July 2018

United States Department of Agriculture

Farm Service Agency Electronic News Service

NEWSLETTER

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July Topics

Virginia FSA State Newsletter

Virginia FSA
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State Executive Director Message

The spring and summer months are extremely busy times for producers, whether they be baling hay, combining wheat, planting corn, or beginning to plan the harvest of cotton and peanuts. This year has especially been a challenge with the heavy rains and flooding across many areas of the state. Here at the USDA Farm Service Agency, our focus during this time is acreage reporting. Inevitably, the question is always asked: “Why should I report my acreage?”

Acreage reporting is a simple process that can be beneficial in many ways to a producer. FSA-578 forms are used to record acreage reports, and are requirements for many programs,

804-287-1503
855-621-5866 fax

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

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including the price support programs and some disaster assistance programs. A complete report is required for commodity loans, and FSA-578s are used to calculate eligibility for Farm Storage Facility Loans.

Producers can keep their FSA-578s as records of plantings or submit them to crop insurance as their policies require. The most important item for a producer to bring with them to file an acreage report is their planting dates, along with any leases or proof of ownership for the land where the crops that they wish to report are located.

The upcoming deadline of July 16th, 2018, for corn, soybeans, tomatoes, beans (planted 5/26-7/10), and all other crops is an important one. We are thankful for producers like you who work night and day to keep our world fed, and wish you great success in this planting season.

USDA to Help Producers Prepare for Addition of Seed Cotton to Two Key Safety Net Programs

The U.S. Department of Agriculture (USDA) is sending acreage history and yield reports to agricultural producers with generic base acres covered by the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs.

The Bipartisan Budget Act of 2018 amended the 2014 Farm Bill, adding seed cotton as a covered commodity under the ARC and PLC programs. This week, FSA will start sending information on current generic base acres, yields and 2008-2012 planting history.

The updates are an important part of preparing agricultural producers to make decisions on allocating generic basic acres and updating yields for seed cotton. This summer, producers will have an opportunity to allocate their generic base acres and update their seed cotton yield.

All producers electing to participate in either the ARC or PLC program will be required to make a one-time, unanimous and irrevocable election, choosing between price protection and county revenue protection for the 2018 crop year for seed cotton only. Producers who elected ARC with the individual farm option will continue with that option since that election is applicable to all base acre on the farm. The final step to participate requires producers with farms with seed cotton base acres to sign contracts for ARC or PLC for 2018 this summer.

The anticipated timeline is:

- June 29: Producers are mailed letters notifying them of current generic base acres and yields and 2008 to 2012 planting history.
- July: An online decision tool for ARC and PLC becomes available. Producers have opportunity to update yields and allocate generic base acres for ARC and PLC.
- Late July: ARC and PLC one-time elections occur for seed cotton.
- Late July: ARC and PLC sign-up for 2018 starts for farms with seed cotton base acres.

For more information, contact your local Farm Service Agency. To find an FSA office near you, visit: http://offices.usda.gov.

Eligibility for Nominations for the 2018 County Committee Elections

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) county committees are a critical component of the day-to-day operations of FSA and allow grassroots input and local administration of federal farm programs.

Committees are comprised of locally elected agricultural producers responsible for the fair and equitable administration of FSA farm programs in their counties. Committee members are accountable to the Secretary of Agriculture. If elected, members become part of a local decision making and farm program delivery process.

A county committee is composed of three to 11 elected members from local administrative areas (LAA). Each member serves a three-year term. To be eligible for nomination and hold office as a committee member or alternate, a person must fulfill each of the following requirements: (1) be a producer with an interest in farming or ranching operations, (2) participate or cooperate in any FSA program provided for by law, (3) be a U.S. citizen, (4) be of legal voting age, (5) meet the basic eligibility requirements, and (6) reside in the county or multi-county jurisdiction in which they will be serving.

All nomination forms for the 2018 election must be postmarked or received in the local USDA service center by Aug. 1, 2018. For more information on FSA county committee elections and appointments, refer to the FSA fact sheet: Eligibility to Vote and Hold Office as a COC Member available online at: **www.fsa.usda.gov/elections.**

Disaster Assistance Programs – 2017 & Subsequent Years

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) and Livestock Forage Disaster Program (LFP) have a $125,000 per person and legal entity single payment limitation that applies to the total amount of program year payments received.

Program payments under the Livestock Indemnity Program (LIP) and Tree Assistance Program (TAP) no longer have payment limits.

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

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.

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.

USDA Enrollment Period for ARC/PLC Safety Net Coverage in 2018

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, wheat and seed cotton. 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.

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

Preauthorized Debit Available for Farm Loan Borrowers

USDA Farm Service Agency (FSA) has implemented pre-authorized debit (PAD) for Farm Loan Program (FLP) borrowers. PAD is a voluntary and alternative method for making weekly, bi-weekly, monthly, quarterly, semi-annual or annual payments on loans.

PAD payments are pre authorized transactions that allow the National Financial and Accounting Operations Center (NFAOC) to electronically collect loan payments from a customer's account at a financial institution.

PAD may be useful for borrowers who use nonfarm income from regular wages or salary to make payments on loans or adjustment offers or for payments from seasonal produce stands. PAD can only be established for future payments.

To request PAD, customers, along with their financial institution, must fill out form RD 3550-28. This form has no expiration date, but a separate form RD 3550-28 must be completed for each loan to which payments are to be applied. A fillable form can be accessed on the USDA Rural Development (RD) website at http://www.rd.usda.gov/publications/regulations-guidelines. Click forms and search for "Form 3550-28."

If you have a "filter" on the account at your financial institution, you will need to provide the financial institution with the following information: Origination ID: 1220040804, Agency Name: USDA RD DCFO.

PAD is offered by FSA at no cost. Check with your financial institution to discuss any potential cost. Preauthorized debit has no expiration date, but you can cancel at any time by submitting a written request to your local FSA office. If a preauthorized debit agreement receives three payment rejections within a three month period, the preauthorized debt agreement will be cancelled by FSA. The payment amount and due date of your loan is not affected by a cancellation of preauthorized debit. You are responsible to ensure your full payment is made by the due date.

For more information about PAD, contact your local FSA office. To find a local FSA office, visit http://offices.usda.gov

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Selected Interest Rates for July 2018

90-Day Treasury Bill - 1.875%
Farm Operating Loans — Direct - 3.875%
Farm Ownership Loans — Direct - 4.125%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher - 1.50%
Emergency Loans - 3.750%
Farm Storage Facility Loans (3 years) - 2.625%
Farm Storage Facility Loans (5 years) - 2.750%
Farm Storage Facility Loans (7 years) - 2.875%
Farm Storage Facility Loans (10 years) - 2.875%
Farm Storage Facility Loans (12 years) - 3.000%
Commodity Loans 1996-Present - 3.250%

Dates to Remember

July 16:
2018 acreage reporting deadline for corn, cotton, cover crop, CRP, grain sorghum, peanuts, soybeans, tobacco and vegetables.

Aug. 1:
Deadline to sign and submit your 2018 ARCPLC Contracts.

Cont.:
Submit CREP Offers.

Cont.:
Timely report changes in your farming operation to the County Office to update your payment eligibility and your CCC-902 Farm Operating Plan for 2018.

Cont.:
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.

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

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.
