January 2016

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Farm Service Agency Annual Policy Reminders

Farm Service Agency works hard to get information to you in a timely manner regarding our programs and policies. This news bulletin provides a list of important FSA annual policy reminders. Many of these reminders include important information that will assist you in maintaining federal farm program eligibility for your operation. Sending all program reminders in this one, nationally-issued news bulletin places all of these annual reminders in one location providing a single reference to specific things you must do to remain eligible for USDA programs.

Remember, whenever you have questions you can always contact your local FSA office offices.usda.gov, look online at the FSA website www.fsa.usda.gov or ask a specific question online at http://askfsa.custhelp.com/.

Administrative Policy Reminders

Firearms and Dangerous Weapons Forbidden In Federal Facilities

USDA Service Centers and Farm Service Agency Offices are Off Limits for Firearms

This is an important reminder to all customers and patrons of USDA Farm Service Agency (FSA) offices and USDA Service Centers statewide that **firearms are forbidden (even with a permit/license) in Federal Buildings**. A Federal Building by definition is any building owned, leased or rented by the Federal Government, where Federal employees are regularly present for the purpose of performing their official duties.

The items that are prohibited in Federal facilities include any item prohibited by any applicable Federal, State, local, and tribal law and/or ordinance, as well as firearms, dangerous weapons, explosives, or other destructive devices (including their individual parts or components) designed, redesigned, used, intended for use, or readily converted to cause injury, death, or property damage. Possession of firearms and dangerous weapons in Federal facilities as outlined above is a crime punishable by fines and imprisonment.

For a complete list of items prohibited in Federal facilities, please view and/or download the document titled, **Items Prohibited from Federal Facilities: An Interagency Security Committee Standard:** http://www.dhs.gov/sites/default/files/publications/isc-items-prohibited-federal-facilities-feb-2013-508.pdf. **The lists of prohibited items outlined in this document apply to all facility occupants, contractors, and the visiting public.**

If you have questions or concerns regarding this notification, please contact your local Farm Service Agency Office–http://offices.usda.gov.

Changing Bank Accounts

All FSA payments should be electronically transferred into your bank account. In order to make timely payments, you need to notify the office if you close your account or if your bank is purchased by another financial institution. Payments can be delayed if we are not aware of changes to account and routing numbers.

Civil Rights/Discrimination Complaint Process

As a participant or applicant for programs or activities operated or sponsored by USDA you have a right to be treated fairly. If you believe you have been discriminated against because of your race, color, national origin, gender, age, religion, disability, or marital or familial status, you may file a discrimination complaint. The complaint should be filed with the USDA Office of Civil Rights within 180 days of the date you became aware of the alleged discrimination. To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326W, Whitten Building, 14th and Independence Avenue, SW, Washington DC 20250-9410 or call 202-720-5964 (voice or TDD), USDA is an equal opportunity provider, employer and lender. A complaint must be filed within 180 calendar days from the date the complainant knew, or should have known, of the alleged discrimination.

Nondiscrimination Statement

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer and lender.

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, please contact our office or any Farm Service Agency office near you for more information.

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 directly or by phone.

Farm Program Policy Reminders

Annual Review of Payment Eligibility for a new Crop Year

All participants of FSA programs who request program benefits are required to submit a completed CCC-902 (Farming Operation Plan) and CCC-941 Average Gross Income (AGI) Certification and Consent to Disclosure of Tax Information to be considered for payment eligibility and payment limitation applicable for the program benefits.

A valid CCC-902 filed by the participant is considered to be a continuous certification used for all payment eligibility and payment limitation determinations applicable for the program benefits requested.

Participants are not required to annually submit new CCC-902's for payment eligibility and payment limitation purposes unless a change in the farming operation occurs that may affect the determination of record.

Participants are responsible for ensuring that all CCC-902's and CCC-941's and related forms on file in the County Office are correct at all times. Participants are required to timely notify the County Office of any changes in the farming operation that may affect the determination of record by filing a new or updated CCC-902 as applicable.

Changes that may require a NEW determination include, but are not limited to, a change of:

- Shares of a contract, which may reflect:

  -A land lease from cash rent to share rent

  -A land lease from share rent to cash rent (subject to the cash rent tenant rule)

  -A modification of a variable/fixed bushel-rent arrangement

- The size of the producer's farming operation by the addition or reduction of cropland that may affect the application of a cropland factor
- The structure of the farming operation, including any change to a member's share

- The contribution of farm inputs of capital, land, equipment, active personal labor, and/or active personal management
- Farming interests not previously disclosed on CCC-902 including the farming interests of a spouse or minor child
- Financial status that may affect the 3-year average for the determination of average AGI or other changes that affects eligibility under the average adjusted gross income limitations.

