP maintenance activities, such as mowing, burning, disking and spraying, must be conducted outside the primary nesting or brood rearing season for wildlife, which for Nebraska is May 1 through July 15. Annual mowing of CRP for generic weed control, or for cosmetic purposes, is prohibited at all times.

For reference, the Nebraska Department of Agriculture has designated 12 weeds in the state as noxious: Canada thistle, leafy spurge, musk thistle, plumeless thistle, purple loosestrife, spotted and diffuse knapweeds, saltcedar, phragmites, sericea lespedeza, Japanese knotweed, Bohemian knotweed and giant knotweed.

County FSA offices will complete field visits and spot-checks of ARC/PLC and CRP acreage and will consult with county weed authorities as necessary. This effort usually begins the later part of May and continues through the summer months.

Contact FSA to Update Your Farm Records

FSA is cleaning up its producer record database. If you have any unreported changes of address, zip code, phone number, email address or an incorrect name or business name on file they need to be reported to your county FSA office. Changes in your farm operation, like the addition of a farm by lease or purchase, need to be reported to your county FSA office as well.

Producers participating in FSA and NRCS programs are required to timely report changes in their farming operation to the County Committee in writing and update their CCC-902 Farm Operating Plan.

If you have any updates or corrections, please call your local FSA office.

Producers Reminded of Impacts Associated with Bringing Native Sod into Production

Farm Service Agency (FSA) reminds producers who receive FSA, Natural Resources Conservation Service (NRCS) or Risk Management Agency (RMA) program benefits that the 2018 Farm Bill contains special provisions related to native sod being brought into production in the states of Nebraska, Iowa, Minnesota, Montana, South Dakota and North Dakota.

Native sod acres brought into production agriculture at any time after December 20, 2018, are subject to the following:

- Reduced guarantee for crop insurance;
- Reduced premium subsidy for crop insurance;
- Reduced guarantee for the Noninsured Crop Disaster Assistance Program (NAP); and
- Increased service fees for NAP policies involving the native sod acres.

Native sod is considered land on which the plant cover is composed principally of native grasses, grass-like plants, or shrubs for grazing and browsing that has never been tilled, and the producer cannot substantiate that the ground has ever been tilled, for the production of an annual crop on or before December 20, 2018.

For crop insurance, the reductions in guarantee and premium subsidy apply for the first four years which the acres are insured up to 10 crop years after initial tillage. For NAP, reductions in guarantees and increased service fees apply for the first four years in which the acres are covered under a NAP policy up to 10 crop years after initial tillage. The native sod acres are treated as traditional acres for crop insurance once the acreage has been insured for four years, and its treated as traditional acreage for NAP once the acreage has been covered under a NAP policy for four years.

In addition, the 2014 Farm Bill placed similar restrictions on native sod acres that are brought into production between February 7, 2014 and December 20, 2018. Under the 2014 Farm Bill, impacts for crop insurance and NAP are applicable for the first four years of cropping regardless of whether the acreage is insured or covered under a NAP policy.

Producers who have questions on these provisions or any FSA programs should contact their county FSA office.

Reminder to FSA Direct and Guaranteed Borrowers with Real Estate Security

Farm Service Agency would like to remind farm loan borrowers who have pledged real estate as security for their loans of key items for maintaining loan collateral. It is required that borrowers must obtain prior consent, or approval, by either FSA, for direct loans, or by a guaranteed lender, for any transaction affecting real estate security. Examples of these transactions include, but are not limited to:

- Leases of any kind;
- Easements of any kind;
- Subordinations;
- Partial releases, and
- Sales

Failure to meet or follow the requirements set forth in the loan agreement, promissory note, and other security instruments could lead to nonmonetary default which could jeopardize your current and future loans.

It is critical that borrowers keep an open line of communication with their FSA loan staff or guaranteed lender when it comes to changes in their operation. For more information on borrower responsibilities, read Your FSA Farm Loan Compass.

FSA Dates to Remember

May 15, 2020 – CRP Grasslands application deadline
May 25, 2020 - FSA offices closed for federal holiday
June 1, 2020 – 2019 Marketing Assistance Loan availability deadline for corn, dry peas, grain sorghum, lentils, mustard seed, safflower seed, chickpeas, soybeans and sunflower seed

June 30, 2020 – 2020 enrollment deadline for the Ag Risk Coverage (ARC) and Price Loss Coverage (PLC) programs

****Please note any above NAP calendar references may not be inclusive for all NAP-covered crops; NAP participants should contact their County FSA Office to confirm important program deadlines.**

April FSA Interest Rates

OPERATING/OWNERSHIP
Farm Operating: 2.375%
Microloan Operating: 2.375%
Farm Ownership: 3%
Farm Ownership - Joint Financing: 2.5%
Farm Ownership - Down Payment: 1.5%
Emergency - Actual Loss: 3.375%

FARM STORAGE
Farm Storage Facility Loan 3 year term: .75%
Farm Storage Facility Loan 5 year term: .75%
Farm Storage Facility Loan 7 year term: 1%
Farm Storage Facility Loan 10 year term: 1%
Farm Storage Facility Loan 12 year term: 1.125%

MARKETING ASSISTANCE
Commodity Loan: 1.625%

USDA Seeks Proposals for On-Farm Conservation and Soil Health Test Projects

The U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) is accepting proposals through May 11 for On-Farm Conservation Innovation Trials (On-Farm Trials), now in its second year. On-Farm Trials, part of the agency's Conservation Innovation Grant (CIG) program, help support the adoption and evaluation of innovative conservation approaches on agricultural land.

NRCS will invest up to $25 million on On-Farm Trials in 2020. This total includes up to $10 million for the Soil Health Demonstration Trials (SHD) priority.

On-Farm Trials funding is designed to offer, through partners, technical and financial assistance to producers to help compensate for any risks associated with implementation of new conservation practices, systems and approaches. In addition, the trials require evaluation of the innovative conservation practices, systems and approaches at the farm level, including environmental, financial and social, (to the extent possible) impacts of carrying them out.

Visit the grants.gov website and view the On-Farms Trials funding announcement.

NRCS is seeking proposals that address at least one of the following four On-Farm Trial main priorities:

- Irrigation Management Technologies;
- Precision Agriculture Technologies and Strategies;
- Management Technologies and Strategies; and
- Soil Health Demonstration Trials.

NRCS will accept proposals from the following eligible entities:

- Private entities whose primary business is related to agriculture;
- Non-government organizations with experience working with agricultural producers; and
- Non-Federal government agencies.

This is the second funding opportunity for On-Farm Trials, authorized through the 2018 Farm Bill. In 2019, NRCS funded 16 On-Farm Trials projects.

The On-Farm Trials component is distinct from the national CIG competitive grants funding, which is used to support early pilot projects or demonstrations of promising conservation approaches and technologies and is not typically provided directly to producers.

For more information, please visit the grants.gov funding opportunity for 2020 or visit NRCS's On-Farm Trials webpage.
