



U.S. DEPARTMENT OF AGRICULTURE

Virginia July Newsletter Articles and Updates - July 2023

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FSA State Director Message

Farmers to Receive Documentation of USDA Services

The Farm Service Agency (FSA) provides a receipt to customers who request or receive assistance or information on FSA programs.

The 2014 Farm Bill requires a customer receipt to be issued for any agricultural program assistance requested from FSA, the Natural Resources Conservation Service (NRCS) and Rural Development (RD). Receipts include the date, summary of the visit and any agricultural information, program and/or loan assistance provided to an individual or entity. Electronic receipts for acreage reports began on Aug. 1, 2016.

A service is any information, program, or loan assistance provided whether through an office visit, email, fax, or letter.

Dr. Ronald M. Howell, Jr., FSA State Executive Director

NRCS State Conservationist's Message

About one in every eight Virginia employees of the USDA's Natural Resources Conservation Service is a man or woman who has already retired. Speaking as the state conservationist, I couldn't be happier about that.

As of July 1, 22 of our staff members come to us via the ACES program, which was created and funded by the 2008 Farm Bill and allows experienced, highly skilled workers who may have otherwise opted for full retirement to join or rejoin USDA as part-time employees, thus keeping their years of accumulated knowledge and institutional memory inside our buildings.

While many of our ACES staff members had long careers with NRCS, we've also added others who worked elsewhere and arrived with fresh perspectives to contribute. If you ask many of our younger staffers, I think the ones who were fortunate enough to have an ACES employee as a mentor would tell you how valuable that experience was. If you encounter one of our ACES in the course of doing business with NRCS, consider yourself in the best possible hands.

Dr. Edwin Martinez Martinez, NRCS State Conservationist

Making Farm Reconstitutions

When changes in farm ownership or operation take place, a farm *reconstitution* is necessary. The reconstitution — or recon — is the process of combining or dividing farms or tracts of land based on the farming operation.

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. A reconstitution is considered to be requested when all of the required signatures are on FSA-155 and all other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non-ARC/PLC farms may be reconstituted at any time.

The following are the different methods used when doing a farm recon:

- **Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate
- **Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is

transferred to two or more persons. In order to use this method, the land sold must have been owned for at least three years, or a waiver granted, and the buyer and seller must sign a Memorandum of Understanding

- **DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract
- **Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

For questions on your farm reconstitution, contact your County USDA Service Center.

USDA Offers Annual Installment Deferral Option for Farm Storage Facility Loan Borrowers

To assist Farm Storage Facility Loan (FSFL) borrowers experiencing financial hardship from the pandemic and other challenges in production agriculture, USDA's Farm Service Agency (FSA) is offering a one-time annual installment payment deferral option. No fees or prepayment penalties apply for borrowers who choose this FSFL loan flexibility option.

Eligible borrowers can request a one-time only annual installment payment deferral for loans having terms of three, five, seven or ten years. The installment deferral option is not available for 12-year term loans.

The FSFL installment payments will remain the same, except for the last year. The original loan interest rate and annual payment due date will remain the same. However, because the installment payment deferral is a one-year loan term extension, the final payment will be higher due to additional accrued interest.

Borrowers interested in exercising the one-time annual installment deferral option should contact FSA to make the request and to obtain, complete and sign required forms.

FSFLs provide low-interest financing for producers to store, handle and transport eligible commodities.

More Information

In addition to offering flexibilities for FSFLs, FSA has also made other flexibilities to help producers impacted by the pandemic, including relaxing the loan-making process for farm operating and ownership loans and implementing the Disaster Set-Aside provision that enables an upcoming installment on a direct loan to be set aside for the year. More information on these flexibilities can be found at farmers.gov/coronavirus. For more information, contact your local USDA Service Center. To locate your local FSA office, visit farmers.gov/service-center-locator.

Maintaining the Quality of Farm-Stored Loan 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.

If you take out marketing assistance loans and use the farm-stored grain as collateral, remember that you are responsible for maintaining the quality of the grain through the term of the loan.

Unauthorized Disposition of Grain Results in Financial Penalties

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 your name will be placed on a loan violation list for a two-year period. Always call before you haul any grain under loan.

USDA Simplifies Application Process for Noninsured Crops for Underserved Producers; Improves Risk Management Accessibility

A Message from FSA Administrator Zach Ducheneaux

Earlier this year, Farm Service Agency (FSA) made several updates to disaster assistance programs to give more farmers, ranchers, and Tribes equitable access to recovery programs. Specifically, we made changes to the Noninsured Crop Disaster Assistance Program (NAP) and simplified the application process for underserved producers.

