United States Department of Agriculture
Montana Farm Service Agency

Montana Farmer & Rancher FSA Handbook

2011

UNITED STATES DEPARTMENT OF AGRICULTURE

USDA United States Department of Agriculture | Farm and Foreign Agricultural Services | Farm Service Agency | FSA State Office
P.O. Box 670
Bozeman, Montana, 59771

January 21, 2011

Dear Montana Farmers and Ranchers,

Our job at the Farm Service Agency (FSA) is to deliver to you the many programs we have been authorized by Congress to administer. Our goal is to do that in a fair and timely manner that provides the most benefits to Montana farmers and ranchers.

The programs we administer are many and complex. They range from our on-going conservation programs, the NAP insurance and loan programs, to the Direct and Counter-cyclical payment program. These many programs are often times supplemented by adhoc disaster programs for both crops and livestock.

The enclosed fact sheets provide detailed information for individual programs explaining eligibility requirements, deadline dates, forms to submit, and procedures to follow in order to participate and receive benefits from programs administered by FSA here in Montana. I hope this handbook will assist you in meeting your responsibilities for participation in our programs.

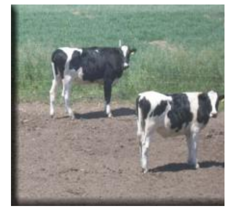
You can also visit us online at www.fsa.usda.gov/mt for an electronic version of this handbook, to view state and county FSA newsletters, daily LDP rates, upcoming agricultural events, important deadlines and information and to learn how to conduct business with FSA electronically.

We at FSA are proud to be serving Montana's number one industry.

Sincerely,

Bruce Nelson

Bruce Nelson
State Executive Director
Montana USDA Farm Service Agency



About Montana Farm Service Agency:

The Farm Service Agency (FSA) is an agency under the United States Department of Agriculture (USDA). FSA, formerly known as the Agricultural Stabilization Conservation Service (ASCS), was established during the 1930s to provide financial assistance to farmers and ranchers in maintaining viable and productive farm and ranch lands as a result of the dust bowl days. Divided into six districts, FSA maintains county offices across Montana. County committees, comprised of elected members, oversee how USDA programs are administered at the local level. Consisting of local farmers and ranchers, these three-to-five member boards review county office operations at the local level and help shape national USDA programs into programs that fit the needs faced by local producers. County committees have been instrumental in administering programs to fit the resource needs of the local communities. Today in Montana, FSA continues to administer federal programs through 49 county offices that provide incentives and compensate producers for protecting our natural resources. They, along with other USDA agencies, provide their customers an opportunity to do business electronically 24 hours a day seven days a week over the Internet. Currently, customers of USDA may receive a login; review their customer statement; signup for a Loan Deficiency Payment (LDP); choose their DCP payment options; assign crop shares and sign and submit their DCP contracts; plus find forms and apply for programs, without ever leaving the comfort of their home. Contact your FSA office for further details on doing business with USDA electronically.

State Executive Director's Office:

Mailing Address: Montana FSA State Office, P.O. Box 670, Bozeman, MT 59771
State Office Physical Address: 10 East Babcock, 5th Floor, Bozeman, Montana
Hours: Monday to Friday, 7:30 a.m. to 4:30 p.m.
Website: www.fsa.usda.gov/mt | **Fax:** (406) 587-6887

Contact your County FSA Office:

For more information about FSA programs, call or visit your FSA county offices. To locate your county office online, log on to the Montana FSA Web site at: www.fsa.usda.gov/mt.

Accommodations:

Persons with disabilities who require accommodations to attend or participate in any FSA programs should contact the County Executive Director at the local FSA office or the Federal Relay Service at (800) 877-8339.

Montana Farm Service Agency County Office Directory

FSA County Office	Office Mailing Address	Phone #	Fax #
Beaverhead *	420 Barrett Street, Dillon, MT 59725	406/683-3830	406/683-3840
Big Horn, Crow Reservation, Northern Cheyenne Reservation	724 West Third, Hardin, MT 59034	406/665-3442	406/665-3916
Blaine, Fort Belknap Reservation *	PO Box 307, 228 Ohio, Chinook, MT 59523	406/357-2320	406/357-3597
Broadwater	415 South Front Street, Townsend, MT 59644	406/266-4253	406/266-5429
Carbon	PO Box 509, 606 W Front Street, Joliet, MT 59041-0136	406/962-3300	406/962-3995
Carter	PO Box 5, 308 S. Mormon Ave., Ekalaka, MT 59324	406/775-6355	406/775-6671
Cascade *	#12 Third St NW, Suite 300, Great Falls, MT 59404	406/727-7580	406/727-9955
Chouteau	PO Box 309, 1210 25th Street, Fort Benton, MT 59442-0309	406/622-5401	406/622-3728
Custer *	3120 Valley Drive East, Miles City, MT 59301-5599	406/232-7905	406/232-3965
Daniels	131 A Highway 5 East, Scobey, MT 59263	406/487-5366	406/487-2276
Dawson	102 Fir Street, Glendive, MT 59330-3196	406/377-5566	406/377-4607
Deer Lodge	1002 Hollenback Road, Suite B, Deer Lodge, MT 59722	406/846-2337	406/846-3134
Fallon	PO Box 1516, 141 South 4th Street West, Baker, MT 59313-1516	406/778-2238	406/778-2965
Fergus *	211 McKinley St., Suite 2, Lewistown, MT 59457	406/538-3489	406/538-9353
Flathead	133 Interstate LN, Kalispell, MT 59901-2877	406/752-4242	406/752-4879
Gallatin	3710 W. Fallon St. #D, Bozeman, MT 59718-6433	406/522-4000	406/522-4036
Garfield	PO Box 329, 307 Main St., Jordan, MT 59337	406/557-2740	406/557-6191
Glacier, Blackfeet Reservation *	1 3rd St. NE, Cut Bank, MT 59427	406/873-5618	406/873-3473
Golden Valley	PO Box 5, 206 First Street North, Ryegate, MT 59074	406/568-2221	406/568-2326
Granite	1002 Hollenback Road, Suite B, Deer Lodge, MT 59722	406/846-2337	406/846-3134
Hill	Hill Co. FSA Office, 206 25th Ave W. Suite #2, Havre MT 59501	406/265-6792	406/265-3077
Jefferson	3 Whitetail Road, Whitehall, MT 59759-9635	406/287-3262	406/287-3205
Judith Basin	Box 483, 121 Central Avenue, Stanford, MT 59479	406/566-2218	406/566-2727
Lake, Flathead Reservation *	64352 US Highway 93, Ronan, MT 59864-8738	406/676-2811	406/676-2810
Lewis and Clark	790 Colleen Street, Helena, MT 59601	406/449-5277	406/449-5039
Liberty	PO Box 669, 18 Main Street, Chester, MT 59522-0669	406/759-5129	406/759-5791
Lincoln	141 Interstate LN, Kalispell, MT 59901-2877	406/752-4242	406/752-4879

FSA County Office	Office Mailing Address	Phone #	Fax #
McCone	PO Box 187, 104 10th Street, Circle, MT 59215-0187	406/485-2744	406/485-2621
Madison	3 Whitetail Road, Whitehall, MT 59759-9635	406/287-3262	406/287-3205
Meagher	PO Box J, 4147 Highway 89, White Sulphur Springs, MT 59645	406/547-3521	406/547-3912
Mineral	3550 Mullan Road, Suite 106, Missoula, MT 59808-5125	406/829-3395	406/829-3455
Missoula	3550 Mullan Road, Suite 106, Missoula, MT 59808-5125	406/829-3395	406/829-3455
Musselshell	109 Railroad Ave. East, Roundup, MT 59072	406/323-2067	406/323-1548
Park	5242 Hwy. 89 South, Livingston, MT 59047-9611	406/222-0212	406/222-8538
Petroleum	211 McKinley St., Suite 2, Lewistown, MT 59457	406/538-3489	406/538-9353
Phillips, Fort Belknap Reservation	1120 US Hwy 191 S, Suite 2 Malta, MT 59538	406/654-1333	406/654-1691
Pondera	406 North Main, Conrad, MT 59425-2706	406/278-7611	406/278-7997
Powder River	PO Box 9, 114 N. Lincoln Ave., Broadus, MT 59317	406/436-2321	406/436-2809
Powell	1002 Hollenback Road, Suite B, Deer Lodge, MT 59722	406/846-2337	406/846-3134
Prairie	PO Box 626, 409 East Spring, Terry, MT 59349	406/635-5381	406/635-4210
Ravalli	1709 North First Street, Hamilton, MT 59840-3357	406/363-1444	406/363-5011
Richland *	2745 West Holly Street, Sidney, MT 59270	406/433-2103	406/433-4673
Roosevelt, Fort Peck Reservation	PO Box 519, 508 6th St. E, Culbertson, MT 59218-0519	406/787-6262	406/787-6132
Rosebud, Northern Cheyenne Res.	PO Box 6, 270 South Prospect, Forsyth, MT 59327-0006	406/346-7333	406/346-7501
Sanders	PO Box 639, 7487 MT Highway 200, Plains, MT 59859	406/826-3751	406/826-3273
Sheridan, Fort Peck Reservation	119 North Jackson, Plentywood, MT 59254	406/765-1550	406/765-1551
Silver Bow	3 Whitetail Road, Whitehall, MT 59759-9635	406/287-3262	406/287-3205
Stillwater	334 North 9th Street, Columbus, MT 59019	406/322-5348	406/322-4816
Sweet Grass	PO Box 610, Highway 10 East, Big Timber, MT 59011	406/932-5159	406/932-5285
Teton *	PO Box 836, 1102 North Main Ave., Choteau, MT 59422-0836	406/466-5351	406/466-5328
Toole	1125 Oilfield Avenue, Shelby, MT 59474	406/434-5234	406/434-2718
Treasure	PO Box 146, 211 Elliott Avenue, Hysham, MT 59038-0146	406/342-5551	406/342-5524
Valley, Fort Peck Reservation *	54062 US Hwy. 2, Suite 1, Glasgow, MT 59230-2846	406/228-4321	406/228-8101
Wheatland	PO Box 669, 809 Second Ave., NW, Harlowton, MT 59036-0669	406/632-5622	406/632-4624
Wibaux	502 2nd Ave., NW Wibaux, MT 59353-9040	406/796-2221	406/796-9942
Yellowstone *	1629 Ave. D, Bldg A, Suite 2, Billings, MT 59102-3042	406/657-6135	406/657-6277

indicates FSA offices with Farm Loan Program personnel

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General Fact Sheets

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

December 2009

Actively Engaged in Farming and Payment Limits

Overview

For more than 20 years, Congress and USDA have worked to ensure that farm program benefits only go to farmers who are actively engaged in farming. The 2008 Farm Bill required program participants to meet specific provisions to receive farm program benefits. Here is a summary of those provisions to be eligible for payments.

Actively Engaged in Farming

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.

Additional payment eligibility requirements

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.

Exceptions to these general requirements

Landowners may be considered "actively engaged in farming" if they contribute the owned land to the farming operation and in return, receive rent or income for the use of the land. The landowner's share of the profits or losses from the farming operation must also be commensurate with the landowner's contributions to the farming operation and the contributions must be at risk.

Spouses may both be considered "actively engaged in farming" if one spouse makes all of the requisite and at-risk contributions.

Sharecroppers may be considered "actively engaged in farming" if the sharecropper makes a significant contribution of active personal labor to the farming operation and in return, receives a specified share of the crop(s) produced on the farm. The sharecropper's share of the profits or losses from the farming operation must be commensurate with the sharecropper's contributions and the contributions must be at risk.

A cash-rent tenant will be ineligible to receive payments on the cash-rented land unless the tenant makes a significant contribution of active personal labor. If the cash-rent tenant does not provide labor, he or she must make a significant contribution of both active personal management and equipment to the farming operation. All other "actively engaged in farming" requirements apply as well.

Foreign Persons

Foreign persons, other than registered aliens, are not eligible to receive any program benefits including commodity loans, unless that person provides a significant contribution of capital, land, and active personal labor to the farming operation.

Notification requirements

Every legal entity earning payment subject to these rules must report to their local FSA committee the name and social security number of each person who owns, either directly or indirectly, any interest in such legal entity. The legal entity is also required to inform all members of the rules regarding payment eligibility and payment limitation.

Payment Limitations

Direct Attribution

The 2008 Farm Bill establishes a maximum dollar amount for each program that can be received annually, directly or indirectly, by each person or legal entity. Such limitations on payments are controlled by direct attribution. Program payments made directly or indirectly to a person are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal entity have been reduced by the pro rata share of the person.

Program payments made directly to a legal entity are attributed to those persons that have a direct and indirect interest in the legal entity, unless the payments to the legal entity have been reduced by the pro rata share of the person. Payment attribution to a legal entity is tracked through four levels of ownership. If any part to the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect interest of the fourth level entity in the payment entity.

Common attribution

Common attribution is crediting payments made to person or legal entity collectively to one limitation due to a unique or specific relationship between the persons or legal entities. Common attribution applies to a minor child and a parent or legal guardian; and a parent organization over a secondary organization when the parent organization exercises control over the secondary organization.

Ownership interest for direct attribution

For the purposes of the direct attribution of payments, ownership interest that a person or legal entity holds in a legal entity on June 1 of the current year is used. Direct attribution of payments is not applicable to cooperative associations of producers. The payments will instead be attributed to the members of the association that produced the commodities marketed by the association on behalf of the members.

Minor child rules

June 1 of the current year is the date by which a child is considered to be a minor for payment attribution purposes. Payments received both directly and indirectly by a minor child are attributed to the parent or legal guardian.

Payment Limits

Person

Payments made directly or indirectly to a person cannot exceed the annual amounts specified in Table.

Joint Operations and General Partnerships

Payments made, directly or indirectly, to a joint operation such as a general partnership, cannot exceed, for each payment specified in Table 1, the amount determined by multiplying the maximum payment amount specified for a program by the number of persons and legal entities that comprise the ownership of the joint operation. Payments to the joint operation will be reduced by an amount that represents the direct or indirect ownership in the joint operation by any person or legal entity that has reached the maximum limitation.

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FARM SERVICE AGENCY

January 2011

FarmPrograms
FARM SERVICE AGENCY

Agricultural Mediation Program

Background

The U.S. Department of Agriculture's (USDA) Agricultural Mediation Program helps agricultural producers, their lenders, and other persons directly affected by the actions of USDA resolve disputes. Through mediation, a trained, impartial person (mediator) helps participants review their conflicts, identify options, and agree on solutions.

Mediation is a valuable tool for settling disputes in many different USDA program areas. These include farm loans, farm and conservation programs, wetland determinations, rural water loan programs, grazing on national forest system lands, and pesticides. USDA's Farm Service Agency (FSA) administers the program, reauthorized by the United States Grain Standards Act of 2000.

How Mediation Works

Persons disputing USDA actions that directly affect them are offered the opportunity to request mediation services as part of the Department's informal appeals process. However, parties must request mediation before an appeal hearing is held with USDA's National Appeals Division. USDA customers may accept or decline the offer to participate in mediation.

If mediation is requested, FSA mediation officials suggest steps participants should take to prepare for mediation. Mediation officials then assign one or more mediators to the case. Participants may accept or eliminate these mediators. Once a mediator is accepted, all potential parties are advised that a mediation process is underway and given a chance to participate.

The mediator schedules a time and place to meet that is convenient to all parties. Mediation length can vary from a few hours to several days, depending on the complexity of issues and the number of participants. If an agreement is not reached, the case is closed and all parties remain free to pursue other available administrative appeals or legal actions.

Mediators

Unlike a judge or arbiter, a mediator has no decision-making authority, but is there to help participants resolve problematic issues and settle disputes. Successful mediation is based on the cooperation and involvement of all participants.

The Montana FSA Agency maintains a list of mediators. This list includes mediators that have been selected for their experience in mediation, as well as their experience with government and agricultural/environmental issues. The list expands as more mediators express a desire to be included and decreases as mediators elect not to participate.

Selection of Mediators

A Blanket Purchase Order (BPA) will be established by FSA with each mediator on a fiscal year basis. The BPA will be the vehicle of payment for the Agency's share of the cost of mediation. When the producer requests mediation, mediators will be contacted on a rotating basis and asked if they wish to participate in the mediation. Once two mediators have agreed to accept the case if offered, the producer will be given the choice of which mediator to use. The producer's choice will be the mediator assigned to the case. The mediator will also be responsible to communicate in writing the results of the mediation to the Agency and the other participants in the mediation.

Selection of Agency Representative

The State Executive Director (SED) will be responsible for selecting the Agency representative to attend the mediation session. The Agency representative will not be authorized to make any concessions or commitments on behalf of the Agency without prior appropriate authorization.

Mediation Benefits for Lenders and Borrowers

Successful mediation benefits participants in the following ways:

- Mediation may settle disputes within a participant's financial means, providing a low-cost alternative to appeals or to often expensive litigation and bankruptcy.
- The program may reduce stress caused by lengthy litigation. While it can take years for a case to filter through the courts, mediation generally takes only a few meetings to complete.
- Mediation is confidential. Documents are not used for any other legal action against the participants.
- Mediators can also provide referrals for producers and lenders and informally discuss with them issues or concerns.

Mediation Cost to Participants

Certain states have a certified mediation program. This means that, at the request of the Governor, FSA has helped the state develop a mediation program authorized or administered by a state government agency or by the Governor, Montana is not a certified state. The responsibility of mediation cost is as follows:

Agency responsibility
The agency will be responsible for reimbursement to the mediator the following costs:

- Meeting room rental
- Correspondence cost (i.e. postage, phone calls, FAX costs, duplicating costs, excluding time;
- A prorated share of mediators time, including preparation, mediation and follow-up time;
- A prorated share of mileage, per diem and lodging and other associated travel costs.

Participant(s) Responsibility
The other parties involved in mediation will be responsible for reimbursement to the mediator the following costs:

- A prorated share of mediators time, including preparation, mediation and follow-up time;
- A prorated share of mileage, per diem and lodging and other associated travel costs.

Note: *For these purposes, prorated means an equal share divided among the parties involved in the mediation. For example, if the Agency and one producer are involved, the Agency pays fifty percent of the identified costs; if the Agency, a producer and creditor are involved in mediation, the Agency will pay thirty-three and one third percent. Representatives of any party are not considered an additional party.*

Obligation

The parties involved in mediation, including the Agency, will be required to sign agreeing to the terms of the mediation prior to any costs being incurred by any party.

State Mediation Program Contacts

If you have questions regarding mediation or a disputed matter with the Montana Farm Service Agency, please contact your local FSA office or Dick Deschamps, Chief Administrative Officer at the Montana State FSA office at 406-587-6875.

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UNITED STATES DEPARTMENT OF AGRICULTURE
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January 2011

Appeals

Background

The National Appeals Division (NAD) of the U.S. Department of Agriculture (USDA) was established by the Secretary of Agriculture on October 20, 1994, pursuant to the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994. The Act consolidated the appellate functions and staffs of several USDA Agencies to provide for independent hearings and reviews of adverse Agency decisions.

NAD is responsible for all administrative appeals arising from program activities or assigned Agencies, as well as such other administrative appeals arising from decisions of Agencies of USDA designated by the Secretary. NAD appeals involve program decisions of the Farm Service Agency (FSA), Risk Management Agency (RMA), Natural Resources Conservation Service (NRCS), and Rural Development (RD).

NAD Process

Who can appeal to NAD?
A participant in a program administered by certain USDA agencies that has received an adverse decision by the agency may be able to appeal the adverse decision to NAD to adjudicate if the agency erred in its decision.

What can be appealed to NAD?
The law provides that a decision by an agency over which NAD had jurisdiction, which is adverse to a participant, can be appealed to NAD by the participant.

Some adverse decisions may be initially determined by an agency as not appealable, but the FSA State Executive Director or the Director of NAD may finally determine if it is appealable. A timely request may be made to NAD for determination of the appealability of a specific adverse decision and the Director determines if:

- the adverse decision is a matter of general applicability and not subject to appeal, or
- adverse to the individual participant and thus appealable.

How to File an Appeal
An appeal must be in writing and must be submitted by the participant who receives the adverse decision. The appeal must be signed personally by an appellant, but does not need to be notarized.

An appeal in Montana should be filed at:

Western Regional Office
755 Parfet Street
Suite 494
Lakewood, Colorado 80215-5506
Phone: 1-800-541-0483
(303) 236-2862
TTY: 1-800-497-0253
Fax: (303) 236-2820
An appeal must be received in the Western Regional Office no later than 30 calendar days after the participant received a NAD determination that an agency decision is appealable. The appeal should state what agency decision is being appealed and should include a copy of the adverse decision and a brief statement of why the decision is wrong. A copy of the appeal request should be sent to the agency.

How the Appeal is Processed
When a perfected appeal is received in the Western Regional Office, it is assigned to a Hearing Officer. An appellant may elect a:

- telephone-hearing,
- request a record review, or;
- an evidentiary hearing in person.

The Hearing Officer will consider the agency record, together with evidence submitted by the appellant and the agency. The hearing will be conducted in a manner that will obtain the facts relevant to the matters at issue. There are no formal rules of evidence. An in-person hearing will be held in the appellant's state of residence or at a location that is otherwise convenient. A tape recording constitutes the official record of the hearing and the parties have a right to a copy of the official records.

The Prehearing Teleconference
The hearing officer may hold a telephone conference call with the appellant and the agency before the hearing. The prehearing conference is designed to attempt to resolve the dispute or narrow

the issues involved. During the prehearing teleconference, the hearing officer assures that everyone is prepared for the hearing, and sets the time and place of the hearing. Stipulations may be made, the need for specific witnesses discussed, and the need for certain evidence decided.

The Hearing

Hearings are scheduled within 45 days of the date the appeal was received in the Western Regional Office. At the hearing, the appellant and the agency may present relevant testimony and documentary evidence. The hearing officer conducts the hearing in a manner to afford the appellant an opportunity to prove by preponderance of evidence that the agency's decision was erroneous. The Hearing Officer is not bound by previous finding of fact on which the agency's decision was based, and issues a determination consistent with the laws and regulations of the agency and their generally applicable interpretations. The Hearing Officer may leave the hearing record open for a reasonable period following the hearing for the submission of additional information. At the end of that period, the hearing record is deemed closed.

The Appeal Determination

The hearing officer issues a determination in the case within 30 days of closing the hearing record if the hearing was in-person or by telephone. If the appellant requested a record review, a determination is issued within 45 days of receipt of the request for a record review.

In the determination, the hearing officer determines if the appellant proved that the agency erred in its adverse decision.

The determination may be subject to a review by a NAD Director, if a timely request is made by the appellant or the head of the agency.

If no request for a Director's review is timely filed, the hearing officer's determination becomes final.

The Director's Review

If the hearing officer determined that the agency erred, the head of the agency has 15 business days from receipt of the determination to request that the Director review the hearing officer's determination. The request must be signed by the head of the agency and must include specific reasons why the hearing officer's determination is wrong, including citations of law or regulation the agency believes that determination violates.

If the hearing officer determined that the agency was not in error, the appellant has 30 calendar days from the day he/she receives the determination to request that the Director review the hearing officer's determination. An appellant's request for a Director's review must be signed by the appellant and must include specific reasons why the appellant believes the hearing officer's determinations are wrong.

For Additional Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at www.fsa.usda.gov/mt. The telephone numbers are usually listed in the telephone directory under the United States Government, U.S. Department of Agriculture.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Assigning FSA and CCC Payments

Overview

An "assignment of payment" is a service provided by the Farm Service Agency (FSA) for producers. Producers who are eligible to receive specified program payments from FSA or Commodity Credit Corporation (CCC) programs may arrange to have all or part of their payments assigned directly to another party either by electronic funds transfer (EFT) using the Automated Clearing House (ACH) method or by check. This allows a third party, such as a person or entity, to receive a selected program payment directly from FSA/CCC in lieu of receiving the payment from a producer.

How to Assign a Program Payment

To assign eligible FSA or CCC program payments, producers must either use the web-based Assignment application or submit a completed form CCC-36, Assignment of Payments.

Payments issued to assignees (third parties) can be processed through the Electronic Funds Transfer (EFT) system. The assignee must complete and sign SF-3881, ACH Vendor/Miscellaneous Payment Enrollment, to initiate EFT transactions. Multi-year assignments are acceptable for programs that are eligible: Direct and Counter-Cyclical Payment Program (DCP), Average Crop Revenue Election (ACRE) and Conservation Reserve Program (CRP).

Eligible Programs for Assigned Payments

Many FSA and CCC programs are eligible for assignment of payments. Producers may assign program payments, as specified by program law or regulation, for FSA and CCC programs that have been publicly announced except for FSA or CCC loans or purchase agreement proceeds.

Assignment Conditions

An assignment of payment may be for any purpose and must be for a specific amount, but cannot be used:

- for a reassigned payment
- when the assigned payment is the subject of an administrative appeal
- when the dollar amount being assigned is not stated.

Producers must inform the FSA county office immediately of any changes affecting an assigned payment, such as when an assigned amount needs to be reduced or an assignment needs to be terminated. After the assignment is established, the assignee must concur before a change is applied or an assignment is terminated.

Overpayments of Assigned Payments

The assignee agrees to repay promptly to the Federal Government any amount by which the assigned payment exceeds the amount secured by the assignment. The assignor (producer) and assignee agree that they will promptly notify the county FSA office of a change affecting an assignment. The assignment may be revoked at any time by written request signed by the assignee.

Assignment Payment Priority

If there is any indebtedness owed by the producer to the Federal government on the day a payment is being made, the amount may be subtracted from the assigned payment before it is made to the assignee according to the special provision related to assignments as stated on the reverse side of form CCC-36, Assignment of Payment.

Gaining Access to the Web Based Assignment Application

In order to protect personal identity, an assignor or assignee must first register for a level 2 account with USDA's e-Authentication system to obtain a user ID and password. The process is easy and starts on-line by creating a user ID and password and confirming the user's e-mail address. On the USDA Web site at www.usda.gov, click on the link to "View USDA Customer Statement." From there, the user can request to get a log on ID.

Once an assignor or assignee has obtained a level 2 e-Authentication ID, the secured FSA Financial Services Web site becomes available to complete an assignment for the assignor or assignee registered to the user ID. Log on to the FSA Web site at www.fsa.usda.gov, and select "Online Services" from the top banner. From the "Online Services" page, select "Financial Services" under the "Related Topics" banner.

For additional information to gain access to the web-based assignment application, and other FSA financial services, including "Financial Inquiries for FSA Producers," contact your local FSA county office.

For More Information

For additional information on assigning FSA and CCC program payments and other FSA programs and services, contact your FSA county office, or visit FSA's Web site at http://www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2010

Average Adjusted Gross Income 2009 - 2012

Overview

The 2008 Farm Bill required the implementation of the average Adjusted Gross Income (AGI) limitations for program eligibility for the 2009 through 2012 program years. The average AGI provisions are applicable to the majority of programs administered by the Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS).

Applicability

All persons and legal entities requesting certain program payments, either directly or indirectly, are subject to average AGI provisions. Persons or legal entities whose average AGI for the three taxable years preceding the most immediately preceding complete taxable year exceeds the qualifying limits are ineligible for the applicable payment. If the payments are issued to an entity, general partnership or a joint venture, payments are reduced in an amount that is commensurate with the direct and indirect interest of any member or interest holder who is non-compliant with average AGI.

New Compliance and Verification Procedure

The 2008 Farm Bill required the establishment of valid procedures under which to conduct audits of persons and legal entities determined most likely to exceed the AGI limitations. USDA and the Internal Revenue Service (IRS) have developed an electronic information exchange process strictly for the purpose of average AGI verification. This process electronically looks at certain line items on tax returns filed for the applicable three-year period; performs a series of calculations to arrive at the average amounts; and then compares these values to the average AGI limitations. USDA receives the results of these comparisons with indicators of whether the participant appears to exceed or not exceed the average AGI amounts. No actual tax data will be included. The cases that appear to exceed the average AGI limitations will be received and evaluated by FSA state office or headquarters personnel.

Written Consent

IRS requires written consent from the individual or legal entity to provide USDA verification of the average AGI. Such written consent is given by completion of forms CCC-927, Consent to Disclosure of Tax Information - Individual; or if a legal entity, CCC-928, Consent to Disclosure of Tax Information - Legal Entity. These forms allow for the selection of the appropriate year or years and authorize IRS to perform the average AGI calculations. These consent forms must be completed for the same year or years an individual or legal entity was required to provide an AGI certification. Failure to provide the written consent will require refund of applicable payments received from FSA and NRCS.

Certifications

Participants in CCC programs subject to average AGI rules must annually certify their eligibility to receive benefits by either submitting a statement from a certified public accountant or an attorney, or by completing form CCC-926. This form may be obtained from local FSA and NRCS offices or online at: http://forms.sc.egov.usda.gov/eforms/mainservlet.

Definitions

Adjusted Gross Income: AGI is the legal entity's or individual's IRS-reported adjusted gross income, or a comparable measure as determined by CCC.

Adjusted Gross Farm Income: Income from activities related to farming, ranching or forestry is considered adjusted gross farm income. (See Table 1).

Adjusted Gross Nonfarm Income: The difference between adjusted gross income and adjusted gross farm income is considered the adjusted gross nonfarm income.

Legal Entity: The term "legal entity" includes a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, including joint ventures and general partnerships.

Multiple AGI Limitations

Different income thresholds will be used to determine eligibility for different CCC programs as described in Table 2.

A person or legal entity with:

- Adjusted Gross Nonfarm Income exceeding $500,000 is ineligible for all commodity program payments and benefits
- Adjusted Gross Farm Income exceeding $750,000 is ineligible for Direct and Counter-cyclical Program (DCP) Direct Payments
- Adjusted Gross Nonfarm Income exceeding $1 million is ineligible for conservation programs, unless at least 66.66% of total AGI was farm income. (Note: This limitation may be waived on a case-by-case basis for the protection of environmentally sensitive land of special significance.)

Base Period for Determining Average AGI

A 3-year average AGI will be used to determine whether an individual or legal entity qualifies to receive program benefits subject to AGI rules. Base years for computing average AGI are:

Crop year:	AGI base years are:
2009	2005, 2006, 2007
2010	2006, 2007, 2008
2011	2007, 2008, 2009
2012	2008, 2009, 2010

Annual Certification

Annual certifications of AGI compliance are required from each individual and legal entity requesting CCC payments either directly or indirectly. Annual certifications are made on form CCC-926, or by a statement from a certified public accountant or an attorney.

Tracking of AGI Through Entity Ownership

If the participant is a general partnership or a joint venture, AGI certifications are required from each member who is an individual or entity, and from each embedded interest holder.

If the participant is an entity, AGI certifications are required from the participating entity and from each interest holder who is an individual or entity and from each embedded interest holder.

Compliance with AGI rules will be tracked through four levels of legal entity ownership. If individuals or entities within those four levels do not comply with average AGI provisions, payments will be reduced by an amount commensurate with the ineligible share.

Definition of Farm Income

General farm income includes income derived from the production of crops and livestock, from ranching and forestry, and other income reported on Schedule F of the IRS tax forms. See Table 1 for more information.

Additional information

This fact sheet provides general guidelines only. Please contact your local USDA Service Center for further details and information on average AGI provisions.

FACT SHEET

Average AGI 2009 - 2012

January 2010

Table 1. Source of Adjusted Gross Farm Income.

INCOME RELATED TO LIVESTOCK AND CROPS	OTHER TYPES OF INCOME
Production of livestock, including but not limited to: • Cattle, sheep, goats, swine • Elk, reindeer, bison, deer • Horses • Poultry • Fish and other aquaculture products for food • Honey bees	The sale of land that has been used in agriculture The sale of, or sale of easements and development rights to: • Farm land, ranch land, or forestry land • Water or hunting rights • Environmental benefits
The feeding, rearing, or finishing of livestock	The rental or lease of land or equipment used for farming, ranching, or forestry operations, including water or hunting rights
Products produced by or derived from livestock	Any payment or benefit, including benefits from risk management practices, crop insurance indemnities, and catastrophic risk protection plans.
Production of crops, specialty crops and unfinished raw forestry products	Payments and benefits authorized under any program made applicable to payment eligibility and payment limitation rules
The processing, packing, storing, shedding and transporting of farm, ranch and forestry commodities, including renewable energy	Production of farm-based renewable energy
Any other activity related to farming, ranching or forestry as determined by the Deputy Administrator.	
Any income reported on Schedule F of other schedule used by the person or legal entity to report income from farming, ranching, or forestry operations to the Internal Revenue Service.	
In addition to all of the above, and specifically when the average adjusted gross farm income is at least 66.66 percent of the average AGI: • The sale of equipment to conduct farm, ranch, or forestry operations • The provision of production inputs and services to farmers, ranchers, foresters and farming operations.	

Table 2. Applicability of AGI Thresholds to Various CCC Programs

PROGRAM	APPLICABLE AGI LIMITATION
Commodity and Disaster programs including, DCP, ACRE, SURE, ELAP, LFP, LIP, TAP, NAP	The three-year average Nonfarm AGI shall not exceed $500,000.
DCP Direct Payments	The three-year average Nonfarm AGI shall not exceed $500,000 and the three-year average Farm AGI shall not exceed $750,000.
Price Support benefits including Market Gains, Loan Deficiency Payments, and MILC payments.	The three-year average Nonfarm AGI shall not exceed $500,000.
All Conservation Programs administered by FSA and NRCE including: CRP, AMA, AWEP, CSTP, CCPI, EQIP, FRPP, CRP, WRP, WHIP	The three-year average Nonfarm AGI shall not exceed $1 million, unless at least 66.66% of the total AGI was adjusted gross farm income. Note: This limitation may be waived on a case-by –case basis for environmental sensitive land of special significance.
All other programs	As determined by federal regulation for each program.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2010

Adjusted Gross Income Verification Process

Overview

This provides an overview of the average adjusted gross income (AGI) certification and compliance review process. A key component is the data-sharing process with the Internal Revenue Service (IRS). IRS tax information will be used to identify program participants that may not have complied with statutory AGI requirements, or whether further review is required to make an accurate determination.

Step by Step Process

- Beginning in January 2010, the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS) will provide producers with consent forms to complete and submit to IRS which authorize IRS to disclose information to USDA for 2009 and 2010 AGI compliance purposes. Two consent forms, one for individuals (CCC-927) and one for legal entities (CCC-928) will be used. Producers may obtain the consent forms at their local USDA Service Center or online. USDA Service Centers will not accept or retain the completed consent forms.

- Producers will mail consent forms directly to IRS; USDA Service Center employees will not accept any tax information, completed forms or other tax-related paperwork from producers for this process. The deadline for producers to submit the consent forms to IRS is June 15, 2010. As required by law, producers must sign the applicable consent form to grant IRS the authority to provide tax information data to USDA.

- After June 15, 2010, a reconciliation process will be initiated to identify producers that did not file a consent form with IRS. Producers identified through this process will receive written notice of the requirement to submit a consent form to IRS to avoid interruption of program payments.

- IRS will check each participant's AGI compliance by performing computerized calculations that indicate whether or not a producer exceeds average AGI limitations. Average AGI calculations for 2009 are computed based on the 2005, 2006, and 2007 tax years, and the average AGI calculations for 2010 are computed based on the 2006, 2007, and 2008 tax years.

- Producers whose average AGI appears to be in excess of the statutory AGI limitations will be notified in writing of the results, and provided the opportunity to make available within 30 days to the applicable FSA State Office, a third party verification from a certified public accountant or attorney of their AGI that demonstrates AGI limits have not been exceeded.

- Producers determined not in compliance with AGI limitation will be offered appeal rights to either the FSA State Committee or the National Appeals Division.

- Producers who fail to respond to written notices of AGI non-compliance or determined non-compliant will be notified of the requirement to refund the applicable payments. Actions required by the Debt Collection Improvement Act (DCIA) will be followed by NRCS and FSA.

More Information

To find more information about FSA programs, contact your local FSA office or USDA Service Center, or visit the FSA on the World Wide Web at http://www.fsa.usda.gov.

United States
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FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

E-Government (Doing Business with FSA Electronically)

Background

USDA has made changes in the way it does business with its customers. USDA now provides information electronically to agricultural producers. E-Government is a way for the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and Rural Development (RD) to provide information systems that allow customers to receive USDA services electronically.

Producer Participation

For those interested in accessing USDA programs and services electronically, a Level 2 Account is needed. Instructions for obtaining a Level 2 account are available in a step-by-step format on the Montana FSA website at http://www.fsa.usda.gov/mt and by clicking on "I Want To" "Do Electronic Business with FSA on my Home Computer." The website for obtaining a Level 2 account is http://www.eauth.egov.usda.gov/eauthCreateAccount.html and click on Level 2 access.

Getting Started

Producers who want to conduct their business with USDA electronically using the Internet will need to have a Level 2 Account.
The producer will then:

- Fill out the online registration form,
- Create a user ID and password
- Respond to the confirmation e-mail the system sends to you.

The producer will receive a confirmation email within a few days and **must** respond to that email. If the e-mail is not answered within 7 days, the entire process must be redone.

To complete the sign-up for the Level 2 Account, the producer must:

- Take an official identification (state ID, state driver's license, military ID, or passport to the local USDA Service Center
- Ask to see a Local Registration Authority (LRA) – a USDA employee who can certify your identity and activate your USDA eAuthentication Account
- Request that the LRA ensure that you have a record in the Service Center Customer Database (SCIMS).

The LRA (which is an USDA employee) will:

- Verify your identity against your official identification
- Activate your USDA eAuthentication Level 2 account;
- Check the SCIMS database for your customer record.

When registered with Level 2 access, the customer has the ability to retrieve and submit forms on-line, review their 1099-G form, review FSA payment summary, Conservation program contracts, conservation plan information, and USDA Service Center locations. Producers may also signup for programs on-line without ever leaving the comfort of their home.

Features

- The Customer Statement allows farmers and ranchers un-precedented online access to their business activities with USDA. Includes their year-to-date 1099G form.
- The site is very secure. To protect your identity, the Customer Statement does not show your Social Security number or Taxpayer ID. Instead, your information is linked to your USDA ID.
- Financial Inquiries allows producers the ability to generate reports showing their current and historical financial information related to FSA programs.
- View and print submitted contracts at any time.

For More Information

Your local USDA Service can provide answers to your questions regarding working with USDA electronically or you can log on to the Montana FSA homepage at: http://www.fsa.usda.gov/mt

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

E-Government - Quick Guide

Background

With the enactment of the Freedom to E-File Act, agriculture producers may access USDA information electronically. E-Government is a way for the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS), and Rural Development (RD) to provide information systems that allow customers to receive USDA services from home. Producers may apply for USDA programs on-line or view the current status of USDA services and individual program activity.

Helpful Internet Sites

- **Montana FSA Home Page *(www.fsa.usda.gov/mt)*** is the local link to programs affecting Montana.
- **eGovernment *http://www.eauth.egov.usda.gov/eauthCreateAccount.html*** is used by USDA customers to obtain accounts that will allow access to USDA Web applications and services via the Internet.
- **USDA Home Page *(www.usda.gov)*** provides information on USDA agencies and offices, featuring the latest program news, initiatives, policies and services.
- **National FSA Home Page *(www.fsa.usda.gov)*** is the national FSA website, with links to local offices, program sign-ups, forms, conservation programs, loans, fact sheets, and news releases.
- **National NRCS Home Page *(www.nrcs.usda.gov)*** is the national NRCS website, its programs, news and technical references. There are links for farmers and ranchers, communities, homeowners, teachers and students, and others who have business with NRCS or need information.
- **Montana NRCS Home Page *(www.mt.nrcs.usda.gov)*** provides information pertinent to producers on important sign-up dates and programs suited to Montana's natural resources.
- **eLDP** is an Internet-based service allowing producers to request Loan Deficiency Payments (LDP) on line and, in most cases, receive approval and payment by direct deposit within 48 hours.
- **eForms *(http://forms.sc.egov.usda.gov/eforms/mainservlet)*** provides online access to more than 300 USDA forms to view or print out. These are the forms most commonly used by FSA, NRCS, and RD.
- **TechReg *(http://techreg.usda.gov)*** makes it easy for farmers, ranchers and other USDA customers to find certified Technical Service Providers for their county, or for individuals to register and become certified.
- **eFOTG *(http://www.nrcs.usda.gov/technical/efotg)*** gives USDA customers access to electronic Field Office Technical Guides for each state. The guides contain technical information about the conservation of soil, water, air, and related plant and animal resources. Guides used in each field office are localized so they apply specifically to the geographic area for which they are prepared.
- **eDCP *(http://www.fsa.usda.gov/edcp)*** in an on-line service allowing producers to enroll in DCP online.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

April 2011

FSA County Committee Election

Overview

The election of agricultural producers to Farm Service Agency (FSA) county committees is important to ALL farmers and ranchers, whether beginning or long-established with large or small operations. It is crucial that every eligible producer participate in these elections because FSA county committees are a link between the agricultural community and the U.S. Department of Agriculture (USDA).

County committee members are a critical component of the operations of FSA. They help deliver FSA farm programs at the local level. Farmers and ranchers who serve on county committees help with the decisions necessary to administer the programs in their counties. They work to ensure FSA agricultural programs serve the needs of local producers.

County committees provide local input on:

- Commodity price support loans and payments
- Conservation programs
- Incentive, indemnity and disaster payments for some commodities
- Emergency programs
- Payment eligibility

FSA county committees operate within official regulations designed to carry out federal laws. County committee members apply their judgment and knowledge to make local decisions.

Election Period

June 15, 2011 – The nomination period begins. Request nomination forms from the local USDA Service Center or obtain online at http://www.fsa.usda.gov/elections .

Aug. 1, 2011 – Last day to file nomination forms at the local USDA Service Center

Nov. 4, 2011 – Ballots mailed to eligible voters

Dec. 5, 2011 – Last day to return voted ballots to the USDA Service Center

Jan. 2, 2012 – Newly elected county committee members take office.

Who Can Vote

Agricultural producers of legal voting age may be eligible to vote if they participate or cooperate in any FSA program. A person who is not of legal voting age but supervises and conducts the farming operations of an entire farm also may be eligible to vote. Members of American Indian tribes holding agricultural land are eligible to vote if voting requirements are met. More information about voting eligibility requirements can be found in the FSA fact sheet titled “FSA County Committee Election - Eligibility to Vote and Hold Office as a County Committee Member.” Producers may contact their local USDA Service Center for more information.

Nominations

To become a nominee, eligible individuals must sign nomination form FSA-669A. The form includes a statement that the nominee agrees to serve if elected. This form is available at USDA Service Centers and online at http://www.fsa.usda.gov/elections.

Nomination forms for the 2011 election must be postmarked or received in the local USDA Service Center by close of business on Aug. 1, 2011.

Agricultural producers who participate or cooperate in an FSA program may be nominated for candidacy for the county committee. Individuals may nominate themselves or others as a candidate. Additionally, organizations representing minority and women farmers or ranchers may nominate candidates. Nomination forms are filed for the county committee of the office that administers a producer’s farm records.

FACT SHEET

FSA COUNTY COMMITTEE ELECTION

April 2011

Don't Miss Out on Voting

Ballots will be mailed to voters by Nov. 4, 2011, and must be returned to the FSA county office or postmarked by Dec. 5, 2011. Eligible voters must contact their local FSA county office before the final date if they did not receive a ballot.

