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Texas FSA Newsletter

Farm Service Agency Texas State Office

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From the State Executive Director

Texas Farm Service Agency (FSA) offers a unique opportunity to connect local producers and farm communities to the highest level of USDA through FSA's County Committees (COC).

County Committees are a vital part of delivering federal farm programs. County Committees, the FSA State Committee, and the Texas FSA State Office work together to respond to the needs and challenges of Texas farmers and ranchers. This process means the voice of the producer is heard throughout FSA.

Local farmers and ranchers vote to elect County Committee members to represent them. Committee members each serve a three-year term. Advisors are also appointed annually to represent underserved and under-represented producers.

Executive Officer:

Eddie Trevino

Division Chiefs:

Ronda Arnett
Chris Morris
Darren Owens
David Sullivan
Micky Woodard

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

Several important dates are approaching, making this is a great time to get involved in the County Committee election process. Ballots were mailed to eligible voters November 7. The last day to return completed ballots to your local USDA Service Center is December 5. Newly-elected committee members take office January 1, 2017.

Committees operate within federal regulations and agency policies, while providing local input on implementation of FSA programs including:

- Income safety-net loans and payments, including setting county average yields for commodities
- Conservation and Emergency programs
- Incentive, indemnity, and disaster payments for some commodities
- Payment eligibility

All eligible farmers and ranchers, including women, minorities, and beginning farmers, can get involved by voting in County Committee elections.

To learn more about County Committee elections, visit <http://www.fsa.usda.gov/elections> or <http://www.fsa.usda.gov>, or contact your local FSA county office. To find your local FSA county office, visit <http://offices.usda.gov>.

Sincerely,
Judith A. Canales
Texas Farm Service Agency Executive Director

USDA Invests \$1.7 Billion to Protect Sensitive Agricultural Lands through Conservation Reserve Program

More than One Half Million Americans Involved with Protecting 24 Million Acres

USDA will issue nearly \$1.7 billion in payments to more than half of a million Americans who have contracts with the government to protect sensitive agricultural lands. The investment, part of the voluntary USDA Conservation Reserve Program (CRP), will allow producers to protect almost 24 million acres of wetlands, grasslands, and wildlife habitat in 2016.

CRP provides financial assistance to farmers and ranchers who remove environmentally sensitive land from production to be planted with certain grasses, shrubs and trees that improve water quality, prevent soil erosion, and increase wildlife habitat. In return for enrolling in CRP, USDA, through the Farm Service Agency (FSA), provides participants with rental payments and cost-share assistance. Landowners enter into contracts that last between 10 and 15 years.

More than 1.3 million acres were newly enrolled in CRP in fiscal year 2016 using the continuous enrollment authority, double the pace of the previous year. In fiscal year 2016, FSA also accepted 411,000 acres through its general enrollment authority, plus 101,000 acres in the new CRP-

Grasslands program, which balances conservation with working lands. More than 70 percent of the acres enrolled in CRP-Grasslands are diverse native grasslands under threat of conversion, with more than 97 percent of the acres having a new, veteran or underserved farmer or rancher as a primary producer.

CRP has sequestered an annual average of 49 million tons of greenhouse gases, equal to taking nine million cars off the road, and prevented nine billion tons of soil from erosion, enough to fill 600 million dump trucks.

Find more information about CRP at your local FSA office or online at www.fsa.usda.gov/crp. Visit www.fsa.usda.gov/crpis30 or follow Twitter at #CRPis30 for program anniversary background and success stories. To locate your local FSA office, visit <http://offices.usda.gov>.

USDA Announces Streamlined Guaranteed Loans, Additional Lender Category for Small-Scale Operators

Options Help More Beginning, Small and Urban Producers Gain Access to Credit

The U.S. Department of Agriculture (USDA) announced the availability of a streamlined version of USDA guaranteed loans, which are tailored for smaller scale farms and urban producers. The program, called EZ Guarantee Loans, uses a simplified application process to help beginning, small, underserved and family farmers and ranchers apply for loans of up to \$100,000 from USDA-approved lenders to purchase farmland or finance agricultural operations.

USDA also unveiled a new category of lenders that will join traditional lenders, such as banks and credit unions, in offering USDA EZ Guarantee Loans. Microlenders, which include Community Development Financial Institutions and Rural Rehabilitation Corporations, will be able to offer their customers up to \$50,000 of EZ Guaranteed Loans, helping to reach urban areas and underserved producers. Banks, credit unions and other traditional USDA-approved lenders, can offer customers up to \$100,000 to help with agricultural operation costs.

EZ Guarantee Loans offer low interest rates and terms up to seven years for financing operating expenses and 40 years for financing the purchase of farm real estate. USDA-approved lenders can issue these loans with the Farm Service Agency (FSA) guaranteeing the loan up to 95 percent.

USDA is providing a 90-day period for the public to review and comment on program improvements. To review program details, visit www.regulations.gov, reference RIN 0560-AI34 and follow the instructions to submit comments.

More than half of all FSA loans go to new farmers and more than a quarter to underserved borrowers. FSA also offers loans of up to \$5,000 to young farmers and ranchers through the Youth Loan Program. Loans are made to eligible youth to finance agricultural projects, with almost 9,000 young people now participating. More information about the available types of FSA farm loans can be found at www.fsa.usda.gov/farmloans or by contacting your local FSA office. To find your nearest office location, visit <http://offices.usda.gov>.

