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Farm Service Agency Electronic News Service

NEWSLETTER

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FSA News - Lone Star State Edition

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From the State Executive Director

During a recent statewide FSA conference, I had the unique opportunity to recognize two employees in Texas who reached 50 years of federal service. It was an honor to share their story in a room filled with more than 100 members of our FSA family. It was rewarding to hear them both say they still love assisting local farmers and ranchers with new programs and program updates that might help improve or protect their way of life.

FSA has always been customer-focused. Recent program announcements show our commitment and focus are as strong as ever, ensuring FSA is responsive to the needs of America's agricultural producers.

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To find contact information for
your local office go to:
<http://www.fsa.usda.gov/tx>

The Bipartisan Budget Act of 2018 amended the 2014 Farm Bill to include seed cotton as a covered commodity under FSA's Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for the 2018 crop year. Producers with farms that have generic base and recent history of covered commodities will have a one-time opportunity to update the farm's payment yield for seed cotton.

FSA and Texas A&M University are hosting local producer meetings across the state to discuss related program information and answer questions. Texas A&M's AgriLife Extension agents also provide an overview of a [seed cotton decision tool](#) developed at Texas A&M to help producers with their decision regarding how to update yield and allocate generic base acres. Contact your local county office for more information about meetings in your area.

The Act also amended the 2014 Farm Bill to help producers still recovering from 2017 certain natural disasters. The 2017 Wildfires and Hurricanes Indemnity Program (2017 WHIP) provides disaster payments to offset eligible agricultural losses from hurricanes and wildfires during 2017. The Act further revised policies for other FSA disaster assistance programs, including the Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP), the Livestock Forage Disaster Program (LFP), and the Livestock Indemnity Program (LIP).

I encourage everyone who may benefit from these program changes to visit farmers.gov or contact your local FSA county office for more information. To find your local FSA county office, visit <http://offices.usda.gov>.

Sincerely,

Gary L. Six
State Executive Director
Farm Service Agency – Texas

Nearly \$2 Billion Now Available for Eligible Producers Affected by 2017 Hurricanes and Wildfires

Agricultural producers affected by hurricanes and wildfires in 2017 now may apply for assistance to help recover and rebuild their farming operations. Signup began July 16, 2018, and continues through Nov. 16, 2018.

Hurricanes and wildfires caused billions of dollars in losses to America's farmers last year. Our objective is to get relief funds into the hands of eligible producers as quickly as possible. We are making immediate, initial payments of up to 50 percent of the calculated assistance so producers can pay their bills.

Additional payments will be issued, if funds remain available, later in the year.

The program, known as the 2017 Wildfires and Hurricanes Indemnity Program (2017 WHIP) was authorized by Congress earlier this year by the Bipartisan Budget Act of 2018.

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Eligible crops, trees, bushes, or vines, located in a county declared in a Presidential Emergency Disaster Declaration or Secretarial Disaster Designation as a primary county are eligible for assistance if the producer suffered a loss as a result of a 2017 hurricane. Also, losses located in a county not designated as a primary county may be eligible if the producer provides documentation showing that the loss was due to a hurricane or wildfire in 2017. A list of counties that received qualifying hurricane declarations and designations is available at <https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/wildfires-and-hurricanes-indemnity-program/index>. Eligibility is determined by Farm Service Agency (FSA) county committees.

Agricultural production losses due to conditions caused by last year's wildfires and hurricanes, including excessive rain, high winds, flooding, mudslides, fire, and heavy smoke, could qualify for assistance through the program. Typically, 2017 WHIP is only designed to provide assistance for production losses, however, if quality was taken into consideration under the insurance or Noninsured Crop Disaster Assistance Program (NAP) policy, where production was further adjusted, the adjusted production will be used in calculating assistance under this program.

