February 2018

Farm Service Agency Electronic News Service

NEWSLETTER

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February 2018 Topics

Virginia FSA State Newsletter

Virginia FSA
State Office

Nivin A. Elgohary
State Executive Director

1606 Santa Rosa Rd
Suite 138
Richmond, VA 23229

State Executive Director Message

As we move through the second quarter of the fiscal year, we are proudly following Secretary Perdue’s leadership and ensuring that the Farm Service Agency (FSA) in Virginia will “do right and feed everyone”. We are committed to providing extraordinary customer service at our service centers while administering loans and delivering the programs throughout the State. The FSA team throughout Virginia continues to provide awareness of our benefits and loan products to producers, to keep them abreast of all

804-287-1503
855-621-5866 fax

Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

State Office Staff
Pete Adamson
Chief Farm Loans

Brent L. Whitlock
Chief Farm Programs

Connie Washburn-Marsh
Chief Administration Officer

Diane Lenoir-Giles
Public Relations/Outreach Specialist

Virginia FSA Internet
More Information about Virginia FSA programs, activities and news can be found on the VA FSA Internet at

http://www.fsa.usda.gov/va

To learn more about FSA programs you can also visit the National website at http://www.fsa.usda.gov

available programs. I encourage you to visit your local service center to learn more about our loans and programs.

In addition, we work with County Committee members in administering USDA programs during our regularly scheduled meetings. January 2018 brought about a change to many of our County Committees and we are looking forward to working with new members. County Committee members are local farmers elected by their communities and peers. The County Committee provides guidance on farm programs to help their County Office deliver programs to our customer base.

January 4, Secretary Perdue appointed the Virginia FSA State Committee. We welcome our new committee members and I look forward to working with them as we join in moving Virginia to higher heights with FSA programs. Please visit our website, https://www.fsa.usda.gov/state-offices/Virginia/Index to meet our State Committee members.

As the State Executive Director, the FSA team and I am certainly excited about working with the State and County committees, who continue to support our producers throughout Virginia. I look forward to USDA's exceptional service in agriculture for Virginia's farmers.

Conquering Financial Statements

If you find balance sheets and income statements intimidating, perhaps you should join some fellow farmers on March 8, 2018 @ 9:00 a.m. in Richmond for a day's workshop on the subject. Farm Service Agency (FSA) loan officers are putting on a workshop on completing these fundamental, but critical, financial documents. In addition, you will learn why it is important to complete these every year and how to use them to measure your business performance. Whether you have plans on seeking credit or not, these statements properly done provide you valuable insight into your business and provide you a critical planning tool.

We are limiting participation to 20 so that we can provide some individual attention to participants. Please RSVP to Diane.Lenoir-Giles@va.usda.gov to claim a spot.

USDA Announces a Near-Record Year for Farm Loans

Infusing Rural Communities with Stronger Businesses and Sounder Agricultural Economies

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) announced another year of high activity in its farm loan programs. Hard-working farm families across the country accessed nearly $6 billion in new credit, either directly or guaranteed through commercial lenders in 2017. At year end, FSA was assisting more than 120,000 family farmers with loans totaling just over $25 billion.

FSA provides a variety of loan assistance, including direct and guaranteed farm ownership loans, operating loans and even direct Microloans up to $50,000 and EZ Guarantees up to $100,000 with streamlined application processes.

More than 25,000 direct and guaranteed FSA loans went to beginning or underserved farmers and ranchers. Over 4,200 beginning farmers received direct farm ownership loans from FSA to make their first land purchase. And of the approximately 6,500 Microloans made in the last fiscal year, three-quarters (almost 4,900) went to beginning farmers, 1,000 went to women and 400 to veterans.

FSA’s direct farm loans are unique in that the agency provides technical assistance in addition to credit. Consistent with efforts to continually improve technical assistance, today FSA announced the publication of two booklets that will serve as important informational tools and resources for existing and prospective farm loan borrowers.

Your FSA Farm Loan Compass booklet was recently developed specifically for farmers and ranchers who have an existing farm loan with FSA. It provides detailed guidance outlining borrower responsibilities and the servicing options that FSA offers. It also addresses common questions borrowers may have as they navigate through loan program requirements and the financial concepts involved.

Originally published in 2012, **Your Guide to FSA Farm Loans** was designed for new loan customers. It provides information about the various types of farm loans available and guides new borrowers through the application process. The revised version addresses program changes and includes new loan offerings, like the popular Microloan program that was rolled out after the publication of the original Guide.