Uniform Guidelines

USDA issued uniform guidelines for county committee elections to help ensure that FSA county committees fairly represent the agricultural producers of a county or multi-county jurisdiction, especially minority and women producers. Minorities are African-Americans, American Indians or Alaska Natives, Hispanics, Asians, Native Hawaiian or other Pacific Islanders. The guidelines govern the FSA county committee election process and are designed to increase participation of minorities and women.

The following are just some of the specifics of the guidelines that are now in effect:

- If no valid nominations are filed, the Secretary of Agriculture may nominate up to two individuals to be placed on the ballot.

- County committees must annually review local administrative area boundaries to ensure the fair representation of minority and women producers in their county or multi-county jurisdictions.
- FSA county offices shall actively locate and recruit eligible candidates identified as minority and women farmers and ranchers as potential nominees for the county committee elections through outreach and publicity, including the development of partnerships with community-based organizations.

To read the guidelines in their entirety, visit the County Committee Elections page at http://www.fsa.usda.gov/elections.

In addition to minority and women producers, USDA strongly encourages beginning farmers to actively seek a position on a county committee.

Role of Advisors

In addition to elected members, FSA county committees may also include advisors. Advisors are appointed to county committees in counties or multi-county jurisdictions that have significant numbers of minority or women producers and lack such members on FSA county committees. Advisors play an important role by providing diverse viewpoints and by representing the interests of minorities and women in decisions made by county committees. FSA state committees officially appoint advisors who are recommended by county committees or community-based organizations.

For More Information

For more information about FSA county committees, visit a local FSA or USDA Service Center or the website at http://www.fsa.usda.gov/elections.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

April 2010

FSA County Committee Election - Eligibility to Vote and Hold Office as a County Committee Member

Prospective Voter Requirements

A person who meets the requirements in No. 1 or No. 2 below, as well as No. 3 is eligible to vote.

1. Be of legal voting age and have an interest in a farm or ranch as either:
- An individual
- The authorized representative of an entity

2. Not of legal voting age, but supervises and conducts the farming operations of an entire farm.

3. Participates or cooperates in any U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) program that is provided for by law.

Discrimination Prohibited

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 program.

Types of Eligible Voters

1. Individual Voter

An individual voter is someone who meets one or more of the following:
- Is eligible to vote in one's own right
- Is a partner of a general partnership
- Is a member of a joint venture

2. Nonindividual Voter

A nonindividual voter is a legal entity, such as a:
- Corporation, estate, trust, limited partnership or other business enterprise, excluding general partnerships and joint ventures
- State, political subdivision of a state or any state agency

Only the designated representative may cast a vote for the entity.

3. **Interpretation of Voting Eligibility for Spouses in Community Property States**

In community property states, the spouse of an eligible voter is eligible to vote.

4. American Indian Tribal Lands

Every member of an American Indian tribe is considered a landowner if the land in question is tribally owned or held in trust for the tribe by the United States. Members of American Indian tribes holding agricultural land are eligible to vote if voting requirements are met.

Voting Eligibility

1. Local Administrative Areas

A county or multi-county jurisdiction served by a county committee is divided into three to 11 Local Administrative Areas (LAA). Each LAA is represented by one member on the county committee. A person may only vote in one LAA in which he or she participates or cooperates in FSA programs or programs administered by FSA.

2. Multiple Farm Interests in Same County or Area

Eligible voters who participate or cooperate in FSA programs on separate farms in more than one LAA in the same county or multi-county jurisdiction may only cast one ballot. Such voters must choose only one LAA in which they wish to cast their ballots.

FACT SHEET

FSA County Committee Election - Eligibility to Vote and Hold Office as a County Committee Member

April 2010

3. Multi-County Jurisdictions

Eligible voters with separate farming interests in more than one county or committee jurisdiction are eligible to vote in the election conducted for each jurisdiction's committee. Voting is limited to one LAA in which farming interests are located. Only one vote may be cast in each county or multi-county jurisdiction.

Eligibility to Hold Office

To hold office as a county committee member, a person must meet each of the basic eligibility requirements described below:

1. Participate or cooperate in a program administered by FSA

2. Be eligible to vote in a county committee election

3. Reside in the LAA in which the person is a candidate

NOTE: In special cases, this requirement may be waived. Check with the local FSA office.

4. A person must not have been:

- Removed or disqualified from the office of county committee member, alternate or employee
- Removed for cause from any public office or have been convicted of fraud, larceny, embezzlement or any other felony
- Dishonorably discharged from any branch of the armed services

People uncertain about their eligibility to vote in the county committee election should contact their local FSA office. Affirmation of eligibility to vote must be determined in order for a vote to count in an election.

Any candidate may request that all voted ballots for an individual county committee election be returned to the respective FSA state office in lieu of being returned to the FSA county office. This request must be in writing and submitted to the local FSA county executive director prior to the announced end of the nomination period.

During the election period, individuals not receiving a ballot in the mail may obtain a ballot directly from their FSA county office. The ballot must be cast on or before the election deadline.

For More Information

For more information about FSA county committees, visit a local FSA or USDA Service Center or the Web site at http://www.fsa.usda.gov/elections.

United States
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FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Geographical Information System (GIS)
According to the 2008 Farm Bill

October 2009

Overview

In order for the USDA Farm Service Agency (FSA) to determine producer benefits for most program areas, FSA must know the specific crop acreage or other land use information.

In the past, FSA used aerial photos or visited farms to assist producers with determining acres or other land-based information.

In the last decade, FSA has modernized its aerial maps and implemented Geographical Information System (GIS) and Global Positioning (GPS) technology. GIS and GPS are helping FSA measure land features by allowing computer-generated maps to interact with databases that store information about land. This will assist local FSA offices in:

- Helping producers continue to exercise sensible land stewardship;
- Provide quicker, more accurate information for decision-making purposes; and
- Reduce the amount of time a producer must spend working with FSA in order to participate in FSA programs.

Geographic Information Systems

Geographic Information Systems are composed of both hardware and software that allows users to analyze information, conduct business more efficiently and display results of these efforts on maps. Since virtually all Farm Service Agency actions are tied to specific locations they can essentially all be mapped. For FSA, a GIS can have many uses such as farm records management, disaster assessments, future planning activities and various management assessments.

GIS stores spatial and geographic information for three different types of areas:

- Places that have area, like farms, fields, wetlands, and neighborhoods;
- Places without area, such as the location of a grain bin, building, or tractor; and
- Places that have a beginning and end, such as major highways, private roads, and streets.

GIS stores this and other data and uses satellite imagery or aerial photography as a basemap for the overlay of these layers. GIS allows for much more detailed information than is contained in a hard copy map with a color-coded legend. Each layer can store and display vast amounts of information, such as soil types, crops, land boundaries, place names, and populations.

Common Land Unit

The most critical component of GIS is the development of the Common Land Unit (CLU) data layer. A CLU in other words is a field. The CLU layer will ultimately include all farm fields, rangeland, and pastureland.

Global Positioning Systems

GPS is an accompanying technology that can be integrated with GIS for even greater analysis of real world information. GPS handheld units can calculate the user's exact location.

Integrating GIS and GPS Technologies

FSA is integrating GIS layers and GPS information to increase the efficiency, accuracy, and timeliness of FSA program administration. GPS data layers, ortho-photography, soils layers, public land survey data, and many other data layers can be placed on top of each other inside one GIS project.

GIS and GPS help FSA store and utilize information on field boundaries of land and attributes for each field, such as field number, crop type, and producer information. Aerial photography, grain bins, private roads, and field boundaries can all be displayed in GIS at the same time. Each of these layers, excluding the aerial photography, has a database associated with it which stores detailed information.

How FSA is Using GIS and GPS

FSA is using GIS and GPS effectively in these program areas:

Farm Commodity Programs

- Assist producers in making informed decisions about program participation and benefits,
- Measure and inventory fields, acres, and land-use categories;
- Identify and map environmentally sensitive acreage;
- Map and appraise type and extent of crop damage due to natural disaster events, such as hail, flooding, or tornados;
- Map and inventory farm site information, such as storage facilities and well heads, when needed for program implementation; and
- Maintain and share farm records and maps digitally with producers.

Farm Loan Program

- Track the location of farms under loan;
- Determine the location of farms, buildings, and structures for appraisals; and
- Locate areas of environmental concern, including easements, wetlands, and highly erodible land.

Conservation Programs

- On demand assessment of possible CRP acres; and
- Determine eligibility in conservation programs.

Emergency Preparedness

- Assess the impact of disasters on agricultural facilities;
- Assess the impact of weather events to help determine emergency declarations;
- Determine agricultural enterprises within the plume area during a REP exercise;
- Assist with homeland security; and
- Locate environmental hazards.

Compliance Programs

- Verify compliance with program rules by checking farm acreage, field layout, and field boundaries; and
- Identify discrepancies between reported crops and actual crops.

Price Support Programs

- Collect location and capacity information on storage facilities; and
- Identify areas eligible for disaster assistance programs.

Producer Benefits

Producers may request copies of USDA imagery, farm and field boundaries, and soils data to help them with crop planting strategies; mapping and monitoring fertilizer and herbicide application; and decision-making on the farm.

For Additional Information

Additional information may be obtained from the state FSA GIS coordinator or through the Montana FSA website at http://www.fsa.usda.gov/mt.

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United States Department of Agriculture

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Outreach

Background

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) provides educational information regarding farm commodity and conservation programs to all interested individuals.

FSA implements outreach activities to individuals, especially the underserved, or those individuals who have historically not participated in the Agency's programs and services.

Underserved customers include:

- Farmers/ranchers and landowners/operators with limited resources, minority groups (including American Indians, Alaskan Natives, and Aleuts), women, and the physically challenged who may need, but have not fully benefited from, USDA assistance;
- Individuals and groups who have not participated in or have received limited benefits from FSA programs that may improve their quality of life and/or the environment;
- Rural and urban community members;
- Members of religious minorities;
- Small specialty crop farmers, organic farmers, and other farmers with production practices which are different from most farmers in the area.

FSA's goal is to increase the participation of underserved customers in programs offered.

To ensure maximum participation in FSA programs and services for underserved customers, FSA works with its partners and customers to eliminate the following barriers:

- All forms of discrimination, including racial, ethnic, cultural, and gender prejudices;
- Language, communication, transportation, and FSA program requirements and signup procedures;
- Limited access to FSA programs in remote areas.

FSA Employees:

- Provide resources to assist underserved farmers and ranchers improve their income through better farm management and financial planning;
- Provide information on all FSA programs including loan programs for those who are unable to obtain conventional credit;
- Work with federal, state and local agencies and land-grant and Tribal colleges to provide technical assistance, training, and enhanced program delivery to underserved communities;
- Assist customers in understanding USDA programs and applying for program benefits;
- Provide program and service information to all customers in a customer-friendly and timely manner.

<u>FSA in Montana</u>

- Provides office time on all seven of Montana's reservations. Contact the local county FSA office for specific office hours on your reservation.
- In cooperation with other USDA agencies hosts the Women Stepping Forward for Agriculture Symposium addressing pertinent issues facing women involved in Montana agriculture. This event is held in the fall and moves to different geographical areas throughout the state. For 2011, the symposium will be held Oct. 12-13 with location TBA.
- During 2011, FSA in Montana will focus on providing FSA program information to all Montana residents.
- Ensures equal representation of minorities and underserved customers on local FSA county committees.

- Provides educational information regarding programs administered by FSA through media sources, Montana agricultural and community organizations, schools, and state and federal agencies.
- Provides educational materials to Montana schools stressing the importance of Agriculture to Montana.
- Maintains the Montana FSA website at http://www.fsa.usda.gov/mt which includes important program information and signup deadlines pertinent to Montana producers.
- Attends career fairs, Natural Resource Symposiums and agricultural organization conventions to provide program information and career opportunities offered though FSA.

For Additional Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at www.fsa.usda.gov/mt. The telephone numbers are usually listed in the telephone directory under the United States Government, U.S. Department of Agriculture.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Payment Limitations and Financing Provisions
Frequently Asked Questions

FarmPrograms
FARM SERVICE AGENCY

Q. If two partnerships – whose members are the same – are financed with a single loan or line of credit and they have no equipment or land contributions, will they be actively engaged in farming?
A. No, because the contributions of capital do not come from separate and distinct accounts.

Q. If multiple farming operations operate out of a joint bank account instead of separate accounts, can those operations be considered separate farming operations?
A. No, separate and distinct operations must maintain separate and distinct accounts. Furthermore, if they had established separate accounts in addition to the joint account, but the contributions were made (bills paid, etc.) from the joint account, then the requirement for separate "persons" is not met.

Q. Can an individual partner in a partnership use his/her share of the partnership's assets to secure individual capital?
A. No, the individual must provide security separate and distinct from any other person with an interest in his farming operation, or in whose farming operation that individual has an interest in. However, the partnership itself may obtain the necessary financing using its own assets as security.

Q. Can partners in a partnership co-sign or guarantee the financing for that partnership?
A. Yes, additionally, the FSA County Committee (COC) may consider those partners who do not sign the note as not sharing in the joint operation's financial risk.

Q. Can a farm manager or agent make capital contributions for a farming operation (pay bills, etc.) if the farming operation later reimburses the agent from a separate and distinct account?
A. No, eligible contributions must be direct out-of pocket contributions.

Q. Can a farming operation be financed by the landlord without affecting the tenant's payment limitation determination?
A. No, financing cannot come from any individual, joint operation or entity that has an interest in the farming operation. A landlord or landowner is automatically considered to have an interest in the operation, regardless of the type of lease agreement.

Q. Can a trustee of an irrevocable trust co-sign or guarantee the financing for that trust without affecting the trust's payment limitation determination?
A. Yes, as long as the trustee does not have an interest in the Trust's farming operation such as the Trust leasing land from the Trustee.

Q. If a farm operating plan is approved by FSA, and changes occur to the structure of the financing later in the crop year, is the producer required to inform FSA of these changes?
A. Yes, these changes must be immediately reported to FSA because the changes may affect the initial determination. Failure to report changes may result in ineligibility and require a refund of payments.

Q. Does FSA review financial documents?
A. Yes, FSA may also review bank accounts and accounting ledgers, and request tax records to ensure all requirements have been met and the producer has followed their Farm Operating Plan (CCC-902), as certified.

For Additional information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

April 2011

Farm Service Agency (FSA) Administered Programs

Agricultural Mediation Program

The Agricultural Mediation Program helps agricultural producers, their lenders, and other persons directly affected by the actions of USDA resolve disputes. A trained, impartial mediator reviews conflicts, identifies options, and assists in settling disputes between participants in many different USDA program areas. These include farm loans, farm and conservation programs, wetland determinations, rural water loan programs, grazing on national forest system lands, and pesticides.

Asparagus Revenue Market Loss Assistance Payment (ALAP) Program

The Asparagus Revenue Market Loss Assistance Payment program compensates producers for revenue losses resulting from imports during the 2004 through 2007 crop years. Eligible asparagus producers will receive a one-time market loss payment based upon the marketing category (fresh-market or processed-market) of their 2003-crop asparagus production quantity.

Average Crop Revenue Election (ACRE) Program

Producers on farms with a covered commodity or peanut base acres may elect to participate in the Average Crop Revenue Election (ACRE) Program that was authorized by the 2008 Farm Bill. Under the ACRE Program, producers may receive revenue-based payments instead of price-based counter-cyclical (CC) payments issued under the Direct and Counter-cyclical Program (DCP). The following planted or considered planted crops may be eligible for ACRE payments: wheat, barley, oats, grain sorghum, corn, upland cotton, rice (medium and long grain), soybeans, other oilseeds, canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed, peanuts and pulse crops (dry peas, lentils, and small and large chickpeas (garbanzo beans)).

Beginning Farmer and Rancher Loans

FSA provides direct and guaranteed loans to beginning farmers and ranchers who are unable to obtain financing from commercial credit sources. A beginning farmer or rancher is an individual or entity who (1) has not operated a farm or ranch for more than 10 years, (2) meets the loan eligibility requirements of the program to which he/she is applying, (3) substantially participates in the operation, and, (4) for farm ownership loan purposes, does not own a farm greater than 30 percent of the median size farm in the county and has farmed for at least three years.

Biomass Crop Assistance Program (BCAP)

BCAP, created in the 2008 Farm Bill, is a voluntary program for agricultural and forestland owners and operators. BCAP is intended to support the production and use of biomass crops for conversion to bioenergy. BCAP includes: 1) Matching Payments: Assists agricultural and forest land owners and operators with matching payments for the collection, harvest, storage and transportation (CHST) of eligible material by a qualified Biomass Conversion Facility (BCF), and 2) Project Areas: Supports establishing and producing eligible crops for the conversion to bioenergy on contracts up to 5 years for annual and non-woody perennial crops or up to 15 years for woody perennial crops. Support may include annual payments and cost-share assistance to establish eligible crops.

Boll Weevil Eradication Loan Program

The Boll Weevil Eradication Loan Program provides low interest loans to nonprofit organizations that work collaboratively with state agencies, USDA's Animal and Plant Health Inspection Service, and the National Cotton Council to eradicate the boll weevil. The program objective is to assist producers and state government agencies in the eradication of boll weevils from cotton producing areas and ensuring the pest is not re-introduced.

Conservation Loan Program (CL)

FSA makes and guarantees CLs to implement conservation techniques that will conserve natural resources. Direct CLs can be obtained through local FSA offices. Guaranteed CLs are available from lenders working with FSA. CL funds can be used to implement conservation practices approved by the Natural Resources Conservation Service (NRCS), such as the installation of conservation structures; establishment of forest cover; installation of water conservation measures; establishment or improvement of permanent pastures; implementation of manure management; and the adaptation of other emerging or existing conservation practices, techniques or technologies.

Conservation Reserve Program (CRP)

CRP is a voluntary program available to agricultural producers to help safeguard environmentally sensitive land. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

Conservation Reserve Enhancement Program (CREP)

CREP is a derivative program of the Conservation Reserve Program (CRP). CREP is a voluntary program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. The program is a partnership among producers; tribal, state, and federal governments; and, in some cases, private groups.

Dairy Indemnity Payment Program (DIPP)

The Dairy Indemnity Payment Program pays dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. Payments are made to manufacturers of dairy products only for products removed from the market because of pesticide contamination.

Dairy Product Price Support Program (DPPSP)

Under this program, FSA supports the price of nonfat dry milk, butter and cheddar at statutory minimum levels through the purchase of such products made from cow's milk produced in the United States. The established prices are uniform for all regions of the United States and may be increased by the Secretary when considered appropriate. Reductions that cause the purchase price to fall below the minimum purchase prices can only be temporarily adjustments made in accordance with the 2008 Farm Bill. The DPPSP is authorized through December 31, 2012.

Debt for Nature Program

The Debt for Nature Program, also known as the Debt Cancellation Conservation Contract Program, is available to persons with FSA loans secured by real estate who may qualify for cancellation of a portion of their FSA indebtedness in exchange for a conservation contract with a term of 50, 30, or 10 years. A conservation contract is a voluntary legal agreement that restricts the type and amount of development and farming practices that may take place on portions of a landowner's property. Contracts may be established on marginal cropland and other environmentally sensitive lands for conservation, recreation, and wildlife purposes.

Direct and Counter-cyclical Program (DCP)

DCP was authorized by the 2008 Farm Bill through the 2012 crop year and provides income support to producers. DCP payments do not depend on the current production choices of the farmer; instead, they are based on historically-based acreage and yields. Producers on a farm with established base acres may annually enroll the farm in a DCP contract. Depending on the farm's planting history, a farm may have base acres established for one or more of the following covered commodities: barley, corn, grain sorghum (including dual-purpose varieties), oats, canola, crambe, flax, mustard, pulse crops, rapeseed, safflower, sesame and sunflower (including oil and non-oil varieties), peanuts, rice (excluding wild rice), soybeans, upland cotton, and wheat.

Direct Farm Ownership Loan Program

FSA direct farm ownership loans (FO) may be made to purchase farmland, construct or repair buildings and other fixtures, and promote soil and water conservation. To qualify for a direct loan, the applicant must be unable to obtain credit from commercial credit sources, able to show sufficient repayment ability and pledge enough collateral to fully secure the loan.

Direct Operating Loan Program

FSA direct farm operating loans (OL) may be made to purchase items such as livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. They can also be used to pay for minor improvements to buildings, costs associated with land and water development, family subsistence, and refinancing debts under certain conditions. To qualify for a direct loan, the applicant must be unable to obtain credit from commercial credit sources, able to show sufficient repayment ability and pledge enough collateral to fully secure the loan.

Domestic and Foreign Food Assistance

USDA, through FSA, donates food to the Bureau of Indian Affairs, as well as federal, state, and other private and nonprofit agencies in the United States. Food items are used for school lunch programs, summer camps for children, the Women, Infants, and Children program, and other organizations and charities that help needy persons. Also, agricultural commodities are donated to international relief agencies to help feed people around the world. The Foreign Agricultural Service (FAS) of USDA organizes the delivery of the donated food to international development and humanitarian organizations operating in dozens of countries. Food donations also assist in the FAS Food for Progress program, which assists countries working to transition to market-oriented economies.

Downpayment Farm Ownership Loans

Downpayment Farm Ownership loans were developed to help socially disadvantaged and beginning farmers and ranchers purchase a farm or ranch. These loans provide a way for retiring farmers to transfer their land to a future generation of farmers and ranchers.

Economic Adjustment Assistance to Users of Upland Cotton

The Commodity Credit Corporation (CCC) issues payments to eligible domestic users of upland cotton. The program is designed to stimulate investment to maintain a globally competitive U.S. textile industry. Payments are made to eligible domestic users who enter into an agreement with the CCC. The payment rate is four cents per pound from Aug. 1, 2008, through July 31, 2012, and three cents per pound beginning Aug. 1, 2012. Proceeds received under this program must be used for capital investments that relate to manufacturing upland cotton into cotton products.

Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish (ELAP)

ELAP was authorized by the 2008 Farm Bill to provide emergency relief to producers of livestock, honeybees, and farm-raised fish and covers losses from disaster such as adverse weather or other conditions, such as blizzards and wildfires not adequately covered by any other disaster program.

Emergency Conservation Program (ECP)

ECP provides funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency water conservation measures during periods of severe drought. The natural disaster must create new conservation problems, which, if not treated, would; 1) impair or endanger the land, 2) materially affect the productive capacity of the land, 3) represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area, and 4) be so costly to repair that federal assistance is or will be required to return the land to productive agricultural use.

Emergency Forest Restoration Program (EFRP)

EFRP provides payments to eligible owners of nonindustrial private forest (NIPF) land in order to carry out emergency measures to restore land damaged by a natural disaster. Subject to availability of funds, locally elected county committees are authorized to implement

EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office. EFRP program participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by county FSA committees.

Emergency Loan Program (EM)

FSA provides EM loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine. EM loans may be made to farmers and ranchers who own or operate land located in a county declared by the president as a disaster area or designated by the Secretary of Agriculture as a disaster area or quarantine area (for physical losses only, the FSA Administrator may authorize emergency loan assistance). Emergency loan funds may be used to 1) restore or replace essential property, 2) pay all or part of production costs associated with the disaster year, 3) pay essential family living expenses,4) reorganize the farming operation, and 5) refinance certain debts.

Extra Long Staple (ELS) Cotton Competitiveness Payments

ELS Cotton Competitiveness Payments are made to domestic users and exporters of ELS cotton when the market prices of domestically produced versus foreign grown ELS cotton are such that payments are necessary to improve the competitiveness of domestically produced cotton in the world market.

Farm Storage Facility Loan Program

The Commodity Credit Corporation (CCC), through FSA, may make loans to producers to build or upgrade farm storage and handling facilities for rice, soybeans, dry peas, lentils, small chickpeas, peanuts, hay, renewable biomass, sunflower seeds, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined and announced by CCC. Corn, grain sorghum, oats, wheat, barley, fruits and vegetables are also eligible, subject to program requirements.

Farmable Wetlands Program (FWP)

The Farmable Wetlands Program (FWP) is a voluntary program to restore up to one million acres of farmable wetlands and associated buffers by improving the land’s hydrology and vegetation. Eligible producers in all states can enroll eligible land in the FWP through the Conservation Reserve Program (CRP). Producers plant long-term, resource-conserving covers to improve the quality of water, control soil erosion and enhance wildlife habitat on land enrolled in CRP. In return, FSA provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years. FWP is designed to prevent degradation of wetland areas, increase sediment trapping efficiencies, improve water quality, prevent soil erosion and provide habitat for waterfowl and other wildlife.

Feedstock Flexibility Program (FFP)

FFP is designed to avoid sugar loan forfeitures to the Commodity Credit Corporation (CCC) by diverting sugar from food use to ethanol production. Every September, the Secretary of Agriculture announces the amount of sugar (if any) for the CCC to purchase and to be made available for sale to ethanol producers. Raw, refined and in-process sugars are eligible for purchase. Such sugar can be purchased from any marketer located in the United States.

Grassland Reserve Program (GRP)

GRP is a voluntary program for landowners to protect, restore, and enhance grasslands on their property. USDA’s NRCS and FSA jointly implement GRP to conserve vulnerable grasslands from conversion to cropland or other uses and conserve valuable grasslands by helping maintain viable ranching operations.

Grassroots Source Water Protection Program

The Grassroots Source Water Protection Program (GSWPP) is a joint project by the FSA and the nonprofit National Rural Water Association (NRWA) designed to help prevent source water pollution in states through voluntary practices installed by producers and other landowners at the local level. GSWPP uses onsite technical assistance capabilities of each state rural water association that operates a source water protection program in the state. State rural water associations deliver assistance in developing source water protection plans within watersheds for the common goal of preventing the contamination of drinking water supplies.

GRAZE-OUT Program

The GRAZE-OUT Program, authorized by the 2008 Farm Bill, provides for payments for 2008 through 2012 crop years to eligible producers who elect to use their acreage planted to wheat, barley, oats, or triticale for grazing by livestock and agree to forgo any other harvesting of the commodity on such acreage during the applicable crop year. GRAZE-OUT payments are subject to the same basic eligibility requirements as commodity loans and loan deficiency payments.

Guaranteed Farm Ownership Loan Program

FSA guaranteed loans provide lenders (banks, Farm Credit System institutions, credit unions) with a guarantee of up to 95 percent of the loss of principal and interest on a loan. Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. The FSA guarantee permits lenders to make agricultural credit available to farmers who do not meet the lender's normal underwriting criteria. A percentage of guaranteed loan funds is targeted to beginning farmers and ranchers and minority applicants. Guaranteed Farm Ownership Loans (FO) may be made to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, or to refinance debt.

Guaranteed Operating Loan Program

FSA guaranteed loans provide lenders (banks, Farm Credit System institutions, credit unions) with a guarantee of up to 95 percent of the loss of principal and interest on a loan. Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. The FSA guarantee permits lenders to make agricultural credit available to farmers who do not meet the lender's normal underwriting criteria. A percentage of guaranteed loan funds is targeted to beginning farmers and ranchers and minority applicants. Guaranteed Operating Loans (OL) may be made to purchase items needed such as livestock, farm equipment, feed, seed, fuel, farm chemicals, repairs, insurance, and other operating expenses. OLs also can be used to pay for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debts under certain conditions.

Homestead Protection Program

If FSA has exhausted all loan servicing options and forecloses on a property as required by law, the Homestead Protection Program allows the borrower to lease, with an option to purchase, their primary residence and up to 10 adjoining acres for up to 5 years.

Indian Tribal Land Acquisition Program (ITLAP)

ITLAP loans enable Indian tribes to purchase privately held lands that lie within their reservations. Loan funds may be used to pay expenses incidental to the purchase of the land, but not for land development.

Livestock Forage Disaster Program (LFP)

LFP was authorized by the 2008 Farm Bill to provide assistance to livestock producers for forage losses due to drought and losses due to wildfire on rangeland managed by a federal agency.

Livestock Indemnity Program (LIP)

LIP was authorized by the 2008 Farm Bill to provide assistance to livestock producers for livestock deaths from disaster events, in excess of normal mortality.

Milk Income Loss Contract (MILC) Program

The MILC Program financially compensates dairy producers when domestic milk prices fall below a specified level. The payment trigger price is adjusted each month if certain feed cost components that make up the feed adjustment price also fall below a specified level. MILC payments are made monthly when the milk price falls below the established price per hundredweight and are issued by CCC based upon selection of a production start month by producers the dairy operation. Payments are issued up to a maximum eligible quantity per dairy operation per fiscal year of 2,985,000 million pounds through August 31, 2012. The production cap in September 2012 is reduced to 2.4 million pounds per operation.

Noninsured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to eligible producers affected by drought, flood, hurricane, or other natural disasters. NAP covers noninsurable crop losses and planting prevented by disasters. Landowners, tenants, or sharecroppers who share in the risk of producing an eligible crop are eligible. Eligible crops include commercial crops and other agricultural commodities produced for food, including livestock feed or fiber for which the catastrophic level of crop insurance is unavailable. Also eligible for NAP coverage are controlled-environment crops (mushroom and floriculture), specialty crops (honey and maple sap), and value loss crops (aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod).

Nonrecourse Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP) Programs

MALs provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. MALs allow producers to store production at harvest for a more orderly marketing of commodities throughout the year. MALs for covered commodities are nonrecourse because the commodity is pledged as loan collateral and producers have the option of delivering the pledged collateral to the Commodity Credit Corporation as full payment for the loan at maturity. A producer who is eligible to obtain a loan, but who agrees to forgo the loan, may obtain a LDP. A LDP is the amount by which the applicable loan rate exceeds the alternative loan repayment rate for the respective commodity.

Primary Loan Servicing Program

The Primary Loan Servicing Program gives options to borrowers who, due to reasons beyond their control, are unable to make the scheduled payments on their debt to the Government. These options may include consolidation, rescheduling or reamortization, deferral, interest rate reduction, and writedown. The program allows delinquent and/or financially distressed FSA borrowers to attain, or maintain, a current loan status - while at the same time allowing the borrower to regain a more solid financial footing for the long term.

Recourse Seed Cotton Loans

Recourse seed cotton loans are made available by the Commodity Credit Corporation (CCC) to producers through March 31 of the year following the calendar year in which the cotton crop is normally harvested. Seed cotton pledged as collateral for a loan must be tendered to CCC by an eligible producer and must be in existence and in good condition at the time of disbursement of loan proceeds, in addition to other requirements. A producer must repay the seed cotton loan principal, interest, and the charges before pledging the cotton for a nonrecourse loan or before a loan deficiency payment can be approved. Seed cotton loans mature on demand by CCC but no later than May 31 following the calendar year in which such crop is normally harvested.

Reimbursement Transportation Cost Payment Program (RTCP) for Geographically Disadvantaged Farmers and Ranchers

RTCP provides assistance to geographically disadvantaged farmers and ranchers by reimbursing them for a portion of the transportation cost of their agricultural commodity, or transporting inputs used to produce an agricultural commodity during a fiscal year. Producers eligible for RTCP include farmers and ranchers from 1) Hawaii, 2) Alaska, 3) Commonwealth of Puerto Rico, 4) Guam, 5) American Samoa, 6) Commonwealth of the Northern Mariana Islands, 7) Federated States of Micronesia, 8) Republic of the Marshall Islands, 9) Republic of Palau, and 10) Virgin Islands of the United States.

State Acres for Wildlife Enhancement (SAFE)

SAFE is a voluntary program available under CRP's continuous signup. SAFE is designed to address state and regional high-priority wildlife objectives. Producers within a SAFE area can submit offers to voluntarily enroll acres in CRP contracts for 10-15 years. In exchange, producers receive annual CRP rental payments, incentives and cost-share assistance to establish, improve, connect or create higher-quality habitat.

Sugar Loan Program and Sugar Marketing Allotments

The Sugar Loan Program provides nonrecourse loans to processors of domestically-grown sugarcane and sugar beets to stabilize America's sugar industry. The Commodity Credit Corporation (CCC) establishes marketing allotments for sugar from domestically-produced sugar beets and sugarcane. Allotments are assigned based on estimates of sugar consumption, stocks, production, and imports for a crop year with the intent being that the total allotment quantity minimizes forfeitures of sugar to CCC under the sugar loan program.

Sugar Storage Facility Loan Program

FSA may make loans to processors of domestically-produced sugarcane and sugar beets for the construction or upgrading of storage and handling facilities for raw sugars and refined sugars. Loans may be made only for the purchase and installation of eligible storage facilities, permanently affixed handling equipment, or the remodeling of existing facilities.

Supplemental Revenue Assistance Payments Program (SURE)

SURE was authorized by the 2008 Farm Bill and provides assistance to producers suffering crop losses due to natural disasters. SURE is available for crop losses due to natural disasters occurring through Sept. 30, 2011, and covers crop revenue losses from quantity or quality deficiencies only in those counties and contiguous counties declared disaster areas by the Agriculture Secretary or in cases where the overall production loss exceeds 50 percent. SURE payments are calculated based on 60 percent of the difference between the SURE Disaster Program Guarantee and the Total Farm Revenue.

Tobacco Transition Payment Program (TTPP)

TTPP provides payments over a ten-year period to quota holders and producers of quota tobacco to help them make the transition from the federally-regulated tobacco marketing quota and price support loan programs. Eligible tobacco quota holders and producers receive payments under this program in 10 installments in each of the 2005 through 2014 fiscal years.

Trade Adjustment Assistance for Farmers (TAAF)

TAAF provides technical assistance and cash benefits to eligible producers of raw agricultural commodities, such as fish or blueberries, after an associated industry group petitions the Secretary for assistance. If the national average price in the most recent marketing year for a commodity is less than 80 percent of the national average price in the preceding 5 marketing years as a result of increased imports of that commodity, producers may be eligible for TAAF assistance.

Transition Incentive Program (TIP)

The TIP, authorized by the 2008 Farm Bill, provides $25 million through 2012 to promote the transition of expiring CRP land from a retired or retiring owner or operator to a beginning or socially disadvantaged farmer or rancher for the purpose of returning some or all of the land to production using sustainable farming techniques. An owner or operator must be a retired or retiring farmer or rancher on land under a CRP contract and agree to sell, have a contract to sell, or long-term lease the land under CRP contract to a beginning or socially disadvantaged farmer or rancher by October 1, of the year the CRP contract expires. TIP provides up to two additional CRP annual rental payments to a retired or retiring owner or operator of land under an expiring CRP contract if the land is sold or leased to a non-family member beginning or socially disadvantaged farmer or rancher by October 1, of the year the CRP contract expires. TIP provides up to two additional CRP annual rental payments to a retired or retiring owner or operator of land under an expiring CRP contract if the land is sold or leased to a non-family member beginning or socially disadvantaged farmer or rancher for the purpose of returning some or all of the land to production using sustainable grazing or crop production methods.

Tree Assistance Program (TAP)

TAP was authorized by the 2008 Farm Bill and provides partial reimbursement to orchardists and nursery tree growers for replanting, salvage, pruning, debris removal and land preparation if losses due to natural disasters exceed 15 percent.

United States Warehouse Act (USWA)

The USWA authorizes the Secretary to issue licenses to public warehouse operators who voluntarily request regulation through licensing under the USWA to store agricultural products, including bulk grain, cotton, peanuts, sugar and other agricultural products. FSA administers USWA by providing licensing of warehouse operators, regulation of paper and electronic warehouse receipt providers, protection for depositors through bonding or other financial assistance and compliance examinations. The USWA provides for the use of warehouse receipts and requires warehouse operators to accept agricultural products for storage without discrimination. Under the USWA, the facilities meet and are maintained at established standards. The USWA allows FSA to enforce a uniform regulatory system for the protection of depositors and the agricultural commodities stored in the licensed facilities.

Voluntary Public Access and Habitat Incentive Program

The Voluntary Public Access and Habitat Incentive Program (VPA-HIP) is a competitive grant program available only to states and tribal governments. Up to $50 million is available through fiscal year 2012. The primary objective of the VPA-HIP is to encourage owners and operators of privately-held farm, ranch and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting or fishing, under programs implemented by state or tribal governments. The funding provided by the VPA-HIP helps states and tribal governments to greatly increase access and recreational experiences by using that funding to provide higher rental payments, provide technical and conservation services to landowners and increase acreage enrolled for public access.

Youth Loans

FSA makes loans to individual rural youths, between the ages of 10 and 20 years, to establish and operate agriculture-related income-producing projects of modest size in connection with their participation in 4-H clubs, the Future Farmers of America and similar organizations. The project must be planned and operated with the help of the organization adviser, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience.

More Information

For more information about FSA programs, contact your local FSA office or USDA Service Center, or visit the FSA website at www.fsa.usda.gov.

FARM SERVICE AGENCY

2011 Montana Farmer & Rancher FSA Handbook

Conservation Programs

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

October 2010

Biomass Crop Assistance Program (BCAP)

Overview

The Biomass Crop Assistance Program (BCAP), created in the 2008 Farm Bill, is a primary component of the domestic agriculture, energy, and environmental strategy to reduce U.S. reliance on foreign oil, improve domestic energy security, reduce carbon pollution, and spur rural economic development and job creation. BCAP provides incentives to interested farmers, ranchers and forest landowners for the establishment and cultivation of biomass crops for heat, power, bio-based products and biofuels.

BCAP will address a classic chicken-and-egg challenge: if commercial-scale biomass facilities are to have sufficient feedstocks, then an established, large-scale energy crop source must exist. Conversely, if profitable crop production is to occur, then a viable consumer base must exist to purchase the product.

With the enactment of the updated federal Renewable Fuels Standard, which requires 36 billion gallons of advanced biofuels in the national fuel supply by 2022, new crops must keep pace with these revised federal targets. Many bioenergy crops need several years to become established. Many bioenergy facilities need several years to reach commercial scale.   BCAP serves as a catalyst to unite these multiple dynamics by reducing the financial risk for landowners who switch from familiar, revenue-generating crops to new, unconventional crops in preparation for these emerging markets.

- Crop producers and bioenergy producers will be able to team together to submit applications to USDA to be selected as a BCAP project area.

- If selected, crop producers will be eligible for reimbursements of up to 75 percent of the cost of establishing a bioenergy perennial crop. Producers also can receive up to 5 years of annual payments for grassy crops (annual or perennial), and up to 15 years of annual payments for woody crops (annual or perennial).

- Assistance for the collection, harvest, storage and transportation of biomass to biomass conversion facilities will be available for 2 years, per producer, in the form of a matching payment for up to $45 per ton of the delivery cost to the facility.

Highlights

- **Expenditures**

During the Notice of Funding Availability (NOFA) period, $250 million was expended during roughly one quarter year of BCAP matching payments. Refinements to the BCAP final rule has the BCAP cost-benefit analysis estimating that total expenditures over 15 years will be $461 million.

- **Blue, White and Green-Collar Job Creation:**

The Record of Decision on the BCAP Environmental Impact Statement estimates the total impact from implementation to be an estimated $88.5 billion in economic activity.

- **New Energy Crop Feedstocks**

BCAP will reduce the financial risk of producers who support emerging biofuels markets. Crops include, but are not limited to, switchgrass, miscanthus, fast-growing woody poplar, jatropha, algae, energy cane, and pongamia.

- **Enhanced stewardship and conservation measures**

1. Under BCAP, biomass must be certified to have been collected and harvested only with an approved conservation, forest stewardship, or similar plan to protect soil and water quality and preserve land productivity into the future.
2. Harvesting must occur with an approved harvest plan.
3. BCAP project areas cannot occur on native sod.
4. All crop collection, harvesting, and transportation must be in strict accordance with invasive plant species protection.

- **Protects existing markets**

Eligible materials may not qualify for matching payments for BCAP purposes if UDSA determines that in those distinct localities that the materials are used for pre-existing markets.

- **Provides feedstock neutrality**

BCAP fully maintains the eligibility of both woody and herbaceous biomass for energy purposes, and the objectives of heat, power, biofuels and bio-based products all remain supported by BCAP, as required by statute.

- **Kick-starts liquid cellulosic biofuels to meet Renewable Fuel Standard targets**

BCAP provides bonus incentives for the cultivation of cellulosic biofuels that have 60 percent lower lifecycle greenhouse gas emissions.

- **Ensures additional production**

1. Promotes the cultivation of new biomass for new purposes.
2. Doesn't penalize existing users of biomass for heat and power.
3. Disallows windfalls or undue financial gains for producers seeking payment for using their own waste products in existing conversion practices.

- **Two year eligibility**

Under BCAP, prior NOFA period participants are not penalized. Previous participation counts against the "clock", but the clock stopped between the last matching payment received under the NOFA and the next matching payment received after the final rule.

- **Matching payments for eligible materials.**

1. BCAP provides for matching payments to eligible material owners at a rate of $1 for each $1 per dry ton paid by a qualified biomass conversion facility, in an amount up to $45 per dry ton. An eligible material owner may be a producer of an eligible crop or a person or entity with the legal right to collect or harvest eligible material. By law matching payments may be made to eligible material owners for a maximum of two years.
2. Eligible materials remain the same; qualification for matching payments is based upon the sequence of collection, harvest, storage, transportation and delivery.
3. To qualify for matching payment, eligible materials must be collected or harvested directly from the land before transport and delivery. Materials cannot be "collected or harvested" after transport and delivery, nor "collected or harvested" by separating from of a higher value material in order to be used for heat, power, bio-based products or biofuels.
4. Woody eligible material collected or harvested must come directly from the land and if outside BCAP project areas must be a byproduct of preventive treatments that are removed to reduce hazardous fuels, to reduce or contain disease or insect infestation, or to restore ecosystem health. All eligible material must be harvested in accordance with an approved conservation, forest stewardship, or equivalent plan.

- **Establishment payments**

Producers can get up to 75 percent of the costs of establishing a perennial crop. This does not include equipment. Annual crops are not eligible. (Annual crops, however, are eligible for annual payments.)

- **Annual payments**

1. Biomass producers in BCAP project areas can receive annual payments up to 5 years for herbaceous biomass (annual and perennial) and up to 15 years for woody biomass (annual and perennial).
2. Upon sale of the crop, annual payments are reduced by:

a. 1 percent if the biomass is sold for cellulosic biofuels defined by RFS regulation as having 60 percent lower lifecycle greenhouse gas emissions
b. 10 percent if the biomass is sold for advanced biofuels
c. 25 percent if the biomass is sold for heat, power or biobased products
d. 100 percent if the biomass is sold for anything other than heat, power, biofuels or biobased products.

- **Requirements on Arm's Length Transactions / Related Party Transactions**

Replaced with a requirement that eligible material must be purchased at fair market prices regardless of the relationship between buyer and seller. This provision allows BCAP participation for startup and other vertically integrated operations, but prevents efforts to defeat the purpose of BCAP by inflating biomass prices to gain higher matching payments.

For More Information

FACT SHEET

Biomass Crop Assistance Program (BCAP)

October 2010

For more information on BCAP, please visit FSA's BCAP website at http://www.fsa.usda.gov/bcap.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Conservation Reserve Enhancement Program - Montana

Overview

The Department of Agriculture's (USDA) Commodity Credit Corporation (CCC) and the state of Montana have agreed on a plan to implement a Conservation Reserve Enhancement Program (CREP) to improve the water quality and enhance wildlife habitat in all or a portion of nine counties in Montana.

