



February 2010

Merced-Mariposa FSA News

USDA Merced, California FSA

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

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SURE

Currently SURE Program sign-ups are being taken for the 2008 Crop Year. The Supplemental Revenue Assistance Program (SURE) provides benefits for farm revenue losses due to natural disaster that were incurred in the crop year 2008. To be eligible for SURE payments, a producer is required to obtain crop insurance on all crops of economic significance in all counties or, if crop insurance is not available, to participate in the Non-Insured Assistance Program (NAP) except for grazed acreage.

Eligible farmers and ranchers who meet the definition of Socially Disadvantaged, Limited Resource, or Beginning Farmer or Rancher are exempt from the risk management purchase requirement.

The following are the conditions that trigger SURE payments:

- at least one crop of economic significance must suffer a 10% production loss due to an eligible disaster condition
- the crop of economic significance must be a crop that has contributed or would have contributed at least 5% or more of the total expected revenue from all crops on the farm
- the farm experiencing the loss must be in a county declared a disaster county by the Secretary of Agriculture, or in a contiguous county. Those who show proof of an individual loss of at least 50% are also eligible to receive SURE payments for production losses or crop quality losses.

Losses are measured with consideration to the whole-farm revenue, which includes crop insurance indemnities and commodity program payments, so that producers are not

paid more than once for the same loss.

A SURE calculator is available at: http://www.fsa.usda.gov/Internet/FSA_File/sure_calculator_2008.xls. The calculator is not official, but is intended for educational use. A fact sheet and Q & A are also available online at www.fsa.usda.gov.

2010 DCP Signup

Enrollment for the 2010 Direct and Counter-Cyclical Program (DCP) has begun and will continue through June 1, 2010. USDA urges producers to make use of the eDCP automated website to sign up, or visit their USDA Service Center to complete their 2010 DCP contract.

USDA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2010, eligible producers may request advance direct payments based on 22 percent of the direct payment.

ACRE

The optional ACRE Program provides a safety net based on revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The June 1, 2010, signup deadline is mandatory for all participants. USDA will not accept any late-filed applications.

A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity. For 2010, the 2-year price average will be based on the 2008 and 2009 crop years.

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Payments are based on planted or prevented planted acres of commodity crops. In order to receive a payment for the crop, there must be both a state and farm revenue loss. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. ACRE participating will not receiving counter-cyclical payments, the farm's direct payment is reduced by 20%, and marketing assistance loan rates are reduced by 30%.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.

Adjusted Gross Income

USDA has a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the IRS review process. No actual tax data will be included in the report that IRS sends to USDA.

The agreement ensures that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to average AGI rules must submit form CCC-927 (Individual) and/or CCC-928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. These forms may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainservlet>.

*****This is extremely important - anyone who received FSA or EQIP payments in 2009 and/or 2010 must submit these forms to the Internal Revenue Service. FSA cannot submit the form for you and a fiduciary signature on the form is not acceptable***.**

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 the FSA.

Every stockholder or member of a legal entity, such as a corporation, does not have to contribute labor or management if 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 that altogether qualifies as a significant contribution to the farming operation;
- The total direct payments received, both directly and indirectly, by the legal entity and each of the members can not exceed \$40,000.

1099-G: Note Changes

Producers who have received payments in 2009 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 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 questions concerning the 1099-G refund information, contact your local FSA office for assistance locating the correct payment data.

Farm Loan Programs

The FSA offers loans to eligible farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are temporarily unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,112,000. Emergency loans are always direct loans for farmers who may have suffered physical or production losses in disaster areas designated by a Presidential or Secretarial disaster declaration. Rural Youth Loans, Loans to Beginning Farmers and loans for socially disadvantaged applicants are also available.

For details please contact the county office staff for an appointment with a farm loan officer.

Emergency Farm Loans

Emergency Loans (EM) help cover production and physical losses for producers in counties declared or designated as a disaster area. The producer must be an established farmer who suffered a qualifying physical loss or a production loss of at least 30 percent. Emergency loan funds can be used to restore or replace essential property, pay all or part of production costs associated with the disaster, pay essential family living expenses, reorganize the farming operation, and refinance debts.

The EM limit is 100 percent of the actual physical or production loss, with a maximum indebtedness of \$500,000.

Each loan must be fully secured. A first lien is required on property or products acquired, produced, or refinanced with loan funds. Collateral may vary depending on the loan purpose, repayment ability, and individual circumstances of the applicant.

All applicants must complete a certification of disaster losses, which reflects the exact date(s) and nature of the designated disaster and how it caused the loss or damage. Crop insurance field

reports may be a source for documenting losses directly related to the cite cause. The following are Emergency Loan Declarations:

Emergency Loan Declarations:

On June 26, 2009 - drought, which occurred on January 1, 2009, and continuing. The designation number of this disaster is #S2874. **Application deadline February 26, 2010.**

On August 25, 2009 - freezing temperatures, which occurred on April 15, 2009. The designation number of this disaster is #S2892. **Application deadline April 26, 2010.**

On September 17, 2009 - drought, which occurred on January 1, 2009, and continuing. The designation number of this disaster is #S2905. **Application deadline May 17, 2010.**

For more information, you may contact the Merced County Farm Service Agency at (209) 722.4119 extension 2, and ask to speak to a loan officer, or you may visit the FSA website at: www.fsa.usda.gov

NAP Coverage Deadlines

Be sure to contact your local FSA office for the Noninsured Crop Disaster Assistance Program (NAP) filing deadlines for your crops. NAP applications are due at different times according to the crop being insured. Producers should apply for NAP coverage using form CCC-471 (Application for Coverage). Related service fees are due when the application is filed. The application and service fee **MUST** be filed by the crop sales closing date.

The current service fee is \$250 per crop per county with a maximum of \$750 per producer per county. The fee cannot exceed a total of \$1875 per producer for individuals with farming interests in multiple counties. Limited resource producers may request a waiver for service fees.

To qualify, a producer must share in the risk of producing an eligible crop.

Please remember that crop insurance and/or NAP coverage are required on all crops of economic significance to be eligible for the SURE Program (see lead article).

Merced-Mariposa County
 FSA Office
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 Merced, CA 95341-6445



Selected Interest Rates for February 2010	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	2.625%
Farm Ownership - Direct	4.875%
Limited Resource	5.000%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.500%
Emergency	3.750%
Farm Storage Facility 10 yr	3.375%
Farm Storage Facility	3.750%
Sugar Storage Facility	4.000%
Commodity Loans 1996-Present	1.375%

Dates to Remember	
Feb. 15	Presidents' Day - USDA Office Closed
March 1	Spring Planted Noninsured Crop Disaster Assistance (NAP) Program Deadlines
April 30	Fall planted crop acreage reporting deadline
June 1, 2010	2010 DCP Sign up Deadline
June 1, 2010	2010 ACRE Sign up Deadline
July 15	Spring planted, permanent and native forage crop acreage reporting deadline

The United States 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 part of an individual's income is derived from any public assistance programs. (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 USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202)-720-6382 (TDD). USDA is an equal opportunity provider and employer."