March 2018

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North Carolina FSA Newsletter

A Special 2018 Ag Day Message from: Len McBride, State Executive Director, North Carolina Farm Service Agency

National Agriculture Day Celebrates American Food and Fiber Production

It's National Agriculture Day, a day designated each year by the Agriculture Council of America (ACA) to celebrate the accomplishments of agriculture. North Carolina Farm Service Agency (FSA) joins the council in recognizing farmers, ranchers and foresters for their contributions to the nation's outstanding quality of life.

This year's theme, **Agriculture: Food for Life**, spotlights the hard work of American producers who diligently work to provide food, fiber and more to the United States and countries around the world. To ensure a prosperous future for American agriculture, FSA provides continuous support to agriculturalists across the country.

FSA is rural America's engine for economic growth, job creation and development, offering local service to millions of rural producers. In fiscal year 2017, USDA Farm Loan programs provided $6 billion in support to producers across America, the second highest total in FSA history. FSA also distributed $1.6 billion in Conservation Reserve Program (CRP) payments to over 375,000

Americans to improve water quality, reduce soil erosion and increase wildlife habitat.

For agricultural producers who suffered market downturns in 2016, USDA is issuing approximately $8 billion in payments under the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. USDA also continues to provide extensive assistance in response to natural disasters throughout the country, including last year's hurricanes in Florida, Texas, Puerto Rico and the Virgin Islands, drought in the northern high plains, wildfires in the west and central plains, floods, tornados, freezes and other catastrophic weather events.

To support beginning farmers and ranchers, Agriculture Secretary Sonny Perdue signed a Memorandum of Understanding with officials from SCORE, the nation's largest volunteer network of expert business mentors, to support new and beginning farmers. The agreement provides new help and resources for beginning ranchers, veterans, women, socially disadvantaged Americans and others, providing new tools to help them both grow and thrive in agribusiness.

I am honored to administer programs that enable our producers to manage their risks when the agriculture industry faces hardship. On behalf of the North Carolina Farm Service Agency, I would like to thank our agricultural producers for continuing to feed our nation and the world.

Environmental Review Required Before Project Implementation

The National Environmental Policy Act (NEPA) requires Federal agencies to consider all potential environmental impacts for federally-funded projects before the project is approved.

For all Farm Service Agency (FSA) programs, an environmental review must be completed before actions are approved, such as site preparation or ground disturbance. These programs include, but are not limited to, the Emergency Conservation Program (ECP), Farm Storage Facility Loan (FSFL) program and farm loans. If project implementation begins before FSA has completed an environmental review, this will result in a denial of the request. There are exceptions regarding the Stafford Act and emergencies. It is important to wait until you receive written approval of your project proposal before starting any actions, including, but not limited to, vegetation clearing, site preparation or ground disturbance.

Remember to contact your local FSA office early in your planning process to determine what level of environmental review is required for your program application so that it can be completed timely.

Applications cannot be approved contingent upon the completion of an environmental review. FSA must have copies of all permits and plans before an application can be approved.

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March is Women's History Month

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

CRP Participants Must Maintain Approved Cover on Acreages Enrolled in CRP and 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 for North Carolina is April 15 - September 15. 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.

Submit Loan Requests for Financing Early

Farm Loan teams are already working on operating loans for spring 2018 so it is important that potential borrowers submit their requests early so they can be timely processed. The farm loan team can help determine which loan programs are best for applicants.

FSA offers a wide range of low-interest loans that can meet the financial needs of any farm operation for just about any purpose. The traditional farm operating and farm ownership loans can help large and small farm operations take advantage of early purchasing discounts for spring inputs as well expenses throughout the year.

Microloans are a simplified loan program that will provide up to $50,000 to eligible applicants. These loans, targeted for smaller operations and non-traditional operations, can be used for operating expenses, starting a new agricultural enterprise, purchasing equipment, and other needs associated with a farming operation. The staff at your local County FSA office can provide more details on farm operating and microloans and provide loan applications. Loans to beginning farmers and members of underserved groups are a priority.

Other types of loans available include:

Marketing Assistance Loans allow producers to use eligible commodities as loan collateral and obtain a 9-month loan while the crop is in storage. These loans provide cash flow to the producer and allow them to market the crop when prices may be more advantageous.

Farm Storage Facility Loans can be used to build permanent structures used to store eligible commodities, or for storage and handling trucks, or portable or permanent handling equipment. A variety of structures are eligible under this loan, including bunker silos, grain bins, hay storage structures and refrigerated structures for vegetables and fruit. A producer may borrow up to $500,000 per loan.

Please call your local County office if you have questions about any of the loans available through FSA.

MAL and LDP Policy

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 2017 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

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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.

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.

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

Farm Storage Facility Loans

FSA's Farm Storage Facility Loan (FSFL) program provides low-interest financing to producers to build or upgrade storage facilities and to purchase portable (new or used) structures, equipment and storage and handling trucks.

The low-interest funds can be used to build or upgrade permanent facilities to store commodities. Eligible commodities include corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley, minor oilseeds harvested as whole grain, pulse crops (lentils, chickpeas and dry peas), hay, honey, renewable biomass, fruits, nuts and vegetables for cold storage facilities, floriculture, hops, maple sap, rye, milk, cheese, butter, yogurt, meat and poultry (unprocessed), eggs, and aquaculture (excluding systems that maintain live animals through uptake and discharge of water). Qualified facilities include grain bins, hay barns and cold storage facilities for eligible commodities.

Loans up to $50,000 can be secured by a promissory note/security agreement and loans between $50,000 and $100,000 may require additional security. Loans exceeding $100,000 require additional security.

Producers do not need to demonstrate the lack of commercial credit availability to apply. The loans are designed to assist a diverse range of farming operations, including small and mid-sized businesses, new farmers, operations supplying local food and farmers markets, non-traditional farm products, and underserved producers.

To learn more about the FSA Farm Storage Facility Loan, visit www.fsa.usda.gov/pricesupport or contact your local FSA county office. To find your local FSA county office, visit http://offices.usda.gov.

2018 Acreage Reporting Dates

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit the Name County FSA office to file an accurate crop certification report by the applicable deadline. The following acreage reporting dates are applicable for North Carolina:

September 30, 2017:	Aquaculture, Grass Sod, All Other Value Loss Crops
November 15, 2017:	Perennial grazing and forage, Clary sage
January 2, 2018:	Honey/Apiculture
January 15, 2018:	Apples, Barley, Blueberries, Canola, Grapes, Oats, Peaches, Rapeseed, Wheat and all fall seeded small grains
May 15, 2018:	Cabbage PP1, Beans PP1, Potatoes, Strawberries
July 15, 2018:	Corn, Soybeans, Tobacco, Cotton, Peanuts, Grain Sorghum, CRP, Sweet Potatoes and all other crops and land uses
September 15, 2018:	Cabbage PP2, Beans PP2

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 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 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.

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

Selected Interest Rates for March 2018

90-Day Treasury Bill - 1.375%
Farm Operating Loans — Direct - 3.25%
Farm Ownership Loans — Direct - 3.75%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher - 1.5%
Emergency Loans - 3.75%
Farm Storage Facility Loans (3 years) - 2.250%
Farm Storage Facility Loans (5 years) - 2.500%
Farm Storage Facility Loans (7 years) - 2.750
Commodity Loans 1996-Present - 2.875%