CREP combines an existing federal program, the Conservation Reserve Program (CRP), with state programs to provide a framework for USDA to work in partnership with state and local interests to meet state-specific environmental objectives. CRP is a CCC program implemented through the Farm Service Agency (FSA).

The Montana CREP partnership targets 26,000 acres in Montana located in nine designated Montana counties. These funds will help protect lakes and water courses through the establishment of tree buffers, the planting of native and other grasses, and the restoration of wetlands. Another aspect of the state's involvement in the program is to recognize the 200th anniversary of Lewis and Clarks' historic 19th century trip west. Overall, the goal in Montana is to reduce the amount of sediment reaching streams.

Goals

The goals of the Montana CREP are to:

- Improve water quality of the Missouri and Madison River systems along 524 miles of watercourses by installing 26,000 acres of filter strips, riparian buffers, native grasses, wetlands, and wildlife habitat practices.
- Increase and create wildlife habitat.

Areas Included

Producers can offer eligible cropland and marginal pastureland in the Missouri and Madison River systems. This area includes Blaine, Broadwater, Cascade, Chouteau, Gallatin, Fergus, Lewis and Clark, Phillip, and Madison counties. Contact the local USDA Service Center for specific information concerning eligibility for CREP.

Program Benefits

The Montana CREP will help farmers improve the water quality of the Missouri and Madison River systems by reducing sediment and livestock and other nutrient runoff. Through CREP, Montana farmers will be able to buffer approximately 524 miles of watercourses. This will help lower water temperatures, increase dissolved oxygen and provide additional wildlife habitat.

Eligible Conservation Practices

To better serve program goals, specific CRP conservation practices have been identified for inclusion in the program. The practices are:

- CP1, Establishment of Permanent Introduced Grasses and Legumes
- CP2, Establishment of Permanent Native Grasses
- CP4D, Permanent Wildlife Habitat
- CP9, Shallow Water Areas for Wildlife
- CP10, Vegetative Cover - Grass - Already Established
- CP21, Filter Strips
- CP22, Riparian Buffer
- CP23, Wetland Restoration
- CP23A, Wetland Restoration, Non-Floodplain
- CP25, Rare and Declining Habitat
- CP29, Marginal Pastureland Wildlife Habitat Buffer
- CP30, Marginal Pastureland Wetland Buffer

Eligibility Requirements and Signup Date

Enrollment in the Montana CREP began on a continuous basis on January 1, 2003. Cropland must meet cropping history criteria and be physically and legally capable of being cropped in a normal manner. Marginal pastureland is also eligible for enrollment provided it is suitable for use as an eligible riparian buffer. Persons who have an existing CRP contract or an approved offer with a contract pending are not eligible for CREP until that contract expires.

Payments Under CREP

Generally, CREP participants are eligible for the following types of USDA payments:

- Signing Incentive Payment: A one-time payment consistent with Handbook 2-CRP procedure for land enrolled in a riparian forest buffer or grass filter strip practice. This payment is made soon after the contract has been signed and approved.
- Practice Incentive Payment: A one-time payment equal to about 40 percent of the eligible cost for establishing the riparian buffer or filter strip. This payment is in addition to up to 50 percent cost-share assistance that USDA will provide for installing eligible practices.
- Annual Rental Payment (with incentive) for the life of the

contract: Payment rates, plus an incentive payment of 20 percent of the calculated rate for dry land cropland and 40 percent of the established rate for dry land that is irrigated, and 40 percent of the established rate for marginal pastureland
- Cost-Share Assistance: assistance of up to 50 percent for the installation of the eligible conservation practices on enrolled land.
- Annual Maintenance Payment: in accordance with Handbook 2-CRP procedure.

In addition, Montana will offer the following payments (subject to some limits):

- A state cost-share payment of 50 percent of the eligible practice costs for CP2, CP4D, CP23, and CP25.
- A state cost-share payment of 10 percent for CP9, CP21 and CP22

Program Cost

Based on the initial implementation of the Montana CREP, which projected an enrollment of 26,000 acres, the expected combined financial federal and state obligation will be approximately $57 million. Of that amount, $41 million will come from USDA and $16 million from the state and private sources. This does not include any costs that may be assumed by producers. USDA's share of the total program costs is approximately 72 percent and Montana's share is approximately 28 percent.

Enrollment Option

CREP is another option under the CRP that farmers may select to enhance their land; applicants may still enroll eligible land in the regular general CRP or continuous signup CRP. However, CREP provides additional benefits not available through the general and/or continuous signup. The CREP enrollment process is on a continuous basis, and payments are at a higher effective rate.

Haying and Grazing

Haying and grazing currently are not permitted during the CRP contract period, unless USDA permits it for emergency purposes under normal CRP rules.

Additional Information

For further information, contact a local USDA Service Center, or local Soil and Water Conservation District office. Information may also be obtained from the FSA website at: www.fsa.usda.gov/crp.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Conservation Reserve Enhancement Program

Overview

The Conservation Reserve Enhancement Program (CREP) is a voluntary land conservation program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water.

The program is a partnership among producers; tribal, state and federal governments; and, in some cases, private groups. CREP is an offshoot of the country's largest private-lands environmental improvement program -- the Conservation Reserve Program (CRP).

Like CRP, CREP is administered by the United States Department of Agriculture's (USDA) Farm Service Agency (FSA). By combining CRP resources with state, tribal and private programs, CREP provides farmers and ranchers with a sound financial package for conserving and enhancing the natural resources of farms.

CREP addresses high-priority conservation issues of both local and national significance, such as impacts to water supplies, loss of critical habitat for threatened and endangered wildlife species, soil erosion, and reduced habitat for fish populations such as salmon. CREP is a community-based, results-oriented effort centered around local participation and leadership.

Eligibility

A specific CREP project begins when a state, Indian tribe, local government or local nongovernment entity identifies an agriculture-related environmental issue of state or national significance. These parties and FSA then develop a project proposal to address particular environmental issues and goals.

CREP enrollment is limited to specific geographic areas and practices. To determine if your state and county are involved in CREP and if your land qualifies, contact your local county FSA office.

Like CRP, CREP contracts require a 10- to 15-year commitment to keep lands out of agricultural production. CREP provides payments to participants who offer eligible land. A federal annual rental rate for certain practices may include a maintenance incentive payment for certain practices, plus cost-share of up to 50 percent of the eligible costs to install the practice. Further, the program generally offers a sign-up incentive for participants to install specific practices.

FSA uses CRP funding to pay a percentage of the program's cost, while state, tribal governments or other non-federal sources provide the balance of the funds. States and private groups involved in the effort may also provide technical support and other in-kind services.

Benefits

For the landowner, CREP is a cost-effective way to address rural environmental problems and meet regulatory requirements, and it can provide a viable option to supplement farm income as well.

CREP is convenient for producers because it is based on the familiar, highly successful CRP model. Land must be owned or leased for at least one year prior to enrollment to be eligible and must be physically and legally capable of being cropped in a normal manner.

Land must also meet cropping history and other eligibility requirements. Enrollment is on a continuous basis, permitting farmers and ranchers to join the program at any time rather than waiting for specific sign-up periods.

CREP supports increased conservation practices such as filter strips and forested buffers. These conservation practices help protect streams, lakes, and rivers from sedimentation and agricultural runoff.

CREP also helps landowners develop and restore wetlands through the planting of appropriate groundcover. Restoring water regimes helps protect national treasures like the Chesapeake Bay, Mammoth Cave, and the Hawaiian coral reefs. By maintaining clear goals and requiring annual monitoring, CREP helps participants measure progress and ensure success.

For More Information

For more information on CREP, contact your local FSA office or Soil and Water Conservation District office. Additional information is also available on FSA's Web site at: http://www.fsa.usda.gov/crp.

United States Department of Agriculture

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FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

FarmPrograms FARM SERVICE AGENCY

Conservation Reserve Program

Authorization

The Conservation Reserve Program (CRP) was initiated in the 1985 Farm Bill and allowed farmers and ranchers to enter into contracts and plant grasses and trees on highly erodible cropland to prevent erosion.

2011 marks the 25th anniversary of the implementation of the first CRP contracts. Through those 25 years, CRP has made impressive achievements. In Montana alone, tons of soil are saved from erosion each year, which means Montanan's have fresher air and cleaner, safer water for drinking, recreation and wildlife habitat.

The 2002 Farm Bill amended the Conservation Reserve Program (CRP) to include the Managed Haying and Grazing option.

Overview

CRP is a voluntary program that offers annual rental, and cost-share assistance to establish approved cover on eligible cropland.

The program encourages farmers to plant long-term resource-conserving covers to improve soil, water quality, and wildlife resources. Cost-share assistance is available in an amount equal to not more than 50 percent of the eligible costs of establishing approved practices. Contract duration is between 10 and 15 years.

CRP is administered by FSA. The Natural Resources Conservation Service, Cooperative State Research and Education Extension Service, state forestry agencies, and local soil and water conservation districts provide technical support.

Eligible Land

To be eligible for placement in CRP, land must be:

- Cropland that is planted or considered planted to an agricultural commodity during four out of the six crop years from 1996 through 2001 (including field margins),
- and which is physically and legally capable of being planted in a normal manner to an agricultural commodity.

Additional Requirements for Cropland

In addition to the eligible land requirements, cropland must meet one of the following:

1. Have a weighted average Erosion Index (EI) of 8 or higher or be considered highly erodible land according to the conservation compliance provisions;
2. Be considered a cropped wetland;
3. Be subject to scour erosion;
4. Be located in a national or state CRP conservation priority area;
5. Be cropland associated with or surrounding noncropped wetlands.

Ranking Criteria

<u>General Signup</u>

Offers for CRP contracts are ranked according to the Environmental Benefits Index (EBI).
Data is collected for each of the EBI factors, based upon the relative environmental benefits for the land offered. Each eligible offer is ranked nationally in comparison to all others and selections are made from that ranking.

EBI Factors:

1. Wildlife habitat benefits resulting from covers on contract acreage;
2. Water quality benefits from reduced erosion, runoff, and leaching;
3. On-farm benefits of reduced erosion;
4. Benefits that will likely endure beyond the contract period;
5. Air quality benefits from reduced wind erosion;
6. Benefits of enrollment in conservation priority areas where enrollment would contribute to the improvement of identified adverse water quality, wildlife habitat, or air quality; and
7. Cost is calculated at the national level.

Producer Eligibility Requirements

A producer must have owned or operated the land for at least 12 months prior to close of the general signup period, unless:

- The new owner acquired the land as a result of death of the previous owner;
- The only ownership change occurred due to foreclosure where the owner exercised a timely right of redemption in accordance with state law; or
- The circumstances of the acquisition present adequate assurance to CCC that the new owner did not acquire the land for the purpose of placing it in CRP. Only the national FSA office can approve such a waiver.

Rental Rates

The rental rates are based on the relative productivity of soils within each county and the average dryland cash rent or the cash-rent equivalent.
The soil rental rates for each county have recently been updated and are available at your local county FSA office. The maximum CRP rental rate for each offer is calculated in advance of enrollment.
Producers may offer land at that rate or may offer a lower rental rate to increase the likelihood that their offer will be accepted.

Payment Limitation

The *total CRP annual payment* (including annual rental payments, signing incentive payments, practice incentive payments,) for an eligible "person" shall not exceed **$50,000** per fiscal year. The *total CRP annual payment* is a combined total of all CRP programs, which includes general CRP, continuous CRP, Conservation Reserve Enhancement Program, Farmable Wetlands Program and FWP.

Other Payments

The restoration of wetlands is encouraged by offering a one-time incentive payment equal to 25 percent of the cost of restoring the hydrology of the site. This is in addition to the 50-percent cost share provided to establish approved cover.

Producer Responsibilities

All participants subject to a CRP contract must agree to the following, but are not limited to:

1. Carry out the terms and conditions of such CRP contract.
2. Implement the conservation plan in accordance with the schedule of dates included in such conservation plan.
3. Not allow unauthorized grazing, harvesting or other commercial use of any crop from the cropland subject to such contract.
4. Establish and maintain the required vegetative or water cover and the required practices.
5. Comply with noxious weed laws of the State of Montana or local jurisdiction on such land.
6. Control all weeds, insects, pests and other undesirable species to the extent necessary to ensure that the establishment and maintenance of the approved cover is adequately protected and to provide such maintenance as necessary, or may be specified in the CRP conservation plan, to avoid an adverse impact on surrounding land, taking into consideration water quality, wildlife, and other needs.

Mid-Contract Management Activity

All CRP participants with contracts effective beginning with signup 26 are required to perform management activities as part of their approved conservation plan. These management activities shall be designed to ensure plant diversity and wildlife benefits, while ensuring protection of the soil and water resources. Management activities are site specific and are used to enhance the wildlife benefits for the site. Management activities **must** be completed before the end of eyar6 for contracts with a 10 year contract length, or before the end of year 9 for contracts with a 15 year contract length. In no case should management activities occur during the last 3 years of the CRP contract.

Continuous Signup

For detailed information on the CRP Continuous Signup, see FSA Fact Sheet: "*CRP Continuous Signup*" included in this handbook.)

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt

United States Department of Agriculture

FARM SERVICE AGENCY

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

FarmPrograms
FARM SERVICE AGENCY

Conservation Reserve Program Continuous Signup

Overview

CRP is a voluntary program that offers annual rental payments and cost-share assistance to establish long-term resource-conserving covers on eligible land.

Continuous CRP Signup

Land devoted to certain conservation practices may be enrolled in CRP at any time under CRP continuous sign-up. Offers are automatically accepted provided the land and producer meet certain eligibility requirements. Offers for continuous sign-up are not subject to competitive bidding.

Signup

Producers offering eligible land at their local FSA office for the continuous CRP signup may be eligible for certain incentives.

Key Provisions

Key provisions of the continuous signup incentives include:

- An up-front CRP Signing Incentive Payment (CRP-SIP) of $100 per acre will be provided to eligible participants who enroll selected practices. This one-time payment will be made after the contract is approved and all payment eligibility criteria are met.
- A Practice Incentive Payment (PIP) equal to 40 percent of the eligible installation costs will be provided to eligible participants enrolling certain practices. This one-time payment will be issued after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met. PIP partial payments are not allowed.
- Rental rates have been established for certain marginal pastureland to better reflect the value of such lands to farmers and ranchers.

Eligible Land and Practices

To be eligible under continuous signup, land must first meet the basic CRP eligibility requirements.

Acceptable land is:

1. Cropland (including field margins) that was planted or considered planted to an agricultural commodity 4 out of the last 6 crop years from 2002-2007 (including field margins), which is also physically and legally capable of being planted in a normal manner to an agricultural commodity; or
2. Certain marginal pastureland that is suitable for use as a riparian buffer or for similar water quality purposes.

The acreage must also be determined by USDA's Natural Resources Conservation Service (NRCS) to be eligible and suitable for any of the following practices:

- Riparian buffers;
- Filter strips;
- Grassed waterways;
- Shelter belts;
- Field windbreaks;
- Shallow water areas for wildlife;
- Establishment of permanent vegetative cover (contour grass strips);
- Establishment of permanent vegetative cover (contour grass strips), on terraces;
- Establishment of permanent vegetation to reduce salinity;
- Establishment of permanent salt tolerant vegetative cover;
- Wetland restoration;
- Cross wind trap strips;
- Farmable wetlands;
- Farmable wetland buffer;
- Marginal pastureland wildlife habitat buffer;
- Marginal pastureland wetland buffer; and
- Living snow fences.

Producers may enroll entire fields as buffers through the continuous sign-up when more than 50% of the field is eligible and farming is infeasible on the remainder of the field. Payments on the remaining acreage are limited to general sign-up rates.

Producer Eligibility Requirement

To be eligible for CRP continuous sign-up enrollment, a producer must have owned or operated the land for at least 12 months prior to submitting the offer except for:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right or redemption in accordance with state law; or
- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP. Only the national FSA office can approve such a waiver.

Rental Payments

In return for establishing long-term, resource-conserving covers, FSA provides annual rental payments to participants. The rental rates are based on the relative productivity of the soils within each county and the average dryland cash rent. The maximum CRP rental rate for each offer is calculated in advance of enrollment.
The per acre annual rental rate may not exceed FSA's maximum payment amount and is calculated in advance of enrollment

Cost-Share Payments

In addition FSA will pay up to 50 percent of the participants' cost of establishing approved practices.

Financial Incentives

As a part of annual rental payments, FSA offers financial incentives of up to 20 percent of the soil rental rate for field windbreaks, grass waterways, filter strips, and riparian buffers. An additional 10 percent may be added to the soil rental rate for land located within an Environmental Protection Agency (EPA) designated wellhead protection area. A per acre maintenance rate will also be added to the annual rental payment.

Contract Effective Date

The effective date of the CRP contract is the first day of the month following the month of approval. In certain circumstances, producers may defer the effective date for up to 6 months.
If the acreage is currently under CRP contract and is within 1 year of the scheduled expiration date, the effective date is the October 1 following the expiration date.

Length of Contracts

Contracts are for no less than 10 and no more than 15 years in duration.

Cooperating Agencies

CRP is administered by USDA's FSA with assistance from NRCS, the Cooperative State Research, Education, and Extension Service, State agencies, and local soil and water conservation districts. Producers can find out program details and offer acreage for enrollment at their local county FSA or NRCS office, both of which are listed in telephone books under "United States Government, U.S. Department of Agriculture."

For Additional Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2011

Bottomland Timber Establishment on Wetlands Initiative

Overview

The Bottomland (hardwood) Timber Establishment on Wetlands Initiative is an initiative under the Conservation Reserve Program (CRP) that works to improve air and water quality as well as increase wildlife habitat along wetland areas. The initiative allows producers to enroll in a CRP practice on lands suitable for growing bottomland hardwood trees or adapted shrubs that will provide multipurpose forest and wildlife benefits.

The Bottomland Timber Establishment on Wetlands Initiative is administered by the USDA Farm Service Agency (FSA) through CRP, a voluntary program that helps agricultural producers safeguard environmentally sensitive land.

Producers enrolled in CRP plant long-term, resource conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, FSA provides participants with rental payments and cost-share assistance for 10 to 15 years.

Producers can enroll in CRP for the Bottomland Timber Establishment on Wetlands Initiative anytime through continuous CRP sign-up. Offers are automatically accepted provided the land and producer meet certain eligibility requirements. Offers for continuous sign-up are not subject to competitive bidding. More information is available in the FSA fact sheet "Conservation Reserve Program - Continuous Sign-up."

Producers in all U.S. states and territories are eligible to participate in the initiative.

Goals

The purpose of the initiative is to establish a stand of trees that will:

- Control sheet, rill, scour, and other erosion;
- Reduce water, air, or land pollution;
- Restore and enhance the natural and beneficial functions of wetlands;
- Promote carbon sequestration; and
- Restore and connect wildlife habitat.

Acreage Limit

The total acres allowed nationwide for the initiative is 250,000 acres. Every U.S. state has specified acreage limits.

Ownership Eligibility Requirements

An owner is eligible to offer land for enrollment for this CRP initiative if the owner meets one of the following requirements:

- Owned the land for 12 months prior to filing for enrollment;
- Acquired the land by will or succession as a result of death;
- Acquired the land under circumstances other than for placement in CRP, as determined by the FSA National Office.

Ownership eligibility requirements are satisfied if there is any combination of continuously leasing and owning by the same "person" during the 12-month period before filing for enrollment.

Eligibility for Operators

- Operated the land for 12 months before filing for enrollment; and
- Provides satisfactory evidence, as determined by the FSA county committee (COC), that control of the land will continue uninterrupted for the contract period.

Satisfactory evidence may include any of the following:

- Statement signed by the owner;
- Written lease for the appropriate time period; or
- Owner's signature on the CRP contract.

Operator eligibility requirements shall be satisfied if there is any combination of leasing and owning by the same "person" during the 12-month period before filing for enrollment.

Cropping History Requirements

Eligible cropland enrollment in the CRP Bottomland Timber Establishment on Wetlands Initiative includes cropland that is both of the following:

- Planted, COC-approved prevented planted, or considered planted to an agricultural commodity during any 4 of the 6 crop years, 2002 through 2007; and
- Physically and legally capable of being planted in a normal manner to an agricultural commodity in a normal manner during a normal cropping season.

Acreage for which a producer received a crop insurance indemnity payment for prevented planting shall be considered planted for that year for CRP cropping history purposes.

Field margins that are incidental to the planting of crops, such as turnrows, field borders, and center pivot corners, are eligible to be offered. Field margins do not include other areas within a field.

Acreage that received planted and considered planted credit for crop acreage base protection is considered planted for purposes of CRP cropland eligibility.

COC's determination must be based on whether the cropland could be planted to an agricultural commodity in a normal manner during a normal cropping season. Acreage permanently under water is ineligible to be offered for enrollment.

Sign-up

Enrollment for the Bottomland Timber Establishment on Wetlands Initiative began Dec. 1, 2003. For continuous sign-up, the effective date of the CRP contract is the first day of the month following the month of approval. In certain circumstances, producers may defer the effective date for up to 6 months.

If the acreage is currently under CRP contract and is within one year of the scheduled expiration date, the effective date is Oct. 1 following the expiration date.

Incentive Payments

Eligible producers may receive the following types of payments:

- Up to 50% cost share for establishing permanent cover.
- Annual rental payments for a 10- to 15-year period. The rental rate is based on the weighted average dry-land cash rent.
- An additional incentive equal to 20 percent of the weighted average soil rental rate is authorized for CRP participants restoring wetlands, establishing bottomland hardwood forests, or creating duck nesting habitat.
- Upfront CRP signing incentive payment of $100 per acre. This one-time payment is made after the contract is approved and all payment eligibility criteria are met.
- Practice incentive payment equal to 40 percent of the eligible costs of installing the practice. This one-time payment is made after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met.

For More Information

For more information on this and other FSA programs, contact your local FSA office or visit FSA's Web site at: www.fsa.usda.gov

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Conservation Reserve Program (CRP) Wetland Initiatives

Overview

The Conservation Reserve Program (CRP) is a voluntary program available to agricultural producers to help them safeguard environmentally sensitive land. Producers enrolled in CRP plant long-term, resource-conserving covers to improve the quality of water, control soil erosion and enhance wildlife habitat. In return, the U.S. Department of Agriculture's Farm Service Agency (FSA) provides participants with rental payments and cost-share assistance. Contract duration is between 10 and 15 years.

Wetland Initiatives

The Wetland Restoration Initiative (CP23) is designed to restore the functions and values of wetland ecosystems that have been devoted to agricultural use. This 500,000 acre initiative enrolls wetlands and buffers within the 100-year floodplain. These wetlands prevent degradation of the wetland area, increase sediment trapping efficiencies, improve water quality, prevent erosion and provide vital habitat for waterfowl and other wildlife.

The Wetland Restoration, Non-floodplain Initiative (CP23A) is designed to restore wetlands and playa lakes, which are shallow, depressional wetlands that are located outside the 100-year floodplain. This 250,000 acre initiative provides vital habitat for many wildlife species, filters runoff, recharges groundwater supplies and sequesters carbon.

The Duck Nesting Habitat Initiative (CP37) is designed to restore wetlands and wetland complexes that are located outside the 100-year floodplain that will benefit duck nesting. Restoration of 150,000 acres of such wetlands under this initiative will provide critical habitat and nesting cover for upland ducks, sandhill cranes and other wildlife species by filtering runoff, reducing downstream flooding, and recharging groundwater supplies. With full enrollment, it is estimated that the initiative will increase duck numbers by 60,000 birds annually.

The Bottomland Hardwood Initiative (CP31) is designed to restore flood plains through the restoration of primarily bottomland hardwoods. This 250,000 acre initiative improves air and water quality and provides carbon sequestration benefits through reduction of greenhouse gases as well as increasing wildlife habitat. Additional incentives are expected to increase enrollment in this initiative. Planting 250,000 acres of bottomland hardwoods would sequester over 500,000 metric tons of carbon dioxide annually.

Sign-up

Offers are accepted on a continuous sign-up basis and are automatically accepted provided the acreage and producer meet certain eligibility requirements. Acceptance is not determined by a competitive offer process.

Producers can make offers at local FSA County Offices/Service Centers.

Incentive Payments

Eligible producers may receive the following types of payments:

- Up to 50 percent cost share for establishing permanent cover.
- Annual rental payments for a 10- to 15-year period. The rental rate is based on the weighted average dry-land cash rent.
- An additional incentive equal to 20 percent of the weighted average soil rental rate is authorized for CRP participants restoring wetlands, establishing bottomland hardwood forests, or creating duck nesting habitat.
- Upfront CRP signing incentive payment of $100 per acre. This one-time payment is made after the contract is approved and all payment eligibility criteria are met.
- Practice incentive payment equal to 40 percent of the eligible costs of installing the practice. This one-time payment is made after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met.

For More Information

For more information about FSA and its conservation programs, visit your local FSA service center or online at: http://www.fsa.usda.gov.

Fact Sheet

CRP Wetland Initiatives

OCTOBER 2008

Sign-up

Offers are accepted on a continuous sign-up basis and are automatically accepted provided the acreage and producer meet certain eligibility requirements. Acceptance is not determined by a competitive offer process.

Producers can make offers at local USDA Farm Service Agency County Offices/Service Centers.

Incentive Payments

Eligible producers may receive the following types of payments:

- Up to 50% cost share for establishing permanent cover.
- Annual rental payments for a 10- to 15-year period. The rental rate is based on the weighted average dry-land cash rent.
- An additional incentive equal to 20 percent of the weighted average soil rental rate is authorized for CRP participants restoring wetlands, establishing bottomland hardwood forests, or creating duck nesting habitat.
- Upfront CRP signing incentive payment of $100 per acre. This one-time payment is made after the contract is approved and all payment eligibility criteria are met.
- Practice incentive payment equal to 40 percent of the eligible costs of installing the practice. This one-time payment is made after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met.

For More Information

Further information about this and other FSA programs is available from local FSA offices or on the FSA website at: www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

April 2011

Conservation Reserve Program: Duck Nesting Habitat Initiative

Overview

USDA Farm Service Agency's (FSA) Conservation Reserve Program (CRP) Duck Nesting Habitat Initiative aims to restore up to 200,000 acres of certain wetlands located outside of the 100-year floodplain in Iowa, Minnesota, Montana, North Dakota, and South Dakota. Restoring these wetlands will provide nesting ducks with critical habitat, nesting cover, security from predators, and food. The initiative is estimated to increase duck numbers by 90,000 birds annually.

Benefits

This initiative will further CRP's large-scale achievements in protecting our country's wetlands and wildlife. CRP has restored two million wetland and wetland buffer acres nationwide. Through wetland restoration, CRP is credited with adding 2 million new ducks to our country's flyways each year.

Creating an additional 200,000 acres of large wetland complexes will:

- Provide vital habitat for upland ducks, sandhill cranes, and many other wildlife species;
- Filter runoff;
- Recharge groundwater supplies;
- Protect drinking water;
- Reduce downstream flooding; and
- Provide recreational opportunities, such as bird watching and hunting.

Eligibility

Enrollment is limited to Prairie Pothole Region land located outside the 100-year floodplain. For land with fewer than 25 duck pairs per square mile, participants may continue to enroll acreage at a 4-to-1 upland-to-wetland ratio under Conservation Practice (CP) 23A, Wetland Restoration, Non-floodplain. This means for every one acre of wetlands, there must be four acres of surrounding upland habitat.

For land with 25 or more duck pairs per square mile, participants may enroll acreage up to a 10-to-1 upland-to-wetland ratio under CP37, Duck Nesting Habitat. The purpose of this practice is to increase duck populations by restoring the functions and values of wetland ecosystems that have been devoted to agricultural use.

Cropland must be suitably located and adaptable to the establishment of wetlands. Land eligible for the program must be capable of being restored to CRP wetland standards. Wetlands must include a buffer that will protect water quality and provide quality nesting habitat.

In addition, the producer must satisfy the basic eligibility and cropping historical criteria for CRP. These requirements are listed in the CRP fact sheet available on FSA's web site athttp://www.fsa.usda.gov/crp.

To determine individual eligibility for the initiative, landowners should check with their local FSA office.

Hydrology

The site's hydrology must be restored. Vegetation in the wetland area will either be established or allowed to revegetate naturally.

Payments

FSA will offer the following types of payments:

- Annual Rent Payments for which FSA offers financial incentives of up to 20 percent of the soil rental rate for field windbreaks, grass waterways, filter strips, and riparian buffers;
- An upfront incentive payment (CRP-SIP) up to $100 per acre for eligible participants who enroll certain practices. The one-time SIP will be made after the contract is approved and all payment eligibility criteria are met;
- A practice incentive payment (CRP-PIP) equal to 40 percent of the eligible installation costs for eligible participants who enroll certain practices. The one-time PIP will be issued after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met; and
- Cost-share Assistance of up to 50 percent of eligible practice installation costs.

Sign-up

Program sign-up at local FSA offices began Oct. 1, 2006, and will run continuously (meaning eligible land may be enrolled at any time) until 200,000 acres have been enrolled.

For More Information

More information on the CRP Duck Nesting Habitat Initiative is available at local FSA offices and on FSA's web site at http://www.fsa.usda.gov

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

May 2010

Conservation Reserve Program (CRP) – Transition Incentives Program (TIP)

Overview

The Food, Conservation, and Energy Act of 2008 amendments to the Food Security Act of 1985, as amended, authorized $25 million for the transition of expiring CRP land from a retired or retiring owner or operator to a beginning or socially disadvantaged farmer or rancher to return land to production for sustainable grazing or crop production.

The Transition Incentive Program (TIP) provides annual rental payments for up to two additional years after the date of the expiration of the CRP contract, provided the transition is not to a family member.

The program is implemented by FSA on behalf of USDA's Commodity Credit Corporation.

Signup

Enrollment in TIP is on a continuous basis. Beginning or socially disadvantaged farmers and ranchers and CRP participants may enroll in TIP beginning one year before the expiration date of a CRP contract.

For example, if a CRP contract is scheduled to expire on Sept. 30, 2012, the land may be enrolled in TIP from Oct. 1, 2011, through Sept. 30, 2012.

For contracts that expired on Sept. 30, 2008, and 2009, or are scheduled to expire on Sept. 30, 2010, TIP enrollment may begin immediately.

Provisions

To be eligible for TIP, an owner or operator must be a retired or retiring farmer or rancher on land enrolled in an expiring CRP contract.

The retired or retiring owner or operator must agree to sell, or have a contract to sell, or agree to lease long-term (at least 5 years) the land enrolled in an expiring CRP contract to a beginning or socially disadvantaged farmer or rancher.

Except for contracts that expired or are scheduled to expire on Sept. 30, 2008, 2009, or 2010, TIP enrollment must occur during the final year before the scheduled date of CRP contract expiration or Sept. 30.

For contracts that expired on Sept. 30, 2008, or 2009, or are scheduled to expire on or after Sept. 30, 2010, TIP enrollment must occur by Sept. 30, 2010.

The retired or retiring owner or operator must agree to permit the beginning or socially disadvantaged farmer or rancher to make conservation and land improvements according to an approved conservation plan.

Beginning and socially disadvantaged farmers and ranchers participating in TIP may re-enroll otherwise eligible land under CRP's continuous signup provisions including the Conservation Reserve Enhancement Program.

Also, the beginning or socially disadvantaged farmer or rancher may be eligible for enrollment in the Conservation Stewardship Program or the Environmental Quality Incentives Program (EQIP), provided all eligibility requirements are met.

Definitions

Retired or retiring owner or operator means an owner or operator of land enrolled in a CRP contract who has ended active labor in farming operations as a producer of agricultural crops or expects to do so within 5 years of the CRP contract modification.

Beginning farmer or rancher means, as determined by CCC, a person or entity who has not been a farm or ranch operator for more than 10 years; materially and substantially participates in the operation of the farm or ranch involved in CRP contract modification; and if an entity, is an entity in which 50 percent of the members or stockholders of the entity meet the first two criteria.

Socially disadvantaged farmer or rancher means a farmer or rancher who is a member of a socially disadvantaged group whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. Gender is not included.

FACT SHEET

Transition Incentives Program (TIP)

May 2010

Transition Payments

Retired or retiring owners or operators participating in TIP may receive up to two additional annual rental payments after their CRP contract expires provided the beginning or socially disadvantaged farmer or rancher is not a family member.

For More Information

For more information about FSA and its programs, visit: http://www.fsda.usda.gov.

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Farmable Wetlands Program

Background

The Farmable Wetlands Program (FWP) is a voluntary program to restore up to 100,000 acres in Montana of farmable wetlands and associated buffers by improving the land's hydrology and vegetation. Eligible producers can enroll eligible land in the FWP through the Conservation Reserve Program (CRP) - Continuous Signup.

Benefits

Restoring wetlands will reduce downstream flood damage, improve surface and groundwater quality, and recharge groundwater supplies. Wetlands provide vital habitat for migratory birds and many wildlife species, including threatened and endangered species, and provide recreational opportunities such as bird watching and hunting.

- FWP is limited to no more than 1,000,000 acres and no more than 100,000 acres in any one state (part of overall CRP acreage cap).

Signup

Signup begins annually on October 1 and runs through September 30 of the following year. Offers will be accepted on a continuous signup basis and are automatically accepted provided the acreage and producer meet certain eligibility requirements.

Eligible Land

Wetlands

Eligible acreage includes farmed and prior converted wetlands that have been impacted by farming activities. The maximum acreage for enrollment of wetlands and buffers is 40 acres per tract. A producer may enroll multiple wetlands and associated buffers on a tract as long as the total acreage does not exceed 40 acres.

Acreage must meet the following FWP eligibility requirements:

- Land must be cropland planted to an agricultural commodity 3 of the 10 most recent crop years and be physically and legally capable of being planted in a normal manner to an agricultural commodity.
- A wetland must be 10 acres or less (only the first 5 acres may receive payment.)
- A buffer may not exceed 3 times the size of the wetland or an average of 150 feet surrounding the wetland.
- Participants must agree to restore the hydrology of the wetland to the maximum extent possible as determined technically feasible by the USDA Natural Resources Conservation Service (NRCS).
- Vegetative cover must be established and the restoration can not impede upstream drainage.
- Wetlands (W), Farmed Wetlands (FW), and Prior Converted (PC) as defined by the United States Department of Agriculture (USDA), will be eligible except for any wetland in the floodplain adjacent to a perennial steam or a perennial riverine system.

Contract Duration and Effective Date

FWP contracts are from 10 to 15 years in exchange for annual rental payments, incentive payments, and cost-share for installing necessary practices. The effective date of the contract is the first day of the month following the month of approval.

Payments

Eligible producers may receive the following types of payments:

1. Annual rental payments for a 10- to 15-year period. The annual rental rate is based on the weighted average dryland cash rent.
2. Incentive amount equal to 20 percent of the weighted average dryland cash rent.
3. Up to 50 percent cost-share for establishing permanent cover.
4. Upfront CRP signing incentive payment (SIP) of $100 to $150 per acre depending on contract length (made after the contract is approved and all payment eligibility criteria is met).
5. One-time practice incentive payment (PIP) equal to 40 percent of the eligible costs of

installing the practice (made after the practice is installed, eligible costs are verified, and other payment eligibility criteria are met). Partial PIP payments are not allowed.

Cooperating Agencies

The FWP is administered by USDA's Farm Service Agency (FSA) with assistance from the Natural Resources Conservation Service (NRCS); the Cooperative State Research, Education, and Extension Service; state agencies; and local soil and water conservation districts.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at www.fsa.usda.gov/mt

United States Department of Agriculture
Natural Resources Conservation Service

Farm Bill 2008

May 2009

Fact Sheet: Grassland Reserve Program

Overview

The Grassland Reserve Program (GRP) is a voluntary program for landowners and operators to protect grazing uses and related conservation values by conserving grassland, including rangeland, pastureland, shrubland, and certain other lands. The program emphasizes support for working grazing operations; enhancement of plant and animal biodiversity; and protection of grassland and land containing shrubs and forbs under threat of conversion.

GRP is authorized by the Food Security Act of 1985, as amended. The USDA Natural Resources Conservation Service (NRCS) and Farm Service Agency (FSA) jointly administer the program.

Eligibility

Eligible applicants include:

- Landowners and operators who have general control of the acreage (for rental contracts);
- Landowners who can provide clear title on privately owned lands (for easements);
- Tribes.

The Adjusted Gross Income (AGI) provision of the 2008 Farm Bill impacts eligibility for GRP. Individuals or entities that have an average adjusted gross nonfarm income exceeding $1 million for the three tax years immediately before the year the contract is approved are not eligible to receive program benefits or payments. However, an exemption is provided in cases where two-thirds of the adjusted gross income is derived from farming, ranching, or forestry operations.

Eligible land includes privately owned or Tribal grasslands; land that contains forbs (including improved rangeland and pastureland or shrubland) for which grazing is the predominant use; or land that is located in an area that historically has been dominated by grassland, forbs, or shrubland that has the potential to serve as wildlife habitat of significant ecological value.

Cooperating Entity Eligibility

A unit of State, local, or Tribal government or a non-governmental organization that can demonstrate the following conditions may enroll eligible land under a cooperative agreement through an NRCS State office:

- A commitment to grazing land conservation;
- Capability to acquire, manage, and enforce GRP easements;
- Sufficient staff to monitor easement stewardship; and
- Availability of matching funds.

Non-governmental organizations are required to provide evidence of dedicated funding to ensure long-term management, monitoring, and enforcement.

Landowners working through a cooperating entity must meet program eligibility requirements. The land will be ranked using NRCS State ranking criteria.

How GRP Works

Applications may be filed for a rental contract or an easement with NRCS or FSA. Participants voluntarily limit future development and cropping uses of the land while retaining the right to conduct common grazing practices and operations related to the production of forage and seeding, subject to certain restrictions during nesting seasons of bird species that are in significant decline or are protected under Federal or State law. Participants may conduct fire rehabilitation and construct firebreaks and fences.

GRP rental contracts and easements prohibit crop production (other than hay), fruit trees, and vineyards and any other activity inconsistent with maintaining grazing land. A grazing management plan is required.

Each State establishes ranking criteria to prioritize enrollment of working grasslands. Ranking criteria will consider threats of conversion including cropping, invasive species, urban development, and other activities that threaten plant and animal diversity on grazing lands.

GRP enrollment options include:

Rental Contract. Participants may choose a 10-year, 15-year, or 20-year contract. USDA will provide annual payments in an amount that is not more than 75 percent of the grazing value established by the Farm Service Agency. Payments will not exceed $50,000 per year per person or legal entity and will be disbursed annually.

Permanent Easement. These conservation easements are perpetual, or the maximum length allowed by State law. Easement compensation will not exceed fair market value, less the grazing value of the land encumbered by the easement. “Grazing value” means the financial worth of the land used for grazing or forage production. Easement compensation will be the lowest of an area-wide market survey or appraisal, a Geographic Area Rate Cap, or the landowner offer.

USDA will provide all administrative costs associated with easement recording, including survey costs, title-insurance, and recording fees. Easement payments may be provided at the participant’s request, in lump sum or annual payments (equal or unequal amounts), for up to 10 years.

Restoration Agreement. Certain grassland easements or rental contracts may be eligible for cost-share assistance up to 50 percent of the cost to re-establish grassland functions and values where the land has been degraded or converted to other uses. Participants may contribute to the application of a cost-share practice through in-kind contributions. The combined total cost-share provided by all sources may not exceed 100 percent of the total actual cost of restoration. Payments will not exceed $50,000 per year per person or legal entity.

Legislative and Regulatory Changes

The 2008 Farm Bill:

- Increases the acreage that may be enrolled in the program by 1,220,000 acres during the years 2009 through 2012.
- Provides priority for enrollment of expiring acreage from the Conservation Reserve Program into the GRP, with a limit of 10 percent of the total acres enrolled that year.
- Authorizes USDA to enter into cooperative agreements with entities to enable them to acquire easements. The Federal government will pay up to 50 percent of the purchase price of the easement. The right to enforce the easement is the responsibility of the cooperating entity; if the entity fails to enforce the terms of the easement, Federal enforcement is required.

More Information

For more information and updates about the Farm Bill, visit www.usda.gov/farmbill, or the NRCS Web site at www.nrcs.usda.gov/programs/farmbill/2008/; for more information on GRP, visit www.nrcs.usda.gov/programs/grp.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

April 2011

Source Water Protection Program

Overview

The Source Water Protection Program, a joint project by the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) and the nonprofit National Rural Water Association (NRWA), is designed to help prevent source water pollution in 44 states through voluntary practices installed by producers at the local level.

The program is authorized by amendments to Sec. 12400 of the 1985 Farm Bill that were included in Sec. 2502 of the 2002 Farm Bill. Source water is surface and ground water that is consumed by rural residents. According to the NRWA, ground water is the primary source of drinking water for some 44,000 communities in the United States.

How the Program Works

NRWA has implemented the Source Water Protection Program, with oversight and assistance by FSA. Through the program, NRWA hires, for every participating state, full-time rural source water technicians who possess knowledge and experience in rural issues. The technicians work with FSA state executive directors, FSA county executive directors and state conservation specialists with USDA's Natural Resources Conservation Service to create operating plans that identify priority areas where local pollution prevention efforts are needed most in their respective states. Working with state rural water associations, technicians will also facilitate the creation of local teams comprised of citizens with diverse backgrounds from federal, state, local and private entities. These teams collaborate in the development of Rural Source Water Protection plans that promote clean ground water. The technicians assist the teams in gathering local data and facilitate a planning workshop. The purpose of the workshop is to create a plan that includes, but is not be limited to, developing the following:

- A map outlining the affected area;
- An inventory of potential contaminant sources;
- A definition of areas that match up with entities and organizations;
- A definition of voluntary measures that may be initiated;
- Identification of public education initiatives; and
- Identification of entities and resources that will facilitate implementation of the plan and its sustainability.

Rural Source Water Protection plans outline voluntary measures that farmers and ranchers can install on their lands to prevent source water pollution. Voluntary measures may range from producers storing herbicides, pesticides or other substances in more secure containers to relocating waste lagoons. By working at the grassroots level, local team members inform and educate producers about source water protection measures that benefit their neighbors and communities. Additionally, the plans establish steering committees to evaluate voluntary practices implemented by local producers. FSA monitors the overall performance of the program.

Participating States

The program has been implemented in the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. The 44 states participating in the Source Water Protection Program were chosen based on objective technical criteria relating to water quality and population.

Who Can Participate

Farmers and ranchers in the aforementioned states are encouraged to participate in the Source Water Protection Program. They can take part in the program by administering voluntary practices on their land and/or by becoming team members responsible for the development of Rural Source Water Protection plans. Citizens from federal, state, local and private entities also can serve on local teams.

Information about NRWA

NRWA was established in 1976 as a nonprofit, utility membership, trade association to represent rural and small community water and wastewater systems. Today, NRWA is the largest utility member-based organization in the country serving in 48 contiguous states, as well as Alaska and Puerto Rico with more than 23,500 members.

For More Information

For more information about FSA programs, visit: http:www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Voluntary Public Access and Habitat Incentive Program (VPA-HIP)

Overview

The Voluntary Public Access and Habitat Incentive Program (VPA-HIP) is a competitive grants program authorized under Section 1240R of the Food Security Act of 1985, as amended, and is only available to states and tribal governments. Up to $50 million is available through fiscal year 2012.

The primary objective of the VPA-HIP is to encourage owners and operators of privately-held farm, ranch and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting or fishing, under programs implemented by state or tribal governments.

