



# NEWSLETTER



Feb. 2013

## Glenn County FSA Office

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Director

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**Hours**  
Monday - Friday  
7:00 a.m. - 4:30 p.m.

## Glenn County Staff

Michele Clark,  
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## DCP and ACRE Sign-up

FSA will begin sign-ups for DCP and ACRE for the 2013 crops on **Feb. 19, 2013**. The DCP sign-up period will end on Aug. 2, 2013; and the ACRE sign-up period will end on June 3, 2013.

The 2013 DCP and ACRE program provisions are unchanged from 2012, except that all eligible participants in 2013 may choose to enroll in either DCP or ACRE for the 2013 crop year. This means that eligible producers who were enrolled in ACRE in 2012 may elect to enroll in DCP in 2013 or may re-enroll in ACRE in 2013. Likewise producers who were enrolled in DCP may opt for ACRE enrollment.

[Read more about DCP and ACRE](#) or contact the FSA county office for more information, or an appointment to enroll.

## New Microloan Program

The Farm Service Agency (FSA) developed the Microloan (ML) program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.

The program will operate similar to the Operating Loan program but will include reduced requirements for managerial experience and loan security, as well as reduced paperwork. The microloan program can be used for such expenses as annual crop inputs, marketing and distribution expenses, purchase of livestock and equipment, and minor farm improvements such as wells and coolers. Eligible applicants may obtain a microloan for up to \$35,000. The repayment term may vary and will not exceed seven years. Annual operating loans are typically repaid within 12-18 months of when the loan is closed. The interest rate is the same as the regular Operating Loan (currently 1.25%).

## MILC Contracts Extended

Dairy producers enrolled in the Milk Income Loss Contract program (MILC) will have their contracts automatically extended through Sept. 30, 2013. There is no need to re-enroll in the program. The MILC program was part of several FSA-related programs that were continued with the extension of the 2008 Farm Bill. Dairy operations may select a new production start month and to do so must visit their local office between Feb. 1 and Feb. 28, 2013 (relief period.)

## Payment Limitations (PL)

All payment eligibility and payment limitation provisions, including AGI limitations, are extended for the 2013 crop year, program year, and fiscal year.

All rules and requirements effective for 2012 program payments and benefits are applicable to eligible recipients of 2013 program payment and benefits. This includes the requirements of actively engaged in farming, cash-rent tenant, substantive change, minor child, and spousal provisions. Payments will continue to be limited by direct attribution to person and legal entity.

Additional information on payment limitations is available at FSA county offices or online at: [www.fsa.usda.gov](http://www.fsa.usda.gov)

## 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. Penalties for unauthorized dispositions are severe and can include ineligibility for a two-year period.

## Hispanic and Women Claims of Discrimination

Hispanic and women farmers and ranchers who allege discrimination by the USDA in past decades can file claims until 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.

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. There are no filing fees to participate in the program. Claimants can obtain a claims package in through the toll-free number or by visiting the website below.

**Website:** [www.farmerclaims.gov](http://www.farmerclaims.gov)

**Phone:** 1-888-508-4429

**Deadline for Claims:** March 25, 2013.

## IRS 1099-G Changes

Calendar year 2012 brought changes to the way FSA reports farm program payments to the producer and to the IRS.

In past years, IRS Forms 1099-G would be issued to show all program payments received from the Farm Service Agency, regardless of the amount.

For calendar year 2012, producers whose total reportable payments from FSA were less than \$600 will not receive IRS Form 1099-G. Also, producers who received payments from more than one county will only receive one Form 1099-G if the total of all payments from all counties was \$600 or more.

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

## Farm Storage Facility Loans

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 U.S. 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.

For more information about FSFL please visit your FSA county office or [www.fsa.usda.gov](http://www.fsa.usda.gov).

## Marketing Assistance Loans (MAL)

Short-term financing is available by obtaining low interest commodity loans for eligible harvested production. A nine-month Marketing Assistance Loan provides financing that allows producers to store production for later marketing. The crop may be stored on the farm or in the warehouse.

