

August 2017



Farm Service Agency **Electronic News Service**

NEWSLETTER

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South Carolina Farm Service Agency Newsletter

South Carolina Farm Service Agency

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State Committee:

Robert Battle, Chairperson
Warren Dixon
Mary Frances Koon
Don Sharp

Elections for the 2017 County Committee

Elections USDA's Farm Service Agency's (FSA) County Committees are underway.

It is important that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the USDA. The 2017 elections will be conducted for the representative in the following Local Administrative Area (LAA): LAA 1 for all counties in SC and LAA 1 and LAA 4 in Abbeville/Greenwood/McCormick.

County committee members are a critical component of FSA operations. Committees should be comprised of members who reflect the diversity of producers involved in production agriculture in the county. This means that producers representing underserved groups or communities should be on the committee to speak on behalf of their constituency.

Acting State Executive Director:

W. Jack Nettles

Administrative Officer:

Toni Turner

Farm Programs Chief:

Amy Turner

Acting Farm Loan Programs Chief:

Larry Rogers

Underserved producers are beginning, women and other minority farmers and ranchers and land owners and/or operators who have limited resources. Other minority groups including Native American and Alaska Natives; persons under the poverty level, and persons that have disabilities are also considered underserved.

County committee election ballots will be mailed to eligible voters on Nov. 6, 2017. The last day to return completed ballots to the county USDA service center is Dec. 4, 2017.

For more information on eligibility to serve on FSA county committees, visit: www.fsa.usda.gov/elections.

Payments to Deceased Producers

Producers can contact their [local FSA Office](#) for more information or to schedule an appointment.

In order to claim a Farm Service Agency (FSA) payment on behalf of a deceased producer, all program conditions for the payment must have been met before the applicable producer's date of death.

If a producer earned a FSA payment prior to becoming deceased, the following is the order of precedence of the representatives of the producer:

Important Dates and Deadlines:

September 4: Offices Closed for Labor Day

- administrator or executor of the estate
- the surviving spouse
- surviving sons and daughters, including adopted children
- surviving father and mother
- surviving brothers and sisters
- heirs of the deceased person who would be entitled to payment according to the State law

In order for FSA to release the payment, the legal representative of the deceased producer must file a form FSA-325, to claim the payment for themselves or an estate. The county office will verify and determine that the application, contract, loan agreement, or other similar form requesting payment issuance, was signed by the applicable deadline for such form, by the deceased or a person legally authorized to act on their behalf at that time of application.

If the application, contract or loan agreement form was signed by someone other than the participant who is deceased, FSA will determine whether the person submitting the form has the legal authority to submit the form to compel FSA to pay the deceased participant.

Payments will be issued to the respective representative's name using the deceased program participant's tax identification number. Payments made to representatives are subject to offset regulations for debts owed by the deceased.

FSA is not responsible for advising persons in obtaining legal advice on how to obtain program benefits that may be due to a participant who has died, disappeared or who has been declared incompetent.

New Actively Engaged Provisions for Non-Family Joint Operations or Entities

Many Farm Service Agency programs require all program participants, either individuals or legal entities, to be "actively engaged in farming". This means participants provide a significant contribution to the farming operation, whether it is capital, land, equipment, active personal labor

and/or management. For entities, each partner, stockholder or member with an ownership interest, must contribute active personal labor and/or management to the operation on a regular basis.

The 2014 Farm Bill established additional payment eligibility provisions relating to the farm management component of meeting “actively engaged in farming”. These new provisions apply to joint operations comprised of non-family members or partners, stockholders or persons with an ownership in the farming operation. Effective for 2016 and subsequent crop years, non-family joint operations are afforded to one member that may use a significant contribution of active personal management exclusively to meet the requirements to be determined “actively engaged in farming”. The person or member will be defined as the Farm Manager for the purposes of administering these new management provisions.

In some instances, additional persons or members of a non-family member joint operation who meet the definition of Farm Manager may also be allowed to use such a contribution of active personal management to meet the eligibility requirements. However, under no circumstances may the number of Farm Managers in a non-family joint operation exceed a total of three in any given crop and program year.

MAL and LDP Policy

The Agricultural Act of 2014 authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs), with a few minor policy changes.