Grantees that are states will have the grant amount reduced by 25 percent if opening dates for migratory bird hunting in the state are not consistent for residents and non-residents. This requirement does not apply to grantees that are tribal governments.

Regulations at 7 CFR part 1455 govern the VPA-HIP.

Background

Twenty-six states currently have public access programs in place for hunting, fishing and other related activities. These programs provide rental payments and other incentives, such as technical or conservation services to landowners who allow the public to hunt, fish or perform other types of wildlife recreation on their land. An unknown number of tribal governments have similar public access programs.

The majority of the existing programs have limited scope and budgets; most existing programs have an annual budget of under a million dollars per year. The goals of these existing programs include providing access for wildlife-dependent recreation, such as hunting, fishing and other compatible activities that include enhancing wildlife habitat, facilitating sound wildlife management, helping local economies that depend on revenue from hunters, and preserving our nation's conservation and hunting traditions.

The funding provided by the VPA-HIP will help states and tribal governments greatly increase access and recreational experiences. Grant recipients may use the funding to provide higher rental payments, provide technical and conservation services to landowners and increase acreage enrolled for public access.

Nothing in the VPA-HIP preempts liability laws that may apply to activities on any property related to grants made in this program.

How the Program Works

Periodically, the Farm Service Agency (FSA) acting on behalf of the Commodity Credit Corporation (CCC) will publish a Request for Applications (RFA) on the federal government's grants portal — www.grants.gov.

The RFA will provide the objectives for projects, the eligibility criteria for projects and applicants, and the application forms and associated instructions needed to apply for a VPA-HIP competitive grant.

Who Can Participate

Only states and tribal governments are eligible for VPA-HIP. Grants will be awarded through a competitive RFA process. States and tribal governments may propose to use VPA-HIP grant funding to expand existing public access programs, create new public access programs and/or provide incentives to improve habitat on land enrolled in public access programs.

Funding Priorities

Funding priority will be given to proposals that will use the grant money in a public access program to address these objectives:

- Maximize participation by landowners;
- Ensure that land enrolled in the program has appropriate wildlife habitat;
- Provide incentives to strengthen wildlife habitat improvement efforts on Conservation Reserve Enhancement Program (CREP) land;
- Supplement funding and services from other federal, state, tribal government or private resources that is provided in the form of cash or in-kind services and;
- Provide information to the public about the location of public access land.

For More Information

For more information on VPA-HIP, contact a local FSA office or visit FSA's website at: http://www.fsa.usda.gov/vpa.

FARM SERVICE AGENCY

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Disaster Assistance Programs

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Emergency Conservation Program

Purpose

The Emergency Conservation Program (ECP) provides emergency funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for providing emergency livestock water during periods of severe drought.

The natural disaster must create new conservation problems, which, if not treated, would:

1. Impair or endanger the land;
2. Materially affect the productive capacity of the land;
3. Represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and
4. Be so costly to repair that Federal assistance is or will be required to return the land to productive agricultural use.

Conservation problems existing prior to the disaster involved are not eligible for cost-sharing assistance. State and County Farm Service Agency (FSA) committees administer ECP.

Program Administration

Subject to availability of funds, county FSA committees, with concurrence by the FSA state committee, are authorized to implement ECP for eligible farmers for all disasters except drought. When severe drought conditions exist, the determination to implement the program will be made by the Deputy Administrator for Farm Programs (DAFP), FSA.

Before the Work May Begin

Producers **must** contact the county office in person, or by phone, to request ECP cost share **before** starting a practice. Producers who start a practice before requesting ECP funding may be ineligible to receive cost share.

Cost Share

Producers may receive up to 75 percent cost share for installing temporary practices and up to 50 percent cost share for installing permanent practices. Since ECP cost share rates are based on 50 to 75 percent of the actual costs, not to exceed the amounts listed on the Natural Resources Conservation Service (NRCS) cost share list, payments to producers may be less than 50 or 75 percent of their actual costs. The NRCS cost share list is available at your local county FSA office.

Eligibility

Eligibility for ECP assistance is determined by county FSA committees based on individual on-site inspections, taking into account the type and extent of damage. Individual or cumulative requests for cost sharing of $50,000 or less per person per disaster may be approved by county FSA committees, and of $50,001 to $100,000 by state FSA committees. Cost sharing over $100,000 must be approved by DAFP. NRCS may provide technical assistance.

Eligibility for cost-share assistance is based on a minimum of $1,000 of eligible damage. All requests for ECP cost share are subject to the availability of funds.

Emergency Practices

Emergency practices include:

- pipelines, tanks, troughs, constructing or deepening wells, and spring developments;
- submersible pumps (pressure tanks, valves, gages, etc., are not eligible for cost-share.)
- water hauling – cost-share is available for: 1) the labor for delivering water; 2) truck rental for delivering water; 3) temporary holding tanks and troughs; and 4) contracted labor for water delivery;
- removing debris from farmland;
- grading, shaping, releveling, or similar measures;
- restoring permanent fences;
- restoring conservation structures and other installations;

County FSA committees may authorize other emergency conservation measures with approval of the state FSA committee and DAFP. Farmers or ranchers may enter into pooling agreements to jointly solve mutual conservation problems.

What is Needed to Apply for the Emergency Conservation Program

The applicant needs to:

- on an aerial photo of the area mark all border fences, cross fences, existing water sources, failed water sources (for dams, add years failed and water source used since that date.), and new projects;
- estimate the cost of the new project;
- if tanks, troughs, pipelines or springs are installed, contact NRCS for the project specifications.

After the inspection, the FSA County Committee may issue an approval if all eligibility requirements are met and funding is available.

The practice must be completed 60 days following the FSA county committee approval.

Environmental Review on ECP Projects

ECP requires an environmental review on all applications to ensure the proposed project will not affect any of the natural resources such as:

Wetlands; floodplains; sole source aquifer recharge areas; critical habitat or endangered/threatened species; wilderness; wild or scenic river; natural landmark; historical or archeological sites; water and air quality; noise; important land resources; unique natural features and areas; adverse effects to minority or low income communities; and social and economic conditions.

Based on the request, an on-site review by FSA may be required. If additional information is needed, it will be the producer's responsibility to provide the required information.

If the project involves disturbance of the soil below the existing cultivation zone, a review of the proposed project will be completed by the State Historical Preservation Officer or Tribal Preservation Officer if the project is located on certain Montana Indian Reservations.

ECP Applications/Projects cannot be funded until the environmental review process has been completed.

Work may not begin on the project until the environmental review process has been completed.

If an ECP practice is started before the environmental review is completed, cost-share assistance may not be authorized.

Completion of the Project

Following completion of the project:

- producers must notify their local FSA county office and submit any bills or receipts from the project.
- if the producer does the work themselves, a log of the hours and type of work that was completed, must be signed and submitted.
- proof must be provided showing all bills and/or invoices have been paid. This may be done with a copy of cancelled checks, a copy of a credit card receipt, or a written statement from the contractor or supplier that the bills have been paid.
- a project inspection will be conducted by NRCS or FSA and a cost-share payment may be issued.

Funding

Congress appropriates funding for the program.

For Additional Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at www.fsa.usda.gov/mt

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

November 2010

Emergency Forest Restoration Program

Overview

USDA Farm Service Agency's (FSA) Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of nonindustrial private forest (NIPF) land in order to carry out emergency measures to restore land damaged by a natural disaster. Funding for EFRP is appropriated by Congress.

Program Administration

EFRP is administered by FSA's state and county committees and offices. Subject to availability of funds, locally-elected county committees are authorized to implement EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office.

Land Eligibility

County FSA committees determine land eligibility using on-site damage inspections that assess the type and extent of damage. To be eligible for EFRP, NIPF land must:

- Have existing tree cover (or had tree cover immediately before the natural disaster occurred and is suitable for growing trees); and,
- Be owned by any nonindustrial private individual, group, association, corporation, or other private legal entity, that has definitive decision-making authority over the land.

In addition, the natural disaster must have resulted in damage that if untreated would:

- Impair or endanger the natural resources on the land; and,
- Materially affect future use of the land.

Payments

EFRP program participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by county FSA committees. Individual or cumulative requests for financial assistance of $50,000 or less per person or legal entity, per disaster are approved by the county committee. Financial assistance from $50,001 to $100,000 is approved by the state committee. Financial assistance over $100,000 must be approved at the FSA national office. A payment limitation of $500,000 per person or legal entity applies per disaster.

Emergency Forest Restoration Practices

To restore NIPF, EFRP program participants may implement emergency forest restoration practices, including emergency measures:

- Necessary to repair damage caused by a natural disaster to natural resources on nonindustrial private forest land; and
- Restore forest health and forest related resources on the land.

Other emergency measures may be authorized by county FSA committees, with approval from state FSA committees and the FSA national office.

Sign-up Periods

Producers should check with their local county FSA offices regarding EFRP sign-up periods, which are set by county FSA committees.

For More Information

Additional information on EFRP is available at FSA offices and on FSA's website at: http://disaster.fsa.usda.gov and www.fsa.usda.gov/conservation

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2011

Emergency Loan Program

Overview

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters or quarantine.

Loan Uses

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation and;
- Refinance certain debts.

Eligibility

Emergency loans may be made to farmers and ranchers who:

- Own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster area or quarantine area (for physical losses only, the FSA Administrator may authorize emergency loan assistance);
- Are established family farm operators and have sufficient farming or ranching experience;
- Are citizens or permanent residents of the United States;
- Have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate or chattel property;
- Have an acceptable credit history;
- Are unable to receive credit from commercial sources;
- Can provide collateral to secure the loan and;
- Have repayment ability.

Loan Requirements

FSA loan requirements are different from those of other lenders. Some of the more significant differences are the following:

- Borrowers must keep acceptable farm records;
- Borrowers must operate in accordance with a farm plan they develop and agree to with local FSA staff and;
- Borrowers may be required to participate in a financial management training program and obtain crop insurance.

Collateral is Required

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment ability may be considered as collateral to secure the loan. A first lien is required on property or products acquired, produced or refinanced with loan funds.

Loan Limit

Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of $500,000.

Loan Terms

Loans for crop, livestock, and non-real estate losses are normally repaid within one to seven years, depending on the loan purpose, repayment ability and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

Interest Rate

The current annual interest rate for emergency loans is 3.75 percent.

Application Deadline

Applications for emergency loans must be received within eight months of the county's disaster or quarantine designation date.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE

April 2010

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) – Honeybees

Overview
The "Food, Conservation, and Energy Act of 2008" authorized up to $50 million in a calendar year for the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) to provide emergency assistance to eligible producers of livestock, honeybees and farm-raised fish that have losses due to disease, adverse weather or other conditions, including losses due to blizzards and wildfires, as determined by the Sectretary. ELAP covers losses occurring on or after Jan. 1, 2008 and before Oct. 1, 2011 that are not covered under other Supplemental Agricultural Disaster Assistance Payment programs established by the 2008 Farm Bill. The other programs are the Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP) and Supplemental Revenue Assistance Payments Program (SURE).

A national payment factor may be applied to ELAP payments if the funding availability of $50 million is exceeded in a calendar year.

Eligible Honeybees
Eligible honeybees include bees housed in a managed hive and used for honey production, pollination or honeybee breeding. Eligible honeybees do not include wild, feral honeybees, leaf cutter bees or other bee species that are not used for producing honey, pollinating or breeding honeybees.

Eligible Honeybee Losses
ELAP covers the loss of honeybee colonies in excess of normal mortality, honeybee hives, and purchased or produced honeybee feed that was damaged and was intended as feed for eligible honeybees, including additional feed purchased above normal quantities to sustain honeybees for a short time period until additional feed becomes available.

To be eligible for ELAP payments, honeybee colony, hive and feed losses must be:

- due to an eligible adverse weather or loss condition;
- incurred by an eligible honeybee producer in the county where the eligible adverse weather or loss condition occurred.

Eligible Adverse Weather and Loss Conditions
In order to meet eligibilty requirements for ELAP benefits for honeybee colony, hive and feed losses, the losses must be due to the direct result of an eligible adverse weather or loss condition, including but not limited to, colony collapse disorder (CCD), earthquake, floods, hurricane, tidal surges, tornado, excessive winds, volcanic eruption and wildfires.

Eligible Producer
To be eligible for honeybee losses, the producer must meet the Risk Management Purchase Requirement (RMPR) and have an interest and risk in an eligible honeybee colony:

- being maintained for producing honey, pollinating, or breeding bees for commercial use as part of a farming operation on the beginning date of the eligible adverse weather or loss condition;
- that is physically located in the county where the eligible adverse weather or eligible loss condition occurred on the beginning date of the eligible adverse weather or loss condition;
- for which the producer had an eligible honeybee loss.

Honeybee Colony Loss Payments
ELAP compensates eligible honeybee producers for eligible honeybee colony losses that occur in excess of normal mortality because of an eligible adverse weather or loss condition during the calendar year in which benefits are requested. FSA has established a normal mortality rate for honeybee colony losses of 17.5 percent. Payments for honeybee colony losses are based on the average fair market value of honeybee colonies in the calendar year in which the loss occurs, as established by FSA. For 2008 and 2009 honeybee colony losses, FSA has established an average fair market value of $60 per honeybee colony.

2008 and 2009 ELAP payments for honeybee colony losses will be based on 60 percent of the result of multiplying:

- number of honeybee colonies lost in excess of normal mortality (17.5 percent) due to an eligible adverse weather or loss condition; times
- $60, average fair market value per honeybee colony.

Required Documentation for Colony Collapse Disorder (CCD)
To be eligible for honeybee colony losses due to CCD, the honeybee producer must provide proof of honeybee colony losses because of CCD, including but not limited to the following documentation:

- for 2008 and 2009 calendar year losses, a self-certification that the loss of honeybees was because of CCD and documented by the existence of at least 3 of the 5 symptoms of CCD, as identified by FSA;

- for 2010 calendar year losses, third party certification that the loss of honeybees was because of the existence of at least 3 of the 5 symptoms of CCD, as identified by FSA;
- proof of beginning and ending inventory of honeybee colonies;
- proof of good management practices.

Honeybee Hive Loss Payments
Payments for honeybee hive losses are based on the average fair market value of honeybee hives in the calendar year in which the loss occurs, as established by FSA. For 2008 and 2009 honeybee hive losses, FSA has established an average fair market value of $200 per honeybee hive. The 2008 and 2009 ELAP payments for honeybee hive losses will be based on 60 percent of the result of multiplying:

- number of honeybee hives lost due to an eligible adverse weather or loss condition, times;
- $200, average fair market value per honeybee hive.

Honeybee Feed Loss Payments
Payments for honeybee feed losses are based on 60 percent of the actual cost of purchased or harvested feed that was intended as feed for honeyees and was damaged because of an eligible adverse weather or loss condition. This includes additional feed purchased above normal quantities to sustain the honeybees for a short time period until additional feed becomes available.

Risk Management Purchase Requirement (RMPR)
To be eligible for ELAP, honeybee producers who have a risk in honey production for the purpose of producing honey for commerical use as part of a farming operation, must for every commodity on every farm in which the producer has an interest for the relevant program year:

- in the case of an “insurable commodity,” obtain catastrophic coverage or better under a policy or plan of insurance administered under the Federal Crop Insurance Act (FCIA), except this obligation will not include crop insurance pilot programs so designated by the Risk Management Agency (RMA) or forage crops intended for grazing;
- in the case of a “noninsurable commodity” obtain the Noninsured Crop Disaster Assistance Program (NAP) coverage by filing the required paperwork and paying the administrative fee by the applicable State application closing date, except that this requirement will not include forage on grazing land.

Producers are required to obtain a policy or plan of insurance equal to at least the catastrophic (CAT) level of coverage or have NAP coverage for each crop planted or intended to be planted for harvest on the whole farm, excluding grazing. Eligible farmers and ranchers who meet the definition of “Socially Disadvantaged,” “Limited Resource,” or “Beginning Farmer or Rancher” do not have to meet this requirement.

Honeybee Exception
For 2008 and 2009, NAP coverage was not available for loss of honeybee colonies or hives. Therefore, a honeybee producer does not have to meet the risk management purchase requirement to be eligible for 2008 and 2009 honeybee losses, if the producer:

- does not have any other crop planted or intended to be planted for harvest on the whole farm, excluding grazing;
- has a risk in a honeybee pollination or breeding operation; and
- does not produce honey for commercial use.

Honeybee producers meeting this criteria do not have to pay a buy-in fee equal to the applicable NAP service fee or catastrophic risk protection plan fee to become eligible for ELAP payments.

2008 Exception
Due to the lateness of the Farm Bill, producers were allowed to “buy-in” to the ELAP program for 2008 by paying fees equivalent to the NAP service fee or catastrophic risk protection plan coverage fee by Sept. 16, 2008. For 2008, if a producer who is otherwise ineligible because of the purchase requirement and did not meet the buy-in deadline of Sept. 16, 2008, still may be eligible for ELAP if the producer paid the applicable fee no later than May 18, 2009, provided that the producer agreed to buy crop insurance or NAP for the next year for all of their crops, except for forage on grazing land.

2009 Exception
For 2009, the risk management protection requirement was waived for insurable crops where sales closing dates for crop insurance coverage occurred before Aug. 14, 2008, if the buy-in fee was paid by Jan. 12, 2009.

Payment Eligibility and Limitations
The amount of any ELAP payment a honeybee producer is eligible to receive may be reduced by an amount received by the producer for the same or similar loss from any other disaster assistance program.

2008 Program Year
No person, as defined and determined under the provisions in 7 CFR part 1400 in effect for 2008, may receive more than $100,000 total in payments under ELAP, Livestock Forage Disaster Pro-

gram (LFP), Livestock Indemnity Program (LIP), and Supplemental Revenue Assistance Payments Program (SURE), combined. Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under ELAP if the individual's or entity's average AGI for 2005, 2006 and 2007 exceeds $2.5 million under the provisions in 7 CFR part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry.

2009 and Subsequent Program Years

For 2009 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under ELAP, LFP, LIP, and SURE combined. For 2009-11, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average AGI will apply. Specifically, for 2009-11, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1400 that exceeds $500,000 will not be eligible to receive ELAP payments. Direct attribution provisions also apply to ELAP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

Applying for ELAP

To apply for ELAP benefits, producers who suffered honeybee losses should submit a notice of loss to the local FSA service center that maintains the farm records for their business. To be eligible for 2008 and 2009 calendar year losses, the notice of loss must be provided to FSA by no later than May 5, 2010. To be eligible for losses that occurred in 2010 and subsequent year losses, the producer must provide a notice of loss to FSA the earlier of:

- 30 calendar days of when the loss is apparent to the producer or
- 30 calendar days after the end of the calendar year in which the loss occurred.

Sign-up

In addition to submitting a notice of loss, producers must file an application for payment at local FSA service centers. ELAP sign-up began Sept. 14, 2009, for eligible honeybee losses suffered during 2008 and 2009 due to eligible adverse weather or loss conditions. For 2008 losses, sign-up ended Dec. 10, 2009, and for 2009 losses, sign-up ended Feb. 1, 2010;however, late-filed applications for 2008 and 2009 losses will be accepted through May 5, 2010. For 2010 and subsequent year losses, sign-up will end no later than 30 calendar days after the end of the calendar year in which the honeybee loss occurred.

Important Dates

The following table provides the final dates to file a notice of loss and application for payment for 2008, 2009 and 2010 honeybee losses.

Date of Honeybee Loss	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Calendar Year 2008	May 5, 2010	May 5, 2010
Calendar Year 2009	May 5, 2010	May 5, 2010
Calendar Year 2010	30 days after loss is apparent	Jan. 30, 2011

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE

April 2010

Emergency Assistance for Livestock, Honeybees & Farm-Raised Fish Program (ELAP) – Livestock

Overview

The "Food, Conservation, and Energy Act of 2008" authorized up to $50 million in a calendar year for the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) to provide emergency assistance to eligible producers of livestock, honeybees and farm-raised fish that have losses due to disease, adverse weather or other conditions, including losses due to blizzards and wildfires, as determined by the Secretary. ELAP covers losses occurring on or after Jan. 1, 2008 and before Oct. 1, 2011 that are not covered under other Supplemental Agricultural Disaster Assistance Payment programs established by the 2008 Farm Bill, specifically Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP) and Supplemental Revenue Assistance Payments Program (SURE).

A national payment factor may be applied to ELAP payments if the funding availability of $50 million is exceeded in a calendar year.

There are two categories of livestock losses covered by ELAP:

- livestock death losses caused by an eligible adverse weather or loss condition; and
- livestock feed and grazing losses, that are not due to drought or wildfires on Federally managed lands.

Livestock Death Losses

Eligible Livestock

To be eligible for livestock death losses, livestock must:

- for eligible livestock owners, be alpacas, adult or non-adult dairy cattle, beef cattle, beefalo, buffalo, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep or swine;
- for eligible contract growers, eligible livestock must be poultry or swine;
- must be maintained for commercial use as part of a farming operation on the date of death;
- must have died as a direct result of an eligible loss condition on or after the beginning date of the eligible loss condition; and no later than 60 calendar days from the ending date of the eligible loss condition.

Examples of ineligible livestock include any uses of wild free roaming animals or use of animals for recreational purposes, such as pleasure, hunting, roping, pets or for show.

Eligible Producer

For livestock death losses a producer must have legal ownership of the livestock on the day the livestock died and under conditions in which a contract grower would not be considered eligible for the same benefit. For livestock death losses, a contract grower must have had:

- a written agreement with the owner of the eligible livestock;
- control of the eligible livestock on the day the livestock died;
- a risk of loss in the animal.

Eligible Death Losses

Eligible livestock death losses must be:

- incurred by an eligible livestock owner or contract grower;
- due to an eligible loss condition occurring during the calendar year for which payment is requested and on or after Jan. 1, 2008, but before Oct. 1, 2011.

The Deputy Administrator for Farm Programs determines the eligible loss conditions for livestock death losses and these loss conditions cannot be covered under the Livestock Indemnity Program (LIP).

Death Loss Payments

Payments for eligible livestock death losses will be based on a national payment rate for each livestock category times the number of eligible livestock that died in each category in excess of normal mortality. The national payment rate for eligible livestock owners is based on 75 percent of the average fair market value of the livestock. The national payment rate for eligible contract growers is based on 75 percent of the average income loss sustained by the contract grower with respect to the dead livestock. USDA will reduce a contract growers ELAP payment by the amount of monetary compensation they receive from their contractor for the loss of income suffered from the death of livestock under contract.

Livestock Feed and Grazing Losses

Eligible Livestock
For livestock feed and grazing losses, eligible livestock must be:

- alpacas, adult or non-adult dairy cattle, beef cattle, beefalo, buffalo, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep and swine;
- livestock that would normally have been grazing the eligible grazing land or pastureland during the normal grazing period for the specific pasture type of grazing land or pastureland in the county;
- owned, leased, purchased, under contract for purchase, or been raised by a contract grower or an eligible livestock producer, during the 60 calendar days before the beginning date of the eligible adverse weather or loss condition;
- maintained for commerical use as part of the producer's farming operation on the beginning date of the eligible adverse weather or loss condition.

Livestock that were or would have been in a feedlot are not eligible for livestock feed or grazing losses under ELAP.

Eligible Producer
For livestock feed and grazing losses a producer must have:

- during the 60 calendar days before the beginning date of the eligible adverse weather or loss condition, owned, cash-leased, purchased, entered into a contract to purchase or been a contract grower of eligible livestock;
- suffered a loss on land that is either: native or improved pastureland with a permanent vegatative cover or planted to a crop specifically for the purpose of providing grazing for covered livestock;
- provided pastureland or grazing land during the normal grazing period for livestock, including cash-rented pastureland or grazing land for livestock that is physically located in the county where the eligible adverse weather or loss condition occurred.

Eligibile Adverse Weather or Loss Condition for Livestock Feed and Grazing Losses
Eligible adverse weather or loss conditions for livestock feed and grazing losses include, but are not limited to, blizzards, flood, freeze, grasshopper damage (as approved by FSA), hail, hurricane, tidal surge, tornado, volcanic eruption, wildfire on non-federal land, or lightning.

Eligible Grazing Losses
Eligible grazing losses must be incurred on eligible grazing lands physically located in the county where the eligible adverse weather or loss condition occurred and because of an eligible adverse weather or loss condition.
Drought and wildfire on federally managed land are not eligible adverse weather or loss conditions under ELAP. These conditions are covered by the Livestock Forage Disaster Program (LFP).

Eligible Feed Losses
Eligible feed losses under ELAP are losses:

- of purchased forage or feedstuffs;
- mechanically harvested forage or feedstuffs;
- resulting from the additional costs incurred for providing or transporting feed to eligible livestock because of an eligible adverse weather or loss condition;
- resulting from the additional costs of purchasing additional feed, above normal quantities, required to maintain eligible livestock during an eligible adverse weather or loss condition, until additional livestock feed becomes available.

Eligible feed losses shalll not exceed 90 days of lost feed.

Grazing Loss Payments, Excluding Wildfires on Non-Federal Land
Payments for eligible grazing losses, except grazing losses due to wildfires on non-federal land, will be calculated based on 60 percent of the lesser of the total value of:

- the feed cost for all covered livestock owned by the eligible livestock producer based on the number of days grazing was lost, not to exceed 90 days of daily feed cost for all covered livestock;
- grazing lost for eligible livestock based on the normal carrying capacity of the eligible grazing land of the eligible livestock producer for the number of grazing days lost, not to exceed 90 days of lost grazing.

Grazing Loss Payments For Wildfires on Non-Federal Land
Payments for eligible livestock producers for losses suffered because of a wildfire on non-federal land will be calculated based on 50 percent of multiplying:

- result of dividing the number of acres of grazing land or pastureland acres affected by the wildfire by the normal carrying capacity of the specific type of eligible grazing land or pastureland; times
- the daily value of grazing;

times
- the number of days grazing was lost due to the wildfire, not to exceed 180 calendar days.

Livestock Feed Payment Calculations
Payment calculations for feed losses will be based on 60 percent of the producer's actual cost for:
- livestock feed that was purchased or mechanically harvested forage or feedstuffs intended for use as feed for the producer's eligible livestock that was physically damaged or destroyed due to an eligible adverse weather or loss condition;
- the additional costs incurred for providing or transporting livestock feed to eligible livestock due to an eligible adverse weather or loss condition;
- the additional cost of purchasing additional livestock feed above normal, to maintain the eligible livestock during an eligible adverse weather or loss condition until additional livestock feed becomes available.

FSA will calculate ELAP payments for an eligible livestock producer for livestock feed and grazing losses for no more than 90 calendar days.

Risk Management Purchase Requirement (RMPR)
For producers to be eligible for ELAP, producers must, for every commodity on every farm in which the producer has an interest for the relevant program year:
- in the case of an "insurable commodity," obtain catastrophic coverage or better under a policy or plan of insurance administered under the Federal Crop Insurance Act (FCIA), except this obligation will not include crop insurance pilot programs so designated by the Risk Management Agency (RMA) or forage crops intended for grazing;
- in the case of a "noninsurable commodity" obtain the Noninsured Crop Disaster Assistance Program (NAP) coverage by filing the required paperwork and paying the administrative fee by the applicable state application closing date, except that this requirement will not include forage on grazing land.

Producers are required to obtain a policy or plan of insurance equal to at least the catastrophic (CAT) level of coverage or have NAP coverage for each crop planted or intended to be planted for harvest on the whole farm, excluding grazing. Eligible farmers and ranchers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher" do not have to meet this requirement.

2008 Exception
Due to the lateness of the Farm Bill, producers were allowed to "buy-in" to the ELAP program for 2008 by paying fees equivalent to the NAP service fee or catastrophic risk protection plan coverage fee by Sept. 16, 2008. For 2008, if a producer who is otherwise ineligible because of the purchase requirement and did not meet the buy-in deadline of Sept. 16, 2008, still may be eligible for ELAP if the producer paid the applicable fee no later than May 18, 2009, provided that the producer agreed to buy crop insurance or NAP for the next year for all of their crops, except for forage on grazing land.

2009 Exception
For 2009, the risk management protection requirement was waived for insurable crops where sales closing dates for crop insurance coverage occurred before Aug. 14, 2008, if the buy-in fee was paid by Jan. 12, 2009.

Payment Eligibility and Limitations
2008 Program Year
No person, as defined and determined under the provisions in 7 CFR part 1400 in effect for 2008, may receive more than $100,000 total in payments under ELAP, Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP) and Supplemental Revenue Assistance Payments Program (SURE), combined. Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under ELAP if the individual's or entity's average AGI for 2005, 2006 and 2007 exceeds $2.5 million under the provisions in 7 CFR part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching, or forestry.

2009 and Subsequent Program Years
For 2009 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under ELAP, LFP, LIP and SURE combined. For 2009-11, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average AGI will apply.

Specifically, for 2009-11, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1400 that exceeds $500,000 will not be eligible to receive ELAP payments. Direct attribution provisions also apply to ELAP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity will also be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

Sign-up

Producers were able to apply to receive ELAP benefits at local FSA service centers beginning Sept, 14, 2009, for eligible livestock feed and grazing losses suffered during 2008 and 2009 due to eligible adverse weather or loss conditions, except for drought or fire on federally managed rangeland. For 2008 losses, sign-up ended Dec. 10, 2009 and for 2009 losses, signup ended Feb. 1, 2010;however, late-filed applications for 2008 and 2009 losses will be accepted through May 5, 2010. For 2010 and subsequent year losses, sign-up will end no later than 30 calendar days after the end of the calendar year in which the feed or grazing loss occurred.

Applying for ELAP

In addition to submitting an application for payment, producers who suffered livestock losses should submit a notice of loss to the local FSA service center that maintains the farm records for their business. To be eligible for 2008 and 2009 calendar year losses, the notice of loss must be provided to FSA by no later than May 5, 2010. To be eligible for losses that occurred in 2010 and subsequent year losses, the producer must provide a notice of loss to FSA the earlier of:

- 30 calendar days of when the loss is apparent to the producer; or
- 30 calendar days after the end of the calendar year in which the loss occurred.

The following table provides the final dates to file a notice of loss and application for payment for 2008, 2009 and 2010 livestock losses.

Date of LivestockLoss	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Calendar Year 2008	May 5, 2010	May 5, 2010
Calendar Year 2009	May 5, 2010	May 5, 2010
Calendar Year 2010	30 days after loss is apparent	Jan. 30, 2011

The producer should include a copy of the grower contract if they are a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory, evidence of meeting risk management purchase requirements and evidence that grazing land or pastureland is owned or leased.

Payments may be made for eligible losses suffered by an eligible producer who is now deceased or for a dissolved entity if a currently authorized representative signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a producer is a dissolved entity, all former members at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

FSA will use data furnished by the applicant to determine eligiblity for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Livestock Indemnity Program (LIP)

Overview

The “Food, Conservation, and Energy Act of 2008” authorized the Livestock Indemnity Program (LIP) to provide benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather that occurred on or after Jan. 1, 2008, and before Oct. 1, 2011, including losses because of hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold. The livestock death losses must also have occurred in the calendar year for which benefits are being requested.

LIP provisions are similar to other livestock indemnity programs implemented by FSA in recent years except that an owner or contract grower’s livestock do not have to be located in a county or contiguous county designated a natural disaster by the president or declared by the U.S. Secretary of Agriculture. Under the current LIP, an owner or contract grower’s livestock payments will be based on individual producers’ losses.

Eligible Livestock Owners

To be eligible for LIP, a livestock producer must have legally owned the eligible livestock on the day the livestock died.

Owners of the following types of livestock may be eligible for LIP:

Cattle	Poultry	Swine	Other
Adult Beef Bulls	Chickens, Broilers, Pullets	Swine, Feeder Pigs Under 50 Pounds	Alpacas
Adult Beef Cows	Chickens, Chicks	Swine, Sows, Boars, Barrows and Gilts 50 to 150 Pounds	Deer
Adult Buffalo or Beefalo Bulls	Chickens, Layers, Roasters	Swine, Sows, Boars, Barrows and Gilts 151 to 450 Pounds	Elk
Adult Buffalo or Beefalo Cows	Ducks	Swine, Sows, Boars over 450 Pounds	Emus
Adult Dairy Bulls	Ducks, Ducklings		Equine
Adult Dairy Cows	Geese, Goose		Goats, Bucks
Non-Adult Beef Cattle	Geese, Goslings		Goats, Nannies
Non-Adult Buffalo/Beefalo	Turkeys, Poults		Goats, Slaughter Goats/Kids
Non-Adult Dairy Cattle	Turkeys, Toms, Fryers and Roasters		Llamas
			Reindeer
			Sheep, Ewes
			Sheep, Lambs
			Sheep, Rams

FACT SHEET

Livestock Indemnity Program

March 2011

To be eligible for LIP, an owner's livestock must:

- Have died as a direct result of an eligible adverse weather event occurring:
1. On or after Jan. 1, 2008, and before Oct. 1, 2011; and,
2. No later than 60 calendar days from the ending date of the applicable adverse weather event; and,
3. In the calendar year for which benefits are requested.

- Have been maintained for commercial use as part of a farming operation on the day they died and;
- Not have been produced for reasons other than commercial use as part of a farming operation. Excluded livestock includes wild free roaming animals, pets or animals used for recreational purposes, such as hunting, roping or for show.

Eligible Livestock Contract Growers

To be eligible for LIP, a contract grower must have had the following on the day the livestock died:

- Possession and control of the eligible livestock and;
- A written agreement with the eligible livestock owner setting the specific terms, conditions and obligations of the parties involved regarding the production of livestock.

To be eligible for LIP, a contract grower's livestock also must have met the following conditions. The livestock must:

- Have been poultry or swine;
- Have died as a direct result of an eligible adverse weather event occurring;
1. On or after Jan. 1, 2008, and before Oct. 1, 2011, and;
2. No later than 60 calendar days from the ending date of the adverse weather event(s) and;
3. In the calendar year for which benefits are requested.

- Have been maintained for commercial use as part of a farming operation on the day they died and;
- Not have been produced for reasons other than for commercial use as part of a farming operation. This includes wild free roaming animals, pets or animals used for recreational purposes, such as hunting or for show.

Payments

USDA calculates LIP payments by multiplying the national payment rate for each livestock category by the number of eligible livestock in each category. National payment rates are found at the end of this fact sheet.

USDA bases the LIP national payment rate for eligible livestock owners on 75 percent of the average fair market value of the livestock.

USDA bases the LIP national payment rate for eligible livestock contract growers on 75 percent of the average income loss sustained by the contract grower with respect to the dead livestock.

USDA will reduce a contract grower's LIP payment by the amount of monetary compensation received from their contractor for the loss of income suffered from the death of livestock under contract.

For the 2008 program year, no person as defined and determined under the provisions in 7 CFR Part 1400 in effect for 2008, may receive more than $100,000 total in payments under LIP, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Forage Disaster Program (LFP) and the Supplemental Revenue Assistance Payments (SURE) Program, combined. For 2009 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under LIP, ELAP, LFP and SURE, combined. Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under LIP if the individual's or entity's average adjusted gross income exceeds $2.5 million for 2007, 2006, and 2005 under the provisions in 7 CFR part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry.

For 2009 through 2011, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average adjusted gross income (AGI) will apply. Specifically, for 2009 through 2011, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1404.3 that exceeds $500,000 will not be eligible to receive LIP payments. Direct attribution provisions also apply to LIP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to a persons or legal entity with an interest in the legal entity or in a sub-entity.

Sign-up

Producers may apply to receive LIP benefits at local FSA service centers.

Applying for LIP

Producers who suffer livestock death losses should submit a notice of loss and an application for payment to the local FSA service center that maintains the farm records for their business.

- 30 calendar days after the end of the calendar year in which the loss of livestock occurred;

- September 1, 2009, for livestock losses that occurred during calendar year 2008.

The following table provides the final dates to file a notice of loss and application for payment for either 2008 or 2009 livestock losses.

Date of Livestock Death	Final Date to File Notice of Loss	Final Date to Submit an Application for Payment
Calendar Year 2008	Sept. 1, 2009	Sept. 1, 2009
Jan. 1, 2009 to July 12, 2009	Sept. 1, 2009	Feb. 1, 2010
July 13, 2009 to Dec. 31, 2009	30 days after death is apparent	Feb. 1, 2010

To be eligible, the notice of loss must be submitted the earlier of:

- 30 calendar days of when the loss of livestock was apparent to the producer;
- 30 calendar days after the end of the calendar year in which the loss of livestock occurred

To be eligible, applications for payment must be submitted no later than either of the following:

The producer must include a copy of the grower contract if he/she is a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory and location of the livestock at the time of death.

Payments may be made for eligible losses suffered by an eligible producer who is now deceased or for a dissolved entity if a currently authorized representative signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a producer is a dissolved entity, all former members at the time of dissolution or their duly authorized representative(s) must sign the application for payment.

Applicants must provide adequate proof that the eligible livestock deaths occurred as a direct result of an eligible adverse weather event in the calendar year for which benefits are being requested. The quantity and kind of livestock that died as a direct result of the eligible disaster event may be documented by purchase records, veterinarian records, bank or other loan documents, rendering truck receipts or certificates, Federal Emergency Management Agency records, National Guard records, written contracts, production records, records assembled for tax purposes, property tax records, private insurance documents and similar documents.

If adequate verifiable proof of death records documentation is not available, FSA will accept reliable records in conjunction with verifiable beginning and ending inventory records as proof of death. Reliable records may include, but are not limited to, contemporaneous producer records existing at the time of the adverse weather event, pictures(s) with a date, brand inspection records, dairy herd improvement records and other similar reliable documents.

FSA will accept certifications of livestock deaths by third parties on Form FSA-926 if the following conditions are met:

- The livestock owner or livestock contract grower, as applicable, certifies in writing:
  1. That there is no other documentation of death available;
  2. The number of livestock in inventory at the time of the adverse weather event.

- The third party provides their telephone number, address and a written statement containing:
  1. Specific details about their knowledge of the livestock deaths;
  2. Their affiliation with the livestock owner and;
  3. The accuracy of the deaths claimed by the livestock owner.

FSA will use data furnished by the applicant to determine eligibility for program benefits. Furnishing the data is voluntary; however, without all required data program benefits will not be approved or provided.

National Payment Rates

The following table provides LIP per head payment rates by livestock category for eligible owners.

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Livestock Indemnity Program

March 2011

LIP Per Head National Payment Rates by Category for Eligible Livestock Owners						
Kind	**Type**	**Weight Range**	**2008 Payment Per Head**	**2009 Payment Per Head**	**2010 Payment Per Head**	**2011 Payment Per Head**
Alpacas			$262.50	$262.50	$240.29	$280.53
Beef	Nonadult	Less than 400 pounds	$343.83	$319.44	$302.58	$336.04
		400 to 799 pounds	$487.04	$463.41	$432.59	$490.68
		800 pounds or more	$749.76	$722.13	$654.60	$766.03
	Adult	Cow	$681.62	$694.98	$631.41	$746.95
		Bull	$886.11	$903.48	$820.84	$971.03
Dairy	Nonadult	Less than 400 pounds	$345.00	$366.09	$259.69	$249.38
		400 to 799 pounds	$690.00	$732.19	$519.38	$498.75
		800 pounds or more	$749.76	$722.13	$654.60	$766.03
	Adult	Cow	$1,380.00	$1,464.38	$1,038.75	$997.50
		Bull	$1,380.00	$1,464.38	$1,038.75	$997.50
Buffalo/ Beefalo	Nonadult	Less than 400 pounds	$326.64	$303.47	$287.45	$319.24
		400 to 799 pounds	$462.68	$440.24	$410.96	$466.15
		800 pounds or more	$712.27	$686.03	$621.87	$727.73
	Adult	Cow	$600.00	$611.76	$555.80	$657.50
		Bull	$1,125.00	$1,147.05	$1,042.13	$1,232.82
Swine	Boars/Sows	Over 450 pounds	$124.20	$114.98	$139.75	$201.03
	Sows/Boars/Barrows/Gilts	151 to 450 pounds	$74.62	$75.44	$66.40	$87.33
	Lightweight Barrows/Gilts	50 to 150 pounds	$56.18	$52.59	$48.70	$67.73
	Feeder Pigs	Under 50 pounds	$37.75	$29.74	$31.00	$48.12
Sheep	Rams		$107.24	$107.24	$105.49	$116.04
	Ewes		$82.49	$82.49	$81.14	$117.39
	Lambs		$102.02	$104.58	$104.98	$126.84
Goats	Bucks		$73.66	$65.28	$78.44	$89.91
	Nannies		$73.66	$65.28	$57.93	$68.15
	Slaughter goats/kids		$47.36	$48.56	$48.74	$58.89
Chickens	Layers/Roasters		$10.45	$13.66	$9.23	
	Broilers/Pullets		$1.81	$1.92	$1.87	
	Layers					$11.42
	Roasters					$2.81
	Broilers/Pullets (reg. size)					$2.39
	Pullets/Cornish Hens					$1.72
	Chicks		$0.19	$0.20	$0.18	$0.23
Turkeys	Toms/Fryers/Roasters		$10.24	$12.30	$11.23	$12.20
	Poults		$0.99	$1.08	$1.00	$1.14
Ducks	Ducks		$2.73	$3.33	$3.74	$3.82
	Ducklings		$0.44	$0.53	$0.60	$0.61
Geese	Goose		$11.88	$21.05	$20.66	$19.35
	Gosling		$2.50	$4.42	$4.34	$4.06
Deer			$412.50	$412.50	$377.60	$440.83
Emus			$150.00	$150.00	$137.31	$160.30
Elk			$572.59	$572.59	$524.15	$611.91
Equine			$637.50	$637.50	$583.57	$681.28
Llamas			$210.00	$210.00	$192.23	$224.42
Reindeer			$412.50	$412.50	$377.60	$440.83

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The following provides per head payment rates by livestock category for eligible livestock contract growers.

LIP Per Head National Payment Rates by Category for Eligible Livestock Contract Growers						
Kind	**Type**	**Weight Range**	**2008 Payment Per Head**	**2009 Payment Per Head**	**2010 Payment Per Head**	**2011 Payment Per Head**
Chickens	Layers/Roasters		$0.63	$0.82	$0.55	
	Broilers/Pullets		$0.20	$0.21	$0.21	
	Layers					$0.69
	Roasters					$0.31
	Broilers/Pullets (regular size)					$0.26
	Pullets/Cornish hens(small)					$0.19
Turkeys	Toms/Fryers/Roasters		$1.13	$1.35	$1.24	$1.34
Ducks	Ducks		$0.30	$0.37	$0.41	$0.42
Geese	Goose		$1.31	$2.32	$2.27	$2.84
Swine	Boars/Sows	Over 450 pounds	$51.04	$47.25	$57.43	$82.61
	Sows/Boars/Barrows/Gilts	151 to 450 pounds	$11.21	$11.33	$9.97	$13.11
	Lightweight Barrows/Gilts	50 to 150 pounds	$8.44	$7.90	$7.31	$10.17
	Feeder Pigs	Under 50 pounds	$4.29	$3.38	$3.52	$5.47

For More Information

For more information about FSA and its programs, visit your local USDA Service Center or online at: http://www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2011

Livestock Forage Disaster Program (LFP)

Overview

The 2008 Farm Bill authorized the Livestock Forage Disaster Program (LFP) to provide compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or is planted specifically for grazing. The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. LFP also provides compensation to eligible livestock producers that have suffered grazing losses on rangeland managed by a federal agency if the eligible livestock producer is prohibited by the federal agency from grazing the normal permitted livestock on the managed rangeland due to a qualifying fire.

