



Oct. 2012

**Washtenaw-
Wayne County
FSA Office**

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Increased Guaranteed Loan Limit

The Farm Service Agency has announced that the loan limit for the Guaranteed Loan Program will increase to \$1,302,000 on Oct. 1, 2012. The limit is adjusted annually based on data compiled by the National Agricultural Statistics Service.

The lending limit increases every year according to an inflation index. The maximum combined guaranteed and direct farm loan indebtedness will also increase to \$1,602,000.

As a reminder, the one-time loan origination fee charged on FSA guaranteed Farm Ownership and Operating loans is 1.5 percent of the guaranteed portion of the loan.

Producers should contact their local FSA County Offices with questions about farm loans.

2012 DCP Final Payments

DCP payments for 2012 will be issued after Oct. 1, 2012. These payments will be deposited directly into participating producers' bank accounts.

If there are any unearned payments, Commodity Credit Corporation will automatically subtract those amounts from the October Direct and Counter-Cyclical Program payments.

2013 Reporting of Fall Seeded Crops

All producers are reminded that the acreage reporting date for fall seeded crops has changed, beginning with the crop planted for 2013 harvest. **The new acreage reporting date is Nov. 15, 2012. This applies to all fall seeded crops including winter wheat. Please call for an appointment to certify your wheat and hay crops.**

IRS 1099 Changes

Calendar year 2012 has brought changes to the way FSA reports farm program payments to the producer and to the IRS.

In past years, IRS Forms 1099-G would be issued to show all program payments received from the Farm Service Agency, regardless of the amount.

Starting with calendar year 2012, producers whose total reportable payments from FSA are less than \$600 will not receive IRS Form 1099-G. Also, producers who receive payments from more than one county will only receive one Form 1099-G if the total of all payments from all counties is \$600 or more.

The same changes will apply to producers and vendors who normally receive IRS Form 1099-MISC from FSA.

Banking Changes?

If you changed banks and did not notified FSA, your payment could be delayed.

Payments are electronically transferred into your bank account, if we are not aware of changes to your account and routing numbers, there could be problems.

In order to make timely payments, you need to notify the office if you close your account or if another financial institution purchases your bank.

It is important that any changes in a producer's account such as type account, bank mergers, routing number or account numbers, be provided to the county office promptly to avoid possible payment delay.

County Committee Elections

Watch your mailbox for your official County Committee election ballot starting early next month. Ballots will be mailed to all eligible voters in Webster, Northfield, Salem, Lima, Scio, Ann Arbor, and Superior Townships on Nov. 5, 2012. If for some reason you don't receive a ballot, feel free to notify the county FSA office.

Completed and signed ballots must be returned to the county office by close of business on Dec.3, 2012.

Farm Safety

Flowing grain in a storage bin or gravity-flow wagon is like quicksand — it can kill quickly. It takes less than five seconds for a person caught in flowing grain to be trapped.

The mechanical aspect of grain handling equipment also presents a real danger. Augers, power take offs, and other moving parts can grab people or clothing.

These hazards, along with pinch points and missing shields, are dangerous enough for adults; not to mention children. It is always advisable to keep children a safe distance from operating farm equipment. Always use extra caution when backing or maneuvering farm machinery. Ensure everyone is visibly clear and accounted for before machinery is engaged.

FSA wants all farmers to have a productive crop year and that begins with putting safety first.

Farm Storage Facility Loan Program

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

The new maximum principal amount of a loan through FSFL is \$500,000. Participants are now required to provide a down payment of 15 percent, with CCC providing a loan for the remaining 85 percent of the net cost of the eligible storage facility and permanent drying and handling equipment. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rates for each term rate may be different and are based on the rate which CCC borrows from the U.S. Treasury Department.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial disbursement will be available after a portion of the construction has been completed. The final fund disbursement will be made when all construction is completed. The maximum amount of the partial disbursement will be 50 percent of the projected and approved total loan amount.

Applications for FSFL must be submitted to the FSA county office that maintains the farm's records. An FSFL must be approved before any site preparation or construction can begin.

