



Monterey, Santa Cruz, San Mateo Counties

Farm Service News

Farm Service Agency California

Salinas Service Center
744 LaGuardia St #A
Salinas, CA 93905
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831-424-7289 fax

Hours

Monday - Friday
8:00am – 4:30pm

County Committee

Sam Mann
Dan Luksik
Frank LaMacchia
Ed Roth

Advisors to Committee

Peter Navarro
N Dominic Muzzi

For further details and to discuss your own operation's eligibility for any program, contact this office at 831-424-7377 ext. 2.

Farm Loan Programs:
831-424-7377 ext.112

All Other Programs
831-424-7377 ext. 100

Visit our Website at:

<http://www.fsa.usda.gov>

2009 County Committee Election Results

Congratulations to Dan Luksik elected to the County Committee to represent farmers in north Monterey County. The election results for Local Administrative Area #1 are:

Dan Luksik — Regular Member
Janet Louie — 1st alternate

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.

DCP Signup Underway

Signup has started for the 2009 Direct and Counter-cyclical Payment (DCP) Program for farms with base acres. Contact your local USDA office or service center now. Signup will continue until June 1, 2009. The June 1, 2009 deadline is mandatory for all participants. FSA will not accept any late-filed applications.

FSA 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 2009, you may request to receive advance direct payments based on 22 percent of the direct payment for each commodity associated with the farm. FSA will issue advance direct payments later this month. Counter-cyclical payment rates vary depending on market prices and are issued only when the effective price for a commodity is statutorily set below its target price.

Producers who are eligible for the DCP Program will also be eligible to enroll in the Average Crop Revenue Election (ACRE) Program. The enrollment period for the ACRE Program will begin in the spring. You may first enroll in the DCP Program, receive

advance direct payments and then later modify your enrollment to include the ACRE program or you may wait and elect to enroll in DCP and ACRE at the same time in spring 2009.

2005-2006-2007 Crop Disaster Program Deadline

All applications for this program must be received by close of business February 27, 2009. A signed and completed application, along with all supporting documentation required, must be submitted by this deadline. Late-filed applications will be disapproved and are a matter of general applicability and not appealable. Contact the office immediately for an appointment.

MILC Sign Up Underway

Signup for the Milk Income Loss Contract Program (MILC) is underway and will continue through the program's expiration date, Sept. 30, 2012. The 2008 Farm Bill made changes to the provisions for payment eligibility and adjusted gross income (AGI). If the individual or entity has non-farm AGI greater than \$500,000, the individual or entity is not eligible for MILC benefits. For more information on the MILC program, contact your local USDA Service Center.

Payment Limits & Direct Attribution

To qualify for commodity and disaster programs under the new farm bill, applicants now must adhere to new **Adjusted Gross Income (AGI)** restrictions. The AGI ceiling limitation was reduced from \$2.5 million from all sources to a three-year average **non-farm AGI of \$500,000**. Also, under the new regulations, an individual or entity must have a 3-year average AGI less than or equal to \$750,000 per year from farm income in order to qualify for direct payments issued under the Direct and Counter-cyclical Program (DCP).



For conservation programs, the average non-farm AGI limitation is \$1 million or less for eligibility. However, an individual or entity who has non-farm AGI in excess of \$1 million remains eligible for conservation programs only if 66.66 percent or more of the total AGI is derived from farming, ranching and forestry operations. In addition, 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.

Another change in eligibility is that program payments are limited by direct attribution of payment totals directly to individuals or indirectly to individuals through 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 entity and also the individual, both directly and indirectly as an officer, partner or shareholder in an entity. Qualifying spouses are eligible to be considered separate persons for payment limitation purposes, rather than being automatically combined under one limitation.

Also, individuals and entities must be "actively engaged in farming" with respect to a farming operation in order to be eligible for specified payments and benefits. To be "actively engaged in farming," the individual or entity must make significant contributions to the farming operation of: (1) capital, equipment, land, or a combination; and (2) personal labor or active personal management, or a combination. For more information on how these provisions apply to your own situation, contact your local FSA office.

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. The Farm Service Agency administers this program for USDA. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA with 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.

Farm Loan Programs – “Lender of First Opportunity”

The Farm Service Agency (FSA) offers loans for 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. Currently guaranteed loans can reach a maximum indebtedness of \$1,094,000. 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 through FSA.

For detailed information, just contact the county office staff for an appointment with a farm loan officer.

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 directly or by phone.

Non-Insured Crop Disaster Program (NAP)

Reminders: If you have NAP coverage, you must annually certify your acreage report and crop production reports timely. If you suffer damage to your crop, a notice of loss must be filed in the county office no later than 15 days of the date of the disaster event.

Payment Deposits – New

Current policy mandates that FSA payments be electronically transferred into your bank account. In order for timely payments to be made, producers need to notify the FSA county office if your 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.

FSA 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 minor's 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.

1099-G Forms

During the last week of January, producers who have received payments from FSA should have also received a CCC-1099-G from the Kansas City office. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to you during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

2009 Wool & Mohair LDP's

2009 Wool & Mohair LDP requests made be made now in the county office. Software will be available in the near future to process the 2009 requests.

Lamb Referendum

A referendum will be conducted at FSA offices from Feb. 2, 2009 through Feb 27, 2009. Eligible persons may vote in a nationwide referendum on whether to continue or terminate the Lamb Promotion, Research, and Information Order currently authorized. You must have been engaged in the business of production, feeding or slaughtering lambs during the period Jan. 1, 2008 through Dec. 31, 2008. Contact the county office for the applicable form and other eligibility requirements.

| Selected Interest Rates for February 2009 | |
|--|--------|
| Farm Operating Loans-Direct | 2.125% |
| Farm Ownership Loans-Direct | 3.75% |
| Limited Resource Loans | 5.00% |
| Farm Ownership Loans-Direct Down Payment, Beginning Farmer and Rancher | 1.50% |
| Emergency Loans | 3.75% |

| Dates to Remember | |
|--------------------------|---|
| Feb 16 | George Washington's Birthday Observed-Office Closed |
| Feb 27 | 2005-2006-2007 Crop Disaster Program Deadline to Apply, with all supporting documentation |
| Feb 27 | Lamb Referendum Deadline |
| March 1 | NAP Application Closing Date for Annual Crops (beans, peas, etc) |
| April 30 | Crop Acreage Reporting Date Deadline-fall planted small grains |

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