



NEWSLETTER



North Carolina FSA Electronic Monthly Newsletter

July 2014

COC Nomination Deadline

The election of agricultural producers to Farm Service Agency (FSA) county committees is important to farmers and ranchers. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture (USDA).

County committee members are a critical component of the operations of FSA. They help deliver FSA farm programs at the local level. Farmers and ranchers who serve on county committees help with the decisions necessary to administer the programs in their counties. They work to ensure FSA agricultural programs serve the needs of local producers.

FSA county committees operate within official regulations designed to carry out federal laws. County committee members apply their judgment and knowledge to make local decisions.

The COC nomination period runs from June 17, 2014 through August 1, 2014. The nomination form is available at USDA Service Centers and [online](#). For more

information contact your local FSA office.

2012 & 2013 ELAP Losses Must be filed by August 1, 2014 for Honeybee, Livestock and Farm-Raised Fish Losses

Producers who suffered eligible livestock, honeybee or farm-raised fish losses have until August 1, 2014, to submit a notice of loss and application for payment under the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program (ELAP).

ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish that have losses due to disease, adverse weather, or other conditions, such as blizzards and wildfires. ELAP assistance is provided for losses not covered by the Livestock Forage Program (LFP) and Livestock Indemnity Program (LIP). Producers who suffered eligible livestock, honeybee or farm-raised fish

losses during 2012 and 2013 program years must submit a notice of loss and application for payment to their local FSA office by August 1, 2014. For 2014 program year losses, the notice of

loss and an application for payment must be submitted by November 1, 2014.

For more information, producers can review the ELAP Fact Sheet on the [Farm Bill webpage](#). Producers are encouraged to make an appointment with their local FSA office to apply for these programs.

USDA Announces New Support for Beginning Farmers and Ranchers

Department Implementing New Farm Bill Programs, Unveiling New Centralized Online Resource to Support Next Generation of Farmers

USDA has announced the implementation of new Farm Bill measures and other policy changes to improve the financial security of new and beginning farmers and ranchers. USDA also unveiled www.USDA.gov/newfarmers, a new website that will provide a centralized, one-stop resource where beginning farmers and ranchers can explore the variety of USDA initiatives designed to help them succeed.

USDA's www.usda.gov/newfarmers has in depth information for new farmers and ranchers, including: how to increase access to land and capital; build new market opportunities; participate in

conservation opportunities; select and use the right risk management tools; and access USDA education, and technical support programs. These issues have been identified as top priorities by new farmers. The website will also feature instructive case studies about beginning farmers who have successfully utilized USDA resources to start or expand their business operations.

Today's policy announcements in support of beginning farmers and ranchers include:

- Waiving service fees for new and beginning farmers or ranchers to enroll in the Non-Insured Crop Disaster Assistance Program (NAP) for the 2014 crop year. NAP provides risk management tools to farmers who grow crops for which there is no crop insurance product. Under this waiver, announced via an [official notice](#) to Farm Service Agency offices, farmers and ranchers whom already enrolled in NAP for the 2014 crop year and certified to being a beginning farmer or social disadvantaged farmer are eligible for a service fee refund.
- Eliminating payment reductions under the [Conservation Reserve Program](#) (CRP) for new and beginning farmers which will allow routine, prescribed, and emergency grazing outside the primary nesting season on enrolled land consistent with approved conservation plans. Previously, farmers and ranchers grazing on CRP land were subject to a

reduction in CRP payments of up to 25 percent. Waiving these reductions for new and beginning farmers will provide extra financial support during times of emergency like drought and other natural disasters.

- Increasing payment rates to beginning farmers and ranchers under Emergency Assistance for [Livestock, Honeybees and Farm-Raised Fish Program \(ELAP\)](#). Under this provision, beginning and farmers can claim up 90 percent of losses for lost livestock, such as bees, under ELAP. This is a fifty percent increase over previously available payment amounts to new and beginning farmers.

In the near future, USDA will also announce additional crop insurance program changes for beginning farmers and ranchers – including discounted premiums, waiver of administrative fees, and other benefits.

Additional information about USDA actions in support of beginning farmers and ranchers is available [here](#).

Know Your Farmer, Know Your Food

The *Know Your Farmer, Know Your Food* (KYF2) initiative is a USDA-wide effort focused on strengthening local and regional food systems.