“Your FSA Farm Loan Compass” and “Your Guide to FSA Farm Loans” are available on the FSA website at www.fsa.usda.gov/dafl. Farmers and ranchers are encouraged to download and share them with others in their community who may require assistance in understanding FSA’s loans and servicing processes. For additional information about FSA farm loans, please contact your loan officer or other FSA staff at your local office. To find your local FSA office, visit http://offices.usda.gov.

Census of Agriculture Response Deadline One Week Away

The U.S. Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS) reminds our nation’s farmers and ranchers that the deadline for the 2017 Census of Agriculture is one week away. Producers should respond online at www.agcounts.usda.gov or by mail by February 5.The online questionnaire offers new timesaving features.

The Census of Agriculture is the only NASS questionnaire mailed to every producer across the country and is conducted just once every five years. The Census provides a complete account of the industry, its changes, and emerging trends. Census data are widely used, often relied on when developing the Farm Bill and other farm policy, and when making decisions about disaster relief, community planning, technology development, and more.

“We are asking producers to help show our nation the value and importance of American agriculture,” said U.S. Secretary of Agriculture Sonny Perdue. “We need to hear from all of our farmers and ranchers, no matter how big or how small their part of agriculture. The Census is their voice, their future, their opportunity. Please respond now.”

Everyone who received the 2017 Census of Agriculture questionnaire is to return it, even if they are not currently farming. The first few qualifying questions on the form will determine whether completing the entire questionnaire is necessary. After the February 5 deadline, NASS will begin following-up with additional mailings, e-mails, phone calls, and personal appointments. To avoid these additional contacts, farmers and ranchers are asked to complete their Census as soon as possible.

“It is important that every producer respond to the Census of Agriculture so that they are represented and reflected in the data,” said NASS Administrator Hubert Hamer. “These statistics can directly impact producers for years. Without their input, our hardworking farmers and ranchers risk being underserved.”

The Census is the only source of uniform, comprehensive, and impartial agriculture data for every state and county in the nation. Producers are required by law to respond; NASS is required by the same federal law to keep all information confidential, use the data only for statistical purposes, and only publish in aggregate form to prevent disclosing the identity of any individual producer or farm operation.

For more information about the 2017 Census of Agriculture, visit www.agcensus.usda.gov. For questions or assistance with the Census, call toll-free (888) 424-7828.

USDA Encourages Producers to Consider NAP Risk Protection Coverage before February 15th Deadline

The Farm Service Agency encourages producers to examine available USDA crop risk protection options, including the Noninsured Crop Disaster Assistance Program (NAP) coverage, before the February 15, 2018 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.

Producers can determine if crops are eligible for federal crop insurance or NAP by visiting https://webapp.rma.usda.gov/apps/actuarialinformationbrowser2017/CropCriteria.aspx.

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.

Payment Limitations by Program

The 2014 Farm Bill established a maximum dollar amount for each program that can be received annually, directly or indirectly, by each person or legal entity. Payment limitations vary by program for 2014 through 2018.

Below is an overview of payment limitations by program.

Commodity and Price Support Programs
The annual limitation for the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, Loan Deficiency Payments (LDPs) and Market Loan Gains is $125,000 total.

Conservation Programs
The Conservation Reserve Program (CRP) annual rental payment and incentive payment is limited to $50,000. CRP contracts approved before Oct. 1, 2008, may exceed the limitation, subject to payment limitation rules in effect on the date of contract approval.

The Emergency Conservation Program (ECP) has an annual limit of $200,000 per disaster event. The Emergency Forest Restoration Program (EFRP) has an annual limit of $500,000 per disaster event.

Disaster Assistance Programs
The annual limitation of $125,000 applies to the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), Livestock Forage Disaster Program (LFP) and Livestock Indemnity Program (LIP). The total payments received under ELAP, LFP and LIP may not exceed $125,000. A separate limitation of $125,000 applies to Tree Assistance Program (TAP) payments. There is also a separate $125,000 payment limit for the Noninsured Crop Disaster Assistance Program (NAP).

Payment limitations also apply to Natural Resources Conservation Service (NRCS) programs. Contact your local NRCS office more information.

For more information on FSA payment limitations by program, visit https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2015/payment_eligibility_payment_limitations.pdf

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 ARC/PLC payments and 2017 CRP payments.

FSA can accept the CCC-941 for 2015, 2016, 2017 and 2018. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

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.

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) program. A reconstitution is considered to be requested when all:

- of the required signatures are on FSA-155
- other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time.

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 Announces Enrollment Period for Safety Net Coverage in 2018

FSA today announced that starting Nov. 1, 2017, farmers and ranchers with base acres in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) safety net program may enroll for the 2018 crop year. The enrollment period will end on Aug. 1, 2018.