Among the changes, farm-stored MAL collateral transferred to warehouse storage will retain the original loan rate, be allowed to transfer only the outstanding farm-stored quantity with no additional quantity allowed and will no longer require producers to have a paid for measurement service when moving or commingling loan collateral.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool and honey. 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. A producer who is eligible to obtain a loan, but agrees to forgo the loan, may obtain an LDP if such a payment is available. Marketing loan provisions and LDPs are not available for sugar and extra-long staple cotton.

FSA is now accepting requests for 2017 MALs and LDPs for all eligible commodities after harvest. Requests for loans and LDPs shall be made on or before the final availability date for the respective commodities.

Before MAL repayments with a market loan gain or LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution.

Commodity certificates are available to loan holders who have outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan. MALs redeemed with commodity certificates are not subject to the actively engaged in farming, cash-rent tenant, Adjusted Gross Income provisions or the payment limitation.

To be considered eligible for an LDP, producers must have form [CCC-633EZ](#), Page 1 on file at their local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

The 2014 Farm Bill also establishes payment limitations per individual or entity not to exceed \$125,000 annually on certain commodities for the following program benefits: price loss coverage payments, agriculture risk coverage payments, marketing loan gains (MLGs) and LDPs. These

payment limitations do not apply to MAL loan disbursements or redemptions using commodity certificate exchange.

Adjusted Gross Income (AGI) provisions were modified by the 2014 Farm Bill, which states that a producer whose total applicable three-year average AGI exceeds \$900,000 is not eligible to receive an MLG or LDP. Producers must have a valid CCC-941 on file to earn a market gain of LDP. The AGI does not apply to MALs redeemed with commodity certificate exchange.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.

Policy Updates for Acreage Reporting

The USDA Farm Service Agency (FSA) recently made several policy updates for acreage reporting for cover crops, revising intended use, late-filed provisions, grazing allotments as well as updated the definitions of "idle" and "fallow."

Reporting Cover Crops:

FSA made changes to the types of cover crops. Cover crop types can be chosen from the following four categories:

- **Cereals and other grasses** - Any cover crop that is classified as a grass plant or cereal grain, and would include, but not be limited to, the following cover crops: cereal rye, wheat, barley, oats, black oats, triticale, annual ryegrass, pearl millet, foxtail millet (also called German, Italian or Hungarian millet), sorghum sudan grass, sorghum and other millets and grasses.
- **Legumes** - Any cover crop that is classified as a legume, including, but not limited to, clovers, vetches, peas, sun hemp, cowpeas, lentils and other legumes.
- **Brassicas and other broadleaves** - Any cover crop that is classified as a non-legume broadleaf, including, but not limited to, Brassicas such as radishes, turnips, canola, rapeseed, oilseed rape, and mustards, as well as other broadleaf plants such as phacelia, flax, sunflower, buckwheat, and safflower.
- **Mixtures** - Mixes of two or more cover crop species planted at the same time, for example, oats and radishes.

If the cover crop is harvested for any use other than forage or grazing and is not terminated according to policy guidelines, then that crop will no longer be considered a cover crop and the acreage report must be revised to reflect the actual crop.

Permitted Revision of Intended use After Acreage Reporting Date:

New operators or owners who pick up a farm after the acreage reporting deadline has passed and the crop has already been reported on the farm, have 30 days to change the intended use. Producer share interest changes alone will not allow for revisions to intended use after the acreage reporting date. The revision must be performed by either the acreage reporting date or within 30 calendar days from the date when the new operator or owner acquired the lease on land, control of the land or ownership and new producer crop share interest in the previously reported crop acreage. Under this policy, appropriate documentation must be provided to the County Committee's satisfaction to determine that a legitimate operator or ownership and producer crop share interest change occurred to permit the revision.

Acreage Reports:

In order to maintain program eligibility and benefits, producers must timely file acreage reports. Failure to file an acreage report by the crop acreage reporting deadline may result in ineligibility for future program benefits. FSA will not accept acreage reports provided more than a year after the acreage reporting deadline.

Reporting Grazing Allotments:

FSA offices can now accept acreage reports for grazing allotments. Producers will use form "FSA-578" to report grazing allotments as animal unit months (AUMs) using the "Reporting Unit" field. The local FSA office will need the grazing period start and end date and the percent of public land.

Definitions of Terms

FSA defines "idle" as cropland or a balance of cropland within a Common Land Unit (CLU) (field/subfield) which is not planted or considered not planted and does not meet the definition of fallow or skip row. For example, the balance of a field that could not be planted due to moisture or a turn area that is not planted would be reported as idle.