The grazing losses must have occurred on or after Jan. 1, 2008, and before Oct. 1, 2011.

Eligible Counties for Drought

An eligible livestock producer that owns or leases grazing land or pastureland physically located in a county rated by the U.S. Drought Monitor as having a:

- D2 (severe drought) intensity in any area of the county for at least eight consecutive weeks during the normal grazing period is eligible to receive assistance in an amount equal to one monthly payment;
- D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period is eligible to receive assistance in an amount equal to two monthly payments;
- D3 (extreme drought) intensity in any area of the county for at least four weeks during the normal grazing period or is rated a D4 (exceptional drought) intensity at any time during the normal grazing period is eligible to receive assistance in an amount equal to three monthly payments.

A map of eligible counties for LFP drought may be found at: http//disaster.fsa.usda.gov.

Eligible Livestock

Eligible livestock types under LFP include alpacas, beef cattle, buffalo, beefalo, dairy cattle, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep or swine that have been or would have been grazing the eligible grazing land or pastureland:

- During the normal grazing period for the specific type of grazing land or pastureland for the county or;
- When the federal agency excluded the livestock producer from grazing the normally permitted livestock on the managed rangeland due to fire.

Eligible livestock must:

- Have been owned, purchased or entered into a contract to purchase during the 60 days prior to the beginning date of a qualifying drought or fire condition;
- Have been held by a contract grower or sold or otherwise disposed of due to a qualifying drought condition during the current production year or one or both of the two production years immediately preceding the current production year;
- Have been maintained for commercial use as part of a farming operation on the beginning date of the eligible drought or fire condition;
- Not have been produced and maintained for reasons other than commercial use as part of a farming operation. (Such excluded uses include, but are not limited to, wild free roaming animals or animals used for recreational purposes such as pleasure,

hunting, pets, roping or for show);

- Not have been livestock that were or would have been in a feedlot on the beginning date of the qualifying drought or fire as part of the normal business operation of the producer.

Eligible Producers

To be eligible for LFP, producers must:

- Own, cash or share lease, or be a contract grower of covered livestock during the 60 calendar days before the beginning date of a qualifying drought or fire;
- Provide pastureland or grazing land for covered livestock, including cash-rented pastureland or grazing land that is either:
- Physically located in a county affected by a qualifying drought during the normal grazing period for the county or;
- Rangeland managed by a federal agency for which the otherwise eligible livestock producer is prohibited by the federal agency from grazing the normally permitted livestock because of a qualifying fire.
- Certify that they have suffered a grazing loss because of a qualifying drought or fire;
- Timely file an acreage report for all grazing land for which a loss of grazing is being claimed.

Risk Management Purchase Requirement (RMPR)

To be eligible for LFP for the grazing land incurring losses because of a qualifying drought or fire for which assistance is being requested, producers must:

- Obtain a policy or plan of insurance for the grazed forage crop under the Federal Crop Insurance Act (FCIA) or;
- File the required paperwork and pay the administrative fee by the applicable state application closing date for the Noninsured Crop Disaster Assistance Program (NAP).

Producers are only required to obtain a policy or plan of insurance or have NAP coverage on the grazing land or pastureland acres for which benefits are being requested under LFP. Livestock producers are not required to purchase pilot program insurance to be eligible for LFP.

Note: Eligible farmers and ranchers who meet the definition of “Socially Disadvantaged,” “Limited Resource,” or “Beginning Farmer or Rancher,” do not have to meet this requirement.

For crop year 2008, livestock producers were allowed to participate in LFP by paying a fee equivalent to NAP coverage by Sept. 16, 2008.

Payments

FSA will calculate LFP payments for an eligible livestock producer for grazing losses because of a qualifying drought equal to 1, 2, or 3 times the LFP monthly payment rate. The LFP monthly payment rate for drought is equal to 60 percent of the lesser of the monthly feed cost:

- For all covered livestock owned or leased by the eligible livestock producer;
- Calculated by using the normal carrying capacity of the eligible grazing land of the eligible livestock producer.

Total LFP payments to an eligible livestock producer in a calendar year for grazing losses will not exceed three monthly payments for the same livestock.

In the case of an eligible livestock producer that sold or otherwise disposed of livestock because of drought conditions in one or both of the two previous production years immediately preceding the current production year, the payment rate will equal 80 percent of the monthly payment rate.

FSA will calculate LFP payments for eligible livestock producers for losses suffered because of a qualifying fire on federally managed rangeland for which the producer is prohibited from grazing the normally permitted livestock. The payment begins on the first day the permitted livestock are prohibited from grazing the eligible rangeland and ending on the earlier of the last day of the Federal lease of the eligible livestock producer or the day that would make the period a 180 calendar day period. The payment rate is 50 percent of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland because of a qualifying fire, not to exceed 180 calendar days.

Payment Limitation

For the 2008 program year, no person as defined and determined under the provisions in 7 CFR part 1400 in effect for 2008, may receive more than $100,000 total in payments under LFP, Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), Livestock Indemnity Program (LIP), and the Supplemental Revenue Assistance Payments Program (SURE), combined. For 2009 and subsequent program years, no person or legal entity, excluding a joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under LFP, ELAP, LIP, and SURE, combined. In applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under LFP if the individual's or entity's average annual adjusted gross income exceeds $2.5 million for 2007, 2006 and 2005 under the provisions in 7 CFR part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry.

For 2009 through 2011, a person or legal entity with an average annual adjusted gross nonfarm income, as defined in 7 CFR Part 1400.3, which exceeds $500,000, will not be eligible to receive LFP payments. Direct attribution provisions also apply to LFP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to persons or legal entities with an interest in the legal entity or in a sub-entity.

Sign-up

For 2008 and 2009 grazing losses due to drought and fire on federally managed rangeland, producers were able to apply for LFP benefits at their local FSA service centers beginning Sept. 14, 2009. The 2008 sign-up period ended on Dec. 10, 2009. The 2009 sign-up period ended Jan. 30, 2010.

For 2010 and subsequent years, producers must provide a completed application for payment and required supporting documentation to their administrative FSA county office within 30 calendar days after the end of the calendar year in which the grazing loss occurred.

Applying for LFP

Producers who suffer grazing losses due to a qualifying drought or fire in calendar year 2010 or 2011 should submit an application for payment no later than 30 calendar days after the end of the calendar year in which the grazing loss occurred.

The producer should include a copy of the grower contract if the producer is a contract grower and any other supporting documents required for determining eligibility. Supporting documents must show evidence of loss, current physical location of livestock in inventory, evidence of meeting risk management purchase requirements, evidence that grazing land or pastureland is owned or leased and evidence that if the loss of grazing was due to a fire that the producer was prohibited by the Federal agency from grazing the normal permitted livestock on the managed rangeland due to a fire.

Payments on Behalf of Deceased Producers

Payments may be made for eligible losses suffered by an eligible producer who is now deceased or for a dissolved entity if a currently authorized representative signs the application for payment. Proof of authority to sign for a deceased individual or dissolved entity must be provided. If a producer is a dissolved entity, all former members at the time of dissolution or their duly

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Livestock Forage Disaster Program (LFP)

February 2011

authorized representative(s) must sign the application for payment.

FSA will use data furnished by the applicant to determine eligibility for program benefits. Furnishing the data is voluntary; however, without all required data, program benefits will not be approved or provided.

The following table provides the monthly payment rate per head by covered livestock category.

Kind of Livestock	Type	Weight Range	Payment Rate Per Head			
			2008	2009	2010	2011
Beef	Adult	Cows and Bulls	$29.96	$40.04	$35.37	$34.57
	Non-adult	500 pounds or more	$22.47	$30.03	$26.53	$25.93
Dairy	Adult	Cows and Bulls	$77.88	$104.09	$91.97	$89.89
	Non-adult	500 pounds or more	$22.47	$30.03	$26.53	$25.93
Buffalo/Beefalo	Adult	Cows and Bulls	$29.96	$40.04	$35.37	$34.57
	Non-adult	500 pounds or more	$22.47	$30.03	$26.53	$25.93
Sheep	All		$7.49	$10.01	$8.84	$8.64
Goats	All		$7.49	$10.01	$8.84	$8.64
Deer	All		$7.49	$10.01	$8.84	$8.64
Equine	All		$22.17	$29.63	$26.18	$25.58
Swine		Less than 45 pounds	$0.89	$1.19	$1.05	$1.03
		45 to 124 pounds	$2.09	$2.79	$2.47	$2.41
		125 to 234 pounds	$3.60	$4.81	$4.25	$4.15
	Sow	235 pounds or more	$12.29	$16.42	$14.51	$14.18
	Boar	235 pounds or more	$7.20	$9.62	$8.50	$8.31
Elk		Less than 400 pounds	$6.60	$8.82	$7.79	$7.61
		400 pounds to 799 pounds	$12.29	$16.42	$14.51	$14.18
		800 pounds or more	$16.18	$21.62	$19.10	$18.67
Poultry		Less than 3 pounds	$0.19	$0.25	$0.22	$0.22
		3 pounds to 7.9 pounds	$0.38	$0.50	$0.45	$0.44
		8 pounds or more	$0.86	$1.15	$1.01	$0.99
Reindeer	All		$6.60	$8.82	$7.79	$7.61
Alpacas	All		$24.67	$32.98	$29.14	$28.48
Emus	All		$15.33	$20.49	$18.10	$17.69
Llamas	All		$10.93	$14.61	$12.91	$12.62

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Noninsured Crop Disaster Assistance Program
According to the 2008 Farm Bill

Background

The Noninsured Crop Disaster Assistance Program (NAP) is a federally funded program that provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occurs as the result of natural disasters. NAP provides coverage for crops for which the catastrophic level of insurance is not available.

Eligible Crops

Crops that are noninsurable and eligible for disaster assistance include commercially produced:

- crops grown for food;
- crops planted and grown for livestock consumption, including but not limited to grain, seeded and native forage crops;
- crops grown for fiber, such as cotton and flax, except for trees;
- crops grown under a controlled environment, such as mushrooms and floriculture;
- specialty crops, such as honey and maple sap;
- value loss crops, such as aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod;
- Seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production.

Natural Disasters

Natural disasters include:

- damaging weather, such as drought, hail, freeze, hurricane, excessive moisture or wind;
- an adverse natural occurrence, such as an earthquake or a flood; or
- a condition related to damaging weather or adverse natural occurrence such as disease or insect infestation.

Note: *The natural disaster must occur before or during harvest and must directly affect the noninsurable crop.*

Producer Eligibility Requirements

An eligible producer is a landowner, tenant, or sharecropper who shares in the risk of producing a crop that qualifies as noninsurable. The average nonfarm adjusted gross income limitation of the eligible producer must not exceed $500,000.

Note*: If you have questions regarding your eligibility, contact your local Farm Service Agency (FSA) office.*

Program Eligibility Requirements

Producers must meet all program requirements in order to take advantage of NAP assistance in the event of a disaster. The producer must provide certain information to FSA annually before a disaster occurs. Specifically, producers must:

- certify that they comply with all highly erodible land and wetland conservation requirements;
- report crop losses within 15 days of the date disaster occurs or the date crop damage becomes apparent;
- request payments by the acreage reporting date for the crop following the year in which the loss occurred;
- accurately report the acreage and shares for all crops potentially eligible for NAP, certify crop production history, and report current crop year production on or before the required deadline.

If you have questions regarding acreage reporting dates, contact your local FSA office.

Determination of Crop Losses

As with crop insurance, FSA allows producers to establish an expected level of production to reflect normal production capabilities.

Except for a few crops that are considered "value loss" crops, the actual history of producing the crop is used to determine the extent of the loss in the disaster year. FSA calculates normal yields by averaging producers' actual yields over a 4 to 10 year period. If at least 4 years of acceptable production records are not provided, a yield will be assigned, which may be lower than the actual average yield.

Individual crop losses are determined on a unit basis. A unit includes all the acreage of the crop in the administrative county in which the producer has the same interest. For example, land owned by a producer is included in the same unit with land leased by the producer, if a 100 percent share in the crop is maintained on both operations.

Payment of NAP

FSA compensates eligible producers for:

- losses of noninsurable crops exceeding 50 percent of the expected yield based on 55 percent of the average market price of the commodity;
- prevented planting of more that 35 percent of the intended acreage.

To reflect a decrease in production costs incurred, the payment rate is reduced for any crop that is unharvested or prevented from being planted. Payments under NAP to any single person cannot exceed $100,000 for any given crop year. Producers cannot receive assistance for the same loss under more that one USDA program.

For payment calculation examples, please refer to "NAP Payment Examples" on page 3 of the fact sheet.

NAP Coverage

Crop Losses
NAP will be based on individual producer crop losses.

Application for Coverage
Eligible producers must apply for coverage on noninsurable crops. All applications for coverage must be filed and the applicable service fees paid at the local FSA office by the application closing date. State committees establish application-closing dates.

Service Fees
Eligible producers must pay a service fee of $250 per crop per administrative county or $750 per producer per county, not to exceed $1875 for a producer with farming interests in multiple counties. *Service fees may be waived for limited-resource producers.*

Coverage Period
The coverage period is the time during which coverage is available against loss of production of the noninsurable crop as a result of a natural disaster. The coverage period varies depending on the type of crop grown, which may be annual, perennial, value loss, etc. The date coverage ends is normally the same among crops and ends the earlier of:

- the date harvest is completed;
- the normal harvest date in the area;
- abandonment of the crop;
- total destruction of the crop.

***Note**: Value loss crops and specialty crops have different coverage periods and ending dates. For complete information on coverage periods and ending dates, contact your local FSA office.*

Participant Responsibilities

Eligible producers who participate must:

1. Be aware of program deadlines that apply in the counties where they have farming interests;
2. File an application for coverage **CCC-471**, and pay the applicable service fees at their local FSA office by the application closing date;
3. Request a waiver of service fees if they are a limited-resource producer;
4. File Notice of Loss, Part B, **CCC-576** within 15 days of loss.
5. Complete payment eligibility forms; Application for Payment, **CCC-576**;
6. Comply with all other program requirements, including highly erodible land and wetland conservation;
7. Provide documentation to establish actual production history and support most recent year production;
8. Annually report your crop acreage, yield, and production at your local FSA office;
9. Timely file a notice of crop loss and give FSA the opportunity to inspect the acreage;
10. Timely file an application for payment in order to receive financial assistance through NAP.

Payment of Service fee does not guarantee coverage.

Information Required to Remain Eligible for NAP

To remain eligible for NAP assistance, the producer must report the following crop information annually:

- name of the crop;
- type and variety of the crop;
- location and acreage of the crop;
- share of the crop and the names of other producers with an interest in the crop;
- type of practice used to grow the crop, such as irrigated or non-irrigated;
- date the crop was planted in each field; and
- intended use of the commodity.

In addition, producers must provide the following production information annually:

- the quantity of all harvested production of the crop in which the producer held an interest during the crop year;
- the disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged, or used differently than intended; and
- verifiable or reliable crop production records.

Failure to Report

Failure to report acreage and production information may result in reduced or zero NAP assistance.

Spring Application Deadline

FSA has set March 15, 2011 as the application sales closing date for all 2011 crops except "value loss" and honey.

In Montana, NAP coverage may be available for hay type barley varieties intended for seed. Overage stands of irrigated alfalfa and alfalfa grass mixtures are now eligible for crop insurance coverage.

Crop situations that will not be eligible for NAP coverage include insurable crops planted in unrated map areas, however, those crops will be eligible for crop insurance through written agreements. Contact your Crop Insurance Agent for more information.

Risk Management Purchase Requirement

Noninsurable commodities on a farm are required to have NAP coverage in order for producers on that farm to be eligible for the Supplemental Revenue Assistance Payments (SURE) Program, Tree Assistance Program (TAP) and the Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish Program (ELAP). Producers are also required to have either NAP coverage or Pasture, Rangeland, and Forage Rainfall Index Pilot Program (PRF-RI) coverage through crop insurance, or both on all of their grazing acres in order to be eligible to apply for the Livestock Forage Program (LFP).

NAP Important Dates for 2011

March 15 - NAP application sales closing date for all 2011 crops except "value loss" and honey.

Nap pull-off date – varies by county. Check with your local county FSA office for the exact date.

Notice of Loss – is 15 calendar days following the disaster or the date the loss was apparent

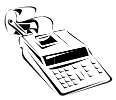
July 15 Final NAP production reports are due for 2010

July 15 Final date to file 2010 crop application for NAP payment

December 1 2012 NAP application sales closing date for honey.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: http://www.fsa.usda.gov/mt.



NAP PAYMENT EXAMPLES

NAP is designed to provide some crop loss protection during times of catastrophic losses. The following examples show what a producer might receive as a NAP payment when 100 acres of dryland barley hay, 100 acres of dryland triticale, and 640 acres of native range are timely reported and subsequently lost due to a natural disaster. Remember that NAP only covers the actual disaster loss in excess of 50% at 55% of the market price established by the State Committee (STC).

Barley intended for Hay:

1.6 T/ac. APH x 50% coverage level = 0.8 T/ax. NAP coverage guarantee

$85.00/Ton NAP Price x 55% coverage rate = $46.75/Ton NAP payment rate

100 planted acres x 0.8 T/ac. = 80 Tons guarantee

80 Tons – 0.0 production to count (appraisal) = 80 Tons for payment

80 T x $46.75/T x 87% planted but unharvested factor = $3254 payment

Triticale intended for grain:

40 BU/ac. APH x 50% = 20 BU/ac. NAP guarantee

$1.8633/BU x 55% = $1.02/BU NAP payment rate

100 acres x 20 BU/ac. = 2000 BU guarantee

2000 BU – 500 BU actual harvested quantity = 1500 BU for payment

1500 BU x $1.02/BU = $1530 payment

Native grass for grazing:

20.3 acres per animal unit carrying capacity (set by COC)

215-day grazing period for native range (set by COC)

70% grazing loss (set by COC and approved by STC)

$1.0095 per animal unit day (AUD) rate (set by national office)

640 acres native pasture divided by 20.3 ac/AU times 215 days = 6778 normally expected AUD’s

6778 expected AUD’s times 20% (grazing loss over 50%) = 1356 AUD’s eligible for NAP payment.

1356 pmt AUD’s x $1.0095 x 55% = $753.00 total NAP payment

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Supplemental Revenue Assistance Payments (SURE) Program

Overview
The Supplemental Revenue Assistance Payments (SURE) Program is authorized by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) to provide assistance to producers suffering crop losses due to natural disasters. SURE is available for crop losses due to natural disasters occurring through Sept. 30, 2011.

Qualifying Crop Losses

To receive SURE payments, an eligible producer must have a qualifying loss. A qualifying loss means at least a 10 percent production loss affecting one crop of economic significance due to a disaster on a farm in a disaster county. Producers outside a declared disaster county, but with production losses greater than or equal to 50 percent of the normal production on the farm (expected revenue for all crops on the farm), also qualify for SURE.

Notes: A "farm" refers to all crop acreage in all counties that a producer planted or intended to plant for harvest for normal commercial sale or farm livestock feeding. A "crop of economic significance" is a crop that contributes at least 5 percent of the expected revenue for a producer's farm. A "disaster county" is a county for which a Secretarial disaster designation has been issued or a county contiguous to a county with a Secretarial disaster designation.

Eligible Producers
Risk Management Purchase Requirement (RMPR)

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.

Note: Eligible farmers and ranchers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher," do not have to meet this requirement.

Payment Calculation

SURE payments are calculated based on 60 percent of the difference between the SURE Disaster Program Guarantee and the Total Farm Revenue (See tables 1 though 3).

SURE Guarantee

The SURE guarantee is determined by totaling the calculated guarantee for each crop on the producer's farm. For insured crops, the guarantee is based on the level of insurance coverage the producer elected. Higher levels of coverage result in higher crop guarantees. For NAP crops, the guarantee is based on a formula that includes the yield, acreage and price factors. The formula is provided in the example on the back page.

The farm's SURE guarantee cannot exceed 90 percent of the total expected revenue for the farm.

Total Farm Revenue

Total Farm Revenue includes the crop value, crop insurance indemnities, NAP payments, marketing assistance loan gains, loan deficiency payments, other disaster payments and Direct and Counter-cyclical Payments (15 percent of direct payments, plus the entire counter-cyclical payment and ACRE payments).

Quality adjustments may be applied to a crop's value for harvested production affected by eligible disaster conditions.

Payment Limitations

A limit of $100,000 per person and legal entity collectively received, directly and indirectly, applies to the combination of payments from SURE and the livestock disaster programs — Livestock Forage Program (LFP), Livestock Indemnity Program (LIP) and Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish (ELAP).

Sign-up Period

Producers must sign up at their county FSA office during the announced application period for each year. If a producer farms in multiple counties, any county FSA office serving the producer will assist the producer in completing an application.

Information Needed for the SURE Application:

- Acreage and production records, if not already provided for the crop insurance program or for NAP;
- Information to establish eligible producer status on the farm (deeds, leases) if not already provided to FSA;
- Other information requested by FSA.

Payments

A producer will receive SURE payments if crop loss requirements and other eligibility provisions are met, including, but not limited to, production and marketing risks associated with the crops on the farm, payment limitation, AGI, and conservation compliance.

Frequently Asked Questions

Q1: Will provisions of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111–005, the Recovery Act), apply to 2009 and subsequent crop losses under SURE?

A1: No. The Recovery Act only applied to 2008 crop year losses.

Q2: If a farm is located in multiple counties, do all of the counties have to have a Secretarial disaster designation?

A2: No. A participant must have at least a 10 percent loss of one crop of economic significance due to disaster on either a farm in a disaster county or in a county contiguous to a disaster county or, if the participant's farm is not in a disaster county or county contiguous to a disaster county, the participant must have at least a 10 percent loss of one crop of economic significance due to disaster and an overall production loss equal to or greater than 50 percent of the normal production on the farm (expected revenue for all crops on the farm due to disaster). See "Qualifying Crop Losses" in this fact sheet.

Q3: Does SURE cover losses of all crops grown or produced on a farm?

A3: No. Some crops on a farm are not eligible per statute or regulations, such as grazed forage, crops planted after the initial crop and subsequent crops planted in unapproved double crop areas.

Q4: Can a producer participate in SURE if all crops of economic significance are not covered by crop insurance or NAP?

A4: No. A producer must satisfy the risk management purchase requirement (RMPR) on all crops on a farm. Exceptions apply for socially disadvantaged producers, limited resource producers and beginning farmers and ranchers.

Q5: If a producer has NAP or crop insurance coverage, is that producer automatically signed up for the SURE?

A5: No. A producer must file a timely application for SURE.

Q6: Can historical production records be provided in order to increase the program guarantee?

A6: No. Yields are based on the established crop insurance or NAP yields. If a producer does not have a crop insurance or NAP yield, a yield based on a percentage of the county expected yield will be used.

Q7: Is crop revenue based on individual receipts?

A7: No. The revenue for each crop is determined by multiplying the farm's production quantity of a crop on the farm by the National Average Market Price for the crop, not the actual price received by the producer.

Q8: If a crop on a farm suffers a quality loss due to a disaster, are quality adjustments applied?

A8: Yes, if the following conditions are met:

- FSA determines an eligible disaster affected the quality of the crop in the region;
- The producer certifies that an eligible cause affected the quality of the crop and the overall loss of quality must be as great as the factor established by FSA.

Payment Calculation Worksheet (Tables 1 to 3)

Tables 1 through 3 are provided as a tool to approximate the payment calculation for a SURE farm. The estimated payment amount on Table 3 may differ from an actual payment amount due to rounding, data inputs, quality adjustments, yield variations, salvage calculations and agency determinations.

For More Information

For more information about FSA and its programs, visit the local USDA Service Center or online at: http://www.fsa.usda.gov/sure.

Table 1: Purchased Crop Insurance Only use this table for insurable crops that were insured. Do not use for insurable crops that were in the "buy-in" or waived.		Example: Corn	A Crop:	B Crop:	C Crop:
Basic Data	1 **Acres**	800			
	2 **Share**	100%			
	3 **Yield (APH)** Enter county expected yield if there is o APH.	180 bu/ac			
	4 **Guarantee Adjustments** Enter 100% if there are no adjustments for prevented planted, late planted or unharvested acreage.	100%			
	5 **Historical Marketing %** (only applies to fresh, processed or juice)	n/a			
	6 **Coverage Level**	70%			
	7 **Price Election**	80%			
	8 **Price**	$ 4.00			
	9 **Production to Count**	56,000 bu			
	10 **2009 National Average Market Price**	$ 3.55			
SURE Crop Guarantee	11 **SURE Guarantee Calculation Basis** Enter RMA Guarantee or multiply items 1 x 2 x 3 x 4 x 5 x 6 x 7 x 8	$ 322,560			
	12 **SURE Crop Guarantee *(Informational)*** Item 11 x 115% ***Total of 12A, 12B and 12C***	$ 370,944			
SURE Crop Revenue	13 **Expected Crop Revenue** Item 11 divided by items 4 x 6 x 7 ***Total of 13A, 13B and 13C***	$ 576,000			
	14 **Crop Value** Item 2 x Item 9 x Item 10 ***Total of 14A, 14B and 14C***	$ 198,800			

Table 2: Purchased NAP Coverage Only use this table for noninsurable crops that were covered by NAP. Do not use for noninsurable crops that were in the "buy-in" or waived.		Example: Oat Hay	A Crop:	B Crop:	C Crop:
Basic Data	1 **Acres**	180			
	2 **Share**	100%			
	3 **Yield (APH)** Enter county expected yield if there is o APH.	2.4 ton			
	4 **Guarantee Adjustments** Enter 100% if there are no adjustments for prevented planted, late planted or unharvested acreage.	100%			
	5 **Historical Marketing %** (only applies to fresh, processed or juice)	n/a			
	8 **Price**	$ 62.00			
	9 **Production to Count**	72 tons			
	10 **2009 National Average Market Price**	$ 58.00			
SURE Crop Guarantee	11 **SURE Guarantee Calculation Basis** Enter RMA Guarantee or multiply items 1 x 2 x 3 x 4 x 5 x 8	$ 26,784			
	12 **SURE Crop Guarantee *(Informational)*** Item 11 x 60% ***Total of 12A, 12B and 12C***	$ 16,070			
SURE Crop Revenue	13 **Expected Crop Revenue** Item 11 divided by items 4 ***Total of 13A, 13B and 13C***	$ 26,764			
	14 **Crop Value** Item 2 x Item 9 x lesser of Item 8 or Item 10 ***Total of 14A, 14B and 14C***	$ 4,176			

Table 3: Estimated Payment Calculation Total information from all counties and worksheets. Estimated payment subject to payment limitation provisions.		Example	Farm Totals
Revenue Data	**1 Direct and Counter-cyclical Program (DCP) "Direct" Payments**	$ 40,000	
	2 DCP Direct Payment SURE Revenue Item 1 x 15%	$ 6,000	
	3 DCP "Counter-cyclical" Payments	$ 0	
	4 Loan Deficiency Payments, Market Gains, and Market Certificate Payments	$ 2,000	
	5 Noninsured Crop Disaster Assistance Program (NAP) Payments	$ 4,910	
	6 Crop Insurance Indemnities	$ 109,000	
	7 Settlements from FSA and Risk Management Agency (RMA)	$ 0	
	8 Other Disaster Payments	$ 0	
	9 Guaranteed Payments to Contract Growers	$ 0	
	10 Total Other Revenue Data (Add Items 2 through 9)	$ 121,910	
	11 Total Estimated Crop Value (Total of Item 14 on Tables 1 and 2)	$ 222,576	
	12 Total Revenue (Item 10 + Item 11)	$ 344,486	
SURE Guarantees	**13 Guarantee (Total of Item 12 on Tables 1 and 2)**	$ 387,014	
	14 Total Expected Crop Revenue (Total of Item 13 on Tables 1 and 2)	$ 602,764	
	15 90% of Revenue Cap (Item 15 x 90%)	$ 542,488	
	16 SURE Program Guarantee	$ 387,014	
Estimated SURE Payment	**17 SURE Program Payment (Item 16 minus Item 12 x 60%)**	$25,516.80	

Note: Item 17 has been provided for information only and is the basis for the payment.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

May 2010

Tree Assistance Program for Orchardists and Nursery Tree Growers (TAP)

Overview

USDA Farm Service Agency's (FSA) Tree Assistance Program (TAP) provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes and vines damaged by natural disasters occurring on or after Jan. 1, 2008, and before Oct. 1, 2011. TAP was authorized by the 2008 Farm Bill and is funded through the Agricultural Disaster Relief Trust Fund.

Eligible Tree Types

Eligible trees, bushes and vines are those from which an annual crop is produced for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees produced for commercial sale. Trees used for pulp or timber are ineligible.

Eligible Producers

To qualify for TAP, orchardists and nursery tree growers must:

- suffer qualifying tree, bush or vine losses in excess of 15 percent (adjusted for normal mortality) from an eligible natural disaster for the individual stand;
- have owned the eligible trees, bushes and vines when the natural disaster occurred; however, eligible growers are not required to own the land on which eligible trees, bushes and vines are planted;
- replace eligible trees, bushes and vines within 12 months from the date the application is approved.

Risk Management Purchase Requirement (RMPR)

Orchardists and nursery tree growers must have obtained a policy or plan of insurance for all crops through either the Federal Crop Insurance Act or FSA's Noninsured Crop Disaster Assistance Program (NAP). There are limited exceptions to this rule. Eligible producers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher" do not have to meet this requirement.

Adjusted Gross Income (AGI)

For the 2009 and subsequent program years, producers or legal entities whose average nonfarm AGI exceeds $500,000 are not eligible. For the 2008 program year, producers are not eligible if their average AGI is $2.5 million or greater, unless 75 percent or more of their AGI is from agriculture.

Payment Calculation

For tree, bush or vine replacement including replanting and the cost of seedlings, the payment calculation is the lesser of the following:

- 70 percent of the actual cost of the practice, or
- the amount calculated for each practice using the established rates.

For salvaging existing trees, bushes or vines—including the costs of pruning, removal, or other costs—the payment calculation is the lesser of the following:

- 50 percent of the actual cost of the practice, or
- the amount calculated for each practice using the established rates.

Payment Limitations

For 2009 through 2011 TAP payments, no person or legal entity may receive, directly or indirectly, more than $100,000 per program year. TAP payments for 2008 are limited per "person" according to payment limitation rules in effect for 2008. The cumulative total quantity of acres planted to trees, bushes or vines for which a producer can receive TAP payments cannot exceed 500 acres during the period of Jan. 1, 2008 and Sept. 30, 2011.

Signup Period

Orchardists and nursery tree growers may apply to receive TAP benefits at local FSA county offices beginning May 10, 2010, for losses suffered during calendar years 2008 and 2009, and for losses suffered during Jan. 1, 2010, to May 7, 2010.

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TAP - Tree Assistance Program

May 2010

The following table provides the final dates to submit a TAP application and supporting documentation:

Date of Loss	Final Date to Submit an Application and Supporting Documentation
Calendar Year 2008	July 6, 2010
Calendar Year 2009	July 6, 2010
Jan. 1, 2010 to May 7, 2010	July 6, 2010
May 8, 2010 to Sept. 30, 2011	Within 90 calendar days from the later of the disaster event or the date when the loss of trees, bushes or vines is apparent.

More information on TAP is available at local FSA county offices and on FSA's website: www.fsa.usda.gov/tap

FSA
FARM SERVICE AGENCY

2011 Montana Farmer & Rancher FSA Handbook

Farm Loan Programs

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

August 2010

Conservation Loan Program (CL)

Overview

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes and guarantees conservation loans to promote conservation on farms and ranches throughout the United States to conserve our natural resources.

Many farmers who need and want to implement conservation measures on their land do not have the "up front" funds available to implement these practices.

The goal of FSA's Conservation Loan (CL) program is to provide farmers access to credit to implement these practices.

Unlike FSA's traditional farm ownership and operating loan programs that are targeted toward smaller and less financially established farmers, eligibility requirements are expanded to permit the agency to provide assistance to some applicants who may be large and financially strong.

FSA Conservation Loan Program

CL funds can be used to implement a conservation practice approved by the Natural Resources and Conservation Service (NRCS), such as to reducing soil erosion, improving water quality and promoting sustainable and organic agricultural practices. This would 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; adaptation of other emerging or existing conservation practices, techniques or technologies.

Interested applicants who do not already have NRCS-approved conservation plans should work with the local NRCS staff to develop a conservation plan, including all applicable conservation practices. New or existing conservation plans must be NRCS approved before FSA can provide financing.

Rates and Terms

Those interested may apply for direct CLs with loan limits up to $300,000 at local FSA offices. In addition, 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.

Interest rates on guaranteed CLs will vary, but may not exceed the rate charged the lender's average farm customer. For direct CLs, the interest rate will be the direct loans rate in effect (for farm ownership loans) either at the time of loan approval, or loan closing. These rates are available at the local FSA office.

Terms will vary and will be based on the life of the security offered, but not to exceed 20 years for real estate security and seven years for chattel property. CLs must be fully secured and can only be approved for those who have the ability to repay them.

Streamlined CLs

For those applicants with a strong financial position, paperwork requirements can be significantly reduced. The streamlined application process reduces paperwork for applicants, lenders and FSA staff by eliminating the requirement to provide a cash flow and its supplementary documentation.

To submit a streamlined CL application, the applicant must: be current on payments to all creditors; have a debt-to-asset ratio of 40 percent or less; have a minimum Fair Isaac Corporation (FICO) score of 700; have a net worth of at least three times the loan amount; and not have received FSA primary loan servicing within the past five years.

FACT SHEET

Conservation Loan Program (CL)

August 2010

For More Information and Eligibility Criteria

Additional information may be obtained at local FSA offices or through the FSA website at www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2011

Farm Loans

Overview

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes and guarantees loans to family farmers and ranchers to promote, build and sustain family farms in support of a thriving agricultural economy. FSA maintains its headquarters in Washington, DC, with offices located in each state, usually in a state capital or near a state land-grant university, as well as in most agriculturally productive counties. Farmers may apply for direct loans at local FSA offices. Guaranteed loans may be available from local commercial lenders who apply for loan guarantees from FSA. Although general information may be obtained from headquarters and state offices, all programs are administered through local offices.

The goal of FSA's farm loan programs is to graduate its borrowers to commercial credit. Once a farmer is able to obtain credit from the commercial lending sector, the Agency's mission of providing temporary, supervised credit is complete.

FSA Farm Loans

FSA's loan programs are designed to help family farmers obtain loans and loan guarantees, and conduct business planning. In many cases, these are beginning farmers who need additional financial and business acumen to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural disasters, or who need additional resources with which to establish and maintain profitable farming operations.

Some farmers obtain their credit needs through the use of loan guarantees. Under a guaranteed loan, a commercial lender makes and services the loan, and FSA guarantees it against loss up to a maximum of 90 percent in most cases. In certain limited circumstances, a 95 percent guarantee is available. FSA has the responsibility of approving all eligible loan guarantees and providing oversight of lenders' activities.

For those not yet meeting the qualifications for a loan guarantee from a commercial lender, FSA also makes direct loans, which are serviced by an FSA official. FSA has the responsibility of providing credit counseling and supervision to its direct borrowers by making a thorough assessment of the farming operation. The Agency helps applicants evaluate the adequacy of the real estate and facilities, machinery and equipment, financial and production management, and the farmer's goals. FSA assists the applicant in identifying and prioritizing areas needing improvement in all phases of the operation. An FSA official then works one-on-one with the farmer to develop and to help strengthen the identified areas that ultimately result in the farmer's graduation to commercial credit.

Unlike FSA's commodity loans, most farm loans must be fully secured and can only be approved for those who have repayment ability.

Farm Ownership Loans

Eligible applicants may obtain direct loans up to a maximum indebtedness of $300,000. Maximum indebtedness for guaranteed loans is $1,119,000 (amount adjusted annually for inflation). The maximum repayment term is 40 years for both direct and guaranteed farm ownership loans. In general, loan funds may be used to purchase a farm, enlarge an existing farm, construct new farm buildings and/or improve structures, pay closing costs, and promote soil and water conservation and protection.

Farm Operating Loans

Eligible applicants may obtain direct loans for up to a maximum indebtedness of $300,000, and guaranteed loans for up to a maximum indebtedness of $1,119,000 (amount adjusted annually for inflation). The repayment term may vary, but typically it will not exceed seven years for intermediate-term purposes. Annual operating loans are generally repaid within 12 months or when the commodities produced are sold. In general, loan funds may be used for normal operating expenses, machinery and equipment, real estate repairs, and refinancing debt.

Targeted Funds to Socially Disadvantaged and Beginning Farmers

Each year Congress targets a percentage of farm ownership and farm operating loan funds to socially disadvantaged (SDA) and beginning farmers. For more information, refer to the FSA Fact Sheet, "Loans for Socially Disadvantaged Farmers."

Downpayment Program

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

To qualify:

■ The applicant must make a cash down payment of at least 5 percent of the purchase price.

■ The maximum loan amount does not exceed 45 percent of the least of (a) the purchase price of the farm or ranch to be acquired; (b) the appraised value of the farm or ranch to be acquired; or (c) $500,000 (Note: This results in a maximum loan amount of $225,000).

■ The term of the loan is 20 years. The interest rate is 4 percent below the direct FO rate, but not lower than 1.5 percent.

■ The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.

■ Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

Rural Youth Loans

These are available as direct loans only and have a maximum loan amount of $5,000. Rural youth loans may be made to individuals who are sponsored by a project advisor, such as a 4-H Club, FFA or local vocational instructor. Individuals must be at least 10 but not more than 20 years old to be eligible and reside in a town or city with a population of 50,000 or fewer people.

Emergency Loans

These loans are available only as direct loans from FSA. Emergency Loans assist farmers who have suffered physical or production losses in areas declared by the President as disaster areas or designated by the Secretary of Agriculture as disaster or quarantine areas (for physical losses only, the FSA Administrator may authorize Emergency Loan assistance). For production loss loans, applicants must demonstrate a 30 percent loss in a single farming or ranching enterprise. Applicants may receive loans up to 100 percent of production or physical losses.

Loan purposes include operating and real estate, restoring/replacing essential property, production costs for disaster year, essential family living expenses, reorganization and refinancing certain debts.

The maximum indebtedness under the Emergency Loan program is $500,000.

Loan Servicing and Supervised Credit

FSA's mission is not limited to providing just credit - it is to provide supervised credit. This means that FSA works with each direct loan borrower to identify specific strengths and opportunities for improvement in farm production and management, and then works with the borrower on alternatives and other options to address the areas needing improvement to achieve success. Learning improved business planning and financial acumen through supervised credit is the difference between success and failure for many farm families.

To help keep borrowers on the farm, FSA may be able to provide certain loan servicing benefits to direct loan borrowers whose accounts are distressed or delinquent due to circumstances beyond their control. These benefits include:

■ Reamortization, rescheduling, and/or deferral of loans;

■ Rescheduling at the Limited Resource (lower interest) rate;

■ Acceptance of conservation contracts on environmentally sensitive land in exchange for reduction of debt; and

■ Writing down the debt (delinquent borrowers only).

If none of these options results in a feasible farm operating plan, borrowers may be offered the opportunity to pay off their debt at the current market value of the security. If this is not possible, other options include:

■ Debt settlement based on inability to repay.

■ In some cases, where a feasible plan of operation cannot be developed, FSA works with commercial lenders to help him or her retain the homestead and up to 10 acres of land.

Farms that come into FSA ownership are sold at market value, with preference given to socially disadvantaged and beginning farmers.

Who May Borrow

To qualify for assistance, applicants must meet all loan eligibility requirements including:

■ Be a family-size farmer;

■ Have a satisfactory history of meeting credit obligations;

■ For direct OL loans, have sufficient education; training, or at least 1-year's experience in managing or operating a farm or ranch within the last 5 years. For direct FO loans, applicants must have participated in the business operations of a farm or ranch for 3 years;

■ Be a citizen of the United States, including Puerto Rico, the U. S. Virgin Islands, Guam, American Samoa, and certain former Pacific Island Trust Territories, a U.S. non-citizen national, or a qualified alien under federal immigration law;

■ Be unable to obtain credit elsewhere at reasonable rates and terms to meet actual needs;

■ Possess legal capacity to incur loan obligations;

■ Not be delinquent on a Federal debt;

■ Not have caused FSA a loss by receiving debt forgiveness (certain exceptions apply) and;

■ Be within the time restrictions as to the number of years they can receive FSA assistance.

In the case of an entity, certain eligibility requirements apply. The entity must:

■ Meet applicant eligibility requirements;

■ Be authorized to operate a farm or ranch in the State where the actual operation is located and;

■ Be owned by U.S. citizens, U.S. non-citizen nationals or qualified aliens.

For SDA members, they must hold a majority interest in the entity applicant to receive SDA benefits.

If the individuals holding a majority interest in the entity are related by blood or marriage, at least one stockholder, member, or partner must operate the family farm or ranch. If they are not related by blood or marriage, those holding a majority interest must operate the farm or ranch.

For More Information

Additional information may be obtained at local FSA offices or through the FSA website at www.fsa.usda.gov.

Farm Loan Information

Program	Maximum Loan Amount	Rates and Terms	Use of Proceeds
Direct Farm Ownership	$300,000	➢ Up to 40 years (depends on security and repayment ability) ➢ Rates based on Agency borrowing costs ➢ Interest rate 5% if 50% of loan amt. provided by other lender	➢ Purchase land ➢ Construct buildings or other improvements ➢ Soil and water conservation
Beginning Farmer Down Payment Farm Ownership	Lesser of: 45% purchase price or appraised value	➢ Term: 20 years ➢ Interest rate: Farm Ownership rate less 4% with a floor of 1.5% ➢ 5% down payment required	➢ Purchase farm or ranch
Direct Operating	$300,000	➢ From 1 to 7 years (depends on security and repayment ability) ➢ Rates based on Agency borrowing cost ➢ Up to 150% security requirement	➢ Purchase livestock, poultry, equipment, feed, seed, farm chemicals, and supplies ➢ Soil and water conservation ➢ Refinancing indebtedness with certain limitations
Direct Emergency	100% actual physical losses or $500,000 maximum program indebtedness	➢ From 1 to 7 years for non-real estate purposes ➢ Up to 40 years for physical losses on real estate ➢ Interest rate: 3.75%	➢ Restore or replace essential property ➢ Pay all or part of production costs associated with the disaster year ➢ Pay essential family living expenses ➢ Reorganize the farming operation ➢ Refinancing indebtedness with certain limitations
Guaranteed Operating	$1,119,000 (Amount adjusted annually for inflation)	➢ From 1 to 7 years (lenders decision) ➢ Rates not to exceed those lenders charge average farm customers ➢ Interest rate reduction of 4% available for those unable to repay at regular rates (with certain limitations)	➢ Same as Direct Operating except loan may be used to refinance debts
Guaranteed Farm Ownership	$1,119,000 (Amount adjusted annually for inflation)	➢ Up to 40 years (lenders decision) ➢ Rates not to exceed those lenders charge average farm customers	➢ Same as Direct Farm Ownership except loan may be used to refinance debts

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

How to Complete an FSA Loan Application-

According to the 2008 Farm Bill

Overview

This fact sheet provides step-by-step instructions on the forms and other information that farmers, ranchers, and other agricultural producers need to apply for a direct farm loan with the Farm Service Agency (FSA). FSA must follow all relevant federal credit, environmental, and debt collection laws and policies when making farm loans.

