



# NEWSLETTER



**Local County Offices Included in this Mailing are:**

## Ohio South West District ANNUAL PROGRAM REMINDERS

**November 2010**

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**Adams County**  
Phone: 937-544-2033

**Brown County**  
Phone: 937-378-6173

**Butler Hamilton County**  
Phone: 513-887-3727

**Clermont County**  
Phone: 513-732-2181

**Clinton County**  
Phone: 937-382-2315

**Fayette County**  
Phone: 740-335-0890

**Pickaway Franklin County**  
Phone: 740-477-1691

**Greene County**  
Phone: 937-372-4477

**Highland County**  
Phone: 937-393-1921

**Scioto Pike County**  
Phone: 740-259-3075

**Ross County**  
Phone: 740-772-1711

**Warren County**  
Phone: 513-695-1867

**Website**  
[www.fsa.usda.gov/oh](http://www.fsa.usda.gov/oh)

### Marketing Assistance Loans

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

Commodity loan eligibility also requires compliance with conservation and wetland protection requirements; beneficial interest requirements, acreage reporting and ensuring that the commodity meets Commodity Credit Corporation minimum grade and quality standards. For commodities to be eligible they must have been produced by an eligible producer, be in existence and in a storable condition and be merchantable for food, feed or other uses as determined by CCC. The quality of the commodity in farm storage must be maintained throughout the term of the loan.

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

The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification. Producers are reminded, if you chose to put your grain under

Commodity Credit Corporation loan it cannot be removed or disposed of without prior county office staff authorization or repayment. The county office staff may issue release authorizations based on a request by phone or in person when you are ready to move the grain. A loan violation is subject to monetary and administrative penalties, such as repaying the loan at principal plus interest, liquidated damages, calling the loan and denial of future farm-stored loans and loan deficiency payments.

All commodity loans are subject to spot check. Locking in a market loan repayment rate is not a marketing authorization. If you are planning to move CCC loan grain, call the county office you have the loan with, before you HAUL!

### Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact your local county office.

### Spousal Signature

A husband and wife may sign documents on behalf of each other for FSA and Commodity Credit Corporation programs in which either has an interest. This option is automatically available unless a written request for exclusion is made to the County Office from either spouse. There are some limited program exceptions.

## Paper Check Conversion (PCC)

Paper Check Conversion – Over the Counter (PCC – OTC)

Over the next year, FSA/CCC is moving toward an electronic method for processing producers' checks. This will allow FSA/CCC to process collections faster. When producers present checks, either in person or through the mail, the checks will be converted into an Electronic Funds Transfer (EFT). The funds will be debited from the producer's account, usually within 24 hours of receipt. Please see the U.S. Department of Treasury legal notices posted in the Service Center or visit the following U.S. Department of Treasury Internet site for detailed information:

<https://www.pccotc.gov/pccotc/pcc/usingpcc/Legal%20Notices/legalnotices.htm>

**Note:** FSA/CCC will begin this process in the coming months.

### What is PCC - OTC?

PCC – OTC is a process for converting paper checks presented to FSA into electronic debits to the producer's bank account. It presents many benefits, such as reducing lost/misplaced checks and paper handling. This improves customer relations, speeds the check clearing process, and reduces the potential for human error.

### How will my checks be handled?

If the check is presented in person, the check will be scanned into the system, voided, and stamped with the words, "Electronically Processed" or "Electronically Presented" and the voided check will be returned to the customer. If the check is mailed to FSA, the check will be scanned into the system and voided. The customer will not receive the check back from FSA. FSA will hold checks for up to 14 calendar days to ensure that the item was successfully processed, and then FSA will shred the check.

### How quickly will funds be transferred from my account?

The transfer of funds from your account could occur within 24 hours. Therefore, you should be sure that you have sufficient funds in your account to process the transaction. If you do **not** have sufficient funds, we may initiate the transaction again.

### How will this transaction appear on my account statement?

The transfer of funds will be reflected on your account statement. The transaction may be recorded in a different place on your statement than where

your checks normally appear, such as under "other withdrawals" or "other transactions".

### What are my rights if there is a problem with the transaction?

You have protection under Federal law for an unauthorized electronic fund transfer from your account. You should contact your financial institution immediately if you believe that the transaction reported on your account statement was not properly authorized or is otherwise incorrect.

## Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA 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 transaction are reminded to notify foreign investors of these reporting requirements.

## Payment Limitation/Eligibility

USDA payments and benefits are subject to producer eligibility and limitation provisions as defined by law. Documents and forms to determine eligibility and limitation, once completed, are reviewed on an annual basis. It is the producer's responsibility to report changes in the farming operation, which may affect payment eligibility and payment limitation. The limitation for FSA payments are as follows:

<i>Program</i>	<i>Payment Limit</i>
Direct Payments	\$40,000
Counter Cyclical	65,000
Conservation Reserve Program	50,000
NAP	100,000
LDP/MAL/MLG	No Limit
EQIP	450,000
SURE/LIP/ELAP/Honey Bees and Farm Raised Catfish/LFP	100,000 Combined Limitation

Entities such as corporations, limited partnerships, trusts and estates are required to provide names, addresses, and ID numbers of their members. These entities should also report all payments under more than one entity. All applicable payment eligibility and payment limitation forms submitted by producers are subject to spot check through the end-of-year review process.