Fallow is considered unplanted cropland acres which are part of a crop/fallow rotation where cultivated land that is normally planted is purposely kept out of production during a regular growing season. Resting the ground in this manner allows it to recover its fertility and conserve moisture for crop production in the next growing season.

USDA Announces Additional Financial Incentives for Conservation Reserve Program Participants to Improve Forest Health and Enhance Wildlife Habitat

In an effort to improve wildlife habitat and the health of private forest lands, the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) announced additional incentives available for Conservation Reserve Program (CRP) participants to actively manage forest lands enrolled in the program.

Under the provisions of the 2014 Farm Bill, \$10 million is available nationwide to eligible CRP participants. Those selected will be encouraged to thin, prescribe burn or otherwise manage their forests in order to allow sunlight to reach the forest floor. This will encourage the development of grasses, forbs and legumes, benefitting numerous species including pollinators and grassland-dependent birds such as the northern bobwhite.

Eligibility is limited to landowners and agricultural producers already enrolled in CRP with conservation covers primarily containing trees. Incentive payments, not to exceed 150 percent of the cost to implement a particular customary forestry activity as described, have been established. CRP participants meeting eligibility requirements and interested in making offers to participate should visit their local FSA county office.

For more information about FSA conservation programs, visit the FSA office at the local USDA service center or go to www.fsa.usda.gov/conservation.

USDA Offers Targeted Farm Loan Funding for Underserved Groups and Beginning Farmers

The USDA Farm Service Agency (FSA) reminds producers that FSA offers targeted farm ownership and farm operating loans to assist underserved applicants as well as beginning farmers and ranchers.

USDA defines underserved applicants as a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities. For farm loan program purposes, targeted underserved groups are women, African Americans, American Indians and Alaskan Natives, Hispanics and Asians and Pacific Islanders.

Underserved or beginning farmers and ranchers who cannot obtain commercial credit from a bank can apply for either FSA direct loans or guaranteed loans. Direct loans are made to applicants by FSA. Guaranteed loans are made by lending institutions who arrange for FSA to guarantee the loan. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. The FSA

guarantee allows lenders to make agricultural credit available to producers who do not meet the lender's normal underwriting criteria.

The direct and guaranteed loan program provides for two types of loans: farm ownership loans and farm operating loans. In addition to customary farm operating and ownership loans, FSA now offers Microloans through the direct loan program. The focus of Microloans is on the financing needs of small, beginning farmer, niche and non-traditional farm operations. Microloans are available for both ownership and operating finance needs. To learn more about microloans, visit www.fsa.usda.gov/microloans.

To qualify as a beginning producer, the individual or entity must meet the eligibility requirements outlined for direct or guaranteed loans. Additionally, individuals and all entity members must have operated a farm for less than 10 years. Applicants must materially or substantially participate in the operation.

For more information on FSA's farm loan programs and targeted underserved and beginning farmer guidelines, visit www.fsa.usda.gov/farmloans.

Maintaining Good Credit History

Farm Service Agency (FSA) Farm Loan programs require that applicants have a satisfactory credit history. A credit report is requested for all FSA direct farm loan applicants. These reports are reviewed to verify outstanding debts, if bills are paid timely and to determine the impact on cash flow.

Information found on a customer's credit report is strictly confidential and is used only as an aid in conducting FSA business.

Our farm loan staff will discuss options with you if you have an unfavorable credit report and will provide a copy of your report. If you dispute the accuracy of the information on the credit report, it is up to you to contact the issuing credit report company to resolve any errors or inaccuracies.

There are multiple ways to remedy an unfavorable credit score.

- Make sure to pay bills on time. Setting up automatic payments or automated reminders can be an effective way to remember payment due dates.
- Pay down existing debt.
- Keep your credit card balances low.
- Avoid suddenly opening or closing existing credit accounts.

FSA's farm loan staff will guide you through the process, which may require you to reapply for a loan after improving or correcting your credit report.

For more information on FSA farm loan programs, visit www.fsa.usda.gov.

Loan Servicing

There are options for Farm Service Agency loan customers during financial stress. If you are a borrower who is unable to make payments on a loan, contact your local FSA Farm Loan Manager to learn about the options available to you.

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).