



# NEWSLETTER



## Texas FSA Today

December 2013

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

### NEW COUNTY COMMITTEE ELECTION BALLOTS TO BE MAILED

The County Committee Election ballots that were mailed to producers on Nov. 4 were incorrectly printed with the producer's name and address on the back of the ballot. County committee elections must use a secret ballot so the misprinted ballots cannot be used. Please destroy or recycle the misprinted ballot. If you have already voted, your ballot will be destroyed unopened.

New ballots will be mailed to producers on December 20, 2013. These ballots will indicate that they are the corrected ballot in several places, including on the outside of the mailing, on the ballot and on the outside of the return envelope.

The corrected ballot must be returned to the Name County FSA Office or postmarked by January 17, 2014. All newly elected county committee members will take office February 18, 2014. All county committee members whose term expires on Dec. 31, 2013, will have their term extended to January 31, 2014.

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.

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.

### Acres Reporting Dates for 2014

Many 2014 acreage reporting dates have changed and late-file fees will be assessed for 2014 late-file acreage reports. See [www.fsa.usda.gov/tx](http://www.fsa.usda.gov/tx) for a list of county-specific 2014 crop certification deadlines.

Statewide, all 2014 native and improved grasses intended for grazing or haying must be reported by November 15, 2013. Please make an appointment with your local FSA office to certify acres and learn about other crop reporting dates such as those for wheat, oats, cotton, watermelons, etc.

Producers can apply for 2014 NAP coverage at their local FSA Office using form CCC-471, Application for Coverage. Producers must file the application and service fee by December 1, 2013 and/or March 15, 2014 depending on the crops eligibility for NAP coverage.

### FSA ADVISES PRODUCERS TO ANTICIPATE PAYMENT REDUCTIONS DUE TO MANDATED SEQUESTER

USDA's Farm Service Agency (FSA) is reminding farmers and ranchers who participate in FSA programs to plan accordingly in FY2014 for automatic spending reductions known as sequestration. The Budget Control Act of 2011 (BCA) mandates that federal agencies implement automatic, annual reductions to discretionary and mandatory spending limits. For mandatory programs, the sequestration rate for FY2014 is 7.2%. Accordingly, FSA is implementing sequestration for the following programs:

- Dairy Indemnity Payment Program;
- Marketing Assistance Loans;
- Loan Deficiency Payments;
- Sugar Loans;
- Noninsured Crop Disaster Assistance Program;
- Tobacco Transition Payment Program;
- 2013 Direct and Counter-Cyclical Payments;
- 2013 Average Crop Revenue Election Program;
- 2011 and 2012 Supplemental Revenue Assistance Program;
- Storage, handling; and Economic Adjustment Assistance for upland cotton

Conservation Reserve Program payments are specifically exempt by statute from sequestration, thus these payments will not be reduced.

These sequester percentages reflect

current law estimates; however with the continuing budget uncertainty, Congress still may adjust the exact percentage reduction. Today's announcement intends to help producers plan for the impact of sequestration cuts in FY2014.

At this time, FSA is required to implement the sequester reductions. Due to the expiration of the Farm Bill on September 30, FSA does not have the flexibility to cover these payment reductions in the same manner as in FY13. FSA will provide notification as early as practicable on the specific payment reductions.

For information about FSA programs, visit your county USDA Service Center or go to [www.fsa.usda.gov/](http://www.fsa.usda.gov/).

### **USDA REMINDS PRODUCERS OF DEC. 2ND SALES CLOSING DATE FOR NONINSURABLE CROPS**

Producers have until Dec. 2, 2013, to purchase coverage through the Non-insurable Crop Disaster Assistance Program (NAP). The sales closing date is actually Dec. 1, 2013, but producers have until Monday, Dec. 2, 2013, to purchase coverage this year because Dec. 1 falls on a Sunday.

NAP provides financial assistance to producers of noninsurable crops when low yields/grazing loss, loss of inventory or prevented planting occur due to natural disasters including drought, freeze, hail, excessive moisture, excessive wind or hurricanes.

The following crops have a NAP application closing date of Dec. 2, 2013: grazing and forage/hay on native and improved grass, honey, potatoes, radishes, grapes and caneberries.

In order to meet eligibility requirements for NAP, crops must be noninsurable, commercially-produced agricultural commodity crops for which the catastrophic risk protection level of crop insurance is not available.

In the event of a natural disaster, NAP covers the amount of loss greater than 50 percent of the expected production based on the approved yield and reported acreage.

Eligible producers can apply for coverage using form CCC-471, "Application for Coverage." Producers must file the application and pay a service fee

by the Dec. 2nd deadline. The service fee is the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties.

Limited resource farmers may request a waiver of the service fee at the time the application for coverage is filed. Producers must recertify their limited resource status for each year that a waiver is requested.

For more information on sales closing dates and NAP, contact your local FSA office.

### **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 FSA office or go online to [www.fsa.usda.gov/](http://www.fsa.usda.gov/).

### **INCREASED GUARANTEED LOAN LIMIT**

The Farm Service Agency maximum 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.

### **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 new maximum principal amount of a loan through FSFL is \$500,000. Participants are now 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 \$50,000. New 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](http://www.fsa.usda.gov).

### 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.

### 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.

### LDPS FOR UNSHORN LAMB PELTS

Eligible producers have until Jan. 31, 2014, to apply for Loan Deficiency Payments (LDP) for unshorn pelts produced during the 2013 crop year.

Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

### 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.

### 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.

Stop by the county office for help preparing and processing 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.

**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.**

Selected Interest Rates for December 2013	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.875%
Farm Ownership Loans — Direct	4.125%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.875%
Farm Storage Facility Loans (7 years)	2.00%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996-Present	1.125%