



January 2012

Pennsylvania FSA

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

2011 FSA County Committee County Committee Election Results

Congratulations are extended to all newly elected and returning County Committee members winning re-election in 2011.

FSA appreciates all of the voters for taking the time to complete the election ballot. The county committee system works only because of your participation.

The committee members will hold their organizational meeting in January to determine who will serve as the county committee chairman and vice-chairman.

County committee members are elected to office by their peers and serve as the representative voice for agriculture producers in the county, and they are responsible for communicating with USDA to ensure that national programs are adapted to fit local needs. County committees are responsible for making decisions on issues including commodity loans and payments, conservation programs, disaster assistance programs and emergency programs.

2012 DCP/ACRE Sign-up

2012 Direct and Counter-Cyclical Program (DCP) enrollment will begin Jan. 23, 2012 and will end 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 losses runs through **June 1, 2012.**

The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disasters that 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.

Noninsured Crop Disaster Assistance Program (NAP)

The noninsured crop disaster assistance program (NAP) is a 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.*

Employment Opportunities

The County office accepts applications on a continuous basis throughout the year to help fill intermittent field assistant and temporary employment positions as they become available.

Contact the County office for additional information regarding intermittent or temporary employment opportunities with FSA.

USDA is an equal opportunity employer and provider.

Appeals Process

After an FSA official makes a decision on your request for USDA services or application, you will be sent a letter informing you of the decision and options you can pursue if you disagree.

Generally, program participants are afforded a series of options: an informal review with the original agency decision-maker; an opportunity for mediation; an appeal to the next level of authority within FSA; and/or appeal to the National Appeals Division. Note that not all choices are available for all adverse decisions.

FSA Adopting 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>.

Commodity Loans

Commodity loans, also referred to as Marketing Assistance 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.

Marketing Assistance Loans for 2011 Crop Wool

Eligible producers have until January 31, 2012, to apply for marketing assistance loans for wool shorn during the 2011 crop year. Eligible producers must have beneficial interest in the wool by having control and title to the commodity. 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, the wool must have been produced and sheared by an eligible producer from live unshorn lambs of domestic origin in the United States.

Farming Operation Changes

If you have bought or sold land, or if you have added or dropped rented land from your operation, make sure you report the changes to the office as soon as possible. You need to provide a copy of your deed or recorded land contract for purchased property. Failure to maintain accurate records with FSA on all land you have an interest in can lead to possible program ineligibility and penalties. Making the record changes now will save you time in the spring. Update signature authorization when changes in the operation occur. Producers are reminded to contact the office of a change in operations on a farm so that records can be kept current and accurate.

Highly Erodible Land and Wetland Conservation Compliance

Landowners and operators are reminded that in order to receive payments from USDA, compliance with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions are required. Farmers with HEL determined soils are reminded of tillage, crop residue, and rotation requirements as specified per their conservation plan. Producers are to notify the USDA Farm Service Agency prior to conducting land clearing or drainage projects to insure compliance. Failure to obtain advance approval for any of these situations can result in the loss of eligibility and all Federal payments.

Customer Statement

January signals the beginning of a new year, and a time to starting thinking about filing taxes. Producers who have signed up for a USDA eAuthentication Level 2 account will be able to access their farm data via their Customer Statement.

The Customer Statement puts a range of USDA services and programs into a single report that's at your fingertips and available online, 24 hours a day, seven days a week.

It allows USDA customers to view their participation, application and payment status in various commodity and conservation programs; information on farm loans; and conservation plan and land unit information. To obtain an eAuthentication Level 2 account visit: <http://customerstatement.usda.gov/>.

Controlled Substance

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

Power of Attorney

For those who find it difficult to visit the county office personally because of work schedules, distance, health, etc., FSA has a power of attorney form available that enables you to designate another person to conduct your business at the office.

If you are interested, contact any Farm Service Agency office near you for more information.

Bank Account Changes

Current policy mandates that FSA payments be electronically transferred into your bank account.

For timely payments to be made, producers need to notify the FSA office if the account has been changed or if another financial institution purchases

your bank. Payments can be delayed if the FSA office is not aware of updates to your account and routing numbers.

Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact the county FSA office staff.

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 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.

FSA Signature Policy

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, contact your local FSA office.

IRS Form 1099-G

Producers annually receive CCC-1099-Gs detailing payments producers have received from the Commodity Credit Corporation. The annual report of program payments on CCC-1099-Gs is a service intended to help our customers report taxable income. It is not intended to replace the producers' responsibilities to report income to IRS.

FSA staff cannot interpret IRS regulations or advise producers about which payments to report on their income tax returns. However, county office staff can review payments for accuracy.

Foreign Investors Who Hold Agricultural Land: What they should know about the Foreign Investment Disclosure Act (AFIDA) of 1978

Foreign investors who buy, sell, or hold a direct or indirect interest in U.S. agricultural land must report their holdings and transactions to the U.S. Secretary of Agriculture. The reporting requirement became law in late 1978 when the President signed the Agricultural Foreign Investment Disclosure Act (AFIDA).

The data gained from these disclosures will be utilized in the preparation of periodic reports to the President and Congress concerning the effect of such holdings upon family farms and rural communities. Failure to timely file an accurate report can result in a penalty with fines up to 25 percent of the fair market value of the agricultural land.