Participants are encouraged to file or review these forms within the deadlines established for each applicable program for which program benefits are being requested.

Acreage Reporting

Filing an accurate acreage report at your local FSA office can prevent the loss of benefits for a variety of programs. Failed acreage is acreage that was timely planted with the intent to harvest, but because of disaster related conditions, the crop failed before it could be brought to harvest.

Prevented planting must be reported no later than 15 days after the final planting date. Annual acreage reports are required for most Farm Service Agency programs. Annual crop report deadlines vary based on region, crop, permanent vs. annual crop type, NAP or non-NAP crop and fall or winter seeding. Consult your local FSA office for deadlines in your area.

Change in Farming Operation

If you have bought or sold land, or if you have picked up 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 if there is a change in operations on a farm so that records can be kept current and accurate.

Controlled Substance

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 offensives, the program participant shall be ineligible during that crop year and the four succeeding crop years for 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, at the discretion of the court, may be determined 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 1 year upon the first conviction
- up to 5 years after a second or subsequent conviction

Reconstitutions

To be effective for the current Fiscal Year (FY), farm combinations and farm divisions must be requested by **August 1 of the FY** for farms subject to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program. A reconstitution is considered to be requested when all:

- of the required signatures are on FSA-155
- other applicable documentation, such as proof of ownership, is submitted.

Total Conservation Reserve Program (CRP) and non ARC/PLC farms may be reconstituted at any time.

All reconstitutions must be complete within 45 calendar days. All reconstitutions not completed prior to the FY rollover will be cancelled.

County Offices shall update reconstitutions with crop base acres by August 31 of the FY. This will allow sufficient time for producers to return signatures and documentation by the deadline for ARC/PLC.

Farm Service Agency (FSA) and Risk Management Agency (RMA) to Prevent Fraud, Waste, and Abuse

FSA supports the RMA in the prevention of fraud, waste and abuse of the Federal Crop Insurance Program. FSA has been, and will continue to, assist RMA and insurance providers by monitoring crop conditions throughout the growing season. FSA will continue to refer all suspected cases of fraud, waste and abuse directly to RMA. Producers can report suspected cases to the county office staff, the RMA office, or the Office of the Inspector General.

FAV/Wild Rice Exception

Planting fruits, vegetables (FAVs) or wild rice on payment acres enrolled in the ARC and PLC Program is prohibited unless the commodity is destroyed without benefit before harvest. Producers may plant FAV's and/or wild rice on payment acres if the FAV and/or wild rice is planted in a double-cropping practice with covered commodities in any region designated in the 7 code of federal regulations as having a history of double-cropping covered commodities or peanuts with FAV's and/or wild rice. Failure to comply with FAV and wild rice provisions of this part will result in an acre-for-acre payment reduction.

Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA form could result in civil penalties of up to 25 percent of the fair market value of the property. County government offices, realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

Payment Eligibility and Payment Limitation

The average adjusted gross income (AGI) limitation for commodity and disaster programs under the 2014 Farm Bill was changed to a $900,000 limitation from all income sources. A person or legal entity, other than a joint venture or general partnership, is eligible to receive, directly or indirectly, certain program payments or benefits if the average adjusted gross income of the person or legal entity falls below the $900,000 threshold for the three taxable years preceding the most immediately preceding complete taxable year. However, the AGI limitation for conservation programs may be waived on a case-by-case basis if it is determined that environmentally sensitive land of special significance would be protected.

Payment Limitation

Program payments are limited by direct attribution to individuals or entities. A legal entity is defined as an entity created under Federal or State law that owns land or an agricultural commodity, product or livestock. Through direct attribution, payment limitation is based on the total payments received by the individual, both directly and indirectly. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

Payments and benefits under certain FSA programs are subject to some or all of the following:

- payment limitation by direct attribution
- payment limitation amounts for the applicable programs
- cash-rent tenant rule
- foreign person rule
- average AGI limitations
- no program benefits subject to limitation will be provided until:
- all required forms for the specific situation are provided
- necessary payment eligibility and Payment limitation determinations are made
- after 2009, a farm operating plan is not required to be filed annually, if the farming operation continues to be conducted as reflected on the farm operating plan and supporting documents are on file in the County Office

If any changes occur that could affect a cash-rent tenant, foreign person, or average Adjusted Gross Income (AGI) determination, producers must timely notify the County Office by filing revised farm operating plans and/or supporting documentation, as applicable. Failure to timely notify the County Office may adversely affect payment eligibility.