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, small chickpeas and dry peas
- Hay
- Renewable biomass
- Fruits (including nuts) and vegetables - cold storage facilities.

For more information about FSFL visit the FSA county office or www.fsa.usda.gov.

Marketing Assistance Loans

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

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation minimum grade and quality standards. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

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

Violating provisions of a marketing assistance loan may result in liquidated damages, calling the loan and denial of future farm-stored loans.

Electronic Services Available

If a producer has Internet access, program participants can access many services from home 24 hours a day, seven days a week, and receive approval and payment by direct deposit within 48 hours.

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

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

If you would like assistance establishing your account, just contact your local USDA Service Center.

SURE - Disaster Assistance Sign-Up for 2011 Crop Losses

Producers can enroll in the Supplemental Revenue Assistance Payments (SURE) program for 2011 crop year losses beginning Oct. 22, 2012. Under the 2008 Farm Bill, SURE authorizes assistance to farmers and ranchers who suffered crop losses caused by natural disasters occurring through Sept. 30, 2011.

All eligible farmers and ranchers must sign up for 2011 SURE benefits before the June 7, 2013 deadline.

During 2011, several Michigan counties received a Secretarial Disaster Designation, whether primary or contiguous, and producers are eligible to apply for SURE benefits if they experienced at least a 10 percent production loss that affects one crop of economic significance.

To meet program eligibility requirements, producers must have obtained a policy or plan of insurance through the Federal Crop Insurance Corporation or obtained Noninsured Crop Disaster Assistance Program (NAP) coverage for all economically significant crops. Eligible farmers and ranchers who meet the definition of a socially disadvantaged, limited resource or beginning farmer or rancher do not have to meet this requirement. Forage crops intended for grazing are not eligible for SURE benefits.

For more information on SURE program eligibility requirements contact the **Washtenaw/Wayne County FSA office at (734) 761-8789 ext. 2** or visit the website at <http://www.fsa.usda.gov/sure>.

Rural Youth Loans

The Farm Service Agency makes loans to rural youths to establish and operate income-producing projects in connection with 4-H clubs, FFA and other agricultural groups. Projects must be planned and operated with the help of the organization advisor, produce sufficient income to repay the loan and provide the youth with practical business and educational experience. The maximum loan amount is \$5,000.

Youth Loan Eligibility Requirements:

- Be a citizen of the United States (which includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands) or a legal resident alien
- Be 10 years to 20 years of age
- Comply with FSA's general eligibility requirements
- Reside in a rural area, city or town with a population of 50,000 or fewer people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above

- Demonstrate capability of planning, managing and project advisor. The project supervisor must recommend the project and the loan, along with providing adequate supervision.

Loans for the Socially Disadvantaged

FSA has a number of loan programs available to assist applicants to begin or continue in agriculture production. Loans are available for operating type loans and/or purchase or improve farms or ranches.

While all qualified producers are eligible to apply for these loan programs, the FSA has provided priority funding for members of socially disadvantaged groups.

A socially disadvantaged applicant is one of a group whose members have been subjected to racial, ethnic or gender prejudice because of his or her identity as members of the group without regard to his or her individual qualities.

Beginning and Limited Resource Farmers

FSA assists beginning farmers and or members of socially disadvantaged groups to finance agricultural enterprises. Under these designated farm loan programs, FSA can provide financing to eligible applicants through either direct or guaranteed loans. FSA defines a beginning farmer as a person who:

- Has operated a farm for not more that 10 years
- Will materially and substantially participate in the operation of the farm
- Agrees to participate in a loan assessment, borrower training and financial management program sponsored by FSA
- Does not own a farm in excess of 30 percent of the county's median size.

Additional program information, loan applications and other materials are available at your local USDA Service Center. You may also visit www.fsa.usda.gov

News from Farm Loan Programs

Michigan producers have experienced several disasters this year, the latest being drought and excessive heat through most of the summer. A direct result of this disaster is the entire state of Michigan has been declared a disaster area which makes Emergency Loans (EM) available through the Farm Loan Division of the Farm Service Agency.

