September 2016

Having trouble viewing this email? View it as a Web page.

Texas FSA Newsletter

Farm Service Agency
Texas State Office

2405 Texas Ave. South
College Station, Texas 77840
Phone: 979-680-5151
www.fsa.usda.gov/tx

State Executive Director:
Judith A. Canales

State Committee:
Jerry D. Glover
Debra Barrett
Armando Mandujano
Wesley Ratcliff
Glen A. Rod

From the State Executive Director

From cotton and cattle to the Port of Houston, Texas agriculture is a key factor in the global economy. But that powerful influence starts at the local level, on farms and ranches in rural communities. The United States Department of Agriculture (USDA) and Texas Farm Service Agency (FSA) have a wide variety of options for farmers and ranchers seeking ways to successfully grow and protect their operation, including loans, disaster assistance, price support, and conservation practices. During Fiscal Year 2015, Texas FSA delivered nearly $2.2 billion in federal farm program payments and loans to Texas farmers and ranchers.

FSA may be a great resource when getting started in agriculture or looking for ways to expand an existing operation. FSA sets aside funds to lend to beginning farmers and ranchers. In Fiscal Year 2015, Texas FSA made more than 1,100 loans and guarantees to beginning producers in Texas.

Detailed and helpful information is also available at our web page specifically designed for new farmers and ranchers. Please take the time to visit https://newfarmers.usda.gov/new-farmers. Find support and guidance to help get started, and personalize your search with the page's Discovery Tool.

Producers considering building or upgrading permanent facilities for commodity storage may also consider the Farm Storage Facility Loan (FSFL) program. FSFLs are well-tailored to finance on-farm storage and handling for small and mid-sized farms. FSFL eligibility includes the structure and equipment necessary to store and handle eligible commodities until market conditions are conducive for profitable sale.

Division Chiefs:
Ronda Arnett
Chris Morris
Darren Owens
David Sullivan
Eddie Trevino
Micky Woodard

To find contact information for your local office go to www.fsa.usda.gov/xx

Farmers and ranchers may also benefit from FSA's new FSFL Microloan option. FSFL Microloans allow producers to borrow up to $50,000 with the minimum down payment reduced to 5 percent, shorter loan terms, and less paperwork.

Many disaster assistance programs are also available to help protect producers' livelihood when faced with unexpected loss due to disasters. The Non-Insured Crop Disaster Assistance Program (NAP) is one example. NAP provides financial protection when Federal crop insurance is not available and low yields, loss of inventory, or prevented planting are caused by natural disasters. For a quick review at FSA Disaster Assistance programs, read the FSA Disaster Assistance at-a-glance Fact Sheet.

Whether getting started, growing, or protecting an operation from loss, many USDA programs are available to assist Texas farmers and ranchers. To learn more about FSA programs, visit www.fsa.usda.gov or contact a local FSA county office. To find your local FSA county office, visit http://offices.usda.gov.

Sincerely,
Judith A. Canales
Texas Farm Service Agency Executive Director

USDA Expands Microloans to Help Farmers Purchase Farmland and Improve Property

Producers, Including Beginning and Underserved Farmers, Have a New Option to Gain Access to Land

The U.S. Department of Agriculture (USDA) is offering farm ownership microloans, creating a new financing avenue for farmers to buy and improve property. These microloans are especially helpful to beginning or underserved farmers, U.S. veterans looking for a career in farming, and those who have small and mid-sized farming operations.

The microloan program, which celebrates its third anniversary this week, has been hugely successful, providing more than 16,800 low-interest loans, totaling over $373 million to producers across the country. Microloans have helped farmers and ranchers with operating costs, such as feed, fertilizer, tools, fencing, equipment, and living expenses since 2013. Seventy percent of loans have gone to new farmers.

Now, microloans will be available to also help with farm land and building purchases, and soil and water conservation improvements. FSA designed the expanded program to simplify the application process, expand eligibility requirements and expedite smaller real estate loans to help farmers strengthen their operations. Microloans provide up to $50,000 to qualified producers, and can be issued to the applicant directly from the USDA Farm Service Agency (FSA).

This microloan announcement is another USDA resource for America's farmers and ranchers to utilize, especially as new and beginning farmers and ranchers look for the assistance they need to get started. To learn more about the FSA microloan program visit www.fsa.usda.gov/microloans, or contact your local FSA office. To find your nearest office location, please visit http://offices.usda.gov.