This important policy change opens the door to risk management options for producers who may not have previously known about or been able to obtain coverage to protect their crops.

NAP provides financial assistance to producers of noninsurable crops when natural disaster events cause low yields, loss of inventory, or prevented planting.

Our policy improvements mean that, beginning with the 2022 crop year, having a CCC-860 form, *Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification*, on file with FSA will provide producers with basic NAP coverage for all eligible crops. Specifically, FSA is waiving all NAP-related service fees for basic coverage for producers with a CCC-860 on file prior to the application closing date for each crop. These producers are also eligible to receive a 50% premium reduction if they elect higher levels of coverage before the application closing date for each crop.

At the end of January, FSA notified producers who already have the CCC-860 certification form on file regarding their eligibility for NAP basic coverage for 2022. If you suffered losses from natural disasters in 2022, you will need to contact your local FSA county office to file an acreage report, as well as a notice of loss, and an application for a NAP payment.

If you are interested in NAP coverage for 2023 and future years, your local FSA county office staff will be more than happy to provide information on eligibility, coverage options, and how to apply for additional coverage.

While these recent policy changes are intended to remove barriers to available benefits and help underserved producers manage risk, any producer of noninsurable crops can apply for NAP coverage by completing FSA form [CCC-471](#), Application for Coverage, and paying a service fee. Your local FSA office can verify application closing dates and ensure coverage for your crops is available.

FSA is committed to revisiting program policies and finding ways, within our authorities, to remove obstacles that prevent participation. Expanding NAP to ensure all producers of noninsured crops have access to risk coverage is the result of proactive input from producers and the willingness of FSA employees to think outside of the box for the benefit of the producers we serve.

Please contact your local [USDA Service Center](#) for more information on NAP coverage options.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the [AFIDA form](#) could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements. The data gained from these disclosures is used in the preparation of periodic reports to the President and Congress concerning the effect of such holdings upon family farms and rural communities. Click [here](#) for more information on AFIDA.

FSA is Accepting CRP Continuous Enrollment Offers

The Farm Service Agency (FSA) is accepting offers for specific conservation practices under the [Conservation Reserve Program \(CRP\) Continuous Signup](#).

In exchange for a yearly rental payment, farmers enrolled in the program agree to remove environmentally sensitive land from agricultural production and to plant species that will improve environmental health and quality. The program's long-term goal is to re-establish valuable land cover to improve water quality, prevent soil erosion, and reduce loss of wildlife habitat. Contracts for land enrolled in CRP are 10-15 years in length.

Under continuous CRP signup, environmentally sensitive land devoted to certain conservation practices can be enrolled in CRP at any time. Offers for continuous enrollment are not subject to competitive bidding during specific periods. Instead they are automatically accepted

provided the land and producer meet certain eligibility requirements and the enrollment levels do not exceed the statutory cap.

For more information, including a list of acceptable practices, contact your County USDA Service Center or visit fsa.usda.gov/crp.

FSA Offers Safety Net Programs for Honeybee Producers

The Farm Service Agency (FSA) administers two programs that have specific safety net benefits for producers of honeybees and honey. The Noninsured Crop Disaster Assistance Program (NAP) and the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) assist producers when disasters impact honey production or damage or destroy colonies, hives or honeybee feed.

NAP is designed to reduce financial losses when natural disasters result in lower yields or crop losses, including honey. NAP coverage is equivalent to catastrophic insurance, meaning it covers up to 50 percent of a producer's normal yield (must have at least a 50 percent loss) at 55 percent of the average market price. The 2018 Farm Bill reinstates higher levels of coverage, from 50 to 65 percent of expected production in 5 percent increments, at 100 percent of the average market price. Producers of organics and crops marketed directly to consumers also may exercise the "buy-up" option to obtain NAP coverage of 100 percent of the average market price at the coverage levels of between 50 and 65 percent of expected production.

The NAP service fee is the lesser of \$325 per crop or \$825 per producer per administrative county, not to exceed a total of \$1,950 for a producer with farming interests in multiple counties.

You must apply for NAP coverage by Dec. 1 prior to the year for which you're seeking coverage.

ELAP covers colony losses, honeybee hive losses (the physical structure) and honeybee feed losses in instances where the colony, hive or feed has been destroyed by a natural disaster or, in the case of colony losses, because of Colony Collapse Disorder. Colony losses must be in excess of normal mortality.

