



Texas FSA Today

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An Online Monthly Newsletter Covering the Hottest Topics in Federal Farm Programs

FSA CONSERVATION LOANS AVAILABLE

FSA Guaranteed Conservation Loan funds are now available. Conservation loans allow farmers and ranchers to implement conservation practices on their land that will help protect natural resources.

Guaranteed Conservation Loans are a useful alternative to help operators implement any Natural Resources Conservation Service (NRCS) approved conservation practice including, but not limited to, waste management systems, conservation structures or water conservation measures.

Unlike other FSA guaranteed loan programs, Conservation Loans are not limited to family size farms.

The Guaranteed Conservation Loan limit is \$1,302,000 and interest rates and terms will vary. The maximum guarantee FSA can issue is 75 percent.

A streamlined application process is available for applicants with a strong financial position.

Interested applicants who do not already have a conservation plan approved by NRCS should work with their local NRCS staff to develop a conservation plan. As with other guarantees, lenders can reduce risk, increase liquidity and offer lower rates by selling the guaranteed portion in the secondary market.

For questions regarding Guaranteed Conservation Loans, please contact your lender or your local FSA Office.

USDA AUTHORIZES EMERGENCY GRAZING OF CRP ACRES FOR 38 COUNTIES IN TEXAS

In Texas, 38 counties have been authorized for emergency grazing use of Conservation Reserve Program (CRP) acres for fiscal year (FY) 2013.

The following counties are approved for emergency grazing: Andrews, Armstrong, Bailey, Briscoe, Carson, Castro, Childress, Crosby, Dawson, Deaf Smith, Dickens, Donley, Floyd, Gaines, Gray, Hale, Hall, Hardeman, Hemphill, Hockley, Kent, Lamb, Lipscomb, Lubbock, Moore, Nolan, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Scurry, Sherman, Swisher, Terry, Wheeler and Yoakum.

The CRP emergency grazing authorizations for fiscal year 2013 begin immediately for a 90 day period, not to exceed February 28, 2013.

Based on a decision made by the Texas FSA State Committee, CRP emergency grazing approval will only be available for those CRP lands that were not utilized for haying or grazing during fiscal year 2011 or 2012. FSA's fiscal year runs from October 1 to September 30.

Producers must request approval before grazing eligible acreage and obtain a modified conservation plan from the Natural Resources Conservation Service that includes grazing provisions. Current provisions allow grazing on 100 percent of a field, up to the 75 percent stocking rate.

Additionally, there will be a 25 percent CRP payment reduction for CRP acres used for grazing under these emergency provisions.

For more information and to request approval for emergency grazing use

of CRP acres contact your local FSA Office

USDA ANNOUNCES DISASTER ASSISTANCE SIGN-UP FOR 2011 CROP LOSSES

Supplemental Revenue Assistance Payments (SURE) program enrollment for 2011 crop year losses started Oct. 22, 2012. Under the 2008 Farm Bill, SURE authorizes assistance to farmers and ranchers who suffered crop losses caused by natural disasters occurring through Sept. 30, 2011.

All eligible farmers and ranchers must sign up for 2011 SURE benefits before the June 7, 2013 deadline.

During 2011, all Texas counties received a Secretarial Disaster Designation, whether primary or contiguous, and producers are eligible to apply for SURE benefits if they experienced at least a 10 percent production loss that affects one crop of economic significance.

To meet program eligibility requirements, producers must have obtained a policy or plan of insurance through the Federal Crop Insurance Corporation or obtained Noninsured Crop Disaster Assistance Program (NAP) coverage for all economically significant crops. Eligible farmers and ranchers who meet the definition of a socially disadvantaged, limited resource or beginning farmer or rancher do not have to meet this requirement. Forage crops intended for grazing are not eligible for SURE benefits.

For more information on SURE program eligibility requirements contact your local FSA office or visit the website at <http://www.fsa.usda.gov/sure>.

