



February 2012

Pennsylvania Farm Service Agency

SED

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Hours

Monday - Friday
8:00 a.m. - 4:30 p.m.

State Committee

- Chairwoman
Sheryl Vanco

Member

Greg Hostetter

Member

Larry Kehl

Member

Janet Lewis

Member

Dr. Robert Mikesell

DCP/ACRE Sign-up

2012 Direct and Counter-Cyclical Program (DCP) enrollment runs from Jan. 23, 2012 through June 1, 2012. Here are some IMPORTANT REMINDERS:

- All producers planting on **DCP base** acres must be identified on the DCP/ACRE contract and receive a proportionate share of DCP/ACRE payment for the farm.
- Changes on the farm after enrolling June 1st in DCP/ACRE **must** be reported to your local FSA office such as:
 - Ownership changes
 - Producer changes (Individuals and Entities)
 - Change in crop shares arrangements

Note: Changes cannot be made after Sept. 30, 2012.

Supplemental Revenue Assistance Program (SURE)

The sign-up for 2010 SURE losses continues through **June 1, 2012**.

The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that were incurred in the crop year 2010. SURE is available to eligible producers on:

- Farms in counties with Secretarial disaster declarations, including contiguous counties, that have incurred crop production or quality losses, or both, and includes all crops grown by a producer nationwide, except grazed crops.

- Any farm in which, for the crop year, the actual production on the farm because of disaster-related conditions is 50 percent or less than normal production of the farm.

1099-G

Producers who have received payments from FSA should have received a CCC-1099-G. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to producers during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

When the CCC-1099-G is received, it should be checked with your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with an eAuthentication user ID and password may access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page.

If you have a question concerning the 1099-G refund information, you may contact your local FSA office for assistance locating the correct payment data.

FSA's GovDelivery

The USDA Farm Service Agency offices are moving toward a paperless operation.

Producers are asked to enroll in the new GovDelivery system which will provide notices, newsletters and electronic reminders instead of a hard copy through the mail.

FSA, like many other organizations, is trying to work smarter and be more efficient. Moving to electronic notifications via email will help conserve resources and save taxpayer dollars. County Committee ballots will continue to be mailed to all eligible producers.

Producers can now subscribe to receive free e-mail updates by going to <http://www.fsa.usda.gov/subscribe>.

Actively Engaged

USDA has amended the rules that govern the requirements to be 'actively engaged' in farming. These rules apply to eligibility for payments under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management; and
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

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. Commodity loans are a valuable marketing tool that provide operating capital at competitive rates and offer flexible repayment options at the time a commodity is sold or marketed. Commodities harvested from ACRE and non-ACRE farms must be distinguished separately and placed under separate loans. The county commodity loan rate will be reduced by 30 percent for the ACRE enrolled commodity quantities placed under loan. The interest rate for crop year 2011 loans disbursed in February is only 1.125%! Loans are for a maximum term of 9 months or until the commodity is sold/fed.

To be eligible, you must have produced the crop and maintain beneficial interest in the crop through the time of application. Beneficial interest is defined as having both control and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan.

Remember to Maintain the Quality of Loan Grain

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.

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.

Call Before Moving or Using Loan Grain

Always call before you move or use any grain under loan. If loan grain has been moved or disposed of through feeding, selling or any other form of disposal without prior written authorization from the county office staff, it is considered loan violation. The financial penalties for the unauthorized removal or disposition are severe.

Farm Loan Programs

The Farm Service Agency is committed to providing family farmers with loans to meet their farm credit needs. If you are having trouble getting the credit you need for your farm, or regularly borrow from FSA, direct and guaranteed loans are currently available.

Ask your lender about an FSA loan guarantee if you've had a setback and your lender is reluctant to extend or renew your loan.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans have a maximum limit of \$1,214,000. This makes the maximum combination of direct and guaranteed loan indebtedness \$1,514,000.

The one-time loan origination fee charged on FSA guaranteed farm ownership and operating loans has increased from 1 percent to 1.5 percent of the guaranteed portion of the loan, for loans obligated after October 1, 2011.

To find out more about FSA loan programs, contact the county office staff.

Rural Youth Loans

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

Beginning and Limited Resource Farmers

FSA assists beginning farmers and or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more than 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training

and financial management program sponsored by FSA

- Does not own a farm in excess of 30 % of the county's median size.

Additional program information, loan applications, and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov

Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of Socially Disadvantaged Applicants.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of a group.

FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

Spousal Signatures

Husbands and wives may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the county office staff by either spouse.

There are exceptions to the rule, where spouses may not sign on behalf of each other for partnerships, joint ventures, corporations or other similar entities.

Individual signatures are also required on certain Farm Loan Program and Farm Storage Facility Loan documents.

For more clarification on spousal signature authority, feel free to contact your local FSA office.

Noninsured Crop Disaster Assistance Program (NAP)

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop's application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. *NAP Losses must be reported within 15 days of loss.*

Land Contract (LC) Guarantee Program

The Farm Service Agency (FSA) makes loans through the Land Contract (LC) Guarantee Program. The LC Guaranteed Loans will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning farmer or a farmer who is a member of a socially disadvantaged group.

A land contract is an installment contract between a buyer and a seller for the sale of real property, in which complete ownership of the property is not transferred until all payments under the contract have been made.

Guarantees can be used for financing the purchase of a farm with a purchase price up to \$500,000 on a new land contract. FSA offers two types of guarantees under this program.

Prompt Payment Guarantee: A guarantee of up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance; or

Standard Guarantee: A guarantee of 90 percent of the outstanding principal balance under the land contract.

To find out if you qualify contact your local FSA office today or see additional information, including a complete list of borrower and seller eligibility criteria and application materials through the FSA website at www.fsa.usda.gov.

Farm Storage Facility Loan Program

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

The 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. 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.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

Eligible commodities for the FSFL program include: corn, grain sorghum, rice, soybeans, oats, honey, wheat, barley, minor oilseeds, hay, renewable biomass, fruits (including nuts) and vegetables (cold storage).