## Average Adjusted Gross Income (AGI) Requirements

A person or legal entity shall not be eligible to receive certain program benefits during the 2009 through 2012 crop,

program, or fiscal year if the average AGI exceeds specified amounts. There are three AGI limitations which are as follows: (1) if the adjusted gross non-farm income exceeds \$500,000 then the person or legal entity is ineligible for commodity, price support, and disaster assistance program benefits; (2) if the adjusted gross farm income exceeds \$750,000 then the person or legal entity is ineligible for Direct DCP payments; (3) if the adjusted gross non-farm income exceeds 1 million dollars then that person or legal entity is ineligible for conservation program benefits unless 66.66 percent or more of the average AGI was derived from activities related to farming, ranching, and forestry operations.

## Cash Rent Tenant Regulations

A cash-rent tenant must meet the following requirements to be eligible to receive payment for the programs that require applying the cash-rent tenant rule. Cash-rent tenant means a producer that rents land from another producer for cash, or a guaranteed crop share, as the amount of the commodity to be paid in rent. Any cash-rent tenant shall be ineligible to receive payments unless the cash-rent tenant makes either of the following: (1) a significant contribution of active personal labor to the farming operation or (2) a significant contribution of both active personal management and equipment.

## Preventing Fraud

The Farm Service Agency supports the Risk Management Agency in the prevention of fraud, waste and abuse of the Federal Crop Insurance Program. FSA has been, and will continue to, assist RMA and insurance providers by monitoring crop conditions throughout the growing season. FSA will continue to refer all suspected cases of fraud, waste and abuse directly to RMA. Producers can report suspected cases to the FSA office, RMA, or the Office of the Inspector General.

## Change in Farming Operation/Address

Producers are reminded to contact your local FSA office to report any change in a farming operation so that records can be kept current and accurate. This includes but is not limited to farm ownership changes, farm operator changes and changes in address.

## Wetland Compliance

Producers renting or purchasing land that may have a converted wetland status need to check with the county office to learn if there are restrictions. The last thing FSA wants to do is to deny a producer benefits due to wetland noncompliance. Farm Bill regulations provide that, unless exempt,

persons are ineligible for benefits under certain programs administered by USDA if they: (1) plant an agricultural commodity on wetland that was converted after December 23, 1985 and/or convert a wetland after November 28, 1990

FSA may not approve any loan or loan guarantee to drain, dredge, fill, level or otherwise manipulate a wetland, or to engage in any activity that results in impairing or reducing the flow, circulation or reach of water except in the case of activity related to the maintenance of previously converted wetlands.

The following provides permitted uses and restrictions of certain wetlands for compliance with Wetland compliance provisions:

- Wetlands can be farmed under natural conditions. However, wetlands cannot be converted.
- Wetlands converted before November 28, 1990, cannot be planted to an agricultural commodity and retain eligibility for benefits.
- Wetlands converted after Nov. 28, 1990, must either be restored to wetland status or mitigated to regain eligibility for program benefits.
- Wetlands that can be farmed under natural conditions cannot be manipulated in any way, unless the Natural Resources Conservation Service determines the work would have a minimal effect on the wetland values.
- Wetlands converted before December 23, 1985, can be farmed and maintained.

Additional information about wetlands is available at the USDA Service Center.

## FSA Financial Services Website

The Farm Service Agency (FSA) Financial Services website allows producers to generate reports that show both current and historical financial information. Registered producers may view summary and detail information about specific payments, collections, outstanding debt (excluding loans) and CCC-1099-G. Registered producers may enter their own information to assign a payment to a third party, request that a payment be made jointly to the producer and a third party, or route their program payments to their account at a financial institution.

Currently, individual producers who have Internet access and have registered for e-authentication Level 2 may use the FSA Financial Inquiries website. Producers may sign-up for an e-authentication Level 2 Account on the [www.eauth.egov.usda.gov](http://www.eauth.egov.usda.gov) website. Below are the steps needed to obtain an e-authentication Level 2 Account:

To obtain a Level 2 Account you must complete a customer profile and submit it online.

After submitting your customer profile, you will receive a confirmation email, and you must respond to it within 7 days to activate your account.

Then you must complete the “Identity Proofing” process by visiting a local USDA Service Center and present a photo ID, such as your Driver’s License. The Financial Management Information webpage is <http://www.fsa.usda.gov/fmi> .

## Controlled Substance

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

## Farm Reconstitutions

For FSA program purposes, tracts having the same owner and the same operator are grouped under one farm serial number. When changes in ownership or operation take place, a farm reconstitution is necessary.

The reconstitution—or recon—is the process of combining or dividing farms or tracts of land based on the farming operation. Remember, to be effective for the current year, recons must be requested by **August 2** for farms enrolled in specific programs. The following are the different methods used when doing a farm recon:

- **Estate Method** — the division of bases, allotments and quotas for a parent farm among heirs in settling an estate;
- **Designation of Landowner Method** — may be used when (1) part of a farm is sold or ownership is transferred; (2) an entire farm is sold to two or more persons; (3) farm ownership is transferred to two or more persons; (4) part of a tract is sold or ownership is transferred; (5) a tract is sold to two or more persons; or (6) tract ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for at least three years, or a waiver granted, and the

buyer and seller must sign a Memorandum of Understanding;

- **DCP Cropland Method** — the division of bases in the same proportion that the DCP cropland for each resulting tract relates to the DCP cropland on the parent tract;
- **Default Method** — the division of bases for a parent farm with each tract maintaining the bases attributed to the tract level when the reconstitution is initiated in the system.

## FSA Conservation Loan Program

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

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

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

For more information on the Conservation Loan program, contact your local FSA office to setup an appointment with a Loan Approval Official or visit the Ohio FSA website at: [www.fsa.usda.gov/oh](http://www.fsa.usda.gov/oh) and select the “County Offices” link to locate the nearest FSA office.