Farm Loan Graduation Reminder

FSA Direct Loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

FSA periodically conducts Direct Loan graduation reviews to determine a borrower's ability to graduate to commercial credit. If the borrower's financial condition has improved to a point where they can refinance their debt with commercial credit, they will be asked to obtain other financing and partially or fully pay off their FSA debt.

By the end of a producer's operating cycle, the Agency will send a letter requesting a current balance sheet, actual financial performance and a projected farm budget. The borrower has 30 days to return the required financial documents. This information will be used to evaluate the borrower's potential for refinancing to commercial credit.

If a borrower meets local underwriting criteria, FSA will send the borrower's name, loan type, balance sheet and projected cash flow to commercial lenders. The borrower will be notified when loan information is sent to local lenders.

If any lenders are interested in refinancing the borrower's loan, FSA will send the borrower a letter with a list of lenders that are interested in refinancing the loan. The borrower must contact the lenders and complete an application for commercial credit within 30 calendar days.

If a commercial lender rejects the borrower, the borrower must obtain written evidence that specifies the reasons for rejection and submit to their local FSA farm loan office.

If a borrower fails to provide the requested financial information or to graduate, FSA will notify the borrower of noncompliance, FSA's intent to accelerate the loan, and appeal rights.

2016 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.

Acreage reporting dates vary by crop and by county so please contact your local FSA office for a list of county-specific deadlines.

The following exceptions apply to acreage reporting dates:

- If the crop has not been planted by the applicable 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 applicable acreage reporting date, then the acreage must be reported no later than 30 calendars 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 15

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the applicable dates or 15 calendar days before grazing or harvesting of the crop begins.

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

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

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency assistance to eligible livestock, honeybee, and farm-raised fish producers who have losses due to disease, adverse weather or other conditions, such as blizzards and wildfires, not covered by other agricultural disaster assistance programs.

Eligible livestock losses include grazing losses not covered under the Livestock Forage Disaster Program (LFP), loss of purchased feed and/or mechanically harvested feed due to an eligible adverse weather event, additional cost of transporting water because of an eligible drought and additional cost associated with gathering livestock to treat for cattle tick fever.

Eligible honeybee losses include loss of purchased feed due to an eligible adverse weather event, cost of additional feed purchased above normal quantities due to an eligible adverse weather condition, colony losses in excess of normal mortality due to an eligible weather event or loss condition, including CCD, and hive losses due to eligible adverse weather.

Eligible farm-raised fish losses include death losses in excess of normal mortality and/or loss of purchased feed due to an eligible adverse weather event.

Producers who suffer eligible livestock, honeybee, or farm-raised fish losses from October 1, 2015 to September 30, 2016 must file a notice of loss the earlier of 30 calendar days of when loss is apparent or November 1, 2016, and an application for payment by November 1, 2016

The Farm Bill caps ELAP disaster funding at $20 million per federal fiscal year.

The following ELAP Fact Sheets (by topic) are available online:

- ELAP for Farm-Raised Fish Fact Sheet
- ELAP for Livestock Fact Sheet
- ELAP for Honeybees Fact Sheet

These and other FSA program fact sheets are available at www.fsa.usda.gov/factsheets.

Report Livestock Losses

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for 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. LIP compensates livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather, including losses due to hurricanes, floods, blizzards, wildfires, extreme heat or extreme cold.

For 2016, eligible losses must occur on or after January 1, 2016, and before December 31, 2016. A notice of loss must be filed with FSA within 30 days of when the loss of livestock is apparent. Participants must provide the following supporting documentation to their local FSA office no later than 30 calendar days after the end of the calendar year for which benefits are requested:

- Proof of death documentation
- Copy of growers contracts
- Proof of normal mortality documentation

USDA has established normal mortality rates for each type and weight range of eligible livestock, i.e. Adult Beef Cow = 1.5% and Non-Adult Beef Cattle (less than 400 pounds) = 3%. These established percentages reflect losses that are considered expected or typical under “normal” conditions. Producers who suffer livestock losses in 2016 must file both of the following:

- A notice of loss the earlier of 30 calendar days of when loss was apparent or January 30, 2017
- An application for payment by January 30, 2017

Additional Information about LIP is available at your local FSA office or online at: www.fsa.usda.gov.

