



February 13, 2009

Issue No. 1

# Hillsdale County FSA News

## Hillsdale County USDA Service Center

### Hillsdale FSA

588 Olds St. Bldg 2  
Jonesville, MI 49250  
Phone 517 849-9890 X 2  
FAX 517 849-9895

### Hours

Monday - Friday  
8:00 a.m. - 4:30 p.m.

### County Committee

Tom Schroeder, Chairman  
Sheryl Kies, Vice-Chair  
David Godfrey, Member

### Commodity Staff

Nina Draper, CRP  
Cindy Gabbard, Price Sup  
Angela Lanius, Crop Rept  
Pattie Nichols, Adm  
Jamie Horeni, DCP  
Brad Everline, Fm Records  
Judy Hostetler, CED

### Farm Loan Staff

Candice Burgener, PT  
Deb Wheeler, PT  
Crystal Hepker, FLO  
Russ LaFollette, Loan Mgr

### Web Sites

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



*Think  
Spring!!!*

## 2009 Annual Direct Counter- Cyclical Program (DCP)

**Sign up for 2009 DCP has begun and will run through 6-1-2009.** The base acres that were in effect in 2008 will be in effect for 2009 and payments will be computed on 83.3% of the base acres which is down from the 85% level. The Direct payment rates are:

- Corn - \$.28/bu.
- Soybeans - \$.44/bu
- Wheat - \$.52/bu

The rule prohibiting direct payments to farms if the base acres are 10 acres or less, unless you are a socially disadvantaged farmer or limited resource farmer is again in place.

**Phone 849-9890 – Ext. 113, Jamie, for an appointment to sign up. Indicate to Jamie whether you want the advance payment of 22% or not.**

Prior to sign-up:

- Report any farm changes - report any farming operation changes so that we can keep your record current. This includes changes in land-ownership or operators.
- If the land in your operation hasn't changed, do you have a signed lease from the landowner?
- A signed rental agreement or the landowner's signature on the DCP Contract is required.
- All farmers who produce a crop on the base acres are entitled to share in the DCP payment. Landowners who do not have an interest in the crop are not eligible to receive a DCP payment.
- Plan on updating your payment limitation documents and other program eligibility records.
- Reconstitutions – changes that require farm reconstitutions should be reported as soon as possible so we can update your records. We cannot enroll a farm with changes pending, so please let us know of your changes.

## AFIDA – Foreign landowners Re- porting Requirement –

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The FSA administers this program for USDA. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA form could result in civil penalties of up to 25% of the fair market value of the property. County government offices, realtors, attorneys and others involved in real estate transactions are reminded to notify foreign investors of these reporting requirements.

## Congratulations - New Employee

USDA welcomes **Brad Everline** to the FSA Family. Brad started January 5, 2009 and will be working on Farm Records, Recons, and assisting with DCP.

## CED Says Farewell to Hillsdale Farmers!!!

After 32 years of FSA Service with the last 9 years here in Hillsdale County, I have given my notice to retire at the end of March. It has been my pleasure to work with the many good farmers over the years and I appreciate the opportunity I have had to serve the farmers of Hillsdale County. Each office I have worked in has been challenging and eventful and the Hillsdale Office has brought me much satisfaction. I do not do Good-byes very well so I will just say **Thank You!**, for allowing me to work with you.

*Judy Hostetler, CED*

### **USDA Conducting Lamb Promotion Referendum now through 2-27-09.**

Any lamb producers can vote whether to continue or terminate the Lamb Promotion Research and information order. To be eligible to vote, producers must certify and provide documentation such as a sales receipt or remittance form which shows they have been engaged in the production, feeding or slaughtering of lambs during the period Jan 1 2008 through Dec 31, 2008.



### **Civil Rights Complaint Process**

Any person, class or group of persons may file a discrimination complaint within 180 days of an alleged discriminatory action. Complaints may be filed in writing or orally with the agency head, any designated agency official or the Secretary of Agriculture, U.S. Dept of Agriculture, Washington, D.C. 20250.

Assistance in filing a complaint can be obtained by calling any FSA Office.