NAP COVERAGE DEADLINES

Noninsured Crop Disaster applications are due at different times according to the crop being insured. Producers should apply for Noninsured Crop Disaster Assistance Program (NAP) coverage using form CCC-471 (Application for Coverage). Related service fees are due when the application is filed. The application and service fee MUST be filed by the crop sales closing date. Contact your local FSA office for the filing dates for your crops.

HISPANIC AND WOMEN FARMER AND RANCHER CLAIMS PERIOD

USDA has announced that Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades can file claims between Sept. 24, 2012 and March 25, 2013.

The process offers a voluntary alternative to litigation for each Hispanic or female farmer and rancher who can prove that USDA denied their applications for loan or loan servicing assistance for discriminatory reasons for certain time periods between 1981 and 2000.

As announced in February 2011, the voluntary claims process will make available at least \$1.33 billion for cash awards and tax relief payments, plus up to \$160 million in farm debt relief, to eligible Hispanic and women farmers and ranchers. There are no filing fees to participate in the program.

The Department will continue reaching out to potential Hispanic and female claimants, around the country to get the word out to individuals who may be eligible for this program so they have the opportunity to participate.

Call center representatives can be reached at 1-888-508-4429. Claimants must register for a claims package (by calling the number or visiting the website) and the claims package will be mailed to claimants. All those interested in learning more or receiving information about the claims process and claims packages are encouraged to attend meetings in your communities about the claims process and contact the website or claims telephone number.

Website: www.farmerclaims.gov

Phone: 1-888-508-4429

Claims Period: Sept. 24, 2012 - March 25, 2013.

Independent legal services companies will administer the claims process and adjudicate the claims. Although there are no filing fees to participate and a lawyer is not required to participate in the claims process, persons seeking legal advice may contact a lawyer or other legal services provider.

To read Secretary Tom Vilsack's entire news release click on the following link: <http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/09/0309.xml&contentidonly=true>

2009 AND 2010 AVERAGE ADJUSTED GROSS INCOME COMPLIANCE REVIEW

The AGI verification and compliance reviews for 2009 and 2010 are coming to a close. Compliance reviews were conducted on producers that the IRS indicated may have exceeded the adjusted gross income limitations described in [7 CFR 1400.500]. Based on this review, producers received determinations of eligibility or ineligibility.

If the producer was determined to have exceeded the AGI limitation of \$500,000 of nonfarm income, \$750,000 of farm income or \$1 million of conservation program benefits, then receivables were established for payments earned directly or indirectly by the producer subject to the applicable limitation. These reviews and determinations were made by the Texas FSA State Office. If you have any concerns about the review or determination, please contact the Texas FSA State Office at 979-680-5191. Producers who received initial debt notification letters may only appeal the amount of the debt to their local FSA office.

CHANGES TO IRS FORMS 1099-G AND 1099-MISC FOR CALENDAR YEAR 2012

In past years, IRS Form 1099-G was issued to show all program payments received from the Farm Service Agency, regardless of the amount. For calendar year 2012, the 1099-G reporting will change.

IRS Form 1099-G (Report of Payments

to Producers) will only be issued to producers whose reportable payments total \$600 or more for the calendar year. Additionally, if the producer has at least \$600 in reportable payments received from multiple FSA offices, only one Form 1099-G will be issued. Producers subject to voluntary withholding or backup (involuntary) withholding will receive the appropriate IRS form, even if combined payments are less than \$600.

The same changes will apply to producers and vendors who normally receive IRS Form 1099-MISC from FSA.

Any producer who receives less than \$600 in combined payments should consult a tax advisor to determine if these payments must be reported on their tax return.

For more information regarding IRS reporting changes, please contact your local FSA office.

GUARANTEED LOAN LIMIT

The Farm Service Agency has announced that the loan limit for the Guaranteed Loan Program is currently \$1,302,000. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The lending limit increases every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness has increased to \$1,602,000.

As a reminder, the one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans is 1.5 percent of the guaranteed portion of the loan.