Use of Loan Funds

Before applying for an FSA farm loan, producers should make sure their intended use of loan funds falls within FSA guidelines. Loan funds can be used by family farmers, ranchers, and others to:

- Refinance certain debts;
- Pay normal operating and family living expenses; and
- Purchase farmland, livestock, equipment, feed, and other materials essential to farm operations.

FSA loans **cannot** be used to refinance personal debts, buy personal vehicles, or start and operate non-farm businesses. Applicants with questions about whether an FSA farm loan meets their needs can contact their local FSA office or USDA Service Center.

Applying for a Loan

Applicants who need help in gathering information or completing forms should contact their local FSA office. FSA employees will help applicants understand what information is needed, where to find it or who to contact to get it. In some areas, FSA can arrange for an outside organization to help the applicant gather the information and complete the forms. If available, this help is provided at no cost to the applicant. Providing all the information in the following three steps will help the loan application process flow smoothly. (***Please note that other information may be required depending on each individual situation***.)

Step 1 – Fill Out Forms

Gather and fill out the following forms:

- Form FSA-2001, "Application for Direct Loan Assistance," or FSA-2301, "Request for Youth Loan". If the applicant is a cooperative, corporation, partnership, joint operation, trust, or limited liability company, additional information will be required of each member of the group. Producers will need to discuss their business structures with an FSA loan official;
- Proof that the applicant and each member of an entity cannot obtain sufficient credit elsewhere, at reasonable rates and terms, including a loan guaranteed by the agency. A rejection letter from a bank or other local lending institution serves as proof and may or may not be necessary depending on the applicant's financial situation;
- FSA-2002, "Three-Year Financial History, or copies of financial records for the past three years – including income tax records;
- Form FSA-2003, "Three-Year Production History," or alternate documents that provide the information collected on this form, will be used to provide production history for the past three years. If the applicant has been farming less than five years, the applicant can provide records for the years that he/she was involved in farm activity;
- Form FSA-2004, "Authorization to Release Information," to authorize employers, financial institutions, and creditors to verify and provide information in connection with the submission of your application;

- Form-FSA-2005, "Creditor List," will be used to gather creditor information from applicants;
- Form FSA-2007, "Statement Required By the Privacy Act," if needed, to allow FSA to request information on a non-applicant whose income is included in the loan request;
- For FSA 2037 "Farm Business Plan Worksheet-Balance Sheet";
- Form FSA 2038 "Farm Business Plan Worksheet-Projected Income and Expense";
- Form FSA-2014, "Request for Verification of Employment," must be completed and send to the Agency so that it can be mailed to the applicant's employer by FSA;
- FSA-2015, "Verification of Debts and Assets," will be completed and signed and will be mailed to creditors by FSA, and

Step 2 – Provide Additional Information

In addition to forms, a loan applicant must provide FSA with the following information as part of the loan process: (Important Note: If the applicant is already an FSA borrower, this information should be on file with FSA.)

- Applicants will need to provide a credit report fee, which will vary in amount depending on how many individuals are applying and/or the business structure;
- A brief written description of the farm business;
- Form FSA-2302 will provide a brief written description of the applicant's farm training and experience, including employment as an owner, manager, farm management consultant, or operator of a farm business for at least one year;
- Form FSA-2006 will be completed to document leases, contracts, or agreements and their terms and conditions that might affect the operation or that might be important; and
- FSA must determine that a producer's current farm operation complies with regulations governing certain conservation programs. The local FSA office can assist the applicant with meeting this requirement. Form RD 1940-20, "Request for Environmental Information," must also be completed.

Step 3 – Contact FSA

- After completing the required paperwork, an applicant should contact his/her local FSA office or USDA Service Center to schedule an appointment with a farm loan official to submit the farm loan application. (**Important:** *Applicants who are having problems gathering information or completing forms should immediately contact FSA for help*.)

Emergency Loans

If a producer is applying for an emergency loan based on losses in an area that has been designated an agriculture disaster, he/she should fill out the following forms:

- Form FSA-2309, "Certification of Disaster Losses"; and
- Form FSA-2310, "Lender's Verification of Loan Application."

Actual Production History (APH) yields for the past three years must be established by a producer's crop insurance company and will be used to calculate losses. If APH yields are not available, three years of production history will be used.

Obtaining Forms

FSA forms can be obtained from your local FSA office or by logging on to the Montana FSA website at: http://www.fsa.usda.gov/mt and clicking on "Online Services" and next clicking on "eForms," or by accessing: http://forms.sc.egov.usda.gov/eforms/mainservlet

What Happens After a Loan Application is Submitted?

After a loan application is submitted, FSA reviews the application and determines if the applicant is eligible for a loan. The applicant will receive written notification of each step in the process such as when the application is received, when more information is needed, and when a final decision is made on the application. If the application is approved, FSA makes the loan and the loan applicant receives the funds. If the application is denied, the applicant will be notified in writing of the specific reasons for the denial, and provided reconsideration and appeal rights.

For more information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt

Farm Service Agency

Fact Sheet December 2006

United States Department of Agriculture

Farm Loan Programs Funding Frequently Asked Questions

Someone at the FSA office told me the loan program I need to apply for is out of money. Why does FSA run out of money?

Each year Congress appropriates money for FSA farm loans as part of the USDA budget. The funds are appropriated for the Government's fiscal year, which runs from October 1 until September 30 of the following year. The amount of money appropriated by Congress does not always meet the demand for loan funds and the Agency may run out of money for some programs.

The local office tells me they are out of loan money. But I know people in other areas are getting loans. How can this be?

Each year, when FSA receives loan money in the budget, every State receives an allocation of money from the Agency. So, one State can deplete its funds and be out of money while other States are still funding loans.

What does FSA do when States start running out of money in loan programs?

When funds in a loan program start to run low and many States are out of money, the Agency will usually pool funds. Pooling means taking all of the unused loan money from the States and placing it in a National Headquarters pool. By pooling, FSA is able to move money from areas where it is not being used to areas where it is needed. If there is enough left, the money will be redistributed to States. If there isn't much left, the money will be held at the national office, and States can request funding on a loan-by-loan basis. Pooling of unused loan funds most commonly happens in the spring.

What happens when an FSA loan program is out of money?

Congress may pass a supplemental appropriations bill to make additional money available. If Congress does not appropriate additional money, loans cannot be funded until the next fiscal year when new appropriations become available.

How does FSA allocate money to the States to make loans?

The Agency allocates money based upon the potential need for it. Money is allocated to States based upon the number of farmers in each State, the value of farm assets and net farm income. The biggest factor in dividing the money among the States is the number of farmers in each State. The loan volumes of previous years are sometimes considered as well. FSA does not allocate emergency loan money to States because it is impossible to predict the occurrence of natural disasters or declarations of quarantines. Instead, FSA makes money available for loans when a natural disaster or quarantine is declared. Emergency loan money is available on a first-come, first-served basis.

Is any of the money targeted or reserved for use by specific groups of farmers?

Yes. FSA reserves loan money for two specific categories:

Under-represented groups:

The law requires FSA to reserve or target a portion of its direct and guaranteed operating and farm ownership loan funds for use exclusively by socially disadvantaged applicants (SDA).

SDAs are classified in one or more of the following categories: women, African Americans, Native Americans, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders. In the farm ownership loan program, the percentage of loan funds targeted for SDAs is based upon the State percentage of the total rural population made up of SDA groups, and the statewide percentage of total farmers who are female. In the operating loan program, the target is determined by the statewide percentage of total farmers from the SDA minority group, and the statewide percentage of total farmers who are female.

continues ▸

Fact Sheet
Farm Loan Programs Funding - Frequently Asked Questions

December 2006

Beginning Farmers:

The law also requires FSA to reserve or target loan funds for exclusive use by beginning farmers, as follows: Direct Operating, 35 percent; Guaranteed Operating, 40 percent; Direct Farm Ownership, 70 percent; Guaranteed Farm Ownership, 25 percent. Funds remain targeted for beginning farmers in the guaranteed programs until April 1 of each fiscal year. In the direct programs, funds are targeted for beginning farmers until September 1 of each fiscal year.

When a loan program is out of money, should I still apply for a loan?

Yes!! Even when money has run out for a loan program, FSA still accepts, processes, and approves loan applications. Approved loans are held until money becomes available. Loans are funded in a dated order, based on the date the application was received. Submitting an application sets your place in the waiting line for funds, so it is to your advantage to apply for a loan even when there is no money available.

My application is approved, but there is no money available. How can I find out where I stand and when there will be money for my loan?

Usually when this happens, the county offices are required to submit information about approved loans to the State office. The State office staff sets up a waiting list for the State using the loan application dates. The county office can tell you if your loan has been sent to the State office and its status for funding.

For More Information

Further information on FSA's loan programs is available from local USDA Service Centers or on the FSA website at: www.fsa.usda.gov.

United States Department of Agriculture

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Indian Tribal Land Acquisition Program

According to the 2008 Farm Bill

Overview

The Farm Service Agency (FSA), an agency of the U.S. Department of Agriculture, extends credit to Indian Tribes or Tribal corporations that do not qualify for standard commercial loans to purchase land within their own reservation or Alaskan community. Nationwide, $2 million has been authorized for the Indian Tribal Land Acquisition Program each year the program has been in existence. However, funding levels for FY 2011 have not been established.

Eligibility Requirements

Native American Tribes must meet the following eligibility requirements to be eligible for an **ITLAP** loan:

• The application must be submitted on form FSA-2620 *(Indian Land Acquisition Program Application)* and be signed by the Tribe's or Tribal Corporation's authorized representative.
• An acceptable option to purchase or purchase agreement for land to be purchased with the loan funds must be provided along with the loan application.
• The Tribe must show funding from other sources is not available to purchase the real estate. Documents to be furnished include: 1) a current financial statement; 2) a projected cash flow statement; and 3) the past 3 years financial statements and cash flow statements.
• The land must be located within the Tribe's reservation for use by the members of the Native American Tribe or Tribal Corporation.
• The Tribe must provide at least 3 letters from outside lenders, one of which will be from the Bureau of Indian Affairs (BIA), stating funding has been denied to the Tribe.
• A feasibility plan for the use of lands and a method of repayment of the loan funds must be provided.
• The Tribe must be in good standing with all Federal Agencies and not subject to a judgment lien against the Tribe's property due to a debt to the United States.
• The Tribe must not have received a write-down on any other loans within the past 5 years.
• The amount of the loan funds must not exceed the market value of the land determined by the current appraisal.

What the Loan Funds May be Used For

• Purchase of land located within the Tribe's reservation which will be used for the benefit of the Tribe or its members;
• Title clearance, legal services, land surveys, and loan closing;
• Refinance preexisting debts other than from the United States Department of Agriculture which were incurred from land purchases; and
• Pay for the cost of an appraisal.

What the Loan Funds May Not Be Used For

• Land improvements or development purposes;
• Acquisition or repair of buildings or personal property;
• Operating costs;
• Finder's fees, or similar costs; and
• Projects that will contribute to excessive erosion of highly erodible land or for the conversion of wetlands to produce an agriculture commodity.

Funding

Loan approval is subject to the availability of funds and will be funded based on the date FSA approves the application. Loans terms can be up to 40 years from the date the loan application is closed. The interest rate will be fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date.

Security for the Loan

An assignment of Tribal income will be taken as security to ensure repayment of the loan. A mortgage or deed of trust on the land to be purchased will be taken as security for the loan.

For More Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: http://www.fsa.usda.gov/mt

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

November 2010

Loans for Beginning Farmers and Ranchers

Overview

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) makes and guarantees loans to beginning farmers who are unable to obtain financing from commercial lenders. Each fiscal year, the Agency targets a portion of its direct and guaranteed farm ownership (FO) and operating loan (OL) funds to beginning farmers.

A beginning farmer is an individual or entity who (1) has not operated a farm for more than 10 years; (2) meets the loan eligibility requirements of the program to which he/she is applying; (3) substantially participates in the operation; and, (4) for FO purposes, does not own a farm greater than 30 percent of the median size farm in the county. (Note: all applicants for direct FO loans must have participated in the business operation of a farm for at least 3 years.) If the applicant is an entity, all members must be related by blood or marriage, and all members in a corporation must be eligible beginning farmers.

Maximum Loan Amounts

- Direct FO or OL: $300,000;
- Guaranteed FO or OL: $1,119,000 (Amount varies annually based on inflation).

Downpayment Program

FSA has a special loan program to assist socially disadvantaged and beginning farmers in purchasing a farm. Retiring farmers may use this program to transfer their land to future generations.

To qualify:

- The applicant must make a cash down payment of at least 5 percent of the purchase price.
- The maximum loan amount does not exceed 45 percent of the least of (a) the purchase price of the farm or ranch to be acquired; (b) the appraised value of the farm or ranch to be acquired; or (c) $500,000 (Note: This results in a maximum loan amount of $225,000).
- The term of the loan is 20 years. The interest rate is 4 percent below the direct FO rate, but not lower than 1.5 percent.
- The remaining balance may be obtained from a commercial lender or private party. FSA can provide up to a 95 percent guarantee if financing is obtained from a commercial lender. Participating lenders do not have to pay a guarantee fee.
- Financing from participating lenders must have an amortization period of at least 30 years and cannot have a balloon payment due within the first 20 years of the loan.

Sale of Inventory Farmland

FSA advertises inventory property within 15 days of acquisition. Eligible SDA and beginning farmers are given first priority to purchase these properties at the appraised market value. If one or more eligible SDA or beginning farmer offers to purchase the same property in the first 135 days, the buyer is chosen randomly.

Joint Financing Arrangement

Beginning farmers may choose to participate in a joint financing arrangement. With this arrangement, FSA lends up to 50 percent of the amount financed, and another lender provides 50 percent or more. The interest rates can be obtained from your local FSA office and the term of the loan will not exceed 40 years or the useful life of the security.

Where to Apply

Applications for direct loan assistance may be submitted to the local FSA office serving the area where the operation is located. Local FSA offices are listed in the telephone directory under U.S. Government, Department of Agriculture or Farm Service Agency. For guaranteed loans, applicants must apply to a commercial lender who participates in the Guaranteed Loan Program. Contact your local FSA office for a list of participating lenders.

For More Information

Further information about this and other FSA programs is available from local FSA offices or on the FSA website at: www.fsa.usda.gov.

USDA

United States Department of Agriculture

FSA FARM SERVICE AGENCY

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE January 2011
FARM SERVICE AGENCY

Loans for Socially Disadvantaged Persons

According to the 2008 Farm Bill

FarmLoanPrograms FARM SERVICE AGENCY

Here's What's New:

- Direct Farm Ownership or Operating Loans increased to $300,000
- Direct loans available for up to 45 % of the purchase price of a family-sized farm
- First priority along with beginning farmer and rancher to purchase FSA inventory property

Overview

The Farm Service Agency (FSA) can make and guarantee loans to socially disadvantaged applicants to buy and operate family farms and ranches. Funds specifically for these loans are reserved each year. Non-reserved funds can also be utilized.

A socially disadvantaged farmer or rancher is one of a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to their individual qualities.

For purposes of this program, socially disadvantaged groups are: American Indians or Alaskan Natives, Asians, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women.

This program:

- Targets direct and guaranteed loan assistance to socially disadvantaged persons;
- Discovers and removes barriers that prevent full participation of those persons in FSA's farm loan programs; and
- Provides information and assistance to applicants to help them develop sound management practices, analyze problems, and plan the best use of available resources essential for success.

Types of Loans

Direct loans are made to applicants by FSA and include both farm operating and farm ownership loans.

Guaranteed farm loans also may be made for ownership or operating purposes, and may be made by any lending institution subject to Federal or State supervision (banks, savings and loans, and units of the Farm Credit System) and guaranteed by FSA. Some State governments also operate farm loan programs that are eligible for FSA guarantees. Typically, FSA guarantees 90 or 95 percent of a loan against any loss that might be incurred if the loan fails.

Use of Loan Funds

Farm Ownership Loans (FO) may be used to purchase or enlarge a farm or ranch, purchase easements or rights of way needed in the farm's operation, erect or improve buildings, promote soil and water conservation and development, and pay closing costs. Reserved direct farm ownership loan funds can only be used to purchase a farm or ranch. Guaranteed farm ownership funds may also be used to refinance debt.

Farm Operating Loans (OL) may be used to purchase livestock, poultry, farm equipment, feed, seed, fuel, fertilizer, chemicals, hail and other crop insurance, food, clothing, medical care, and hired labor. Funds also may be used to refinance debt and to install or improve water systems for home use, livestock or irrigation, and other improvements.

Who May Borrow

Individuals and entities primarily and directly engaged in farming and ranching on family-size operations may apply. A family-size farm is considered to be one that a family can operate and manage itself. In addition to being members of a socially disadvantaged group, individual applicants under this program must meet all requirements for FSA's regular farm loan program assistance, including:

- Have a satisfactory history of meeting credit obligations;
- Have sufficient education, training, or at least 1-year's experience in managing or

operating a farm or ranch within the last 5 years for a direct operating loan, or for a direct farm ownership loan applicant must have experience in the operation of a farm or ranch for 3 years;

- Is a citizen of the United States (or a legal resident alien) including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and certain former Pacific Island Trust Territories;

- Be unable to obtain credit elsewhere at reasonable rates and terms to meet actual needs; and

- Possess legal capacity to incur loan obligations.

In the case of an entity, the members holding a majority interest must meet the same eligibility requirements. The entity must be authorized to operate a farm or ranch in the State where the actual operation is located. In addition, U.S. citizens or legal resident aliens must own the entity, and the socially disadvantaged members must hold a majority interest in the entity.

If blood or marriage relates the individuals holding a majority interest in the entity, at least one stockholder, member, or partner must operate the family farm or ranch. If blood or marriage does not relate them, those holding a majority interest must operate the farm or ranch.

Terms and Interest Rates

Repayment terms for direct operating loans depend on the collateral securing the loan and usually run from 1 to 7 years. Interest rates for direct loans are set periodically according to the Government's cost of borrowing. Repayment terms for direct farm ownership loans are up to 40 years depending on security and replacement ability.

Interest rates for guaranteed loans are established by the lender, but may not exceed the rate the lender charges its average farm loan customer. The lender sets guaranteed loan terms.

Getting a Loan

Applications for all FSA direct loan programs are made through local county FSA offices. These are listed in telephone directories under "United States Government, Department of Agriculture."

Guaranteed loan applications are made with the lender. In cases where an applicant does not know a lender, local office personnel will assist the applicant.

How to Apply

For instructions on applying for any FSA loan, please refer to the fact sheet included within this Producer Handbook entitled "***How to Complete an FSA Loan Application***."

For more information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at http://www.fsa.usda.gov/mt

Farm Service Agency

USDA United States Department of Agriculture

Fact Sheet

February 2008

Rural Youth Loans

Overview

The U.S. Department of Agriculture's Farm Service Agency (FSA) makes operating loans of up to $5,000 to eligible individual rural youths age 10 through 20 to finance income-producing, agriculture-related projects. The project must be of modest size, educational, and initiated, developed and carried out by rural youths participating in 4-H clubs, FFA, or a similar organization.

The project must be an organized and supervised program of work. It must be planned and operated with the assistance of the organization advisor, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience in agriculture-related skills.

Who May Borrow

To qualify for a loan, the applicant must:

- comply with FSA's general eligibility requirements;
- reside in a rural area, city or town with a population of 50,000 or fewer people; and
- conduct a modest income-producing project in a supervised program of work.

How Loan Funds May Be Used

These loans can finance many kinds of income-producing agricultural projects. The loan fund may be used to:

- buy livestock, seed, equipment and supplies;
- buy, rent or repair needed tools and equipment; and
- pay operating expenses for the project.

What Details to Know

To apply, the applicant must submit completed plans and budgets signed by the project advisor and parent or guardian along with the FSA application for loan assistance. These loans:

- have a maximum loan amount of $5,000 (total principal balance owed at any one time cannot exceed this amount);
- have an interest rate which is determined periodically, based on the cost of money to the federal government,
  - after the loan is made, the interest rate for that loan will not change;
- will be secured, in addition to promissory notes, by liens on the products produced for sale and on chattel property, including livestock, equipment and fixtures purchased with loan funds; and
- have a repayment schedule which varies depending on the type of project for which the loan is made,
  - for example, if it involves raising livestock or crops, the loan is paid when the animals or produce are normally sold.

For More Information

To apply or find out more, visit your local USDA Service Center. A listing of centers, and more information about youth and other loan programs, are available on the FSA website at http://www.fsa.usda.gov. USDA Service Center offices are also usually listed in telephone directories under "U.S. Department of Agriculture.

FARM SERVICE AGENCY

2011 Montana Farmer & Rancher FSA Handbook

Price Support Programs

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Beneficial Interest Requirements for Marketing Assistance Loans and Loan Deficiency Payments (Excluding Sugar)

Overview

USDA Farm Service Agency (FSA) marketing assistance loans (MALs) provide producers interim financing to store, rather than sell, their commodities when market prices are typically at harvest-time lows. Storing production facilitates more orderly commodity marketing throughout the year. More information on marketing assistance loans is available on or through the FSA fact sheet, ***Nonrecourse Marketing Assistance Loan and Loan Deficiency Payment Program***.

Beneficial Interest Requirements

To be eligible for a MAL or a loan deficiency payment (LDP), producers must have beneficial interest in the commodity, in addition to other requirements. A producer retains beneficial interest when he/she maintains control of and title to the commodity.

For a MAL, the producer must retain beneficial interest in the commodity from the time of planting through either the date the loan is redeemed or the date USDA's Commodity Credit Corporation (CCC) takes title to the commodity.

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-633EZ (page 1) in the FSA county office.

When a producer loses beneficial interest in the commodity, the commodity becomes ineligible for a loan or LDP even if the producer later regains beneficial interest; however, if the buyer rejects the commodity and returns it to the producer, the producer will regain beneficial interest and the commodity will once again become eligible for a loan or LDP.

Control of Commodity

A producer controls the commodity when he/she retains the ability to make all decisions affecting the commodity, including movement, sale and the request for and repayment of a loan or LDP.

Events Causing Loss of Beneficial Interest

Producers lose beneficial interest in a commodity when the earliest of one of the following events occurs:

- The producer obtains a payment for the commodity (without option to purchase);
- The date the commodity is invoiced from the buyer;
- The commodity is loaded from farm storage bins or other bins for shipment to the buyer regardless of who pays for the delivery;
- The commodity is loaded for shipment from the warehouse to the buyer regardless of who pays for the delivery, or;
- The buyer or agent receives delivery of warehouse receipts.

Commodity Title

A producer has title to the commodity if he/she has not sold or delivered the commodity, including delivering warehouse receipts.

Deceased Producers

Upon a producer's death, beneficial interest in the commodity passes to:

- The producer's estate;
- The producer's heirs or;
- A person to whom title has passed by state law.

The same terms and conditions that applied to the deceased producer apply to the new producer.

Selling Equity

If a producer receives any payment that gives the buyer a share of the commodity's equity, the commodity immediately becomes ineligible for a loan or LDP. If a producer sells any equity in the commodity after pledging it as loan collateral, CCC requires the producer to repay all principal, fees and interest.

Purchased Commodities

A producer who purchases or otherwise acquires a commodity from another producer does not hold beneficial interest in that commodity, whether the purchase or acquisition is made before or after harvest. CCC will make an exception if, before harvest, a producer obtains title to the growing commodity and the risk of producing the commodity at the same time he/she obtains title to the land where the commodity is growing.

Option-to-Purchase Contracts

An option-to-purchase is an agreement between the producer and buyer, allowing the buyer, at the buyer's option, to enter into a contract to buy the commodity at a later date. The option does not give the buyer any interest in the commodity and expires at a specified time.

If a producer enters into an option-to-purchase contract, the producer retains beneficial interest and can receive a loan or LDP payment if the following provision is written into the contract:

"Notwithstanding any other provision of this option to purchase, title and control the commodity and beneficial interest in the commodity, as specified in [7CFR1421, -1427 or -1434, see below], shall remain with the producer until the buyer exercises this option to purchase the commodity. This option to purchase shall expire, notwithstanding any action or inaction by either the producer or the buyer, at the earlier of: (1) the maturity of any Commodity Credit Corporation loan which is secured by such commodity; (2) the date the Commodity Credit Corporation claims title to such commodity; or (3) such other date as provided in this option."

The applicable Code of Federal Regulations references are:

- 7CFR1421 (wheat, feed grains, oilseeds, rice and farm-stored peanuts);
- 7CFR1427 (cotton), or;
- 7CFR1434 (honey).

Sales Contracts and Loss of Beneficial Interest

Sales contracts (including advance sales contracts, contracts to sell, price-later contracts and contracts for future delivery) give the buyer an interest in the commodity at a time set forth in the contract or implied by law.

In many cases, deferred price, price-forward or price-later contracts allow producers to select the sales price of the commodity at the time the contract is entered into, or at later dates.

Producers under these contracts will be considered to have:

- Beneficial interest in the commodity, if there are no restrictive or contradictory clauses within the contract that may cause the producer to lose beneficial interest in the commodity until the earlier of the date payment is received or the commodity is applied in fulfillment of the contract, or;
- Lost beneficial interest at a specific time, if the contract states that ownership or title in the commodity transfers at the time the commodity is priced, date of signing the contract or the date the commodity is delivered.

A producer loses beneficial interest when he/she receives a payment in return for a sales contract. In addition, a producer loses beneficial interest upon signing any contract containing clauses that restrict the producer's decision to obtain a loan or LDP. Such clauses include:

- The buyer requires the producer to obtain a loan or LDP, or;
- The producer may obtain a loan or LDP only with the buyer's prior approval.

The producer must have sole discretion to make marketing decisions.

Seed Contract Producers

Seed can be pledged as loan or LDP collateral if it was produced under a contract where the buyer retains title to the seed and provides the seed to the producer. This includes contracts for hybrid and other specialty seeds. Beneficial interest is lost the earlier of the date:

- The producer receives payment for the commodity; or
- The commodity is delivered to the seed contract company.

MAL and LDP Open Storage Policy

Producers who deliver commodities to a federally- or state-licensed warehouse and the commodity is placed in open storage must be able to receive, from the warehouse a negotiable warehouse receipt or other form of acceptable production evidence, if requested.

Unapproved Facilities

A producer loses beneficial interest and becomes ineligible for a loan or LDP on the date his/her commodity is delivered to a facility that is not federally or state-licensed. In addition, a producer loses beneficial interest if his/her commodity is commingled at a facility (not federally or state-licensed) with other producers' commodities, unless state or federal law authorizes commingling.

Feedlot, Feedyard, or Grain Bank

If the commodity is delivered to, but not limited to, a feedlot, feedyard, dairy, pit, poultry facility or grain bank, beneficial interest in the commodity is considered to be lost at the time of delivery, unless other events cause beneficial interest to be lost before delivery.

Loans and LDPs Subject to CCC Determination

CCC has the right to determine producers' eligibility for a loan or LDP, based on a review of an option to purchase or a sales contract involving the commodity.

For More Information

For more information about FSA and FSA programs, visit a local FSA office, USDA Service Center or online at http://www.fsa.usda.gov.

A PDF version of this fact sheet is posted online at: http://www.fsa.usda.gov/Internet/FSA_File/benint11.pdf.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

August 2010

Commodity Operations

Background

The Farm Service Agency's (FSA) Commodity Operations mission area handles acquisition, procurement, storage, disposition, and distribution of agriculture program commodities, and administration of the U.S. Warehouse Act (USWA). It helps achieve domestic farm program price support objectives, produces a uniform regulatory system for the storage of agricultural products, and ensures the timely provision of food products for domestic and international food assistance programs and market development programs.

Overview

The office of the Deputy Administrator for Commodity Operations (DACO) is responsible for delivering quality products and customer service in storage, handling, and final distribution of agricultural products. DACO personnel are involved in the storage, management and disposition of the Bill Emerson Humanitarian Trust that is used to meet humanitarian needs abroad.

Commercial warehouse operators, either regulated by USWA or who store commodities pledged as collateral for Commodity Credit Corporation's (CCC) marketing assistance loans, or who are owned by CCC, are required to meet certain financial standards and maintain physical warehouse facilities capable of handling and storing agricultural products. These warehouses are examined to ensure that requirements are fulfilled.

The Kansas City Commodity Office (KCCO) provides price discovery mechanisms for commodity operations in bulk grains, cotton, oilseeds and rice. Each business day, the commodity office tracks 22 commodities in 30 terminal market locations. These terminal market prices are then "backed-off" using a system of localized market differentials to more than 3,000 locations nationwide to provide marketing loan repayment rates for each of the 22 supported commodities.

Commodity Procurement

Commodity procurement includes supplying food assistance through domestic and foreign food aid programs. In fiscal year 2005, approximately 4.5 million metric tons of commodities valued at approximately $1.4 billion were procured and distributed to improve the nutritional welfare of adults and children worldwide.

Commodity Operations is responsible for the procurement, transportation, and disposition of food commodities to fulfill USDA and U.S. Agency for International Development (USAID) program commitments. Private industry works in partnership with USDA and other government agencies to supply the various programs with high-quality, nutritious products that meet program requirements. Commodity Operations is called upon to quickly distribute food from warehouses and sometimes makes special purchases of food as part of disaster relief efforts. Commodity Operations also provides administrative support to USDA's Agricultural Marketing Service (AMS) for processing shipment information and making payments to vendors for commodities procured by that agency.

Under the National School Lunch Act and the Emergency Food Assistance Act of 1983, Commodity Operations provide snutritious foods to school children and others by procuring commodities such as dairy products, processed grain products, peanut products, and vegetable oil for domestic food distribution programs.

When surplus commodities are available, agency personnel aid in the donation of government-owned commodities for use in feeding programs using CCC Charter Act authority for the procurement, distribution, and invoicing of commodities on behalf of USDA's Food and Nutrition Service (FNS) and the Foreign Agricultural Service (FAS). Section 416(b) of the Agriculture Act of 1949 also allows for the donations of eligible commodities held by CCC to countries in need.

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Commodity Operations

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Foreign Humanitarian and Development Assistance Programs

Commodity Operations procures commodities on behalf of USAID and FAS for overseas humanitarian and developmental use.

Program Descriptions

Title I, P.L. 480 provides for government-to-government sales of U.S. agricultural commodities to developing countries on long-term concessional terms.

Title II, P.L. 480 (Food for Peace) provides for the donation of agricultural commodities to meet emergency and nonemergency needs.

Title III, P.L. 480 (Food for Development), when funded, provides for government-to-government grants to support long-term growth in agriculture and related activities in lesser developed countries.

Food for Progress provides U.S. agriculture commodities to developing countries and emerging democracies committed to introducing and expanding free enterprise in the agricultural sector under the Food for Progress Act of 1985.

Section 416(b) authorizes the donation of CCC-owned commodities in surplus of domestic program requirements to carry out programs of assistance in developing and friendly countries under the Agriculture Act of 1949.

The McGovern-Dole International Food for Education and Child Nutrition Program helps promote education, child development and food security for some of the world's poorest children. It provides for donations of U.S. agricultural products, as well as financial and technical assistance, for school feeding and maternal and child nutrition projects in low-income countries.

Dairy Price Support Program

Under the authority of the Agricultural Act of 1949, as amended, national policies and procedures are formulated and administered through the Dairy Price Support Program. In order to stabilize domestic dairy prices as required by law, dairy products are purchased at announced prices under this program. Commodity Operations arranges for warehouse storage, transportation, handling and inspection of the dairy products until the commodities are used in domestic or foreign feeding programs or sold by CCC.

Contract Management and Technical Support Projects

Commodity Operations works closely with other agencies, the private sector and academia groups to develop product specifications that provide domestic and export program recipients with safe, wholesome, nutritious foods equivalent to the best in the industry. In addition, Commodity Operations works closely with academia and the packaging industry to ensure that only food grade packaging is used and types of packaging systems used are cost-effective and adequate for the types of handling expected to occur.

U.S. Warehouse Act

The USWA provides owners storing commodities with reliable protection. It produces a uniform regulatory system for storage of agricultural products, provides for warehouse receipts that are evidence of ownership and can be used as loan collateral, and requires warehouse operators to accept agricultural products for storage without discrimination.

To qualify for a Federal USWA license, a warehouse operator must have a suitable and properly maintained warehouse; have a good business reputation and a minimum net worth; furnish an acceptable bond or other acceptable financial instrument; and employ qualified personnel to weigh, sample, inspect and grade agricultural products stored or handled in the licensed warehouse.

Warehouse/Commodity Examination Operations

Commodity Operations personnel, under the authority of the USWA and the CCC Charter Act, administer licenses and examine warehouses under the USWA, as well as State-licensed and non-licensed warehouses storing CCC-owned commodities or producer-owned commodities that are pledged as loan collateral to CCC. These examiners periodically make unannounced examinations of the storage facilities, commodities stored, and the warehouse operator's records to ensure protection of all depositors, including the U.S. government, against potential losses in the stored agricultural products. The examinations ensure compliance with the USWA and any CCC storage agreements. These onsite examinations provide the foundation for industry-wide confidence in the integrity of USWA warehouse receipts and facilitate the orderly marketing of agricultural products. The examination functions are supported by fees collected from the warehousing industry and CCC.

In addition, because of the integrity of the federal licensing and examinations programs, USWA-approved warehouse receipts issued to depositors are widely accepted by financial institutions as loan collateral. All major commodity exchanges, such as the Chicago Board of Trade and the Kansas City Board of Trade also accept warehouse receipts for value. In fiscal year 2005, Commodity Operation's warehouse examiners performed more than 3,263 warehouse or other types of examinations protecting the assets of CCC and private depositors across the United States.

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UNITED STATES DEPARTMENT OF AGRICULTURE

September 2010

Dairy Indemnity Payment Program (DIPP)

Overview

Under the Dairy Indemnity Payment Program (DIPP), payments are made to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. Payments are made to manufacturers of dairy products only for products removed from the market because of pesticide contamination.

Statutory Authority

DIPP was originally authorized by Public Law 90-484, the Act of August 13, 1968 (7 U.S.C. 4501), and has been extended several times through various appropriation acts, most recently the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-234) that authorizes DIPP through 2012.

Eligibility Requirements

To be eligible to receive DIPP payments, the producer must:

- have produced whole milk that was removed from the commercial market pursuant to the direction of a public agency
- **not** have been responsible for the milk contamination
- **not** have been indemnified for the same loss from another source
- certify compliance with Highly Erodible Land Conservation (HELC) and Wetland conservation (WC) provisions on AD-1026
- submit a completed FSA-373 to the applicable county Farm Service Agency (FSA) office no later than December 31 following the end of the fiscal year in which the loss occurred.

Note: A producer may be eligible if the substance that caused the removal of the milk from the market was:

- registered and approved for use by the Federal Government when it was used
- used according to prescribed directions on the label.

Determining Indemnity

The county committee determines the affected farmer's normal marketing, which are based on the average daily production during the base period.

The indemnity payment to manufacturers of dairy products is calculated by multiplying the fair market value of the product times the amount of product removed from the market minus any salvage value of the product.

The indemnity payment to dairy producers is calculated by multiplying the number of cows milked, times the number of days milk is off the market, times base production in terms of pounds per cow per day, times the farm price for milk less hauling and promotion fees received by the producer.

The producer is eligible for indemnification for the period that begins on the date the milk was officially removed from the market by a public agency and ends on the date the milk was officially reinstated to the market by a public agency. The eligible indemnification period may not extend past the end of a fiscal year (FY) if the producer's milk is still quarantined from the market.

Base and Claim Periods

The base period used to establish base production is the calendar month immediately before the month the milk is removed from the commercial market.

The claim period is the 28-to-32 day period in which the milk was removed from the market. A claim period may cross over into the next month, depending on when the milk would have been marketed. Claim periods do not depend on when the milk would have been produced.

Application Deadline

Affected producers and manufacturers should apply for indemnity payments at their USDA Service Centers or FSA offices. Applications must be filed no later than December 31 following the FY in which the loss occurred. Losses from more than one FY cannot be included on one application form FSA-373

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Dairy Indemnity Payment Program

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Example of Final Filing Date

The following provides an example of the final filing date:

If the loss occurred **on or after October 1, 2009, but by September 30, 2010,** the final filing date to apply is ***December 31, 2010***.

If the loss occurred **on or after October 1, 2010, but by September 30, 2011,** the final filing date to apply is ***December 31, 2011***.

No Double Payments

Producers who receive indemnity payments and then file a successful claim for damages against the party responsible for the contamination must return to FSA within 14 days the lesser of the amount received in:

- an indemnity payment, OR
- a claim against the party responsible for the contamination.

More Information

To find more information about FSA programs, contact your local FSA office or USDA Service Center, or visit the FSA on the World Wide Web at http://www.fsa.usda.gov.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2009

Electronic Loan Deficiency Payments

Overview

The U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) electronic Loan Deficiency Payment Service (eLDP) is an Internet-based service allowing producers to request LDPs online and, in most cases, receive approval and payment by direct deposit within 48 hours. eLDPs are available to eligible producers in all 50 States and are offered as an additional option to producers requesting a loan deficiency payment (LDP). LDP benefits remain available at local FSA Service Centers. However, eLDP services provide greater flexibility to producers who conduct business online and want to avoid travel time and expense to and from the local FSA office.

How eLDPs Work

USDA provides eLDP services in a secure online environment that protects participants' privacy through stringent security measures. All participating customers will have an eLDP Customer Profile set up through a software application that validates their farming and crop information. Local FSA Service Centers will maintain Customer Profiles for accuracy. Customer Profile information is provided by the customer and verified by farm records stored in the local FSA Service Center.

FSA's eLDP customers can use a personal computer to submit an eLDP application. After the eLDP is approved by USDA, the payment is automatically routed by electronic funds transfer to the customer's bank account.

The eLDP process is available 24/7, except during routine backup and maintenance periods. The applicable LDP rate is based upon the rate in effect on the application date for the location of the stored commodity or the rate in effect for delivered quantities.

Customer Eligibility

To be eligible for eLDPs, customers must:

- Be in compliance with all annual eligibility requirements for marketing assistance loans and LDPs;
- Complete and submit form CCC-633 EZ, "Loan Deficiency Payment (LDP) Agreement and Request, page 1" at their local FSA Service Center;
- Have a valid e-mail address;
- Have an active USDA eAuthentication Level 2 account; and
- Produce and harvest an eligible loan commodity.

The CCC-633 EZ, page 1 indicates the producers' intent to request LDP benefits and must be received by mail or fax in the FSA Service Center before the producer loses beneficial interest in the commodity. The CCC-633 EZ, page 1 is not considered a complete LDP request. To obtain the eLDP benefit, the producer must either request the eLDP online or submit a CCC-633 EZ, page 2, 3 or 4, as applicable.

Commodity Eligibility

Eligible loan commodities include:

- barley;
- canola;
- chickpeas (small and large starting with the 2009 crop);
- corn;
- crambe;
- dry peas;
- flaxseed;
- grain sorghum;
- hay (eligible for LDP only)
- honey;
- lentils;
- mohair;
- mustard seed;
- oats;
- peanuts;
- rapeseed;
- rice (long and medium);
- safflower;
- silage (eligible for LDP only)
- soybeans;
- sunflower oil;
- sunflower seed;

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Electronic Loan Deficiency Payments

March 2009

- upland cotton
- wheat;
- wool; and
- unshorn pelts (eligible for LDP only).

Customer Profiles

eLDP Customer Profiles are available for the following:

- Common Customers are individuals, corporations, limited-liability partnerships, limited-liability companies or limited partnerships, trusts, and estates;
- General Partnerships; and
- Joint Ventures with a tax identification number.

Before an eLDP application can be submitted, a Customer Profile must be established in the county where an eLDP is requested. Customer Profiles are updated each crop year to reflect updated eligibility and commodity information. Producers are encouraged to submit the CCC-633 EZ, page 1 prior to harvest if they plan to submit eLDPs.

FSA Service Centers will create and maintain Customer Profiles. The Customer Profile will include:

- Customer and commodity eligibility;
- Customer available payment limitation for eLDP; and
- Customer's (producer's) reasonable production, by commodity.

Customer Profiles will be updated over time by the customer's FSA Service Center whenever existing Customer Profile entries change. Customers are responsible for contacting the Service Center when a change to the profile is necessary.

Accessing Application Forms for Participation

Customers can request eLDP services by completing form CCC-633 EZ, page 1 online at www.sc.egov.usda.gov or at FSA or USDA Service Centers.

The eAuthentication Level 2 access can be obtained by completing the online process for approval at: www.eauth.egov.usda.gov.

Background on LDPs

USDA's Commodity Credit Corporation (CCC) makes available nonrecourse marketing assistance loans for certain commodities. CCC establishes loan rates for these commodities annually at the national level, and adjusts the rates locally. Marketing loans provide interim financing for eligible producers, allowing them to store their crops at harvest (when prices tend to be low), then market their crops when prices rise.

Under certain circumstances, when applicable loan rates are greater than the posted county or announced national market price for eligible loan commodities, producers can repay loans at the announced applicable market price amount, without interest.

Alternatively, a producer may be eligible for and choose to receive an LDP in lieu of securing a marketing loan. An LDP is the difference between the loan rate at a given location and the announced market price for the applicable commodity. FSA provides marketing assistance loans and LDPs on behalf of CCC.

Marketing loans and LDPs help ensure an orderly distribution of commodities to the market throughout the year and prevent delivery of commodities as loan collateral to USDA. More information on marketing loans and LDPs is available in the FSA fact sheet "Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments."

For More Information

More information on the eLDP services and LDPs is available from local FSA Service Centers and FSA's Web site at: http://www.fsa.usda.gov, click on Price Support.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Farm Storage Facility Loan Program

Overview

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) Farm Storage Facility Loan Program (FSFL) provides low-interest financing for producers to build or upgrade farm storage and handling facilities. The FSA is authorized to implement the program through USDA's Commodity Credit Corporation (CCC).