Loans for Targeted Underserved Producers

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or to purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, FSA has provided priority funding for members of targeted underserved applicants.

A targeted underserved applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

For purposes of this program, targeted underserved groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

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.

Enrollment Deadline for Dairy Margin Protection Dec. 16

The deadline for dairy producers to enroll in the Margin Protection Program (MPP) for Dairy is Dec. 16, 2016. 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.

Farm Storage Facility Loans

FSA's Farm Storage Facility Loan (FSFL) program provides low-interest financing to producers to build or upgrade storage facilities.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, minor oilseeds harvested as whole grain, pulse crops (lentils, chickpeas and dry peas), hay, honey, renewable biomass, fruits, nuts and vegetables for cold storage facilities, floriculture, hops, maple sap, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water). Qualified facilities include grain bins, hay barns and cold storage facilities for eligible commodities.

Loans up to \$50,000 can be secured by a promissory note/security agreement and some loans between \$50,000 and \$100,000 will no longer require additional security.

Producers do not need to demonstrate the lack of commercial credit availability to apply. The loans are designed to assist a diverse range of farming operations, including small and mid-sized businesses, new farmers, operations supplying local food and farmers markets, non-traditional farm products, and underserved producers.

To learn more about the FSA Farm Storage Facility Loan, visit www.fsa.usda.gov/pricesupport or contact your local FSA county office. To find your local FSA county office, visit <http://offices.usda.gov>.

Enrollment Period Announced for 2017 Safety Net Coverage

The USDA Farm Service Agency (FSA) announced that producers on farms with base acres under the safety net programs established by the 2014 Farm Bill, known as the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs, can begin visiting FSA county offices starting Nov. 1, 2016, to sign contracts and enroll for the 2017 crop year. The enrollment period will continue until Aug. 1, 2017.

Since shares and ownership of a farm can change year-to-year, producers on the farm must enroll by signing a contract each program year.

If a farm is not enrolled during the 2017 enrollment period, the producers on that farm will not be eligible for financial assistance from the ARC or PLC programs for the 2017 crop should crop prices or farm revenues fall below the historical price or revenue benchmarks established by the program.

Producers who made their elections in 2015 must still enroll during the 2017 enrollment period.

The ARC and PLC programs were authorized by the 2014 Farm Bill and offer a safety net to agricultural producers when there is a substantial drop in prices or revenues for covered commodities. Covered commodities include barley, canola, large and small chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium grain rice (which includes short grain and sweet rice), safflower seed, sesame, soybeans, sunflower seed and wheat. Upland cotton is no longer a covered commodity. For more details regarding these programs, go to www.fsa.usda.gov/arc-plc.

For more information, producers are encouraged to visit their local FSA office. To find a local FSA office, visit <http://offices.usda.gov>.

2017 Acreage Reporting Dates

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit their local FSA office to file an accurate crop certification report by the applicable deadline.

Acreage reporting dates vary by crop and by county so please contact your local FSA office for a list of county-specific deadlines.

The following exceptions apply to acreage reporting dates:

- If the crop has not been planted by the applicable acreage reporting date, then acreage must be reported no later than 15 calendar days after planting is completed
- If a producer acquires additional acreage after applicable acreage reporting date, then acreage must be reported no later than 30 calendar days after purchase or acquiring the lease; Appropriate documentation must be provided to the county office
- If a perennial forage crop is reported with the intended use of "cover only," "green manure," "left standing," or "seed," then acreage must be reported by July 15

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the applicable dates or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact your local FSA office.

Report Livestock Losses

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock death losses in excess of normal mortality due to adverse weather 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 hurricanes, floods, blizzards, wildfires, extreme heat or extreme cold.

For 2016, eligible losses must occur on or after Jan. 1, 2016, and no later than 60 calendar days from the ending date of the applicable adverse weather event or attack. A notice of loss must be filed with FSA within 30 days of when the loss of livestock is apparent. Participants must provide the following supporting documentation to their local FSA office no later than 90 calendar days after

the end of the calendar year in which the eligible loss condition occurred:

- Proof of death documentation
- Copy of growers 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 400 pounds) = 3%. These established percentages reflect losses that are considered expected or typical under “normal” conditions. Producers who suffer livestock losses in 2016 must file both of the following:

- Notice of loss the earlier of 30 calendar days of when loss was apparent or by Jan. 30, 2017
- An application for payment by Mar. 30, 2017

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

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 of Dec. 1, 2016.

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, and honey.

Marketing Assistance Available for 2016 Corn, Grain Sorghum, Peanuts, Rice, Cotton, Other Crops in Texas

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

In Texas, wheat prices remain in a range where LDPs are applicable, so producers should become familiar with the process to access this assistance.

MALs and LDPs provide financing and marketing assistance for cotton and peanuts, as well as other commodities such as corn, grain sorghum, rice, soybeans and other oilseeds, pulse crops, 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 an MAL, but agrees to forgo the loan, may obtain an LDP if such a payment is available.

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](#).

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).