Producers interested in the FSA Guaranteed Loan program should contact their commercial lender or their Farm Loan Manager at the local FSA Office.

ALL TEXAS COUNTIES ELIGIBLE FOR FSA EMERGENCY LOANS

As of July 12, 2012, the entire state of Texas was declared a disaster using the new, Fast Track Secretarial Disaster Designation process.

The disaster designation was a direct result of several program improvements announced by Secretary Vilsack on July 11, 2012. The program improvements include a streamlined

Secretarial Disaster Designation, known as Fast Track, which automatically qualifies a disaster county once it is categorized as a severe drought for eight weeks according to the U.S Drought Monitor. Other improvements include a reduced interest rate for emergency loans.

All Texas counties are eligible to apply for low-interest emergency (EM) loans. Emergency loans help producers recover from production and physical losses due to drought, flooding and other natural disasters or quarantine. The current emergency loan interest rate is 2.125 percent.

Producers have eight months from the date of the declaration to apply for emergency loan assistance. Emergency loan applications will be accepted through March 12, 2013, for production and physical losses.

On August 22, 2012, Secretary Vilsack announced another modification to the emergency loan program allowing them to be made earlier in the season. For example, in the past emergency loan eligibility was decided after the grazing period to determine pasture losses for livestock producers. Eligible livestock producers will no longer have to wait until the end of the grazing period to obtain a loan. This change will support producers who currently need assistance to help offset high production costs.

FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan Program (FSFLP) allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. Additional security is required for poured-cement open-bunker silos, renewable biomass facilities, cold storage facilities, hay barns and for all loans exceeding \$100,000. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on

the rate which CCC borrows from the Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops - lentils, small chickpeas, dry beans and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities
- Honey

For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

MARKETING ASSISTANCE LOANS

Marketing Assistance Loans, also referred to as Commodity Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans. The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification.

MAINTAINING THE QUALITY OF LOANED 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.

Producers who take out marketing assistance loans and use the farm-stored grain as collateral should remember that they are responsible for maintaining the quality of the grain through the term of the loan.

UNAUTHORIZED DISPOSITION OF GRAIN

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

LDPS FOR UNSHORN LAMB PELTS

Eligible producers have until Jan. 31, 2013, to apply for Loan Deficiency Payments (LDP) for unshorn pelts produced during the 2012 crop year.

Eligible producers must have beneficial interest in the pelts, owned the lamb for at least 30 calendar days before the date of slaughter and sell the unshorn lamb for immediate slaughter. Producers must also comply with wetland conservation and highly erodible land conservation provisions on all lands they operate or have interest in.

To qualify for payment, pelts must have been produced by an eligible producer from live unshorn lambs of domestic origin in the United States.

FSA SIGNATURE POLICY

Using the correct signature when doing business with FSA can save time and prevent a delay in program benefits. The following are FSA signature guidelines:

- Spouses may sign documents on behalf of each other for FSA and CCC programs in which either has an interest, unless

written notification denying a spouse this authority has been provided to the county office

- Spouses shall not sign on behalf of each other as an authorized signatory for partnerships, joint ventures, corporations, or other similar entities

For additional clarification on proper signatures contact your local FSA office.

Readers are advised that dates for FSA programs in Texas are often county-specific. Please contact your local FSA office for detailed information pertaining to your operation.

Dates to Remember	
Jan. 31	LDP Deadline for unshorn pelts
March 12	Emergency Loan Deadline
June 7	SURE Deadline

Selected Interest Rates for December 2012	
90-Day Treasury Bill	.125%
Farm Operating Loans — Direct	1.125%
Farm Ownership Loans — Direct	3.125%
Farm Ownership Loans — Direct Down Payment, Beginning Farmer or Rancher	1.50%
Emergency Loans	2.125%
Farm Storage Facility Loans (7 years)	1.125%
Sugar Storage Facility Loans	2.125%
Commodity Loans 1996-Present	1.125%