Eligible Facility Loan Commodities

The following commodities are eligible for farm storage facility loans:

- Corn, grain sorghum, rice, soybeans, oats, peanuts, wheat, barley or minor oilseeds harvested as whole grain
- Corn, grain sorghum, wheat, oats or barley harvested as other-than-whole grain
- Pulse crops – lentils, chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (includes nuts) and vegetables – cold storage facilities

Eligible Facilities and Upgrades

An FSA farm storage facility loan must be approved by the local FSA county committee before any site preparation and/or construction can be started.
The following types of facilities and upgrades are eligible for farm storage facility loans:

- New conventional cribs or bins designed and engineered for whole grain storage having a useful life of at least 15 years.
- New oxygen-limiting structures and remanufactured oxygen-limiting structures built to original manufacturer's specifications and other upright silo-type structures designed for whole grain wet storage having a useful life of at least 15 years.
- New flat-type storage structures, with permanent floors and bulkheads, designed and primarily used to store whole grain for the loan term.
- New electrical equipment integral to the proper operation of the grain storage and handling equipment, excluding the installation of electrical service to the electrical meter.
- New safety equipment, as required by CCC and meeting the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) requirements, such as interior and exterior ladders and lighting.
- New equipment to improve, maintain or monitor the quality of stored grain, such as cleaners, moisture testers, and heat detectors, installed in conjunction with a proposed storage facility.
- New concrete foundations, aprons, pits, and pads, including site preparation, labor and material, essential to the proper operation of the grain storage and handling equipment.
- Renovation of existing farm storage facilities, under certain circumstances, if the renovation is for maintaining or replacing items that have a useful life of at least 15 years.
- New permanently affixed grain handling and grain drying equipment determined by CCC to be needed and essential to the proper operation of a grain storage system (with or without a loan for the storage facility).
- New structures that are bunker-type, horizontal or open silo structures, with at least 2 concrete walls and a concrete floor, designed for whole grain storage or other-than-whole-grain storage and having a useful life of at least 15 years.
- New structures suitable for storing hay built according to acceptable design guidelines and having a useful life of at least 15 years.
- New structures suitable for storing renewable biomass built according to acceptable industry guidelines and having a useful life of at least 15 years.
- New cold storage buildings, including prefabricated buildings, suitable for storing fruits and vegetables having a useful life of at least 15 years. Also may include permanently affixed cooling, circulating, and monitoring equipment and electrical equipment including labor and materials for installation of lights, motors and wiring integral to the proper operation of a cold storage facility.

Notes:
1. Scales, portable equipment, used bins, and used equipment are not eligible for financing.
2. Facilities built for commercial purposes and not for the sole use of the borrower(s) are not eligible for financing.

Eligible Cost Items

The net cost for building or upgrading farm storage and handling facilities and equipment may include the following:

- Purchase price and sales tax.
- Shipping and delivery charges.
- Site preparation costs.
- Installation costs.
- New material and labor for concrete pads, electrical wiring, and electric motors.
- Off-farm paid labor.
- New on-farm material approved by FSA.
- Attorney or archaeological study fees.

Eligibility Requirements

An eligible borrower is any person who is a landowner, landlord, leaseholder, tenant or sharecropper who:

- Produces an eligible facility loan commodity.
- Has a satisfactory credit rating as determined by CCC.
- Demonstrates the ability to

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Farm Storage Facility Loan Program

March 2011

repay the debt for the facility loan.
- Possesses no delinquent non-tax federal debt.
- Demonstrates a storage need based on the borrower's three-year-average acreage and share of production, minus any current storage available.
- Provides proof of multi-peril crop insurance from the Federal Crop Insurance Corporation (FCIC) or a private company for the life of the loan.
- Provides proof of all peril insurance and, if applicable, flood insurance with CCC as a loss payee.
- Demonstrates compliance with USDA provisions for highly erodible land and wetlands.
- Demonstrates compliance with the National Environmental Policy Act.
- Demonstrates compliance with any applicable local zoning, land use, and building codes.
- Has not been convicted of a controlled substance violation.

Security Requirements

The following are security requirements for farm storage facility loans:

- All loans must be secured by a promissory note and security agreement, as well as a UCC-1 describing the storage facility and accompanying equipment; and
- Severance agreements from all lien holders on the real estate where the facility will be located or from owners of real estate when the loan applicant is not the landowner, except when CCC holds the first lien on the real estate. Severance agreements will not be required if the borrower increases the down payment from 15 percent to 20 percent.

For loans that exceed $50,000 or the borrower's aggregate outstanding loan balance exceeds $50,000, the borrower must be able to provide at least one of the following:

- A first lien on the real estate on which the facility is located;
- Real estate owned by the borrower other than where the facility is located, provided the real estate offered is sufficient to secure the loan; or
- A letter of credit from a financial institution in an amount sufficient to protect CCC's interest for each year the loan has an outstanding balance.

Maximum Loan Amount

The maximum loan amount through the Farm Storage

Facility Loan Program is $500,000 per loan.

Facility Loan Terms

The following are the terms for farm storage facility loans:

- A 15 percent cash down payment is required; thus, CCC's loan is limited to 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment (subject to the applicant's storage needs test). The down payment cannot include any trade-in, discount, rebate, deferred payment, or post-dated check.
- Loan terms available are seven (7) years, ten (10) years or twelve (12) years depending on the amount of the loan.
- Interest rate is fixed for the loan term based on the rate in effect during the month the loan is initially approved. The interest rate is equivalent to the rate of interest charged on Treasury Securities of comparable term and maturity.
- Loans are to be repaid in equal amortized installments.
- Loan will not be disbursed until the facility has been erected and inspected with the exception of one (1) qualifying partial disbursement.

Cost of Obtaining a Loan

- Each applicant will be charged a nonrefundable $100 application fee.
- CCC will pay all collateral lien searches and recording fees for filing Form UCC-1 and credit reports.
- Applicants pay all other fees, such as severance agreements, attorney fees, real estate lien search fees, and instrument filing fees.
- For loans over $50,000, applicants will be required to pay the cost of obtaining a title search/opinion or title insurance.

Persons Required to Sign the Note

The following persons are required to sign the loan agreement:

- For sole proprietorships and joint ventures, all individuals, including spouses, if applicable.
- For general partnerships, any member unless the Articles of Partnership are more restrictive.
- For corporations and limited partnerships, an individual with signature authority on file with FSA.

Where to File the Application

Loan applications should be filed in the administrative FSA Office that maintains the farm's records.

More Information

For more information about FSA programs, contact your local FSA office or USDA Service Center, or visit the World Wide Web at www.fsa.usda.gov

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

GRAZE-OUT Program

Overview

The Food, Conservation, and Energy Act of 2008 (Pub. L. 110-234) (2008 Farm Bill) provides for GRAZE-OUT payments for 2008 through 2012 crop years to eligible producers who elect to use their acreage planted to wheat, barley, oats, or triticale for grazing by livestock and agree to forgo any other harvesting of the commodity on such acreage during the applicable crop year.

Payment Eligibility Requirements

GRAZE-OUT payments are subject to the same basic eligibility requirements as commodity loans and loan deficiency payments (LDPs) including, but not limited to:

- payment limitation;
- person determination;
- beneficial interest;
- misaction or misinformation;
- offset or;
- adjusted gross income.

Application Period

The application period for GRAZE-OUT begins on the first day the crop is normally, mechanically harvested as determined by the county office committee (COC), and ends on March 31 of the calendar year following the year the crop is normally harvested.

Producers may file an application for GRAZE-OUT anytime during this application period. Applications may not be cancelled or withdrawn once submitted.

Eligible producers must request GRAZE-OUT payments at the local Farm Service Agency (FSA) county office.

Eligible Producer

Producers eligible for the GRAZE-OUT program are those considered eligible for a marketing assistance loan and who also meet all of the following requirements:

- Requests GRAZE-OUT payments on loan deficiency payment certification and application (Form CCC-633 GRAZING) before March 31 of the calendar year following the year the crop is normally harvested;
- Agrees to forgo any other harvesting of the commodity on the acreage planted for grazing by livestock;
- Retains beneficial interest through the date the crop is grazed out.

Eligible Acreage

Acreage eligible for the GRAZE-OUT program include those planted in wheat, barley, oats or triticale that is not harvested by any means other than grazing.

NOTE: Crop acreage requested for GRAZE-OUT is not eligible for:

- Any other marketing assistance loan or LDP;
- A crop insurance indemnity or;
- Noninsured Crop Disaster Assistance Program (NAP).

Eligibility and Ineligibility for Grazing Leases

Producers who lease cropland to a second party for grazing on the acreage or per head basis are:

- Not considered to have lost beneficial interest and;
- Eligible for GRAZE-OUT payments on the eligible commodity if all other eligibility requirements are met.

Producers are not eligible for GRAZE-OUT payments if any of the following occur:

- Grazing occurred on nurse crops that would not have met the definition of the crop if harvested as grain;
- Beneficial interest is lost and later regained;
- The crop is leased to a third party for grazing on a flat per acre rate;
- No grazing occurred or;
- Mechanical harvest occurred.

Filing Grazing Application Form CCC-633 GRAZING

Producers must use the farm serial number (FSN) when requesting GRAZE-OUT payments on the application form CCC-633 GRAZING.

If multiple producers share in the acreage, the shared acreage must equal 100 percent of the grazed acreage and all signatures must be obtained before the request is considered complete.

To be considered eligible for GRAZE OUT, all applications, including applications received in person, by mail, fax or downloaded from the Internet, must be completed correctly, signed and returned to the local FSA county office on or before the final loan availability date, which is March 31 of the calendar year following the year the crop is normally harvested.

Eligible producers must request the GRAZE-OUT application form CCC-633 GRAZING:

- After the date COC determines that wheat, barley, oats, or triticale is normally, mechanically harvested for the crop year for that applicable county and;
- No later than March 31 of the calendar year following the year the crop is normally harvested.

Producer Certification

Eligible producers must show on their application form CCC-633 GRAZING the actual tract and field location for acres grazed or to be grazed. In addition, the acreage and intended use must be certified on FSA-578 (Report of Acreage).

Note: Producers must indicate "grazing" as the intended use.

Because the producer certifies that this information is correct, no additional documentation is requested from the producer at time of the request.

GRAZE-OUT Payment Rate and Calculations

GRAZE-OUT payment rates are calculated by multiplying the actual grazed acreage requested times the applicable yield times the payment rate. For triticale, the payment rate is calculated based on the predominant class of wheat in the county where the producer's farm is located.

The GRAZE-OUT payment rate is determined by the amount that the applicable commodity loan rate exceeds the CCC-determined value for the county where the acreage is grazed.

The GRAZE-OUT payment rate is the rate in effect on the day the request is completed.

The request date is the day the local FSA county office receives a signed and completed CCC-633 GRAZING application form from all applicable producers on the farm. All entries on form CCC-633 GRAZING must be completed when the application is submitted.

Applicable Payment Yield

For GRAZE-OUT, applicable payment yields are defined as the yield in effect for the calculation of the direct payments according to 7 CFR, Part 1412.

In the case of a farm for which a direct payment yield under the Direct and Counter-cyclical Program (DCP) yield is unavailable for a covered commodity, the producer may submit actual production harvested as grain on the same farm or another farm in the same area, or the COC may establish a yield based on their judgment and knowledge of practices and growing conditions in the county with documentation supporting the COC established yield.

Records

Producers requesting GRAZE-OUT payment should maintain records for a period of three years after the date of the payment to document eligibility.

For more information about this and other FSA programs, please contact a local USDA Service Center, or visit www.fsa.usda.gov.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2011

Honey Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

Overview

The Food, Conservation, and Energy Act of 2008 (2008 Act) reauthorizes nonrecourse marketing assistance loans (MALs) and loan deficiency payments (LDPs), for the 2008-2012 crop of honey.

Nonrecourse MALs and LDPs are administered by the Farm Service Agency (FSA), on behalf of the Commodity Credit Corporation (CCC).

See the fact sheet Nonrecourse Marketing Assistance Loans/Loan Deficiency Payments for additional information about MALs and LDPs.

Honey Nonrecourse Marketing Assistance Loan

Honey nonrecourse MALs provide eligible producers with interim financing on their production and facilitate the orderly distribution of loan-eligible honey throughout the year, and allows the producer to delay the sale of their honey until more favorable market conditions emerge. A producer may satisfy the loan obligation by delivering to CCC the quantity of honey pledged as collateral for full payment of the loan at maturity.

Eligibility

To be eligible for a honey nonrecourse MAL or LDP, a producer must have:

- Produced honey in the United States during the calendar year for which the loan is requested and extracted honey on or before Dec. 31, of the applicable crop year;
- Had a continuous beneficial interest in the honey through date of repayment of the loan and;
- Been responsible for the financial risk of keeping the bees and producing the honey.

To be eligible for a MAL or LDP, the honey must:

- Have been produced by an eligible producer;
- Have been produced and extracted in the United States during the applicable calendar year;
- Be of merchantable quality deemed by CCC to be suitable for loan and;
- Be stored in acceptable containers.

Adjusted Gross Income

Producers or legal entities whose average adjusted gross **nonfarm** income exceeds $500,000 are not eligible for marketing loan gains or LDPs, but are eligible for MALs that must be repaid at principal plus interest.

Program Availability

The CCC makes nine-month nonrecourse MALs available to producers on 2008-2012 crop honey.

Final Loan/LDP Availability Date

Eligible producers must submit requests for honey nonrecourse MALs on or before March 31 of of the calendar year following the applicable crop year.

Maturity Date

Loans mature on demand, but no later than the last day of the ninth month after the note and security agreement were approved.

Loan Rate

The 2008 Act sets the national loan rate for honey as follows:

- 60 cents per pound for 2008 and 2009 crop years;
- 69 cents per pound for 2010 through 2012 crop years.

Where to Request Loans

If the honey is stored on the producer's farm, the producer is required to apply at the FSA county office serving the area. If the honey is stored at a location other than the producer's farm, the producer is required to apply at either (1) the county office serving the storage location, or (2) the county office serving the area in which the producer's main business is located.

Other Program Provisions

- A loan service fee is collected at the time of loan disbursement.
- Interest is charged at a rate of 1 percent higher than the CCC borrowing interest rate.
- Honey pledged as collateral for a loan must be from eligible floral sources and must be in containers that meet the type, size, cleanliness, strength, damage and fill requirements defined by regulations published by CCC in the Federal Register.
- Pre-loan inspections are required to ensure that honey inventory exists in approved storage containers and is of approximate certified weight.

Loan Deficiency Payment (LDP) Provisions

Producers who are eligible for a nonrecourse MAL, may choose to receive a LDP in lieu of a MAL. The LDP rate equals the amount by which the loan rate where the commodity is stored exceeds the effective repayment rate for the crop of honey.

For More Information

Further information on this and other FSA programs is available from local USDA Service Centers or on the FSA website at www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

February 2009

Milk Income Loss Contract (MILC) Program

Overview

USDA's Milk Income Loss Contract Program (MILC), administered by the Farm Service Agency's (FSA), compensates dairy producers when domestic milk prices fall below a specified level. The 2008 Farm Bill authorized MILC through Sept. 30, 2012. The program has no set funding level.

Eligible Dairy Producers

Eligible dairy producers are those who, beginning Oct. 1, 2007, through Sept. 30, 2012:

- Commercially produce and market cow milk in the United States; or
- Produce milk in the United States and commercially market the milk outside the United States.

Dairy producers must be in compliance with Highly Erodible Land and Wetland conservation provisions. Dairy producers are subject to the Adjusted Gross Income (AGI) limitation. If non-farm income exceeds $500,000 the dairy operation and the dairy producer are not eligible for MILC benefits.

Sign-up

Sign-up for the program begins on Dec. 22, 2008, and extends through the conclusion of the program on Sept. 30, 2012. Eligible dairy producers can apply for program benefits anytime during sign-up.

Payments

FSA makes MILC payments on a monthly basis when the Boston Class I milk price falls below $16.94 per hundredweight (cwt) as adjusted by the dairy feed ration adjustment. The monthly Boston price is posted online at: http://www.fmmone.com/Northeast_Order_Prices/NE_Prices_main_new.htm.

When the Boston milk price exceeds $16.94 as adjusted by the dairy feed ration adjustment:

- FSA will make no MILC payments to the dairy operation; and
- Production for that month will not count towards the operation's maximum eligible production.

Payment Rate Calculation

FSA determines the per hundredweight payment rate for the applicable month by subtracting the Boston Class I price for that month from the $16.94 baseline price, and multiplying the difference by:

- 45 percent during the period Oct. 1, 2008, through Aug. 31, 2012; or
- 34 percent during the period Oct. 1, 2007, through Sept. 30, 2008, and during Sept. 2012.

Feed-Cost-Adjusted Payment Rate Adjustment

The baseline price of $16.94/cwt is adjusted upward when the National Average Dairy Feed Ration Adjustment (NADFR) is greater than the following established levels:

Jan. 1, 2008 -
Aug. 31, 2012 $7.35
Sept. 1 - 30, 2012 $9.50

The NADFR is calculated each month from the price of feed ingredients used to create a 16 percent protein dairy feed. The feed ingredient prices used to calculate the NADFR are posted monthly by the National Agricultureal Statistics Service (NASS) and can be obtained at the following website: http://usda.mannlib.cornell.edu/usda/current/AgriPric/

If the triggering feed ration amount is exceeded, the benchmark $16.94 figure for the MILC payment calculation will be increased by the percentage amount, which is 45 percent (or 34 percent for certain periods as indicated above) of the percentage amount by which the feed ration cost exceeded its own benchmark for the period Oct.

1, 2008 through Aug. 31, 2012.

Example:
When the NADFR exceeds these established levels the trigger price is calculated as illustrated in the following example. This hypothetical example assumes the NADFR is $10.05/cwt for a month falling from Oct. 1, 2008 through Aug. 31, 2012.
$10.05 (NADFR) - $7.35 = $2.70
$2.70/$7.35 = .3673
.3673 x 45% = .1653
.1653 x $16.94 = $2.80
$16.94 + $2.80 = $19.74
If the Boston Class I price is $18.00/cwt, the payment rate will be calculated as follows:
$19.74 - $18.00 = $1.74/cwt
$1.74/cwt x 45% = $.7830/cwt
FSA issues payments not later than 60 calendar days after FSA receives production evidence for the applicable month or the entire month's NADFR is posted for the applicable month, whichever is later.

Eligible Pounds of Production

FSA issues payments up to the maximum eligible pounds of milk produced and marketed by each operation per fiscal year.
The annual maximum eligible pound limit per dairy operation per fiscal year is as follows:
Oct 1, 2007- Sept. 30, 2008 – 2,400,000 lbs
Oct 1, 2008- Aug. 31, 2012 – 2,985,000 lbs
(Except that for fiscal year 2012, the fiscal year cap to qualify Sept. 2012 production only will be reduced to 2.4 million pounds).

Payment Rates

FSA posts monthly MILC payment rates online at: http://www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=mpp-mi. There are no payment rates effective for the 2008 fiscal year.

Production Start-month Selection

MILC participants must select a month of commercially marketed production for which FSA will begin issuing the operation's payments for each fiscal year.

Starting with the dairy operation's selected month, FSA will issue MILC payments based on the month's production and each consecutive month's production thereafter at the payment rate applicable to each month with a rate in effect, until the earlier of the following:

- The operation reaches the maximum payment quantity; or
- The applicable fiscal year ends.

Production Start-month Selection Rules

The dairy operation's selected production start-month must be designated on Form CCC-580, "Milk Income Loss Contract Program (MILC)," and submitted to the FSA county office:

- On or before the 14th of the month before the selected MILC production start-month, except as otherwise provided during the applicable sign-up phase; and
- Before the selected month's Boston Class I fluid price is announced to the public; or
- The dairy operation has the option to select the month in which the contract application is submitted as a production start month.

A dairy operation cannot select a MILC production start-month for any month that:

- Has already begun, except as otherwise provided;
- Has already ended; or
- Milk was not produced by the dairy operation.

Exception: If the contract is submitted within 30 days of the time at which CCC begins accepting contracts, the dairy operation can select any month preceding the month the contract is submitted or any month thereafter in accordance with the "Selecting and Changing Production Start-month" paragraph below, as the 2009 production start month, including the month the contract is submitted.

Selecting and Changing Production Start-months

Dairy operations can change the start-month an unlimited number of times as long as the change is made:

- On or before day 14 of the month prior to the MILC production start-month (unless that day falls on a weekend, then the date falls to the previous business day);
- Before payment is sought; and
- Before the original selected MILC production start-month has passed.

If the dairy operation never changes the selected start-month, the start-month will remain the same throughout the MILC contract's duration.

How to Apply

To apply for MILC, dairy operations must submit Form CCC-580, "Milk Income Loss Contract Program (MILC)," to the FSA county office where the operation is located. The form is available at FSA county offices and online at: http://forms.sc.egov.usda.gov/eforms/mainservlet

The production start-month for each fiscal year must be designated on the Form CCC-580. As milk is marketed, the operation must report the total pounds of all milk produced and marketed during each month for all persons receiving a share of the marketed milk. Monthly milk production cannot be apportioned to circumvent the maximum payment quantity. All persons sharing in the risk of a dairy operation's total production must certify the information on the CCC-580. FSA will accept only one Form CCC-580 per dairy operation.

When applying for MILC benefits, operators must also have on file:

- Form AD-1026, "Highly Erodible Land Conservation and Wetland Conservation Certification," used to certify understanding of USDA conservation compliance requirements;
- Form SF-1199A, "Direct Deposit Sign Up Form," used to sign up for the direct deposit of payments into the payee's account;
- Form CCC-526 or CCC-926, Adjusted Gross Income (AGI) Statement; and
- Form CCC-901, "Members Information," or Forms CCC-902E/CCC-902P, "Farm Operating Plan," or Form CCC-580S, "MILC Supplemental," used to determine payment eligibility.

Dairy operations can obtain these forms at FSA county offices and online at: http://forms.sc.egov.usda.gov/eforms/mainservlet

Production Evidence

Before FSA can issue MILC payments, all persons involved in a single dairy operation must provide verifiable production evidence, which can include:

- Milk marketing payment stubs;
- Tank records;
- Milk handler records;
- Daily milk marketings; or
- Copies of any payments received as compensation from other sources.

FSA county offices have 60 calendar days after receiving the production evidence and all supporting documents for the applicable month or the entire month NADFR cost is made available by USDA to issue payments to dairy operations.

Ineligible Milk Production

The following is not considered commercially marketed milk and is ineligible as MILC production:

- Dumped milk that causes bulk load contamination for which a producer receives an insurance indemnity; and
- Milk dumped on a farm by order of a state or health department.

Reconstitutions

Dairy operators must immediately notify FSA of any changes affecting an operation's MILC contract. If a reconstitution occurs during the contract period, MILC contract changes will take effect the first day of the fiscal year following the month FSA receives notification of the changes. However, changes resulting in the reduction of shareholders or producers will take effect immediately upon notification to FSA.

Dairy operators cannot reorganize a dairy operation's structure for the sole purpose of receiving multiple payments.
Eligible pounds of production that received MILC payments

will be applied to the pounds of production eligible for payment for reconstituted dairy operations.

MILC Agents

MILC benefits may be disbursed by a dairy marketing cooperative serving special groups or communities, such as Amish or Mennonite communities. Such producers may authorize a cooperative agent or milk handler affiliated with a dairy marketing cooperative to obtain and disburse MILC benefits to the operation. FSA must approve qualified agents.

Dairy operations must grant MILC agents power of attorney authority to act on their behalf by submitting Form CCC-582 "MILC Agent Application Agreement" to FSA for approval. The operator must also complete Form FSA-211, "Power of Attorney," and submit the form to the FSA office where the dairy operation is located. The form is available at FSA county offices and online at: http://forms.sc.egov.usda.gov/eforms/mainservlet

For More Information

Dairy operations can obtain more information on MILC at FSA county offices and online at: http://www.fsa.usda.gov; click on Price Support.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2011

Nonrecourse Marketing Assistance Loans / Loan Deficiency Payments

Overview

The 2008 Farm Bill reauthorizes nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) and makes them available for the 2008-2012 crops of 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 wool, nongraded wool, mohair, honey and peanuts.

See the fact sheet Fees and Warehouse Storage Credits Applicable to Cotton Loans and Transfers for additional information about MALs for cotton.

MALs and LDPs are marketing tools available to producers beginning upon harvest or shearing. The MAL provides an influx of cash when market prices are typically at harvest-time lows, which allows the producer to delay the sale of the commodity until more favorable market conditions emerge. Allowing producers to store production at harvest or shearing provides for a more orderly marketing of commodities throughout the year.

MALs for commodities are considered nonrecourse when the MAL can either be redeemed by repayment or by delivering the pledged collateral to the Commodity Credit Corporation (CCC) as full payment for the MAL at maturity. MAL repayment provisions specify, under certain circumstances, that producers may repay at less than the loan rate (principal) plus accrued interest and other charges. Alternatively, loan deficiency payment (LDP) provisions specify that in lieu of securing a MAL producers may elect to receive an LDP.

MAL repayment and LDP provisions are intended to minimize potential delivery of loan collateral to CCC, accumulation of CCC-owned stocks, storage costs, discrepancies in marketing loan benefits across state and county boundaries, and allow U.S. produced-commodities to be marketed freely and competitively. Accumulating CCC-owned stocks tends to make U.S.-produced commodities less competitive in world markets and can result in substantial storage costs to taxpayers.

Producer Eligibility

To be eligible for a MAL or LDP, the producer must:

- Comply with conservation and wetland protection requirements;
- Submit an acreage report to account for all cropland on the farm;
- Have and retain beneficial interest in the commodity until the MAL is repaid or CCC takes title to the commodity;
- Meet adjusted gross income limitations described in a later section.

Commodity Eligibility

To be eligible for a MAL or LDP, the commodity must:

- Have been produced, mechanically harvested or shorn from live animals by an eligible producer and be in storable condition;
- Be merchantable for food, feed or other uses as determined by CCC;
- Meet specific CCC minimum grade and quality standards for nonrecourse MALs.

Beneficial Interest

A producer retains beneficial interest in the commodity if both of the following remain with the producer:

- Control of the commodity. The producer retains the ability to make all decisions affecting the commodity, including movement, sale, and the request for a MAL or LDP
- Title to the commodity. The producer has not sold or has not delivered the commodity or warehouse receipt to the buyer. If delivered, title may be considered to be transferred before the producer receives payment for the commodity. For example, title is considered transferred if a producer executes an option to purchase without a provision that states that title and control remain with the producer until the buyer exercises the option to purchase and the option to purchase expires at the earlier of:
  - The maturity of any CCC loan secured by such commodity;
  - The date CCC claims title to such commodity or;
  - Another date provided in the option.

Once 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.

If the commodity is delivered to a buyer, processor, feedlot or mill that rejects the commodity because minimum standards are not met, beneficial interest shall not be considered lost by the producer if the commodity is returned to the producer.

The commodity is not considered rejected if the producer receives a reduced contract price for the commodity.

For further information see the FSA fact sheet on Beneficial Interest Requirements. For MALs and LDPs, contact a local USDA Service Center or visit the FSA web site at www.fsa.usda.gov.

Nonrecourse Marketing Assistance Loans

Loan Rates

The 2008 Act sets national loan rates at the levels shown in Table 1.

Table 1. National Loan Rates, 2008-2012 Crops (per production unit) - On Last Page.

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.

Settling Loans

MALs mature on the last day of the ninth calendar month following the month in which the MAL is approved. A producer may settle an outstanding nonrecourse MAL:

- Before maturity period by repaying the MAL or;
- Upon maturity by forfeiting the commodity to CCC.

For all loan eligible commodities, 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;
- Alternative loan repayment rates as determined by CCC.

For wheat, feed grains and oilseeds, the CCC determined county market price is often referred to as the posted county price (PCP). PCPs are established and available at each local USDA Service Center. PCPs are based upon market prices at appropriate U. S. terminal markets, adjusted to reflect quality and location. PCPs are announced daily for wheat, feed grains, soybeans, canola, flaxseed, and sunflower seed, and weekly for other oilseeds.

For peanuts, CCC determines national posted prices for four types of peanuts and announces them weekly. For dry peas and lentils, CCC determines and announces regional posted prices weekly. For wool and mohair and large and small chickpeas, CCC determines and announces a national posted price weekly. For honey, CCC determines and announces the national survey price monthly.

For long and medium grain rice and 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;
- Adjusted world price (AWP).

The AWP is the prevailing world market price adjusted to U.S. quality and location. AWP's are announced weekly.

Marketing Loan Gains

A producer realizes a marketing loan gain (MLG) if the MAL is repaid at less than the loan principal. The MLG rate equals the amount by which the applicable loan rate exceeds the MAL repayment rate.

Loan Premiums and Discounts

Loan premiums and discounts are determined according to the grade and quality of a specific quantity of a commodity that a producer pledges as loan collateral. Premium and discount schedules vary by commodity and are applied to the loan rate in the county where the commodity is stored. On a per-unit basis, premiums are added to and discounts are subtracted from the loan rate only when the MAL is forfeited to CCC, except for the commodities of cotton and peanuts.

Interest

The interest rate charged on a commodity loan is set at one percentage point above CCC's cost of borrowing from the U.S. Treasury at the time the loan is made as required by Section 163 of the Federal Agricultural Improvement and Reform Act of 1996. After a loan is made, the rate is fixed except the interest rate for loans outstanding on Jan. 1 is adjusted to reflect CCC's cost of borrowing on Jan. 1, plus one percentage point.

Accrued interest is the amount of interest that accumulates while a loan is outstanding, starting with the day the loan is made. Accrued interest is calculated by multiplying: (i) the applicable interest rate times, (ii) the ratio of the number of days under loan (starting with the initial day and continuing through the day prior to the day a loan is repaid) to the number of days in a year (i.e., 365) times, (iii) the loan principal. Table 2 provides an example of how accrued interest is calculated.

Table 2. Accrued Interest Calculation Examples - On Last Page.

Loan Deficiency Payments (LDP)

A producer who is eligible to obtain a MAL, but who agrees to forgo the MAL, may obtain an LDP. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP amount equals the LDP rate times the quantity of the commodity for which the LDP is requested. Table 3 provides an example of how MLGs and LDPs are calculated.

Table 3. Marketing Loan Gain/Loan Deficiency Payment Examples - On Last Page.

Other Requirements

Production Evidence

A producer who repays a MAL at less than the loan rate plus accrued interest and other charges or receives an LDP may be subject to a spot check and must provide production evidence acceptable to CCC, such as evidence of sales, warehouse receipts, or load summary or assembly sheets.

Final Loan/LDP Availability Dates

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 and mohair) until specified dates in the following calendar year. The final loan/LDP availability dates for the respective commodities are listed in Table 4.

Table 4. Final Loan/LDP Availability Dates by Commodity - On Last Page.

Adjusted Gross Income, Payment Limitations and ACRE

Adjusted Gross Income Limitation

A person or legal entity with an average adjusted gross nonfarm income that exceeds $500,000 is not eligible for MLG or LDP payments, but is eligible for a MAL; but however, the MAL must be repaid at principal plus interest.

For more information on AGI limitation, view the FSA fact sheet entitled, Adjusted Gross Income 2009 and Subsequent Crop Years, contact a local USDA Service Center, or visit the FSA website at www.fsa.usda.gov.

Payment Limitations

Beginning with the 2009 crop year and subsequent crop years, CCC will no longer limit payments on benefits associated with MAL or LDP programs.

Average Crop Revenue Election (ACRE)

MAL rate will be reduced by 30 percent if production comes from a farm participating in the ACRE program. Alternative loan repayment rates will not be adjusted by 30 percent. The LDP rate for commodities produced on farms enrolled in ACRE must include the 30 percent reduction from the MAL rate before determining the LDP rate. See fact sheet entitled ACRE Program, or contact a local USDA Service Center, or visit the FSA website at www.fsa.usda.gov.

More Information

For more information about FSA programs, contact the local FSA office or USDA Service Center, or visit the website at www.fsa.usda.gov.

Table 1. National Loan Rates, 2008-2012 Crops

	Production Unit	2008	2009	2010-2012
Wheat	bushel	$2.75	$2.75	$2.94
Corn	bushel	$1.95	$1.95	$1.95
Grain Sorghum	bushel	$1.95	$1.95	$1.95
Barley	bushel	$1.85	$1.85	$1.95
ELS Cotton	pound	$0.7977	$.07977	$.07977
Upland Cotton	pound	$0.52	$0.52	$0.52
Oats	bushel	$1.33	$1.33	$1.39
Long Grain Rice	cwt	$6.50	$6.50	$6.50
Medium Grain Rice	cwt	$6.50	$6.50	$6.50
Soybeans	bushel	$5.00	$5.00	$5.00
Other Oilseeds	cwt	$9.30	$9.30	$10.09
Dry Peas	cwt	$6.22	$5.40	$5.40
Lentils	cwt	$11.72	$11.28	$11.28
Small Chickpeas	cwt	$7.43	$7.43	$7.43
Large Chickpeas	cwt	N/A	$11.28	$11.28
Wool, graded	pound	$1.00	$1.00	$1.15
Wool, nongraded	pound	$0.40	$0.40	$0.40
Mohair	pound	$4.20	$4.20	$4.20
Honey	pound	$0.60	$0.60	$0.69
Peanuts	ton	$355.00	$355.00	$355.00

Table 2. Accrued Interest Calculation Examples

Facts	Accrued Interest for Loan A		
Applicable Interest	3.150 %		
Loan Principal	$1,000		
	Scenario 1	***Scenario 2***	***Scenario 3***
Days loan outstanding	90	120	150
Days in a year	365	365	365
Accrued Interest	$7.77	$10.36	$12.95

Table 3. Marketing Loan Gain/Loan Deficiency Payment Examples

County A	MAL Repayment Rate Scenario ($ per bushel)		
Loan rate	1.95		
	Scenario 1	***Scenario 2***	***Scenario 3***
Loan rate plus interest	1.98	1.98	1.98
Effective Posted County Price (PCP)	2.05	1.90	1.98
MLG or LDP rate	0.00	0.05*	0.00

Does not include accrued interest.

Table 4. Final Loan/LDP Availability Dates by Commodity

Final Loan/LDP Availability Date	Commodity
Jan. 31	Mohair, Peanuts, Wool and 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

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

October 2009

Pulse Crops: Summary of 2008-2012 Program

Overview

The Food, Conservation, and Energy Act of 2008 (2008 Act) provides, for the first time, marketing assistance loans (MALs) and loan deficiency payment (LDP) provisions for large chickpeas for the 2009-2012 crops. MALs provide interim financing on eligible production and facilitate the orderly marketing of loan eligible commodities throughout the year.

Nonrecourse MALs and LDPs

MALs provide eligible producers interim financing on their production. Instead of selling the crop immediately at harvest, producers may pledge their production as loan collateral, receiving loan proceeds equal to the loan rate times the quantity placed under loan. MALs mature at the end of the ninth month following the month in which the loan was received.

Under marketing loan provisions, producers may (under certain conditions) repay a 9-month nonrecourse price support loan at less than the loan rate plus accrued interest and other charges whenever the Commodity Credit Corporation (CCC) estimates that the regional or national market price is lower. Producers are also eligible for a LDP in lieu of obtaining a loan.

Loan Deficiency Payments

A producer who is eligible to obtain a MAL, but who agrees to forgo the MAL, may obtain an LDP. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP equals the LDP rate times the quantity of the commodity for which the LDP is requested.

Eligibility

To be eligible for a MAL and LDP, the producer must:

- comply with conservation and wetland protection requirements;
- submit an acreage report to account for all cropland acreage usage on the farm; and
- have and retain beneficial interest in the commodity until the MAL is repaid or CCC takes title to the commodity.

To be eligible for a MAL and LDP, the commodity must:

- have been produced, mechanically harvested by an eligible producer and be in storable condition,
- be merchantable for food, feed, or other uses as determined by CCC, and
- meet specific CCC minimum grade and quality standards for non recourse MALs.

Loan rates

- For small and large chickpeas, the national loan rate is applied uniformly in all counties;
- For dry peas and lentils, two regional loan rates are established and applied uniformly in all counties within those regions; and
- Are based on the region where the commodity is stored.

The 2008 Act sets national loan rates at the levels shown in Table 1 (shown on last page).

FACT SHEET

Pulse Crops: Summary of 2008-2012 Program

October 2009

Two dry peas and lentils regional markets were identified for all the crop years covered in the 2008 Act. West region includes all counties in the Palouse (Idaho, Oregon, and Washington) and other states west of the Rocky Mountains (Arizona, California, Nevada, New Mexico, and Utah). East region includes all counties in Montana and North Dakota, plus all counties in all other States not in the West Region. See Table 2, for the 2009 crop year regional loan rates for dry peas and lentils.

Table 2 (shown on last page) Dry Peas and Lentils 2009 Crop Year Regional Loan Rates per Hundredweight (cwt):

Premiums and Discounts

Premiums and discounts are determined according to the grade and quality of a specific quantity of a commodity that a producer pledges as loan collateral. Premium and discount schedules vary considerably by commodity and are applied to the loan rate in the county where the commodity is stored. On a per-unit basis, premiums are added to and discounts are subtracted from the loan rate when the MAL is not repaid and forfeited to CCC.

Beneficial Interest

A producer retains beneficial interest in the commodity if all of the following remain with the producer:

- Control of the commodity. The producer retains the ability to make all decisions affecting the commodity, including movement, sale, and the request for a MAL or LDP,
- Title to the commodity. The producer has not sold or has not delivered the commodity or warehouse receipt to the buyer. Title may be considered to be transferred before the producer receives payment for the commodity. For example, title is considered transferred if a producer executes an option to purchase without a provision in the agreement that states that title and control remain with the producer until the buyer exercises this option to purchase and the option to purchase expires at the earlier of:
  - the maturity of any CCC loan secured by such commodity;
  - the date CCC claims title to such commodity; or
  - another date provided in the option.

Once 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.
If the commodity is delivered to a buyer, processor, feedlot or mill that rejects the commodity because minimum standards are not met, beneficial interest shall not be considered lost by the producer if the commodity is returned to the producer.

The commodity is not considered rejected, if the producer receives a reduced contract price for the commodity.

For further information see the FSA Fact Sheet on Beneficial Interest Requirements For MALs and LDPs, contact a local USDA Service Center, or visit the FSA Web site at http://www.fsa.usda.gov/Internet/FSA_File/benint06.pdf

Settling Loans

MALs mature on the last day of the ninth calendar month following the month in which the MAL is approved. A producer may settle an outstanding nonrecourse MAL:

- during the loan period by repaying the MAL; or
- upon maturity by forfeiting the commodity to CCC.

Loan Repayment Rates

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
- alternative loan repayment rates as determined by CCC.

CCC determines and announces regional posted prices for dry peas and lentils, and national posted price for large and small chickpeas. Pulse crop loan repayment rates are established on a weekly basis and announced each Friday at 7:00 a.m. Eastern time and are available at each FSA county office. The loan repayment rates are established by CCC based on previous thirty and five day's market prices for each pulse crop.

Interest

The interest rate charged on a commodity loan is set at 1 percentage point above CCC's cost of borrowing from the U.S. Treasury at the time the loan is made. Once a loan is made, the rate is fixed except that the interest rate for loans outstanding on January 1 is adjusted to reflect CCC's cost of borrowing on January 1, plus 1 percentage point.

Accrued interest is the amount of interest that accrues while a loan is outstanding, starting with the day the loan is made. Accrued interest is calculated as: (i) the applicable interest rate times (ii) the ratio of the number of days under loan (starting with the initial day and continuing through the day prior to the day a loan is repaid) to the number of days in a year (i.e., 365) times (iii) the loan principal.

Commodity Certificates

Commodity certificates are available to producers to exchange for 2008 and 2009 crop collateral pledged to CCC for a MAL. Commodity certificates will be available for sale at USDA Service Centers to producers with outstanding nonrecourse MALs. The exchange rate will be the PCP on the date the commodity certificate is purchased. Realized gains from the certificate exchange, also called certificate exchange gains, equal the amount by which the loan rate exceeds the repayment rate. Commodity certificate exchanges will not be available when the exchange rate exceeds the applicable loan rate.

Commodity certificates will not be available for exchange for any 2010 through 2012 crop MALs.

Other Requirements:

Production Evidence

A producer who repays a MAL at less than the loan rate plus accrued interest and other charges or receives an LDP may be subject to a spot check and must provide production evidence acceptable to CCC, such as evidence of sales, warehouse receipts, or load summary or assembly sheets.

Final Loan/LDP Availability Dates

The final pulse loan/LDP availability date is May 31 of the calendar year after the calendar year the pulse is harvested.

Adjusted Gross Income

A person or legal entity with an average adjusted gross nonfarm income that exceeds $500,000 is not eligible for marketing loan gains (MLGs) and LDP payments. However, the person or entity is eligible for a MAL, but the MAL must be repaid at principal plus interest, or a commodity certificate may be exchanged for the loan collateral.

For more information on AGI limitation, see the FSA Fact Sheet dated March 18, 2009, Adjusted Gross Income 2009 and Subsequent Crop Years, or contact a local USDA

FACT SHEET

Pulse Crops: Summary of 2008-2012 Program

October 2009

Service Center, or visit the FSA website at http://www.fsa.usda.gov/Internet/FSA_File/agi2009.pdf

Payment Limitations

Beginning with the 2009 crop year and subsequent crop years, CCC will no longer limit payment limitations on any benefit associated with MAL or LDP programs

MLGs and LDPs obtained on 2008 crops are subject to the payment limitation rules in effect for the 2008 crop.

A payment limitation for 2008 crop year on the sum of MLGs and LDPs is subject to a $75,000-per-person payment limitation as follows:

- $75,000 total for wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, other oilseeds, dry peas, lentils and small chickpeas; and
- $75,000 total for peanuts, wool, mohair and honey.

Average Crop Revenue Election (ACRE)

MAL rate will be reduced by 30 percent if production comes from a farm enrolled in the ACRE program. Lesser of repayment options will not be adjusted by 30 percent. See Fact Sheet dated March 16, 2009, ACRE program, or contact a local USDA Service Center, or visit the FSA website at http://www.fsa.usda.gov/Internet/FSA_File/acre.pdf

Table 1 Pulse Crop National Loan Rates per Hundredweight (cwt): 2008-2012:

Pulse Crop	2008	2009-2012
Dry Peas	$6.22	$5.40
Lentils	$11.72	$11.28
Small Chickpeas	$7.43	$7.43
Large Chickpeas	NA	$11.28

Table 2 Dry Peas and Lentils 2009 Crop Year Regional Loan Rates per Hundredweight (cwt):

Region	States	Dry Peas Loan Rate	Lentils Loan Rates
West, which includes the Palouse	Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah, and Washington.	$6.12 per cwt.	$14.62 per cwt.
East	Montana and North Dakota, plus all other States not in the West region.	$5.25 per cwt.	$9.65 per cwt.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Pulse Crops Marketing Assistance Loans and Loan Deficiency Payments

Overview
The Food, Conservation, and Energy Act of 2008 (2008 Act) reauthorizes nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2008 through 2012 pulse crops of dry peas, lentils, small chickpeas, and for the first time MALs and LDPs for large chickpeas for the 2009 through 2012 crops.

Nonrecourse MALs and LDPs are administered by the Farm Service Agency (FSA), on behalf of the Commodity Credit Corporation (CCC).

See the fact sheet “Nonrecourse Marketing Assistance Loans/Loan Deficiency Payments” for additional information about MALs and LDPs.

Pulse Crops Nonrecourse MALs and LDPs
Pulse crop MALs provide eligible producers interim financing on their production. Instead of selling the crop immediately at harvest, producers may pledge their production as loan collateral, receiving loan proceeds equal to the loan rate times the quantity placed under loan. MALs mature at the end of the ninth month following the month in which the loan is approved.

A producer who is eligible to obtain a MAL, but who agrees to forgo the MAL, may obtain an LDP. The LDP rate equals the amount by which the applicable loan rate where the commodity is stored exceeds the effective MAL repayment rate for the respective commodity. The LDP amount equals the LDP rate times the quantity of the commodity for which the LDP is requested.

To be eligible for a MAL and LDP, the pulse crop must:

- Have been produced, mechanically harvested by an eligible producer and be in storable condition,
- Be merchantable for food, feed, or other uses as determined by CCC and,
- Meet specific CCC minimum grade and quality standards for non recourse MALs.

