NORTH CAROLINA FSA NEWSLETTER

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North Carolina
Farm Service Agency

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From the Desk of Bob Etheridge, State Director

The Farm Service Agency (FSA) of North Carolina is USDA's direct link to the agriculture community, providing programs for productive farms, affordable food, fiber, and fuel and conservation of our State's natural resources. In North Carolina, FSA delivers farm loans, farm programs, conservation incentives, price supports, and disaster assistance from county offices and farm loan teams across the state.

North Carolina FSA is a customer-driven Agency employing a diverse, multi-talented work force, people dedicated to achieving an economically and environmentally sound future for North Carolina agriculture, its producers, its consumers and its customers. And FSA continually works to insure that all communities have full and fair access to FSA programs. By aiding the advancement of socially disadvantaged groups, the goal of the North Carolina Farm Service Agency (FSA) is to eliminate unfair barriers to participation in - and accessing of - its programs.

Contact your local Farm Service Agency office at http://www.fsa.usda.gov/nc for more information. Use this newsletter as a guide to acquiring practical information on utilizing USDA services. It is designed as a key resource for locating information about FSA programs and current U.S. farm policy.

- Bob

Margin Protection Program for Dairy Producers

The Margin Protection Program (MPP-Dairy) for dairy producers is the new, voluntary risk management program replaces the Milk Income Loss Contract (MILC) program. MPP-Dairy offers protection to dairy producers when the difference (the margin) between the all-milk price and national average feed cost falls below a certain producer selected amount.

Eligible producers may purchase coverage for their dairy operation by paying an annual administrative fee of $100 and a premium, as applicable, for higher levels of coverage. Producers in the dairy operation will have to select a desired coverage level ranging from $4.00 to $8.00, in $0.50 increments and a desired coverage percentage level ranging from 25 to 90 percent, in 5 percent increments. Producers will also have to decide whether or not to participate in the MPP-Dairy Program or the Livestock Gross Margin program administered by the Risk Management Agency (RMA), but they will not be allowed to participate in both. A decision tool is available to help producers make coverage level decisions.

Enrollment is underway and will end November 28, 2014. Dairy operators may establish their production history and enroll for this program during this first registration period. Additional registration periods will be held in future years. Verification of the production records will be required.

For more information about MPP-Dairy, please contact your local FSA office. For local FSA Service Center contact information, please visit: http://offices.sc.egov.usda.gov/locator/app.

Gleaned Acreage and Your Crop Insurance Policy

With the rise of food insecurity throughout the United States, the ancient practice of gleaning has become more prevalent throughout the United States. "Gleaning" is the gathering of edible agricultural products from a field that will not be further harvested for commercial or on-farm use. There are many reasons that crop residue may be left in the field by a farmer: crops may be considered to be of little or no value due to damage by hail or other weather related injury, crops may be of overall poor quality, or fruits and vegetables may be unmarketable because they are oddly sized or blemished. Many non-profit organizations collaborate with farmers to collect residual crops that would otherwise be left in the field to rot, incorporated into the soil as organic matter, or eaten by grazing animals.

If you participate in USDA's Risk Management Agency's crop insurance program, you may participate in the practice of gleaning. The Federal Crop Insurance Corporation encourages and promotes the gleaning efforts of insureds. However, you must understand and follow these RMA gleaning practice procedures and limitations:

1. Gleaning is allowed only by charitable organizations who are classified as 501(c)3 non-profit organizations (charity or public service entities that qualify for tax exemption under the Internal Revenue Code). If you allow your crop to be gleaned, you must verify that the gleaning organization is a 501(c)3.
2. If you receive compensation from qualified charitable organizations for your crop, then your contribution to the charitable organization is not considered gleaning. However, compensation for non-crop items, services, labor, etc. are not considered compensation for the crop. In these situations a written statement which indicates the non-crop services provided by the organization must be signed by the insured and organization. Failure to report compensation accurately could impact your final crop insurance payment.
3. If you experience a crop insurance loss and you plan to allow gleaning of any residual crop left in the field, then the name and address of the charitable organization must be shown on the claim form, Special Report, and Certification Form.
4. Gleaning can be approved for both harvested and unharvested acreage. For insured acreage that has been harvested, gleaning is allowed only on acreage that cannot be further harvested using normal harvest methods.
5. For harvested and unharvested acreage, you must refer to your policy crop provisions to understand when and if your damaged crop can be gleaned

   For example:

   - If your policy states that production "not meeting grade" will not be considered as production to count, then gleaning can be approved for the damaged crop. If, however, a percent of your damaged production is included in your production to count, then you must speak to your crop insurance agent for clarification to determine if gleaning can be allowed
   - If your production is declared to be of zero market value due to poor quality by your loss adjuster, and crop insurance procedure requires that the damaged crop be destroyed, then gleaning may be allowed (instead of destruction of the crop), provided no toxic substances are present that may injure humans or animals.
   - If an insured crop can be harvested but the insured decides not to harvest because of damage to the crop, then the acreage must be appraised by a crop insurance loss adjuster before gleaning is allowed.
6. Certain liability issues may be important for farmers who choose to donate their residual crop for gleaning. Refer to the following organizations for more information:
   - The Bill Emerson Good Samaritan Food Donation Act:http://www.gpo.gov/fdsys/pkg/PLAW-104publ210/pdf/PLAW-104publ210.pdf
   - The Volunteer Protection Act of 1997: http://www.fcro.nebraska.gov/pdf/Resources/Federal-Volunteer-Protection-Act-of-1997.pdf
7. For additional information about the Risk Management Agency's procedures on crop gleaning to reduce food insecurity, please contact your crop insurance agent.

Gleaning NAP Crops

If your crop is covered under USDA/FSA's Noninsured Crop Disaster Assistance Program (NAP), you may also participate in the practice of gleaning. FSA encourages and promotes the gleaning efforts of NAP participants. However there are a couple of rules that must be followed to be sure the gleaning does not affect your NAP claim.

(continued next page)

1. A NAP Loss Adjuster must visit the farm and appraise any marketable production before any gleaning is allowed.
2. You cannot receive any compensation for the gleaned production.

If you are not filing a NAP claim you may still allow your crop to be gleaned but you should keep the following in mind:
You should complete harvest before any gleaning is allowed.

1. Gleaned production will not be counted as production when determining the actual production history (APH).
2. If you have questions about gleaning crops covered under NAP contact your local Farm Service Agency Office.

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.

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.

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.

Farm Storage Facility Loan Program

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The maximum principal amount of a loan through FSFL is $500,000. Participants are required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding $100,000. Loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

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United States Department of Agriculture

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Official Business

Low-Interest Direct Loans Can Help Producers Start or Expand Farms

Farmers and ranchers still have time to apply for low interest 2014 loans available through FSA's direct farm ownership program.

Eligible producers can borrow up to $300,000 in direct farm ownership loans to buy or enlarge a farm, construct new farm buildings or improve structures, pay closing costs, or promote soil and water conservation and protection. The interest rate on select loans can be as low as 1.5 percent with up to 40 years to repay.

FSA encourages all interested applicants to apply for direct farm ownership loans. For local FSA Service Center contact information, visit http://offices.sc.egov.usda.gov/locator/app

Cotton Transition Assistance Program Enroll Now

Farmers can enroll in the Cotton Transition Assistance Program (CTAP) through Oct. 7, 2014. The enrollment period opened on Aug. 11, 2014.

The program, created by the 2014 Farm Bill, provides interim payments to cotton producers during the 2014 crop year until the Stacked Income Protection Plan (STAX), a new insurance product also created by the legislation, is available. Details on the plan will be released by early fall.

CTAP applications approved before Oct. 1, are subject to congressionally mandated automatic reductions of 7.2 percent for the 2014 crop year. Applications approved after Oct. 1 will be reduced the required 7.3 percent for the 2015 crop year. The Budget Control Act of 2011 requires USDA to implement these reductions to program payments.

Guaranteed Loan Eligibility

Changes to FSA regulations have removed Guaranteed Operating Loan 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.

FSA Notifies Producers on Acreage History and Yields

In August, FSA sent letters directly to farmers providing updates on current base acres, yields and 2009-2012 planting history.

After reviewing this information, if the information is correct, no further action is needed at this time, but if our letter is incomplete or incorrect, contact your local FSA office as soon as possible.

Verifying the accuracy of data on a farm's acreage history is a required early step for enrolling in the upcoming Agriculture Risk Coverage (ARC) program and the Price Loss Coverage (PLC) program. Farmers and ranchers can update their crop yield information and reallocate base acres.

By mid-winter all producers on a farm will be required to make a one-time, unanimous and irrevocable election between price protection and county revenue protection or individual revenue protection for 2014-2018 crop years. Producers can expect to sign contracts for ARC or PLC for the 2014 and 2015 crop years in the spring of 2015.

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 (includes short grain rice and temperate japonica rice), safflower seed, sesame, soybeans, sunflower seed, and wheat. Upland cotton is no longer a covered commodity.