



# NEWSLETTER



## Texas FSA Today

April 2014

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

### SAVE TIME – MAKE AN APPOINTMENT WITH FSA

As we roll out the Farm Bill programs administered by FSA, there will be related sign-ups 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/locator/app>.

### 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](http://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](http://www.fsa.usda.gov).

### 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 and plans to open program enrollment by April 15, 2014.

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

Many producers still have questions. USDA is in the process of interpreting Farm Bill program regulations. Additional information will be provided once the enrollment period is announced. In the meantime, producers can review the LIP and LFP Fact Sheets by visiting: <http://www.fsa.usda.gov/FSA/fbapp?area=home&subject=landing&topic=landing>. Thanks for your patience as USDA works diligently to put Farm Bill programs into action to benefit the farmers and ranchers of rural America.

### USDA ENCOURAGES EARLY REGISTRATION FOR FSA PROGRAMS

USDA recommends that farmers and ranchers register in advance for FSA programs in order to improve the sign-up process and expedite implementation of programs. Producers are encouraged to report farm records and business structure changes to a local FSA Service Center before April 15, 2014.

Examples of updates or changes to report include:

- New producers or producers who have not reported farm records to FSA.
- Producers who have recently bought, sold or rented land. Those producers need to ensure that changes have been reported and properly recorded by local FSA county office personnel. Reports of purchased or sold property should include a copy of the land deed, and if land has been leased, then

documentation should be provided that indicates the producer had/has control of the acreage.

- Producers that have changed business structures (e.g. formed a partnership or LLC) need to ensure that these relationships and shares are properly recorded with FSA. Even family farms that have records on file may want to ensure that this is recorded accurately as it may impact payment limits.

Farm records can be updated during business hours at FSA Service Centers that administer the county where the farm or ranch is located. Producers can contact their local FSA Service Center in advance to find out what paperwork they may need. In addition, bank account information should be supplied or updated if necessary to ensure that producers receive payments as quickly as possible through direct deposit.

For further information about our disaster programs and USDA's Farm Bill implementation plan, visit FSA's [2014 Farm Bill Web page](#). FSA Service Center locations can be found on the [FSA website](#).

### **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.

### **USDA PREPARES TO ACCEPT MAL AND LDP REQUESTS; SETS 2014 MAL LOAN RATES**

The USDA Farm Service Agency (FSA) will begin 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/price-support](http://www.fsa.usda.gov/price-support).

For more information, please visit a nearby USDA Service Center or FSA's website [www.fsa.usda.gov](http://www.fsa.usda.gov).

### **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 hundred-weight (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.

### **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.

### **ASKFSA**

Are you looking for answers to your FSA questions? Then ASK FSA at [askfsa.custhelp.com](http://askfsa.custhelp.com).

AskFSA is an online resource that helps you easily find information and answers to your FSA questions no matter where you are or what device you use. It is for ALL customers, including underserved farmers and ranchers who wish to be enrolled in FSA loans, farm, and conservation programs.

Through AskFSA you can:

- Access our knowledge base 24/7
- Receive answers to your questions faster
- Submit a question and receive a timely response from an FSA expert
- Get notifications when answers important to you and your farming operation are updated
- Customize your account settings and view responses at any time

FSA's self-service assistance anytime, anywhere!

### **2014 ACREAGE REPORTING DATES**

In order to comply with FSA program eligibility requirements, all producers

are encouraged to visit their local FSA office to file an accurate crop certification report by the applicable deadline.

Visit [www.fsa.usda.gov/tx](http://www.fsa.usda.gov/tx) to view a table and maps that outline acreage reporting dates by crop.

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.

Additionally, producers in Kansas, Nebraska, North Dakota, Oklahoma, South Dakota, and Texas can purchase both NAP and RMA coverage for 2014 annual forage crops. However, beginning in 2015, NAP coverage will not be available for annual forage crops in Kansas, Nebraska, North Dakota, Oklahoma, South Dakota, and Texas.

For questions regarding crop certification and crop loss reports, please contact your local FSA office.

### **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.

### **2009, 2010, 2011, 2012 AND 2013 AVERAGE ADJUSTED GROSS INCOME COMPLIANCE REVIEW**

The AGI verification and compliance reviews for 2009, 2010, 2011, 2012 and 2013 are conducted on producers who the IRS indicates may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers will receive determinations of eligibility or ineligibility.