USDA Extends Margin Protection Program for Dairy Enrollment Deadline

USDA announced that it will extend the deadline for dairy producers to enroll in the Margin Protection Program (MPP) for Dairy to December 16, 2016, from the previous deadline of September 30. This voluntary dairy safety net program, established by the 2014 Farm Bill, provides financial assistance to participating dairy producers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer. A USDA web tool, available at www.fsa.usda.gov/mpptool, allows dairy producers to calculate levels of coverage available from MPP based on price projections.

USDA Announces Safety Net Assistance for Milk Producers Due to Tightening Dairy Margins

USDA announced approximately $11.2 million in financial assistance to American dairy producers enrolled in the 2016 Margin Protection Program for Dairy (MPP-Dairy). The payment rate for May/June 2016 will be the largest since the program began in 2014. The narrowing margin between milk prices and the cost of feed triggered the payments, as provided for by the 2014 Farm Bill.

Dairy producers should evaluate their enrollment options for 2017, as the enrollment period ends December 16, 2016.

Dairy producers who enrolled at the $6 through $8 margin trigger coverage level will receive payments. MPP-Dairy payments are triggered when the national average margin (the difference between the price of milk and the cost of feed) falls below a level of coverage selected by the dairy producer, ranging from $4 to $8, for a specified consecutive two-month period. All final USDA prices for milk and feed components required to determine the national average margin for May/June 2016 were released on July 29, 2016.

The national average margin for the May/June 2016 two-month consecutive period is $5.76277 per hundred weight (cwt.).

State specific payment amounts can be found at www.fsa.usda.gov/dairy.

To learn more about the Margin Protection Program for dairy, visit the Farm Service Agency (FSA) online at www.fsa.usda.gov/dairy or stop by a local FSA office. Producers may visit www.fsa.usda.gov/mpptool to calculate the best levels of coverage for their dairy operation. To find an FSA office near you, visit http://offices.usda.gov.

GRAZE-OUT Payments Now Available to Texas Producers

Wheat, Barley, Oats or Triticale

FSA is now accepting applications for 2016 GRAZE-OUT payments for producers who elect to use their acreage planted to wheat, barley, oats, or triticale for grazing by livestock and agree to forgo any other harvesting of the commodity in 2016.

Producers must request graze-out payments by farm and complete form CCC-633 GRAZING. If multiple producers share in the acreage, all signatures must be obtained before the request is considered complete.

The graze-out payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity for the county where the farm is located. This is referred to as the Loan Deficiency Payment (LDP) rate. The graze-out payment will be based on the LDP rate in effect for the county on the date of the request.

Producers may file an application for graze-out any time prior to March 31, 2017.

Farm acres identified on form CCC-633 GRAZING will not be eligible for an indemnity under the Federal Crop Insurance Act or Noninsured Crop Disaster Assistance Program (NAP).

Graze-out payments are subject to the same basic eligibility requirements as commodity loans and

LDPs including, but not limited to Adjusted Gross Income (AGI) provisions, beneficial interest, conservation compliance, foreign person, payment limitations for crop years 2014 through 2018, together with market loan gains and ARC/PLC.

Before MAL repayments with a market loan gain (MLG) or LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution. 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, MLGs and LDPs.

AGI provisions state that a producer whose total applicable three-year average AGI exceeds $900,000 is not eligible to receive an MLG or LDP. Producers must have a valid CCC-941 on file to earn a market gain or LDP.

For more information and additional eligibility requirements, producers should contact their local FSA Service Center or FSA's website www.fsa.usda.gov.

Marketing Assistance Available for 2016 Wheat, Other Crops in Texas

The 2014 Farm Bill authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs).

In Texas, wheat prices are nearing a range where LDPs may be applicable, so producers should become familiar with the process to access this assistance.

MALs and LDPs provide financing and marketing assistance for wheat, as well as other commodities such as feed grains, soybeans and other oilseeds, pulse crops, rice, peanuts, cotton, wool 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 an MAL, but agrees to forgo the loan, may obtain an LDP if such a payment is available.

To be eligible for an MAL or an LDP, producers must have a beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when control of and title to the commodity is maintained. For an LDP, the producer must retain beneficial interest in the commodity from the time of planting through the date the producer filed Form CCC-633EZ (page 1) in the FSA County Office. For more information, producers should contact their local FSA county office or view the LDP Fact Sheet.
