



NEWSLETTER



June 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

County Committee Nominations

The election of agricultural producers to Farm Service Agency (FSA) county committees is important to ALL farmers and ranchers. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture (USDA).

County committee members are a critical component of the operations of FSA. They help deliver FSA farm programs at the local level. Farmers and ranchers who serve on county committees help with the decisions necessary to administer the programs in their counties. They work to ensure FSA agricultural programs serve the needs of local producers.

FSA county committees operate within official regulations designed to carry out federal laws. County committee members apply their judgment and knowledge to make local decisions.

The COC nomination period runs from June 15, 2012 through August 1, 2012. For more information just contact your local FSA office.

Payment Limitations

Anyone that plans to participate in 2012 programs is required to submit a completed CCC-902, CCC-901, and CCC-931, if applicable, for payment eligibility and payment limitation purposes.

Contributions

All partners, stockholders or members with an ownership interest in the legal entity must make a contribution, whether compensated or **not** compensated, for active--*

- personal labor,
- active personal management,

- or a combination of active personal labor and active personal management to the farming operation;

*Note: there are exceptions for spouses.

Additional information on payment limitations is available at FSA county offices or online at: www.fsa.usda.gov

Compliance

Compliance and spot checks will be utilized during the 2012 crop year. Instead of locally selecting farms, contracts, deficiency loans, etc. for spot check and review, a nationwide selection of producers is used to achieve a statistical sampling of participating producers. Spot check selections are to be conducted based on a producer's participation in the Conservation Reserve Program, Direct and Counter-cyclical Program, Loan Deficiency Program, etc. For more information about the new spot check selection procedure, feel free to contact your local office for additional clarification.

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 or help 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 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.

Crop Reporting

The annual, timely, and accurate reporting of acres for all crops and land uses, including prevented planting and failed acreage, can prevent loss of benefits for a variety of Farm Service Agency programs. All cropland on the farm must be reported to receive benefits from the Direct and Counter-Cyclical Program (DCP), marketing assistance loans (MAL) and Loan Deficiency Payments (LDP).

Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program (CREP) acreage must be reported to receive annual rental payments. Crop acreage for Non-Insured Crop Disaster Assistance Program (NAP) also must be reported. Additionally, all crops on cropland and non-cropland must be reported to be eligible for the Supplemental Revenue Assistance Payment Program (SURE).

Crop reports (Form FSA-578, Report of Acreage) must account for all cropland on a farm, whether idle or planted. Producers need to file their

acreage reports by June 15 for all small grains, July 15 for all other crops except cabbage and processing beans, and August 15 for cabbage and processing beans.

In addition, producers are reminded that new acreage reporting dates will be implemented for 2013. Producers should contact their local FSA office for more information.

Prevented Planting:

Prevented planting needs to be reported no later than 15 calendar days after the final planting date.

Failed Acreage:

Reports of failed acreage must be filed before disposition of the crop, and producers must be able to establish to the satisfaction of the county committee that the crop failed and was prevented from being replanted through the normal planting period because of natural disaster conditions.

Sodbusting

Farmers and ranchers should be aware that if they use highly erodible land for crop production without proper conservation measures, they risk losing eligibility to participate in Farm Service Agency programs.

Before producers clear, plow or otherwise prepare areas not presently under crop production for planting, they are required to file an AD-1026, indicating the area to be brought into production.

If Natural Resources Conservation Service indicates that the area will be highly erodible land, the producer will be required to develop and implement a conservation plan on the affected acreage before bringing land into production.

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. 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.

Loan proceeds may be disbursed 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. For more information about FSFL please visit your FSA county office or www.fsa.usda.gov.

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 the local FSA office.

Beginning and Limited Resource Loans

FSA has a program to assist 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 percent of the county's median size.

Each member of an entity must meet the eligibility requirements. Loan approval is not guaranteed.

Additional program information, loan applications and other materials are available at the local USDA Service Center or visit www.fsa.usda.gov and www.nrcs.usda.gov.

Controlled Substances

Program participants convicted under federal or state law of any planting, cultivating, growing, producing, harvesting or storing a controlled substance are ineligible for program payments and benefits.

If convicted of one of these offenses, the program participant shall be ineligible during that crop year and the four succeeding crop years for Direct and Counter-Cyclical payments, price support loans, loan deficiency payments, market loan gains, storage payments, farm facility loans, Non-Insured Crop

Disaster Assistance Program payments or disaster payments.

Program participants convicted of any federal or state offense consisting of the distribution (trafficking) of a controlled substance shall, at the discretion of the court, be ineligible for any or all program payments and benefits:

- For up to 5 years after the first conviction
- For up to 10 years after the second conviction
- Permanently for a third or subsequent conviction.

Program participants convicted of federal or state offense for the possession of a controlled substance shall be ineligible, at the discretion of the court, for any or all program benefits as follows:

- up to one year upon the first conviction
- up to five years after a second or subsequent conviction.

Direct and Guaranteed Loans

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 is 1.5 percent of the guaranteed portion of the loan. For more information call the FSA staff.

Special Accommodations

Reasonable accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment to attend or participate in meetings or events sponsored by the Farm Service Agency. If you require special accommodations to attend or participate in one of our events, please call the FSA county office and we will be happy to make any needed arrangements.

Banking Changes?

If you changed banks and did not notified FSA, your payment could be delayed. Payments are electronically transferred into your bank account, if we are not aware of changes to your account and routing numbers, there could be problems. In order to make timely payments, you need to notify the office if you close your account or if another financial institution purchases your bank. It is important that any changes in a producer's account such as type account, bank mergers, routing number or account numbers, be provided to the county office promptly to avoid possible payment delay.

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 2012 loans disbursed in June 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.

Over the Counter Channel (OTCnet)

FSA/CCC is moving toward OTCnet, an electronic method for processing customer check payments. When a check is submitted for payment either in person or through the mail, the check will be converted into an Electronic Funds Transfer (EFT). The funds will be debited from the producer's account, usually within 24 hours of receipt. Please see the U.S. Department of Treasury legal notices posted in the Service Center or visit the following U.S. Department of Treasury Internet site for detailed information.

<http://fms.treas.gov/otcnet/legal.html>.

What is OTCnet?

OTCnet is a Web-based online application process for converting paper checks presented to FSA into electronic debits to the producer's bank account. It presents many benefits, such as reducing lost/misplaced checks and paper handling. This improves customer relations, speeds the check clearing

process, and reduces the potential for human error.

How will my check be handled?

The check will be scanned into the system and voided. The customer will not receive the check back from FSA. FSA will hold checks for up to 14 calendar days to ensure that the item was successfully processed, and then FSA will shred the check.

How quickly will funds be transferred from my account?

The transfer of funds from your account could occur within 24 hours. Therefore, you should be sure that you have sufficient funds in your account to process the transaction. If you do **not** have sufficient funds, we may initiate the transaction again.

How will this transaction appear on my account statement?

The transfer of funds will be reflected on your account statement. The transaction may be recorded in a different place on your statement than where your checks normally appear, such as under "other withdrawals" or "other transactions".

What are my rights if there is a problem with the transaction?

You have protections under Federal law for an unauthorized electronic fund transfer from your account. You should contact your financial institution immediately if you believe that the transaction reported on your account statement was not properly authorized or is otherwise incorrect.