If the producer is determined to have exceeded the AGI limitation of \$500,000 of nonfarm income, \$750,000 of farm income, \$1 million of conservation program benefits or the \$1 million total AGI, then receivables will be established for payments earned directly or indirectly by the producer subject to the applicable limitation. The Texas FSA State Office will begin notifying producers selected for review next month. If you have any questions about the review process or determination, please contact the Texas FSA State Office at 979-680-5191. Producers who receive initial debt notification letters may only appeal the amount of the debt to their local FSA office. Adverse determinations become administratively final if not timely appealed and can only be reopened if exceptional circumstances exist that prevented the producer from timely filing the appeal.

### **FARM SAFETY**

Flowing grain in a storage bin or gravity-flow wagon can be fatal. It takes less than five seconds for a person caught in flowing grain to be trapped.

The mechanical aspects of grain handling equipment, also presents a real danger. Augers, power take offs, and other moving parts can grab people or clothing.

These hazards, along with pinch points and missing shields, are dangerous enough for adults; not to mention children. It is always advisable to keep children a safe distance from operating farm equipment. Always use extra caution when backing or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before

machinery is engaged.

FSA wants all farmers to have a productive crop year, and that begins with putting safety first.

### **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 Facility Loan security requirements have been eased for loans up to \$100,000. Previously, all loans in excess of \$50,000 and any loan with little resale value required a promissory note/security agreement and additional security, such as a lien on real estate. Now loans up to \$50,000 can be secured by only a promissory note/security agreement and some loans between \$50,000 and \$100,000 will no longer require additional security.

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](http://www.fsa.usda.gov) for more about FSA programs and loans, including the Farm Storage Facility Loan Program.

### **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.

FSA will begin accepting MALs and applications for LDPs on the 2014 wool crop immediately. FSA will accept MAL/LDP requests for honey (produced and extracted) starting April 1, 2014. MAL/LDP requests for all other eligible commodities can be made after harvest. Sugar MALs will be available beginning October 1, 2014.

### **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.

### **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.

### **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.

### **FSA ALLOWS LENDERS TO USE EVALUATIONS INSTEAD OF APPRAISALS FOR LOANS OF \$250,000 OR LESS**

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 the lender’s loan narrative.

### **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.

### **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
- 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 youth loan

applicant, along with providing adequate supervision.

Stop by the county office for help preparing and processing the application forms.

### **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.

### **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](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.

### **USDA SETS DATE FOR SOYBEAN REQUEST FOR REFERENDUM (AO-1595)**

USDA will offer soybean producers the opportunity to request a referendum on the Soybean Promotion and Research Order (Order), as authorized under the Soybean Promotion, Research, and Consumer Information Act (Act).

Soybean producers who are interested in having a referendum to determine whether to continue the Soybean Checkoff Program are invited to participate. To be eligible to participate, producers must certify and provide documentation that shows that they

produced soybeans and paid an assessment on the soybeans during the period of Jan. 1, 2012, through Dec. 31, 2013.

Producers may obtain a form by mail, fax, or in person from FSA county offices starting on May 5, 2014 through May 30, 2014. Forms are also available on the [AMS website](#). Producers who don't participate in FSA programs can still request a referendum at the FSA county office where they own or rent land.

Completed forms and supporting documentation must be returned to the appropriate FSA county office by fax or in person no later than close of business May 30, 2014. If returned by mail, it must be postmarked by midnight May 30, 2014, and received in the office by close of business on June 5, 2014.

Notice of the Request for Referendum will be published in the March 4, 2014, Federal Register. For more information, visit the [AMS website](#) or contact James Brow, Research and Promotions Branch; Livestock, Poultry and Seed Program, AMS, USDA; STOP 0251 - Room 2610-S; 1400 Independence Avenue, SW; Washington, D.C. 20250-0251; tel. (202) 720-0633.

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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.**

Selected Interest Rates for April 2014	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	2.00%
Farm Ownership Loans — Direct	4.00%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Direct Farm Ownership - Joint Financing	2.50%
Emergency Loans	3.00%
Farm Storage Facility Loans (7 years)	2.125%
Sugar Storage Facility Loans	3.125%
Commodity Loans 1996-Present	1.125%