In recent years, consumers have shown an increased interest in purchasing locally-produced foods and many farmers and ranchers

followed the trend and offer fresh foods through local markets.

USDA followed suit, developing KYF2, which helps connect consumers with producers in their community. USDA offers a wide range of programs that can assist farmers, ranchers, businesses, communities and individuals. To learn more about grants, loans and support that is available, visit http://www.usda.gov/wps/portal/usda/usdahome?navid=KYF_GRANT_S.

These USDA programs stimulate economic development in agricultural communities, foster new opportunities for farmers and ranchers, promote locally and regionally grown and processed foods, cultivate healthy eating habits and educated consumers, expand access to affordable fresh and local food and develop a connection between food, agriculture, community and the environment.

For more information on KYF2, visit

http://www.usda.gov/wps/portal/usda/knowyourfarmer?navid=KNOW_YOURFARMER

USDA Pledges Financial Support for Chesapeake Bay Water Quality Partnerships

USDA pledged up to \$5 million to state and local partnerships in six states for accelerating tree planting along the Chesapeake Bay watershed. The pledge was made at a summit in Washington, D.C. attended by leaders of

Chesapeake Bay water quality restoration efforts.

Voluntary conservation practices made possible through the 2014 Farm Bill will enable USDA to work with farmers who are interested in taking steps to ensure their practices help conserve the Chesapeake Bay Watershed.

The conference marks the start of an accelerated strategy of the Chesapeake Riparian Forest Buffer Initiative to promote the establishment of more forested areas, known as "riparian forest buffers," along streams and rivers of the Chesapeake Bay watershed, providing natural barriers that can filter sediment, chemicals, and other contaminants from entering into the waterway.

USDA financial assistance will provide more incentives to private landowners interested in participating in the Farm Service Agency's (FSA) voluntary Conservation Reserve Enhancement Program (CREP). Each Chesapeake Bay state has a CREP in place, which collectively cover the entire watershed. To date, about \$500 million in USDA financial assistance has been provided or obligated to farmers enrolling land in the six CREPs.

For 25 years, USDA has worked with the six Bay states (New York, Pennsylvania, Maryland, Delaware, Virginia and West Virginia) to improve and restore the Chesapeake Bay, with more than 7,000 miles of riparian forest buffers established by private landowners in the Bay states since 1996. In 2013, the CREP's buffers have intercepted an estimated eight million tons of

sediment, 16 million pounds of nitrogen, and four million pounds of phosphorus in the Chesapeake Bay watershed.

To learn more about CRP and CREP initiatives, producers are encouraged to visit their area FSA county offices or go online to www.usda.gov/crp. Visit www.fsa.usda.gov or the local FSA office for information about FSA and the 2014 Farm Bill programs.

USDA Farm Service Agency Announces Tree Assistance Program (TAP) Sign-Up

As of Tuesday, April 15, 2014, orchardists and nursery tree growers who experienced losses from natural disasters that occurred on or after Oct. 1, 2011, can sign up for the Tree Assistance Program (TAP). TAP was authorized by the Agricultural Act of 2014 as a permanent disaster program. TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters.

Eligible tree types include trees, bushes or vines that produce an annual crop for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees that are produced for commercial sale. Trees used for pulp or timber are ineligible.

To qualify for TAP, orchardists must suffer a qualifying tree, bush or vine loss in excess of 15 percent mortality from an eligible natural disaster. The eligible trees, bushes or vines must have been owned

when the natural disaster occurred; however, eligible growers are not required to own the land on which the eligible trees, bushes and vines were planted.

If the TAP application is approved, the eligible trees, bushes and vines must be replaced within 12 months from the date the application is approved. The cumulative total quantity of acres planted to trees, bushes or vines, for which a producer can receive TAP payments, cannot exceed 500 acres annually.

USDA Kicks off the 2014 "Feds Feed Families" Nationwide Food Drive

The food drive is an annual event in which Federal employees, nationwide, collect food for distribution by food banks, food pantries, and shelters.

The Feds Feed Families program started in 2009. The 2014 food drive officially began on June 2 and will run through August 27.

All Federal agencies across the country participate in the campaign and Federal employees are asked to donate non-perishable food items throughout the summer. Donations are given to local food banks across the country – having a positive impact to help food banks address food insecurity. Secretary Vilsack noted that the latest USDA estimates show that in 2012, food insecurity affected 14.5 percent of American households at some point.