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

The producers on a farm that are not enrolled for the 2018 enrollment period will not be eligible for financial assistance from the ARC or PLC programs for the 2018 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 previous years must still enroll during the 2018 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.

USDA Announces Changes to Fruit, Vegetable and Wild Rice Planting Rules

Farm Service Agency (FSA) has announced fruit, vegetable and wild rice provisions that affect producers who intend to participate in certain programs authorized by the Agricultural Act of 2014.

Producers who intend to participate in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs are subject to an acre-for-acre payment reduction when fruits and nuts, vegetables or wild rice are planted on the payment acres of a farm. Payment reductions do not apply to mung beans, dry peas, lentils or chickpeas. Planting fruits, vegetables or wild rice on acres that are not considered payment acres will not result in a payment reduction. Farms that are eligible to participate in ARC/PLC but are not enrolled for a particular year may plant unlimited fruits, vegetables and wild rice for that year but will not receive ARC/PLC payments for that year. Eligibility for succeeding years is not affected.

Planting and harvesting fruits, vegetables and wild rice on ARC/PLC acreage is subject to the acre-for-acre payment reduction when those crops are planted on either more than 15 percent of the base acres of a farm enrolled in ARC using the county coverage or PLC, or more than 35 percent of the base acres of a farm enrolled in ARC using the individual coverage.

Fruits, vegetables and wild rice that are planted in a double-cropping practice will not cause a payment reduction if the farm is in a double-cropping region as designated by the USDA's Commodity Credit Corporation.

FSA Offers Joint Financing Option on Direct Farm Ownership Loans

The USDA Farm Service Agency's (FSA) Direct Farm Ownership loans are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations.

Depending on the applicant's needs, there are three types of Direct Farm Ownership Loans: regular, down payment and joint financing. FSA also offers a Direct Farm Ownership Microloan option for smaller financial needs up to $50,000.

Joint financing allows FSA to provide more farmers and ranchers with access to capital. FSA lends up to 50 percent of the total amount financed. A commercial lender, a State program or the seller of the property being purchased, provides the balance of loan funds, with or without an FSA guarantee. The maximum loan amount for a Joint Financing loan is $300,000 and the repayment period for the loan is up to 40 years.

To be eligible, the operation must be an eligible farm enterprise. Farm Ownership loan funds cannot be used to finance nonfarm enterprises and all applicants must be able to meet general eligibility requirements. Loan applicants are also required to have participated in the business operations of a farm or ranch for at least three years out of the 10 years prior to the date the application is submitted. The applicant must show documentation that their participation in the business operation of the farm or ranch was not solely as a laborer.

For more information about FSA Loan programs, contact your local FSA office or visit www.fsa.usda.gov. To find your local FSA office, visit http://offices.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.

Selected Interest Rates for February 2018

90-Day Treasury Bill - 1.25%
Farm Operating Loans — Direct - 3.125%
Farm Ownership Loans — Direct - 3.75%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher - 1.5%
Emergency Loans - 3.75%
Farm Storage Facility Loans (3 years) - 2.125%
Farm Storage Facility Loans (5 years) - 2.250%
Farm Storage Facility Loans (7 years) - 2.375%
Farm Storage Facility Loans (10 years) - 2.500%
Farm Storage Facility Loans (12 years) - 2.500%
Commodity Loans 1996-Present - 2.750%

Dates to Remember

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Feb. 15:
Deadline for 2018 NAP coverage enrollment and fee for forage, grazed and vegetable crops.

Feb. 19:
Federal Holiday, USDA Offices closed

Continuous:
Submit CREP and Grassland CRP Enrollment Offers.

Continuous:
Submit your AD-1026 prior to forest land being cleared for agricultural use and new ground (hay and pasture) to be planted to a row crop or vegetable.

Continuous:
Need on farm grain, hay or cold storage, consider FSFL for your storage needs. Contact your local FSA Office for more details.

Continuous:
Have harvested 2017 grain, cotton or peanuts and in storage, FSA offers marketing assistance loans (MAL) for these stored crops. Contact your local FSA Office for more details.

Continuous:
Timely report changes in your farming operation to the County Office in writing and update your CCC-902 Farm Operating Plan.

Continuous:
Submit 2018 contracts to participate in ARC and PLC

For more information on bulletin subjects or details regarding your GovDelivery subscription with the Virginia FSA State Office, contact Diane Lenoir-Giles at diane.lenoir-giles@va.usda.gov or call at 804-287-1537.