### **Average Crop Revenue Election (ACRE)**

Producers with crop acreage bases have an option to choose ACRE instead of DCP Counter-cyclical payments. DCP counter-cyclical payments are driven by national average prices in contrast to ACRE which provides a revenue protection on the crops that are actually planted. DCP is based upon historical plantings with established base acres where ACRE uses current plantings. Once a producer chooses ACRE, it is irrevocable through the 2012 crop year and the following will apply.

- A permanent 20% reduction in direct DCP payments
- A permanent 30% reduction in Marketing Assistance Loan rates
- Payments are revenue based, not price based
- Whether payments will be paid are contingent upon the following 2 things. Both must apply:
  - Actual State revenue for the crop year for the covered commodity is less than ACRE program guarantee for the crop year for the commodity
  - Actual Farm revenue for the crop year for the covered commodity is less than the Farm ACRE benchmark revenue for the crop year for the commodity.

Producers electing ACRE must annually provide their production from all grain products. The Total number of planted acres that producer may receive ACRE payments on are limited to the total base acreage for the farm.

An ACRE payment is issued when both the State and the farm have incurred a revenue loss. The payment is based on 83.3 percent (85 percent in 2012) of the farm's planted acres(not to exceed the total base acres for the farm) times the difference between the State ACRE guarantee and the State revenue times the ratio of the farm's yield divided by the State expected yield.

### **Thinking of Clearing a Fence Row?**

Bringing new land into production by clearing trees, improving drainage by tiling or dredging are potential violations of the HEL/WC rules.

Before you begin any land conversion project, please file form AD-1026. Natural Resources Conservation Service will make an evaluation of your land to determine how to manage the wet areas of your land most efficiently. Checking ahead of time will help keep you eligible for USDA benefits.

**MILC** -The extended sign-up phase of the MILC Program began January 22, 2009 and will continue throughout the duration of the program ending on September 30, 2012.



**Eligibility Documentation for 2009 Payments.** To be eligible for 2009 program payments, program participants are required to complete new eligibility forms. Expect to hear from the FSA office to arrange your appointment for processing all applicable forms.

**Local FSA Offices will no longer issue any checks. All payments, including direct deposits, paper checks, and payment statements are now issued by the national processing center in St. Louis.** This will especially effect those producers waiting for refunds from grain elevator checks for commodity loans repaid. Remember to report any banking changes, such as account number, routing number, or banking institution, to the FSA office to prevent delays in payment processing.

### **NAP Fees**

With the new farm bill, NAP fees changed to \$250 per crop, but not more than \$750 per producer per county, or not more than a total of \$1,875 per producer in all counties.

## NAP Production Reporting

Production records for individual crops need to be filed with our office to establish an approved NAP yield. If this is the first year you participated in NAP, you can provide production and acreage information from prior years to establish your yield. If you participated in NAP in previous years, you must report your production and acreage on a yearly basis to keep your yield up-to-date. Records submitted must be reliable and verifiable. Records need to show crop disposition. It is recommended producers submit 2008 production records as soon as possible after harvest. *All production records must be submitted by the subsequent crop year's final acreage reporting date.*



### Special Accommodations

Special Accommodations will be made for the physically handicapped, visually impaired or hearing impaired upon request. If accommodation is required, contact Judy Hostetler, CED at (517) 849-9890.

## Adjusted Gross Income (AGI)

New AGI rules apply in order to be eligible for participation in commodity, disaster and conservation programs. AGI is determined by the *average* AGI of the three previous years preceding the most recent tax year. For 2009, the years used to determine the AGI are 2005, 2006, and 2007. There are three qualifying levels of AGI:

- **\$500,000 Nonfarm Income:**

If a person or legal entity has average AGI nonfarm income that exceeds \$500,000, the person or entity is not eligible for commodity program payments, price support and disaster assistance.

- **\$750,000 Farm Income:**

If a person or legal entity has average AGI farm income that exceeds \$750,000, the person or entity is ineligible for DCP direct payments.