If you are interested in making a donation to the annual "Feds Feed Families" Food Drive, please

contact your local USDA Service Center.

For more information on the Feds Feed Families campaign, please visit: <http://www.usda.gov/fedsfeedfamilies>.

USDA's Farm Service Agency (FSA) Offers Farm Bill Website and Online Overview of Farm Bill Programs

The Agricultural Act of 2014 (the Act), also known as the 2014 Farm Bill, was signed by President Obama on Feb. 7, 2014. The Act repeals certain programs, continues some programs with modifications, and authorizes several new programs administered by the Farm Service Agency (FSA). Most of these programs are authorized and funded through 2018.

For the latest on 2014 Farm Bill programs administered by FSA, please visit our Farm Bill website at www.fsa.usda.gov/farmbill and for an FSA program overview please read, download and/or print our recently posted FSA Farm Bill Fact Sheet titled, [What's in the 2014 Farm Bill for Farm Service Agency Customers?](#)

For more information on FSA, please contact your local USDA Service Center or visit us online at www.fsa.usda.gov.

USDA Invites Suggestions for the 2017 Census of Agriculture

USDA invites suggestions for the 2017 Census of Agriculture that is conducted once every five years by USDA's National Agricultural Statistics Service (NASS). The Census provides detailed data covering nearly every facet of U.S. agriculture down to the county level.

NASS released the complete 2012 Census of Agriculture results on May 2, 2014. The agency is now planning the content for the 2017 Agriculture Census and is accepting input. Any individual or organization may submit suggestions on questionnaire items to add or delete, as well as any other ideas concerning the Census. There will be another opportunity to provide official comment through the Federal Register process in the coming weeks.

Content suggestions for the 2017 Census will be accepted until August 4, 2014. Comments can be submitted online at www.agcensus.usda.gov/ContactUs/Census_Program_Input_Form/. Written suggestions may be mailed to: Census Content Team, Room 6451, 1400 Independence Ave, SW, Washington, DC 20250.

To learn more and to access the complete 2012 Census of Agriculture results, including State and County Profiles and all the other Census data and tools, visit www.agcensus.usda.gov.

Save Time - Make an Appointment with FSA

As we roll out the Farm Bill programs administered by FSA, there will be related signups and in some cases multiple management decisions that need to be made by you, the producer, in consult with FSA staff. To insure maximum use of your time and to insure that you are afforded our full attention to your important business needs, please call our office ahead of your visit to set an appointment and to discuss any records or documentation that you may need to have with you when you arrive for your appointment. For local FSA Service Center contact information, please visit: <http://offices.sc.egov.usda.gov/local/app>.

New Farm Bill Offers Increased Opportunities for Producers

The 2014 Farm Bill offers increased opportunities for producers including farm loan program modifications that create flexibility for new and existing farmers. A fact sheet outlining modifications to the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) Farm Loan Programs is available [here](#).

The Farm Bill expands lending opportunities for thousands of farmers and ranchers to begin and continue operations, including greater flexibility in determining eligibility, raising loan limits, and emphasizing beginning and socially disadvantaged producers.

Changes that will take effect immediately include:

- Elimination of loan term limits for guaranteed operating loans.
- Modification of the definition of beginning farmer, using the
- average farm size for the county as a qualifier instead of the median farm size.
- Modification of the Joint Financing Direct Farm Ownership Interest Rate to 2 percent less than regular Direct Farm Ownership rate, with a floor of 2.5 percent. Previously, the rate was established at 5 percent.
- Increase of the maximum loan amount for Direct Farm Ownership down payments from \$225,000 to \$300,000.
- Elimination of rural residency requirement for Youth Loans, allowing urban youth to benefit.
- Debt forgiveness on Youth Loans, which will not prevent borrowers from obtaining additional loans from the federal government.
- Increase of the guarantee amount on Conservation Loans from 75 to 80 percent and 90 percent for socially disadvantaged borrowers and beginning farmers.
- Microloans will not count toward loan term limits for veterans and beginning farmers.

Additional modifications must be implemented through the

rulemaking processes. Visit the [FSA Farm Bill website](#) for detailed information and updates to farm loan programs.

Livestock Disaster Assistance Sign-Up Underway

Livestock disaster program enrollment opened on April 15, 2014. These disaster programs are authorized by the 2014 Farm Bill as permanent programs and provide retroactive authority to cover losses that occurred on or after Oct. 1, 2011.

