

Fall 2010
September, 2010

Colorado FSA News

Greetings!

As we head into the busy harvest season, I hope that you will take the time to review the important information included in this newsletter. The Colorado Farm Service Agency administers a wide range of programs to assist and benefit agriculture producers and each program has its own specific rules, requirements and deadlines. In some cases, missing certain deadlines or program requirements could result in becoming eligible to participate or forfeiture of payments. As always, this information and much more is also available on our website or by contacting your local county FSA office. Agriculture is the bedrock of our country and we are proud to serve Colorado's farmers and ranchers. Warm Regards, Trudy Kareus, Colorado FSA State Executive Director

IMPORTANT DATES TO REMEMBER



Trudy Kareus

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For a list of FSA
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learn more about our
programs, please visit
our website at:

www.fsa.usda.gov/co



Farm Program Deadlines

Deadline for NAP insurance sales closing dates for 2011 crop year are:

November 20, 2010 – apples, apricots, cherries, grapes, peaches, pears, plums, prunes

December 1, 2010 – alfalfa seed, clover, grass, honey, mixed forage, mustard, vetch

February 1, 2011- Onions, scallions

March 15, 2011- millet, amaranth, artichokes, beans, beets, broccoli, brussel sprouts, buckwheat, cabbage, melons, cantaloupe, carrots, cauliflower, celery, corn, melons, cucumbers, eggplant, flaxseed, gourds, sorghum, greens, herbs, honeydew, kochia, kohlrabi, leeks, lentils, lettuce, oats, okra, peas, peppers, potatoes, pumpkins, quinoa, radishes, rapeseed, rutabaga, safflower, soybeans, squash, strawberries, sugar beets, sunflowers, tomatillos, tomatoes, turnips, watermelons

May 1, 2011 - Parsnips

CRP & NAP CERTIFICATION

Conservation Reserve Program acreage must be reported to receive annual rental payments. Additionally, you must report your crop acreage to be eligible for Non-insured Crop Disaster Assistance Program (NAP). Contact the local FSA Office for crop reporting deadlines.

County Committee Election Dates:

November 5, 2010– Ballots mailed to eligible voters

December 6, 2010 – Last day to return voted ballots to the USDA Service Center

January 1, 2011 – Newly elected county committee members take office

New Program or Program Changes

RI-PRF and VI-PRF Pilot Policies and NAP Coverage (changes – page 1))

Conservation Loan Program (new program – page 1)

Rural Development Updates can be found on page 7

IMPORTANT: CHANGES TO RI-PRF AND VI-PRF PILOT POLICIES AND NAP COVERAGE

Producers can now earn a Rainfall Index Pasture, Rangeland and Forage (RI-PRF) or a Vegetative Index Pasture, Rangeland and Forage (VI-PRF) indemnity **AND** a NAP payment on the same acres for the same intended use.

Previously, producers who earned an indemnity under RI-PRF policy were ineligible for a NAP payment on any acres covered by NAP for the same intended use. Producers whose crop was eligible for VI-PRF were required to select either VI-PRF policy or NAP coverage by intended use, but not both... this is no longer the case.

Producers who obtained a RI-PRF policy and NAP coverage on the same acreage for the same intended use during 2008, 2009 and 2010, as well as timely filed CCC-576 Notice of Loss and CCC-576 Application for Payment for the applicable year of loss and met all other eligibility requirements of 1-NAP are eligible to receive NAP payments for those years.

FSA Announces New Conservation Loan Program

The Farm Service Agency makes and guarantees conservation loans on farms and ranches to help conserve our natural resources. The Conservation Loan (CL) Program provides farmers with the credit necessary to implement conservation measures on their land.

The direct CLs loan limit is up to \$300,000 and guaranteed CLs up to \$1,119,000 (amount adjusted for inflation), may be available by applying with lenders working with FSA to obtain a guarantee.

Applicants will work with Natural Resources and Conservation Service (NRCS) Staff to develop a conservation plan. Conservation practices must be approved by NRCS before FSA can provide financing. Examples of conservation practices include installation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; transitioning to organic production; manure management, including manure digestion systems; etc.