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:

- A married woman shall sign her given name: Mrs. Mary Doe, not Mrs. John Doe
- For a minor, FSA requires the minors' signature and one from an eligible parent

Note, by signing the applicable document, the parent is liable for actions of the minor and may be liable for refunds, liquidated damages, etc.

When signing on one's behalf the signature must agree with the name typed or printed on the form, or be a variation that does not cause the name and signature to be in disagreement. Example - John W. Smith is on the form. The signature may be John W. Smith or J.W. Smith or J. Smith. Or Mary J. Smith may be signed as Mrs. Mary Joe Smith, M.J. Smith, Mary Smith, etc.

FAXED signatures will be accepted for certain forms and other documents provided the acceptable program forms are approved for FAXED signatures. Producers are responsible for the successful transmission and receipt of FAXED information.

Examples of documents not approved for FAXED signatures include:

- Promissory note
- Assignment of payment
- Joint payment authorization
- NAP actual production history and approved yield record
- Acknowledgement of commodity certificate purchase
- Financing statement
- UCC financing statement

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.

All members of a general partnership must sign for the general partnership unless an individual is authorized to act on the behalf of the general partnership and bind all members. Spouses may sign on behalf of each other's individual interest in a partnership, unless notification denying a spouse that authority is provided to the county office. Acceptable signatures for general partnerships, joint ventures, corporations, estates, and trusts shall consist of an indicator "by" or "for" the individual's name, individual's name and capacity, or individual's name, capacity, and name of entity.

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

ARC, PLC and CTAP Acreage Maintenance

Producers enrolled in Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC) or the Cotton Transition Assistance Program (CTAP) must protect all cropland and noncropland acres on the farm from wind and water erosion and noxious weeds. Producers who sign ARC county or individual contracts and PLC contracts agree to effectively control noxious weeds on the farm according to sound agricultural practices. If a producer fails to take necessary actions to correct a maintenance problem on a farm that is enrolled in ARC, PLC or CTAP, the County Committee may elect to terminate the contract for the program year.

Conservation Reserve Program (CRP) - Annual Certification

Before an annual rental payment can be issued, participants must certify to contract compliance using either the FSA-578, Report of Acreage, or CCC-817U, Certification of Compliance for CRP.

Highly Erodible Land (HEL) 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.

Highly Erodible Land and Wetland Conservation Certification Must be Filed to Receive FSA Benefits

The 2014 Farm Bill requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file with their local Farm Service Agency (FSA) office in order to maintain eligibility for premium support on federal crop insurance.

The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), manages the federal crop insurance program that provides the modern farm safety net for American farmers and ranchers.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and the Natural Resources Conservation Service (NRCS). This includes financial assistance from the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, the Conservation Reserve Program (CRP), livestock disaster assistance programs, Marketing Assistance Loans (MALs) and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program (EQIP), the Conservation Stewardship Program and other conservation programs implemented by NRCS.

If you have not submitted the AD-1026 form, please do so before the June 1, 2016 deadline.

When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required conservation compliance provisions.

Form AD-1026 is available at USDA Service Centers and online at: www.fsa.usda.gov. Please contact your local USDA Service Center for more information.

Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

Nonrecourse Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs) are available to eligible producers for the 2016 crop year for wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and non-graded wool, mohair, unshorn pelts, honey and peanuts.

To be eligible for a MAL or LDP, producers must comply with conservation and wetland protection requirements and submit an acreage report to account for all cropland on all farms. Additionally, they must have and retain beneficial interest in the commodity until the MAL is repaid or the Commodity Credit Corporation (CCC) takes title to the commodity while also meeting Adjusted Gross Income (AGI) limitations.

In addition to producer eligibility, the commodity must have been produced, mechanically harvested, or shorn from live animals by an eligible producer and be in storable condition. It also must be merchantable for food, feed or other uses, as determined by CCC. Nonrecourse MALs must meet specific CCC minimum grade and quality standards.

If beneficial interest in the commodity is lost, the commodity loses eligibility for a MAL or LDP and remains ineligible even if the producer later regains beneficial interest. To retain beneficial interest, the producer must have control and title to the commodity. The producer must be able to make all decisions affecting the commodity including movement, sale and the request for a MAL or LDP. The producer must not have sold or delivered the commodity or warehouse receipt to the buyer.

Producers are responsible for any loss in quantity or quality of commodities pledged as collateral for a farm-stored or warehouse stored loan. CCC will not assume any loss in quantity or quality of the loan collateral regardless of storage location.

The 2014 Farm Bill sets national loan rates. County and regional loan rates are based on each commodity's national loan rate, and they vary by county or region and are based on the average prices and production of the county or region where the commodity is stored.