Loan Rates
The 2008 Act sets national loan rates at the levels shown in Table 1 (shown on page 2). Regional loan rates are established for dry peas, lentils, large chickpeas, but not for small chickpeas. Unless officially announced otherwise, the national loan rate for large chickpeas is used because of limited market price information to establish a regional loan rate for large chickpeas. The national loan rate of $7.43 of per cwt is always applicable to small chickpeas.

Two dry peas and lentils regional markets were identified for all the crop years covered in the 2008 Act. The West region includes all counties in the Palouse (Idaho, Oregon and Washington) and other states west of the Rocky Mountains (Arizona, California, Nevada, New Mexico and Utah). East region includes all counties in Montana and North Dakota, plus all counties in all other states not in the West Region. See Table 2, for the 2010 and 2011 crop year regional loan rates for dry peas and lentils.

Premiums and Discounts
Premiums and discounts are determined according to the grade and quality of a specific quantity of a commodity that a producer pledges as loan collateral. Premium and discount schedules vary considerably by commodity and are applied to the loan rate in the county where the commodity is stored. On a per-unit basis, premiums are added to and discounts are subtracted from the loan rate when the MAL is not repaid and forfeited to CCC.

Beneficial Interest
Producers must have beneficial interest in the pulse crop at the time of the request to obtain a MAL or LDP. Beneficial interest occurs when the producer maintains control of and title to the pulse crop.

For further information, see the FSA fact sheet on “Beneficial Interest Requirements For MALs and LDPs.”

Loan Repayment Rates
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;
- Alternative loan repayment rates as determined by CCC.

CCC determines and announces regional posted prices for dry peas and lentils, and national posted prices for large and small chickpeas. Pulse crop loan repayment rates are established on a weekly basis and announced each Friday at 7 a.m. Eastern time and are available at each FSA county office. The loan repayment rates are established by CCC based on previous 30-day and five-day market prices for each pulse crop.

FACT SHEET

Pulse Crops MALs and LDPs

March 2011

Table 1 Pulse Crop National Loan Rates per Hundredweight (cwt): 2008-2012

Pulse Crop	2008	2009-2012
Dry Peas	$6.22	$5.40
Lentils	$11.72	$11.28
Small Chickpeas	$7.43	$7.43
Large Chickpeas	NA	$11.28

Table 2 Dry Peas and Lentils 2010 and 2011 Crop Year Regional Loan Rates per Hundredweight (cwt)

Region	States	Loan Rates			
		2010 Dry Peas	2011 Dry Peas	2010 Lentils	2011 Lentils
West, which includes the Palouse	Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah and Washington.	$6.33 per cwt.	$6.57 per cwt.	$13.17 per cwt.	$11.85 per cwt.
East	Montana and North Dakota, plus all other States not in the West region.	$5.20 per cwt.	$5.13 per cwt.	$10.41 per cwt.	$11.06 per cwt.

Marketing Loan Gains
A producer realizes a marketing loan gain if the loan is repaid at less than the loan principal. The marketing loan gain rate equals the amount by which the applicable loan rate exceeds the loan repayment rates.

Final Loan/LDP Availability Dates
The final pulse crop loan/LDP availability date is May 31 of the calendar year after the calendar year the pulse crop is harvested.

Adjusted Gross Income
Producers or legal entities whose average adjusted gross nonfarm income exceeds $500,000 are not eligible for marketing loan gains (MLGs) and LDP payments; however, the person or entity is eligible for a MAL, but the MAL must be repaid at principal plus interest.

Average Crop Revenue Election (ACRE)
MAL rates will be reduced by 30 per¬cent if production comes from a farm participating in the ACRE program. Alternative loan repayment rates will not be adjusted by 30 percent. The LDP rate for commodities produced on farms enrolled in ACRE must include the 30 percent reduction from the MAL rate be¬fore determining the LDP rate. See fact sheet entitled ACRE Program, or contact a local USDA Service Center, or visit the FSA website at www.fsa.usda.gov.

Final Loan/LDP Availability Dates for Pulse Crops
The final pulse crop loan/LDP availability date is May 31 of the calendar year after the calendar year the pulse crop is harvested.
Payment Eligibility and Limitations

For More Information
Additional information on MALs and LDPs for pulse crop producers is available from local USDA Service Centers and on the FSA website at http://www.fsa.usda.gov.

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2011

Sugar Storage Facility Loan Program

Overview

The 2008 Farm Bill authorized loans to processors of domestically produced sugarcane and sugar beets for the construction or upgrading of storage and handling facilities for raw sugars and refined sugars. The Sugar Storage Facility Loan Program (SSFL) is administered by the U. S. Department of Agriculture's (USDA) Farm Service Agency (FSA).

Eligible Borrowers

To be eligible, processors must:

- Have a satisfactory credit history, no delinquent federal debt and demonstrate an ability to repay debt;
- Demonstrate a need for increased storage capacity;
- Demonstrate compliance with any applicable local zoning, land use and building codes for the applicable storage facility structures;
- Annually provide USDA's Commodity Credit Corporation (CCC) proof of all-peril insurance on the structure and contents, and flood insurance if applicable;
- Demonstrate compliance with the National Environmental Policy Act regulations, including undergoing an environmental assessment (EA) for proposed construction activity;
- Not have been convicted under federal or state law of a disqualifying controlled substance violation; and
- Be approved by CCC to store sugar either owned by CCC or pledged as security to CCC for nonrecourse marketing assistance loans.

Eligible Storage or Handling Equipment

Loans may be made only for the purchase and installation of eligible storage facilities, permanently affixed handling equipment or the remodeling of existing facilities. Eligible facilities and equipment include:

- New conventional type bins or silos designed for and used to store raw or refined sugar, having a useful life of at least 15 years;
- New flat-type storage structures, including a permanent concrete floor and bulkheads designed for and used to store raw or refined sugar, having a useful life of at least 15 years;
- New storage structures designed for and used to store in-process sugar, having a useful life of at least 15 years;
- New electrical equipment, such as lighting, motors and wiring, integral to the proper operation of the sugar storage and handling equipment;
- New equipment to improve, maintain or monitor the quality of stored sugar, such as moisture testers and heat detectors, in conjunction with a proposed storage facility; and
- New concrete foundations, aprons, pits and pads, including site preparation, labor and material essential to the proper operation of the sugar storage and handling equipment.

Term of Loan

The maximum term of the loan is 15 years. No extensions will be granted.

Security for Loan

All loans shall be secured by a promissory note and security agreement, which shall:

- Grant CCC a security interest in the storage facility;
- Grant CCC a security interest in other assets used as collateral; and
- Be executed as required by applicable state law.

Additional security will be required as necessary to adequately secure the loan to the extent that CCC determines the value of primary and additional security is at least equal to 125 percent of the loan amount. Types of acceptable additional security are:

- Real estate;
- Chattels;
- Crops in storage; and
- Other available assets offered as collateral.

FACT SHEET

Sugar Storage Facility Loan Program

March 2011

Loan Amount

The maximum principal amount of any farm storage facility loan shall be 85 percent of the net cost of the applicant's needed storage or handling equipment.

Down Payment

A minimum down payment representing the difference between the net cost of the storage facility and the amount of the loan shall be made by the loan applicant to the supplier or contractor before the loan is disbursed.

Interest

Loans shall bear interest at the rate equivalent to the rate of interest charged on U.S. Treasury securities of comparable maturity on the date the loan is approved. The interest rate for each loan will remain in effect for the term of the loan.

Installment Payments

Equal installments of principal plus interest will be amortized over the loan term for purposes of setting a payment schedule. Installments are due and payable not later than the last day of each 12-month period of the loan, until the principal plus interest has been paid in full.

Applicant Responsibilities and Other Requirements

Unless otherwise authorized, delivery of storage structure parts, site preparation and construction cannot begin until after the loan is approved by the approving committee. Unless an extension of time is approved, loan approvals expire eight months after the approval date during which time the applicant must complete construction and submit final cost documentation.

Applicants pay all loan-making fees and closing costs. This includes, but is not limited to, attorney fees for loan closings, environmental assessments and studies, chattel and real estate appraisals, title opinions, title insurance, title searches, filing and recording all real estate liens, fixture filings, subordinations, credit reports, collateral lien searches and filing and recording financing statements for the collateral.

Loans cannot be disbursed until construction is completed, applicants provide final cost documentation, final net cost is determined and the facility is inspected by the FSA.

Other requirements apply. Check with USDA Service Centers for details. Information is also available on FSA's website at www.fsa.usda.gov

FARM SERVICE AGENCY

2011 Montana Farmer & Rancher FSA Handbook

Production & Compliance Programs

FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

Average Crop Revenue Election (ACRE) Program - 2011

January 2011

Payments		DCP	ACRE
Direct	Payment Rate	100 percent of the DCP direct payment rate.	80 percent of the DCP Direct Payment Rate.
	Payment Formula	Uses farm's base acreage.	Uses farm's base acreage.
	Advances	Available through 2011.	Available through 2011.
Counter-Cyclical (CC)	Payment Formula	Uses farm's base acreage.	
	Trigger	Low National Market Prices	
	Advances	40 percent advance of projected payment through 2010.	
Average Crop Revenue Election (ACRE)	Payment Formula		Uses planted and considered planted (P&CP) acreages of commodity crops and peanuts.
	Triggers		Revenue must be below the historical state average and the farm average.
	Advances		Not available.
Loan Rates		100 percent of the Market Assistance Loan rates.	70 percent of the Market Assistance Loan rates.

As authorized by the 2008 Farm Bill (Food, Conservation, and Energy Act of 2008), producers on eligible farms may elect to participate in the Average Crop Revenue Election (ACRE) Program.

Under the ACRE Program, producers may receive revenue-based payments as an alternative to receiving price-based counter-cyclical (CC) payments.

ELIGIBLE FARMS

Only farms with covered commodity or peanut base acres may participate in the ACRE Program. Farms that are already enrolled in the Direct and Counter-Cyclical Program (DCP) for a crop year, may elect to switch to ACRE before the end of signup. As provided by the 2008 Farm Bill, farms with 10 or less base acres are not eligible for DCP or ACRE Program payments, except for farms whose owners are socially disadvantaged or are limited resource farmers or ranchers.

ELIGIBLE COMMODITIES

The following planted or considered planted crops may be eligible for ACRE payments:

- wheat, barley and oats
- grain sorghum and corn
- upland cotton
- rice (short/medium and long grain)
- soybeans
- other oilseeds: canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed
- peanuts
- dry peas, lentils and small and large chickpeas (garbanzo beans).

ACRE ELECTION AND ENROLLMENT

The deadline to elect and enroll in the ACRE Program is June 1 of the program year. If elected in a previous year, producers must enroll the farm in the ACRE Program by June 1 to receive payments. Farms that elect the ACRE Program cannot receive CC payments.

REPORTING REQUIREMENTS

Producers on participating ACRE Program farms must annually report acreage and production to FSA. Failure to do so may result in ineligibility. Production reports are due by the acreage report date for the subsequent year.

PAYMENT LIMITATION

Maximum Payment Amounts

Direct payments are limited to $40,000 per person or entity minus the 20 percent direct payment reduction, and ACRE payments are limited to $65,000 plus the 20 percent direct payment reduction amount. The limitation is applied by attributing both the amounts received directly by entities and persons, and indirect amounts received through entities.

Adjusted Gross Income (AGI)

Persons or legal entities whose average **nonfarm** AGI exceeds $500,000 are not eligible for direct, CC or ACRE payments.

Also, persons or legal entities whose average **farm** AGI exceeds $750,000 are not eligible for direct payments under the DCP and the ACRE Programs.

FARM YIELDS

Yields for ACRE payments are based on an "Olympic" average of a combination of producer yields and average yields for the county for the five most recent crop years. If a producer certifies yield data for a year and it is higher than the county average, that yield will be used to calculate the ACRE farm yield (Benchmark Farm Yield) as long as yields are certified for the subsequent years. Once established, the yields cannot be updated to replace average yields for subsequent year benchmark farm yields.

PAYMENTS

Producers on participating ACRE Program farms can receive direct and ACRE payments. Payments will be reduced if base acres are enrolled in a federal program which prohibits the production or harvesting of crops, such as the Conservation Reserve Program, Grassland Reserve Program and the Wetlands Reserve Program.

Average Crop Revenue Election (ACRE) — Fact Sheet - 2

Direct Payments

Direct payments are based on the farm's base acres and program yields for covered commodities and peanuts. The payment rates for direct payments are 20 percent less than the DCP direct payment rates. Similar to DCP, payment amounts are reduced if fruits or vegetables are planted on base acres, or the acres are used for non-agricultural purposes.

ACRE Payments

ACRE payments are revenue-based payments and are tied to crop production and the National Average Market Price for planted, and considered planted, covered commodity crops or peanuts on the farm. ACRE payments can only be issued for a crop if two triggers are met for the covered commodity crop or peanuts.

<u>State Trigger</u>: The Actual State Revenue for the program year must be less than the State ACRE Guarantee.

<u>Farm Trigger</u>: The participating farm's Actual Farm Revenue for the program year must be less the Farm ACRE Guarantee.

Payment Acreage Limitation

ACRE payment acreage is limited to the total amount of base acres on the farm, not to exceed 83.3 percent of the planted and considered planted acreage for each crop. If the planted and considered planted acreage exceeds 120 percent of the base acreage and there is more than one eligible crop, producers must designate payment acreage for each crop by Sept. 30 of the program year.

<u>Triggers</u>: The State *and* the Farm trigger must be met to receive an ACRE payment for the planted or considered planted commodity crop or peanuts.

ACRE State Trigger:

State ACRE Guarantee must exceed the Actual State Revenue

State ACRE Guarantee (cannot change by more than 10 percent froom the previous year's guarantee)		Actual State Revenue
90 percent multiplied by **Benchmark State Yield** (5 year "Olympic" average) multiplied by **ACRE Guarantee Price** (Previous 2-yr National Average Market Price)	>	**Actual State Yield** multiplied by the ACRE Price: **(the higher of the National Average Market Price** or **70 percent of the National Loan Rate)**

ACRE Farm Trigger:

Farm ACRE Benchmark must exceed the Actual Farm Revenue

Farm ACRE Guarantee		Actual Farm Revenue
Benchmark Farm Yield (5 year "Olympic" average) multiplied by **ACRE Guarantee Price** plus **Crop Insurance Premium per acre paid by producer**	>	**Actual Farm Yield** multiplied by ACRE price: **(the higher of the National Average Market Price** or **70 percent of the National Loan Rate)**

<u>ACRE Payment Calculation</u>: If both triggers are met for a planted or considered planted commodity crop, then an ACRE payment may be calculated for the eligible crop.

ACRE Payment = **P&CP Acres** multiplied by **83.3 percent*** multiplied by $\frac{\text{Benchmark Farm Yield}}{\text{Benchmark State Yield}}$ (Farm Productivity Index Factor)

multiplied by lesser of:
- State ACRE Guarantee minus Actual State Revenue
- State ACRE Guarantee multiplied by 25 percent

* **85 percent in 2012**

Average Crop Revenue Election (ACRE) Fact Sheet - 3

Projected Payment Calculations: Use the following tables to calculate projected ACRE Program and DCP Payments. A FSA Online ACRE Calculator is available at www.fsa.usda.gov/FSA/dcp.

Table 1: ACRE and DCP Rates ($ per unit)	**1. 2009 National Avg. Market Price (NAMP)**	**2010 - 2012 ACRE**		**DCP 2010 - 2012**		
		2. Direct Rate	**3. National Loan Rate**	**4. Direct Rate**	**5. National Loan Rate**	**6. CC Threshold:** Payment will be issued if the NAMP is less than…
Wheat (bu)	4.87	0.416	2.06	0.52	2.94	3.65
Barley (bu)	2.61	0.192	1.37	0.24	1.95	2.39
Oats (bu)	2.02	0.0192	0.97	0.024	1.39	1.766
Corn (bu)	3.55	0.224	1.37	0.28	1.95	2.35
Grain Sorghum (bu)	3.22	0.28	1.37	0.35	1.95	2.28
Upland Cotton (lb)	0.629	0.05336	0.3640	0.0667	0.52	.6458
Med/Short Grain Rice (cwt)	18.40	1.88	4.55	2.35	6.50	8.15
Long Grain Rice (cwt)	12.90	1.88	4.55	2.35	6.50	8.15
Soybeans (bu)	9.59	0.352	3.50	0.44	5.00	5.56
Canola (cwt)	16.20	0.64	7.06	0.80	10.09	11.88
Crambe (cwt)	36.80	0.64	7.06	0.80	10.09	11.88
Mustard Seed (cwt)	30.40	0.64	7.06	0.80	10.09	11.88
Rapeseed (cwt)	26.30	0.64	7.06	0.80	10.09	11.88
Safflower (cwt)	17.10	0.64	7.06	0.80	10.09	11.88
Sesame Seed (cwt)	28.00	0.64	7.06	0.80	10.09	11.88
Sunflower Seed (cwt)	15.10	0.64	7.06	0.80	10.09	11.88
Flaxseed (bu)	8.15	0.3584	3.9536	0.4480	5.6504	6.6528
Peanuts (ton)	434.00	28.80	248.50	36.00	355.00	459.00
Dry Peas (cwt)	8.98		3.78		5.40	8.32
Lentils (cwt)	26.80		7.90		11.28	12.81
Sm. Chickpeas (cwt)	20.30		5.20		7.43	10.36
Lg. Chickpeas (cwt)	29.10		7.90		11.28	12.81

Table 2: Hypothetical 2011 State ACRE Guarantee		**Ex. Wheat**	**For Each Planted or Prevented Planted Crop:**			
1. ***Estimated*** **2011 Benchmark State Yield** (Your estimate of the Olympic average of state yields from 2006—2010) *		**88 bu/ acre**				
2. ***Estimated*** **2011 ACRE Guarantee Price** (Average of 2009 NAMP in Table 1, Item 1 and your projected 2010 NAMP.)		**$ 6.14 per bu**				
3. 2011 Calculated ***Estimated*** **State ACRE Program Guarantee** (90 percent x Item 1 x Item 2)		**$486.29**				
4. 2010 State ACRE Program Guarantee*		**$439.29**				
5. Is Item 3 greater than Item 4? (Yes, No)	*If Yes, Go to Item 6* *If No, Go to Item 8*	**Yes**				
6. Maximum Estimated State ACRE Program Guarantee (Item 4 times 110 percent)		**$483.22**				
7. Hypothetical 2011 State ACRE Program Guarantee (lower of Item 3 and Item 6). ***Do not continue.***		**$483.22**				
8. Minimum Estimated State ACRE Program Guarantee (Item 4 times 90 percent)						
9. Hypothetical 2011 State ACRE Program Guarantee (higher of Item 3 and Item 8)						

***Resource Information available at** www.fsa.usda.gov/FSA/webapp?area=home&subject=dccp&topic=landing

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Average Crop Revenue Election (ACRE) Fact Sheet - 4

Table 3: Hypothetical 2011 ACRE Triggers and Payment Calculation			Ex. Wheat	Enter each crop that is planted or prevented planted:			
State Trigger	**ACRE Program Guarantee**	**1. Estimated Benchmark State Yield** (Item 1 from Table 2)	88				
		2. Estimated ACRE Guarantee Price (Item 2 from Table 2)	$6.14				
		3. Hypothetical State ACRE Program Guarantee (Item 7 or 9 of Table 2)	$483.22				
	Actual State Revenue	**4. Estimated 2011 Actual State Yield**	84				
		5. Estimated 2011 National Average Market Price	$5.50				
		6. ACRE National Loan Rate (Table 1, Item 3)	$2.06				
		7. ACRE Price (Higher of Item 5 or Item 6)	$5.50				
		8. Hypothetical Actual State Revenue (Item 4 times Item 7)	$462.00				
	9. Item 3 greater than Item 8?	*If Yes, State trigger has been met.* *If No, the trigger is not met.*	Yes				
Farm Trigger	**Farm ACRE Guarantee**	**10. Benchmark Farm Yield** (Your estimate if not determined)	91				
		11. Crop Insurance Premium (per acre paid by producer for the crop)	$10				
		12. Hypothetical Farm ACRE Guarantee ((Item 10 x Item 2) plus Item 11)	$568.74				
	Actual Farm Revenue	**13. Estimated 2011 Actual Farm Yield**	83				
		14. Hypothetical Actual Farm Revenue (Item 13 times Item 7)	$456.50				
	15. Item 12 greater than Item 14?	*If Yes, Farm trigger has been met.* *If No, the trigger is not met.*	Yes				
ACRE Payment	**16. Item 9 and Item 15 are both "Yes"?**	If **both** are "Yes", then the crop is eligible for ACRE payments. Continue to Item 17. If not, the crop is not eligible for ACRE payments. Do not continue.	Yes				
	17. Share of the crop's planted or prevented planted acreage on the farm		100 Pct				
	18. Maximum Acres (Total base acreage on the farm)		125				
	19. Planted and Prev. Planted Acreage of the crop		140				
	20. Payment Acreage (Item 19 times 83.3 percent). Total Payment Acreage for the farm cannot exceed Item 18.		116.6				
	21. Farm Productivity Index Factor (Item 10 divided by Item 1)		1.0341				
	Payment Rate	**22. APG minus ASR** (Item 3 minus Item 8)	$21.22				
		23. 25%of APG (Item 3 times 25 percent)	$120.81				
		24. Payment Rate (Lesser of Item 22 or Item 23)	$21.22				
	25. Projected Estimated ACRE Payment (Item 17 times Item 20 times Item 21 times Items 24)		$2,559				

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Average Crop Revenue Election (ACRE) Fact Sheet - 5

Table 4: Projected Payment Comparison **Note:** Direct and CC Payments are reduced if fruits, vegetables or wild rice are planted on base acreage.)			Ex: Wheat		
Basic Information	1. Base Acreage for the crop		125		
	2. Direct and Counter-Cyclical Payment Share		100 pct		
	3. Direct Payment Yield		86		
	4. Direct Payment Rate (Table 1, Item 4)		0.52		
	5. Counter-cyclical (CC) Payment Yield		88		
	6. Counter-cyclical Payment Rate (Zero, if negative) _______________ minus (higher of _______________ or _______________) Table 1, Item 6 (CC Threshold) Table 1, Item 5 (DCP Loan Rate) Table 3, Item 5		(3.39 minus 4.60 = neg.) **(Zero)**		
DCP Payments	**Direct**	7. Calculation: Item 1 x Item 2 x Item 3 x Item 4 x 0.833	**$ 4,656**		
	Counter-Cyclical	8. If Item 6 is zero, enter zero. If Item 6 is greater than zero, calculate the CC payment as follows: Item 1 x Item 2 x Item 5 x Item 6 x 0.85	**0**		
		9. Total DCP Payments	**$ 4,656**		
ACRE Program Payments	**Direct**	10. Calculation: Item 7 times 80%	**$ 3,725**		
	ACRE	11. See Table 3, Item 23	**$2,559**		
		12. Total ACRE Program Payments	**$ 6,284**		

Table 5: 2011 Timetable		**2011 Signup: Oct. 1, 2010 - June 1, 2011**	
Year	**Month or Date**	**ACRE Program** ACRE Payments issued if eligible.	**DCP Program** Counter-Cyclical Payments (CC) issued if authorized
2010-2011	Varies by county and crop	File 2011 Acreage Report	File 2011 Acreage Report
2010	December	Begin issuing Advance (22 pct) Direct Payments, if requested.	Begin issuing Advance (22 pct) Direct Payments
2011	June 1	Final date to elect and enroll in 2011 ACRE Program.	Final date to enroll in 2011 DCP Program.
	July 15	File 2010 Production Reports and Establish Bench-mark Farm Yields.	
	August 1	Final date to request reconstitution of the farm.	Final date to request reconstitution of the farm.
	September 30	Final date to designate payment acreage, if neces-sary.	
	October	Begin issuing Final Direct Payments	Begin issuing Final Direct Payments
2012	July 15	File 2011 Production Reports and Establish Bench-mark Farm Yields.	
2012	October	ACRE payments for all crops (including soybeans) except rice, other oilseeds, and chickpeas.	CC payments for all crops (including soybeans) except rice, other oilseeds, and chickpeas.
	December	ACRE payments for other oilseeds and chickpeas.	CC payments for other oilseeds and chickpeas.
2013	February	ACRE payments for rice.	CC payments for rice.

Average Crop Revenue Election (ACRE) Fact Sheet - 6

Information or Estimations Needed to Project 2011 ACRE Payments

A. Projected National Average Market Price: 1) 2009 ________ ; 2) 2010 _________; 2) 2011 _________

B. Benchmark Farm Yield: 1) Benchmark Farm Yield _____**OR** Farm's Est. Avg 2006 - 2010_____

C. Benchmark State Yield: 1) Benchmark State Yield _____**OR** State's Est. Avg 2006 - 2010_____

D. Estimated Actual 2011 Yields: 1) State ________; 2) Farm ________

Frequently Asked Questions

Q1: If a farm is already enrolled in DCP and advance direct payments were issued, can the farm still switch to the ACRE Program?

Yes, as long as ALL the producers on the farm elect and enroll in the ACRE Program during the sign-up period for the applicable year.

Q3: If one producer (owner, tenant, etc) on the farm does not sign the election form, can the farm still participate in the ACRE Program?

No. Without exception, all producers must agree in writing to the ACRE Program election.

Q4: If all producers sign the ACRE Program Election Form, is the farm considered enrolled in the ACRE Program?

No. Producers on the farm must also sign a contract to enroll in ACRE Program by the sign-up deadline.

Q5: Does a producer have to enroll all farms in ACRE?

No. Election and enrollment for the ACRE Program is on a farm by farm basis.

Q6: Can a farm enroll some base acres and not others?

No, the enrollment is for the farm and all of the base acres.

Q7: Can base acres be established to participate in the ACRE Program?

No. There is no authority to establish base acres to participate in the ACRE Program.

Q8: Is crop insurance or NAP required to receive ACRE payments?

No, there are no risk management purchase requirements for the DCP or the ACRE Programs. However, higher levels of insurance due to higher premiums increases the Farm Acre Guarantee and, thus the probability of meeting the "Farm Trigger".

Q9: If both state and farm "triggers" are met, will the ACRE payment calculation provide benefits for prevented planted acres of covered commodity crops or peanuts?

Yes. Prevented planted acres are "considered planted."

Q10: Can ACRE payments be calculated for eligible commodity crops that do not have base acres on the farm?

Yes. ACRE payments are based on planted and considered planted acres of eligible commodity crops, without regard to whether the farm has base acres for that crop. However, the maximum acreage eligible for ACRE payments cannot exceed the total base acres on the farm.

Q11: If the National Average Market Price for a covered commodity crop or peanuts is higher than average, will this result in no ACRE payments?

Not necessarily. Since the ACRE "triggers" are based on revenue (yield and prices) reductions, a significant yield loss for the State could result in ACRE payments.

Q12: If a producer designates payment for a crop, but the crop does not "trigger" payments, are the designated payment acreage transferred to another crop?

No. In the event a crop does not trigger the designated payment acres become "unpaid."

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

December 2008

Direct and Counter-cyclical Payment (DCP) Program

Background

The Direct and Counter-cyclical Payment Program (DCP) provides payments to eligible producers on farms enrolled for the 2008 through 2012 crop years. There are two types of DCP payments -- direct payments and counter-cyclical payments. Both are calculated using the base acres and payment yields established for the farm. DCP is authorized by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) and is administered by the U.S. Department of Agriculture's Farm Service Agency (FSA). Regulations covering the 2008 Farm Bill provisions have been published and are located at 7 CFR 1412.

Eligible Producers

To be eligible for DCP payments, owners, operators, landlords, tenants, or sharecroppers must:

- share in the risk of producing a crop on base acres on a farm enrolled in DCP, and be entitled to share in the crop available for marketing from the base acres or would have shared had a crop been produced;
- annually report the use of the farm's cropland acreage;
- comply with conservation and wetland protection requirements on all of their land;
- comply with planting flexibility requirements;
- use the base acres for agricultural or related activities; and
- protect all base acres from erosion, including providing sufficient cover as determined necessary by the county FSA committee, and controlling weeds.

Eligible Commodities

Base acres and payment yields are established for the following commodities:

- wheat;
- corn;
- grain sorghum, including dual purpose varieties that can be harvested as grain;
- barley;
- oats;
- upland cotton;
- long grain rice and medium grain rice (which includes short grain rice), excluding wild rice;
- soybeans;
- canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed, including oil and non-oil varieties, or any oilseed designated by the USDA Secretary;
- peanuts; and
- dry peas, lentils, small chickpeas (Garbanzo bean, Desi), and large chickpeas (Garbanzo bean, Kabuli).

Under provisions of the 2008 Farm Bill, farms with 10 base acres or less were made ineligible for the DCP. However, P.L. 110-398 made that provision inapplicable to the 2008 crop only. For 2009, the rule still applies. Reconstitutions of farms with 10 base acres or less are now allowed.

Direct Payments

The 2008 Farm Bill continues the direct payments that began under the Farm Security and Rural Investment Act of 2002. Direct payment rates for the eligible DCP commodities are as follows:

Wheat: $0.52 per bushel
Corn: $0.28 per bushel
Grain sorghum: $0.35 per bushel
Barley: $0.24 per bushel
Oats: $0.024 per bushel
Upland cotton: $0.0667 per pound
Rice, long grain: $2.35 per hundredweight
Rice, medium/short grain: $2.35 per hundredweight
Soybeans: $0.44 per bushel
Other oilseeds: $0.80 per hundredweight
Peanuts: $36 per ton

For each commodity, the total direct payment for the 2009 crop year for producers on a farm is determined by multiplying 83.3 percent of the farm's base acreage times the farm's direct payment yield times the direct payment rate. For 2012, the payment percentage changes from 83.3 to

85 percent of the farm's base acreage.

The following is an example for 2009 corn:

Base acres planted to corn:
100 acres x 83.3%
83.3 acres payment acres
x 110 bushels direct payment yield
x $0.28 per bushel direct payment rate
$2566 direct payment

Direct payments are not based on producers' current production choices, but instead are tied to established base acres and yields.

Counter-cyclical Payments

In addition to direct payments, the 2008 Farm Bill authorizes counter-cyclical payments, which provide support counter to the cycle of market prices as part of a "safety net" in the event of low crop prices. Counter-cyclical payments for a commodity are only issued if the effective price for a commodity is below the target price for the commodity. Target prices, as provided by the 2008 Farm Bill, for each commodity are as follows:

The counter-cyclical payment rate is the amount by which the target price of each commodity exceeds its effective price. The effective price for each commodity equals the direct payment rate plus the higher of:

- the national average market price received by producers during the marketing year as determined by the USDA Secretary (see Example A); or
- the national loan rate for the commodity (see Example B).

Example A:
If the 2009 national average market price for soybeans is $5.10 per bushel: $0.44 direct payment rate
+ $5.10 average market price*
$5.54 effective price
(*Average market price is used since it is higher than the 2009 national loan rate)
$5.80 target price
-$5.54 effective price
$0.26 counter-cyclical payment rate

Example B:

If the 2010 national average market price for soybeans is $4.90 per bushel:
$0.44 direct payment rate
+$5.00 national loan rate*
$5.44 effective price
(*National loan rate is used since it is higher than the average market price)
$5.80 target price
- $5.44 effective price
$0.36 counter-cyclical payment rate
For each commodity, the total counter-cyclical pay-

Crop	2008	2009	2010 through 2012
Barley	$2.24/bu	$2.24/bu	$2.63/bu
Chickpeas, large (Garbanzo bean, Kabuli)	Not Available	$12.81/cwt	$12.81/cwt
Chickpeas, small (Garbanzo bean, Desi)	Not available	$10.36/cwt	$10.36/cwt
Corn	$2.63/bu	$2.63/bu	$2.63/bu
Dry peas	Not available	$8.32/cwt	$8.32/cwt
Grain Sorghum	$2.57/bu	$2.57/bu	$2.63/bu
Lentils	Not available	$12.81/cwt	$12.81/cwt
Oats	$1.44/bu	$1.44/bu	$1.79/bu
Other oilseeds	$10.10/cwt	$10.10/cwt	$12.68/cwt
Peanuts	$495/ton	$495/ton	$495/ton
Rice, long grain	$10.50/cwt	$10.50/cwt	$10.50/cwt
Rice, medium/short grain	$10.50/cwt	$10.50/cwt	$10.50/cwt
Soybeans	$5.80/bu	$5.80/bu	$6.00/bu
Upland Cotton	$0.7125/lb	$0.7125/lb	$0.7125/lb
Wheat	$3.92/bu	$3.92/bu	$4.17/bu

ment for producers on a farm is determined by multiplying 85 percent of the farm's base acres times the farm's counter-cyclical payment yield times the counter-cyclical payment rate.

An example for 2009 soybeans (using the counter-cyclical payment rate of $0.26) is:
100 acres base acres planted to soybeans
85 acres, payment acres
x 30 bushels per acre counter-cyclical payment yield
x $0.26 per bushel counter-cyclical payment rate
$663.00 counter-cyclical payment

For 2009 crops, counter cyclical payments are not available for "other oilseeds" (sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, and sesame seed) because the sum of their national loan rate and direct payment rate is equal to or greater than their target price. For 2010 through 2012, counter-cyclical payments are available for "other oilseeds" due to an increase in their target price.

The DCP payment schedules for 2009 crop years are in the following tables.

1\ Producers must request advance counter-cyclical payments no later than 60 days prior to the end of the marketing year for that covered commodity.

2\ For upland cotton, the final marketing year average price estimate will be published by the National Agricultural Statistics Service (NASS) in a notice between October 9, 2009 and October 12, 2009—coincident with the October Crop Production report. Final counter-cyclical payments for upland cotton will be available soon after this date.

1\ Producers must request advance counter-cyclical payments no later than 60 days prior to the end of the marketing year for that covered commodity.

2\ Final counter-cyclical payments for upland cotton are available after the NASS October Crop Production Report containing the marketing year average price for upland cotton is published. The Crop Production Report will be published between October 9, 2010 and October 12, 2010.

Timing of Payments

For crop years 2009 through 2011, producers may elect to receive their direct payments in two installments:

The first advance payment for

2008 Scheduled Timetable for DCP Payments				
Commodity				
Month/Year	Barley, Oats, and Wheat	Peanuts, Rice, and Upland Cotton	Corn, Sorghum, and Soybeans	"Other" Oilseeds
Marketing Year	June 1 - May 31	August 1 - July 31	September 1 - August 31	September 1 - August 31
Enrollment to September 2008	Advance Direct	Advance Direct	Advance Direct	Advance Direct
Beginning October 2008	Final Direct	Final Direct	Final Direct	Final Direct
Beginning December 2008	Partial CC 1\			
Beginning February 2009		Partial CC 1\		
Beginning March 2009			Partial CC 1\	
Beginning October 2009	Final CC	Final CC for Peanuts & Upland Cotton 2\		
Beginning February 2010		Final CC for Rice		

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Direct and Counter-cyclical Payment (DCP) Program

December 2008

up to 22 percent of the total payment is provided by statute to be made available.

For crop years beginning 2009 through 2011, beginning in December of the calendar year prior to the harvest year.

The balance of the total direct payment is available in October of the crop year. Producers who do not elect to take the first direct payment will receive the entire direct payment that October.

For 2012, there is no advanced direct payment.

For crop years 2009 through 2010, producers may elect to receive two counter-cyclical payments per year:

- A partial payment will be available after completion of 180 days of the marketing year for the crop. These payments cannot exceed 40 percent of the total projected payment.
- Final payments are made beginning October 1, or as soon as practicable thereafter, after the end of the marketing year for the crop. Producers who do not elect to take the partial payment will receive the entire counter-cyclical payment at this time.

For fiscal years 2011 and 2012, there is no partial counter-cyclical payments. Final payments are made beginning October 1, or as soon as practicable thereafter, after the end of the marketing year for the crop.

Producers must refund to FSA counter-cyclical payments that exceed the final and total counter-cyclical payment for each respective crop. This situation may occur when actual market prices exceed the projected market prices used in determining the partial counter-cyclical payment rates.

Sign-up Period

The DCP sign-up period for the 2009 crop began Dec. 22, 2008 and ends June 1, 2009. Annual sign-ups for the 2010-2012 crops will begin Oct. 1 of the applicable contract

2009 Scheduled Timetable for DCP Payments

	Commodity					
Month/Year	Barley, Oats and Wheat	Dry Peas and Lentils	Peanuts, Rice and Upland Cotton	Corn, Sorghum and Soybeans	“Other” Oilseeds	Large and Small Chickpeas
Marketing Year	June 1 - May 31	July 1 - June 30	August 1- July 31	September 1 - August 31	September 1 - August 31	September 1 - August 31
Dec. 22, 2008 to Sept. 31, 2009	Advance Direct		Advance Direct	Advance Direct	Advance Direct	
Beginning October 2009	Final Direct		Final Direct	Final Direct	Final Direct	
Beginning December 2009	Partial CC 1\					
Beginning January 2010		Partial CC 1\				
Beginning February 2010			Partial CC 1\			
Beginning March 2010				Partial CC 1\		Partial CC 1\
Beginning October 2010	Final CC	Final CC	Final CC for Peanuts & Upland Cotton 2\	Final CC		Final CC
Beginning February 2011			Final CC for Rice			

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Direct and Counter-cyclical Payment (DCP) Program

December 2008

year and end June 1 of that contract year, set in accordance with DCP regulations. The CCC-509 sign-up form, "Direct and Counter-cyclical Program Contract," includes base acres, payment acres, payment yields, producer payment shares, advance direct and counter-cyclical payment selections, and signatures of the producer and county office representative.

Unlike years past, participants may NOT enroll a farm in DCP after June 1 of the applicable contract period. There are no late filed provisions for contract years 2009 - 2012.

All owners and operators who will share in the DCP payments on the farm must sign the CCC-509 by June 1 of the contract period.

Farm producers must apply for DCP on an annual basis. The following documents are required and applicable determinations must be made before the county committee can approve a producer's share on the CCC-509 for payment:

- a farm operating plan (CCC-902 and related forms);
- an average adjusted gross income certification (CCC-926);
- a certification of compliance with highly erodible land and wetland conservation provisions (AD-1026).

A certification of the acreage of all cropland on the farm (FSA-578) is needed before final payments can be issued.

Planting Flexibility Provisions

Producers who participate in DCP may plant cropland in excess of the total base acreage on the farm to any commodity. However, producers are subject to certain restrictions on the planting of wild rice, fruits, and vegetables (other than mung beans and pulse crops). Information on wild rice, fruits and vegetable restrictions is contained in the FSA fact sheet "Direct and Counter-cyclical Payment Program: Wild Rice, Fruit, and Vegetable Provisions." A 2009 fact sheet will be available on FSA's Web site at: http://www.fsa.usda.gov; click on "find FSA fact sheets."

Planting Transferability Pilot Project

The 2008 Farm Bill provides for the development of a pilot project for certain states to permit the planting of cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes grown for processing on base acres during each of the 2009 through 2012 crop years. DCP base acres on a farm for a crop year will be reduced by an acre for each acre planted under the pilot program. This program is dependent on regulations not yet issued which will cover eligibility and the method by which producers can be approved for participation.

The number of base acres eligible during each crop year for the pilot year for the pilot project is:

Illinois: 9,000
Indiana: 9,000
Iowa: 1,000
Michigan: 9,000
Minnesota: 34,000
Ohio: 4,000
Wisconsin: 9,000

For More Information

For more information about FSA and its programs, visit your local FSA service center or online at: http://www.fsa.usda.gov.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

March 2009

Direct and Counter-cyclical Payment Program Fruit, Vegetable, and Wild Rice Provisions

Overview

The Food, Conservation, and Energy Act of 2008 (2008 Act) re-authorized the Direct and Counter-cyclical Program (DCP), which is administered by USDA's Farm Service Agency (FSA). DCP provides payments to eligible producers for the 2008 through 2012 crop years.

Producers who participate in DCP are subject to certain restrictions on the planting of fruits, vegetables and wild rice (FAV/WILD RICE).

Applicable Crops

FAV/WILD RICE planting provisions apply to the following commodities:

- fruits (including nuts);
- vegetables, other than mung beans and pulse crops; and
- wild rice.

FAV/WILD RICE Planting Provisions on DCP Base Acreage

In general, harvesting FAV/WILD RICE on DCP base acres is a violation of the DCP contract. Also, planting perennial FAV/WILD RICE on DCP base acres is a violation of the DCP contract even if the FAV/WILD RICE is destroyed without benefit before harvest.

FAV/WILD RICE may be planted on DCP base acres and a DCP contract violation will not occur if any of the following three exceptions to the planting restriction rule apply:

Double-Cropping Exception

FAV/WILD RICE may be planted in a double-cropping practice with a DCP eligible commodity. The following provisions apply to this exception:

- DCP payment acres are not reduced for such plantings.
- The farm must be in a region approved for double-cropping DCP eligible commodities with FAV/WILD RICE. These regions were established by FSA state committees and are published in the Federal Register (7 CFR 1412).

Farm History Exception

FAV/WILD RICE may be planted on a farm with an established history of planting FAV/WILD RICE. The following provisions that apply to this exception are farm-specific:

- Although no contract violation will result, the DCP payment acres will be reduced by an acre for each acre of base acreage planted to FAV/WILD RICE.
- FAV/WILD RICE farm history is based on the farm's plantings for crop years 1991-1995 or 1998-2001.

Producer History Exception

A producer with an interest in planting a specific FAV/WILD RICE has an established history of planting that specific FAV/WILD RICE. The following provisions apply to this exception:

- Although no contract violation will result, the DCP payment acres will be reduced by an acre for each acre of base acreage planted to FAV/WILD RICE.
- The planting must not exceed the producer's average annual planting history for the specific FAV/WILD RICE for either (but not both) the 1991-1995 or 1998-2001 crop years, as chosen by the producer and determined by FSA.

Failure to Comply with FAV/WILD RICE Planting Restrictions

In general, if FAV/WILD RICE are planted on DCP base acres and one of the above three exceptions does not apply, the DCP contract has been violated and may be terminated by FSA.

If FSA determines the violation does not warrant contract termination, the farm's payment acres will be reduced by an acre for each acre of FAV/WILD RICE planted on base acres. FSA will also assess an additional payment reduction based on the market value of the FAV/WILD RICE. FSA state committees establish the per-acre market value of the FAV/WILD RICE planted. The reductions cannot exceed the total amount of DCP payments for the farm for that crop year.

FAV/WILD RICE Planting Provisions on DCP Non-Base Acreage

Planting FAV/WILD RICE on acres that are not considered DCP base acres is not a DCP contract violation and will not result in payment reductions. This rule applies regardless of whether or not the farm or producer has a FAV/WILD RICE history.

FAV/WILD RICE Planting Provisions for Non-DCP Farms

- If a farm is eligible to participate in DCP but is not enrolled in DCP for a particular year, unlimited FAV/WILD RICE can be planted and harvested for that year:
- The farm will not receive any DCP payments for the applicable year;
- The farm may be enrolled in DCP in succeeding years and be eligible for DCP benefits; and
- Production of loan commodities from the farm is eligible for marketing assistance loans and loan deficiency payments.

For More Information

For additional information on FAV/WILD RICE rules or other DCP program matters, please contact your local USDA Service Center, or visit FSA's Web site at: www.fsa.usda.gov.