



FARM SERVICE AGENCY



FSA'S MISSION:

To equitably serve all farmers, ranchers, and agricultural producers through the delivery of effective and efficient agricultural programs for all Americans.

WHAT CAN FSA OFFER YOU?

▣ *SOURCE OF INEXPENSIVE FINANCING*

▣ *RISK MANAGEMENT OPTIONS*

Farm Loan Programs

Loan programs provide credit counseling and supervision to farmers who are temporarily unable to obtain private, commercial credit.

▣ Two Types of Loan Programs

- Direct Loans
- Guaranteed Loans

Types of Loans and Purposes

Farm Ownership (FO)

- acquire or enlarge a farm
- capital improvements
- soil and water conservation
- loan closing costs
- \$300,000, up to 40 year term

Farm Operating (OL)

- purchase livestock, equipment
- minor RE improvements
- annual operating expenses
- refinancing farm related debts
- \$300,000, 1-7 year term

TYPES OF LOANS AND PURPOSES

- ▣ **Microloans - operating and Farm ownership**
- ▣ Offers more flexible access to credit than traditional FSA Loan Programs
 - Designed to meet the needs of beginning, niche, and the smallest of family farm operations
 - Modified application, eligibility and security requirements from traditional OL
 - Terms are 1-7 years for OL, up to 25 years for FO
 - Up to \$50,000

TYPES OF LOANS AND PURPOSES

- **Guaranteed Loans**
 - \$1,399,000 bank terms
 - same purposes as direct loans, plus ability to refinance real estate debt

INTEREST RATES

Program	April 2016 Interest Rates
Farm Operating - Direct	2.25%
Farm Ownership - Direct	3.50%

Basic Eligibility

- ▣ Operated a farm for 3 years (Direct FO only)
- ▣ Managerial Ability for at least 1 production cycle
(alternatives for microloans)
- ▣ Citizen of the United States
- ▣ Must be 18 years of age or older (except youth loan)
- ▣ Not be delinquent on Federal debt
- ▣ Must have acceptable credit history
- ▣ Must be owner and operator of farm
- ▣ Must not have Federal Crop Insurance Violation

Youth Loan Eligibility

- US Citizen
- Be between 10 and 21 years old
- Be unable to obtain a loan from other sources, i.e., individual savings account or liquid assets
- Conduct a “modest” income-producing project in supervised program
- Applicants must be capable of planning, managing, and operating the project under guidance and assistance of project advisor.
- Advisor must recommend the project and the loan, and agree to provide adequate supervision

Socially Disadvantaged Applicants

FSA reserves direct and guaranteed loan funds each year to help minority/women applicants buy and operate family-sized farms

- Target funding
- Discover and remove barriers
- Provide information and assistance

Beginning Farmer Loans

- ▣ Targeted funds for beginning famers
- ▣ Have not operated a farm for more than 10 years
- ▣ For farm ownership loans, cannot own more than 30 percent of the average acreage of the farms in your county at the time of loan approval
- ▣ Must meet all basic eligibility requirements

Farm Storage Facility Loans

- ▣ low-interest financing for Aquaculture producers to build and/or upgrade storage and handling facilities
- ▣ maximum loan amount is \$500,000 per loan request
- ▣ Loan terms are 7, 10 or 12 years

INTEREST RATES

Term	April 2016 Interest Rates
7-year	1.625%
10-year	1.875%
12-year	2.000%

Risk Management

Non-insurable Crop Assistance Program (NAP)

- provides financial assistance to producers when low yields, loss of inventory, or prevented planting occur due to a natural disaster



ELIGIBLE PRODUCER

- A landowner or **tenant** who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop
- Participant's average adjusted gross income (AGI) cannot exceed \$900,000 (CCC-941)
- Producers **must** certify HELC and WC compliance (AD-1026)
- ACH – Direct Deposit or Waiver on file with the County Office

ELIGIBLE CROPS

Eligible aquaculture species are:

- any species of aquatic organisms grown as food for human consumption
- fish raised as feed for fish that are consumed by humans
- ornamental fish propagated and reared in an aquatic medium.

ELIGIBLE CROPS

Eligible aquaculture species must be:

- placed, planted, or seeded in the designated grower's aquaculture facility by the producer
- maintained in a **controlled environment*** designed for the protection and containment of the seeded aquaculture species.
 - Exception for mollusks: if not maintained in a controlled environment, the **only** eligible cause of loss will be the direct result of a NOAA-determined tropical storm, typhoon, or hurricane

ELIGIBLE CAUSE OF LOSS

- Damaging weather, including, but not limited to:
 - Drought
 - Freeze
 - Tornado
 - Hurricane
- Adverse natural occurrence, including, but not limited to:
 - Earthquake
 - Flood
- Conditions directly related to an eligible cause of loss, including, but not limited to:
 - Insect infestation
 - Disease