To expedite applications, all producers who experienced losses are encouraged to bring records documenting those losses to their local FSA Office. 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

Eligible producers can sign-up for the following livestock disaster assistance programs:

Livestock Forage Disaster Program (LFP):

LFP provides compensation to eligible livestock producers that have suffered grazing losses due to drought on privately owned or cash leased land or fire on federally managed land. Eligible producers must physically be located in a county affected by a qualifying drought during the normal grazing period for the county. Producers who suffered eligible grazing losses should submit a completed CCC-853 and supporting documentation by January 30, 2015.

Livestock Indemnity Program (LIP):

LIP provides compensation to eligible livestock producers that have 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. Producers who suffered livestock death losses should submit a notice of loss and an application for payment to their local FSA office by January 30, 2015.

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP)

ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish that have losses due to disease, adverse weather, or other conditions, such as blizzards and wildfires. ELAP assistance is provided for losses not covered by LFP and LIP. Producers who suffered eligible livestock, honeybee or farm-raised fish losses during 2012 and 2013

program years must submit a notice of loss and application for payment to their local FSA office by August 1, 2014. For 2014 program year losses, the notice of loss and an application for payment must be submitted by November 1, 2014.

For more information, producers can review the LFP, LIP and ELAP Fact Sheets on the [Farm Bill webpage](#). Producers are encouraged to make an appointment with their local FSA office to apply for these programs.

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.

USDA Announces the Extension of the Milk Income Loss Contract Program for 2014

The USDA Farm Service Agency (FSA) recently announced the extension of the Milk Income Loss Contract (MILC) program which protects dairy farmers against income loss through Sept. 1, 2014,

or until a new Margin Protection Program for dairy producers (MPP) is operational. Contracts for eligible producers enrolled in MILC on or before Sept. 30, 2013, are automatically extended until the termination date of the MILC program. Dairy operations with approved MILC contracts will continue to receive monthly payments if a payment rate is in effect.

MILC compensates enrolled dairy producers when the Boston Class I milk price falls below \$16.94 per hundredweight (cwt), after adjustment for the cost of dairy feed rations. MILC payments are calculated each month using the latest milk price and feed cost, just as in the 2008 Farm Bill. The payment rate for October 2013 through January 2014 marketings is zero. Payment rates during the months after January 2014 until the termination of the MILC program will be determined as the appropriate data becomes available.

Producers who want to select a different production start month must visit their local FSA office between April 14, 2014, and May 30, 2014.

FSA will provide producers with information on program requirements, updates and sign-ups as the information becomes available.

2014 MAL and LDP Requests

The USDA Farm Service Agency (FSA) is accepting requests for marketing assistance loans (MALs) and loan deficiency payments (LDPs) for eligible 2014 commodities.

MALs and LDPs for the 2014 crop year become available to eligible producers beginning with harvest/shearing season and extending through a specific commodity's final loan availability date. Sugar commodity loans for the 2014 crop will be available to sugar processors beginning Oct. 1, 2014.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool, mohair 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.

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.

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.

National and county loans rates for 2014 crops are posted on the FSA website at:
www.fsa.usda.gov/pricesupport.

For more information, please visit a nearby USDA Service Center or FSA's website
www.fsa.usda.gov.

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 in North Carolina:

September 15, 2014:
Cabbage PP2, Beans PP2, Squash PP2, Cucumbers 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 County FSA office.

Highly Erodible Land and Wetland Compliance

Landowners and operators are reminded that in order to receive payments from USDA, they must be compliant with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions.

Farmers with HEL determined soils must apply tillage, crop residue and rotation requirements as specified in their conservation plan.

Producers should notify FSA prior to conducting land clearing or drainage projects to ensure compliance. If you intend to clear any trees to create new cropland, these areas will need to be reviewed to ensure any work will not jeopardize your eligibility for benefits.

Landowners and operators can complete form AD-1026 Highly Erodible Land Conservation (HEL) and Wetland Conservation (WC) Certification to determine whether a referral to Natural Resources Conservation Service (NRCS) is necessary.

For more information on Highly Erodible Land and Wetland Conservation provisions, contact a FSA County Office or visit the FSA website at www.fsa.usda.gov.

Dairy Indemnity Payment Program

The 2014 Farm Bill authorized the extension of the Dairy Indemnity Payment Program (DIPP) through September 30, 2018. DIPP provides payments to dairy producers and manufacturers of dairy products when they are directed to remove their raw milk or products from the market because of contamination.