Both the NAP and ELAP programs require you to report the number of colonies you have in production to FSA by Jan. 2, 2024. You must notify FSA within 30 calendar days of changes in the total number of colonies or when honeybees are moved to another county.

For both programs, you must notify FSA within 15 calendar days of when a loss occurs or from when the loss is apparent.

To learn more about programs for honey and honeybee producers, contact your County USDA Service Center or visit fsa.usda.gov.

USDA Develops Simplified Direct Loan Application to Improve Customer Service

The U.S. Department of Agriculture (USDA) has developed a simplified direct loan application to provide improved customer experience for producers applying for loans from the Farm Service Agency (FSA). The simplified direct loan application enables producers to complete a more streamlined application, reduced from 29 to 13 pages. Producers will also have the option to complete an electronic fillable form or prepare a traditional, paper application for submission to their local FSA farm loan office. The paper and electronic versions of the form will be available starting March 1, 2023.

Approximately 26,000 producers submit a direct loan application to the FSA annually, but there is a high rate of incomplete or withdrawn applications, due in part to a challenging and lengthy paper-based application process. Coupled with the Loan Assistance Tool released in October 2022, the simplified application will provide all loan applicants access to information regarding the application process and assist them with gathering the correct documents before they begin the process. This new application will help farmers and ranchers submit complete loan applications and reduce the number of incomplete, rejected, or withdrawn applications.

In October 2022, USDA launched the Loan Assistance Tool, an online step-by-step guide that provides materials to help an applicant prepare their farm loan application in one tool. Farmers can access the Loan Assistance Tool by visiting farmers.gov/farm-loan-assistance-tool and clicking the 'Get Started' button. The tool is built to run on any modern browser like Chrome, Edge, Firefox, or the Safari browser. A version compatible with mobile devices is expected to be available by the summer. It does not work in Internet Explorer.

The simplified direct loan application and Loan Assistance Tool are the first of multiple farm loan process improvements that will be available to USDA customers on farmers.gov in the future. Other improvements that are anticipated to launch in 2023 include:

- An interactive online direct loan application that gives customers a paperless and electronic signature option, along with the ability to attach supporting documents such as tax returns.
- An online direct loan repayment feature that relieves borrowers from the necessity of calling, mailing, or visiting a local Service Center to pay a loan installment.

USDA provides access to credit to approximately 115,000 producers who cannot obtain sufficient commercial credit through direct and guaranteed farm loans. With the funds and direction Congress provided in Section 22006 of the Inflation Reduction Act, USDA took action in October 2022 to [provide relief to qualifying distressed borrowers](#) while working on making transformational changes to loan servicing so that borrowers are provided the flexibility and opportunities needed to address the inherent risks and unpredictability associated with agricultural operations.

Soon, all direct loan borrowers will receive a letter from USDA describing the circumstances under which additional payments will be made to distressed borrowers and how they can work with their FSA local office to discuss these options. Producers can explore all available options on all FSA loan options at fsa.usda.gov or by contacting their [local USDA Service Center](#).

USDA Announces Additional Assistance for Distressed Farmers Facing Financial Risk

USDA will provide approximately \$123 million in additional, automatic financial assistance for qualifying farm loan program borrowers who are facing financial risk, as part of the \$3.1 billion to help distressed farm loan borrowers that was provided through Section 22006 of the Inflation Reduction Act (IRA). The announcement builds on financial assistance offered to borrowers through the same program in October 2022.

The IRA directed USDA to expedite assistance to distressed borrowers of direct or guaranteed loans administered by USDA's Farm Service Agency (FSA) whose operations face financial risk. For example, in the October payments, farmers that were 60 days delinquent due to challenges like natural disasters, the pandemic or other unexpected situations were brought current and had their next installment paid to give them breathing room.

In October 2022, [USDA provided approximately \\$800 million](#) in initial IRA assistance to more than 11,000 **delinquent direct and guaranteed borrowers** and approximately 2,100 borrowers who had their farms liquidated and still had remaining debt. USDA shared that it would conduct case-by-case reviews of about 1,600 complex cases for potential initial relief payments, including cases of **borrowers in foreclosure or bankruptcy**. These case-by-case reviews are underway.

At the same time in October 2022, USDA announced that it anticipated payments using separate pandemic relief funding totaling roughly \$66 million on over 7,000 direct loans to borrowers who used the USDA Farm Service Agency's **disaster-set-aside** option during the COVID-19 pandemic. The majority of these payments have been processed and USDA anticipates it will complete all such payments in April 2023.