Notice of Loss Requirements for Livestock Indemnity Program (LIP)

LIP provides monetary assistance to eligible livestock owners and livestock contract growers who lost livestock, in excess of normal mortality, due to an eligible adverse weather event. In order to participate in the LIP program, eligible livestock producers are required to report livestock deaths the earliest of the following: 30 days of when the loss became apparent or 30 calendar days after the calendar year in which the loss occurred. This includes reporting deaths due to "normal mortality". There are no late-filed provisions for LIP.

Please contact your local FSA office for more information on the LIP program

CREP & CONTINUOUS CRP AVAILABLE

The Conservation Reserve Enhancement Program (CREP) allows farmers and ranchers to voluntarily enroll environmentally sensitive land into a program that decreases erosion, restores wildlife habitat and safeguards ground and surface water. CREP is a partnership with federal and state government and is limited to specific geographic areas.

Environmentally sensitive acreage qualifying for the Conservation Reserve Enhancement Program (CREP) or Continuous CRP will be eligible for annual rental payments and cost-share of up to 50 percent on approved practices. These programs will remain funded, and continue to provide heightened environmental benefits on select areas.

CONTINUOUS CRP PRACTICE OFFERS IMPROVED QUAIL HABITAT

Conservation Reserve Program (CRP) practice CP-33 – "Habitat Buffers for Upland Birds", is a continuous CRP sign-up option. This conservation practice provides food and cover for bobwhite quail in cropland areas and is an option producers might consider for general CRP acres set to expire in the near future. Contact our office for eligibility and program details.

GRAZE-Out Payments

Graze-Out payments are payments made to eligible producers who, although eligible to obtain a CCC loan or LDP, elect to use acreage planted with barley, oats, triticale, or wheat for livestock grazing. In addition producers agree to forgo any mechanical harvesting of the

commodity on this acreage during the applicable crop year. The application period for graze-out begins on the first day of mechanical harvest as determined by the County Committee and ends on March 31 of the calendar year following the year the crop is normally harvested

REMINDER - NAP CLOSING DATES ARE FAST APPROACHING:

Be sure to contact your local FSA office for the Noninsured Crop Disaster Assistance Program (NAP) filing deadlines for your crops.

NOTE: NAP coverage is a requirement for all noninsurable crops in order to qualify for benefits received under the Supplemental Revenue Assistance (SURE) program.

FILING NOTICE OF CROP LOSS

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576 (notice of loss) in the FSA County Office **within 15 days** of the occurrence of the disaster or when losses become apparent.

When filing for prevented planting, an acreage report and CCC-576 must be filed **within 15 calendar days of the final planting date established for the crop.**

SAFE CONSERVATION PROJECTS

Enrollment in Colorado State Acres for Wildlife Enhancement (SAFE) continues. SAFE is a component of the Conservation Reserve Program (CRP), tailored to specific watershed areas.

SAFE practices serve to restore wildlife habitat by establishing 10-40 acre blocks of grassland and enhancing existing habitats. Certain wildlife species are in decline, and SAFE habitats are designed to help revitalize these populations.

Under CRP, farmers and ranchers enroll eligible land in 10 to 15-year contracts. These plantings help prevent soil and nutrients from running into regional waterways and affecting water quality. The long-term vegetative cover also improves wildlife habitat and soil quality.

In addition to the annual rental payment and cost-share, SAFE may offer participants a one-time CRP Signing Incentive Payment (SIP) of \$100 per each SIP-eligible acre and a Practice Incentive Payment when cost share is made.

ACTIVELY ENGAGED

FSA reminds producers that rules governing 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 FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor and/or active personal management for the farming operation. Qualifying contributions must be performed on regular basis, be identifiable and documentable, and must be separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs 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; and
- The total direct payments received, both directly and indirectly, by the legal entity and each of the members can't exceed \$40,000.

KEEP YOUR 2009 AND 2010 PAYMENTS – SUBMIT AGI VERIFICATION FORMS TO IRS

EACH INDIVIDUAL AND ENTITY who received 2009 payments or who requests 2010 payments must complete a consent form and provide it to the Internal Revenue Service (IRS) so compliance with adjusted gross income (AGI) requirements can be verified.

Please Note: In addition to FSA's ongoing programs, this requirement also applies to participants in TAA (for 2009 or later crop year crops) and CRP Signup 39.

It is important that the consent form is completed correctly and that it is signed and dated. If you submit an incomplete form, it will be returned to you. The form must include the complete social security number for an individual or employer identification number for a legal entity.