INELIGIBLE CAUSE OF LOSS

- managerial decisions
- natural mortality
- the inability to market the crop because of quarantine, boycott, or refusal of a buyer to accept production
- collapse or failure of equipment (including brownout and/or failure of power supply)

APPLYING FOR COVERAGE

- Application for Coverage - Form CCC-471
- Applicable Service Fees - \$250/crop
- Application Closing Deadline - September 1st
- Coverage Period: Oct 1st – Sept 30th

COVERAGE LEVELS

CATASTROPHIC (CAT):

- Covers losses exceeding 50% of expected production
- 55% of the average market price

COVERAGE LEVELS

BUY-UP:

- additional coverage covering up to 65% of production (in 5% increments)
- covers 100% of the average market price
- Additional coverage must be elected by the application closing deadline
- Producers who elect additional coverage must pay a premium **in addition** to the service fee

SERVICE FEES

- \$250 per crop
- \$750 per producer per county
- not to exceed a total of \$1,875 (multicounty)
- are waived for Beginning, Limited Resource, and Historically Underserved Farmers*
- Due by Application Closing deadline (Sept. 1st)

PREMIUMS

Producer's who elect additional (buy-up) coverage must pay a premium equal to:

- The producer's share of the crop, times
- The Maximum Dollar Value (MDV) for which participant seeks coverage, times
- The elected coverage level, times
- The 5.25% premium factor

PREMIUMS

- Are capped at \$6562.50 (the maximum payment amount times the 5.25% premium factor)
- Beginning, Limited Resource, and Historically Underserved Farmers are eligible for a 50% premium reduction*
- Are billed 60 calendar days before the subsequent year's application closing date
- Are due 30 calendar days after the date of premium billing

MAXIMUM DOLLAR VALUE (MDV)

- Represents the highest amount of field market value of the crop before disaster in a coverage period
- Elected by the producer
- Premium Calculation is based on MDV
- Also used in Loss Calculations

PREMIUM CALCULATION

Joe Farmer raises oysters in Casco Bay. He farms alone owning 100% of his operation. He purchases buy-up NAP coverage at the 65% coverage level and elects a Maximum Dollar Value of \$115,000.

Premium calculation:

- The producer's share of the crop, times
- The Maximum Dollar Value (MDV) for which participant seeks coverage, times
- The elected coverage level, times
- The 5.25% premium factor

PREMIUM CALCULATION

	Producer Elected Value (MDV)	\$115,000
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X	Producer Share	100%
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X	Elected Coverage Level	65%
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X	Premium Factor	5.25%
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\$3924 Premium

Total cost: Premium + Service Fee = \$4174

PREMIUM CALCULATION

Coverage Level	Maximum Dollar Value	Maximum Benefit	Premium Calculation	Actual Premium
65/100	\$200,000	\$125,000	\$6,825	\$6,563
60/100	\$200,000	\$120,000	\$6,300	\$6,300
55/100	\$200,000	\$110,000	\$5,775	\$5,775
50/100	\$200,000	\$100,000	\$5,525	\$5,525

LOSS CALCULATIONS

- To determine loss, the value of the crop immediately before is compared with the value of the crop immediately after the disaster.
- Loss of value of any portion of the inventory is determined only if that portion of the inventory is **not** marketable now or in the future

NATURAL MORTALITY

- Used to account for the loss of fish or shellfish through natural occurrences unrelated to the disaster event
- If actual inventory immediately before a disaster is unknown, a “natural mortality factor” is used to extrapolate it from the initial inventory placement
- Set annually by FSA State Committee for each size of mollusk aquaculture by obtaining recommendations from reliable sources

NATURAL MORTALITY

Example:

Value of inventory before disaster: \$100,000

Natural Mortality Rate: x 0.20

Result: \$ 20,000

\$100,000 - \$20,000 = \$80,000

LOSS CALCULATIONS

- The smaller of the Value of inventory prior to the disaster (less mortality) or the Producer Selected Maximum Dollar Value x Coverage Level = Disaster Level
- Disaster Level – Value of inventory after the disaster = Crop Loss
- Crop Loss x Producer Share x Unharvested Factor* x Price Coverage Percentage = Calculated NAP Payment

LOSS CALCULATIONS

- Joe Farmer raises oysters in Casco Bay. He farms alone owning 100% of his operation. He purchases buy-up NAP coverage at the 65% coverage level and elects a Maximum Dollar Value of \$115,000.
- His inventory records show that the value of the crop immediately before disaster calculated to be \$120,000 (value of inventory on hand less natural mortality).
- The Loss Adjuster determines the value of the crop immediately after the disaster is \$50,000.

LOSS CALCULATIONS

- Lesser of Value of inventory prior to disaster or Producer Elected Maximum Dollar Value **\$115,000**
- X Coverage Level Percentage (65%, 60%, 55%, 50%) **65%**
- = Disaster Level **\$74,750**
- – Value of Post Disaster Inventory **\$50,000**
- = Value Loss (for payment) **\$24,750**
- X Producer Share **100%**
- X Applicable Factor (Unharvested factor) **93%**
- X Price Coverage Level (55% Basic or 100% Buy-up) **100%**
- = **Calculated NAP Payment = \$23,017.50**

WHEN YOUR CROP IS AFFECTED BY A NATURAL DISASTER...