Eligible crops include those for which federal crop insurance or NAP coverage is available, excluding crops intended for grazing. A list of crops covered by crop insurance is available through the U.S. Department of Agriculture's (USDA) Actuarial Information Browser at <https://webapp.rma.usda.gov/apps/actuarialinformationbrowser>.

Eligibility will be determined for each producer based on the size of the loss and the level of insurance coverage elected by the producer. A WHIP factor will be determined for each crop based on the producer's coverage level. Producers who elected higher coverage levels will receive a higher WHIP factor.

The 2017 WHIP payment factor ranges from 65 percent to 95 percent, depending upon the level of crop insurance coverage or NAP coverage that a producer obtained for the crop. Producers who did not insure their crops in 2017 will receive 65 percent of the expected value of the crop. Insured producers will receive between 70 percent and 95 percent of expected value; those who purchased the highest levels of coverage will receive 95-percent coverage.

Each eligible producer requesting 2017 WHIP benefits will be subject to a payment limitation of either \$125,000 or \$900,000, depending upon their average adjusted gross income, which will be verified. The payment limit is \$125,000 if less than 75 percent of the person or legal entity's average adjusted gross income is average adjusted gross farm income. The payment limit is \$900,000, if 75 percent or more of the average adjusted gross income of the person or legal entity is average adjusted gross farm income.

Both insured and uninsured producers are eligible to apply for 2017 WHIP. However, all producers receiving 2017 WHIP payments will be required to purchase crop insurance and/or NAP, at the 60 percent coverage level or higher, for the next two available crop years to meet statutory requirements. Producers who fail to purchase crop insurance for the next two applicable years will be required to pay back the 2017 WHIP payment.

To help expedite payments, a producer who does not have records established at the [local USDA service center](#) are encouraged to do so early in the process. To establish a record for a farm, a producer needs:

- Proof of identity: driver's license and Social Security number/card;
- Copy of recorder deed, survey plat, rental, or lease agreement of the land. A producer does not have to own property to participate in FSA programs;
- Corporation, estate, or trust documents, if applicable

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Once signup begins, a producer will be asked to provide verifiable and reliable production records. If a producer is unable to provide production records, USDA will calculate the yield based on the county average yield. A producer with this information on file does not need to provide the information again.

For more information on FSA disaster assistance programs, please contact your local USDA service center or visit <https://www.farmers.gov/recover/whip>.

New 'ARC/PLC' Educational Tool Available for Farms with Generic Base Acres that Planted Seed Cotton

Farm Service Agency (FSA) is notifying farmers with generic base acres that planted seed cotton that a new tool is available to assist them in understanding how the new seed cotton program may affect their FSA payments. It helps a producer make decisions on how to allocate generic base acres to other covered crops based on a producer's planting history.

The educational tool can be viewed at <https://www.afpc.tamu.edu/tools/cotton-base>.

Developed by Texas A&M University, the tool is for educational purposes only, and by using the tool, it is agreed that the results are not a guarantee of future FSA program parameters or payments. Users also acknowledge that this tool is provided with absolutely no warranty, without even the implied warranty of fitness for a particular purpose.

The Bipartisan Budget Act of 2018 included [seed cotton as a covered commodity](#) under the Agriculture Risk Coverage (**ARC**) and Price Loss Coverage (**PLC**) program effective for the 2018 crop year. The Act also authorizes owners of a farm with generic base acres and a recent history of covered commodities a one-time opportunity to update the farm's payment yield for seed cotton.

Complete details of this decision are available by reading the [Notice](#) (https://www.fsa.usda.gov/Internet/FSA_Notice/arcplc50.pdf), or by contacting the State or County FSA office <http://offices.usda.gov>.

USDA: Consider 'NAP' Risk Protection Coverage Before Crop Sales Deadlines

The Farm Service Agency (FSA) encourages producers to examine available USDA crop risk protection options, including federal crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage, before the applicable crop sales deadline.