To qualify for an Emergency Loan based on a production loss, an operator must have experienced at least a 30% loss in at least one crop when the disaster year yield is compared to the most recent three year historical average. Rest

assured that losses in other crops that may not meet the 30% threshold can be included in the determination of the overall loss. Livestock operations can also qualify for EM loans based on their losses; these physical losses do not require a 30% loss in the livestock enterprise to qualify.

After reading the above paragraph, you probably have more questions than answers. Here are a few questions and answers:

Is there a time limit for obtaining these loans? Yes, FSA must receive your complete application within eight months from the date of the declaration.

Can an operator who has crop insurance qualify for an EM loan? Yes, as long as the production loss exceeds 30% for one crop. Any crop insurance indemnity payment you receive will reduce the amount of you may qualify for.

What about losses in crops that are not covered by crop insurance? You may obtain a loan for losses in crops that do not qualify for crop insurance as long as you have one crop that meets the 30% threshold.

What happens if I'm going to get a payment from crop insurance? Generally, the amount of your loan will be reduced on a dollar for dollar basis for crop insurance and other disaster benefits.

What kind of loan terms can I get and what is the relationship between loan term and security type? It depends on the planned use of the loan. The loan term can range from 1 year to a maximum of twenty years. For the most part, the loan term is based on the type of security and its life expectancy. Crops can be used to secure a one year loan; equipment, machinery and livestock can be used to secure a loan with up to a seven year term. Real estate security is required to secure a loan with a term greater than seven years.

What about credit elsewhere? Do I have to be denied a loan to obtain an EM loan? FSA requires a denial of credit from your primary lender and one additional farm lender when the potential loan is \$300,000 or more. For loans less than \$300,000, a denial by your primary lender is required. For loans less than \$100,000; FSA may waive the requirement for a written denial of credit when certain conditions are met.

Are there limitations on using EM loan proceeds? There are some restrictions on the use of EM loan funds. Contact your local Farm Loan Program office if you have questions on the use of loan proceeds.

I think I need more information, where do I get it? Your best source of information regarding a potential EM loan, the loss calculation, the application process, and any

conditions relevant to your individual situation should be directed to your local Farm Loan Program office.

Selected Interest Rates for October 2012	
90-Day Treasury Bill	0.125%
Farm Operating - Direct	1.125%
Farm Ownership - Direct	3.0%
Limited Resource	5.0%
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	1.5%
Farm Ownership – Joint Financing	5.0%
Emergency	2.125%
Farm Storage Facility – 7 year	1.125%
Farm Storage Facility – 10 year	1.750%
Farm Storage Facility – 12 year	2.0%
Sugar Storage Facility	2.125%
Commodity Loans 1996-Present	1.125%

Dates to Remember	
Oct 1	Sales Close date for Chestnuts - NAP
Oct 22	SURE sign-up begins
Nov 5	County Committee ballots mailed
Nov 12	Veteran Day Federal Holiday
Nov 15	Fall Seeded Crop acreage reporting date
Nov 20	Sales Close date for Apples, Apricots, Asparagus, Blueberries, Sweet/Tart Cherries, Caneberries (raspberries), Grapes Nectarines, Peaches , Pears, Plums, Rhubarb and Strawberries and Fall Mint
Nov 22	Thanksgiving Day Federal Holiday
Dec 1	Sales Closing date for Honey and Maple Sap
Dec 3	Final Date to return County Committee ballots
Dec 25	Christmas Day Federal Holiday
Jan 1, 2013	New Years Day Federal Holiday
Jan 2, 2013	Honey and Maple Sap acreage reporting date

Special Accommodations

Reasonable accommodations will be made, upon request, for individuals with disabilities, vision impairment, or hearing impairment to attend or participate in meetings or events sponsored by the Farm Service Agency. If you require special accommodations to attend or participate in one of our events, please call the FSA county office and we will be happy to make any needed arrangements