You **MUST** notify your FSA County office the earlier of either the following:

- 15 calendar days (72 hours for hand-harvested crops) after the disaster occurrence or date of loss or damage to the crop or commodity first becomes apparent
- 15 calendar days after the normal harvest date (9/30)

WHEN YOUR CROP IS AFFECTED BY A NATURAL DISASTER...

- Notice of Loss and Application for Payment -
Form CCC-576
- Field Visit – Crop Appraisal/Loss Adjustment –
Form CCC-576-1
- Will need to supply supporting documentation
including inventory records
- County Committee Determination

PRODUCER RESPONSIBILITIES

- Timely file Annual Crop Certification (September 30th)
- Maintaining Records According to Industry Standards – Including Inventory Records

HOW TO FIND FSA ONLINE

<http://www.fsa.usda.gov/>

The screenshot shows the USDA Farm Service Agency website homepage. The browser address bar displays <http://www.fsa.usda.gov/FSA/>. The website header includes the USDA logo, the text "United States Department of Agriculture Farm Service Agency", and a search bar. Navigation menus for "Programs and Services", "State Offices", "Newsroom", and "Online Services" are visible. A main banner features a video player with the title "Farm Service Agency Price Loss Coverage (PLC) & Agricultural Risk Coverage (ARC)" and a description: "Producers and landowners have decisions to make about the best safety-net program for their farms. Here is where to begin the decision-making process." To the right of the banner is a "Popular Topics" section with a list of links: FSA Farm Bill, FSA Fact Sheets, Agricultural Risk Coverage / Price Loss Coverage, Dairy Margin Protection Program web tool, Conservation Compliance Requirements for FSA programs, Daily LDP Rates and PCP Data, Commodity Credit Corporation Information, Human Resources Website, and Civil Rights Information. Below the banner are three columns of content: "Latest News" with a "Fence Post News" sub-section, "TV and Radio Hub" with a "Recruitment Video" and "Radio Features" section, and "Highlighted Initiatives" with icons for "Blueprint for Stronger Service", "Let's Move! Initiative", "Know your farmer, Know your food", "The People's Garden", and "Civil Rights". At the bottom, there are promotional banners for "THIS WEEK @USDA", "Farm Service Agency 2014 Farm Bill", and "USDA Strive For Rural Growth". The footer contains links for "FSA Home", "USDA.gov", "Common Questions", "Site Map", "USA.gov", "White House", "FOIA", "Privacy Policy", "Policies and Links", "Accessibility Statement", "Nondiscrimination Statement", and "Information Quality", along with social media icons for Facebook, YouTube, Twitter, and RSS. The browser's zoom level is set to 75%.

HOW TO FIND FSA INFORMATION SPECIFIC TO MAINE

www.fsa.usda.gov/me

USDA FSA United States Department of Agriculture
Farm Service Agency

MAINE

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Browse by Subject

- County Committee Minutes
- County Offices
- County PCP Data
- Daily LDP Rates
- Programs
- Newsletters
- State Committee Minutes
- State Events
- State News Releases

I Want To...

- [View Maine 2014 Farm Bill Informational Meetings Schedule](#)
- [Conduct USDA Business Online](#)
- [View my FSA Payments](#)
- [Find Maine Disaster Designations](#)
- [Learn more about County Committee Elections](#)
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Hot Links

- [USDA Fence Post](#)
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- [Maine Department of Agriculture:](#)
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- [United States Department](#)

**Donovan Todd III, State Executive Director
Maine State Farm Service Agency**

Welcome to the Maine State USDA FSA Home Page. As State Executive Director (SED), I have made supporting our Maine farmers through our programs and loans a top priority. I have instructed FSA employees to remain focused on our mission of service to Maine farmers. Congress recently enacted a new Farm Bill which eliminated the Direct and Counter-Cyclical Program (DCP) and the Average Crop Revenue Election Program (ACRE) and replaced them with the Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) programs.

The new Dairy Margin Protection Program (DMP) will replace our MILC Program that will end on October 1, 2014 or as soon as the DMP is implemented. FSA looks forward to working with each of you as we receive instructions and implement these new programs. Our Farm Loan Programs remain strong and with the new Micro Loan Program makes it much easier to qualify for our beginning farmer loans. I am excited about the opportunities for Maine agriculture, from traditional agricultural to the new and rapidly growing aqua cultural industries.

I encourage you to search the numerous links we have on the site and revisit us from time to time as we implement the new Farm Bill and add new sources of information as it becomes available. Please feel free to contact my office if you have questions or suggestions.

CONTACT FSA:

DON TODD, STATE EXECUTIVE DIRECTOR

MAINE STATE FSA OFFICE

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