New Assistance for Distressed Borrowers

FSA intends to provide the new round of relief starting in April to additional distressed borrowers. This will include approximately \$123 million in automatic financial assistance for qualifying Farm Loan Program (FLP) direct loan borrowers who meet certain criteria. Similar to the automatic payments announced in October 2022, qualifying borrowers will receive an individual letter detailing the assistance as payments are made. Distressed borrowers' eligibility for these new categories of automatic payments will be determined based on their circumstances as of today. More information about the new categories that make up the \$123 million in assistance announced today and the specific amount of assistance a distressed borrower receives can be found described in this fact sheet, [IRA Section 22006: Additional Automatic Payments, Improved Procedures, and Policy Recommendations](#).

To continue to make sure producers are aware of relief potentially available to them, all producers with open FLP loans will receive a letter detailing a new opportunity to receive assistance if they took certain extraordinary measures to avoid delinquency on their FLP loans, such as taking on more debt, selling property or cashing out retirement accounts. The letter will provide details on eligibility, the specific types of actions that may qualify for assistance, and the process for applying for and providing the documentation to seek that assistance.

These steps are part of a process USDA announced along with the October payments that is focused on assisting borrowers unable to make their next scheduled installment. Earlier this year, all borrowers should have received a letter detailing the process for seeking this type of assistance even before they become delinquent. Borrowers who are within two months of their next installment may seek a cashflow analysis from FSA using a recent balance sheet and operating plan to determine their eligibility.

Tax Resources

USDA will continue to work with the Department of Treasury to help borrowers understand the potential tax implications from the receipt of an IRA payment, including that options may be available to potentially avoid or alleviate any tax burden incurred as a result of receiving this financial assistance.

In early April, USDA set a specific set of revised tax documents, educational materials and resources to borrowers that received assistance in 2022, including a link to a webinar hosted by a group of farm tax experts to provide education on the options available. USDA cannot provide tax advice and encourages borrowers to consult their own tax professional, but FSA is providing educational materials for borrowers to be aware of the options. USDA has tax-related resources available at farmers.gov/taxes.

Improved Procedures and Policy Recommendations

FSA is finalizing changes to its policy handbooks to remove unnecessary hurdles, improve loan making and loan servicing and provide more flexibility on how loans are structured to maximize the opportunities for borrowers. Additional details on those changes can be found in the linked fact sheet and are the start of a broader set of process enhancements. The fact sheet also provides information on the eight, no-cost legislative proposals included in the Fiscal Year 2024 President's Budget that are designed to improve the borrower experience.

NRCS to Help Fund Pasture Diversity Study

Virginia graziers should be the ultimate beneficiaries of \$390,704 study on pasture diversity to be conducted by Virginia Tech and partially funded with a \$195,351 Conservation Innovation Grant (CIG) from USDA's Natural Resources Conservation Service.

Specifically, the two-year study will measure the impact of adding an improved forage chicory and narrow-leaf plantain to cool season-based forage production systems. The two forbs will be added to low-diversity test pastures in both the Piedmont and Valley areas of the state. NRCS will supply guidance and technical assistance in addition to funding.

The idea behind the project is that past studies on forbs have concentrated on legumes, primarily clover, often leading to a lack of variety in actual practice. Chicory and narrow-leaf plantain are both non-leguminous and incorporating them into existing pastures is expected to produce environmental benefits (lower nitrogen and carbon emissions) in addition to increasing soil health and the performance of cattle and other livestock.

The project will involve at least six test pastures and will also include a series of field days and training events.

CIG is an NRCS program that uses federal grants to enable new tools, practices, approaches and technologies in conservation. Since 2010, NRCS Virginia has made 43 CIG awards totaling \$3.1 million in support of 43 projects, teaming with numerous conservation partners to leverage resources and to address the state's water quality, soil health, forest management and wildlife habitat challenges. Individuals and organizations interested in making a future application for a CIG can contact Program Specialist Debbie Bullock at Debbie.Bullock@usda.gov.

Selected Interest Rates for July

90-Day Treasury Bill	5.250%
Farm Operating Loans — Direct	4.500%
Farm Ownership Loans — Direct	4.875%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.500%
Emergency Loans	3.750%
Farm Storage Facility Loans - (7 years)	3.750%
Commodity Loans 1996-Present	6.125%



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