Producers are reminded that crops not covered by insurance may be eligible for NAP. Beginning, underserved and limited resource farmers are now eligible for free catastrophic level coverage.

Federal crop insurance covers crop losses from natural adversities such as drought, hail and excessive moisture. NAP covers losses from natural disasters on crops for which no permanent federal crop insurance program is available, including perennial grass forage and grazing crops, fruits, vegetables, mushrooms, floriculture, ornamental nursery, aquaculture, turf grass, ginseng, honey, syrup, bioenergy, and industrial crops.

Producers can determine if crops are eligible for federal crop insurance or NAP by visiting <https://webapp.rma.usda.gov/apps/ActuarialInformationBrowser2018/CropCriteria.aspx>.

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NAP basic coverage is available at 55 percent of the average market price for crop losses that exceed 50 percent of expected production.

Deadlines for coverage vary by state and crop. To learn more about NAP visit www.fsa.usda.gov/nap or contact your local USDA Service Center. To find your local USDA Service Centers go to <http://offices.usda.gov>.

Federal crop insurance coverage is sold and delivered solely through private insurance agents. Agent lists are available at all USDA Service Centers or at USDA's online Agent Locator: <http://prodwebnlb.rma.usda.gov/apps/AgentLocator/#>. Producers can use the USDA Cost Estimator, <https://ewebapp.rma.usda.gov/apps/costestimator/Default.aspx>, to predict insurance premium costs.

Maintaining Approved Cover Required on Acreage Enrolled in CRP, Farm Programs

Conservation Reserve Program (CRP) participants are responsible for ensuring adequate, approved vegetative and practice cover is maintained to control erosion throughout the life of the contract after the practice has been established.

Participants must also control undesirable vegetation, weeds (including noxious weeds), insects and rodents that may pose a threat to existing cover or adversely impact other landowners in the area.

All CRP maintenance activities, such as mowing, burning, disking, and spraying, must be conducted outside the primary nesting or brood rearing season for wildlife, which is March 1 through July 1 in Texas. However, spot treatment of the acreage may be allowed during the primary nesting or brood rearing season if, left untreated, the weeds, insects or undesirable species would adversely impact the approved cover. In this instance, spot treatment is limited to the affected areas in the field and requires County Committee approval prior to beginning the spot treatment. The County Committee will consult with NRCS to determine if such activities are needed to maintain the approved cover.

Annual mowing of CRP for generic weed control or cosmetic purposes is prohibited at all times.

Incentives Available to Transition Expiring CRP Land to Beginning, Veteran, Underserved Farmers, Ranchers

Retired or retiring landowners or operators are encouraged to transition their Conservation Reserve Program (CRP) acres to beginning, veteran, or underserved farmers or ranchers through the Transition Incentives Program (TIP). TIP provides annual rental payments to the retiring farmer for up to two additional years after the CRP contract expires, provided the transition is not to a family member.

Enrollment in TIP is on a continuous basis. Beginning, veteran, or underserved farmers and ranchers and retiring CRP participants may enroll in TIP beginning one year before the expiration date of the CRP contract or Aug. 15. For example, if a CRP contract is scheduled to expire on Sept. 30, 2018, the land may be offered for enrollment in TIP beginning Oct. 1, 2017, through Aug. 15, 2018. The Aug. 15 deadline allows the Natural Resources Conservation Service (NRCS) time to complete the TIP sustainable grazing or crop production conservation plans. The TIP application must be submitted prior to completing the lease or sale of the affected lands.

New landowners or renters must return the land to production using sustainable grazing or farming methods.

For more information on TIP, visit <https://www.fsa.usda.gov/conservation>.

USDA Eases Transfer of Conservation Land to Next Generation of Farmers, Ranchers

Allows Transfer of Certain Conservation Reserve Program Land to New Farmers; Provides Priority Enrollment in Working Lands Conservation Programs

U.S. Department of Agriculture (USDA) is offering an early termination opportunity for certain Conservation Reserve Program (CRP) contracts, making it easier to transfer property to the next generation of farmers and ranchers, including family members. The land that is eligible for the early termination is among the least environmentally sensitive land enrolled in CRP.