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.

USDA Enhances Farm Storage Facility Loan Program

The U.S. Department of Agriculture (USDA) today announced the expansion of the Farm Storage and Facility Loan program, which provides low-interest financing to producers. The enhanced program includes 22 new categories of eligible equipment for fruit and vegetable producers.

Producers with small and mid-sized operations, and specialty crop fruit and vegetable growers, now have access to needed capital for a variety of supplies including sorting bins, wash stations and other food safety-related equipment. A new more flexible alternative is also provided for determining storage needs for fruit and vegetable producers, and waivers are available on a case-by-case basis for disaster assistance or insurance coverage if available products are not relevant or feasible for a particular producer.

Additionally, Farm Storage and Facility Loans security requirements have been eased for loans between \$50,000 and \$100,000. Previously, all loans in excess of \$50,000 required a promissory note and additional security, such as a lien on real estate. Now loans up to \$100,000 can be secured by only a promissory note.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include grains, oilseeds, peanuts, pulse crops, hay, honey, renewable biomass commodities, fruits and vegetables. Qualified facilities include grain bins, hay barns and cold storage facilities for fruits and vegetables.

Contact your local FSA office or visit www.fsa.usda.gov for more about FSA programs and loans, including the Farm Storage Facility Loan Program.

Farm Safety

Summer is an exciting and hectic time on North Carolina farms. FSA employees care about our customers, and want to remind them to practice farm safety.

Remember to: Walk around machinery and check shields and guards; make sure the PTO's master shield is in place; make sure Slow Moving Vehicle signs are on machinery.

If you are taking medicine, take it at the appropriate time and eat on schedule.

If you are working in grain bins know that flowing grain can kill, and it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped. Try not to work alone in bins or confined spaces, and if that's not possible let someone know where you are by checking in regularly by cell phone.

The American Society of Safety Engineers (ASSE) offers the following safety tips for farmers:

1. Educate yourself on farm equipment. Read and follow instructions according to the equipment's manuals about safety.
2. Conduct regular equipment inspections.
3. Don't wear loose clothing while entering confined spaces such as grain bins, silos and hoppers as this can prevent entanglements.
4. Install Rollover Protective Structures (ROPS) on tractors.

5. Use seat belts while operating tractors with a ROPS. Do not allow additional passengers on the tractor with you.
6. While operating tractors and other farm equipment, be very cautious on rural roadways.
7. Use protective gear when operating machinery: Be familiar with hazardous chemicals. Take extra precaution when handling chemicals such as anhydrous ammonia, carbon dioxide, methane gas and hydrogen sulfide.
8. Consistently educate your family and co-workers about safety practices, especially children.

Compliance Spot Checks

Compliance spot checks will be conducted on 2014 crops. Instead of locally selecting farms, contracts, deficiency loans, etc. for review, a nationwide selection of producers is employed. Spot check selections are to be conducted based on a producer's participation in Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc.

Farm Reconstitution

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.

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.

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.

Direct Loan Changes

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 April direct Farm Ownership rate is 4.00 percent. Because the 2.5 percent floor is greater than subtracting 2 percent from the current direct farm ownership loan rate, the rate for Direct Farm Ownership Participation Loans in April is 2.50 percent.

Guaranteed Loan Eligibility

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.

Filing for NAP Losses

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days of the final planting date for the crop.

Guaranteed Loan Program

The Farm Service Agency loan limit for the Guaranteed Loan Program is \$1,355,000. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The maximum combined guaranteed and direct farm loan indebtedness is \$1,655,000.

As a reminder, the one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan.

Producers should contact their local FSA County Offices with questions about farm loans.

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.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service

Agency administers this program for USDA.

All individuals who are not U.S. citizens, and have purchased or sold agricultural land in the county are required to report the transaction to FSA with 90 days of the closing. Failure to submit the AFIDA form (FSA-153) could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, Realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

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 average size farm.

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

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.

Controlled Substance

Any person convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

Land Contract (LC) Guarantees

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- Prompt Payment Guarantee - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.

- Standard Guarantee - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property.

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

Selected Interest Rates for July 2014	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	2.125%
Farm Ownership - Direct	3.875%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.125%

Dates to Remember	
Continues	Continuous Conservation Reserve Program