Loans are available for producers who share in the risk of producing the eligible commodity and maintain beneficial interest in the crop through the duration of the loan. Beneficial interest means retaining the ability to make decisions about the commodity, responsibility for loss because of damage to the commodity and maintaining title to the commodity. Once beneficial interest in a commodity is lost, it is ineligible for a loan, even if you regain beneficial interest.

## Guaranteed Loan Program

The Farm Service Agency loan limit for the Guaranteed Loan Program has increased to \$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.

## SURE Program Status

The Supplemental Revenue Assistance Payments (SURE) Program provides assistance to producers suffering crop losses due to natural disasters occurring through Sept. 30, 2011. To receive SURE payments, an eligible producer must have qualifying losses of at least 10 percent production loss affecting at least one crop of economic significance due to natural disaster on a farm in a disaster county.

Producers outside a declared disaster county are eligible if they experience production losses greater than or equal to 50 percent of normal production in the farm. To be eligible for SURE, a producer must have obtained a policy or plan of insurance for all crops through the Federal Crop Insurance Corporation and obtained Noninsured Crop Disaster Assistance Program (NAP) coverage, if available, from the Farm Service Agency. Forage crops intended for grazing are not eligible for SURE benefits.

## Actively Engaged

To be eligible for payments and benefits under specified programs, all program participants, either individuals or legal entities, must provide significant contributions to the farming operation to be considered as "actively engaged in farming." Contributions can consist of capital, land, and/or equipment, as well as active personal labor and/or active personal management. The management contribution must be critical to the profitability of the farming operation and the contributions must be at risk.

Each partner, stockholder or member with an ownership interest must contribute active personal labor and/or active personal management to the farming operation on a regular basis. The contribution must be identifiable and documentable; as well as separate and distinct from the contributions made by any other partner, stockholder or member. If any partner, stockholder or member with an ownership interest fails to meet this requirement, program payments will be reduced by the corresponding share held by that partner, stockholder or member. There is an exception allowed for legal entities, such as corporations, if total direct payments received both directly and indirectly, by the legal entity and its members do not exceed \$40,000

## Land Contract (LC) Guarantees

The Land Contract (LC) Guarantee Program is a valuable tool to transfer farm real estate to the next generation of farmers and ranchers. Guarantees will be offered to the owner of a farm who wishes to sell real estate through a land contract to a beginning or socially disadvantaged farmer or rancher. The guarantee reduces the financial risk to the seller.

FSA offers two types of guarantees:

- Prompt Payment Guarantee - A guarantee up to the amount of three amortized annual installments plus the cost of any related real estate taxes and insurance.
- Standard Guarantee - A guarantee of 90 percent of the outstanding principal balance under the land contract.

The guarantee period is 10 years and the contract payments must be amortized for a minimum of 20 years. The purchase price of the farm cannot exceed the lesser of \$500,000 or the market value of the property.

For additional information, go to:

[http://www.fsa.usda.gov/Internet/FSA\\_File/lc\\_guarantee\\_program.pdf](http://www.fsa.usda.gov/Internet/FSA_File/lc_guarantee_program.pdf)

## 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 groups.

A socially disadvantaged applicant is a member of a group whose members have been subjected to racial, ethnic or gender prejudice without regard to their 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.

## Electronic News Delivery

The USDA Farm Service Agency offices have moved to a paperless news distribution system. Producers are asked to enroll in the new *GovDelivery* system, which provides 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 helps conserve resources and save taxpayer dollars. Producers can now subscribe to receive free email updates by going to [www.fsa.usda.gov/subscribe](http://www.fsa.usda.gov/subscribe).



Dates to Remember	
Feb 19	DCP/ACRE sign-up begins
Mar. 1	NAP Annual Crops deadline
June 7	SURE applications deadline for 2011 losses

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