Normally if a landowner terminates a CRP contract early, they are required to repay all previous payments plus interest. The new policy waives this repayment if the land is transferred to a beginning farmer or rancher through a sale or lease with an option to buy. With CRP enrollment close to the Congressionally-mandated cap of 24 million acres, the early termination will also allow USDA to enroll other land with higher conservation value elsewhere.

Acres terminated early from CRP under these land tenure provisions will be eligible for priority enrollment consideration into the CRP Grasslands, if eligible; or the Conservation Stewardship Program or Environmental Quality Incentives Program, as determined by the Natural Resources Conservation Service.

According to the Tenure, Ownership and Transition of Agricultural Land survey, conducted by USDA in 2014, U.S. farmland owners expect to transfer 93 million acres to new ownership during 2015-2019. This represents 10 percent of all farmland across the nation. Details on the early termination opportunity are available at local USDA service centers. For more information about CRP, and to find out if your acreage is eligible for early contract termination, contact your local Farm Service Agency (FSA) office or go online at www.fsa.usda.gov/crp.

Using FSA Direct Farm Ownership Loans for Construction

The USDA Farm Service Agency's (FSA) [Direct Farm Ownership loans](#) are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase agricultural productivity, and assist with land tenure to save farmland for future generations.

Depending on the applicant's needs, there are three types of Direct Farm Ownership Loans: regular, down payment, and joint financing. FSA also offers a [Direct Farm Ownership Microloan](#) option for smaller financial needs up to \$50,000.

Amongst other purposes, Direct Farm Ownership Loans can be used to construct, purchase, or improve farm dwellings, service buildings, or other facilities and improvements essential to an operation.

To do this, applicants must provide FSA with an estimate of the total cost of all planned development that completely describe the work prior to loan approval, and must show proof of sufficient funds to pay for the total cost of all planned development at or before loan closing. In some instances, applicants may be asked to provide certified plans, specifications or contract documents. The applicant cannot incur any debts for materials or labor or make any expenditures for development purposes prior to loan closing with the expectation of being reimbursed from FSA funds.

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Construction and development work may be performed either by the contract method or the borrower method. Under the contract method, construction and development contractors perform work according to a written contract with the applicant or borrower. An applicant for a direct loan to finance a construction project must obtain a surety bond that guarantees both payment and performance in the amount of the construction contract from a construction contractor.

A surety bond is required when a contract exceeds \$100,000, an authorized agency official determines that a surety bond appears advisable to protect the borrower against default of the contractor or a contract provides for partial payments in excess of the amount of 60 percent of the value of the work in place.

Under the borrower method, the applicant or borrower will perform the construction and development work. The borrower method may only be used when the authorized agency official determines, based on information from the applicant, that the applicant possesses or arranges to obtain the necessary skill and managerial ability to complete the work satisfactorily and that such work will not interfere with the applicant's farming operation or work schedule.

In Texas, the borrower method can only be used if the property is considered non-homestead property under Texas state laws.

Potential applicants should visit with FSA early in the initial project planning process to ensure environmental compliance.

For more eligibility requirements and information about FSA Loan programs, contact your local FSA office or visit www.fsa.usda.gov. To find your local FSA office, visit <http://offices.usda.gov>.

Borrower Training

Borrower training is available for all Farm Service Agency customers. This training is required for all direct loan applicants, unless the applicant has a waiver issued by the agency.

Borrower training includes instruction in production and financial management. The purpose is to help the applicant develop and improve skills that are necessary to successfully operate a farm and build equity in the operation. It aims to help the producer become financially successful. Borrower training is provided, for a fee, by agency-approved vendors.

Contact your local FSA Farm Loan Manager for a list of approved vendors.

