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Farm Service Agency

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NEWSLETTER



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FSA News - Lone Star State Edition

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Marketing Assistance Available for Some 2017 Texas Crops

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

In Texas, some crop prices are nearing a range where LDPs may be applicable, so producers should become familiar with the process to access this assistance.

MALs and LDPs provide financing and marketing assistance for applicable crops, as well as other commodities including 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 an MAL, but agrees to forgo the loan, may obtain an LDP if such a payment is available.

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To be eligible for a 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 planting through the date the producer filed Form CCC-633EZ (page 1) at their FSA County Office.

To find contact information for your local office go to:

www.fsa.usda.gov/tx

For more information, producers should contact their local FSA county office or view the LDP Fact Sheet.

Emergency Conservation Program Assistance Available in Texas Counties Affected by Recent Disasters

The Emergency Conservation Program (ECP) provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters and to implement emergency water conservation measures in periods of severe drought.

The following counties are eligible for ECP assistance following recent tornadoes in Northeast Texas: Henderson, Hopkins, Rains, and Van Zandt.

For land to be eligible, the natural disaster must create new conservation problems that, if untreated, would:

- Be so costly to rehabilitate that Federal assistance is needed to return land to productive agricultural use
- Is unusual and is not the type that would recur frequently in same area
- Affect productive capacity of farmland
- Impair or endanger land

A producer qualifying for ECP assistance may receive cost-share levels not to exceed 75 percent of the eligible cost of restoration measures. No producer is eligible for more than \$200,000 cost sharing per natural disaster occurrence. The following types of measures may be eligible:

- Removing debris from farmland
- Grading, shaping, or releveling severely damaged farmland
- Restoring permanent fences
- Restoring conservation structures and other similar installations

Producers who suffer natural disaster losses should contact the local FSA Office for ECP deadlines.

To be eligible for assistance, practices must not be started until all of the following are met:

- Application for cost-share assistance has been filed
- Local FSA County Committee (COC) or its representative has conducted an onsite inspection of the damaged area
- Agency responsible for technical assistance, such as the Natural Resource Conservation Service (NRCS), has made a needs determination, which may include cubic yards of earthmoving, etc., required for rehabilitation

For more information about ECP, please visit www.fsa.usda.gov.

Farm Storage Facility Loans

FSA's Farm Storage Facility Loan (FSFL) program provides low-interest financing to producers to build or upgrade storage facilities and to purchase portable (new or used) structures, equipment and storage and handling trucks.

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 loans between \$50,000 and \$100,000 may require additional security. Loans exceeding \$100,000 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 office. To find your local FSA county office, visit <http://offices.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, other Grasses** - Any cover crop classified as a grass plant or cereal grain, including, but not limited to: 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 classified as legume, including, but not limited to: clovers, vetches, peas, sun hemp, cowpeas, lentils, and other legumes
- **Brassicas, other Broadleaves** - Any cover crop classified as non-legume broadleaf, including, but not limited to: Brassicas such as radishes, turnips, canola, rapeseed, oilseed rape, and mustards; 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 ground in this manner allows it to recover fertility and conserve moisture for crop production in the next growing season.

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 a farm or land of an operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by August 1 of the FY for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. A reconstitution is considered to be requested when all:

- Required signatures are on FSA-155
- Other applicable documentation, such as proof of ownership, are submitted

Total Conservation Reserve Program (CRP) or non-ARC/PLC farms may be reconstituted anytime.

The following are the different Methods used when doing a farm recon:

- **Estate**— division of bases, allotments, quotas for parent farm among heirs settling estate
- **Designation of Landowner**—used when (1) part of farm is sold or ownership transferred; (2) entire farm sold to two or more persons; (3) farm ownership transferred to two or more persons; (4) part of tract is sold or ownership is transferred; (5) tract sold to two or more persons; or (6) tract ownership transferred to two or more persons; land sold must have been owned for at least three years, or waiver granted, and buyer and seller must sign a Memorandum of Understanding
- **DCP Cropland**—division of bases in same proportion that DCP cropland for each resulting tract relates to DCP cropland on parent tract
- **Default**—division of bases for parent farm with each tract maintaining bases attributed to tract level when reconstitution is initiated in system

Update Your Records

FSA is cleaning up our producer record database. If you have any unreported changes of address or zip code or an incorrect name or business name on file they need to be reported to our office.

Changes in your farm operation, like the addition of a farm by lease or purchase, need to be reported to our 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 to begin the process.

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:

- 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 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.

Guaranteed Loan Program

FSA guaranteed loans allow lenders to provide agricultural credit to farmers who do not meet the lender's normal underwriting criteria. Farmers and ranchers apply for a guaranteed loan through a lender, and the lender arranges for the guarantee. FSA can guarantee up to 95 percent of the loss of principal and interest on a loan. Guaranteed loans can be used for both farm ownership and operating purposes.

Guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, develop farmland to promote soil and water conservation or to refinance debt.

Guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance and other operating expenses.

FSA can guarantee farm ownership and operating loans up to \$1,399,000. Repayment terms vary depending on the type of loan, collateral and the producer's ability to repay the loan. Operating loans are normally repaid within seven years and farm ownership loans are not to exceed 40 years.

Please contact your lender or local FSA farm loan office for more information on guaranteed loans.

FSA Offers Targeted Farm Loan Funding for Underserved Groups, 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.

Filing CCC-941 Adjusted Gross Income (AGI) Certifications

Many producers have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs) and Market Gains on Marketing Assistance Loans (MALs) because they have not filed form CCC-941, Adjusted Gross Income Certification. LDPs will not be paid until all eligible producers, including landowners who share in the crop, have filed a valid CCC-941.

Producers without a valid CCC-941 certifying their compliance with the average adjusted gross income provisions will not receive payments that have been processed. All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should immediately file the form with their recording county FSA office. Farm operators and tenants are

encouraged to ensure that their landowners have filed the form. FSA has been issuing 2016 LDPs and Market Gains.

FSA can accept the CCC-941 for 2015, 2016 and 2017. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

CRP Participants Must Maintain Approved Cover on Acreage Enrolled in CRP, Farm Programs

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 must also 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 is March 1 through July 1 in Texas. However, spot treatment of the acreage may be allowed during the primary nesting or brood rearing season if, left untreated, the weeds, insects or undesirable species would adversely impact the approved cover. In this instance, spot treatment is limited to the affected areas in the field and requires County Committee approval prior to beginning the spot treatment. The County Committee will consult with NRCS to determine if such activities are needed to maintain the approved cover.

Annual mowing of CRP for generic weed control or cosmetic purposes is prohibited at all times.

Highly Erodible Land and Wetland Conservation Certification Must be Filed to Receive FSA Benefits

The 2014 Farm Bill requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file with their local Farm Service Agency (FSA) office in order to maintain eligibility for premium support on federal crop insurance.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and the Natural Resources Conservation Service (NRCS). This includes financial assistance from the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, the Conservation Reserve Program (CRP), livestock disaster assistance programs, Marketing Assistance Loans (MALs) and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program (EQIP), the Conservation Stewardship Program and other conservation programs implemented by NRCS.

The AD-1026 form must be submitted before the June 1, 2017 deadline. When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required conservation compliance provisions. Form AD-1026 is available at USDA Service Centers and online at: www.fsa.usda.gov. Please contact your local USDA Service Center for more information.

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).