For entities, a consent form must be submitted by the entity and by each shareholder in such entity, to the fourth level of ownership. Individuals file on form CCC-927 and entities use form CCC-928. These forms are available online at <http://forms.sc.egov.usda.gov> or may be obtained from any FSA office.

Submit completed forms directly to IRS at:

Internal Revenue Service – USDA
PO Box 24033
Fresno, CA 93779

Failure to provide this consent form to IRS will result in ineligibility for future FSA payments and refund of payments already received. Contact your local FSA office if you have difficulty understanding how to complete the form. While FSA can assist you with understanding the form, FSA is NOT authorized to accept completed consent forms and FSA is NOT authorized to submit these forms to IRS on your behalf.

ELECTRONIC SERVICES AVAILABLE

If a producer has Internet access, program participants can obtain many USDA services from home - 24 hours a day, seven days a week.

To participate in these services, you must meet all program eligibility requirements. Online services have stringent security measures to protect your private information.

To utilize electronic services a producer needs an active USDA eAuthentication Level 2 account, which requires an e-mail address and filling out an online registration form at <http://www.eauth.egov.usda.gov> followed by a visit to the county office for identity verification.

SUCCESSION IN INTEREST

If you have made any changes that affect your interest in base acres since you signed your last Direct and Counter-cyclical Program contract, you must report these successions-in-interest to the county committee by Sept. 30, so that a final determination can be made on who is eligible for the program on the farm.

Changes that qualify as a succession-in-interest include:

- A sale of land
- A change of operator or producer, including an increase or decrease in the number of partners

- A foreclosure, bankruptcy or involuntary loss of the farm.
- A change in producer shares to reflect changes in the producer's share of the crop(s) that were originally approved on the contract.

If a succession-in-interest has taken place, you, as the “predecessor,” are required to refund any advance DCP payments you received for the affected base acres before a payment can be made to the “successor.”

Not reporting a succession-in-interest can result in contract termination and a loss of program benefits for all producers involved.

WETLAND COMPLIANCE

Farm Bill regulations provide that, unless exempt, persons are ineligible for benefits under certain programs administered by USDA if they plant an agricultural commodity on wetland that was converted after December 23, 1985 or convert a wetland after November 28, 1990.

Producers renting or purchasing land that may have a converted wetland status need to check with the county office for further information.

MARKETING ASSISTANCE LOANS

A Marketing Assistance Loan (MAL) is available to producers who share in the risk of producing a crop. To be eligible, a producer must maintain continual beneficial interest in the crop from harvest through the earlier of the date the loan is repaid or CCC takes title to the commodity.

Beneficial interest means retaining the ability to make decisions about the commodity; responsibility for loss or damage to the commodity; and title to the commodity. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if the producer regains beneficial interest.

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation minimum grade and quality standards.

For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or

other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

Producers do not have to participate in the Direct and Counter-Cyclical and/or ACRE Programs to be eligible for commodity loans.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans.

UNAUTHORIZED DISPOSITION OF CROP COLLATERAL

The most common type of violation of marketing assistance loans is removing or disposing of a commodity pledged as loan collateral without prior authorization and providing an incorrect quantity certification

If a commodity pledged as collateral for a commodity loan has been disposed of through feeding, selling or any manner without prior written authorization from FSA, it is considered unauthorized disposition. The financial penalties for unauthorized dispositions are severe and the producer's name will be placed on a loan violation list for a two-year period. Always contact your FSA office before any commodity under loan is fed or sold.

LOAN DEFICIENCY PAYMENT

A producer who is eligible to obtain a loan, but who agrees to forgo the loan, may obtain a loan deficiency payment (LDP). For an LDP, the producer must retain beneficial interest in the commodity from the time of planting through the date the producer files Form CCC-633-EZ (page 1) in the FSA county office.

An LDP is potentially available when the CCC-determined value falls below the loan rate. The LDP amount is the difference between the loan rate and the CCC-determined value for the applicable commodity or class of commodity times the eligible quantity.

FARM STORAGE FACILITY LOAN PROGRAM

The Farm Storage Facility Loan (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities.

The maximum principal amount of a loan through FSFL is \$500,000. Participants are required to provide a minimum 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. 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.

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 not to exceed \$250,000.