Loan Servicing

There are options for Farm Service Agency loan customers during financial stress.

If you are a borrower who is unable to make payments on a loan, contact your local FSA Farm Loan Manager to learn about the options available to you.

'Actively Engaged' Provisions for Non-Family Joint Operations, Entities

Many Farm Service Agency programs require all program participants, either individuals or legal entities, to be "actively engaged in farming." This means participants provide a significant contribution to the farming operation, whether it is capital, land, equipment, active personal labor and/or management. For entities, each partner, stockholder or member with an ownership interest, must contribute active personal labor and/or management to the operation on a regular basis.

Joint operations comprised of non-family members or partners, stockholders or persons with an ownership in the farming operation must meet additional payment eligibility provisions. Joint operations comprised of family members are exempt from these additional requirements. For 2016 and subsequent crop years, non-family joint operations can have one member that may use a significant contribution of active personal management exclusively to meet the requirements to be determined "actively engaged in farming." The person or member will be defined as the farm manager for the purposes of administering these management provisions.

Non-family joint operations may request to add up to two additional managers for their farming operation based on the size and/or complexity of the operation. If additional farm managers are requested and approved, all members who contribute management are required to complete form CCC-902MR, Management Activity Record. The farm manager should use the form to record management activities including capital, labor and agronomics, which includes crop selection, planting decisions, acquisition of inputs, crop management and marketing decisions. One form should be used for each month and the farm manager should enter the number of hours of time spent for each activity under the date of the month the actions were completed. The farm manager must also document if each management activity was completed on the farm or remotely.

The records and supporting business documentation must be maintained and timely made available for review by the appropriate FSA reviewing authority, if requested.

If the farm manager fails to meet these requirements, their contribution of active personal management to the farming operation for payment eligibility purposes will be disregarded and their payment eligibility status will be re-determined for the applicable program year.

In some instances, additional persons or members of a non-family member joint operation who meet the definition of farm manager may also be allowed to use such a contribution of active personal management to meet the eligibility requirements. However, under no circumstances may the number of farm managers in a non-family joint operation exceed a total of three in any given crop and program year.

Filing Adjusted Gross Income (AGI) Certifications

Many producers have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs) and Market Gains on Marketing Assistance Loans (MALs) because they have not filed form CCC-941, Adjusted Gross Income Certification. No program payment can be issued to an eligible producer, including landowners who share in the crop, without a valid CCC-941 on file in the county office.

Producers without a valid CCC-941 on file for the applicable crop year will not receive payments. All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should IMMEDIATELY file the form with their recording county FSA office. Farm operators and tenants are encouraged to ensure that their landowners have filed the form.

FSA can accept the CCC-941 for 2015, 2016, 2017 and 2018. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

MAL, LDP Policies for 2014-2018 Crop Years

The Agricultural Act of 2014 authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs), with a few minor policy changes.

Among the changes, farm-stored MAL collateral transferred to warehouse storage will retain the original loan rate, be allowed to transfer only the outstanding farm-stored quantity with no additional quantity allowed and will no longer require producers to have a paid for measurement service when moving or commingling loan collateral.

MALs and LDPs provide financing and marketing assistance for wheat, 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 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.

FSA is now accepting requests for 2018 MALs and LDPs for all eligible commodities after harvest. Requests for loans and LDPs shall be made on or before the final availability date for the respective commodities.

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

Commodity certificates are available to loan holders who have outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan. MALs redeemed with commodity certificates are not subject to the actively engaged in farming, cash-rent tenant, Adjusted Gross Income provisions or the payment limitation.

To be considered eligible for an LDP, producers must have form CCC-633EZ, Page 1 on file at their local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

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 or redemptions using commodity certificate exchange.

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. Producers must have a valid CCC-941 on file to earn a market gain of LDP. The AGI does not apply to MALs redeemed with commodity certificate exchange.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).