- **\$1,000,000 Farm Income:**

If a person or legal entity has average AGI farm income that exceeds \$1M, the person or entity is ineligible for all conservation program benefits unless at least 66.66% of the total AGI is average adjusted gross farm income.

### 10-Acre Rule

Farms with 10 or less base acres are ineligible to receive payment in the Direct and Counter-cyclical Program, unless the farm is solely owned/operated by a Socially Disadvantaged or Limited Resource Producer. However, program rules for 2009 allow farms with 10 or less base acres to combine with other farms to qualify for a DCP payment. In this instance, farm reconstitution rules apply.

### Farm Loan Limits

The new farm bill expands and enhances farm loan programs and preferences for beginning and socially disadvantaged farmers and ranchers, increases loan limits for all borrowers, and makes equine farmers eligible for emergency loans, including:

- Increases direct ownership loan borrowing limit to \$300,000
- Increases operating loan borrowing limit to \$300,000.

## FSA Farm Loans

FSA makes both direct and guaranteed farm ownership and operating loans to family-size farmers who can not obtain commercial credit from a bank or other lender. FSA loans can be used to purchase land, livestock equipment, feed, seed, and supplies. The loans can also be used to construct buildings or make farm improvements. If you're having trouble getting commercial credit, check with the county office staff about eligibility, as well as maximum loan amounts, rates, term and use of proceeds.

### Loans Available for Beginning Farmers, Socially Disadvantaged

FSA is authorized to assist beginning farmers and members of socially disadvantaged groups to finance agricultural enterprises. Under these programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmers as a person whom: Has operated a farm for not more than 10 years. Will materially and substantially participate in the operation of the farm. Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA. Does not own a farm in excess of 30% of the county's median size.

### Youth Loans

FSA can make loans to youths to establish and operate income producing projects in connection with their participation in 4-H clubs, Future Farmers of America, and similar organizations.

**The maximum loan size is \$5,000.** To qualify:

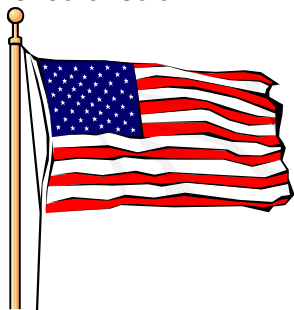
- Be between 10 and 20 years old
- Live in a town of less than 10,000
- Be unable to obtain a loan from other sources
- Conduct a modest income producing project in a supervised program of work.

Applicants must also be capable of planning, managing and operating the project under guidance and assistance from a project advisor. Contact Russ LaFollette or Crystal Hepker at Ext. 107 or Ext 105



### ***Unauthorized Disposition***

Loan grain is not to be disposed of through feeding, selling, or any other form of disposal without prior written authorization. The financial penalties for this are severe. Always call the office before any loan grain is fed or sold.



### ***Appointments Recommended***

We recommend you call to make an appointment before coming to the office to conduct business. This will enable us to prepare any necessary paperwork and research issues before your appointment. We realize how important your time is, and this will reduce the amount of time that you have to wait in the office.

### ***Remember to practice farm safety!***

**Farm Changes—Remember to notify our office of any farm changes:**  
**Changes in land ownership, new leased acreage, dropped leased acreage;**  
**Changes in banking accounts that will affect your *direct deposit*;**  
**Development of land removed for houses.**

### ***Important Dates to Remember***

Feb 27 - Deadline for 2005-2007 CDP  
Mar 15 - Deadline to purchase NAP coverage on spring non-insurable crops  
Mar 31 - Deadline for 2008 Wheat loans  
May 31 Deadline for 2008 Corn, Soybean Loans  
June 1 – Deadline to enroll in DCP  
June 30 – Deadline to report fall seeded crops  
July 15 – Deadline to report spring seeded crops

***Real Estate for Sale*** Visit the following web site for government owned farms, houses, lots & buildings.  
<http://www.resales.usda.gov>

### ***Bank Account Changes***

All FSA payments are to be made by direct deposit unless there is a financial hardship to prevent it. Producers need to notify us when accounts change to prevent delay of payments

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