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.

Please contact your local FSA office for list of eligible crops.

FARM LOAN PROGRAMS

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 can reach a maximum indebtedness of \$1,112,000. Producers are encouraged to apply early so that a loan can be processed and funded in a timely manner.

FSA employees will help you complete the necessary application and other forms, and help you understand what information is required, where to find it or who to contact to get it. To find out more about FSA loan programs, contact the county office staff.

RURAL YOUTH LOANS

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5000.

YOUTH LOAN ELIGIBILITY REQUIREMENTS:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above
- Demonstrate capability of planning, managing and operating the project under guidance and assistance from a project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

BEGINNING AND LIMITED RESOURCE FARMERS

FSA assists 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 average 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 your local USDA Service Center. You may also visit www.fsa.usda.gov

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 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 the group without regard to his or her individual qualities.

For purposes of this program, socially disadvantaged 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 socially disadvantaged, they should contact their local FSA office for details. FSA loans are only available to applicants who meet all the eligibility requirements and are unable to obtain the needed credit elsewhere.

Colorado RD News

VALUE ADDED PRODUCER GRANTS

USDA Rural Development is investing in farmers, ranchers and cooperatives to strengthen the economic foundation of rural America through the Value Added Producer Grant Program. These grants are available to improve financial returns and help create jobs for agricultural producers, businesses and families across the Nation.

Grant funds can be used for planning activities and working capital expenses. Applicants are encouraged to propose projects that use existing agricultural products in non-traditional ways or merge agricultural products with technology in creative ways.

Planning activities include conducting feasibility studies and developing business plans for processing and marketing value-added agricultural products. Working capital expenses include expenses for processing and marketing value-added agricultural products to include inventory, salaries and office supplies.

This is a matching grant program. Applications are solicited for annually under a Notice of Funding Availability (NOFA). Applicants are encouraged to start the process early. For more information contact the nearest USDA Rural Development Office or visit www.rurdev.usda.gov/co.

RENEWABLE ENERGY FOR AMERICA PROGRAM (REAP)

Renewable Energy Systems/Energy Efficiency Improvement Grant Program

Feasibility Study Grants

USDA Rural Development is seeking applications to increase the production and use of renewable energy sources. The Renewable Energy Efficiency Program provides funding to help agricultural producers and rural small businesses purchase and install renewable energy systems and make energy efficiency improvements.

Most rural projects that reduce energy use and result in savings for the agricultural producer or small business are eligible as energy efficiency projects. These include projects such as retrofitting lighting or insulation, or purchasing or replacing equipment with more efficient

units. Eligible renewable energy projects include projects that produce energy from wind, solar, biomass, geothermal, hydro power and hydrogen-based sources. The projects can produce any form of energy including, heat, electricity, or fuel.

Energy Efficiency Grants are awarded on a competitive basis and can be up to 25% of the total eligible project cost. At this time, we anticipate that grants will be limited to \$500,000 for renewable energy systems and \$250,000 for energy efficiency improvements.

Grants are also available for farmers, ranchers, and rural small businesses in need of assistance with energy audits and renewable energy development assistance. USDA Rural Development has funding available for projects that are technically feasible and located in rural areas. Grants are awarded on a competitive basis and can be up to 25% of the total eligible project costs and are limited to \$50,000 for renewable energy feasibility studies.

Applications for both grant programs for Fiscal Year 2011 are being accepted and applicants are encouraged to start the process early. More information on funding cycles in FY 2011 is available by contacting your nearest USDA Rural Development Office or visit www.rurdev.usda.gov/co.

RURAL COOPERATIVE ASSISTANCE

USDA Rural Development has a vital interest in assisting cooperative members, directors, management, educational institutions, organizations, and rural residents with improving their economic well-being and quality of life. The Rocky Mountain Farmers Union (RMFU) in Colorado is a past recipient of a Rural Cooperative Development Grant and utilizes that funding to assist rural cooperatives with development and technical assistance. Development assistance can range from an initial feasibility study to the creation and implementation of a business plan. Technical assistance is also available to existing cooperatives facing specific problems or challenges. For more information on assistance in Colorado, contact the RMFU Cooperative and Economic Development Center at www.rmfu.org

Colorado



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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 their FSA office in person or by phone.

Civil Rights

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 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 and employer

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