National loan rates for 2014-2018 crops (per production unit) are as follows:

Commodity	Production Unit	2014-2018
Wheat	bushel	$2.94
Corn	bushel	$1.95
Grain Sorghum	bushel	$1.95
Barley	bushel	$1.95
Oats	bushel	$1.39
Upland Cotton	pound	$0.52
ELS Cotton	pound	$0.7977
Long Grain Rice	cwt	$6.50
Medium Grain Rice	cwt	$6.50
Soybeans	bushel	$5.00
Other Oilseeds	cwt	$10.09
Dry Peas	cwt	$5.40
Lentils	cwt	$11.28
Small Chickpeas	cwt	$7.43
Large Chickpeas	cwt	$11.28
Wool, graded	pound	$1.15
Wool, nongraded	pound	$0.40
Mohair	pound	$4.20
Honey	pound	$0.69
Peanuts	ton	$355.00

NOTE: The upland cotton loan rate is subject to change for 2017 and 2018.

For all loan-eligible commodities except extra-long staple (ELS) cotton, a producer may repay a MAL any time during the loan period at the lesser of the loan rate plus accrued interest and other charges or an alternative loan repayment rate as determined by CCC.

Producers may obtain MALs or receive LDPs on all or part of their eligible production anytime during the loan availability period. The loan availability period runs from when the commodity is normally harvested (or sheared for wool) until specified dates in the following calendar year.

The final loan/LDP availability dates for the respective commodities are:

- Jan. 31 - Peanuts, Wool, Mohair and LDP only for Unshorn Pelts
- March 31 - Barley, Canola, Crambe, Flaxseed, Honey, Oats, Rapeseed, Sesame seed and Wheat
- May 31 - Corn, Dry peas, Grain sorghum, Lentils, Mustard seed, Long grain rice, Medium grain rice, Safflower, Small chickpeas, Large chickpeas, Cotton, Soybeans and Sunflower seed

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Farm Loan Policy Reminders:

Loans for Targeted Underserved Producers

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 underserved applicants. An underserved 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, underserved groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans, and Pacific Islanders. If producers or their spouses believe they would qualify as underserved, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all eligibility requirements and are unable to obtain the needed credit elsewhere.

Disaster Set-Aside (DSA) Program

FSA borrowers with farms located in designated primary or contiguous disaster areas who are unable to make their scheduled FSA loan payments should consider the Disaster Set-Aside (DSA) program.

DSA is available to producers who suffered losses as a result of a natural disaster and is intended to relieve immediate and temporary financial stress. FSA is authorized to consider setting aside the portion of a payment/s needed for the operation to continue on a viable scale. Borrowers must have at least two years left on the term of their loan in order to qualify.

Borrowers have eight months from the date of the disaster designation to submit a complete application. The application must include a written request for DSA signed by all parties liable for the debt along with production records and financial history for the operating year in which the disaster occurred. FSA may request additional information from the borrower in order to determine eligibility.

All farm loans must be current or less than 90 days past due at the time the DSA application is complete. Borrowers may not set aside more than one installment on each loan.

The amount set-aside, including interest accrued on the principal portion of the set-aside, is due on or before the final due date of the loan.

For more information, contact your local FSA farm loan office.

Farm Loan Graduation Reminder

FSA Direct Loans are considered a temporary source of credit that is available to producers who do not meet normal underwriting criteria for commercial banks.

FSA periodically conducts Direct Loan graduation reviews to determine a borrower’s ability to graduate to commercial credit. If the borrower’s financial condition has improved to a point where they can refinance their debt with commercial credit, they will be asked to obtain other financing and partially or fully pay off their FSA debt.

By the end of a producer’s operating cycle, the Agency will send a letter requesting a current balance sheet, actual financial performance and a projected farm budget. The borrower has 30 days to return the required financial documents. This information will be used to evaluate the borrower’s potential for refinancing to commercial credit.

If a borrower meets local underwriting criteria, FSA will send the borrower's name, loan type, balance sheet and projected cash flow to commercial lenders. The borrower will be notified when loan information is sent to local lenders.

If any lenders are interested in refinancing the borrower's loan, FSA will send the borrower a letter with a list of lenders that are interested in refinancing the loan. The borrower must contact the lenders and complete an application for commercial credit within 30 calendar days.

If a commercial lender rejects the borrower, the borrower must obtain written evidence that specifies the reasons for rejection and submit to their local FSA farm loan office.

If a borrower fails to provide the requested financial information or to graduate, FSA will notify the borrower of noncompliance, FSA's intent to accelerate the loan, and appeal rights.

Questions?
Please contact your local FSA Office.

USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).