



# NEWSLETTER



## Texas FSA Today

November 2013

An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

### FSA URGES FARMERS AND RANCHERS TO VOTE IN COUNTY COMMITTEE ELECTIONS

The 2013 Farm Service Agency County Committee Elections began on Nov. 4, when ballots were mailed to eligible voters. The deadline to return the ballots to local FSA offices is Dec. 2, 2013.

County committee members are an important component of the operations of FSA and provide a link between the agricultural community and USDA. Farmers and ranchers elected to county committees help deliver FSA programs at the local level, applying their knowledge and judgment to make decisions on commodity price support programs; conservation programs; incentive indemnity and disaster programs for some commodities; emergency programs and eligibility. FSA committees operate within official regulations designed to carry out federal laws.

To be an eligible voter, farmers and ranchers must participate or cooperate in an FSA program. A person who is not of legal voting age, but supervises and conducts the farming operations of an entire farm may also be eligible to vote.

Dec. 2, 2013, is the last day for voters to submit ballots in person to local USDA Service Centers. Ballots returned by mail must also be post-marked no later than Dec. 2. Newly elected committee members and their alternates will take office Jan. 1, 2014.

More information on county committees, such as the new 2013 fact sheet and brochures, can be found on the FSA website at [www.fsa.usda.gov/elections](http://www.fsa.usda.gov/elections) or at a local USDA Service Center.

### MILK INCOME LOSS CONTRACT (MILC) NOVEMBER 1 DEADLINE

USDA's Farm Service Agency (FSA), reminds producers that final production evidence and any supporting documentation for the Milk Income Loss Contract (MILC) program for eligible months (including fiscal years 2009, 2010, 2012 and 2013) that MILC payments were available must be submitted by Nov. 1, 2013.

Statutory authority for the MILC program expired Sept. 30, 2013. New legislation must be enacted before the MILC program, or its replacement, can provide assistance.

Dairy operations can obtain more information on MILC by contacting a local FSA office or search "MILC" at [www.fsa.usda.gov](http://www.fsa.usda.gov).

### FSA ANNOUNCES THE RESUMPTION OF 2013 CROP COMMODITY LOAN DISBURSEMENTS

The Farm Service Agency has resumed processing and disbursement of 2013 crop commodity loans. Crop year 2013 commodity loan-making was suspended Oct. 1, 2013, to make changes necessary to accommodate the automatic funding reductions known as sequester.

The commodity loan programs provide interim financing to producers for agricultural commodities stored after harvest and then sold throughout the year. Producers requesting 2013 crop commodity loans on their harvested commodities now will have a 5.1 percent reduction to the loan amount upon its disbursement, due to the sequestration. Commodity loans issued by marketing associations and loan servicing agents are also subject to the sequestration reduction.

During the period that loan-making was suspended, producers were still able to submit loan applications to their county FSA offices, marketing associations and loan servicing agents. The processing and disbursement of these applications will begin immediately.

For further information about commodity marketing loans, farmers may contact their local county FSA office or go online to [www.fsa.usda.gov](http://www.fsa.usda.gov).

### 2013 DCP FINAL PAYMENTS

County Offices began issuing DCP payments for 2013 on October 24, 2013. These payments were deposited directly into participating producers' bank accounts.

If there are any unearned payments, Commodity Credit Corporation will automatically subtract those amounts from the October Direct and Counter-Cyclical Program payments.

### FSA MAKES PAYMENTS

FSA has started issuing Conservation Reserve Program (CRP) annual rental payments to participants across the country. CRP payments were followed by 2013 Direct and Counter-cyclical Payments and 2012 Average Crop Revenue Election (ACRE) program payments

ACRE payments for 2012-crop barley, corn, grain sorghum, lentils, oats, peanuts, dry peas, soybeans, and wheat were beginning Oct. 24. ACRE payments are contingent upon national average market prices and yields in Texas. Barley is the only crop that triggered for payment in Texas.

Upland cotton ACRE payments for those farms that trigger, are scheduled

to be made in early November, after the 2012/13 average market year price is published in the Agricultural Prices publication scheduled to be released on October 31.

ACRE payments for 2012 large chickpeas, small chickpeas, canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame, and sunflowers are scheduled to be made in early December and for long grain rice and medium and short grain rice in early February 2014 when the final 2012/13 market year average price data becomes available. ACRE payments are contingent upon national average market prices and yields in Texas. Only those farms that participated in the 2012 ACRE program and met both the state and farm trigger will be eligible for ACRE payment.

The 2008 Farm Bill, extended by the American Tax Payer Relief Act of 2012, provided authority to enroll land in DCP, ACRE and CRP through Sept. 30, 2013; however, no legislation has been enacted to reauthorize or extend this authority. Effective Oct. 1, 2013, FSA does not have legislative authority to approve or process applications for these programs.

### **NAP COVERAGE DEADLINES**

Noninsured Crop Disaster applications are due at different times according to the crop being insured. Producers should apply for Noninsured Crop Disaster Assistance Program (NAP) coverage using form CCC-471 (Application for Coverage). Related service fees are due when the application is filed. The application and service fee MUST be filed by the crop sales closing date. Contact your local FSA office for the filing dates for your crops.

### **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.

### **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 SIGNATURE POLICY**

Using the correct signature when doing business with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless written notification denying a spouse this authority has been provided to the county office
- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities

For additional clarification on proper signatures contact your local FSA office.

### **CHANGING BANKS**

Almost all Farm Service Agency payments are made electronically using direct deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can

update our files to insure continued uninterrupted service.

### **INCREASED GUARANTEED LOAN LIMIT**

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

The lending limit is adjusted every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness will also increase to \$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 Office 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.

## RURAL YOUTH LOANS

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5000.

Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Your local FSA Office can help with the application forms.

## 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](http://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.

## SELLING LAND

If you plan on selling farmland, you should be aware of several consequences associated with FSA programs. For example, if you're planning to sell land that's enrolled in the Conservation Reserve Program, the buyer must agree to continue the enrollment. If the buyer doesn't want to continue the CRP contract, you might have to refund all of the payments you've received to date.

Reviewing program implications with

your local Farm Service Agency staff before completing a sale of farmland is always a prudent precaution.

## 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.

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.

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**Readers are advised that dates for FSA programs in Texas are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.**

<b>Selected Interest Rates for November 2013</b>	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.125%
Farm Ownership Loans — Direct	4.25%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	3.125%
Farm Storage Facility Loans (7 years)	2.00%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996-Present	1.125%