



North Carolina FSA

Electronic Monthly Newsletter

March 2014

New Farm Bill Provides Permanent Livestock Disaster Assistance Programs

The 2014 Farm Bill, formally known as the *Agricultural Act of 2014*, makes the Livestock Forage Program (LFP) and Livestock Indemnity Program (LIP) permanent programs and provides retroactive authority to cover eligible losses back to Oct. 1, 2011.

LFP provides compensation to eligible producers who suffered grazing losses due to drought and fire. LIP provides compensation to livestock producers who suffered 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, including wolves and avian predators.

USDA is determined to make implementing the livestock disaster programs a top priority

As USDA begins implementing the livestock disaster assistance programs, producers should record all pertinent information of natural disaster consequences, including:

- Documentation of the number and kind of livestock that have died, supplemented if possible by photographs or video records of ownership and losses
- Dates of death supported by birth recordings or purchase receipts
- Costs of transporting livestock to safer grounds or to move animals to new pastures
- Feed purchases if supplies or grazing pastures are destroyed
- Crop records, including seed and fertilizer purchases, planting and production records
- Pictures of on-farm storage facilities that were destroyed by wind or flood waters
- Evidence of damaged farm land.

Thanks for your patience as USDA works diligently to put Farm Bill programs into action to benefit the farmers and ranchers of rural America.

2014 Acreage Reporting Dates

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

The following acreage reporting dates are applicable for county:

May 15, 2014: Cabbage PP1, Fresh Market Beans PP1, Potatoes

July 15, 2014: CRP, Tobacco, Corn, Cotton, Soybeans, Peanuts, Processing Beans, and all other crops and land uses

September 15, 2014: Cabbage PP2, Beans PP2, Squash PP2

September 30, 2014: Aquaculture

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
 - If a producer acquires additional acreage after the above acreage reporting date, then the 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 the acreage must be reported by July 15th.
- Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above 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 county office.

Microloan Program

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve

the unique financial operating needs of beginning, niche and small family farm operations.

FSA offers applicants a Microloan designed to help farmers with credit needs of \$35,000 or less. The loan features a streamlined application process built to fit the needs of new and smaller producers. This loan program will also be useful to specialty crop producers and operators of community supported agriculture (CSA).

Eligible applicants can apply for a maximum amount of \$35,000 to pay for initial start-up expenses such as hoop houses to extend the growing season, essential tools, irrigation and annual expenses such as seed, fertilizer, utilities, land rents, marketing, and distribution expenses. As financing needs increase, applicants can apply for a regular operating loan up to the maximum amount of \$300,000 or obtain financing from a commercial lender under FSA’s Guaranteed Loan Program.

Individuals who are interested in applying for a microloan or would like to discuss other farm loan programs available should contact their local FSA office to set up an appointment with a loan official.

Noninsured Crop Disaster Assistance Program (NAP)

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop’s application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. *NAP Losses must be reported within 15 days of the date the loss became apparent.*

All applications for NAP payment must be signed by the subsequent crop year’s acreage reporting date in order to be considered timely. There are no late-file provisions for NAP applications for payment.

The following crops have a NAP application closing date of March 15, 2014: Beans

2013 Acre

Participation in 2013 ACRE requires production reports for planted acres that must be submitted for the covered

commodities and peanuts planted on the farm by July 15, 2014. Failure to report production for those covered commodities and peanuts planted on ACRE farms may result in contract termination. If the contract is terminated, all payments, including direct payments previously received plus interest will be required to be refunded.

Marketing Assistance Loans (MAL)

Short-term financing is available by obtaining low interest commodity loans for eligible harvested production. A nine-month Marketing Assistance Loan provides financing that allows producers to store production for later marketing. The crop may be stored on the farm or in the warehouse.

Loans are available for producers who share in the risk of producing the eligible commodity and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss because of damage to the commodity and title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible

for a loan, even if you regain beneficial interest.

Maintaining the Quality of Loaned Grain

Bins are ideally designed to hold a level volume of grain. When bins are overfilled and grain is heaped up, airflow is hindered and the chance of spoilage increases.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

Guaranteed Loan Eligibility (As Per FLP-667)

Changes to FSA regulations have removed Guaranteed Operating term limits. Previous and current guaranteed loan borrowers who were not eligible for further guaranteed loans due to the previous 15 year eligibility term limit may now be eligible for further guaranteed loans through their commercial lender.

Direct Loan Changes (As Per FLP-667)

Changes were made to the interest rate charged on loans where FSA provides 50 percent

or less on jointly financed purchases of real estate also called Direct Farm Ownership Participation Loans. The interest rate will be the greater of 2.5 percent or the current interest rate for direct Farm Ownership loans minus 2 percent, as a fixed rate for the duration of the loan. At present, the March direct Farm Ownership rate is 4.25 percent. Because the 2.5 percent floor is greater than subtracting 2 percent from the direct farm ownership loan rate, the rate for Direct Farm Ownership Participation Loans in March is 2.5 percent.

Unauthorized Disposition of Grain

If loan grain has been disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and a producer's name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

FSA Allows Lenders to Use Evaluations Instead of Appraisals for Loans of \$250,000

Lenders that originate Farm Service Agency (FSA) guaranteed loans may now use internal real estate “collateral evaluations” to support loan requests of \$250,000 or less, rather than appraisals.

This policy change will allow lenders more flexibility and a faster underwriting process, and is consistent with industry standards.

Lenders must follow their regulator’s “Interagency Appraisal and Evaluation Guidelines” and apply these same policies to FSA guaranteed loans as non-guaranteed loans. In addition, lenders should request an appraisal when they would do so for unguaranteed loans even if the loan is under the threshold, such as when the expected loan-to-value is above their established standards.

A description of the method of establishing the real estate value – whether appraisal or evaluation – needs to be described to FSA in their credit presentation.

Loans for the Socially Disadvantaged

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 purchase or improve farms or ranches.

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

A socially disadvantaged 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, socially disadvantaged 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.

Beginning Farmer Loans

FSA assists beginning farmers to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed

loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county’s median size.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov.

Please note contents of this newsletter are relative Statewide. Contact your local FSA office for county specific information.

Selected Interest Rates for March 2014	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	2.25%
Farm Ownership - Direct	4.25%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.25%
Farm Storage Facility Loans (7 years)	2.125%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
March 12	State Committee Meeting at 8:00 am
March 15	NAP Sales Closing Date for Beans
May 15	Crop reporting deadline for cabbage, bean, potatoes
May 31	Crop reporting deadline for NAP covered nursery crops
July 15	Final date to submit 2013 production for ACRE participants
July 15	Crop reporting deadline for most crops and land uses