Who Must Report:

- Individuals who are not U.S. citizens or citizens of the Northern Mariana Islands or the Trust Territory of the Pacific Islands.
- Individuals who are not lawfully admitted to the United States for permanent residence or who are not paroled into the United States under the Immigration and Nationality Act.
- Any organization created under the laws of a foreign government or which has located its principal place of business outside the United States.

(-- AIFDA, Continued)

- Any U.S. organization in which a significant interest or substantial control is directly or indirectly held by foreign individuals, organizations or governments.
- Any foreign governments.

What to Report:

- Each tract of agricultural land in the United States, its territories, the Northern Mariana Islands and the Trust Territories of the Pacific Islands owned by persons required to report.
- Leaseholds of 10 years or more.

When to Report:

Foreign persons, who owned land on February 1, 1979, were required to report by August 1, 1979. Those buying or selling land on or after February 2, 1979, must report the transaction within 90 days of the date of the transaction.

Where to Report:

The Secretary of Agriculture designated the Farm Service Agency (FSA) to collect the AFIDA reports representing foreign investment because FSA has numerous offices in rural counties throughout the United States. Persons wishing to obtain an AFIDA report form (FSA-153) may do so from any of those FSA county offices. The FSA-153 is available in both English and Spanish translations. To locate an FSA county office, look in the telephone book white pages. In most cases, it will be listed under Federal U.S. Government, then under the subhead U.S. Department of Agriculture. The office will be listed as a Farm Service Agency county office.

Although interested parties may obtain a report form from any FSA county office, the completed form must be returned to the FSA county office where the land is located or where the programs are administered.

The FSA, Economic and Policy Analysis Staff, Natural Resources Analysis Group in Washington, D.C. may grant permission to foreign persons to file reports directly with them when complex filings are involved; for example, when the land being reported is located in more than one county.

As an option, if you have Internet capability, access the FSA-153 from USDA's Service Center eForms website. Log onto www.fsa.usda.gov. From there, click on **eForms** link under "FSA eGov."

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

the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders.

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

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).

Average AGI Certification and Consent to Disclosure of Tax Information

Individuals or legal entities that receive benefits under most commodity and conservation programs administered by CCC cannot have incomes that exceed certain limits set by law. For entities, both the entity itself, and its members cannot exceed the income limitations.

- **For 2012 only**, individuals or legal entities with average **adjusted gross income** greater than \$1 million shall be ineligible for direct payments under the Direct and Counter-cyclical Program.

- Individuals or legal entities with average adjusted gross **farm income** greater than \$750,000 shall be ineligible for direct payments under the Direct and Counter-cyclical Program

- Individuals or legal entities with average adjusted gross **nonfarm income** that exceeds \$500,000 shall be ineligible for commodity program payments, price support benefits, disaster assistance programs, and for the Milk Income Loss Compensation Program.

- Additionally, individuals or legal entities with average adjusted gross **nonfarm income** exceeding \$1 million will be ineligible for new contracts or participation in conservation programs after October 1, 2008, unless at least 66.66% of their total average adjusted gross income (sum of farm and nonfarm income) is generated from activities related to farming.

FSA and IRS have a data-sharing process to verify AGI compliance and the results of this process are reported to FSA on a regular basis. The form CCC-931 is used to certify AGI compliance and also to confirm consent to disclose tax information. Program participants should ensure they have completed and submitted a CCC-931 to their local FSA office.

USDA Notice to Women and Hispanic Farmers and Ranchers: Compensation for Claims of Discrimination

A process to resolve the claims of Hispanic and women farmers and ranchers who believe they were discriminated against when seeking USDA farm loans has been established.

If you believe that the United States Department of Agriculture (USDA) improperly denied farm loan benefits to you between 1981 and 2000 because you are Hispanic, or because you are female, you may be eligible to apply for compensation.

For additional information on this and other settlement issues contact:

- **Hispanic and Women Farmer Claims Process:**

www.farmerclaims.gov or
call 1-888-508-4429

- **Pigford – The Black Farmers Discrimination Litigation:**

www.blackfarmercase.com or call 1-866-950-5547

- **Keepseagle - The Native American Farmers Class Action Settlement:**

www.IndianFarmClass.com or call 1-888-233-5506

Land Contract Guarantee Program to be Introduced by FSA

The Land Contract Guarantee Program has been introduced by FSA. The program will provide a viable tool for beginning or socially disadvantaged farmers to assist in their ability to obtain financing for the purchase of farm real estate.

The Land Contract Guarantee Program gives the seller the option of choosing either a:

- (1) Prompt payment guarantee of three amortized annual installments plus the amount of three years real estate taxes and hazard insurance premiums, or
- (2) Standard 90 percent guarantee of outstanding principal on the Land Contract.

To qualify for a guarantee, the purchase price of the farm to be acquired through the land contract sale cannot exceed the lesser of:

- (1) \$500,000.00 or
- (2) The current market value of the property. A guarantee will not be issued if the appraised value of the farm is greater than \$500,000. Existing land contracts are not eligible for the Land Contract Guaranteed Program.

The buyer must provide a minimum of five percent down payment of the purchase price. The interest rate charged by the seller must be fixed at a rate not to exceed the Agency's direct FO loan interest rate in effect at the time the guarantee is issued, plus three percentage points. The contract term must be amortized for a minimum of 20 years with equal installments during the term of the guarantee. The guarantee will have a maximum term of ten years.